CanWel Building Materials Group Ltd.

Consolidated Financial Statements

December 31, 2019 and 2018
(in thousands of Canadian dollars)

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CanWel Building Materials Group Ltd.

Opinion

We have audited the consolidated financial statements of CanWel Building Materials Group Ltd. (the "Company"), which comprise:

– the consolidated statements of financial position as at December 31, 2019 and December 31, 2018;

– the consolidated statements of earnings and comprehensive earnings for the years then ended;

– the consolidated statements of changes in equity for the years then ended;

– the consolidated statements of cash flows for the years then ended; and,

– notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Other Information

Management is responsible for the other information. Other information comprises:

– the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
– the information, other than the financial statements and the auditors' report, included in the Annual Report filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance for the financial statements are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

– Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance for the financial statements regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance for the financial statements with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company (which is the group entity) to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Andrew James.

Vancouver, Canada
March 11, 2020

CANWEL BUILDING MATERIALS GROUP LTD.

Consolidated Statements of Financial Position as at December 31

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

(in thousands of Canadian dollars)	Notes	2019 $	2018 $
Assets			
Current assets			
Trade and other receivables	7	**98,420**	99,572
Income taxes receivable	22	**8,934**	4,796
Inventories	8	**284,655**	284,388
Prepaid expenses and deposits		**10,752**	7,999
		402,761	396,755
Non-current assets			
Property, plant and equipment	9	**90,472**	108,242
Right-of-use assets	10	**121,498**	-
Timber	11	**48,800**	62,659
Deferred income tax assets	22	**2,861**	2,641
Intangible assets	12	**46,709**	49,354
Goodwill	13	**178,421**	181,157
Other assets		**2,901**	2,473
		491,662	406,526
Total assets		**894,423**	803,281
Liabilities			
Current liabilities			
Cheques issued in excess of cash on hand		**8,000**	9,213
Trade and other payables		**82,553**	80,808
Performance bond obligations	14	**12,778**	13,507
Dividends payable	19	**10,887**	10,884
Income taxes payable	22	**1,651**	169
Current portion of non-current liabilities	10,15,16	**28,075**	11,063
		143,944	125,644
Non-current liabilities			
Loans and borrowings	15	**296,076**	283,471
Lease liabilities	10	**105,311**	4,140
Reforestation and environmental	16	**1,239**	1,724
Deferred income tax liabilities	22	**16,802**	19,307
Retirement benefit obligations	18	**3,705**	3,290
Other liabilities	17	**572**	2,578
		423,705	314,510
Total liabilities		**567,649**	440,154
Equity			
Common shares	19	**498,891**	499,154
Contributed surplus		**11,066**	10,769
Foreign currency translation		**5,940**	15,654
Deficit		**(189,123)**	(162,450)
		326,774	363,127
Total liabilities and equity		**894,423**	803,281
Commitments and contingencies	10,25		

Approved by the Board of Directors

(signed) "Amar S. Doman" Director

(signed) "Sam Fleiser" Director

Consolidated Statements of Earnings and Comprehensive Earnings for the years ended December 31

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

(in thousands of Canadian dollars, except per share amounts)	Notes	2019 $	2018 $
Revenue	29,30	**1,334,201**	1,291,295
Cost of sales	20	**1,142,255**	1,098,365
Gross margin from operations		**191,946**	192,930
Expenses			
Distribution, selling and administration	21	**105,792**	120,937
Depreciation of property, plant and equipment	9	**13,350**	11,709
Amortization of right-of-use assets	10	**21,616**	-
Amortization of intangible assets	12	**6,845**	6,713
		147,603	139,359
Operating earnings		**44,343**	53,571
Finance costs	23	**21,868**	11,672
Acquisition costs		**415**	753
Earnings before income taxes		**22,060**	41,146
Provision for income taxes	22	**4,841**	11,131
Net earnings		**17,219**	30,015
Other comprehensive income (loss)			
Exchange differences on translation of foreign operations[1]		**(9,714)**	15,703
Actuarial (loss) gain from pension and other benefit plans[2]	18,22	**(365)**	182
Comprehensive earnings		**7,140**	45,900
Net earnings per share			
Basic and diluted		**0.22**	0.39
Weighted average number of shares			
Basic and diluted		**77,714,660**	77,713,148

1. Item may be reclassified to earnings in subsequent periods.
2. Item will not be reclassified to earnings.

Consolidated Statements of Changes in Equity for the years ended December 31

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

(in thousands of Canadian dollars except share amounts)	Common shares		Contributed surplus	Foreign currency translation	Deficit	Total
	#	$	$	$	$	$
As at December 31, 2017	77,659,655	498,639	10,769	(49)	(149,124)	360,235
Shares issued pursuant to:						
Restricted Equity Common Share Plan	3,726	25	(25)	-	-	-
Employee Common Share Purchase Plan	81,217	490	-	-	-	490
Share-based compensation charged to operations		-	25	-	-	25
Dividends		-	-	-	(43,523)	(43,523)
Comprehensive earnings for the year		-	-	15,703	30,197	45,900
As at December 31, 2018	**77,744,598**	**499,154**	**10,769**	**15,654**	**(162,450)**	**363,127**
Shares issued pursuant to:						
Restricted Equity Common Share Plan	5,852	29	(29)	-	-	-
Employee Common Share Purchase Plan	157,079	630	-	-	-	630
Repurchase of common shares	(142,200)	(913)	297	-	-	(616)
Transaction costs on repurchase of shares		(9)	-	-	-	(9)
Share-based compensation charged to operations		-	29	-	-	29
Dividends		-	-	-	(43,527)	(43,527)
Comprehensive earnings for the year		-	-	(9,714)	16,854	7,140
As at December 31, 2019	**77,765,329**	**498,891**	**11,066**	**5,940**	**(189,123)**	**326,774**

Consolidated Statements of Cash Flows for the years ended December 31

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

(in thousands of Canadian dollars)	Notes	2019 $	2018 $
Operating activities			
Net earnings		**17,219**	30,015
Items not affecting cash			
Provision for income taxes	22	**4,841**	11,131
Depreciation and amortization of:			
Property, plant and equipment	9	**13,350**	11,709
Right-of-use assets	10	**21,616**	-
Intangible assets	12	**6,845**	6,713
Fair value adjustments	11	**231**	(2,393)
Timber harvested	11	**3,557**	4,851
Other		**(2,158)**	(1,142)
Income taxes paid		**(9,562)**	(10,579)
Interest paid on loans and borrowings and other	23	**(16,217)**	(9,119)
Payment of reforestation and environmental	16	**(891)**	(1,421)
Finance costs	23	**21,868**	11,672
Cash flows from operating activities before changes in non-cash working capital		**60,699**	51,437
Changes in non-cash working capital	28	**7,203**	(55,467)
Net cash flows provided by (used in) operating activities		**67,902**	(4,030)
Financing activities			
Shares issued	19	**630**	490
Transaction costs on issue of shares	19	**(9)**	-
Repurchase of common shares		**(616)**	-
Dividends paid	19	**(43,524)**	(43,511)
Net advances of loans and borrowings	15	**13,076**	13,637
Payment of lease liabilities, including interest	10	**(23,101)**	(1,689)
Payment of earn-out	17	**(2,065)**	-
Financing costs on borrowings		**(851)**	(159)
Issuance of unsecured notes	15	**-**	60,000
Bond issuance costs		**-**	(3,398)
Net cash flows (used in) provided by financing activities		**(56,460)**	25,370
Investing activities			
Business acquisitions	6	**(15,335)**	(18,224)
Cash and cash equivalents in business acquisitions	6	**1,129**	-
Purchase of property, plant and equipment	9	**(7,316)**	(10,212)
Proceeds from disposition of property, plant and equipment	11	**11,261**	502
Other		**(167)**	-
Net cash flows used in investing activities		**(10,428)**	(27,934)
Net decrease (increase) in cheques issued in excess of cash		**1,014**	(6,594)
Foreign exchange difference		**199**	392
Cheques issued in excess of cash - Beginning of year		**(9,213)**	(3,011)
Cheques issued in excess of cash - End of year		**(8,000)**	(9,213)

1. NATURE OF OPERATIONS

CanWel Building Materials Group Ltd. (the "Company") was incorporated in 2009 under the Business Corporations Act (British Columbia). On May 11, 2010, the Company was continued under the laws of Canada pursuant to section 187 of the Canada Business Corporations Act with its current name. The Company has limited liability, with its shares publicly listed on the Toronto Stock Exchange ("TSX"). The Company's head office is located at Suite 1600 – 1100 Melville Street, Vancouver, BC. The Company's Canadian operations commenced in 1989.

The Company operates through its wholly owned subsidiaries as a distributor of building materials and home renovation products and as a provider of wood pressure treating services in Canada nationally and regionally in the Western United States mainland and Hawaii. Additionally, the Company has operations in timber ownership and management of private timberlands and Crown forest licenses, full service logging and trucking, and post peeling and pressure treating in British Columbia and Saskatchewan for the North American agricultural market.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issuance on March 11, 2020 by the Board of Directors of the Company.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

c) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following items in the Consolidated Statements of Financial Position:

(i) Standing timber on privately held forest land is characterized as a biological asset and is measured at fair value less costs to sell;

(ii) Derivative financial instruments are measured at fair value;

(iii) Employee benefit plan assets and liabilities are recognized as the net of the fair value of the plan assets and the present value of the defined benefit obligations on a plan by plan basis; and

(iv) Reforestation obligations are measured at the discounted value of expected future cash flows.

d) Principles of consolidation

The consolidated financial statements of the Company include the financial statements of the Company 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. All intercompany transactions and balances have been eliminated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method, whereby assets obtained, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired business are measured at fair value at the date of acquisition. The acquired business's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under IFRS 3, *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets which are classified as held-for-sale in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, and are recognized and measured at fair value, less costs to sell.

To the extent the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets, goodwill is recognized. To the extent the fair value of consideration paid is less than the fair value of net identifiable tangible and intangible assets, the difference is recognized in income immediately as a gain on bargain purchase. Goodwill is subsequently measured at cost less accumulated impairment losses.

Acquisition costs associated with business combination activities are expensed in the period incurred.

b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. Foreign exchange gains and losses that relate to the Company's revolving loan facility and bank overdraft are recognized in earnings within finance costs. All other foreign exchange gains and losses that relate to product purchases are accordingly presented within cost of sales.

For each foreign operation, the Company determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Company's foreign operations are primarily in the Western United States mainland and Hawaii, and have the US dollar as the functional currency. The Company uses direct method of consolidation and on disposal of a foreign operation.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars using the rate of exchange in effect at the reporting date, and their statements of earnings and comprehensive earnings are translated using exchange rates in effect at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in net earnings.

c) Property, plant and equipment

Property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	3%
Leasehold improvements	based on lease term
Machinery and equipment	10% to 33%
Automotive equipment	30%
Computer equipment and systems development	20% to 33%

Depreciation begins when an asset is placed in use. Land is not depreciated.

An item of PPE is derecognized upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in earnings.

The Company conducts an annual assessment of the residual balances, useful lives, depreciation methods being used for PPE and impairment losses (as applicable), and any changes arising from the assessment are applied by the Company prospectively.

d) Timber

Standing timber on privately held forest land that is managed for timber production is characterized as a biological asset. At each reporting date, the biological asset is valued at its fair value less costs to sell with any change therein, including the impact of growth and harvest, recognized in cost of sales for the period. Costs to sell include all costs that would be necessary to sell the assets. The valuation model is performed with reference to independent third party valuators and recent comparatives of standing timber sales, costs of sustainable forest management, log pricing and harvest volume assumptions, and the resulting net present value of future cash flows for standing timber. Harvested timber is transferred to inventory at its fair value less costs to sell at the date the timber is harvested.

Land under the standing timber is measured at cost and included in property, plant and equipment.

e) Reforestation

The Company has opted into the *Private Managed Forest Land Act* (British Columbia) in relation to operations on its private timberlands which requires reforestation to occur within five years of harvest. Accordingly, the Company records a provision for the costs of reforestation in the period in which the timber is harvested. In periods subsequent to the initial measurement, changes in the provision resulting from the passage of time and revisions to management's estimates are recognized in net earnings as they occur. Reforestation provisions are discounted using a risk-adjusted rate that reflects current market assessments of the time value of money and the risks specific to the liability.

f) Leases

IFRS 16, *Leases* ("IFRS 16")

As a result of the adoption of IFRS 16, the Company has amended its accounting policy for Leases, from that disclosed in the Company's audited 2018 Annual Consolidated Financial Statements.

(i) Lessees

This policy is applied to contracts entered into, or modified, on or after January 1, 2019 and is as follows for instances where the Company is a lessee.

At inception of a contract, an assessment is made as to whether a contract is, or contains a lease. A contract is, or contains a lease if the contract offers the right to control the use of a specific asset, for a period of time, in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the following criteria are considered:

- The contract involves the use of an identified asset that is physically distinct or represents substantially all of the capacity of a physically distinct asset. No asset is identified if the supplier of the asset has substantive substitution rights;
- Whether the Company has the right to obtain substantially all of the economic benefits from the asset throughout the agreement term; and
- Whether the Company has the right to direct the use of the asset and change how and for what purpose the asset is used.

A right-of-use asset and a corresponding lease liability are recognized at the date a leased asset is available for use by the Company. Assets and liabilities arising from the lease determination are initially measured on a present value basis of the following payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the lessee under any residual value guarantees;
- The exercise of a purchase option if the lessee is reasonably certain to exercise that option;
- Restoration costs; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate is used to calculate present value. The Company's borrowing rate is the rate that the Company (the lessee) would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the starting point in determining the discount rate, and makes adjustments based on the lease term, if required.

The lease term determined by the Company is comprised of the non-cancellable period of the lease contract, as well as options to terminate or extend the lease term if the exercise of either option is reasonably certain.

Right-of-use assets are subsequently measured at cost less depreciation on a straight-line basis and reduced to reflect impairment losses (if any) and adjusted for any remeasurement of the lease liability. After the lease commencement date, lease liabilities are measured at amortized cost using the effective interest method, which increases the liability amount to reflect interest on the lease liability, reduces the liability carrying amount to reflect lease payments made and also reflects any remeasurement or lease modifications. If a remeasurement to the lease liability is deemed necessary, a corresponding adjustment is also made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss over the respective lease terms. Short-term leases are leases with a lease term of 12 months or less. Low value assets are comprised of items such as computers, cellular phones and miscellaneous office support related items.

Some distribution and treatment plant facilities leases contain extension options exercisable by the Company. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(ii) Lessors

The accounting policy applicable to the Company where it is a lessor did not change upon the adoption of IFRS 16. The policy is as follows for instances where the Company is a lessor.

At lease inception, the Company determines whether each lease is a finance lease or an operating lease. To classify each lease, an assessment is made as to whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, including an assessment of whether the lease term covers the majority of the asset's useful life. If it is determined that substantially all of the risks and rewards of ownership have been transferred, the lease is accounted for as a finance lease; otherwise it is accounted for as an operating lease.

Operating leases primarily occur in the Company's Forestry segment, recognizing the receipt of these payments on a straight-line basis over the agreement terms and included in revenue. These operating leases do not represent a significant source of revenue for the Company.

The impact on transition is discussed in Note 5.

Under IAS 17, *Leases* ("IAS 17")

In the comparative period, finance leases that transfer substantially all of the risks and benefits of ownership to the Company are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in earnings within finance costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense on a straight-line basis over the lease term.

Leasehold inducements arising from rent-free inducements and tenant improvement allowances received from a landlord are being amortized over the term of the lease on a straight-line basis.

Impact on transition

On January 1, 2019, the transition date to IFRS 16, the Company recognized $118,979 of new right-of-use assets and lease liabilities in the Statement of Financial Position, using its incremental borrowing rate. The weighted average rate applied was 4%.

g) Intangible assets

All intangible assets acquired by the Company through business acquisitions are recorded at fair value on the date of acquisition. Intangible assets that have indefinite lives are measured at cost less accumulated impairment losses. Intangible assets that have finite useful lives are subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets comprise of brand recognition and customer relationships, which are amortized on a straight-line basis over 10 years. Amortization rates are reviewed annually to ensure they are aligned with estimates of remaining economic useful lives of the associated intangible assets.

h) Pension and other post-employment benefits

For defined benefit pension plans and other post-retirement benefits, the net periodic pension expense is actuarially determined on an annual basis by independent actuaries using the projected unit credit method. The determination of benefit expense requires assumptions such as the discount rate to measure obligations, the projected age of employees upon retirement, the expected rate of future compensation and the expected health care cost trend rate. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actual results will differ from results that are estimated based on assumptions. All past service costs arising from plan amendments are recognized immediately in earnings when the plan amendment occurs or when related restructuring costs are recognized, if earlier.

The asset or liability recognized in the statement of financial position is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for asset ceiling impairment or additional liabilities due to onerous minimum funding requirement under International Financial Reporting Interpretations Committee (“IFRIC”) 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, International Accounting Standard (“IAS”) 19, *The Limit on a Defined Benefit Asset*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the value of the defined benefit obligation. The remeasurement of fair value of plan assets compared to expected values, together with remeasurement on plan obligations from assumption changes or experience adjustments are recognized immediately in OCI. For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is primarily based on the extent to which the Company can unilaterally reduce future contributions to the plan.

Payments to defined contribution plans are expensed as incurred.

i) Share-based payments

Certain employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the shares ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date and reflects the Company's best estimate, at such time, of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for the period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in net earnings as share-based compensation and the corresponding amount is recognized in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

j) Finance costs

The Company's borrowings are recorded net of financing costs, which are deferred at inception and subsequently amortized over the term of the debt. Interest expense is calculated using the effective interest rate method.

k) Inventories

Inventories are stated at the lower of cost and net realizable value ("NRV"). Cost is determined using the weighted average cost method, net of vendor rebates, and includes materials, freight and, where applicable, treatment and processing costs, chemicals, direct labour and overhead. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

The cost of logs transferred from standing timber to inventory is its fair value less costs to sell at the date of harvest.

l) Vendor rebates

The Company records cash consideration received from vendors as a reduction in the price of vendors' products and reflects it as a reduction to inventory and related cost of sales.

m) Performance bonds

Certain subsidiaries of the Company issue bonds to guarantee performance and payment by certain contractors to whom the Company may supply materials. The bonds require cash to be periodically remitted to the Company from project owners or their lenders, upon satisfaction that the bonded contractor has met certain conditions of the related construction contract. The funds are disbursed to the project's contractor subject to the Company's satisfaction as to the progression and completion of the contracted work. Proceeds received by the Company in excess of funds disbursed are recorded in liabilities until such time as the related project is completed.

n) Income tax

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in net earnings for the year. Deferred tax relating to items recognized outside of net earnings is recognized in correlation to the underlying transaction, either in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences from the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

At each reporting period, temporary differences are evaluated. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. The recognized deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

o) Earnings per share

Basic earnings per share are computed by dividing the net earnings for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and restricted equity common shares, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options that are used to purchase common shares at the average market price during the year.

p) Financial instruments

(i) Non-derivative financial instruments

The Company's non-derivative financial instruments are comprised of trade and other receivables, bank overdraft, trade and other payables, performance bonds, dividends payable, senior unsecured notes, revolving loan facility, non-revolving term loan, promissory notes, finance lease liabilities, equipment term loan and earn-out commitment.

Financial instruments are initially recognized at fair value plus, for instruments not measured at fair value on an ongoing basis, any directly attributable transaction costs. Subsequent to the initial recognition, financial instruments are measured at fair value or amortized cost.

The Company has classified or designated its financial instruments as follows:

- Trade and other receivables are subsequently measured at amortized cost.
- Bank overdraft, trade and other payables, performance bonds, dividends payable, senior unsecured notes, revolving loan facility, non-revolving term loan, promissory notes, finance lease liabilities, equipment term loan and earn-out commitment are subsequently measured at amortized cost.

(ii) Derivative financial instruments

The Company at times uses derivative financial instruments for economic hedging purposes in managing lumber price risk and foreign exchange risk through the use of futures contracts and options. These derivative financial instruments are designated as held for trading with changes in fair value being recorded in other income (loss) in net earnings.

q) Fair value measurement

The Company measures derivative financial instruments at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 27.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

r) Equity

Share capital represents the amount received for shares issued. When shares are issued on a business acquisition, the amount recognized is the fair value at the acquisition date.

Contributed surplus includes the compensation cost relating to the Company's share-based payment transactions. It also includes the difference between the cost of repurchased shares and the average book value.

Dividends on common shares attributable to shareholders are presented in current liabilities when approved prior to the reporting date.

s) Revenue recognition

The Company recognizes revenue from the sale of building products from its network of distribution centers across Canada nationally and regionally in the Western United States mainland and Hawaii, as well as, from the sale of timber products harvested in British Columbia and Saskatchewan as products in the sales category. The Company owns wood treatment and processing facilities that produce specialty products for sale through its distribution network that also generate revenue through the provision of these services to external customers. Provisions of services from the Company's facilities to external customers are presented as services in the sales category.

Revenue from the sale of products and services is recognized, net of discounts and customer rebates, at the point in time the transfer of control of the related products has taken place (based on shipping or delivery terms as specified in the sales contract), and collectability is reasonably assured.

t) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

A provision for an onerous contract is recognized when the economic benefits to be received under the contract are less than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating or performing the contract. Before establishing a provision, the Company recognizes any impairment loss that has occurred on the assets dedicated to that contract.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as finance costs.

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the best estimates at that date.

u) Impairment

(i) Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company recognizes in earnings, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

(ii) Non-financial assets

The carrying amounts of the Company's property, plant and equipment and intangible assets that have a finite life are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is reviewed for impairment annually or more frequently if certain impairment indicators arise. The Company's annual impairment testing date for goodwill is December 31.

If any such indication exists or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (the lowest level of identifiable cash inflows) is the greater of its value in use and its fair value less costs to sell. 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 the risks specific to the asset group or cash-generating unit. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings for the year.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

v) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operations, has been identified as the Chief Executive Officer.

The Company is managed as two reportable business segments which offer different products, require different production processes, and are based on how financial information is produced internally for the purposes of making operating decisions. The following summary describes the operations of each of the Company's reportable segments:

a) *Building Materials Distribution* – wholesale distribution of building materials and home renovation products, including value-added services such as lumber pressure treating; and

b) *Forestry* – timber ownership and management of private timberlands and Crown forest licenses, logging and trucking operations, and value-added services such as post-peeling and post and pole pressure treating operations.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant areas requiring estimates are goodwill and related impairment testing, valuation of timber, determination of reforestation provision, certain actuarial and economic assumptions used in the determination for the cost and accrued benefit obligations of employee future benefits, inventory valuation and obsolescence, recoverability of trade receivables, deferred tax assets and liabilities valuation, classification of lease agreements and judgments regarding the determination of reportable segments.

a) Goodwill

Management uses judgment in determining the fair value of the acquired net identifiable tangible and intangible assets at the date of a business combination. Any resulting goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill at December 31, 2019 relates to the Company's acquisitions of various businesses. Goodwill is not amortized but is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment. Goodwill impairment is assessed based on a comparison of the recoverable amount of a cash-generating unit to the underlying carrying value of that cash-generating unit's net assets, including goodwill. Significant estimates are required in

determining the recoverable amount of each cash-generating unit, including a discount rate, a growth rate and revenue projections. When the carrying amount of the cash-generating unit exceeds its fair value, the recoverable amount of goodwill related to the cash-generating unit is compared to its carrying value and excess of carrying value is recognized as an impairment loss (Note 13).

b) Timber

At each reporting date, timber is valued at fair value less costs to sell with any change therein, including the impact of growth and harvest, recognized in net earnings for the period. Significant judgment is used in determining the fair value with reference to independent third party valuators and recent comparatives of standing timber sales, costs of sustainable forest management, log pricing and harvest volume assumption, the discount rate used, and the resulting net present value of future cash flows for standing timber.

c) Reforestation provision

Management uses judgment in determining the value of the reforestation provision. Due to the general long-term nature of the liability, the most significant areas of uncertainty in estimating the provision are the future costs that will be incurred, the inflation rate, and the risk-adjusted discount rate.

d) Employee future benefits

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future (Note 18).

(i) Discount rate

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity profiles that are similar to the underlying cash flows of the defined benefit obligation.

(ii) Other assumptions

The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates.

e) Inventory valuation

Under IFRS, inventories must be recognized at the lower of cost or their NRV, which is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. IFRS requires that the estimated NRV be based on the most reliable evidence available at the time the estimates are made of the amounts that inventories are expected to realize. The measurement of an inventory write-down to NRV is based on the Company's best estimate of the NRV and expected future sale or consumption of inventories. Due to the economic environment and continued volatility in the home-building market, there is uncertainty as to whether the NRV of the inventories will remain consistent with those used in our assessment of NRV at period end. As a result, there is the risk that a write-down of on-hand and unconsumed inventories could occur in future periods. Also, a certain portion of inventory may become damaged or obsolete. A slow moving reserve is recorded, as required, based on an analysis of the length of time product has been in inventory and historical rates of damage and obsolescence (Note 20).

Inventory includes harvested timber, the cost of which is based on its fair value less costs to sell, and forms a component of the carrying value of log inventory. Harvested timber is subsequently processed into logs and carried at the lower of cost or NRV. Significant judgment is used in determining the fair value of timber with reference to independent third party valuators and recent comparatives of standing timber sales.

f) Allowance for doubtful accounts

It is possible that certain trade receivables may become uncollectible, and as such, an allowance for these doubtful accounts is maintained. The allowance is based on the estimated recovery of trade receivables and incorporates current and expected collection trends. These estimates will change, as necessary, to reflect market or specific industry risks, as well as known or expected changes in the customers' financial position (Note 7).

g) Income taxes

At each statement of financial position date, a deferred income tax asset may be recognized for all deductible temporary differences, unused tax losses and income tax reductions, to the extent that their realization is probable. The determination of this requires significant judgment. This evaluation includes review of the ability to carryback operating losses to offset taxes paid in prior years; the carryforward periods of the losses; and an assessment of the excess of fair value over the tax basis of the Company's net assets. If based on this review it is not probable such assets will be realized, then no deferred income tax asset is recognized (Note 22).

h) Leases

When assessing the lease agreement, certain estimates and assumptions need to be made and applied, which include, but are not limited to, the determination of the expected lease term and minimum lease payments, the assessment of the likelihood of exercising options and estimation of the fair value of the lease property (Note 10).

i) Revenue recognition

Areas of significant judgement and estimation related to point in time revenue recognition include the estimation of the expected value of consideration to be received from customers, who may be subsequently impacted by volume discounts, manufacturer rebates and other incentives offered. The Company applies judgement in using weight scale readings and the application of conversion factors to determine the volume of forestry products sold. The Company also applies judgements in identifying performance obligations and determining the costs associated with the acquisition of contracts, which are recognized as they occur, unless the contract has a performance obligation that extends beyond one year.

5. CHANGES IN ACCOUNTING STANDARDS

IFRS 16 - Leases

Effective January 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16").

IFRS 16 replaced IAS 17, and related interpretations. IFRS 16 sets out principles of recognition, measurement, presentation and disclosure of leases for the lessee and the lessor. IFRS 16 was applied using the modified retrospective approach, under which the cumulative effect of initial application was recognized in retained earnings on January 1, 2019, with no restatement of comparative figures, which continue to be reported under IAS 17. The Company elected to measure its right-of-use assets at amounts equal to the corresponding lease liabilities, which resulted in no adjustment to retained earnings on transition.

The Company identified agreements related to the leases of distribution and treatment plant facilities, forklifts, light vehicles and other equipment, which were previously treated as operating leases under IAS 17.

Judgement was applied when adopting IFRS 16 to determine contracts within the scope of IFRS 16, evaluating lease renewal terms and determining the discount rate (borrowing rate) used to present value the lease arrangements. At transition, lease liabilities were measured at the present value of the remaining lease payments under the agreement term. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the following practical expedients when applying IFRS 16 to leases, which had been classified as operating leases under IAS 17:

a. Recognition exemptions under IFRS 16 for short-term and low-value leases;
b. An election under IFRS 16, which allows the Company a choice to not reassess contracts which were previously identified as leases under IAS 17; and
c. An option under IFRS 16 to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. Forklifts, light vehicle leases and computer equipment were identified as separate portfolios, having similar characteristics.

The Company was not impacted by the adoption of IFRS 16 for transactions in which it acts as a lessor, as the treatment is the same as under the previous standard. These transactions primarily occurred in the Company's Forestry segment and relate to access to and use of Company owned lands by third parties and were not a significant source of revenue. The Company applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on transition

On January 1, 2019, the transition date to IFRS 16, the Company recognized $118,979 of new right-of-use assets and lease liabilities in the Statement of Financial Position, using its incremental borrowing rate. The weighted average rate applied was 4%.

The following is a reconciliation between lease commitments disclosed as at December 31, 2018 under IAS 17, and lease liabilities recognized on January 1, 2019 upon initial application of IFRS 16:

	$
Undiscounted lease commitments at December 31, 2018[(1)]	148,302
Discounted lease commitments at the Company's incremental borrowing rate	121,591
Add (Deduct):	
Lease extension and termination options expected to be exercised	9,029
Operating costs and maintenance included in commitments	(3,775)
Commitments with no identified asset under IFRS 16	(1,292)
Short-term leases exemption	(29)
Low value leases exemption	(785)
Lease liabilities on January 1, 2019	**124,739**
Finance lease liabilities recognized at December 31, 2018[(2)]	5,760
New lease liabilities recognized on January 1, 2019	118,979
Lease liabilities on January 1, 2019	**124,739**

1. Note 27 to the 2018 audited Annual Consolidated Financial Statements.
2. Note 17 to the 2018 audited Annual Consolidated Financial Statements.

The adoption of IFRS 16 impacted the Consolidated Statement of Financial Position as follows:

	December 31, 2018 $	Increase (Decrease) $	January 1, 2019 $
Property, plant and equipment[(1)]	108,242	(6,468)	101,774
Right-of-use assets	-	125,447	125,447
Lease liabilities	5,760	118,979	124,739
Deficit	(162,450)	-	(162,450)

1. Decrease represents the net book value of equipment under finance lease recognized previously, which has been reclassified to opening right-of-use assets on transition.

6. BUSINESS ACQUISITIONS

2019 Acquisition

On April 1, 2019, the Company completed the acquisition of all issued and outstanding partnership interests of Lignum Forest Products LLP ("Lignum") (the "Lignum Acquisition"), a well-established brand in the lumber and forestry distribution market in Western Canada and the United States.

Total purchase consideration comprised of US$11,476 and was subject to certain post-closing adjustments. The foreign exchange rate used to translate the purchase price consideration and fair values of assets acquired and liabilities assumed was based on the exchange rate as at the date of the acquisition.

Details of the allocation of the purchase price to the fair values of the identifiable assets and liabilities acquired at the date of the above noted acquisition were as follows (in thousands of Canadian dollars):

	2019 Provisional[(1)] $
Fair value of purchase consideration	
Cash consideration	15,335
Fair value of assets acquired[(1)]	
Cash and cash equivalents	1,129
Non-cash working capital	12,856
Right-of-use assets	520
Lease liabilities	(506)
Total identifiable net assets at fair value	13,999
Goodwill arising on acquisition	1,336
Assets acquired	15,335

1. The purchase price allocation is preliminary and is subject to change up to a period of one year from the acquisition date upon finalization of fair value determinations.

Goodwill recognized was primarily attributed to the expected synergies arising from the acquisition and the expertise and reputation of the assembled management and workforce. Goodwill is not expected to be deductible for income tax purposes.

During the year ended December 31, 2019, directly attributable acquisition costs of $415 were expensed and were included in net earnings on the Consolidated Statement of Earnings.

Lignum's gross revenues were $86,600 and net earnings were $780 from the date of acquisition to December 31, 2019.

2018 Acquisitions

On June 12, 2018, the Company acquired certain assets and the business of Superior Forest Products, Inc. (now doing business as Oregon Cascade Building Materials Inc. "OCBM") (the "OCBM Acquisition"). Based in Junction City, Oregon, OCBM provides lumber pressure treating services for customers predominantly based in Oregon and Washington. The OCBM Acquisition is expected to complement the Company's existing treated lumber and specialty wood products business in the United States. The plant completed testing and permitting during the quarter ended June 30, 2019, and commenced customer shipments in June 2019.

On December 3, 2018, the Company acquired certain assets and the business of Western Wood Treating, Inc. (now doing business as Woodland Wood Preservers, Ltd. "Woodland") (the "Woodland Acquisition"). Based in Woodland, California, Woodland specializes in pressure treated wood products. The Woodland Acquisition is expected to expand the Company's presence in the United States treating markets.
The foreign exchange rates used to translate purchase price consideration and fair values of assets acquired were based on the exchange rates as at the date of the above noted acquisitions (collectively the OCBM and Woodland Acquisitions hereafter, the "2018 Acquisitions").

Details of the allocation of the purchase price to the fair values of the identifiable assets acquired at the date of the 2018 Acquisitions were as follows (in thousands of Canadian dollars):

	2018 $
Fair value of purchase consideration	
Cash consideration	18,224
Promissory note	4,617
Consideration	22,841
Fair value of assets acquired	
Non-cash working capital	386
Property, plant and equipment	11,673
Total identifiable net assets at fair value	12,059
Goodwill arising on acquisitions	10,782
Assets acquired	22,841

The goodwill recognized was primarily attributed to the expected synergies arising from the acquisitions and the expertise and reputation of the assembled management and workforce. Goodwill is expected to be deductible for income tax purposes.

OCBM and Woodland's gross revenues were $16,100 and net earnings were $1,600 during the year ended December 31, 2019.

7. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise primarily from sales of building materials to customers. These are summarized as follows:

	2019 $	2018 $
Trade receivables	**91,760**	90,173
Allowance for doubtful accounts	**(856)**	(871)
Net trade receivables	**90,904**	89,302
Other receivables	**7,516**	10,270
Total trade and other receivables	**98,420**	99,572

The aging analysis of trade and other receivables was as follows:

	2019 $	2018 $
Neither past due nor impaired	**79,324**	83,382
Past due but not impaired:		
Less than 1 month	**9,446**	7,232
1 to 3 months	**6,414**	6,967
3 to 6 months	**3,236**	1,991
Total trade and other receivables	**98,420**	99,572

Activity in the Company's provision for doubtful accounts was as follows:

	$
Balance at December 31, 2018	871
Accruals during the period	99
Additions arising on acquisition	92
Accounts written off	(174)
Foreign exchange difference	(32)
Balance at December 31, 2019	856

The Company holds no collateral for any receivable amounts outstanding as at December 31, 2019.

8. INVENTORIES

	2019 $	2018 $
Inventories held for resale	**238,718**	223,109
Inventories held for processing	**45,937**	61,279
	284,655	284,388

The expenses related to the sale of inventories were recorded in cost of sales, as described in Note 20.

9. PROPERTY, PLANT AND EQUIPMENT

	Land $	Buildings, leasehold improvements and roads $	Machinery, automotive and other equipment $	Computer equipment and systems development $	Equipment under finance leases $	Total $
Cost						
Cost at January 1, 2018	35,644	16,235	71,159	4,684	4,536	132,258
Additions	-	2,353	7,348	511	3,544	13,756
Additions arising on acquisitions (Note 6)	-	-	11,673	-	-	11,673
Disposals	-	-	(946)	(5)	(400)	(1,351)
Foreign exchange difference	-	78	1,413	15	378	1,884
Cost at December 31, 2018	35,644	18,666	90,647	5,205	8,058	158,220
Reclassification to right-of-use assets (Note 5)	-	-	-	-	(8,058)	(8,058)
Additions	-	4,223	2,616	477	-	7,316
Disposals	(3,882)	-	(1,175)	(54)	-	(5,111)
Foreign exchange difference	-	(82)	(1,177)	(15)	-	(1,274)
Cost at December 31, 2019	**31,762**	**22,807**	**90,911**	**5,613**	**-**	**151,093**
Accumulated depreciation						
Accumulated depreciation at January 1, 2018	-	3,252	31,731	2,627	1,062	38,672
Depreciation	-	989	9,162	870	688	11,709
Disposals	-	-	(471)	(2)	(257)	(730)
Foreign exchange difference	-	14	211	5	97	327
Accumulated depreciation at December 31, 2018	-	4,255	40,633	3,500	1,590	49,978
Reclassification to right-of-use assets (Note 5)	-	-	-	-	(1,590)	(1,590)
Depreciation	-	1,505	10,801	1,044	-	13,350
Disposals	-	-	(838)	(42)	-	(880)
Foreign exchange difference	-	(16)	(217)	(4)	-	(237)
Accumulated depreciation at December 31, 2019	**-**	**5,744**	**50,379**	**4,498**	**-**	**60,621**
Net book value at December 31, 2018	35,644	14,411	50,014	1,705	6,468	108,242
Net book value at December 31, 2019	**31,762**	**17,063**	**40,532**	**1,115**	**-**	**90,472**

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company enters into various leases for the operation of its business, including distribution facilities, treatment plant facilities, computer equipment, light vehicles, forklifts and other equipment as required to efficiently operate.

Right-of-use assets

	Facilities[1] $	Machinery, automotive and other equipment[2] $	Computer Equipment $	Total $
As at January 1, 2019 (Note 5)	111,301	13,626	520	125,447
Additions[3]	15,536	7,135	77	22,748
Additions arising on acquisition (Note 6)	520	-	-	520
Amortization	(16,164)	(5,289)	(163)	(21,616)
Disposals	(1,609)	(720)	-	(2,329)
Foreign exchange movements	(3,048)	(215)	(9)	(3,272)
Balance at December 31, 2019	**106,536**	**14,537**	**425**	**121,498**

Lease liabilities

	Facilities[1] $	Machinery, automotive and other equipment[2] $	Computer Equipment $	Total $
As at January 1, 2019 (Note 5)	111,301	12,927	511	124,739
Additions	15,536	7,163	77	22,776
Additions arising on acquisition (Note 6)	506	-	-	506
Disposals	(1,674)	(667)	-	(2,341)
Finance costs	4,077	560	22	4,659
Lease payments	(17,954)	(4,972)	(175)	(23,101)
Foreign exchange movements	(2,979)	(240)	(10)	(3,229)
Balance at December 31, 2019	108,813	14,771	425	124,009
Less: current portion	(14,375)	(4,164)	(159)	(18,698)
Balance at December 31, 2019	**94,438**	**10,607**	**266**	**105,311**

1. Includes agreements related to distribution, wood treatment and office facility leases.
2. Includes forklifts, tractors, light vehicles and other heavy equipment leases.
3. Includes reduction of $28 for asset buy-out transferred to property, plant and equipment.

Right-of-use assets and corresponding lease liabilities entered into during the year have been recorded using the Company's incremental borrowing rate. The weighted average rate applied was 4%.

Amounts recognized in net earnings

Expenses related to lease arrangements were as follows:

	Years ended December 31, 2019 $	2018[(1)] $
Distribution, selling and administration	**-**	20,267
Depreciation of property, plant and equipment	**-**	688
Amortization of right-of-use assets	**21,616**	-
Finance costs	**4,659**	194
Total expenses	**26,275**	21,149

1. Amounts related to lease arrangements recognized in net earnings before the implementation of IFRS 16.

Impact on cash flows

Cash flows related to lease arrangements were as follows:

	Years ended December 31, 2019 $	2018 $
Operating activities		
Expenses recorded in net earnings	**(26,275)**	(21,149)
Items not affecting cash		
Depreciation of property, plant and equipment	**-**	688
Amortization of right-of-use assets	**21,616**	-
Interest paid on finance leases	**-**	(194)
Finance costs	**4,659**	194
Net cash flows used in operating activities	**-**	**(20,461)**
Financing activities		
Payment of lease liabilities	(23,101)	(1,689)
Net cash flows used in financing activities	**(23,101)**	**(1,689)**
Total cash flows	**(23,101)**	**(22,150)**

Lease commitments

Future undiscounted payments due under the terms of all agreements, including these leases, were as follows (including certain leases with related parties, as disclosed in Note 24):

Years ending December 31	$
2020	**24,428**
2021	**22,362**
2022	**20,259**
2023	**18,806**
2024	**15,269**
Thereafter	**65,552**
	166,676

11. TIMBER

	2019 $	2018 $
Balance at January 1	**62,659**	64,249
Reforestation provision on harvested land	**654**	868
Harvested timber transferred to inventory in the year	**(3,557)**	(4,851)
Dispositions	**(4,465)**	-
Reclassification to intangible assets	**(6,260)**	-
Change in fair value resulting from growth and pricing	**(231)**	2,393
Balance at December 31	**48,800**	62,659

The Company's private timberlands comprised an area of approximately 45,983 (2018 - 53,525) hectares ("ha") of land as at December 31, 2019, with standing timber consisting of mixed-species softwood forests.

In October 2019, the Company completed the sale of a 7,542 hectare parcel of timberlands (approximately 14% of total holdings) to a coal mining entity that held an option to purchase the subject lands. Gross proceeds of $12,201 were used to partially pay down the non-revolving term loan ($8,542) with the balance paid to satisfy outstanding obligations to Tembec Inc. (now Rayonier Advanced Materials Inc.), a former owner of the lands. The Company retained the rights to harvest remaining timber on the subject lands for a period of 13 years. The retention of these harvesting rights resulted in a reclassification of the subject timber to intangible assets (Note 12).

During the year ended December 31, 2019, the Company harvested approximately 315,415 cubic metres ("m^3") from its private timberlands (2018 - 409,917 m^3).

Measurement of fair values

The table above reconciles the opening balances to the closing balances for Level 3 fair values (as defined in Note 27). For the years ended December 31, 2019 and 2018, the fair value measurement for the Company's standing timber, as disclosed above, had been categorized as Level 3 fair value, and was based on the inputs to the valuation technique discussed below.

Valuation Technique	Discounted cash flow analysis: The valuation model considers the present value of the net cash flows expected to be generated by the private timberlands over a period of 20 years. The expected net cash flows are discounted using a risk-adjusted discount rate.
Significant Unobservable Inputs in future periods	Estimated log prices of $36[1] per m^3 (weighted average sawlog and pulpwood prices) plus harvest and delivery charges of $50[1] (where applicable) Estimated total costs, including harvest, delivery (where applicable) and stewardship cost, of $55[1] per m^3 Estimated harvest annual volume of 173,913 - 400,000 m^3 (20-year rolling average 241,018 m^3 (2018 – 256,789 m^3)) Risk-adjusted discount rate of 9.50%
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) if: - the estimated log prices per m^3 were higher (lower); - the estimated harvest, delivery and stewardship costs per m^3 were lower (higher); - the estimated harvest volumes were higher (lower); and - the risk-adjusted discount rate was lower (higher).

1. In whole dollars, not thousands

12. INTANGIBLE ASSETS

	Canadian operations $	US operations $	Value-added services $	Forestry operations $	Total $
Cost					
Cost at January 1, 2018	10,000	52,419	1,633	2,146	66,198
Foreign exchange difference	-	4,479	-	-	4,479
Cost at December 31, 2018	10,000	56,898	1,633	2,146	70,677
Reclassification from timber			-	6,260	6,260
Foreign exchange difference	-	(2,730)	-	-	(2,730)
Cost at December 31, 2019	**10,000**	**54,168**	**1,633**	**8,406**	**74,207**
Accumulated amortization					
Accumulated amortization at January 1, 2018	7,917	5,206	734	34	13,891
Amortization	1,000	5,529	164	20	6,713
Foreign exchange difference	-	719	-	-	719
Accumulated amortization at December 31, 2018	8,917	11,454	898	54	21,323
Amortization	1,000	5,643	163	39	6,845
Foreign exchange difference	-	(670)	-	-	(670)
Accumulated amortization at December 31, 2019	**9,917**	**16,428**	**1,061**	**93**	**27,498**
Net intangible assets at December 31, 2018	1,083	45,444	735	2,092	49,354
Net intangible assets at December 31, 2019	**83**	**37,740**	**572**	**8,313**	**46,709**

Intangible assets at December 31, 2019 relate to customer lists and trade names for the Distribution business segment and harvesting rights for the Forestry business segment.

13. GOODWILL

	Canadian operations $	US operations $	Value-added services $	Total $
Balance at January 1, 2018	62,624	66,158	35,347	164,129
Additions arising on acquisition (Note 6)	-	10,782	-	10,782
Foreign exchange difference	-	6,246	-	6,246
Balance at December 31, 2018	62,624	83,186	35,347	181,157
Additions arising on acquisition (Note 6)	-	1,336	-	1,336
Foreign exchange difference	-	(4,072)	-	(4,072)
Balance at December 31, 2019	**62,624**	**80,450**	**35,347**	**178,421**

Goodwill at December 31, 2019 relates to the Company's Distribution business segment, as described in Note 30.

The Company performed its annual test for goodwill impairment as at December 31, 2019. The recoverable amount of each of the cash-generating units has been determined using fair value less costs to sell. To determine fair value less costs to sell, the Company utilized five-year cash flow forecasts using the annual budget approved by the Board of Directors as a basis for such forecasts. Cash flow forecasts beyond that of the budget were prepared using a stable growth rate for future periods. These forecasts were based on historical data and future trends expected by the Company. To adjust the forecasts to consider selling costs, management estimated that disposition costs would be 1% of enterprise value.

The Company's valuation model also takes into account working capital and capital investments required to maintain the condition of the assets.

Forecasted cash flows were discounted using after-tax rates of approximately 8% in all cash-generating units for the purpose of the annual impairment test.

Based on the impairment tests, the fair value of each of the cash-generating units exceeded their carrying amounts. As a result, no provision for impairment of goodwill was provided.

There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the cash-generating units' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has given its best estimate of future economic and market conditions.

14. PERFORMANCE BOND OBLIGATIONS

The Company assumes performance bond obligations related to certain construction projects. Proceeds temporarily received by the Company in excess of payments with respect to outstanding projects' performance bonds are outlined below.

	2019 $	2018 $
Funds received on bonding obligations[1]	**91,797**	95,488
Payments made on bonding obligations[1]	**(79,418)**	(82,385)
Receipts in excess of payments	**12,379**	13,103
Provision for loss on bonds	**399**	404
Balance at December 31	**12,778**	13,507

1. Funds received and payments made, from contract commencement to reporting date.

Activity in the Company's performance bond obligations were as follows:

	2019 $	2018 $
Balance at January 1	**13,507**	14,101
Net payments on bonding obligations during the year	**(98)**	(1,698)
Change in provision for loss on bonds	**14**	(40)
Foreign exchange difference	**(645)**	1,144
Balance at December 31	**12,778**	13,507

Total gross bonding contracts on all outstanding projects at December 31, 2019 were $146,812 (December 31, 2018 - $149,462).

The Company manages risk associated with exposure to loss on these performance bond obligations through rigorous underwriting practices which include reviewing construction estimates, evaluating contractors' experience and financial condition, managing bond proceeds assigned to the Company, and obtaining security or personal guarantees from contracted parties for certain performance bond obligations.

15. LOANS AND BORROWINGS

	2019 $	2018 $
Total loans and borrowings		
Unsecured notes[1]	**57,424**	56,756
Revolving loan facility[1]	**211,940**	184,102
Non-revolving term loan[1]	**22,404**	33,580
Promissory notes	**3,052**	5,584
Equipment term loan, equipment line and other loans[1]	**9,280**	12,155
Total loans and borrowings	**304,100**	292,177
Current portion of loans and borrowings		
Non-revolving term loan	**2,667**	2,667
Promissory notes	**1,515**	2,400
Equipment term loan, equipment line and other loans	**3,842**	3,639
Total current portion of loans and borrowings	**8,024**	8,706
Non-current portion of loans and borrowings	**296,076**	283,471

1. Amounts reflect financing costs net of amortization totaling $4,972 as at December 31, 2019 and $5,833 as at December 31, 2018.

On April 3, 2019, the maximum credit available under the Company's revolving loan facility was temporarily increased from $300,000 to $325,000, with an additional $25,000 accordion facility, for a total loan limit of $350,000. This loan limit was in effect for a period of 120 days commencing on April 3, 2019.

On December 6, 2019, the Company amended its existing revolving loan facility. The maximum credit available was increased from $300,000 to $360,000 with a revised maturity date of December 6, 2024. Concurrent with the amendment to the revolving loan facility, the maturity date of the non-revolving term loan was also extended to December 6, 2024.

Terms and repayment schedule

The terms and conditions of the outstanding loan facilities were as follows:

				December 31, 2019		December 31, 2018	
	Currency	Nominal interest rate %	Maturity	Face value $	Carrying amount $	Face value $	Carrying amount $
Unsecured notes[1]	CDN	6.375	Oct 9, 2023	**60,000**	**57,424**	60,000	56,756
Revolving loan facility[2]	CDN	Based on Canadian prime rate or Canadian Offered Rate	Dec 6, 2024	**164,725**	**162,912**	150,213	148,376
Revolving loan facility[2]	USD	Based on US prime rate or London Interbank Offered Rate	Dec 6, 2024	**49,149**	**49,028**	35,937	35,726
Non-revolving term loan[3]	CDN	Based on Canadian prime rate or Canadian Banker's Acceptance Rate	Dec 6, 2024	**22,791**	**22,404**	34,000	33,580
Promissory note[4]	USD	Based on US Prime Rate	Dec 3, 2021	**3,052**	**3,052**	5,584	5,584
Equipment term loan[5]	CDN	Based on Business Development Bank of Canada Floating Base Rate	Jul 1, 2021	**5,080**	**5,005**	8,128	8,007
Equipment line[5]	CDN	Based on Business Development Bank of Canada Floating Base Rate	Jul 1, 2025	**4,226**	**4,226**	4,063	4,063
Other	CDN	5.000	Dec 31, 2020	**49**	**49**	85	85
Total loans and borrowings				**309,072**	**304,100**	298,010	292,177

1. Includes a non-call protection of three years with a declining call schedule thereafter; interest is payable semi-annually.
2. Maximum credit available is $360,000. Amount advanced under the facility at any time is limited to a defined percentage of inventories and trade receivables, less certain reserves. The facility is secured by a first charge over the Company's assets and an assignment of trade receivables and requires that certain covenants be met by the Company.
3. Principal is amortized over 15 years and is payable in quarterly instalments. The loan is secured by a first charge against the Company's timberlands and certain other assets, and a subordinated charge over the Company's remaining assets, and requires that certain covenants be met by the Company.
4. An unsecured note was issued as partial consideration for an acquisition (Note 6). Principal is payable in three equal annual instalments, plus annual interest, starting December 3, 2019. Various promissory notes in connection with prior business acquisitions were included in the comparative year ended December 31, 2018.
5. The loans are secured by a first charge against the specific equipment being financed under this arrangement, and a subordinated charge over the Company's other assets.

The Company was not in breach of any of its covenants during the year ended December 31, 2019.

16. REFORESTATION AND ENVIRONMENTAL

	2019 $	2018 $
Balance at January 1	**2,461**	3,159
Paid during the year	**(891)**	(1,421)
Reforestation provision on harvested land	**866**	963
Changes in fair value	**156**	(240)
Balance at December 31	**2,592**	2,461
Less: current portion	**(1,353)**	(737)
	1,239	1,724

17. OTHER LIABILITIES

Earn-out commitment

Subject to certain minimum obligations, the Company had a liability to pay additional amounts ("Earn-out") from proceeds of the sale of certain private timberlands to third parties for a period of seven years ending September 15, 2021. During the year, the Company completed the sale of a portion of the subject lands and paid the full value of the Earn-out, such that there was no net remaining undiscounted minimum amount payable at December 31, 2019 (2018 - $2,065). See further details regarding the sale in Note 11. The remaining balance of other liabilities consists of various smaller balances.

18. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

Defined benefit pension plans

The Company sponsors two non-contributory defined benefit pension plans: one a registered pension plan for salaried employees and the other a non-registered historical pension plan for certain retired executives. Both plans provide benefits based on years of service and historical highest average salary. The plans were closed to new participants effective August 1, 2000. The Company amended the registered defined benefit pension plan effective January 1, 2005 to reduce the benefit formula for future years of service and to allow members of the defined benefit pension plan to participate in the defined contribution plan. In respect of the non-registered historical executive pension plan, the Company has issued letters of credit amounting to $1,390 (2018 - $1,405) based on actuarial estimates determined annually.

The most recent actuarial valuation of the registered pension plan for funding purposes was as at December 31, 2016. The next actuarial valuation for the registered pension plan is required to be performed as at December 31, 2019 and finalized later in 2020.

Annuity contract

During the year ended December 31, 2017, the Company purchased an annuity buy-in for plan retirees for $36,009 through its defined benefit pension plan, representing total annuities purchased to date. Future cash flows from the annuity will match the amount and timing of benefits payable under the plan, substantially mitigating the exposure to future volatility in the related pension obligation. Actuarial based transaction costs of $4,380 relating to the purchase were recognized in other comprehensive income (loss), reflecting the difference between the annuity buy-in rate (which is comparable to solvency rates) compared to the discount rate used to value the obligations on a going concern basis.

At December 31, 2019, reflecting the buy-in annuity, 63% (2018 - 64%) of the defined benefit pension plan obligation was fully hedged against changes in future discount rates and longevity risk (potential increases in life expectancy of plan members).

Defined contribution plans

The Company sponsors defined contribution plans for eligible employees. Pension expense for the defined contribution plans for the year ended December 31, 2019 amounted to $1,065 (2018 - $1,050) and was included in distribution, selling and administration expenses.

Post-retirement benefits other than pensions

The Company provides extended health care benefits and pays provincial medical plan premiums on behalf of qualifying employees. The Company also pays for the dental benefits of certain retirees who had been employed at a predecessor company.

Total cash payments

Total cash payments for employee future benefits for 2019, consisting of cash contributed by the Company to defined benefit plans, defined contribution plans, and other post-retirement benefits, were $1,727 (2018 - $1,794), with no solvency deficiency contributions.

Included in total cash payments, based on 2019 experience, the Company expects the 2020 contributions for its defined benefit plans to be approximately $350, including solvency deficiency contributions of $49.

The status of the defined benefit pension and post-retirement benefit plans were as follows:

	Pension benefit plan		Other benefit plans	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Net benefit expense				
Current service cost	**350**	368	**-**	-
Non-investment expenses	**100**	80	**-**	-
Interest cost on benefit obligation	**1,696**	1,584	**79**	79
Interest on effect of asset ceiling impairment at beginning of year	**34**	1	**-**	-
Expected return on plan assets	**(1,683)**	(1,540)	**-**	-
Net benefit expense	**497**	493	**79**	79
Defined benefit obligation				
Defined benefit obligation at January 1	**45,661**	49,023	**2,198**	2,508
Current service cost	**350**	368	**-**	-
Interest cost on benefit obligation	**1,696**	1,584	**79**	79
Benefits paid	**(3,350)**	(2,838)	**(202)**	(222)
Actuarial (gains) losses on obligation	**3,891**	(2,476)	**104**	(167)
Defined benefit obligation at December 31	**48,248**	45,661	**2,179**	2,198
Plan assets				
Fair value of plan assets at January 1	**45,461**	47,846	**-**	-
Expected return on plan assets	**1,683**	1,540	**-**	-
Employer contributions	**460**	522	**202**	222
Non-investment expenses	**(100)**	(80)	**-**	-
Benefits paid	**(3,350)**	(2,838)	**(202)**	(222)
Actuarial gains (losses) on plan assets	**2,568**	(1,529)	**-**	-
Fair value of plan assets at December 31	**46,722**	45,461	**-**	-
Net benefit liability				
Fair value of plan assets at December 31	**46,722**	45,461	**-**	-
Accrued benefit obligation at December 31	**(48,248)**	(45,661)	**(2,179)**	(2,198)
	(1,526)	(200)	**(2,179)**	(2,198)
Asset ceiling impairment	**-**	(892)	**-**	-
Net benefit liability	**(1,526)**	(1,092)	**(2,179)**	(2,198)

The Company has recorded net benefit expense and actuarial gains as follows:

	Pension benefit plan		Other benefit plans	
	2019 $	**2018 $**	**2019 $**	**2018 $**
Distribution, selling and administration				
Current service cost	**350**	368	**-**	-
Non-investment expenses	**100**	80	**-**	-
	450	448	**-**	-
Finance costs				
Interest cost on benefit obligation	**1,696**	1,584	**79**	79
Interest on effect of asset ceiling impairment at beginning of year	**34**	1	**-**	-
Expected return on plan assets	**(1,683)**	(1,540)	**-**	-
	47	45	**79**	79
Other comprehensive income (loss)				
Actuarial (losses) gains on obligation due to changes in financial assumptions	**(3,891)**	2,496	**(118)**	172
Actuarial (losses) gains on obligation due to changes in experience	**-**	(20)	**14**	(5)
Actuarial gains (losses) on plan assets	**2,568**	(1,529)	**-**	-
Net change in effect of asset ceiling	**926**	(868)	**-**	-
	(397)	79	**(104)**	167

Assets

The weighted average asset allocation of the defined benefit plan consisted of:

	2019 %	**2018 %**
Annuity	**63**	64
Debt securities	**31**	31
Short-term securities	**5**	4
Equity securities	**1**	1
	100	100

The major categories of plan assets of the fair value of the total plan assets were as follows:

	2019 %	2018 %
Annuity	**63**	64
Unquoted investments (pooled funds)	**36**	35
Investments quoted in active markets	**1**	1
	100	100

Significant assumptions

The significant weighted average assumptions used were as follows:

	Pension benefit plan		Other benefit plans	
	2019 %	2018 %	2019 %	2018 %
Accrued benefit obligation as of December 31				
Discount rate	**3.00**	3.80	**3.00**	3.80
Rate of compensation increase	**3.25**	3.25		
Benefit costs for year ended December 31				
Discount rate	**3.80**	3.30	**3.80**	3.30
Rate of compensation increase	**3.25**	3.25		

Assumed health care cost trend rates at December 31 were as follows:

	2019	2018
Health care initial cost trend rate	**8.0%**	8.0%
Health care ultimate cost trend date	**3.5%**	3.5%
Year that the rate reaches the ultimate trend rate	**2027**	2027

The mortality assumptions were based on the 2014 Canadian Pensioners Mortality Private table with generational projection using mortality improvement scale CPM-B and adjusted for size of pensions.

Sensitivity analysis

A one-percentage point change in the assumed rate of increase in health care costs would have the following effects:

	Other benefit plans			
	2019		2018	
	Increase $	Decrease $	Increase $	Decrease $
Effect on the defined benefit obligation	**233**	**(208)**	207	(184)
Effect on the aggregate current service cost and interest cost	**8**	**(5)**	8	(7)

A one-percentage point change in the assumed discount rate would have the following effects:

	Pension benefit plan		Other benefit plans	
	Increase $	Decrease $	Increase $	Decrease $
2019				
Effect on the defined benefit obligation	**(4,792)**	**5,822**	**(146)**	**165**
Effect on the aggregate current service cost and interest cost for the next year	**210**	**(266)**	**15**	**(17)**
2018				
Effect on the defined benefit obligation	(4,314)	5,213	(145)	166
Effect on the aggregate current service cost and interest cost for the next year	184	(228)	14	(16)

The average duration of the defined benefit plan obligation at December 31, 2019 was 12 years.

19. SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of common and preferred shares with no par value.

Normal Course Issuer Bid

On November 22, 2018 the Company commenced a Normal Course Issuer Bid ("NCIB") with respect to its common shares. Under the terms of this NCIB, the Company could purchase for cancellation up to 6,085,605 of its common shares at market prices. Up to November 21, 2019, the Company repurchased and cancelled 142,200 of its common shares (2018 – nil) pursuant to this NCIB.

Upon the cancellation of the common shares, the difference between the cost of the repurchased shares and the average value of the common shares of $297 (2018 - $nil) was credited to contributed surplus.

On November 22, 2019 the Company renewed the NCIB. Under the terms of the renewed NCIB, the Company may purchase for cancellation up to 5,995,340 of its common shares at market prices. At December 31, 2019 the Company had not repurchased any of its common shares under the renewed NCIB.

Restricted Equity Common Share Plan ("RECSP")

Outstanding Restricted Stock Units ("RSUs") pursuant to the RECSP were as follows:

	Years ended December 31, 2019 #	2018 #
Balance at January 1	**-**	-
Granted	**5,852**	3,726
Vested and converted to common shares during the period	**(5,852)**	(3,726)
Balance at December 31	**-**	-

Compensation expense in respect of RSUs for the year ended December 31, 2019 was $29 (2018 - $25).

Employee Common Share Purchase Plan ("ECSPP")

For the year ended December 31, 2019, the Company issued 157,079 (2018 – 81,217) common shares from treasury for gross proceeds of $630 (2018 - $490), pursuant to the ECSPP.

Dividend

The following dividends were declared and paid by the Company:

	2019				2018			
	Declared				Declared			
	Record date	Per share $	Amount $	Payment Date	Record date	Per share $	Amount $	Payment date
Quarter 1	Mar 29, 2019	0.14	10,876	Apr 15, 2019	Mar 29, 2018	0.14	10,877	Apr 13, 2018
Quarter 2	Jun 28, 2019	0.14	10,877	Jul 15, 2019	Jun 29, 2018	0.14	10,878	Jul 13, 2018
Quarter 3	Sep 30, 2019	0.14	10,887	Oct 15, 2019	Sep 28, 2018	0.14	10,884	Oct 15, 2018
Quarter 4	Dec 31, 2019	0.14	10,887	Jan 15, 2020	Dec 31, 2018	0.14	10,884	Jan 15, 2019
Year ended December 31		**0.56**	**43,527**			**0.56**	**43,523**	

20. COST OF SALES

Cost of sales includes the following costs:

	2019 $	2018 $
Purchased and treated building materials	**1,078,409**	1,041,615
Timber and related products	**30,168**	26,889
Salaries and benefits	**29,581**	29,190
Inventory provisions	**3,213**	1,776
Others	**653**	1,288
Fair value adjustments	**231**	(2,393)
	1,142,255	1,098,365

21. DISTRIBUTION, SELLING AND ADMINISTRATION COSTS

Distribution, selling and administration costs include the following:

	2019 $	2018 $
Salaries and benefits	**70,223**	66,729
Building rent and occupancy costs	**14,312**	31,954
Office and miscellaneous	**8,758**	9,400
Travel, promotion and entertainment	**8,020**	8,334
Professional and management fees	**4,479**	4,520
	105,792	120,937

22. INCOME TAXES

Income tax for the Company consisted of the following:

Consolidated Statements of Earnings

	2019 $	2018 $
Current income tax expense	**6,876**	8,632
Deferred income tax (recovery) expense	**(2,035)**	2,499
	4,841	11,131

Consolidated Statements of Comprehensive Earnings

	2019 $	2018 $
Deferred tax related to items recorded in OCI during the year		
Actuarial gains	**(136)**	64

The Company's effective income tax rate differs from the statutory income tax rate. The difference arises from the following items:

	2019 $	2018 $
Earnings before income taxes	**22,060**	41,146
Income tax at statutory rates	**5,908**	11,667
Adjustment to deferred tax assets related to changes in tax rates	**5**	2
Permanent differences	**(1,072)**	(538)
Income tax expense	**4,841**	11,131

Temporary differences that give rise to deferred income tax assets and liabilities were as follows:

	2019 $	2018 $
Deferred income tax (liabilities) assets:		
Property, plant and equipment	**(9,497)**	(10,701)
Timber	**(8,636)**	(12,349)
Pensions and other post-retirement benefits	**1,000**	892
Non-capital losses	**7,835**	9,089
Non-deductible reserves	**4,361**	4,108
Intangible assets and goodwill	**(9,004)**	(7,705)
	(13,941)	(16,666)

At December 31, 2019, the Company had approximately $50,108 of Canadian non-capital losses that may be available for deduction against taxable income in future years. These losses expire as follows:

	$
2026	**698**
2027	**1,111**
2028	**1,090**
2029	**3,590**
2030	**4,403**
Thereafter	**39,216**
	50,108

At December 31, 2019, approximately $15,000 of these non-capital losses have not been recognized as deferred income tax assets.

23. FINANCE COSTS

Finance costs include the following:

	2019 $	2018 $
Loans and borrowings	**14,858**	9,898
Lease liabilities	**4,659**	193
Other	**145**	158
Net interest	**19,662**	10,249
Amortization of financing costs	**1,706**	1,056
Accretion of earn-out commitment	**374**	243
Interest on net defined benefit liability	**126**	124
	21,868	11,672

24. RELATED PARTY TRANSACTIONS

Transactions

The Company had transactions with related parties in the normal course of operations at amounts as agreed between the related parties as follows:

	2019 $	2018 $
Leased facilities: distribution[(1)] and treatment[(2)]	**3,638**	3,317
Purchase of product[(3)(4)]	**3,818**	4,938
Management fees and other[(5)]	**1,349**	1,098
Professional fees and other[(6)]	**542**	645

1. Paid to a company in which a member of key management personnel who is a director and officer of the Company has an interest.
2. Paid to a company solely controlled by a director and officer of the Company.
3. Paid to a public company that a member of key management personnel who is a director and officer of the Company has an ownership interest in: $3,423 (2018 - $3,901).
4. Paid to a company owned by a director of the Company: $395 (2018 - $1,037).
5. Paid to a company controlled by a member of key management personnel who is also a director and officer of the Company.
6. Paid to a company controlled by an officer of the Company.

Commitments with related parties

Future undiscounted minimum payments under the terms of the leases with companies, in which a member of key management personnel who is also a director and officer of the Company has an interest in, were as follows:

Years ending December 31	$
2020	**3,900**
2021	**3,564**
2022	**3,183**
2023	**3,201**
2024	**3,201**
Thereafter	**19,953**
	37,002

Payable to related parties

As at December 31, 2019, trade and other payables include amounts due to related parties as follows:

	2019 $	2018 $
Purchase of product[(1)]	**18**	38
Management fees and other[(2)]	**96**	59
Professional fees and other[(3)]	**159**	282

1. Owing to a public company that a member of key management personnel who is a director and officer of the Company has an ownership interest in.
2. Owing to a company controlled by a member of key management personnel who is also a director and officer of the Company.
3. Owing to a company controlled by an officer of the Company.

Compensation of key management personnel

Compensation of key management was reported on the accrual basis of accounting consistent with the amounts recognized on the consolidated statement of earnings. Key management includes the Company's Board of Directors, the Chief Executive Officer, the President, and the Chief Financial Officer. Compensation awarded to key management is summarized as follows:

	2019 $	2018 $
Salaries and other benefits	**3,100**	3,397
Share-based compensation	**29**	25
	3,129	3,422

25. COMMITMENTS AND CONTINGENCIES

During the normal course of business, certain product liability and other claims have been brought against the Company and, where applicable, its suppliers. While there is inherent difficulty in predicting the outcome of such matters, management has vigorously contested the validity of these claims, where applicable, and, based on current knowledge, believes that they are without merit and does not expect that the outcome of any of these matters, in consideration of insurance coverage maintained, or the nature of the claims, individually or in the aggregate, would have a material adverse effect on the consolidated financial position, results of operations or future earnings of the Company.

26. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

The carrying amounts of non-derivative financial instruments approximate fair value, with the exception of the following:

	December 31, 2019		December 31, 2018	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Unsecured notes	**57,424**	**58,026**	56,756	57,594
Revolving loan facility	**211,940**	**213,874**	184,102	186,150
Non-revolving term loan	**22,404**	**22,791**	33,580	34,000
Equipment term loan and equipment line	**9,280**	**9,355**	12,155	12,276

The following methods and assumptions were used to determine the estimated fair value of each class of financial instrument:

- The fair values of cash, trade and other receivables, cheques issued in excess of cash on hand, trade and other payables, performance bond obligations and dividends payable were comparable to their carrying amounts, given the short maturity periods.

- The fair value of the Company's unsecured notes was based on the quoted active market price at December 31, 2019.

- The fair values of the Company's revolving loan facility, non-revolving term loan, and equipment term loan, equipment line and other approximate their carrying values as they bear interest at variable rates based on current market rates. The fair values have been estimated as the carrying values excluding unamortized financing costs.

- The fair values of the Company's promissory notes and lease liabilities approximate their carrying values as they bear interest that approximates current market rates.

All of the Company's assets and liabilities are categorized as Level 3 fair values, with the exception of unsecured notes and dividends payable, which are categorized as Level 1 and Level 2, respectively.

The expenses resulting from financial assets and liabilities recorded in net earnings are as disclosed in Note 23.

Derivative financial instruments

The Company uses derivative financial instruments for economic hedging purposes in managing lumber price risk and foreign exchange risk through the use of futures contracts and options. Derivative instruments were designated as fair value through profit and loss with changes in fair value recorded in other income (loss).

At December 31, 2019, the Company held an outstanding foreign exchange contract to purchase US$3,100 (December 31, 2018 - US$9,020) for economic hedging purposes with no unrealized gains (2018 - $400).

When held by the Company, these derivative financial instruments are traded through well-established financial services firms with a long history of providing trading, exchange and clearing services for commodities and currencies. As trading activities are closely monitored and restricted by senior management, including limits for a maximum number of outstanding contracts at any point in time, the risk of credit loss on these financial instruments was considered low.

Financial risk management

The Company's activities result in exposure to a variety of financial risks from its financial assets and financial liabilities, including risks related to credit, interest rates, currency, liquidity and wood product prices.

Financial assets include trade and other receivables, which were measured at amortized cost. Financial liabilities include cheques issued in excess of cash on deposit, trade and other payables, performance bond obligations, dividends payable, unsecured notes, revolving loan facility, non-revolving term loan, promissory notes, lease liabilities, equipment term loan and equipment line, and earn-out commitment. All financial liabilities were measured at amortized cost.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management, which seeks to minimize any potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises primarily from the Company's trade and other receivables. The Company grants credit to its customers in the normal course of operations. To limit its exposure to credit risk, the Company performs ongoing evaluations of the credit quality of its customers and follows diligent credit granting and collection procedures. Purchase limits are established for each customer and are reviewed regularly.

The Company regularly reviews the collectability of its trade accounts receivable and establishes an allowance for doubtful accounts based on its best estimate of any potentially uncollectible accounts.

As at December 31, 2019, trade accounts receivable, excluding other receivables, were as follows:

	$
Current	87,570
Past due over 60 days	4,190
Trade receivables	91,760
Less: Allowance for doubtful accounts	(856)
	90,904

As at December 31, 2019, the maximum exposure to credit risk, including both trade and other receivables, is $98,420 (December 31, 2018 - $99,572), which represents the carrying value amount of financial instruments classified as trade and other receivables.

Interest rate risk

The Company is exposed to interest rate risk through its variable rate revolving loan facility, non-revolving term loan, and equipment term loan and equipment line (Note 15). Based on the Company's average revolving loan facility, non-revolving term loan, equipment term loan and equipment line balances during the year ended December 31, 2019, the sensitivity of a 1% increase in interest rates would result in an approximate decrease of $2,157 in net annual earnings.

Currency risk

Currency risk is the risk that changes in market prices of foreign exchange rates will affect the Company's earnings or the value of its holdings of financial instruments. The Company is exposed to currency risk on the United States dollar components of its revolving loan facility, as well as revenues and purchase transactions that are denominated in United States dollars.

As at December 31, 2019, a $0.05 increase in the United States dollar versus the Canadian dollar would have an insignificant impact on net earnings, and an increase in other comprehensive earnings of approximately $10,163.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or at a reasonable cost. The Company manages liquidity risk by having appropriate credit facilities available at all times. In addition, the Company continuously monitors and reviews both actual and forecasted cash flows. The Company is exposed to refinancing risks as there can be no assurance that the Company will be able to secure credit on the same terms or amount when the facility expires.

Other price risk

Other price risk is defined as the potential adverse impact on net quarterly earnings and economic value due to price movement and volatilities. The Company is exposed to other price risk with respect to certain wood products. The Company closely monitors wood product prices.

27. FAIR VALUE MEASUREMENT

IFRS 13, *Fair Value Measurement* requires classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset and liability, either directly or indirectly;
- Level 3 – Inputs that are not based on observable market data.

The following table summarizes the fair value measurement hierarchy of the Company's assets and liabilities at December 31, 2019.

	Total $	Level 1 $	Level 2 $	Level 3 $
Non-financial assets measured at fair value				
Timber	**48,800**	-	-	48,800
Financial assets for which fair values are disclosed				
Trade and other receivables	**98,420**	-	-	98,420
Financial liabilities for which fair values are disclosed				
Trade and other payables	**82,553**	-	-	82,553
Performance bonds	**12,778**	-	-	12,778
Dividends payable	**10,887**	-	10,887	-
Unsecured notes	**58,026**	58,026	-	-
Revolving loan facility	**213,874**	-	-	213,874
Non-revolving term loan	**22,791**	-	-	22,791
Promissory notes	**3,052**	-	-	3,052
Lease liabilities	**124,009**	-	-	124,009
Equipment term loan and equipment line	**9,355**	-	-	9,355

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

28. CHANGES IN NON-CASH WORKING CAPITAL

	2019 $	2018 $
Trade and other receivables	**4,534**	7,539
Inventories	**5,807**	(54,945)
Prepaid expenses and deposits	**(2,939)**	(434)
Trade and other payables	**(116)**	(5,892)
Performance bond obligations	**(83)**	(1,735)
	7,203	(55,467)

29. REVENUE

The following table presents disaggregated revenues from contracts for the Company in categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows were affected by economic factors.

	2019			2018		
	Distribution $	Forestry $	Total $	Distribution $	Forestry $	Total $
Primary geographic markets						
Canada	866,611	40,513	**907,124**	903,895	42,338	946,233
United States	419,169	7,908	**427,077**	336,870	8,192	345,062
	1,285,780	48,421	**1,334,201**	1,240,765	50,530	1,291,295
Revenue categories						
Products	1,281,953	48,421	**1,330,374**	1,236,428	50,530	1,286,958
Services	3,827	-	**3,827**	4,337	-	4,337
	1,285,780	48,421	**1,334,201**	1,240,765	50,530	1,291,295

Certain customers elect to prepay for goods and services, for which the Company has recorded a contract liability of $4,059 as at December 31, 2019 (December 31, 2018 - $2,924), related to these unsatisfied performance obligations (unearned revenues). These amounts are included in Trade and other payables in the audited Consolidated Statement of Financial Position.

The Company has sold products to certain customers who comprise greater than 10% of its revenues. During the year ended December 31, 2019, two customers individually accounted for revenues in excess of 10%, purchasing an aggregate of $353,740 (2018 - $383,821, representing two customers).

30. SEGMENTED INFORMATION

The Company operates in two reportable business segments and two geographic areas.

The two reportable business segments offer different products, require different production processes, and are based on how financial information is produced internally for the purposes of making operating decisions. The following summary describes the operations of each of the Company's reportable business segments:

- *Distribution* – wholesale distribution of building materials and home renovation products, including value-added services such as lumber pressure treating; and
- *Forestry* – timber ownership and management of private timberlands and Crown forest licenses, logging and trucking operations, and value-added services such as post-peeling and post and pole pressure treating operations.

Revenues between segments were accounted for at prices that approximate fair value. No business segments have been aggregated to form the above reportable business segments.

Business segment revenues and specified expenses were as follows:

	2019				2018			
	Distribution $	Forestry $	Adjustments and eliminations[1] $	Consolidated $	Distribution $	Forestry $	Adjustments and eliminations[1] $	Consolidated $
Revenue								
External customers	1,285,780	48,421	-	**1,334,201**	1,240,765	50,530	-	1,291,295
Inter-segment	-	2,142	(2,142)	**-**	-	1,594	(1,594)	-
	1,285,780	50,563	(2,142)	**1,334,201**	1,240,765	52,124	(1,594)	1,291,295
Specified expenses								
Depreciation and amortization	34,288	7,523	-	**41,811**	13,411	5,011	-	18,422
Finance costs	19,132	2,736	-	**21,868**	9,160	2,512	-	11,672
Net earnings (loss)	17,981	(762)	-	**17,219**	26,289	3,726	-	30,015
Purchase of property, plant and equipment	3,943	3,373	-	**7,316**	8,048	5,708	-	13,756

1. Includes inter-segment eliminations and income and expenses that are not allocated to reportable business segments.

Business segment long-term assets were as follows:

	December 31, 2019				December 31, 2018			
	Distribution $	Forestry $	Percent %	Consolidated $	Distribution $	Forestry $	Percent %	Consolidated $
Canada	170,694	116,962	59	**287,656**	118,774	131,679	62	250,453
United States	204,006	-	41	**204,006**	156,073	-	38	156,073
Long-term assets	374,700	116,962	100	**491,662**	274,847	131,679	100	406,526

The percentage of total revenue from external customers from product groups was as follows:

	2019 %	2018 %
Construction materials	**58**	58
Specialty and allied	**35**	34
Forestry and other	**7**	8
	100	100

31. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide dividends to shareholders and benefits for other stakeholders. The Company includes debt and equity, comprising shareholders' capital, contributed surplus, deficit and cumulative dividends on shares, in the definition of capital.

The Company seeks to maintain a balance between the higher returns that might be possible with the leverage afforded by higher borrowing levels and the security afforded by a sound capital structure. It does this by maintaining appropriate debt levels in relation to its working capital and other assets in order to provide the maximum dividends to shareholders commensurate with the level of risk. Also, the Company utilizes its debt capabilities to buy back shares, where appropriate, in order to maximize cash distribution rates for remaining shareholders.

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

The Company's policy is to dividend all available cash from operations to shareholders after provision for cash required for maintenance of capital expenditures and other reserves considered advisable by the Company's directors. The Company has eliminated the impact of seasonal fluctuations by equalizing quarterly dividends.

There are no externally imposed capital requirements and the Company's loan agreements do not contain any capital maintenance covenants.

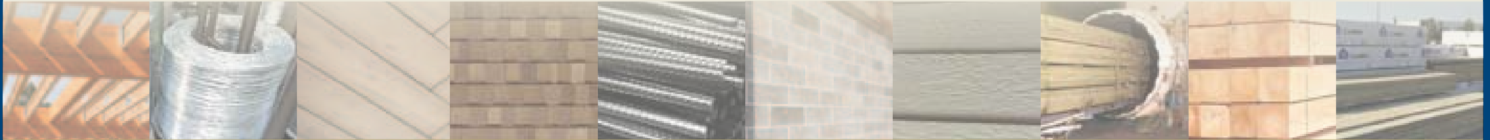
There were no changes to the Company's approach to capital management during the current year.

32. SEASONALITY

The Company's sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. The Company generally experiences higher sales in the second and third quarters compared to the first and fourth quarters. In addition, forestry operations and harvesting activities can be compromised by inaccessibility to some sites during wet seasons and extreme winter weather conditions, resulting in decreased harvest and customer delivery levels. This creates a timing difference between free cash flow earned and dividends paid. While the Company has leveled dividends to provide a regular income stream to shareholders over the course of a year, the second and third quarters have historically been the Company's most profitable.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.



Corporate Information

Directors

Ian M. Baskerville
Toronto, Ontario

Amar S. Doman
West Vancouver, British Columbia

Tom Donaldson
Saint John, New Brunswick

Kelvin Dushnisky
Johannesburg, South Africa

Sam Fleiser
Toronto, Ontario

Stephen W. Marshall
Vancouver, British Columbia

Harry Rosenfeld
Vancouver, British Columbia

Marc Seguin
Vancouver, British Columbia

Siegfried J. Thoma
Portland, Oregon

Auditors

KPMG LLP
Vancouver, British Columbia

Solicitors

Goodmans LLP
Toronto, Ontario

DLA Piper (Canada) LLP
Vancouver, British Columbia

Officers

Amar S. Doman
Chairman and CEO

James Code
Chief Financial Officer

R.S. (Rob) Doman
Corporate Secretary

CanWel Building Materials

National Office
1600 – 1100 Melville Street
P.O. Box 39
Vancouver BC V6E 4AE

Contact
Phone: (604) 432-1400
Internet: *www.canwel.com*

Transfer Agent

AST Trust Company (Canada)
Vancouver, British Columbia
Toronto, Ontario

Investor Relations

Contact
Ali Mahdavi
Phone: (416) 962-3300

Stock Exchange

Toronto Stock Exchange

Trading Symbols:

CWX, CWX.NT.A