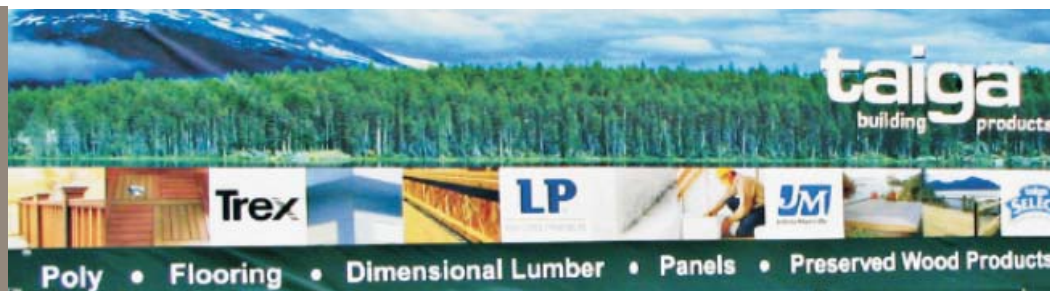


Q2



800 - 4710 Kingsway
Burnaby, BC Canada V5H 4M2

Q2 FINANCIAL HIGHLIGHTS

SALES

\$292.5 million

NET INCOME

\$3.2 million

EARNINGS PER SHARE

\$0.10

EBITDA

\$12.4 million

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

This Management's Discussion and Analysis ("MD&A") of Taiga Building Products Ltd. "Taiga" or the "Company" has been prepared based on information available as at November 13, 2008 and should be read in conjunction with the consolidated financial statements and the corresponding notes thereto for the quarter ended September 30, 2008 and year ended March 31, 2008. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the first quarter.

Taiga's unaudited interim consolidated financial statements and the accompanying notes included within this interim report include the accounts of Taiga and its subsidiaries. The unaudited financial information reported herein has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and is expressed in Canadian dollars. This MD&A complements and supplements the unaudited financial statements, but does not form part of the financial statements.

This discussion and analysis contains forward-looking statements concerning the future performance of our business, its operations, and its financial performance and condition. These forward-looking statements are based on our current expectations and judgment. These statements are subject to risks affected by known and unknown risks and uncertainties that may cause the actual future results of the Company to be materially different than those expressed or implied in this discussion. These risks and uncertainties are described herein and in the Taiga Building Products Ltd. Annual Information Form dated June 21, 2007. No forward-looking statement is a guarantee of future results.

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

Additional information relating to the Company including the Annual Information Form of Taiga Building Products Ltd. can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This MD&A includes the following sections:

1. Business Overview
2. Results of Operations
3. Segmented Revenue
4. Summary of Quarterly Results
5. Liquidity and Capital Resources
6. Commitments and Contingencies
7. Risks and Uncertainties
8. Related Party Transactions
9. Critical Accounting Policies and Estimates
10. Changes in Accounting Policies
11. Off-Balance Sheet Arrangements
12. Internal Controls, Disclosure and Financial Reporting
13. Outlook

1. Business Overview

Taiga is the largest, by revenue, independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and elsewhere. As a wholesale distributor, Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and two distribution centres in California. In addition, Taiga regularly distributes through the use of third party reload centres. Taiga also owns and operates three wood preservation plants that produce pressure-treated wood products and one remanufacturing facility that produces building materials such as fence products and custom-cut lumber. Factors that affect Taiga's year-over-year profitability include sales levels, price fluctuations and product mix.

2. Results of Operations

Comparison of the Quarters ended Sept 30, 2008 and Sept 30, 2007

Sales

The Company's consolidated net sales for the quarter ended September 30, 2008 were \$292.2 million compared to \$286.9 million over the prior year, up \$5.3 million or 1.9%. Certain program selling allowances and costs were reclassified to Sales in accordance with GAAP at the September 30, 2008 quarter-end for comparative purposes. See Gross Margin section below for further details.

Higher revenue is attributed to stronger sales from commodity lumber, treated wood and flooring products offset to a degree by weaker sales from engineered wood products, OSB and plywood. Average lumber prices remained steady in the quarter while OSB prices were 1.3% higher compared to the same quarter last year. Taiga's focus on value-added products has been rewarded with double-digit growth in key allied product categories such as flooring and siding.

Regionally, we continue to see growth in Saskatoon, Manitoba and Newfoundland. Sales effort from our new office in Oakville, Ontario also contributed to this traditionally strong quarter. These gains were partially reduced by the slowdown in sales from our distribution centers in California and Alberta. Revenue in California and Alberta fell 17% and 18% respectively. This is primarily driven by significant declines in the number of housing starts in these areas.

The Company's exposure to dimension lumber and panel sales, as a percentage of total sales, remained roughly the same at 54% compared to the same period last year. Allied and treated wood product sales, as a percentage of total sales, increased to 37% this quarter from 35% last year while engineered wood products share of sales contribution fell to 8% from 11% for the same time period.

Gross Margin

Gross margin performance in Q2'09 improved to \$35.1 million from \$34.0 million in the same quarter of the prior year. This is attributable to Taiga's value added product mix strategy as well as the stronger Canadian dollar which lowered the cost of international procurement. For the quarter ended September 30, 2008 Taiga reclassified certain of its program selling allowances and costs to Sales from Cost of Sales. For Q2'09, the amount reclassified was \$22 million compared to \$20 million in Q2'08. This accounting reclassification, in compliance with GAAP EIC-156, has no impact on gross margin or net profitability. After considering the impact of EIC-156 and other reclassifications, Taiga's gross margin percentage for Q2'09 was 12% versus 11.8% in the comparative period last year.

Expenses

Distribution expenses for the three months ended September 30, 2008 were \$7.9 million, an increase of \$0.8 million, or 12.0% compared to \$7.1 million in the same period last year. This is mainly due to higher fuel costs and increased compensation expenses arising from a new business unit.

Selling and administration expenses for the three months ended September 30, 2008 were \$14.9 million, a decrease of \$0.2 million, or 1.7% compared to \$15.1 in million the same period last year.

Other Non-Operating Expense (Income)

Other non-operating expense for the three months ended September 30, 2008 was \$0.7 million compared to an income of 0.3 million in the same period last year. The increase of \$1.0 million was a result of an accrual of interest related to settlement of tax reassessment.

Interest and Subordinated Debt Interest

Interest expense for the three months ended September 30, 2008 was \$1.7 million, a decrease of \$0.6 million, or 27.0% compared to \$2.3 million in the same period last year due to the reduced interest rates.

Subordinated debt interest expense remained constant at \$3.9 million.

Net Earnings

Net earnings for the three months ended September 30, 2008 was \$3.2 million, a decrease of \$0.6 million, or 14.5% compared to \$3.8 million in the same period last year.

The decrease was due to increased distribution costs, partially offset by improved gross margins on product sales.

EBITDA

EBITDA for the three months ended September 30, 2008 was \$12.4 million, a decrease of \$0.3 million, or 2.8% compared to \$12.7 million in the same period last year.

Reconciliation of Net Earnings to Earnings before Interest, Tax, Depreciation and Amortization (EBITDA):

(in thousands of dollars)

	Three months ended September 30, 2008	
	2008	2007
Net Earnings	\$3,150	\$3,828
Income taxes	2,774	1,952
Interest	5,679	6,260
Amortization	783	708
EBITDA	\$12,386	\$12,748

3. Segmented Revenue

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

(in thousands of dollars)

	Three months ended September 30, 2008			
	2008		2007	
	Sales	%	Sales	%
Canada	\$275,734	94.3	\$266,963	93.0
US	16,515	5.7	19,972	7.0

During the quarter, Taiga's Canadian operation had export sales of Cdn. \$32.5 million compared to Cdn. \$22.0 million in the same quarter last year. These export sales were primarily to the United States.

4. Summary of Quarterly Results

(in thousands of dollars, except per share amount in dollars)

	Sep-2008	Jun-2008	Mar-2008	Dec-2007	Sep-2007	Jun-2007	Mar-2007	Dec-2006 ⁽¹⁾
Sales	\$314,035	\$299,336	\$211,198	\$235,133	\$306,727	\$311,801	\$229,581	\$232,157
Net income (loss)	\$3,150	\$4,156	\$(3,649)	\$(1,897)	\$3,828	\$3,948	\$(2,684)	\$2,136
Earnings (loss) per share ⁽²⁾	\$0.10	\$0.13	\$(0.11)	\$(0.06)	\$0.12	\$0.12	\$(0.08)	\$0.07

Notes:

- (1) The amounts are derived from Taiga's historical financial statements which have been adjusted for a prior-period adjustment. For further information see Note 19 'Restatement' in the audited financial statements for the fiscal year ended March 31, 2007 included in Taiga's 2007 annual report.
- (2) This is the same for basic and fully-diluted per share basis. Earnings (loss) per share is calculated using the weighted-average number of units/shares.
- (3) These figures have not been adjusted in accordance to CICA guidelines in EIC-156 to provide a common basis for quarterly sales comparison.

Taiga Building Products is subject to the seasonal fluctuations of the building and renovation industries. As a result, Taiga's Sales and Net Income are typically high for the 3 months ended September 30, during the North American summer and low in the 3 months ended March 31, during the winter months.

5. Liquidity and Capital Resources

Summary of Financial Position

(in thousands of dollars, except for ratios)

	<u>Sep-2008</u>	<u>Mar-2008</u>	<u>Sep-2007</u>	<u>Mar-2007</u>
Current Assets	\$ 241,955	\$ 258,057	\$ 228,980	\$ 263,443
Current Liabilities (excluding Credit Facilities)	94,435	83,271	90,774	81,723
Credit Facilities	114,950	146,690	107,105	145,632
Working Capital	32,570	28,096	31,101	36,088
Long Term Liabilities (excluding Subordinated Notes)	29,278	29,620	29,771	30,790
Subordinated Notes	128,834	128,834	128,834	128,834
Total Assets	282,354	298,314	274,557	304,004
Shareholders' Equity	\$(85,143)	\$(90,101)	\$(81,907)	\$(82,975)
Ratios				
Current Ratio	1.16	1.12	1.17	1.16
Debt-to-Shareholders' Equity Ratio ⁽¹⁾	2.83	3.39	2.64	3.11

Notes:

(1) Impact of Stapled Unit conversion.

Pursuant to an Indenture dated September 1, 2005, the Company issued 32,205,680 Subordinated Notes (the "Notes") with a principal amount of \$5.32 for an aggregate carrying amount of \$171,334,217. Under the terms of the Indenture, the Notes are unsecured, bear interest at 14% per annum and mature on September 1, 2020. Interest on the Notes (except defaulted interest) at a rate of 14% per annum is payable monthly in arrears, and is calculated as an annual interest sum divided by twelve, on or about the 15th day following the end of each month commencing October 17, 2005. The aggregate principal amount of Notes that may be issued under the Indenture is unlimited. The Notes are guaranteed by certain of the Company's subsidiary and affiliated companies. As a result of the Stapled Unit conversion, the aggregate issue price of the Notes in the amount of \$171,334,217 is charged against Retained Earnings.

On May 12, 2006 the Company completed its offer to purchase up to \$42.5 million of its outstanding 14% Notes due 2020 for a purchase price of 105% of the principal amount outstanding per Note plus accrued and unpaid interest to the date of acceptance, leaving principal value of \$128,834,217 of Notes outstanding. The offer constituted an Asset Sales Offer pursuant to the terms of the Indenture governing the subordinated notes.

For calculation of ratios containing Shareholders' Equity, \$171,334,217 has been excluded from Retained Earnings.

Debt is defined as Credit Facilities and Subordinated Notes.

Assets

Total assets were \$282.4 million as at September 30, 2008 compared to \$298.3 million as at March 31, 2008. The decrease of \$16.0 million was primarily the result of decreased inventories, partially offset by an increase in accounts receivable.

Inventory decreased by \$32.8 million to \$118.6 million as at September 30, 2008, compared to \$151.4 million as at March 31, 2008 due to seasonal drawdown of products.

Accounts receivable increased by \$16.9 million to \$121.5 million as at September 30, 2008, compared to \$104.6 million as at March 31, 2008.

Liabilities

Total liabilities decreased from \$388.4 million as at March 31, 2008 to \$367.5 million as at September 30, 2008. The \$20.9 million decrease was mainly the result of decreased revolving credit facilities, income taxes payable, and future income taxes, partially offset by an increase from accounts payable and accrued liabilities.

Revolving credit facilities decreased by \$31.7 million to \$115.0 million as at September 30, 2008, compared to \$146.7 million as at March 31, 2008. The decrease was primarily the result of lower inventory level due to seasonal drawdown of products.

Income taxes payable increased by \$3.3 million to \$10.7 million at September 30, 2008. Concurrently, Future income taxes decreased \$4.1 million to \$4.9 million over the same period. The shift in income tax liability from future to current is the result of the staggered year end of a significant subsidiary entity.

Accounts payable and accrued liabilities increased by \$11.9 million to \$78.4 million as at September 30, 2008, compared to \$66.5 million as at March 31, 2008. The increase was primarily the result of higher incentive and trade payables due to timing of payments.

Changes in Non-Cash Working Capital Items

(in thousands of dollars)

	Three months ended		Six months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
(Increase) Decrease in accounts receivable	\$(1,308)	\$16,290	\$(16,919)	\$5,976
(Increase) Decrease in income taxes recoverable/payable	(2,812)	137	3,517	4,988
(Increase) Decrease in inventories	11,405	8,292	32,753	28,225
(Increase) Decrease in prepaid expenses and other	(132)	935	(27)	197
Effect of Foreign Exchange on Working Capital ⁽¹⁾	656	(1,127)	551	(2,546)
Increase (Decrease) in AP & Accrued Liabilities	11,328	2,419	11,884	4,371
	\$19,137	\$26,946	\$31,759	\$41,211

Notes:

(1) Unrealized loss arising from translation of working capital from Taiga's U.S Operations. Last year, this item was presented on the face of the Consolidated Statements of Cash Flows.

Working Capital

Working capital increased by \$4.5 million to \$32.6 million as at September 30, 2008 compared to \$28.1 million as at March 31, 2008. The Company's investment in working capital fluctuates from quarter to quarter based on seasonal sales demand and the timing of collections from customers and payments to suppliers. Historically, the third and fourth quarters are considered seasonally slower periods for construction activity resulting in lower demand for building products. This translates into lower sales and working capital requirements in these quarters.

Revolving Credit Facilities

Under the GE credit facility, the Company can obtain a maximum revolving loan commitment of CDN \$200 million from February through September and CDN \$160 million from October through January. The credit arrangement also has an accordion feature to permanently increase the maximum limit by an additional CDN \$50 million. As at September 30, 2008, Taiga was utilizing \$115.0 million of the \$200 million facility. Taiga's main source of financing will come from cash provided by operations and the GE credit facilities. Management believes that such sources of liquidity will be sufficient to fund future working capital requirements, capital expenditures and Taiga's planned growth.

Contractual Obligations

There are no material changes to the contractual obligations as reported in the Management's Discussion and Analysis and audited consolidated financial statements and notes thereto included in the Company's 2008 annual report and Annual Information Form dated June 27, 2008.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On November 13, 2008, there were 32,205,680 common shares outstanding.

Dividend Policy

On October 15, 2008 Taiga announced a revised Dividend Policy. The new policy is designed to link dividends more directly to accomplishment. Under the new policy, the Company intends to pay dividends on its common shares equal to 25% of the prior fiscal year's Net Earnings. These dividend payments will occur bi-annually on each July 15 (or the first business day thereafter) and each January 15th (or the first business day thereafter) and are to be paid to the shareholders of record on June 30th and December 31st (or the first business days thereafter).

The last payment made under the old dividend policy was on October 15, 2008 for the month of September 2008. Dividend payments totaling \$1.5 million were paid during the quarter ended September 30, 2008, compared with \$2.1 million during the same quarter last year.

6. Commitments and Contingencies

(a) Contingent Liability and Associated Legal Matter

Reassessment of Tax by Canada Revenue Agency and Ontario Ministry of Finance

The Canada Revenue Agency and other provincial authorities have been reviewing the 2002, 2003, 2004 and 2005 taxation years of Taiga in connection with the formation of a financing structure involving Taiga Building Products Ltd. (formerly Taiga Forest Products Ltd.), Taiga Building Products General Partnership (formerly Taiga Forest Products General Partnership) and a related financing subsidiary.

On May 16, 2007 Taiga announced that it received a notice of assessment of approximately \$8.8 million of income taxes and interest payable, from the Ontario Ministry of Finance in relation to the financing structure mentioned above.

On November 22, 2007 the Canada Revenue Agency reassessed Taiga in the amount of \$5.1 million related to the same financing structure. On December 13, 2007 Taiga remitted the required interim payment of \$1.8 million.

The Ontario Ministry of Finance and Canada Revenue Agency reassessments include duplicate consideration of the same economic amount.

During the period ended March 31, 2008 Taiga accrued \$8.6 million of income taxes and interest payable in relation to the Canada Revenue Agency and Provincial authorities' reassessment of the financing structure.

In September 2008, Taiga accrued a further \$1.0 million of income taxes and interest payable in anticipation of a final settlement. On October 15, 2008, Taiga settled the tax reassessment in the amount of \$9.6 million. On October 30, 2008, Taiga paid out \$5.4 million in full settlement of the amount owing. This payment was net of refunds due to the Company.

Law Suit against Former Auditor and Tax Advisor

In connection with the Canada Revenue Agency challenge of the financing structure discussed in Note 6a, on June 21, 2007 the Company filed a claim in the Supreme Court of British Columbia, against its former auditor and tax consultant, Deloitte & Touche, for damages for breach of contract, professional negligence, and breach of fiduciary duty arising out of the sale and implementation of a financing plan.

(b) Arbitration with former ERP Project Provider

On October 23, 2007, Taiga terminated its contract with its Enterprise Resource Planning (ERP) Project provider Laurier CIM Group Inc. for failing to meet contractual obligations. In November 2007, Taiga wrote off project costs totaling \$2.1 million which is included in non-operating expenses. Taiga is arbitrating the case.

7. Risks and Uncertainties

The results of operations, business prospects and financial conditions of Taiga are subject to a number of risks and uncertainties, and are affected by a number of factors outside of Taiga's control.

Dependence on Market Economic Conditions

Demand for Taiga's products depends significantly upon the residential and commercial construction market, industrial manufacturing market and home improvement market. The level of activity in the residential construction market, industrial manufacturing market and home improvement market depends on many factors, including the general demand for housing, interest rates, availability of financing, housing affordability, levels of unemployment, shifting demographic trends, gross domestic product growth, consumer confidence, changes in the rate of housing starts, and other general economic conditions. The level of activity in the industrial commercial construction market depends largely on vacancy and absorption rates, interest rates, regional economic outlooks, and availability of financing and general economic conditions. Consequently, the level of activity in the home improvement, residential and commercial construction markets and the industrial manufacturing market is determined by factors that are not within Taiga's control. Also, since such markets are sensitive to cyclical changes in the economy, future downturns in the economy or lack of further improvement in the economy could have a material adverse effect on Taiga's financial condition and results of operations.

Financing Risks

Our ability to make scheduled payments or refinance our obligations depends on our successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond our control. We will continue to review our financial needs and obtaining additional capital or restructuring our debt could be accomplished in part, through new or additional borrowings or placement of debt or equity securities. However, there can be no assurance that we could obtain additional capital or restructure our debt on terms acceptable to us or at all.

Sales and Margin Risk and Fluctuations in Commodity Prices

Taiga's profitability depends on its ability to maintain and grow sales to its customers and to sustain its profit margins. If Taiga's operating costs increase or if the prices for which Taiga is able to sell its products fall, its sales or margins, or both, will be adversely affected.

Taiga's sales volumes are affected by general economic conditions impacting the housing industry, such as prevailing interest rates, competition, and relationships with customers and suppliers. Adverse changes in any one of these factors can significantly reduce Taiga's sales volumes.

Commodity prices fluctuate with market supply and demand and other factors and these fluctuations can be volatile. Taiga's profitability depends on its ability to sell products at prices that are higher than their cost to Taiga. Cost controls are therefore critical to Taiga's profitability. Any failure in Taiga's strategy for not reducing its cost either by not managing internal costs or by not implementing effective purchasing initiatives will negatively affect its financial results. Taiga has implemented, and continues to focus on, cost controls but the success of its strategies cannot be assured.

Taiga's profitability is directly influenced by the cost of certain commodity products, such as plywood, oriented strand board, panel boards and dimension lumber. The prices of such commodity products are subject to significant volatility and are beyond the control of Taiga. There can be no assurance that Taiga's producers or manufacturers will continue to have these commodity products available to them at reasonable prices or that significant increases in the costs of such commodities will not materially adversely affect the operations of Taiga. Gross margins are dependent on the prices at which Taiga sells its products. Sudden changes in commodity prices may adversely impact Taiga's operating results.

Supply of Commodities

Dimension lumber and panel products are important components of Taiga's product mix. Due to political and environmental restrictions on logging in North America, the availability of adequate lumber supply in the future could adversely affect Taiga's growth. Taiga's policy of buying from as many established producers as possible, and its practice of establishing a number of supply arrangements, are designed to ensure continued supply, but there can be no assurance that such measures will reduce the risk of limited supply in the future.

Supply-Side Risks

Taiga distributes building products produced or supplied by a number of major suppliers. Taiga currently does not have long term contracts with any of its major suppliers and many of its arrangements with its suppliers are not contained in written agreements. Although Taiga believes that it has access to similar products from competing suppliers, any disruption in Taiga's sources of supply, or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect upon Taiga's results of operations and financial condition.

In addition, many of Taiga's suppliers and other service providers have unionized work forces. If one or more of Taiga's suppliers or service providers experience a material work stoppage or slow down, it could materially adversely affect Taiga's ability to secure sufficient inventory and therefore could materially adversely affect its business, financial condition, results of operations and cash flows. Also, supply shortages occur at times as a result of unanticipated demand, production difficulties or delivery delays. In such cases, building material and commodity suppliers often allocate products among distributors. Future supply shortages may occur from time to time and may have a short term material adverse effect on Taiga's results of operations and financial conditions.

Inventory Risk

The wholesale building products distribution industry is characterized by large sales volumes and low gross margins. It is highly sensitive to price, quality, timeliness of delivery and continuity of supply. In addition, the demand for some of Taiga's products is cyclical and prices can change rapidly.

Taiga's buying practices are designed to minimize the risk of rapidly changing prices, although there can be no assurance that such practices will actually reduce risk. Taiga does not generally hedge its inventory risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and optimal customer service. Although Taiga strives to reduce the risk associated with price changes by maximizing inventory turnover, Taiga maintains significant quantities of inventory, which is affected by fluctuating prices. Taiga selectively enters into lumber futures contracts to hedge its inventory. Nonetheless, these positions are immaterial relative to the Company's consolidated inventory position.

Currency Risk

The performance of the Canadian dollar compared to the US dollar presents a certain valuation risk for inventories purchased specifically for US markets. Taiga does not generally hedge these inventories with US exchange forwards, relying instead on rapid inventory turnover. Taiga continually monitors exchange trends and sells most US receipts into the spot market at the most advantageous rates possible.

Credit Risk

Taiga extends to its customers credit, which is generally unsecured. Taiga has credit management procedures in place to mitigate the risk of losses due to the insolvency or bankruptcy of customers. However, risk exists that some customers may not be able to meet their obligations and the loss of a large receivable would have a significant negative impact on Taiga's profitability.

Interest Risk

Taiga utilizes significant leverage to finance day-to-day operations. The interest cost of Taiga's revolving credit facility is predominately prime-based. Increased interest rates will increase Taiga's operating costs and may reduce net profit after income tax. Taiga monitors current interest rates and selectively utilizes interest rate swap agreements to mitigate the risk. As at September 30, 2008, Taiga had the following interest rate swap arrangements:

Counterparty	Maturity Date	Notional Amount	Fixed Interest Rate	Market Value as at		Change in Market Value
				Sept 30, 2008	Jun 30, 2008	
JP Morgan Chase Bank, N.A.	August 31, 2010	\$10,000,000	4.87%	\$ (311,628)	\$ (244,752)	\$ (66,876)
HSBC Bank Canada	August 25, 2009	\$10,000,000	4.50%	\$ (133,873)	\$ (135,204)	\$ 1,331
				\$ (445,501)	\$ (379,956)	\$ (65,545)

8. Related Party Transactions

During the current quarter there were no related party transactions and none in the same quarter last year. Taiga intends to enter into transactions, from time to time, with related parties to purchase and sell building materials inventory and for such affiliates to act as agents for Taiga entitling them to receive commissions. These transactions will be in the normal course of business and will be on the same terms as those accorded to non-related parties.

9. Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles (GAAP) requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes thereto. Financial results as determined by actual events could be different from those estimates. Significant areas requiring such estimates are accounting valuations, inventory, the composition of future income taxes, and volume rebates. Although management believes the estimates used while preparing its financial statements are reasonable, actual results may be different from these estimates.

The significant accounting policies of Taiga are described in Note 1 of the March 31, 2008 audited financial statements contained in the Taiga Building Products Ltd. 2008 annual report. The policies which Taiga believes are the most critical to assist with understanding and evaluating its reported financial results have been included in Note 1 to the September 30, 2008 interim consolidated financial statements.

10. Changes in Accounting Policies

On April 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook section 1400, *General Standards of Financial Statement Presentation* (Section 1400), Handbook section 1535, *Capital Disclosures* (Section 1535), Handbook section 3031, *Inventories* (Section 3031), Handbook section 3862, *Financial Instruments - Disclosures* (Section 3862), and Handbook section 3863, *Financial Instruments – Presentation* (Section 3863).

These accounting standards are discussed in Note 2 – *Adoption of new accounting policies* to the September 30, 2008 interim consolidated financial statements.

11. Off-Balance Sheet Arrangements

There are no material off-balance sheet arrangements.

For a detailed description of financial instruments and their associated risks, see Note 9 – *Financial Instruments* to the September 30, 2008 interim consolidated financial statements.

12. Internal Controls, Disclosure and Financial Reporting

There were no changes in the Corporation's internal controls over financial reporting that occurred during the second quarter of fiscal year 2009 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

13. Outlook

Taiga's financial performance is primarily dependent on the commercial and residential construction, renovation and repairs markets. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators.

In Canada, the Canada Mortgage and Housing Corporation (CMHC) has reported that housing starts for the calendar year 2008 will come in at 212,188 units, a decline of approximately 7.1% from 228,343 units in year 2007. Indicators suggest that the housing market will be weaker in 2009, with CMHC predicting housing starts will moderate to 177,975 units, a reduction of 16.1%. In the United States, the National

Association of Home Builders (NAHB) reported that total housing starts are projected to decline 30.2% to 0.936 million units in 2008 from 1.341 million units.

BY ORDER OF THE BOARD OF DIRECTORS



Kooi Ong Tong
Executive Chairman and CEO

Notice of No Auditor Review of Interim Financial Statements

Under National instrument 51-102 “ Continuous Disclosure Obligations”, Part 4, Subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

Taiga’s independent auditors, HLB Cinnamon Jang Willoughby, have not performed a review of these interim statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are responsibility of the Company’s management.

TAIGA BUILDING PRODUCTS LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30 2008	March 31 2008
<i>(in thousands of Canadian dollars)</i>		
Assets		
Current:		
Accounts receivable	\$ 121,489	\$ 104,570
Income taxes recoverable	134	384
Inventories (Note 3)	118,600	151,353
Other current assets	83	23
Prepaid expenses	1,649	1,727
	241,955	258,057
Land, buildings, equipment and leaseholds	36,287	36,152
Future income taxes	4,112	4,105
	\$ 282,354	\$ 298,314

Liabilities and Shareholders' Equity

Current:		
Revolving credit facilities	\$ 114,950	\$ 146,690
Accounts payable and accrued liabilities	78,378	66,495
Income taxes payable	10,692	7,425
Future income taxes	4,883	8,974
Current portion of long-term debt	69	66
Current portion of obligations under capital leases	412	311
	209,384	229,961
Long-term debt	2,478	2,423
Financial Instruments (Note 9)	447	565
Obligations under capital leases	11,212	10,976
Deferred gain	15,141	15,656
Subordinated notes	128,834	128,834
	367,496	388,415
Shareholders' Equity:		
Share capital	13,229	13,229
Accumulated other comprehensive loss	(2,915)	(3,466)
	10,314	9,763
Retained Earnings (Deficit) (Note 5)	(95,456)	(99,864)
	(85,142)	(90,101)
	\$ 282,354	\$ 298,314

Commitments and Contingencies (Note 7)
See accompanying notes to interim consolidated financial statements

TAIGA BUILDING PRODUCTS LTD.
CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT
(Unaudited)

	Three months ended September 30		Six months ended September 30	
	2008	2007	2008	2007
<i>(in thousands of Canadian dollars)</i>				
Sales	\$ 292,249	\$ 286,935	\$ 576,694	\$ 576,585
Cost of sales	257,142	252,956	507,204	509,528
Gross Margin	35,107	33,979	69,490	67,057
Expenses:				
Distribution	7,913	7,068	14,509	13,737
Selling and administration	14,886	15,143	30,414	28,743
Interest				
Current	1,689	2,269	3,678	4,567
Long-term	44	45	87	93
	24,532	24,525	48,688	47,140
Earnings from operations	10,575	9,454	20,802	19,917
Subordinated debt interest expense	3,946	3,946	7,891	7,891
Other non-operating expense (income)	705	(272)	453	(547)
Earnings before income taxes	5,924	5,780	12,458	12,573
Income taxes (Note 4)				
Current	614	(352)	7,083	4,474
Future and withholding	2,160	2,304	(1,931)	323
	2,774	1,952	5,152	4,797
Net Earnings	3,150	3,828	7,306	7,776
Deficit, beginning	(97,157)	(92,987)	(99,864)	(94,831)
Transitional adjustment for the adoption of new accounting policies for financial instruments (Note 9)	-	-	-	(46)
Deficit, beginning, after adoption	(97,157)	(92,987)	(99,864)	(94,877)
Net Earnings	3,150	3,828	7,306	7,776
Common share dividends	1,449	2,058	2,898	4,116
Deficit, ending	\$ (95,456)	\$ (91,217)	\$ (95,456)	\$ (91,217)
Basic and diluted net earnings per unit/common share	\$0.10	\$0.12	\$0.23	\$0.24
Weighted average number of units/common shares outstanding	32,206	32,206	32,206	32,206

See accompanying notes to interim consolidated financial statements

TAIGA BUILDING PRODUCTS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three months ended		Six months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
<i>(in thousands of Canadian dollars)</i>				
Net Earnings for the period	\$ 3,150	\$ 3,828	\$ 7,306	\$ 7,776
Other comprehensive income:				
Unrealized gains (losses) on translation of self-sustaining foreign operations	656	(1,127)	551	(2,546)
Comprehensive income	\$ 3,806	\$ 2,701	\$ 7,857	\$ 5,230
Accumulated other comprehensive loss, beginning of period (Note 2)	\$ (3,571)	\$ (2,792)	\$ (3,466)	\$ (1,373)
Other comprehensive income:				
Unrealized gain (loss) on translation of self-sustaining foreign operations	656	(1,127)	551	(2,546)
Accumulated other comprehensive loss, end of period	\$ (2,915)	\$ (3,919)	\$ (2,915)	\$ (3,919)

See accompanying notes to interim consolidated financial statements

TAIGA BUILDING PRODUCTS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(in thousands of Canadian dollars)</i>	Three months ended		Six months ended	
	September 30		September 30	
	2008	2007	2008	2007
Cash provided by (used in):				
Operating:				
Net Earnings	\$ 3,150	\$ 3,828	\$ 7,306	\$ 7,776
Adjustments for non-cash items				
Amortization	783	708	1,534	1,332
Non-cash interest expense	39	53	104	102
Future income taxes	(9)	2,046	(4,098)	14
Mark-to-market adjustment	3	161	(178)	24
Loss (gain) on asset disposal	111	(14)	116	(14)
Gain on sale and leaseback	(257)	(258)	(515)	(531)
	3,820	6,524	4,269	8,703
Changes in non-cash working capital (Note 10)	19,137	26,946	31,759	41,211
Cash flows from operating activities	22,957	33,470	36,028	49,914
Investing:				
Purchase of land, buildings, equipment and leaseholds	(938)	(6,992)	(1,799)	(6,819)
Proceeds from disposition of equipment	7	15	14	106
Cash flows used in investing activities	(931)	(6,977)	(1,785)	(6,713)
Financing:				
Increase (decrease) in long-term debt	91	(186)	58	(417)
Capital lease payable	142	(71)	337	(141)
Dividends paid	(1,449)	(2,058)	(2,898)	(4,116)
Cash flows used in financing activities	(1,216)	(2,315)	(2,503)	(4,674)
Net Increase (Decrease) in Revolving Credit Facilities	20,810	24,178	31,740	38,527
Revolving Credit Facilities, beginning	(135,760)	(131,283)	(146,690)	(145,632)
Revolving Credit Facilities, ending	\$ (114,950)	\$ (107,105)	\$ (114,950)	\$ (107,105)
Supplemental Disclosure of Cash Flow Information:				
Interest Paid	\$ 6,960	\$ 5,878	\$ 12,468	\$ 11,939
Income Taxes Paid	\$ 5,799	\$ 164	\$ 5,880	\$ 419

See accompanying notes to interim consolidated financial statements

Notes to the Consolidated Interim Financial Statements
For the three and six months ended September 30, 2008 and 2007
(Unaudited)

1. Significant Accounting Policies

(a) Basis of presentation

These unaudited interim financial statements follow the same accounting policies and methods of computation as used in the audited consolidated statements of the fiscal year ended March 31, 2008 except as disclosed in Note 2. However, these interim statements do not include all disclosures typical to the annual financial statements and accordingly, should be read in conjunction with the annual audited financial statements and notes included in the Taiga Building Products Ltd. Annual Report for the year ended March 31, 2008. In management's opinion, these unaudited interim consolidated financial statements include all adjustments necessary to present fairly such information. The results of operations for the interim periods are not necessarily indicative of the results to be expected in future periods. A complete set of policies are available in Taiga's annual report dated March 31, 2008.

(b) Comparative Numbers

The 2007 comparative figures have been reclassified, where applicable, in order to conform with the presentation used in the current year in accordance with guidelines issues in CICA EIC-156. The 2007 refunds have been reclassified where appropriate to conform with the presentation used in the current year.

(c) Revolving Credit Facilities

Revolving credit facilities consists of cheques issued in excess of funds on deposit and credit facilities. Taiga has amended its cash flow statement to show the net increase (decrease) in its credit facilities. The credit facilities act as Taiga's primary source of cash that is used on a day-to-day basis and fluctuates directly as a result of its cash flows from operating, investing and financing activities.

2. Adoption of New Accounting Policies

Changes in accounting policies:

On April 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook section 1400, *General Standards of Financial Statement Presentation* (Section 1400), Handbook section 1535, *Capital Disclosures* (Section 1535), Handbook section 3031, *Inventories* (Section 3031), Handbook section 3862, *Financial Instruments - Disclosures* (Section 3862), and Handbook section 3863, *Financial Instruments – Presentation* (Section 3863).

(a) Assessing Going Concern

Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(b) Capital disclosures

Section 1535 establishes standards for disclosing information about a company's capital and how it is managed in order that a user of the financial statements may evaluate the company's objectives, policies, and processes for managing capital. Beyond additional disclosure, these new standards did not have an effect on our financial position or results of operations. The new disclosures are included in Note 8.

(c) Inventories

Section 3031, replaces Section 3030 *Inventories* and provides guidance on the determination of inventory cost, subsequent recognition as expense, and write-downs to net realizable value. The new standards had no material impact on the financial statements. The Company's inventories are valued at the lower of average cost and net realizable value. Inventories consist of allied building products, lumber products and panel products.

(d) Financial instruments

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. The new standards revise and enhance the disclosure requirements on the nature and extent of risks arising from financial instruments and how a company manages those risks. Beyond additional disclosure, the adoption of these new pronouncements did not have an effect on the Company's financial position or results of operations. The new disclosures are included in Note 9.

3. Inventories

<i>(in thousands of dollars)</i>	As at September 30, 2008	As at March 31, 2008
Allied building products	\$ 37,652	\$ 46,159
Lumber products	61,887	80,182
Panel products	19,061	25,012
Total Inventories	\$118,600	\$151,353

4. Income Taxes

The reported income tax differs from the amount computed by applying the Canadian basic statutory tax rates to the net income. The reasons for this difference and the related tax effects are as follows:

<i>(in thousands of dollars)</i>	Three months ended September 30,		Six months ended September 30,	
	2008	2007	2008	2007
Expected income tax expense	\$1,694	\$ 2,023	\$3,803	\$4,386
Other taxes	52	56	103	112
Non-deductible expense and other deductions	1,216	429	1,607	859
Other	(188)	(556)	(361)	(560)
	\$2,774	\$1,952	\$5,152	\$4,797
	2008	2007	2008	2007
Current	\$ 614	\$(352)	\$ 7,083	\$ 4,474
Future	2,108	2,248	(2,034)	212
Withholding Taxes	52	56	103	111
	\$2,774	\$1,952	\$5,512	\$4,797

5. Retained Earnings Continuity

The following table shows Retained Earnings for the last three years and the current quarter, including the impact of the Stapled Unit conversion.

Pursuant to an Indenture dated September 1, 2005, the Company issued 32,205,680 Subordinated Notes (the "Notes") with a principal amount of \$5.32 for an aggregate carrying amount of \$171,334,217. Under the terms of the Indenture, the Notes are unsecured, bear interest at 14% per annum and mature on September 1, 2020. As a result of the Stapled Unit conversion, the aggregate issue price of the Notes in the amount of \$171,334,217 is charged against Retained Earnings in fiscal year 2006, resulting in a negative Retained Earnings balance. On April 26, 2006, a supplemental indenture caused the Stapled Units to be separated into common shares and subordinated notes as outlined in the audited financial statements for the fiscal year ended March 31, 2008 included in Taiga's 2008 annual report.

<i>(in thousands of dollars)</i>	Sept 30, 2008	Mar 31, 2008 ⁽¹⁾	Mar 31, 2007	Mar 31, 2006
Retained earnings (deficit), beginning	\$ (97,157)	\$ (94,877)	\$ (90,695)	\$ 88,527
Net earnings (loss)	3,150	2,230	4,096	3,602
Common share dividends	1,449	7,217	8,232	11,490
Issuance of Sub Notes	-	-	-	(171,334)
Retained earnings (deficit), ending	\$ (95,456)	\$ (99,864)	\$ (94,831)	\$ (90,695)

Note:

(1) Beginning balance is shown after the transitional adjustment for the adoption of new accounting policies for financial instruments in the amount of \$46.

6. Segmented Information

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

<i>(in thousands of dollars)</i>	Three months ended September 30,			
	2008		2007	
	Sales	%	Sales	%
Canada	\$275,734	94.3	\$266,963	93.0
US	16,515	5.7	19,972	7.0

During the quarter, Taiga had export sales of Cdn. \$32.5 million compared to Cdn. \$22.0 million in the same quarter last year. These export sales were primarily to the United States.

7. Commitments and Contingencies

(a) Contingent Liability and Associated Legal Matter

Reassessment of Tax by Canada Revenue Agency and Ontario Ministry of Finance

The Canada Revenue Agency and other provincial authorities have been reviewing the 2002, 2003, 2004 and 2005 taxation years of Taiga in connection with the formation of a financing structure involving Taiga Building Products Ltd. (formerly Taiga Forest Products Ltd.), Taiga Building Products General Partnership (formerly Taiga Forest Products General Partnership) and a related financing subsidiary.

On May 16, 2007 Taiga announced that it received a notice of assessment of approximately \$8.8 million of income taxes and interest payable, from the Ontario Ministry of Finance in relation to the financing structure mentioned above.

On November 22, 2007 the Canada Revenue Agency reassessed Taiga in the amount of \$5.1 million related to the same financing structure. On December 13, 2007 Taiga remitted the required interim payment of \$1.8 million.

The Ontario Ministry of Finance and Canada Revenue Agency reassessments include duplicate consideration of the same economic amount.

During the period ended March 31, 2008 Taiga accrued \$8.6 million of income taxes and interest payable in relation to the Canada Revenue Agency and Provincial authorities' reassessment of the financing structure. In September, 2008, Taiga accrued a further \$1.0M of income taxes and interest payable in anticipation of a final settlement. On October 15, 2008, Taiga settled the tax reassessment in the amount of \$9.6M.

Law Suit against Former Auditor and Tax Advisor

In connection with the Canada Revenue Agency challenge of the financing structure discussed in Note 7(a), on June 21, 2007 the Company filed a claim in the Supreme Court of British Columbia, against its former auditor and tax consultant, Deloitte & Touche, for damages for breach of contract, professional negligence, and breach of fiduciary duty arising out of the sale and implementation of a financing plan.

(b) Arbitration with former ERP Project Provider

On October 23, 2007, Taiga terminated its contract with its Enterprise Resource Planning (ERP) Project provider Laurier CIM Group Inc. for failing to meet contractual obligations. In November 2007, Taiga wrote off project costs totaling \$2.1 million which is included in non-operating expenses. Taiga is arbitrating the case.

8. Management of capital structure

The Company's objectives for managing capital are to safeguard its ability to continue as a going concern, to provide a sufficient return to its shareholders, and to meet internal capital expenditure requirements. The Company manages its capital by monitoring the balance between working capital and revolving credit facilities. The Company's capital structure is described in Note 5.

9. Financial Instruments

(a) Accounting for financial instruments

The following is a summary of Taiga's classification of financial assets and liabilities:

Accounts receivable	Loans and receivables
Revolving credit facilities	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities
Obligations under capital leases	Other financial liabilities
Subordinated notes	Other financial liabilities
Interest rate swaps	Held-for-trading
Lumber Futures	Held-for-trading

The Company has no financial assets or liabilities designated as held-to-maturity or available-for-sale. Interest rate swaps are classified as held-for-trading financial instruments, which are carried at fair value with transaction costs expensed immediately and gains and losses recognized in net earnings in the period in which they arise. Loans, receivables and other financial liabilities are carried at amortized cost.

Prior to April 1, 2007, transaction and financing costs incurred to obtain financing were deferred and amortized on a straight-line basis over the term of the respective indebtedness. The unamortized balance was included in deferred financing costs. Pursuant to CICA Handbook Section 3855, effective April 1, 2007, transactions and financing costs are capitalized to the related liability and are measured at amortized cost using the effective interest method. The Company recalculated the amortization of financing costs for the prior period using the effective interest method and concluded that the amount is immaterial, and therefore no adjustment has been made to opening balances at April 1, 2007.

The effect of the adoption of these standards is summarized in the following table:

<i>(In thousands of dollars)</i>	As at March 31, 2007	Reclassification to accumulated other comprehensive loss	Adjustment on adoption of new standards	As at April 1, 2007
Other current assets	-	-	25	25
Deferred financing fees	720	-	(720)	-
Other long term assets	-	-	(71)	(71)
Revolving credit facilities	145,631	-	(720)	144,911
Shareholders' Equity Cumulative translation adjustment	(1,373)	1,373	-	-
Accumulated other comprehensive loss	-	(1,373)	-	(1,373)
Deficit	(94,831)	-	(46)	(94,877)

The carrying values of accounts receivable, bank indebtedness, credit facilities, accounts payable and accrued liabilities approximate fair values as at March 31, 2008. The carrying amount of obligations under capital leases, long-term debt and subordinated notes approximate their fair values as the liabilities bear interest rates which approximate market rates.

(b) Nature and extent of risks arising from financial instruments

The Company is exposed to the following risks as a result of holding financial instruments: credit risk, market risk, and inventory risk. The following is a description of the risks and how the Company manages its exposure to them.

(i) Credit risk:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk on accounts receivable from customers. Taiga extends to its customers credit, which is generally unsecured. Taiga has credit management procedures in place to mitigate the risk of losses due to the insolvency or bankruptcy of customers. The Company regularly reviews customer credit limits, monitors the financial status of customers, and assesses the collectibility of accounts receivable.

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

(ii) Market risk:

Market risk refers to the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Taiga utilizes significant leverage to finance day-to-day operations. The interest cost of Taiga's revolving credit facility is predominately based on the prime rate. Taiga monitors current interest rates and selectively utilizes interest rate swap agreements to mitigate the risk. Taiga holds two interest rate swap agreements with JP Morgan Chase, N.A. and HSBC Bank of Canada as at September 30, 2008:

Counterparty	Maturity Date	Notional Amount	Fixed Interest Rate	Market Value as at		Change in Market Value
				Sep 30, 2008	Jun 30, 2008	
JP Morgan Chase Bank, N.A.	August 31, 2010	\$10,000,000	4.87%	\$(311,628)	\$(244,752)	\$ (66,876)
HSBC Bank Canada	August 25, 2009	\$10,000,000	4.50%	\$(133,873)	\$(135,204)	\$ 1,331
				\$(445,501)	\$(379,956)	\$ (65,545)

The increase in market value of \$185,183 for the three months ended September 30, 2008 has been recorded under Selling and Administration Expenses in the Consolidated Statements of Earnings and Retained Earnings.

Opening deficit as at April 01, 2007 has been adjusted by \$46,283 to reflect the cumulative impact of adopting the changes in accounting policies. The adjustment represents the mark-to-market values of the two interest rate swaps as at April 01, 2007.

Foreign exchange risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate. A notable amount of Taiga's inventory purchases and sales are dominated in U.S dollars. The Company's annual sales denominated in U.S dollars represented approximately 16.8% of total sales in previous fiscal year. As such, the relative strength of the Canadian dollar against its US counterpart has an effect on sales and earnings. Results can be adversely affected by a strengthening Canadian dollar. Taiga does not hedge its foreign exchange risk.

(iii) Financing Risks

Our ability to make scheduled payments or refinance our obligations depends on our successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond our control. We will continue to review our financial needs and obtaining additional capital or restructuring our debt could be accomplished in part, through new or additional borrowings or placement of debt or equity securities. However, there can be no assurance that we could obtain additional capital or restructure our debt on terms acceptable to us or at all.

(iv) Inventory risk:

Taiga does not generally hedge its inventory risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and optimal customer service. Although Taiga strives to reduce the risk associated with price changes by maximizing inventory turnover, Taiga maintains significant quantities of inventory, which is affected by fluctuating prices. Taiga selectively enters into lumber futures contracts to hedge its inventory. Nonetheless, these positions are immaterial relative to the Company's consolidated inventory position.

Taiga currently has the following Chicago Mercantile Exchange Random Length lumber futures contracts outstanding as at September 30, 2008. Each contract calls for mill delivery of 110,000 board feet (plus or minus 5000 board feet) of random length 8-foot to 20-foot nominal 2-inch x 4-inch pieces. The contracts can be settled in cash or by delivery of a commodity. Details of the contracts outstanding at September 30, 2008 are as follows:

Type	No of Contracts	Delivery Date	Average Exercise Price (USD)	Spot Price (USD)	Market Value (CAD)
CME Random Length Lumber Futures	(19)	Nov08, Jan 09 and Mar 09	280	221	83,383

10. Changes in Non-cash Working Capital

<i>(in thousands of dollars)</i>	Three months ended		Six months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
(Increase) Decrease in accounts receivable	\$(1,308)	\$16,290	\$(16,919)	\$5,976
(Increase) Decrease in income taxes recoverable/payable	(2,812)	137	3,517	4,988
(Increase) Decrease in inventories	11,405	8,292	32,753	28,225
(Increase) Decrease in prepaid expenses and other	(132)	935	(27)	197
Effect of Foreign Exchange on Working Capital ⁽¹⁾	656	(1,127)	551	(2,546)
Increase (Decrease) in AP & Accrued Liabilities	11,328	2,419	11,884	4,371
	19,137	26,946	31,759	41,211

Notes:

- (1) Unrealized loss arising from translation of working capital from Taiga's U.S Operations. Last year, this item was presented on the face of the Consolidated Statements of Cash Flows.

CORPORATE INFORMATION

Board of Directors

Kooi Ong Tong, Chairman
Vancouver, BC

Rayvin Tan
Kuala Lumpur, Malaysia

John Bell
Vancouver, BC

Sherwin John Y. Lim
West Vancouver, BC

Peter Buecking
Vancouver, BC

Daniel McDonald
Vancouver, BC

Officers

Kooi Ong Tong
Executive Chairman and CEO

Jimmie Bradshaw
President and COO

Cam White
Executive VP, Sales and
Operations

Doug Morris
Executive VP, Major Accounts and
Supply Management

Tom Stefan
VP, Finance and Administration

Patrick J. Furlong
Corporate Secretary

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Stock Exchange TSX

Trading Symbol: **TBL**
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Solicitors

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Borden Ladner Gervais LLP
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Sangra Moller LLP
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Downey Brand LLP
Sacramento, CA



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