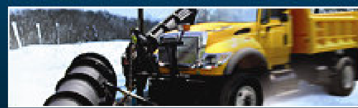
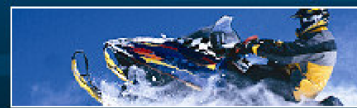
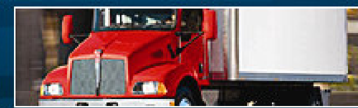
SIGMA
VENTURES INC.

ANNUAL REPORT 2006

Sigma Ventures Inc. is a consolidator of manufacturing businesses operating in the sector of plastic composite technology and the manufacturing of metal components that services the windmill energy, agriculture, industrial trucks, public transit and snow removal equipment industries. Our mission is to improve the performance of the businesses we acquire by developing new products and by their synergies.

Our primary markets are served by a solid group of distributors that are concentrated in Canada and North-Eastern United States. The diversity of our products and the quality of our services to our customers are the trademarks of our business.

PNS
ROBUSTESSE ET QUALITÉ, UNE RÉPUTATION D'ACIER

REMORQUES JMS inc.

FAROEX LTD.

MESSAGE TO THE SHAREHOLDERS

SIGMA VENTURES has positioned itself as a leader in the manufacturing and assembly industries for the heavy-duty truck, agriculture, alternate energy and urban mass transit systems. We have continued our focus on the key sectors in which we succeed and in which our team of production experts and experienced professionals thrive.

In 2006 Sigma experienced a 57.2% growth in sales due to our development of new product lines and the expansion of our North American market and the acquisitions completed during the financial year. Our EBITDAS and net income however, decreased from year 2005 due to unforeseen increases in raw materials, in particular tungsten, the acquisitions and the addition of resources necessary to strengthen our foundation and prepare for the future.

In fiscal 2006, we have taken an important step by acquiring the JMS and FAROEX companies respected in their industries and successful in their highly competitive markets. Our latest acquisition, RÉNÉ Composites, a manufacturer of composite truck bodies and parts, although not appearing in our 2006 annual report, will strengthen our position in the global market with their manufacturing capabilities and the opportunities in assembled products. This has enabled us to expand our global market to include Latin America, Asia, Europe and most recently, China.

The ability to develop new markets and multiply cross-engineering opportunities within our manufacturing group allows us to pursue our internal growth strategy. In order to do this, we offer our teams flexibility in the performance of their duties and in making decisions. We encourage our professionals to adopt an entrepreneurial approach and to remain on the lookout for business opportunities that will allow us to be competitive and thus create value for our shareholders. Expertise, creativity and the ability to be distinctive allows SIGMA, through its companies, to be successful. This will be demonstrated even more so in years to come.

In a very short period of time, SIGMA has evolved from a start-up company to a North American leader with global reach in our respective industries. During the course of our evolution, our employees have succeeded in preserving our company's local identities through their enthusiasm and expertise, which is a key factor in our success and our ability to integrate new teams into our company. In fact, SIGMA employs 650 men and women, from coast to coast in Canada all displaying the same integrity and expertise, regardless of their workplace. We will continue to elevate the quality of our products by developing the skills of our teams and our level of professionalism which will set us apart within our industries.

MESSAGE TO THE SHAREHOLDERS (SUITE)

I thank my management team, who has demonstrated exceptional leadership. I wish to emphasize the diligence and vision that the Board of Directors has shown during our quick growth, while guiding the company toward exemplary corporate governance practices. I am certain that Sigma will succeed by focusing on client satisfaction, while bearing in mind the importance of profitable growth for our shareholders.

(S) Denis Bertrand
Denis Bertrand
Chairman of the Board and CEO
Sigma Ventures Inc.

MANAGEMEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reach of the management's discussion

In this Management's discussion and analysis ("MD&A"), the "Company", "we", "us", and "our" mean Sigma Ventures Inc. and its subsidiaries.

The following analysis provides a review of the Company's results from operations, financial condition and cash flows for the two years ended April 30, 2006 and 2005 as well as a detailed review of the fourth quarter. This discussion should be read in conjunction with the information contained in our annual consolidated financial statements and related notes for the financial years ending on April 30, 2006 and 2005.

The following information takes into account all material events that took place until August 21, 2006, date on which the Company's board of directors approved this annual report.

The Company's consolidated annual financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") of Canada or Canadian GAAP.

Financials measures refer to non-GAAP

The information included in this MD&A contains certain information which are not financial measures prescribed under GAAP. For example, we use the earnings before interest, taxes, depreciation, amortization and stock-based compensation ("EBITDAS") as this measure allows management to evaluate the operational performance of the Company and the performance of its assets. This non-GAAP financial measure does not have any meaning prescribed by GAAP. This is not a measure designed to replace other measures of financial performance or the state of cash flow as an indicator of liquidity. This measure does not represent the cash flow for the repayment of long term debt, the payment of dividends, the reinvestment or other discretionary uses, and should not be considered remotely or as a substitute to other measures of performance calculated according to GAAP.

This measure is used by the Company because management estimates that it is a useful instrument to evaluate performance. It is a frequently used tool in the business world to analyze and compare the performance of businesses in the sectors where the Company and its subsidiaries are active. The definition of this measure which we have adopted can differ from that of other businesses.

Company Overview

Who are we?

Sigma Ventures Inc. owned on April 30, 2006, directly or indirectly, three wholly owned separate subsidiaries being 6172407 Canada Inc. which, by its subsidiary PNS Cast Iron Ltd (“**PNS**”), that develops, produces and distributes spare parts intended for the agricultural industry and for the snow removal industry, Remorques JMS Inc. (“**JMS**”) specialized in the development and the manufacturing of trailers and light forestry products and Faroex Ltd (”**Faroex**”), specialized in the development and the manufacturing of composites components for the road transportation industry, agriculture and windmill energy.

Long-term growth goals

From now to 2008, the development strategy of the Company consists in:

- acquiring businesses evolving in the same markets as its subsidiaries and manufacturing goods which are complementary;
- growth of sales by intensifying the penetration of potential market segments (USA, Europe and Asia);
- introduction on a regular basis of new value added products;
- reduction of production costs by the modernization of machinery and equipment;
- intensifying the research and development work; and
- taking advantage of the synergies amongst the subsidiaries of the Company by integrating their manufacturing activities.

Important events

The financial year ended April 30, 2006 has been a turning point for the Company.

September 30, 2005

- 6172407 Canada Inc. (“6172407”) and its wholly subsidiary, PNS, proceeded to close its private placement concomitant to its Qualifying Transaction (hereinafter defined) for a total amount of $ 1,325,000. This placement was completed by the issuance by 6172407 of 1,437,500 units at a price of $ 0.40 per unit and by the issuance by PNS of a secured convertible debenture in the amount of $ 750,000.

  Each unit was composed of one common share and half a warrant which is valid for a period of 18 months from the completion date of the Qualifying Transaction. The secured convertible debenture may be converted into a maximum of 1,875,000 common shares at a price of $ 0.40 per share. The debenture is accompanied by an additional warrant allowing the holder to subscribe to 100,000 common shares of 6172407 at a price of

$ 0.40 per share. This warrant is valid for a period of 5 years following the completion date of the Qualifying Transaction.

It must be noted that the mandatory holding period for the securities issued during the private placement was for a minimum period of 4 months.

- 6172407 Canada Inc. paid to Jones, Gable & Company Limited, agent for the private placement, a flat fee in the amount of $ 25,000 and also granted the latter an option to acquire 400,000 common shares of its share capital at a price of $ 0.40 for a period of 18 months following the completion date of the Qualifying Transaction.

October 7, 2005

- Sigma Ventures Inc. (TSX Venture Exchange: SVX.P) completed its qualifying transaction, as announced a few days earlier, regarding the acquisition of all of the issued and outstanding shares of 6172407 Canada Inc. ("**Qualifying Transaction**"). A detailed description of the conditions of this Qualifying Transaction may be found in the filing statement dated September 23, 2005, which is available on SEDAR at the following internet address: www.sedar.com.

- The Company announced the acquisition of all of the issued and outstanding shares of JMS located in L'Islet (Quebec). The acquisition cost was $ 516,412: $ 425,000 payable in cash resulting from the closing of the private placement and the balance of the purchase price was paid on May 8, 2006.

March 15, 2006

- The Company, through its wholly–owned subsidiary 6531245 Canada Inc., purchased all of the issued and outstanding shares of Faroex located in Gimli, Manitoba. The price paid including the repayment of the loans granted by Faroex's shareholders was $ 6.9 million. The consideration of the acquisition was funded through a private placement by way of convertible debentures in the sum of $ 1.5 million and loans in the sum of $ 5.4 million from a Canadian chartered bank.

- A description of the terms and conditions of this transaction can be found in the business acquisition report dated March 22, 2006 filed on SEDAR at the following internet address: www.sedar.com.

March 28, 2006

- The Company announced that it had concluded an agreement for a $ 6 million brokered private placement. The offering, conducted by a syndicate of Agents, led by Rathlin Capital International Inc. and Jones, Gable & Company Limited consisted in the issuance of units issued at a price of $ 0.60 and composed of one common share and one-half common share purchase warrant. Each whole warrant allows the holder to purchase an additional common share at the price of $ 0.85 and is valid for a period of eighteen months from the closing of the offering which took place on May 15, 2006.

The net proceeds of this private placement was used to pay the long term debt contracted further the acquisition of Faroex.

Selected annual information for the years ended April 30, 2006 and 2005.

The consolidated operating results for the Company as at April 30, 2006 include the results of the following subsidiaries:

- 6172407 Canada Inc. and its wholly-owned subsidiary PNS for 12 months from May 1, 2005 to April 30, 2006;

- Sigma Ventures Inc. for a period of 6 months and 24 days from October 7, 2005 to April 30, 2006;

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- JMS for a period of 7 months from October 1, 2005 to April 30, 2006; and

- 6531245 Canada Inc. and its wholly-owned subsidiary Faroex for 45 days from March 15, 2006 to April 30, 2006;

Consolidated results of operations summary

	Years Ended April 30	
	2006 $	2005 $
Revenues	14,695,424	9,348,438
EBITDAS	1,114,253	1,847,113
Earnings before income taxes	360,378	1,428,145
Net earnings	205,793	1,012,927
Weighted average number of shares	18,942,955	16,250,000
Per share		
Basic	0.01	0.06
Diluted	0.01	0.06

Consolidated balance sheet data

		April 30
	2006 $	2005 $
Current assets	1, 061,825	3,379,569
Total assets	18,286,942	5,730,938
Current liabilities	7,549,298	2,254,089
Total liabilities	14,227,623	3,990,322
Shareholders' equity	4,059,319	1,740,616

Consolidated operating results for the year ended April 30, 2006

Revenues

During the 2006 financial year, the Company recorded revenues of $ 14.7 million compared with $ 9.3 million for the 2005 financial year which is a 57.2 % increase. A $ 2.9 million part of this increase is mainly attributable to an increase of the sales of PNS with regard to the previous year, more specifically an increase in the sales of the carbide steel blades and the introduction of the steel blade to our family of products to our customers in the US and to Canadian markets. The acquisitions of JMS and Faroex, completed during the financial year, contributed and additional $ 2.5 million difference in revenues.

The appreciation of the Canadian dollar against the U.S dollar during the 2006 financial year had a negative impact on the revenues of the Company.

We expect an increase of our revenues during the next financial year which will end on April 30, 2007, given the acquisitions of JMS and Faroex completed in the second and fourth quarter of the financial year.

SEGMENTED INFORMATION (by territory)

	Financial years ended April 30,	
	2006	2005
	$	$
Canada	10,118,826	8,423,289
United States	4,120,476	902,493
Europe	456,122	22,656
	14,695,424	9,348,438

The increase of revenues resulting from our Canadian customers is mainly due to the two businesses that we acquired during the financial year. Revenues from Canada represent 68.9 % of the total sales in 2006, compared with 90.1 % in 2005. U.S. revenues were $ 0.9 millions in 2005, compared with $ 4.1 million in 2006. This increase reflects the strengthening of our distribution network for high value added products in the US market. The most important customer in 2006 represented 6.7 % of the Company's revenues, compared to 9.0 % in the previous year.

Cost of sales

The cost of sales, expressed in as a percentage of sales, increased for the financial year ended April 30, 2006. This increase is explained partially by the increase of the price of the tungsten that we use in the manufacturing of carbides blades and a weaker than planned gross margin on the sales of steel blades, a new product introduced during the year.

For the financial year ended April 30, 2006, the increase of the cost of goods sold is also related to the price increase of raw materials. The addition of staff in the production department to optimize the manufacturing process and the related expenses thereto and those expenses connected with the start up of new machines contributed to the increase of the cost of sales in addition to the use of subcontractors to manufacture some products during the third and the fourth quarters.

Furthermore, the appreciation of the Canadian dollar with regard to the U.S. dollar contributed to the decline on the Company's gross margin.

Operating expenses

During the financial year, the increase of freight costs connected with exporting goods and the fuel surcharge generated a higher operating expense.

The increase in administrative expenses is mainly due to the cost of the Company's reverse takeover, professionals fees engaged in the Qualifying Transaction and the acquisitions and by the expenses inherent to the status of a reporting issuers registered on the TSX Venture Exchange.

Furthermore, the growth of Company's revenues as well as the development of the business required hiring of staff and which explains an increase in the payroll expense.

Financial charges

The increase of the interest expense on the long-term debt of $ 74,518 is attributable mainly to the increase of the interest rates during the financial year as well as to the long-term debt we used temporarily for the acquisition of Faroex. The increase of the short term interest expense and the bank charges for an amount of $ 64,445, compared with the previous financial year, is attributable to the increase in the account receivables as a result of the sales volume and the increase in the price of tungsten carbides which also increased the level of the raw materials inventory and also explains an increase use, on average, of the line of credit.

Stock-based compensation

Grants of share purchase stock options on October 7, 2005 to employees, officers, directors and consultants of the Company, required stock-based compensation expenses of $ 139,950.

Loss on foreign exchange

During the financial year, the Company sustained losses on foreign exchange due to its purchases of Euros for the acquisition of products to be distributed, as a result of the appreciation of this currency in relation to the Canadian dollar as well as with the appreciation of the Canadian dollar in relation to the US dollar during the financial year.

Net earnings after income taxes

The Company's net earnings after income taxes for financial year 2006 were $ 205,793 compared with $ 1,012,927 for the previous year. This decline of profitability is explained by elements described above, in the increase costs of raw materials, costs of direct labour as a result of problems related to the start up of new machines and the inherent cost of a Company being a reporting issuer registered on the TSX Venture Exchange.

During the next financial year, the Company will produce the steel blades in the production facilities of our own subsidiaries instead of using those of subcontractors, which will have the effect of improving our gross margin on this family of products. Management believes that this decision and the integration of the acquisitions will permit the Company to improve its level of profitability for the next future years. Management's focus will now be on the growth of sales, the development of new products and on the optimization of our manufacturing processes.

Financial Position

Working Capital

The $ 1.4 million increase in the working capital on April 30, 2006, compared to April 30, 2005, is explained mainly by the $ 2.8 million increase in account receivables, inventories of $ 4.1 million and offset by a $ 1.6 million increase in creditors, the bank loan for $ 1.9 million and the current portion of the long-term debt for $ 1.8 million.

Total Assets

The total assets increased during the financial year by $ 12.6 million. This increase is attributable mainly to both acquisitions of businesses for a total amount of $ 6.9 million, to the revaluation by experts of the Faorex's fixed assets during the acquisition for $ 2.4 million and finally by the increase of inventories and account receivables of PNS for $ 2.5 million.

Total liabilities

The total liabilities of the Company increased by $ 10.2 millions as a result of the increase of long-term debt by an amount of $ 5,7 million, the increase of the bank loan of $ 1.9 million, the increase of the creditors for $ 1.5 million and the increase of the future income taxes for $ 1.1 million. The increase of the future income taxes is primarily due to the revaluation by experts of the Faroex's fixed assets.

Financial covenants

The Company made a commitment to its financial institution to respect certain financial ratios. On April 30, 2006, all financial ratios except one were respected. However, the Company obtained a waiver from its financial institution in this regard until June 22, 2006, date of the signature of the new financing agreement following the acquisition of René Composite Materials Ltd. (see "Perspectives").

Liquidity, cash flow and financing

Operating activities

The decrease of the earnings, by excluding elements without incidence on the cash flow, had the effect of decreasing the cash flow generated by the operating activities for the financial year by a net amount of $ 0.6 million compared with the previous year. The increase of the account receivables and the inventories during the financial year generated a negative net variation on the elements in non cash operating working capital for an amount of $ 2.7 million.

All the above-mentioned variations resulted in the cash flow related to the operating activities varied by a net amount of $ 3.2 million.

Financing activities

The cash flows connected with the financing activities generated during the financial year resulted mainly from long-term loans net of the repayments for an amount of $ 4.8 million, the issuance of capital stock net of share issue expenses for $ 1.1 million, the issuance of a convertible debenture of $ 1 million and an increase of the bank loan of $ 1.9 million. These loans were used to acquire JMS and Faroex, to increase the working capital and to acquire new capital assets.

Investing activities

An amount of $ 0.3 million was invested in capital assets and business acquisitions represented an investment of $ 6.9 million.

Shareholders' Equity

Capital Stock

The following table presents the changes in the capital stock since May 1, 2005:

	April 30, 2006	
	Number	Amount $ (audited)
Beginning balance :		
6172407 Canada Inc.		
Class A shares	1,886	248,778
Class C shares	5,000,000	419,418
Sigma Ventures Inc.		
Common shares	3, 112,855	474,014
Transactions during the financial year:		
Issuance of Sigma common shares in consideration of 100% of shares of 6172407 Canada Inc.	16,250,000	384,422
Elimination of Sigma capital stock upon the reverse takeover		(474,014)
Elimination of Classes A and C shares in 6172407 Canada Inc. upon the reverse takeover	(5,001,886)	(684,422)
Issuance of Sigma common shares pursuant to a private placement at 0.40 $ per share, net of issuance expenses of $ 48,602.	1,437,500	575,000
Issuance of shares upon the conversion of the PNS convertible debenture.	213,333	64,000
Issuance of shares on conversion of the Sigma convertible debenture	851,567	510,849
Issuance of shares upon the exercise of options	103,762	20,752
– Ending balance	21,969,017	1,555,023

As of the date of this management report, changes have occurred in the capital stock of the Company, such as mentioned below:

May 5 2006

- The Company converted the convertible debenture of $ 1.0 million issued on March 15, 2006 into 1,681,079 common shares of its capital stock including 14,412 common shares for the interest accrued from March 15, 2006 to April 28, 2006.

May 15, 2006

- The Company completed a $ 6 million private placement and issued 9,999,967 common shares and 4,999,991 warrants. Each warrant entitles its holder to purchase one common share of the Company at a price of $ 0.85 per share until November 15, 2007. The net proceeds of the financing was used to repay a significant part of the long-term debt undertaken in the acquisition of Faroex on March 15, 2006.

June 22, 2006

- The agent, Jones, Gable and Company Limited proceeded in the exercise of 100,000 options acquiring 100,000 common shares at a price of $ 0.40 each. These options had been granted as part of the private placement concomitant to the reverse take over on October 7, 2005.

August 15,2006

- The agent, Jones, Gable and Company Limited proceeded in the exercise of 101,000 options acquiring 101,000 common shares in $ 0.40 each. These options had been granted as part of the private placement concomitant to the reverse take over on October 7, 2005.

August 16, 2005

- The holder of the $ 750,000 convertible debenture converted a part thereof for a sum of $ 150 000 acquiring 180,462 common shares at a price of $ 0.8312 per share.

As of the date of this annual report, the Company has 34,031,525 issued and fully paid common shares.

Option to purchase shares

A stock option plan for the employees, officers and directors of the Company and its consultants came into force on October 7, 2005. The maximum number of shares which may be issued by virtue of the plan is limited to 10 % of the Company's issued and outstanding shares. The maximum term of the options is five years. The options may be exercised under the terms and conditions established by the board of directors at the time of grant. The purchase price of the shares under the plan cannot be lesser than discounted market price.

Under the stock option plan

On October 7, 2005, the Company granted 1,825,000 options to purchase shares at $ 0.40 each under the existing plan (see the distribution of these options in the following table). With the exception of the options granted to the agent, these options will generate total compensation cost of $ 251,223 during their vesting period. They will mature on October 7, 2010 for the employees, officers and director of the Company and on October 7, 2008, for the consultants.

An expense of $ 139,950 has been recorded in the consolidated statement of earnings in the section Other Elements under "Stock-based Compensation" and in Shareholders' Equity under "Stock Options". The options granted to the broker were considered as an expense for the issuance of shares and were registered in the section Shareholders' Equity under "Stock Options" as well as against the capital stock. With the exception of the options granted to the broker which may be exercised since the date they were granted, the granted options by virtue of the plan can be exercised over a three-year period at annual rate of 33 1/3 % starting from the date of grant.

The following table represents information concerning stocks options issued under the plan as of April 30, 2006:

	Number	Carrying value $ (audited)
Outstanding – as at April 30, 2005	-	-
Granted		
officers and directors	500,000	91,156
managers and employees	225,000	41,020
external directors	500,000	91,156
Consultants	200,000	27,891
Broker	400,000	36,335
Outstanding as at April 30, 2006	1,825,000	287,558
Stock-based compensation costs as at April 30, 2006		139,950
Share issue expenses		36,335
Exercisable as at April 30, 2006	875,000	
Exercised as at April 30, 2006	-	

On May 1, 2006, the Company granted options to purchase 150,000 shares at a price of $ 0, 60 to Paradox Public Relations Inc., a consultant providing public and investor awareness services. These options will generate an $83,199 stock-based compensation cost during their vesting period and can be exercised at the rate of 33 1/3 % par annum until May 1, 2009.

As of the date of this management report, the broker exercised 100,000 and 101, 000 options to purchase common shares on June 20, 2006 and August 15, 2006, respectively.

QUATERLY SUMMARY FINANCIAL INFORMATION (UNAUDITED)

Consolidated results of operations summary

	1st Quarter $	2nd Quarter $	3rd Quarter $	4th Quarter $	Year ended April 30, 2006 $
Revenues	1,285,823	4,646,212	5,895,200	2,868,189	14,695,424
EBITDAS	27,337	914,780	759,640	(587,504)	1,114,253
Earnings (loss) before income taxes	(79,413)	692,121	551,523	(803,853)	360,378
Net earnings (net loss)	(54,520)	450,429	359,356	(549,472)	205,793
Weighted average number of shares outstanding	16,250,000	16,878,178	18,274,131	18,942,955	18,9442,955

Consolidated balance sheet data

	July 31 2005 $	October 31 2005 $	January 31 2006 $	April 30 2006 $
Current assets	5,436,891	8,240,791	7,825,325	10,061,825
Total assets	7,941,817	11,242,683	10,822,942	18,286,942
Current liabilities	4,361,393	6,447,295	5,862,179	7,549,298
Total liabilities	6,255,721	8,515,863	7,696,653	14,227,623
Shareholders' equity	1,686,096	2,726,820	3,126,289	4,059,319

The spare parts manufacturing industry in the snow removal and the agriculture and the manufacturing of light forestry products are subject to seasonal cycles. This results in a slow down in sales in the first and fourth quarters while the second and third quarters are often characterized by a strong concentration of the delivery of our products. In future years, additional revenues from Faroex will allow us to better balance the quarterly sales as the level of sales of this subsidiary is stable throughout the financial year.

The sales for the fourth quarter correspond to 61.7 % of the sales in the second quarter and 48.7 % of the sales in the third quarter. The EBITDAS at the end of the fourth quarter decreased considerably as a result of the factors enumerated in "Consolidated operating results for the year ended April 30, 2006".

Net loss of $ 549,472 is explained by the various costs resulting from the expenses related to increase in direct labour, the expenses related to the start up of new machines as well as the manufacturing operations that we subcontracted, all of which contributed to the increase in the cost sales.

PRINCIPAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are prepared in accordance with Canadian GAAP. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities reported in the financial statements.

These same estimates and assumptions also impact on disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses for the reporting years.

The important estimates include the allowance for doubtful accounts, provision for excess and obsolete inventories, impairment of long-lived assets and goodwill, valuation allowance of future income tax assets and certain charges payable. In the opinion of management, these estimates are reasonable. However, actual results could possibly differ from these estimates.

The following summarizes our principal accounting policies that require the most significant judgment and estimates by management. Please refer to the corresponding section of the financial statements of the Company's 2006 Annual Report for a complete description of our accounting policies.

Allowance for doubtful accounts

We evaluate the recovery of our accounts receivables by taking into account the specific credit risk of our customers, the historical accounts receivables collection experience and the economic situation.

Clients' existing credit risk, credit history and economic situation are considered in evaluating collectibility of our accounts receivable.

Revaluation variation from acquisitions

Goodwill represents the excess of the acquisition cost of companies over the estimated fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or more frequently if events or circumstances occur that more likely than not would reduce the fair value of a reporting unit below its carrying value. The impairment loss is charged to earnings in the period in which it is incurred.

Recently issued accounting standards

In January 2005, the CICA issued four new accounting standards with respect to financial instruments: Section 3855 *"Financial Instruments – Recognition and measurement",* Section 3865 *"Hedges",* Section 1530 *"Comprehensive Income"* and Section 3251 *"Equity".*

Section 3855 expands on Section 3860 *"Financial Instruments – Disclosure and Presentation",* by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13 *"Hedging Relationships",* and the hedging guidance in Section 1650 *"Foreign Currency Translation"* by specifying how hedge accounting is applied and what disclosure are necessary when it is applied.

Section 1530 *"Comprehensive Income"* introduces a new requirement to temporarily exclude certain gains and losses from net income.

Consequently, Section 3250 *"Surplus"* has been revised as Section 3251 *"Equity".*

Section 3855, 3865 and 1530 are applicable for to financial years beginning on or after October 1, 2006. The Company is currently assessing the effects of these new standards on its future consolidated financial statements.

FINANCIAL AND OTHER INSTRUMENTS

Interest rate risk

We are exposed to market risk from possible variations in interest rate. Our bank loans and the majority of our long-term debt bear variable interest rates. The interest rates of the bank loans and the long-term debt are described respectively at notes 10 and 12 contained in the audited financial statements for the year ended April 30, 2006.

Credit risk

The Company, in the normal course of its operation, conducts regular reviews of its existing customers' credit performance and reviews new customers' credit. As at April 30, 2006, no customer presents an important risk for the Company. The Company contracted credit insurance with an insurer for its accounts receivable denominated in US dollars for two of its subsidiaries being, 6172407 Canada Inc and its wholly-owned subsidiaries PNS and JMS.

Foreign currency risk

Since the Company operates on an international scale, it is exposed to foreign currency risks as a result of potential exchange rate fluctuation. To compensate for the risk resulting from the sales in US dollars currency, the Company completes several purchases of raw materials in US dollars and buys forward exchange contracts. As at April, 30 2006, the Company did not have any forward exchange contract.

RISK FACTORS

The following is a summary of important risks faced by the Company:

Development of the markets and continued growth

If we fail to further develop our distribution network, or to successfully expand our business into new markets, this could have an adverse impact on the growth in sales, and our operating results. Our ability to further develop our distribution network insofar as we believe that we have identified attractive geographic expansion opportunities in the future is subject to numerous factors, many of which are independent of our volition. We can not guarantee the success that our efforts to increase market penetration in our principal markets and our failure may have unfavourable consequences on our operating results.

Exclusive rights to intellectual property

The Company uses technologies for which it holds certain intellectual property rights. It is possible that other businesses can develop independently, similar product, thus decreasing the life cycle of the products manufactured by our Company.

Acquisition program

In the future, the Company may proceed to selective acquisitions of complementary products or businesses. It is possible that the Company is not able to locate possible acquisitions suitable at reasonable prices, that it unable to carry out an acquisition or to successfully integrate into its activities a product or an acquired business. Our acquisition program may require, in addition to the cash generated by our operations, other sources of financing. It is however impossible to guarantee the availability of additional financial resources or that such financial resources be available under conditions acceptable to the Company.

CONTINUOUS DISCLOSURE AND DISCLOSURE CONTROLS

The Company is a reporting issuer under the securities legislation in the provinces of Alberta, British Columbia and Quebec and it is, therefore required to file continuous disclosure documents such as interim and annual financial statement, a proxy circular, an annual information form, material change reports and press releases with such securities regulatory authorities. Copies of these documents may be obtained free of charge on request from the office of the Vice-President, Finance of the Company or through our internet site at the following addresses: www.sigmaventures.ca or on the following internet site: www.sedar.com .

PERSPECTIVES

Over the next financial year several opportunities are available to the Company. The identification of good opportunities and the integration of acquisitions while maintaining a sustained high growth, an increased profitability will be the principal challenge of the Company. Our objective for the next financial year, consists in continuing to carry out our strategic plan in order to position Sigma Ventures among the North-American leaders in the sector of the composite and the transformation of metal, mainly due to our acquisitions strategy and the development of our distribution network.

During the first quarter of 2007, we recruited key personnel in management positions within the Company. The following appointments were announced during the first quarter:

Mr. Francois Chevarie has been appointed as our Executive Vice-President – Composite Division which includes René Composite Materials Ltd. and Faroex. Mr. Chevarie was the Vice-President, Composite Division for Multina Inc. He was responsible for factories located in Canada, the United States and Mexico. In addition, he is the President of the RICQ association (Quebec composites industries regroupment) as well as a board member of CPIA (Canadian Plastics Industry Association).

Mr. Jean-Francois Doré has been appointed as our Executive Vice-President – Metal Division which includes our subsidiaries PNS and JMS. Mr. Doré was Operations Director for Southshore Industries, one of Canada's leading furniture manufacturers. He was also responsible for all the factories that the business had in Canada. His expertise includes engineering, operations, human resources and sales. His experience is with private and public companies with gross revenues over $ 100 millions.

On June 28, 2006 the Company, through 6564526 Canada Inc., its wholly owned subsidiary, proceded in the acquisition of all issued and outstanding shares of René Composite Materials Ltd. ("René"), located in St-Ephrem, Beauce, in consideration of the sum of $ 22.0 million. At the time of this acquisition the Company renegotiated its bank's facilities and the new agreement provides for a $ 14.7 million of revolving long term debt, a $ 5.0 million term loan a $ 10.0 million operating line of credit and a $ 1 million line of credit for capital assets.

For the year ended October 29, 2005, René's sales totalled $ 57.1 million with an EBITDA of $ 5.4 million. According to René's audited financial statements as at October 29, 2005, assets totalled $ 23.0 million, liabilities $ 15.3 million and the shareholders' equity was $ 7.7 million.

Founded in 1977, René is recognized for the quality of its products. It is a manufacturer of composite parts for the road transportion industry for category 7 and 8 trucks. For the last previous 30 years, René developed durable relations with its customers and its suppliers to become the leader in its field of expertise. René's philosophy on the level of innovation, creativity and research for new production technologies enabled it to be recognized on a worldwide scale with the most significant manufacturers in the truck transportation industry.

FORWARD-LOOKING STATEMENT

This report contains certain forward-looking statement with respect to the Company which reflects the current expectations of management in relation to future events. These forward-looking, by their nature, necessarily involve risks and certainties that would cause actual results to differ from those contemplated by these forward-looking statements. Management disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events.

To obtain more information regarding Sigma Ventures Inc., the reader may consult the internet database SEDAR, at the following internet address: www.sedar.com

By: *(S) Denis Bertrand*
Denis Bertrand
President and Chief Executive Officer

By: *(S) Bertrand Côté*
Bertrand Côté
Vice President, Finance and Chief Financial Officer,

August 22, 2006

MANAGEMENT REPORT

The following consolidated financial statement of Sigma Ventures Inc. and all other financial information contained in this annual report are the responsibility of management.

Management has prepared the consolidated financial statements in accordance with Canadian generally accepted accounting principles. When it was possible to use different accounting methods, management close those that it felt were the most appropriate in the circumstances. The financial statements include amounts based on the use of estimates and best judgment. Management has determined these amounts in a reasonable way in order to ensure that the financial statements are presented accurately in all important regards. Management has also prepared the financial information presented elsewhere in the annual report, and has ensured that it is in accordance with the financial statements.

Management maintains systems of internal accounting and administrative controls. The systems are used to provide a reasonable degree of certainty that the financial information is relevant, reliable and accurate, and the Company's assets are correctly accounted for and effectively protected.

The Board of Directors is responsible for ensuring that management assumes its responsibilities with regard to the presentation of financial information, and has ultimate responsibility for examining and approving the financial statements. The Board assumes this responsibility principally through its Audit Committee which is comprised of outside and non-management directors. The Audit Committee met with management as well as with external auditors to discuss the internal monitoring system for presenting financial information, to address issues related to the audit and the presentation of financial information, to ensure that all parties carry out their duties correctly, and to examine the financial statements and the report to the external auditors.

The consolidated financial statements have been audited on behalf of shareholders by external auditors Demers Beaulne LLP chartered accountants, member of the IAPA international network, for each of the years ended April 30, 2006 and 2005, in accordance with Canadian generally accepted accounting principles. The external auditors, having been appointed by the shareholders to serve as the Company's external auditors, were given full and unrestricted access to the Audit Committee to discuss matters related to their audit and the reporting of information.

The Board of directors has approved the Company's consolidated financial statements on the recommendation of the Audit Committee.

(S) Denis Bertrand
Denis Bertrand
President and Chief Executive Officer

(S) Bertrand Côté
Bertrand Côté
Vice President Finance and Chief Financial Officer

St-Agapit, (Quebec) Canada

August 22, 2006

SIGMA VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2006 AND 2005

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SIGMA VENTURES INC.

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Montréal (Québec) Canada H3B 4N4
telephone 514.878.9631 fax 514.874.0319
www.demersbeaulne.com

AUDITORS' REPORT

To the Shareholders of
Sigma Ventures Inc.

We have audited the consolidated balance sheets of **Sigma Ventures Inc.** as at April 30, 2006 and 2005 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Demers Beaulne, LLP

Chartered Accountants

Montreal, June 22, 2006 (except for Note 22 dated August 16, 2006)

CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE YEARS ENDED APRIL 30, 2006 AND 2005

	2006	2005
SALES	$ **14,695,424**	$ 9,348,438
COST OF SALES AND OPERATING EXPENSES	**13,557,927**	7,545,361
	1,137,497	1,803,077
OTHER ELEMENTS		
Interest on long-term debt	**247,806**	173,288
Other interest and bank charges	**125,149**	60,704
Stock-based compensation	**139,950**	-
Depreciation of fixed assets	**171,144**	135,983
Amortization of deferred charges	**59,022**	46,092
Amortization of intangible assets	**10,804**	2,901
Gain on disposal of fixed assets	**(8,658)**	(1,259)
Loss (gain) on foreign exchange	**31,902**	(42,777)
	777,119	374,932
EARNINGS BEFORE INCOME TAXES	**360,378**	1,428,145
INCOME TAXES (Note 18)		
Current	**238,243**	469,007
Future	**(83,658)**	(53,789)
	154,585	415,218
NET EARNINGS	$ **205,793**	$ 1,012,927
EARNINGS PER SHARE (Note 14)		
Basic	**$ 0.01**	$ 0.06
Diluted	**0.01**	0.06

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

SIGMA VENTURES INC.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
FOR THE YEARS ENDED APRIL 30, 2006 AND 2005

	2006	2005
BALANCE - BEGINNING OF YEAR	$ **1,008,420**	$ -
Net earnings	**205,793**	1,012,927
	1,214,213	1,012,927
Shareholders' deficiency of the acquiree upon the reverse takeover (Note 4)	**(70,760)**	-
Expenses related to the reverse takeover (Note 4)	**169,098**	-
Interest on convertible debentures	**23,036**	4,507
	121,374	4,507
BALANCE - END OF YEAR	$ **1,092,839**	$ 1,008,420

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

SIGMA VENTURES INC.

CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30, 2006 AND 2005

	2006	2005
CURRENT ASSETS		
Cash	$ **215,025**	$ 721,820
Marketable securities, at cost (market value of $129,780)	**61,800**	-
Accounts receivable (Note 6)	**3,806,550**	1,278,885
Income taxes refundable	**310,888**	20,516
Inventories (Note 7)	**5,451,695**	1,309,672
Prepaid expenses and deposit	**215,867**	48,676
	10,061,825	3,379,569
FIXED ASSETS (Note 8)	**6,103,195**	561,051
DEFERRED CHARGES (net of accumulated amortization of $105,114; $46,092 in 2005)	**303,500**	184,370
GOODWILL	**1,650,256**	1,561,736
INTANGIBLE ASSETS (Note 9)	**76,446**	8,702
FUTURE INCOME TAX ASSETS (Note 18)	**91,720**	35,510
	$ **18,286,942**	$ 5,730,938
CURRENT LIABILITIES		
Bank indebtedness (Note 10)	$ **1,890,695**	$ -
Accounts payable and accrued liabilities (Note 11)	**2,952,679**	1,442,605
Income taxes payable	**54,484**	-
Current portion of long-term debt	**2,651,440**	811,484
	7,549,298	2,254,089
LONG-TERM DEBT (Note 12)	**5,576,936**	1,727,812
FUTURE INCOME TAX LIABILITIES (Note 18)	**1,101,389**	8,421
	14,227,623	3,990,322
SHAREHOLDERS' EQUITY		
Capital stock (Note 13)	**1,790,195**	668,196
Stock options (Note 13)	**176,285**	-
Convertible debentures (Notes 15 and 22 a)	**1,000,000**	64,000
Retained earnings	**1,092,839**	1,008,420
	4,059,319	1,740,616
	$ **18,286,942**	$ 5,730,938

Contingent liabilities (Note 20)
Subsequent events (Note 22)

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

APPROVED BY THE BOARD

(S) Denis Bertrand
____________________, Director

(S) Bruno Doyon
____________________, Director

SIGMA VENTURES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2006 AND 2005

	2006	2005
OPERATING ACTIVITIES		
Net earnings	$ 205,793	$ 1,012,927
Items not affecting cash:		
Stock-based compensation expense	139,950	-
Depreciation of fixed assets	171,144	135,983
Amortization of intangible assets	10,804	2,901
Amortization of deferred charges	59,022	46,092
Gain on disposal of fixed assets	(8,658)	(1,259)
Future income taxes	(83,658)	(53,789)
	494,397	1,142,855
Change in non-cash operating working capital items (Note 16 a)	(2,292,051)	372,328
	(1,797,654)	1,515,183
FINANCING ACTIVITIES		
Net changes in bank indebtedness	1,890,695	-
Proceeds of long-term debt	8,200,000	2,544,729
Repayment of long-term debt	(3,383,039)	(5,433)
Issuance of capital stock, net of share issue expenses	1,057,999	249,232
Issuance of a convertible debenture	1,000,000	64,000
Interest on convertible debentures	(23,036)	(4,507)
Shareholders' deficiency of the acquiree upon the reverse takeover	70,760	-
Expenses related to the reverse takeover	(132,763)	-
	8,680,616	2,848,021
INVESTING ACTIVITIES		
Additions to marketable securities	(61,800)	-
Additions to fixed assets	(339,409)	(218,339)
Proceeds on disposal of fixed assets	41,091	5,000
Additions to intangible assets	(62,213)	(11,603)
Additions to deferred charges	(178,152)	(230,462)
Business acquisitions, net of cash acquired, bank loan and bank indebtedness (Note 5)	(6,789,274)	(3,185,980)
	(7,389,757)	(3,641,384)
INCREASE (DECREASE) IN CASH	(506,795)	721,820
CASH - BEGINNING OF YEAR	721,820	-
CASH - END OF YEAR	$ 215,025	$ 721,820

Supplementary information (Note 16 b)

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

1. INCORPORATION AND NATURE OF BUSINESS ACTIVITIES

The Company, incorporated under the Alberta Business Corporations Act on September 5, 2001, is a consolidator of manufacturing businesses in the sector of plastic composite technology and the manufacturing of metal components that services the windmill energy, agriculture, industrial trucks, public transit and snow removal equipment industries.

2. ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries; 6172407 Canada Inc., 6531245 Canada Inc. and J.M.S. Trailers Inc.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses for the period. Actual results could differ from those estimates.

FOREIGN CURRENCY TRANSLATION

Monetary items on the balance sheet are translated at the exchange rates in effect at the balance sheet date. Non-monetary items, as well as the related depreciation and amortization, are translated at the historical rates. Revenues and expenses are translated at the rates of exchange in effect on the transaction date or at the average exchange rates for the period. Gains or losses resulting from the translation are included in net earnings.

INVENTORIES

Raw materials are valued at the lower of cost and replacement cost. Work in progress and finished goods are valued at the lower of cost and net realizable value. Costs are determined using the first-in, first-out method.

FIXED ASSETS

Fixed assets are recorded at cost, less related accumulated depreciation. Depreciation is calculated on the declining balance at the following rates:

Buildings	5%
Machinery and equipment	10% and 15%
Automotive equipment	30%
Computer equipment	30%

DEFERRED CHARGES

Deferred charges consist of financing expenses and are amortized on a straight-line basis over the term of the loans.

2. ACCOUNTING POLICIES (Continued)

GOODWILL

Goodwill represents the excess of the acquisition cost of companies over the estimated fair value of the identifiable net assets acquired and is not amortized. However, it must be tested for impairment annually or more frequently if events or circumstances occur that more likely than not would reduce the fair value of a reporting unit below its carrying value. Goodwill impairment can exist when the carrying value of the reporting unit exceeds its fair value. The fair value of a reporting unit is determined based on the discounted future cash flows. The amount of impairment loss, if any, represents the excess of the carrying value of goodwill over its fair value. This loss will be charged to earnings in the period in which it is incurred. As at April 30, 2006 and 2005, the Company has performed an impairment test and no write-down was necessary.

INTANGIBLE ASSETS

Intangible assets are recorded at cost. Patents are amortized on a straight-line basis over a period of 7 to 16 years and softwares are amortized using the declining balance method at a rate of 30%.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of the carrying value over its fair value. As at April 30, 2006 and 2005, no impairment loss has been recognized for these long-lived assets.

REVENUE RECOGNITION

Revenues from the sale of products are recognized upon passage of title to the customer, which generally coincides with shipment of the products.

INCOME TAXES

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amount and tax bases of assets and liabilities. Changes in the net future income tax assets or liabilities are included in earnings. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply in the years in which the differences are expected to reverse.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

RESEARCH AND DEVELOPMENT

Research costs are expensed in the year in which they are incurred. Development costs are also expensed unless they are significant and meet generally accepted criteria for deferral. These costs are reduced by investment tax credits in the year in which they are incurred, provided there is reasonable assurance that such benefits will be realized.

2. ACCOUNTING POLICIES (Continued)

STOCK-BASED COMPENSATION PLAN

The Company recognizes stock-based compensation cost and other stock-based payments in its earnings based on the fair value method for stock options granted during the year. The Black & Scholes model is used to determine the fair value on the date of grant. The compensation cost is recognized over the vesting period.

EARNINGS PER SHARE

Earnings per share are calculated based on the weighted average number of common shares outstanding during the year. Diluted net earnings per share are calculated based on the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as options. This method requires that diluted net earnings per share be calculated using the treasury stock method, as if all dilutive potential common share equivalents had been exercised at the beginning of the reporting period, or period of issuance, as the case may be, and that the funds obtained thereby be used to purchase common shares of the Company at the average market value of the participating share during the year.

3. CHANGE IN ACCOUNTING ESTIMATE

As at May 1st, 2005, the Company reviewed the useful life of its fixed assets and intangible assets according to new estimates of the useful life. This change in estimate has been accounted for prospectively since May 1st, 2005, with no restatement of prior period amounts. The impact of this change in estimate resulted in a decrease of depreciation and amortization expenses for the year ended April 30, 2006 of $103,383.

4. REVERSE TAKEOVER

On October 7, 2005, the Company acquired all of the outstanding capital stock of 6172407 Canada Inc. This acquisition has been accounted for as a reverse takeover that does not constitute a business combination. The shareholders' deficiency of the acquiree, amounting to $70,760, was presented in the consolidated statement of retained earnings. Under the terms of the agreement, the Company issued 17,900,833 common shares, 1,425,000 stock options and 718,750 warrants in exchange for all the issued shares and warrants of 6172407 Canada Inc. This resulted in the former shareholders of 6172407 Canada Inc. obtaining control of the Company. The costs incurred to execute the reverse takeover amounted to $169,098, including an amount of $36,335 attributable to the fair value of 400,000 options issued to the broker. For accounting purposes, 6172407 Canada Inc. was treated as the acquirer and the Company, the acquiree.

Sigma Ventures Inc.'s results of operations have been included in these consolidated financial statements since the date of acquisition, being October 7, 2005. Sigma Ventures Inc.'s financial statements present the continuity of 6172407 Canada Inc. The historic capital stock of the legal parent company prior to the reverse takeover has been retroactively restated for the number of shares received in the reverse takeover transaction. Earnings per share calculations of the legal parent company also give effect to the reverse takeover transaction for the prior year presented.

5. BUSINESS ACQUISITIONS

During the year, the Company acquired 100% of voting shares of two companies: J.M.S. Trailers Inc. on October 7, 2005 and Faroex Ltd. on March 15, 2006. For the year 2005, the Company acquired 100% of voting shares of P.N.S. Cast Iron Ltd. as of May 1, 2004. These acquisitions were recorded according to the purchase method. The shares of earnings of these companies were included in the statement of earnings from the acquisition dates.

Compensation paid and the fair market value of the net assets acquired are detailed as follows:

	2006		2005
	Faroex Ltd.[1]	J.M.S. Trailers Inc.	P.N.S. Cast Iron Ltd.
ASSETS ACQUIRED			
Cash	$ 332,313	$ -	$ 1,438,593
Accounts receivable	1,461,803	235,139	1,445,024
Inventories	2,464,572	551,666	1,136,066
Prepaid expenses and deposit	65,185	5,480	-
Fixed assets	5,018,552	387,760	473,734
Goodwill[2]	-	88,520	1,561,736
Intangible assets	16,335	-	8,702
Other assets	-	6,735	-
	9,358,760	1,275,300	6,063,855
LIABILITIES ASSUMED			
Bank indebtedness	-	1,998	-
Bank loan	-	220,000	-
Accounts payable and accrued liabilities	932,908	279,606	807,618
Income taxes payable	307,424	-	-
Future income tax liabilities	1,107,095	13,321	26,700
Advances from shareholders	628,156	-	-
Long-term debt	-	243,963	-
	2,975,583	758,888	834,318
NET IDENTIFIABLE ASSETS ACQUIRED	$ 6,383,177	$ 516,412	$ 5,229,537
PURCHASE PRICE			
Cash	$ 6,220,408	$ 500,000	$ 4,581,040
Issuance of shares	-	-	418,964
Promissory note payable	-	-	186,000
Acquisition costs	162,769	16,412	43,533
	6,383,177	516,412	5,229,537
Repayment of advances from shareholders	628,156	-	-
	$ 7,011,333	$ 516,412	$ 5,229,537

(1) The purchase price allocation of Faroex Ltd. is subject to modification in the next quarterly reports.
(2) The goodwill is not deductible for tax purposes.

5. BUSINESS ACQUISITIONS (Continued)

The Company has entered into a credit agreement with a bank in order to finance the cash component of the transactions (see Notes 10 and 12). The amount paid out in respect of the acquisition of Faroex Ltd. also included convertible debentures totalling $1,500,000.

6. ACCOUNTS RECEIVABLE

	2006	2005
Trade accounts receivable	$ **3,806,550**	$ 1,214,885
Other receivables	**-**	64,000
	$ **3,806,550**	$ 1,278,885

7. INVENTORIES

	2006	2005
Raw materials	$ **2,449,695**	$ 925,896
Work in progress and finished goods	**3,002,000**	383,776
	$ **5,451,695**	$ 1,309,672

8. FIXED ASSETS

	2006		
	Cost	Accumulated depreciation	**Net amount**
Land	$ 195,789	$ -	$ **195,789**
Buildings	2,086,540	45,785	**2,040,755**
Machinery and equipment	2,683,944	179,267	**2,504,677**
Automotive equipment	1,260,187	24,639	**1,235,548**
Computer equipment	150,225	23,799	**126,426**
	$ 6,376,685	$ 273,490	$ **6,103,195**

8. FIXED ASSETS (Continued)

	2005		
	Cost	Accumulated depreciation	Net amount
Land	$ 28,350	$ -	$ 28,350
Building	204,625	18,919	185,706
Machinery and equipment	336,611	90,177	246,434
Automotive equipment	98,190	18,105	80,085
Computer equipment	29,259	8,783	20,476
	$ 697,035	$ 135,984	$ 561,051

9. INTANGIBLE ASSETS

	2006		
	Cost	Accumulated amortization	**Net amount**
Patents	$ 28,047	$ 1,474	$ **26,573**
Softwares	62,104	12,231	**49,873**
	$ 90,151	$ 13,705	$ **76,446**

	2005		
	Cost	Accumulated amortization	Net amount
Softwares	$ 11,602	$ 2,900	$ 8,702

10. BANK INDEBTEDNESS

The Company has an authorized line of credit of $3,250,000, bearing interest at the bank's prime rate plus 0.75%, secured by the inventories, accounts receivable and by a hypothec on all present and future tangible and intangible assets, renewable on June 30, 2007.

The loan agreement contains certain covenants including provisions relating to the maintenance of certain financial ratios. As at April 30, 2006, certain covenants are in default. However, subsequent to the year-end, the Company negotiated new credit facilities as described in Note 22 d.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2006	2005
Trade accounts payable and accrued liabilities	$ 2,917,179	$ 1,341,605
Promissory note payable, bearing interest at 8%	35,500	101,000
	$ 2,952,679	$ 1,442,605

12. LONG-TERM DEBT

	2006	2005
Loans bearing interest at 4.9% and 6.98%, maturing in June 2006 and February 2010, secured by the automotive equipment	$ 28,376	$ 39,296
Bank loan bearing interest at the bank's prime rate plus 3%, secured by the inventories, accounts receivable and by a hypothec on all present and future tangible and intangible assets, repayable in June 2006[(1)]	1,750,000	-
Bank loan bearing interest at the bank's prime rate plus 1%, secured by the inventories, accounts receivable and by a hypothec on all present and future tangible and intangible assets, repayable in monthly installments of $67,857, maturing in March 2012[(1)]	5,700,000	-
Convertible debenture, bearing interest at the rate of 9%, maturing in September 2011, repayable in semi-annual installments of $75,000, plus interest, commencing in March 2007, secured by a universal hypothec on all assets of a subsidiary. This debenture is convertible at the option of its holder or the Company into common shares, at a conversion price stipulated in the agreement. The Company issued 100,000 warrants to the holder and each warrant entitles the holder to purchase common shares of the Company at a price of $0.40 per share	750,000	-
Loans reimbursed during the year	-	2,500,000
	8,228,376	2,539,296
Current portion of long-term debt	2,651,440	811,484
	$ 5,576,936	$ 1,727,812

(1) These loan agreements contain certain covenants including provisions relating to the maintenance of certain financial ratios. As at April 30, 2006, certain covenants are in default. However, subsequent to the year-end, the Company negotiated new credit facilities as described in Note 22 d.

12. LONG-TERM DEBT (Continued)

Principal payments on long-term debt for the next five years are as follows:

2007	$ 2,651,440
2008	970,448
2009	969,614
2010	969,018
2011	964,286

13. CAPITAL STOCK

Authorized, an unlimited number and without par value:

Common shares, voting, participating, non-cumulative dividends at such rate that may be determined by the Directors;

Preferred shares with rights and restrictions fixed by the board of Directors upon issuance.

Issued and outstanding:

	Common shares	
	#	$
Balance - April 30, 2004	-	-
Issuance for cash and investments	16,250,000	668,196
Balance - April 30, 2005	16,250,000	668,196
Conversion of a convertible debenture (Note 15)	213,333	64,000
Issuance for cash	1,437,500	575,000
Share issue expenses	-	(48,602)
Shares of Sigma Ventures Inc. prior to the reverse takeover	3,112,855	-
Conversion of a convertible debenture[1]	851,567	510,849
Stock options exercised	103,762	20,752
Balance - April 30, 2006	21,969,017	1,790,195

[1] During the year, the Company issued a convertible debenture in the amount of $500,000, bearing interest at 18%. This debenture, including the accrued interest for an amount of $10,849, was converted into 851,567 common shares. Warrants were also granted to the debenture holder as described in Note 22 c.

13. CAPITAL STOCK (Continued)

Stock option plan

The Company has a stock option plan in order to grant stock options to officers, directors, employees and consultants providing ongoing services to the Company. Under the terms of the plan, which is administered by the Board of Directors, these options, except for those granted to the sponsor of the qualifying transaction which are fully exercisable on the date of grant, vest over a period of three years and expire after a period of 18 months to 60 months. The maximum number of common shares that can be issued under the plan is limited to 10% of the issued and outstanding common shares.

The following table summarizes information about outstanding stock options for the years ended April 30, 2006 and 2005:

	2006			2005		
	Number	**Carrying value**	**Weighted average exercise price**	Number	Carrying value	Weighted average exercise price
		$	**$**		$	$
Options outstanding - beginning of year	**311,286**	**-**	**0.20**	-	-	-
Granted upon reverse takeover (Note 4)(1)	**1,825,000**	**-**	**0.40**	-	-	-
Exercised	**(103,762)**	**-**	**0.20**	-	-	-
Cancelled	**(207,524)**	**-**	**0.20**	-	-	-
Granted	**-**	**-**	**-**	311,286	-	0.20
Stock-based compensation for the year	**-**	**176,285**	**-**	-	-	-
Options outstanding - end of year	**1,825,000**	**176,285**	**0.40**	311,286	-	0.20

(1) These options will generate aggregate stock-based compensation costs of $287,558 over their vesting period of up to 60 months. Compensation costs with respect to these options amounted to $176,285 for the current year, of which $36,335 was included in the expenses related to the reverse takeover. The fair value for stock options was established at the time of grant using the Black & Scholes model and based on the following assumptions: risk-free interest rate of 4.09%, expected terms varying from 18 months to 60 months, anticipated volatility of 75% and an anticipated 0% dividend yield.

13. CAPITAL STOCK (Continued)

The table below summarizes the information on the stock options outstanding and exercisable as at April 30, 2006.

	Outstanding options		**Exercisable options**	
Exercise price $	Number	Weighted average remaining contractual life (months)	Number	Weighted average remaining contractual life (months)
0.40	1,825,000	41.0	875,000	41.0

Warrants

The table below summarizes the information on warrants outstanding and exercisable as at April 30, 2006.

	Number	**Weighted average exercise price**	**Weighted average remaining period (months)**
		$	
Warrants at beginning of year	-	-	-
Granted upon reverse takeover (Note 4)	718,750	0.75	10.8
Granted	100,000	0.40	10.8
Warrants at end of year	818,750	0.71	10.8

14. EARNINGS PER SHARE

Basic and diluted earnings per share were computed as follows:

	2006	2005
Weighted average number of shares to compute basic earnings per share	**18,942,955**	16,250,000
Dilutive effect on a convertible debenture	**38,419**	213,333
Dilutive effect under stock options and warrants	**290,609**	-
Weighted average number of shares to compute diluted earnings per share	**19,271,983**	16,463,333

As at April 30, 2006, the convertible debenture of $1,000,000 has been excluded from the computation of diluted earnings per share because the conversion price is higher than the average market value of the participating shares during the year.

15. CONVERTIBLE DEBENTURES

In 2005, the Company issued a convertible debenture amounting to $64,000, bearing interest at prime rate plus 3%. This debenture was converted into 213,333 common shares for an amount of $64,000 in 2006.

During the year, the Company issued a convertible debenture amounting to $1,000,000, bearing interest at 8%, convertible into common shares at a price of $0.60 per share.

16. ADDITIONAL DISCLOSURE ON THE STATEMENT OF CASH FLOWS

a) Change in non-cash operating working capital items

	2006	2005
Accounts receivable	$ **(830,723)**	$ 166,139
Income taxes refundable	**(290,372)**	(20,516)
Inventories	**(1,125,785)**	(173,606)
Prepaid expenses and deposit	**(96,526)**	(48,676)
Other assets	**6,735**	-
Accounts payable and accrued liabilities	**297,560**	448,987
Income taxes payable	**(252,940)**	-
	$ **(2,292,051)**	$ 372,328

b) Supplementary information

	2006	2005
Interest paid	$ **394,036**	$ 129,699
Income taxes paid	**474,131**	538,675

17. RELATED PARTY TRANSACTIONS

During the year, management fees paid to a director of the Company amounted to $49,855 ($16,668 in 2005). These related party transactions were carried out in the normal course of business and are accounted for at exchange value.

18. INCOME TAXES

The reconciliation between the Company's statutory and effective income tax rates on earnings is as follows:

	2006	2005
Income taxes based on the statutory tax rate of 28% (30% in 2005)	**$ 100,905**	$ 428,443
Non-deductible stock-based compensation expense	**39,186**	-
Other items	**14,494**	(13,225)
Provision for income taxes	**$ 154,585**	$ 415,218

The tax effects of temporary differences and net operating losses that give rise to future income tax assets and liabilities are as follows:

Future income tax assets

	2006	2005
Net operating losses carried forward	**$ 305,073**	$ 35,510
Share issue costs	**56,100**	3,035
Fixed assets	**(1,158,340)**	(11,456)
Other items	**5,080**	-
Total future income tax assets (liabilities)	**(792,087)**	27,089
Valuation allowance	**(217,582)**	-
Net future income tax assets (liabilities)	**$ (1,009,669)**	$ 27,089
Future income tax assets	**$ 91,720**	$ 35,510
Future income tax liabilities	**$ (1,101,389)**	$ (8,421)

The Company has available losses which can be carried foward against future years' taxable income. These losses are as follows:

2008	$ 4,000
2009	31,000
2013	27,000
2014	149,000
2015	129,000
2025	300,000
2026	362,000

19. FINANCIAL INSTRUMENTS

CREDIT RISK

The Company does not have a significant exposure to any individual customer or counterparty. The Company reviews new customers' credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established when accounts are determined to be uncollectible. Allowance for doubtful accounts amounted to $32,621 and $6,180 as at April 30, 2006 and 2005, respectively.

FOREIGN CURRENCY RISK

A significant part of the Company's revenues is denominated in US dollars. Consequently, certain assets and revenues are exposed to currency fluctuations.

FAIR VALUE

The fair value of all financial assets and liabilities are approximately equal to their carrying values, except for the marketable securities for which the fair value is $129,780.

INTEREST RATE RISK

The Company's exposure to interest rate risk is as follows:

Cash	Variable interest rate
Marketable securities	Non-interest-bearing
Accounts receivable	Non-interest-bearing
Bank indebtedness	As described in Note 10
Accounts payable and accrued liabilities	Non-interest-bearing and bearing interest at 8%
Long-term debt	As described in Note 12
Convertible debenture	As described in Note 15

20. CONTINGENT LIABILITIES

a) As at April 30, 2006, a claim amounting to $117,300 was filed against a subsidiary for unpaid invoices. It is premature at this time to determine the outcome of this matter but, in the opinion of management, this claim is without substantial merit.

b) As at April 30, 2006, the inventory value of a subsidiary is higher than the insurance coverage for an approximate amount of $200,000. Consequently, the subsidiary is exposed to significant risks and any loss resulting from a claim will be charged to earnings in the year in which the claim will be payable.

21. SEGMENT INFORMATION

The Company is organised under four operating segments. These segments are as follows:

Revenues by operating segment

	2006	2005
Light forestry product	$ **828,311**	$ 34,275
Agriculture product	**2,160,857**	1,592,149
Transportation	**622,810**	-
Snow removal products	**9,504,609**	6,962,673
Other	**1,578,837**	759,341
	$ **14,695,424**	$ 9,348,438

Revenues by geographic region

	2006	2005
Canada	$ **10,118,826**	$ 8,423,289
United States	**4,120,476**	902,493
Europe	**456,122**	22,656
	$ **14,695,424**	$ 9,348,438

Revenues have been allocated to geographic regions based on the country of residence of the related customers.

22. SUBSEQUENT EVENTS

a) Conversion of debentures

i) On May 5, 2006, the Company converted the convertible debenture of $1,000,000 issued on March 15, 2006 into 1,681,079 common shares of its capital stock including 14,412 common shares for the accrued interest.

ii) On August 16, 2006, the Company converted a portion of $150,000 of a $750,000 convertible debenture into 180,462 common shares of its capital stock.

22. SUBSEQUENT EVENTS (Continued)

b) Issuance of common shares and warrants

On May 15, 2006, the Company entered into an agreement for a brokered private placement for a gross amount of $6,000,000 at a price of $0.60 per unit. Each unit is composed of one common share and one-half warrant for the Company's share capital. The Company issued 9,999,967 common shares and 4,999,991 warrants. Each whole warrant entitles its holder to subscribe for one common share of the Company at a price of $0.85 per share for a period of 18 months following the issue.

As partial remuneration, the Company issued to each of its two syndicate of agents 398,666 warrants. Each warrant entitles its holder to purchase one common share of the Company at a price of $0.60 per share for a period of 18 months following the issue.

c) Issuance of warrants

On May 15, 2006, as a result of the closing of the $6,000,000 private placement, the Company issued 416,667 warrants to a debenture holder. Each warrant entitles its holder to purchase one common share of the Company at a price of $0.85 per share for a period of 18 months following the issue.

d) Credit facilities

On June 22, 2006, the Company renegotiated its bank's facilities. The agreement provides for long-term debt of $14,700,000 and $5,000,000 bearing interest at prime rate plus 0.60% and 4.00% respectively, a $10,000,000 operating line of credit bearing interest at prime rate plus 0.50%, and a $1,000,000 line of credit for fixed assets bearing interest at prime rate plus 0.60%. These credit facilities are secured by all of the Company's and its subsidiaries' assets. The agreement contains new covenants including provisions relating to the maintenance of certain financial ratios.

e) Business acquisition

On June 28, 2006, the Company acquired René Composite Materials Ltd. for an amount of $22,047,868. This transaction was financed with the new credit facilities described in Note 22 d.

René Composite Materials Ltd. operates a business manufacturing truck body parts for the Class 8 truck industry.

f) Stock options

Subsequent to the year-end, the Company granted 150,000 stock options at a price of $0.60 per share. Also, 201,000 stock options were converted into common shares at a price of $0.40 per share.