

## **Sigma Industries Inc. (note 12c)**

Interim Consolidated Financial Statements  
(Unaudited)  
**January 26, 2008**

### **Notice from management:**

*The interim consolidated financial statements which are included in this report have not been subject to a review by the company's external auditors. Moreover, all amounts are expressed in Canadian dollars unless otherwise indicated.*

# Sigma Industries Inc.

## Interim Consolidated Balance Sheet (unaudited)

	As at January 26, 2008 \$	As at April 30, 2007 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	263,892	636,449
Short-term investments	39,655	77,234
Accounts receivable (note 12a)	14,842,844	16,793,450
Inventories	8,390,367	11,657,464
Derivative foreign currency forward contracts	21,159	160,141
Prepaid expenses	1,419,382	367,462
Fixed assets held for sale (note 12b)	300,643	-
	25,277,942	29,692,200
<b>Property, plant and equipment</b>	17,713,682	16,385,057
<b>Deferred charges</b>	59,945	460,975
<b>Intangible assets</b>	7,683,029	8,838,863
<b>Future income tax assets</b>	2,808,057	1,517,266
<b>Goodwill</b>	2,486,389	2,486,389
	56,029,044	59,380,750
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank loans (note 5)	4,945,029	5,186,302
Accounts payable and accrued liabilities	8,698,040	10,756,910
Deferred revenues	304,100	387,535
Income taxes	1,943,138	2,668,172
Future income tax liabilities	824,241	831,324
Current portion of long-term debt	4,196,273	2,525,425
	20,910,821	22,355,668
<b>Long-term debt</b> (note 6)	11,532,363	12,012,947
<b>Future income tax liabilities</b>	3,892,461	4,248,346
	36,335,645	38,616,961
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 7)	13,125,309	13,126,424
<b>Stock options</b> (note 7)	406,506	398,382
<b>Warrants</b> (note 7)	2,236,328	2,486,728
<b>Contributed surplus</b> (note 7)	374,188	8,103
<b>Retained earnings</b>	3,566,127	4,744,152
<b>Accumulated other comprehensive income</b>	(15,059)	-
	19,693,399	20,763,789
	56,029,044	59,380,750

Subsequent events (note 12)

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

### Approved by the Board of Directors

(signed) DENIS BERTRAND Director

(signed) BRUNO DOYON Director (1)

## Sigma Industries Inc.

### Interim Consolidated Statements of Retained Earnings, Comprehensive Income and Accumulated Other Comprehensive Income (unaudited)

	<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>
<b>Retained Earnings</b>	<b>\$</b>	<b>\$</b>
<b>Balance – Beginning of period</b>	4,744,152	1,092,839
Adjustment related to the implementation of a new accounting standard (note 4)	16,305	-
Deferment of the expiry date of warrants issued as part of the private placement completed in May 2006 (note 7)	(41,707)	-
Net earnings (net loss) for the period	(1,152,623)	3,118,765
<b>Balance – End of period</b>	<u>3,566,127</u>	<u>4,211,604</u>

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
<b>Comprehensive Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net earnings (net loss) for the period</b>	365,098	1,032,948	(1,152,623)	3,118,765
Unrealized losses on available-for-sale financial assets arising during the period, net of income taxes	(16,459)	-	(59,184)	-
<b>Comprehensive income for the period</b>	<u>348,639</u>	<u>1,032,948</u>	<u>(1,211,807)</u>	<u>3,118,765</u>

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
<b>Accumulated Other Comprehensive Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance – Beginning of period</b>	(20,312)	-	-	-
Adjustment related to the implementation of a new accounting standard (note 4)	-	-	44,125	-
Unrealized gains (losses) on available-for-sale financial assets arising during the period, net of income taxes	3,853	-	(59,184)	-
<b>Balance – End of period</b>	<u>(16,459)</u>	<u>-</u>	<u>(15,059)</u>	<u>-</u>

(2)

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

# Sigma Industries Inc.

## Interim Consolidated Statements of Earnings (unaudited)

	Three Months Ended		Nine Months Ended	
	January 26, 2008 \$	January 31, 2007 \$	January 26, 2008 \$	January 31, 2007 \$
<b>Sales</b>	14,768,640	22,895,279	52,583,378	60,763,532
<b>Cost of sales and operating expenses before the following items</b>	14,321,062	20,220,686	51,582,686	53,290,874
	447,578	2,674,593	1,000,692	7,472,658
Interest on long-term debt	290,598	364,078	807,194	931,864
Other interest and bank charges	194,087	139,838	437,585	331,631
Depreciation of property, plant and equipment	380,803	409,034	1,206,907	1,050,582
Amortization of intangible assets	383,541	151,692	1,176,689	355,851
Amortization of financing expenses	38,661	35,604	105,353	91,201
Amortization of deferred charges	11,748	11,748	35,245	35,244
Foreign exchange loss (gain)	33,309	(79,530)	267,558	(229,079)
Gain on settlement of an insurance claim (note 12a)	(1,436,135)	-	(1,436,135)	-
	(103,388)	1,032,464	2,600,396	2,567,294
<b>Earnings (loss) before income taxes</b>	550,966	1,642,129	(1,599,704)	4,905,364
<b>Income tax expense (recovery)</b>				
Current	722,244	744,114	1,206,744	1,167,134
Future	(536,376)	(134,933)	(1,653,825)	619,465
	185,868	609,181	(447,081)	1,786,599
<b>Net earnings (net loss) for the period</b>	365,098	1,032,948	(1,152,623)	3,118,765
<b>Net earnings (net loss) per share</b> (note 9)				
Basic	0.009	0.030	(0.027)	0.093
Diluted	0.009	0.029	(0.027)	0.089

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

(3)

# Sigma Industries Inc.

## Interim Consolidated Statements of Cash Flows (unaudited)

	Three Months Ended		Nine Months Ended	
	January 26, 2008 \$	January 31, 2007 \$	January 26, 2008 \$	January 31, 2007 \$
<b>Cash flows from operating activities</b>				
Net earnings (net loss) for the period	365,098	1,032,948	(1,152,623)	3,118,765
Items not affecting cash				
Depreciation of property, plant and equipment	380,803	409,034	1,206,907	1,050,582
Amortization of intangible assets	383,541	151,692	1,176,689	355,851
Amortization of financing expenses	38,661	35,604	105,353	91,201
Amortization of deferred charges	11,748	11,748	35,245	35,244
Stock-based compensation	10,815	66,307	82,102	242,800
Loss (gain) on disposal of property, plant and equipment	8,275	-	18,981	(1,200)
Unrealized assets on foreign currency forward contracts	72,007	-	138,982	-
Interest capitalized on long-term debt	14,330	-	60,373	-
Future income taxes	(536,376)	(134,933)	(1,653,825)	619,465
	748,902	1,572,400	18,184	5,512,708
Net change in non-cash working capital items (note 8a)	(1,397,559)	6,331,660	1,298,448	5,307,101
	(648,657)	7,904,060	1,316,632	10,819,809
<b>Cash flows from financing activities</b>				
Variation in bank loans	(1,300,000)	(2,200,000)	(241,273)	3,054,334
Long-term debt contracted	3,325,000	1,000,000	3,325,000	20,700,000
Payments on long-term debt	(650,509)	(1,848,005)	(1,910,699)	(11,038,973)
Variation in deferred charges	-	(11,688)	-	(340,006)
Issuance of equity components (note 8b)	-	56,000	-	6,199,838
Equity component issue expenses	-	-	(1,640)	(701,601)
	1,374,491	(3,003,693)	1,171,388	17,873,592
<b>Cash flows from investing activities</b>				
Purchase of short-term investments	-	(15,234)	-	(15,434)
Decrease in short-term investments	-	-	15,434	-
Additions to property, plant and equipment	(758,325)	(464,968)	(2,877,163)	(1,558,942)
Increase in intangible assets	(5,701)	(7,975)	(20,855)	(26,123)
Proceeds from disposal of property, plant and equipment	5,201	1,000	22,007	1,000
Business acquisition, net of cash acquired	-	(3,434,566)	-	(25,346,458)
	(758,825)	(3,921,743)	(2,860,577)	(26,945,957)
<b>Net change in cash</b>	(32,991)	978,624	(372,557)	1,747,444
<b>Cash – Beginning of period</b>	296,883	983,845	636,449	215,025
<b>Cash – End of period</b>	263,892	1,962,469	263,892	1,962,469
<b>Additional information</b> (note 8c)				

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

# **Sigma Industries Inc.**

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

---

## **1 Statutes and nature of activities**

Sigma Industries Inc. [(the "company") – see note 12c], incorporated of federal corporate law under the Canadian Business Corporations Act (CBCA), is a composite and metal products manufacturer. The company is active in the growing heavy duty truck, coach, transit and bus, train and subway, machinery, agriculture, light forestry and alternative energy market segments.

## **2 Interim financial information**

The financial information as at January 26, 2008 and for the three-month and nine-month periods ended January 26, 2008 and January 31, 2007 is unaudited. However, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of the company's most recent audited annual consolidated financial statements, except for the new accounting standards as disclosed in note 4. However, all disclosures required for annual financial statements have not been included in these financial statements. These unaudited interim consolidated financial statements should therefore be read in conjunction with the company's most recent audited annual consolidated financial statements.

## **3 Basis of presentation and consolidation**

These interim consolidated financial statements include the accounts of the company and all of its wholly-owned subsidiaries. Intercompany transactions and related balances have been eliminated. As at January 26, 2008, the company's main operating subsidiaries are as follows:

- René Matériaux Composites Ltée and its subsidiary Groupe Synergy Composites Inc.
- Transcam Composites Inc. (previously 3547141 Canada Inc.)
- Faroex Ltd.
- PNS-Tech Inc. (company resulting from the merger of Remorques JMS Inc. and PNS Cast Iron Ltd.)

# **Sigma Industries Inc.**

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

---

## **4 New accounting standards**

In January 2005, the Canadian Institute of Chartered Accountants (“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 in 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 that 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 disclosures 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*”.

Effective May 1, 2007, the company adopted sections 1530, 3251, 3855, 3865.

### **Recognition of financial assets and liabilities**

#### *Short-term investments*

Short-term investments, valued at market value, are made up mainly of shares of a business listed on the TSX Venture Exchange, which do not meet the company’s definition of cash and cash equivalents.

The impact of the application of the market value method on short-term investments, net of income taxes, has been recognized as an adjustment to the opening balance of accumulated other comprehensive income.

#### *Effective interest rate method*

Premiums and discounts on long-term debt are accounted for using the effective interest rate method.

The impact of the use of the effective interest method has been recognized as an adjustment to the opening balance of retained earnings, net of income taxes.

# Sigma Industries Inc.

## Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

---

### *Impact of the adoption of these standards*

The adjustments related to the classification of short-term investments as available-for-sale financial assets have been included in the opening balance of accumulated other comprehensive income as at May 1, 2007. Adjustments resulting from the reclassification of deferred charges as of May 1, 2007, in the amount of \$365,785, and related to financing expenses have been applied against the long-term debt.

The impact of these new accounting standards is summarized as follows:

	As at April 30, 2007	Adjustments New Accounting Standards	As at May 1, 2007
	\$	\$	\$
Assets			
Short-term investments	77,234	64,890	142,124
Deferred charges	460,975	(365,785)	95,190
Liabilities and Shareholders' Equity			
Future income tax liabilities – Current portion	831,324	20,765	852,089
Long-term debt	12,012,947	(389,763)	11,623,184
Future income tax liabilities – Long-term portion	4,248,346	7,673	4,256,019
Retained earnings	4,744,152	16,305	4,760,457
Accumulated other comprehensive income	-	44,125	44,125

### *Future accounting changes*

The CICA has published the following new sections that will apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, and to fiscal years beginning on or after January 1, 2008 as regards Section 3031:

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*".

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.

# Sigma Industries Inc.

## Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

---

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.

The company has not yet completed its assessment of the effect of these new standards on its consolidated financial statements, which will apply to the fiscal year beginning on May 1, 2008.

### 5 Credit facilities

The company has an available line of credit of an authorized amount of \$10,000,000 in Canadian dollars, bearing interest at prime rate plus 0.5%. It also has an available credit facility of \$2,500,000 to hedge against foreign exchange risks and a credit of \$250,000 for the risk related to the settlement of electronic funds transfers. A moveable hypothec over accounts receivable, inventories and all present and future tangible and intangible assets has been given as security. These credit facilities are renewable annually.

### 6 Long-term debt

	As at January 26, 2008 \$	As at April 30, 2007 \$
Decreasing revolving bank loan, bearing interest at prime rate plus 0.60%, payable in monthly principal instalments of \$191,935, from May 2008 to June 2011. A moveable hypothec over the universality of the company's present and future tangible and intangible assets has been given as security for this loan	11,900,000	8,575,000
Bank loan, bearing interest at prime rate plus 0.60%, payable in monthly principal instalments of \$11,905, maturing in February 2012. A moveable hypothec over the universality of the company's present and future tangible and intangible assets has been given as security for this loan	869,048	976,190
Decreasing bank loan, bearing interest at prime rate plus 4%, payable in monthly principal instalments of \$138,889 plus interest, maturing in December 2009. A moveable hypothec over the universality of the company's present and future tangible and intangible assets has been given as security for this loan	2,044,443	3,294,444
	<hr/>	<hr/>
(forward)	14,813,491	12,845,634

# Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

	As at January 26, 2008 \$	As at April 30, 2007 \$
(brought forward)	14,813,491	12,845,634
Balance of purchase price payable of a total amount \$1,200,000, discounted at 6.5%, payable in monthly instalments of \$50,000, maturing in February 2009	625,648	1,027,851
Term loans, bearing interest at prime rate plus 1.5% and 8%, payable in monthly principal instalments of \$3,540 and monthly principal instalments including interest of \$1,617 from June 2011, maturing in June 2016 and October 2016. Immoveable and moveable hypothecs have been given as security for these loans	451,700	483,560
Term loans, bearing interest from nil to prime rate plus 1.75%, maturing from May 2007 to July 2008, payable in monthly, half-yearly instalments or on demand	10,844	43,097
Bank loans for which moveable hypothecs over automotive equipment have been given as security, 6.98% and nil, payable in monthly instalments of \$488, including principal and interest, maturing in February 2010	11,335	15,030
Loan granted by Canada Economic Development under the Innovation, Development of Entrepreneurship and Access Program for SME, non-interest bearing, payable in five annual instalments of \$30,800, maturing in January 2011 *	76,050	123,200
Deferred financing expenses	(260,432)	-
	15,728,636	14,538,372
Less: Current portion	4,196,273	2,525,425
	11,532,363	12,012,947

\* As a result of the application of the new accounting standard on financial instruments (see note 4), the balance of that debt has been decreased by \$23,978 so as to consider an effective interest rate of 10.25%.

The annual principal instalments due on long-term debt over the next five twelve-month periods are as follows:

	\$
2008	4,196,273
2009	2,947,276
2010	2,514,647
2011	5,761,187
2012	353,024

# Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

---

## 7 Shareholders' equity

### Share capital

#### Authorized

Unlimited number of common shares, without par value, voting and participating

Unlimited number of preferred shares with rights and restrictions fixed by the Board of Directors upon issuance

The following table presents the share capital activity since May 1, 2006:

#### Issued

	Nine Months Ended January 26, 2008		Twelve Months Ended April 30, 2007	
	Number	Amount \$	Number	Amount \$
Balance – Beginning of period	42,899,095	13,126,424	21,969,017	1,790,195
Issuance of common shares:				
For cash consideration	-	-	15,556,282	8,718,297
For the acquisition of assets	-	-	1,625,000	1,074,000
Following the conversion of debentures	-	-	2,745,046	1,760,233
Following the exercise of stock options	-	-	540,000	274,719
Following the exercise of warrants	-	-	463,750	347,812
Share issue expenses, net of related income taxes of \$525	-	(1,115)	-	(838,832)
Balance – End of period	42,899,095	13,125,309	42,899,095	13,126,424

# Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

## Contributed surplus

The following table presents the contributed surplus activity since May 1, 2006:

	Three Months Ended		Nine Months Ended	
	January 26, 2008 \$	January 31, 2007 \$	January 26, 2008 \$	January 31, 2007 \$
Balance – Beginning of period	8,103	-	8,103	-
Stock options forfeited	73,978	-	73,978	-
Warrants matured	292,107	-	292,107	-
Balance – End of period	374,188	-	374,188	-

## Warrants

The following tables present information about warrants outstanding since May 1, 2006 and summarize certain information about warrants outstanding and exercisable as at January 26, 2008:

	Nine Months Ended January 26, 2008			Twelve Months Ended April 30, 2007		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding and exercisable – Beginning of period	9,227,438	2,486,728	0.91	818,750	-	0.71
Granted	-	-	-	9,127,438	2,707,212	0.92
Exercised	-	-	-	(463,750)	-	0.75
Matured	(797,332)	(292,107)	0.60	(255,000)	-	0.75
Deferment of the expiry date *	-	41,707	-	-	-	-
Issue expenses, net of related income taxes	-	-	-	-	(220,484)	-
Outstanding and exercisable – End of period	8,430,106	2,236,328	0.94	9,227,438	2,486,728	0.91

# Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

Exercise price	Warrants outstanding and exercisable as at January 26, 2008	
	Number	Weighted average remaining contractual life (years)
\$0.40	100,000	2.70
\$0.85	5,416,658	1.02
\$0.90	135,289	0.68
\$1.15	<u>2,778,159</u>	4.13
	<u>8,430,106</u>	

- \* On September 26, 2007, the company received conditional approval by the TSX Venture Exchange to defer the expiry date of warrants granted as part of its private placement completed in May 2006. The 4,991,991 warrants, as well as 416,667 additional warrants granted to a former holder of a convertible debenture as part of this private placement, entitle their holders to purchase one common share at a price of \$0.85 per share at all times during the 18-month period following the closing date. Expiry dates of these warrants had originally been set at November 3 and November 14, 2007. The conditional approval aims to defer and standardize the expiry date of these warrants to January 31, 2009. With the exception of this extended exercise period, all exercise terms and conditions of these warrants are unchanged. No warrant has been exercised to the deferment date.

For the nine-month period ended January 26, 2008, the fair value of warrants following the deferment of the expiry date of warrants granted in May 2006 was estimated using the Black-Scholes model with the following assumptions:

Risk-free interest rate	4.08%
Expected volatility	60%
Dividend yield	0%
Expected weighted average life of each warrant following the deferment of the expiry date of warrants granted in May 2006	15 months
Weighted average fair value of each warrant following the deferment of the expiry date of warrants granted in May 2006	\$0.0077

## Stock option plan

The company has a stock option plan for its officers, directors, employees and consultants providing ongoing services to the company. Under the plan, which is managed by the Board of Directors, stock options, except for those granted to the agent which are fully exercisable on the date of grant, vest over a three-year period and expire after a period of 18 months to 60 months. The maximum number of common shares issuable under the plan is limited to 10% of the issued and outstanding common shares.

# Sigma Industries Inc.

## Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

The following tables present information about stock options outstanding since May 1, 2006 and summarize certain information about stock options outstanding and exercisable as at January 26, 2008:

	Nine Months Ended January 26, 2008			Twelve Months Ended April 30, 2007		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding - Beginning of period	1,835,000	398,382	0.53	1,825,000	176,285	0.40
Granted	-	-	-	600,000	-	0.81
Exercised	-	-	-	(540,000)	(58,719)	0.40
Forfeited	(150,000)	(73,978)	-	(50,000)	(8,103) *	0.40
Compensation costs for the period	-	82,102	-	-	288,919	-
Outstanding - End of period	<u>1,685,000</u>	<u>406,506</u>	<u>0.53</u>	<u>1,835,000</u>	<u>398,382</u>	<u>0.53</u>

\* During the twelve-month period ended April 30, 2007, an amount of \$8,103 has been reflected in the contributed surplus following the reversal of stock options granted as director's compensation following the latter's departure.

Exercise price	Options outstanding as at January 26, 2008		Options exercisable as at January 26, 2008	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
\$0.40	1,235,000	2.37	1,235,000	2.37
\$0.80	150,000	3.85	100,000	3.85
\$0.92	<u>300,000</u>	<u>3.68</u>	<u>200,000</u>	<u>3.68</u>
	<u>1,685,000</u>		<u>1,535,000</u>	

# Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

## 8 Additional disclosures on the statements of cash flows

(a) Net change in non-cash working capital items

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
	\$	\$	\$	\$
Accounts receivable	1,821,598	6,642,042	1,950,606	4,404,933
Inventories	(46,311)	1,300,570	3,267,097	847,120
Prepaid expenses	(1,095,965)	35,137	(1,051,920)	221,257
Accounts payable and accrued liabilities	(942,572)	(2,193,702)	(2,058,866)	(1,046,687)
Deferred revenues	100,639	(350,185)	(83,435)	(169,008)
Income taxes	(1,234,948)	897,798	(725,034)	1,049,486
	<u>(1,397,559)</u>	<u>6,331,660</u>	<u>1,298,448</u>	<u>5,307,101</u>

(b) Items not affecting cash related to operating, financing and investing activities

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
	\$	\$	\$	\$
Conversion of a debenture into shareholders' equity	-	300,000	-	1,450,000
Issuance of common shares in partial settlement of the acquisition of the assets of Camoplast's composite truck division		1,300,000		1,300,000
Issuance of warrants in settlement of issue expenses	-	-	-	292,107
Issuance of common shares in settlement of accounts payable	-	-	-	10,233

# Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

(c) Additional information

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
	\$	\$	\$	\$
Interest paid	280,686	496,066	944,132	1,238,279
Income taxes paid (recovered)	1,844,851	(141,612)	1,819,436	190,560

## 9 Earnings per share

The following table summarizes the basic and potentially dilutive weighted average number of common shares outstanding used in the basic and diluted net earnings per share calculations:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
	\$	\$	\$	\$
Basic weighted average number of shares outstanding	42,899,095	34,466,521	42,899,095	33,538,554
Dilutive effect of stock options and warrants	-	1,215,313	328,964	1,678,638
Diluted weighted average number of shares outstanding	42,899,095	35,681,834	43,228,059	35,217,192

Furthermore, the following table presents the items excluded from the calculation of diluted earnings per share for the three-month and nine-month periods ended January 26, 2008 and January 31, 2007 because the exercise price was greater than the average market price of the common shares or due to their anti-dilutive effect:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
	\$	\$	\$	\$
Weighted average number of stock options at exercise prices varying from \$0.40 to \$0.92	420,095	450,000	715,986	450,000
Weighted average number of warrants at exercise prices varying from \$0.40 to \$1.15	2,101,752	-	4,888,976	-

# Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

## 10 Segment information

The company is organized under one single operating segment, being the manufacturing of composite and metal products. All of the long-lived assets, which consist of property, plant and equipment, intangible assets and goodwill, are located in Canada.

The following sales have been allocated to geographic regions based on the country of residence of the related customers.

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
	\$	\$	\$	\$
<b>Sales by geographic region</b>				
United States	9,207,584	16,467,466	36,578,806	42,910,278
Canada	5,465,924	6,133,371	15,179,904	16,149,535
Asia	89,465	102,540	307,761	641,610
South America	-	178,693	272,420	712,747
Europe	4,513	45	186,165	171,668
Australia	1,154	13,164	58,322	157,875
Others	-	-	-	19,819
	<u>14,768,640</u>	<u>22,895,279</u>	<u>52,583,378</u>	<u>60,763,532</u>

For the nine-month period ended January 26, 2008, one customer represents 35.7% of the company's total sales compared to 51.1% for the nine-month period ended January 31, 2007 and 14.8% of the latter's total accounts receivable compared to 26.7% as at April 30, 2007.

### Supplementary information

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>January 26, 2008</u>	<u>January 31, 2007</u>	<u>January 26, 2008</u>	<u>January 31, 2007</u>
	\$	\$	\$	\$
<b>Sales by family of product</b>				
Transportation	9,426,384	16,472,346	35,340,911	42,797,065
Snow removal	2,222,395	3,442,094	5,989,732	9,264,059
Agriculture	914,835	1,193,701	4,243,860	4,617,622
Industrial	774,558	993,608	2,800,420	2,064,339
Wind energy	1,094,510	360,543	2,621,788	360,543
Forestry	81,354	142,795	436,610	966,609
Other	254,604	290,192	1,150,057	693,295
Industrial	<u>14,768,640</u>	<u>22,895,279</u>	<u>52,583,378</u>	<u>60,763,532</u>

# **Sigma Industries Inc.**

Notes to Interim Consolidated Financial Statements (unaudited)

January 26, 2008

---

## **11 Comparative figures**

Certain comparative figures have been reclassified to conform with the current period presentation.

## **12 Subsequent events**

- a) On February 11, 2008, the company received an amount of \$4,100,000 for the final settlement of the insurance claim resulting from a fire that damaged the installations of René Composites Materials in St-Ephrem-de-Beauce on October 19, 2005. A gain on settlement of an insurance claim amounting to \$1,436,135 has been accounted for in the consolidated statement of earnings for the three month and nine-month periods ended January 26, 2008. Proceeds therefrom have been used to reduce the company's bank loan.
- b) On February 15, 2008, an amount of \$384,000 was received further to the sale of the building and certain equipment at the L'Islet facility. This sales transaction results from the company's decision to proceed to the merger of its metal component manufacturing facilities at PNS-TECH Inc. located in St-Agapit. Proceeds therefrom have been used to reduce the company's loan.
- c) On February 21, 2008, the company announced that its corporate name changed from Sigma Ventures Inc. to Sigma Industries Inc. and obtained a certificate of continuance under the Canada Business Corporations Act. Following the adoption of this new corporate name, the common shares of Sigma Industries have been traded since February 21, 2008, under ticker symbol SIC on the TSX Venture Exchange.
- d) On February 29, 2008, the company acquired through its wholly-owned subsidiary, Sigma US Industries Inc. all of the outstanding shares of Pickens Plastics Inc. ("Pickens"), a business specialized in the custom molding of fiberglass reinforced plastic products for the industrial market.

Pickens, based in the state of Ohio (United States), has been founded more than 30 years ago and owns two manufacturing facilities, a 115,000-square-foot plant located in Jefferson and a 50,000-square-foot facility in Ashtabula, Ohio. This acquisition will be partially funded through a long-term debt.