

Sigma Industries Inc.

Interim Consolidated Financial Statements
(Unaudited)
July 25, 2009

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.

Sigma Industries Inc.

Interim Consolidated Balance Sheet (unaudited)

	As at July 25, 2009 \$	As at April 25, 2009 \$
Assets		
Current assets		
Cash	776,191	3,411
Accounts receivable	7,235,764	7,462,068
Income taxes receivable	469,941	544,775
Inventories	8,011,329	8,103,254
Derivative foreign currency forward contracts	479,478	73,903
Prepaid expenses	680,651	185,165
Future income tax assets	572,312	602,776
	<u>18,225,666</u>	<u>16,974,452</u>
Property, plant and equipment	21,312,425	22,495,157
Intangible assets	4,729,463	5,014,697
Future income tax assets	770,122	423,441
Goodwill	1,650,256	1,650,256
	<u>46,687,932</u>	<u>46,558,003</u>
Liabilities		
Current liabilities		
Bank loans (note 5)	4,823,081	3,451,883
Accounts payable and accrued liabilities	8,322,353	8,363,034
Deferred revenues	1,739,034	629,907
Derivative foreign currency forward contracts	-	189,589
Income taxes	1,371,992	1,546,464
Current portion of long-term debt	1,434,057	1,048,928
	<u>17,690,517</u>	<u>15,229,805</u>
Long-term debt (note 6)	19,364,900	20,787,627
Future income tax liabilities	825,468	909,111
	<u>37,880,885</u>	<u>36,926,543</u>
Shareholders' Equity		
Share capital (note 7)	13,125,309	13,125,309
Stock options (note 7)	347,831	347,831
Warrants (note 7)	962,086	962,086
Contributed surplus (note 7)	1,732,926	1,732,926
Deficit	(7,376,515)	(5,899,035)
Accumulated other comprehensive income (loss)	15,410	(637,657)
	<u>8,807,047</u>	<u>9,631,460</u>
	<u>46,687,932</u>	<u>46,558,003</u>

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

Approved by the Board of Directors

(S) Denis Bertrand Director

(S) Bruno Doyon Director (1)

Sigma Industries Inc.

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

	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Retained Earnings (Deficit)		
Retained earnings (deficit) – Beginning of period	(5,899,035)	4,168,312
Net loss for the period	(1,477,480)	(598,450)
Retained earnings (deficit) – End of period	(7,376,515)	3,569,862
	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Comprehensive Loss		
Net loss for the period	(1,477,480)	(598,450)
Unrealized losses on available-for-sale financial assets, net of related future income taxes of \$5,411	-	(12,099)
Translation adjustment of a self-sustaining foreign operation's financial statements	653,067	(7,509)
Comprehensive loss for the period	(824,413)	(618,058)
	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Accumulated Other Comprehensive Income (Loss)		
Balance – Beginning of period	(637,657)	(6,252)
Unrealized losses on available-for-sale financial assets, net of future income tax benefits of \$5,411	-	(12,099)
Translation adjustment of a self-sustaining foreign operation's financial statements	653,067	(7,509)
Balance – End of period	15,410	(25,860)

Total deficit and accumulated other comprehensive income amount to \$7,361,105 as at July 25, 2009 and total retained earnings and accumulated other comprehensive loss amounted to \$3,544,002 as at July 26, 2008.

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	
	July 25, 2009	July 26, 2008
	\$	\$
Sales	11,230,260	15,209,077
Cost of sales and operating expenses before the following items (note 10a)	11,336,028	14,867,874
	(105,768)	341,203
Financial expenses (note 10a)	543,024	355,612
Depreciation and amortization (note 10a)	753,594	921,265
Restructuring costs (note 9)	89,095	-
Foreign exchange loss (gain)	385,859	(40,821)
	1,771,572	1,236,056
Loss before income taxes (note 10a)	(1,877,340)	(894,853)
Income tax recovery		
Current	-	297,997
Future	(399,860)	(594,400)
	(399,860)	(296,403)
Net loss for the period	(1,477,480)	(598,450)
Basic and diluted net loss per share (note 11)	(0.034)	(0.014)
Basic and diluted weighted average number of shares outstanding (note 11)	42,899,095	42,899,095

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

Sigma Industries Inc.

Interim Consolidated Statements of Cash Flows (unaudited)

	Three Months Ended	
	July 25, 2009 \$	July 26, 2008 \$
Cash flows from operating activities		
Net loss for the period	(1,477,480)	(598,450)
Items not affecting cash		
Depreciation of property, plant and equipment	472,351	523,809
Amortization of intangible assets	281,243	385,401
Amortization of deferred financing expenses	37,411	25,990
Amortization of deferred charges	-	12,055
Stock-based compensation	-	9,003
Loss on disposal of property, plant and equipment	478	-
Unrealized exchange loss (gain) on derivative foreign currency forward contracts	(660,001)	27,424
Interest capitalized on long-term debt	1,413	7,224
Future income taxes	(399,860)	(594,400)
	(1,744,445)	(201,944)
Net change in non-cash working capital items (note 10b)	1,056,848	(459,600)
	(687,597)	(661,544)
Cash flows from financing activities		
Increase in bank loans	1,371,198	1,328,597
Long-term debt contracted	-	1,045,677
Payments on long-term debt	(414,104)	(1,031,056)
Increase in deferred financing expenses	(40,410)	(75,696)
	916,684	1,267,522
Cash flows from investing activities		
Additions to property, plant and equipment	(18,141)	(586,803)
Increase in intangible assets	(7,058)	(23,520)
Proceeds from disposal of property, plant and equipment	4,250	-
	(20,949)	(610,323)
Effect of foreign exchange rate changes on cash	564,642	1,391
Net change in cash	772,780	(2,954)
Cash – Beginning of period	3,411	652,993
Cash – End of period	776,191	650,039
Additional information (note 10b and c)		

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

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

July 25, 2009

1 Statutes and nature of activities

Sigma Industries Inc. (the "company"), incorporated under the Canada Business Corporations Act, 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 and alternative energy market segments. The common shares of the company trade under ticker symbol SIC on the TSX Venture Exchange.

2 Interim financial information

The financial information as at July 25, 2009 and for the three-month periods ended July 25, 2009 and July 26, 2008 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 have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and include the accounts of the company and all of its wholly-owned subsidiaries. Intercompany transactions and related balances have been eliminated. As at July 25, 2009, the company's subsidiaries are as follows:

- Sigma US Industries Inc. and its subsidiary Sigma OH Industries Inc.
- René Composites Materials Ltd.
- Transcam Composites Inc.
- Faroex Ltd.
- PNS-Tech Inc.

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

July 25, 2009

4 New accounting standards

Accounting changes adopted

On April 26, 2009, the company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

Section 3064, "*Goodwill and Intangible Assets*". This Section establishes standards for the recognition, measurement, presentation and disclosure applicable to intangible assets. It replaces Section 3062, "*Goodwill and Other Intangible Assets*", and Section 3450, "*Research and Development Costs*".

EIC-173, "*Credit Risk and the Fair Value of Financial Assets and Liabilities*". This standard clarifies the application of Section 3855, "*Financial Instrument-Recognition and Measurement*".

The implementation of these standards had no impact on the company's consolidated financial results.

Future accounting changes

In January 2009, the CICA issued Sections 1582, "*Business Combination*", 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.

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

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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 3.5%. It also has an available line of credit of \$1,000,000 in US dollars, bearing interest at US prime rate plus 4% and an available real estate line of credit of \$1,000,000 in Canadian dollars, bearing interest at prime rate plus 4%. Furthermore, it has an available credit facility of \$2,000,000 to hedge against foreign exchange risks and a credit of \$250,000 for the risks 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. Under these agreements, the company has agreed to respect certain conditions and financial ratios, which have been met as at July 25, 2009.

6 Long-term debt

	As at July 25, 2009 \$	As at April 25, 2009 \$
Decreasing revolving bank loan, bearing interest at prime rate plus 4%, payable in monthly principal instalments of \$191,935, from May 2008 to June 2013. 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	9,596,774	9,788,710
Term loan of \$5,000,000, bearing interest at prime rate plus 5.5%, payable in monthly principal instalments of \$104,167, beginning in May 2010, maturing in March 2014. A junior moveable hypothec over the universality of the company's present and future tangible and intangible assets has been given as security for this loan	5,000,000	5,000,000
Bond loans of \$1,635,179 (US\$1,510,000) and \$2,068,339 (US\$1,910,000), bearing interest at 5.75% and 6.5% respectively, payable in monthly average principal instalments including interest for the two bond loans of \$38,615 (US\$35,659) until May 2018 and \$15,862 (US\$14,648) thereafter until May 2023. A hypothec on tangible and intangible moveables owned by a self-sustaining foreign subsidiary has been given as security for these loans as well as an additional guarantee from the company	3,560,936	4,018,221
(forward)	18,157,710	18,806,931

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Notes to Interim Consolidated Financial Statements (unaudited)

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	As at July 25, 2009 \$	As at April 25, 2009 \$
(brought forward)	18,157,710	18,806,931
Term loan of \$1,624,350 (US\$1,500,000), bearing interest at 3%, payable in monthly principal instalments including interest of \$16,337 (US\$15,086), maturing in June 2018. A hypothec on tangible and intangible moveables owned by a self-sustaining foreign subsidiary has been given as security for this loan as well as an additional guarantee from the company	1,527,943	1,814,550
Bank loan, bearing interest at prime rate plus 4%, 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	678,571	690,476
Term loans, bearing interest at prime rate plus 1.5% and 8%, payable in monthly principal instalments of \$3,540 and monthly instalments of \$1,617, including principal and interest, beginning in June 2011, maturing in June 2016 and October 2016. Moveable and immovable hypothecs have been given as security for these loans	387,980	398,600
Bank loan, 3%, payable in monthly principal instalments of \$10,732 (US\$9,910), maturing in March 2011. A moveable hypothec over the universality of the present and future tangible and intangible assets of one company's subsidiary has been given as security for this loan	219,281	278,914
Balance of purchase price payable, 6%, payable in annual principal instalments of \$108,290 (US\$100,000), maturing in March 2010	198,905	241,940
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 *	56,025	54,612
Bank loan for which a moveable hypothec over automotive equipment has been given as security, 6.98%, reimbursed during the period	-	4,732
Deferred financing expenses	(427,458)	(454,200)
	20,798,957	21,836,555
Less: Current portion	1,434,057	1,048,928
	<u>19,364,900</u>	<u>20,787,627</u>

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

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

	\$
2010	1,434,057
2011	4,205,316
2012	4,520,427
2013	6,333,755
2014	1,457,030

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 April 26, 2008:

Issued

	Three Months Ended July 25, 2009		Twelve Months Ended April 25, 2009	
	Number	Amount \$	Number	Amount \$
Balance – Beginning and End of period	42,899,095	13,125,309	42,899,095	13,125,309

Contributed surplus

The following table presents the contributed surplus activity since April 26, 2008:

	Three Months Ended July 25, 2009 \$	Twelve Months Ended April 25, 2009 \$
Balance – Beginning of period	1,732,926	374,188
Stock options forfeited	-	84,496
Matured warrants	-	1,274,242
Balance – End of period	1,732,926	1,732,926

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Notes to Interim Consolidated Financial Statements (unaudited)

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Warrants

The following tables present information about warrants outstanding since April 26, 2008 and summarize certain information about warrants outstanding and exercisable as at July 25, 2009:

	Three Months Ended July 25, 2009			Twelve Months Ended April 25, 2009		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding and exercisable – Beginning of period	2,878,159	962,086	1.12	8,430,106	2,236,328	0.94
Matured	-	-	-	(5,551,947)	(1,274,242)	0.86
Outstanding and exercisable – End of period	2,878,159	962,086	1.12	2,878,159	962,086	1.12

Exercise price	Warrants outstanding and exercisable as at July 25, 2009	
	Number	Weighted average remaining contractual life (years)
\$0.40	100,000	1.20
\$1.15	2,778,159	2.63
	<u>2,878,159</u>	

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

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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.

The following tables present information about stock options outstanding since April 26, 2008 and summarize certain information about stock options outstanding and exercisable as at July 25, 2009:

	Three Months Ended July 25, 2009			Twelve Months Ended April 25, 2009		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding and exercisable – Beginning of period	1,355,000	347,831	0.52	1,685,000	415,508	0.53
Forfeited	-	-	-	(330,000)	(84,496)	0.56
Compensation costs for the period	-	-	-	-	16,819	-
Outstanding and exercisable – End of period	1,355,000	347,831	0.52	1,355,000	347,831	0.52

Exercise price	Options outstanding and exercisable as at July 25, 2009	
	Number	Weighted average remaining contractual life (years)
\$0.40	1,035,000	1.20
\$0.80	20,000	2.35
\$0.92	300,000	2.19
	<u>1,355,000</u>	

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

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8 Capital disclosures

The company's objectives when managing capital are to:

- have sufficient funds that allow pursuing its growth strategy;
- deploy capital to provide an appropriate return on investment to its shareholders; and
- maintain financial flexibility in order to preserve its ability to meet financial obligations and seize potential acquisition opportunities.

The company defines its capital as follows:

- cash;
- bank loans;
- long-term debt, including the current portion; and
- shareholders' equity.

The company manages its capital structure according to its growth strategy and economic conditions. In order to maintain or adjust its capital structure, the company may be required to issue new shares, proceed to share redemptions on the market, raise debt and refinance existing debt or sell assets to reduce its debt level.

The principal use of the company's capital is to finance current operations, make purchases of property, plant and equipment required to ensure the company's growth, and fund business acquisitions. The company's capital management objectives, policies and procedures have remained unchanged since last year.

Any decision to pay dividends on the company shares is periodically assessed by the company's board of directors and is based on the company's profits and financial position as well as on covenants in its credit facility agreements and other relevant factors such as its growth strategy and strategic positioning compared with its competitors. There can be no assurance as to the amounts or payment dates of such dividends in the future.

The company is not subject to any obligation under external rules, except for credit facility covenants, which provide for the attainment of certain financial ratios. As at July 25, 2009, the only ratio in effect has been met.

In order to follow up its financial leverage as at July 25, 2009, the company uses the working capital ratio (current assets divided by current liabilities) that it aims to maintain at a level below or equal to 0.90:1, excluding the company's U.S. subsidiaries. This ratio was 1.22:1 as at July 25, 2009.

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

July 25, 2009

9 Restructuring costs

For the three-month period ended July 25, 2009, the company recorded and fully paid restructuring charges totalling \$89,095 representing professional fees.

10 Additional disclosures

(a) Consolidated statements of earnings

The loss before income taxes has been established considering the following items:

	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Cost of sales including depreciation of property, plant and equipment	10,497,029	13,865,335
Depreciation of property, plant and equipment	472,351	523,809
Amortization of intangible assets	281,243	385,401
Amortization of deferred charges	-	12,055
Gross research and development expenses	56,984	133,095
Tax credits	-	(84,779)
Stock-based compensation costs	-	9,003
Interest on long-term debt	309,752	216,074
Interest on bank loans and bank charges	195,861	113,548
Amortization of deferred financing expenses	37,411	25,990

(b) Consolidated statements of cash flows

Net change in non-cash working capital items

	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Accounts receivable	137,237	875,383
Inventories	23,119	(1,043,999)
Derivative foreign currency forward contracts	63,937	-
Prepaid expenses	(500,037)	129,417
Accounts payable and accrued liabilities	322,477	(883,949)
Deferred revenues	1,133,319	327,029
Income taxes	(123,204)	136,519
	1,056,848	(459,600)

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

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(c) Additional information

	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Interest paid	360,524	301,859
Income taxes paid	174,471	161,478

11 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:

	Three Months Ended	
	July 25, 2009	July 26, 2008
Basic and diluted weighted average number of shares outstanding	42,899,095	42,899,095

Furthermore, the following table presents the items excluded from the calculation of diluted earnings per share for the three-month periods ended July 25, 2009 and July 26, 2008 because the exercise price was greater than the average market price of the common shares or due to their anti-dilutive effect:

	Three Months Ended	
	July 25, 2009	July 26, 2008
Weighted average number of stock options at exercise prices varying from \$0.40 to \$0.92	337,822	420,096
Weighted average number of warrants at exercise prices varying from \$0.40 to \$1.15	717,568	2,101,752

Sigma Industries Inc.

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12 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 as follows:

	As at July 25, 2009	As at April 25, 2009
	\$	\$
Canada	21,563,082	22,018,542
United States	6,129,062	7,141,568
	<u>27,692,144</u>	<u>29,160,110</u>

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

	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Sales by geographic region		
United States	6,771,296	10,685,970
Canada	4,098,651	4,211,105
Asia	171,447	115,914
South America	124,275	53,467
Europe	58,894	114,379
Australia	5,697	28,242
	<u>11,230,260</u>	<u>15,209,077</u>

For the three-month period ended July 25, 2009, sales from the five largest customers represent 69.4% of the company's total sales compared to 71.9% for the three-month period ended July 26, 2008. Two of these customers represent more than 10% of the company's total sales for the three-month periods ended July 25, 2009 and July 26, 2008. For the three-month periods ended July 25, 2009 and July 26, 2008, the most important customer represents more than 1.4 time (1.5 time in 2008) as much as that of the second most important customer of the company.

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Supplementary information:

	Three Months Ended	
	July 25, 2009	July 26, 2008
	\$	\$
Sales by family of products		
Heavy duty trucks – Class 8	5,972,542	8,687,232
Bus	2,454,153	887,229
Agriculture	712,041	1,887,878
Snow removal	609,010	701,424
Wind energy	605,487	662,690
Industrial	584,227	1,732,972
Other	292,800	649,652
	11,230,260	15,209,077

13 Financial instruments

The company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at the balance sheet of July 25, 2009.

Fair value

Cash, 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.

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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. Though approximately 69.4% of the company's sales are coming from five customers for the three-month period ended July 25, 2009, the company believes that the credit risk associated with these customers and its accounts receivable in general is limited for the following reasons:

- During the three-month period ended July 25, 2009, the company has not recorded any bad debt expense in excess of its provision for bad debts. The allowance for doubtful accounts amounted to \$426,254 as at July 25, 2009 and \$450,769 as at April 25, 2009.
- \$3,866,487 or 53.4% of the company's trade receivables is outstanding for less than 30 days, and \$2,365,139 or 32.7% is outstanding for a period from 31 to 60 days.
- 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 July 25, 2009 and April 25, 2009, the company's exposure to interest risk is as follows:

Cash	Variable interest rate
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 6

The company is exposed to any upward interest rate fluctuations since the bank loans and a part of long-term debts feature interest rates varying according to the prime rate. The company is not currently using any financial instrument to hedge against these risks. As at July 25, 2009, approximately 73.4% of the long-term debt, representing \$15.6 million out of a total long-term debt of \$21.2 million (including the current portion, but excluding deferred financing expenses), bears interest at a floating rate.

For the three-month period ended July 25, 2009, a $\pm 1\%$ variation in interest rates on the debt would have had an impact of \$32,867 on the company's loss before income taxes.

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July 25, 2009

Currency risks and foreign currency forward contracts

Sales denominated in US dollars accounted for 53.8% respectively of the company's total sales for the three-month period ended July 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.

As at July 25, 2009 and April 25, 2009, the company held contracts to sell US dollars at various forward rates, which are summarized as follows:

Description	Expiration Date	Contractual amount \$	Weighted average contractual forward rate \$	Fair value \$
As at July 25, 2009				
Sale of US dollars	August 2009 to January 2011	5,400,000	1.1726	479,478
As at April 25, 2009				
Sale of US dollars	May 2009 to April 2010	3,800,000	1.1750	(116,586)

The following table shows the effect on the company's loss before income taxes resulting from the 1% Canadian dollar's variation against the US dollar during the three-month period ended July 25, 2009. This sensitivity analysis is based on the net exposure of sales denominated in US dollars less purchases denominated in US dollars related to the company's Canadian operations. Such analysis does not include the effect of this change on working capital items denominated in US dollars.

	Effect of the CAN\$ variation against the US\$
Loss before income taxes	24,500

Sigma Industries Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

July 25, 2009

Liquidity risk

Liquidity risk is the risk that the company will encounter in raising funds to meet its commitments at maturity. The following are the contractual maturities of financial liabilities as at July 25, 2009:

	Carrying amount	Contractual cash flows	0 to 12 months	12 to 24 months	After 24 months
	\$	\$	\$	\$	\$
Bank loans	4,823,081	4,823,081	4,823,081	-	-
Accounts payable and accrued liabilities	8,322,353	8,322,353	8,322,353	-	-
Long-term debt including the current portion	20,798,957	21,231,990	1,530,116	11,191,461	8,509,413

The company believes that future cash flows from operations and availability under existing credit facilities will be adequate to support its financial liabilities.

