



2009 ANNUAL REPORT

FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars, except per share data)

Fiscal Years Ended	April 25, 2009	April 26, 2008	April 30, 2007	April 30, 2006	April 30, 2005
	\$	\$	\$	\$	\$
Sales	57,483	69,769	83,161	14,695	9,348
Adjusted EBITDA	(3,795)	2,294	9,416	974	1,847
Earnings (loss) before income taxes	(13,020)	(1,401)	5,184	360	1,428
Net earnings (net loss)	(10,067)	(550)	3,651	206	1,013
Net earnings (net loss) per share					
Basic	(0.235)	(0.013)	0.104	0.011	0.062
Diluted	(0.235)	(0.013)	0.099	0.011	0.062
Total Assets	46,558	57,035	59,381	18,287	5,731
Working Capital	1,745	4,313	7,337	2,513	1,125
Long-term Debt (including current portion)	21,837	19,644	14,538	8,228	2,540
Shareholders' Equity	9,631	20,313	20,764	4,059	1,741

Sigma Industries Inc., a leading composite and metal products manufacturer, has five operating subsidiaries and employs close to 350 people. The Company is active in the growing heavy-duty truck, coach, transit and bus, train and subway, machinery, agriculture and wind energy market segments. Sigma sells its products to original equipment manufacturers and distributors in the United States, Canada and Europe. The common shares of the Company trade on the TSX Venture Exchange under ticker symbol SIC.

MESSAGE TO SHAREHOLDERS

Fiscal 2009 was challenging on many fronts, not only for Sigma Industries, but for the global economy as a whole. Given close links between demand for goods and services and finished products of our customers, who are mostly world-leading original equipment manufacturers, our target markets were rapidly impacted by collapsing credit markets and overall economy.

As a result, we had to be proactive and made difficult, albeit necessary decisions in order to protect our balance sheet and emerge from the crisis in a stronger position. Hence the decision to close our Chesterville plant in December 2008 as well as announcing that of the Acton Vale plant for September 2009.

In addition, we had to terminate production of certain contracts, as it rapidly became obvious that we would not attain the return on invested capital initially anticipated on these programs. In fact, cost overruns attributable to problems encountered during the implementation of new technological processes at our U.S. facilities caused an increased amount of work to be outsourced. Production of these components was successfully transferred to third-party manufacturers without any disruption to customer service. We must specify that none of Sigma Industries' intellectual property was concerned by these events. Annual sales were thus reduced by approximately \$13 million.

Consequently, sales declined 17.6% to reach \$57.5 million. This decrease resulted in lower operating profitability and we recorded an adjusted loss before interest, taxes, depreciation and amortization of \$3.8 million. However, it is important to mention that this loss is entirely attributable to our self-sustaining foreign subsidiary because of the aforementioned cost overruns, while our Canadian operations remained profitable. This reduction was exacerbated by non-recurring expenses totalling \$3.5 million mainly related to closing the Chesterville plant and to writing off the value of the tooling associated with the terminated contracts.

Encouraging signs of operating profitability improvements were revealed at year-end as a result of our cost reduction measures. This being said, we will continue to tightly manage our costs in order to return to profitability as soon as possible and strengthen our balance sheet. Given better production capacity utilization, any production schedule increase in our target markets will have a direct and positive impact on our results. Nevertheless, given the fragile economic environment, we are maintaining a prudent approach, as we enter fiscal 2010.

Our solid operating foundation and wide-ranging technological expertise in terms of developing new products and manufacturing processes give us an enviable market reputation. Furthermore, we perceive attractive opportunities in the heavy equipment and truck markets and we intend to advantageously position ourselves for the recovery in these markets through our innovative technical solutions. We aim to broaden our reach with respect to composite flooring as well as through various sub-assemblies in order to offer our customers enhanced value-added. Once these milestones reached, we will be closer to our strategic objective of offering a full range of technical solutions and to be an integrator of these solutions for our clients.

In spite of the challenges that the Company had to face, the constant support of our business partners was a clear vote of confidence in favour of our strategy and motivates us to further

increase our development and growth initiatives. The persistent hard work and dedication of our employees also deserve to be truly recognized.

Finally, I want to personally thank our shareholders for their support and their patience. Even if some factors are beyond our control, such as the state of the economy, Management is firmly committed to ensuring that shareholders' investment is rewarded in the shortest possible time frame.

(s) Denis Bertrand

Denis Bertrand
Chairman of the Board and CEO
Sigma Industries Inc.



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

Scope of Management's Discussion and Analysis

In this Management's Discussion and Analysis ("MD&A"), the "Company", "we", "us", and "our" refer to Sigma Industries Inc. and its subsidiaries.

The following analysis provides a review of the Company's results of operations, financial condition and cash flows for the years ended April 25, 2009 and April 26, 2008, as well as a review of the fourth quarter. This document should be read in conjunction with the audited annual consolidated financial statements and notes for the fiscal years ended April 25, 2009 and April 26, 2008. Additional information concerning Sigma Industries Inc. may be found on SEDAR web site at www.sedar.com

The following information takes into account all material events that took place until August 20, 2009, the date on which the Company's Board of Directors approved this MD&A.

The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are in Canadian dollars unless otherwise noted.

Non-GAAP Financial Measures

This MD&A contains certain information that are not financial measures prescribed under GAAP. For example, we use adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") as this measure obtained by adding net earnings (net loss) plus income taxes, financial expenses, depreciation and amortization, excluding the non-recurring gain on settlement of an insurance claim, restructuring costs, other non-cash charges and other-than-temporary loss in value on short-term investment. This measure allows management to evaluate the operational performance of the Company and the performance of its assets. Adjusted EBITDA do not have any meaning prescribed by GAAP. This is not designed to replace other measures of financial performance or the statement of cash flows as an indicator of liquid assets. This measure do not represent the funds available for the repayment of debt, the payment of dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as substitutes for other measures of performance calculated according to GAAP.

This measure is used by the Company because management believes they provide useful information regarding performance. It is a tool frequently used in the business world to analyze and compare the performance of businesses in the sectors in which the Company and its

subsidiaries operate. The definitions of the measures that we adopted may differ from those of other businesses.

Reconciliation of adjusted EBITDA and Net earnings (net loss)				
(in thousands of Canadian dollars)	Three months ended		Fiscal years ended	
	April 25, 2009	April 26, 2008	April 25, 2009	April 26, 2008
Net earnings (net loss)	(402)	602	(10,067)	(550)
PLUS:				
Income tax recovery	(1,305)	(403)	(2,953)	(850)
Gain on settlement of an insurance claim	-	-	-	(1,436)
Total depreciation and amortization	685	868	3,413	3,287
Financial expenses	517	493	1,741	1,843
Other non-cash charges	(40)	-	3,455	-
Restructuring costs	(6)	-	554	-
Other-than-temporary loss in value on short-term investment	62	-	62	-
Adjusted EBITDA	(489)	1,560	(3,795)	2,294

Company Overview

Who are we?

As at April 25, 2009, the Company had five wholly-owned subsidiaries:

- Sigma US Industries Inc. ("Sigma US") and its subsidiary Sigma OH Industries Inc. ("Sigma OH"), located in the State of Ohio (United States), specialize in the manufacture of composite parts for the road transportation and public transit industries, namely bus and truck parts, farm machinery parts such as farm tractor hoods, and in the design of the state-of-the-art composite products for the industrial product market.
- René Composites Materials Ltd. ("René"), located in Saint-Éphrem-de-Beauce, Quebec, specializes in the manufacturing of composite parts for the road transport industry, such as parts for Class 7 and 8 trucks. In the last 30 years, René has developed strong relationships with its customers and its suppliers to become the leader in its field of expertise. Innovation, creativity and research into new production technologies allowed René to gain worldwide recognition from the major manufacturers in the heavy trucking industry. Moreover, Groupe Synergy Composites Inc. ("GSC") was wound up into its parent company René on April 25, 2009.
- Transcam Composites Inc. ("Transcam"), formerly 3547441 Canada Inc., located in Saint-Éphrem-de-Beauce, Quebec, specializes in the manufacturing of dies and moulds for René's customers. Its plant in Acton Vale, Quebec, manufactures a range of composite hoods for Class 7 & 8 highway trucks and vocational trucks, as well as B6 Magnum series tractors;

- Faroex Ltd. ("Faroex"), located in Gimli, Manitoba specializes in the development and manufacturing of composite components for the road transportation, agriculture and wind energy industries;
- PNS Tech Inc. ("PNS"), located in Saint-Agapit, Quebec, specializes in the development, production and distribution of spare parts for the agricultural and snow removal industries.

Growth Objectives

For fiscal 2010, the Company's development strategy consists of:

- Increasing sales by stepping up penetration of potential market segments (Canada, USA and Europe) in composite flooring and components assembly;
- Reducing production costs by updating its machinery and equipment, consolidation of manufacturing plans; and
- Improving its existing products and developing new value-added products.

2009 Financial Summary:

- The Company's sales totalled \$57.5 million compared with \$69.8 million in 2008. This 17.6% decline is mainly attributable to lower sales in the Class 8 heavy-duty truck industry for the May 2008 to April 2009 period (see tables in the Heavy-Duty Truck (class 8) Industry Overview section), the overall weakness of the global economy and the withdrawal from the fabrication of certain components for the agricultural equipment and bus markets, as announced in a press release dated December 2, 2008.
- Adjusted EBITDA was negative \$3.8 million for fiscal 2009, as opposed to \$2.3 million in fiscal 2008 owing to cost overruns attributable to problems encountered during the implementation of new technological processes at the Sigma OH facilities, which caused an increased amount of work to be outsourced. These cost overruns are essentially related to contracts for which the Company ceased production.
- Net loss amounted to \$10.1 million in fiscal 2009 compared to a net loss of \$0.5 million in fiscal 2008 owing to the aforementioned factors and non-monetary charges of \$3.5 million mostly related to a plant closure.
- Cash flows from operating activities before the change in non-cash working capital items required funds of \$5.6 million in fiscal 2009, a decrease of \$6.7 million from fiscal 2008.

Annual Financial Information for Fiscal Years Ended April 25, 2009 and April 26, 2008

The Company's consolidated results as at April 25, 2009 and April 26, 2008 include the results of the following companies:

- Faroex, PNS, Sigma, René and its subsidiary GSC and Transcam for the period from April 27, 2008 to April 25, 2009, namely for a 12-month period for fiscal 2009, and for the period from May 1, 2007 to April 26, 2008, namely for a 12-month period for fiscal 2008;
- Sigma US and Sigma OH for the period from April 27, 2008 to April 25, 2009, namely for a 12-month period for fiscal 2009, and for the period from February 29, 2008 to April 26, 2008, namely for a two-month period for fiscal 2008.

Heavy-Duty Truck (class 8) Industry Overview

Effective on January 1, 2007, the new regulations of US Environmental Protection Agency (EPA) concerning diesel fuel and truck emissions had a significant influence on Class 5 to 8 retail truck sales since 2006. Furthermore, since 2008, sales have been affected by the economic slowdown and gas price volatility.

Table 1 shows monthly Class 8 (33,001 lbs +) retail truck sales per manufacturer for the three-month period ended April 25, 2009:

TABLE 1

Retail sales Class 8 - Months from February 2009 to April 2009

Company	Feb. 2009		March 2009		April 2009		4th Quarter-2009		4th Quarter -2008	
	Units	Month last year change %	Units	Month last year change %	Units	Month last year change %	Units	Quarter last year change %	Units	Quarter last year change %
Freightliner	1,335	(45.6%)	2,517	(0.7%)	1,551	(51.2%)	5,403	(33.9%)	8,169	(42.0%)
International	1,729	(23.0%)	2,252	(14.5%)	1,987	(22.8%)	5,968	(19.9%)	7,453	0.0%
Kenworth	775	(43.8%)	920	(28.3%)	752	(53.4%)	2,447	(42.7%)	4,274	(22.3%)
Mack	453	(46.6%)	436	(55.6%)	652	(45.7%)	1,541	(49.1%)	3,030	(19.2%)
Peterbilt	837	(29.1%)	857	(39.6%)	802	(50.3%)	2,496	(40.8%)	4,215	(25.1%)
Volvo	745	(50.0%)	639	(24.1%)	618	(30.1%)	2,002	(37.7%)	3,215	(33.2%)
Sterling	312	(40.8%)	521	(13.7%)	243	(69.7%)	1,076	(44.3%)	1,932	(49.2%)
Other	<u>50</u>	(52.4%)	<u>80</u>	(31.6%)	<u>59</u>	(51.2%)	<u>189</u>	(44.9%)	<u>343</u>	(61.7%)
Total	6,236	(39.0%)	8,222	(21.1%)	6,664	(44.4%)	21,122	(35.3%)	32,631	(29.0%)

Source: Automotive News Data Center

Table 2 shows quarterly Class 8 (33,001 lbs +) retail truck sales for the years 2004 to 2009 harmonized with the Company's fiscal quarters.

TABLE 2

Retail Sales Class 8 Trucks -per quarter harmonized with the fiscal quarters of the Company

Year	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total	
	Units	Quarter-over-quarter change	Units	Quarter-over-quarter change	Units	Quarter-over-quarter change	Units	Quarter-over-quarter change	Units	Year-over-year change
		%		%		%		%		%
2009	34,211	4.8%	33,686	(1.5%)	30,719	(8.8%)	21,122	(31.2%)	119,738	(7.0%)
2008	32,870	(28.4%)	31,263	(4.9%)	31,943	2.2%	32,631	2.2%	128,707	(50.2%)
2007	72,725	3.0%	72,462	(0.4%)	67,556	(6.8%)	45,934	(32.0%)	258,677	(2.9%)
2006	65,747	13.2%	66,678	1.4%	63,247	(5.1%)	70,591	11.6%	266,263	19.4%
2005	50,691	12.1%	56,398	11.3%	57,872	2.6%	58,092	0.4%	223,053	38.8%
2004	38,620	32.0%	38,387	(0.6%)	38,531	0.4%	45,218	17.4%	160,756	11.8%

Source: Automotive News Data Center

Table 3 shows annualized Class 8 (33,001 lbs +) retail truck sales per manufacturer for the years 2004 to 2009 harmonized with the Company's fiscal years.

TABLE 3

Retail Sales - Class 8 - Annualized from May to April

Manufacturer	2005		2006		2007		2008		2009	
	Units	Year-over-year change	Units	Year-over-year change	Units	Year-over-year change	Units	Year-over-year change	Units	Year-over-year change
		%		%		%		%		%
Freightliner	65,245	27.9%	78,653	20.6%	72,801	(7.4%)	28,012	(61.5%)	31,260	11.6%
International	43,258	65.4%	48,074	11.1%	47,630	(0.9%)	28,163	(40.9%)	30,569	8.5%
Kenworth	24,959	44.9%	29,239	17.2%	30,845	5.5%	17,137	(44.4%)	13,667	(20.3%)
Mack	23,055	34.1%	28,972	25.7%	25,085	(13.4%)	11,793	(53.0%)	10,120	(14.2%)
Peterbilt	28,188	40.3%	32,086	13.8%	34,052	6.1%	17,803	(47.7%)	15,550	(12.7%)
Volvo	22,208	37.1%	28,568	28.6%	27,501	(3.7%)	13,906	(49.4%)	10,914	(21.5%)
Sterling	13,075	28.7%	16,609	27.0%	16,168	(2.7%)	9,572	(40.8%)	6,504	(32.1%)
Other	3,065	13.9%	4,062	32.5%	4,595	13.1%	2,321	(49.5%)	1,154	(50.3%)
Total	223,053	38.8%	266,263	19.4%	258,677	(2.9%)	128,707	(50.2%)	119,738	(7.0%)

Source: Automotive News Data Center

Consolidated Results of Operations for the Fiscal Year Ended April 25, 2009

Consolidated Results of Operations

(in '000s of Cdn\$, except per share amounts)

	Years ended		
	April 25, 2009	April 26, 2008	April 30, 2007
	\$	\$	\$
Sales	57,483	69,769	83,161
Adjusted EBITDA	(3,795)	2,294	9,416
Earnings (loss) before income taxes	(13,020)	(1,401)	5,184
Net earnings (net loss)	(10,067)	(550)	3,651
Weighted average number of shares outstanding			
Basic	42,899,095	42,899,095	35,092,429
Diluted	42,899,095	43,228,059	37,057,644
Net earnings (net loss) per share			
Basic	(0.235)	(0.013)	0.104
Diluted	(0.235)	(0.013)	0.099

Sales

Fiscal 2009 consolidated sales reached \$57.5 million compared with \$69.8 million in fiscal 2008. This \$12.3 million, or 17.6%, decrease is mainly attributable to reduced business activity in the heavy-duty truck market resulting from a weaker global economy as well as to the withdrawal from the fabrication of certain components for the agricultural equipment and bus markets, as announced in a press release dated December 2, 2008. Sigma OH's contribution for fiscal 2009 amounted to \$7.8 million compared with \$0.9 million for the last two months of fiscal 2008.

Unfavourable conditions in the heavy-duty truck market have caused a sales decrease of \$14.4 million. In addition, the \$1.0-million reduction in sales of snow removal products stems from a decision to focus on the most profitable products. Meanwhile, sales for the wind energy market declined \$0.3 million, or 9.4%, because of weaker market conditions resulting from a more restrictive access to credit and delays in connecting certain wind farms to the North American electricity transmission grid.

Conversely, shipments of components for the bus market increased by \$2.8 million, or 83.4%, reflecting new contracts for which production began in the second half of the fiscal year. Moreover, sales of industrial products grew by \$0.4 million, reflecting the contribution of Sigma OH for the entire fiscal year.

Segmented Information

Sales by product line (in '000s of Cdn\$)

	Three-month periods ended				Fiscal years ended			
	April 25, 2009		April 26, 2008		April 25, 2009		April 26, 2008	
	\$	%	\$	%	\$	%	\$	%
Heavy duty trucks - Class 8	5,242	46.6%	9,732	56.7%	28,119	48.9%	42,487	60.9%
Snow removal	636	5.6%	1,632	9.5%	6,558	11.4%	7,622	10.9%
Bus	2,179	19.4%	738	4.2%	6,095	10.6%	3,324	4.8%
Agriculture	1,076	9.5%	1,770	10.3%	5,758	10.0%	6,014	8.6%
Industrial	369	3.3%	1,908	11.1%	5,074	8.8%	4,708	6.7%
Wind Energy	576	5.1%	901	5.2%	3,192	5.6%	3,523	5.1%
Other	1,179	10.5%	505	3.0%	2,687	4.7%	2,091	3.0%
	11,257	100.0%	17,186	100.0%	57,483	100.0%	69,769	100.0%

Sales by geographic region (in '000s of Cdn\$)

	Three-month periods ended				Fiscal years ended			
	April 25, 2009		April 26, 2008		April 25, 2009		April 26, 2008	
	\$	%	\$	%	\$	%	\$	%
United States	7,108	63.1%	11,058	64.3%	36,027	62.7%	47,637	68.3%
Canada	3,816	33.9%	6,043	35.2%	19,989	34.8%	21,223	30.4%
Asia	174	1.6%	48	0.3%	721	1.3%	356	0.5%
Europe	49	0.4%	28	0.2%	392	0.7%	214	0.3%
Australia	89	0.8%	-	-	216	0.4%	58	0.1%
South America	21	0.2%	9	0.0%	138	0.1%	281	0.4%
	11,257	100.0%	17,186	100.0%	57,483	100.0%	69,769	100.0%

Sales from the United States totaled \$36.0 million, or 62.7% of sales, in fiscal 2009 compared with \$47.6 million, or 68.3% of sales, in fiscal 2008. The decrease in sales to U.S. customers is primarily attributable to lower activity in the heavy-duty truck market resulting from the global economic slowdown most particularly affecting the United States.

Sales from the Company's five largest customers represented 63.9% of total sales in fiscal 2009 and 74.8% in fiscal 2008. Two of these customers represent more than 10% of the Company's total sales for 2009 and 2008. In 2009, the Company's most important customer accounted for sales more than 1.4 time (1.4 time in 2008) greater than those of the second most important customer.

Generally speaking, the Company's sales are not subject to seasonal factors with the exception of snow removal and agricultural products. However, these two product categories tend to have opposite seasonal fluctuations that mitigate seasonality on consolidated operating results.

Cost of Sales and Operating Expenses

Cost of sales and operating expenses totalled 107.4% of the Company's sales during fiscal year ended April 25, 2009 compared with 96.7% of sales a year earlier. This deficit stems from cost overruns on the production of certain components destined to the agricultural equipment and bus industries for which the Company has ceased production. These cost overruns are attributable to problems encountered during the implementation of new technological processes at the Sigma OH facilities in Ohio, which caused an increased amount of work to be outsourced. In addition, lower volume in the heavy-duty truck industry had a negative impact on fixed cost absorption.

Adjusted EBITDA

The adjusted loss before interest, taxes, depreciation and amortization reached \$3.8 million in fiscal 2009 as opposed to adjusted EBITDA of \$2.3 million in fiscal 2008. Canadian operations generated adjusted EBITDA of \$1.2 million, or 2.4% of sales, during fiscal 2009, compared with adjusted EBITDA of \$2.4 million, or 3.5% of sales, in fiscal 2008. Meanwhile, Sigma US, the Company's self-sustaining US subsidiary, recorded an adjusted loss before interest, taxes, depreciation and amortization of \$5.0 million owing to the aforementioned cost overruns. For the last two months of fiscal 2008, Sigma US's adjusted loss before interest, taxes, depreciation and amortization had reached \$107,512.

Fluctuations in the value of the Canadian dollar against the US dollar currency reduced the Company's fiscal 2009 adjusted EBITDA by approximately \$225,000 compared with the previous year.

Foreign Exchange Gain

The Company recorded a foreign exchange gain of \$454,447 during fiscal 2009. This gain is mainly owed to the variation in the value of the Canadian dollar versus the US dollar, as it moved from a closing rate of 1.0163 on April 26, 2008 to a rate of 1.2097 on April 25, 2009. To reduce the impact of future foreign exchange gains or losses, the Company concluded contracts to buy or sell foreign currencies at various forward rates, which are summarized as follows:

Description	Expiration Date	Contractual amount \$	Weighted average contractual forward rate \$
As at April 25, 2009			
Sale of US dollars	May 2009 to April 2010	3,800,000	1.1750
As at April 26, 2008			
Sale of US dollars	May 2008 to May 2009	2,550,000	1.0234
Purchase of US dollars	August 2008 to March 2009	1,700,000	0.9839
Purchase of euros	May 2008 to October 2008	267,301	1.4456

As at April 25, 2009, the Company's consolidated balance sheet showed a net unrealized liability of \$116,586. During fiscal 2009, the Company sold US\$9.1 million at an average exchange rate of 1.0338, while it had sold US\$14.4 million at an average exchange rate of 1.0494 during fiscal 2008.

Financial Expenses

Financial expenses for fiscal 2009 amounted to \$1.7 million, slightly below financial expenses of \$1.8 million incurred in fiscal 2008. Despite a higher average indebtedness during fiscal 2009, the decline is explained by a decrease in interest rates between the two periods being compared.

As at April 25, 2009, approximately 70.9% of the long-term debt, representing \$15.8 million out of a total long-term debt of \$22.3 million (including the current portion, but excluding deferred financing expenses), bore interest at a floating rate.

Depreciation and Amortization

Depreciation and amortization for fiscal 2009 totalled \$3.4 million compared with \$3.3 million in fiscal 2008. This slight increase is mainly due to the depreciation of fixed assets and the amortization of intangible assets of Sigma OH for the entire period and to a greater automation and robotization of operations. These factors were partially offset by a reduction in depreciation and amortization stemming from the write-off of GSC's fixed and intangible assets, as detailed below.

Other Non-Cash Charges, Restructuring Costs and Gain on Settlement of an Insurance Claim

During the fiscal year ended April 25, 2009, the Company recorded non-cash charges totalling \$3.5 million. These charges mainly pertain to the write off of various assets related to Sigma OH and GSC, whose plant was closed at the end of December 2008. These charges were accounted for in the second quarter of 2009 and are broken down as follows:

- \$1.3 million to write off property, plant and equipment, most of which consists of tooling associated with the contracts terminated by Sigma OH;
- \$1.4 million for the impairment of GSC's intangible assets;
- \$0.8 million to write off the portion of the Company's goodwill related to the acquisition of GSC.

For the fiscal year ended April 25, 2009, the Company recorded restructuring charges totalling \$554,356 representing professional fees (\$303,013) as well as severance pay and layoff benefits (\$251,343) related to the Company's subsidiaries.

On February 11, 2008, the Company received the final settlement for an insurance claim related to a fire that damaged the René Matériaux Composites facility in St-Éphrem-de-Beauce on October 19, 2005. A gain on settlement of an insurance claim of \$1.4 million was recognized in the statement of earnings for fiscal 2008. During fiscal 2008, the Company received a sum of \$7.1 million for a total settlement of \$13.1 million related to the incident.

Income Tax Recovery

For the fiscal year ended April 25, 2009, the Company benefitted from an income tax recovery of \$3.0 million (or 22.3% of loss before income taxes) compared with a recovery of \$0.9 million (or

60.7% of loss before income taxes) a year earlier. The lower recovery rate in fiscal 2009 is explained by the earlier write off of Sigma OH's future income tax assets. As a result, the entity, for the time being, cannot benefit from an income tax recovery. The higher recovery rate in fiscal 2008 was essentially attributable to changes in the Company's statutory and future income tax rates as well as to a settlement further to a review by tax authorities.

The Company's combined statutory tax rate of the Canadian federal government and provincial government amounted to 30.90% in fiscal 2009 and 31.65% in fiscal 2008.

Net Loss

The Company's net loss for the fiscal year ended April 25, 2009 amounted to \$10.1 million, or \$0.235 per share, fully diluted, compared with a net loss of \$0.6 million, or \$0.013 per share, fully diluted, for the fiscal year ended April 26, 2008. This greater net loss is mainly related to the aforementioned excess costs and to lower activity in the heavy-duty truck market.

Excluding the impact of the gain on settlement of an insurance claim, net of related income taxes, the net loss for fiscal 2008 would have reached \$1.5 million.

Financial Position

Consolidated Balance Sheet Data

(in '000s of Cdn\$, except per share amounts)

	As at	
	April 25, 2009	April 26, 2008
	\$	\$
Current assets	16,974	22,305
Total assets	46,558	57,035
Current liabilities	15,230	17,992
Long-term debt (including the current portion)	21,837	19,644
Total liabilities	36,927	36,722
Shareholders' equity	9,631	20,313

Assets

Total assets reached \$46.6 million as at April 25, 2009, a decrease of nearly \$10.5 million compared with \$57.0 million as at April 26, 2008.

The value of current assets decreased \$5.3 million to \$17.0 million. This reduction essentially stems from a \$4.3-million decline in accounts receivable caused by lower sales and from a reduction of \$0.6 million in prepaid expenses following a decision, at the end of fiscal 2008, to match the maturities of insurance policies with the end of the 2009 fiscal year.

With respect to long-term assets, the value of property, plant and equipment (PPE) decreased by \$0.7 million resulting from a depreciation charge slightly exceeding \$2.0 million and the write-off of PPE related to the termination of certain contracts and the closure of the GSC facility. These factors were offset by capital expenditures of \$1.2 million and a greater value for US-based PPE following the appreciation of the US dollar.

The value of intangible assets stood at \$5.0 million as at April 25, 2009, a decrease of \$2.6 million compared with a year earlier. This decline reflects an amortization charge of \$1.3 million and an impairment loss of nearly \$1.4 million of GSC's intangible assets. Given a \$0.8 million goodwill impairment loss allocated to GSC, the consolidated value of goodwill was \$1.7 million as at April 25, 2009, as opposed to \$2.5 million a year earlier.

Liabilities

As at April 25, 2009, the Company's total liabilities of \$36.9 million were essentially unchanged from \$36.7 million as at April 26, 2008.

The value of short-term liabilities was reduced by \$2.8 million to \$15.2 million. This decrease mainly reflects a \$2.5-million reduction in accounts payable and accrued liabilities resulting from lower sales.

On April 25, 2009, the Company's bank loans amounted to \$3.5 million out of an authorized bank credit line of CAN \$10.0 million, bearing interest at prime rate plus 3.5% (plus 0.5% prior to April 25, 2009). The Company also has an available line of credit of US\$1.0 million, bearing interest at US prime rate plus 4.0% (plus 0.5% prior to April 25, 2009) and a real estate line of credit of CAN \$1.0 million, bearing interest at prime rate plus 4.0% (plus 0.6% prior to April 25, 2009). Furthermore, it has an available credit facility of \$2.0 million to hedge against foreign exchange risk and a credit of \$250,000 for risks related to the settlement of electronic funds transfers. These credit facilities are renewable annually.

Long-term debt, including the current portion and deferred financing expenses, stood at \$21.8 million on April 25, 2009, a level higher than long-term debt of \$19.6 million as at April 26, 2008

Financial Ratios

Under its credit agreements, the Company has agreed to respect certain conditions and financial ratios, which were met as at April 25, 2009.

Liquidity, Cash Flows and Capital Resources

The following table sets forth summarized cash flow components for the periods indicated.

Summary of cash flows (in '000s of Cdn\$)	Three-month periods ended		Fiscal years ended	
	April 25, 2009	April 26, 2008	April 25, 2009	April 26, 2008
Operating activities	(74)	7,112	(3,004)	8,429
Financing activities	(862)	(1,832)	4,481	(661)
Investing activities	(40)	(4,730)	(1,798)	(7,591)
Effect of foreign exchange rate changes on cash	116	(160)	(329)	(160)
Net change in cash	(860)	390	(650)	17
Cash – Beginning of period	863	263	653	636
Cash – End of period	3	653	3	653

The Company's investing activities related to additions to property, plant and equipment were principally financed by its cash flows from operating activities as well as by its credit facilities.

The Company believes that these liquidities, combined with its renewable credit facility and its funds from operations in the next quarters, will be adequate to meet its cash requirements for the foreseeable future. However, future corporate acquisitions may require new sources of financing.

Operating Activities

For the fiscal year ended April 25, 2009, cash flows from operating activities before the change in non-cash working capital items reduced cash by \$5.6 million, as opposed to providing cash of \$1.1 million during the fiscal year ended April 26, 2008. This decline is essentially explained by the Company's greater net loss.

The change in non-cash working capital items provided cash of \$2.6 million in fiscal 2009, mainly because of lower accounts receivable and prepaid expenses. These factors were partially offset by a decrease in accounts payable and accrued liabilities. The change in non-cash working capital items had increased cash by \$7.4 million in fiscal 2008.

Cash flows from operating activities thus reduced cash by \$3.0 million in fiscal 2009, compared with an increase in cash of \$8.4 million a year ago.

Financing Activities

Cash flows from financing activities generated \$4.5 million in cash during fiscal 2009, resulting essentially from an increase in the Company's total indebtedness, including a \$1.3 million net increase in long-term borrowings and a \$3.5 million increase in bank loans. In fiscal 2008, cash flows from financing activities provided cash of \$0.7 million.

Investing Activities

For the fiscal year ended April 25, 2009, cash flows from investing activities reduced cash by \$1.8 million mainly as a result of the acquisition of purchase of machinery and equipment totalling \$1.2 million. These purchases are related to the Company's automation and robotization plan aimed at reducing costs, as defined in its development strategy. In comparison, cash flows from investing activities reduced cash by \$7.6 million in fiscal 2008, owing mainly to the acquisition of Sigma OH in February 2008.

SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

Summary of quarterly consolidated results (unaudited, in '000s of Cdn\$, except per share amounts)

Fiscal year ended April 25, 2009	July 26, 2008	October 25, 2008	January 24, 2009	April 25, 2009	Total
	\$	\$	\$	\$	\$
Sales	15,209	16,761	14,256	11,257	57,483
Adjusted EBITDA*	382	(2,732)	(956)	(489)	(3,795)
Loss before income taxes	(895)	(8,088)	(2,330)	(1,707)	(13,020)
Net loss	(599)	(7,101)	(1,965)	(402)	(10,067)
Weighted average number of shares outstanding					
Basic	42,899,095	42,899,095	42,899,095	42,899,095	42,899,095
Diluted	42,899,095	42,899,095	42,899,095	42,899,095	42,899,095
Net loss per share					
Basic	(0.014)	(0.166)	(0.046)	(0.009)	(0.235)
Diluted	(0.014)	(0.166)	(0.046)	(0.009)	(0.235)
Fiscal year ended April 26, 2008	July 28, 2007	October 27, 2007	January 26, 2008	April 26, 2008	Total
	\$	\$	\$	\$	\$
Sales	18,780	19,034	14,769	17,186	69,769
Adjusted EBITDA*	(118)	437	414	1,560	2,294
Earnings (loss) before income taxes	(1,332)	(819)	551	199	(1,401)
Net earnings (net loss)	(935)	(583)	365	602	(550)
Weighted average number of shares outstanding					
Basic	42,899,095	42,899,095	42,899,095	42,899,095	42,899,095
Diluted	43,113,362	43,013,792	42,899,095	42,899,095	43,228,059
Net earnings (net loss) per share					
Basic	(0.022)	(0.014)	0.009	0.014	(0.013)
Diluted	(0.022)	(0.014)	0.009	0.014	(0.013)

* EBITDA is a non-GAAP financial measure obtained by adding net earnings (net loss) plus income taxes, financial expenses, depreciation and amortization, excluding the non-recurring gain on settlement of an insurance claim, restructuring costs, other non-cash charges and other-than-temporary loss in value on short-term investment.

**Consolidated Balance Sheet Data
(unaudited in '000s of Cdn\$)**

	July 26, 2008	October 25, 2008	January 24, 2009	April 25, 2009
	\$	\$	\$	\$
Current assets	22,359	26,300	20,718	16,974
Total assets	56,965	59,640	53,255	46,558
Current liabilities	18,719	43,747	39,463	15,230
Total liabilities	37,261	47,961	43,368	36,927
Shareholders' equity	19,704	11,679	9,887	9,631

	July 28, 2007	October 27, 2007	January 26, 2008	April 26, 2008
	\$	\$	\$	\$
Current assets	27,915	25,786	25,278	22,305
Total assets	57,892	56,445	56,029	57,035
Current liabilities	22,757	22,563	20,911	17,992
Total liabilities	37,986	37,111	36,336	36,722
Shareholders' equity	19,906	19,334	19,693	20,313

Fourth Quarter Results**Sales**

Sales for the fourth quarter ended April 25, 2009 reached \$11.3 million compared with \$17.2 million for the same period last year, representing a decrease of \$5.9 million. The decline is mainly attributable to the economic slowdown that resulted in lower activity in the heavy-duty truck and industrial product markets, as well as to lower sales of snow removal and agricultural products following the Company's decision to focus on the most profitable products. Conversely, sales to the bus market tripled to reach \$2.2 million as a result of new contracts.

Sigma OH's contribution amounted to \$1.9 million in the fourth quarter of fiscal 2009, compared with \$0.9 million in the last two months of fiscal 2008.

The cost of sales and operating expenses reached 105.3% of the Company's sales for the fourth quarter ended April 25, 2009 compared with 92.6% of sales a year earlier.

Adjusted EBITDA

The adjusted loss before interest, taxes, depreciation and amortization amounted to \$489,743 in the fourth quarter of fiscal 2009 compared with an adjusted EBITDA of \$1.6 million in the same period of fiscal 2008. This reduction stems from a lower sales volume that had a negative influence on fixed cost absorption.

Canadian operations generated an adjusted EBITDA of \$400,821, or 4.3% of sales, in the fourth quarter of fiscal 2009 compared with an adjusted EBITDA of \$1.7 million, or 10.2% of sales, in the fourth quarter of fiscal 2008. Meanwhile, Sigma US, the Company's self-sustaining US subsidiary, recorded an adjusted loss before interest, taxes, depreciation and amortization of \$890,564 in the fourth quarter of fiscal 2009 compared with an adjusted loss of \$107,512 a year earlier.

Net Earnings (net loss)

In the fourth quarter of fiscal 2009, the Company's recorded a net loss of \$402,150, or \$0.009 per share, fully diluted, compared with net earnings of \$602,185, or \$0.014 per share, fully diluted, for the same quarter last year.

Shareholders' Equity

Share Capital

The following table presents the share capital activity since May 1, 2007:

	<u>April 25, 2009</u>		<u>April 26, 2008</u>	
	<u>Number</u>	<u>Amount</u> <u>\$</u>	<u>Number</u>	<u>Amount</u> <u>\$</u>
<i>Balance -Beginning of year</i>	42,899,095	13,125,309	42,899,095	13,126,424
Share issue expenses, net of related income taxes of \$525 in 2008	-	-	-	(1,115)
<i>Balance - End of year</i>	<u>42,899,095</u>	<u>13,125,309</u>	<u>42,899,095</u>	<u>13,125,309</u>

There were no changes in the Company's share capital as of the date of this MD&A.

Stock Options for Directors, Officers, Employees and Consultants

The Company's stock option plan for its employees, officers, directors and consultants came into effect on October 7, 2005. The maximum number of shares issuable under the plan is limited to 10% of the Company's issued and outstanding shares. Options vest over a five-year period and are exercisable under the terms and conditions established by the Board of Directors at the date of grant. The purchase price of the shares under the plan cannot be less than the discounted market price.

The following table presents information about stock options outstanding and exercisable under the plan as of April 25, 2009:

	Number	Total compensation costs (Note a) \$
	<hr/>	<hr/>
Number and total stock-based compensation costs since the effective date of the stock option plan	2,425,000	550,677
Stock-based compensation costs for the prior years		519,973
Impact of the stock options exercised and forfeited on the stock-based compensation costs		13,886
Stock-based compensation costs for the current year		16,819
Options outstanding as at April 25, 2009	1,355,000	
Options exercisable as at April 25, 2009	1,355,000	
Options exercised since the effective date of the stock option plan	540,000	
Options forfeited since the effective date of the stock option plan (Note b)	530,000	

Note a- Total compensation costs during the vesting period

Note b- For the years ended April 25, 2009 and April 26, 2008, amounts totalling respectively \$84,496 and \$73,978 have been reflected in the contributed surplus.

There were no changes in the stock option plan as of the date of this MD&A.

Warrants

The following table summarizes information about warrants outstanding and exercisable as at April 25, 2009:

Latest Exercise Date	Exercise Price	Number	Value (if fully exercised)
October 6, 2010	\$0.40	100,000	40,000
March 14 and 29, 2012	\$1.15	2,778,159	3,194,883

During the fiscal year, 5,551,947 warrants expired on September 29, 2008 and January 31, 2009 and an amount of \$1,274,242 has been reflected in the contributed surplus. No warrant had previously been exercised.

There were no changes in the Company's outstanding and exercisable warrants as of the date of this MD&A.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Company's consolidated financial statements have been 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 amounts of assets and liabilities reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the years. Significant estimates include the fair value of property, plant and equipment, intangible assets and goodwill, the allowance for doubtful accounts, the provision for obsolete inventory, the valuation allowance against future income tax assets, the useful lives of property, plant and equipment and intangible assets and certain accrued liabilities. Management believes its estimates to be appropriate; however, actual results could differ from those estimates.

The following summarizes the principal accounting policies that require critical judgment and estimates by management. Please refer to the appropriate section of the Company's financial statements in the 2009 Annual Report for a complete description of significant accounting policies.

Allowance for Doubtful Accounts

The Company assesses the recovery of accounts receivable on a regular basis by examining accounts receivable over time. It establishes an allowance for doubtful accounts based on its past experience in recovering accounts receivable and on the information available with regard to the status of its outstanding accounts receivable. Should its customers' financial position deteriorate so as to reduce their ability to make the required payments, an additional allowance may be required that may have an adverse effect on the Company's future results.

Allowance for Excess or Obsolete Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in first out method for raw materials and using the absorption costing method for work in progress and finished goods.

The Company establishes these allowances based on inventory levels and forecast requirements to support the future sale of its products. Additional allowances may be required should future sales be lower or the sales mix be very different from expected, which could have an adverse effect on the Company's future results.

Valuation of Goodwill and Intangible Assets

Property, plant and equipment and intangible assets with finite useful lives are subject to an impairment test when events or circumstances indicate that costs may not be recoverable. Impairment exists when the carrying value of an 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 of the asset over its fair value.

Intangible assets with finite useful lives are written down whenever there is impairment of the unamortized portion. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired.

Impairment exists when the carrying amount of the intangible asset exceeds its fair value. For the fiscal year 2009, an impairment loss has been recorded and no impairment loss has been recorded in 2008.

Finally, goodwill is tested for impairment annually or more frequently if impairment indicators arise, in relation to the fair value of each reporting unit to which goodwill applies. An impairment loss is recognized for any goodwill that is considered impaired. For the fiscal year 2009, an impairment loss has been recorded and no impairment loss has been recorded in 2008.

CICA Handbook Section 3062 " *Goodwill and Other Intangible Assets* " establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by enterprises. They must be tested for impairment on an annual basis or more frequently if events or circumstances occurred, indicating that it is more likely than not that they might be impaired.

Recoverability of goodwill is determined at the reporting unit level using a two-step approach. First, the net carrying value of a reporting unit is compared to its fair value. If the net carrying value of a reporting unit exceeds its fair value, the second step must be performed. In this step, the amount of the impairment loss, if any, represents the excess of the carrying value of goodwill over its fair value and the loss is charged to earnings in the period in which it is incurred. For the purposes of this impairment test, the fair value of goodwill is estimated in the same way as goodwill is determined in business combinations; that is, the excess of the fair value of a reporting unit over the estimated fair value of its net identifiable assets.

Concerning long-lived assets, impairment exists when the carrying value of an asset or group of assets is greater than the undiscounted future cash flows expected to be provided by the asset or group of assets. The amount of impairment loss, if any, is the excess of the carrying value over the fair value. The fair value of long-lived assets is determined based on discounted future cash flows.

For the fiscal year ended April 25, 2009, the Company performed a comprehensive review of the current performance and strategic direction of its subsidiaries. This strategic review revealed that several economic factors such as the current global financial crisis, the decline in demand for some manufactured goods and the term credit crisis in the United States could have an impact on the Company. Therefore, the Company conducted an in-depth analysis to determine whether it was appropriate to retain the manufacture of some products and keep certain markets. Moreover, due the presence of these factors, changes have been made to the estimated realizable value for one of the Company's subsidiaries. The strategic review focused on the carrying amount of certain assets including inventories, accounts receivable, intangible assets and goodwill in the subsidiary.

Based on the review described above, the Company recorded other non-cash charges of \$3,455,346, which are mostly related to one of the Company's subsidiaries. These charges are detailed as follows:

	2009 \$	2008 \$
Property, plant and equipment	1,266,404	-
Intangible assets	1,352,809	-
Goodwill	836,133	-
	<hr/>	
Total	3,455,346	-
	<hr/>	

Recognition of financial assets and liabilities

Held-for-trading financial assets and liabilities are recognized at fair value, and any change in the fair value is reflected in net earnings. Held-to-maturity financial assets and liabilities, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial assets are measured at fair value or at cost if there are no published price quotations in an active market and changes are recognized in comprehensive income (loss).

The Company has elected to capitalize transaction costs upon initial recognition and to present them with the related financial instruments. They are then amortized using the effective interest method.

Following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments:

Cash	Held for trading
Short-term investment	Available-for-sale asset
Accounts receivable	Loans and receivables
Derivative foreign currency forward contracts	Held for trading
Other financial liabilities	Other than held for trading

New accounting standards and pronouncements

On April 27, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

Section 1535, "*Capital Disclosures*", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to determine if the entity has complied with capital requirements and if not, the consequences of such non-compliance.

Section 3031, "*Inventories*", prescribes the accounting treatment for inventories. It provides guidance on the determination of cost and its subsequent recognition as an expense, including any writedown to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862, "*Financial Instruments – Disclosures*", describes the required disclosures to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

Section 3863, "*Financial Instruments – Presentation*", establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "*Financial Instruments – Disclosure and Presentation*".

The CICA amended Section 1400 "*General Standards of Financial Statement Presentation*" to include the criteria for determining and presenting an entity's ability to continue as going concern (going concern assumption).

The Company has applied these changes prospectively. The implementation of these standards had no impact on the Company's financial results.

Future accounting changes

The CICA issued new Section 3064 "*Goodwill and Intangible Assets*", which replaces Section 3062, "*Goodwill and Other Intangible Assets*", and Section 3450, "*Research and Development Costs*", which applies to the company's interim and annual financial statements for the fiscal year beginning on April 26, 2009. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets.

In January 2009, the CICA issued Sections 1582, "*Business Combinations*", 1601, "*Consolidated Financial Statements*", and 1602, "*Non-controlling Interests*".

Section 1582 will be converged with IFRS 3, "*Business Combinations*". Section 1602 will be converged with the requirements of IAS 27, "*Consolidated and Separate Financial Statements*", for non-controlling interests. Section 1601 carries forward the requirements of Section 1600, "*Consolidated Financial Statements*", other than those relating to non-controlling interests.

Section 1582 applies to transactions where the acquirer obtains control of one or more businesses. The term "business" is more broadly defined than in the existing standard. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be "improbable", will be measured at fair value. Acquisition costs must be expensed.

Under Section 1602, any non-controlling interest will be recognized as a separate component of shareholders' equity. Net income will be calculated without deduction for the non-controlling interest. Rather, net income will be allocated between the controlling and non-controlling interests.

The new standards will become effective in 2011.

The Company is currently evaluating the impact of the adoption of these new standards on its consolidated financial statements.

Harmonization of Canadian and international standards

In February 2008, the Accounting Standards Board of Canada confirmed that the Canadian GAAP, as used by publicly accountable enterprise, will be converged with the International Financial Reporting Standards (“IFRS”) published by the International Accounting Standards Board. The Company will have to present its interim and annual financial statements for fiscal 2012 according to IFRS. The Company is currently developing an IFRS transition plan which will include the differences between IFRS and the Company’s current accounting policies as well as changes to financial reporting and information technology.

FINANCIAL AND OTHER INSTRUMENTS

Fair value

Cash, short-term investment, derivative foreign currency forward contracts and bank loans are recorded at fair value while accounts receivable, accounts payable and accrued liabilities and long-term debt are financial instruments whose carrying value approximates their fair value due to their short-term maturity or current market rates for most of the long-term debt items.

Credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. Cash is held with Canadian and U.S. banks. Therefore, the Company considers the risk of non-performance on these instruments to be remote.

Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs on-going credit reviews of all its customers and establishes an allowance for doubtful accounts when accounts are determined to be uncollectible. Allowance for doubtful accounts amounted to \$450,769 as at April 25, 2009 and \$132,262 as at April 26, 2008.

In February 2009, the Company has purchased insurance provided by Export Development Canada for its major trade accounts receivable in the United States.

Interest rate risk

As at April 25, 2009 and April 26, 2008, the Company's exposure to interest risk is as follows:

Cash	Variable interest rate
Short-term investment	Non-interest bearing
Accounts receivable	Non-interest bearing
Derivative foreign currency forward contracts	Non-interest bearing
Bank loans	Variable interest rate
Accounts payable and accrued liabilities	Non-interest bearing
Long-term debt	As described in note 9 to the consolidated financial statements for the years ended April 25, 2009 and April 26, 2008

Currency risks and foreign currency forward contracts

The Company is exposed to currency risks as a result of its export sales of products manufactured in Canada and a portion of its purchases, substantially all of which are denominated in US dollars. These risks are partially hedged by currency forward contracts and certain operating expenses denominated in US dollars and euros. As at April 25, 2009, the Company held contracts to sell US dollars at various forward rates while as at April 26, 2008, the Company held contracts to sell US dollars and purchase US dollars and euros at various forward rates, which are summarized as follows:

Description	Expiration date	Contractual amount \$	Weighted average contractual forward rate \$	Fair value \$
As at April 25, 2009				
Sale of US dollars	May 2009 to April 2010	3,800,000	1.1750	(116,586)
As at April 26, 2008				
Sale of US dollars	May 2008 to May 2009	2,550,000	1.0234	54,801
Purchase of US dollars	August 2008 to March 2009	1,700,000	0.9839	16,738
Purchase of euros	May 2008 to October 2008	267,301	1.4456	35,449

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements in the annual consolidated financial statements as at April 25, 2009.

CONTRACTUAL OBLIGATIONS

The table below summarizes the Company's contractual obligations for operating leases, liabilities on derivative foreign currency forward contracts and long-term debt as at April 25, 2009:

Year	Operating leases	Liabilities on derivative foreign currency forward contracts	Long-term debt	Total
	\$	\$		
2010	207,534	189,589	1,158,812	1,555,935
2011	99,496	-	4,165,912	4,265,408
2012	27,403	-	9,813,892	9,841,295
2013	3,377	-	1,808,703	1,812,080
2014	632	-	1,840,631	1,841,263
Thereafter	-	-	3,509,793	3,509,793
	<u>338,442</u>	<u>189,589</u>	<u>22,297,743</u>	<u>22,825,774</u>

Certain leases have a renewal option.

RELATED PARTY TRANSACTIONS

During the year, the company did not conclude any related party transactions. In 2008, the company paid a director management fees amounting to \$13,200. These related party transactions are in the normal course of business and are measured at the exchange amount. Services rendered consisted of a study on management compensation.

SUBSEQUENT EVENTS

On April 28, 2009, the Company announced the upcoming closure of its Acton Vale, Quebec manufacturing facility. The closure is scheduled for mid-September 2009 and Management estimates the process will result in a non-recurring charge of \$300,000 to be recognized in the second quarter of the Company's 2010 fiscal year. Production of components to be terminated upon plant closure represent annual sales of approximately \$6.0 million with only one client who favoured a new technology for its outsourced work. Approximately forty employees will lose their jobs.

On June 2, 2009, the Company announced a \$5.0 million term loan financing from Investissement Québec. This financing will enable the Company to make it through the severe economic crisis affecting the industry. The loan is part of the Renfort program launched in December 2008 by the *Ministère du Développement économique, de l'Innovation et de l'Exportation du Québec*. This program is geared mainly toward successful companies experiencing temporary liquidity problems essentially due to tighter credit conditions given the current economic and financial situation. The program is also aimed at companies facing lower demand from foreign markets, as well as the volatility of the Canadian dollar and raw material prices. This financing assures the Company of a 12-month capital repayment moratorium on loans consented by its main banker. (See note 9 to the consolidated financial statements for the year ended April 25, 2009 for the interest rate and repayment terms).

RISKS AND UNCERTAINTIES

The following is a summary of the main risks that apply to the Company:

Current economic conditions

The Company's operations are, to a certain extent, dependent on economic conditions. For instance, the heavy-duty truck and industrial products markets are, generally speaking, more affected by a reduction in economic activity. In addition, the heavy-duty truck, bus, agricultural products and wind energy markets are susceptible to be affected by tighter credit markets owing to the need to finance underlying vehicle or equipment purchases.

Foreign exchange risk

Sales denominated in US dollars accounted for 52.8% of the Company's total sales for the year ended April 25, 2009. Consequently, the Canadian dollar movements versus the US dollar constitute an element of uncertainty and risk for the Company. These risks are partially offset by the following elements: the U.S. subsidiary's operating expenses are denominated in US dollars, raw material purchases are denominated in US dollars and finally, foreign currency forward contracts are entered into by the Company. The Company's policy is not to utilize those derivative financial instruments for trading or speculative purposes. If the Canadian dollar's rise against the US dollar goes on, this would negatively affect the Company's results of operations. During fiscal year 2009, the Company sold US\$9.1 million at an average exchange rate of 1.0338 CAD for a sum totalling CAD\$9.4 million.

Concentration of customers

For the year ended April 25, 2009, the Company's five largest customers represented 63.9% of the Company's sales. Should certain customers cease doing business with the Company or reduce their purchases due to financial difficulties or other causes, this would have a significant impact on the Company's sales, financial position and results of operations. Orders for a component in the heavy duty truck and transit industry are awarded depending on the length of the model by original equipment manufacturer (OEM). The duration on the market is an average of five to ten years depending on the manufacturers. There can be no assurance that the Company will be able to obtain new contracts or renew the existing ones, which might have an unfavourable effect on the Company's operations.

Interest rate risk

The Company is vulnerable to any interest rate fluctuations since the bank loans and a part of long-term debts feature interest rates varying according to the prime rate. An interest rate rise could affect the Company's cost of capital and, reduce net earnings accordingly. As of April 25, 2009, approximately 70.9% of the long-term debt, representing \$15.8 million out of a total long-term debt of \$22.3 million (including the current portion, but excluding deferred financing expenses), bears interest at a floating rate.

Market development and sustained growth

Failure to further develop the Company's key markets and existing geographic markets or to successfully expand its business into new markets could have an adverse impact on sales growth and operating results. The Company's ability to further penetrate its key markets in the existing geographic markets in which it competes, and successfully expand its business into other countries in Europe, South America or elsewhere, is subject to numerous factors, many of which are beyond its control. There can be no assurance that efforts to increase market penetration in the Company's key markets and existing geographic markets will be successful. Failure to achieve these goals may have an adverse effect on the Company's operating results.

Exclusive intellectual property rights

The Company uses technologies for which it holds certain intellectual property rights. Other businesses may develop similar products independently, thus decreasing the life cycle of the products manufactured by the Company.

Acquisition plan

The Company plans to continue to acquire companies and assets. There can be no assurance that acquisitions will take place or that the Company will succeed in integrating the newly-acquired companies and assets into its activities. Failure to do so or failure to retain the services of key personnel of the acquired companies could have a significant adverse effect on operating results. In addition to the cash flows from operating activities, acquisitions may require other sources of financing. There can be no assurance that additional financial resources will be available or that such resources will be available under conditions acceptable to the Company. Failure to secure such financing could render acquisitions difficult or even impossible.

Dependence on key personnel and labour relations

The Company's success depends on its ability to attract and keep highly qualified manpower. Failure to retain the services of qualified personnel and the loss of key employees could compromise the Company's rate of development and its efforts to achieve growth.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. Such forward-looking statements are dependent upon a certain number of factors and are subject to risks and uncertainties. Actual results may differ from those expected. We consider the assumptions on which these forward-looking statements are based to be reasonable, but we advise the reader that these assumptions with regard to future events, many of which are beyond our control, could prove incorrect as they are subject to risks and uncertainties inherent in our activities. The information contained in this MD&A is dated August 20, 2009, the date on which the Board of Directors approved the interim consolidated financial statements and the MD&A. Management does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information or future events, except when required by the regulatory authorities.

The Company is a reporting issuer under the securities legislation in Québec, Alberta and British Columbia and is therefore required to file continuous disclosure documents such as interim and annual financial statements, proxy circulars, information circulars, 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 Chief Financial Officer of the Company or through our Internet site at the following address: [http:// www.sigmaventures.ca](http://www.sigmaventures.ca) or on the following Internet site: <http://www.sedar.com>.

(s) Denis Bertrand

Per: _____
Denis Bertrand
President and Chief Executive Officer

(s) Bertrand Côté

Per: _____
Bertrand Côté
Chief Financial Officer

August 20, 2009



MANAGEMENT REPORT

The accompanying consolidated financial statements of Sigma Industries Inc. and all other financial information included 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 alternative accounting methods exist, management chose those it deems to be 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 fairly, in all material respects. Management has also prepared the financial information presented elsewhere in the annual report, and has ensured that it is consistent with that in the financial statements.

Management maintains systems of internal accounting and administrative controls designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and has ultimate responsibility for examining and approving the financial statements. The Board exercises this responsibility principally through its Audit Committee. The Audit Committee met with management as well as with the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to ensure that all parties carry out their duties correctly, and to examine the financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of the shareholders by external auditor Pricewaterhouse Coopers LLP for the year ended April 25, 2009 and April 26, 2008, in accordance with Canadian generally accepted accounting principles. The external auditor has been appointed by the shareholders to serve as the Company's external auditor and was given full and unrestricted access to the Audit Committee to discuss matters related to its 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

Quebec City, Quebec, Canada

August 20, 2009

(s) Bertrand Côté

Bertrand Côté
Vice President Finance