

**Unaudited Financial Statements And Dividend Announcement for the Half Year Ended 30 June 2020**

**PART I - INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS**

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Statement of comprehensive income for the half year ended 30 June 2020

	Note	Group		
		Half year ended 30 June 2020	Half year ended 30 June 2019	Increase / (decrease)
		S\$'000	S\$'000	%
<b>Revenue</b>	(a)	720,259	688,605	5
Cost of sales	(b)	(637,618)	(616,152)	3
<b>Gross profit</b>		82,641	72,453	14
Other gains/(losses), net				
- Interest income – bank deposits		130	173	(25)
- Loss allowance of trade receivables, net		(33)	(64)	(48)
- Others		388	13,141	(97)
Distribution expenses		(13,511)	(13,792)	(2)
Selling and administrative expenses		(36,612)	(33,388)	10
Finance expenses		(5,550)	(5,947)	(7)
<b>Profit before income tax</b>		27,453	32,576	(16)
Income tax expense		(7,068)	(5,341)	32
<b>Net profit</b>	(c)	20,385	27,235	(25)
<b>Other comprehensive income/(loss):</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences arising from consolidation				
- Gains/(losses)		2,017	(805)	nm
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Financial asset, at FVOCI				
- Fair value losses – equity investments		(654)	(78)	738
Currency translation differences arising from consolidation				
- Gains		154	1,042	(85)
<b>Other comprehensive income/(loss), net of tax</b>		1,517	159	854
<b>Total comprehensive income</b>		21,902	27,394	(20)
<b>Net profit attributable to:</b>				
Equity holders of the Company		14,924	23,618	(37)
Non-controlling interests		5,461	3,617	51
		20,385	27,235	(25)
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		16,287	22,735	(28)
Non-controlling interests		5,615	4,659	21
		21,902	27,394	(20)

**Footnotes:**

(a) Revenue comprises the following:

	Group		
	Half year ended 30 June 2020	Half year ended 30 June 2019	Increase / (decrease)
	S\$'000	S\$'000	%
Sales of goods			
- Paper products	19,374	25,484	(24)
- Building products	692,544	655,118	6
Finance income	2,124	2,461	(14)
Operating and maintenance income	6,217	5,542	12
	720,259	688,605	5

(b) The cost of sales includes the following:

	Group		
	Half year ended 30 June 2020	Half year ended 30 June 2019	Increase / (decrease)
	S\$'000	S\$'000	%
Cost of goods sold			
- Paper products	15,088	19,910	(24)
- Building products	617,587	591,488	4
Operating and maintenance fees	4,502	4,354	3
Others	441	400	10
	637,618	616,152	3

(c) Profit for the period included the following:

	Group		
	Half year ended 30 June 2020	Half year ended 30 June 2019	Increase / (decrease)
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(6,367)	(6,372)	-
Amortisation of intangible assets	(2,622)	(2,602)	1
Amortisation of deferred gain	61	62	(2)
Gain on disposal of property, plant and equipment	6	8	(25)
Gain on disposal of assets held-for-sale	-	10,864	(100)
Government grants	3,063	-	100
Bad debts (written off)/recovered	(105)	14	nm
Inventories written down	(757)	(1,056)	(28)
Currency exchange (loss)/gain, net	(2,526)	2,438	nm
Dividend income from listed equity security	39	78	(50)
Interest expense	(5,550)	(5,947)	(7)
Net fair value loss on derivatives	(154)	(146)	5
Over/(under) provision of tax in respect of prior years	376	(8)	nm

Nm - not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	30/06/2020 S\$'000	31/12/2019 S\$'000	30/06/2020 S\$'000	31/12/2019 S\$'000
<b>Non-current Assets</b>				
Property, plant and equipment	170,661	174,807	559	664
Investments in subsidiary corporations	-	-	34,854	34,854
Financial asset, at FVPL	500	500	500	500
Financial asset, at FVOCI	1,310	1,964	-	-
Service concession receivables*	26,068	24,512	-	-
Other receivables	-	-	4,363	8,419
Goodwill on consolidation	32,489	32,322	-	-
Intangible assets	32,042	34,226	-	-
Deferred income tax assets	168	196	-	-
<b>Total Non-current Assets</b>	<b>263,238</b>	<b>268,527</b>	<b>40,276</b>	<b>44,437</b>
<b>Current Assets</b>				
Inventories	139,909	169,475	-	-
Service concession receivables*	16,612	16,029	-	-
Trade receivables	200,133	94,828	32	55
Other receivables	5,029	4,056	124,846	125,239
Prepaid operating expenses	4,433	3,143	18	18
Cash and cash equivalents	19,924	19,245	6,478	4,618
<b>Total Current Assets</b>	<b>386,040</b>	<b>306,776</b>	<b>131,374</b>	<b>129,930</b>
<b>Current Liabilities</b>				
Trade payables and accruals	(100,584)	(75,752)	(378)	(1,978)
Other payables	(125)	(831)	(79)	(102)
Derivatives financial instruments	(290)	(136)	-	-
Revolving credit facility	(93,398)	(42,279)	-	-
Bank borrowings	(38,198)	(40,588)	-	-
Lease liabilities	(4,844)	(4,746)	(126)	(124)
Current income tax liabilities	(5,703)	(14,747)	-	-
<b>Total Current Liabilities</b>	<b>(243,142)</b>	<b>(179,079)</b>	<b>(583)</b>	<b>(2,204)</b>
<b>Net Current Assets</b>	<b>142,898</b>	<b>127,697</b>	<b>130,791</b>	<b>127,726</b>
<b>Non-current Liabilities</b>				
Bank borrowings	(11,487)	(15,361)	-	-
Lease liabilities	(92,838)	(95,232)	(148)	(212)
Deferred gains	(2,594)	(2,683)	-	-
Provisions	(535)	(590)	-	-
Subordinated notes	(12,763)	(12,900)	-	-
Deferred income tax liabilities	(14,951)	(16,633)	-	-
<b>Total Non-current Liabilities</b>	<b>(135,168)</b>	<b>(143,399)</b>	<b>(148)</b>	<b>(212)</b>
<b>Net Assets</b>	<b>270,968</b>	<b>252,825</b>	<b>170,919</b>	<b>171,951</b>
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	169,597	169,582	169,597	169,582
Treasury shares	(637)	(628)	(637)	(628)
Retained profits	69,811	54,651	1,885	2,923
Other reserves	(19,976)	(22,399)	74	74
	218,795	201,206	170,919	171,951
<b>Non-controlling interests</b>	52,173	51,619	-	-
<b>Total Equity</b>	<b>270,968</b>	<b>252,825</b>	<b>170,919</b>	<b>171,951</b>

\* The Group recognised service concession receivables as it has a contractual right under the concession agreement to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the plant. The service concession receivables are measured on initial recognition at its fair value. Subsequent to initial recognition, the service concession receivables are measured at amortised cost using the effective interest rate method.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**(a) Amount repayable in one year or less, or on demand**

<b>As at 30/06/2020</b>		<b>As at 31/12/2019</b>	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
98,940	37,500	54,613	33,000

**(b) Amount repayable after one year**

<b>As at 30/06/2020</b>		<b>As at 31/12/2019</b>	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
101,325	15,763	106,093	17,400

**(c) Details of any collaterals**

The Group's secured borrowings comprise a revolving credit facility of S\$93,398,000 (2019: S\$42,279,000), bank borrowings of S\$9,185,000 (2019: S\$18,449,000) and leases liabilities of S\$97,682,000 (2019: S\$99,978,000).

The revolving credit facility and bank borrowings are secured by a first perfected security interest in all real and personal property of Taiga Building Products Ltd. ("**Taiga**") and certain of its subsidiary corporations.

The bank borrowings are also secured partially by the real estate property of one of the Group's subsidiary corporations in the United States.

Lease liabilities of the Group are effectively secured over the leased property, plant and equipment as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities.

1(c) **A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Half year ended 30 June 2020</b>	<b>Half year ended 30 June 2019</b>
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	27,453	32,576
Adjustments for:		
Depreciation of property, plant and equipment	6,367	6,372
Amortisation of intangible assets	2,622	2,602
Amortisation of deferred gain	(61)	(62)
Gain on disposal of property, plant and equipment	(6)	(8)
Gain on disposal of asset held-for-sale	-	(10,864)
Provisions	(49)	(45)
Loss allowance of trade receivables	33	64
Net fair value loss on derivatives	154	146
Dividend income from listed equity security	(39)	(78)
Finance income	(2,124)	(2,461)
Interest income	(130)	(173)
Interest expenses	5,550	5,947
Unrealised currency translation losses	1,117	3,486
Operating cash flows before working capital changes	<u>40,887</u>	<u>37,502</u>
Changes in working capital:		
Inventories	29,566	(10,275)
Service concession receivables	1,453	2,920
Trade receivables	(105,338)	(73,302)
Other receivables	(973)	1,543
Prepaid operating expenses	(3,599)	(1,384)
Trade payables and accruals	25,486	14,270
Other payables	(706)	(67)
Cash used in operations	<u>(13,224)</u>	<u>(28,793)</u>
Interest received	130	173
Interest paid	(3,759)	(3,957)
Income tax paid	(18,849)	(6,609)
<b>Net cash used in operating activities</b>	<u>(35,702)</u>	<u>(39,186)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,998)	(3,159)
Proceeds from disposal of property, plant and equipment	6	54
Proceeds from disposal of asset held-for-sale	-	18,406
Dividend received from listed equity security	39	78
<b>Net cash (used in)/generated from investing activities</b>	<u>(1,953)</u>	<u>15,379</u>
<b>Cash flows from financing activities</b>		
Principal element of lease payments	(2,412)	(2,818)
Changes in revolving credit facility ( <b>Note A</b> )	50,295	58,410
Proceeds from bank borrowings	4,500	31,300
Repayment of bank borrowings	(10,569)	(27,705)
Interest paid	(957)	(323)
Acquisition of non-controlling interest	(1,991)	-
Purchase of treasury shares	(9)	-
Proceeds from the issuance of shares from warrants conversions	15	-
Purchase of treasure shares by a subsidiary corporation	(518)	-
Dividend paid to equity holders of the Company	-	(42,613)
<b>Net cash generated from financing activities</b>	<u>38,354</u>	<u>16,251</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	699	(7,556)
<b>Cash and cash equivalents at beginning of period</b>	19,245	22,372
<b>Effects of currency translation on cash and cash equivalents</b>	(20)	(67)
<b>Cash and cash equivalents at end of period</b>	<u>19,924</u>	<u>14,749</u>

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

**Note A**

**Revolving credit facility**

On June 28, 2018, Taiga renewed its senior secured revolving credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "**Facility**"). The Facility was increased from C\$225 million to C\$250 million, with an option to increase the limit by up to C\$50 million. The facility also features the ability to draw on additional term loans in an aggregate amount of approximately C\$23 million at favourable rates, which Taiga utilised for the acquisition of Exterior Wood, Inc in July 2018. The Facility continues to bear interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of Taiga and certain of its subsidiary corporations, and will mature on June 28, 2023. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

## THE GROUP

### Consolidated statement of changes in equity for the period ended 30 June 2020

	Share capital	Treasury shares	Retained profits	Capital reserve	Foreign currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2020</b>	<b>169,582</b>	<b>(628)</b>	<b>54,651</b>	<b>360</b>	<b>(21,902)</b>	<b>(857)</b>	<b>(22,399)</b>	<b>51,619</b>	<b>252,825</b>
Profit for the financial period	-	-	14,924	-	-	-	-	5,461	20,385
Other comprehensive income for the financial period	-	-	-	-	2,017	(654)	1,363	154	1,517
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>14,924</b>	<b>-</b>	<b>2,017</b>	<b>(654)</b>	<b>1,363</b>	<b>5,615</b>	<b>21,902</b>
Warrants 2017 conversion	15	-	-	-	-	-	-	-	15
Purchase of treasury shares	-	(9)	-	-	-	-	-	-	(9)
Effect of subsidiary's shares buyback and cancelled	-	-	236	192	(59)	-	133	(2,143)	(1,774)
Acquisition of non-controlling interests without a change in control	-	-	-	927	-	-	927	(2,918)	(1,991)
<b>Balance at 30 June 2020</b>	<b>169,597</b>	<b>(637)</b>	<b>69,811</b>	<b>1,479</b>	<b>(19,944)</b>	<b>(1,511)</b>	<b>(19,976)</b>	<b>52,173</b>	<b>270,968</b>

### Consolidated statement of changes in equity for the period ended 30 June 2019

	Share capital	Treasury shares	Retained profits	Capital reserve	Foreign currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2019 (As previously reported)</b>	<b>169,582</b>	<b>(628)</b>	<b>62,467</b>	<b>(600)</b>	<b>(20,046)</b>	<b>(663)</b>	<b>(21,309)</b>	<b>48,030</b>	<b>258,142</b>
Adjustment on adoption of SFRS(I) 16 Lease (net of tax)	-	-	1,850	-	-	-	-	974	2,824
<b>Balance at 1 January 2019 (As restated)</b>	<b>169,582</b>	<b>(628)</b>	<b>64,317</b>	<b>(600)</b>	<b>(20,046)</b>	<b>(663)</b>	<b>(21,309)</b>	<b>49,004</b>	<b>260,966</b>
Profit for the financial period	-	-	23,618	-	-	-	-	3,617	27,235
Other comprehensive income for the financial period	-	-	-	-	(805)	(78)	(883)	1,042	159
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>23,618</b>	<b>-</b>	<b>(805)</b>	<b>(78)</b>	<b>(883)</b>	<b>4,659</b>	<b>27,394</b>
Liquidation of a subsidiary corporation	-	-	-	-	-	-	-	9	9
Dividend relating to 2018 paid	-	-	(28,409)	-	-	-	-	-	(28,409)
Dividend relating to 2019 paid	-	-	(14,204)	-	-	-	-	-	(14,204)
<b>Balance at 30 June 2019</b>	<b>169,582</b>	<b>(628)</b>	<b>45,322</b>	<b>(600)</b>	<b>(20,851)</b>	<b>(741)</b>	<b>(22,192)</b>	<b>53,672</b>	<b>245,756</b>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

**THE COMPANY**

**Statement of changes in equity for the period ended 30 June 2020**

	Share capital	Treasury shares	Retained profits/ (Accumulated losses)	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2020</b>	<b>169,582</b>	<b>(628)</b>	<b>2,923</b>	<b>74</b>	<b>74</b>	<b>171,951</b>
Total comprehensive loss for the financial period	-	-	(1,038)	-	-	(1,038)
Warrants 2017 conversion	15	-	-	-	-	15
Purchase of treasury shares	-	(9)	-	-	-	(9)
<b>Balance at 30 June 2020</b>	<b>169,597</b>	<b>(637)</b>	<b>1,885</b>	<b>74</b>	<b>74</b>	<b>170,919</b>

**Statement of changes in equity for the period ended 30 June 2019**

	Share capital	Treasury shares	Retained profits/ (Accumulated losses)	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2019</b>	<b>169,582</b>	<b>(628)</b>	<b>26,325</b>	<b>74</b>	<b>74</b>	<b>195,353</b>
Total comprehensive income for the financial period	-	-	1,660	-	-	1,660
Dividend relating to 2018 paid	-	-	(28,409)	-	-	(28,409)
Dividend relating to 2019 paid	-	-	(14,204)	-	-	(14,204)
<b>Balance at 30 June 2019</b>	<b>169,582</b>	<b>(628)</b>	<b>(14,628)</b>	<b>74</b>	<b>74</b>	<b>154,400</b>



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in Company's share capital:

	<u>Number of shares</u>
Balance at 1 January 2020	950,106,121
Issuance of shares arising from exercise of bonus warrants 2017	39,221
Balance at 30 June 2020	<u>950,145,342</u>

Bonus warrants (the "**Warrant**") were issued by the Company on 13 February 2017 and expired at 5pm on 12 February 2020. On 12 February 2020, the outstanding bonus warrants 2012 of 836,627,900 has expired.

As at	30.06.2020	30.06.2019
Treasury shares held	3,099,000	3,037,000
Subsidiary holdings held	-	-
	<u>3,099,000</u>	<u>3,037,000</u>
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares excluding treasury shares and subsidiary holdings	0.33%	0.32%

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year

As at	30.06.2020	31.12.2019
Total number of issued shares	950,145,342	950,106,121
Less: Treasury shares	(3,099,000)	(3,037,000)
Total number of issued shares excluding treasury shares	<u>947,046,342</u>	<u>947,069,121</u>

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

As at 30 June 2020, there were no sales, transfers, cancellation and/or use of treasury shares.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

As at 30 June 2020, there were no sales, transfers, cancellation and/or use of subsidiary holdings.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:
- Updates on the efforts taken to resolve each outstanding audit issue.
  - Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as compared with those used in the audited financial statements for the year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") pronouncements that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020.

The adoption of the new and revised SFRS(I)s does not result in any changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		Group		
		Half year ended 30 June 2020	Half year ended 30 June 2019	
Earnings per ordinary share for the period based on profit attributable to equity holders of the Company				
(i)	Based on weighted average number of ordinary shares on issue	S\$ cents	1.57	2.50
	- Weighted average number of shares	('000)	947,094	947,069
(ii)	On a fully diluted basis	S\$ cents	1.57	2.50
	- Weighted average number of shares	('000)	947,094	947,069

The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period, multiplied by a time-weighted factor.

Bonus warrants as disclosed in Section 1(d)(ii) were not included in the calculation of diluted EPS because they were expired in the current financial period and anti-dilutive for the corresponding period of the immediately preceding financial period.

7. Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on:-

		30 June 2020	31 December 2019
The Group	S\$ cents	23.10	21.25
The Company	S\$ cents	18.05	18.16

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

(a) **Review of Statement of comprehensive income**

Group financial performance by business segments

	<u>1H2020</u> S\$'000	<u>Contribution</u> %	<u>1H2019</u> S\$'000	<u>Contribution</u> %
<u>Revenue</u>				
Paper manufacturing	19,374	3	25,484	4
Building products	692,544	96	655,118	95
Power plant	8,341	1	8,003	1
	<b>720,259</b>	<b>100</b>	<b>688,605</b>	<b>100</b>
<u>Gross profit</u>				
Paper manufacturing	4,286	5	5,574	8
Building products	74,957	91	63,630	88
Power plant	3,398	4	3,249	4
	<b>82,641</b>	<b>100</b>	<b>72,453</b>	<b>100</b>

Overview

The Group reported net profit after tax of S\$20.4 million for 1H2020 as compared to S\$27.2 million for 1H2019 which included the following non-operating items: -

- a) Currency exchange loss of S\$2.5 million (1H2019: gain of S\$2.4 million) that mainly arose from the translation of intercompany receivables denominated in Canadian Dollar ("CAD") and United States Dollar ("USD");
- b) Covid-19 related government grants of S\$3.1 million for 1H2020 while it was nil in the previous corresponding period; and
- c) One-off gain on disposal of property of S\$10.9 million recognised in 1H2019 but nil in 1H2020.

Excluding the effects of the above items, the Group's net profit would have increased by 43.0% from S\$13.9 million for 1H2019 to S\$19.9 million for 1H2020. The increase was primarily due higher in contributions from the building products business in Taiga.

The Group's revenue for 1H2020 was S\$720.3 million, compared to S\$688.6 million for 1H2019. Overall gross profit increased by S\$10.2 million or 14%. Overall gross margin percentage increased from 10.5% for 1H2019 to 11.5% for 1H2020. Revenue and gross profit from building products business contributed at least 88% of the Group's performance for the both comparison periods on a consolidated basis.

Revenue from the building products business of Taiga for 1H2019 increased by 6% to S\$692.5 million from S\$655.1 million over the same period last year. The increase was largely due to the Group experiencing higher selling prices for its commodity products during the period which was offset by a significant decline in revenue during April 2020 as a result of Covid-19. Gross margin for 1H2020 increased by S\$11.3 million or 18% to S\$74.9 million from S\$63.6 million over the same period last year. Gross profit margin percentage increased from 9.7% for 1H2019 to 10.8% for 1H2020. The increase in gross profit margin percentage was primarily due to rising commodity prices.

Distribution expenses remain relatively constant at S\$13.5 million and S\$13.8 million for 1H2020 and 1H2019 respectively.

Selling and administrative expenses for 1H2020 was S\$36.6 million as compared to S\$33.4 million over the same period last year. The increase was primarily due to higher compensation costs.

Finance expenses decreased due to lower interest rates combined with reduced borrowings.

(b) (i) **Review of Statement of Financial Position**

The Group's total assets increased from S\$575.3 million as at 31 December 2019 to S\$649.3 million as at 30 June 2020. The increase of S\$74.0 million was primarily due to higher trade receivables partially offset by lower inventories due to increased sales.

Property, plant and equipment decreased to S\$170.7 million as at 30 June 2020 compared to S\$174.8 million as at 31 December 2019 primarily due to depreciation charged for the period.

Inventories decreased to S\$139.9 million as at 30 June 2020 compared to S\$169.5 million as at 31 December 2019 and trade receivables increased to S\$200.1 million as at 30 June 2020 compared to S\$94.8 million as at 31 December 2019, primarily due to increase in sales volume.

Total liabilities of the Group increased to S\$378.3 million as at 30 June 2020 from S\$322.5 million as at 31 December 2019. The increase was mainly due to an increase in revolving credit facility and accounts payable, offset by a reduction in income taxes payable and long-term debt.

The Group's working capital was S\$142.9 million as at 30 June 2020 compared to S\$127.7 million as at 31 December 2019.

The Group's total equity as at 30 June 2020 amounted to S\$271.0 million (31 December 2019: S\$252.8 million).

#### **(b) (ii) Review of Statement of Cash Flows**

Cash flows from operating activities used cash of S\$35.7 million for 1H2020 compared to S\$39.2 million for the same period last year. The change between the comparative periods was primarily due to changes in non-cash working capital, primarily due to increased account receivables, decreased inventories and increased account payables and accrued liabilities.

Investing activities used cash of S\$1.9 million for 1H2020 as compared to cash generated of S\$15.4 million for 1H2019, mainly due to proceeds from disposal of asset held-for-sale.

The cash provided by financing activities was S\$38.4 million for 1H2020 compared to S\$16.2 million for the same period last year. The increase was mainly due to no dividend payment during 1H2020 despite lesser borrowings from revolving credit facility and greater repayments of long-term debt.

Overall, the net increase in cash and cash equivalents for 1H2020 was S\$0.7 million and net decrease in cash and cash equivalents for 1H2019 was S\$7.6 million.

As at 30 June 2020, the Group's cash and cash equivalents was S\$19.9 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was previously provided.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The outbreak of the coronavirus, COVID-19, has spread across the globe and is adversely impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus.

The impact of COVID-19 on the Group is mitigated by the essential nature of many of the Group's businesses, and is further discussed below. Aside from managing the economic and financial challenges that arise from the impact of COVID-19, the Group will continue to focus on improving operational efficiency for its portfolio of businesses and evaluate opportunities for growth.

Increased geographical diversity of the Group's assets also results in greater exposure to currency volatility when earnings are translated back to SGD. Included in the half year results was a currency exchange loss of S\$2.5 million, compared with a currency exchange gain of S\$2.4 million for 1H2019.

Outlook of the respective business divisions are as follows: -

a) Building products business

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets in North America. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators. Taiga caters to both the primary housing and renovation markets. Taiga's primary and secondary markets are Canada and the United States respectively.

As at the Taiga's financial statement approval date, the COVID-19 outbreak resulted in sales declining over 30% for the month of April 2020. Taiga's revenues recovered subsequent to this, and for the first six months of 2020, total sales registered an increase of 5% to C\$677.2 million, compared to 1H2019. The strong rebound in sales in

May and June 2020 enabled Taiga to run down its inventories, but also caused trade receivables to temporarily increase, as credit terms fell within the financial closing date.

The extent to which COVID-19 may impact Taiga's business activities in the future will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, subsequent outbreaks, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, Taiga cannot determine the ultimate financial impacts at this time. However, Taiga recognises that there will be economic and financial challenges to be faced for the balance of the fiscal year.

In Canada, according to the Canada Mortgage and Housing Corporation ("**CMHC**") in their 2020 Housing Market Outlook Special Edition dated 27 May 2020, the Canadian housing market will see a historic recession in 2020, estimating a decline of 51% to 75% in the second half of the year. Taiga has not seen evidence of this level of decline so far in 2020, other than the month of April as mentioned above. In the United States, the National Association of Home Builders reported in June 2020 that housing starts are forecasted to total 1,079,000 units in the 2020 calendar year compared to 1,295,000 units in calendar year 2019.

Taiga's sales are typically subject to seasonal variances that fluctuate in accordance with the home building season in Canada and the United States. Taiga generally experiences higher sales in the second and third quarters and reduced sales in the late fall and winter during its first and fourth quarters of each year, when home building activity is low due to the cold weather. With the acquisition of Exterior Wood in July 2018, Taiga now has a larger presence in the United States and a more diversified exposure to the North American housing market.

b) Paper mill business

Malaysia imposed the Movement Control Order (MCO) on 18 March 2020, with the closure of schools, activities, travel and most businesses, except for essential services. A gradual easing of the lockdown, through a Conditional MCO on 4 May 2020, slowly allowed some businesses to operate with restrictions.

The lockdown adversely affected demand, production, trade and supply chains across sectors. Packaging was deemed an essential service and the paper mill was allowed to operate during the MCO period, albeit on a reduced scale with restrictions. As such, the impact was less severe, especially with demand for consumer packaging, although a shortage of raw materials resulted in higher costs. For the first half of 2020, volume unit sales declined by 18% while revenue, in Malaysian Ringgit terms, fell 24%, compared with 1H2019.

With most global lockdowns ending, output of goods and services recovering and barring severe escalation of the COVID-19 spread, demand for the paper mill's products is expected to improve in the second half of 2020. Nonetheless, the Group is mindful of the risks of future developments relating to COVID-19, including the risk of subsequent outbreaks, business disruptions and further lockdowns.

Meanwhile, China's policies on the import of solid waste for environmental reasons are also expected to influence the price of waste paper and paper products in the region.

c) Power plant business

Earnings for the power plant in Myanmar are largely backed by a 30-year power purchase agreement, expiring in February 2044, with the Electric Power Generation Enterprise ("**EPGE**"), under Myanmar's Ministry of Electricity and Energy. The power plant underwent scheduled major overhaul throughout 2019-2020, with overhaul of the last machine completed in July 2020.

Production of electricity was not affected by the COVID-19 pandemic given the critical need for electricity supply in Myanmar, where electrification rates are low. For the first six months of 2020, the plant produced 191.6 million KWH of electricity, up 7% from the same period in 2019. The plant is committed to meet the minimum off-take requirement of 350 million kWh per year.

**11. If a decision regarding Dividends has been made:**

**(a) 1<sup>st</sup> Half year ended 30 June 2020**

**Any dividend declared for the current financial period reported on?**

Name of dividend	Tax-exempt one tier
Dividend type	Interim
Dividend amount per Share (in S\$ cents)	0.36 cents
Tax rate	-

**(b) 1<sup>st</sup> Half year ended 30 June 2019**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Name of dividend	Tax-exempt one tier
Dividend type	Interim special
Dividend amount per Share (in S\$ cents)	1.5 cents
Tax rate	-

As announced on 23 February 2019, the Board had declared a one-tier tax-exempt dividend of 1.5 cents per share for the financial year ended 31 December 2019, being an interim special dividend out of the gains from the disposal of the property at 35 Tuas View Crescent, Singapore 637608. The disposal of the abovementioned property was completed on 28 January 2019.

**(c) Date payable**

Payment of the interim dividend of 0.36 cents tax-exempt (one-tier) dividend per share for the year ending 31 December 2020 will be made on 31 August 2020 to shareholders registered in the Register of Members of the Company at 5.00pm on 20 August 2020.

**(d) Books closure date**

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 21 August 2020 for the purpose of determination of members' entitlements to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 up to the close of business at 5.00 p.m. on 20 August 2020 will be registered to determine shareholders' entitlements to the proposed dividend.

**12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

**14. Negative assurance confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the half year ended 30 June 2020 to be false or misleading in any material respect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Tong Kooi Ong  
Executive Chairman

Tong Ian  
Executive Director

8 August 2020