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**PRESS RELEASE
FOR IMMEDIATE RELEASE**

HÉROUX-DEVTEK REPORTS SECOND QUARTER RESULTS

- Sales of \$83.2 million, compared with \$76.6 million last year
- EBITDA of \$10.8 million, versus \$11.7 million a year ago
- Basic earnings per share of \$0.09, compared with \$0.11 last year
- Funded backlog of \$574 million, up from \$545 million three months ago

Longueuil, Québec, October 29, 2010 — Héroux-Devtek Inc. (TSX: HRX), a leading Canadian manufacturer of aerospace and industrial products, today reported its results for the second quarter of fiscal 2011 ended September 30, 2010. Results include the contribution of Eagle Tool & Machine Co. ("Eagle") and of its subsidiary All Tools, Inc. ("E2"), acquired on April 28, 2010. It also includes restructuring charges of \$269,000 before income taxes, equivalent to \$0.01 per share net of income taxes, in connection with the closure of the Rivière-des-Prairies plant during the quarter. Unless otherwise indicated, all amounts are in Canadian dollars.

Consolidated sales for the second quarter were \$83.2 million, an increase of 8.7% over sales of \$76.6 million for the same period last year. Excluding a \$13.5 million sales contribution from Eagle and E2, sales declined mainly due to lower landing gear repair and overhaul throughput and unfavourable currency impact. Earnings before interest, taxes, depreciation and amortization ("EBITDA"), excluding restructuring charges, were \$10.8 million, or 13.0% of sales, compared with \$11.7 million, or 15.3% of sales, last year. This essentially reflects the unfavourable impact of lower landing gear throughput on the absorption of manufacturing overhead costs. Operating income stood at \$4.9 million, or 5.9% of sales, compared with \$6.4 million, or 8.3% of sales, last year. Net income reached \$2.6 million, or \$0.09 per share (\$0.08 diluted), compared with net income of \$3.5 million, or \$0.11 per share a year ago, mainly resulting from the manufacturing overhead cost absorption impact. Cash flow from operations amounted to \$9.0 million this year, down from \$11.7 million last year.

Fluctuations in the value of the Canadian dollar versus the US currency decreased second quarter sales by \$2.6 million or 3.4%, compared with last year, but had a minimal impact on the Company's gross profit, which was mainly influenced by the under-absorption of manufacturing overhead costs. 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.

Financial highlights (in thousands of dollars, except per share data)	Quarters ended September 30,		Six months ended September 30,	
	2010	2009	2010	2009
Sales	83,194	76,570	165,735	158,730
EBITDA	10,813	11,723	22,261	24,484
Operating income	4,934	6,358	10,517	13,829
Net income	2,556	3,518	5,739	8,060
Per share - basic (\$)	0.09	0.11	0.19	0.26
Per share - diluted (\$)	0.08	0.11	0.19	0.26
Cash flows from operations	8,978	11,657	19,245	23,487
Weighted-average shares outstanding (basic, in '000s)	30,007	30,645	30,122	30,795

"Our newly-acquired U.S. Landing Gear products operations had a solid contribution during the second quarter, which partially offset lower military repair and overhaul throughput in domestic Landing Gear products operations," said President and CEO Gilles Labbé. "While this lower throughput negatively impacted gross profit, the profitability of Aerostructure products operations improved, as we made proactive adjustments to reflect altered scheduling on the JSF and received increased orders for certain business jet programs. Meanwhile, Industrial sales reflected solid demand for heavy equipment from the mining sector."

As at September 30, 2010, Héroux-Devtek's balance sheet remained healthy with cash and cash equivalents of \$29.4 million and long-term debt, including the current portion, of \$101.9 million. As a result, the net debt-to-equity ratio stood at 0.33:1 at the end of the second quarter, compared with 0.35:1 three months earlier. 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 second quarter, Héroux-Devtek repurchased 59,100 common shares under its normal course issuer bid program at an average net price of \$5.57 per share. This brings the total number of common shares repurchased under the program to 698,500 since November 2009 at an average net price of \$5.69 per share. The program allows the Company to repurchase a maximum of 1.5 million common shares until November 24, 2010.

SEGMENT RESULTS

Aerospace sales reached \$77.0 million in the second quarter of fiscal 2011 compared with \$70.9 million last year. Sales of the Landing Gear product line increased 13.1% to \$53.6 million reflecting the contribution of Eagle and E2. Excluding the acquisition, sales decreased 15.4%, as lower repair and overhaul throughput and engineering sales, as well as currency fluctuations, more than offset new business on the A-320, B-787 and Fokker programs. Aerostructure product sales were stable at \$23.3 million, as reduced F-22 sales and unfavourable currency fluctuations were offset by greater activity for certain business jet programs.

Industrial sales rose 10.0% to \$6.2 million in the second quarter of fiscal 2011. This increase reflects solid demand for heavy equipment from the mining industry which more than offset soft conditions in the power generation industry.

SIX MONTHS RESULTS

For the first six months of fiscal 2011, consolidated sales amounted to \$165.7 million, including a \$20.6 million contribution from Eagle and E2, up from \$158.7 million in fiscal 2010. Aerospace sales rose 4.7% to \$153.0 million, while Industrial sales were 0.7% higher at \$12.7 million. EBITDA reached \$22.3 million, or 13.4% of sales, excluding restructuring charges of \$637,000, versus \$24.5 million, or 15.4% of sales, a year earlier, while operating income stood at \$10.5 million, or 6.3% of sales, compared with \$13.8 million, or 8.7% of sales, last year. Net income totalled \$5.7 million, or \$0.19 per share, versus \$8.1 million, or \$0.26 per share, in the prior year. Restructuring charges, net of income taxes, reduced net income by \$0.02 per share in the first six months of fiscal 2011. Finally, cash flow from operations was \$19.2 million, down from \$23.5 million in the corresponding period a year earlier, mainly due to the reduced net income and future income tax variation impact.

RECENT EVENTS

On October 14, 2010, the Landing Gear product line was awarded additional orders for the manufacturing of landing gear components. These orders, essentially from the U.S. Air Force, are mainly for the B-1B, C-130, C-5 and F-15 aircraft. The combined value of the contracts is approximately Cdn\$16.4 million, a majority of which was obtained by Eagle. Production will be spread out over the next four years, with deliveries beginning in the current fiscal year, ending March 31, 2011.

OUTLOOK

Conditions continue to improve in the commercial aerospace market. In the large commercial aircraft segment, Boeing and Airbus have announced production rate increase for the next three calendar years on leading programs and new orders have increased substantially in the first nine months of calendar 2010. The business jet market appears to have bottomed out and the industry is seeing positive signs. The military aerospace market, while still healthy, is stabilizing as governments address their deficits. As to the JSF program, the ramp-up continues, albeit at a slightly more moderate pace over the near term. In Canada, the Government's decision to purchase 65 JSF aircraft should also benefit the Canadian aerospace industry. The North American power generation industry appears to have bottomed out, as leading equipment manufacturers have reported rising new orders. While no significant recovery is expected in the short-term, renewable energy sources, including wind, still hold considerable potential over the mid-term.

As at September 30, 2010, Héroux-Devtek's funded (firm orders) backlog was \$574 million, up from \$545 million three months ago, and remains well diversified.

"Héroux-Devtek is in a stronger competitive position than before the recession. Our expanded North American network, strong customer relationships, healthy balance sheet and constant drive to improve efficiency and productivity firmly position the Company as a leader in its core markets. The contribution from Eagle and E2, scheduled production rate increases on large commercial aircraft programs and the ramp-up of the JSF will positively influence Héroux-Devtek's operating results for the remainder of fiscal 2011 and beyond. We continue to anticipate a stronger second half for fiscal 2011 with sales approximately 15% to 20% higher when compared with the first half of the year, assuming no major change in the average exchange rate," concluded Mr. Labbé.

CONFERENCE CALL

Héroux-Devtek Inc. will hold a conference call to discuss these results on Friday, October 29, 2010 at 10:00 A.M. Eastern Time. Interested parties can join the call by dialling (514) 807-9895 (Montreal or overseas) or 1-866-865-3087 (elsewhere in North America). The conference call can also be accessed via live webcast at Héroux-Devtek's website, www.herouxdevtek.com, www.newswire.ca or www.q1234.com.

If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-800-642-1687 and entering the passcode 16026731 on your phone. This tape recording will be available on Friday, October 29, 2010 as of 1:00 PM Eastern Time until 11:59 PM Eastern Time on Friday, November 5, 2010.

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 systems (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 70% 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 and Laval); Kitchener and Toronto, Ontario; Arlington, Texas; as well as Springfield, Cleveland and Cincinnati, Ohio.

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.

NON-GAAP MEASURES

Earnings before interest, taxes, depreciation and amortization ("EBITDA") and cash flows from operations are financial measures not prescribed by Canadian generally accepted accounting principles ("GAAP") and are not likely to be comparable to similar measures presented by other issuers. Management, as well as investors, considers these to be useful information to assist them in evaluating the company's profitability, liquidity and ability to generate funds to finance its operations.

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

CONSOLIDATED BALANCE SHEETS

As at September 30, 2010 and March 31, 2010

(In thousands of Canadian dollars) (Unaudited)

	Notes	September 2010	March 2010
Assets	3, 10		
Current assets			
Cash and cash equivalents		\$ 29,367	\$ 46,591
Accounts receivable		46,161	39,085
Income tax receivable		2,089	1,349
Other receivables	7, 15	10,078	11,174
Inventories	8	102,992	84,408
Prepaid expenses		2,186	2,151
Future income taxes		6,817	5,124
Derivative financial instruments – forward foreign exchange contracts		8,048	7,568
		207,738	197,450
Property, plant and equipment, net		145,267	137,670
Finite-life intangible assets, net		15,551	11,698
Derivative financial instruments – forward foreign exchange contracts		8,719	12,408
Goodwill		41,800	35,621
		\$ 419,075	\$ 394,847
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 60,360	\$ 58,069
Accounts payable – other	9	4,513	4,591
Income tax payable		450	138
Future income taxes		5,469	7,161
Current portion of long-term debt	10	5,306	4,250
		76,098	74,209
Long-term debt	10	96,638	76,807
Other liabilities	11	9,486	10,948
Future income taxes		17,602	15,791
		199,824	177,755
Shareholders' equity			
Capital stock	12	99,621	100,641
Contributed surplus	12	1,847	1,615
Accumulated other comprehensive (loss)		(5,849)	(4,618)
Retained earnings		123,632	119,454
		219,251	217,092
		\$ 419,075	\$ 394,847

Commitments (Note 15)

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

CONSOLIDATED STATEMENTS OF INCOME

For the periods ended September 30, 2010 and 2009

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

	Notes	Quarters ended September 30		Six months ended September 30	
		2010	2009	2010	2009
	3				
Sales		\$ 83,194	\$ 76,570	\$ 165,735	\$ 158,730
Cost of sales, including amortization expense	5, 8	72,328	64,836	143,262	133,657
Gross profit		10,866	11,734	22,473	25,073
Selling and administrative expenses	12	5,932	5,376	11,956	11,244
Operating income		4,934	6,358	10,517	13,829
Financial expenses, net	10	1,155	1,155	2,233	2,333
Income before income tax expense and restructuring charges		3,779	5,203	8,284	11,496
Restructuring charges	6	269	-	637	-
Income before income tax expense		3,510	5,203	7,647	11,496
Income tax expense		954	1,685	1,908	3,436
Net income		\$ 2,556	\$ 3,518	\$ 5,739	\$ 8,060
Earnings per share – basic		\$ 0.09	\$ 0.11	\$ 0.19	\$ 0.26
Earnings per share – diluted		\$ 0.08	\$ 0.11	\$ 0.19	\$ 0.26
Weighted-average number of shares outstanding during the periods		30,007,178	30,644,832	30,121,872	30,795,183

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the periods ended September 30, 2010 and 2009

(In thousands of Canadian dollars) (Unaudited)

For the quarter ended September 30, 2010

	Notes	Capital stock	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Comprehensive income (loss)
Balance at June 30, 2010		\$99,128	\$1,730	\$(5,899)	\$121,211	\$ -
Common shares:	12					
Issued under the stock option plan		605	-	-	-	-
Issued under the stock purchase and ownership incentive plan		83	-	-	-	-
Repurchased under the Company's normal course issuer bid		(195)	-	-	(135)	-
Stock-based compensation expense	12	-	117	-	-	-
Net income		-	-	-	2,556	2,556
Net gains (losses) on derivative financial instruments designated as cash flow hedges, net of taxes of \$1,574		-	-	3,812	-	3,812
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior periods transferred to net income in the current period, net of taxes of \$412		-	-	(1,097)	-	(1,097)
Cumulative translation adjustment		-	-	(2,665)	-	(2,665)
Balance at September 30, 2010		\$99,621	\$1,847	\$(5,849)	\$123,632	\$2,606

For the six-month period ended September 30, 2010

	Notes	Capital Stock	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Comprehensive income (loss)
Balance at March 31, 2010		\$100,641	\$1,615	\$(4,618)	\$119,454	\$ -
Common shares:	12					
Issued under the stock option plan		747	-	-	-	-
Issued under the stock purchase and ownership incentive plan		170	-	-	-	-
Repurchased under the Company's normal course issuer bid		(1,937)	-	-	(1,561)	-
Stock-based compensation expense	12	-	232	-	-	-
Net income		-	-	-	5,739	5,739
Net gains (losses) on derivative financial instruments designated as cash flow hedges, net of taxes of \$18		-	-	141	-	141
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior periods transferred to net income in the current period, net of taxes of \$935		-	-	(2,574)	-	(2,574)
Cumulative translation adjustment		-	-	1,202	-	1,202
Balance at September 30, 2010		\$99,621	\$1,847	\$(5,849)	\$123,632	\$ 4,508

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the periods ended September 30, 2010 and 2009

(In thousands of Canadian dollars) (Unaudited)

For the quarter ended September 30, 2009

	Notes	Capital stock	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Comprehensive income (loss)
Balance at June 30, 2009		\$101,567	\$1,492	\$(8,684)	\$108,458	\$ -
Common shares:	12					
Issued under the stock purchase and ownership incentive plan		79	-	-	-	-
Repurchased under the Company's normal course issuer bid		(790)	-	-	(252)	-
Stock-based compensation expense	12	-	(110)	-	-	-
Net income		-	-	-	3,518	3,518
Net gains (losses) on derivative financial instruments designated as cash flow hedges, net of taxes of \$3,530		-	-	9,218	-	9,218
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior periods transferred to net income in the current period, net of taxes of \$58		-	-	173	-	173
Cumulative translation adjustment		-	-	(6,540)	-	(6,540)
Balance at September 30, 2009		\$100,856	\$1,382	\$(5,833)	\$111,724	\$ 6,369

For the six-month period ended September 30, 2009

	Notes	Capital Stock	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Comprehensive income (loss)
Balance at March 31, 2009		\$102,822	\$1,375	\$(12,124)	\$104,418	\$ -
Common shares:	12					
Issued under the stock purchase and ownership incentive plan		159	-	-	-	-
Repurchased under the Company's normal course issuer bid		(2,125)	-	-	(754)	-
Stock-based compensation expense	12	-	7	-	-	-
Net income		-	-	-	8,060	8,060
Net gains (losses) on derivative financial instruments designated as cash flow hedges, net of taxes of \$7,331		-	-	17,317	-	17,317
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior periods transferred to net income in the current period, net of taxes of \$887		-	-	2,040	-	2,040
Cumulative translation adjustment		-	-	(13,066)	-	(13,066)
Balance at September 30, 2009		\$100,856	\$1,382	\$(5,833)	\$111,724	\$14,351

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ended September 30, 2010 and 2009

(In thousands of Canadian dollars) (Unaudited)

	Notes	Quarters ended September 30		Six months ended September 30	
		2010	2009	2010	2009
Cash and cash equivalents provided by (used for):					
Operating activities					
Net income		\$ 2,556	\$ 3,518	\$ 5,739	\$ 8,060
Items not requiring an outlay of cash:					
Amortization		5,879	5,365	11,744	10,655
Future income taxes		(75)	2,516	611	4,067
Loss on sale of property, plant and equipment		77	26	77	24
Amortization of deferred financing costs	10	42	42	84	84
Accretion expense on asset retirement obligations and governmental authorities loans	10	382	300	758	590
Stock-based compensation expense	12	117	(110)	232	7
Cash flows from operations		8,978	11,657	19,245	23,487
Net change in non-cash working capital items related to operations	14	(702)	364	(9,302)	(25,080)
Cash flows related to operating activities		8,276	12,021	9,943	(1,593)
Investing activities					
Additions to property, plant and equipment	5	(5,898)	(971)	(9,093)	(5,200)
Net increase in finite-life intangible assets	5	(1,579)	(833)	(3,729)	(1,378)
Proceeds on disposal of property, plant and equipment		45	7	70	9
Business acquisition	3	-	-	(28,813)	-
Cash flows related to investing activities		(7,432)	(1,797)	(41,565)	(6,569)
Financing activities					
Increase in long-term debt		1,309	5,663	18,875	5,663
Repayment of long-term debt		(939)	(1,165)	(2,559)	(2,999)
Repurchase of common shares	12	(330)	(1,042)	(3,498)	(2,879)
Issuance of common shares	12	688	79	917	159
Cash flows related to financing activities		728	3,535	13,735	(56)
Effect of changes in exchange rates on cash and cash equivalents					
		(953)	(1,750)	663	(4,329)
Change in cash and cash equivalents during the periods		619	12,009	(17,224)	(12,547)
Cash and cash equivalents at beginning of periods		28,748	15,203	46,591	39,759
Cash and cash equivalents at end of periods		\$ 29,367	\$ 27,212	\$ 29,367	\$ 27,212
Supplemental information:					
Interest paid		\$ 794	\$ 816	\$ 1,399	\$ 1,578
Income taxes paid		\$ 595	\$ 126	\$ 856	\$ 4,044

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended September 30, 2010 and 2009

(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, 2010.

Note 2. Future changes in accounting policies

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standard Board ("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, thus mitigating the impact of adopting IFRS at the mandatory transition date.

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

Note 3. Business acquisition

On April 28, 2010, the Company announced that it had concluded the acquisition through a U.S. subsidiary of substantially all the net assets of U.S. based Eagle Tool & Machine Co. and of its subsidiary All Tools, Inc. (E-2 Precision Products), two privately-owned manufacturers of precision machined products mainly for the military aerospace industry, with annual sales of approximately \$40,000, based on their last financial year ended December 31, 2009.

The preliminary allocation of the total purchase price of the net assets acquired, along with the source of funds, can be broken down as follows:

Net assets acquired		Source of funds	
Working capital	\$ 16,797	Credit Facilities	\$ 16,711
Property, plant and equipment	8,498	Cash	12,102
Backlog	1,390	Promissory note	3,721
Goodwill	5,849		
	\$ 32,534		\$ 32,534

The identifiable intangible assets related to the business acquisition, which amounted to \$1,390, was attributed to the backlog. The backlog value was determined, using a discounted cash flow method. The excess of the purchase price over the fair value of the net tangible assets acquired and the acquired backlog amounted to \$5,849.

The promissory note is repayable to the seller over 40 months, starting on April 30, 2010, bears a fixed interest rate of 5% and is guaranteed by the Company. The underlying value of the backlog which relates to specific sales contracts is amortized on a pro rata basis over the life of the related sales contracts and units delivered.

Note 4. Financial instruments

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

	September 30, 2010					March 31, 2010				
	Carrying value				Fair Value	Carrying value				Fair Value
	HFT	L&R	Hedging items	Total (1)		HFT	L&R	Hedging items	Total (1)	
Financial assets										
Cash and cash equivalents	\$29,367	\$ -	\$ -	\$29,367	\$29,367	\$46,591	\$ -	\$ -	\$46,591	\$46,591
Accounts receivable ⁽²⁾	-	46,161	-	46,161	46,161	-	39,085	-	39,085	39,085
Other receivables ⁽³⁾	-	409	-	409	409	-	540	-	540	540
Derivative financial instruments – forward foreign exchange contracts	-	-	16,767	16,767	16,767	-	-	19,976	19,976	19,976
	\$ 29,367	\$46,570	\$16,767	\$92,704	\$92,704	\$46,591	\$39,625	\$19,976	\$106,192	\$106,192

	September 30, 2010					March 31, 2010				
	Carrying value				Fair Value	Carrying value				Fair Value
	HFT	Other than HFT	Hedging items	Total (1)		HFT	Other Than HFT	Hedging items	Total (1)	
Financial liabilities										
Accounts payable and accrued liabilities ⁽⁵⁾	\$ -	\$41,448	\$ -	\$41,448	\$41,448	\$ -	\$44,493	\$ -	\$44,493	\$44,493
Accounts payable – other ⁽⁴⁾	-	-	1,960	1,960	1,960	-	613	2,021	2,634	2,634
Long-term debt, including current portion	-	102,210	-	102,210	103,737	-	81,407	-	81,407	82,988
Long-term liabilities – Other liabilities ⁽⁶⁾	-	966	-	966	966	-	-	1,716	1,716	1,716
	\$ -	\$144,624	\$1,960	\$146,584	\$148,111	\$ -	\$126,513	\$3,737	\$130,250	\$131,831

(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 September 30, 2010, the Company had entered into forward foreign exchange sales contracts to sell US\$151.1 million at a weighted-average exchange rate of 1.1342 (Canadian dollar over U.S. dollar, "cad/usd" - US\$150.0 million at a weighted-average exchange rate of 1.1436 cad/usd as at March 31, 2010 and US \$166.4 million at a weighted-average exchange rate of 1.1427 cad/usd as at September 30, 2009) for the purpose of foreign exchange risk management, essentially related to its export sales. These contracts mature at various dates between October 2010 and March 2015, with the majority maturing in fiscal 2011 and 2012.

At September 30, 2010, the Company had also entered into forward foreign exchange sales contracts totalling US\$9.3 million at a weighted-average exchange rate of 1.2372 cad/usd (US\$11.3 million at a weighted-average rate of 1.2396 cad/usd at March

31, 2010 and September 30, 2009) maturing over the next four fiscal years to cover foreign exchange risk related to certain embedded derivatives.

Note 5. Government assistance

Government assistance, including investment and other tax credits and the discounted portion of the governmental authorities loans, is recorded as a reduction of the related capital expenditures, development costs, inventory or expenses when there is reasonable assurance that the assistance will be received.

During the three- and six-month periods ended September 30, 2010, the Company recorded as a reduction of cost of sales an amount of \$367 and \$987 respectively, and as a reduction of the related capital expenditures or development costs an amount of \$1,035 and \$1,471 respectively, for government assistance.

During the three- and six-month periods ended September 30, 2009, the Company recorded as a reduction of cost of sales an amount of \$1,078 and \$2,373 respectively, and as a reduction of the related capital expenditures or development costs an amount of \$503 and \$663 respectively, for government assistance.

Note 6. Restructuring charges

On May 13, 2010, the Company announced that it was launching initiatives to optimize and consolidate production capacity, while further enhancing productivity of its Québec-based facilities. Consequently, the Company's Rivière-des-Prairies, Québec, facility was closed in September 2010 and its production was transferred to the Company's other facilities in the Greater Montreal area. During the three- and six-month periods ended September 30, 2010, the Company recorded restructuring charges of \$269 and \$637 respectively (\$196 and \$454 net of income taxes). The Company does not expect any significant additional restructuring charges.

Note 7. Other receivables

Other receivables consist of:

	September 30, 2010	March 31, 2010
Investment and other tax credits receivable	\$ 7,614	\$8,096
Sales tax receivable	953	1,195
Deposits on machinery and equipment (Note 15)	1,075	772
Others	436	1,111
	\$10,078	\$11,174

Note 8. Inventories

Inventories consist of:

	September 30, 2010	March 31, 2010
Raw materials	\$54,755	\$47,327
Work in progress and finished goods	89,409	69,413
Less: Progress billings	41,172	32,332
	\$102,992	\$84,408

The amount of inventories recognized as cost of sales for the three- and six-month periods ended September 30 is detailed as follows:

	Quarters ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Aerospace segment	\$59,636	\$51,231	\$119,172	\$109,420
Industrial segment	4,314	3,862	8,791	8,093
	\$63,950	\$55,093	\$127,963	\$117,513

The change in write-downs related to inventories for the three- and six-month periods ended September 30 is detailed as follows:

	Quarters ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Write-downs recognized as cost of sales	\$1,816	\$1,114	\$3,322	\$2,606
Reversal of write-downs recognized as a reduction of cost of sales	\$1,541	\$1,032	\$2,340	\$2,075

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 9. Accounts payable – other

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

	September 30, 2010	March 31, 2010
Derivative financial instruments – forward foreign exchange contracts and embedded derivatives	\$ 1,163	\$ 1,180
Derivative financial instruments – interest-rate swap agreements	797	841
Machinery and equipment	-	613
Customers' advances	2,553	1,957
	\$4,513	\$ 4,591

Note 10. Long-term debt

	September 30, 2010	March 31, 2010
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 September 30, 2010 (representing an effective interest rate of 2.2%; 1.4% as at March 31, 2010) and at Libor plus 1.0% at September 30, 2010 for the U.S. Credit Facilities (representing an effective interest rate of 1.3%; 1.2% as at March 31, 2010). At September 30, 2010, the Company used US\$59,500 on the Credit Facilities (US\$43,000 at March 31, 2010).	\$ 61,226	\$43,679
Governmental authorities loans, repayable in variable annual instalments, with various expiry dates until 2026.	22,304	21,040
Obligations under capital leases bearing fixed interest between 4.2% and 9.3% maturing from March 2011 to February 2016, with amortization periods ranging from five to eight years, secured by the related property, plant and equipment, net of interest in the amount of \$1,950 (\$2,428 at March 31, 2010).	15,439	16,688
Promissory note, repayable in monthly instalments over 40 months up to July 2013, bearing fixed interest at 5% and is guaranteed by the Company (see Note 3).	3,241	-
Deferred financing costs, net	(266)	(350)
	101,944	81,057
Less: current portion	5,306	4,250
	\$96,638	\$76,807

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 three- and six-month periods ended September 30, comprise the following:

	Quarters ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Interest	\$ 712	\$ 795	\$ 1,354	\$ 1,624
Interest accretion on governmental authorities loans	322	243	638	476
Amortization of deferred financing costs	42	42	84	84
Standby fees	23	22	43	44
Accretion expense on asset retirement obligations	60	57	120	114
Gain on financial instruments classified as HFT - Interest income	(4)	(4)	(6)	(9)
Financial expenses, net	\$ 1,155	\$ 1,155	\$ 2,233	\$ 2,333

Note 11. Other liabilities

The Company's other liabilities are summarized as follows:

	September 30, 2010	March 31, 2010
Pension plan and other post-retirement benefits	\$3,640	\$ 4,381
Derivative financial instruments – interest rate swap agreements	-	280
Derivative financial instruments – forward foreign exchange contracts and embedded derivatives	966	1,436
Asset retirement obligations	4,713	4,653
Other	167	198
	\$ 9,486	\$10,948

Note 12. 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:

	September 30, 2010	March 31, 2010
30,070,552 common shares at September 30, 2010 (30,485,475 at March 31, 2010)	\$99,621	\$100,641

Issuance of common shares

During the three- and six-month periods ended September 30, 2010, the Company issued 137,992 and 190,177 common shares respectively, at weighted-average prices of \$4.98 and \$4.82, for a total cash consideration of \$688 and \$917. This includes a number of 122,221 and 157,221 common shares which were issued, following the exercise of stock options, for a total cash consideration of \$605 and \$747. The remainder of 15,771 and 32,956 common shares were issued under the Company's stock purchase and ownership incentive plan for a total cash consideration of \$83 and \$170.

During the three- and six-month periods ended September 30, 2009, the Company issued 19,944 and 40,327 common shares respectively, at weighted-average prices of \$3.93 and \$3.94, for a total cash consideration of \$79 and \$159. These shares were all issued under the Company's stock purchase and ownership plan.

Normal course issuer bid

On November 25, 2009, the Company launched a new normal course issuer bid under which the Company may repurchase up to 1,500,000 of its common shares, representing approximately 5% of the issued and outstanding shares. The NCIB terminates on November 24, 2010, or on such earlier date as the Company may complete its repurchases.

During the quarter ended September 30, 2010, the Company repurchased 59,100 shares at an average price of \$5.57 for a total cash consideration of \$330 under the normal course issuer bid. The excess (\$135) of the cost of the common shares over their average book value (\$195) was accounted for as a reduction of the Company's retained earnings.

During the six-month ended September 30, 2010, the Company repurchased 605,100 shares at an average price of \$5.78 for a total cash consideration of \$3,498 under the normal course issuer bid. The excess (\$1,561) of the cost of the common shares over their average book value (\$1,937) was accounted for as a reduction of the Company's retained earnings.

Since November 25, 2009, the Company repurchased a total of 698,500 common shares at an average price of \$5.69.

During the quarter ended September 30, 2009, the Company repurchased 239,400 shares at an average price of \$4.35, for a total cash consideration of \$1,042 under the normal course issuer bid. The excess (\$252) of the cost of the common shares over their average book value (\$790) was accounted for as a reduction of the Company's retained earnings.

During the six-month ended September 30, 2009, the Company repurchased 646,400 shares at an average price of \$4.45, for a total cash consideration of \$2,879 under the normal course issuer bid. The excess (\$754) of the cost of the common shares over their average book value (\$2,125) was accounted for as a reduction of the Company's retained earnings.

Stock option plan

The Company has a stock option plan where options to purchase common shares are issued to certain 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 September 30, 2010 amounting to \$117 (amounting to (\$110) for the quarter ended September 30, 2009) and to \$232 for the six-month period ended September 30, 2010 (\$7 for the same period last year) 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 three- and six-month periods ended September 30, 2010, 138,000 stock options were granted (all in the second quarter of the current fiscal year) at a granted value of \$5.94 and, 122,221 and 157,221 stock options were exercised and 27,000 and 55,000 stock options respectively were cancelled.

During the three- and six-month periods ended September 30, 2009, 246,000 stock options were granted (all in the second quarter of the current fiscal year) at a granted value of \$4.56 and 75,000 stock options were cancelled (all in the first quarter of the current fiscal year) following their expiry dates.

At September 30, 2010, the Company had 1,481,000 outstanding stock options at a weighted-average exercise price of \$5.91 which will expire over the next six years (between September 2011 and August 2017).

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 three- and six-month periods ended September 30, 2010, 15,771 and 32,956 common shares were issued respectively (282,178 since the beginning of the plan) and 6,378 and 13,044 common shares attributed to the participating employees (119,845 since the beginning of the plan). The expense related to the attributed common shares amounting to \$37 and \$75, respectively, is recorded as compensation expense and is included in the Company's selling and administrative expenses.

During the three- and six-month periods ended September 30, 2009, 19,944 and 40,327 common shares were issued respectively (214,160 since the beginning of the plan) and 8,578 and 17,222 common shares attributed to the participating employees (91,847 since the beginning of the plan). The expense related to the attributed common shares amounting to \$79 and \$159, respectively, 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 three- and six-month periods ended September 30, 2010, no SARs were granted and 7,500 SARs were exercised (all in the second quarter of the current fiscal year) before their expiry dates. 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 three- and six-month periods ended September 30, 2010, \$40 and \$113 is recorded as compensation expense and is included in the Company's selling and administrative expenses.

During the three- and six-month periods ended September 30, 2009, 35,000 SARs were granted at a granted value of \$4.56. 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 three- and six-month periods ended September 30, 2009, no expense was recorded for SARs.

During the three- and six-month periods ended September 30, 2009, no SARs were exercised and 7,500 SARs were cancelled.

At September 30, 2010, on a cumulative basis, 143,000 SARs were still outstanding at a weighted-average granted value of \$6.21 (150,500 SARs at a weighted-average granted value of \$6.14 as at September 30, 2009) which will expire on various dates from fiscal 2012 to 2015.

Note 13. 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 three- and six-month periods ended September 30 are as follows:

	Quarters ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Defined benefit pension costs	\$ 355	\$ 274	\$ 493	\$ 623
Defined contribution pension costs	572	502	1,119	1,026
	\$ 927	\$ 776	\$ 1,612	\$ 1,649

Note 14. 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 three- and six-month periods ended September 30 are detailed as follows:

	Quarters ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Accounts receivable	\$ (2,200)	\$ 2,900	\$ (1,725)	\$ 9,216
Income tax receivable	(373)	(1,735)	(740)	(2,658)
Other receivables	1,752	(130)	1,533	(1,240)
Inventories	513	6,014	(506)	(1,293)
Prepaid expenses	494	1,069	83	470
Other current assets	-	(3)	(20)	(8)
Accounts payable and accrued liabilities and, other liabilities	764	(3,722)	(7,778)	(19,514)
Accounts payable – other	410	(1,822)	(8)	(2,631)
Income tax payable	93	(255)	312	(3,110)
Effect of changes in exchange rate ⁽¹⁾	(2,155)	(1,952)	(453)	(4,312)
	\$ (702)	\$ 364	\$ (9,302)	\$ (25,080)

⁽¹⁾ 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 15. Commitments

The Company has released purchase orders relating to new facilities and, machinery and equipment which have not been delivered yet to the Company's facilities. These outstanding purchase orders at September 30, 2010 amounted to \$4,515 (\$5,205 – March 31, 2010) for which an amount of \$1,075 (\$772 – March 31, 2010) in deposits on machinery and equipment were made and are included in the Company's other receivables.

Note 16. Segmented information

Quarters ended September 30

Activity segments

	2010			2009		
	Aerospace	Industrial	Total	Aerospace	Industrial	Total
Sales	\$ 76,967	\$ 6,227	\$ 83,194	\$ 70,911	\$ 5,659	\$ 76,570
Operating income	4,144	790	4,934	5,619	739	6,358
Financial expenses, net			1,155			1,155
Income before income tax expense and restructuring charges			3,779			5,203
Assets	396,863	22,212	419,075	364,802	25,691	390,493
Goodwill	40,879	921	41,800	35,641	958	36,599
Additions to property, plant and equipment	5,619	279	5,898	389	582	971
Net increase in finite-life intangible assets	1,579	-	1,579	833	-	833
Amortization of property, plant and equipment	4,636	615	5,251	4,712	610	5,322

Geographic segments

	2010			2009		
	Canada	U.S.	Total	Canada	U.S.	Total
Sales	\$ 49,201	\$ 33,993	\$ 83,194	\$ 54,867	\$ 21,703	\$ 76,570
Property plant and equipment, net	90,306	54,961	145,267	93,054	48,162	141,216
Finite-life intangible assets, net	11,014	4,537	15,551	6,687	4,405	11,092
Goodwill	17,535	24,265	41,800	17,534	19,065	36,599
Export sales ⁽¹⁾	\$ 27,807			\$ 32,924		

68% of the Company's sales (69% in 2009) were to U.S. customers.

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

Note 16. Segmented information

Six months ended September 30

Activity segments

	2010			2009		
	Aerospace	Industrial	Total	Aerospace	Industrial	Total
Sales	\$ 153,009	\$ 12,726	\$ 165,735	\$ 146,094	\$ 12,636	\$ 158,730
Operating income	9,052	1,465	10,517	12,293	1,536	13,829
Financial expenses, net			2,233			2,333
Income before income tax expense and restructuring charges			8,284			11,496
Assets	396,863	22,212	419,075	364,802	25,691	390,493
Goodwill	40,879	921	41,800	35,641	958	36,599
Additions to property, plant and equipment	8,638	455	9,093	4,137	1,063	5,200
Net increase in finite-life intangible assets	3,729	-	3,729	1,378	-	1,378
Amortization of property, plant and equipment	9,384	1,242	10,626	9,083	1,289	10,372

Geographic segments

	2010			2009		
	Canada	U.S.	Total	Canada	U.S.	Total
Sales	\$ 105,037	\$ 60,698	\$ 165,735	\$ 110,413	\$ 48,317	\$ 158,730
Property plant and equipment, net	90,306	54,961	145,267	93,054	48,162	141,216
Finite-life intangible assets, net	11,014	4,537	15,551	6,687	4,405	11,092
Goodwill	17,535	24,265	41,800	17,534	19,065	36,599
Export sales ⁽¹⁾	\$ 59,656			\$ 64,256		

67% of the Company's sales (69% in 2009) were to U.S. customers.

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

Note 17. Reclassification

Comparative figures for the consolidated financial statements as at September 30, 2009 and March 31, 2010 have been reclassified to conform to the September 30, 2010 presentation.