



Unaudited Financial Statement And Dividend Announcement for the Second Quarter and Six Months Ended 30 June 2017

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), 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 second quarter and six months ended 30 June 2017

		Group					
	Note	2 nd quarter	2 nd quarter	Increase /	6 months	6 months	Increase /
		ended 30	ended 30	(decrease)	ended 30	ended 30	(decrease)
		June 2017	June 2016		June 2017	June 2016	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	(a)	409,484	16,028	2,455	642,582	32,212	1,895
Cost of sales	(b)	(370,586)	(11,182)	3,214	(579,217)	(22,202)	2,509
Gross profit		38,898	4,846	703	63,365	10,010	533
Other (losses)/gains, net		(180)	155	nm	(2,468)	(2,391)	3
Distribution expenses		(5,992)	(342)	1,652	(10,548)	(707)	1,392
Selling and administrative expenses		(16,520)	(1,561)	958	(27,633)	(2,893)	855
Finance expenses		(4,776)	(1)	477,500	(7,407)	(2)	370,250
Profit before income tax		11,430	3,097	269	15,309	4,017	281
Income tax expense		(3,345)	(4)	83,525	(3,389)	(9)	37,556
Net profit	(c)	8,085	3,093	161	11,920	4,008	197
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to profit or loss:							
Available-for-sale financial assets:							
- Fair value changes		(211)	(47)	349	47	(47)	nm
Currency translation differences arising from consolidation							
- Losses		(571)	(1,895)	(70)	(1,865)	(552)	238
Other comprehensive loss, net of tax		(782)	(1,942)	(60)	(1,818)	(599)	204
Total comprehensive income		7,303	1,151	534	10,102	3,409	196
Profit attributable to:							
Equity holders of the Company		6,388	2,937	118	9,159	3,725	146
Non-controlling interests		1,697	156	988	2,761	283	876
		8,085	3,093	161	11,920	4,008	197
Total comprehensive income attributable to:							
Equity holders of the Company		5,967	1,131	428	7,266	3,022	140
Non-controlling interests		1,336	20	6,580	2,836	387	633
		7,303	1,151	534	10,102	3,409	196

Footnotes:

(a) Revenue comprises the following:

	Group					
	2 nd quarter ended 30 June 2017	2 nd quarter ended 30 June 2016	Increase / (decrease)	6 months ended 30 June 2017	6 months ended 30 June 2016	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales of goods						
- Paper products	12,790	12,643	1	25,829	25,636	1
- Building products	393,813	-	nm	610,196	-	nm
Finance income	1,563	1,588	(2)	3,090	3,239	(5)
Operating and maintenance income	1,318	1,797	(27)	3,467	3,337	4
	409,484	16,028	2,455	642,582	32,212	1,895

(b) The cost of sales includes the following:

	Group					
	2 nd quarter ended 30 June 2017	2 nd quarter ended 30 June 2016	Increase / (decrease)	6 months ended 30 June 2017	6 months ended 30 June 2016	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Costs of goods sold						
- Paper products	10,561	9,989	6	21,250	19,954	6
- Building products	358,999	-	nm	555,531	-	nm
Operating and maintenance fees	820	977	(16)	2,003	1,815	10
Others	206	216	(5)	433	433	-
	370,586	11,182	3,214	579,217	22,202	2,509

(c) Profit for the period included the following:

	Group					
	2 nd quarter ended 30 June 2017	2 nd quarter ended 30 June 2016	Increase / (decrease)	6 months ended 30 June 2017	6 months ended 30 June 2016	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(1,740)	(647)	169	(3,187)	(1,291)	147
Amortisation of deferred gain	90	-	nm	158	-	nm
Net gain arising from purchase of additional shares in a subsidiary corporation	-	-	-	35	-	nm
Gain/(loss) on disposal of property, plant and equipment	18	-	nm	(130)	4	nm
Gain on disposal of asset held-for-sale	-	-	-	1,161	-	nm
Bad debts (written off)/recovered	(52)	-	nm	22	-	nm
Inventories written-down	(261)	-	nm	(512)	-	nm
Reversal of impairment of trade receivables	-	34	nm	-	34	nm
Currency exchange loss, net	(418)	(11)	3,700	(4,351)	(2,699)	61
Dividend income from available-for-sale financial assets	96	-	nm	96	-	nm
Interest income	8	125	(94)	36	251	(86)
Interest expense	(4,776)	(1)	477,500	(7,407)	(2)	370,250
Net fair value gain on derivatives	160	-	nm	130	-	nm
Under provision of tax in respect of prior years	(255)	-	nm	(255)	-	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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current Assets				
Property, plant and equipment	88,157	47,195	31	77
Investments in subsidiaries	-	-	20,533	15,694
Available-for-sale financial assets	3,506	3,458	-	-
Service concession receivables*	37,794	38,109	-	-
Other receivables	-	-	17,213	22,609
Goodwill on consolidation	44,512	-	-	-
Deferred income tax assets	1,732	-	-	-
Total Non-current Assets	175,701	88,762	37,777	38,380
Current Assets				
Inventories	149,657	5,282	-	-
Service concession receivables*	16,386	17,219	-	-
Trade receivables	188,700	12,211	305	113
Other receivables	1,183	787	106,953	53,511
Derivatives	87	-	-	-
Prepaid operating expenses	2,414	165	29	22
Cash and bank balances	11,099	57,184	880	51,473
	369,526	92,848	108,167	105,119
Assets held-for-sale	7,742	8,494	-	-
Total Current Assets	377,268	101,342	108,167	105,119
Current Liabilities				
Trade payables and accruals	(93,044)	(5,389)	(576)	(833)
Other payables	(134)	(288)	(122)	(78)
Revolving credit facility	(118,130)	-	-	-
Bank borrowings	(12,000)	-	-	-
Current portion of finance lease obligations	(2,352)	-	-	-
Current portion of long term debts	(268)	-	-	-
Income tax payables	(6,357)	-	-	-
Total Current Liabilities	(232,285)	(5,677)	(698)	(911)
Net Current Assets	144,983	95,665	107,469	104,208
Non-current Liabilities				
Bank borrowings	(12,000)	-	-	-
Finance lease obligations	(24,619)	-	-	-
Long term debts	(984)	-	-	-
Deferred gains	(3,503)	-	-	-
Provisions	(1,281)	-	-	-
Subordinated notes	(100,964)	-	-	-
Deferred income tax liabilities	(685)	(685)	-	-
Total Non-current Liabilities	(144,036)	(685)	-	-
Net Assets	176,648	183,742	145,246	142,588
Capital and reserves attributable to equity holders of the Company				
Share capital	150,519	140,578	150,519	140,578
Retained profits/(accumulated losses)	59,944	55,168	(5,347)	1,936
Other reserves	(18,842)	(16,949)	74	74
	191,621	178,797	145,246	142,588
Non-controlling interests	(14,973)	4,945	-	-
Total Equity	176,648	183,742	145,246	142,588

* 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

As at 30/06/2017		As at 31/12/2016	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
120,750	12,000	-	-

(b) Amount repayable after one year

As at 30/06/2017		As at 31/12/2016	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
25,603	112,964	-	-

(c) Details of any collaterals

The Group's secured borrowings comprise revolving credit facility, long-term debt and finance leases.

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

The long-term debt is secured by the real estate property of one of the Group's subsidiary corporations in United States.

Finance 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 finance 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**

	2 nd quarter ended 30 June 2017	2 nd quarter ended 30 June 2016	6 months ended 30 June 2017	6 months ended 30 June 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	11,430	3,097	15,309	4,017
Adjustments for:				
Depreciation of property, plant and equipment	1,740	647	3,187	1,291
Amortisation of deferred gain	(90)	-	(158)	-
(Gain)/loss on disposal of property, plant and equipment	(18)	-	130	(4)
Gain on disposal of asset held-for-sale	-	-	(1,161)	-
Net gain arising from purchase of additional shares in subsidiary corporation	-	-	(35)	-
Provisions	(51)	-	(287)	-
Reversal of impairment of trade receivables	-	(34)	-	(34)
Net fair value gain on derivatives	(160)	-	(130)	-
Finance income	(1,563)	(1,588)	(3,090)	(3,239)
Interest income	(8)	(125)	(36)	(251)
Interest expenses	4,776	1	7,407	2
Unrealised currency translation losses/(gains)	1,252	(445)	5,231	2,670
Operating cash flows before working capital changes	17,308	1,553	26,367	4,452
Changes in working capital				
Inventories	2,303	542	(10,691)	517
Service concession receivables	(1,318)	2,121	3,269	7,062
Trade receivables	(31,431)	96	(76,236)	(690)
Other receivables	409	(4)	1,306	148
Prepaid operating expenses	(155)	122	144	(80)
Trade payables and accruals	10,534	197	22,993	331
Other payables	(272)	(34)	(154)	17
Cash (used in)/generated from operations	(2,622)	4,593	(33,002)	11,757
Interest received	8	77	36	155
Interest paid	(1,770)	(1)	(3,273)	(2)
Income tax paid	(1,892)	(4)	(2,158)	(9)
Net cash (used in)/provided by operating activities	(6,276)	4,665	(38,397)	11,901
Cash flows from investing activities				
Purchase of property, plant and equipment	(481)	(187)	(1,690)	(643)
Proceeds from disposal of property, plant and equipment	685	-	703	4
Proceeds from disposal of asset held-for-sale	-	-	1,896	-
Net cash outflow on acquisition of a subsidiary corporation (Note A)	-	-	(87,184)	-
Purchase of available-for-sale financial assets	-	(2,821)	-	(2,821)
Acquisition of subordinated notes	-	-	(57,302)	-
Net cash from/(used in) investing activities	204	(3,008)	(143,577)	(3,460)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	-	(4,862)	-
Net proceeds from shares placement	-	-	9,941	-
Repayment of obligations under finance leases	(555)	-	(1,106)	-
Repayment of long term debts	(70)	-	(137)	-
Proceeds from bank borrowings	4,000	-	34,000	-
Repayment of bank borrowings	(10,000)	-	(10,000)	-
Subordinated notes interest paid	(3,006)	-	(4,493)	-
Dividend paid to equity holders of the Company	(4,383)	(8,367)	(4,383)	(8,367)
Dividend paid by a subsidiary corporation to non-controlling interests	-	(398)	-	(398)
Net cash (used in)/generated from financing activities	(14,014)	(8,765)	18,960	(8,765)
Net decrease in cash and cash equivalents	(20,086)	(7,108)	(163,014)	(324)
Cash and cash equivalents at beginning of period	(85,873)	60,124	57,184	54,893
Effects of currency translation on cash and cash equivalents	(1,072)	(87)	(1,201)	(1,640)
Cash and cash equivalents at end of period	(107,031)	52,929	(107,031)	52,929

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)**

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2 nd quarter ended 30 June 2017	2 nd quarter ended 30 June 2016	6 months ended 30 June 2017	6 months ended 30 June 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	11,099	52,929	11,099	52,929
Revolving credit facility (Note B)	(118,130)	-	(118,130)	-
	<u>(107,031)</u>	<u>52,929</u>	<u>(107,031)</u>	<u>52,929</u>

Note A

Acquisition of Taiga Building Products Ltd. ("Taiga")

On 31 January 2017, the Company through its wholly-owned subsidiary corporation, UPP Investments Canada Limited ("UPP Canada") acquired 58.34% interest in Taiga, a public company incorporated in Canada and listed on the Toronto Stock Exchange for a cash consideration of C\$18,908,208. Taiga is a wholesale distributor of building materials.

The purchase price allocation ("PPA") exercise in respect of the acquisition of Taiga has not been carried out as of 30 June 2017. The Group has 12 months from the date of acquisition to finalise the fair value measurement and accounting as allowed under FRS 103 Business Combinations. At the date of acquisition, the Group recognised a provisional goodwill of S\$45,479,000 (C\$41,992,000) based on provisional fair value of assets and liabilities of Taiga. For 2Q2017, the goodwill was translated at the prevailing exchange rate which amounted to S\$44,512,000.

<u>Provisional fair value of assets acquired and recognised at the date of acquisition*</u>	<u>S\$'000</u>
Current assets	245,707
Non-current assets	46,435
Current liabilities	(142,824)
Non-current liabilities	(192,177)
Total identifiable net liabilities at fair value	<u>(42,859)</u>
Non-controlling interest measures at fair value	17,857
	<u>(25,002)</u>
Goodwill	45,479
Consideration transferred for the business	<u>20,477</u>
<u>Net cash outflow arising from the acquisition</u>	<u>S\$'000</u>
Cash consideration paid	(20,477)
Add: Revolving credit facility which form part of cash and cash equivalents	(66,707)
Net cash outflow on acquisition	<u>(87,184)</u>

*The fair value of assets acquired and liabilities recognised on the acquisition of Taiga presented may be subjected to changes upon the completion and finalisation of the PPA exercise.

Note B

Revolving credit facility

The revolving credit facility consists of Taiga's cash on hand less cheques issued and the Taiga's outstanding revolving credit facility balance. Taiga's cash flow statement reflects the net change in its revolving credit facility. The revolving credit facility forms an integral part of Taiga's cash management and fluctuates directly as a result of its cash flows from operating, investing and financing activities.

On November 25, 2013, Taiga renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from C\$200 million to C\$225 million, with an option to increase the limit by up to C\$50 million. 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 the Taiga Group of entities and will mature on November 25, 2018. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivables 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 2017

	Share capital	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
1Q 2017								
Balance at 1 January 2017	140,578	55,168	712	(18,298)	637	(16,949)	4,945	183,742
Profit for the period	-	2,771	-	-	-	-	1,064	3,835
Other comprehensive (loss)/income for the period	-	-	-	(1,730)	258	(1,472)	436	(1,036)
Total comprehensive income/(loss) for the period	-	2,771	-	(1,730)	258	(1,472)	1,500	2,799
Share placement	10,000	-	-	-	-	-	-	10,000
Share placement expenses	(59)	-	-	-	-	-	-	(59)
Acquisition of a subsidiary corporation	-	-	-	-	-	-	(17,857)	(17,857)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	(4,897)	(4,897)
Total transactions with owners in their capacity as owners	9,941	-	-	-	-	-	(22,754)	(12,813)
Balance at 31 March 2017	150,519	57,939	712	(20,028)	895	(18,421)	(16,309)	173,728
2Q 2017								
Profit for the period	-	6,388	-	-	-	-	1,697	8,085
Other comprehensive loss for the period	-	-	-	(210)	(211)	(421)	(361)	(782)
Total comprehensive income for the period	-	6,388	-	(210)	(211)	(421)	1,336	7,303
Dividend relating to 2016 paid	-	(4,383)	-	-	-	-	-	(4,383)
Balance at 30 June 2017	150,519	59,944	712	(20,238)	684	(18,842)	(14,973)	176,648

Consolidated statement of changes in equity for the period ended 30 June 2016

	Share capital	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
1Q 2016								
Balance at 1 January 2016	140,578	55,155	712	(18,288)	-	(17,576)	5,277	183,434
Profit for the period	-	788	-	-	-	-	127	915
Other comprehensive income for the period	-	-	-	1,103	-	1,103	240	1,343
Total comprehensive income for the period	-	788	-	1,103	-	1,103	367	2,258
Balance at 31 March 2016	140,578	55,943	712	(17,185)	-	(16,473)	5,644	185,692
2Q 2016								
Profit for the period	-	2,937	-	-	-	-	156	3,093
Other comprehensive loss for the period	-	-	-	(1,759)	(47)	(1,806)	(136)	(1,942)
Total comprehensive income for the period	-	2,937	-	(1,759)	(47)	(1,806)	20	1,151
Dividend relating to 2015 paid	-	(8,367)	-	-	-	-	-	(8,367)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(398)	(398)
Balance at 30 June 2016	140,578	50,513	712	(18,944)	(47)	(18,279)	5,266	178,078

- 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 2017

	Share capital	Retained profits/ (Accumulated losses)	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q 2017					
Balance at 1 January 2017	140,578	1,936	74	74	142,588
Total comprehensive loss for the period	-	(4,358)	-	-	(4,358)
Shares placement	10,000	-	-	-	10,000
Share placement expenses	(59)	-	-	-	(59)
Balance at 31 March 2017	150,519	(2,422)	74	74	148,171
2Q 2017					
Total comprehensive income for the period	-	1,458	-	-	1,458
Dividend relating to 2016 paid	-	(4,383)	-	-	(4,383)
Balance at 30 June 2017	150,519	(5,347)	74	74	145,246

Statement of changes in equity for the period ended 30 June 2016

	Share capital	Retained profits/ (Accumulated losses)	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q 2016					
Balance at 1 January 2016	140,578	5,759	74	74	146,411
Total comprehensive loss for the period	-	(3,623)	-	-	(3,623)
Balance at 31 March 2016	140,578	2,136	74	74	142,788
2Q 2016					
Total comprehensive loss for the period	-	(397)	-	-	(397)
Dividend relating to 2015 paid	-	(8,367)	-	-	(8,367)
Balance at 30 June 2016	140,578	(6,628)	74	74	134,024

- 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.**

There were no changes in the Company's share capital for the second quarter ended 30 June 2017.

Bonus warrants (the "Warrant") were issued by the Company on 16 February 2017 and the number of shares that may be issued on their conversion were 836,667,121 (30 June 2016: Nil).

The Warrants are only exercisable during the period commencing on and including the date six (6) months from the listing of the Warrants on the SGX-ST and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, subject to adjustments under certain circumstances as provided for under the terms and conditions of the Warrants set out in the deed poll constituting the Warrants.

The Company did not hold any treasury shares and no subsidiary holdings as at 30 June 2017 and 30 June 2016.

- 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**

	Company	
	<u>30.06.2017</u>	<u>31.12.2016</u>
Number of issued shares	876,667,121	836,667,121

The Company did not hold any treasury shares as at 30 June 2017 and 31 December 2016.

- 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**

Not applicable.

- 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**

Not applicable.

- 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.

- 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 2016.

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 ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017.

The adoption of the new and revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

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				
		2 nd quarter ended 30 June 2017	2 nd quarter ended 30 June 2016	6 months ended 30 June 2017	6 months ended 30 June 2016	
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	0.74	0.35	1.07	0.44
(ii)	On a fully diluted basis	S\$ cents	0.74	0.35	1.07	0.44

The above earnings per share is calculated based on the weighted average number of ordinary shares in issue during the period of 857,882,591 (2016: 836,667,121) shares after accounting for new shares issued during the periods.

7. Net asset value (for the issuer and the group) per ordinary share based on issued share capital 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 existing issued share capital as at the end of the period reported on

		30 June 2017	31 December 2016
The Group	S\$ cents	21.86	21.37
The Company	S\$ cents	16.57	17.04

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

2nd quarter ended 30 June 2017 ("2Q2017") Vs 2nd quarter ended 30 June 2016 ("2Q2016")

The Group reported revenue of S\$409.5 million for 2Q2017 as compared to S\$16.0 million for 2Q2016. The significant increase in the revenue was primarily due to contribution from Taiga Building Products Ltd. and its subsidiary corporations ("Taiga"), following the completion of the acquisition on 31 January 2017.

Revenue from the paper mill business in the current quarter was fairly consistent with the previous corresponding period whereas the gross profit margin ("GPM") decreased from 21.0% to 17.4% on a year-on-year basis. The decrease in GPM was mainly due to higher raw material cost.

The decrease in operating and maintenance income was mainly due to lower variation income despite meeting our obligations to Electric Power Generation Enterprise ("EPGE") in terms of minimum contracted production and gas efficiency in the current quarter. GPM of power plant business is fairly consistent with the previous corresponding period.

Total distribution, selling and administrative and finance expenses was S\$27.3 million for 2Q2017, an increase of S\$25.4 million from S\$1.9 million for 2Q2016. The increase was largely attributed to consolidation of Taiga's accounts.

Profit attributable to owners of the Company increased from S\$2.9 million for 2Q2016 to S\$6.4 million for 2Q2017, representing an increase of 118%. The increase was mainly due to Taiga's net profit of S\$5.7 million which was consolidated into the Group's results in the current quarter.

6 months ended 30 June 2017 ("6M2017") Vs 6 months ended 30 June 2016 ("6M2016")

The Group reported revenue of S\$642.6 million for 6M2017 as compared to S\$32.2 million for 6M2016. The significant increase in the revenue was primarily due to contribution from Taiga, following the completion of the acquisition on 31 January 2017.

Revenue from the paper mill business for 6M2017 was fairly consistent with the previous corresponding period whereas the gross profit margin ("GPM") decreased from 22.2% to 17.7% on a year-on-year basis. The decrease in GPM was mainly due to higher raw material cost.

The operating and maintenance income and GPM of power plant business is fairly consistent with the previous corresponding period.

The Group's results included a currency exchange loss of S\$4.3 million (6M2016: S\$2.7 million) classified under "Other (losses)/gains, net" that arose mainly from the translation of intercompany receivables and bank balances denominated in Canadian Dollar ("CAD") and United States Dollar ("USD"). The losses were partially offset by gain on disposal of assets held-for-sale which amounted to S\$1.2 million and was recognised during the current period.

Total distribution, selling and administrative and finance expenses was S\$45.6 million for 6M2017, an increase of S\$42.0 million from S\$3.6 million for 6M2016. The increase was largely attributed to consolidation of Taiga's accounts.

Profit attributable to owners of the Company increased from S\$3.7 million for 6M2016 to S\$9.1 million for 6M2017, representing an increase of 146%. The increase was mainly due to Taiga's net profit of S\$9.8 million which was consolidated into the Group's results in the current period.

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

Group level

The aggregate consideration for the acquisition of 58.34% interest in Taiga and C\$46.0 million principal amount of 14% subordinated notes issued by Taiga were funded through the Group's internal resources of S\$50.3 million and external bank borrowing of S\$27.5 million.

The Group's total assets increased from S\$190.1 million as at 31 December 2016 to S\$552.9 million as at 30 June 2017. The increase of S\$362.8 million was primarily due to consolidation of the total assets of Taiga and from the provisional goodwill of S\$44.5 million. Purchase price allocation (PPA) exercise has not been carried out as at 30 June 2017 and the goodwill of S\$44.5 million was recognised based on provisional fair values of assets and liabilities of Taiga as at the date of acquisition.

Total liabilities of the Group amounted to S\$376.3 million as at 30 June 2017, representing an increase of S\$369.9 million from the financial year ended 31 December 2016. The increase mainly arose from bank borrowings of S\$24.0 million and consolidation of Taiga's bank borrowings, accounts payable and accrued liabilities, finance lease obligations, deferred gain, provision, income taxes payable and subordinated notes totaling S\$345.4 million.

The Group's working capital as at 30 June 2017 increased to S\$144.9 million from S\$95.6 million as at 31 December 2016.

The Group's total equity as at 30 June 2017 amounted to S\$176.6 million (31 December 2016: S\$183.7 million). During the period under review, approximately of S\$9.9 million net proceeds were raised through issuance of 40,000,000 new subscription shares.

(ii) Review of Statement of Cash Flows

Net cash used in operations for 2Q2017 was S\$6.2 million. This was mainly due to higher working capital requirements and in particular, due to increased account receivables attributable to Taiga. The increase in account receivables were due to increase in sales.

Net cash used in financing activities for 2Q2017 was S\$14.0 million. During 2Q2017, cash outflows were mainly due to net repayment of bank borrowings amounting to S\$6.0 million; payment of Taiga's subordinated notes interest expenses of S\$3.0 million and dividend payment to the shareholders of the Company amounting to S\$4.4 million.

Overall, the net decrease in cash and cash equivalents for 2Q2017 was S\$20.0 million.

As at 30 June 2017, the Group's outstanding revolving credit facility ("RCF") which form part of cash and cash equivalents, net of cash and bank balances was S\$107.0 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.

Outlook

With the recent acquisition of Taiga, the Group now has a more diversified portfolio of businesses in different segments and geographical areas, spanning across Malaysia, Myanmar, Canada and the United States.

While this reduces concentration risks in any single business segment, market or country, the group is nevertheless exposed to the risks associated with these businesses as well as currency fluctuation risks versus the SGD, its home currency.

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets in Canada and the United States. These markets are affected by the strength or weakness in the general economy, as well as factors such as interest rates and other general market indicators.

For the paper mill business in Malaysia, prices of the Group's products are affected by competing prices of international paper and the level of the ringgit. On the cost side, the price of scrap waste paper has a major influence on margins.

Earnings for the power plant in Myanmar are backed by a 30-years power purchase agreement with the Electric Power Generation Enterprise, under Myanmar's Ministry of Electricity and Energy.

The Group will continue its efforts to identify opportunities and strategies to further grow its market presence, strengthen operational efficiency and monitor key cost drivers, in order to stay competitive. At the same time, the Group will continue to seek investment opportunities to enhance shareholder value, when such opportunities arise.

11. **Dividend**

(a) 2nd Quarter ended 30 June 2017

Any dividend declared for the current financial period reported on?

Name of dividend	Interim
Dividend type	Cash
Dividend amount per Share (in S\$ cents)	0.50 cents
Tax rate	-

(b) 2nd Quarter ended 30 June 2016

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

Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per Share (in S\$ cents)	0.50 cents
Tax rate	-

(c) Date payable

The Company is pleased to announce that an interim dividend of 0.50 cents per ordinary share tax exempt under the One-Tier system for the financial year ending 31 December 2017 will be paid on 31 August 2017 to shareholders registered in the Register of Members of the Company at 5.00pm on 21 August 2017.

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 22 August 2017 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 21 August 2017 will be registered to determine shareholders' entitlements to the interim dividend.

12. **If no dividend has been declared/recommended, a statement to that effect.**

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.

	Aggregate value of all IPT during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual during the financial period under review (excluding transactions less than \$100,000)
Name of Interested Person		
None	-	-
Total Interested Person Transactions	-	-

14. Status on the use of net proceeds raised from Share Placement (completion of allotment on 27 March 2017)

As announced on 7 March 2017, the Company had on the same day entered into subscription agreements (collectively, the “**Subscription Agreements**” and each, a “**Subscription Agreement**”) with Mohamed Nazir Bin Abdul Razak, John Vlasto, Hsieh Fu Hua and Chan Chia Lin (the “**Subscribers**”) pursuant to which the Subscribers have agreed to subscribe for an aggregate of 40,000,000 new ordinary shares in the capital of the Company (the “**Subscription Shares**”) at an issue price of S\$0.25 per Subscription Share (the “**Subscription Price**”) (such subscriptions collectively, the “**Subscription**”).

The purpose of the Subscription is to enable the Company to raise additional funds in an expeditious manner.

As announced on 27 March 2017, the completion of the Subscription took place on 27 March 2017, pursuant to which the 40,000,000 Subscription Shares were allotted and issued to the Subscribers. Following the completion of the Subscription, the total number of issued Shares of the Company has increased from 836,667,121 Shares to 876,667,121 Shares.

The Subscription Shares were issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank pari passu in all respects with the existing issued Shares save that the Subscription Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls before 27 March 2017.

The net proceeds from the Subscription after deducting expenses incurred in connection with the Subscription was approximately S\$9.9 million. The Company intends to utilise 100% of the net proceeds to reduce its bank borrowings.

As announced on 17 April 2017, the entire net proceeds from the Subscription of approximately S\$9.9 million has been used to partially repay outstanding bank borrowings. The use of proceeds was accordance with the intended use as stated in the Company's announcement on 7 March 2017.

15. 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 second quarter and six months ended 30 June 2017 to be false or misleading in any material respect.

16. 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

Koh Wan Kai
Executive Director

11 August 2017