

Unaudited Financial Statement And Dividend Announcement for the Full Year Ended 31 December 2020

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 half and full year ended 31 December 2020

		Group					
	Note	2 nd half year ended 31 December 2020	2 nd half year ended 31 December 2019	Increase / (decrease)	Full year ended 31 December 2020	Full year ended 31 December 2019	Increase / (decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	(a)	973,000	715,268	36	1,693,259	1,403,873	21
Cost of sales	(b)	(807,907)	(637,364)	27	(1,445,525)	(1,253,516)	15
Gross profit		165,093	77,904	112	247,734	150,357	65
Other gains/(losses), net							
- Interest income – bank deposit		42	157	(73)	172	330	(48)
- Loss allowance on trade receivables, net		(747)	(104)	618	(780)	(168)	364
- Others		2,813	1,783	58	3,201	14,924	(79)
Distribution expenses		(15,355)	(14,243)	8	(28,866)	(28,035)	3
Selling and administrative expenses		(72,174)	(38,480)	88	(108,786)	(71,868)	51
Finance expenses		(4,951)	(6,273)	(21)	(10,501)	(12,220)	(14)
Profit before income tax		74,721	20,744	260	102,174	53,320	92
Income tax expense		(20,310)	(7,391)	175	(27,378)	(12,732)	115
Net profit	(c)	54,411	13,353	307	74,796	40,588	84
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising from consolidation							
- Losses		(3,839)	(945)	306	(1,822)	(1,750)	4
Items that will not be reclassified subsequently to profit or loss:							
Financial assets, at FVOCI:							
- Fair value gains/(losses) – equity investments		476	(116)	nm	(178)	(194)	(8)
Currency translation differences arising from consolidation							
- (Losses)/Gains		(477)	(895)	(47)	(323)	147	nm
Other comprehensive loss, net of tax		(3,840)	(1,956)	96	(2,323)	(1,797)	29
Total comprehensive income		50,571	11,397	344	72,473	38,791	87
Net profit attributable to:							
Equity holders of the Company		39,902	8,944	346	54,826	32,562	68
Non-controlling interests		14,509	4,409	229	19,970	8,026	149
		54,411	13,353	307	74,796	40,588	84
Total comprehensive income attributable to:							
Equity holders of the Company		36,539	7,883	364	52,826	30,618	73
Non-controlling interests		14,032	3,514	299	19,647	8,173	140
		50,571	11,397	344	72,473	38,791	87

Footnotes:

(a) Revenue comprises the following:

	Group					
	2 nd half year ended 31 December 2020	2 nd half year ended 31 December 2019	Increase / (decrease)	Full year ended 31 December 2020	Full year ended 31 December 2019	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales of goods						
Paper products	25,429	22,574	13	44,803	48,058	(7)
- Building products	939,491	681,990	38	1,632,035	1,337,108	22
Finance income	1,992	2,125	(6)	4,116	4,586	(10)
Operating and maintenance income	6,088	8,579	(29)	12,305	14,121	(13)
	973,000	715,268	36	1,693,259	1,403,873	21

(b) The cost of sales includes the following:

	Group					
	2 nd half year ended 31 December 2020	2 nd half year ended 31 December 2019	Increase / (decrease)	Full year ended 31 December 2020	Full year ended 31 December 2019	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Cost of goods sold						
- Paper products	20,383	17,472	17	35,471	37,382	(5)
- Building products	783,028	612,350	28	1,400,615	1,203,838	16
Operating and maintenance fees	4,051	7,107	(43)	8,553	11,461	(25)
Others	445	435	2	886	835	6
	807,907	637,364	27	1,445,525	1,253,516	15

(c) Profit for the period/year included the following:

	Group					
	2 nd half year ended 31 December 2020	2 nd half year ended 31 December 2019	Increase / (decrease)	Full year ended 31 December 2020	Full year ended 31 December 2019	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(6,789)	(6,307)	8	(13,156)	(12,679)	4
Amortisation of intangible assets	(2,622)	(2,639)	(1)	(5,244)	(5,241)	-
Amortisation of deferred gain	61	61	-	122	123	(1)
(Loss)/gain on disposal of property, plant and equipment	(201)	6	nm	(195)	14	nm
Gain on disposal of asset held-for-sale	-	-	-	-	10,864	(100)
Government grants	55	-	100	3,118	-	100
Bad debts recovered/(written off)	65	248	(74)	(40)	262	nm
Inventories written-down	(1,191)	(2,455)	(51)	(1,948)	(3,511)	(45)
Currency exchange gain, net	3,446	1,226	181	920	3,664	(75)
Dividend income from listed equity security	-	59	(100)	39	137	(72)
Interest expense	(4,951)	(6,273)	(21)	(10,501)	(12,220)	(14)
Net fair value gain/(loss) on derivatives	87	(46)	nm	(67)	(192)	(65)
(Under)/over provision of tax in respect of prior years	(98)	17	nm	278	9	2,989

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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current Assets				
Property, plant and equipment	170,357	174,807	453	664
Investments in subsidiary corporations	-	-	34,854	34,854
Financial asset, at FVPL	500	500	500	500
Financial asset, at FVOCI	1,786	1,964	-	-
Service concession receivables*	23,760	24,512	-	-
Other receivables	-	-	-	8,419
Goodwill on consolidation	32,303	32,322	-	-
Intangible assets	28,859	34,226	-	-
Deferred income tax assets	277	196	-	-
Total Non-current Assets	257,842	268,527	35,807	44,437
Current Assets				
Inventories	202,674	169,475	-	-
Service concession receivables*	15,732	16,029	-	-
Trade receivables	146,004	94,828	180	55
Other receivables	5,898	4,056	134,195	125,239
Prepaid operating expenses	3,780	3,143	14	18
Cash and cash equivalents	19,037	19,245	4,280	4,618
Total Current Assets	393,125	306,776	138,669	129,930
Current Liabilities				
Trade payables and accruals	(132,742)	(75,752)	(1,066)	(1,978)
Other payables	(155)	(831)	(93)	(102)
Derivatives financial instruments	(203)	(136)	-	-
Revolving credit facility	(9,074)	(42,279)	-	-
Bank borrowings	(45,401)	(40,588)	-	-
Lease liabilities	(4,771)	(4,746)	(128)	(124)
Current income tax liabilities	(4,950)	(14,747)	-	-
Total Current Liabilities	(197,296)	(179,079)	(1,287)	(2,204)
Net Current Assets	195,829	127,697	137,382	127,726
Non-current Liabilities				
Bank borrowings	(11,862)	(15,361)	-	-
Lease liabilities	(94,783)	(95,232)	(84)	(212)
Deferred gains	(2,575)	(2,683)	-	-
Provisions	(488)	(590)	-	-
Subordinated notes	(12,975)	(12,900)	-	-
Deferred income tax liabilities	(24,117)	(16,633)	-	-
Total Non-current Liabilities	(146,800)	(143,399)	(84)	(212)
Net Assets	306,871	252,825	173,105	171,951
Capital and reserves attributable to equity holders of the Company				
Share capital	169,597	169,582	169,597	169,582
Treasury shares	(2,206)	(628)	(2,206)	(628)
Retained profits	98,494	54,651	5,640	2,923
Other reserves	(23,385)	(22,399)	74	74
	242,500	201,206	173,105	171,951
Non-controlling interests	64,371	51,619	-	-
Total Equity	306,871	252,825	173,105	171,951

* 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 31/12/2020		As at 31/12/2019	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
14,508	44,738	54,613	33,000

(b) Amount repayable after one year

As at 31/12/2020		As at 31/12/2019	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
102,513	17,107	106,093	17,400

(c) Details of any collaterals

The Group's secured borrowings comprise a revolving credit facility of S\$9,074,000 (2019: S\$42,279,000), bank borrowings of S\$8,393,000 (2019: S\$18,449,000) and leases liabilities of S\$99,554,000 (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**

	2 nd half year ended 31 December 2020	2 nd half year ended 31 December 2019	Full year ended 31 December 2020	Full year ended 31 December 2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	74,721	20,744	102,174	53,320
Adjustments for:				
Depreciation of property, plant and equipment	6,789	6,307	13,156	12,679
Amortisation of intangible assets	2,622	2,639	5,244	5,241
Amortisation of deferred gain	(61)	(61)	(122)	(123)
Loss/(gain) on disposal of property, plant and equipment	201	(6)	195	(14)
Gain on disposal of asset held-for-sale	-	-	-	(10,864)
Provisions	(55)	(53)	(104)	(98)
Loss allowance on trade receivables	747	104	780	168
Net fair value (gain)/loss on derivatives	(87)	46	67	192
Dividend income from listed equity security	-	(59)	(39)	(137)
Finance income	(1,992)	(2,125)	(4,116)	(4,586)
Interest income	(42)	(157)	(172)	(330)
Interest expenses	4,951	6,273	10,501	12,220
Unrealised currency translation gains	(4,533)	(3,542)	(3,416)	(56)
Operating cash flows before working capital changes	83,261	30,110	124,148	67,612
Changes in working capital				
Inventories	(62,765)	(1,245)	(33,199)	(11,520)
Service concession receivables	2,869	1,501	4,322	4,421
Trade receivables	53,382	80,722	(51,956)	7,420
Other receivables	(797)	(1,564)	(1,770)	(21)
Prepaid operating expenses	3,767	3,894	168	(774)
Trade payables and accruals	28,641	(5,177)	54,127	9,541
Other payables	30	594	(676)	527
Cash generated from operations	108,388	108,835	95,164	77,206
Interest received	42	157	172	330
Interest paid	(3,557)	(5,664)	(7,316)	(9,621)
Income tax paid	(9,511)	(1,474)	(28,360)	(8,083)
Net cash provided by operating activities	95,362	101,854	59,660	59,832
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,577)	(2,402)	(4,575)	(2,277)
Proceeds from disposal of property, plant and equipment	19	141	25	195
Proceeds from disposal of asset held-for-sale	-	-	-	18,406
Dividend received from listed equity security	-	59	39	137
Net cash (used in)/provided by investing activities	(2,558)	(2,202)	(4,511)	16,461
Cash flows from financing activities				
Acquisition of non-controlling interests	-	-	(1,991)	-
Proceed from issuance of shares	-	-	15	-
Purchase of treasury shares	(1,569)	-	(1,578)	-
Repurchase of common shares by a subsidiary corporation	(1,550)	(4,328)	(2,068)	(4,328)
Principal element of lease payments	(2,443)	(2,034)	(4,855)	(4,852)
Changes in revolving credit facility (Note A)	(83,214)	(82,212)	(32,919)	(23,802)
Proceeds from bank borrowings	9,870	-	14,370	31,300
Repayment of bank borrowings	(2,445)	(5,572)	(13,014)	(33,277)
Interest paid	(855)	(990)	(1,812)	(1,761)
Dividend paid to equity holders of the Company	(11,549)	-	(11,549)	(42,613)
Net cash used in financing activities	(93,755)	(95,136)	(55,401)	(79,333)
Net (decrease)/increase in cash and cash equivalents	(951)	4,516	(252)	(3,040)
Cash and cash equivalents at beginning of period/year	19,924	14,749	19,245	22,372
Effects of currency translation on cash and cash equivalents	64	(20)	44	(87)
Cash and cash equivalents at end of period/year	19,037	19,245	19,037	19,245

- 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 year ended 31 December 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
1H2020									
Balance at 1 January 2020	169,582	(628)	54,651	360	(21,902)	(857)	(22,399)	51,619	252,825
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
Total comprehensive income for the financial period	-	-	14,924	-	2,017	(654)	1,363	5,615	21,902
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)
Balance at 30 June 2020	169,597	(637)	69,811	1,479	(19,944)	(1,511)	(19,976)	52,173	270,968
2H2020									
Profit for the financial period	-	-	39,902	-	-	-	-	14,509	54,411
Other comprehensive loss for the financial period	-	-	-	-	(3,839)	476	(3,363)	(477)	(3,840)
Total comprehensive income for the financial period	-	-	39,902	-	(3,839)	476	(3,363)	14,032	50,571
Purchase of treasury shares	-	(1,569)	-	-	-	-	-	-	(1,569)
Effect of subsidiary's shares buyback and cancelled	-	-	330	(28)	(18)	-	(46)	(1,834)	(1,550)
Dividend relating to 2019 paid	-	-	(4,735)	-	-	-	-	-	(4,735)
Dividend relating to 2020 paid	-	-	(6,814)	-	-	-	-	-	(6,814)
Balance at 31 December 2020	169,597	(2,206)	98,494	1,451	(23,801)	(1,035)	(23,385)	64,371	306,871

- 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 GROUP

Consolidated statement of changes in equity for the year ended 31 December 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
1H2019									
Balance at 1 January 2019 (As previously reported)	169,582	(628)	62,467	(600)	(20,046)	(663)	(21,309)	48,030	258,142
Adjustment on adoption of SFRS(I) 16 Lease (net of tax)	-	-	1,850	-	-	-	-	974	2,824
Balance at 1 January 2019 (As restated)	169,582	(628)	64,317	(600)	(20,046)	(663)	(21,309)	49,004	260,966
Profit for the financial period	-	-	23,618	-	-	-	-	3,617	27,235
Other comprehensive income for the financial period	-	-	-	-	(805)	(78)	(883)	1,042	159
Total comprehensive income for the financial period	-	-	23,618	-	(805)	(78)	(883)	4,659	27,394
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)
Balance at 30 June 2019	169,582	(628)	45,322	(600)	(20,851)	(741)	(22,192)	53,672	245,756
2H2019									
Profit for the financial period	-	-	8,944	-	-	-	-	4,409	13,353
Other comprehensive loss for the financial period	-	-	-	-	(945)	(116)	(1,061)	(895)	(1,956)
Total comprehensive income for the financial period	-	-	8,944	-	(945)	(116)	(1,061)	3,514	11,397
Effect of subsidiary's shares buyback and cancelled	-	-	-	(2,858)	-	-	(2,858)	(1,470)	(4,328)
Deemed acquisition of non-controlling interests without a change in control	-	-	385	3,818	(106)	-	3,712	(4,097)	-
Balance at 31 December 2019	169,582	(628)	54,651	360	(21,902)	(857)	(22,399)	51,619	252,825

- 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 year ended 31 December 2020

	Share capital	Treasury shares	Retained profits	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2020						
Balance at 1 January 2020	169,582	(628)	2,923	74	74	171,951
Total comprehensive loss for the financial period	-	-	(1,038)	-	-	(1,038)
Warrants 2017 conversion	15	-	-	-	-	15
Purchase of treasury shares	-	(9)	-	-	-	(9)
Balance at 30 June 2020	169,597	(637)	1,885	74	74	170,919
2H2020						
Total comprehensive income for the financial period	-	-	15,304	-	-	15,304
Purchase of treasury shares	-	(1,569)	-	-	-	(1,569)
Dividend relating to 2019 paid	-	-	(4,735)	-	-	(4,735)
Dividend relating to 2020 paid	-	-	(6,814)	-	-	(6,814)
Balance at 31 December 2020	169,597	(2,206)	5,640	74	74	173,105

Statement of changes in equity for the year ended 31 December 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
1H2019						
Balance at 1 January 2019	169,582	(628)	26,325	74	74	195,353
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)
Balance at 30 June 2019	169,582	(628)	(14,628)	74	74	154,400
2H2019						
Total comprehensive income for the financial period	-	-	17,551	-	-	17,551
Balance at 31 December 2019	169,582	(628)	2,923	74	74	171,951

- 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 issued share capital from 1 July 2020 to 31 December 2020.

The Company has no outstanding convertibles as at 31 December 2020. As at 31 December 2019, the number of shares that may be issued on their conversion were 836,667,121.

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	31.12.2020	31.12.2019
Treasury shares held	9,338,800	3,037,000
Subsidiary holdings held	-	-
	9,338,800	3,037,000
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	0.99%	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	31.12.2020	31.12.2019
Total number of issued shares	950,145,342	950,106,121
Less: Treasury shares	(9,338,800)	(3,037,000)
Total number of issued shares excluding treasury shares	940,806,542	947,069,121

- 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 31 December 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 31 December 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:**
- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) 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			
		2 nd half year ended 31 December 2020	2 nd half year ended 31 December 2019	Full year ended 31 December 2020	Full year ended 31 December 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	4.22	0.94	5.79	3.44
	- Weighted average number of shares ('000)	946,357	947,069	946,724	947,069
(ii)	On a fully diluted basis	4.22	0.94	5.79	3.44
	- Weighted average number of shares ('000)	946,357	947,069	946,724	947,069

The weighted average number of ordinary shares represents the number of ordinary shares excluding treasury 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 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 the total number of issued shares excluding treasury shares as at the end of the period reported on:-

		31 December 2020	31 December 2019
The Group	S\$ cents	25.78	21.25
The Company	S\$ cents	18.40	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

2nd half year ended 31 December 2020 ("2H2020") Vs 2nd half year ended 31 December 2019 ("2H2019")

	<u>2H2020</u> S\$'000	<u>Contribution</u> %	<u>2H2019</u> S\$'000	<u>Contribution</u> %
Revenue				
Paper manufacturing	25,429	3	22,574	3
Building products	939,491	96	681,990	95
Power plant	8,080	1	10,704	2
	973,000	100	715,268	100
Gross profit				
Paper manufacturing	5,046	3	5,102	7
Building products	156,463	95	69,640	89
Power plant	3,584	2	3,162	4
	165,093	100	77,904	100

Full year ended 31 December 2020 ("12M2020") Vs Full year ended 31 December 2019 ("12M2019")

	<u>12M2020</u> S\$'000	<u>Contribution</u> %	<u>12M2019</u> S\$'000	<u>Contribution</u> %
Revenue				
Paper manufacturing	44,803	3	48,058	4
Building products	1,632,035	96	1,337,108	95
Power plant	16,421	1	18,707	1
	1,693,259	100	1,403,873	100
Gross profit				
Paper manufacturing	9,332	4	10,676	7
Building products	231,420	93	133,270	89
Power plant	6,982	3	6,411	4
	247,734	100	150,357	100

Overview

The Group achieved record revenue and profitability in 2020, despite the challenging global economic conditions caused by the spread of the COVID-19 coronavirus pandemic.

The strong performance was attributed to Taiga Building Products Ltd ("Taiga"), the building products business of the Group. A surge in commodity prices, particularly lumber, boosted margins for Taiga. In addition, Taiga benefitted from strong housing markets in Canada and the US, caused by record low interest rates, and the trend

towards suburban homes as homeowners shifted away from densely populated cities and spent more time working from home due to the COVID-19 pandemic.

For 2H2020, the Group reported net profit of S\$54.4 million, an increase of 307% or S\$41.0 million from S\$13.4 million for 2H2019. The Group reported net profit of S\$74.8 million for 12M2020, an increase of 84% or S\$34.2 million from S\$40.6 million for 12M2019.

The Group's revenue for 2H2020 was S\$973.0 million, compared to S\$715.3 million for 2H2019. Overall gross profit increased by S\$87.2 million or 112% to S\$165.1 million. Overall gross profit margin percentage increased from 10.9% for 2H2019 to 17.0% for 2H2020.

The Group's revenue for 12M2020 was approximately S\$1.7 billion, compared to S\$1.4 billion for 12M2019. Overall gross profit for 12M2020 increased by S\$97.4 million or 65% to S\$247.7 million. Overall gross profit margin percentage increased from 10.7% for 12M2019 to 14.6% for 12M2020.

Revenue

Revenue from the building products business of Taiga for 2H2020 was S\$939.5 million compared to S\$682.0 million over the same period last year. Revenue from the building products business of Taiga for 12M2020 was S\$1.6 billion compared to S\$1.3 billion over the same period last year. The increase in revenue for both comparison periods were largely due to significantly higher selling prices for commodity products during the period as compared to a year ago and increased market demand, particularly from the US market.

Gross margin

Gross margin from the building products business for 2H2020 increased by S\$86.8 million or 125% to S\$156.4 million from S\$69.6 million over the same period last year. Gross profit margin percentage of the building products business increased from 10.2% for 2H2019 to 16.6% for 2H2020.

Gross margin from the building products business for 12M2020 increased by S\$98.1 million or 74% to S\$231.4 million from S\$133.3 million over the same period last year. Gross profit margin percentage of the building products business increased from 10.0% for 12M2019 to 14.2% for 12M2020.

The increase was primarily due to surging commodity prices and increased market demand, particularly from the US market.

Expenses

Distribution expenses were S\$15.4 million and S\$14.2 million for 2H2020 and 2H2019 respectively. Distribution expenses remained relatively constant at S\$28.9 million and S\$28.0 million for 12M2020 and 12M2019 respectively. These increases were primarily due to increased depreciation, maintenance and insurance costs.

Selling and administrative expenses for 2H2020 were S\$72.2 million as compared to S\$38.5 million over the same period last year. Selling and administrative expenses for 12M2020 were S\$108.8 million as compared to S\$71.9 million over the same period last year. These increases were primarily due to increased compensation costs.

Finance expenses for 2H2020 were S\$4.9 million as compared to S\$6.3 million over the same period last year. Finance expenses for 12M2020 were S\$10.5 million as compared to S\$12.2 million over the same period last year. These decreases were primarily due to lower borrowing levels leading to lower interest costs.

(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\$651.0 million as at 31 December 2020. The increase of S\$75.7 million was primarily the result of increased inventories and higher trade receivables offset by decreased property, plant and equipment.

Property, plant and equipment decreased to S\$170.4 million as at 31 December 2020 compared to S\$174.8 million as at 31 December 2019 primarily due to depreciation charge of S\$13.2 million partially offset by addition during the year. The net book value of right of use assets as included in property, plant and equipment as at 31 December 2020 was S\$94.3 million after depreciation charge of S\$6.2 million for the current year.

Trade receivables increased to S\$146.0 million as at 31 December 2020 compared to S\$94.8 million as at 31 December 2019 primarily due to significantly higher commodity prices leading to higher selling prices on products.

Inventories increased to S\$202.7 million as at 31 December 2020 compared to S\$169.5 million as at 31 December 2019, primarily due to significantly higher commodity prices.

Total liabilities of the Group increased to S\$344.1 million as at 31 December 2020 from S\$322.5 million as at 31 December 2019. The increase was primarily the result of increased trade payable and accruals, offset by a reduction in revolving credit facility.

The revolving credit facility decreased to S\$9.1 million as at 31 December 2020 from S\$42.3 million as at 31 December 2019. The decrease was due to increased cash flows from operations.

Accounts payable and accrued liabilities increased to S\$132.7 million as at 31 December 2020 compared to S\$75.7 million as at 31 December 2019 due to increased payroll liabilities.

The Group's working capital was S\$195.8 million as at 31 December 2020 compared to S\$127.7 million as at 31 December 2019.

The Group's total equity as at 31 December 2020 amounted to S\$306.9 million (31 December 2019: S\$252.8 million).

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

Cash flows from operating activities generated cash of S\$95.3 million for 2H2020 compared to S\$101.8 million for the same period last year. Cash flows from operating activities generated cash of S\$59.6 million for 12M2020 compared to S\$59.8 million for the same period last year. The change between the comparative periods were primarily due to higher earnings combined with the changes in non-cash working capital, primarily due to increased account receivables and increased account payable and accrued liabilities.

Investing activities used cash of S\$2.5 million for 2H2020 compared to S\$2.2 million for same period last year. Investing activities used cash of S\$4.5 million for 12M2020 compared to cash generated of S\$16.4 million for 12M2019, mainly due to proceeds from disposal of asset held-for-sale amounting to S\$18.4 million in last financial year.

Financing activities used cash of S\$93.7 million for the 2H2020 compared to S\$95.1 million for the same period last year. Financing activities used cash of S\$55.4 million for 12M2020 compared to S\$79.3 million for the same period last year. The changes were mainly due to repayments of Taiga's revolving credit facility and lesser dividend paid in the current financial year.

Overall, the net decrease in cash and cash equivalents for 2H2020 and 12M2020 were S\$0.9 million and S\$0.2 million respectively.

As at 31 December 2020, the Group's cash and cash equivalents was S\$19.0 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.

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 full year results was a currency exchange gain of S\$0.9 million, compared to S\$3.6 million for FY2019.

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.

The recent outbreak of the coronavirus, also known as Covid-19, has spread across the globe and is 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. As at the Taiga's financial statement approval date, the outbreak and the related mitigation measures have had the following impacts on the Taiga's operations, among others: sales decline of over 30% for the month of April 2020. Taiga's revenues recovered subsequent to this. However, the extent to which COVID-19 may impact Taiga's business activities 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 for the foreseeable future.

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 January 2021 that housing starts are forecasted to total 1,383,000 units in the 2021 calendar year compared to 1,380,000 units in calendar year 2020.

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

The Paper manufacturing division in Malaysia was affected by the Movement Control Order ("MCO") imposed to curb the spread of COVID-19, which resulted in lower production and higher costs. Volume sales declined only marginally, by 4.9% from 80,997 to 77,009 tonnes, due to high demand for e-commerce packaging. However, higher costs resulted in pre-tax profit declining 32.4% to RM16.6 million while turnover fell 6.3% to RM136.4 million.

The MCO imposed on 18 March 2020 saw the closure of most businesses and activities, except for essential services. This was replaced by the Conditional and Recovery MCO on 4 May 2020, lasting throughout 2020. The paper mill was allowed to operate during the MCO, on a reduced scale with restrictions. Lower output as well as a shortage of raw materials due to supply chain disruptions increased costs. Raw material costs were also elevated in 2H2020, ahead of China's ban on the import of solid waste on 1 January 2021, but mitigated by selling price adjustments in 4Q2020.

The Group is mindful of the continued risks of developments relating to COVID-19 while China's environmental policies on solid waste are expected to influence the price of waste paper and paper products in the region. The growing shift towards e-commerce is positive for demand.

On 16 October 2020, Public Investment Bank Bhd was appointed as an adviser to explore and advise on a possible listing of the paper manufacturing business on the Main Market of Bursa Securities. The proposed listing would be dependent on many factors such as, inter alia, the results of the exploratory work and preparatory work to be undertaken, regulatory approvals and the prevailing market conditions. The exploratory work is ongoing. There is no assurance that the proposed listing will materialise or be proceeded with.

c) Power plant business

The power plant in Myanmar started operations on 11 February 2014, and has now entered its seventh year of operations. Earnings for the power plant 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 of the 13 machines completed in July 2020.

Production of electricity was not affected by the COVID-19 pandemic given the need for electricity supply in Myanmar, where electrification rates are low. For the Commercial Operation Year Ended 10 February 2021, the plant produced 390.0 million kWh of electricity, up 5.2% from 370.8 million kWh the same period in 2020, and 11.4% above the 350 million kWh off-take requirement.

On 1 February 2021, the Tatmadaw assumed control of the government and announced a one-year state of emergency in Myanmar. We are closely monitoring the evolving political developments in Myanmar. Operations at our power plant have continued as normal and have not been affected by these developments.

11. Dividend

(a) 2nd Half year ended 31 December 2020

Any dividend declared for the current financial period reported on?

Name of dividend	Tax-exempt one tier
Dividend type	Final
Dividend amount per Share (in S\$ cents)	0.78 cents
Tax rate	-

(b) 2nd Half year ended 31 December 2019

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

Name of dividend	Tax-exempt one tier
Dividend type	Final
Dividend amount per Share (in S\$ cents)	0.50 cents
Tax rate	-

(c) Reasons for the variation in the interim or final dividend rate compared to that for the previous corresponding period

The Company had already paid a total interim dividend of 0.72 Singapore cents per share for the year ended 31 December 2020 in August and December 2020. The Company has proposed a final dividend of 0.78 Singapore cents per share for the financial year ended 31 December 2020 (2019: 0.5 Singapore cents), subject to shareholders' approval.

(d) Date payable

Payment of the proposed final tax-exempt one tier dividend, if approved by the members at the forthcoming Annual General Meeting, will be made on 21 May 2021.

(e) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 8 May 2021 for the purpose of determination of members' entitlements to the proposed 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 7 May 2021 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.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Malaysia		Canada		Myanmar		Others		Total		Adjustments and Eliminations		Consolidated	
	Paper Mill		Building Products		Power Plant									
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue														
External customers	44,803	48,058	1,632,035	1,337,108	16,421	18,707	-	-	1,693,259	1,403,873	-	-	1,693,259	1,403,873
Inter-segment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	44,803	48,058	1,632,035	1,337,108	16,421	18,707	-	-	1,693,259	1,403,873	-	-	1,693,259	1,403,873
Results														
Finance expenses	(13)	(4)	(9,570)	(11,350)	-	-	(918)	(866)	(10,501)	(12,220)	-	-	(10,501)	(12,220)
Interest income	159	283	-	-	-	-	13	47	172	330	-	-	172	330
Depreciation	(2,297)	(2,417)	(10,630)	(10,071)	(5)	(4)	(224)	(187)	(13,156)	(12,679)	-	-	(13,156)	(12,679)
Amortisation of intangible assets	-	-	(5,244)	(5,241)	-	-	-	-	(5,244)	(5,241)	-	-	(5,244)	(5,241)
Segment profit before taxation	5,089	8,112	94,714	32,731	6,614	5,990	(4,243)	6,487	102,174	53,320	-	-	102,174	53,320

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

15. A breakdown of sales

	Group		
	Full year ended 31 December 2020	Full year ended 31 December 2019	Increase/ (decrease)
	S\$'000	S\$'000	%
(a) Turnover reported for first half year	720,259	688,605	5
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	20,385	27,235	(25)
(c) Turnover reported for second half year	973,000	715,268	36
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	54,411	13,353	307

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2020	2019
	S\$'000	S\$'000
Ordinary		
- Interim	6,814	14,204
- Proposed final	7,260	4,735
Preference	-	-
Total	14,074	18,939

17. 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.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tong Ian	33	Son of Tong Kooi Ong (Executive Chairman and substantial shareholder)	<u>Avarga Limited</u> Current position: Executive Director ("ED") and Chief Executive Officer ("CEO") Duties: Oversees the Group's operations Date when position first held: ED: 7 March 2017 CEO: 1 June 2020 <u>Taiga Building Products Ltd</u> Position: Director Duties: Non-executive Chairman Date when position first held: 20 July 2012	Appointed as Chief Executive Officer of Avarga Limited with effect from 1 June 2020.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tong Kooi Ong	61	Father of Tong Ian (Chief Executive Officer and Executive Director)	<u>Avarga Limited</u> Current position: Executive Chairman Duties: Chairman of the Board and Executive Director Date when position first held: 15 March 2012 <u>Taiga Building Products Ltd</u> Position: Director Duties: Non-executive Director Date when position first held: 20 May 2005	Stepped down as Chief Executive Officer and remained as Executive Chairman of Avarga Limited with effect from 1 June 2020.

19. 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
Chief Executive Officer

27 February 2021