



**Avarga Limited
and its subsidiary corporations**

**Condensed interim consolidated financial statements
For the six months and full year ended 31 December 2024**

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group					
	Note	2 nd half year ended 31 December 2024	2 nd half year ended 31 December 2023 (Restated)*	Increase/ (decrease)	Full year ended 31 December 2024	Full year ended 31 December 2023 (Restated)*	Increase/ (decrease)
Continuing operations		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	791,230	831,239	(5)	1,619,620	1,691,626	(4)
Cost of sales		(711,489)	(733,839)	(3)	(1,453,849)	(1,495,826)	(3)
Gross profit		79,741	97,400	(18)	165,771	195,800	(15)
Other gains/(losses), net							
- Interest income – bank deposits		3,229	2,978	8	5,983	2,980	101
- Loss allowance on trade receivables, net		(1,375)	(221)	522	(1,571)	(220)	614
- Others		(1,782)	(18,299)	(90)	(1,382)	(15,863)	(91)
Distribution expenses		(15,889)	(16,556)	(4)	(32,548)	(32,641)	-
Selling and administrative expenses		(42,429)	(48,959)	(13)	(79,524)	(93,859)	(15)
Finance expenses		(2,840)	(3,554)	(20)	(6,226)	(7,047)	(12)
Profit before income tax	6	18,655	12,789	46	50,503	49,150	3
Income tax expense	7	(9,742)	(471)	1,968	(18,620)	(11,224)	66
Profit from continuing operations		8,913	12,318	(28)	31,883	37,926	(16)
Discontinued operations							
Profit/(loss) from discontinued operations, net of tax	13	3,017	(12,173)	nm	4,449	(10,746)	nm
Net profit		11,930	145	8,128	36,332	27,180	34
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation							
- Losses		(8,539)	(9,020)	(5)	(5,521)	(3,619)	53
Realisation of currency translation reserve upon disposal of subsidiary corporations	13	(292)	-	100	(292)	-	100
Items that will not be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation							
- Losses		(3,446)	(3,210)	7	(2,706)	(438)	518
Other comprehensive losses, net of tax		(12,277)	(12,230)	-	(8,519)	(4,057)	110
Total comprehensive (loss)/income		(347)	(12,085)	(97)	27,813	23,123	20
Net profit/(loss) attributable to:							
Equity holders of the Company		3,408	4,138	(18)	19,110	21,673	(12)
- Continuing operations		3,017	(12,173)	nm	4,449	(10,746)	nm
- Discontinued operations		6,425	(8,035)	nm	23,559	10,927	116
Non-controlling interests		5,505	8,180	(33)	12,773	16,253	(21)
		11,930	145	8,128	36,332	27,180	34
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		(2,406)	(17,055)	(86)	17,746	7,308	143
Non-controlling interests		2,059	4,970	(59)	10,067	15,815	(36)
		(347)	(12,085)	(97)	27,813	23,123	20
Earnings per share ('EPS') for profit/(loss) attributable to equity holders of the Company							
Basic/Diluted EPS (cents per share) [A]							
- Continuing operations		0.37	0.45		2.10	2.38	
- Discontinued operations		0.33	(1.34)		0.49	(1.18)	

nm - not meaningful

[A] The calculation of basic and diluted earnings per ordinary share was based on weighted average number of shares 908,314,000 (Second Half 2023: 908,314,000) and 908,314,000 (Full year 2023: 908,314,000) in issue during the period/year.

*The 2nd half year and full year ended 31 December 2023 Consolidated Statement of Comprehensive income were restated in compliance with SFRS(I) 5 Non-current Assets Held For Sale and Discontinued Operations following the Company's decision to sell its 100% equity interest in UPP Greentech Pte Ltd and its subsidiary, UPP Power (Myanmar) Limited as announced on 21 June 2024 and the disposal was completed on 10 July 2024. Please see full details in Note 13 to the financial statements for Discontinued operations.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31/12/2024	31/12/2023	31/12/2024	31/12/2023
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current Assets					
Inventories		172,309	182,686	-	-
Service concession receivables*		-	11,325	-	-
Trade receivables		130,862	118,305	19	-
Other receivables		15,524	5,822	96,485	107,730
Prepaid operating expenses		3,715	5,597	21	17
Derivatives financial instruments		111	-	-	-
Income tax recoverable		4,716	14,284	-	-
Cash and cash equivalents		200,617	172,094	1,617	5,631
Total Current Assets		527,854	510,113	98,142	113,378
Non-current Assets					
Property, plant and equipment		129,959	136,499	527	768
Investments in subsidiary corporations		-	-	12,018	12,018
Financial assets, at fair value through profit or loss ("FVPL")	9	11,374	11,208	-	-
Long term inventory**		1,776	-	-	-
Goodwill on consolidation		30,730	31,380	-	-
Intangible assets		11,554	13,332	-	-
Deferred income tax assets		5,173	5,409	-	-
Total Non-current Assets		190,566	197,828	12,545	12,786
Total Assets		718,420	707,941	110,687	126,164
LIABILITIES					
Current Liabilities					
Trade payables and accruals		(130,497)	(128,516)	(470)	(358)
Other payables		(126)	(140)	(77)	(79)
Derivatives financial instruments		-	(204)	-	-
Bank borrowings	11	(10,108)	(26,740)	-	-
Lease liabilities	11	(5,827)	(5,670)	(87)	(134)
Current income tax liabilities		-	(39)	-	-
Total Current Liabilities		(146,558)	(161,309)	(634)	(571)
Non-current Liabilities					
Lease liabilities	11	(86,756)	(89,582)	(7)	(94)
Deferred gains		(1,901)	(2,115)	-	-
Provisions		(32)	(151)	-	-
Deferred income tax liabilities		(7,344)	(6,736)	-	-
Total Non-current Liabilities		(96,033)	(98,584)	(7)	(94)
Total Liabilities		(242,591)	(259,893)	(641)	(665)
NET ASSETS		475,829	448,048	110,046	125,499
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	169,597	169,597	169,597	169,597
Treasury shares	12	(12,130)	(12,130)	(12,130)	(12,130)
Retained profits/(accumulated losses)		242,919	219,332	(47,495)	(32,042)
Other reserves		(46,182)	(40,357)	74	74
		354,204	336,442	110,046	125,499
Non-controlling interests		121,625	111,606	-	-
Total Equity		475,829	448,048	110,046	125,499

* Service concession receivables as at 31 December 2023 was related to discontinued operations as disclosed in Note 13 to the condensed interim consolidated financial statements. The Group recognised service concession receivables as it had 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 were measured on initial recognition at its fair value. Subsequent to initial recognition, the service concession receivables were measured at amortised cost using the effective interest rate method.

** Long term inventory relates to the two properties, which are held for development and future sale.

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

THE GROUP

Consolidated statement of changes in equity for the year ended 31 December 2024

	Share capital	Treasury shares	Retained profits	Capital reserve	Foreign currency translation reserve	Total reserves	Non-controlling interests	Total equity
Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2024								
Balance at 1 January 2024	169,597	(12,130)	219,332	818	(41,175)	(40,357)	111,606	448,048
Profit for the financial period	-	-	17,134	-	-	-	7,268	24,402
Other comprehensive income for the financial period	-	-	-	-	3,018	3,018	740	3,758
Total comprehensive income for the financial period	-	-	17,134	-	3,018	3,018	8,008	28,160
Effect of subsidiary's shares buyback and cancelled	-	-	28	(10)	(2)	(12)	(48)	(32)
Balance at 30 June 2024	169,597	(12,130)	236,494	808	(38,159)	(37,351)	119,566	476,176
2H2024								
Profit for the financial period	-	-	6,425	-	-	-	5,505	11,930
Other comprehensive loss for the financial period	-	-	-	-	(8,539)	(8,539)	(3,446)	(11,985)
Realisation of translation reserve upon disposal of subsidiary corporations	13	-	-	-	(292)	(292)	-	(292)
Total comprehensive income/(loss) for the financial period	-	-	6,425	-	(8,831)	(8,831)	2,059	(347)
Balance at 31 December 2024	169,597	(12,130)	242,919	808	(46,990)	(46,182)	121,625	475,829

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

THE GROUP

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital	Treasury shares	Retained profits	Capital reserve	Foreign currency translation reserve	Total reserves	Non-controlling interests	Total equity
Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2023								
Balance at 1 January 2023	169,597	(12,130)	208,039	1,070	(37,534)	(36,464)	103,466	432,508
Profit for the financial period	-	-	18,962	-	-	-	8,073	27,035
Other comprehensive income for the financial period	-	-	-	-	5,401	5,401	2,772	8,173
Total comprehensive income for the financial period	-	-	18,962	-	5,401	5,401	10,845	35,208
Effect of subsidiary's shares buyback and cancelled	-	-	173	(108)	(7)	(115)	(336)	(278)
Balance at 30 June 2023	169,597	(12,130)	227,174	962	(32,140)	(31,178)	113,975	467,438
2H2023								
Loss for the financial period	-	-	(8,035)	-	-	-	8,180	145
Other comprehensive loss for the financial period	-	-	-	-	(9,020)	(9,020)	(3,210)	(12,230)
Total comprehensive loss for the financial period	-	-	(8,035)	-	(9,020)	(9,020)	4,970	(12,085)
Effect of subsidiary's shares buyback and cancelled	-	-	193	(144)	(15)	(159)	(361)	(327)
Dividend paid by a subsidiary company to non-controlling interests	-	-	-	-	-	-	(6,978)	(6,978)
Balance at 31 December 2023	169,597	(12,130)	219,332	818	(41,175)	(40,357)	111,606	448,048

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

THE COMPANY

Statement of changes in equity for the year ended 31 December 2024

	Share capital	Treasury shares	Accumulated losses	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2024						
Balance at 1 January 2024	169,597	(12,130)	(32,042)	74	74	125,499
Total comprehensive loss for the financial period	-	-	(1,976)	-	-	(1,976)
Balance at 30 June 2024	169,597	(12,130)	(34,018)	74	74	123,523
2H2024						
Total comprehensive loss for the financial period	-	-	(13,477)	-	-	(13,477)
Balance at 31 December 2024	169,597	(12,130)	(47,495)	74	74	110,046

Statement of changes in equity for the year ended 31 December 2023

	Share capital	Treasury shares	Accumulated losses	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2023						
Balance at 1 January 2023	169,597	(12,130)	(3,422)	74	74	154,119
Total comprehensive income for the financial period	-	-	1,165	-	-	1,165
Balance at 30 June 2023	169,597	(12,130)	(2,257)	74	74	155,284
2H2023						
Total comprehensive loss for the financial period	-	-	(29,785)	-	-	(29,785)
Balance at 31 December 2023	169,597	(12,130)	(32,042)	74	74	125,499

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Group			
		2 nd half year ended 31 December 2024	2 nd half year ended 31 December 2023	Full year ended 31 December 2024	Full year ended 31 December 2023
Note		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
		8,913	12,318	31,883	37,926
	13	3,017	(12,173)	4,449	(10,746)
		11,930	145	36,332	27,180
Adjustments for:					
		9,742	869	18,960	11,929
		6,219	7,017	12,688	13,811
	6	909	2,497	2,103	4,979
	6	(56)	(59)	(116)	(118)
	6	(95)	(225)	(105)	(200)
	6	2,405	-	2,405	-
	13	(2,383)	-	(2,383)	-
	6	162	14,456	162	14,456
		(56)	(56)	(114)	(111)
	6	1,375	221	1,571	220
	6	-	13,707	-	13,707
		110	242	(315)	424
	6	159	1,353	9	918
		-	(1,515)	(1,879)	(3,090)
	6	(3,229)	(2,982)	(5,983)	(3,001)
	6	2,840	3,554	6,226	7,047
		(1,958)	1,137	726	48
		28,074	40,361	70,287	88,199
Changes in working capital:					
		13,002	11,489	580	52,285
		-	3,975	4,095	5,397
		71,625	99,190	(19,740)	(221)
		(11,781)	(2,778)	(9,702)	4,083
		3,013	1,090	3,853	(787)
		12,068	(11,620)	15,558	(21,832)
		(13)	(3)	(14)	9
		115,988	141,704	64,917	127,133
		3,324	2,982	5,013	3,001
		(2,731)	(2,863)	(5,795)	(5,759)
		(6,049)	(6,165)	(16,069)	(14,278)
		110,532	135,658	48,066	110,097
Cash flows from investing activities					
		(2,827)	(3,008)	(4,127)	(5,952)
		95	298	114	315
	13	10,152	-	10,152	-
	9	-	(2,395)	-	(12,223)
		7,420	(5,105)	6,139	(17,860)
Cash flows from financing activities					
		(3,746)	(3,605)	(6,411)	(6,271)
		500	2,000	500	2,000
		(5,168)	(5,574)	(17,456)	(5,864)
		(273)	(971)	(743)	(1,854)
		-	(327)	(32)	(605)
		-	(6,978)	-	(6,978)
		(8,687)	(15,455)	(24,142)	(19,572)
Net increase in cash and cash equivalents					
		109,265	115,098	30,063	72,665
Cash and cash equivalents at beginning of period/year					
		93,616	58,418	172,094	99,815
Effects of currency translation on cash and cash equivalents					
		(2,264)	(1,422)	(1,540)	(386)
Cash and cash equivalents at end of period/year					
		200,617	172,094	200,617	172,094

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Avarga Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2024 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company are the trading of paper products, investment holding and providing management services. The principal activities of the Group are:

- (a) Investment holding;
- (b) Manufacture and sale of paper products and trading in recycled fibre; and
- (c) Independent wholesale distributor of building products.

2. Basic of preparation

The condensed interim consolidated financial statements for the six months ended 31 December 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim consolidated financial statements for the financial period ended 31 December 2024.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollar ("S\$") which is the Company's functional currency and all values in the tables are rounded to the nearest thousand (S\$'000) as indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The adoption of the new and revised standards had no material financial impact on the financial statements of the Group.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim consolidated financial statements for six months ended 31 December 2024.

3. Seasonal operations

The sales of the building products business of the Group, i.e. under Taiga Group are typically subject to seasonal variances that fluctuate in accordance with the normal 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.

The Group's other businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment information

The Group's chief operating decision-maker ("CODM") comprises of the Executive Chairman, Chief Executive Officer, President, Investments and the heads of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

The CODM considers the business from a business segment perspective. From a business segment perspective, the Group is organised into business units based on their products and services, and has three reportable operating segments.

- (a) The paper mill division manufactures and sells industrial grade paper products.
- (b) Wholesale distribution of building products in Canada, United States and overseas.
- (c) Others, which include corporate and investments segment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

4.1 Reportable segments

The segment information provided to the CODM for the reportable segments are as follows:

Group

	Paper Mill		Building Products		Others		Total for continuing operations	
	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	
	2024	2023	2024	2023	2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
External customers	13,827	9,603	777,403	821,636	-	-	791,230	831,239
Results:								
Finance expenses	(38)	(180)	(2,563)	(2,639)	(239)	(735)	(2,840)	(3,554)
Interest income	32	8	3,004	2,965	193	5	3,229	2,978
Depreciation	(365)	(1,070)	(5,730)	(5,840)	(124)	(104)	(6,219)	(7,014)
Amortisation of intangible assets	-	-	(909)	(2,497)	-	-	(909)	(2,497)
Property, plant and equipment written off	(2,405)	-	-	-	-	-	(2,405)	-
Impairment loss on property, plant and equipment	(162)	(14,456)	-	-	-	-	(162)	(14,456)
Segment (loss)/profit before income tax	(8,781)	(16,727)	29,386	32,618	(1,950)	(3,102)	18,655	12,789

	Paper Mill		Building Products		Others		Total for continuing operations	
	Full year ended	Full year ended	Full year ended	Full year ended	Full year ended	Full year ended	Full year ended	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	
	2024	2023	2024	2023	2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
External customers	26,759	22,124	1,592,861	1,669,502	-	-	1,619,620	1,691,626
Results:								
Finance expenses	(194)	(370)	(5,477)	(5,244)	(555)	(1,433)	(6,226)	(7,047)
Interest income	51	8	5,720	2,965	212	7	5,983	2,980
Depreciation	(694)	(2,199)	(11,745)	(11,392)	(246)	(214)	(12,685)	(13,805)
Amortisation of intangible assets	-	-	(2,103)	(4,979)	-	-	(2,103)	(4,979)
Property, plant and equipment written off	(2,405)	-	-	-	-	-	(2,405)	-
Impairment loss on property, plant and equipment	(162)	(14,456)	-	-	-	-	(162)	(14,456)
Segment (loss)/profit before income tax	(10,142)	(18,717)	64,212	72,037	(3,567)	(4,170)	50,503	49,150

4.1 Reportable segments (cont'd)

Group

	Paper Mill		Power Plant		Building Products		Others		Total		Adjustments and elimination		Note	Per Consolidated financial statements	
	<u>31/12/2024</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2023</u>		<u>31/12/2024</u>	<u>31/12/2023</u>
	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
Assets:															
Additions to:-															
- Property, plant and equipment	432	506	-	-	10,592	9,038	4	575	11,028	10,119	-	-		11,028	10,119
Segment assets	23,871	28,294	-	11,622	671,005	628,012	13,655	20,320	708,531	688,248	9,889	19,693	A	718,420	707,941
Segment liabilities	4,560	7,485	-	984	220,564	222,881	10,123	21,768	235,247	253,118	7,344	6,775	B	242,591	259,893

4.1 Reportable segments (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the condensed interim consolidated financial statements.

A The following items are added to segment assets to arrive at total assets reported in the condensed interim statement of financial position.

	Group	
	31/12/2024	31/12/2023
	S\$'000	S\$'000
Income tax recoverable	4,716	14,284
Deferred income tax assets	5,173	5,409
	<u>9,889</u>	<u>19,693</u>

B The following items are added to segment liabilities to arrive at total liabilities reported in the condensed interim statement of financial position.

	Group	
	31/12/2024	31/12/2023
	S\$'000	S\$'000
Income tax liabilities	-	39
Deferred income tax liabilities	7,344	6,736
	<u>7,344</u>	<u>6,775</u>

The Group's revenue from its products and services are as follows: -

	Group			
	2nd half year ended 31 December 2024	2nd half year ended 31 December 2023	Full year ended 31 December 2024	Full year ended 31 December 2023
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Continuing operations</u>				
Sales of goods				
- Paper products	13,827	9,603	26,759	22,124
- Building products	777,403	821,636	1,592,861	1,669,502
	<u>791,230</u>	<u>831,239</u>	<u>1,619,620</u>	<u>1,691,626</u>

The geographical information on the Group's revenue and non-current assets is not presented as it is not used for segmental reporting purposes.

A breakdown of sales:

	Group		
	Full year ended 31 December 2024	Full year ended 31 December 2023	Increase/ (decrease) %
	S\$'000	S\$'000	
Sales reported for first half year	828,390	860,387	(4)
Operating profit after tax before deducting non-controlling interests reported for first half year	24,402	27,035	(10)
Sales reported for second half year	791,230	831,239	(5)
Operating profit after tax before deducting non-controlling interests reported for second half year	11,930	145	8,128

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2024 and 31 December 2023:

Note	Group		Company	
	31/12/2024 S\$'000	31/12/2023 S\$'000	31/12/2024 S\$'000	31/12/2023 S\$'000
Financial Assets				
Financial assets, at FVPL	11,374	11,208	-	-
Cash and bank balances, trade and other receivables and services concession receivables (Amortised cost)	347,003	307,546	98,121	113,361
Derivative financial instruments	111	-	-	-
	<u>358,488</u>	<u>318,754</u>	<u>98,121</u>	<u>113,361</u>
Financial Liabilities				
Trade and other payables, lease liabilities and borrowings (Amortised cost)	(227,409)	(244,651)	(641)	(665)
Derivative financial instruments	-	(204)	-	-
	<u>(227,409)</u>	<u>(244,855)</u>	<u>(641)</u>	<u>(665)</u>

6. Profit before income tax

6.1 Significant items

Profit for the period/year included the following:

	Group			
	2 nd half year ended 31 December 2024 S\$'000	2 nd half year ended 31 December 2023 S\$'000	Full year ended 31 December 2024 S\$'000	Full year ended 31 December 2023 S\$'000
<u>Continuing operations</u>				
Interest income	3,229	2,978	5,983	2,980
Amortisation of deferred gain	56	59	116	118
Gain on disposal of property, plant and equipment	95	225	105	200
Property, plant and equipment written off	(2,405)	-	(2,405)	-
Impairment loss on property, plant and equipment	(162)	(14,456)	(162)	(14,456)
Interest expenses	(2,840)	(3,554)	(6,226)	(7,047)
- Lease liabilities and bank borrowings	(2,725)	(3,434)	(5,991)	(6,807)
- Amortisation of financing costs	(115)	(120)	(235)	(240)
Depreciation of property, plant and equipment	(6,219)	(7,014)	(12,685)	(13,805)
Amortisation of intangible assets	(909)	(2,497)	(2,103)	(4,979)
Inventories written down	(1,159)	(1,685)	(3,257)	(1,187)
Foreign exchange gain/(loss)	2,094	(1,801)	1,952	(640)
Bad debt recovered	32	223	37	188
Loss allowance on trade receivables	(1,375)	(221)	(1,571)	(220)
Net fair value gain/(loss) on derivatives	55	(1,165)	330	(319)
Fair value loss on financial assets, at FVPL (Note 9)	(159)	(1,353)	(9)	(918)
Termination benefit	(1,202)	-	(1,202)	-
<u>Discontinued operations</u>				
Interest income	-	4	-	21
Depreciation of property, plant and equipment	-	(3)	(3)	(6)
Foreign exchange gain/(loss), net	86	352	(260)	297
Loss allowance on service concession receivables	-	(13,707)	-	(13,707)
Gain on disposal of subsidiary corporations (Note 13)	2,383	-	2,383	-

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group			
	2 nd half year ended 31 December 2024	2 nd half year ended 31 December 2023	Full year ended 31 December 2024	Full year ended 31 December 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Continuing operations				
Current income tax expense	(9,937)	(4,822)	(19,292)	(16,330)
Deferred tax income/(expense)	(853)	2,138	(376)	2,893
Current tax adjustments in respect of prior years	1,048	2,213	1,048	2,213
	<u>(9,742)</u>	<u>(471)</u>	<u>(18,620)</u>	<u>(11,224)</u>

8. Net Asset Value

	Group		Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	S\$ cents	S\$ cents	S\$ cents	S\$ cents
Net asset value per ordinary share	39.00	36.84	12.12	13.62

As at the end of the reporting period, the number of ordinary shares of the Group used for the above calculation had been adjusted to exclude treasury shares.

9. Financial assets, at FVPL

	Group		Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial year	11,208	220	-	220
Additions	-	12,223	-	-
Fair value loss (Note 6.1)	(9)	(918)	-	(220)
Currency translation differences	175	(317)	-	-
End of financial year	<u>11,374</u>	<u>11,208</u>	<u>-</u>	<u>-</u>
Non-current				
Non-listed securities:				
- Equity securities – Private Asian Real Estate Fund	9,094	8,813	-	-
- Debt securities – Private Guaranteed Bond	2,280	2,395	-	-
	<u>11,374</u>	<u>11,208</u>	<u>-</u>	<u>-</u>

The instruments are all mandatorily measured at fair value through profit or loss.

The investment in a private guaranteed bond bears an interest rate of 8% per annum, along with a share of revenues maturing on 29 December 2026.

10 Fair value measurement

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observables market data (unobservable inputs) (Level 3).

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000
Group			
31 December 2024			
Financial assets			
FVPL	-	2,280	9,094
Derivative financial instruments	-	111	-
31 December 2023			
Financial assets			
FVPL	-	2,395	8,813
Financial liabilities			
Derivative financial instruments	-	(204)	-

11. Group's borrowings and debt securities

	Group	
	31/12/2024	31/12/2023
	S\$'000	S\$'000
Secured borrowings		
Repayable within one year	5,827	5,670
Repayable after one year	86,756	89,582
	<u>92,583</u>	<u>95,252</u>
Unsecured borrowings		
Repayable within one year	<u>10,108</u>	<u>26,740</u>

Security granted

The Group's secured borrowings comprise a revolving credit facility of S\$Nil (2023: S\$Nil) and lease liabilities of S\$92,583,000 (2023: S\$95,252,000).

The revolving credit facility, if utilised, will be 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.

Lease liabilities of the Group are effectively secured over the right-of-use assets.

Revolving credit facility

On 21 December 2022, Taiga entered into a new C\$250 million senior secured revolving credit facility (the "**Facility**") with a syndicate of lenders led by Bank of Montreal and including Scotiabank, Bank of America, TD Bank and CIBC. The Facility bear interest at variable rates plus variable margin, is secured by a first perfected security interest in all real and personal property of Taiga and certain of its subsidiary corporations, and matures on 20 December 2027. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories.

12. Share capital and treasury shares

	Group and Company			
	Number of shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S\$'000	Treasury shares S\$'000
Balance as at 1 July 2024 and 31 December 2024	950,145	(41,832)	169,597	(12,130)
Balance as at 1 July 2023 and 31 December 2023	950,145	(41,832)	169,597	(12,130)

The Company has no outstanding convertibles as at 31 December 2024 and 31 December 2023.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2024 and 31 December 2023.

As at 31 December 2024, the issued and paid-up capital excluding treasury shares comprised 908,313,642 (31 December 2023: 908,313,642) ordinary shares.

As at 31 December 2024, the number of treasury shares represented 4.61% (31 December 2023: 4.61%) of the total number of issued shares excluding treasury shares.

As at 31 December 2024, there were no sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings.

13. Discontinued operations

On 21 June 2024, the Company entered into a Sale and Purchase agreement ("SPA") for the disposal of 100% equity interest in UPP Greentech Pte. Ltd. ("UPP Greentech") and its subsidiary, UPP Power (Myanmar) Limited ("UPP Greentech Group") for a sale consideration of S\$13.5 million (US\$10 million). In connection therewith, the Company has also assigned and transferred the account receivables of S\$12,804,000 owing by UPP Greentech to the Company to the purchaser. Accordingly, the financial results of UPP Greentech Group have been reclassified to "discontinued operations" as of 31 December 2024 and its prior periods' financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income. The disposal of UPP Greentech Group was completed on 10 July 2024 with a gain on disposal of S\$2.4 million.

Carrying amounts of assets and liabilities as at the date of disposal:

	Group S\$'000	Company S\$'000
<u>Assets</u>		
Service concession receivables	9,649	-
Property, plant and equipment	63	-
Other receivables	339	12,804
Income tax recoverable	22	-
Cash and cash equivalents	1,387	-
	<u>11,460</u>	<u>12,804</u>
<u>Liabilities</u>		
Trade payables and accruals	(2,012)	-
Net assets disposed	<u>9,448</u>	<u>12,804</u>

13. Discontinued operations (cont'd)

The financial performance and cash flows attributable to the discontinued operation for the year ended 31 December 2024 and 2023 were as follows:

	Group	
	Full year ended 31 December 2024	Full year ended 31 December 2023
	S\$'000	S\$'000
<u>Financial performance</u>		
Revenue		
- Operating and maintenance income	3,321	5,262
- Finance income	1,879	3,090
	<u>5,200</u>	<u>8,352</u>
Cost of sale	(2,421)	(4,703)
Gross profit	<u>2,779</u>	<u>3,649</u>
Expenses	(373)	(13,690)
Profit/(loss) before income tax	<u>2,406</u>	<u>(10,041)</u>
Income tax expense	(340)	(705)
Profit/(loss) for the year	<u>2,066</u>	<u>(10,746)</u>
Gain on disposal of subsidiary corporations	2,383	-
Profit/ (loss) from discontinued operations, net of tax	<u>4,449</u>	<u>(10,746)</u>
Basic/Diluted earnings/(loss) per share – cents	<u>0.49</u>	<u>(1.18)</u>
<u>Cash flow</u>		
Net cash from operating activities	-	4,634
Net cash from investing activities	10,152	-
Total cash flows provided by discontinued operations	<u>10,152</u>	<u>4,634</u>

	Group Full year ended 31 December 2024
	S\$'000
<u>Effect of disposal to the financial position of the Group</u>	
Carrying amount of net assets disposed	9,448
Cumulative exchange differences in respect of net assets of the subsidiary corporations reclassified from equity upon disposal	(292)
Disposal costs	1,974
Gain on disposal of discontinued operations	<u>2,383</u>
Total sale consideration	<u>13,513</u>
Disposal cost paid	<u>(1,974)</u>
Cash consideration received	<u>11,539</u>
Less: Cash balance of discontinued operations	<u>(1,387)</u>
Net cash inflow on disposal of subsidiary corporations	<u>10,152</u>

14. Subsequent events

On 29 November 2024, the Company announced that the paper manufacturing operations carried by its wholly-owned subsidiary, UPP Pulp & Paper (M) Sdn. Bhd. ("UPP Malaysia"), will cease after 31 December 2024, after the gas supply contract for its plant in Ijok, Selangor expires on that date.

On 31 January 2025, the Company also announced that UPP Malaysia has accepted two letters of offer from Ideal Quality Sdn. Bhd. (the "Purchaser"), for the purchase by the purchaser of the land and building (the "Property") that were used for the paper manufacturing business. The total purchase price of the Property was RM91 million, and the net book value of the Property as of 31 December 2024 was RM39 million.

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Avarga Limited and its subsidiaries as at 31 December 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the group

(a) Group financial performance by business segments – Continuing operations

2nd half year ended 31 December 2024 ("2H2024") Vs 2nd half year ended 31 December 2023 ("2H2023")

	<u>2H2024</u> S\$'000	<u>Contribution</u> %	<u>2H2023</u> S\$'000	<u>Contribution</u> %
<u>Revenue</u>				
Paper manufacturing	13,827	2	9,603	1
Building products	777,403	98	821,636	99
	791,230	100	831,239	100
<u>Gross profit/(loss)</u>				
Paper manufacturing	(3,287)	-	(1,134)	-
Building products	83,028	100	98,534	100
	79,741	100	97,400	100

Full year ended 31 December 2024 ("12M2024") Vs full year ended 31 December 2023 ("12M2023")

	<u>12M2024</u> S\$'000	<u>Contribution</u> %	<u>12M2023</u> S\$'000	<u>Contribution</u> %
<u>Revenue</u>				
Paper manufacturing	26,759	2	22,124	1
Building products	1,592,861	98	1,669,502	99
	1,619,620	100	1,691,626	100
<u>Gross profit/(loss)</u>				
Paper manufacturing	(3,092)	-	(1,402)	-
Building products	168,863	100	197,202	100
	165,771	100	195,800	100

For 2H2024, the Group reported a net profit of S\$8.9 million, compared to S\$12.3 million for 2H2023. The Group's revenue for 2H2024 was S\$791.2 million, compared to S\$831.2 million for 2H2023. Overall gross profit decreased by S\$17.7 million or 18% to S\$79.7 million. Overall gross profit margin percentage decreased to 10.1% for 2H2024 to 11.7% for 2H2023.

The Group reported a net profit of S\$31.9 million for 12M2024 and S\$37.9 million for 12M2023. The Group's revenue for 12M2024 was S\$1.6 billion, compared to S\$1.7 billion for 12M2023. Overall gross profit decreased by S\$30.0 million or 15% to S\$165.8 million and overall gross profit margin percentage decreasing from 11.6% for 12M2023 to 10.2% for 12M2024. These decreases were largely due to the lower volume of commodity products sold in the building products business during the year.

Based on the business segmental information, building products business continue to contribute more than 95% of the Group's performance.

Revenue

Revenue from the building products business of Taiga for 2H2024 was S\$777.4 million compared to S\$821.6 million over the same period last year. Revenue from the building products business of Taiga for 12M2024 was S\$1.6 billion compared to S\$1.7 billion over the same period last year.

Gross margin

Gross margin from the building products business for 2H2024 decreased by S\$15.5 million or 16% to S\$83.0 million from S\$98.5 million over the same period last year. Gross profit margin percentage of the building products business decreased from 12.0% for 2H2023 to 10.7% for 2H2024.

Gross margin from the building products business for 12M2024 decreased by S\$28.3 million or 14% to S\$168.9 million from S\$197.2 million over the same period last year. Gross profit margin percentage of the building products business decreased from 11.8% for 12M2023 to 10.6% for 12M2024. The decrease was primarily due to the lower volume of commodity products sold in 12M2024 compared to 12M2023.

The gross loss incurred by the paper manufacturing business is primarily attributable to additional inventories written off and accruals for payments related to committed gas supplies, resulting from the cessation of manufacturing activities by the Group when the gas supply contract for the paper plant ended on 31 December 2024.

Expenses

Distribution expenses was fairly constant at S\$15.9 million and S\$16.6 million for 2H2024 and 2H2023, and S\$32.5 million and S\$32.6 million for 12M2024 and 12M2023, respectively.

Selling and administrative expenses for 2H2024 were S\$42.4 million as compared to S\$49.0 million over the same period last year. Selling and administrative expenses for 12M2024 were S\$79.5 million as compared to S\$93.9 million over the same period last year. These decreases were primarily due to decreased compensation costs.

Finance expenses were S\$2.8 million for 2H2024 and S\$3.6 million for 2H2023. Finance expenses for 12M2024 were S\$6.2 million as compared to S\$7.0 million over the same period last year. The decrease was due to lower borrowing levels.

In 2H2024, other gains/(losses) included a provision for retrenchment payments for cessation of paper manufacturing plant of S\$1.2 million (2H2023: S\$Nil); foreign exchange gain of S\$2.1 million (2H2023: foreign exchange loss S\$1.8 million) that arose mainly from the translation of intercompany receivables denominated in Canadian dollar, fair value losses on financial assets (including derivatives) of S\$0.1 million (2H2023: S\$2.5 million); and property, plant and equipment written-off of S\$2.4 million (2H2023: S\$Nil) and impairment loss on property, plant and equipment of S\$0.2 million (2H2023: S\$14.5 million) recorded for the paper manufacturing business.

Other losses for 12M2024 included a provision for retrenchment payments for cessation of paper manufacturing plant of S\$1.2 million (12M2023: S\$Nil); foreign exchange gain of S\$2.0 million (12M2023: foreign exchange loss S\$0.6 million) that arose mainly from the translation of intercompany receivables denominated in Canadian dollar; and property, plant and equipment written-off of S\$2.4 million (12M2023: S\$Nil) and impairment loss on property, plant and equipment of S\$0.2 million (12M2023: S\$14.5 million) recorded for the paper manufacturing business.

(a) Review of Statement of Financial Position

The Group's total assets increased from S\$707.9 million as at 31 December 2023 to S\$718.4 million as at 31 December 2024.

Property, plant and equipment decreased to S\$130.0 million as at 31 December 2024 compared to S\$136.5 million as at 31 December 2023 primarily due to depreciation charge of S\$12.7 million and assets written-off of S\$2.4 million recognised in the current year for paper manufacturing business. The net book value of right of use assets included in property, plant and equipment as at 31 December 2024 was S\$82.0 million after depreciation charge of S\$7.5 million for the current year.

Inventories decreased to S\$172.3 million as at 31 December 2024 compared to S\$182.7 million as at 31 December 2023. The lower inventory levels are mainly attributed to exchange losses incurred when translating Taiga's inventories into the Group's reporting currency. While Taiga's inventories increased in its functional currency, the increase was offset by a decrease in the paper manufacturing business' inventories after translated into the Group's reporting currency.

Service concession receivables as at 31 December 2023 was related to discontinued operations as disclosed in Note 13 of Section E.

Trade receivables increased to S\$130.9 million as at 31 December 2024 compared to S\$118.3 million as at 31 December 2023, primarily due to the higher sales by Taiga during the fourth quarter of 2024 as compared to the fourth quarter of 2023.

Cash and cash equivalents increased to S\$200.6 million as at 31 December 2024 from S\$172.1 million as at 31 December 2023, primarily due to cash generated from operations.

Total liabilities of the Group decreased to S\$242.6 million as at 31 December 2024 from S\$259.9 million as at 31 December 2023. The decrease was primarily due to the repayment of bank borrowings, partially offset by an increase in accounts payables and accruals.

The Group's working capital was S\$381.3 million as at 31 December 2024 compared to S\$348.8 million as at 31 December 2023.

The Group's total equity as at 31 December 2024 amounted to S\$475.8 million (31 December 2023: S\$448.0 million).

(b) Review of Statement of Cash Flows

Cash flows from operating activities generated cash of S\$110.5 million for 2H2024 compared to S\$135.7 million for the same period last year. Cash flows from operating activities generated cash of S\$48.1 million for 12M2024 compared to S\$110.1 million for the same period last year. The change between the comparative periods were primarily due to changes in non-cash working capital, particularly due to accounts payable and accruals and trade and receivables.

Investing activities generated cash of S\$7.4 million for 2H2024, compared to used cash of S\$5.1 million for the same period last year. Investing activities generated cash of S\$6.1 million for 12M2024, compared to used cash of S\$17.9 million for 12M2023. Apart from cash flows related to the acquisition of property, plant and equipment, the net cash from investing activities was mainly generated from disposal of subsidiary corporations classified as discontinued operations in Noted 13 of Section E. Cash outflow in 2023 was mainly used for the purchase of financial assets, at FVPL for long term investment purposes.

Financing activities used cash of S\$8.7 million for 2H2024, compared to S\$15.5 million for the same period last year. Financing activities used cash of S\$24.1 million for 12M2024, compared to S\$19.6 million for the same period last year. The changes were primarily due to increase in net repayment of bank borrowings, reflecting lower borrowing levels during the current financial period under review.

Overall, the net increase in cash and cash equivalents for 2H2024 and 12M2024 were S\$109.3 million and S\$30.1 million respectively.

As at 31 December 2024, the Group's cash and cash equivalents was S\$200.6 million.

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

No forecast was previously provided.

4. 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.

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.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") in its 2025 Housing Market Outlook, housing starts in Canada are projected to decline from 245,367 in 2024 to 240,500 units in 2025. In the United States, RBC reported in February 2025 that housing starts are forecasted to total 1,440,000 units in the 2025 calendar year compared to 1,365,000 units in calendar year 2024.

5. **Dividend information**

(a) 2nd Half period ended 31 December 2024

Any dividend declared for the current financial period reported on? No

(b) 2nd Half period ended 31 December 2023

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the current reporting period and for the financial year ended 31 December 2024 as the Company has no distributable reserves.

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

	2024 S\$'000	2023 S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

7. **Interested person transactions**

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

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

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. 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)

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	37	Son of Tong Kooi Ong (Executive Chairman and substantial shareholder)	<u>Avarga Limited</u> 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	Not applicable.
Tong Kooi Ong	65	Father of Tong Ian (Chief Executive Officer and Executive Director)	<u>Avarga Limited</u> 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	Not applicable.

BY ORDER OF THE BOARD

Tong Kooi Ong
Executive Chairman

28 February 2025

Tong Ian
Chief Executive Officer