ANNUAL REPORT
ENDING MARCH 31, 2016

taiga building products

We're obsessed with perfection, and always have been.

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Our team is well prepared to take on challenges that present themselves today and in future.

Financial Highlights

For the 12 months ended March 31	2016 IFRS	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS
Sales and Income ($000's)						
Sales	1,364,322	1,348,718	1,194,259	1,132,743	971,625	981,777
Gross margin	117,015	114,998	96,810	102,815	95,811	88,655
Cash flow from operations	67,155	22,634	27,006	(11,975)	(3,243)	35,963
Net earnings	11,720	11,080	5,076	10,434	3,724	4,001
Common Share Data						
Weighted average number of shares outstanding	32,414,278	32,414,278	32,414,278	32,414,278	32,414,278	32,414,278
Cash flow from operations per share (1)	$2.07	$0.70	$ 0.83	$ (0.37)	$ (0.10)	$ 1.11
Net earnings per share (1)	0.36	0.34	0.16	0.32	0.11	0.12
Financial Positions ($000's)						
Working capital	89,502	80,909	65,534	48,249	47,425	38,307
Total assets	305,612	347,383	315,840	346,446	298,649	279,104
Long term liabilities (excluding Subordinated Notes)	31,670	36,128	36,806	31,182	35,121	31,320
Subordinated Notes	128,834	128,834	128,834	128,834	128,834	128,834
Total capital expenditures	1,602	1,353	4,571	9,229	2,107	2,958
Other Data (2)						
Return on sales	0.86%	0.82%	0.43%	0.92%	0.38%	0.41%
Ratio of current assets to current liabilities	1.52:1	1.37:1	1.32:1	1.2:1	1.23:1	1.2:1
Inventory turnover - times per year	8.58	7.82	7.16	7.31	7.02	7.25
Days sales outstanding	36.14	34.28	38.97	42.37	43.55	42.90
% of operating expense to sales	6.0%	6.1%	6.2%	6.3%	7.4%	6.7%

Notes

(1) Calculated using the weighted average number of shares outstanding.

(2) "Other Data" are non-GAAP financial measures that do not have any standardized meaning prescribed by the Company's GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Management believes these non-GAAP financial measures provide useful information to readers concerning the business of Taiga. For the purposes of the information provided under this heading:

(i) "Return on sales" represents net earnings divided by sales;

(ii) "Inventory turnover" represents cost of sales divided by average inventory;

(iii) "Days sales outstanding" represents 365 days divided by annual sales divided by average accounts receivable;

(iv) "% of operating expense to sales" represents the total expenses excluding income tax, subordinated debt interest and other income or expense divided by sales.

Dear fellow shareholders,

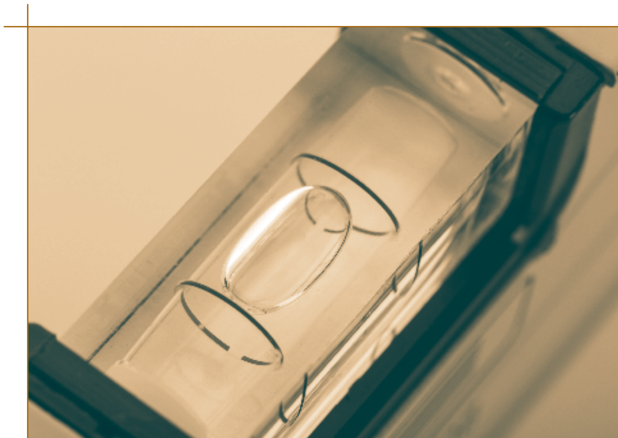
Taiga's results this fiscal year demonstrate the central importance of regional diversification in reducing earnings volatility and driving performance. Taiga's relatively flat year-over-year revenues mask major shifts in regional performance driven by global economic trends.

Any explanation of the fortunes of the Canadian economy in FY 2016 must start with oil. In FY 2015, West Texas Intermediate averaged $81/barrel. Oil prices collapsed to $45/barrel in FY 2016, a drop of 44%. With the energy sector making up a quarter of Alberta's economy, the layoffs and shelved projects that resulted from the decline in oil prices impacted the economic prospects of that province as a whole, including the housing sector. After many years of expansion, Alberta's housing starts fell 8% in 2015. Saskatchewan's housing market fared even worse, dropping by 26%. Despite the difficult conditions in these provinces, we held our own market share.

The same factor that depressed the Prairie economies spurred economic activity in other parts of Canada. Lower oil prices pushed the Canadian dollar lower by twelve cents in FY 2016. Ontario's export-oriented manufacturing sector benefitted from the weak dollar. The pickup in economic activity lead to a 10% growth in Ontario's housing market. Our Ontario based branches benefited from this tail wind. In BC, the low dollar helped tourism, manufacturing and the film industry's bottom lines. Strong economic conditions supported the BC housing market. BC's housing market also continued to attract foreign buyers. Metro Vancouver house prices grew an enormous 23% over the prior fiscal year. Not surprisingly, our BC branches posted strong gains.

In FY 2016, 23% of revenues were derived from sales into the United States market. United States housing starts continued their slow recovery, increasing by 13% year-over-year. Robust starts, coupled with a strong US dollar lead to higher sales for our branches that service United States markets.

A Closer Look at Our Results



FY 2016 sales of lumber, panels, treated wood and engineered wood remained relatively flat over the prior year. Growth in OSB, engineered wood and treated wood were offset by declines in lumber and plywood. After a multi-year trough, OSB prices finally showed signs of life, increasing 12% year-over-year. Production curtailments at some OSB plants along with growth in US demand helped support prices. Gross margins on the above products grew 8% thanks to better commodity margins. Sales and gross margins on allied products remained at prior year levels.

We strive to operate at the highest standards and this is illustrated by the commitment that our Taiga family demonstrates in meeting the needs of our customers and supply partners, and adapting to market demands.

We are 'obsessed' with perfection and work diligently to be the best in our industry.

Looking Forward

Our Fiscal 2016 results demonstrate our company's resilience and ability to adapt to very significant changes in the Canadian and United States markets. We strive to operate at the highest standards and this is illustrated by the commitment that our Taiga family demonstrates in meeting the needs of our customers and supply partners, and adapting to market demands. We are 'obsessed' with perfection and work diligently to be the best in our industry.

Our service has always been an important component of our success and we always are looking for ways to provide an even better experience. Our customers need to trust that when placing a product order from a selection of over 1,000 SKUs, it will be filled by a distributor at a 100% fill rate. That is our goal. With that in mind, we introduced a new Warehouse Management System (WMS) in our Calgary, Alberta distribution center. This WMS provides our salespeople with better inventory management, which in turn improves the ability to achieve the fill rates that our customers demand. We are invested in making our customers' experience as streamlined as possible. We will continue to advance this WMS throughout our major distribution centers.

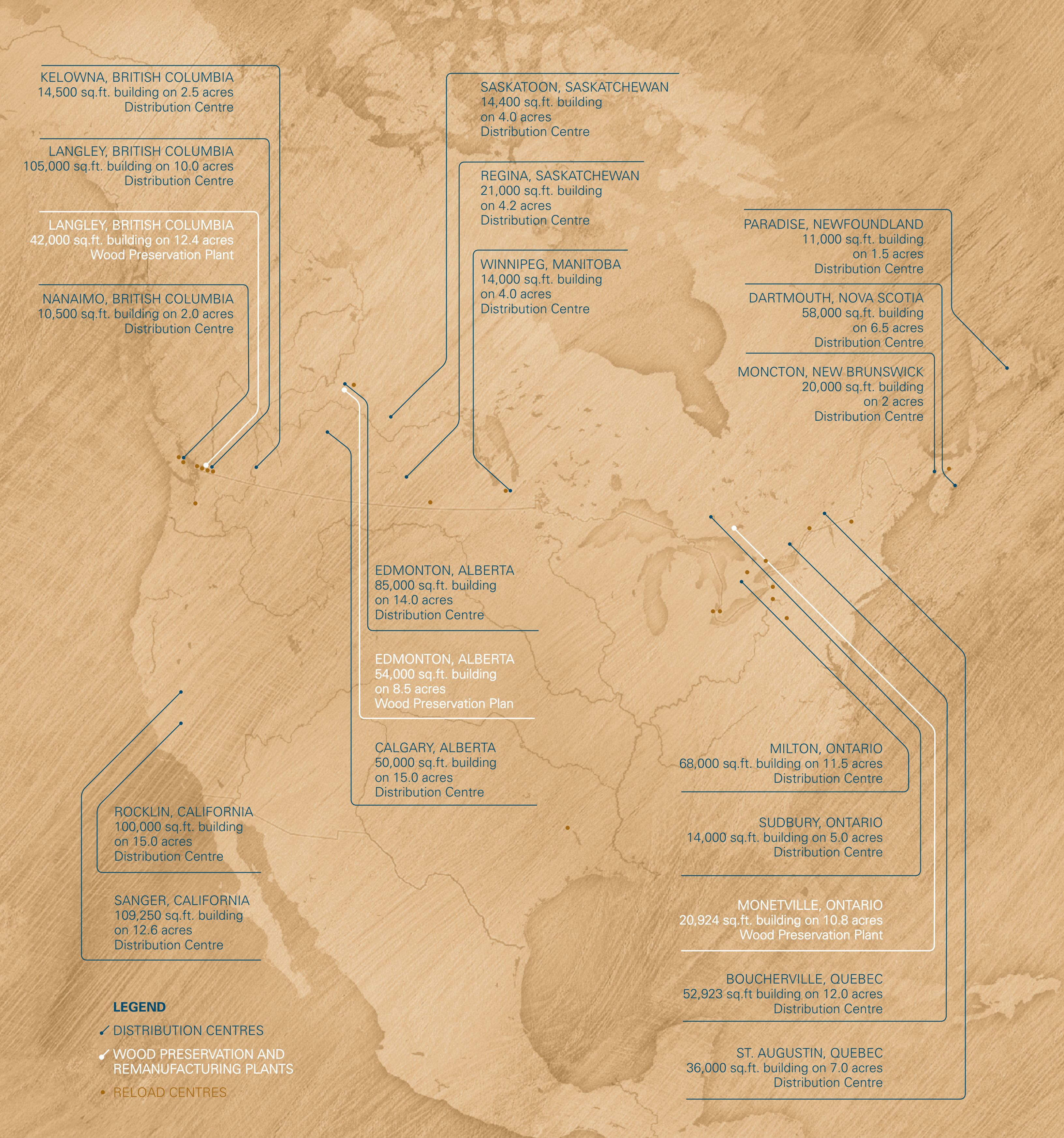
As our industry shifts, as manufacturers look at how to best service the customer and as our customers require product quicker than ever, Taiga Building Products will provide the solution by being positioned as the low-cost distributor with an experienced, knowledgeable team and we won't stop there. We will continue with our 'Young Guns' program to ensure we continually develop our team and motivate our individuals to be the best: professional and educated on products and what our customers and suppliers need.

Your team is well prepared to take on challenges that present themselves today and in future.

Our industry continually evolves and I want to thank ALL of our Taiga Building Products employees for all of their efforts and who make this a great place to come to work every day.

Trent Balog
CEO and President

Our customers need to trust that when placing a product order from a selection of over 1,000 SKUs, it will be filled by a distributor at a 100% fill rate. That is our goal.



This Management's Discussion and Analysis ("MD&A") of Taiga Building Products Ltd. ("Taiga" or the "Company") has been prepared based on information available as at June 17, 2016 and should be read in conjunction with the audited consolidated financial statements and the corresponding notes thereto for the years ended March 31, 2016 and 2015. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the fiscal year.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises, and is expressed in Canadian dollars.

Taiga's consolidated financial statements and the accompanying notes included within this report include the accounts of Taiga and its subsidiaries. Unless otherwise noted, all references in this MD&A to "dollars" or "$" are to Canadian dollars.

Additional information relating to the Company including the Company's Annual Information Form dated June 17, 2016 can be found on SEDAR at www.sedar.com.

Forward-Looking Information:

This MD&A contains certain forward-looking information relating, but not limited, to future events or performance and strategies and expectations of Taiga. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "likely", "may", "will", "should", "predict", "potential", "continue" or similar words suggesting future outcomes or statements regarding expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Examples of such forward-looking information within this document include statements relating to: the Company's perception of the building products industry and markets in which it participates and anticipated trends in such markets in any of the countries in which the Company does business; the Company's anticipated business operations, inventory levels and ability to meet order demand; the Company's anticipated ability to procure products and its relationship with suppliers; sufficiency of cash flows; and outcome of litigation or other legal and regulatory proceedings. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Forward-looking information reflects management's current expectations or beliefs and is based on information currently available to Taiga and although Taiga believes it has a reasonable basis for providing the forward-looking information included in this document, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information of Taiga involves numerous assumptions and inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and other forward-looking information will not occur. These factors include, but are not limited to: changes in business strategies; the effects of litigation, competition and pricing pressures; changes in operational costs; changes in laws and regulations, including tax, environmental, employment, competition, anti-terrorism and trade laws and Taiga's anticipation of and success in managing the risks associated with the foregoing; and other risks detailed in this MD&A and Taiga's filings with the Canadian securities regulatory authorities available at www.sedar.com. Forward-looking information speaks only as of the date of this discussion and analysis. Taiga does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-IFRS Financial Measure:

In this MD&A, reference is made to EBITDA, which represents earnings before interest, taxes, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by Taiga might not be comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements and because management interprets trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS. Reconciliations of EBITDA to net earnings reported in accordance with IFRS are included in this MD&A.

Market and Industry Data:

Unless otherwise indicated, the market and industry data contained in this MD&A is based upon information of independent industry and government publications and management's knowledge of, and experience in, the markets in which the Company operates. While management believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this MD&A and no representation is given as to the accuracy of any of the data referred to in this MD&A obtained from third party sources.

1. Business Overview

Taiga is the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and overseas. As a wholesale distributor, Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and two distribution centres in California. In addition, Taiga regularly distributes through the use of third party reload centres. Taiga also owns and operates three wood preservation plants that produce pressure-treated wood products. Factors that affect Taiga's year-over-year profitability include, among others, sales levels, price fluctuations and product mix.

Taiga's primary market is Canada. Taiga expects the Canadian housing market in calendar year 2016 to decline compared to calendar year 2015.

Taiga's secondary market, the United States, continues to show signs of recovery from the US housing depression. The Company expects the United States housing market to continue to improve in the 2016 calendar year. See Item 13 "Outlook".

Selected Annual Information

(in millions of dollars, except for share amounts and per share amounts in dollars)	**Fiscal Year Ended March 31,**		
	2016	**2015**	**2014**
Income Statement Data:			
Sales	1,364	1,349	1,194
Gross Margin	117.0	115.0	96.8
Net Earnings	11.7	11.1	5.1
Net Earnings per Share (Basic and Fully Diluted)(1)	0.36	0.34	0.16
Cash Dividends per Share	-	-	-
Weighted Average Number of Shares Outstanding	32,414,278	32,414,278	32,414,278
EBITDA(2)	45.0	44.1	36.8
Balance Sheet Data:			
Working Capital(3)	89.5	80.9	65.5
Total Assets	305.6	347.4	315.8
Total Long-Term Financial Liabilities(4)	156.7	160.8	161.1

Notes:

(1) Net earnings per share is calculated using the weighted-average number of shares.

(2) Reconciliation of net earnings to EBITDA:

	Fiscal Year Ended March 31,		
(in millions of dollars)	**2016**	**2015**	**2014**
Net earnings	11.7	11.1	5.1
Income tax expense	7.3	6.2	4.1
Finance and subordinated debt interest expense	21.8	22.6	23.3
Amortization	4.2	4.2	4.3
EBITDA	45.0	44.1	36.8

(3) Working capital is the excess of current assets over current liabilities.

(4) Total long-term financial liabilities are the total liabilities less current liabilities and deferred gain.

2. Results of Operations

Sales

The Company's consolidated net sales for the year ended March 31, 2016 were $1,364.3 million compared to $1,348.7 million for the last fiscal year. The increase in sales by $15.6 million or 1.2% was largely due to higher sales from US and export operations selling into the United States.

Sales by segments are as follows:

	Years ended March 31,			
	2016		2015	
	$000's	%	$000's	%
Canada	1,229,039	90.1	1,239,464	91.9
United States	135,283	9.9	109,254	8.1

For the fiscal year, export sales totalled $262.7 million compared to $246.4 million in the previous year. These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

The Company's sales of dimension lumber and panel, as a percentage of total sales, was 59.7% for the fiscal year ended March 31, 2016 and 61.5% for 2015. Allied, engineered and treated wood product sales, as a percentage of total sales, was 40.3% for 2016 and 38.5% for 2015.

Gross Margin

Gross margin for the fiscal year ended March 31, 2016 increased to $117.0 million from $115.0 million in the previous year. Gross margin percentage increased to 8.6% in the current year compared to 8.5% in the previous year. The gross margin percentage improved slightly due to improved margins in several product lines.

Expenses

Distribution expense for the fiscal year ended March 31, 2016 increased to $21.4 million from $21.1 million last year mainly due to higher delivery and warehousing expenses to support higher sales volume.

Selling and administration expense for the year ended March 31, 2016 increased to $55.3 million compared to $54.7 million in the previous year. Increased compensation expense was the major driver for the increase.

Finance expense for the year ended March 31, 2016 decreased to $5.5 million compared to $6.2 million last year. Lower interest rates coupled with lower borrowing levels helped to reduce the interest costs.

Subordinated debt interest expense for the year ended March 31, 2016 was $16.4 million compared to $16.3 million in the previous year.

Other income for the year ended March 31, 2016 was $0.5 million compared to $0.7 million last year.

Net Earnings

Net earnings for the year ended March 31, 2016 increased to $11.7 million from $11.1 million last year primarily due to increased gross margin.

EBITDA

EBITDA for the year ended March 31, 2016 was $45.0 million compared to $44.1 million last year.

3. Fourth Quarter Results

A summary of the results for the three months ended March 31, 2016 and 2015 is as follows:

(in thousands of dollars except per share amount in dollars)	Three months ended March 31, 2016	2015
Sales	279,882	294,321
Gross margin	24,005	23,312
Distribution expense	5,380	5,211
Selling and administration expense	11,168	13,170
Finance expense	1,293	1,480
Subordinated debt interest expense	4,088	4,077
Other income	(49)	(695)
Earnings before income tax	2,125	69
Income tax expense	1,410	635
Net (loss) earnings	715	(566)
Net (loss) earnings per share	(0.02)	(0.02)
EBITDA[(1)]	8,566	6,703

Note:

(1) See "Fourth Quarter Results – EBITDA" for a reconciliation of net earnings (loss) to EBITDA

Sales

Sales for the fourth quarter decreased to $279.9 million from $294.3 million in the same quarter last year. The decrease of $14.4 million or 4.9% was largely due to reduced demand in Canada. Sales by segments are as follows:

	Three months ended March 31, 2016		2015	
	$000's	%	$000's	%
Canada	245,780	87.8	265,742	90.3
United States	34,102	12.2	28,579	9.7

During the fourth quarter, Taiga's Canadian operations had export sales of $65.9 million compared to $54.4 million in the same quarter last year. These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

Gross Margin

Gross margin for the fourth quarter was $24.0 million compared to $23.3 million in the same quarter last year. Gross margin percentage for the fourth quarter was 8.6% compared to 7.9% for the same quarter last year. The gross margin percentage improved significantly due to improved margins on commodity products.

Expenses

Distribution expense for the fourth quarter increased to $5.4 million compared to $5.2 million in the same quarter last year due to additional truck and facility leases.

Selling and administration expense for the fourth quarter decreased to $11.2 million compared to $13.2 million in the same quarter last year due to decreased compensation costs and a lower foreign exchange loss.

Net (Loss) Earnings

Net earnings for the fourth quarter was $0.7 million compared to a net loss of ($0.6) million in the same quarter last year.

EBITDA

EBITDA for the fourth quarter was $8.6 million compared to $6.7 million in the same quarter last year.

Reconciliation of net earnings (loss) to EBITDA:

	Three months ended March 31,	
(in thousands of dollars)	**2016**	**2015**
Net (loss) earnings	715	(566)
Income tax expense	1,410	635
Finance and subordinated debt interest expense	5,381	5,557
Amortization	1,060	1,077
EBITDA	8,566	6,703

4. Summary of Quarterly Results

	Fiscal 2016				Fiscal 2015			
(in thousands of dollars, except per share amount in dollars)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Sales	279,882	292,476	387,991	403,973	294,321	296,072	383,559	374,766
Net (loss) earnings	715	(53)	4,618	6,440	(566)	408	5,660	5,578
Net (loss) earnings per share[1]	(0.02)	0.00	0.14	0.20	(0.02)	0.01	0.17	0.17
EBITDA	8,566	7,656	12,903	15,910	6,703	7,504	13,679	16,171

Notes:

(1) The amounts are identical on a basic and fully-diluted per share basis. Earnings per share is calculated using the weighted-average number of shares.

Seasonality

Taiga's sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the first and second quarters and reduced sales in the late fall and winter during its third and fourth quarters of each fiscal year.

5. Liquidity and Capital Resources

Revolving Credit Facility

On November 25, 2013, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from $200 million to $225 million, with an option to increase the limit by up to $50 million. The Facility continues to charge interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries, and will mature on November 25, 2018. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at March 31, 2016.

Taiga expects to meet its future cash requirements through a combination of cash generated from operations and its credit facilities. However, any severe weakening of the Canadian housing market driving reduced product demand or a significant increase in bad debts in accounts receivable could adversely impact the Company's liquidity in the short term.

Working Capital

Working capital as at March 31, 2016 increased to $89.5 million from $80.9 million as at March 31, 2015 due to decreased current liabilities partially offset by decreased current assets. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Current Assets	261,153	302,250
Current Liabilities (excluding Revolving Credit Facility)	(90,305)	(93,966)
Revolving Credit Facility	(81,346)	(127,375)
Working Capital	89,502	80,909
Long Term Assets	44,459	45,133
Long Term Liabilities (excluding Subordinated Notes)	(31,670)	(36,128)
Subordinated Notes	(128,834)	(128,834)
Shareholders' Deficiency	(26,543)	(38,920)

Assets

Total assets were $305.6 million as at March 31, 2016 compared to $347.4 million as at March 31, 2015. The decrease was primarily the result of decreased inventories partially offset by increased accounts receivable and increased deferred tax assets.

Inventories decreased to $124.1 million as at March 31, 2016 compared to $166.5 million as at March 31, 2015 as Taiga continued to benefit from a strategic focus on reducing inventory levels.

Property, plant and equipment decreased to $41.4 million as at March 31, 2016 compared to $43.1 million as at March 31, 2015 mainly due to amortization.

Liabilities

Total liabilities decreased to $332.2 million as at March 31, 2016 from $386.3 million as at March 31, 2015. The decrease was primarily the result of decreased revolving credit facility balance and decreased accounts payable and accrued liabilities caused by a strategic focus on reducing inventory levels.

Contractual Obligations

(in thousands of dollars)	**Debt**	**Operating lease**	**Finance lease obligation**
No later than one year	253	3,252	4,249
Later than one year, but not later than five years	1,245	11,515	14,089
Later than five years	-	9,398	22,544

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On June 17, 2016, there were 32,414,278 common shares outstanding.

Dividend Policy

In accordance with Taiga's dividend policy set on October 15, 2008, the Company generally intends to pay dividends each year on its common shares equal to 25% of the prior fiscal year's net earnings. These dividends would be payable in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) to the shareholders of record on June 30 and December 31 (or first business day thereafter). The payment of any dividends by the Company is subject to the discretion of its board of directors and subject to its determination of the Company's capital and operational requirements, adequacy of reserves and compliance with contractual and legal requirements.

The board of directors have decided not to declare and pay the first instalment of dividend in respect of the 2016 fiscal year's net earnings. The decision to pay the second instalment dividend in respect of the 2016 fiscal year's net earnings will be addressed by the board of directors prior to the next scheduled dividend payment date of January 15, 2017.

History of Retained Earnings (Deficit)

The following table shows Taiga's history of net earnings, dividends payouts, the impact of transition to IFRS, and the impact of the Stapled Unit conversion since fiscal year 2006:

(in thousands of dollars)	**FY2016 IFRS**	**FY2015 IFRS**	**FY2014 IFRS**	**FY2013 IFRS**	**FY2012 IFRS**	**FY2011 IFRS**	**FY2006 to FY2010 CGAAP**
Retained earnings (deficit), beginning	(57,520)	(68,600)	(73,676)	(83,180)	(86,904)	(90,590)	88,527
Net earnings	11,720	11,080	5,076	10,434	3,724	4,001	22,054
Common share dividends		-	-	(930)	-	(2,995)	(29,837)
Transition to IFRS		-	-	-	-	2,680	-
Issuance of Subordinated Notes			-	-	-	-	(171,334)
Deficit, ending	(45,800)	(57,520)	(68,600)	(73,676)	(83,180)	(86,904)	(90,590)

6. Commitments and Contingencies

a) Contractual Commitments

The Company has obligations under various operating leases for occupied premises and equipment. For further discussion, refer to Note 18 to the Audited Consolidated Financial Statements for the year ended March 31, 2016.

b) Executive Transition Agreement

The Company has a transition agreement with one executive, which includes a consulting contract with a term of three years. The annual compensation for this contract, including both the fixed and variable portions, ranges from a minimum of $111,000 to a maximum of $731,000. The Company is recording provisions associated with the contracts over the service terms. The accrued provision recorded as at March 31, 2016 was $642,789 (March 31, 2015 - $934,515). The fair value was determined by discounting the estimated future cash outflows arising after transition using a pre-tax discount rate of 4%.

c) Canada Revenue Agency Proposal Letter

Taiga has received a proposal letter from Canada Revenue Agency (CRA) indicating its intention to reassess for withholding taxes in relation to dividends paid or deemed to have been paid to the Company's two largest shareholders in connection with and subsequent to Taiga's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. The proposed reassessment for withholding taxes is up to approximately $23 million, excluding interest and penalties, which amount is in dispute and subject to variation based on submissions to the CRA which have not yet been made. The Company has not received a notice of reassessment from CRA and has not recorded a provision for any amounts related to the potential reassessment.

The Company has formal written agreements with its two major shareholders that fully indemnify it from such potential liability and as a consequence, any such potential liability is not expected to have any impact on the Company's financial condition, results of operations or cash flows. The Company disagrees with CRA's proposal and intends to challenge any potential reassessment and vigorously defend its tax filings. Pursuant to the terms of the indemnities, the shareholders may elect to assume any action or defence of Taiga in connection with the foregoing.

7. Risks and Uncertainties

The results of operations, business prospects and financial conditions of Taiga are subject to a number of risks and uncertainties, and are affected by a number of factors outside Taiga's control. Any of these risks and uncertainties could have a material adverse effect on the Company's operations, financial conditions and cash flow and, accordingly, should be carefully considered in evaluating Taiga's business. A comprehensive discussion of risk factors is included in Taiga's Annual Information Form dated June 17, 2016, available on SEDAR at www.sedar.com.

8. Critical Accounting Policies and Estimates

The significant accounting policies of Taiga are described in Note 3 to the Consolidated Financial Statements for the year ended March 31, 2016.

In preparing these consolidated financial statements, Taiga's management was required to make estimates and assumptions that affect the amounts recorded. Financial results as determined by actual events could differ from such estimates. The estimates and assumptions of the Company's management are based on historical experience and other factors management considers to be reasonable, including expectations of future events. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below.

Allowance for Doubtful Accounts

While significant bad debts have not been experienced in prior years the provision is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change in one or more of these factors could impact the estimated allowance and provision for bad debts. Taiga's allowance for doubtful accounts as at March 31, 2016 was $0.3 million (2015 – $0.2 million).

Valuation of Inventories

Inventories are valued at the lower of average cost and net realizable value. Taiga evaluates inventory balances at each balance sheet date and records a provision as necessary for slow moving or obsolete inventory. Additionally, Taiga records a provision if the cost of inventories exceeds net realizable value based on commodity prices. Inventory provision as at March 31, 2016 was $0.1 million (2015 – $0.1 million).

Valuation And Estimated Life of Long-Lived Assets

An impairment test is performed by comparing the carrying amount of the asset or its cash generating unit to the recoverable amount, which is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is calculated based upon a discounted cash flow analysis, which requires management to make a number of significant assumptions including assumptions relating to future operating plans, discount rates and future growth rates.

The estimated useful lives and recoverable amounts of long-lived assets are based on the judgement of management and the best currently available information. Changes in circumstances can result in the actual useful lives differing from management's estimates.

Customer Rebates

Customer rebates are commonly offered as industry practice and are generally based on achievement of specified volume sales levels. Taiga accrues for the payment of customer rebates as a reduction of revenue based on management's estimates.

Valuation of Warranty Provisions

A provision for future potential warranty costs is calculated using historical trends and future expectations of future claims. Adjustments to the warranty provision are included in cost of sales. Actual future warranty costs may differ from those estimates.

Executive Transition Agreement

The provision is based on management's estimates of factors such as discount rates, expected date of each transition and variable compensation tied to the Company's future performance.

Current and Deferred Taxes

The Company calculates current and deferred tax provisions for each of the jurisdictions in which it operates. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of financial statements. Therefore, results in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Taiga also evaluates the recoverability of deferred tax assets based on an assessment of the likelihood of using the underlying future tax deductions against future taxable income before they expire. Deferred tax liabilities arising from temporary differences on investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future sales volumes and housing starts, commodity prices, operating costs, capital expenditures, dividends and other capital transactions. Judgment is also required about the application of income tax legislation. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to income.

9. Changes in Accounting Standards

Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the International Accounting Standards Board ("IASB") on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB on May 28, 2014. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

10. Related Party Transactions

In accordance with IFRS requirements, related party transactions consist of remuneration of directors and other key management personnel with whom Taiga has entered into employment agreements. Further information is contained in our Management Information Circular dated June 18, 2015, which is available on SEDAR at www.sedar.com. The remuneration for key management, which includes the Company's directors and officers, were as follows:

(in thousands of dollars)	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Salaries and other benefits	3,696	2,968

11. Off-Balance Sheet Arrangements

Taiga does not have off-balance sheet arrangements except for commitments under operating leases as discussed under "Commitments and Contingencies" in this Management's Discussion and Analysis.

For a detailed description of financial instruments and their associated risks, see Note 20 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2016.

12. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Taiga's management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, Taiga's management, including the Chief Executive Officer and Chief Financial Officer, evaluated the Company's disclosure controls and procedures and internal controls over financial reporting. Based on the evaluation, Taiga's CEO and CFO concluded that these controls were effective for the fiscal year ended March 31, 2016.

The CEO and CFO of Taiga acknowledge responsibility for the design of internal controls over financial reporting and confirm that there were no changes in these controls that occurred during the fiscal year ended March 31, 2016 which materially affected, or are reasonably likely to materially affect , the Company's ICFR.

13. Outlook

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets. 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.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") Housing Market Outlook, Canadian Edition for the second quarter 2016, housing starts are forecasted to range from 181,300 to 192,300 units in the 2016 calendar year. CMHC is reporting that housing starts will range from 172,600 to 183,000 units in the 2017 calendar year.

In the United States, the National Association of Home Builders reported in May 2016 that housing starts are forecasted to total 1,172,000 units in the 2016 calendar year compared to 1,112,000 units in calendar year 2015.

We have audited the accompanying consolidated financial statements of Taiga Building Products Ltd., which comprise the consolidated balance sheets as at March 31, 2016 and 2015, and the consolidated statements of earnings and comprehensive income, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Taiga Building Products Ltd. as at March 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 17, 2016

Consolidated Balance Sheets

(in thousands of Canadian dollars)		March 31, 2016		March 31, 2015
Assets				
Current:				
Accounts receivable (Note 5)	$	135,746	$	134,397
Inventories (Note 6)		124,090		166,507
Prepaid expenses		1,317		1,346
		261,153		302,250
Property, plant and equipment (Note 7)		41,400		43,070
Long-term receivable (Note 5)		680		703
Deferred tax assets (Note 10)		2,379		1,360
	$	305,612	$	347,383
Liabilities and Shareholders' Deficiency				
Current:				
Revolving credit facility (Note 8)	$	81,346	$	127,375
Accounts payable and accrued liabilities (Note 9)		77,483		86,849
Income taxes payable		10,130		4,251
Current portion of long-term debt (Note 11)		253		247
Current portion of finance lease obligation (Note 12)		2,439		2,619
		171,651		221,341
Long-term debt (Note 11)		1,245		1,461
Finance lease obligation (Note 12)		25,024		26,739
Deferred gain		3,772		4,154
Deferred tax liabilities (Note 10)		-		1,778
Provisions (Note 13)		1,629		1,996
Subordinated notes (Note 14)		128,834		128,834
		332,155		386,303
Shareholders' Deficiency:				
Share capital (Note 15)		13,229		13,229
Accumulated other comprehensive income (Note 15)		6,028		5,371
		19,257		18,600
Deficit		(45,800)		(57,520)
		(26,543)		(38,920)
	$	305,612	$	347,383

Commitments and contingencies (Note 12 and 18)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Directors

Kooi Ong Tong
Chairman

Peter Buecking
Director

Consolidated Statements of Earnings and Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)	**For the years ended March, 31,** **2016**	**2015**
Sales	$ 1,364,322	$ 1,348,718
Cost of sales (Note 16)	1,247,307	1,233,720
Gross margin	117,015	114,998
Expenses:		
Distribution (Note 16)	21,380	21,116
Selling and administration (Note 16)	55,287	54,703
Finance (Note 17)	5,456	6,243
Subordinated debt interest (Note 14)	16,350	16,344
Other income	(466)	(719)
	98,007	97,687
Earnings before income tax	19,008	17,311
Income tax expense (Note 10)	7,288	6,231
Net earnings (loss) for the period	$ 11,720	$ 11,080
Other comprehensive loss for the period (Item that may be reclassified to net earnings)		
Exchange differences on translating foreign controlled entities	$ 657	$ 3,272
Total comprehensive income for the period	$ 12,377	$ 14,352
Basic and diluted net earnings per common share	$ 0.36	$ 0.34
Weighted average number of common shares outstanding	32,414	32,414

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Deficiency

FOR THE YEAR ENDED MARCH 31, 2015

(in thousands of Canadian dollars)		**Share Capital**		**Deficit**		**Accumulated Other Comprehensive Income**		**Total**
Balance at March 31, 2014	$	13,229	$	(68,600)	$	2,099	$	(53,272)
Net earnings		-		11,080		-		11,080
Other comprehensive income		-		-		3,272		3,272
Balance at March 31, 2015	$	13,229	$	(57,520)	$	5,371	$	(38,920)

FOR THE YEAR ENDED MARCH 31, 2016

(in thousands of Canadian dollars)		**Share Capital**		**Deficit**		**Accumulated Other Comprehensive Income**		**Total**
Balance at March 31, 2015	$	13,229	$	(57,520)	$	5,371	$	(38,920)
Net earnings		-		11,720		-		11,720
Other comprehensive income		-		-		657		657
Balance at March 31, 2016	$	13,229	$	(45,800)	$	6,028	$	(26,543)

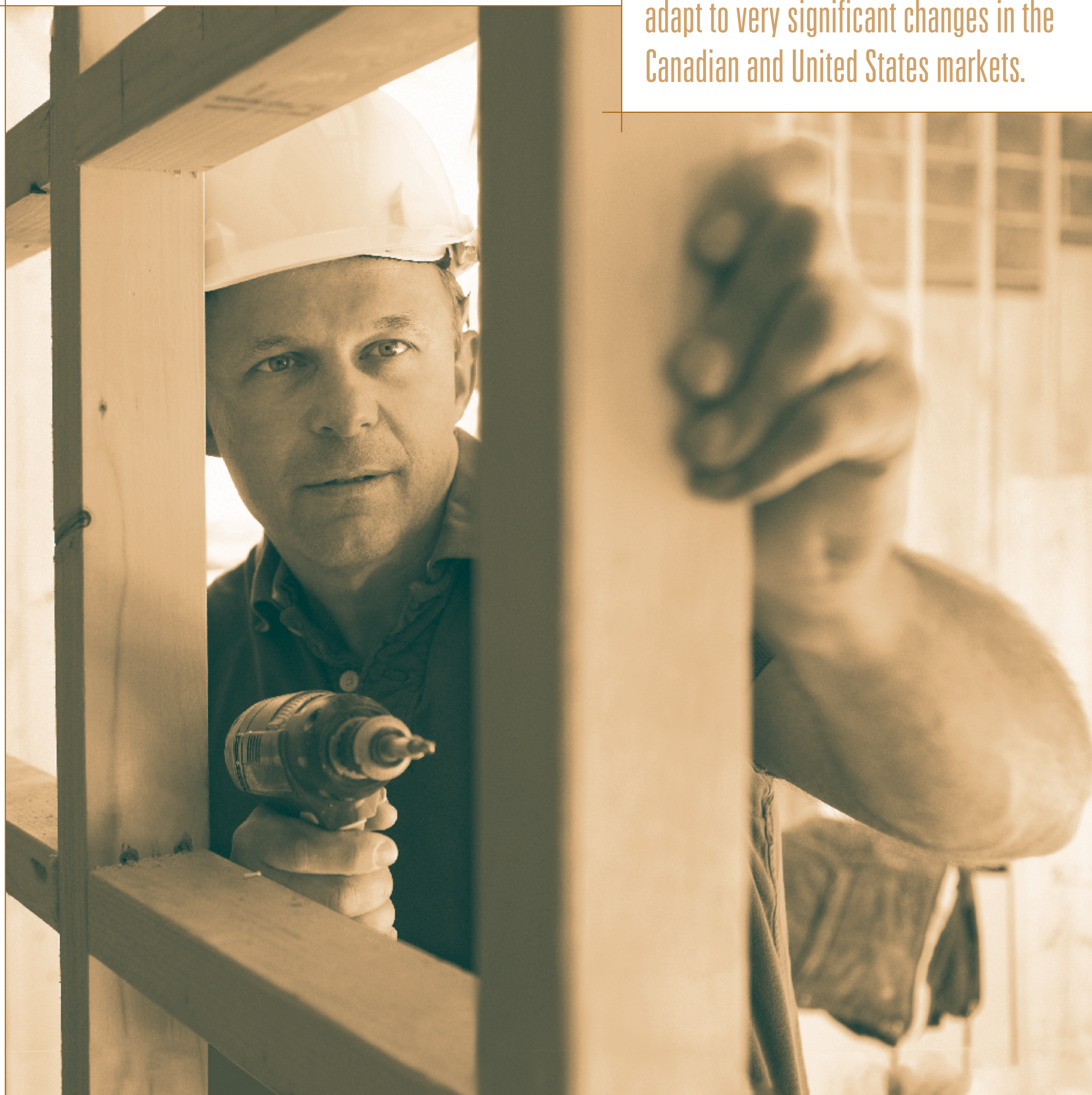
The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars, except per share amounts)	**For the years ended March, 31, 2016**	**2015**
Cash provided by (used in):		
Operating:		
Net earnings	$ 11,720	$ 11,080
Adjustments for non-cash items		
Amortization	4,221	4,159
Income tax expense	7,288	6,231
Mark-to-market adjustment on financial instruments	189	207
Change in provisions	(367)	(72)
Loss (gain) on asset disposal	39	(73)
Amortization of deferred gain	(382)	(383)
Finance and subordinated debt interest expense	21,806	22,587
Interest paid	(5,073)	(5,925)
Income tax paid	(4,371)	(6,085)
Changes in non-cash working capital (Note 21)	32,085	(9,092)
Cash flows from operating activities	67,155	22,634
Investing:		
Purchase of property, plant and equipment	(1,602)	(1,353)
Proceeds from disposition of property, plant and equipment	55	174
Cash flows used in investing activities	(1,547)	(1,179)
Financing:		
Repayment of long-term debt	(256)	(222)
Repayment of obligations under finance leases	(2,682)	(2,559)
Subordinated notes interest paid	(16,350)	(16,344)
Cash flows used in financing activities	(19,288)	(19,125)
Effect of changes in foreign currency on Revolving Credit Facility	(291)	(1,464)
Net decrease in Revolving Credit Facility	46,029	866
Revolving Credit Facility, beginning	(127,375)	(128,241)
Revolving Credit Facility, ending	$ (81,346)	$ 127,375)

The accompanying notes are an integral part of these consolidated financial statements.

Our Fiscal 2016 results demonstrate our company's resilience and ability to adapt to very significant changes in the Canadian and United States markets.



FOR THE YEARS ENDED MARCH 31, 2016 AND 2015 (IN CANADIAN DOLLARS)

1. Nature of Operations

Taiga Building Products Ltd. ("Taiga" or the "Company") is an independent wholesale distributor of building products in Canada and the United States. Taiga operates within two reportable geographic areas, Canada and the United States. The Company's shares and subordinated notes (the "Notes") are listed for trading on the Toronto Stock Exchange.

Taiga is a Canadian corporation and its registered and records office is located at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2.

2. Basis of Preparation

a) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue on June 16, 2016 by the board of directors of the Company.

b) Basis of Consolidation

These consolidated financial statements include the accounts of Taiga Building Products Ltd. and its subsidiaries. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. Inter-company transactions and balances have been eliminated.

c) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

d) Revolving Credit Facility

Revolving credit facility consists of cash on hand less cheques issued and the Company'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 cash flows from operating, investing and financing activities.

3. Significant Accounting Policies

a) Inventories

Inventories consist of allied building products, lumber products, panel products and production consumables. Inventories include other costs, such as transportation and processing that are directly incurred to bring the inventories to their present location and condition. The cost of treated wood includes the cost of lumber, direct labour and an allocation of fixed and variable overhead expenses. Inventories are stated at the lower of average cost and net realizable value, except for production consumables which are recorded at the lower of cost and replacement cost which approximates net realizable value.

b) Property, Plant and Equipment

The following assets are recorded at cost and amortization is provided using the following methods and annual rates:

Declining Balance Method	
Buildings	4% - 10%
Furniture and office equipment	8% - 30%
Warehouse equipment	10% - 30%
Straight-line Method	
Leasehold improvements	Over term of lease
Treating equipment	20 - 25 Years
Computer system and license	3 - 10 Years

The carrying values of the buildings and equipment are reviewed for indications of impairment on a regular basis by reference to their estimated recoverable amount. Assets that are not yet available for use are not being amortized.

c) Deferred Gain

Deferred gains on sale and leaseback transactions are amortized over the terms of the lease contracts.

d) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the Company are classified as finance leases. Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leased property, plant and equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

e) Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the relevant taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the jurisdictions where the Company operates and generates taxable income. Current income taxes relating to items recognized directly in other comprehensive income or equity are recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

f) Foreign Currency Translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional currency. The functional currency of controlled entities that have operations in the United States is the United States dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of earnings and comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of earnings and comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

The financial position and results of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at the reporting date; and
- income and expenses are translated at monthly average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in accumulated other comprehensive income in the statement of earnings and comprehensive income. These differences are recognized in profit or loss in the period in which the operation is disposed.

g) Revenue Recognition

Revenue is recognized, net of discounts and customer rebates, upon the transfer of significant risks and rewards of ownership, provided collectability is reasonably assured.

h) Earnings Per Share

Earnings per share is calculated using the weighted-average number of shares outstanding for the period. The weighted-average number of common shares is determined by relating the portion of time during the reporting period that the shares have been outstanding to the total time in the period.

Diluted earnings per share is calculated based on the weighted-average number of common shares outstanding during the period including, if applicable, the effects of potentially dilutive common share equivalents. Taiga's basic and diluted earnings per share are equal as Taiga has no potentially dilutive instruments.

i) Accounting by a Customer for Certain Consideration Received from a Vendor

Consideration received from a vendor, that represents a reduction in the purchase price, is recorded as a reduction in cost of sales.

j) Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for where these are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to be an indication of impairment.

k) Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset, or its cash generating unit, is estimated in order to determine the extent of impairment. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of earnings and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Reversal cannot increase the carrying value of an asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

l) Provisions

Provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

m) Accounting Standards issued not yet applied

Financial instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the International Accounting Standards Board ("IASB") on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB on May 28, 2014. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

Leases

IFRS 16, Leases was issued by the IASB on January 13, 2016. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

4. Critical Accounting Estimates, Assumptions and Judgements

a) Significant Estimates and Assumptions

In preparing these consolidated financial statements, the Company makes estimates and assumptions concerning the future that affect the amounts recorded. Actual results could differ from these estimates. Estimates and assumptions are based on historical experience, expectations of future events and other factors considered by management to be reasonable. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below.

Allowance for doubtful accounts

While significant bad debts have not been experienced in prior years the provision is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change in one or more of these factors could impact the estimated allowance for bad debts.

Valuation of inventories

Inventories are valued at the lower of average cost and net realizable value. Taiga evaluates inventory balances at each balance sheet date and records an allowance as necessary for slow moving or obsolete inventory. Additionally, Taiga records an allowance if the cost of inventories exceeds net realizable value based on commodity prices.

Valuation and estimated life of long-lived assets

If indicators of an impairment exist, an impairment test is performed by comparing the carrying amount of the asset or its cash generating unit to the recoverable amount, which is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is calculated based upon a discounted cash flow analysis, which requires management to make a number of significant assumptions including assumptions relating to future operating plans, discount rates and future growth rates.

The estimated useful lives and recoverable amounts of long-lived assets are based on judgement and the best currently available information. Changes in circumstances can result in the actual useful lives differing from the current estimates.

Customer rebates

Customer rebates are commonly offered as industry practice and are generally based on achievement of specified volume sales levels. Taiga accrues for the payment of customer rebates as a reduction of revenue based on management's estimates.

Valuation of warranty provisions

A provision for future potential warranty costs is calculated using historical trends and future expectations of future claims. Adjustments to the warranty provision are included in cost of sales. Actual future warranty costs may differ from those estimates.

Executive transition agreements

The provision is based on management's estimates of factors such as discount rates, expected date of transitions and variable compensation tied to the Company's future performance (Note 18c).

Current and deferred taxes

The Company calculates current and deferred tax provisions for each of the jurisdictions in which it operates. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities and ultimately until they are statute barred from reassessment. This occurs subsequent to the issuance of financial statements. Therefore, results in subsequent periods will be affected by the amount that estimates differ from the final tax filings, resolution of uncertain tax positions, open years or tax disputes that may arise.

The Company must make estimates and assumptions when assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Taiga also evaluates the recoverability of deferred tax assets based on an assessment of the likelihood of using the underlying future tax deductions against future taxable income before they expire. Deferred tax liabilities arising from temporary differences on investments in subsidiaries are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future sales volumes and housing starts, commodity prices, operating costs, capital expenditures, dividends and other capital transactions. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to income.

b) Significant Judgements in Applying Accounting Policies

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of leases as either operating or finance type leases;
- the determination of the functional currency of the parent company and its controlled entities; and
- the assessment of continually changing tax interpretations, regulations and legislation, to ensure that deferred income tax assets and liabilities are complete and fairly stated.

5. Accounts Receivable

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Current	134,032	131,550
Past due over 60 days	824	401
Trade accounts receivable	134,856	131,951
Other receivables	1,871	3,312
Allowance for doubtful accounts	(301)	(163)
Total	136,426	135,100
Less: Current portion	(135,746)	(134,397)
Non-Current portion	680	703

All of the Company's trade accounts receivables are pledged as security for the revolving credit facility.

6. Inventories

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Allied building products	31,547	43,978
Lumber products	70,019	98,480
Panel products	21,639	23,418
Production consumables	980	760
Inventory provision	(95)	(129)
Total	124,090	166,507

All of the Company's inventories are pledged as security for the revolving credit facility.

7. Property, Plant and Equipment

(in thousands of dollars)	Land	Buildings	Furniture and office equipment	Warehouse and treating equipment	Leasehold improvements	Computer system and license	Total
Cost							
Balance, March 31, 2014	3,160	43,952	3,088	14,101	6,581	6,024	76,906
Additions	-	63	145	973	468	445	2,094
Disposals	-	-	(43)	(329)	-	10	(362)
Exchange effect	460	1,182	51	(77)	45	-	1,661
Balance, March 31, 2015	3,620	45,197	3,241	14,668	7,094	6,479	80,299
Additions	-	-	161	1,111	683	467	2,422
Disposals	-	-	(261)	(442)	(110)	-	(813)
Exchange effect	92	237	10	13	8	10	370
Balance, March 31, 2016	3,712	45,434	3,151	15,350	7,675	6,956	82,278
Accumulated amortization and impairment							
Balance, March 31, 2014	-	(13,539)	(2,361)	(10,555)	(4,810)	(1,596)	(32,861)
Amortization	-	(2,097)	(201)	(900)	(252)	(709)	(4,159)
Disposals	-	-	34	440	-	-	474
Exchange effect	-	(545)	(40)	(52)	(35)	(11)	(683)
Balance, March 31, 2015	-	(16,181)	(2,568)	(11,067)	(5,097)	(2,316)	(37,229)
Amortization	-	(2,117)	(175)	(928)	(263)	(738)	(4,221)
Disposals	-	-	212	407	95	-	714
Exchange effect	-	(107)	(8)	(10)	(7)	(10)	(142)
Balance, March 31, 2016	-	(18,405)	(2,539)	(11,598)	(5,272)	(3,064)	(40,878)
Carrying amounts							
Balance, March 31, 2015	3,620	29,016	673	3,601	1,997	4,163	43,070
Balance, March 31, 2016	3,712	27,029	612	3,752	2,403	3,892	41,400

The computer system and license assets include costs associated with upgrade projects that relate to the computer system placed into service in February 2011. As of March 31, 2016, the development costs of the upgrade projects that are not ready for use were $1,022,349 (March 31, 2015 - $252,287). No amortization has been recognized on the components not ready for use.

The carrying value of property, plant and equipment held under finance lease at March 31, 2016 is $23,694,487 (March 31, 2015 - $25,361,148). Title of leased assets remains with the lessor.

8. Revolving Credit Facility

(in thousands of dollars)	March 31, 2016	March 31, 2015
Revolving credit facility	82,140	128,463
Financing costs, net of amortization	(794)	(1,088)
Total	81,346	127,375

On November 25, 2013, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from $200 million to $225 million, with an option to increase the limit by up to $50 million. 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 the Company and certain of its subsidiaries, and will mature on November 25, 2018. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at March 31, 2016.

9. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Trade payables and accrued liabilities	74,318	84,354
Payroll related liabilities	2,289	1,891
Provisions (Note 13)	497	414
Financial instrument liabilities (Note 20)	379	190
Total	77,483	86,849

10. Income Taxes

Income tax expense is comprised of:

(in thousands of dollars)	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Current:		
Current taxes for the year	9,345	4,041
Adjustments to tax provisions recorded in prior periods	257	153
Total current tax expense	9,602	4,194
Deferred:		
Origination and reversal of temporary differences	(2,330)	2,236
Adjustments to tax provisions recorded in prior periods	18	(183)
Effect of change in tax rates	13	(16)
Change in valuation allowance	(15)	-
Total deferred tax recovery	(2,314)	2,037
Income tax expense	7,288	6,231

A reconciliation of the income taxes calculated at the statutory rate to the actual income tax expense is as follows:

(in thousands of dollars)	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Statutory income tax rate	26.62%	26.21%
Expected income tax expense based on statutory rate	5,101	4,538
Tax effect of:		
Non-deductible interest and other permanent differences	1,448	1,553
Adjustments to tax provisions recorded in prior periods	275	(30)
Difference in foreign tax rates	466	167
Other	-	19
Effect of change in tax rate	13	(16)
Change in valuation allowance	(15)	-
Income tax provision	7,288	6,231

For the year ended March 31, 2016, income tax expense charged to other comprehensive income was $915,795 (March 31, 2015 - $812,235).

Deferred income taxes result principally from temporary differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. Significant components of the future tax assets and liabilities are as follows:

Deferred tax assets:

(In thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Property, plant and equipment	31	272
Other reserves	1,335	-
Deferred gain on sale and leaseback	860	
Non-capital losses	159	1,088
Deferred income from partnership	(59)	
Alternative Minimum Tax Credits	53	-
Total	2,379	1,360

Deferred tax liabilities:

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Property, plant and equipment	-	255
Deferred income from partnership	-	3,736
Deferred gain on sale and leaseback	-	(944)
Other	-	(1,269)
Total	-	1,778

The movement on the net deferred income tax assets and liabilities is as follows:

(in thousands of dollars)	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Beginning	(418)	1,975
Deferred tax expense recorded in profit or loss	2,314	(2,038)
Movement recognized in other comprehensive income	483	(355)
Ending	2,379	(418)

Accumulated United States non-capital losses of approximately $453,436 and other deductible temporary differences of $706,071 are available to be carried forward to apply against future years' income for tax purposes of certain United States subsidiaries. The non-capital losses expire on or after March 31, 2034 and the other deductible temporary differences may be carried forward indefinitely.

The Company, in the normal course of business, is subject to ongoing examination by tax authorities in each jurisdiction in which it has operations. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for current and deferred income taxes, as well as the provision for indirect, withholding and other taxes and related penalties and interest. This assessment relies on estimates and assumptions, which involves judgments about future events. It also relies on interpretations of tax law, including general anti-avoidance provisions (GAAR), and prior experience. New information may become available that causes the Company to change its judgment and estimates regarding the adequacy of provisions related to income and other taxes. Any changes will be recorded prospectively in the period that such determinations are made.

11. Long-Term Debt

In February 2012, the Company entered into a mortgage agreement for US$1,950,000 with JPMorgan Chase Bank to refinance the Company's long-term debt. In November 2013, the Company entered into an amendment to extend the maturity date to November 22, 2018, which is consistent with the maturity of the Facility. The long-term debt bears interest at variable base rates plus variable margins tied to the Company's existing Facility (Note 8). The monthly installment is US$16,250 and the remaining balance becomes due on the maturity date. The long-term debt is secured by the real property of one of the Company's US subsidiaries.

12. Finance Lease Obligations

Finance leases include buildings and operating equipment. Lease payments represent blended payments consisting of principal and interest based on interest rates ranging from 1.3% to 10.2%.

(in thousands of dollars)	March 31, 2016	March 31, 2015
Total minimum lease payments payable	40,882	44,656
Portion representing interest to be expensed over the remaining term of the leases	13,419	15,298
Principal Outstanding	27,463	29,358
Less: Current portion	2,439	2,619
Non-Current portion	25,024	26,739

The following is a schedule of future minimum lease payments over the lives of the finance leases:

(in thousands of dollars)	
No later than one year	4,249
Later than one year, but not later than five years	14,089
Later than five years	22,544

Interest expense related to finance lease obligations for the year ended March 31, 2016 amounted to $1,954,220 (2015 - $2,083,069).

The deferred gain relates to proceeds in excess of the net book value of certain buildings sold in the sale and leaseback transactions completed during the years ended March 31, 2014 and 2006. The deferred gain is amortized over the lease terms of the buildings, which are being accounted for as finance leases. Amortization is included in other income.

13. Provisions

Continuity of Provisions

The following table summarizes the movement in this provision for the year ended March 31, 2016:

(in thousands of dollars)	Lease provision	Other	Total
Balance, beginning	1,062	1,348	2,410
Used during the year	(128)	(291)	(419)
Unwinding of discount	52	-	52
New provisions and changes to existing provisions	-	83	83
Total	986	1,140	2,126
Included in accounts payable and accrued liabilities (Note 9)	-	(497)	(497)
Non-current provisions	986	643	1,629

Lease Provision

During September 2009, the Company consolidated its warehouse operations in the Greater Toronto Area by closing a warehouse in Brampton and migrating this operation into its warehouse in Milton. The Brampton warehouse was a leased property, and the land component was accounted for as an operating lease. The Company recorded a provision relating to this property, being the present value of the unavoidable net costs to the Company of exiting the lease. The final transaction to exit the lease was completed on May 31, 2012; however, there is a requirement to make ongoing payments to the lessor relating to this transaction which is reflected in the provision. The present value was determined using a pre-tax discount rate of 5.14%.

14. Subordinated Notes

Under the terms of a notes indenture dated September 1, 2005 (the "Indenture") the Company's Notes are unsecured, bear interest at 14% per annum and mature on September 1, 2020. Interest on the Notes is payable on the 15th day following the end of each month as an annual interest sum divided by twelve. The aggregate principal amount of the Notes that may be issued under the Indenture is unlimited. The terms, conditions, and covenants of the Indenture have been met during the year ended March 31, 2016.

A company that is a significant shareholder holds 35.71% (2014 – 35.71%) of the outstanding Notes at March 31, 2016. An executive of this company is also a member of Taiga's Board of Directors. A discretionary trust whose beneficiary is a Taiga director indirectly holds 17.20% (2015 - 17.20%) of the outstanding Notes of Taiga at March 31, 2016.

During the year ended March 31, 2016, the amount of interest incurred for these related parties was $4,754,286 (2015 - $4,747,845) and $3,101,568 (2015 - $3,101,568), respectively.

15. Shareholders' Deficiency

a) Authorized Share Capital

Unlimited common shares without par value, unlimited class A common shares without par value, and unlimited class A and class B preferred shares without par value.

b) Common Shares Issued

(in thousands of dollars, except number of shares)	**Number of Shares**	**Amount**
Balance, March 31, 2016 and March 31, 2015	32,414,278	13,229

c) Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of exchange differences arising on translation of entities that have a functional currency other than the Canadian dollar.

d) Stock Options and Warrants

Taiga does not have stock options or warrants outstanding and has not granted or cancelled options or warrants during the current or prior period.

e) Dividends

In accordance with Taiga's dividend policy set on October 15, 2008, the Company generally intends to pay dividends each year on its common shares equal to 25% of the prior fiscal year's net earnings. These dividends would be payable in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) to the shareholders of record on June 30 and December 31 (or first business day thereafter). The payment of any dividends by the Company is subject to the discretion of its board of directors and subject to its determination of the Company's capital and operational requirements, adequacy of reserves and compliance with contractual and legal requirements.

The board of directors have decided not to declare and pay the first instalment of dividend in respect of the 2016 fiscal year's net earnings. The decision to pay the second instalment dividend in respect of the 2016 fiscal year's net earnings will be addressed by the board of directors prior to the next scheduled dividend payment date of January 15, 2017.

16. Expenses by Nature

(in thousands of dollars)	Year ended March 31, 2016	Year ended March 31, 2015
Product and treating costs	1,200,892	1,188,173
Freight costs	38,191	37,519
Inventory write down	790	486
Warehouse costs	13,022	13,406
Salaries and benefits	55,433	52,308
Employee reimbursements and general office expenses	8,466	8,377
Foreign exchange expense	1,011	2,859
Other miscellaneous costs	1,948	2,252
Amortization	4,221	4,159
Total	1,323,974	1,309,539

17. Finance Expense

The finance expense is comprised of:

(in thousands of dollars)	Year ended March 31, 2016	Year ended March 31, 2015
Interest on revolving credit facility and other short term liabilities	3,141	3,825
Interest on finance leases and long-term debt	2,021	2,147
Amortization of financing costs	294	271
Total	5,456	6,243

18. Commitments and Contingencies

a) Contractual Commitments

The Company has obligations under various operating leases for occupied premises and equipment. The following table shows the separation of minimum lease payments by period resulting from sale and leaseback transactions completed in 2006 and 2014 and from other operating leases consisting of vehicle, warehouse equipment and the Company's head office.

(in thousands of dollars)	Sale and Leaseback Operating Leases	Other Operating Leases	Total Operating Leases
No later than one year	1,793	1,470	3,263
Later than one year, but not later than five years	7,173	4,374	11,547
Later than five years	9,026	374	9,400

The sale and leaseback operating leases completed in February 2014 expire in February 2034. Rental rates are subject to adjustments starting March 2016 and every five years thereafter based on consumer price index. For each property, Taiga has two options to renew for five years each.

The sale and leaseback operating leases completed in the fiscal year ended March 31, 2006 expire in February 2021 or February 2026 depending on the property. Rental rates are subject to adjustments every five years based on consumer price index. For each property, Taiga has three options to renew for five years each.

Total operating lease payments recognized as an expense during the year ended March 31, 2016 were $2,911,678 (2015 - $2,365,449).

b) Other Outstanding Legal Matters

The Company is involved in various non-material legal actions and claims arising in the course of its business. The financial impact individually or in aggregate resulting from these actions and claims is not expected to be significant. The individual and aggregate outcomes cannot be determined at this time.

c) Executive Transition Agreements

The Company has a transition agreement with one executive, which includes a consulting contract with a term of three years. The annual compensation for this contract, including both the fixed and variable portions, ranges from a minimum of $111,000 to a maximum of $731,000. The Company is recording provisions associated with the contracts over the service terms. The accrued provision recorded as at March 31, 2016 was $642,789 (March 31, 2015 - $934,515). The fair value was determined by discounting the estimated future cash outflows arising after transition using a pre-tax discount rate of 4%.

d) Canada Revenue Agency Proposal Letter

Taiga has received a proposal letter from Canada Revenue Agency (CRA) indicating its intention to reassess for withholding taxes in relation to dividends paid or deemed to have been paid to the Company's two largest shareholders in connection with and subsequent to Taiga's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. The proposed reassessment for withholding taxes is up to approximately $23 million, excluding interest and penalties, which amount is in dispute and subject to variation based on submissions to the CRA which have not yet been made. The Company has not received a notice of reassessment from CRA and has not recorded a provision for any amounts related to the potential reassessment.

The Company has formal written agreements with its two major shareholders that fully indemnify it from such potential liability and as a consequence, any such potential liability is not expected to have any impact on the Company's financial condition, results of operations or cash flows. The Company disagrees with CRA's proposal and intends to challenge any potential reassessment and vigorously defend its tax filings. Pursuant to the terms of the indemnities, the shareholders may elect to assume any action or defence of Taiga in connection with the foregoing.

19. Capital Disclosures

The Company's objectives for managing capital are to safeguard Taiga's ability to operate and grow its business, to provide a sufficient return to its shareholders, and to meet internal capital expenditure requirements and credit facility covenants. The revolving credit facilities and share capital are considered as the Company's capital.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets or consider other strategies to reduce debt.

The Company manages its capital by monitoring the balance between working capital and the revolving credit facility's borrowing base, which is a combination of accounts receivable and inventories less certain provisions. The Company is required to maintain a certain interest coverage ratio, based on a percentage of the borrowing base, restricted by a maximum loan limit. At March 31, 2016, the Company was in compliance with this requirement.

20. Financial Instruments

a) Accounting for financial instruments

The following table summarizes the carrying values of the Company's financial instruments:

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Held for trading	(379)	(190)
Loans and receivables	136,426	135,100
Other financial liabilities	(316,245)	(373,934)

The carrying amounts of accounts receivable and accounts payable approximate their fair values due to the short term to maturity of these instruments. The carrying amounts of the revolving credit facility and long-term debt approximate their fair values as these liabilities bear interest at variable market rates.

The carrying amount and fair values of finance lease obligations are as follows:

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Carrying amount	27,463	29,358
Fair value	27,317	28,835

The fair value of the finance lease obligations was determined using current borrowing rates for similar debt instruments.

The carrying amount and fair values of the subordinated notes are as follows:

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Carrying amount	128,834	128,834
Fair value	140,442	144,281

The fair value of the subordinated notes was determined based on closing price of the notes which are traded on the Toronto Stock Exchange.

The carrying amount of derivative financial instrument assets and liabilities are equal to their fair values as these instruments are re-measured to their fair values at each reporting date as follows:

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Lumber futures	(270)	(13)
Interest swap	(109)	(177)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – based on quoted prices in active markets for identical assets or liabilities;

Level 2 – based on inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – applies to assets and liabilities for inputs that are not based on observable market data, which are unobservable inputs.

Derivative financial instrument assets and liabilities are classified as level 2.

b) Nature and extent of risks arising from financial instruments

The Company's activities result in exposure to a variety of financial risks, including risks related to credit, market, interest, currency, liquidity, and commodity prices.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Taiga is exposed to credit risk on accounts receivable from customers. Taiga extends to its customers credit, which is generally unsecured. Taiga has credit management procedures in place to mitigate the risk of losses due to the insolvency or bankruptcy of customers. Taiga regularly reviews customer credit limits, monitors the financial status of customers and assesses the collectability of accounts receivable. However, risk exists that some customers may not be able to meet their obligations and the loss of a large receivable could have a significant negative impact on Taiga's profitability.

The Company is also exposed to credit risk from the potential default by any of its counterparties on the interest swap ((ii) below) and lumber futures contracts ((iv) below). The Company mitigates this credit risk by dealing with counterparties that are established major financial institutions. Taiga evaluates potential counterparties in advance of entering into such agreements and deals only with parties it anticipates will satisfy their obligations under the contracts.

(ii) Market risk

Market risk refers to the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Taiga utilizes significant leverage to finance day-to-day operations. The interest cost of Taiga's revolving credit facility is predominately based on the prime rate. For the year ended March 31, 2016, if interest rates had been 100 basis points higher, based on the Company's average borrowing level related to its Facility, interest expense would have increased by approximately $748,000.

Taiga monitors current interest rates and selectively utilizes interest rate swap agreements. Taiga had one interest rate swap agreement outstanding as at March 31, 2016:

				Fair values		
Counterparty	**Maturity**	**Notional Amount**	**Fixed Rate**	**March 31, 2016**	**March 31, 2015**	**Change**
JP Morgan	Sept 2017	$10,000,000	1.78%	$(108,639)	$(177,629)	$68,990

The increase in market value of $68,990 (2015 – decrease of $177,629) for the year ended March 31, 2016 has been recorded in selling and administration expenses.

Foreign exchange risk refers to the risk that the fair value or future cash flow of a financial instrument denominated in a currency other than the functional currency in which they are measured will fluctuate because of changes in foreign exchange rates. Taiga does not hedge its foreign exchange risk. Financial instruments denominated in US dollars subject to foreign exchange risk are as follows:

(in thousands of dollars)	**March 31, 2016**	**March 31, 2015**
Accounts Receivable	6,457	7,579
Accounts Payable	(13,587)	(21,323)
Revolving Credit Facility	(1,013)	(2,008)
Total	(8,143)	(15,752)

As at March 31, 2016, with other variables unchanged, a one percentage point decline in the year end value of the Canadian dollar would have increased the foreign exchange loss by $61,000 (2015 - $158,000).

(iii) Liquidity Risk

Liquidity risk arises through the excess of financial obligations over financial assets due at any point in time. Taiga's ability to make scheduled payments or refinance its obligations depends on Taiga's successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors.

Taiga's ability to maintain compliance with certain of its debt covenants under the Facility depends on meeting the required interest coverage ratio, which is subject to the Company's future financial and operating performance. The Company's ability to repay or refinance its indebtedness will also depend on its future financial and operating performance. The Company's performance, in turn, will be subject to prevailing economic and competitive conditions, as well as financial, business, legislative, regulatory, industry and other factors, many of which are beyond Taiga's control. The Company's ability to meet its future debt service and other obligations may depend in significant part on the extent to which the Company can implement successfully its business growth and cost reduction strategies. The Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realized.

(iv) Commodity Price risk:

Taiga does not generally hedge its commodity price risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and anticipated customer demand. Although Taiga strives to reduce the risk associated with price changes by maximizing inventory turnover, Taiga maintains significant quantities of inventory, which is affected by fluctuating prices.

Taiga selectively utilizes Chicago Mercantile Exchange Random Length lumber futures contracts. Each contract calls for mill delivery of 110,000 board feet (plus or minus 5000 board feet) of random length 8-foot to 20-foot nominal 2-inch x 4-inch pieces. The contracts can be settled in cash or by delivery of a commodity. These positions are immaterial relative to the Company's consolidated inventories.

21. Changes in Non-Cash Working Capital

(in thousands of dollars)	**Year ended March 31, 2016**	**Year ended March 31, 2015**
(Increase) Decrease in Accounts receivable	(1,349)	(15,480)
Decrease (Increase) in Inventories	42,417	(17,664)
Decrease (Increase) in Prepaid expenses and other	35	(261)
Effect of foreign exchange on working capital	755	3,992
(Decrease) Increase in Accounts payable and accrued liabilities	(9,773)	20,321
Total	32,085	(9,092)

22. Seasonality

The Company operates in a seasonal industry that generally experiences higher sales in the first and second quarters and reduced sales in the late fall and winter during its third and fourth quarters of each fiscal year.

23. Segmented Information

Taiga operates within one business segment and has two reportable geographic areas as follows:

2016

(in thousands of dollars)	**Canada**	**United States**	**Total**
Revenue	1,229,039	135,283	1,364,322
Property, plant and equipment	32,776	8,624	41,400

2015

(in thousands of dollars)	**Canada**	**United States**	**Total**
Revenue	1,239,464	109,254	1,348,718
Property, plant and equipment	34,349	8,721	43,070

During the year, Taiga's Canadian operations had export sales of $262.7 million (2015 - $246.4 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above. For the year ended March 31, 2016, sales to a major customer represented 7.9% of sales (2015– 9.9%).

24. Management Compensation

Compensation of key management is recorded on the accrual basis of accounting consistent with the amounts recognized in the consolidated statements of earnings and comprehensive income. Compensation expenses for key management, which includes the Company's Board of Directors and Officers, were as follows:

(in thousands of dollars)	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Salaries and other benefits	3,696	2,968

Board of Directors

Kooi Ong Tong
Chairman

Ian Tong
Director

Peter Buecking
Director

Otto-Hans Nowak
Director

Cam White
Director

Douglas Morris
Director

Tan Thiam Chai
Director

Brian Flagel
Director

Officers

Trent Balog
CEO & President

Russell Permann
COO & Executive VP Operations

Grant Sali
CPO & Executive VP
Supply Management

Mark Schneidereit-Hsu
CFO & VP Finance
& Administration

Transfer Agent

Computershare
Trust Company of Canada
Vancouver, BC

Auditors

Dale Matheson Carr-Hilton
Labonte LLP
Vancouver, BC

Solicitors

Sangra Moller LLP
Vancouver, BC

Downey Brand LLP
Sacramento, CA

Stock Exchange

TSX

Trading Symbols

TBL
TBL.NT

Annual General Meeting

11:30am, July 28, 2016

Hilton Burnaby
6083 McKay Ave
Burnaby, BC

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