

Unaudited Financial Statement And Dividend Announcement for the Third Quarter and Nine Months Ended 30 September 2019

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 third quarter and nine months ended 30 September 2019

	Note	Group					
		3 rd quarter ended 30 September 2019	3 rd quarter ended 30 September 2018	Increase / (decrease)	9 months ended 30 September 2019	9 months ended 30 September 2018	Increase / (decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	(a)	389,646	436,288	(11)	1,078,251	1,243,421	(13)
Cost of sales	(b)	(347,618)	(402,253)	(14)	(963,770)	(1,127,136)	(14)
Gross profit		42,028	34,035	23	114,481	116,285	(2)
Other gains/(losses), net							
- Interest income – bank deposit		85	87	(2)	258	125	106
- Loss allowance of trade receivables, net		(104)	(425)	(76)	(168)	(1,500)	(89)
- Others		1,679	3,079	(45)	14,820	157	9,339
Distribution expenses		(7,459)	(7,575)	(2)	(21,251)	(20,657)	3
Selling and administrative expenses		(18,549)	(16,598)	12	(51,937)	(55,598)	(7)
Finance expenses		(2,996)	(2,573)	16	(8,943)	(6,407)	40
Profit before income tax		14,684	10,030	46	47,260	32,405	46
Income tax expense		(4,260)	363	nm	(9,601)	(8,830)	9
Net profit	(c)	10,424	10,393	-	37,659	23,575	60
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising from consolidation							
- Gains/(Losses)		2,567	(1,792)	nm	1,762	1,843	(4)
Items that will not be reclassified subsequently to profit or loss:							
Financial assets, at FVOCI:							
- Fair value losses – equity investments		(60)	(267)	(78)	(138)	(634)	(78)
Currency translation differences arising from consolidation							
- Gains		1,088	1,007	8	2,130	200	965
Other comprehensive income/(loss), net of tax		3,595	(1,052)	nm	3,754	1,409	166
Total comprehensive income		14,019	9,341	50	41,413	24,984	66
Profit attributable to:							
Equity holders of the Company		7,678	7,849	(2)	31,296	14,947	109
Non-controlling interests		2,746	2,544	8	6,363	8,628	(26)
		10,424	10,393	-	37,659	23,575	60
Total comprehensive income attributable to:							
Equity holders of the Company		10,185	5,790	76	32,920	16,156	104
Non-controlling interests		3,834	3,551	8	8,493	8,828	(4)
		14,019	9,341	50	41,413	24,984	66

Footnotes:

(a) Revenue comprises the following:

	Group					
	3 rd quarter ended 30 September 2019	3 rd quarter ended 30 September 2018	Increase / (decrease)	9 months ended 30 September 2019	9 months ended 30 September 2018	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales of goods						
- Paper products	11,159	14,656	(24)	36,643	42,309	(13)
- Building products	374,415	419,096	(11)	1,029,533	1,193,576	(14)
Finance income	1,098	1,213	(9)	3,559	3,663	(3)
Operating and maintenance income	2,974	1,323	125	8,516	3,873	120
	389,646	436,288	(11)	1,078,251	1,243,421	(13)

(b) The cost of sales includes the following:

	Group					
	3 rd quarter ended 30 September 2019	3 rd quarter ended 30 September 2018	Increase / (decrease)	9 months ended 30 September 2019	9 months ended 30 September 2018	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Cost of goods sold						
- Paper products	8,531	11,262	(24)	28,441	32,216	(12)
- Building products	336,337	389,882	(14)	927,825	1,091,639	(15)
Operating and maintenance fees	2,535	897	183	6,889	2,699	155
Others	215	212	1	615	582	6
	347,618	402,253	(14)	963,770	1,127,136	(14)

(c) Profit for the period included the following:

	Group					
	3 rd quarter ended 30 September 2019	3 rd quarter ended 30 September 2018	Increase / (decrease)	9 months ended 30 September 2019	9 months ended 30 September 2018	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(3,329)	(2,066)	61	(9,701)	(5,783)	68
Amortisation of intangible assets	(1,327)	(1,417)	(6)	(3,929)	(3,683)	7
Amortisation of deferred gain	30	100	(70)	92	299	(69)
Gain on disposal of property, plant and equipment	65	136	(52)	73	145	(50)
Gain on disposal of assets held-for-sale	-	-	-	10,864	-	nm
Bad debts recovered	48	17	182	62	24	158
Inventories written-down	(1,487)	(1,784)	(17)	(2,543)	(2,138)	19
Currency exchange gain/(loss), net	1,355	2,257	(40)	3,793	(1,498)	nm
Dividend income from listed equity security	-	-	-	78	100	(22)
Interest expense	(2,996)	(2,573)	16	(8,943)	(6,407)	40
Net fair value gain/(loss) on derivatives	121	684	(82)	(25)	546	nm
Over/(Under) provision of tax in respect of prior years	17	-	nm	9	(357)	nm

nm - not meaningful

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

	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current Assets				
Property, plant and equipment	192,903	99,692	716	423
Investments in subsidiary corporations	-	-	35,126	35,126
Financial asset, at FVPL	500	500	500	500
Financial asset, at FVOCI	2,020	2,158	-	-
Service concession receivables*	22,835	24,622	-	-
Other receivables	-	-	8,638	12,788
Goodwill on consolidation	32,938	31,895	-	-
Intangible assets	36,313	39,167	-	-
Deferred income tax assets	-	270	-	-
Total Non-current Assets	287,509	198,304	44,980	48,837
Current Assets				
Inventories	152,063	157,955	-	-
Service concession receivables*	16,446	16,232	-	-
Trade receivables	141,226	102,416	32	17
Other receivables	1,992	4,028	106,371	145,565
Prepaid operating expenses	2,732	3,093	39	23
Derivative financial instruments	31	56	-	-
Income tax recoverable	8	-	-	-
Cash and cash equivalents	17,787	22,372	5,573	2,596
	332,285	306,152	112,015	148,201
Assets held-for-sale	-	7,742	-	-
Total Current Assets	332,285	313,894	112,015	148,201
Current Liabilities				
Trade payables and accruals	(81,882)	(65,551)	(959)	(1,630)
Other payables	(165)	(304)	(119)	(55)
Revolving credit facility	(63,170)	(64,680)	-	-
Bank borrowings	(40,835)	(29,739)	-	-
Lease liabilities	(5,794)	(2,498)	(123)	-
Current income tax liabilities	(12,924)	(4,430)	-	-
Total Current Liabilities	(204,770)	(167,202)	(1,201)	(1,685)
Net Current Assets	127,515	146,692	110,814	146,516
Non-current Liabilities				
Bank borrowings	(18,423)	(28,621)	-	-
Lease liabilities	(106,722)	(20,487)	(243)	-
Deferred gains	(2,748)	(2,724)	-	-
Provisions	(627)	(669)	-	-
Subordinated notes	(13,062)	(12,525)	-	-
Deferred income tax liabilities	(17,003)	(21,828)	-	-
Total Non-current Liabilities	(158,585)	(86,854)	(243)	-
Net Assets	256,439	258,142	155,551	195,353
Capital and reserves attributable to equity holders of the Company				
Share capital	169,582	169,582	169,582	169,582
Treasury shares	(628)	(628)	(628)	(628)
Retained profits/(Accumulated losses)	53,000	62,467	(13,477)	26,325
Other reserves	(21,870)	(21,309)	74	74
	200,084	210,112	155,551	195,353
Non-controlling interests	56,355	48,030	-	-
Total Equity	256,439	258,142	155,551	195,353

* 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 30/09/2019		As at 31/12/2018	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
76,799	33,000	74,917	22,000

(b) Amount repayable after one year

As at 30/09/2019		As at 31/12/2018	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
119,895	18,312	41,608	20,025

(c) Details of any collaterals

The Group's secured borrowings comprise a revolving credit facility of S\$63,170,000 (2018: S\$64,680,000), bank borrowings of S\$21,008,000 (2018: S\$28,860,000) and leases liabilities of S\$112,516,000 (2018: S\$22,985,000).

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

The bank borrowings are also secured partially by the real estate property of one of the Group's subsidiary corporations in the United States.

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

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

	3 rd quarter ended 30 September 2019	3 rd quarter ended 30 September 2018	9 months ended 30 September 2019	9 months ended 30 September 2018
	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)
Cash flows from operating activities				
Profit before income tax	14,684	10,030	47,260	32,405
Adjustments for:				
Depreciation of property, plant and equipment	3,329	2,066	9,701	5,783
Amortisation of intangible assets	1,327	1,417	3,929	3,683
Amortisation of deferred gain	(30)	(100)	(92)	(299)
Gain on disposal of property, plant and equipment	(65)	(136)	(73)	(145)
Gain on disposal of asset held-for-sale	-	-	(10,864)	-
Provisions	(24)	(23)	(69)	(97)
Loss allowance of trade receivables	104	425	168	1,500
Net fair value (gain)/loss on derivatives	(121)	(684)	25	(546)
Dividend income from listed equity security	-	-	(78)	(100)
Finance income	(1,098)	(1,213)	(3,559)	(3,663)
Interest income	(85)	(87)	(258)	(125)
Interest expenses	2,996	2,573	8,943	6,407
Unrealised currency translation losses/(gains)	3,835	(1,091)	7,321	1,089
Operating cash flows before working capital changes	24,852	13,177	62,354	45,892
Changes in working capital				
Inventories	16,167	29,405	5,892	3,175
Service concession receivables	2,738	2,978	5,658	7,985
Trade receivables	34,324	64,814	(38,978)	(26,585)
Other receivables	493	(5,674)	2,036	(7,192)
Prepaid operating expenses	(576)	626	(1,960)	369
Trade payables and accruals	1,801	(12,955)	16,071	1,490
Other payables	(72)	200	(139)	74
Cash generated from operations	79,727	92,571	50,934	25,208
Interest received	85	87	258	125
Interest paid	(3,470)	(3,406)	(7,427)	(5,250)
Income tax paid	(545)	(671)	(7,154)	(4,156)
Net cash provided by operating activities	75,797	88,581	36,611	15,927
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,239)	(974)	(4,398)	(2,911)
Proceeds from disposal of property, plant and equipment	7	136	61	154
Proceeds from disposal of asset held-for-sale	-	-	18,406	-
Purchase of financial asset, at FVPL	-	-	-	(500)
Net cash outflow on acquisition of a subsidiary corporation	-	(54,778)	-	(54,778)
Dividend received from listed equity security	-	-	78	100
Net cash (used in)/provided by investing activities	(1,232)	(55,616)	14,147	(57,935)
Cash flows from financing activities				
Acquisition of non-controlling interests	-	(9,253)	-	(9,253)
Share issue expenses	-	(31)	-	(31)
Principal element of lease payments	(1,325)	(632)	(4,143)	(1,828)
Changes in revolving credit facility (Note A)	(62,986)	(57,222)	(4,576)	28,099
Purchase of treasury shares by a subsidiary corporation	(3,336)	-	(3,336)	(773)
Proceeds from bank borrowings	-	37,925	31,300	38,925
Repayment of bank borrowings	(3,739)	(1,964)	(31,444)	(23,592)
Interest paid	(275)	(150)	(598)	(893)
Dividend paid to equity holders of the Company	-	(4,383)	(42,613)	(8,766)
Net cash (used in)/provided by financing activities	(71,661)	(35,710)	(55,410)	21,888
Net increase/(decrease) in cash and cash equivalents	2,904	(2,745)	(4,652)	(20,120)
Cash and cash equivalents at beginning of period	14,749	21,296	22,372	38,701
Effects of currency translation on cash and cash equivalents	134	(198)	67	(228)
Cash and cash equivalents at end of period	17,787	18,353	17,787	18,353

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

Note A

Revolving credit facility

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

On June 28, 2018, Taiga renewed its senior secured revolving credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from C\$225 million to C\$250 million, with an option to increase the limit by up to C\$50 million. The facility also features the ability to draw on additional term loans in an aggregate amount of approximately C\$23 million at favourable rates, which Taiga utilised for the acquisition of Exterior Wood, Inc in July 2018. The Facility continues to bear interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of Taiga and certain of its subsidiary corporations, and will mature on June 28, 2023. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories.

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

THE GROUP

Consolidated statement of changes in equity for the period ended 30 September 2019

	Share capital	Treasury shares	Retained profits	Capital reserve	Currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2019									
Balance at 1 January 2019 (As previously reported)	169,582	(628)	62,467	(600)	(20,046)	(663)	(21,309)	48,030	258,142
Adjustment on adoption of SFRS(I) 16 Lease (net of tax)	-	-	1,850	-	-	-	-	974	2,824
Balance at 1 January 2019 (As restated)	169,582	(628)	64,317	(600)	(20,046)	(663)	(21,309)	49,004	260,966
Profit for the financial period	-	-	23,618	-	-	-	-	3,617	27,235
Other comprehensive income/(loss) for the financial period	-	-	-	-	(805)	(78)	(883)	1,042	159
Total comprehensive income/(loss) for the financial period	-	-	23,618	-	(805)	(78)	(883)	4,659	27,394
Liquidation of a subsidiary corporation	-	-	-	-	-	-	-	9	9
Dividend relating to 2018 paid	-	-	(28,409)	-	-	-	-	-	(28,409)
Dividend relating to 2019 paid	-	-	(14,204)	-	-	-	-	-	(14,204)
Balance at 30 June 2019	169,582	(628)	45,322	(600)	(20,851)	(741)	(22,192)	53,672	245,756
3Q2019									
Profit for the financial period	-	-	7,678	-	-	-	-	2,746	10,424
Other comprehensive income/(loss) for the financial period	-	-	-	-	2,567	(60)	2,507	1,088	3,595
Total comprehensive income/(loss) for the financial period	-	-	7,678	-	2,567	(60)	2,507	3,834	14,019
Effect of subsidiary's shares buyback and cancelled	-	-	-	(2,185)	-	-	(2,185)	(1,151)	(3,336)
Balance at 30 September 2019	169,582	(628)	53,000	(2,785)	(18,284)	(801)	(21,870)	56,355	256,439

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 September 2018

	Share capital	Treasury shares	Retained profits	Capital reserve	Currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2018									
Balance at 1 January 2018 (As previously reported)	150,519	-	62,742	5,891	(21,093)	446	(14,756)	66,670	265,175
Effect of prior year adjustments **	-	-	(2,672)	-	-	-	-	(2,782)	(5,454)
Balance at 1 January 2018 (As restated)	150,519	-	60,070	5,891	(21,093)	446	(14,756)	63,888	259,721
Profit for the financial period	-	-	7,098	-	-	-	-	6,084	13,182
Other comprehensive income/(loss) for the financial period	-	-	-	-	3,635	(367)	3,268	(807)	2,461
Total comprehensive income/(loss) for the financial period	-	-	7,098	-	3,635	(367)	3,268	5,277	15,643
Effect of subsidiary's shares buyback and cancelled	-	-	-	(379)	-	-	(379)	(394)	(773)
Dividend relating to 2017 paid	-	-	(4,383)	-	-	-	-	-	(4,383)
Balance at 30 June 2018 (As restated)	150,519	-	62,785	5,512	(17,458)	79	(11,867)	68,771	270,208
3Q2018									
Profit for the financial period	-	-	7,849	-	-	-	-	2,544	10,393
Other comprehensive income/(loss) for the financial period	-	-	-	-	(1,792)	(267)	(2,059)	1,007	(1,052)
Total comprehensive income/(loss) for the financial period	-	-	7,849	-	(1,792)	(267)	(2,059)	3,551	9,341
Share issued for acquisition of non-controlling interests without a change in control	19,094	-	-	-	-	-	-	-	19,094
Share issuance expense	(31)	-	-	-	-	-	-	-	(31)
Acquisition of non-controlling interests without a change in control	-	-	-	(5,518)	-	-	(5,518)	(23,584)	(29,102)
Dividend relating to 2018 paid	-	-	(4,383)	-	-	-	-	-	(4,383)
Balance at 30 September 2018 (As restated)	169,582	-	66,251	(6)	(19,250)	(188)	(19,444)	48,738	265,127

** A prior year adjustment was made in relation to S\$5.4 million (C\$5.1 million) under-provision of deferred tax liability arising from the fair value adjustment in relation to acquisition of Taiga Building Products Ltd. in January 2017. For more details, please refer to our announcement dated 23 February 2019.

- 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 September 2019

	Share capital	Treasury shares	Retained profits/ (Accumulated losses)	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2019						
Balance at 1 January 2019	169,582	(628)	26,325	74	74	195,353
Total comprehensive income for the period	-	-	1,660	-	-	1,660
Dividend relating to 2018 paid	-	-	(28,409)	-	-	(28,409)
Dividend relating to 2019 paid	-	-	(14,204)	-	-	(14,204)
Balance at 30 June 2019	169,582	(628)	(14,628)	74	74	154,400
3Q2019						
Total comprehensive income for the period	-	-	1,151	-	-	1,151
Balance at 30 September 2019	169,582	(628)	(13,477)	74	74	155,551

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

	Share capital	Treasury shares	Retained profits/ (Accumulated losses)	Capital reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2018						
Balance at 1 January 2018	150,519	-	2,054	74	74	152,647
Total comprehensive loss for the period	-	-	(598)	-	-	(598)
Dividend relating to 2017 paid	-	-	(4,383)	-	-	(4,383)
Balance at 30 June 2018	150,519	-	(2,927)	74	74	147,666
3Q2018						
Total comprehensive income for the period	-	-	422	-	-	422
Share issued for acquisition of non-controlling interests without a change in control	19,094	-	-	-	-	19,094
Share issuance expense	(31)	-	-	-	-	(31)
Dividend relating to 2018 paid	-	-	(4,383)	-	-	(4,383)
Balance at 30 September 2018	169,582	-	(6,888)	74	74	162,768

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

There were no changes in the Company's issued share capital for the third quarter ended 30 September 2019.

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 September 2018: 836,667,121).

As at	30.09.2019	30.09.2018
Treasury shares held	3,037,000	-
Subsidiary holdings held	-	-
	3,037,000	-
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares excluding treasury shares and subsidiary holdings	0.32%	-

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

As at	30.09.2019	31.12.2018
Total number of issued shares	950,106,121	950,106,121
Less: Treasury shares	(3,037,000)	(3,037,000)
Total number of issued shares excluding treasury shares	947,069,121	947,069,121

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

As at 30 September 2019, there were no sales, transfers, cancellation and/or use of treasury shares.

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

As at 30 September 2019, there were no sales, transfers, cancellation and/or use of subsidiary holdings.

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

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

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

Not applicable.

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 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted new Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) and interpretations effective for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 Leases introduces a single lessee accounting model and requires a lessee to recognise a right-of-use (“**ROU**”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has adopted SFRS(I) 16 with a date of initial application of 1 January 2019, using the modified retrospective approach. Accordingly, comparative figures as at 31 December 2018 and for the nine month period ended 30 September 2018 have not been restated and continue to be reported under SFRS(I) 1-17 and SFRS(I) INT 4, *Determining whether an arrangement contains a lease* (“**SFRS(I) INT 4**”).

On initial application for leases previously classified as operating leases under SFRS(I) 1-17, the Group has elected to record right-of-use assets based on the corresponding lease liabilities, adjusted for any deferred lease inducements and any lease payments made at or before the commencement date that were recorded in other non-current liabilities and other current assets and other assets, on the statement of financial position as at 31 December 2018. For moveable equipment leases previously classified as finance leases under SFRS(I) 1-17, the Group measured the right-of-use asset and lease liabilities as previously accounted for without adjustment.

For recording new right-of-use assets under SFRS(I) 16, the Group discounted future lease payments using its incremental borrowing rate as at 1 January 2019. Furthermore, the Group has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under SFRS(I) 1-17 and SFRS(I) INT 4. The Group applied the definition of a lease under SFRS(I) 16 to contracts entered into or changed on or after 1 January 2019. The Group has also elected to apply the practical expedient on facility leases, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Under SFRS(I) 1-17, the Group had previously accounted for the building component of certain warehouse leases as finance leases and the land component as operating leases. On adoption, the Group derecognised the amounts previously recognised as leased assets (S\$17.2 million) and finance lease obligations (S\$21.0 million) with the difference of S\$3.8 million being credited to retained profits and non-controlling interests as a result of the adoption of SFRS(I) 16, offset by an increase in deferred tax liabilities of S\$1.0 million. New right-of-use assets were recorded for the entire single lease component of each warehouse location leased by the Group, resulting in the recognition of new right-of-use assets along with corresponding lease liabilities. The increase was due to adopting the policy of recognising the lease as a single component along with including renewal terms determined by management to be reasonably certain to be exercised.

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

- Property, plant and equipment – decreased by S\$17.2 million
- Right-of-use assets – increased by S\$107.8 million
- Deferred tax liabilities – increased by S\$1.0 million
- Lease liabilities – increased by S\$86.8 million

The net impact to retained profits and non-controlling interests on 1 January 2019 was a credit of S\$2.8 million.

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			
				3 rd quarter ended 30 September 2019	3 rd quarter ended 30 September 2018	9 months ended 30 September 2019	9 months ended 30 September 2018
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		0.81	0.89	3.31	1.70
	- Weighted average number of shares	('000)		947,069	877,205	947,069	877,205
(ii)	On a fully diluted basis	S\$ cents		0.81	0.89	3.31	1.70
	- Weighted average number of shares	('000)		947,069	877,205	947,069	877,205

The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period, multiplied by a time-weighted factor.

Bonus warrants as disclosed in Section 1(d)(ii) were not included in the calculation of diluted EPS because they are anti-dilutive for the current financial period and the corresponding period of the immediately preceding financial period.

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

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on:-

		30 September 2019	31 December 2018
The Group	S\$ cents	21.13	22.19
The Company	S\$ cents	16.42	20.63

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

3rd quarter ended 30 September 2019 ("3Q2019") Vs 3rd quarter ended 30 September 2018 ("3Q2018")

Group financial performance by business segments

	<u>3Q2019</u> S\$'000	<u>Contribution</u> %	<u>3Q2018</u> S\$'000	<u>Contribution</u> %
<u>Revenue</u>				
Paper manufacturing	11,159	3	14,656	3
Building products	374,415	96	419,096	96
Power plant	4,072	1	2,536	1
	389,646	100	436,288	100
<u>Gross profit</u>				
Paper manufacturing	2,628	6	3,394	10
Building products	38,078	91	29,214	86
Power plant	1,322	3	1,427	4
	42,028	100	34,035	100

Overview

The Group's net profit after tax increased marginally by S\$31k to S\$10.4 million in the current quarter. Excluding the effects of the currency exchange gain of S\$1.4 million (3Q2018: S\$2.3 million) that mainly arose from the translation of intercompany receivables denominated in Canadian Dollar ("CAD") and United States Dollar ("USD"), the Group's net profit would have increased by 11% from S\$8.1 million for 3Q2018 to S\$9.1 million for 3Q2019.

The Group's revenue for 3Q2019 was S\$389.6 million, compared to S\$436.3 million for 3Q2018. Overall gross profit increased by S\$8.0 million or 23%. Overall gross margin percentage increased from 7.8% for 3Q2018 to 10.8% for 3Q2019. Revenue and gross profit from building products business contributed at least 86% of the Group's performance for the both comparison periods on a consolidated basis.

Revenue from the building products business of Taiga for 3Q2019 decreased by 11% to S\$374.4 million from S\$419.1 million over the same quarter last year. The decline was largely due to decreased selling prices for commodity products partially offset by the inclusion of Exterior Wood's results, which was acquired in July 2018. Gross margin for 3Q2019 increased by S\$8.9 million or 30% to S\$38.1 million from S\$29.2 million over the same quarter last year. Gross profit margin percentage increased from 7.0% for 3Q2018 to 10.2% for 3Q2019.

Distribution expenses were \$7.5 million for both 3Q2019 and 3Q2018.

Selling and administrative expenses for 3Q2019 increased to S\$18.5 million compared to S\$16.6 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 in the current quarter.

Finance expenses increased due to the adoption of SFRS(I) 16 Leases as well as additional interest costs incurred from higher borrowing levels in the current quarter as compared to previous corresponding quarter.

Group financial performance by business segments

	9M2019 S\$'000	Contribution %	9M2018 S\$'000	Contribution %
<u>Revenue</u>				
Paper manufacturing	36,643	3	42,309	3
Building products	1,029,533	96	1,193,576	96
Power plant	12,075	1	7,536	1
	1,078,251	100	1,243,421	100
<u>Gross profit</u>				
Paper manufacturing	8,202	7	10,093	8
Building products	101,708	89	101,937	88
Power plant	4,571	4	4,255	4
	114,481	100	116,285	100

Overview

The Group's net profit after tax increased by S\$14.1 million from S\$23.5 million recorded in the corresponding period last year to S\$37.6 million in the current period. This was mainly due to a gain on disposal of property at 35 Tuas View Crescent of S\$10.9 million and a currency exchange gain of S\$3.8 million in the current financial period compared to a currency exchange loss of S\$1.5 million in the previous corresponding financial period. The one-off gain on property disposal and currency exchange difference were included in the statement of comprehensive income within "Other gains/(losses), net - Others".

Excluding the effects of the currency exchange gain of S\$3.8 million (9M2018: loss of S\$1.5 million) that mainly arose from the translation of intercompany receivables denominated in Canadian Dollar ("CAD") and United States Dollar ("USD") and the gain on disposal of property of S\$10.9 million (9M2018: S\$Nil), the Group's net profit would have decreased by S\$2.1 million or 8% from S\$25.1 million for 9M2018 to S\$23.0 million for 9M2019.

The Group's revenue for 9M2019 was S\$1.078 billion, compared to S\$1.243 billion for 9M2018. Overall gross profit decreased marginally by S\$1.8 million or 2%. Overall gross margin percentage increased marginally from 9.4% for 9M2018 to 10.6% for 9M2019. Revenue and gross profit from building products business contributed at least 88% of the Group's performance for the both comparison periods on a consolidated basis.

Revenue from the building products business of Taiga for 9M2019 decreased by 14% to S\$1.030 billion from S\$1.194 billion over the same period last year. The decline was largely due to decreased selling prices for commodity products partially offset by the inclusion of Exterior Wood's results, which was acquired in July 2018. Gross margin was S\$101.7 million for 9M2019 as compared to S\$101.9 million for 9M2018. Gross profit margin percentage increased from 8.5% for 9M2018 to 9.9% for 9M2019.

Distribution expenses increased to S\$21.2 million compared to S\$20.6 million over the same period last year primarily due to the acquisition of Exterior Wood and its related expenses under Taiga.

Selling and administrative expenses for 9M2019 decreased to S\$51.9 million compared to S\$55.6 million over the same period last year. The decrease was primarily due to lower compensation costs under the pay for performance ("P4P") structure at Taiga.

Finance expenses increased due to the adoption of SFRS(I) 16 Leases as well as additional interest costs incurred from higher borrowing levels in the current period as compared to previous corresponding period.

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

The Group's total assets increased from S\$512.2 million as at 31 December 2018 to S\$619.8 million as at 30 September 2019. The increase of S\$107.6 million was primarily due to higher property, plant and equipment and trade receivables.

Property, plant and equipment increased to S\$192.9 million as at 30 September 2019 compared to S\$99.7 million as at 31 December 2018 primarily due to the adoption of SFRS(I) 16 Leases on 1 January 2019 which led to lease obligations being capitalised as right of use ("ROU") assets. The net book value of right of use assets as at 30 September 2019 was S\$108.8 million after depreciation charge of S\$4.6 million for the current period. Please refer to Item 5 on Page 10 for more information on the impact of SFRS(I) 16 Leases.

Trade receivables increased to S\$141.2 million as at 30 September 2019 compared to S\$102.4 million as at 31 December 2018 largely due to higher sales recorded at the end of third quarter 2019 as opposed to the fourth quarter ended 31 December 2018.

Total liabilities of the Group increased to S\$363.4 million as at 30 September 2019 from S\$254.1 million as at 31 December 2018. The increase was mainly due to an increase in the lease liabilities as a result of the adoption of SFRS(I) 16 Leases.

The Group's working capital was S\$127.5 million as at 30 September 2019 compared to S\$146.7 million as at 31 December 2018.

The Group's total equity as at 30 September 2019 amounted to S\$256.4 million (31 December 2018: S\$258.1 million) after dividend payment of S\$42.6 million in the first half of 2019.

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

Cash flows from operating activities generated cash of S\$75.8 million for current quarter compared to S\$88.6 million for the same quarter last year. Cash flows from operating activities generated cash of S\$36.6 million for 9M2019 compared to S\$15.9 million for the same period last year. The change between the comparative periods were primarily due to changes in non-cash working capital.

Investing activities used cash of S\$1.2 million for current quarter compared to S\$55.6 million for same quarter last year. Investing activities generated cash of S\$14.1 million for 9M2019, mainly due to proceeds from disposal of asset held-for-sale, compared to used cash of S\$57.9 million during the same period last year for the acquisition of Exterior Wood, Inc in July 2018.

Financing activities used cash of S\$71.7 million for the quarter ended 30 September 2019 compared to S\$35.7 million for the same quarter last year. Financing activities used cash of S\$55.4 million for the 9M2019 compared to the cash provided of S\$21.9 million for the same period last year. The changes were mainly due to lesser borrowings from the Taiga's revolving credit facility combined with higher amount of dividend payment in the current period under review.

Overall, the net increase in cash and cash equivalents for 3Q2019 was S\$2.9 million and net decrease in cash and cash equivalents for 9M2019 was S\$4.7 million.

As at 30 September 2019, the Group's cash and cash equivalents was S\$17.8 million.

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

No forecast was previously provided.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will continue to focus on improving operational efficiency for its portfolio of businesses and evaluate opportunities for growth. Increased geographical diversity of the Group's assets also results in greater exposure to currency volatility when earnings are translated back to SGD. Included in the latest 9 month's results was a currency exchange gain of S\$3.8 million, compared with a currency exchange loss of S\$1.5 million for 9M2018.

Outlook of the respective business divisions are as follows: -

a) Building products business

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets in North America. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators. Taiga caters to both the primary housing and renovation markets. Taiga's primary and secondary markets are Canada and the United States respectively.

In Canada, according to the Canada Mortgage and Housing Corporation ("**CMHC**") Housing Market Outlook, Canadian Edition for Fall 2019, housing starts are forecasted to range from 194,000 to 204,300 units in the 2020 calendar year compared to 193,700 to 204,500 units in calendar year 2019. CMHC is reporting that housing starts will stabilize by 2020 compared to 2019. In the United States, the National Association of Home Builders reported in June 2019 that housing starts are forecasted to total 1,286,000 units in the 2020 calendar year compared to 1,243,000 units in calendar year 2019.

Taiga's sales are typically subject to seasonal variances that fluctuate in accordance with the home building season in Canada and the United States. Taiga generally experiences higher sales in the second and third quarters and reduced sales in the late fall and winter during its first and fourth quarters of each year, when home building activity is low due to the cold weather. With the acquisition of Exterior Wood in July 2018, Taiga now has a larger presence in the United States and a more diversified exposure to the North American housing market.

b) Paper mill business

China's policies on the import of solid waste for environmental reasons are expected to continue influencing the price of waste paper, as well as the demand and selling price of industrial paper in the region. 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 largely backed by a 30-year power purchase agreement with the Electric Power Generation Enterprise (“EPGE”), under Myanmar’s Ministry of Electricity and Energy. The power plant is undergoing scheduled overhaul in 2019 and is committed to meet the minimum off-take requirement of 350 million kWh per year.

11. Dividend

(a) 3rd Quarter ended 30 September 2019

Any dividend declared for the current financial period reported on?

None.

(b) 3rd Quarter ended 30 September 2018

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

On 24 May 2019, the Company had paid an interim dividend of 1.5 cents per share for the first quarter ended 31 March 2019. Including the 3.0 cents per share that was paid out on the same day as final dividends for the financial year ended 31 December 2018, the Company had paid total dividends of 4.5 cents per share or S\$42.6m in May 2019.

As such, no dividend has been declared or recommended for the third quarter ended 30 September 2019.

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 third quarter and nine months ended 30 September 2019 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

Tong Ian
Executive Director

9 November 2019