



**ANNUAL INFORMATION FORM
FISCAL YEAR ENDED MARCH 31, 2002**

JUNE 7, 2002

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ITEM 1: CORPORATE STRUCTURE

Name and Incorporation

Héroux-Devtek Inc. (the “**Company**”) was originally incorporated under the name “Héroux Machine Parts Limited” on March 17, 1942, under Part I of the *Companies Act* (Québec). Its name was changed to “Héroux Inc.” on October 28, 1978 and the Company was later continued under Part IA of the *Companies Act* (Québec) by a certificate of continuance dated September 30, 1982.

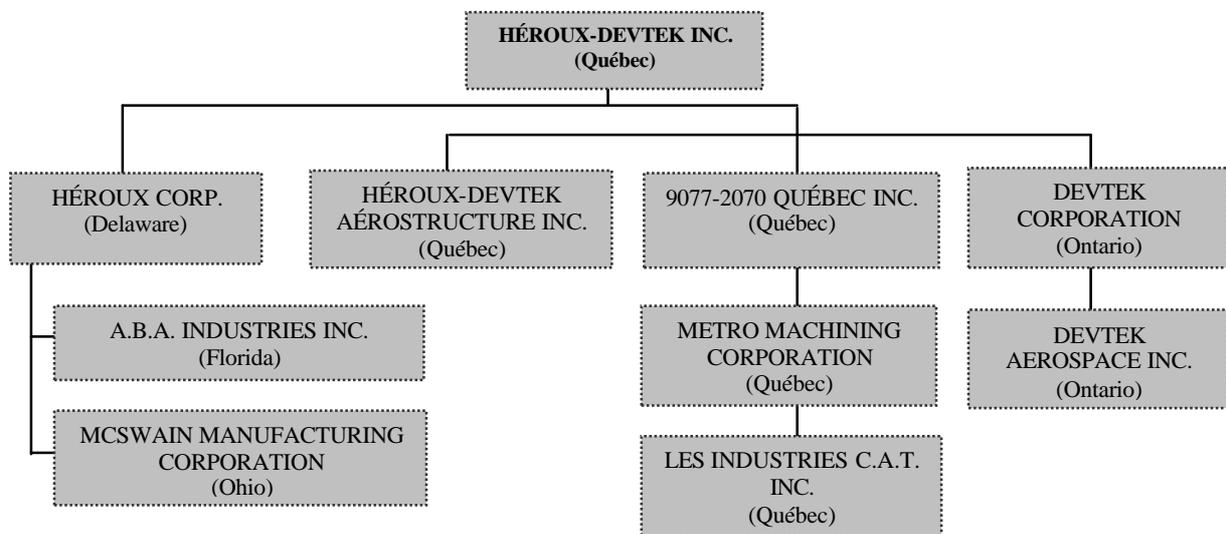
Articles of amendment were filed on September 8, 2000 to change the Company’s name to its current name following the acquisition of Devtek Corporation (“**Devtek**”), effective June 12, 2000.

The Company has its principal and registered offices at Suite 658, East Tower, 1111 St-Charles Street West, Longueuil, Québec, J4K 5G4. The Company’s fiscal year-end is March 31st.

Unless indicated otherwise, “Company” refers to Héroux-Devtek Inc. and its subsidiaries.

Subsidiaries and Intercorporate Relations

The following organization chart shows the corporate structure of the Company, its subsidiaries, all of which are wholly-owned, as well as their respective jurisdictions of incorporation.



ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

General

The Company specializes in the design, development, manufacture, and repair of aerospace and industrial products. It operates eleven (11) business units located across North America and grouped into four divisions: Landing Gear, Aerostructure, Gas Turbine Components, and Logistics and Defence.

The Company started out in 1942 in the Montréal suburb of Longueuil. At the time, it had fewer than 15 employees and manufactured machined parts for the military.

Over the years, the Company sought to expand its activities beyond the military market and gradually specialized in the aeronautics business, earning considerable renown for the development and manufacturing of landing gear. The Company was awarded significant contracts such as the manufacturing of the Apollo lunar landing module's landing gear and the development and production of servomechanisms and landing gear for the CL-215 water bomber built by Canadair Limited (currently a division of Bombardier Inc.).

Major Events and Past Results

Foreword

The following events and results are listed in chronological order. Certain financial data has been restated in 2000, as a result of certain changes in accounting policies. Please refer to Item 4 – Selected Consolidated Financial Information.

Management Buyout of the Company

In June 1985, all of the Company's outstanding shares, held by Bombardier Inc. since 1973 were sold to a management company owned by Messrs. Sarto Richer and Gilles Labbé, both senior executives of the Company.

Initial Public Offering

In December 1986, the Company completed the initial public offering of its common shares, looking to improve its facilities and augment its production capacity, given the increasing backlog of orders during this period. The Company's common shares were then listed on the Montréal Exchange. The Company completed a second public offering of common shares two years later.

United States Market Breakthrough

In 1987, with the objective of expanding further in the U.S. and toward the commercial and industrial sectors, the Company acquired McSwain Manufacturing Corporation (“**McSwain**”), which brought it closer to its American customers.

In March 1989, the Company acquired a majority interest in A.B.A. Industries, Inc. (“**A.B.A.**”), a manufacturer of aircraft engine components located in Tampa Bay, Florida. This was consistent with the Company’s strategic plan to significantly increase its visibility in the U.S. and enter new markets. This acquisition, among other factors, allowed the Company to become a certified supplier of Pratt & Whitney and General Electric, two of the world’s leading aircraft engine manufacturers. The remaining shares of A.B.A. were acquired shortly thereafter.

Acquisition of FRE Composites Inc.

In May 1992, looking to diversify its operations, the Company acquired a 60% interest in FRE Composites Inc. (“**FRE**”), a Canadian company specializing in the design and manufacture of products made from composite material. Shortly thereafter, the Company acquired the remaining shares of FRE.

Major Restructuring and Return to Profitability

In the year ended March 31, 1994, the Company’s revenues generated by its Longueuil aircraft landing gear business (“**Héroux Landing Gear**”) dropped significantly. Manpower and material resources were restructured, management and staff trimmed down, and certain assets written off. Restructuring expenses amounted to approximately \$6.6 million and significantly affected the Company’s operating results that year.

The Company returned to profitability the following year, as it was awarded a number of significant contracts and achieved a better balance between sales on the military and commercial markets.

During the year ended March 31, 1996, the Company steadily improved on its profitability. Net earnings were multiplied threefold, from \$0.04 per share in 1994/1995 to \$0.12 per share in 1995/1996.

The Company kept on improving the following year, as it strengthened its position in its major international markets, while increasing its sales some 29.2% (to \$59.6 million) for the aerospace sector and a further 8.9% in the industrial gas turbines sector.

This constant progression continued through the fiscal year ended March 31, 1999, as the Company met its goal in terms of internal annual growth.

Recent Years

Year Ended March 31, 2000

1999/2000 was a year of significant change for the Company, which elected to refocus on its primary activity sectors, and therefore sold FRE in December 1999 in a management buyout valued at \$5.3 million. This caused a one-time loss of \$1.8 million, which was recorded in the third quarter.

The Company also entered the promising niche market of structural components for regional jets when it acquired Metro Machining Corporation (“**Metro**”) and Les Industries C.A.T. Inc.

(“**C.A.T.**”) in June 1999, for a total of \$5.7 million of which \$4.7 million was paid in cash. At the same time, the Company continued to make major investments in new technology to enhance production capacity at McSwain and A.B.A., as orders from the gas turbine components sector skyrocketed. Sales in this sector increased by 71% to represent more than 25% of the Company’s sales volume.

Despite a five-week labour dispute affecting the Landing Gear Division during the first quarter, the Company’s consolidated net income reached \$3.5 million (\$0.24 per share), compared to \$2.7 million (\$0.19 per share) a year earlier. Total sales also increased by 17% to reach \$143.7 million, compared to \$122.9 million the previous year.

On March 31, 2000, the Company modified its accounting policy with respect to inventories, capital assets, and other assets (development costs) in connection with long-term contracts, to better harmonize it with standard accounting policies in the aerospace industry and with those of newly acquired business units (Devtek), taking into account the increasing number of long-term contracts in the Company’s commercial activities.

Year Ended March 31, 2001

Fiscal 2000/2001 marked the Company’s most significant change to date, with the acquisition of Toronto-based Devtek, a well-established manufacturer of systems, assemblies, and components for the aerospace industry.

The Company (then “**Héroux Inc.**”) and its wholly-owned subsidiary, 1410740 Ontario Limited, acquired all of the outstanding shares of Devtek, whose multiple voting shares and subordinate voting shares were listed on the Toronto Stock Exchange. In consideration for their shares, Devtek shareholders had the option of receiving either \$3.50 in cash or 0.833 Héroux Inc. common share for each Devtek share. The aggregate acquisition price amounted to \$75,036,000, of which \$40,406,000 was paid in cash, and the remaining portion through the issue of 8.2 million common shares of the Company.

Since the majority of Devtek’s commercial activities were related to landing gear and hydraulic components, the Company’s management saw this acquisition as an excellent way to strengthen the Company’s core business segment, while also complementing it at the same time. Following this acquisition, the Company was renamed “**Héroux-Devtek Inc.**” and reorganized into four operating divisions: Landing Gear, Gas Turbine Components, Aerostructure, and Logistics and Defence.

It was originally intended to operate Devtek, which was comprised of four manufacturing plants and a logistics support center, as a wholly owned subsidiary of the Company. Under the new structure, however, the two business units of Devtek which manufactured landing gear and hydraulic components - namely, West Heights Manufacturing (“**West Heights**”) and Hochelaga Aerospace (“**Hochelaga**”) - now form part of the Company’s Landing Gear Division, along with the existing Héroux Landing Gear business unit whose operations are located in Longueuil.

Devtek’s business units included Diemaco, a military small arms operating unit and D.A.L.S. (Devtek Aerospace Logistics Support). Diemaco is now an integral part of the Company’s

Logistics and Defence Division, while D.A.L.S. is now incorporated to the Company's Landing Gear Division.

Finally, the fourth business unit operated by Devtek was Magtron Precision ("**Magtron**"), a precision component manufacturer which, following the acquisition, was integrated into the Company's Aerostructure Division.

With an increase of about 50% in sales following the acquisition, the Company is now one of the largest second tier manufacturers in the Canadian aerospace industry. While the design, development, manufacturing, and overhaul of landing gear are still the cornerstone of its activities, the Company was also established as a major player in the industrial gas turbine and aircraft engine components market, as well as in the regional jet market. The Company is now set to make the most of its engineering and manufacturing capabilities in order to provide highly reliable products and exceptional service to its customers in the aerospace and industrial sectors throughout North America.

Also noteworthy, since May 18, 2001, the Company is one of the companies that form part of the Toronto Stock Exchange's S&P/TSX Composite Index (formerly TSE-300 Index).

The following table illustrates the financial impact of the integration of Devtek's operations with the Company's. Please, also refer to Item 5 – Management's Discussion and Analysis.

BALANCE SHEET			
Major Financial Ratios	Héroux Inc. (as at March 31, 2000)	Devtek Corporation as at acquisition date (June 12, 2000)	Héroux-Devtek as at March 31, 2001
Working capital	2.2	1.6	1.36
Long-term debt to equity	.80	.01	.39
Shareholders' equity to total assets	.38	.56	.38

Year Ended March 31, 2002

In spite of a difficult operating environment characterized by increasing economic and financial market weakness and the impact of the September 11 events on the aviation industry, year 2001/2002 remains a positive year for the Company.

The Company showed excellent results, as sales reached \$316.3 million, up 22% compared to the preceding year, while net income also went up 40% from \$12.5 million in 2000/2001 to \$17.4 million in 2001/2002.

Still on the financial front, in March 2002, the Company and its subsidiaries restructured their bank credit facilities to support its operations and provide for future acquisitions. The Company entered into Unsecured Syndicated Evergreen Revolving Credit Facilities of up to \$100 million, either in Canadian dollars or U.S. currency equivalent. The Company also raised \$9.9 million in

proceeds from a private placement of common shares with Le Fonds d'investissement REA Inc. at a unit-price of \$ 9.91. For greater details regarding the Company's financial results and data for the year 2001/2002, please refer to Item 5 – Management's Discussion and Analysis.

In April 2001, the Company completed the construction of a new 77,000 square-foot facility in Dorval for its Aerostructure division. New equipment, including two new five-axis gantries, has also been bought by Héroux-Devtek Aerostructure and the plant began its operations in September 2001. This new plant should enable the Company to consolidate its position as a preferred supplier to major aircraft and regional jet manufacturers in the coming years. In this regard, the Company's Aerostructure Division has secured a new contract pertaining to the production of aerostructure components used in Bombardier Aerospace's Challenger jet CRJ 200 and the CRJ 700, the whole for approximately \$18 million.

2001/2002 also saw the Company renew its collective labour agreements with the workers of its Landing Gear and Aerostructure Divisions, without any work stoppage or slowdown.

For details regarding the performance of, and the milestone events specific to, each of the Company's operating Divisions, please refer to the subsection entitled "Overview and Outlook", below.

Overview and Outlook

Landing Gear Division

Overview of Fiscal 2001/2002

The Landing Gear Division showed excellent performance during 2001/2002, with sales up a significant 36% to \$174.5 million (34% to \$161.5 million when not including D.A.L.S., which now forms part of this Division). Much of the sales increase originated in the military market, but the Division also showed continued strength in its repair and overhaul activities.

Divisional gross profit improved by 2.5%, due to increased sales and deliveries and a better product mix related to military offerings. During the year, the Division also achieved substantial synergies from the acquisition of Devtek, mainly as a result of strategic purchasing and rationalization activities. The integration of the D.A.L.S. operations in Kitchener contributed to the enhancement of the Division's capabilities with the addition of a new product offering and manufacturing facility.

The Landing Gear Division significantly modified its organizational structure during 2001/2002, to reflect the goal of transforming it into a world-class, customer-focused manufacturing operation.

This included a restructuring of sales and marketing efforts which will now encompass the provision of total engineering solutions, manufacturing and assembly, increased supply chain management responsibility, repair and overhaul services as well as enhanced after-market support for both commercial and military products. The roles and responsibilities of sales staff have also been redefined. At a time where Boeing, Goodrich and Messier-Dowty have considerably

reduced their number of suppliers, the Division has maintained its status as a core supplier to them.

During the year, the Division renewed its Longueuil plant labour agreement for an additional three years, providing for a stable and efficient work environment through to 2005.

Projects and Outlook

The Division's biggest challenge in the upcoming year will be to improve its gross profit in a period of decline in large commercial aircraft purchases, particularly because of reduced production at Boeing and Airbus. This decline should be partially offset by a reduced supplier base in the landing gear market.

Improving gross profit under these conditions will involve a renewed focus on productivity enhancing strategies and an entry into new markets, particularly in the commercial repair and overhaul and small landing gear markets. Another key objective is the development of program management expertise.

Other steps to be taken will include mainly significant new investments in lean manufacturing and the deployment of additional standardized information technology, the optimization of processing facilities to improve lead time and quality, as well as the reorganization of the Division into specialized operating sites.

The recent signing of the Unmanned Combat Air Vehicle (UCAV) agreement with Boeing is yet another milestone for the Company, which will be responsible for the manufacturing of the landing gear from conception to production. This agreement creates an opportunity for the Company to strengthen its engineering team, thereby offering existing and potential customers enhanced capabilities to design their landing gear projects.

Gas Turbine Component Division

Overview of Fiscal 2001/2002

The Division performed well during 2001/2002 despite the recession affecting the U.S. economy and the fallout from the September 11 events, with sales rising 2% to \$89.4 million. However, gross profit fell by 1.9% and was mostly due to a lower than expected workload and an unfavorable sales product mix at the Tampa business unit.

Many changes were made to improve customer service and production capability. These included the addition of a total of approximately 70,000 square feet of high-bay manufacturing space and state-of-the-art production equipment.

To boost product quality, dedicated specialized gauges and part-probing equipment have been added, while process auditing and enhanced quality capabilities are also now in place. As a result, G.E. Aircraft Engine has given the Division the authority for self-release quality assurance.

The Division developed several new products during this past year. The initiative to integrate new products in both plants is well underway.

The Division also made several key manufacturing productivity enhancements during the past year. The ERP BaaN system implemented last year is solidly established and is driving production requirements. Customer service ratings for on-time delivery of GE Aircraft reached 95% by year-end.

Projects and Outlook

With the investments and improvements of the past year, the Gas Turbine Components Division is well positioned to produce its current order backlog and to increase its market share.

While reduced demand for gas turbines should have an impact on sales for 2002/2003, the long-term outlook remains favourable because of several factors including the ongoing environmental concerns in the United States, as well as the greater efficiency and the economic advantage of gas turbines against other power generating systems.

Aerostructure Division

Overview of Fiscal 2001/2002

Aerostructure Division sales increased to \$23.5 million during 2001/2002, up 20% from the \$19.6 million the previous year. However, gross profit was down 3.7%, due to higher than anticipated sub-contracting costs and the startup of its new Dorval facility.

The Company's future growth prospects in this Division lie with the regional jet, its primary target. During the last two years, more than \$20 million was invested into this Division, with the construction of a new 77,000 square-foot facility in Dorval, Québec, located adjacent to Bombardier Aerospace, its largest customer. During the fiscal 2001/2002, two new specialized, 5-axis gantries were installed which will be fully operational in 2002/2003. These investments enable the Division to manufacture large structural components used in wings or fuselage of commercial aircrafts.

Manufacturing and productivity enhancing techniques continue to be integrated into operations, notably through the implementation of lean manufacturing and one-piece flow, and the development of new synergies through the refinement and specialization of operations.

The Aerostructure Division has also renewed its labour agreements with all of its unionized employees for a two-year term, providing the Company with a stable work environment.

Projects and Outlook

The market for regional jets remains solid, despite the events of September 11. The Division has a strong order book and is well positioned for additional accelerated growth. The signing of a new \$18 million order with Bombardier Aerospace post September 11 and the fact that Bombardier's regional jet rate of production is the highest that it has been in the last two years further supports the Company's role in this growing market.

The Division continues to pursue projects for major sub-assembly and to develop the technological expertise required for growing this important facet of the business. The Division

realizes the enormous potential to provide affordability to their customers through value-added sub-assembly supply.

During the present fiscal year, the operating units will expand their cellular manufacturing efforts and introduce one-piece flow. These lean initiatives will enhance the Division's competitiveness and maximize productivity.

Logistics and Defence Division

Overview of Fiscal 2001/2002

A new contract with the Danish Navy combined with a general increase in demand for Diemaco products resulted in a sales increase in 2001/2002 of 23% to \$28.9 million.

Total bookings for the year were \$12 million including \$3 million each for the Danish Navy and the Norwegian Armed Forces.

During the period, the Division continued deliveries in connection with its major contract with Denmark. This contract, now in its third year, is to be completed by 2006. Contracts for delivery of night-sights to Denmark and day-sights to Holland were also completed. The year showed more evidence of the continuing inroads into the European market by the delivery of additional products to the armed forces of Norway and the United Kingdom.

Projects and Outlook

Total sales volume is expected to decline slightly in 2002/2003 due to the fact that the large night and day-sights distribution contracts are now completed. However, this will be partially offset by higher value-added manufacturing sales.

Diemaco continues to develop its excellent business relationship with its main customer/partner, the government of Canada. Several projects are currently in progress in both technical and logistic support areas, which have a promising future.

Over the coming fiscal year, Diemaco will continue its marketing activities towards the NATO countries of Europe, where its products are gaining more and more recognition.

ITEM 3: DESCRIPTION OF THE BUSINESS

Markets

Most of the Company's products and services are intended for the Aerospace and Gas Turbine Components markets.

Aerospace Market

The Aerospace market is divided in two main segments. The first is the original equipment manufacturer (OEM) segment, for which the Company produces landing gear assemblies and components as well as aircraft engine and aerostructure components. The second segment is the aftermarket, for which the Company supplies landing gear components and out-of-production aircraft parts, and further provides hydraulic system and landing gear repair and overhaul services.

OEM Market

A main feature of the aerospace industry is the use of rapidly evolving technologies to develop, design, and manufacture systems that meet the detailed performance specifications of end-users.

Participants in this market are generally regrouped into four tiers. A first tier is comprised of the OEMs, which are mainly the aircraft manufacturers. Second tier participants are system contractors who possess the requisite technical skill to design, as well as the required management resources and financial strength to produce complete systems for the OEMs. Third and fourth tier participants act as sub-contractors for tier one and tier two participants. While second tier participants require similar skills to those of first tier participants, albeit on a scale appropriate to sub-systems (such as complete landing gear actuation and locking systems for aircraft), third tier participants are not required to design any part of an end-system. Instead they manufacture assemblies or components which require special skills or technology, or which may call for the creation of specific new manufacturing processes. Fourth tier companies produce less sophisticated components using standard methods. The Company competes primarily in tiers two and three.

Stringent quality assurance standards are established by governments and by major prime contractors. These standards are imposed by contract on the successive tiers of sub-contractors and are a principal barrier to entry in the second and third tiers. Successful management of quality is a condition of profitability in these tiers.

Prime contractors rely on selected sub-contractors that have specialty design, manufacturing, or processing capabilities that enable them to manufacture critical sub-systems and components. These sub-contractors are more numerous and smaller in size than the prime contractors and, depending on the tier, either have specialized product design capabilities or are able to consistently apply certain technologies or manufacturing processes.

A successful aircraft program is generally in production for a period of 10 to 20 years. It is unusual for the OEMs to terminate their agreements with subcontractors in the course of a program's production phase. Accordingly, subcontractors such as the Company are likely to

supply components to the OEMs for the program's entire life, as long as they remain competitive and deliver quality parts on time.

Major aircraft manufacturers are moving away from in-house manufacturing to concentrate on marketing, design, assembly, and service. This trend has shifted a significant amount of manufacturing work to second tier companies that now need to specialize in the integration of complete systems. Landing gear manufacturers, for instance, are now required to provide not only landing gear, but also all the related systems such as steering and control mechanisms, from the wheels and tires to the cockpit. Similarly, in the aerostructure market, aircraft manufacturers are now outsourcing the design and manufacturing of major airframe components such as empennage, fuselage, and wings.

Historically, the aerospace OEM industry has been affected by economic cycles and, therefore, has experienced significant fluctuations. From 1992 to 1994, the industry suffered serious difficulties as a result of a severe decline in new aircraft orders from major commercial airline companies and in defence procurement contracts. Conversely, the industry has experienced a growth cycle since 1994, especially in the regional jet segment, as the delivery of commercial aircraft has steadily increased from 1994 to 1999. As forecasted, commercial aircraft deliveries peaked in late 2000 and early 2001, and then markedly declined by the end of that year. Such decline, which was expected by most analysts, was further accelerated by the events of September 11, 2001. While it is expected that commercial aircraft deliveries will remain at a relatively low level this year, it is expected that the regional jet market will show resiliency and remain stable in the coming years.

The Landing Gear, Aerostructure, and Gas Turbine Components Divisions are all active in the OEM aerospace market.

Aerospace Aftermarket

The aviation aftermarket consists primarily of the supply of replacement or substitute components and in the servicing of commercial and military aircraft. The United States ranks as the world's largest aviation market, which is why the Company's aftermarket services are mainly aimed at the U.S. The Americans also operate the largest fleet of military aircraft in the world.

The U.S. aircraft fleet is maintained by a diversified maintenance, repair, and overhaul ("MRO") industry that comprises airlines, OEMs, and military and independent repair stations such as the Company. MRO firms that maintain the U.S. aircraft fleet range from small independent repair stations to the largest airlines and OEMs.

Aircraft maintenance procedures and standards are regulated in the U.S. by the Federal Aviation Administration (FAA) and, in Canada, by Transport Canada. The FAA ensures that aircraft operating in the U.S. are airworthy and maintained by certified repair stations and by duly qualified, skilled, and well-equipped workforce.

Outsourcing is now recognized by commercial airlines as an effective way to reduce operating costs and limit capital investments in infrastructure. It also allows airline companies to take advantage of the expertise developed by service providers who have developed specialized repair techniques and achieved economies of scale in their respective fields. Commercial airlines that

are parties to international network agreements (such as Star Alliance™) are also looking for closer maintenance cooperation with carefully selected partners.

As a result of FAA systematic requirements for periodic repair and overhaul of landing gear and the increase in the number of aircraft put in service over the past 15 years, it is expected that the demand for repair and overhaul services will also increase.

While the Company's Landing Gear Division is already especially active in this market as both a supplier of components and a provider of repair and overhaul services, the resources acquired from Devtek should enable it to service even larger aircraft programs and further expand its market share. The Landing Gear Division is further involved in the aerospace aftermarket through D.A.L.S., which produces spare parts for out-of-production aircraft.

Gas Turbine Components Market

This market is divided into three main segments: aircraft jet engines (engines specifically designed to propel aircraft), aero-derivatives (engines originally designed for aircraft propulsion but adapted to other applications, such as power generation or marine), and power generation engines (larger engines designed specifically for power generation). The Company, through its Gas Turbine Components Division, is active in all three segments.

This market consists of the production of engines used for power generation purposes or for aircraft propulsion. In general terms, a jet aircraft engine used to propel modern jetliners and a turbine used for power generation are very similar in concept and in the way they operate. An engine used for power generation is basically an aircraft engine that will never fly. Therefore, the technical requirements in terms of weight and physical dimensions applicable to aircraft engines are not the same as those applicable to turbines used for power generation. Furthermore, since safety is of paramount importance with all aircraft, reliability of an aircraft engine also has to be second to none. Lastly, being much bigger than even the largest aircraft engines, turbines used for power generation will be designed exclusively for that purpose.

Aircraft Engines

The design of an aircraft engine is an elaborate process. While power and efficiency are basic parameters in an engine design, characteristics such as emissions, weight, reliability, and cost are also vital. Such a complex system involves enormous development costs. All these factors combined explain why very few companies possess the necessary skill, technology, expertise, and financial strength to design and manufacture aircraft engines. There are few engine manufacturers worldwide and the market essentially revolves around a small number of major players.

Regardless of the intended application, a good engine design stems from components that are engineered as a system and are perfectly matched to each other. For that reason, engine manufacturers will seldom outsource the design of a component used in their engines. While aircraft manufacturers can outsource part of the design of an airframe assembly such as the wings or even a section of the fuselage, aircraft engine manufacturers are quite limited, in comparison, in what they can outsource in terms of design. Therefore, components suppliers to engine manufacturers are mainly "built-to-print" shops, which produce parts that precisely match the

specifications set forth by the manufacturer who designed the whole engine. The Company supplies a significant number of parts for different types of aircraft engines, including those used in the growing regional jet segment.

Power Generators

The long term market for gas turbines is expected to be good worldwide. According to the U.S. Department of Energy, a total of 355 gigawatts of new capacity (excluding cogenerators) are projected to be needed between 2000 and 2020. Of this new capacity, 88% is projected to be based on combined-cycle or combustion technology. However, on the short term, the recent economic downturn combined with the collapse of companies like Enron has forced several energy producers to delay or cancel gas turbine orders. GE Power Systems, one of the largest manufacturers of gas turbines used for power generation, has announced substantial reductions in its deliveries over the next three years.

Operating Divisions and Their Activities

Landing Gear Division

The Landing Gear Division specializes in the design, development, manufacture, repair, and overhaul of aircraft landing gear, hydraulic flight control actuators, and fracture-critical components. Now that it includes D.A.L.S., a business unit acquired as part of the Devtek acquisition and which used to be a part of the Logistics and Defense Division, the Landing Gear Division also manufactures spare parts for out-of-production aircraft. With 803 employees, it is the Company's largest division. It operates out of four sites located in Longueuil, Québec (Héroux Landing Gear), Laval, Québec (Hochelaga), Kitchener, Ontario (West Heights and D.A.L.S.). While the maintenance and refurbishing of landing gear for the U.S. Air Force fleet still represent an important part of its activities, the Division also manufactures landing gear and related components for a broad range of aircraft.

Following the acquisition of Devtek, the Landing Gear Division sought to assign a specific mission to each of its four sites, while maintaining the management activities centralized in Longueuil. This specialization process is based on their current expertise: the Longueuil site concentrate on military aircraft components and the Kitchener site serves mostly commercial aircraft, while the Laval site focuses on helicopter components, hydraulic actuators, and smaller landing gear components. On the other hand, the Division's general management, as well as the design, engineering, sales, and marketing activities are centralized in Longueuil and support all three business units. Furthermore, D.A.L.S. produces spare parts for out-of-production aircraft. The complementary nature of these sites and their integrated management should enable the Division to participate in programs of the highest caliber and enhance their efficiency, thereby improving its profitability and competitiveness.

The Company intends to increase its market share in the landing gear market through a better penetration of the regional and business aircraft segments, for which it is already capable of designing and developing proprietary products. In addition, strategic alliances and cooperation with large landing gear manufacturers should allow the Company to participate in the medium and large civilian aircraft markets. Commercial airlines will be increasingly targeted, as the Company is able to offer both narrow and wide-body aircraft maintenance services.

Longueuil Site

The Longueuil site is the largest of this division's three sites and operates two plants totaling 190,000 square feet. This site is home to the Division's general management as well as to the Division's design, engineering, sales and marketing groups. It is capable of manufacturing and repairing landing gear while providing any of the aforementioned services to the Laval and Kitchener plants, as required.

Laval Site

The Laval site manufactures critical hydraulic flight control actuators for aircraft such as the Boeing 717 or the Bombardier regional jet family, as well as rotor hub assemblies and components for helicopters such as the Bell Helicopter 206. The site also handles repair and overhaul of hydraulic flight control actuators for major airlines.

Kitchener Site

The Kitchener site manufactures medium-to-large landing gear and high strength airframe components for both military and commercial aircraft. It specializes in the precision machining of close tolerance components in titanium, 300M, and other high strength alloys used by a variety of aircraft manufacturers including Airbus, Boeing, and Bombardier. Components such as pistons, cylinders, yokes and spindles are currently supplied for programs such as the Boeing 737, 747, 757, and 777 aircraft, Bombardier regional jet and business aircraft, and for the Airbus 330/340 aircraft.

Devtek Aerospace Logistic Support (D.A.L.S.)

D.A.L.S. provides spare parts solutions for out-of-production aircraft. In addition to providing high-quality spares, D.A.L.S. also provides instant response to "aircraft on ground" notifications, 24 hours a day. D.A.L.S. uses the specific manufacturing capabilities of other divisions of the Company, as well as the manufacturing and processing facilities of an extensive and established aerospace product vendor network. Program management is provided through four specialized and integrated units, which include customer service, manufacturing and engineering, purchasing, and quality engineering. D.A.L.S. operates from a new 23,000 square-foot leased facility.

Design and Manufacture of Landing Gear

Design Phase

Aircraft landing gear design is a complex and demanding process, which starts with the issuance, by the aircraft manufacturer, of the basic aircraft requirements and geometrical envelope. At this stage, the principal parameters involved are expected aircraft design life, working environment, and expected reliability and maintainability. A preliminary design by the landing gear manufacturer is then made in conjunction with the aircraft manufacturer. Concurrently, integration of the landing gear with the aircraft's other systems is undertaken. Once the preliminary design and validation with peripheral systems are completed, a detailed design is made.

The detailed design will be subject to several computer modellings and analyses. Structural integrity and mechanical studies will be conducted to ensure the design's quality. Among other things, static and dynamic stability need to be analyzed in the same way. A range of software is used in connection with these tasks. The Landing Gear Division uses Pro-Engineer and Catia for the modelling, design, and drafting, as well as PATRAN for the finite element analysis. Following the validation of the design, production of the first units will begin.

These first units will be used to validate the theoretical computer model by performing both destructive and non-destructive tests. A drop-test is typically made on all new designs, in order to physically simulate an aircraft's landing conditions and validate the projected dynamic characteristics. Other tests include limit and ultimate static loads, fatigue loads, and environmental tests. Once all the tests are successfully performed, certification is sought jointly with the aircraft certification.

Significant resources are invested during the initial phases of a design program. Landing gear designers such as the Company are requested by aircraft OEMs to participate as a risk-sharing partner in product development. Such investments and participation are decided upon discussion and review, with OEMs, of every particular program's specific requirements. The Landing Gear Division has been involved in this way in several new design programs for a variety of aircraft.

In most cases, the company that designs a particular landing gear owns all the intellectual property rights in connection with these pieces of equipment. Subject to contractual agreements with the aircraft manufacturer, once a landing gear manufacturer has completed a design, it may become the sole manufacturer for that particular system, most typically for the entire aircraft manufacturing program's life. In such instances, the design of landing gear is also a preferred position for a company to serve the aftermarket and provide repair and overhaul services to the OEM.

Manufacturing Phase

Landing gear system manufacture is a highly specialized activity, which the Company has come to master over the years. It involves work with high strength steels and, since the reliability of these pieces must be beyond compare, the process requires sophisticated equipment, highly qualified staff, and very strict quality assurance procedures.

The process starts with the machining of rolled, drawn, or forged raw material, most often composed of high strength steel, but also of aluminum and, in some cases, of titanium. The machining process is extensive and creates lots of metal chips. In fact, removed material may represent as much as 90% of the raw material purchased. These chips are recuperated and sold as recycled metal.

Once the rough machining has been completed, the parts are subjected to heat treatment, which either modifies the metallurgical characteristics of the part or reduces stress ('stress relief') that may accumulated throughout the different manufacturing processes. After heat treatment, the parts are finished through further machining to attain the close tolerances required.

The parts will then be subjected to electroplating, an electro-chemical process that coats an existing metal surface with a different type of metal. Plating processes will typically build up a

thin coat of metal such as chrome, cadmium, or nickel on a base metal primarily composed of steel. The coating is especially useful when specific surface characteristics are needed but are not provided by a base metal. The type of plating to be selected will depend on the characteristics needed from the finished components. Most commonly, the coating will aim at providing a very hard surface that is resistant to abrasion or corrosion. For instance, chrome will be used when extremely high wear resistance is required, while cadmium will be selected because of its corrosion resistance.

The Landing Gear Division has developed processes for chrome plating to size ('plate-to-size'), which contributes to greater production efficiency and significantly reduces the need for grinding following the plating process. As an added benefit, this helps reduce the stress generated by grinding operations. Electroplating is a crucial step in the manufacture and overhaul of landing gear. The Landing Gear Division is certified by most of the major airframe manufacturers for electroplating in compliance with their specifications.

Painting is another surface treatment for individual parts, as well as assemblies. Once all the parts are finished, they are assembled into larger sub-assemblies or complete landing gear. Finally, assemblies will go through a series of acceptance tests.

Each step in the manufacturing and assembling process is quality controlled as required by the customer and by governmental agencies regulating the aerospace industry. All major components are serialized and the manufacturing process is documented for traceability.

In recent years, the Landing Gear Division has undertaken major work to modernize and improve upon its operations. Over the years, in order to meet the exact requirements of its customers, the Landing Gear Division acquired state-of-the-art machines that meet the specific needs of landing gear manufacturing.

The Landing Gear Division has built a solid reputation in the industry and is currently manufacturing aircraft landing gear, spare parts, and other aircraft components.

Repair and Overhaul of Landing Gear and Servomechanisms

The overhaul of landing gear and servomechanisms, similar to their manufacture, is a precision operation requiring skilled labour, sophisticated facilities, and strict quality control. The servomechanisms overhauled by the Company include hydraulic systems used to activate various aircraft components such as ailerons, flaps, and landing gear. At predetermined intervals, these systems undergo a complete maintenance cycle in compliance with safety standards set by governmental regulatory authorities. This work is either performed by airlines or by specialized firms such as the Company's Landing Gear Division. It is normally scheduled every five to nine years of service, although intervals may vary from one aircraft to the other, based on their respective duty cycles, their estimated number of take-offs and landings per flight hour, and their working environments.

The overhaul cycle, which lasts from 30 to 45 business days, begins with the unit's disassembly. All components are then cleaned to allow inspection, measurements, testing, and evaluation. A repair process will then be issued and the necessary parts will be manufactured, rebuilt, or repaired.

All main parts are identified and tagged using a coding system to allow the Company to trace the components' origins. The parts' status will dictate the nature of repair and overhaul required for each specific component. Some parts may be systematically replaced, while others will go through a rebuild process.

Once all the parts are available at the end of the repair or rebuild process, the landing gear or servomechanism is reassembled, inspected, and tested using the same criteria as for new equipment.

The Landing Gear Division overhauls landing gear of military fighter aircraft and transport aircraft, as well as that of selected commercial transport aircraft. It can provide repair and overhaul services on landing gear for narrow-body as well as wide-body aircraft such as the McDonnell Douglas DC-10 and the Lockheed L-1011.

The Landing Gear Division's Laval and Longueuil sites are both unionized. The collective agreement at the Laval site was renewed in January 2001 and will expire in December 2003 while the one in Longueuil was renewed in April 2002 and will expire in May 2005.

Gas Turbines Component Division

The Gas Turbines Component Division is a major supplier for aircraft and power generation engine manufacturers. The Division supplies parts used in aircraft engines, aeroderivatives, and power generation turbines. In its facilities located in Tampa, Florida (A.B.A.) and Cincinnati, Ohio (McSwain), the Division employs a total of 268 persons. Both sites are manufacturing plants under the same centralized management team, located in Cincinnati.

Within the power generation industry, the Company's Gas Turbines Components Division ranks as a major supplier to the largest producers of gas turbines in the world, owing to substantial investments in high-quality equipment and excellent customer service.

Because of ever-growing demands in the power generation industry, this division has increased its production capacity through the acquisition of additional large CNC Turning and Milling equipment, which can machine components measuring up to 144 inches in diameter and weighing up to 15 tons. Industry standards are extremely rigorous in that area; despite the components' imposing size, tolerances are exceedingly low. As a result, only a handful of companies throughout North America have the ability to produce such parts. The Company's Gas Turbine Components Division possesses all the necessary tooling and can count on the engineering personnel required to manufacture such specialized components.

In the power generation market segment, the Company is actively soliciting new customers to take full advantage of its existing capabilities and skills and consolidate its position as a preferred supplier in this growing market.

The Cincinnati Site: McSwain Manufacturing Corporation

This manufacturing site is home to the Division's general management. It specializes in the machining of precision components and assemblies for the power generation, information technology, and aerospace industries. Since its acquisition by the Company in 1987, McSwain

has invested in large and sophisticated machining equipment to improve service to its existing customers. These investments, coupled with the introduction of total quality management principles, have positioned McSwain as a long-term supplier to its major customers. McSwain operates out of two owned plants representing 70,000 square feet and 47,000 square feet, respectively.

The products manufactured by McSwain fall into two main categories: large gas turbine components, and smaller components intended for the aerospace, information technology, and other industrial markets. Major components for industrial gas turbines are mainly sold to customers in the power generation industry while other mechanical components, used for computer data storage systems, are being sold to a particular customer pursuant to a long-term agreement.

In addition to these products, McSwain also possesses the required tooling, including FMS systems (flexible manufacturing systems), to manufacture smaller components out of aluminum. The use of such machines allows for almost continuous machining, making McSwain an extremely efficient manufacturer for such parts.

The Florida Site: A.B.A. Industries, Inc.

A.B.A. operates two owned plants totaling 87,000 sq.-ft. near the city of Tampa, Florida. Its main operations focus on the development and manufacture of complex assemblies and components for industrial gas turbines and aircraft engines.

A.B.A. possesses an extensive variety of computer-controlled machines used throughout the manufacturing process. It has built a strong reputation for high-temperature alloy welding which, when combined with its machining and assembly capabilities, has enabled it to become a long-term supplier for the largest aircraft engine manufacturers in the world. In recent years, most of A.B.A.'s customers reduced their supplier base to decrease their costs and improve on their efficiency. A.B.A. ranks as a preferred supplier to most of its customers in that regard.

In addition, A.B.A. is using Six Sigma techniques for continuous process improvement. Six Sigma allows effective measurement of defects, as well as analysis for causes, suggested improvements, and controls, helping to produce near-perfect results, while focusing on issues that matter most to A.B.A.'s customers. A.B.A. is a partner of GE Aircraft Engines and GE Power Systems to carry out Six Sigma projects on a continuous basis.

Aerostructure Division

On June 4, 1999, the Company acquired Montréal-based Metro and C.A.T., thus creating the Aerostructure Division which, since the acquisition of Devtek, also incorporates Magtron Precision. This division employs 175 persons. Metro and C.A.T. are mainly dedicated to the production of airframe structural components, while Magtron specializes in the manufacture of non airframe structural components.

In April 2001, the Aerostructure Division completed the construction of a new, 77,000-sq.-ft. plant in Dorval, located close to the facilities of Bombardier, its largest customer. The Division also committed to acquire major pieces of specialized equipment to produce larger aircraft

structural components. The Aerostructure Division's strategy is to further acquire and develop technology and know-how so as to provide OEMs with more complex assembly services.

Metro Machining Corporation and Les Industries C.A.T. Inc.

Metro and C.A.T. are operating from two different locations but are both under one management team. Metro operates from a 32,000-sq.-ft. owned plant while C.A.T. operates from another 15,000-sq.-ft. owned plant, both located in Montréal.

C.A.T. specializes in small-to-medium-sized machined parts and Metro in medium-to-large components. While Bombardier is their main customer, a large percentage of parts manufactured by Metro are used in the final assembly of Airbus aircraft through Bombardier's subcontracts with Airbus.

Both Metro and C.A.T. manufacture parts according to drawings and specifications issued by their customers ("build-to-print"). Metro and C.A.T. are typically responsible for all the machining and processes involved in components production, even if some of the processes (such as plating, anodizing, painting, etc.) are performed by approved suppliers.

The market for aerostructure components and sub-assemblies is expected to develop because of an ongoing trend among OEMs to outsource more and more of the manufacture and assembly activities. This division's growth strategy thus involves the development of the know-how required in major assembly work, in order to offer value-added products to its customers.

Metro and C.A.T. are approved suppliers for Bombardier Aerospace and Boeing (McDonnell Douglas).

Both Metro and C.A.T. are unionized. Metro's collective agreement will expire in May 2004, while C.A.T.'s will expire in September 2003.

Héroux-Devtek Aerostructure

Héroux-Devtek Aerostructure is equipped with state-of-the-art equipment which enables it to produce large aircraft structural components. Since September 2001, it operates out of a new 77,000 square-foot plant built in April of that year and located in Dorval near the premises owned by Bombardier Aerospace, its largest and foremost customer. During the last two fiscal years, \$20 million were invested in this business unit, in part to acquire two new five-axis gantries enabling the Héroux-Devtek Aerostructure to manufacture larger and more complex structural components and sub-assemblies, such as those used in wings or fuselage of commercial aircraft. Héroux-Devtek Aerostructure's strategy is to develop and acquire further technology and know-how to be able to provide OEMs with more complex assembly services. Héroux-Devtek Aerostructure is unionized and its collective agreement will expire in December 2004.

Magtron Precision

Magtron is a provider of precision hardware to the defence and aerospace industries. Magtron, through the use of its metal joining technology, also manufactures electronic enclosures, heat exchangers, and cabinets for suppliers of airborne radar, electro-optic systems, and aircraft engine

controls. Magtron's electro-mechanical assemblies include power dividers for naval radar systems and space payload interfaces for maneuver and retrieval systems. Magtron is located in Scarborough, Ontario, and operates from a 36,000 square-foot leased plant.

Logistics and Defence Division

The Logistics and Defence Division operates a facility in Kitchener, Ontario and employs a total of 86 persons.

Diemaco

The government of Canada has selected Diemaco as the Canadian Center of Excellence for development, testing, production, and life cycle support of military small arms. Under this concept, Diemaco is the sole source supplier of all military small arms and related weapon systems and components for the Canadian Military. Diemaco, through the Canadian Commercial Corporation (which deals with government-to-government contracting), has been successful in winning major small arms re-equipment contracts in both the Netherlands and Denmark. Diemaco operates from a 44,000-sq.-ft. owned plant. Diemaco's sales are exclusively made to governments or government agencies.

The market for small arms is characterized by stringent government controls and by a relatively small number of manufacturers, many of which do business exclusively in their respective national markets. With governments being the sole customers, the market is captive and has a limited growth potential.

Business Management

The Company's divisions are operated as independent profit centers, thereby encouraging entrepreneurship and the involvement of every employee in each of the four divisions. Each division has the management, engineering, manufacturing, and marketing resources needed to meet the needs of its specific market segment. The growth and profitability of each division is under the supervision of a president.

The Company's head office is responsible for all financial and major business development decisions and provides each division with support in preparing strategic plans, developing new products and markets, and with assistance with public relations, financial controls and reporting, and capital expenditure programs. The head office currently employs 10 persons, including the Company's officers.

Plant locations, contact information, and management positions are provided in the following chart:

<p align="center">LANDING GEAR DIVISION</p> <p align="center"><u>Jean Guilbault</u> President</p>	<p align="center">AEROSTRUCTURE DIVISION</p> <p align="center"><u>Farrell Campbell</u> President</p>	<p align="center">GAS TURBINE COMPONENTS DIVISION</p> <p align="center"><u>Alvin Cook</u> President</p>	<p align="center">LOGISTICS AND DEFENCE DIVISION</p>
<p>Claude Beauvais Vice-President Operations, Repair and Overhaul Longueuil Site Héroux- Devtek Aerostructure 755 Thurber Street Longueuil, Québec Canada J4H 3N2 Tel.: (450) 679-5450 Fax: (450) 679-4554</p> <p>Nagi Homsy Vice President, Engineering and Quality Assurance</p> <p>Paul Meringer Vice-President Operations, Manufacturing</p> <p>Ken Barclay Plant Manager</p> <p>Kitchener Site 1665 Highland Rd W. Kitchener, Ontario Canada N2N 3K5 Tel.: (519) 576-8910 Fax: (519) 576-5119</p> <p>Gaétan Roy Plant Manager</p> <p>Laval Site 3675 Industrial Blvd Laval, Québec Canada H7L 4S3 Tel.: (450) 629-3454 Fax: (450) 629-1655</p> <p>Rich Bean Plant Manager</p> <p>DALS 855 Trillium Drive Kitchener, Ontario Canada N2R 1J9 Tel.: (519) 893-1433 Fax: (519) 893-5123</p>	<p>Héroux-Devtek Aerostructure 123 Avro Street Dorval, Québec Canada H9P 2Y9 Tel.: (514) 421-0344 Fax: (514) 421-0588</p> <p>Métro Machining Corporation 7926-15th Avenue St. Michel, Québec Canada H1Z 3N6 Tel: (514) 374-0791 Fax: (514) 374-9339</p> <p>Marcel Quirion Operations Manager</p> <p>Les Industries C.A.T. Inc. 11800 Adolphe-Caron Rivière-des-Prairies, Québec Canada H1E 7J3 Tel.: (514) 494-2335 Fax: (514) 494-8497</p> <p>Wolfgang Mildenberger Operations Manager</p> <p>Magtron 1480 Birchmount Rd Scarborough, Ontario Canada M1P 2G2 Tel.: (416) 757-2366 Fax: (416) 752-4838</p>	<p>Dave Cook Operations Manager</p> <p>McSwain Manufacturing Corporation 189 Container Place Cincinnati, Ohio U.S.A. 45246 Tel.: (513) 671-6130 Fax: (513) 671-2045</p> <p>A.B.A. Industries, Inc. 10260 U.S. 19 North Pinellas Park, Florida U.S.A. 34666 Tel.: (727) 546-3571 Fax: (727) 545-9003</p>	<p>Jeff Macleod General Manager</p> <p>Diemaco 1036 Wilson Avenue Kitchener, Ontario Canada N2C 1J3 Tel.: (519) 893-6840 Fax: (519) 893-3144</p>

Properties

The Company operates 15 plants, 11 of which are located in Canada and 4 in the United States. The following table briefly describes the features of each plant:

<u>Location</u>	<u>Size</u>	<u>Use</u>	<u>Status</u>
Landing Gear Division			
Longueuil, Québec	140,000 sq.-ft.	Repair and overhaul of landing gear	Owned
Longueuil, Québec	51,400 sq.-ft.	Manufacture of landing gear	Owned
Laval, Québec	39,000 sq.-ft.	Manufacture, repair, and overhaul of hydraulic and mechanical actuators.	Owned
Kitchener, Ontario	72,000 sq.-ft.	Manufacture of landing gear components.	Owned
Kitchener, Ontario	23,000 sq.-ft.	Production of assemblies and spare parts for out-of-production aircraft	Leased
Gas Turbine Components Division			
Pinellas Park, Florida (2 plants)	87,000 sq.-ft.	Manufacture of gas turbine components	Owned
Cincinnati, Ohio (2 plants)	117,000 sq.-ft.	Manufacture of gas turbine and other industrial components	Owned
Aerostructure Division			
Dorval, Québec	77,000 sq.-ft.	Manufacture of large aerostructure components	Owned
Montréal, Québec (2 plants)	32,000 sq.-ft.	Manufacture of aircraft structural components	Owned
Montréal, Québec	15,000 sq.-ft.	Manufacture of aircraft structural components	Owned
Scarborough, Ontario	36,000 sq.-ft.	Production of precision hardware for the defence and aerospace industries	Leased
Logistics and Defence Division			
Kitchener, Ontario	44,000 sq.-ft.	Production of military small arms	Owned

Competition

The markets in which the Company is active are characterized by tough competition with respect to price, delivery deadlines, and quality of products and services.

The Company ranks third in North America in the landing gear manufacturing market, as well as in the landing gear and servomechanism repair and overhaul market. It is also the largest independent provider of repair and overhaul services for military aircraft landing gear.

Management is of the opinion that the Company has a number of advantages over its competitors, such as its flexible and cost-effective management structure, the favorable exchange rate of the Canadian dollar, and the renowned quality and reputation of its products and services. Furthermore, the layout of the Company's Longueuil facilities, where the manufacturing plant is separate from, yet adjacent to the repair plant, enables it to integrate its operations, maintain control, and foster greater customer confidence as to contract performance supervision.

In the power generation market, for which the Company manufactures major components for industrial gas turbines, competition is intense but also relatively concentrated. Management believes that state-of-the-art facilities and equipment, coupled with high quality standards and efficient management, should allow the Company to establish itself as a dominant player in that industry.

In the aerostructure market for large structural components, there are few local competitors and several throughout North America. The strategy of further acquiring know-how in order to build large sub-assemblies should enable the Company to expand in an area in which penetration will be more difficult to its competitors.

The market for small arms, in which the Company's Logistics and Defence operates (through Diemaco) is a highly regulated market with a limited number of competitors.

Marketing Approach

The majority of the Company's business comes from aircraft OEMs or second tier system suppliers. A critical success factor is to take part in aircraft development programs from the beginning. In the case of the Company's Landing Gear Division, this participation can start as early as in the design stage, allowing that division to enter programs as a risk-sharing partner.

For the Gas Turbine Components and Aerostructure Divisions, entering an aircraft development program at the beginning of the design phase is also a means of getting 'built-to-print' business.

Additional sales opportunities are also derived by attending various trade shows and operator conferences.

Each of the Company's four divisions is responsible for its own sales. They all have tailored their sales activities and development strategies according to the unique attributes of each specific market in which they operate.

Several sales representatives are appointed throughout the Company's four divisions to ensure optimal representation of the Company on a customer by customer basis as well as in each geographic area. Most of the Company's sales activities are aimed toward North American customers.

Customer Base

The Company serves a broad range of customers in the different markets in which it operates. In the aerospace landing gear and aerostructure market, the Company serves mainly OEMs and second-tier system suppliers. Its commercial customers include Bombardier Aerospace, Northrup-Grumman, Goodrich, Lockheed-Martin, Boeing, and Messier-Dowty, among others. In the military sector, the Company's customers include the U.S. Air Force, the U.S. Navy, the Canadian Air Force, and NATO countries.

In the power generation and aircraft engines market, the Company's most prominent and principal customers are GE Power Systems, GE Aircraft Engines, Siemens-Westinghouse, and SNECMA.

The Logistic and Defence Division's sales (through Diemaco) are made exclusively to NATO countries, either to their army or law-enforcement brigades.

Other industrial customers of the Gas Turbine Components Division include Storage Technology.

Principal Customers

The U.S. government and the General Electric Company accounted for a total of approximately 44% of the Company's sales during the fiscal year ended March 31, 2002 (compared to 40% in 2001). The U.S. government obtains products and services from the Company through the U.S. Air Force and U.S. Navy. The General Electric Company procures the Company's products mostly through its subsidiaries, GE Power Systems, and GE Aircraft Engines.

No other customers accounted for more than 15% of the Company's consolidated sales in the fiscal year ended March 31, 2002.

Research and Development

The majority of the Company's R&D costs for the year ended March 31, 2002 were incurred by the Landing Gear Division. They usually relate to specific development programs and are therefore included in these programs' costs. R&D expenses not included in program costs amounted to approximately \$1,180,000 in fiscal 2001-2002.

Environmental Matters

The Company's activities are subject to environmental laws associated with risks to human health and the environment. The Company believes it is in substantial compliance with all applicable environmental laws and regulations. Certain cases of non-compliance identified during the internal environmental audits completed during the year were or are being corrected. These cases were reported to the government authorities when required. In all such cases, corrective measures

were explored and solutions are being developed. An environmental policy is in application within the Company and an environmental management system is being updated.

There are no material environmental issues associated with the Company's business, except for the Landing Gear Division's Longueuil plant, which shows a certain degree of chromium and cadmium contamination resulting from a plating tank leakage. This problem has been reported to the Québec Ministry of Environment.

Risks Associated With Contracts

Although the Company has significantly diversified its customer base in recent years, its business volume with some customers remains significant. Should there be a significant deterioration in their financial position or should the Company lose certain orders from these customers, there could be a negative impact on its results.

During the last fiscal year, the Company obtained two six-month extensions of a contract it has held for nearly 30 years with the U.S. Air Force for the maintenance and refurbishing of landing gear. When tenders were called in 1998, the U.S. Air Force expressed its intention to gradually repatriate that work over the following three-year period. However, last year, the Landing Gear Division received the same volume of work as in preceding years and, according to the terms of the new agreement, it will be unchanged this year. This contract carries an annual value of approximately \$12 million. Pursuant to the terms of such extensions, the Company expects to receive the same volume of orders as in previous years.

Raw Materials

In connection with its manufacturing and distribution activities, the Company procures different materials and components, as well as outside services, mainly in North America. Major items include forgings and various metals. With respect to raw metals, the Company purchases mainly aluminum, steel, and titanium. The ability of suppliers to meet performance, quality, and delivery schedules is extremely important. Even if the Company is often relying on a limited number of sources of supply, it has been able to avoid significant shortages this far.

The Landing Gear Division purchases a significant amount of steel from a broad range of forging houses. In most cases, forging houses own the dies and the Company owns exclusivity rights to their use.

Depending on market conditions, delivery delays by forging houses may occur, therefore affecting the Company's capacity to deliver finished parts on schedule. In the course of the Company's planning process, several measures have been taken to limit this risk and so far the Landing Gear Division has been able to mitigate the effects of delays on deliveries.

The main material used by the Aerostructure Division is aluminum. Due to the large quantities of aluminum required when building an aircraft, OEMs will often negotiate the raw material's price and supply directly with its suppliers. Sub-contractors such as the Company often benefit from these agreements, as they can obtain all the raw material required to fulfill their obligations with the OEMs directly from their supplier, at the OEM price. The aerospace industry has experienced

aluminum shortages in the recent past. However, on these occasions, the Aerostructure Division has always been able to negotiate with OEMs a proper supply of raw material.

As for the Gas Turbine Components Division, raw materials represent a significant portion of the cost of large components. In most cases, large forgings are supplied free of charge by customers to be properly machined.

The Company also makes use of titanium, albeit in less than 10% of its manufacture components. To date, the Company has been able to procure all the required raw material at market value, without experiencing any major or specific shortages.

Risks Associated with Foreign Operations

During the fiscal year ended March 31, 2002, 74% of the Company's sales (compared to 76% for the preceding year) were made outside Canada, including 64% in the U.S. Accordingly, the majority of sales made outside Canada are in U.S. currency. Management made every effort to hedge against the risks associated with U.S. exchange rates with forward foreign exchange contracts. As at March 31, 2002, the Company had entered into forward foreign exchange contracts totaling \$69.0 million to sell U.S. dollars at an average rate of CAN\$1.4889 at different dates between April 2002 and December 2006. The Company's Landing Gear Division accounts for the majority of export sales.

As shown in the charts below, revenues earned from sales outside Canada have decreased slightly this year, compared to 2000, partly because of the acquisition of West Heights Manufacturing and Hochelaga Aerospace, two Devtek business units whose principal sales are made in the Canadian market. The following tables respectively show the distribution of revenues generated by Canadian and foreign business units of the Company, and the proportion of local and foreign sales:

Sales Originated From:	Fiscal Years Ended March 31		
	(%)		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
Canada	72	66	50
U.S.A.	28	34	50
	<u>100</u>	<u>100</u>	<u>100</u>

Sales Destined To:	Fiscal Years Ended March 31		
	(%)		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
Canada	26	24	10
U.S.A	64	66	88
Other	10	10	2
	<u>100</u>	<u>100</u>	<u>100</u>

Distribution of Revenues Among the Company's Divisions

The following table shows the revenues for each of the Company's four operating divisions:

Divisions	Fiscal years ended March 31 (in thousands of \$)		
	2002	2001 ⁽¹⁾	2000
<i>Landing Gear</i>	174,534	128,252	63,408
<i>Gas Turbine Components</i>	89,370	87,629	72,438
<i>Aerostructure</i>	23,503	19,624	7,891
<i>Logistics and Defence</i>	28,873	23,572	---
Total:	<u>316,280</u>	<u>259,077</u>	<u>143,737</u>

(1) The 2001 figures have been reclassified to comply with March 31, 2002 presentation.

Sales by Market Segments

The following table shows the distribution of sales by activity segment for the periods indicated.

Segment	Fiscal years ended March 31 (as a %)		
	2002	2001	2000
Aerospace and defence			
Military (aerospace)	24	23	31
Defence	10	10	---
Civilian (aerospace)	46	43	37
	80%	76%	68%
Industrial			
Gas turbines	18	20	26
Others	2	4	6
	20%	24%	32%
Total:	100%	100%	100%

ITEM 4: SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Selected Consolidated Financial Information of the Company should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended March 31, 2002, as released on June 6, 2002. Readers should also refer to Item 5 – Management's discussion and analysis of this annual information form with respect to the factors affecting the comparability of the financial data provided below.

As at March 31 ⁽¹⁾			
(in thousands of dollars, except for earnings per share)			
	<u>2002</u>	<u>2001</u>	Restated <u>2000</u>
Sales	316,280	259,077	143,737
Income before goodwill amortization and discontinued operations	18,768	13,613	3,718
Net income from continuing operations	17,424	12,465	3,463
Net income	17,424	12,465	1,745
Earnings per share before goodwill amortization and discontinued operations	0.78	0.63	0.25
Earnings per share from continuing operations	0.72	0.58	0.24
Earnings per share	0.72	0.58	0.12

⁽¹⁾ Information for the years ended March 31 is derived from the Company's audited consolidated financial statements.

As at March 31 ⁽¹⁾			
(in thousands of dollars)			
	<u>2002</u>	<u>2001</u>	Restated <u>2000</u>
Total assets	299,637	269,844	140,576
Long-term debt ⁽²⁾	59,565	40,041	42,233
Shareholders' equity	130,801	102,270	52,978

⁽¹⁾ From continuing operations and giving effect to accounting changes. Please refer to the audited consolidated financial statements of the Company.

⁽²⁾ Excluding current portion.

Dividend Policy

Over the last five years, the Company did not pay any dividends on its common shares. The Company does not intend to pay dividends on its common shares in the foreseeable future.

Subject to the rights of the holders of shares of any other class or particular series ranking in priority to the common shares, the holders of the common shares are entitled to receive all dividends declared by the Company. The first preferred shares and the second preferred shares shall rank prior to the common shares and the first preferred shares shall rank prior the second preferred shares in respect of the payment of dividends.

ITEM 5: MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Consolidated Financial Information for the Last Eight Quarters

Fiscal years ended March 31

(in thousand of dollars except for earnings per share)

2002	TOTAL	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
	(Year)				
Sales	316,280	78,019	76,225	78,911	83,125
Income before goodwill amortization	18,768	4,410	4,537	4,956	4,865
Net income	17,424	4,074	4,201	4,620	4,529
Earnings per share before goodwill amortization	0.78	0.19	0.19	0.20	0.20
Earnings per share	0.72	0.17	0.17	0.19	0.19
<hr/>					
2001					
Sales	259,077	47,366	59,407	69,332	82,972
Income before goodwill amortization	13,613	2,142	2,825	3,969	4,677
Net income	12,465	2,012	2,478	3,633	4,342
Earnings per share before goodwill amortization	0.63	0.13	0.12	0.17	0.20
Earnings per share	0.58	0.12	0.11	0.16	0.19

Foreword

The purpose of this analysis of the Company's financial position and operating results is to provide the reader with an overview of how the financial position changed between March 31, 2001 and March 31, 2002. It also compares the operating results and cash flows for the 12-month period ended March 31, 2002 to those for the same period the previous year.

This analysis should be read in light of the acquisition of Devtek and its subsidiaries, completed in June 2000, and in conjunction with the Company's consolidated financial statements dated March 31, 2001.

OPERATING RESULTS

Sales

The Company recorded consolidated sales of \$316.3 million for the year ended March 31, 2002, an increase of 22.1% compared to \$259.1 million last year. Of this growth, 14.2% was generated internally, with all divisions contributing. The balance was derived from the inclusion of Devtek's results for 12 months during 2001/2002 compared to nine-and-a-half months last year.

The Landing Gear Division's sales for the year ended March 31, 2002, were \$174.5 million, up 36.1% from the \$128.3 million recorded the previous year. Of this growth, 10.4% was derived from the inclusion of Devtek's results for 12 months during 2001/2002 compared to nine-and-a-half months last year. The balance of the growth was internally generated. It was mainly derived

from increased manufacturing for the military market, notably landing gears for KC135 and P-3 as well as Hercules C-130 components (15.6%). The commercial sector also provided some growth with the B-777 program (3.2%), as did the repair and overhaul business (2.0%).

During September 2001, the D.A.L.S. business unit was transferred into the Landing Gear Division from the Logistics and Defence Division. For comparative purposes, the results for both 2000-2001, and 2001-2002 include the D.A.L.S. business unit totals for the full year.

Sales for the Gas Turbine Components Division were \$89.4 million for the year ended March 31, 2002, up 2.0% from the \$87.6 million recorded last year.

Much of this increase was due to demand from the Company's main client G.E. Power Systems. As a result, the value of Gas Turbine sales increased 17.3% during the year. However, this progress was offset by drops in demand for other industrial products, notably storage technology products.

Sales for the Aerostructure Division were \$23.5 million for the year ended March 31, 2002 up 19.8% from the \$19.6 million recorded the previous year. Much of the sales increase was due to increased sales to Bombardier. Despite the events of September 11, the regional jet market remains strong.

Although the new 77,000 square-foot Dorval plant was opened during the year, production was limited, and the two five-axis specialized machinery and equipment that were installed will be fully operational in early 2002-2003. Bookings were strong and included \$21 million in new contracts, mainly with Bombardier Aerospace for the delivery of aerostructure components for the challenger, CRJ 200 and CRJ 700. Additional large equipment is currently on order for this division and is scheduled to be installed in fiscal year 2002-2003.

The Logistics and Defence Division sales for the year ended March 31, 2002 rose to \$28.9 million, an increase of 22.5% from the \$23.6 million recorded the previous year. The growth was due to increased light military arms deliveries to the Danish government and additional bookings from the Canadian government.

Sales derived from the aerospace and defence sector for the year ended March 31, 2002 were \$252.9 million, an increase of 27.7% from the \$197.9 million recorded the previous year. The increase in this sector was due to strong demand from the military and defence market, as well as good strength from commercial aerospace clients, notably in the regional jet market and from customer offload on the B-777 program. The inclusion of Devtek's results for the 12 months in 2002, compared to nine and a half months last year, also had a positive impact.

Industrial sales climbed to \$63.4 million during 2001/2002, an increase of 3.7% from the \$61.1 million recorded during the previous year. This increase came from strong sales in the industrial gas turbine market, which were somewhat offset by slow demand for information technology products.

Approximately 71.7% of the Company's consolidated sales for the year ended March 31, 2002, were manufactured in Canada, compared to 66.2% the previous year. The increase was mostly internally-generated, and was derived from increased demand for aerospace and defence

products, which are primarily manufactured in Canada. However, the inclusion of Devtek's results for 12 months during 2001-2002 compared to nine-and-a-half months last year also contributed to the growth. The balance of the Company's manufacturing was done in the U.S.

Of the Company's total sales, during 2001-2002, 64.2% came from U.S. customers, roughly the same as the previous year. The balance of the Company's sales were derived from Canadian (26.3%) and international customers (9.5%).

Gross Profit

The Company's consolidated gross profit reached \$56.9 million for the year ended March 31, 2002 or 18.0% of sales, compared to \$45.0 million or 17.4% of sales the previous year.

For the Landing Gear Division, gross profit as a percentage of sales increased 2.5% compared to the previous year. A better production mix particularly from increased military sales contributed to this strong performance. The increase in sales also provided a more effective absorption of fixed costs, and the Devtek merger generated continuing synergies.

Gross profit as a percentage of sales for the Gas Turbine Components Division fell by 1.9% for 2001/2002. The Cincinnati business unit generated a comparable gross profit as in the previous year. However, the decrease was mostly attributable to reduced gross profit at the Tampa business unit which has experienced a lower than expected workload and was impacted by an unfavorable sales product mix.

In spite of strong bookings, the Aerostructure Division saw gross profit as a percentage of sales drop by 3.7%. Much of the decrease was related to the startup of production at the new Dorval plant, which has only been operational since the third quarter of fiscal 2002. In addition, production subcontracting, due to temporary manufacturing capacity issues during the fiscal year 2002, impacted negatively on this division's gross profit.

The gross profit as a percentage of sales in the Logistics and Defence Division remained unchanged during 2001/2002 compared to last year.

Selling and Administrative Expenses

Consolidated selling and administrative expenses for the year ended March 31, 2002 were \$24.6 million or 7.8% of sales, compared to \$19.5 million or 7.5% of sales the previous year. The 0.3% increase in selling and administrative expenses as a percentage of sales was mainly related to sales commissions and royalties from increased military and defence sales.

Operating Income

The Company's consolidated operating income was \$31.1 million for the year ended March 31, 2002, an increase of 25.5% from the \$24.8 million recorded the previous year. Operating income for the aerospace and defence sector increased to 8.9% of sales during 2001/2002, compared to 7.9% of sales the previous year. However, in the industrial sector, operating income as a percentage of sales fell to 13.6% during 2001/2002, compared to 14.8% the previous year.

Financial Expenses

Financial expenses were \$2.2 million for the year ended March 31, 2002, compared to \$2.4 million the previous year. These expenses are net of interest revenues of \$1.8 million during both 2001/2002 and 2000/2001.

In March 2002, the Company and its subsidiaries restructured their bank credit facilities through syndicated loans to support its operations and future acquisitions. The Company entered into Unsecured Syndicated Evergreen Revolving Credit Facilities of up to \$100 million (either in Canadian dollars or U.S. currency equivalent), of which \$39.5 million is being used at March 31, 2002. These facilities are subject to certain restrictive covenants (see note 13 to the Company's audited consolidated financial statements).

The implementation of these new credit facilities necessitated the early repayment of certain long-term debt.

Financial expenses during 2001/2002 included \$690,000 of interest adjustments related to early repayment of long-term debt. In 2000/2001, financial expenses included \$472,000 of interest expenses on a bridge loan related to the Devtek acquisition.

Income Taxes

The provision for income taxes during 2001/2002 was 35.0% of income before goodwill amortization, down from 39.2% the previous year. This reduction is due to the fact that a greater portion of the Company's net income was derived from its Québec operations. Québec's corporate income taxes are lower than those in the Ontario and the U.S. jurisdictions.

As a result of the preceding items in this section, net income for the year ended March 31, 2002 was \$17.4 million (\$0.72 per share fully diluted) compared to \$12.5 million (\$0.58 per share fully diluted) the previous year.

CASH FLOW AND FINANCIAL POSITION

During 2001/2002, the Company generated \$32.1 million of cash flow from operations, up \$9.2 million from the \$22.9 million generated last year. The increase was primarily due to growth of \$5.0 million in net income, \$2.3 million in amortization and \$1.7 million in future income taxes.

The net change in non-cash items related to operations reduced cash and cash equivalents by \$4.1 million. This amount resulted mainly from a \$7.0 million reduction in customer advances and a \$1.7 million reduction in income taxes payable. This was partially offset by a reduction in accounts receivable of \$4.7 million. The reduction in accounts receivable was primarily due to a streamlined collection process and to steadier monthly deliveries.

During 2000/2001, the change in non-cash items related to operations provided \$18.0 million in cash and cash equivalents. This change came primarily from increases in accounts payable (\$17.6 million), customer advances (\$6.7 million) and income taxes payable (\$4.5 million). These

were offset by an increase in accounts receivable (\$12.2 million) due to record sales during the fourth quarter of 2000/2001.

Working capital increased to \$84.8 million on March 31, 2002, compared to \$52.9 million the previous year, and the working capital ratio jumped to 1.93:1 from 1.48:1. The inventory turnover also improved with inventory levels unchanged at the beginning and end of the year, despite 14.2% of internally generated sales growth.

Investing Activities

Funds used in investing activities totaled \$32.4 million during the year ended March 31, 2002, compared to \$32.7 million during the previous period.

During 2001/2002, \$22.9 million of these funds were for the acquisition of capital assets (\$30.3 million, of which \$7.4 million were financed through capital leases). During 2000/2001, \$25.2 million of cash was used for purchases of capital assets.

The major capital asset investments during 2001/2002 were \$10.1 million for building and equipping the Dorval aerostructure plant and \$3.0 million to buy the Cincinnati Gas Turbine plant, which had previously been leased.

Significant amounts were also devoted to increase manufacturing capabilities, notably \$8.5 million for the Landing Gear Division and \$8.1 million for the Gas Turbine Components Division.

Cash totaling \$8.6 million was used to increase temporary investments, notably banker's acceptances with durations of more than three months. These investments increased to \$42.3 million on March 31, 2002 from \$33.7 million the previous year.

Other investing activities included \$1.2 million of deferred financing costs related to the implementation of new bank credit facilities referred to above.

Financing Activities

During 2001/2002, financing activities generated \$10.5 million in cash, compared to an outflow of \$3.2 million during the previous year.

Following the restructuring of the Company's bank credit facilities, the long-term debt increased by \$40.6 million due to repayment of \$13.3 million bank loans and early repayments of \$27.3 million of certain long-term debt. The remaining increase in long-term debt represents essentially a \$1.7 million new non-interest bearing loan.

During 2001/2002, \$10.7 million of cash was generated from equity transactions. This included a private placement which was completed by the Company on July 10, 2001. One million common shares, priced at \$9.91, were issued, to raise \$9.9 million. The balance of cash generated was from the issuance of 152,250 common shares for cash consideration of \$843,000, related to the exercise of stock options (138,101 common shares for \$619,000 last year).

Consolidated Balance Sheet

The Company continues to enjoy a strong balance sheet, which puts it in an excellent position to profit from current economic challenges, both through internally generated growth and through acquisitions.

The Company's long-term debt-to-equity ratio was 0.46:1 on March 31, 2002 (0.39:1 on March 31, 2001). At year-end, the balance sheet included cash and cash equivalents of \$56.0 million, of which \$42.3 million was in temporary investments. On March 31, 2001 cash and cash equivalents were \$40.7 million, including \$33.7 million in temporary investments.

Off Balance sheet items and commitments

The Company has entered into some leases for buildings used for its manufacturing operations and administration and, into operating leases for machinery and equipment amounting to \$1,1 million and \$27,4 million respectively as of March 31, 2002. These amounts are repayable mainly over the next five years. The Company has also machinery and equipment acquisition commitments at March 31, 2002 amounting to \$5,3 million. In April 2002, additional commitments for machinery and equipment of \$6,8 million were also contracted (see note 20 to the Company's audited consolidated financial statements).

At March 31, 2002, the Company entered into forward foreign exchange contracts totaling US \$69.0 million at an average selling exchange rate of 1.4889 (U.S. \$90.9 million at an average rate of 1.4545 in 2001) related to its export sales maturing at various dates between April 2002 and December 2006 (see note 4 to the Company's audited consolidated financial statements).

Future Accounting Policies

Effective April 1, 2002, the Company prospectively adopted new Canadian Institute of Chartered Accountants (CICA) recommendations and therefore ceased amortizing goodwill and adopted the goodwill impairment model. The adoption of these new standards had no significant impact on its financial position as at April 1, 2002.

Effective April 1, 2002, the Company also adopted prospectively the new CICA recommendations with respect to the granting of stock options. The Company will now expense the granting of all stock options (see note 2 to the Company's audited consolidated financial statements).

Risk and uncertainties

Statements made in this analysis, other than historical financial results, may be considered as forward-looking statements. These statements express the current beliefs and expectations of management about the Company's future results and performance.

They are subject to a number of known and unknown risks that could cause actual results to materially differ from those projected or implied in forward-looking statements. The principal risk factors that may affect the Company's results are listed below. Please also refer to item 3 – Description of the Business.

The large civil aerospace industry – which represents approximately 15% of the Company’s sales – is experiencing considerable turmoil which was accelerated by the events of September 11, especially the market for planes with more than 100 seats. Although long-term growth will likely eventually resume, the timing of that resumption is uncertain at the moment, and this sector will remain cyclical.

Although the long-term prospects for the energy production sector appear good, growth has reached a short-term peak, and a downturn is expected during the next two to three years.

A large part of the Company’s sales are made in the United States and are exposed to the risks associated with foreign exchange. However, management makes every effort to hedge against this risk through forward foreign exchange contracts.

The Company also has exposure due to its reliance on certain large contracts and customers. The Company’s three largest customers account for about half of its sales. A \$12 million repair and overhaul contract with the U.S. Air Force is coming up for renewal during 2002/2003. A loss or delay in certain orders from any of these customers could have a negative impact on the Company’s results.

ITEM 6: MARKET FOR SECURITIES

The Company’s Common Shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol “HRX”. Since May 18, 2001, the Company is one of the companies that form part of the S&P/TSX Composite Index.

ITEM 7: DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and executive officers of the Company, their principal occupations and the year in which each director first became a director are set out below. Each of the directors has served continuously as a director since the date he was first elected or appointed. The present term of each director will expire immediately prior to the election of directors at the next Annual General Meeting of Shareholders, which is scheduled for September 5, 2002.

Director's Name and Municipality of Residence	Principal Occupation	Director Since	Number of Common Shares
Helmut Hofmann ⁽¹⁾ Unionville (Ontario)	Chairman of the Board Héroux-Devtek Inc.	2000	896,294 ⁽³⁾
Gilles Labbé ⁽⁷⁾ St-Bruno (Québec)	President and Chief Executive Officer, Héroux-Devtek Inc.	1985	4,658,500 ⁽⁴⁾
Jacques M. Brault ⁽¹⁾ Montréal (Québec)	Senior Vice-president, National Bank Financial, Inc.	1986	18,600
Jacques Paquin ⁽²⁾ Beaconsfield (Québec)	Partner Desjardins Ducharme Stein Monast	1986	12,000
Jean-Louis Fontaine ⁽¹⁾ Westmount (Québec)	Vice-Chairman of the Board and Director, Bombardier Inc.	1990	21,000
Claude Boivin ⁽¹⁾ St-Lambert (Québec)	Consultant and member of various boards of directors	1994	16,000
Pierre Marcouiller ⁽²⁾ Magog (Québec)	Chairman of the Board, Chief Executive Officer, and President, Camoplast Inc.	1998	3,400
Alain Cousineau ⁽²⁾ Montréal (Québec)	Chairman, Groupe Secor Inc.	1999	7,500
Donald M. Green Burlington (Ontario)	Chairman of the Board and Chief Executive Officer, Greenfleet Limited	2000	801,969 ⁽⁵⁾
Brian A. Robbins Aurora (Ontario)	President and Chief Executive Officer, Exco Technologies Limited	2000	40,000 ⁽⁶⁾
George S. Dembroski ⁽²⁾ Toronto (Ontario)	Corporate Director of various public and private companies	2000	50,000
Executive Officer's Name	Principal Occupation		
Réal Bélanger Laval (Québec)	Executive Vice-President, Chief Financial Officer, and Secretary, Héroux-Devtek Inc.	N/A	52,628
Patrice Gauvin Longueuil (Québec)	Vice-President, Business Development, Héroux-Devtek Inc.	N/A	400
Martin Brassard Boucherville (Québec)	Vice-President, Control and Information Technology, Héroux- Devtek Inc.	N/A	
Martine Rivard ⁽⁷⁾ Nuns' Island (Québec)	Vice-President, Human Resources, Héroux-Devtek Inc.	N/A	

⁽¹⁾ Member of the Human Resources and Corporate Governance Committee.

⁽²⁾ Member of the Audit Committee.

⁽³⁾ 544,293 common shares included in this number are held by H. Hofmann Management Inc., a company controlled by Mr. Hofmann.

⁽⁴⁾ 4,654,000 common shares included in this number are held by 2635-6246 Québec inc. and by 2945-0228 Québec inc., companies controlled by Mr. Gilles Labbé.

⁽⁵⁾ Including 301,969 common shares held by Greenfleet Limited, a corporation wholly owned by Mr. Donald M. Green.

⁽⁶⁾ Held by 55319 Ontario Limited, a corporation wholly owned by Mr. Brian A. Robbins.

⁽⁷⁾ Mr. Labbé and Ms. Rivard attend the Human Resources and Corporate Governance Committee meetings. However, they do not take part in deliberations respecting corporate governance matters or their own compensation.

During the past five years, all directors and senior executives of the Company have been engaged in the same principal occupation or other executive capacities as disclosed above, except for Mr. Helmut Hofmann, who was Chairman of the Board and Chief Executive Officer of Devtek from 1981 to June 12, 2000, for Mr. Pierre Marcouiller, who was Chairman and Chief Operating Officer of Venmar Ventilation Inc. from 1986 to 1996 and a private investor from 1997 to June 2000, and for Mr. Patrice Gauvin, who was Director of Marketing at Nova BUS Corporation the last two years prior to its appointment, in June 1998, as the Company's Vice-President, Business Development.

Over the years, the Company's board of directors has sought to establish mechanisms designed to ensure the observance of appropriate standards of corporate governance. In this regard, in June of 2000, the Company increased the number of its directors to eleven for a period of two years after the Devtek acquisition. Now that the integration of Devtek has been completed, the Company will reduce the number of its directors to seven which more accurately reflects its current corporate size.

Therefore, Mssrs. Jacques M. Brault, George S. Dembroski, Donald M. Green, and Jacques Paquin will not return as directors of the Company upon the annual meeting of shareholders scheduled for September 5, 2002.

As at June 17, 2002, the directors and senior officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 6,581,131 common shares representing approximately 27% of the outstanding common shares of the Company.

ITEM 8: ADDITIONAL INFORMATION

The Company shall provide to any person or company, upon request to the Company's Corporate Secretary, at Héroux-Devtek Inc., Suite 658, East Tower, 1111 St-Charles Street West, Longueuil, Québec, J4K 5G4:

- a) when the securities of the Company are in the course of a distribution under a preliminary short form prospectus or a short form prospectus:
 - (i) a copy of this Annual Information Form together with one copy of any document (or the relevant pages of any document) incorporated by reference therein;
 - (ii) a copy of the comparative financial statements of the Company for its most recently completed fiscal year, together with the accompanying report of the auditors thereon, and one copy of any interim financial statements of the Company that has been filed subsequent to the financial statements for its most recently completed fiscal year;
 - (iii) a copy of the Company's Management Proxy Circular with respect to the Company's most recent shareholders' meeting that involved the election of directors; and
 - (iv) a copy of any other document incorporated by reference into the preliminary short form prospectus or the short form prospectus that is not required to be provided under (i), (ii), or (iii) above; or
- b) at any other time, a copy of any document referred to in (a)(i), (ii), and (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or a company who or which is not a security holder of the Company.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities, and interests of insiders in material transactions, where applicable, is contained in the Company's Management Proxy Circular to be dated July 17, 2002 and prepared in connection with the Annual and Special Meeting of Shareholders of the Company, to be held on September 5, 2002. Additional information is provided in the Company's comparative financial statements for its most recently completed fiscal year.