

04/05



**A FIELD GUIDE TO
SHAREHOLDER VALUE**

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Taiga Forest Products, Ltd.
Toronto (TSX)
Trading Symbol TFP

taiga
forest products

ANNUAL REPORT ENDING

03/31/05



VISION DEFINED



PURPOSE OF THIS GUIDE

The purpose of this field guide is to inform and update the shareholder with Taiga's strategy for the future and to inform the shareholder of our initiatives that will contribute to the overall growth of the Company.



VISION DEFINED AS STRATEGY

Last year our annual report identified 4 key values:

CHANGE
ACCOUNTABILITY
RESPONSIBILITY
REWARDS

– that have now become central to Taiga's culture. As Dr. Tong outlines in this year's Letter to Shareholders, this value shift, coupled with strong market demand, lead to our most profitable year in our 32 year history.

The foundation for success has been laid. We can now turn our focus towards longer-term growth. The following pages outline the strategic initiatives that define our vision for maximizing total shareholder value.



OUR VISION IS TO BE THE LOWEST COST OPERATOR

The building products distribution industry is highly competitive. There are few barriers to entry such as the need for specialized technology or large amounts of capital. We will succeed in this environment by being a low cost leader.

Critical strategies for success:

- 1) Grow our Vendor Managed Inventory (VMI) program in order to reduce inventory risk and increase gross margins.
- 2) Utilize our new ERP system to better manage inventories and receivables, and allow employees to spend less time on data entry, and more time with customers.
- 3) Motivate staff based on company profits so that they, in turn, make every effort to reduce expenses in every area of operations.



OUR VISION IS TO EXPAND EXISTING PROGRAMS

Not all products are contributing equally to Taiga's bottom line. We will focus our strategy on those programs that have the greatest growth potential, and contribute the most to stability of earnings.

Critical strategies for success:

- 1) Grow our treated wood program through increasing capacity utilization at the existing wood preservation plants and seeking opportunities to establish new plants in new markets.
- 2) Expand the sales and market share of existing high margin allied products such as Trex decking, GAF roofing, Johns Manville and Owens Corning insulation.



OUR VISION IS TO GROW NEW MARKETS

Cost leadership is fundamental for survival in a low-margin business. However, in order to maximize long-term shareholder value, and ensure continued success, we need to develop new geographic and product markets.

Critical strategies for success

- 1) We will continue to develop the U.S. market by establishing a new trading floor in Burnaby which will sell direct from Canadian mills to retailers located throughout the U.S.
- 2) We will grow our presence in Asia by expanding our export business and by capitalizing on connections brought by new Asian management and ownership.
- 3) We will develop new North American markets for imported Asian and South American products through the growth of our import supply division.

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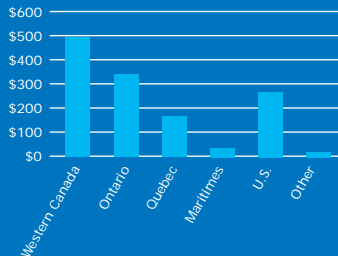
1.0 OUR NETWORK

We are the largest independent wholesale distributor of building products in Canada, as measured by revenue. As a wholesale distributor, we maintain substantial inventories of building products at 15 strategically located distribution centres throughout Canada and at a distribution centre in Northern California. Our network allows us to be the essential link between manufacturers with large volumes of product to sell and approximately 4000 Canadian and 1000 US retailers with smaller, mixed-load needs.

HEAD OFFICE

a. Burnaby
13,662 sq.ft.
Head Office & US Trading

SALES BY LOCATION
Fiscal Year 2005 (in Millions)



1.1 TAIGA'S FACILITIES

WEST

BRITISH COLUMBIA

1. Nanaimo	10,500 sq.ft.	Distribution Centre	2.0 acres	Leased
2. Langley	105,000 sq.ft.	Distribution Centre	10.0 acres	Owned
a. Langley	42,000 sq.ft.	Wood Preservation Plant	12.4 acres	Owned
3. Kelowna	14,500 sq.ft.	Distribution Centre	2.5 acres	Owned
4. Prince George		Distribution Centre	1.0 acres	Leased

ALBERTA

5. Calgary	50,000 sq.ft.	Distribution Centre	15.0 acres	Owned
6. Edmonton	35,000 sq.ft.	Distribution Centre	7.0 acres	Owned
b. Edmonton	54,000 sq.ft.	Wood Preservation Plant	8.5 acres	Owned

SASKATCHEWAN

7. Saskatoon	14,400 sq.ft.	Distribution Centre	4.0 acres	Owned
8. Regina	21,000 sq.ft.	Distribution Centre	4.2 acres	Owned

MANITOBA

9. Winnipeg	14,000 sq.ft.	Distribution Centre	4.0 acres	Owned
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EAST

ONTARIO

10. Sudbury	14,000 sq.ft.	Distribution Centre	5.0 acres	Owned
11. Brampton	35,800 sq.ft.	Distribution Centre	5.3 acres	Owned
12. Milton	68,000 sq.ft.	Distribution Centre	11.5 acres	Owned
c. Elmira	30,000 sq.ft.	Re-Manufacturing Facility	18.2 acres	Owned
			18.2 acres	Owned
d. Monetville	20,924 sq.ft.	Wood Preservation Plant	10.8 acres	Owned

QUEBEC

13. Boucherville	52,923 sq.ft.	Distribution Centre	12.0 acres	Owned
14. St. Augustin	36,000 sq.ft.	Distribution Centre	7.0 acres	Owned

NOVA SCOTIA

15. Halifax	19,000 sq.ft.	Distribution Centre	3.5 acres	Leased
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CALIFORNIA

16. Rocklin	100,000 sq.ft.	Distribution Centre	15.0 acres	Owned
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716,123 sq.ft.

144.7 acres



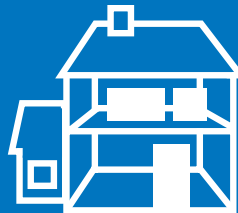
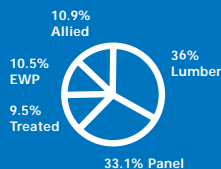
2.0 OUR PRODUCTS

We differentiate ourselves from our competitors by providing a focused offering of building products. We generally deal in building products that are conducive to economies of scale through bulk acquisition and sale. Our scale enables us to respond to our customers' demands for just-in-time inventory replenishment. Our product mix ensures that we have the right combination of commodities which move in large quantities and ensure we run our distribution network to capacity and value-added products which provide higher margins and mitigate against the risk of commodity price fluctuations.

2.1 PRODUCT MIX

1. "Taiga Select" Treated Wood
2. Dimension lumber and panel products
3. GAF Materials Corporation roofing products
4. Pine and MDF ("medium density fibreboard") mouldings
5. JM – Johns Manville residential insulation
6. Owens Corning rigid insulation
7. Trex® composite decking
8. Grace accessory roofing products
9. Engineered Wood Products

SALES BY PRODUCT





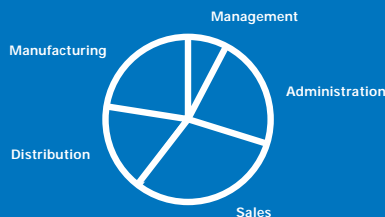


3.0 OUR MANAGEMENT AND EMPLOYEES

Taiga has built an experienced senior management team with complementary strengths. Skill sets in the management team include industry expertise, proven entrepreneurial and corporate success and expertise in corporate planning. Taiga's three operating vice-presidents have been employed by Taiga for an average of 29 years. With its experienced management team and the recent addition of Dr. Kooi Ong Tong, as Chairman and William Kushlick as Chief Operating Officer, Taiga has positioned itself for future growth.

Taiga was founded by individuals with entrepreneurial spirit. Taiga's corporate strategy has fostered and continues to foster an entrepreneurial spirit among its employees. A significant portion of employee compensation is based on contributions that enhance profitability. Branch managers have considerable autonomy and their compensation is tied to achieving measurable financial objectives.

EMPLOYEES BY FUNCTION



4.0 FINANCIAL HIGHLIGHTS

for the 12 months ended March 31st.

Sales and Income (000's)

	Mar 31/05	Mar 31/04	Mar 31/03	Mar 31/02	Mar 31/01
Sales	\$1,329,851	\$1,086,779	\$ 916,545	\$ 854,313	\$ 790,167
Cash flow from operations	3,537	964	(34,682)	8,699	46,371
Earnings before income taxes	36,583	15,207	11,197	8,607	1,717
Net earnings	26,667	10,536	7,730	6,244	841

Common Share Data

Common shares outstanding at end of period	7,961,420	7,961,420	7,777,420	7,767,420	7,649,920
Cash flow from operations per share	\$ 0.44	\$ 0.12	\$ (4.46)	\$ 1.12	\$ 6.06
Net earnings per share	3.35	1.34	1.01	0.80	0.11
Shareholders' equity per share	12.70	9.78	8.94	8.14	7.59

Financial Position (000's)

Working capital	\$ 71,250	\$ 56,140	\$ 32,288	\$ 40,664	\$ 42,237
Total assets	332,150	302,713	262,136	217,644	201,687
Long-term debt	25,518	29,209	12,159	5,625	12,161
Shareholders' equity	101,128	77,864	68,621	63,192	58,032
Capital expenditures	7,208	2,698	2,528	3,087	7,631

Other Data

Return on sales	2.01%	0.97%	0.84%	0.73%	0.11%
Return on capital employed	9.88%	9.88%	9.59%	9.07%	1.20%
Return on shareholders' equity	26.4%	13.5%	11.3%	9.9%	1.4%
Ratio of current assets to current liabilities	1.35 : 1	1.29 : 1	1.18 : 1	1.28 : 1	1.33 : 1
Long-term debt to shareholders' equity	0.250	0.375	0.175	0.089	0.210
Inventory turnover - times per year	11.2	10.8	10.2	11.4	10.7
Average age of accounts receivable - (# of days)	34.1	35.6	36.4	35.5	35.0



5.0 LETTER TO SHAREHOLDERS

Dear fellow shareholders,

Financial year March 2005 was the most profitable year in the 32 year history of this Company. This is also reflected in the highest stock price ever recorded since Taiga became a publicly traded company, with many of you making a return of 100% to 150%.

Should we uncork the champagne and congratulate ourselves? Not yet. There is still much to be done. Our journey has hardly begun.

While we did many things right during the year, we also made a number of errors. In any case, I believe corporate success is not about growth in earnings in one quarter or in any one year.

Successful companies are those that have the ability to sustain profits at higher and higher levels over time. Such companies must also prove the ability to overcome adversities, such as during periods of economic slowdown, threats from competitors, new innovations or internal challenges.

I am writing on the assumption that you have read my statement in last year's Annual Report. Much of the work we did during the past year was in following through the plans and commitments we made earlier. They were based on the new set of corporate values we introduced – change, accountability, responsibility and rewards (CARR).



“The global supply and demand for many of our products has been most favourable for Taiga's distribution business and should continue as long as interest rates remain relatively low.”

– Doug Morris, VP of Eastern Canadian Division.

The financial results

We were blessed with strong market demand for our products, which resulted in a 22.4% growth in sales to \$1,330 million.

Engineered wood and lumber products as well as insulation, mouldings and Trex™ recorded the strongest growth. Of the total sales, 35.9% came from lumber, 33.1% panel, 9.5% our own treated wood, 10.5% engineered wood and 10.9% allied products.

EBITDA rose by \$20.5 million to \$45.3 million. Consolidated profit before taxation increased from \$15.3 million to \$36.6 million – or by \$21.3 million, an improvement of 139%. The higher profit of \$21.3 million came from a \$16.9 million gain in operating margins and a reduction of total expenses by \$4.4 million.

Our operating margins grew by 18.3%, lower than sales growth of 22.4%. This means our gross margin fell from 8.5% to 8.2% during the year. Why?

We fared badly in panel products. Our gross margin for panel products was 3.1% lower than the year before. Had we maintained our gross margin for panel products at the same rate as in FY March 2004, our consolidated gross margin would have exceeded 9.0%. For Oriented Strand Board (OSB), our gross margin collapsed to 2.3% from 6.8% the year before. Margins from plywood also fell, but by a smaller amount.

The smaller margins in these two products affected our operating profits by \$13.4 million during the year. In other words, had we been able to hold the margins for panel products, we would have made additional profits of \$13.8 million.

Indeed, we would have been better off not distributing OSB last year since there is little doubt that with a 2.3% gross margin, we lost money distributing the product.

Your Company entered into volume contracts with the mills on OSB and plywood. While volume is committed, prices were determined by published prices. Unfortunately, these published prices were consistently higher than what the market would fetch. This mistake is now recognized by management with an undertaking that such contracts will be at a minimum and only when absolutely necessary. This policy has been in place since January 2005. We all make mistakes, we just cannot afford to repeat them!

With the exception of panel products, all the other major products sold last year registered higher gross margins. The Company did well in lumber and engineered wood. Sales grew 44% and 55% respectively. Coupled with higher gross margins, these two products contributed signifi-

cantly to our profit growth for the year.

Sales of allied products grew 18%. Growth would have been more had we not switched our roofing supplier in January 2004. That caused us about \$13 million in lost sales and about \$1 million in profits. It was, however, a good decision. Sometimes you need to trade short-term pain for long-term gains. Going forward, we expect substantial growth in our roofing sales with better margins.

Sales of insulation, mouldings and Trex™ grew by 36% to 42% during the year. In particular, mouldings achieved a profit growth of 81% due to gains in margins, plus stronger sales.

A dollar saved is a dollar earned

In a business where there are few barriers to entry, and where our business involves buying, selling and physically moving products from one party to another, we need to be the lowest cost operator.

This is a business of logistics – we need size to achieve economies of scale, volume purchasing to achieve the lowest unit price, and we must be able to offer this service at costs lower than others.

As I indicated in last year's Annual Report, I was flabbergasted that our Total Expenses to Sales ratio shot up from 5% prior to the year 2000 to 7% by fiscal year March 2004. We committed ourselves to containing costs going forward.

Our total expenses last year were \$74.0 million. This represents a 5.8% or \$4.5 million reduction from the year before. And we achieved this despite paying out more staff bonuses for the stronger financial performance. Coupled with the 22.4% growth in sales, our Total Expenses to Sales ratio fell from 7% to 5.46%.

We did well, but not good enough! Our objective must be to operate at a cost so low that it appears impossible to our competitors. Yet, it must not be at the expense of the quality of our staff or service. This can be achieved by cutting out waste and unnecessary frills, harnessing technology and challenging ourselves to think and act out of the box.

Costs savings were achieved in most areas, such as postage, printing, stationery, telephone and faxes, office rent and general office expenses. We have centralized purchasing and reduced telecommunication costs significantly. For the same services and products, we now pay less.

We also reduced interest expense by \$600,000 and reduced foreign exchange losses. The single biggest item we saved was on professional fees (\$1.8 million reduc-

tion). We fired the consultants – and yes, we ended up making more money than ever before.

We have sold our three resort homes in Maui, Palm Springs and Whistler. We have terminated the lease on the Florida resort home. The Company realized an after tax gain of \$1.4 million on these properties. And we have no more maintenance to pay for.

Finally, your Company was also able to further improve on the management of inventories and accounts receivables. Sales to Inventories improved from 8.96 to 9.15 times while Sales to Accounts Receivables improved from 8.65 to 10.43 times.

As a result – and despite the 22.4% increase in sales – we recorded an average debt increase of only 5.6% or \$7.6 million. This was also partly the result of the implementation of the Vendor Managed Inventory (VMI) programs.

Performance by Branches

Every branch recorded higher sales during the year. In terms of profitability, I must make special mention of the branches in British Columbia. They did an excellent job – growing both margins and sales. They were also responsible for much of the mouldings that we sold.

Boucherville achieved the highest percentage gain in profits – at 370%, followed by Halifax with 99%. Only the Sudbury branch incurred losses. We have taken further steps to reduce costs there.

Performance of Subsidiaries

Envirofor BC and Alberta, our treated lumber subsidiaries, continued to do well. Sales and margins grew substantially as the treatment facilities operated at higher operating rates and efficiency. Operating at higher capacity, the Edmonton plant recorded a 199% jump in profits.

Dynamic continued to register strong growth in sales, pushing up its profit contribution to Taiga. Gross margins, however, fell by 0.5%. This partly reflects the additional investments in staff.

Sales at Rocklin improved by 9%, while operating margins declined marginally due to lower gross margins. However, its profit contribution to Taiga increased substantially due to lower operating costs. It has a well-motivated, profitability-focused, workforce.

Our re-manufacturing subsidiary, Elmira, continued to be loss-making. It posted a loss of \$575,600 last year, compared to a \$1.15 million loss the year before.

Significant milestones achieved last year in living up to our corporate values

Pay for Performance

The staff accepted a new pay and bonus structure that is transparent, fair and based on performance (both individually and profitability as a Company). Basically, the profit of the Company is shared fairly between shareholders and staff, after taking into consideration a return on capital employed. The bonus pool accumulated is distributed amongst the staff in relation to their contribution to the Company's performance.

It also means that cross-subsidization is no longer tolerated. Branches and subsidiaries that fail to turn in a profit will be shut down. We downsized Sudbury, which was unprofitable last year. As for Elmira, the Board was given an undertaking by the Vice President concerned that it will turnaround this year – failing which it will be wound up.

More importantly, the pay for performance (P4P) structure focuses the entire Company on the single objective of achieving greater profitability and cash flow by expanding sales and margins, and lowering costs.

It promotes entrepreneurial behavior, improves staff productivity and strengthens customer relationship and client servicing. Branches will also improve management of inventories and accounts receivables in order to maximize their bonus pool.

The P4P structure also encourages expansion of existing and new products, especially those with superior margins. Informing staff and branches each month of their accrual bonuses, both for themselves and others, will act as a catalyst to promote learning from the success of others and changing mind-sets to achieve greater goals over time.

I believe the introduction and acceptance of the P4P structure will sustain the long-term profit growth of your Company. The staff will voluntarily check cost increases, be profit motivated and be willing to make changes that are for the good of the Company. The structure's transparency ensures everyone is held accountable and is treated fairly.

The single largest cost component in your Company is wages, salaries and bonuses. The P4P structure removes the emphasis on fixed salary and promotes the concept of total pay (fixed salary plus bonuses).

From this year onwards, we have resolved not to make automatic annual cost of living adjustments except for a few categories of staff. It is necessary to limit the fixed

salary component, as the average staff cost in Taiga is \$84,000 a year. We have to run our business with low fixed costs and reward more through the variable component if we are to be viable in the long-term.

International Supply Management

This new division was started with the objective of sourcing new and existing products from international manufacturers. The objectives were to promote margin growth, higher capacity utilization for our facilities, improve staff productivity and enhance profitability.

We were very successful last year in the distribution of imported mouldings in British Columbia. Through this new division, we are expanding our sales of mouldings across the country. A number of other new products are also being planned.

New treated lumber facility in Ontario

Envirofor BC and Alberta have proven to be highly successful for Taiga. Their products are primarily targeted at Western Canada with some for exports. The key is in capacity utilization and efficiency, which Taiga has learned well over the last few years. We decided to acquire an existing facility in Ontario last year to supply treated lumber in the East.

Trucking and haulage

Another major cost item for us is haulage. Besides costs, the inability to move our products from one location to another due to a lack of railcars or trucks will severely challenge the operations of our business.

Last year, we started our own trucking operations in Alberta and Ontario. It has proven to be successful to date, and we will likely expand this operation nationwide on a gradual basis. Besides lowering our haulage costs over time, we believe it will also strengthen our business operations and provide us greater competitive advantages.

Information Technology

Last year, we decided on a new Enterprise Resources Planning (ERP) software solution which will go live by the end of the second quarter of fiscal year 2006. This new integrated IT system will help us manage inventories, customer relationships and risks. We will also have a better understanding of costs as well as product margins. The new system is an absolute necessity in meeting the needs of our longer-term strategy.

Looking ahead

In the past 18 months, we have introduced a new corporate culture, focused on longer-term goals, made strategic plans and decisions, and strengthened our core business.

We are confident these initiatives will allow the Company to achieve its real potential, further improve its performance, ensure greater profit sustainability and be in a stronger position to meet challenges and adversities.

A highly motivated and focused workforce is the best assurance of greater success. One that directly enjoys a share of profit aligns the interest of the staff with shareholders. It allows the Company to be the "preferred employer" – to pay above the market and above competitors, and yet able to operate more competitively. Productivity is strengthened, waste minimized, costs reduced and a positive attitude towards change is promoted.

In the coming year, I expect to see significant contributions from the new International Supply Management team. We have expanded the team, identified new products, linked up to suppliers and have persuaded our sales force to also promote these new products.

Envirofor is set to expand further on the gains made last year, with higher capacity utilization and efficiency realized in its two plants, especially in Alberta. The new Ontario facility could also begin to make some contribution to the Company – and should add to the profitability of the branches in Eastern Canada.

Haulage and trucking costs are the second largest cost component for Taiga. We started focusing on this a year ago and have made some progress. Besides doing some of our trucking, Taiga will need to further negotiate better rates as a Company given our volume. The branches are aware that for every dollar of savings, half will be returned to them as bonuses.

In terms of products, the one area we did badly last year was in the purchasing of panel products, especially OSB. Besides the fact that we now have only a minimal of these supply contracts, I am confident we will not allow ourselves to repeat the same mistake.

We expect to see further strong gains in Engineered Wood and Allied products (especially mouldings, insulation, roofing and Trex™) this year.

As a result, we are cautiously optimistic for the coming fiscal year. We believe we will see further growth in our sales. If we do not repeat the mistakes on panel products and if the margins on the other items continue to hold, we can see some growth in overall margins as well. With

further gains on the management of inventories and trade debtors, as well as continued costs controls, we aim to be more cost efficient.

Mitigating Risks

It is good business to improve profitability. Perhaps even more important is to ensure long-term survival by mitigating risks. Taiga operates in a business sector that will be significantly affected by general economic conditions, fluctuations in interest and exchange rates, commodity prices, employment and others. If the economy slows down, interest rates begin to rise or unemployment increases, like most businesses, we will be adversely affected. The challenge is to mitigate such adversities as much as possible, and in any case, to ensure that we will remain profitable and cash flow positive even in such an environment. What have we done in meeting this objective?

Diversification of profit contribution

Net profit before tax contribution by our treated wood facilities is very significant. Besides domestic market, we also export this product, especially to Asia. The potential to further expand market share in Canada and US is also substantial, limited presently only by our own capacity. We have recently acquired a new treatment facility in Ontario. Market demand is estimated at \$1.5 billion in Canada, and about 10 times larger in US.

Approximately 20% of our total sales revenue comes from US, where we service about 1,000 US customers (or about 1.25% of the potential market). US sales are made by our Rocklin, California distribution centre along with our Canadian distribution centres and traders located at our Burnaby, BC, head office. We are expanding this business further with the re-establishment of the lumber trading floor, where traders will sell lumber direct from Canadian mills to customers based in US.

Allied products account for only 10.9% of our total sales. As these products command higher gross margins, we are aggressively sourcing new products and expanding sales. Last year, sales of insulation, mouldings and Trex™ grew by 42%, 35.9% and 40% respectively. We expect continue strong growth in the above products, as well as in other areas, such as roofing and flooring.

Taiga has begun a retail business that will target sales of mostly imported inexpensive quality home products for use in the home renovation market. We believe this is a huge potential market which will at the same time mitigate the cyclical of our business.

Costs and risk management

In the past, if lumber and panel prices were to suddenly collapsed, Taiga will suffer substantial losses on its inventory. This was not the case in recent months, such as in November 2004 due to the substantial use of the VMI program. We no longer own much of our lumber and panel inventories and instead make a margin only on sales. As we expand this program, less capital will also be tied up in stocks.

Taiga's profit driven compensation structure (P4P) encourages its employees to focus on cost efficiencies and also reduces expenses during downturns in the building products industry. Further, labor accounts for 58% of our total expenses, of which 65% formed the fixed component of wages, salaries and benefits. As we move ahead, the fixed component will decline as a percentage – with employees increasingly focused on performance bonuses.

We have a very strong balance sheet. Our bank debts are easily liquidated, as they are primarily used to finance trade receivables and inventories. With better management of trade debtors and inventories (including the use of VMI programs) as a result of the new ERP solutions and the P4P profit sharing scheme, future rise in sales will see diminishing needs for bank financing. Last year, our sales grew by \$243 million or 22.4%, but our bank indebtedness increased by only \$7.5 million or 5.6%. Our bank borrowings average \$125 million for fiscal year 2005. The treasury offering upon the Conversion of your Company into an Income Trust/Stapled Unit structure, will reduce outstanding debt. We expect bank credit to finance only 50% of our trade receivables and inventories. Interest cover is approximately 8 times. Further, unlike most of our competitors, we own all our distribution centers. Based on a valuation completed recently, these properties are valued at around \$56.5 million. The Board is evaluating the possibility of monetizing some of our real estate assets.

Conclusion

While we have made some progress, I believe Taiga has still greater potential than what we have achieved. Many of you may be happy with the Company's record \$36.6 million profit before tax last year, but I feel we can do even better.

I believe Taiga is uniquely placed, with an opportunity to become a truly great and successful company. I am hopeful that as we implement many of these strategies and initiatives, they will begin to bear fruit and further encourage our staff to dream of even greater achievements in the years ahead.

I am thankful to the staff for supporting the changes made. Indeed, while many were initially skeptical, I now believe that we have the support and commitment of a vast majority of the staff. We are all moving in the same direction.

We are in the process of converting your company into an income trust structure taking the form of stapled units. Income trust structures are popular investment vehicles in that they pay a high return on an investors return on capital.

We feel that it is in the best interest of our shareholders to pursue this conversion in order to fully maximize shareholder value. Taiga, as it has been described in this letter, generates steady cash flow and does not require huge capital expenditures and is a good match for an income fund structure. The higher market valuation of your company creates a currency by which your Company will seek opportunities for further growth.

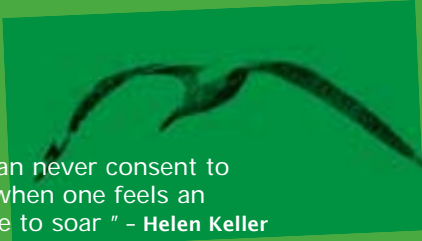
Lastly, the Board welcomes Mr. Bill Kushlick as the Company's new President and Chief Operating Officer. His wealth of experience in related industries and in a global setting will further assist Taiga in achieving our objectives.

Thank you.

On behalf of the Board,



Kooi Ong Tong
Chairman of the Board



"One can never consent to creep when one feels an impulse to soar " - **Helen Keller**

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