



## NEWS RELEASE

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## SIGMA INDUSTRIES REPORTS SECOND QUARTER RESULTS FOR FISCAL 2009

### Company records non-cash charges and restructuring expenses totalling \$3.9 million

**Quebec City, Quebec, December 23, 2008** — Sigma Industries Inc. (TSX Venture Exchange: SIC), a manufacturing company specialized in the production of composite and metal components, today announced results for the second quarter of its 2009 fiscal year ended October 25, 2008.

Sales reached \$16.8 million compared with \$19.0 million in the second quarter last year. This decline is attributable to lower sales to the heavy-duty truck industry. Conversely, sales to the bus industry doubled to reach \$1.6 million, while sales of industrial and agricultural products increased 37.3% and 18.8%, respectively, over the same period a year ago. The contribution from Sigma OH for the quarter totalled \$2.2 million.

The Company posted a loss before interest, taxes, depreciation and amortization of \$2.7 million, as opposed to earnings before interest, taxes, depreciation and amortization (EBITDA) of \$437,000 a year earlier. This loss is attributable to cost overruns related 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. This self-sustaining American subsidiary thus incurred a loss before interest, taxes, depreciation and amortization of \$2.6 million.

During the second quarter, the Company recorded non-cash charges totalling \$3.5 million. More specifically, charges include the write-off of property plant and equipment (\$1.3 million), mainly for the tooling associated with the contracts terminated by Sigma OH; the write-down of intangible assets related to the GSC subsidiary, whose production facility will be closed at the end of December 2008 (\$1.4 million); and the write-off of goodwill linked to GSC (\$0.8 million). Restructuring expenses of \$0.4 million were also recorded during the quarter.

Consequently, the Company incurred a net loss of \$7.1 million, or \$0.166 per share, fully diluted, for the second quarter of fiscal 2009, compared with a net loss of \$583,000, or \$0.014 per share, fully diluted, in the second quarter of fiscal 2008.

“While disappointed by the problems encountered at our US subsidiary, we acted promptly to mitigate the negative impact on our profitability without affecting customer service,” said Denis Bertrand, President and Chief Executive Officer. “However, our Canadian operations posted a satisfactory performance which validates our strategy to reduce costs through constant investment in state-of-the-art machinery, equipment and tooling.”

For the first six month of fiscal 2009, sales amounted to \$32.0 million compared with \$37.8 million for the same period last year. The Company posted a loss before interest, taxes, depreciation and amortization of \$2.4 million, as opposed to EBITDA of \$319,000 a year earlier. The loss before interest, taxes, depreciation and amortization of the self-sustaining US subsidiary reached \$3.1 million. Given the non-recurring charges recorded in the second quarter, the first half of fiscal 2009 yielded a net loss of \$7.7 million, or \$0.180 per share, fully diluted, compared with a net loss of \$1.5 million, or \$0.035 per share, fully diluted, for the same period a year ago.

The Company's balance sheet shows total debt of \$26.2 million and shareholders' equity of \$11.7 million. Management is assessing all operational aspects of the Company as well as its global cost structure in order to foster net cash flow generation. Because of losses incurred during the second quarter, the Company is no longer in compliance with its main financial ratios. As a result, all debts associated with the non-respect of these ratios have been reclassified in whole as part of the current portion. The Company is currently in discussions with its lenders to amend the terms and conditions of its current credit facility.

"Our short-term priority is to ensure the stability of the Company for the benefit of our shareholders and our partners. More than ever, we are striving to achieve our strategic objectives, which consist of regularly launching new value-added products, improving existing products and developing new products and manufacturing processes, increasing sales by stepping up penetration of potential market segments, reducing production costs by updating machinery and equipment, and fostering synergies among our various subsidiaries by integrating their manufacturing activities," concluded Mr. Bertrand.

## SELECTED FINANCIAL INFORMATION

Consolidated results of operations (unaudited, in '000s of Cdn\$, except per share figures)	Three-month periods ended		Six-month periods ended	
	October 25, 2008	October 27, 2007	October 25, 2008	October 27, 2007
	\$	\$	\$	\$
Sales	16,761	19,034	31,970	37,815
EBITDA	(2,732)	437	(2,351)	319
Restructuring expenses	436	0	436	0
Non-cash charges	3,495	0	3,495	0
Loss before income taxes	(8,088)	(819)	(8,983)	(2,151)
Net loss	(7,101)	(583)	(7,700)	(1,518)
Net loss per share (basic and diluted)	(0.166)	(0.014)	(0.180)	(0.035)

Reconciliation of EBITDA, EBITDAG and Net loss (unaudited, in '000s of Cdn \$)	Three-month periods ended		Six-month periods ended	
	October 25, 2008	October 27, 2007	October 25, 2008	October 27, 2007
	\$	\$		
Net loss	(7,101)	(583)	(7,700)	(1,518)
PLUS:				
Income tax recovery	(986)	(236)	(1,283)	(633)
Restructuring expenses	436	0	436	0
Non-cash charges	3,495	0	3,495	0
Depreciation and amortization	960	881	1,881	1,710
Financial expenses	<u>464</u>	<u>375</u>	<u>820</u>	<u>760</u>
EBITDA	(2,732)	437	(2,351)	319
Foreign exchange loss (gain)	<u>(356)</u>	<u>133</u>	<u>(397)</u>	<u>234</u>
EBITDAG	(3,088)	570	(2,748)	553

Consolidated balance sheet data (in '000s of Canadian dollars)	As at	
	October 25, 2008	April 26, 2008
	\$	\$
Total assets	59,640	57,035
Total liabilities	47,961	36,722
Shareholders' equity	11,679	20,313

## **NON-GAAP FINANCIAL MEASURES**

The information included in this press release contains certain information which are not financial measures prescribed under GAAP. Sigma Industries uses earnings before interest, taxes, depreciation and amortization ("EBITDA"), excluding the non-recurring gain on insurance settlement, in the assessment of its financial performance. As there is no generally accepted method of calculating this financial measure, it may not be comparable to similar measures reported by other companies. EBITDA refers to earnings before interest, income taxes, depreciation, amortization and other non-operating expenses and revenues. This measure does not represent the cash flow for the repayment of long-term debt, the payment of dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute of other measures of performance calculated according to GAAP.

## **ABOUT SIGMA INDUSTRIES**

Sigma Industries Inc. (TSX-V: SIC), a manufacturing company specialized in the production of composite and metal components, has six operating subsidiaries and employs close to 450 people. The Company is active in the 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.

## **FORWARD-LOOKING STATEMENTS**

This press release 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. The information contained in this press release is dated December 23, 2008, the date on which the Directors approved the press release. 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 law.

Note to readers: Complete unaudited interim consolidated financial statements and Management's Discussion & Analysis of Financial Position and Operating Results were posted on SEDAR and are available at [www.sedar.com](http://www.sedar.com).

*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*