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PRESS RELEASE
FOR IMMEDIATE RELEASE

HÉROUX-DEVTEK REPORTS FISCAL 2018 FIRST QUARTER RESULTS

Annual meeting of shareholders later this morning

- **Sales of $86.9 million, versus $95.6 million in the previous year**
- **EBITDA[11] of $11.9 million and net income of $4.0 million, or $0.11 per share**
- **Backlog of $451 million, up from $405 million three months ago**
- **Solid financial position as at June 30, 2017 with cash and cash equivalents of $40.3 million and a net-debt-to-equity ratio of 0.25:1**
- **Updating fiscal 2018 guidance with adjusted EBITDA[1] margin expected to remain stable as compared to fiscal 2017; sales guidance reaffirmed**

Longueuil, Québec, August 7, 2017 — Héroux-Devtek Inc. (TSX: HRX), ("Héroux-Devtek" or the "Corporation"), a leading international manufacturer of aerospace products, today reported its results for the first quarter of fiscal 2018 ended June 30, 2017. Unless otherwise indicated, all amounts are in Canadian dollars.

"Héroux-Devtek's first-quarter results were affected by the timing of certain deliveries as well as the scheduled ending of a contract with a customer who supplies Original Equipment Manufacturers ("Tier-2 contract"). The latter reflects our increasing focus on direct relationships with the world's leading aerospace Original Equipment Manufacturers ("OEMs"). We continued to meet production requirements in regards to supplying complete landing gear systems for the Boeing 777 aircraft by delivering eight systems during the quarter. We also continue to work closely with Boeing on the qualification and approval phase for the remaining surface treatment processes at our Strongsville, Ohio facility and we remain confident to complete this phase during the current fiscal year," said Gilles Labbé, President and CEO of Héroux-Devtek.

"We continue to expect a low single-digit sales decrease for the fiscal year ending March 31, 2018 when compared to the previous fiscal year. Results for the second quarter are typically lower due to seasonal factors, such as plant shutdowns and summer vacations. However, the second half of our fiscal year has usually been stronger and this year should be no exception. More importantly, we expect our fiscal 2018 adjusted EBITDA margin to remain stable as compared to fiscal 2017. Over the mid to long term, we are fully committed to building a sustainable future for Héroux-Devtek's employees and shareholders. We have world-class capabilities, solid relationships with leading aerospace OEMs and a strong financial position allowing us to remain active in our search for strategic acquisitions," added Mr. Labbé.

[1] This is a non-IFRS measure. Please refer to the "Non-IFRS Measures" section at the end of this press release.

FINANCIAL HIGHLIGHTS (in thousands of dollars, except per share data)	Quarters ended June 30, 2017	2016
Sales	**86,857**	95,590
EBITDA[1]	**11,940**	13,916
Adjusted EBITDA[1]	**11,940**	14,321
Net income	**4,027**	5,179
Per share – diluted ($)	**0.11**	0.14
Adjusted net income[1]	**4,027**	5,584
Per share ($)	**0.11**	0.15
Weighted-average shares outstanding (diluted, in '000s)	**36,324**	36,284

[1] This is a non-IFRS measure. Please refer to the "Non-IFRS Measures" section at the end of this press release.

FIRST QUARTER RESULTS

Consolidated sales reached $86.9 million, compared with $95.6 million in the first quarter of fiscal 2017. This 9.1% decrease reflects lower sales to the commercial and defence aerospace markets, as detailed below, while year-over-year fluctuations in the value of the Canadian currency versus foreign currencies had a net positive impact of $1.4 million on first-quarter sales.

Commercial sales decreased 14.4% to $43.3 million, versus $50.6 million last year. The decrease is mainly attributable to the scheduled ending of a Tier-2 contract, as well as lower customer requirements for certain business jet and regional aircraft programs. These factors were partially offset by the ramp-up of complete landing gear system deliveries to Boeing for the 777 program, as well as favourable currency fluctuations.

Defence sales declined 3.3%, from $45.0 million to $43.6 million. This variation is essentially due to lower repair and overhaul sales, mainly on the P-3 program for the U.S. Navy, as well as to the timing of delivery of certain manufacturing sales to civil customers. These factors were partially offset by higher spare parts requirements from the U.S. government, the ramp-up of the F-35 program and favourable currency fluctuations.

Gross profit was $12.9 million, or 14.9% of sales, versus $16.1 million, or 16.8% of sales, last year. The decline mainly reflects a higher under-absorption of costs due to excess capacity and processing and finishing costs related to the Boeing 777 program. These processing and finishing costs are expected to normalize upon completion of the customer qualification and approval of Héroux-Devtek's surface treatment processes. This factor was partially offset by favourable year-over-year currency fluctuations equivalent to 0.8% of sales.

As a result of the reduction in gross profit, adjusted EBITDA was $11.9 million, or 13.7% of sales, compared with $14.3 million, or 15.0% of sales, a year ago. Last year's adjusted EBITDA excluded non-recurring charges of $0.4 million related to legal fees in regards to litigation.

Net income reached $4.0 million, or $0.11 per diluted share, in the first quarter of fiscal 2018, versus $5.2 million, or $0.14 per diluted share, last year. Excluding non-recurring items net of taxes, last year's adjusted net income for the first quarter was $5.6 million, or $0.15 per share.

As at June 30, 2017, Héroux-Devtek's funded (firm orders) backlog stood at $451 million, up from $405 million three months earlier.

SOLID FINANCIAL POSITION

Héroux-Devtek's financial position remained solid as at June 30, 2017, with cash and cash equivalents of $40.3 million, while total long-term debt was $132.1 million, including the current portion, but excluding net deferred financing costs. Long-term debt includes $54.5 million drawn against the Corporation's authorized Credit Facility of $200.0 million. As a result, the net debt position was $91.8 million at the end of the first quarter, down from $92.3 million three months earlier. The net-debt-to equity ratio stood at 0.25:1 as at June 30, 2017, versus 0.26:1 three months earlier.

OUTLOOK

In the large commercial aircraft sector, Boeing and Airbus are adjusting production rates ahead of introducing certain more fuel efficient aircraft variants on several leading programs through calendar 2020. Their backlogs remain healthy despite a reduction in new firm orders since calendar 2016. The reduction has been more important for twin-aisle aircraft, including the Boeing 777 program. In the defence aerospace market, the new U.S. administration indicated its intention to increase funding, which could be positive for certain programs. In this regard, greater defence funding was proposed for the 2018 U.S. government's fiscal year. Meanwhile, Canada's new defence policy calls for a spending increase until the 2027 fiscal year and European nations are also committing more funds to defence, as shown by higher spending from NATO member countries. The Corporation's UK operations provide a more geographically diversified defence portfolio, which reduces its relative exposure to the U.S. market. The balance between new component manufacturing and aftermarket products and services in the Corporation's defence portfolio and its leading program content also promote more stability.

CONFERENCE CALL

Héroux-Devtek Inc. will hold a conference call to discuss these results on Monday, August 7, 2017 at 11:30 AM Eastern Time. Interested parties can join the call by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (overseas). The conference call can also be accessed via live webcast at Héroux-Devtek's website, www.herouxdevtek.com/investor-relations/events or www.gowebcasting.com/8553.

If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-800-585-8367 and entering the passcode 48999071 on your phone. This tape recording will be available on Monday, August 7, 2017 as of 2:30 PM Eastern Time until 11:59 PM Eastern Time on Monday, August 14, 2017.

PROFILE

Héroux-Devtek Inc. (TSX: HRX) is an international company specializing in the design, development, manufacture and repair and overhaul of landing gear and actuation systems and components for the Aerospace market. The Corporation is the third largest landing gear company worldwide, supplying both the commercial and defence sectors of the Aerospace market with new landing gear systems and components, as well as aftermarket products and services. The Corporation also manufactures hydraulic systems, fluid filtration systems and electronic enclosures. Approximately 90% of the Corporation's sales are outside Canada, including about 65% in the United States. The Corporation's head office is located in Longueuil, Québec with facilities in the Greater Montreal area (Longueuil, Laval and St-Hubert); Kitchener, Cambridge and Toronto, Ontario; Springfield and Strongsville, Ohio; Wichita, Kansas; Everett, Washington; and Runcorn, Nottingham and Bolton, United Kingdom.

FORWARD-LOOKING STATEMENTS

Except for historical information provided herein, this press release contains information and statements of a forward-looking nature concerning the future performance of the Corporation. Forward looking statements are based on assumptions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Corporation's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results. Please see the *Guidance* section in the Corporation's MD&A for the quarter ended June 30, 2017, for further details regarding the material assumptions underlying the forecasts and guidance. Such forecasts and guidance are provided for the purpose of assisting the reader in understanding the Corporation's financial performance and prospects and to present management's assessment of future plans and operations, and the reader is cautioned that such statements may not be appropriate for other purposes.

NON-IFRS MEASURES

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted net income, adjusted earnings per share and free cash flow are financial measures not prescribed by International Financial Reporting Standards ("IFRS") and are not likely to be comparable to similar measures presented by other issuers. Management considers these to be useful information to assist investors in evaluating the Corporation's profitability, liquidity and ability to generate funds to finance its operations. Refer to Non-IFRS financial measures under Operating Results in the Corporation's MD&A for definitions of these measures and reconciliations to the most comparable IFRS measures.

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Note to readers: Complete unaudited interim condensed consolidated financial statements and Management's Discussion & Analysis are available on Héroux-Devtek's website at www.herouxdevtek.com.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First quarter ended June 30, 2017

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DISCLOSURE OF NON-REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTERS ENDED JUNE 30, 2017 AND 2016.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the external auditors have not performed a review of the financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by the external auditors.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation for the quarters ended June 30, 2017 and 2016 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting,* and are the responsibility of the Corporation's management.

The Corporation's external auditors, Ernst & Young LLP, have not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by Chartered Professional Accountants Canada for a review of financial statements by the external auditors of an entity.

August 4, 2017.

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars) (Unaudited)

As at	Notes	June 30, 2017	March 31, 2017
Assets			
Current assets			
Cash and cash equivalents		**$ 40,282**	$ 42,456
Accounts receivable		**62,332**	71,135
Income tax receivable		**1,768**	1,228
Inventories		**151,463**	143,866
Derivative financial instruments	8	**4,769**	3,509
Other current assets	9	**12,425**	10,473
		273,039	272,667
Property, plant and equipment, net	3	**187,106**	192,847
Finite-life intangible assets, net	3	**44,156**	45,467
Derivative financial instruments	8	**1,911**	292
Deferred income tax assets		**10,183**	9,964
Goodwill		**86,554**	86,049
Total assets		**$ 602,949**	$ 607,286
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 60,439**	$ 63,391
Accounts payable - other and other liabilities		**1,179**	2,556
Provisions		**18,147**	20,170
Customer advances		**6,071**	6,442
Progress billings		**2,314**	1,924
Income tax payable		**698**	1,106
Derivative financial instruments	8	**851**	2,055
Current portion of long-term debt	10	**4,876**	6,792
		94,575	104,436
Long-term debt	10	**126,186**	127,347
Provisions		**6,310**	6,398
Derivative financial instruments	8	**70**	508
Deferred income tax liabilities		**5,881**	5,942
Other liabilities		**8,831**	6,787
		241,853	251,418
Shareholders' equity			
Issued capital	11	**77,361**	77,217
Contributed surplus		**3,867**	3,735
Accumulated other comprehensive income	12	**8,521**	6,298
Retained earnings		**271,347**	268,618
		361,096	355,868
Total liabilities and shareholders' equity		**$ 602,949**	$ 607,286

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

CONSOLIDATED STATEMENTS OF INCOME

(In thousands of Canadian dollars, except per share data) (Unaudited)

	Notes	Three months ended June 30, 2017	2016
Sales		**$ 86,857**	$ 95,590
Cost of sales	**3, 4**	**73,937**	79,485
Gross profit		**12,920**	16,105
Selling and administrative expenses	**3, 4**	**7,512**	8,104
Non-recurring items	**6**	**—**	405
Operating income		**5,408**	7,596
Financial expenses	**5**	**1,306**	1,606
Income before income tax expense		**4,102**	5,990
Income tax expense		**75**	811
Net income		**$ 4,027**	$ 5,179
Earnings per share – basic and diluted	**7**	**$ 0.11**	$ 0.14

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of Canadian dollars) (Unaudited)

	Notes	Three months ended June 30, 2017	2016
	12		
Other comprehensive income (loss):			
Items that may be reclassified to net income			
Losses arising from conversion of the financial statements of foreign operations		**$ (2,197)**	$ (11,110)
Cash flow hedges:			
Net gains on valuation of derivative financial instruments		**4,286**	1,341
Net losses on derivative financial instruments transferred to net income		**89**	159
Deferred income taxes		**(1,170)**	(395)
		3,205	1,105
Gains on hedge of net investments in foreign operations		**1,352**	294
Deferred income taxes		**(137)**	(30)
		1,215	264
Items that are never reclassified to net income			
Defined benefit pension plans:			
Losses from remeasurement		**(1,775)**	(433)
Deferred income taxes		**477**	116
		(1,298)	(317)
Other comprehensive income (loss)		**$ 925**	$ (10,058)
Comprehensive income			
Net income		**$ 4,027**	$ 5,179
Other comprehensive income (loss)		**925**	(10,058)
Comprehensive income		**$ 4,952**	$ (4,879)

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Canadian dollars) (Unaudited)

	Notes		Issued capital		Contributed surplus		Accumulated other comprehensive income		Retained earnings		Shareholders' equity
Balance as at March 31, 2017		$	77,217	$	3,735	$	6,298	$	268,618	$	355,868
Common shares:	11										
Issued under the stock option plan			—		—		—		—		—
Issued under the stock purchase and ownership incentive plan			144		—		—		—		144
Stock-based compensation expense	11		—		132		—		—		132
Net income			—		—		—		4,027		4,027
Other comprehensive income (loss)	12		—		—		2,223		(1,298)		925
Balance as at June 30, 2017		$	77,361	$	3,867	$	8,521	$	271,347	$	361,096

	Notes		Issued capital		Contributed surplus		Accumulated other comprehensive income		Retained earnings		Shareholders' equity
Balance as at March 31, 2016		$	75,916	$	3,283	$	18,788	$	233,127	$	331,114
Common shares:	11										
Issued under the stock option plan			199		(94)		—		—		105
Issued under the stock purchase and ownership incentive plan			143		—		—		—		143
Stock-based compensation expense	11		—		178		—		—		178
Net income			—		—		—		5,179		5,179
Other comprehensive loss	12		—		—		(9,741)		(317)		(10,058)
Balance as at June 30, 2016		$	76,258	$	3,367	$	9,047	$	237,989	$	326,661

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars) (Unaudited)

		Three months ended June 30,	
	Notes	**2017**	2016
Cash and cash equivalents provided by (used for):			
Operating activities			
Net income		**$ 4,027**	$ 5,179
Items not requiring an outlay of cash:			
Amortization expense	**4**	**6,532**	6,320
Deferred income taxes		**(759)**	(877)
Gain on sale of property, plant and equipment		**2**	—
Non-cash financial expenses	**5**	**679**	926
Stock-based compensation expense	**11**	**132**	178
Cash flows from operations		**10,613**	11,726
Net change in non-cash items	**13**	**(8,045)**	(6,491)
Cash flows related to operating activities		**2,568**	5,235
Investing activities			
Net additions to property, plant and equipment		**(2,666)**	(6,648)
Increase in finite-life intangible assets		**(787)**	(256)
Proceeds on disposal of property, plant and equipment		**30**	—
Cash flows related to investing activities		**(3,423)**	(6,904)
Financing activities			
Increase in long-term debt		**—**	1,305
Repayment of long-term debt		**(1,106)**	(11,139)
Issuance of common shares	**11**	**144**	248
Cash flows related to financing activities		**(962)**	(9,586)
Effect of changes in exchange rates on cash and cash equivalents		**(357)**	(347)
Change in cash and cash equivalents during the periods		**(2,174)**	(11,602)
Cash and cash equivalents at beginning of periods		**42,456**	19,268
Cash and cash equivalents at end of periods		**$ 40,282**	$ 7,666
Interest and income taxes reflected in operating activities:			
Interest paid		**$ 742**	$ 680
Interest received		**$ 115**	$ 1
Income taxes paid		**$ 1,704**	$ 1,615

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended June 30, 2017 and 2016
(In thousands of Canadian dollars, except per share data) (Unaudited)

NOTE 1. NATURE OF ACTIVITIES AND CORPORATE INFORMATION

Héroux-Devtek Inc. is incorporated under the laws of Québec. Its head office is domiciled at Complexe St-Charles, 1111 St-Charles Street West, suite 658, East Tower, Longueuil (Québec), Canada. Héroux-Devtek Inc. and its subsidiaries (the "Corporation") specialize in the design, development, manufacture, repair and overhaul of aircraft landing gear, hydraulic flight control actuators and fracture-critical components. It also includes the manufacture of electronic enclosures, heat exchangers and cabinets for airborne radar, electro-optic systems and aircraft controls through its Magtron operations as well as fluid filters products through its Bolton operations.

The Corporation only operates in one reporting segment, which is the Aerospace segment.

The Corporation's common shares are traded on the Toronto Stock Exchange under the symbol "HRX".

NOTE 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the quarter ended June 30, 2017 were prepared in accordance with IAS 34, *Interim Financial Reporting,* therefore certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read together with the annual audited consolidated financial statements and notes thereto included in the Corporation's Annual Report for the fiscal year ended March 31, 2017.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of the Corporation on August 4, 2017.

NOTE 3. GOVERNMENT ASSISTANCE

Government assistance deducted from the cost of the related assets or recognized as a reduction of expenses, was as follows:

	Three months ended June 30,	
	2017	2016
Finite-life intangible assets	**$ 149**	$ 39
Property, plant and equipment	**129**	227
Cost of sales and, selling and administrative expenses	**933**	1,003

The government assistance includes mainly research and development tax credits, other credits and grants.

NOTE 4. COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES

The main components of these expenses were as follows:

	Three months ended June 30,	
	2017	2016
Raw materials and purchased parts	**$ 27,215**	$ 29,128
Employee costs	**32,057**	35,811
Amortization of property, plant and equipment and finite-life intangible assets	**6,532**	6,320
Others	**15,645**	16,330
	$ 81,449	$ 87,589

Foreign exchange gains or losses resulting from the conversion of net monetary items denominated in foreign currencies are included in the Corporation's selling and administrative expenses. During the three-month period ended June 30, 2017, the foreign exchange loss amounted to $261, compared to a gain of $718 during the same respective periods last fiscal year.

NOTE 5. FINANCIAL EXPENSES

Financial expenses comprise the following:

	Three months ended June 30,	
	2017	2016
Interest accretion on governmental authorities loans	**$ 555**	$ 664
Interest on net defined benefit obligations	**35**	81
Amortization of deferred financing costs (note 10)	**71**	79
Other interest accretion expense and discount rate adjustments	**18**	102
Non-cash financial expenses	**679**	926
Interest expense	**742**	681
Interest income on cash and cash equivalents	**(115)**	(1)
	$ 1,306	$ 1,606

NOTE 6. NON-RECURRING ITEMS

Non-recurring items comprise the following:

	Three months ended June 30,	
	2017	2016
Legal and other professional fees	**$ —**	$ 405
	$ —	$ 405

In January 2016, the Corporation filed an arbitration claim related to representations and warranties made to it in the context of a completed business acquisition. During the second quarter ended September 30, 2016, the Corporation reached an agreement outside of arbitration with the counterparty resulting in a favourable $US 4,000 ($5,247) settlement. Non-recurring legal fees incurred during the three-month period ended June 30, 2016 totaled $405.

NOTE 7. EARNINGS PER SHARE

The following table sets forth the elements used to compute basic and diluted earnings per share:

	Three months ended June 30,	
	2017	2016
Weighted-average number of common shares outstanding	**36,129,811**	36,018,657
Effect of dilutive stock options of the Corporation	**193,895**	265,378
Weighted-average number of common diluted shares outstanding	**36,323,706**	36,284,035
Options excluded from diluted earnings per share calculation[1]	**113,000**	109,000

[1] *Excluded due to anti-dilutive impact*

NOTE 8. DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign exchange contracts

The Corporation had the following forward foreign exchange contracts outstanding:

As at		**June 30, 2017**		March 31, 2017
Notional amount outstanding	**US$**	**141,150**	US$	152,350
Average exchange rate		**1.3190**		1.3178

As at June 30, 2017, these contracts mature at various dates between July 2017 and March 2021, with the majority maturing this fiscal year and the next.

Interest rate swap agreements

As at June 30, 2017 the Corporation had entered into the following interest rate swap agreements to fix the interest rate on certain loans:

Notional		Fixed rate	Inception	Maturity
US$	5,000	1.65%	March 2014	December 2018
US$	10,000	2.38%	December 2015	December 2018

The interest-rate swap rates mentioned above exclude the additional bank relevant margin (see Note 10). The cash flows related to the interest-rate swaps are expected to occur in the same periods as they are expected to affect net income.

Equity swap agreement

On June 22, 2015, the Corporation entered into an equity swap agreement fixing 150,000 common shares of the Corporation at a price of $11.45. This agreement is a derivative that is not part of a designated hedging relationship and matures in June 2018.

NOTE 9. OTHER CURRENT ASSETS

As at		**June 30, 2017**		March 31, 2017
Investment and other tax credits receivable	**$**	**4,248**	$	4,479
Sales tax receivable		**2,278**		1,028
Prepaid expenses		**4,014**		3,917
Others		**1,885**		1,049
	$	**12,425**	$	10,473

NOTE 10. LONG-TERM DEBT

As at	June 30, 2017	March 31, 2017
Senior Secured Syndicated Revolving Credit Facility ("Credit Facility")	$ 54,503	$ 55,856
Governmental authorities loans	48,892	49,133
Obligations under finance leases	28,725	29,787
Deferred financing costs, net	(1,058)	(637)
	131,062	134,139
Less: current portion	4,876	6,792
Long-term debt	$ 126,186	$ 127,347

Credit Facility

The relevant terms and drawings on the Credit Facility are as follows:

As at	June 30, 2017	March 31, 2017
Limit, in Canadian, US$, Euro or British Pound equivalent	$ 200,000	$ 200,000
US$ Drawings		
Amount	US$ 42,000	US$ 42,000
Rate	Libor + 1.1%	Libor +1.4%
Effective rate	2.4%	2.4%

In May 2017, the Corporation reached an agreement with its syndicate of banks to extend the term of the Credit Facility through May 2022. The authorized amount remains $200,000 and most other key terms remain unchanged, though the amount of the accordion feature, which is subject to lenders approval, has increased from $75,000 to $100,000. Financing costs totaling $492 were deferred and will be amortized over the term of the loan using the effective interest rate method.

Finance leases

Obligations under finance leases bear fixed interest rates between 2.4% and 3.7% as at June 30, 2017 (same as at March 31, 2017), maturing from July 2019 to December 2023, with amortization periods of seven years, secured by the related property, plant and equipment, net of interest of $2,544 ($2,766 as at March 31, 2017).

NOTE 11. ISSUED CAPITAL

Variations in common shares issued and fully paid were as follows:

	Three months ended June 30, 2017	
	Number	Issued capital
Balance at beginning of periods	36,122,050	$ 77,217
Issued for cash under the stock purchase and ownership incentive plan	12,895	144
Balance at end of periods	36,134,945	$ 77,361

A. Stock option plan

The Corporation grants stock options at a subscription price representing the average closing price of the Corporation's common shares on the Toronto Stock Exchange for the five trading days preceding the grant date. Options granted under the plan vest over a period of four years, with the exception of certain key management employees for which the vesting period is one to three years following the grant date. The options are exercisable over a period not greater than seven years after the grant date.

For the three-month periods ended June 30, variances in stock options outstanding and related compensation expense were as follows:

	2017		2016	
	Number of stock options	**Weighted-average exercise price**	Number of stock options	Weighted-average exercise price
Balance at beginning of periods	**914,295**	**$ 10.88**	879,545	$ 10.02
Granted	**—**	**—**	109,000	15.01
Exercised	**—**	**—**	(27,500)	3.80
Balance at end of periods	**914,295**	**$ 10.88**	961,045	$ 10.76
Stock-based compensation expense		**$ 132**		$ 178

As at June 30, 2017 and March 31, 2017, 2,808,257 common shares are reserved for issuance of stock options, of which 1,563,231 remained to be issued.

B. Stock purchase and ownership incentive plan

	Three months ended June 30,	
	2017	2016
In number of common shares		
Issued under the stock purchase and ownership incentive plan	**12,895**	11,130
Attributed to participating employees	**5,067**	3,641
Expense related to common shares attributed	**$ 65**	$ 52

As at June 30, 2017, 340,000 shares were reserved for issuance under the stock purchase and ownership incentive plan, of which 93,743 remained to be issued, compared to 106,638 as at March 31, 2017.

C. Deferred Share Unit ("DSU") and Performance Share Unit ("PSU") plans

Movements in outstanding DSUs and PSUs and related expenses were as follows:

	Three months ended June 30,	
	2017	2016
DSUs		
In number of DSUs		
Opening balance	**135,815**	124,333
Closing balance of DSUs outstanding	**135,815**	124,333
DSU expense for the period	**$ 402**	$ 260
Fair value of vested outstanding DSUs, end of period	**$ 1,919**	$ 1,838

	Three months ended June 30,	
	2017	2016
PSUs		
In number of PSUs		
Opening balance	**114,434**	151,392
Issued	**—**	58,500
Closing balance of PSUs outstanding	**114,434**	209,892
PSU expense for the period	**$ (237)**	$ 254
Fair value of vested outstanding PSUs, end of period	**$ 766**	$ 2,091

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in accumulated other comprehensive income were as follows:

	Exchange differences on conversion of foreign operations	Cash flow hedges	Hedge of net investments in foreign operations	Total
Balance as at March 31, 2017	$ 14,256	$ (521)	$ (7,437)	$ 6,298
Other comprehensive loss	(2,197)	3,205	1,215	2,223
Balance as at June 30, 2017	$ 12,059	$ 2,684	$ (6,222)	$ 8,521

	Exchange differences on conversion of foreign operations	Cash flow hedges	Hedge of net investments in foreign operations	Total
Balance as at March 31, 2016	$ 25,691	$ (643)	$ (6,260)	$ 18,788
Other comprehensive income (loss)	(11,110)	1,105	264	(9,741)
Balance as at June 30, 2016	$ 14,581	$ 462	$ (5,996)	$ 9,047

NOTE 13. NET CHANGE IN NON-CASH ITEMS

The net change in non-cash items were detailed as follows:

	Three months ended June 30,	
	2017	2016
Accounts receivable	**$ 8,803**	$ 15,993
Income tax receivable	**(539)**	665
Inventories	**(7,597)**	(7,230)
Other current assets	**(2,680)**	(3,249)
Accounts payable and accrued liabilities, accounts payable – other and other liabilities	**(2,649)**	(5,612)
Provisions	**(2,147)**	(393)
Progress billings	**324**	(1,852)
Customer advances	**(371)**	(1,601)
Income tax payable	**(408)**	(674)
Effect of changes in exchange rates[1]	**(781)**	(2,538)
	$ (8,045)	$ (6,491)

[1] *Reflects the total impact of changes in exchange rates during the period on non-cash items listed above for the Corporation's foreign subsidiaries.*

NOTE 14. GEOGRAPHIC INFORMATION

The geographic segmentation of assets was as follows:

As at	**June 30, 2017**				March 31, 2017			
	Canada	**U.S.**	**U.K.**	**Total**	Canada	U.S.	U.K.	Total
Property, plant and equipment, net	**$ 101,489**	**$ 74,290**	**$ 11,327**	**$ 187,106**	$ 104,201	$ 77,111	$ 11,535	$ 192,847
Finite-life intangible assets, net	**27,833**	**2,907**	**13,416**	**44,156**	28,536	3,010	13,921	45,467
Goodwill	**13,838**	**9,753**	**62,963**	**86,554**	13,838	9,995	62,216	86,049

Geographic sales based on customers' locations were detailed as follows:

	Three months ended June 30,	
	2017	2016
Canada	**$ 8,869**	$ 19,411
United States of America	**56,766**	51,585
United Kingdom	**9,826**	10,069
Other countries	**11,396**	14,525
	$ 86,857	$ 95,590