AVARGA LIMITED
(Formerly known as UPP Holdings Limited)
(Company Registration No.: 196700346M)

Unaudited Financial Statement And Dividend Announcement for the Second Quarter and Six Months Ended 30 June 2018

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS

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

1(a)(i) Statement of comprehensive income for the second quarter and six months ended 30 June 2018

		Group					
	Note	**2nd quarter ended 30 June 2018**	**2nd quarter ended 30 June 2017***	**Increase / (decrease)**	**6 months ended 30 June 2018**	**6 months ended 30 June 2017***	**Increase / (decrease)**
		S$'000	S$'000	%	S$'000	S$'000	%
Revenue	(a)	453,284	409,484	11	807,133	642,221	26
Cost of sales	(b)	(407,533)	(370,586)	10	(724,883)	(588,135)	23
Gross profit		45,751	38,898	18	82,250	54,086	52
Other losses, net		(56)	(180)	(69)	(3,959)	(2,255)	76
Distribution expenses		(6,613)	(5,992)	10	(13,082)	(10,436)	25
Selling and administrative expenses		(20,851)	(17,692)	18	(39,000)	(30,089)	30
Finance expenses		(2,131)	(4,776)	(55)	(3,834)	(7,407)	(48)
Profit before income tax		16,100	10,258	57	22,375	3,899	474
Income tax expense		(7,100)	(3,025)	135	(9,193)	(351)	2,519
Net profit	(c)	9,000	7,233	24	13,182	3,548	272
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to profit or loss:							
Financial assets, at FVOCI:							
- Fair value (losses)/gains		(192)	(211)	(9)	(367)	47	nm
Currency translation differences arising from consolidation							
- Gains/(losses)		4,081	(496)	nm	2,828	(2,190)	nm
Other comprehensive income/(loss), net of tax		3,889	(707)	nm	2,461	(2,143)	nm
Total comprehensive income		12,889	6,526	98	15,643	1,405	1,013
Profit attributable to:							
Equity holders of the Company		6,080	5,891	3	7,098	4,275	66
Non-controlling interests		2,920	1,342	118	6,084	(727)	nm
		9,000	7,233	24	13,182	3,548	272
Total comprehensive income attributable to:							
Equity holders of the Company		8,402	5,559	51	10,366	1,980	424
Non-controlling interests		4,487	967	364	5,277	(575)	nm
		12,889	6,526	98	15,643	1,405	1,013

* The results of 2Q2017 and 6M2017 have been retrospectively adjusted to reflect the fair values of assets and liabilities of Taiga Building Products Ltd. upon finalisation of the purchase price allocation ("PPA") exercise in January 2018.

	2Q2017	**6M2017**
	S$'000	S$'000
Net profit (as previously reported)	8,085	11,920
Effect of PPA adjustments	(852)	(8,372)
Net profit as per above (as restated)	7,233	3,548

Footnotes:

(a) Revenue comprises the following:

	Group					
	2nd quarter ended 30 June 2018	**2nd quarter ended 30 June 2017**	**Increase / (decrease)**	**6 months ended 30 June 2018**	**6 months ended 30 June 2017**	**Increase / (decrease)**
	S$'000	S$'000	%	S$'000	S$'000	%
Sales of goods						
- Paper products	13,699	12,790	7	27,653	25,829	7
- Building products	437,127	393,813	11	774,480	609,835*	27
Finance income	1,226	1,563	(22)	2,450	3,090	(21)
Operating and maintenance income	1,232	1,318	(7)	2,550	3,467	(26)
	453,284	409,484	11	807,133	642,221*	26

(b) The cost of sales includes the following:

	Group					
	2nd quarter ended 30 June 2018	**2nd quarter ended 30 June 2017**	**Increase / (decrease)**	**6 months ended 30 June 2018**	**6 months ended 30 June 2017**	**Increase / (decrease)**
	S$'000	S$'000	%	S$'000	S$'000	%
Cost of goods sold						
- Paper products	10,110	10,561	(4)	20,954	21,250	(1)
- Building products	396,370	358,999	10	701,757	564,449*	24
Operating and maintenance fees	880	820	7	1,802	2,003	(10)
Others	173	206	(16)	370	433	(15)
	407,533	370,586	10	724,883	588,135*	23

(c) Profit for the period included the following:

	Group					
	2nd quarter ended 30 June 2018	**2nd quarter ended 30 June 2017**	**Increase / (decrease)**	**6 months ended 30 June 2018**	**6 months ended 30 June 2017**	**Increase / (decrease)**
	S$'000	S$'000	%	S$'000	S$'000	%
Depreciation of property, plant and equipment	(1,868)	(1,778)*	5	(3,717)	(3,251)*	14
Amortisation of intangible assets	(1,130)	(1,133)*	-	(2,266)	(1,909)*	19
Amortisation of deferred gain	99	90	10	199	158	26
Gain/(loss) on disposal of property, plant and equipment	9	18	(50)	9	(130)	nm
Gain on disposal of asset held-for-sale	-	-	-	-	1,161	nm
Bad debts (written off)/recovered	-	(52)	nm	7	22	(68)
Allowance for impairment of trade receivables	(658)	-	nm	(1,075)	-	nm
Inventories written-down	(443)	(261)	70	(354)	(512)	(31)
Foreign exchange gain/(loss), net	269	(418)	nm	(3,755)	(4,137)*	(9)
Dividend income from financial assets, at FVOCI	100	96	4	100	96	4
Interest income	17	8	113	38	36	6
Interest expense	(2,131)	(4,776)	(55)	(3,834)	(7,407)	(48)
Net fair value (loss)/gain on derivatives	(171)	160	nm	(138)	130	nm
Under provision of tax in respect of prior years	(294)	(255)	15	(294)	(255)	15

nm - not meaningful

* The results of 2Q2017 and 6M2017 have been retrospectively adjusted to reflect the fair values of assets and liabilities of Taiga Building Products Ltd. upon finalisation of the purchase price allocation ("PPA") exercise in January 2018.

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

	Group		Company	
	30/06/2018	**31/12/2017**	**30/06/2018**	**31/12/2017**
	S$'000	S$'000	S$'000	S$'000
Non-current Assets				
Property, plant and equipment	90,803	92,069	6	8
Investments in subsidiary corporations	-	-	20,533	20,533
Other investments	500	-	500	-
Financial assets, at FVOCI	2,900	3,267	-	-
Service concession receivables**	26,542	28,608	-	-
Other receivables	-	-	12,788	16,713
Goodwill on consolidation	21,819	22,538	-	-
Intangible assets	24,006	27,125	-	-
Deferred income tax assets	727	184	-	-
Total Non-current Assets	167,297	173,791	33,827	37,254
Current Assets				
Inventories	164,401	138,171	-	-
Service concession receivables**	16,232	15,910	-	-
Trade receivables	217,277	126,953	104	176
Other receivables	2,884	1,366	112,294	91,719
Prepaid operating expenses	2,769	2,512	7	24
Cash and bank balances	21,296	38,701	2,809	25,100
	424,859	323,613	115,214	117,019
Assets held-for-sale	7,742	7,742	-	-
Total Current Assets	432,601	331,355	115,214	117,019
Current Liabilities				
Trade payables and accruals	(101,663)	(83,954)	(1,310)	(1,547)
Other payables	(99)	(225)	(65)	(79)
Derivatives financial instruments	(176)	(38)	-	-
Revolving credit facility	(143,601)	(58,280)	-	-
Bank borrowings	(14,971)	(34,086)	-	-
Finance lease liabilities	(2,479)	(2,490)	-	-
Income tax payables	(10,004)	(4,649)	-	-
Total Current Liabilities	(272,993)	(183,722)	(1,375)	(1,626)
Net Current Assets	159,608	147,633	113,839	115,393
Non-current Liabilities				
Bank borrowings	(9,000)	(10,500)	-	-
Finance lease liabilities	(22,116)	(23,834)	-	-
Deferred gains	(3,001)	(3,303)	-	-
Provisions	(738)	(838)	-	-
Subordinated notes	(12,887)	(13,313)	-	-
Deferred income tax liabilities	(3,501)	(4,461)	-	-
Total Non-current Liabilities	(51,243)	(56,249)	-	-
Net Assets	**275,662**	**265,175**	**147,666**	**152,647**
Capital and reserves attributable to equity holders of the Company				
Share capital	150,519	150,519	150,519	150,519
Retained profits/(Accumulated losses)	65,457	62,742	(2,927)	2,054
Other reserves	(11,867)	(14,756)	74	74
	204,109	198,505	147,666	152,647
Non-controlling interests	71,553	66,670	-	-
Total Equity	**275,662**	**265,175**	**147,666**	**152,647**

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

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

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

As at 30/06/2018		As at 31/12/2017	
S$'000		S$'000	
Secured	Unsecured	Secured	Unsecured
147,051	14,000	61,856	33,000

(b) Amount repayable after one year

As at 30/06/2018		As at 31/12/2017	
S$'000		S$'000	
Secured	Unsecured	Secured	Unsecured
22,116	21,887	23,834	23,813

(c) Details of any collaterals

The Group's secured borrowings comprise revolving credit facility of S$143,601,000 (2017: S$58,280,000), bank borrowing of S$971,000 (2017: S$1,086,000) and finance leases liabilities of S$24,595,000 (2017: S$26,324,000).

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

The bank borrowing is secured by the real estate property of one of the Group's subsidiary corporations in United States.

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

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

	2nd quarter ended 30 June 2018	2nd quarter ended 30 June 2017*	6 months ended 30 June 2018	6 months ended 30 June 2017*
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Profit before income tax	16,100	10,258	22,375	3,899
Adjustments for:				
Depreciation of property, plant and equipment	1,868	1,778	3,717	3,251
Amortisation of deferred gain	(99)	(90)	(199)	(158)
Amortisation of intangible assets	1,130	1,133	2,266	1,909
(Gain)/loss on disposal of property, plant and equipment	(9)	(18)	(9)	130
Gain on disposal of asset held-for-sale	-	-	-	(1,161)
Provisions	(23)	(51)	(74)	103
Allowance for impairment of trade receivables	658	-	1,075	-
Net fair value loss/(gain) on derivatives	171	(160)	138	(130)
Dividend income from quoted equity security	(100)	(96)	(100)	(96)
Finance income	(1,226)	(1,563)	(2,450)	(3,090)
Interest income	(17)	(8)	(38)	(36)
Interest expenses	2,131	4,776	3,834	7,407
Unrealised currency translation losses	3,598	1,248	1,332	7,022
Operating cash flows before working capital changes	24,182	17,207	31,867	19,050
Changes in working capital, net of effects from acquisition of subsidiary corporation:				
Inventories	(884)	2,303	(26,230)	668
Service concession receivables	1,177	(1,310)	5,007	1,561
Trade receivables	(50,107)	(31,431)	(91,399)	(74,883)
Other receivables	(1,345)	322	(1,518)	1,219
Prepaid operating expenses	(313)	(155)	(257)	144
Trade payables and accruals	14,700	10,619	14,445	19,298
Other payables	(32)	(273)	(126)	(155)
Cash used in operations	(12,622)	(2,718)	(68,211)	(33,098)
Interest received	17	8	38	36
Interest paid	(487)	(1,770)	(1,844)	(3,273)
Income tax paid	(3,285)	(1,892)	(3,485)	(2,158)
Net cash used in operating activities	(16,377)	(6,372)	(73,502)	(38,493)
Cash flows from investing activities				
Purchase of property, plant and equipment	(997)	(481)	(1,937)	(1,690)
Proceeds from disposal of property, plant and equipment	18	685	18	703
Proceeds from disposal of asset held-for-sale	-	-	-	1,896
Purchase of unquoted equity security	(500)	-	(500)	-
Net cash outflow on acquisition of a subsidiary corporation **(Note A)**	-	-	-	(87,184)
Dividend income from quoted equity security	100	96	100	96
Acquisition of subordinated notes	-	-	-	(57,302)
Net cash (used in)/generated from investing activities	(1,379)	300	(2,319)	(143,481)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	-	-	(4,862)
Proceeds from shares placement	-	-	-	10,000
Share issue expenses	-	-	-	(59)
Purchase of treasury shares by a subsidiary corporation	(773)	-	(773)	-
Repayment of obligations under finance leases	(607)	(555)	(1,196)	(1,106)
Proceeds from bank borrowings	1,000	4,000	1,000	34,000
Repayment of bank borrowings	(815)	(10,070)	(21,628)	(10,137)
Interest paid	(595)	(3,006)	(743)	(4,493)
Dividend paid to equity holders of the Company	(4,383)	(4,383)	(4,383)	(4,383)
Net cash (used in)/generated from financing activities	(6,173)	(14,014)	(27,723)	18,960
Net decrease in cash and cash equivalents	(23,929)	(20,086)	(103,544)	(163,014)
Cash and cash equivalents at beginning of period	(96,832)	(85,873)	(19,579)	57,184
Effects of currency translation on cash and cash equivalents	(1,544)	(1,072)	818	(1,201)
Cash and cash equivalents at end of period	(122,305)	(107,031)	(122,305)	(107,031)

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

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

	2nd quarter ended 30 June 2018	2nd quarter ended 30 June 2017*	6 months ended 30 June 2018	6 months ended 30 June 2017*
	S$'000	S$'000	S$'000	S$'000
Cash and bank balances	21,296	11,099	21,296	11,099
Revolving credit facility **(Note B)**	(143,601)	(118,130)	(143,601)	(118,130)
	(122,305)	(107,031)	(122,305)	(107,031)

Note A

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

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

The fair values of assets and liabilities from the acquisition had initially been determined based on provisional fair values on 31 January 2017. The purchase price allocation ("PPA") exercise in respect of the acquisition of Taiga has been carried out and finalised on 29 January 2018 and the effects of the PPA exercise had been taken up in FY2017 financial statements. Therefore, comparative figures for 2Q2017 and 6M2017 were adjusted (the adjustments are accounted for as if they had been recognised on acquisition date) to achieve comparability with the current period.

At the date of acquisition, the Group recognised a goodwill of S$22,919,000 (C$21,163,000) based on fair value of assets and liabilities of Taiga. The goodwill was translated at the prevailing exchange rate which amounted to S$21,819,000 as at 30 June 2018. The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Taiga's net identifiable liabilities.

Fair value of assets acquired and liabilities identified at the date of acquisition	S$'000
Current assets	258,799
Non-current assets	80,481
Current liabilities	(146,557)
Non-current liabilities	(196,910)
Total net identifiable liabilities at fair value	(4,187)
Non-controlling interest	1,745
	(2,442)
Goodwill	22,919
Consideration transferred for the business	20,477

Net cash outflow arising from the acquisition	S$'000
Cash consideration paid	(20,477)
Add: Revolving credit facility which form part of cash and cash equivalents in subsidiary corporation acquired	(66,707)
Net cash outflow on acquisition	(87,184)

Note B

Revolving credit facility

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

On June 28, 2018, Taiga renewed its senior secured revolving credit facility (the "Facility") with a syndicate of lenders led by JPMorgan Chase Bank and including the Bank of Montreal, Scotiabank, TD Bank and HSBC Bank. 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 may utilise for future growth or expansion opportunities.

The Facility will mature on June 28, 2023 and is secured by a first perfected security interest in all real and personal property of the Taiga and certain of its subsidiary corporations.

* The results of 2Q2017 and 6M2017 have been retrospectively adjusted to reflect the fair values of assets and liabilities of Taiga Building Products Ltd. upon finalisation of the purchase price allocation ("PPA") exercise in January 2018.

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

THE GROUP

Consolidated statement of changes in equity for the period ended 30 June 2018

	Share capital	Retained profits	Capital reserve	Foreign currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1Q 2018								
Balance at 1 January 2018	**150,519**	**62,742**	**5,891**	**(21,093)**	**446**	**(14,756)**	**66,670**	**265,175**
Profit for the period	-	1,018	-	-	-	-	3,164	4,182
Other comprehensive income/(loss) for the period	-	-	-	1,121	(175)	946	(2,374)	(1,428)
Total comprehensive income/(loss) for the period	-	1,018	-	1,121	(175)	946	790	2,754
Balance at 31 March 2018	**150,519**	**63,760**	**5,891**	**(19,972)**	**271**	**(13,810)**	**67,460**	**267,929**
2Q 2018								
Profit for the period	-	6,080	-	-	-	-	2,920	9,000
Other comprehensive income/(loss) for the period	-	-	-	2,514	(192)	2,322	1,567	3,889
Total comprehensive income/(loss) for the period	-	6,080	-	2,514	(192)	2,322	4,487	12,889
Effect of subsidiary's treasury shares transaction	-	-	(379)	-	-	(379)	(394)	(773)
Dividend relating to 2017 paid	-	(4,383)	-	-	-	-	-	(4,383)
Balance at 30 June 2018	**150,519**	**65,457**	**5,512**	**(17,458)**	**79**	**(11,867)**	**71,553**	**275,662**

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 period ended 30 June 2017

	Share capital	Retained profits	Capital reserve	Foreign currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1Q 2017								
Balance at 1 January 2017	**140,578**	**55,168**	**712**	**(18,298)**	**637**	**(16,949)**	**4,945**	**183,742**
Profit for the period (as previously stated)	-	2,771	-	-	-	-	1,064	3,835
Effect of PPA adjustments *	-	(4,387)	-	-	-	-	(3,133)	(7,520)
Loss for the period (as restated)	-	(1,616)	-	-	-	-	(2,069)	(3,685)
Other comprehensive (loss)/income for the period (as previously stated)	-	-	-	(1,730)	258	(1,472)	436	(1,036)
Effect of PPA adjustments *	-	-	-	(491)	-	(491)	91	(400)
Other comprehensive income/(loss) for the period (as restated)	-	-	-	(2,221)	258	(1,963)	527	(1,436)
Total comprehensive income/(loss) for the period (as restated)	**-**	**(1,616)**	**-**	**(2,221)**	**258**	**(1,963)**	**(1,542)**	**(5,121)**
Shares placement	10,000	-	-	-	-	-	-	10,000
Shares placement expenses	(59)	-	-	-	-	-	-	(59)
Acquisition of a subsidiary corporation (as previously stated)	-	-	-	-	-	-	(17,857)	(17,857)
Effect of PPA adjustment *	-	-	-	-	-	-	16,113	16,113
Acquisition of a subsidiary corporation (as restated)	-	-	-	-	-	-	(1,744)	(1,744)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	(4,897)	(4,897)
Total transactions with owners, recognised directly in equity	**9,941**	**-**	**-**	**-**	**-**	**-**	**(6,641)**	**3,300**
Balance at 31 March 2017 (as restated)	**150,519**	**53,552**	**712**	**(20,519)**	**895**	**(18,912)**	**(3,238)**	**181,921**
2Q 2017								
Profit for the period (as previously stated)	-	6,388	-	-	-	-	1,697	8,085
Effect of PPA adjustments *	-	(497)	-	-	-	-	(355)	(852)
Profit for the period (as restated)	-	5,891	-	-	-	-	1,342	7,233
Other comprehensive (loss)/income for the period (as previously stated)	-	-	-	(210)	(211)	(421)	(361)	(782)
Effect of PPA adjustments *	-	-	-	89	-	89	(14)	75
Other comprehensive income/(loss) for the period (as restated)	-	-	-	(121)	(211)	(332)	(375)	(707)
Total comprehensive income/(loss) for the period (as restated)	**-**	**5,891**	**-**	**(121)**	**(211)**	**(332)**	**967**	**6,526**
Dividend relating to 2016 paid	-	(4,383)	-	-	-	-	-	(4,383)
Balance at 30 June 2017 (as restated)	**150,519**	**55,060**	**712**	**(20,640)**	**684**	**(19,244)**	**(2,271)**	**184,064**

* Retrospective adjustment to reflect finalisation of PPA of Taiga in January 2018. Please see Note A on page 6 for more details.

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

THE COMPANY

Statement of changes in equity for the period ended 30 June 2018

	Share capital	Retained profits/ (Accumulated losses)	Capital reserve	Total reserves	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
1Q 2018					
Balance at 1 January 2018	**150,519**	**2,054**	**74**	**74**	**152,647**
Total comprehensive loss for the period	-	(3,582)	-	-	(3,582)
Balance at 31 March 2018	**150,519**	**(1,528)**	**74**	**74**	**149,065**
2Q 2018					
Total comprehensive income for the period	-	2,984	-	-	2,984
Dividend relating to 2017 paid	-	(4,383)	-	-	(4,383)
Balance at 30 June 2018	**150,519**	**(2,927)**	**74**	**74**	**147,666**

Statement of changes in equity for the period ended 30 June 2017

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

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

There were no changes in the Company's share capital for the second quarter ended 30 June 2018.

Bonus warrants (the "Warrant") were issued by the Company on 13 February 2017 and the number of shares that may be issued on their conversion were 836,667,121 (30 June 2017: 836,667,121).

The Company did not hold any treasury shares and no subsidiary holdings as at 30 June 2018 and 30 June 2017.

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

	Company	
	30.06.2018	31.12.2017
Number of issued shares	876,667,121	876,667,121

The Company did not hold any treasury shares as at 30 June 2018 and 31 December 2017.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as compared with those used in the audited financial statements for the year ended 31 December 2017.

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.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) since 1 January 2018. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS ("IFRS 1"). The Group has concurrently applied new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The adoption of SFRS(I) has no material impact on the financial statements of the Group.

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			
		2nd quarter ended 30 June 2018	2nd quarter ended 30 June 2017 (Restated)	6 months ended 30 June 2018	6 months ended 30 June 2017 (Restated)
Earnings per ordinary share for the period based on profit attributable to equity holders of the Company					
(i) Based on weighted average number of ordinary shares on issue	S$ cents	0.69	0.68	0.81	0.49
(ii) On a fully diluted basis	S$ cents	0.69	0.68	0.81	0.49

The above earnings per share is calculated based on the weighted average number of ordinary shares in issue during the period of 876,667,121 (2017: 857,882,591) shares after accounting for new shares issued during the periods.

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

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

		30 June 2018	31 December 2017
The Group	S$ cents	23.28	22.64
The Company	S$ cents	16.84	17.41

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Review of Statement of comprehensive income

2nd quarter ended 30 June 2018 ("2Q2018") Vs 2nd quarter ended 30 June 2017 ("2Q2017")

The Group's net profit for 2Q2018 increased 24% to S$9.0 million from S$7.2 million for the same quarter last year.

The Group reported revenue of S$453.3 million for 2Q2018 as compared to S$409.5 million for 2Q2017. The increase in revenue by S$43.8 million or 11% was largely due to the building products business of Taiga.

Revenue from the building products business of Taiga for 2Q2018 increased 11% to S$437.1 million from S$393.8 million over the same quarter last year. Gross margin percentage increased to 9.3% in the current quarter compared to 8.9% in the same quarter last year. The increase was primarily due to higher selling prices for commodity products.

Revenue from the paper mill business for 2Q2018 increased 7% to S$13.7 million from S$12.8 million over the same quarter last year. Gross margin percentage increased to 26.2% in the current quarter compared to 17.4% over the same quarter last year. The increase was due to higher selling prices and lower waste paper cost in the current quarter.

The decrease in operating and maintenance income of the power plant business was mainly due to lower electricity generated and sold to Electric Power Generation Enterprise ("EPGE") in the current quarter as compared to 2Q2017.

Distribution expenses for the 2Q2018 was S$6.6 million compared to S$6.0 million over the same quarter last year. The increase is in line with higher sales.

Selling and administrative expenses for 2Q2018 increased to S$20.8 million compared to S$17.7 million over the same quarter last year. The increase was primarily due to higher compensation costs under the pay for performance (“P4P”) structure at Taiga.

Finance expenses decreased mainly due to lower subordinated notes interest expense at Taiga, following the completion of Taiga’s notes restructuring exercise in November 2017. Subordinated notes interest expense for the quarter ended 30 June 2018 was S$0.2 million compared to S$3.0 million over the same quarter last year. The decrease was due to the current total of only C$12.5 million of notes bearing 7% interest as opposed to C$82.8 million of notes bearing 14% interest in the same quarter last year, following the notes restructuring exercise.

6 months ended 30 June 2018 (“6M2018”) Vs 6 months ended 30 June 2017 (“6M2017”)

The Group's net profit for 6M2018 increased to S$13.2 million from S$3.5 million for the same period last year.

The Group's results for 6M2018 included a foreign exchange loss of S$3.7 million (6M2017: S$4.1 million) classified under "Other losses, net" that arose from the translation of intercompany receivables and bank balances denominated in Canadian Dollar ("CAD") and United States Dollar ("USD"). The “Other losses, net” in the previous corresponding period of S$2.3 million were partially offset by a gain on disposal of asset held-for-sale amounted to S$1.2 million.

Excluding the effects of the foreign exchange loss of S$3.7 million (6M2017: S$4.1 million), exceptional fair value accounting charge of S$8.5 million relating to the acquisition exercise in 1Q2017 and gain on disposal of asset held-for-sale of S$1.2 million recognised in the previous corresponding period, the Group’s net profit would have increased by S$1.7 million or 11% from S$15.2 million for 6M2017 to S$16.9 million for 6M2018.

The Group reported revenue of S$807.1 million for 6M2018 as compared to S$642.2 million for 6M2017. The increase in revenue by S$164.9 million or 26% was largely due to the building products business of Taiga.

Revenue from the building products business of Taiga for 6M2018 increased 27% to S$774.4 million from S$609.8 million over the same period last year. Gross margin percentage increased to 9.4% for 6M2018 compared to 7.4% in the same period last year. The increase was primarily due to higher selling prices for commodity products.

Revenue from the paper mill business for 6M2018 increased 7% to S$27.6 million from S$25.8 million over the same period last year. Gross margin percentage increased to 24.2% in the current period compared to 17.7% over the same period last year. The increase was due to higher selling prices and lower waste paper cost in the current period compared to the same period last year.

The decrease in operating and maintenance income of the power plant business was mainly due to lower electricity generated and sold to Electric Power Generation Enterprise ("EPGE") under current period under review.

Distribution expense for the 6M2018 was S$13.1 million compared to S$10.4 million over the same period last year. The increase is in line with increase in sales.

Selling and administrative expense for 6M2018 increased to S$39.0 million compared to S$30.1 million over the same period last year. The increase was primarily due to higher compensation costs under pay for performance (“P4P”) structure at Taiga level.

Finance expenses decreased mainly due to lower subordinated notes interest expense at Taiga, following the completion of Taiga’s notes restructuring exercise in November 2017. Subordinated notes interest expense for 6M2018 was S$0.4 million compared to S$4.5 million over the same period last year. The decrease was due to the current total of only C$12.5 million of notes bearing 7% interest as opposed to C$82.8 million of notes bearing 14% interest in the same period last year, following the notes restructuring exercise.

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

Group level

The Group's total assets increased from S$505.1 million as at 31 December 2017 to S$599.9 million as at 30 June 2018. The increase of S$94.8 million was primarily the result of increased trade receivables and increased inventories partially offset by decreased cash and bank balances.

Inventories increased to S$164.4 million as at 30 June 2018 compared to S$138.2 million as at 31 December 2017 were mainly due to higher commodity prices.

Trade receivables increased to S$217.3 million as at 30 June 2018 compared to S$126.9 million as at 31 December 2017 were largely due to higher selling prices for commodity products.

Property, plant and equipment decreased to S$90.8 million as at 30 June 2018 compared to S$92.1 million as at 31 December 2017. The decrease was mainly due to depreciation charge of S$3.7 million partially offset by additions of S$2.3 million during the current period.

Intangible assets decreased to S$24.0 million as at 30 June 2018 compared to S$27.1 million as at 31 December 2017 mainly due to amortization and translation loss.

Total liabilities of the Group increased to S$324.2 million as at 30 June 2018 from S$240.0 million as at 31 December 2017. The increase was primarily the result of increased revolving credit facility balance, increased accounts payables and accrued liabilities and increased income tax payables. The increase was partially offset by decrease in bank borrowings.

The Group's working capital as at 30 June 2018 increased to S$159.6 million from S$147.6 million as at 31 December 2017 due to increased current assets offset by increased current liabilities.

The Group's total equity as at 30 June 2018 amounted to S$275.7 million (31 December 2017: S$265.2 million).

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

Cash flows from operating activities used cash of S$16.4 million for 2Q2018 compared to S$6.4 million for the same quarter last year. Cash flows from operating activities used cash of S$73.5 million for 6M2018 compared to S$38.5 million for the same period last year. Changes between the comparative periods were primarily due to higher working capital requirements, particularly for increased account receivables and inventories attributable to Taiga. The increase in account receivables was due to higher in sales whereas the increase in inventories was due to higher commodity prices.

Investing activities used cash of S$1.4 million for 2Q2018 compared to cash provided of S$0.3 million over the same quarter last year. Investing activities used cash of S$2.3 million for 6M2018 compared to S$143.5 million for the same period last year. For the 6M2017, there was a cash outflow of S$144.5 million used for acquisition of a 58.34% interest in Taiga shares and the acquisition of 35.71% or C$46 million principal amount of Taiga subordinated notes.

Financing activities used cash of S$6.2 million for 2Q2018 compared to S$14.0 million for 2Q2017. Financing activities used cash of S$27.7 million during the 6M2018 compared to cash generated of S$19.0 million over the same period last year.

Overall, the net decrease in cash and cash equivalents for 2Q2018 and 6M2018 were S$23.9 million and S$103.5 million respectively.

As at 30 June 2018, the Group's outstanding revolving credit facility ("RCF") net of cash and bank balances was S$122.3 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.

As announced on 23 March 2018, the Group has entered into a sale and purchase agreement with Genghis S.à.r.l. to acquire Kublai Canada Limited, which in turn holds 18,460,759 common shares representing approximately 15.8% of the common shares of Taiga. Upon closing of such acquisition, the Group will then increase its stake in Taiga to 64.8% and account for more of Taiga’s earnings thereafter.

As announced on 20 July 2018, the Group has granted an Option to Purchase to Beni Warehousing Pte. Ltd. to purchase the Group’s property at 35 Tuas View Crescent Singapore 637608 at the price of S$18.6 million and the purchaser has exercised the Option on 2 August 2018.

On July 31, 2018, the Group through its subsidiary, Taiga has completed the acquisition of all the shares of Exterior Wood, Inc. (“Exterior Wood”), a wood treatment facility and distribution centre in Washougal, Washington. Total purchase consideration comprised of USD$42 million in exchange for all issued and outstanding common shares of Exterior Wood. The acquisition of Exterior Wood will expand Taiga’s existing wood treatment operations at three facilities in Canada, with additional penetration into the United States market.

The Group will continue to focus on improving operational efficiency for its portfolio of businesses, and evaluate opportunities for growth. However, the increased geographical diversity of the Group’s assets will also subject it to higher currency volatility when earnings are translated back to SGD. Included in the latest 6 month’s results are foreign exchange losses amounting to S$3.7 million, compared with a foreign exchange loss of S$4.1 million in 6M2017.

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 market is Canada and secondary market, the United States. The Canada Mortgage and Housing Corporation Housing Market Outlook, Canadian Edition for the fourth quarter 2017, forecasts Canada housing starts to range from 192,200 to 203,000 units in 2018. In the United States, the National Association of Home Builders reported in June 2018 that housing starts are forecasted to total 1,317,000 units in 2018.

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.

b) Paper mill business

China’s existing policy on the import of solid waste is expected to influence the price of waste paper, as well as the demand and selling price of industrial paper. The outlook of industrial paper will be supplemented by demand for paper packaging products as the economy grows.

The Group will continue to monitor market developments and pricing trends. It is mindful of potential hikes in future energy costs, fluctuations in the price of raw materials and exchange rates, and will continue to strive to improve operational efficiency.

c) Power plant business

Earnings for the power plant in Myanmar are backed by a 30-year power purchase agreement with the Electric Power Generation Enterprise (“EPGE”), under Myanmar’s Ministry of Electricity and Energy. The Group is committed to meet the minimum off-take requirement of 350 million kWh per year.

11. Dividend

(a) 2nd Quarter ended 30 June 2018

Any dividend declared for the current financial period reported on?

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

(b) 2nd Quarter ended 30 June 2017

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

Yes.

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

(c) Date payable

The Company is pleased to announce that an interim dividend of 0.50 cents per ordinary share tax exempt under the One-Tier system for the financial year ending 31 December 2018 will be paid on 31 August 2018 to shareholders registered in the Register of Members of the Company at 5.00pm on 21 August 2018.

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 22 August 2018 for the purpose of determination of members' entitlements to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 up to the close of business at 5.00 p.m. on 21 August 2018 will be registered to determine shareholders' entitlements to the interim dividend.

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

Not applicable.

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

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

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

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the second quarter and six months ended 30 June 2018 to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Tong Kooi Ong Executive Chairman	Koh Wan Kai Executive Director

11 August 2018