Taiga Building Products Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months and six months ended June 30, 2019 and 2018
(in Canadian dollars)

NOTICE TO SHAREHOLDERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Taiga Building Products Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands of Canadian dollars)	June 30, 2019	June 30, 2018	December 31, 2018
Assets			
Current:			
Accounts receivable	$ 161,077	$ 200,162	$ 94,514
Inventories (Note 4)	155,808	151,093	149,485
Prepaid expenses	2,435	2,458	2,924
	319,320	353,713	246,923
Property, plant and equipment	139,027	38,481	50,326
Intangible Assets	16,522	-	17,813
Goodwill	10,235	-	10,669
Deferred tax assets	29	707	270
	$ 485,133	$ 392,901	$ 326,001
Liabilities and Shareholders' Equity			
Current:			
Revolving credit facility (Note 5)	$ 120,110	$ 139,283	$ 64,551
Accounts payable and accrued liabilities	73,004	92,645	59,374
Income taxes payable	9,234	9,261	4,352
Current portion of long-term debt	7,409	942	7,723
Current portion of lease obligations	5,326	2,404	2,493
	215,083	244,535	138,493
Long-term debt	14,309	-	21,079
Lease obligations	102,489	21,451	20,446
Deferred gain	2,659	2,910	2,719
Deferred tax liabilities	5,843	-	11,790
Provisions	623	716	668
Subordinated notes	12,500	12,500	12,500
	353,506	282,112	207,695
Shareholders' Equity:			
Share capital (Note 8)	131,432	132,340	131,432
Accumulated other comprehensive income (Note 8)	7,448	7,297	8,603
	138,880	139,637	140,035
Deficit	(7,253)	(28,848)	(21,729)
	131,627	110,789	118,306
	$ 485,133	$ 392,901	$ 326,001

The accompanying notes are an integral part of these consolidated financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Statements of Earnings and Comprehensive Income (Unaudited)

(in thousands of Canadian dollars, except per share amounts)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Sales	$ 354,723	$ 422,875	$ 642,122	$ 747,472
Cost of sales	319,813	383,447	579,755	677,286
Gross margin	34,910	39,428	62,367	70,186
Expenses:				
Distribution	6,891	6,012	12,812	11,895
Selling and administration	14,432	18,558	27,610	33,138
Finance (Note 9)	2,840	1,700	5,070	3,015
Subordinated debt interest	219	219	438	399
Other income	(55)	(104)	(92)	(200)
	24,327	26,385	45,838	48,247
Earnings before income tax	10,583	13,043	16,529	21,939
Income tax expense (Note 6)	3,512	6,685	4,761	8,791
Net earnings for the period	$ 7,071	$ 6,358	$ 11,768	$ 13,148
Other comprehensive income (loss) for the period				
Exchange differences on translating foreign controlled entities	$ (2,339)	$ 1,116	$ (1,155)	$ 2,553
Total comprehensive income for the period	$ 4,732	$ 7,474	$ 10,613	$ 15,701
Basic and diluted net earnings per common share	$ 0.06	$ 0.05	$ 0.10	$ 0.11
Weighted average number of common shares outstanding	115,564	116,573	115,564	116,696

The accompanying notes are an integral part of these consolidated financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

For the six months ended June 30, 2018

(in thousands of Canadian dollars)	Share Capital	Deficit	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2017	$ 133,090	$ (41,996)	$ 4,744	$ 95,838
Net earnings	-	13,148	-	13,148
Treasury Stock	(750)	-	-	(750)
Other comprehensive income	-	-	2,553	2,553
Balance at June 30, 2018	$ 132,340	$ (28,848)	$ 7,297	$ 110,789

For the six months ended June 30, 2019

(in thousands of Canadian dollars)	Share Capital	Deficit	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2018	$ 131,432	$ (21,729)	$ 8,603	$ 118,306
Net earnings	-	11,768	-	11,768
IFRS 16 Adoption Adjustment	-	2,708	-	2,708
Other comprehensive income (loss)	-	-	(1,155)	(1,155)
Balance at June 30, 2019	$ 131,432	$ (7,253)	$ 7,448	$ 131,627

The accompanying notes are an integral part of these consolidated financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands of Canadian dollars)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash provided by (used in):				
Operating:				
Net earnings	$ 7,071	$ 6,358	$ 11,768	$ 13,148
Adjustments for non-cash items				
Amortization	2,770	1,166	5,491	2,294
Income tax expense	3,512	6,685	4,761	8,791
Mark-to-market adjustment on financial instruments	292	200	143	135
Change in provisions	(22)	(22)	(45)	(71)
Loss (Gain) on asset disposal	(11)	(9)	(8)	(9)
Amortization of deferred gain	(30)	(96)	(60)	(192)
Finance and subordinated debt interest expense	3,059	1,770	5,508	3,265
Interest paid	(2,514)	(1,775)	(3,860)	(3,080)
Income tax paid	(1,503)	(3,023)	(5,963)	(3,061)
Changes in non-cash working capital (Note 12)	(11,403)	(31,555)	(62,240)	(101,317)
Cash flows from (used in) operating activities	1,221	(20,301)	(44,505)	(80,097)
Investing:				
Purchase of property, plant and equipment	(2,269)	(938)	(3,043)	(1,752)
Proceeds from disposition of property, plant and equipment	30	18	53	18
Cash flows used in investing activities	(2,239)	(920)	(2,990)	(1,734)
Financing:				
Increase (Decrease) in revolving credit facility	5,026	23,057	57,769	84,309
Advance (Repayment) of long-term debt	(2,349)	(63)	(7,084)	(125)
Repayment of lease obligations	(1,225)	(589)	(2,756)	(1,169)
Subordinated notes interest paid	(434)	(434)	(434)	(434)
Purchase of treasury stock	-	(750)	-	(750)
Cash flows from financing activities	1,018	21,221	47,495	81,831
Cash and cash equivalents - end of period	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations

Taiga Building Products Ltd. ("Taiga" or the "Company") is an independent wholesale distributor of building products in Canada and the United States. Taiga operates within two reportable geographic areas, Canada and the United States. The Company's shares are listed for trading on the Toronto Stock Exchange.

Taiga is a Canadian corporation and its registered and records office is located at 20th floor, 250 Howe Street, Vancouver, British Columbia, Canada V6C 3R8.

2. Basis of Preparation

(a) Statement of Compliance

These condensed interim consolidated financial statements (the "Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Therefore, these financial statements comply with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

These Financial Statements follow the same accounting policies and methods of application as our most recent annual financial statements, save for the adoption of IFRS 16 for the fiscal year starting on January 1, 2019. The adoption of this IFRS and their impact on these Financial Statements are covered in Note 3. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

These Financial Statements were authorized for issue on August 7, 2019 by the board of directors of the Company.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of Taiga Building Products Ltd. and its subsidiaries. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. Inter-company transactions and balances have been eliminated.

(c) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

(d) Revolving Credit Facility

Previously, the Company reflected the revolving credit facility (Note 5) as part of cash and cash equivalents as it forms an integral part of Taiga's cash management and fluctuates directly as a result of cash flows from operating, investing and financing activities. In response to an agenda decision issued by the IFRS Interpretations Committee, Taiga has revised this presentation and now includes cash flows resulting from changes in the revolving credit facility balance within financing activities. Comparative information has been adjusted accordingly.

3. Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual audited consolidated financial statements for the year ended December 31, 2018.

(a) Changes in Accounting Policies – Leases

Effective January 1, 2019, the Company adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. Lease terms, including options to renew for which the Company is reasonably certain to exercise, range from 1 to 25 years for facilities, automotive equipment and other equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under IAS 17, Leases ("IAS 17"), the Company's accounting policy was as follows:

The determination of whether an arrangement was (or contained) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement conveyed a right to use the asset, even if that asset was not explicitly specified in an arrangement. A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Company was classified as a finance lease.

Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in net finance expenses (income) in net loss. A leased asset was depreciated over the term of the lease.

An operating lease was a lease other than a finance lease. Operating lease payments were recognized in net loss on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Impact of transition to IFRS 16

Effective January 1, 2019 the Company adopted IFRS 16 using the modified retrospective approach. Accordingly, comparative figures as at and for the year ended December 31, 2018 and the three and six month period ended June 30, 2018 have not been restated and continue to be reported under IAS 17 and IFRIC 4, *Determining whether an arrangement contains a lease* ("IFRIC 4").

On initial application for leases previously classified as operating leases under IAS 17, the Company has elected to record right-of-use assets based on the corresponding lease liability, adjusted for any deferred lease inducements and any lease payments made at or before the commencement date that were recorded in other non-current liabilities and other current assets and other assets, on the statement of financial position as at December 31, 2018. For moveable equipment leases previously classified as finance leases under IAS 17, the Company measured the right-of-use asset and lease liability as previously accounted for without adjustment.

For recording new right-of-use assets under IFRS 16, the Company discounted future lease payments using its incremental borrowing rate as at January 1, 2019. The rates applied were 3.9% for Canadian land and buildings, 5.1% for United States land and buildings and 4.8% for moveable equipment.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019. The Company has also elected to apply the practical expedient on facility leases, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Under IAS 17, the Company's had previously accounted for the building component of certain warehouse leases as finance leases and the land component as operating leases. On adoption, the Company derecognized the amounts previously recognized as leased assets ($17.2 million) and finance lease obligations ($20.9 million) with the difference of $3.7 million being credited to deficit as a result of the adoption of IFRS 16, offset by an increase in deferred tax liabilities of $1.0 million. New right-of-use assets were recorded for the entire single lease component of each warehouse location leased by the Company, resulting in the recognition of new right-of-use assets along with a corresponding lease liability. The increase was due to adopting the policy of recognizing the lease as a single component along with including renewal terms determined by management to be reasonably certain to be exercised.

On the December 31, 2018 audited consolidated financial statements, the Company disclosed operating lease commitments of $27.1 million. Of these operating lease commitments, $1.8 million did not meet the requirements to be recognized as right-of-use assets. However, the lease liability recognized on the adoption of IFRS 16 was significantly higher than this amount as the Company determined that renewal options of between 2 and 10 years were reasonably certain to be exercised on several warehouse leases. These renewal options had not been included in the minimum operating lease commitments that had been previously disclosed.

The recognized right-of-use assets relate to the following types of assets which are included under property, plant and equipment on the statement of financial position:

(in thousands of dollars)	**June 30, 2019**	**January 1, 2019**
Buildings	103,446	106,305
Warehouse and treating equipment	1,066	1,252
Total	104,512	107,557

Depreciation expenses of $3.0 million were recognized on the right-of-use assets during the six months ended June 30, 2019.

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

- property, plant and equipment – decreased by $17.2 million;
- right-of-use assets – increased by $107.6 million;
- deferred tax liabilities – increased by $1.0 million; and
- lease liabilities – increased by $86.6 million.

The net impact to deficit on January 1, 2019 was a credit of $2.7 million.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4. Inventories

(in thousands of dollars)	**June 30, 2019**	**June 30, 2018**	**December 31, 2018**
Allied building products	23,943	30,007	27,716
Lumber products	103,799	82,396	95,166
Panel products	26,898	38,282	26,085
Production consumables	1,327	661	1,302
Inventory provision	(159)	(253)	(784)
Total	155,808	151,093	149,485

All of the Company's inventories are pledged as security for the revolving credit facility.

5. Revolving Credit Facility

(in thousands of dollars)	**June 30, 2019**	**June 30, 2018**	**December 31, 2018**
Revolving credit facility	121,437	140,991	66,008
Financing costs, net of amortization	(1,327)	(1,708)	(1,457)
Total	120,110	139,283	64,551

On June 28, 2018, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from $225 million to $250 million, with an option to increase the limit by up to $50 million. The Facility also features an ability to draw on additional term loans in an aggregate amount of approximately $23 million at favorable rates, which Taiga utilized for the Business Acquisition referred to in Note 6 of the Company's audited financial statements. 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 Company and certain of its subsidiaries, 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. The terms, conditions, and covenants of the Facility have been met as at June 30, 2019.

6. Income Taxes

Income tax expense is comprised of:

	Three months ended June 30,		Six months ended June 30,	
(in thousands of dollars)	**2019**	**2018**	**2019**	**2018**
Current	11,441	7,327	11,862	10,462
Deferred	(7,929)	(642)	(7,101)	(1,671)
Total	3,512	6,685	4,761	8,791

7. Long-term Debt

On June 28, 2018, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the “Facility”). As part of the Facility, additional term loans were authorized and the Company drew upon two separate term loans (Term A and Term B) to fund the Business Acquisition of Exterior Wood, Inc. The long-term debt bears interest at variable base rates plus variable margins tied to the Company’s existing Facility (Note 5). The long-term debt is secured partially by the real property of one of the Company’s US subsidiaries.

The Term A loan is for $7.5 million USD and matures on August 31, 2033. The monthly principal installment is US$41,778.

The Term B loan is for $15.5 million USD and matures on August 31, 2021. The monthly principal instalment is US$430,000.

8. Shareholders’ Equity

(a) Authorized Share Capital

Unlimited common shares without par value, unlimited class A common shares without par value, and unlimited class A and class B preferred shares without par value.

(b) Normal Course Issuer Bid

On August 8, 2019, the Company commenced a Normal Course Issuer Bid (“NCIB”) for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,778,181 of its 115,563,638 outstanding Common Shares, representing 5% of the outstanding Common Shares. The Company did not purchase any of its common shares for the three and six months ended June 30, 2019. The Common Shares purchased by the Company are being held as Treasury Stock.

(c) Common Shares Issued

(in thousands of dollars, except number of shares)	**Number of Shares**	**Amount**
Balance, March 31, 2017	32,414,278	13,229
Issue of new shares as a result of the Exchange Offer	84,408,831	119,861
Balance, December 31, 2017	116,823,109	133,090
Shares purchased under NCIB and held as Treasury Stock	1,259,471	1,658
Balance, December 31, 2018 and June 30, 2019	115,563,638	131,432

(d) Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of exchange differences arising on translation of entities that have a functional currency other than the Canadian dollar.

(e) Stock Options and Warrants

Taiga does not have stock options or warrants outstanding and has not granted or cancelled options or warrants during the current or prior period.

(f) Major Shareholder

Taiga's major shareholder is Avarga Limited, holding 65.1% or 75,708,814 of the issued and outstanding common shares of the Company. Taiga's current chairman, Ian Tong, is a director of Avarga. Another of Taiga's directors, Dr. Kooi Ong Tong is also Avarga's executive chairman, chief executive officer and a significant shareholder. Avarga is an investment holding company listed on the Singapore Exchange.

9. Finance Expense

The finance expense is comprised of:

	Three months ended June 30,		**Six months ended June 30,**	
(in thousands of dollars)	**2019**	**2018**	**2019**	**2018**
Interest on revolving credit facility and other short term liabilities	1,049	1,054	1,847	1,873
Interest on leases and long-term debt	1,708	572	3,057	995
Amortization of financing costs	83	74	166	147
Total	2,840	1,700	5,070	3,015

10. Commitments and Contingencies

Canada Revenue Agency Reassessment

During the year ended March 31, 2017, Taiga received a notice of reassessment from the Canada Revenue Agency in the amount of approximately $42,000,000 (which includes interest) relating to the years from 2005 to 2013. The reassessment related to the amount of taxes withheld, by Taiga, on dividends paid or deemed to have been paid to what were then the Company's two largest shareholders in connection with and subsequent to Taiga's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. Taiga paid the full amount of the reassessment on January 31, 2017 using proceeds provided by its two former major shareholders. The Company, and the two former major shareholders, had previously entered into agreements whereby the shareholders agreed to fully indemnify the Company from this potential liability, including related liabilities. The indemnity agreements remain in effect and would apply in the event that CRA issues further reassessments relating to the amount of taxes withheld. The Company intends to challenge the reassessment and vigorously defend its tax filings and to seek a resolution as soon as practically possible. Taiga's two former major shareholders may elect to assume any action or defense of Taiga in connection with the foregoing pursuant to the terms of the indemnity agreements with Taiga.

11. Financial Instruments

The fair values of lease obligations are as follows:

(in thousands of dollars)	**June 30, 2019**	**June 30, 2018**
Carrying amount	107,815	23,855
Fair value	107,815	23,855

The fair value of the finance lease obligations was determined using current borrowing rates for similar debt instruments.

The fair value of the 7% subordinated notes are as follows:

(in thousands of dollars)	**June 30, 2019**	**June 30, 2018**
Carrying amount	12,500	12,500
Fair value	12,500	12,500

The fair value of the 7% subordinated notes was determined using current borrowing rates for similar debt instruments.

The carrying amount of derivative financial instrument assets and liabilities are equal to their fair values as these instruments are re-measured to their fair values at each reporting date as follows:

(in thousands of dollars)	**June 30, 2019**	**June 30, 2018**
Lumber futures	(87)	(170)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – based on quoted prices in active markets for identical assets or liabilities;

Level 2 – based on inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – applies to assets and liabilities for inputs that are not based on observable market data, which are unobservable inputs.
Derivative financial instrument assets and liabilities are classified as level 2.

The following table summarizes the classification and carrying values of the Company's financial instruments at June 30, 2019 and 2018:

(in thousands of dollars)

At June 30, 2019	**Amortized Cost** (Financial assets)	**FVTPL**	**Amortized Cost** (Financial liabilities)	**Total**
Financial assets:				
Accounts receivable	161,077	-	-	161,077
Lumber futures[1]		-	-	-
Total financial assets:	**161,077**	**-**	**-**	**161,077**
Financial liabilities:				
Revolving credit facility	-	-	120,110	120,110
Accounts payable & accrued liabilities	-	-	73,004	73,004
Lumber futures[1]	-	87	-	87
Current portion of long-term debt	-	-	7,409	7,409
Non-current portion of long-term debt	-	-	14,309	14,309
Current portion of lease obligation	-	-	5,326	5,326
Non-current portion of lease obligation	-	-	102,489	102,489
Subordinates notes	-	-	12,500	12,500
Total financial liabilities:	**-**	**87**	**335,147**	**335,234**

(in thousands of dollars)

At June 30, 2018	**Amortized Cost** (Financial assets)	**FVTPL**	**Amortized Cost** (Financial liabilities)	**Total**
Financial assets:				
Accounts receivable	200,162	-	-	200,162
Total financial assets:	**200,162**	**-**	**-**	**200,162**
Financial liabilities:				
Revolving credit facility	-	-	139,283	139,283
Accounts payable & accrued liabilities	-	-	92,645	92,645
Lumber futures[1]	-	170	-	170
Current portion of long-term debt	-	-	942	942
Current portion of financial lease obligation	-	-	2,404	2,404
Non-current portion of financial lease obligation	-	-	21,451	21,451
Subordinates notes	-	-	12,500	12,500
Total financial liabilities:	**-**	**170**	**269,225**	**269,395**

[(1)]Included with accounts receivable or accounts payable and accrued liabilities on the balance sheet

12. Changes in Non-Cash Working Capital

	Three months ended June 30,		Six months ended June 30,	
(in thousands of dollars)	**2019**	**2018**	**2019**	**2018**
(Increase) Decrease in Accounts receivable	(26,085)	(48,810)	(65,992)	(93,458)
(Increase) Decrease in Inventories	16,277	1,668	(6,323)	(27,805)
(Increase) Decrease in Prepaid expenses and other	127	(557)	1,714	(1,062)
Effect of foreign exchange on working capital	(2,408)	1,528	(4,433)	3,258
(Decrease) Increase in Accounts payable & accrued liabilities	686	14,616	12,794	17,750
Total	(11,403)	(31,555)	(62,240)	(101,317)

13. Seasonality

Taiga’s sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the quarters ended June 30 and September 30 and reduced sales in the late fall and winter during its quarters ended December 31 and March 31 of each fiscal year.

14. Segmented Information

Taiga operates within one business segment and has two reportable geographic areas as follows:

	Revenue by Point of Sale							
	Three months ended June 30,				Six months ended June 30,			
	2019		2018		2019		2018	
	$000’s	**%**	**$000’s**	**%**	**$000’s**	**%**	**$000’s**	**%**
Canada	284,370	80.2	371,011	87.7	521,999	81.3	653,817	87.5
United States	70,353	19.8	51,864	12.3	120,123	18.7	93,655	12.5

During the three months June 30, 2019, Taiga's Canadian operations had export sales of $44.7 million (2018 - $71.5 million). For the six months period ended June 30, 2019, export sales were $84.8 million (2018 - $128.3 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.