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**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

## HÉROUX-DEVTEK REPORTS FIRST QUARTER RESULTS ANNUAL MEETING OF SHAREHOLDERS LATER THIS MORNING

- Sales of \$82.2 million compared to \$82.6 million last year
- Operating income of \$7.5 million, versus \$9.8 million last year
- Net income of \$4.5 million, or \$0.15 per share fully diluted
- Funded backlog of \$468 million

Longueuil, Québec, August 6, 2009— Héroux-Devtek Inc. (TSX: HRX), a leading Canadian manufacturer of aerospace and industrial products, today reported results for the first quarter of fiscal 2010 ended June 30, 2009. Unless otherwise indicated, all amounts are in Canadian dollars.

Consolidated sales for the quarter were \$82.2 million, versus \$82.6 million for the same period last year. Operating income stood at \$7.5 million, or 9.1% of sales, compared with \$9.8 million, or 11.9% of sales, a year ago. The Company reported net income of \$4.5 million, or \$0.15 per share, fully diluted, compared with net income of \$5.7 million, or \$0.18 per share, fully diluted, a year ago. Cash flow from operations amounted to \$11.8 million this year, up 0.9% from \$11.7 million last year. While the fluctuations in the value of the Canadian dollar versus the US currency increased sales in the first quarter by \$7.3 million or 8.8%, compared with last year, it had basically no impact on gross profit in dollars but a negative impact of 1.3% on the gross profit margin, expressed as a percentage of sales. The impact of currency movements on the Company's gross profit is mitigated by the use of forward foreign exchange sales contracts and the natural hedging from the purchase of materials made in US dollars.

"As anticipated, results reflect lower shipments in the commercial aerospace and industrial markets offset by the solid performance of our military aerospace operations," said Héroux-Devtek President and CEO Gilles Labbé. "Lower profitability mirrors decelerated production schedules as well as a favourable aftermarket sales mix in the first quarter a year ago. We are proactively implementing cost reductions measures to reflect a more difficult environment. However, time schedules have been reduced at some facilities while our three main business units in Longueuil, Kitchener and Texas have not been significantly affected."

Financial Highlights (in thousands of dollars, except per share data)	First quarters ended June 30	
	2009	2008
Sales	82,160	82,571
Operating income	7,471	9,803
Net income	4,542	5,698
Per share – basic and diluted (\$)	0.15	0.18
Cash flow from operations	11,830	11,719
Weighted-average shares outstanding ('000s)	30,946	31,645

As at June 30, 2009, Héroux-Devtek's balance sheet remained healthy with cash and cash equivalents of \$15.2 million and long-term debt, including the current portion, of \$87.0 million. As a result, the net debt-to-equity ratio stood at 0.35:1 at the end of the first quarter, compared with 0.24:1 three months earlier. The increase stems from working capital requirements that reduced cash and cash equivalents during the quarter. The net-debt-to-equity ratio is defined as the total long-term debt, including the current portion, less cash and cash equivalents over shareholders' equity.

During the first quarter, the Company repurchased 407,000 common shares at an average cost of \$4.51 per share under its normal course issuer bid program. This program allows Héroux-Devtek to repurchase a maximum of 1.5 million shares until November 23, 2009. As at June 30, 2009, the Company had repurchased a total of 941,000 shares.

## FIRST QUARTER HIGHLIGHTS

The Aerostructure Division was awarded a multi-year contract by Lockheed Martin Aeronautics Company to fabricate, assemble and deliver complex structural components and assemblies for the outer wing, inner wing, and forward fuselage for all three F-35 Lightning II aircraft (JSF) variants in support of Low Rate Initial Production lots 3 through 7 over the next five years. This contract begins in the second half of calendar year 2009 and continues through the first half of 2014, at which time the JSF program enters its first multi-year procurement phase. Based on best estimated quantity production rates, the value of the contract is estimated to be in excess of \$50 million. This agreement is in addition to a \$135-million, multi-year contract awarded in 2007 for forged aluminum bulkheads and other complex components and confirms Héroux-Devtek's status as the largest JSF aerostructure supplier for Lockheed Martin.

Noranco Inc. awarded the Aerostructure Division a multi-year contract related to electronic chassis components for the JSF aircraft. The Magtron business unit will perform operations, including brazing, heat treatment, and testing of complex avionic housings for all three JSF variants over the next eight years, beginning in calendar 2010. Based on best estimated quantity production rates, the value of the contract is estimated to be in excess of \$10 million. This contract expands Héroux-Devtek's reach on the JSF program across all three sites of the Aerostructure Division.

## SECTOR RESULTS

**Aerospace** sales for the first quarter rose 1.6% to \$75.2 million compared with \$74.0 million last year. Sales of the Landing Gear Division increased by 4.2% to \$48.1 million reflecting higher military sales and favourable currency fluctuations, partially offset by the deceleration of production schedules for business jet, helicopter and, to a lesser extent, large commercial aircraft programs. Aerostructure sales declined 2.7% to \$26.7 million, as greater sales from the ramp-up of the JSF program and favourable currency movements were more than offset by reduced aftermarket sales as well as by reduced business jet and regional jet activity.

Operating income was \$6.7 million, or 8.9% of sales, compared with \$8.4 million, or 11.4% of sales, in the first quarter of last year, essentially reflecting a less favourable sales mix at the Aerostructure Division and the negative impact of reduced production schedules in the commercial aerospace market.

**Industrial** sales totalled \$7.0 million for the first quarter of fiscal 2010, representing a decrease of 18.7% over sales of \$8.6 million in the first quarter of fiscal 2009. As a result of a weaker economy, the power generation industry, including wind energy, and the heavy equipment industry are experiencing softer market conditions.

Reflecting a lower sales volume, operating income stood at \$0.8 million, or 11.4% of sales, for the first quarter of this year compared with \$1.4 million, or 16.3% of sales, last year. Operating income as a percentage of sales still remains healthy by historical standards.

## OUTLOOK

The commercial aerospace market remains affected by persistent economic uncertainty. Given reduced levels of new orders, as well as cancellations or deferrals, production schedules are being reduced in the business jet, helicopter and, to a lesser extent, large commercial aircraft segment. The military aerospace market remains solid with major programs progressing as expected, particularly the JSF program. Still, the new US administration may reduce funding of subsequent military budgets. The power generation industry is impacted over the short-term by the financial crisis given the significant capital requirements of these projects, although wind energy still holds considerable potential over the mid-term.

"Decelerations of production schedules as well as order cancellations and push-outs in the commercial aerospace market have reduced Héroux-Devtek's funded backlog to \$468 million as at June 30, 2009, down from \$485 million three months earlier. Despite strong customer relationships and a backlog that nevertheless remains solid, we are not anticipating any significant sales growth for fiscal 2010 considering the prevailing economic environment. It is also important to remember that our second quarter has traditionally been a somewhat slower period owing to seasonal factors, such as plant shutdowns and summer vacations. In light of the Canadian

dollar's recent volatility, we will seek further productivity gains and continue to streamline our cost base to remain globally competitive," concluded Mr. Labbé.

### **ANNUAL MEETING OF SHAREHOLDERS**

The Company is holding its Annual Meeting of Shareholders this morning at 11:00 a.m. in the Salon Pierre de Coubertin of the Omni Mont-Royal Hotel, 1050 Sherbrooke Street West, Montréal, Québec.

### **CONFERENCE CALL**

Héroux-Devtek Inc. will hold a conference call to discuss these results on Thursday, August 6 at 3:00 P.M. Eastern Time. Interested parties can join the call by dialling (416) 915-5649 (Toronto or overseas) or 1-800-814-3911 (elsewhere in North America). The conference call can also be accessed via live webcast at Héroux-Devtek's website, [www.herouxdevtek.com](http://www.herouxdevtek.com), [www.newswire.ca](http://www.newswire.ca) or [www.q1234.com](http://www.q1234.com).

If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-877-289-8525 and entering the passcode 21311652# on your phone. This tape recording will be available on Thursday, August 6, 2009 as of 5:00 PM Eastern Time until 11:59 PM Eastern Time on Thursday, August 13, 2009.

### **PROFILE**

**Héroux-Devtek (TSX: HRX)**, a Canadian company, serves two main market segments: Aerospace and Industrial Products, specializing in the design, development, manufacture and repair and overhaul of related systems and components. Héroux-Devtek supplies both the commercial and military sectors of the Aerospace segment with landing gear (including spare parts, repair and overhaul services) and airframe structural components. The Company also supplies the Industrial segment with large components for power generation equipment and precision components for other industrial applications. Approximately 65% of the Company's sales are outside Canada, mainly in the United States. The Company's head office is located in Longueuil, Québec with facilities in the Greater Montreal area (Longueuil, Dorval, Laval and Rivière-des-Prairies); Kitchener and Toronto, Ontario; Arlington, Texas and Cincinnati, Ohio.

Héroux-Devtek was recognized, in the July/August edition of The Globe & Mail's Report on Business magazine, as the fourth fastest growing company in Canada measured in terms of net earnings growth between 2003 and 2008.

### **Forward-looking statements**

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

-30-

**Note to readers:** Complete unaudited interim consolidated financial statements and Management's Discussion & Analysis are available on Héroux-Devtek's website at [www.herouxdevtek.com](http://www.herouxdevtek.com).

**CONSOLIDATED BALANCE SHEETS**  
As at June 30, 2009 and March 31, 2009  
(In thousands of Canadian dollars) (Unaudited)

	Notes	June 2009	March 2009
<b>Assets</b>	<b>9</b>		
<b>Current assets</b>			
Cash and cash equivalents		\$ 15,203	\$ 39,759
Accounts receivable		45,874	52,190
Income tax receivable		6,553	5,630
Other receivables	14	4,849	3,739
Inventories	4	102,954	95,647
Prepaid expenses		2,610	2,011
Future income taxes		8,424	11,172
Other current assets	5	1,487	-
		187,954	210,148
<b>Property, plant and equipment, net</b>	<b>6</b>	<b>147,668</b>	<b>155,481</b>
<b>Finite-life intangible assets, net</b>		<b>10,943</b>	<b>11,190</b>
<b>Other assets</b>	<b>7</b>	<b>4,051</b>	<b>362</b>
<b>Goodwill</b>		<b>38,242</b>	<b>39,993</b>
		\$ 388,858	\$ 417,174
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 65,812	\$ 83,575
Accounts payable – other	8	6,270	18,559
Income tax payable		386	3,241
Future income taxes		3,771	3,568
Current portion of long-term debt	9	4,612	4,221
		80,851	113,164
<b>Long-term debt</b>	<b>9</b>	<b>82,407</b>	<b>83,047</b>
<b>Other liabilities</b>	<b>10</b>	<b>10,405</b>	<b>15,982</b>
<b>Future income taxes</b>		<b>12,362</b>	<b>8,490</b>
		186,025	220,683
<b>Shareholders' equity</b>			
Capital stock	11	101,567	102,822
Contributed surplus	11	1,492	1,375
Accumulated other comprehensive loss		(8,684)	(12,124)
Retained earnings		108,458	104,418
		202,833	196,491
		\$ 388,858	\$ 417,174

Commitments (Note 14)

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

**CONSOLIDATED STATEMENTS OF INCOME**

For the quarters ended June 30, 2009 and 2008

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

	Notes	2009	2008
Sales		\$ 82,160	\$ 82,571
Cost of sales, including amortization expense of \$5,290 (\$4,664 in 2008)	4	68,821	67,450
Gross profit		13,339	15,121
Selling and administrative expenses	11	5,868	5,318
Operating income		7,471	9,803
Financial expenses, net	9	1,178	1,171
Income before income tax expense		6,293	8,632
Income tax expense		1,751	2,934
Net income		\$ 4,542	\$ 5,698
Earnings per share – basic		\$ 0.15	\$ 0.18
Earnings per share – diluted		\$ 0.15	\$ 0.18
Weighted-average number of shares outstanding during the quarters		30,945,533	31,645,381

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

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the quarters ended June 30, 2009 and 2008

(In thousands of Canadian dollars) (Unaudited)

	Notes	Capital stock	Contributed surplus	Accumulated other comprehensive income ( loss)	Retained earnings	Comprehensive income (loss)
<b>Balance at March 31, 2009</b>		\$102,822	\$1,375	\$(12,124)	\$104,418	\$ -
Common shares issued or repurchased:	11	-	-	-	-	-
Under the stock purchase and ownership incentive plan		80	-	-	-	-
Repurchase of common shares under the Company's normal course issuer bid		(1,335)	-	-	(502)	-
Stock-based compensation expense	11	-	117	-	-	-
Net income		-	-	-	4,542	4,542
Net gains (losses) on derivative financial instruments designated as cash flow hedges, net of taxes of \$3,801		-	-	8,099	-	8,099
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior years transferred to net income in the current period, net of taxes of \$829		-	-	1,867	-	1,867
Cumulative translation adjustment		-	-	(6,526)	-	(6,526)
<b>Balance at June 30, 2009</b>		\$101,567	\$1,492	\$(8,684)	\$108,458	\$ 7,982

	Notes	Capital Stock	Contributed surplus	Accumulated other comprehensive income ( loss)	Retained earnings	Comprehensive income (loss)
<b>Balance at March 31, 2008, as previously reported</b>		\$104,260	\$1,115	\$(9,932)	\$85,335	\$ -
Changes in accounting policy:		-	-	-	(1,940)	-
Inventories		-	-	-	(1,940)	-
<b>Balance at March 31, 2008, adjusted</b>		104,260	1,115	(9,932)	83,395	-
Common shares issued	11	-	-	-	-	-
Under the stock purchase and ownership incentive plan		80	-	-	-	-
Stock-based compensation expense	11	-	120	-	-	-
Net income		-	-	-	5,698	5,698
Net gains (losses) on derivative financial instruments designated as cash flow hedges, net of taxes of \$653		-	-	1,357	-	1,357
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior years transferred to net income in the current period, net of taxes of \$975		-	-	(2,025)	-	(2,025)
Cumulative translation adjustment		-	-	(330)	-	(330)
<b>Balance at June 30, 2008</b>		\$104,340	\$1,235	\$(10,930)	\$89,093	\$ 4,700

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the quarters ended June 30, 2009 and 2008

(In thousands of Canadian dollars) (Unaudited)

	Notes	2009	2008
<b>Cash and cash equivalents provided by (used for):</b>			
<b>Operating activities</b>			
Net income		\$ 4,542	\$ 5,698
Items not requiring an outlay of cash:			
Amortization		5,290	4,664
Future income taxes		1,551	927
(Gain) on sale of property, plant and equipment		(2)	-
Amortization of deferred financing costs	9	42	42
Accretion expense on asset retirement obligations and non-interest bearing loans	9	290	268
Stock-based compensation expense	11	117	120
Cash flows from operations		11,830	11,719
Net change in non-cash working capital items related to operations	13	(25,443)	(9,175)
<b>Cash flows related to operating activities</b>		<b>(13,613)</b>	<b>2,544</b>
<b>Investing activities</b>			
Additions to property, plant and equipment	6	(4,229)	(4,039)
Net increase in finite-life intangible assets		(545)	(1,203)
Proceeds on disposal of property, plant and equipment		2	-
<b>Cash flows related to investing activities</b>		<b>(4,772)</b>	<b>(5,242)</b>
<b>Financing activities</b>			
Repayment of long-term debt	9	(1,834)	(1,417)
Repurchase of common shares	11	(1,837)	-
Issuance of common shares	11	80	80
<b>Cash flows related to financing activities</b>		<b>(3,591)</b>	<b>(1,337)</b>
<b>Effect of changes in exchange rates on cash and cash equivalents</b>		<b>(2,580)</b>	<b>51</b>
<b>Change in cash and cash equivalents during the period</b>		<b>(24,556)</b>	<b>(3,984)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>39,759</b>	<b>24,431</b>
<b>Cash and cash equivalents at end of period</b>		<b>\$ 15,203</b>	<b>\$ 20,447</b>
<b>Supplemental information:</b>			
Interest paid		\$ 762	\$ 789
Income taxes paid		\$ 3,918	\$ 1,786

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

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the quarters ended June 30, 2009 and 2008

(All dollar amounts in thousands of Canadian dollars, except share data) (Unaudited)

### Note 1. Interim Consolidated Financial Statements

The Interim consolidated financial statements include the accounts of Héroux-Devtek Inc. (the "Company") and its subsidiaries, all of which are wholly-owned.

The interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and follow the same accounting policies and methods in their application as the most recent annual financial statements. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim financial statements. Such adjustments are of a normal and recurring nature. The results of operations for the interim periods are not necessarily indicative of the operating results for the full year. The interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the fiscal year ended March 31, 2009.

### Note 2. Changes in Accounting policies

Adopted as at April 1, 2009

#### Goodwill and intangible assets

In February 2008, the Accounting Standard Board ("AcSB") issued Section 3064, *Goodwill and Intangible Assets*, which resulted in the withdrawal of Section 3062, *Goodwill and Other Intangible Assets*, Section 3450, *Research and Development Costs* and of Emerging Issues Committee ("EIC") Abstract 27, *Revenues and Expenditures during the pre-operating period*, and which also resulted in the amendment of Accounting Guideline ("AcG") 11, *Enterprises in the Development Stage*. This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are aligned with IFRS IAS 38, *Intangible Assets*.

The Company adopted this change in accounting policies as at April 1, 2009 with no effect on the Company's consolidated financial statements.

#### Future changes in accounting policies

#### International Financial Reporting Standards ("IFRS")

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. The conversion to IFRS will be required for the Company for interim and annual financial statements beginning on April 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 *Inventories* and IAS 38, *Intangible Assets*, thus mitigating the impact of adopting IFRS at the mandatory transition date.

#### Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the AcSB released Section 1582, *Business Combinations*, which resulted in the withdrawal of Section 1581, *Business Combinations*. It provides the Canadian equivalent to IFRS 3, *Business Combinations*. For the Company, this Section applies prospectively to business combinations for which the acquisition is subsequent to fiscal 2011. Earlier application is permitted. Section 1582 must be applied together with Section 1601 and Section 1602 if it is implemented for a fiscal year beginning before April 1, 2011.

In January 2009, the AcSB also released Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling Interest*, which resulted in the withdrawal of Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements of the parent, subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of IAS 27, *Consolidated and Separate Financial Statements*.

For the Company, these sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after April 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. These sections must be applied together with Section 1582, *Business Combinations* if they are implemented for a fiscal year beginning before April 1, 2011.

The Company is evaluating the effect of these new standards on its consolidated financial statements.

### Note 3. Financial instruments

The classification of financial instruments between held-for-trading ("HFT") loans and receivables ("L&R") and hedging items and their carrying amounts and fair values were as follows as at:

	June 30, 2009					March 31, 2009				
	Carrying value				Fair Value	Carrying value				Fair Value
	HFT	L&R	Hedging items	Total (1)		HFT	L&R	Hedging items	Total (1)	
<b>Financial assets</b>										
Cash and cash equivalents	\$15,203	\$ -	\$ -	\$15,203	\$15,203	\$39,759	\$ -	\$ -	\$39,759	\$39,759
Accounts receivable <sup>(2)</sup>	-	45,874	-	45,874	45,874	-	52,190	-	52,190	52,190
Other receivables <sup>(3)</sup>	-	462	-	462	462	-	832	-	832	832
Other current assets <sup>(4)</sup>	-	-	1,487	1,487	1,487	-	-	-	-	-
Other assets <sup>(6)</sup>	-	-	4,051	4,051	4,051	-	-	362	362	362
	\$15,203	\$46,336	\$5,538	\$67,077	\$67,077	\$39,759	\$53,022	\$ 362	\$93,143	\$93,143

	June 30, 2009					March 31, 2009				
	Carrying value				Fair Value	Carrying value				Fair Value
	HFT	Other than HFT	Hedging items	Total (1)		HFT	Other Than HFT	Hedging items	Total (1)	
<b>Financial liabilities</b>										
Accounts payable and accrued liabilities <sup>(5)</sup>	\$ -	\$40,362	\$ -	\$ 40,362	\$ 40,362	\$ -	\$53,557	\$ -	\$53,557	\$53,557
Accounts payable - other <sup>(4)</sup>	-	1,399	4,792	6,191	6,191	-	9,917	8,642	18,559	18,559
Long-term debt, including current portion	-	87,495	-	87,495	88,121	-	87,786	-	87,786	90,076
Long-term liabilities - Other liabilities <sup>(6)</sup>	-	-	5,073	5,073	5,073	-	-	10,444	10,444	10,444
	\$ -	\$129,256	\$9,865	\$139,121	\$139,747	\$ -	\$151,260	\$19,086	\$170,346	\$172,636

(1) Represents only the carrying values of financial assets and liabilities included in the corresponding balance sheet caption.

(2) Comprising trade receivables.

(3) Comprising certain other receivables.

(4) Includes the fair value of short-term derivative financial instruments.

(5) Comprising trade accounts payable and accrued liabilities, including interest and certain payroll-related liabilities.

(6) Includes the fair value of long-term derivative financial instruments.

At June 30, 2009, the Company had entered into forward foreign exchange sales contracts to sell US \$165,250 at a weighted-average exchange rate of 1.1440 (US\$162,750 at a weighted-average exchange rate of 1.1396 as at March 31, 2009 and US \$141,750 at a weighted-average exchange rate of 1.0787 as at June 30, 2008) for the purpose of foreign exchange risk management, essentially related to its export sales. These contracts mature at various dates between July 2009 and March 2014, with the majority maturing in fiscal 2010 and 2011.

At June 30, 2009, the Company had also entered into forward foreign exchange sales contracts totalling US\$11,300 at a weighted-average exchange rate of 1.2397 maturing over the next four fiscal years (the majority of which over the next two fiscal years) to cover foreign exchange risk related to certain embedded derivatives.

#### Note 4. Inventories

Inventories consist of:

	June 30, 2009	March 31, 2009
Raw materials	\$ 49,449	\$ 51,586
Work in progress and finished goods	83,492	78,273
Less: Progress billings	29,987	34,212
	<b>\$102,954</b>	<b>\$ 95,647</b>

The amount of inventories recognized as cost of sales for the quarters ended June 30 is detailed as follows:

	2009	2008
Aerospace segment	\$58,189	\$ 57,406
Industrial segment	4,231	6,474
	<b>\$62,420</b>	<b>\$ 63,880</b>

The change in write-downs related to inventories for the quarters ended June 30 is detailed as follows:

	2009	2008
Write-downs recognized as cost of sales	\$1,492	\$ 1,247
Reversal of write-downs recognized as a reduction of cost of sales	\$1,043	\$ 842

The inventory write-down reversal is determined following the revaluation, each quarter end, of the net realizable value of inventories based on the related sales contracts and production costs. It also includes the charges against the reserve for products delivered during the year for which a net realizable value reserve was required and recorded in prior periods.

#### Note 5. Other Current Assets

The Company's other current assets are summarized as follows:

	June 30, 2009	March 31, 2009
Derivative financial instruments – forward foreign exchange contracts	\$1,482	\$ -
Other	5	-
	<b>\$1,487</b>	<b>\$ -</b>

#### Note 6. Property, plant and equipment

The additions to property, plant and equipment of \$4,229 for the quarter ended June 30, 2009, presented in the consolidated statements of cash flows include \$8,518 of machinery and equipment which were received and accounted for in the last quarter of fiscal year 2009, but paid during the quarter ended June 30, 2009. They are also presented net of \$6,302 (none in last year's first quarter ended June 30, 2008) of machinery and equipment which were acquired through capital leases during the quarter ended June 30, 2009.

#### Note 7. Other assets

The Company's other assets are summarized as follows:

	June 30, 2009	March 31, 2009
Derivative financial instruments – forward foreign exchange contracts	\$4,051	\$ 362

#### Note 8. Accounts payable – other

The Company's accounts payable – other are summarized as follows:

	June 30, 2009	March 31, 2009
Derivative financial instruments – forward foreign exchange contracts	\$4,792	\$ 8,642
Machinery and equipment	1,399	9,917
Other	79	-
	<b>\$6,270</b>	<b>\$18,559</b>

## Note 9. Long-term debt

	June 30, 2009	March 31, 2009
Senior Secured Syndicated Revolving Credit Facilities ("Credit Facilities") of up to \$125,000, either in Canadian or U.S. currency equivalent, maturing on October 4, 2011, which bear interest at bankers' acceptance plus 1.0% for the Canadian Credit Facilities at June 30, 2009 (representing an effective interest rate of 1.4%; 1.7% as at March 31, 2009) and at Libor plus 1.0% at June 30, 2009 for the U.S. Credit Facilities (representing an effective interest rate of 1.3%; 1.5% as at March 31, 2009). At June 30 and March 31, 2009, the Company used \$nil and US\$43,000 on the Credit Facilities.	\$ 50,009	\$ 54,235
Non-interest bearing loans, repayable in variable quarterly instalments, with various expiry dates until 2025.	18,617	19,042
Obligations under capital leases bearing interest between 4.2% and 9.3% maturing from August 2009 to May 2016, with amortization periods ranging from five to eight years, secured by the related property, plant and equipment, net of interest of \$3,297 (\$2,355 at March 31, 2009).	18,869	14,509
Deferred financing costs, net	(476)	(518)
	87,019	87,268
Less: current portion	4,612	4,221
	<b>\$ 82,407</b>	<b>\$ 83,047</b>

### Senior Secured Syndicated Revolving Credit Facilities

The Senior Secured Revolving Credit Facilities will mature on October 4, 2011.

These Credit Facilities allow the Company and its subsidiaries to borrow up to \$125,000 (either in Canadian and U.S. currency equivalent – see below), from a group of banks and their U.S. subsidiaries or branches and are used for working capital, capital expenditures and other general corporate purposes, are secured by all assets of the Company and its subsidiaries and, are subject to certain covenants and corporate guarantees granted by the Company and its subsidiaries.

Interest rates vary based on prime, bankers' acceptance, Libor or U.S. base rate plus a relevant margin depending on the level of the Company's indebtedness and cash flows.

These Credit Facilities are governed by two credit agreements (Canadian and U.S.).

Financial expenses, for the quarters ended June 30, comprise the following:

	2009	2008
Interest	\$ 829	\$ 1,029
Interest accretion on non-interest bearing loans	233	215
Amortization of deferred financing costs	42	42
Standby fees	22	21
Accretion expense on asset retirement obligations	57	53
Gain on financial instruments classified as HFT - Interest income	(5)	(189)
Financial expenses, net	<b>\$ 1,178</b>	<b>\$ 1,171</b>

## Note 10. Other liabilities

The Company's other liabilities are summarized as follows:

	June 30, 2009	March 31, 2009
Pension plan and other post-retirement benefits	\$5,090	\$ 5,288
Derivative financial instruments – interest rate swaps	1,658	2,030
Derivative financial instruments – forward foreign exchange contracts	3,415	8,414
Other	242	250
	<b>\$10,405</b>	<b>\$15,982</b>

## Note 11. Capital stock

### Authorized capital stock

The authorized capital stock of the Company consists of the following:

- An unlimited number of voting common shares, without par value;
- An unlimited number of first preferred shares, issuable in series; and
- An unlimited number of second preferred shares, issuable in series.

The rights, privileges, restrictions and conditions related to the preferred shares may be established by the Board of Directors.

The issued and outstanding capital stock of the Company consists of the following:

	June 30, 2009	March 31, 2009
<b>30,785,068</b> common shares at June 30, 2009 (31,171,688 at March 31, 2009)	<b>\$101,567</b>	<b>\$102,822</b>

### Issuance of common shares

During the quarter ended June 30, 2009, the Company issued 20,380 common shares at a weighted average price of \$3.93 for a total net cash consideration of \$80. These shares were all issued under the Company's stock purchase and ownership plan.

During the quarter ended June 30, 2008, the Company issued 11,287 common shares at a weighted-average price of \$7.06 for a total net cash consideration of \$80. These shares were all issued under the Company's stock purchase and ownership plan.

### Normal course issuer bid

On November 24, 2008, the Company launched a normal course issuer bid ("NCIB") under which the Company may repurchase up to 1,500,000 of its common shares, representing approximately 5% of the issued and outstanding common shares. The NCIB terminates on November 23, 2009, or on such earlier date as the Company may complete its repurchases.

During the quarter ended June 30, 2009, the Company repurchased 407,000 shares at an average price of \$4.51, for a total net cash consideration of \$1,837 under the normal course issuer bid. The excess (\$502) of the cost of the common shares over their average book value (\$1,335) was accounted for as a reduction of the Company's retained earnings.

Since November 24, 2008, the Company repurchased a total of 941,000 common shares at an average price of \$4.18.

### Stock option plan

The Company has a stock option plan where options to purchase common shares are issued to officers and key employees. The Company expenses all granting of stock options based on their earned period, using the Binomial valuation model to determine their fair value. The expense related to stock options in the quarter ended June 30, 2009 amounting to \$117 (\$120 for the quarter ended June 30, 2008) is recorded as compensation expense and is included in the selling and administrative expenses, with a corresponding amount to the contributed surplus in the Company's Shareholders' equity.

During the quarters ended June 30, 2009 and 2008, no stock options were granted and 75,000 options were cancelled (65,000 in 2008) following their expiry dates.

At June 30, 2009, the Company had 1,309,221 outstanding stock options at a weighted-average exercise price of \$6.07 which will expire over the next six years (between February 2010 and November 2015).

### Stock purchase and ownership incentive plan

On September 2, 2004, the Board of Directors of the Company approved a stock purchase and ownership incentive plan to induce management employees to hold, on a long-term basis, common shares of the Company.

During the quarter ended June 30, 2009, 20,380 common shares were issued (194,209 since the beginning of the plan) and 8,644 common shares attributed to the participating employees (83,269 since the beginning of the plan). The expense related to the attributed common shares amounting to \$38 is recorded as compensation expense and is included in the Company's selling and administrative expenses.

During the quarter ended June 30, 2008, 11,287 common shares were issued and 4,652 common shares were attributed to the participating employees. The expense related to the attributed common shares amounting to \$37 is recorded as compensation expense and is included in the Company's selling and administrative expenses.

### **Stock appreciation rights plan**

The Company has a stock appreciation rights ("SAR") plan under which rights are issued to its non-employee directors. The SAR enables the participants to receive by way of bonuses, on the exercise date of a SAR, a cash amount equal to the excess of the market price of the Company's common share over the granted price of the SAR.

During the quarters ended June 30, 2009 and 2008, no SARs were granted. The SARs are expensed on an earned basis and their costs are determined based on the Company's common shares quoted market value over their granted price. During the quarters ended June 30, 2009 and 2008, no expense was recorded for SARs.

During the quarters ended June 30, 2009 and 2008, no SARs were exercised or cancelled.

At June 30, 2009, on a cumulative basis, 123,000 SARs were still outstanding at a weighted-average granted value of \$6.59 (95,500 SARs at a weighted-average granted value of \$6.53 as at June 30, 2008) which expire on various dates from fiscal 2010 to 2015.

## **Note 12. Pension and other retirement benefit plans**

### ***Description of benefit plans***

The Company has funded and unfunded defined benefit pension plans as well as defined contribution pension plans that provide pension benefits to its employees. Retirement benefits provided by the defined benefit pension plans are based on either years of service and flat amount, years of service and final average salary, or set out by individual agreements.

Benefits provided by the post-retirement benefit plans are set out by individual agreements, which mostly provide for life insurance coverage and health care benefits. Since their amount is not significant, they are not included in the figures below.

Defined pension plan obligations are impacted by factors including interest rates, adjustments arising from plan amendments, changes in assumptions and experience gains or losses. The total pension costs for the quarters ended June 30 are as follows:

	2009	2008
Defined benefit pension costs	\$ 349	\$ 304
Defined contribution pension costs	524	497
	\$ 873	\$ 801

**Note 13. Net change in non-cash working capital items related to operations**

The net change in non-cash working capital items related to operations for the quarters ended June 30 are detailed as follows:

	2009	2008
Accounts receivable	\$ 6,316	\$ (3,110)
Income tax receivable	(923)	139
Other receivables	(1,110)	1,088
Inventories	(7,307)	(3,791)
Prepaid expenses	(599)	(133)
Other current assets	(5)	(168)
Accounts payable and accrued liabilities and, other liabilities	(16,678)	(3,580)
Accounts payable – other	79	-
Income tax payable	(2,855)	530
Effect of changes in exchange rate <sup>(1)</sup>	(2,361)	(150)
	\$ (25,443)	\$ (9,175)

<sup>(1)</sup> Reflects the total impact of changes in exchange rate during the related period on non-cash working capital items listed above for the Company's U.S. subsidiaries.

**Note 14. Commitments**

The Company has released purchase orders relating to machinery and equipment which have not been delivered yet to the Company's facilities. These outstanding purchase orders at June 30, 2009 amounted to \$8,932 (\$4,709 – March 31, 2009) for which \$2,913 (\$1,115 – March 31, 2009) of deposits on machinery and equipment were made and included in the Company's other receivables.

## Note 15. Segmented information

Quarters ended June 30

### Activity segments

	2009			2008		
	Aerospace	Industrial	Total	Aerospace	Industrial	Total
Sales	\$ 75,183	\$ 6,977	\$ 82,160	\$ 73,993	\$ 8,578	\$ 82,571
Operating income	6,674	797	7,471	8,402	1,401	9,803
Financial expenses, net			1,178			1,171
Income before income tax expense			6,293			8,632
Assets	356,953	31,905	388,858	330,104	22,979	353,083
Goodwill	37,201	1,041	38,242	34,778	913	35,691
Additions to property, plant and equipment	3,748	481	4,229	2,684	1,355	4,039
Net increase in finite-life intangible assets	545	-	545	1,203	-	1,203
Amortization	4,611	679	5,290	4,050	614	4,664

### Geographic segments

	2009			2008		
	Canada	U.S.	Total	Canada	U.S.	Total
Sales	\$ 55,546	\$ 26,614	\$ 82,160	\$ 55,349	\$ 27,222	\$ 82,571
Property plant and equipment, net	92,170	55,498	147,668	75,631	50,102	125,733
Finite-life intangible assets, net	5,938	5,005	10,943	1,216	6,405	7,621
Goodwill	17,534	20,708	38,242	17,534	18,157	35,691
Export sales <sup>(1)</sup>	\$ 31,332			\$ 25,329		

69% of the Company's sales (63% in 2008) were to U.S. customers.

(1) Export sales are attributed to countries based on the location of the customers.

## Note 16. Reclassification

Comparative figures for the consolidated financial statements as at June 30, 2008 and March 31, 2009 have been reclassified to conform to the June 30, 2009 presentation.