Management Discussion and Analysis
Of Financial Position and Operating Results

This Management Discussion and Analysis of Financial Position and Operating Results (MD&A) is intended to provide an overview of how the financial position of Héroux-Devtek Inc. ("Héroux-Devtek" or "the Company") changed between March 31, 2006 and September 30, 2006. It also compares the operating results and cash flows for the three- and six-month periods ended September 30, 2006 to those for the same period the previous year. It should be read in conjunction with the audited consolidated financial statements dated March 31, 2006 and the related MD&A, both available on the Company's website at www.herouxdevtek.com, and with the interim consolidated financial statements of June 30, 2006 and September 30, 2006. Héroux-Devtek's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company reports its results in Canadian dollars. All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

In the interest of providing shareholders and potential investors with information regarding Héroux-Devtek, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking statements subject to risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from those expressed in or implied by such statements.

Such factors include, but are not limited to: the impact of general economic conditions in Canada and the United States; industry conditions including changes in laws and regulations; increased competition; the lack of availability of qualified personnel or management; fluctuations in commodity prices or availability; foreign exchange and interest rates; stock market volatility; and the impact of accounting policies issued by Canadian and US standard setters. Some of these factors are further discussed under Risks and Uncertainties in the Company's MD&A for the year ended March 31, 2006.

Although the Company believes that the expectations conveyed by the forward-looking statements are based on the information available on the date such statements were made, there can be no assurance that such expectations will prove to be correct. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

OVERVIEW

Héroux-Devtek designs, develops, manufactures and repairs systems and components for two main market segments: Aerospace and Industrial. The Aerospace segment comprises the following:

- landing gear products
- aerostructure products
- aircraft engine components

The Industrial segment includes:

- industrial gas turbine products
- other industrial products, including products for the wind energy market.

During the second quarter ended September 30, 2006, the economic and industry factors influencing Héroux-Devtek's business remained essentially unchanged from those discussed at March 31 and June 30, 2006. The civil aerospace market recovery, which had a favourable impact on Héroux-Devtek's sales for fiscal 2006, continued in the first half of this fiscal year. The military aerospace market remains generally strong. On the industrial side, wind energy helped counterbalance the reduction in gas turbine sales. As confirmed at the Company's annual meeting of shareholders last August, the Company will exit the aircraft engine components market in the coming months. Finally, the strength of the Canadian dollar continued to have a significant negative impact on Héroux-Devtek's results in the first half of fiscal 2007.

RESULTS OF OPERATIONS

Consolidated Sales

Consolidated sales for the quarter ended September 30, 2006 stood at $62.7 million compared to $62.3 million for the same period last year.

Second quarter sales were favourably impacted by a further increase in large commercial, business jet and military repair and overhaul sales at the Landing Gear division. This increase was somewhat offset by lower military sales to civil customers at the Aerostructure division and by declining aircraft engine components sales as the Company gradually exits this market through to fiscal year-end. The ongoing negative impact of the stronger Canadian dollar relative to the US dollar (US dollar denominated sales) also reduced sales by $3.7 million or 6.0%.

Year-to-date consolidated sales stood at $129.0 million, $12.8 million higher than sales of $116.2M for the same period last year. The increase in sales is essentially attributable to the Landing Gear division, offset by a negative impact of $7.8 million or 6.7% of sales due to the stronger Canadian dollar.

The Company's sales for the Aerospace and Industrial segments were as follows:

Segment	Quarters ended September 30				Six months ended September 30			
	2006 ($'000)	2005 ($'000)	VARIANCE ($'000)	%	2006 ($'000)	2005 ($'000)	VARIANCE ($'000)	%
Aerospace								
Military	12,983	12,043	940	7.8	27,667	22,929	4,738	20.7
Civil								
Military products sold to civil customers	12,382	19,486	(7,104)	(36.4)	25,595	34,199	(8,604)	(25.2)
Commercial products	30,839	24,893	5,946	23.9	63,302	47,729	15,573	32.6
Total Civil	43,221	44,379	(1,158)	(2.6)	88,897	81,928	6,969	8.5
Total Aerospace	56,204	56,422	(218)	(0.4)	116,564	104,857	11,707	11.2
Total Industrial	6,465	5,881	584	9.9	12,422	11,363	1,059	9.3
Total	62,669	62,303	366	0.6	128,986	116,220	12,766	11.0

Aerospace Segment

The Aerospace segment sales shown in the table above can be broken down by sector as follows:

Sector	Quarters ended September 30				Six months ended September 30			
	2006 ($'000)	2005 ($'000)	VARIANCE ($'000)	%	2006 ($'000)	2005 ($'000)	VARIANCE ($'000)	%
Landing Gear	38,549	31,383	7,166	22.8	79,250	60,032	19,218	32.0
Aerostructure	16,669	20,123	(3,454)	(17.2)	35,017	34,878	139	0.4
Aircraft Engine Components	986	4,916	(3,930)	(79.9)	2,297	9,947	(7,650)	(76.9)
Total	56,204	56,422	(218)	(0.4)	116,564	104,857	11,707	11.2

For the second quarter ended September 30, 2006, overall sales for the Aerospace segment were down 0.4% to $56.2 million compared to $56.4 million for the same period last year.

During the second quarter, Landing Gear sales increased by $7.2 million or 22.8% relative to the same period last year. This resulted from continued growth in sales for large civil and business jets and from the supply of material on the US Air Force (USAF) military repair and overhaul contract for the full quarter this year.

Second quarter Aerostructure sales were down $3.5 million to $16.7 million, with some sales postponed to later in the year due to the late supply of certain material for military sales. Aerostructure sales were also affected by the lower production output attributable to development work on the Joint Strike Fighter (JSF) contract.

Aircraft engine component sales continued to shrink in the second quarter, as anticipated, totalling $1.0 million compared to $4.9 million last year. These sales are down from $1.9 million in the last quarter of fiscal 2006 and $1.3 million in the first quarter of this year. As mentioned, management plans to exit this market by the end of the current fiscal year based on a mutual agreement with the customer.

Aerospace sales for the first six months of the year rose due to the increase in Landing Gear sales, partially offset by lower aircraft engine component sales.

Industrial Segment

Sales for the Industrial segment were as follows:

Sector	Quarters ended September 30				Six months ended September 30			
	2006 ($'000)	2005 ($'000)	VARIANCE ($'000)	%	2006 ($'000)	2005 ($'000)	VARIANCE ($'000)	%
Gas Turbine	3,361	3,626	(265)	(7.3)	5,813	6,708	(895)	(13.4)
Other Industrial	3,104	2,255	849	37.6	6,609	4,655	1,954	42.0
Total	6,465	5,881	584	9.9	12,422	11,363	1,059	9.3

Second quarter sales for the Industrial segment were up about 10% from last year. While the modest growth expected in Industrial Gas Turbine sales has not yet materialized, wind energy sales are stronger this year, totalling $1.2 million for the second quarter of this year compared to $268,000 for the same period last year and $2.3 million for the first six months of the year compared to $305,000 for the same period last year.

Sales by Destination

The Company's sales by destination were as follows:

Destination	Quarters ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Canada	32%	24%	30%	26%
US	67%	73%	68%	71%
International	1%	3%	2%	3%
	100%	100%	100%	100%

The increase in sales in Canada for the year to date reflects improved commercial Landing Gear and Aerostructure sales to Canadian customers and reduced aircraft engine components sales to US customers relative to the same period last year.

Gross Profit

For the quarter ended September 30, 2006, consolidated gross profit as a percentage of sales was 10.5%, up from 7.8% last year. The stronger Canadian dollar relative to the US currency only had a 0.23% negative impact on gross profit as a percentage of sales.

Year-to-date consolidated gross profit as a percentage of sales also improved, from 5.9% last year to 9.3% for the six months ended September 30, 2006, in spite of a 0.6% negative impact attributable to the stronger Canadian dollar.

Gross profit was also favourably impacted by improved margins on certain contracts mainly due to improved productivity at the Landing Gear division and the increase in sales at this division, which contributed to a better absorption of manufacturing overhead costs.

Selling and Administrative Expenses

Selling and administrative expenses rose this year, as shown below:

	Quarters ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Selling and administrative expenses ($'000)	4,259	3,206	8,177	7,359
% of sales	6.8	5.1	6.3	6.3

Second quarter selling and administrative expenses were $1.1 million higher than last year, mainly due to a lower gain on currency translation this year. Year-to-date selling and administrative expenses were $0.8 million higher, in line with the higher sale volumes.

Operating Income (Loss)

Aerospace Segment

Aerospace operating income was $3.1 million or 5.4% of sales in the second quarter compared to an operating income of $2.1 million or 3.7% of sales in the second quarter of last year, essentially reflecting higher sales and improved performance at the Landing Gear Division. The year-to-date operating income increase of $5.3 million, compared to last year, for the Aerospace segment reflects the improved Landing Gear figures.

Industrial Segment

The operating loss of $0.7 million or 11.6% of sales in the second quarter of this year compares to an operating loss of $0.4 million or 7.6% of sales for the same period last year while the year-to-date operating loss of $1.4 million or 11.2% of sales this year compares to an operating loss of $0.4 million or 3.4% of sales for the same period last year. These mainly reflect the continued overall low business volume at the Gas Turbine Components division, where the modest growth expected in industrial gas turbine business has not yet materialized and also due to certain manufacturing inefficiencies.

Consolidated Operating Income (Loss)

Year-to-date, consolidated operating income improved to $3.8 million or 3.0% of sales in fiscal 2007 from an operating loss of $0.4 million or 0.1 % of sales last year.

Financial Expenses

Financial expenses declined this year, as shown below:

	Quarters ended September 30		Six months ended September 30	
	2006 ($`'000)	2005 ($'000)	2006 ($'000)	2005 ($'000)
Interest	824	1,059	1,680	2,042
Amortization of deferred financing costs	68	82	137	164
Standby fees	47	71	95	138
Amortization of net deferred loss related to financial derivative instrument	35	35	74	70
Interest revenue	(94)	(36)	(232)	(89)
Financial expenses – net	880	1,211	1,754	2,325

For the second quarter ended September 30, 2006, financial expenses were $0.9 million, $0.3 million lower than for the same period last year. Year-to-date, financial expenses at $1.8 million were $0.5 million lower than for the first six-months last year.

The decrease is mainly attributable to lower average outstanding debt, resulting from debt capital repayments made last year following the sale of Diemaco in May 2005 for proceeds of $19.0 million and the treasury issue of 4.5 million common shares in November 2005 for net proceeds of $15.7 million.

Income Tax Recovery

Year-to-date, the Company's effective income tax rate was (4.8%), representing an income tax recovery of $0.1 million, compared to the Company's Canadian blended statutory income tax rate of 33.0%. The income tax recovery was favourably impacted by $0.4 million in permanent differences and a $0.5 million in net future tax adjustments. This was partially offset by a $0.1 million negative impact on the Company's net future income tax assets following a decrease in the Canadian Federal income tax rate announced last May.

Discontinued Operations

Last year, on May 20, 2005, the Company concluded the sale of its Logistics & Defence Division, Diemaco, to Colt Defense LLC. The final total sale price was $19.0 million. All assets and liabilities related to Diemaco were reclassified as discontinued assets and liabilities in the consolidated balance sheets. Diemaco's revenues, expenses and net income are shown under discontinued operations in the consolidated statements of income (loss), and the impact of Diemaco's operations on the Company's cash and cash equivalents is presented under discontinued operations in the consolidated statements of cash flows (see below and Note 3 to the interim consolidated financial statements).

Net Income (Loss)

	Quarters ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Net income (loss) from continuing operations ($'000)	1,496	(256)	2,184	(2,688)
Net income from discontinued operations ($'000)	-	-	-	8,844
Net income (loss) ($'000)	1,496	(256)	2,184	6,156
Earnings (loss) per share from continuing operations ($) – basic and diluted	0.05	(0.01)	0.07	(0.10)
Earnings per share from discontinued operations ($) – basic and diluted	-	-	-	0.33
Earnings (loss) per share ($) – basic and diluted	0.05	(0.01)	0.07	0.23

Earnings (loss) per share figures are based on weighted-averages of 31,509,778 common shares outstanding for the second quarter of this year and 26,968,367 for the same period last year. Year-to date, earnings (loss) per share figures are based on weighted-averages of 31,501,315 common shares outstanding this year and 26,963,953 for the same period last year. The increase in the number of shares is essentially due to the treasury issue of 4.5 million common shares in November 2005, and the issuance of common shares pursuant to the Company's stock purchase and ownership incentive plan (see Note 6 to the interim consolidated financial statements).

On November 1, 2006, the date of this MD&A, the Company had 31,517,156 common shares outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Internally, the Company generated cash flows from continuing operations and used cash flows for operating activities as follows:

	Quarters ended September 30		Six months ended September 30	
	2006 ($'000)	2005 ($'000)	2006 ($'000)	2005 ($'000)
Cash flows from continuing operations	6,200	5,156	11,060	7,535
Net change in non-cash items related to operations	(9,976)	(1,724)	(21,204)	(9,225)
Cash flows relating to operating activities	(3,776)	3,432	(10,144)	(1,690)

The increase in cash flows from continuing operations for the second quarter ended September 30, 2006, was mainly due to the improvement in net income, partially offset by lower future income taxes.

The net change in non-cash items for the second quarter ended September 30, 2006, was mainly caused by a $10.2 million increase in inventories, in line with the rising level of activity, and a $2.2 million reduction in income tax payable. These changes were somewhat offset by a decrease of $1.3 million in accounts receivable and an increase of $3.6 million in accounts payable and accrued liabilities and other liabilities.

For the second quarter ended September 30, 2005, the net change in non-cash items included increases of $5.3 million in accounts receivable and $1.0 million in income taxes receivable, partially offset by decreases of $2.4 million in other receivables and $2.0 million in inventories.

The increase in cash flows from continuing operations for the six months ended September 30, 2006, was also attributable to the improvement in net income, partially offset by lower future income taxes. The net change in non-cash items included increases of $16.7 million of inventories, in line with the upcoming activity levels, a reduction of $5.8 million in accounts payable and accrued liabilities and other liabilities and a $2.7 million reduction in income tax payable, offset by a $4.4 million reduction in accounts receivable.

For the six months ended September 30, 2005, the net change in non-cash items included increases of $1.9 million in accounts receivable, $3.2 million in income taxes receivable and $4.1 million in inventory, and a decrease of $1.3 million in accounts payable and accrued liabilities. The increases in accounts receivable and inventories were mainly related to the overall growth in business activity.

Investing Activities

The Company's investing activities were as follows:

	Quarters ended September 30		Six months ended September 30	
	2006 ($'000)	2005 ($'000)	2006 ($'000)	2005 ($'000)
Purchase of property, plant and equipment and finite-life intangible assets	(3,878)	(1,552)	(5,941)	(2,730)
Proceeds on disposal of property, plant and equipment	2,171	7	2,171	13
Business acquisition	-	(2,335)	(1,577)	(2,335)
Proceeds on sale of Logistics and Defence Division, Diemaco	-	(137)	-	19,035
Cash flows relating to investing activities	(1,707)	(4,017)	(5,347)	13,983

Second quarter purchase of property, plant and equipment and finite-life intangible assets (capital expenditures) was $3.9 million this year compared to $1.5 million last year. Year-to-date, capital expenditures stood at $5.9 million this year compared to $2.7 million last year. In all, capital expenditures of about $25 million are still expected for the current fiscal year (see commitments below).

In the second quarter ended September 30, 2006, the Company sold its Tampa, Florida, facility for proceeds of $2.2 million, and generated no accounting gain or loss. This facility was closed some years ago and the Tampa operations were transferred to our operations in Cincinnati, Ohio.

The $1.6 million business acquisition in the six months ended September 30, 2006, represents the final profitability performance payments in relation to the acquisition of Progressive on April 1, 2004. (See Note 2 to the interim consolidated financial statements.)

On May 20, 2005, the Company concluded the sale of its Logistics and Defence Division, Diemaco. The final total sale price amounted to $19.0 million. (See Note 3 to the interim consolidated financial statements).

Financing Activities

The Company's financing activities were as follows:

	Quarters ended September 30		Six months ended September 30	
	2006 ($'000)	2005 ($'000)	2006 ($'000)	2005 ($'000)
Increase in long-term debt	6,495	5,963	6,495	5,963
Repayment of long-term debt	(583)	(1,659)	(2,963)	(18,315)
Issuance of common shares	66	30	95	62
Cash flows relating to financing activities	5,978	4,334	3,627	(12,290)

During the first quarter of the previous fiscal year, subsequent to the sale of the Logistics and Defence Division, Diemaco, the Company repaid $15.3 million on its Secured Syndicated Revolving Term Credit Facilities.

Amendment and Extension of the Secured Syndicated Revolving Credit Facilities

Subsequent to the end of the second quarter ended September 30, 2006, the Company successfully concluded the amendment and extension of its Credit Facilities for a five-year period whereby the revolving operating and term facilities were combined into one $80 million Senior Secured Revolving Credit Facility that will mature in five years, on October 4, 2011, with no extension. This facility is secured by all the assets of the Company and its subsidiaries and is subject to certain restrictive covenants and corporate guarantees granted by the Company and its subsidiaries. This agreement was concluded with a syndication of banks comprising National Bank of Canada, which also acted as the administrative agent, The Bank of Nova Scotia, The Toronto-Dominion Bank and Laurentian Bank of Canada.

Consequently, at September 30, 2006, the Company reclassified the current portion of long-term debt for these credit facilities, amounting to $5.6 million, to long-term debt.

The Company was in compliance with all its restrictive debt covenants at September 30, 2006, and expects to remain so for the balance of the current fiscal year.

Stock Option Plan

The Company has a Stock Option Plan whereby options to purchase common shares are issued to directors, officers and key employees. On February 1, 2006, the Human Resources and Corporate Governance Committee recommended to the Board of Directors (the “Board”) the approval of certain changes to the Company’s Stock Option Plan, which were approved the same day by the Board. The purpose of these changes was to increase the number of common shares that may be issued under the Stock Option Plan and under the Stock Purchase and Ownership Incentive Plan from an aggregate of 2,277,118 common shares (of which 300,079 common shares remain available for future grants at March 31, 2006, including 90,000 reserved for the Stock Purchase and Ownership Incentive Plan) to 3,148,257 common shares (representing about 10% of the common shares outstanding at March 31, 2006, and of which 340,000 are reserved for the Stock Purchase and Ownership Incentive Plan).

These changes were approved by the Toronto Stock Exchange and by the Company’s shareholders at their annual general meeting held August 2, 2006.

At September 30, 2006, the Company had 1,186,021 outstanding stock options at an average strike price of $5.49 that will expire over the next seven years (between June 2007 and August 2013).

The aggregate number of shares reserved for issuance under this plan is 2,808,257 of which 691,718 shares have not yet been granted at September 30, 2006.The Company also has a Stock Purchase and Ownership Incentive Plan for management employees, and a Stock Appreciation Rights Plan for its non-employee directors. (See Note 6 to the interim consolidated financial statements).

Consolidated Balance Sheets

The following table itemizes and explains the material changes to the consolidated balance sheets between March 31, 2006 and September 30, 2006:

Item	Change ($ million)	Explanation
Cash and cash equivalents	(12.3)	See consolidated statements of cash flows
Accounts receivable	(4.4)	Increased level of business activity more than offset by improved accounts receivable collection
Other receivables	(2.5)	Collection of other receivables related to tooling invoiced to customers
Inventories	16.7	Mainly related to increased business activity for the upcoming quarters
Property, plant and equipment, net	(5.5)	Due to: • Purchase of capital assets ($5.7 million) Net of:

Item	Change ($ million)	Explanation
		• Amortization ($7.4 million) • Proceed from the sale of the Tampa facilities ($2.2 million) • A lower US exchange rate used to convert the net assets of self-sustaining US subsidiaries ($1.6 million)
Finite-life intangible assets, net (includes a $6.0 million net backlog)	(1.0)	Represents mainly the amortization on the underlying value of the net backlog acquired as part of the acquisition of Progressive, net of the lower US exchange rate used to convert the net assets of self-sustaining US subsidiaries
Goodwill	(0.4)	Due to the variation between actual additional payments made to the sellers in the first quarter in relation to the profitability performance of Progressive and the estimated payments accrued for at the last fiscal year-end ($0.4 million), net of the lower US exchange rate used to convert the net assets of self-sustaining US subsidiaries ($0.8 million)
Accounts payable and accrued liabilities	(6.5)	Impact of increased raw material purchases at the end of the fourth quarter of last year and timing of payments.
Long-term debt (including current portion)	1.6	Due to: • Net increase in long-term debt ($3.5 million) to mainly support the increased working capital requirements; net of • A lower US exchange rate used to convert the net assets of self-sustaining US subsidiaries ($1.9 million)
Cumulative translation adjustment	(2.5)	Represents the counterpart of the impact of foreign exchange rate fluctuations on the net assets of self-sustaining US subsidiaries
Retained earnings	2.2	See consolidated statements of retained earnings

At September 30, 2006 and March 31, 2006, the Company’s working capital ratio, cash and cash equivalents and long-term debt-to-equity ratio were as follows:

	September 30, 2006	March 31, 2006
Working capital ratio	2.01:1	1.76:1
Cash and cash equivalents	$8.6 million	$20.9 million
Long-term debt-to-equity ratio	0.38:1	0.33:1

OFF-BALANCE SHEET ITEMS AND COMMITMENTS

The Company had entered into operating leases amounting to $9.7 million as at September 30, 2006 ($11.7 million as at March 31, 2006), essentially for machinery and equipment. All these amounts are repayable over the next seven years. At September 30, 2006, the Company also had purchase commitments totalling $23.1 million ($7.4 million to March 31, 2006) mainly for machinery and equipment. These commitments mainly relate to the Longueuil plant modernization of the plating department and production capacity increases at our Kitchener, Ontario and Arlington, Texas, plants.

At September 30, 2006, the Company entered into forward foreign exchange contracts whereby it will sell US$123.5 million at an average exchange rate of 1.2484 (US$146.5 million at an average rate of 1.2617 as at March 31, 2006 and US$128.0 million at an average rate of 1.3089 as at September 30, 2005) for the purpose of foreign exchange risk management related to its export sales. These contracts mature at various dates between October 1, 2006 and December 31, 2009.

CHANGES IN ACCOUNTING POLICIES

Changes in accounting policies adopted in the fiscal year ended March 31, 2006 and future changes in accounting policies are discussed in the MD&A included in the Company's annual report for fiscal 2006.

RISKS AND UNCERTAINTIES

Héroux-Devtek operates in industry segments that have a variety of risk factors and uncertainties that could have a material adverse effect on the Company's business, financial condition and results of operations. Such risks and uncertainties include, but are not limited to, those mentioned below, which are more fully described in the Company's MD&A for the year ended March 31, 2006.

- Reliance on large customers
- Availability and cost of raw materials
- Operational risks
- General economic conditions
- Military spending
- Foreign currency fluctuations
- Liquidity and access to capital resources
- Restrictive debt covenants
- Changing interest rates
- External business environment
- Warranty casualty claim losses
- Environmental matters
- Collective bargaining agreements
- Skilled labour

OUTLOOK

As previously reported in our MD&A for the year ended March 31, 2006, the Company expects its business to continue to improve through the remainder of this year. Sales for large commercial aircraft, business jets and turboprops (commuters) should increase as the civil market continues to improve, while regional jet product sales will remain at a lower level. Military sales should remain solid.

Excellent momentum has been established in the Landing Gear Division and results have been better than anticipated. This positive trend is expected to continue into the second half of the year. Considerable Aerostructure Division resources are currently being dedicated to the development phase of the JSF project. While this has had an impact on some production potential, this initiative will position the Company to benefit from its involvement in what is considered to be the largest on-going military program over the next 20 years. Héroux-Devtek is particularly well placed to participate in this massive venture as it is already working on all versions of the F-35 JSF program.

The move into the wind energy market combined with the exit from the aircraft engine components market will continue to contribute positively to restoring profitability in the Gas Turbine business. Nevertheless, this division requires additional business volume in order to provide a sound return on investment.

Based on the existing backlog, Company management continues to anticipate sales growth of approximately 10% for the current fiscal year, as previously forecasted and, given the net income for the first six months, the Company anticipates reaching its goal of profitability for the current fiscal year.

Additional Information and Continuous Disclosure

This MD&A was approved by the Audit Committee and the Board of Directors on November 1, 2006. Updated information on the Company, including the annual information form, can be found on the SEDAR web site at www.sedar.com.