we promised

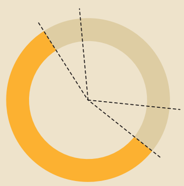
ANNUAL REPORT
2001 | 2002

we delivered

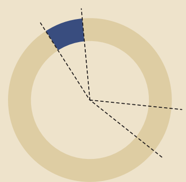
HÉROUX DEVTEK

Divisions of Héroux-Devtek

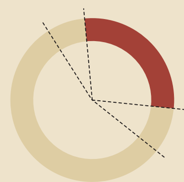
LANDING GEAR
Employees: 815
Sales: $174.5 M



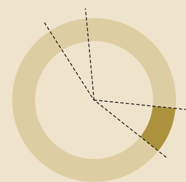
AEROSTRUCTURE
Employees: 175
Sales: $23.5 M



GAS TURBINE COMPONENTS
Employees: 275
Sales: $89.4 M



LOGISTICS & DEFENCE
Employees: 85
Sales: $28.9 M



Products & Services

Longueuil
Design, manufacture and repair of components and complete landing gear for military and commercial aircraft

Laval
Manufacture and repair and overhaul of smaller components for landing gear and hydraulic flight control actuators

Manufacture of critical parts such as helicopter rotors

Kitchener
Manufacture of large landing gear components for commercial and military aircraft

DALS
Manufacture of replacement parts for out of production aircraft

Héroux-Devtek Aerostructure Inc.
(Dorval)
Manufacture of large-sized aircraft structural components

Metro Machining Corporation
(Montreal)
Manufacture of medium-sized aircraft structural components

Les Industries C.A.T. Inc.
(Montreal)
Manufacture of small-sized aircraft structural components

Magtron
(Toronto)
Manufacture and assembly of high precision components for the aerospace and defence sectors

Cincinnati
Manufacture of large scale components for gas turbines used in the production of electricity

Manufacture of precision components for the aerospace and industrial sectors

Tampa
Manufacture of large scale components for gas turbines used in the production of electricity and engine parts for aircraft

Diemaco
(Kitchener)
Manufacture and support for military small arms

Principal Clients

Civilian
Boeing, Bombardier, Goodrich, Lockheed-Martin, Messier-Dowty, Northrop-Grumman

Military
Canadian Forces, US Air Force, US Navy

Civilian
Boeing, Bombardier, McDonald Detwiller, Raytheon

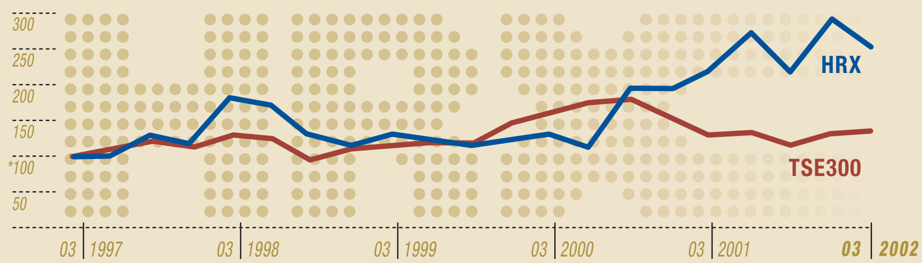
Industrial
GE Power Systems, Siemens-Westinghouse

Aerospace
Boeing, GE Aircraft, Snecma

Military
US Navy

Defence
Canada, Denmark, Great Britain, Norway, The Netherlands

Stock Performance *(March 31, 1997 to March 31, 2002)*



* Index: Closing price as at March 31, 1997 = 100

Table of Contents

Financial Highlights

Years ended March 31
(In thousands of dollars, except per share data)

	2002	2001	2000	1999	1998
Sales	**$ 316,280**	$ 259,077	$ 143,737	$ 122,885	$ 106,694
Gross profit	**$ 56,882**	$ 44,974	$ 19,326	$ 16,711	$ 14,193
Gross profit margin	**18.0 %**	17.4 %	13.4 %	13.6 %	13.3 %
EBITDA	**$ 42,922**	$ 34,831	$ 15,541	$ 14,492	$ 12,274
EBITDA margin	**13.6 %**	13.4 %	10.8 %	11.8 %	11.5 %
Net income	**$ 17,424**	$ 12,465	$ 3,463	$ 2,740	$ 2,126
Net income margin	**5.5 %**	4.8 %	2.4 %	2.2 %	2.0 %
EPS-Basic	**$ 0.72**	$ 0.58	$ 0.24	$ 0.19	$ 0.15
EPS-Diluted	**$ 0.72**	$ 0.58	$ 0.24	$ 0.19	$ 0.15
AS AT MARCH 31					
Total assets	**$ 299,637**	$ 269,844	$ 140,576	$ 107,753	$ 92,663
Working capital	**$ 84,779**	$ 52,903	$ 51,696	$ 36,809	$ 29,579
Long-term debt to equity	**0.46**	0.39	0.80	0.47	0.44
Book value per common share	**$ 5.35**	$ 4.39	$ 3.55	$ 3.55	$ 3.26
Cash flow from operations	**$ 32,101**	$ 22,902	$ 11,359	$ 11,367	$ 8,456
Average number of shares outstanding	**24,063.0**	21,543.0	14,688.4	14,588.6	14,325.6
Shares outstanding at year-end	**24,443.9**	23,291.7	14,908.3	14,627.4	14,525.9
Fully diluted shares (used for diluted EPS)	**24,345.5**	21,614.0	14,688.4	14,588.6	14,508.9

Gilles Labbé *President and Chief Executive Officer*

Message to Shareholders

The year 2001-2002 was a period of turmoil and challenge. The events of September 11 hit the commercial aviation industry hard. The fact that these events unfolded in a period of increasing economic and financial market weakness only exacerbated the situation.

Despite this difficult operating environment, Héroux-Devtek managed to generate excellent results. During our September 2001 annual general meeting we predicted 20% increases in sales, net income and earnings per share. We promised, and we delivered, exceeding our objectives.

While the year ahead will no doubt be filled with additional hurdles, we expect to emerge from the current slowdown with an improved market share and competitive position.

Financial Highlights

Héroux-Devtek finished the period strongly, with sales for the year ended March 31, 2002 reaching $316.3 million, up 22%, compared to $259.1 million last year. Net income was $17.4 million, up 40% from $12.5 million in 2000-2001. Earnings per share rose 24% to $0.72 per share fully diluted in 2001-2002, compared to $0.58 per share fully diluted last year. Despite the negative economic environment, the Company managed to maintain its level of orders for the year.

The merger with Devtek continues to exceed expectations, with annual cost saving synergies exceeding $4 million, considerably more than the original $3 million that was anticipated.

Investors recognized this strong performance, with the Company's stock closing at $8.75 on March 31, 2002 compared to $7.65 one year earlier, an increase of 14.4%, outperforming the S&P/TSX Composite Index, which climbed 3.2% during the same period.

Our Primary Resource: Our People

Much of Héroux-Devtek's success was due to its strong, dedicated and loyal workforce. We are proud of the team that we have assembled and the cohesion that exists throughout the Company. In a product-engineered industry such as ours, it is people that make the difference.

As a strong sign of the employee and management teams long-term commitment to success, all our labour agreements were renewed. This should ensure a stable work environment through to the year 2005.

Growth Strategy

The events of September 11 severely damaged an already declining commercial aviation sector. As a result, Boeing and Airbus announced significant production cutbacks affecting all suppliers. However, the aerospace industry has responded by initiating important structural changes.

The accelerated consolidation of the industry's supplier base has an effect on Héroux Devtek, as contracts are being allocated among fewer and stronger players. This consolidation will likely put smaller suppliers in a vulnerable position, which could generate near-term acquisition opportunities for Héroux-Devtek.

Due to our solid financial position, we remain well positioned to take advantage of this trend. The Company has $56 million in cash, an access to $60 million in additional credit facilities, a 0.46:1 long-term debt-to-equity ratio and a market capitalization that exceeds $200 million.

Our involvement in different, key strategic sectors has enabled us to reduce the impact of the year's events on our results. Although the commercial aviation market has been negatively affected, military spending is on the upswing, as evidenced by the Bush administration's proposal to add $38 billion to defence budgets over the next year. Héroux-Devtek's Landing Gear Division was one of the beneficiaries of this new emphasis on defence.

Also, the demand in the commercial aviation sector for planes with less than 100 seats has shown resiliency over the last two years, especially for regional jets. Héroux-Devtek's Aerostructure Division, with its new 77,000 square foot Dorval plant, which began operations this year, is well positioned to profit from this strength. With order books in good shape and a strong backlog, the Division is poised for additional growth.

The Gas Turbine Components Division also performed well during the fiscal year, despite the general economic weakness, due to a strong workload in the power generation market. However, we believe that we have reached a peak in sales for the short-term and expect a downturn in this Division for the next two to three years. We will pursue our goal to increase our market share by remaining competitive in terms of product quality, service and cost. This short-term setback in the Gas Turbine market does not change our outlook for additional growth in the long-term, as evidenced by the U.S. Department of Energy's prediction that more than 1,000 new power-generating plants will be needed between today and the year 2020.

We believe that fiscal 2002-2003 will be a challenging year for Héroux-Devtek. While growth rates may not be as high in the upcoming year, there is good potential to increase market share and to carry out strategic acquisitions that will enable the Company to grow at a steady pace in the years ahead.

Board of Directors Changes

Over the years, Héroux-Devtek's Board of Directors has established reliable mechanisms to insure that corporate governance rules are followed. As a result of these initiatives, *Canadian Business Magazine* recognized Héroux-Devtek's Board of Directors as being one of the best in the country. In June 2000, in order to facilitate the merger with Devtek, the Company increased its Board to eleven members. As the integration now nears completion, the Board has decided to amend its number of Directors to seven, which better reflects the size of our Company.

Therefore, we wish to thank Jacques M. Brault, George S. Dembroski, Donald M. Green and Jacques Paquin, who leave behind a record of success and achievement, for which we are all grateful.

Acknowledgements

No single group can take credit for Héroux-Devtek's strong performance during the year. It was truly a team effort. We salute Company employees, managers and directors, for a job well done. We would also like to thank our business partners and suppliers for their contribution to our success.

Although the economic environment makes for a challenging 2002-2003, we are encouraged by our prospects and look forward to coming out of the slowdown with increased market share and well positioned for the future.

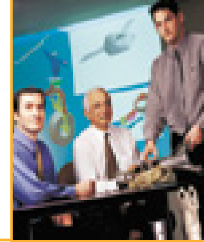
On behalf of the Board of Directors,

Gilles Labbé
President and Chief Executive Officer

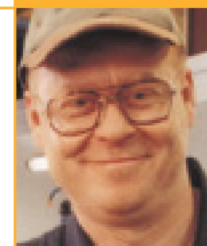
Helmut Hofmann
Chairman of the Board

Landing Gear

Members of "lean team": new investments in lean manufacturing will enable Héroux-Devtek to achieve higher productivity.



Sales up 36% to $174.5 million



The Landing Gear Division specializes in the manufacturing and maintenance of landing gear and high-precision components for civilian and military aircraft. The Division comprises a total of four operating units. Two are located in Quebec (Longueuil and Laval) and two in Ontario (Kitchener). Earlier this year, DALS was transferred into this 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 DALS). 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 merger with Devtek, mainly as a result of strategic purchasing and rationalization activities. The integration of the DALS 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 gross profit in a period of decline in large commercial aircraft purchases during 2003, particularly from reduced production at Boeing and Airbus. This decline should be partially offset by a reduced supplier base in the landing gear market.

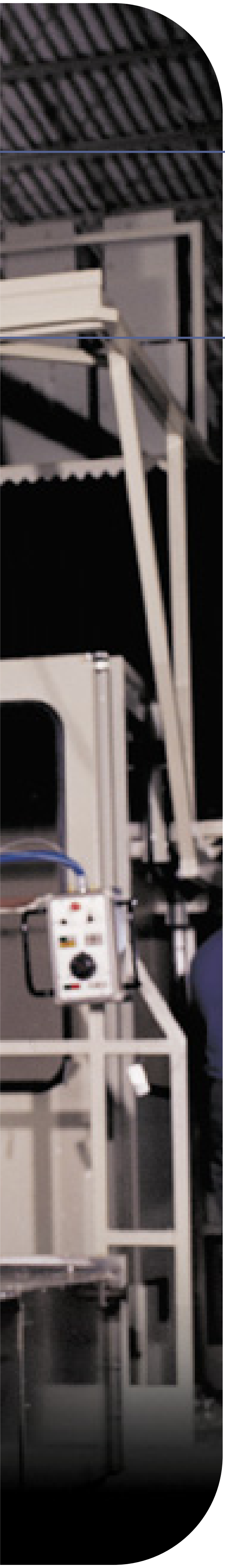
Improving gross profit under these conditions will involve a renewed focus on productivity enhancing strategies and an entry into new markets, particularly the commercial repair and overhaul and the small landing gear markets. Another key objective is the development of program management expertise.

Other steps to be taken will include significant new investment in lean manufacturing, 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.

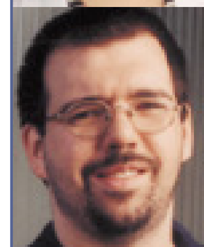
The recent signing of the Unmanned Combat Air Vehicule (UCAV) agreement with Boeing is yet another milestone for the Company, which will be responsible for the manufacturing of the landing gear from conception to production. This agreement creates an opportunity for Héroux-Devtek to strengthen its engineering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

Aerostructure

Opening of the Dorval aerostructure facility:
state-of-the-art equipment is used to manufacture large aircraft structural components and sub-assemblies—a targeted niche for Héroux-Devtek.



Well positioned for additional accelerated growth



The Aerostructure Division specializes in the manufacturing of structural components for commercial and military aircraft particularly for the expanding regional jet market. The Division comprises Metro Machining Corporation, Les Industries C.A.T. Inc., Magtron and Héroux-Devtek Aerostructure Inc.

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 the new Dorval facility.

Héroux-Devtek'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, Quebec, 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 Héroux-Devtek's role in this growing market.

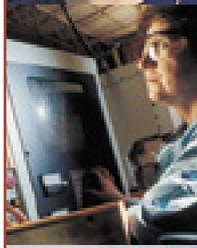
The Division continues to pursue projects for major sub-assembly and to develop the technological expertise required for growing this important facet of the business. The Division realizes the enormous potential to provide affordability to its customers through value-added sub-assembly supply.

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.

Gas Turbine Components

Héroux-Devtek's team is qualified to produce Inconel gas turbine components for GE's 7-F and 9-F products.

Long-term outlook remains favourable



The Gas Turbine Components Division specializes in the manufacture of large-scale components for gas turbines used in the power generation industry, as well as components for aircraft engines. The Division is comprised of two operating units in Cincinnati and Tampa, USA.

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 unfavourable 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, GE 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.

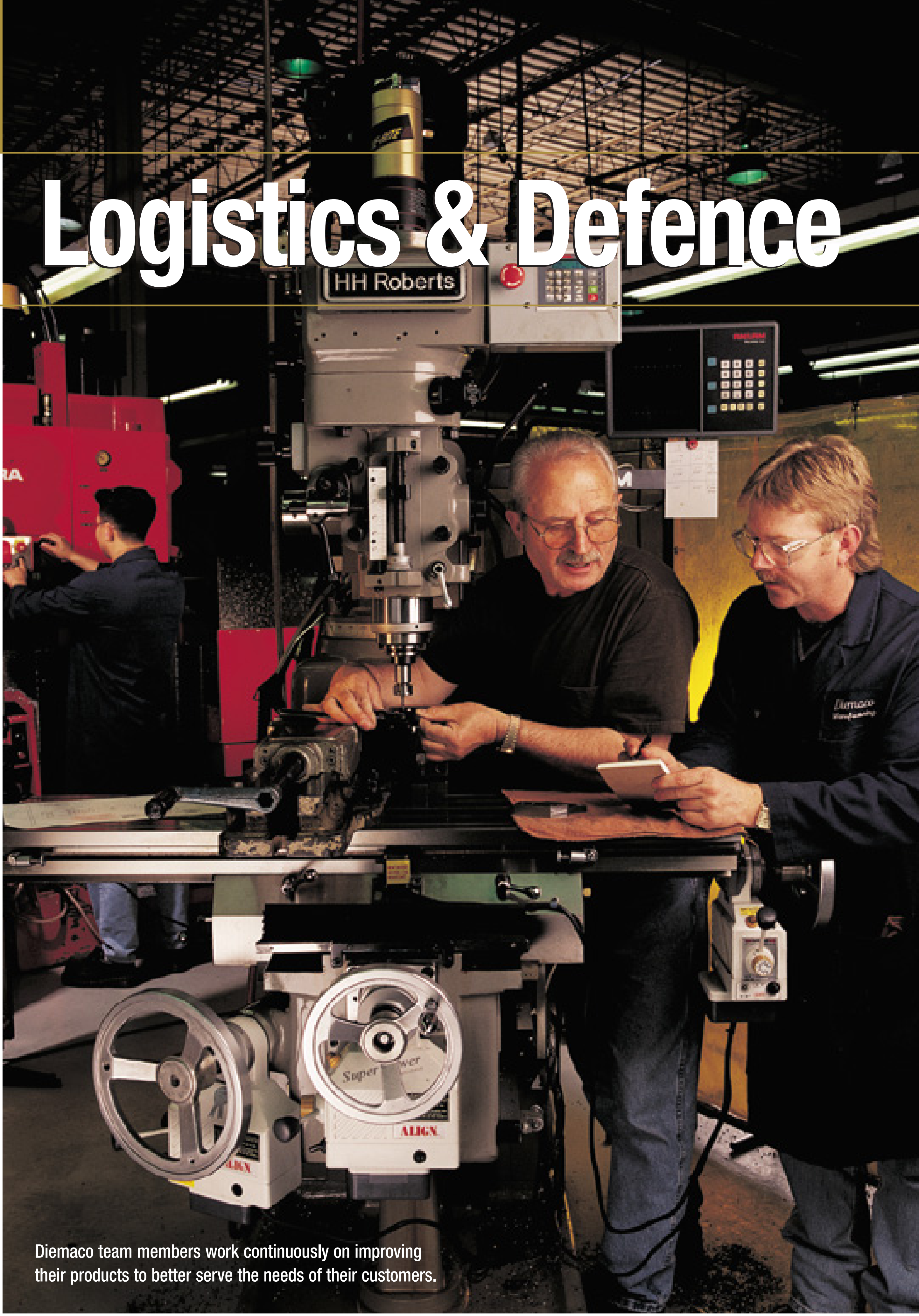
The Division also made several key manufacturing productivity enhancements during the past year. The ERP BaaN system implemented last year is solidly established and is driving production requirements. Customer service ratings for on-time delivery of GE Aircraft reached 95% by year-end.

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 will have an impact on sales for 2002-2003, the long-term outlook remains favourable. This is due to several factors, namely 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.

Logistics & Defence



Diemaco team members work continuously on improving their products to better serve the needs of their customers.

Building on excellent business relationships

The Logistics & Defence Division specializes in the manufacturing and maintenance of military small arms through its Diemaco operating unit.

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 on its major contract to 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.

Management's Discussion
and Analysis of Financial Position and Operating Results

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 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 DALS business unit was transferred into the Landing Gear Division from the Logistics & Defence Division. For comparative purposes, the Landing Gear Division results for both 2000-2001, and 2001-2002 include the DALS 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 remained 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 jets. Additional large equipment is currently on order for this division and is scheduled to be installed in fiscal 2002-2003.

The Logistics & 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 period. 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

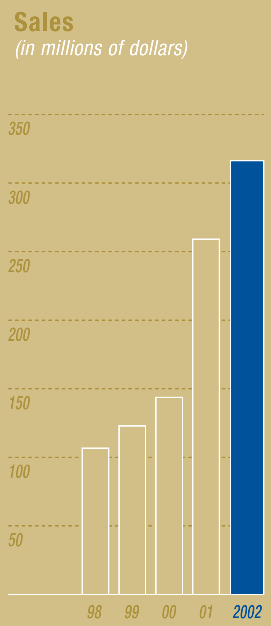
The Company's consolidated gross profit reached $56.9 million for the year ended March 31, 2002 or 18.0% of sales, compared to $45.0 million or 17.4% of sales the previous year.

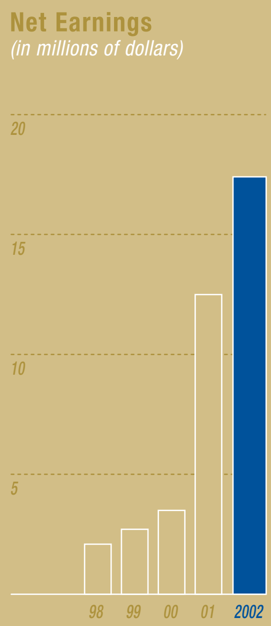
For the Landing Gear Division, gross profit as a percentage of sales increased 2.5% compared to the previous year. A better production mix particularly from increased military sales contributed to this strong performance. The increase in sales also provided a more effective absorption of fixed costs,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

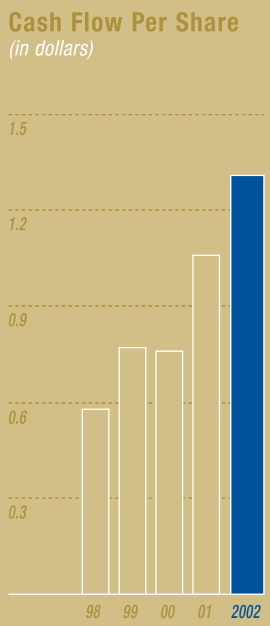
Gross profit as a percentage of sales for the Gas Turbine Components Division fell by 1.9% in 2001-2002. The Cincinnati business unit generated a gross profit comparable to the previous year. However, the decrease was mostly attributable to reduced gross profit at the Tampa business unit which has experienced a lower than expected workload and was impacted by an unfavourable 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 2001-2002. In addition, production subcontracting, due to temporary manufacturing capacity issues, impacted negatively on this division's gross profit.

The gross profit as a percentage of sales in the Logistics & 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

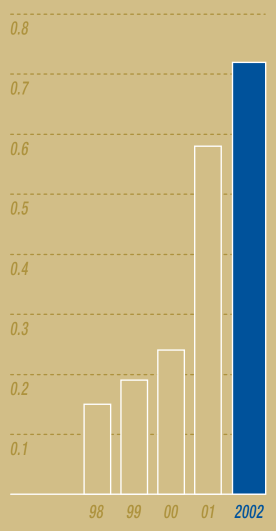
Financial expenses were $2.2 million for the year ended March 31, 2002, compared to $2.4 million the previous year. These expenses are net of interest revenues of $1.8 million during both 2001-2002 and 2000-2001.

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).

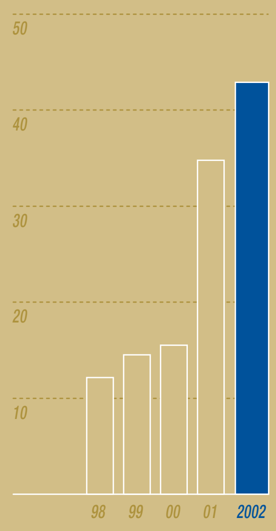
The implementation of these new credit facilities necessitated the early repayment of certain long-term debt.

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.

Earnings Per Share
(in dollars)



EBITDA
(in millions of dollars)



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 Quebec operations. Quebec'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

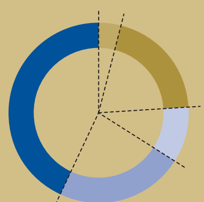
During 2001-2002, the Company generated $32.1 million of cash flow from operations, up $9.2 million from the $22.9 million generated last year. The increase was primarily due to growth of $5.0 million in net income, $2.3 million in amortization and $1.7 million in future income taxes.

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.

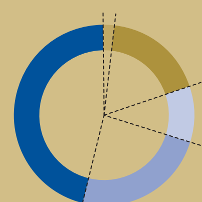
Breakdown of Sales by Sector



2001

Aerospace	76 %
Civil	43 %
Military	23 %
Defence	10 %

Industrial Products	24 %
Gas Turbines	20 %
Other Parts	4 %



2002

Aerospace	80 %
Civil	46 %
Military	24 %
Defence	10 %

Industrial Products	20 %
Gas Turbines	18 %
Other Parts	2 %

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 assets 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.

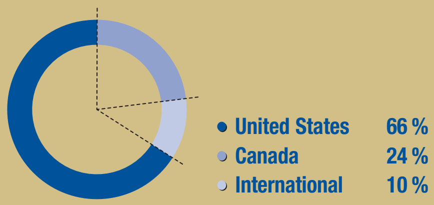
Financing Activities

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

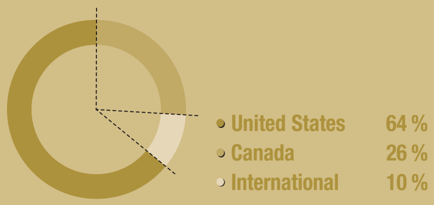
Following the restructuring of the Company's bank credit facilities, the long-term debt increased by $40.6 million due to repayment of $13.3 million in bank loans and early repayments of $27.3 million of certain long-term debt. The remaining increase in long-term debt represents essentially a $1.7 million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

Geographic Sales Breakdown



2001



2002

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 also has 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).

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 (US$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).

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).

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.

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.

Selected Quarterly Financial Information

(in thousands of dollars, except per share data)

(unaudited)	**Total**	First quarter	Second quarter	Third quarter	Fourth quarter
For the fiscal year ended March 31, 2002					
Sales	**$ 316,280**	$ 78,019	$ 76,225	$ 78,911	$ 83,125
Net income	**$ 17,424**	$ 4,074	$ 4,201	$ 4,620	$ 4,529
Earnings per share					
Basic	**$ 0.72**	$ 0.17	$ 0.17	$ 0.19	$ 0.19
Diluted	**$ 0.72**	$ 0.17	$ 0.17	$ 0.19	$ 0.18
For the fiscal year ended March 31, 2001					
Sales	**$ 259,077**	$ 47,366	$ 59,407	$ 69,332	$ 82,972
Net income	**$ 12,465**	$ 2,012	$ 2,478	$ 3,633	$ 4,342
Earnings per share					
Basic	**$ 0.58**	$ 0.12	$ 0.11	$ 0.16	$ 0.19
Diluted	**$ 0.58**	$ 0.12	$ 0.11	$ 0.16	$ 0.18

Management's Report

The accompanying consolidated financial statements of Héroux-Devtek Inc. and all the information in this Annual Report are the responsibility of Management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Financial information used elsewhere in the Annual Report is consistent with that in the consolidated financial statements.

Héroux-Devtek Inc.'s policy is to maintain systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, accurate and reliable and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board and is comprised of outside Directors. The Committee meets periodically with Management and the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the consolidated financial statements and the external auditors' report.

The Committee reports its findings to the Board for consideration when it approves the consolidated financial statements for issuance to the Shareholders.

The consolidated financial statements have been audited by Deloitte & Touche LLP, the external auditors, in accordance with generally accepted auditing standards on behalf of the Shareholders. The external auditors have full and free access to the Audit Committee.

Gilles Labbé Réal Bélanger

Gilles Labbé
President and Chief Executive Officer
June 6, 2002

Réal Bélanger
Executive Vice-President, Chief Financial Officer
and Corporate Secretary

Auditors' Report

To the Shareholders of Héroux-Devtek Inc.:

We have audited the consolidated balance sheet of Héroux-Devtek Inc. as at March 31, 2002 and the consolidated statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at March 31, 2001 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated May 22, 2001.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
Montréal, Québec
June 6, 2002

Consolidated Balance Sheets

As at March 31, 2002 and 2001

(In thousands of dollars)	Notes	2002	2001
Assets			
Current assets			
Cash and temporary investments	5	$ 55,966	$ 40,719
Accounts receivable	10, 13	47,340	52,064
Other receivables	8	4,301	3,265
Inventories	6, 10, 13	61,127	60,897
Prepaid expenses		2,114	1,819
Future income taxes	17	4,730	5,216
		175,578	163,980
Capital assets, net	7, 13	95,260	76,532
Investments	4, 8	–	2,284
Other assets	9	1,720	882
Future income taxes	17	2,919	662
Goodwill, net		24,160	25,504
		$ 299,637	$ 269,844
Liabilities			
Current liabilities			
Bank loan	10	$ –	$ 10,207
Accounts payable and accrued liabilities	11	74,962	73,282
Customers' advances	12	6,123	13,076
Income taxes payable		3,919	5,625
Future income taxes	17	720	996
Current portion of long-term debt	4, 13	5,075	7,891
		90,799	111,077
Long-term debt	4, 13	59,565	40,041
Other liabilities	14	7,938	9,358
Future income taxes	17	10,534	7,098
		168,836	167,574
Shareholders' Equity			
Capital stock	15	73,958	63,232
Cumulative translation adjustment	16	3,560	3,179
Retained earnings		53,283	35,859
		130,801	102,270
		$ 299,637	$ 269,844

Commitments and contingencies (notes 20, 21)

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

Signed on behalf of the Board,

Alain Cousineau
Director

Gilles Labbé
Director

Consolidated Statements of Income

For the years ended March 31, 2002 and 2001

(In thousands of dollars, except per share data)	Notes	2002	2001
Sales		$ 316,280	$ 259,077
Cost of sales		247,570	204,040
Amortization		11,828	10,063
Gross profit		56,882	44,974
Selling and administrative expenses		24,608	19,527
Research and development expenses		1,180	679
Operating Income		31,094	24,768
Financial expenses	13	2,228	2,390
Income before income taxes and goodwill amortization		28,866	22,378
Income taxes	17	10,098	8,765
Income before goodwill amortization		18,768	13,613
Goodwill amortization		1,344	1,148
Net income		$ 17,424	$ 12,465
Earnings per share before goodwill amortization		$ 0.78	$ 0.63
Earnings per share before goodwill amortization – fully diluted		$ 0.77	$ 0.63
Earnings per share		$ 0.72	$ 0.58
Earnings per share – fully diluted		$ 0.72	$ 0.58
Average number of shares outstanding during the year		24,063,038	21,543,037

Consolidated Statements of Retained Earnings

For the years ended March 31, 2002 and 2001

(In thousands of dollars)	2002	2001
Balance at beginning of year	$ 35,859	$ 23,394
Net income	17,424	12,465
Balance at end of year	$ 53,283	$ 35,859

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

Consolidated Statements of Cash Flows

For the years ended March 31, 2002 and 2001

(In thousands of dollars)	Notes	2002	2001
Cash and cash equivalents provided by (used for):			
Operating activities			
Net income		$ 17,424	$ 12,465
Items not requiring an outlay of cash			
Amortization		13,516	11,211
Future income taxes		1,353	(383)
(Gain) on sale of capital assets		(192)	(391)
Cash flow from operations		32,101	22,902
Net change in non-cash items related to operations	18	(4,103)	18,000
Cash and cash equivalents provided by operating activities		27,998	40,902
Investing activities			
Net change in temporary investments		(8,578)	(18,020)
Purchase of capital assets		(22,925)	(25,172)
Proceeds on disposal of capital assets		295	2,095
Business acquisition	3	–	8,548
Other		(1,171)	(123)
Cash and cash equivalents used for investing activities		(32,379)	(32,672)
Financing activities			
Net change in bank loan		(10,162)	(1,083)
Increase in long-term debt		42,372	3,461
Repayment of long-term debt		(32,447)	(6,203)
Issuance of common capital stock	15	10,726	619
Cash and cash equivalents provided by (used for) financing activities		10,489	(3,206)
Effect of changes in exchange rates on cash and cash equivalents		84	(6)
Cash and cash equivalents provided by (used for) discontinued operations included in other liabilities		477	(3,209)
Change in cash and cash equivalents		6,669	1,809
Cash and cash equivalents at beginning of year		7,047	5,238
Cash and cash equivalents at end of year		$ 13,716	$ 7,047
Cash and temporary investments are comprised of:			
Cash and cash equivalents		$ 13,716	$ 7,047
Temporary investments	5	42,250	33,672
		$ 55,966	$ 40,719
Interest paid		$ 3,859	$ 4,645
Income taxes paid		$ 12,465	$ 4,166

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

Notes to Consolidated Financial Statements

For the years ended March 31, 2002 and 2001

(All dollar amounts in thousands, except per share data)

Note 1 | Nature of Activities

Héroux-Devtek Inc. and its business units (the "Company") specialize in the design, development, manufacture, repair and overhaul of systems and components used principally in the aerospace and defence and, industrial sectors. As such, a significant portion of the Company's sales are made to a limited number of customers mainly located in the United States.

Note 2 | Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Company and its following wholly-owned subsidiaries:

Héroux Corp.	Héroux-Devtek Aerostructure inc.
McSwain Manufacturing Corporation	Métro Machining Corporation
A.B.A. Industries, Inc.	Les Industries C.A.T. inc.
2816709 Canada Inc.	Devtek Corporation
9077-2070 Quebec Inc.	Devtek Aerospace inc.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments which have maturities of less than three months at the date of acquisition.

Temporary investments

Temporary investments are recorded at cost, which does not differ significantly from their market value.

Inventories valuation and revenue recognition

a) Raw materials, work in process and finished goods

> Inventories of raw materials, work in process and finished goods are valued at the lower of cost (weighted average cost method) and net realizable value. Cost of work in process and finished goods include raw materials, direct labor and manufacturing overhead.

b) Long-term contracts

> Sales and income on long-term contracts are recognized as units are delivered.

> Design to manufacture programs and major assembly manufacturing programs
Inventories include raw materials, direct labor and related manufacturing overhead and comprise non-recurring costs (development costs, pre-production and tooling costs), production costs and the excess over average production costs (production costs incurred in the early stage of a program, in excess of the average estimated unit cost for the entire program).

> Other programs
Inventories include raw materials, direct labor and related manufacturing overhead and comprise tooling costs specifically related to these programs, which are capitalized and amortized on a straight-line basis over two years.

> Reviews
Periodically, a review of all long-term contract assumptions relating to the number of anticipated units of production, costs of production and sales applicable to long-term contracts is made and, if applicable, profit margins of units ready for delivery of each long-term contract are revised. The effect of these changes to the estimated income of each contract is recognized in the period in which it has been determined and losses, if any, are recognized fully when anticipated.

Note 2 | Summary of Significant Accounting Policies (continued)

Capital assets
Capital assets are recorded at cost and amortization is provided for on a straight-line basis over the estimated useful lives of the related assets, as follows:

Building and leasehold improvements	5 to 40 years
Machinery, equipment and tooling	3 to 15 years
Automotive equipment	3 to 10 years
Computer and office equipment	3 to 5 years

Translation of foreign currency
> Self-sustaining foreign operations
The assets and liabilities of subsidiaries denominated in a foreign currency are translated at the exchange rate in effect at the balance sheet dates. Revenues and expenses are translated at the average exchange rate for the year. Translation gains and losses are deferred and shown separately in shareholders' equity.

> Foreign currency transactions
Except for transactions for which the Company has entered into forward foreign exchange contracts, monetary items in foreign currencies included in current assets and liabilities are translated into Canadian dollars at the exchange rate prevailing at year-end. Revenue and expense accounts realized in foreign currencies are translated using the average exchange rates prevailing during each month of the year. Translation gains and losses are included in the statements of income.

> Derivative financial instruments
The Company utilizes certain derivative financial instruments in order to eliminate or reduce its exposure to currency risks related to export sales. These financial instruments are not recorded in the consolidated financial statements at the time of contract. Management is responsible for establishing standards of acceptable risks and monitoring, as appropriate, the operations covering risk management. The Company uses financial instruments for the sole purpose of hedging existing commitments or obligations. These derivative financial instruments are not used for trading purposes.

Forward foreign exchange contracts
Monetary items in foreign currencies included in current assets and liabilities, hedged by forward foreign exchange contracts, are translated using the average exchange rate of these contracts prevailing at year-end. Gains and losses on forward foreign exchange contracts are included in the revenues in the same period as the related sales.

Deferred financing costs
The deferred financing costs are amortized on a straight-line basis over the duration of the related loans and their unamortized portion is shown in other assets.

Income taxes
Income taxes are provided for using the liability method. Under this method, future income tax assets and liabilities are determined based on all significant differences between the carrying amounts and tax bases of assets and liabilities using substantively enacted tax rates and laws expected to be in effect when the differences reverse.

Earnings per share
The earnings per share are determined using the weighted average number of outstanding shares during the year. The treasury stock method is used to calculate the diluted earnings per share. This method assumes that the proceeds would be used to purchase common shares at the average market price during the financial year.

Goodwill
Goodwill is amortized on a straight-line basis over a period of 20 years. The Company assesses on an annual basis the fair value of the unamortized portion and the amortization period of goodwill. This assessment is accomplished by taking into account the business sales related to the acquired clientele, an estimate of the future undiscounted operating results and the expected period of benefits of goodwill of the related business. See future changes in accounting policies on goodwill.

Note 2 | Summary of Significant Accounting Policies (continued)

Pension plans and other post-retirement benefits

The Company has defined benefit pension plans covering certain of its employees. The cost of pension benefits earned by employees is determined using the projected unit credit actuarial method prorated on services. Pension costs are determined periodically by independent actuaries. Pension expense is charged to operations and includes:

- The cost of pension benefits provided in exchange for employees' services rendered during the year.
- The amortization of the initial net transition obligation on a straight-line basis over the expected average remaining service life of the employee group covered by the plans.
- The amortization of past service costs and amendments over the expected average remaining service life of the employee group covered by the plans.
- The interest cost of pension obligations, the return on pension fund assets and the amortization of cumulative unrecognized net actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation or market-related value of plan assets over the expected average remaining service life of the employee group covered by the plans.

The pension plans are funded through contributions determined in accordance with the projected unit credit actuarial method prorated on services.

Stock option plan

The Company has a stock option plan where options to purchase common shares are issued to directors, officers and key employees. No compensation expense is recognized for these plans when shares or share options are issued. Any consideration paid on the exercise of options is credited to capital stock. See future changes in accounting policies on stock option plan.

Management's estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

Future changes in accounting policies

- Goodwill

  The Canadian Institute of Chartered Accountants adopted new recommendations with respect to Business combinations, goodwill and other intangible assets. Effective July 1, 2001, the standards require that all business combinations be accounted for using the purchase method. In addition, goodwill and other intangible assets with an indefinite life will no longer be amortized to income and will be assessed for impairment on an annual basis. This assessment takes mainly into account the acquired clientele, an estimate of the future discounted operating results and the expected period of benefits of goodwill. This new recommendation is effective for the period starting after January 1, 2002. Effective April 1, 2002, the Company prospectively adopted the new recommendations and therefore ceased amortizing goodwill and adopted the goodwill impairment model introduced by the new accounting rules. The Company evaluated that the adoption of these new standards referred to above had no impact on its financial position as at April 1, 2002.

- Stock Option Plan

  Effective April 1, 2002, the Company adopted prospectively the new recommendations of the Canadian Institute of Chartered Accountants with respect to stock-based compensation. These recommendations require that a fair value be determined for options at the date of grant and that such fair value be recognized or disclosed in the financial statements. On that basis, the Company chose to expense all granting of stock options. Had this new standard to account for granting of stock options been used, on a prospective basis, in the last financial years ended March 31, 2002 and 2001, the Company's results would have decreased by $174 and $30 representing $0.01 and $0.00 on earnings per share respectively.

Note 3 | Business Acquisition

On June 12, 2000, the Company acquired 100% of the outstanding shares of Devtek Corporation ("Devtek") and its subsidiaries for a total consideration of $75,036. This acquisition has been accounted for using the purchase method. The 2001 consolidated statement of income includes 9 1/2 months' results of Devtek and 12 months' results for the 2002 consolidated statement of income. The acquired companies manufacture mainly landing gears and aerostructure components and produce hydraulic and mechanical flight control actuators for the aerospace and small arms for the defence industry.

The net assets acquired are as follows:

Working capital	$	31,383
Capital assets		25,141
Other long-term assets		2,954
Goodwill		21,431
Long-term debt		(787)
Future income taxes		(5,086)
Total consideration		75,036
Cash and cash equivalents acquired		(48,954)
Capital stock issued		(34,630)
Net cash positive impact related to acquisition	$	8,548
Total assets acquired	$	132,851
Total liabilities assumed	$	57,815

Note 4 | Financial Instruments and Risk Management

Credit risks related to derivative financial instruments

Presently, the Company engages in derivative financial instruments only with Canadian chartered banks or their subsidiaries. Thus, the Company does not anticipate any breach of agreement by counterparties.

Foreign exchange risks

The Company entered into forward foreign exchange contracts whereby it will sell at an average exchange rate of 1.4889 an amount of US$69,000 (US$90,940 at an average rate of 1.4545 in 2001) for the purpose of foreign exchange risk management related to its export sales maturing at various dates between April 1, 2002 and December 31, 2006.

Credit concentration risks and credit risks

A significant portion of the Company's sales are made to a limited number of customers. However, credit concentration risks are limited due to the fact that the Company deals generally with large corporations and/or government agencies, with the exception of sales made to non-government agencies outside North America, which represent less than 3% of the Company's total sales.

Fair value of financial instruments

At March 31, the book value of all financial instruments approximated fair value, with the exception of the following financial instruments:

	2002		2001	
	Book Value	**Fair Value**	Book Value	Fair Value
Investments	**$ –**	**$ –**	$ 2,284	$ 2,244
Current portion of long-term debt and long-term debt	**64,640**	**62,857**	47,932	44,281
Off balance sheet derivative Instruments:				
Forward foreign exchange contracts				
Net debtor position	**–**	**7,828**	–	10,898

Note 4 | Financial Instruments and Risk Management (continued)

The following methods and assumptions have been used to evaluate the fair value of each category of financial instruments:

For certain financial instruments of the Company, including cash and temporary investments, accounts receivable and other receivables, bank loan, accounts payable and accrued liabilities and customers' advances, the book value approximates fair value because of the near maturity of such financial instruments.

The fair value of the investments is determined by discounting the future contractual cash flows anticipated using a discount rate on investments of which the Company could avail itself for investments having similar terms and conditions.

The fair values of the current portion of long-term debt and long-term debt are determined by discounting the future contractual cash flows anticipated pursuant to the financial contracts in force using discount rates which represent the interest rates on loans of which the Company could avail itself for loans having similar terms and conditions.

The fair value of derivative financial instrument contracts is determined from prices obtained by the Company for identical or similar instruments. The fair value of forward foreign exchange contracts is based on the most recent foreign exchange rates.

Note 5 | Cash and Temporary Investments

As at March 31, 2002, Cash and temporary investments include $42,250 ($33,672 in 2001) of temporary investments bearing interest between 2.08% and 4.48% (4.45% and 5.30% in 2001). These temporary investments consist of Banker's acceptances secured by a Canadian chartered bank with maturity dates varying from April to August 2002 (July to December in 2001). The full amount of $42,250 ($33,672 in 2001) is invested in temporary investments with durations of more than 3 months.

Note 6 | Inventories

Inventories consist of:

	2002	2001
Raw materials	$ 18,359	$ 15,790
Work in process and finished goods	53,187	53,084
Less: Progress billings	10,419	7,977
	$ 61,127	$ 60,897

Progress billings received during the production process are reduced from the related inventories.

At March 31, 2002, the work in process and finished goods include non-recurring costs (development costs, pre-production costs and tooling costs) and the excess over average production costs (production costs incurred in the early stage of a program, in excess of the average estimated unit cost for the entire program) of $4,151 ($4,351 in 2001).

Note 7 | Capital Assets

Capital assets consist of:

	2002		
	Cost	Accumulated Amortization	Net book Value
Land	$ 3,206	$ –	$ 3,206
Building and leasehold improvements	43,994	11,802	32,192
Machinery, equipment and tooling	116,892	63,189	53,703
Deposits on machinery and equipment	341	–	341
Automotive equipment	897	745	152
Computer and office equipment	16,912	11,246	5,666
	$ 182,242	$ 86,982	$ 95,260

Note 7 | Capital Assets (continued)

	2001		
	Cost	Accumulated Amortization	Net book Value
Land	$ 3,196	$ –	$ 3,196
Building and leasehold improvements	31,011	10,298	20,713
Construction in progress – building	4,447	–	4,447
Machinery, equipment and tooling	97,481	57,778	39,703
Deposits on machinery and equipment	2,759	–	2,759
Automotive equipment	812	685	127
Computer and office equipment	13,571	7,984	5,587
	$ 153 277	$ 76,745	$ 76,532

The construction of our new manufacturing facility in Dorval for our Aerostructure division was completed in April 2001.

The major specialized machinery and equipment to produce large aircraft structural components were installed in the Dorval facility and have been operational since September 2001.

At March 31, the cost of machinery, equipment and tooling include $9,674 with accumulated amortization of $211 in 2002 of assets acquired through capital leases (none in 2001).

Note 8 | Investments

The following investments are given in guarantee for the term loans which were obtained through the immigrant investor loans:

	2002	2001
Guaranteed investment certificate, of a nominal value of $963, bearing interest at 6.94%, given as a guarantee on the immigrant investors loan, maturing May 23, 2001. The interest income that is earned semi-annually, is applied on the reimbursement of interest, on contribution funds and on the administration fees of the immigrant investors loan. The excess of interest earned is capitalized to the investment cost.	**$ –**	$ 1,047
Medium term notes of a total nominal value of $1,599, bearing interest at 5.65%, given as a guarantee on the immigrant investors loan, maturing July 24, 2002. The excess of interest earned is capitalized to the investment cost.	**2,047**	1,947
Guaranteed investment certificate, of a nominal value of $319, bearing interest at 5.086%, given as a guarantee on the immigrant investors loan, maturing February 12, 2003. The interest income that is earned semi-annually, is applied on the reimbursement of interest, on contribution funds and on the administration fees of the immigrant investors loan. The excess of interest earned is capitalized to the investment cost.	**343**	337
	2,390	3,331
Less: Guaranteed investment certificate – current portion included in other receivables	**2,390**	1,047
	$ –	$ 2,284

Note 9 | Other Assets

The Company's other assets can be summarized as follows:

		2002		2001
Deferred financing costs – net	$	1,220	$	382
Preferred shares, redeemable in 2005, representing a sale balance on the sale of a subsidiary in December 1999		500		500
	$	1,720	$	882

Note 10 | Bank Loan

In 2002, the Company restructured its banks credit facilities through syndicated loans. These credit facilities are classified under the long-term debt. (see Note 13).

At March 31, 2002, the Company had an outstanding letter of credit of $610.

At March 31, 2001, the utilized portion of the short-term lines of credit amounted to $10,207. These lines of credit were renewable on demand, secured by accounts receivable and inventories of all of the Company's subsidiaries and divisions and all other assets of the Company's subsidiaries. They bore interest at prime rate and were subject to certain financial covenants.

Note 11 | Accounts Payable and Accrued Liabilities

At June 12, 2000, the purchase price for the acquisition of Devtek Corporation and its subsidiaries included adjustments to the net book value of the net assets acquired representing contingency and reorganization reserves. At March 31, 2002, the balance of these reserves amounted to $7,561 ($8,125 in 2001) and are included in accounts payable and accrued liabilities.

Note 12 | Customers' Advances

The customers' advances amounting to $6,123 as at March 31, 2002 ($13,076 in 2001), represent unearned amounts received from customers, in the Company's Logistics & Defence Division, at time of signature of the contracts. These customers' advances are liquidated based on units delivered to customers and are guaranteed by the Company. These guarantees are reduced as the customers' advances are liquidated.

Note 13 | Long-term Debt

		2002		2001
Unsecured Syndicated Evergreen Revolving Credit Facilities of up to $100,000 (either in Canadian or U.S. currency equivalent) having revolving periods of two (2) years extendible annually, bearing interest at prime or US base rate plus 1/2% representing 4.25% and 5.25% respectively at March 31, 2002 ($680 and US$7,750 used on operating facilities and $14,130 and US$7,750 used on term facilities).	$	39,534	$	–
Loans bearing no interest, repayable in variable annual installments, with various expiry dates until 2011.		14,700		13,761
Obligations under capital leases bearing interest between 5.4% and 8.1% maturing between June 2004 and January 2009, with amortization periods varying between five (5) to eight (8) years, secured by the related capital assets (net of interest of $2,105).		7,256		–
Term loans, obtained by way of the immigrant investors' program of Québec, bearing interest between 0% and 1/2%, maturing May 23, 2001 ($1,050), July 24, 2002 ($2,100) and February 2003 ($350), guaranteed by the related investments (see Note 8).		2,450		3,500

Note 13 | Long-term Debt (continued)

		2002		2001
Sale balance related to the acquisition of some of the Company's Canadian subsidiaries, bearing interest at 6% on $700, payable annually on July 31, maturing on May 31, 2002.	$	700	$	850
Term loan bearing interest at 7.65%, payable in quarterly installments until December 31, 2004, having an amortization period of 6 years starting March 31, 2000 and secured by the Canadian capital assets of a division of the Company. This loan was repaid on March 21, 2002.		–		8,125
Term loan bearing interest at 7.59%, payable in quarterly installments until December 31, 2005, having an amortization period of 6 years starting March 31, 2000 and secured by the Canadian capital assets of a division of the Company. This loan was repaid on March 21, 2002.		–		4,063
Term loan bearing interest at 7.28% payable in monthly installments until June 30, 2004, having an amortization period of 7 years and secured by the assets, excluding land and buildings, of some of the Company's Canadian subsidiaries. This loan was repaid on March 21, 2002.		–		2,100
Revolving term loan bearing interest at bankers' acceptance plus 1.5%, payable on June 30, 2002 and secured by the assets, excluding land and buildings, of some of the Company's Canadian subsidiaries. This loan was repaid on March 21, 2002.		–		1,000
Term loan of US$8,300 bearing interest at US prime rate plus 1/2%, payable in quarterly installments until December 15, 2004 having an amortization period of 68 months and secured by the assets of the Company's two US subsidiaries. This loan was repaid on March 21, 2002.		–		13,083
Term loan of US$836 bearing interest at US prime rate plus 1/2% payable in quarterly installments until December 15, 2004, having an amortization period of 5 years and secured by the assets of the Company's two US subsidiaries. This loan was repaid on March 21, 2002.		–		1,318
Other long-term debt		–		132
		64,640		47,932
Less: current portion		5,075		7,891
	$	59,565	$	40,041

Unsecured Syndicated Evergreen Revolving Credit Facilities

On March 21, 2002, the Company entered into Unsecured Syndicated Evergreen Revolving Credit Facilities allowing the Company and its subsidiaries to borrow up to $100,000 (either in Canadian or U.S. currency equivalent) for its operations, acquisitions and foreign exchange risks from a group of banks and their American subsidiaries or branches. Theses credit facilities consisting of revolving operating credit facilities (up to $35,000) and revolving term credit facilities (up to $65,000), each having a two (2) year revolving period extendible annually, were structured on an unsecured basis, subject to certain restrictive covenants and corporate guarantees granted by the Company and its subsidiaries. In the event that the credit facilities are not extended, the operating credit facilities will mature at the end of the revolving period. As to the term credit facilities, they will convert at the end of the revolving period into a three-year term loan with an amortization period of five (5) years.

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 Unsecured Syndicated Evergreen Revolving Credit Facilities are governed by two credit agreements (Canadian and American).

Note 13 | Long-term Debt (continued)

Loans bearing no interest
Loans bearing no interest represent essentially government assistance for the purchase of specialized equipment or tooling and for the modernization or additions to the Company's facilities. They were granted as incentives under some federal regional programs and provincial industrial programs to favour the development of the industry in Canada. Some of these loans are repayable according to certain specific conditions, in particular depending on the Company's aerospace sales and the Company's sales of certain predetermined aircraft landing gear or parts within specific delays.

Immigrant investor loans
The immigrant investor loans related to the investments (see Note 8) were obtained through the acquisition of Metro Machining Corporation and ''Les Industries CAT Inc." and will not be renewed at maturity.

Restrictive covenants
Long-term debt is subject to certain general and financial covenants related amongst others to the working capital, the capital expenditures, the indebtedness, the cash flows and the equity of the Company. At March 31, 2002, the Company had complied with these restrictive covenants.

Minimum repayments
Minimum repayments of long-term debt during the next five years are as follows:

Years ending March 31	Minimum repayments	Repayments related to the earliest termination of revolving credit facilities	Total
2003	$ 5,573	$ –	$ 5,573
2004	2,506	13,042	15,548
2005	3,037	5,298	8,335
2006	2,659	5,298	7,957
2007	2,845	15,896	18,741

The minimum repayments include interest on obligations under capital leases of $1,869.

The financial expenses, as at March 31, are comprised of:

	2002	2001
Interest and deferred financing cost amortization on long-term debt	$ 2,604	$ 2,607
Interest and unamortized deferred financing cost write-offs related to early termination of certain long-term debt	690	–
Interest on a Bridge loan related to the acquisition of Devtek	–	472
Interest on Bank loan	707	1,091
Interest revenue	(1,773)	(1,780)
Financial expenses	$ 2,228	$ 2,390

Note 14 | Other Liabilities

The Company's other liabilities are comprised of the following:

		2002		2001
Pension Plans and other post-retirement benefits including liabilities related to divestiture of some of Devtek's subsidiaries prior to their acquisition by the Company on June 12, 2000 (discontinued operation liabilities)	$	6,118	$	7,031
Salaries and other compensations related to divestiture referred to above		1,196		1,699
Others		624		628
	$	7,938	$	9,358

In 2002, the Company's discontinued operation liabilities were reclassified under other liabilities (as shown above) and accounts payable and accrued liabilities.

Note 15 | Capital Stock

Authorized capital stock

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

An unlimited number of common shares

An unlimited number of first preferred shares, issuable in series

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:

		2002		2001
24,443,937 common shares (23,291,687 in 2001)	$	73,958	$	63,232

Common shares issued

During the second quarter of the financial year ended March 31, 2001, the Company issued 8,245,319 common shares in connection with the acquisition of Devtek Corporation and its subsidiaries (see Note 3).

On July 10, 2001, the Company issued 1,000,000 common shares at a price of $9.91 on a private placement basis. The net proceeds of $9,883 is used for general financing purposes and to support the growth of the Company.

The Company issued 152,250 (138,101 in 2001) common shares for a total cash consideration of $843 ($619 in 2001) relating to the exercise of stock options.

Stock option plan

Under the stock option plan (the plan), options are granted to directors, officers and key employees. The plan establishes that the subscription price will be equal to the closing price of the related shares on the day preceding the granting of the options. Options generally may be exercised after the first anniversary of the date of grant until the seventh anniversary of the date of grant. The aggregate number of shares reserved for issuance under the plan is 2,277,118, of which 466,750 shares have not been granted yet.

Note 15 | Capital Stock (continued)

As of March 31, 2002, 866,350 options were issued and outstanding as follows:

	Outstanding options			Vested options	
Range of Exercise Price	Number	Weighted average years of maturity	Weighted average exercise price	Number	Weighted average exercise price
$3.50 to $5.00	327,600	4.2	$ 4.51	245,600	$ 4.65
$5.00 to $6.50	348,750	1.5	5.94	195,750	5.92
$6.50 to $8.00	65,000	6.1	7.65	–	–
$8.00 to $10.00	125,000	6.2	9.61	–	–
	866,350	3.6	$ 6.05	441,350	$ 5.21

During the year, the number of options has varied as follows:

	Exercise price, weighted average	2002	Exercise price, weighted average	2001
Balance at beginning of year	$ 5.30	851,600	$ 5.27	730,000
Granted	8.95	192,500	4.82	394,905
Exercised	5.54	(152,250)	4.48	(138,101)
Cancelled	5.89	(25,500)	4.58	(135,204)
Balance at end of year	$ 6.05	866,350	$ 5.30	851,600

Diluted earnings per share

In financial year 2002, the use of the treasury method, for the diluted earnings per share calculations, increased the average number of common shares by 282,466 to 24,345,504 (70,946 to 21,613,983 in 2001).

Note 16 | Cumulative Translation Adjustment

The variation in the cumulative translation adjustment of $381 during the year ($1,578 in 2001) reflects the impact of the foreign exchange rate fluctuations on the net assets of foreign subsidiaries.

Note 17 | Income Taxes

The computation of income taxes is as follows:

	2002	2001
Income taxes at combined federal and provincial tax rates	$ 9,677	$ 7,883
Large corporations' tax	122	137
Tax incentives for manufacturing and processing	(878)	(449)
Impact of non-deductible items charged to income net of non-taxable revenue items	30	570
Income tax rate difference-U.S. subsidiaries	146	14
Other items	703	240
Income tax rate differential applicable to certain Canadian subsidiaries	298	370
	$ 10,098	$ 8,765

Note 17 | Income Taxes (continued)

Temporary differences and carry-forwards, which give rise to future income tax assets and liabilities, are as follows:

	2002	2001
Future income tax assets		
Current		
Non-deductible reserves	$ 3,894	$ 4,194
Inventories	836	1,022
	$ 4,730	$ 5,216
Long-term		
Loans bearing no interest	$ 803	$ 748
Capital assets	1,329	(86)
Other	787	–
	$ 2,919	$ 662
Future income tax liabilities		
Current		
Inventories	$ 720	$ 1,126
Non-deductible reserves	–	(130)
	$ 720	$ 996
Long-term		
Capital assets	$ 10,134	$ 7,337
Other	400	(239)
	$ 10,534	$ 7,098
Income taxes are as follows:		
Current taxes	$ 8,745	$ 9,148
Future taxes	1,353	(383)
	$ 10,098	$ 8,765

Note 18 | Net Change in Non-cash Items Related to Operations

The net change in non-cash items related to operations can be detailed as follows:

	2002	2001
Accounts receivable	$ 4,724	$ (12,248)
Other receivables	198	(531)
Inventories	(230)	(684)
Prepaid expenses	(295)	1,053
Accounts payable and accrued liabilities and other liabilities	(100)	17,564
Customers' advance	(6,953)	6,708
Income taxes payable	(1,706)	4,497
Effect of changes in exchange rate	259	1,641
	$ (4,103)	$ 18,000

Note 19 | Pension Plans and Other Post-Retirement Benefits

The Company has defined benefit pension plans covering certain of its employees. The cost of pension benefits earned by employees is determined using the projected unit credit actuarial method prorated on services.

During the year ended March 31, 2001, the Company transferred a defined benefit plan to a defined contribution plan. Upon receipt of the government approval, the Company made a lump sum payment to the employees' contribution pension plan. In 2001, the termination of the plan was shown as annuity purchased in the accrued benefit obligation, in the plan asset reconciliation and in the net pension plan expense for the previous year and as a lump sum payment following plan termination for the year ended March 31, 2002.

Based on the most recent actuarial calculations, as at December 31, 2001 (for the year ended March 31, 2002) and December 31, 2000 (for the year ended March 31, 2001), the information related to these defined benefit pension plans can be summarized as follows:

		2002		2001
Accrued benefit obligation				
Accrued benefit obligation, beginning of the year	$	20,947	$	10,193
Accrued benefit obligation from acquisition		–		7,086
Current service cost		1,074		1,081
Past service cost		–		1,150
Interest cost		1,006		1,042
Annuity purchased		–		(985)
Lump sum payment following plan termination		(2,651)		–
Benefits paid		(616)		(546)
Actuarial loss (gains)		(278)		1,926
Accrued benefit obligation at year-end	$	19,482	$	20,947
Plan assets				
Fair value at beginning of the year	$	9,797	$	10,006
Actual return on plan assets		699		(210)
Employer contributions		2,155		1,025
Employee contributions		435		401
Lump sum payment following plan termination		(2,651)		–
Benefits paid		(616)		(546)
Annuity purchased		–		(1,010)
Transfer of assets		–		131
Fair value of plan assets at end of year	$	9,819	$	9,797
Funded status				
(Deficit)	$	(9,663)	$	(11,150)
Unamortized actuarial loss		803		1,097
Unamortized transitional obligation from acquisitions		696		830
Unamortized transitional obligation		1,116		1,190
Unamortized past service cost		930		1,002
Accrued (liability)	$	(6,118)	$	(7,031)

The amounts referred to above, including the accrued benefit obligation, the fair value of plan assets and the accrued benefit liability at the end of the corresponding year, represent also the amounts related to the pension plans that are not totally funded.

Note 19 | Pension Plans and Other Post-Retirement Benefits (continued)

The most important actuarial assumptions used in order to evaluate the accrued benefit obligation can be summarized as follows:

	2002	2001
Discount rate	6.50 %	6.75 %
Expected long-term return on plan assets	8.00 %	8.00 %
Rate of compensation increase	3.25 %	3.50 %

The net pension plan expense of the Company's defined benefit plans can be detailed as follows:

	2002	2001
Employer current service cost	$ 639	$ 680
Interest cost	1,006	1,042
Expected return on plan assets	(687)	(837)
Amortization of transitional obligation	208	200
Amortization of past service cost and actuarial loss	76	18
Settlement loss on plan termination	–	890
Net pension plan expense	$ 1,242	$ 1,993

In addition, the Company offers also some defined contribution plans covering certain of its employees. The defined contribution plan expense represent $1,757 in 2002 ($1,736 in 2001).

The amounts relating to other post-retirement benefits are not included above because they are not significant.

Note 20 | Commitments

Building lease contracts

The Company has entered into some leases for buildings which are used for manufacturing operations and administration. The total commitments at March 31, 2002 amounted to $1,100 excluding escalation clauses. The minimum annual lease payments over the next five years are: $ 442 in 2003, $359 in 2004, $211 in 2005, $88 in 2006 and $0 in 2007.

Operating lease contracts - machinery and equipment

Under operating lease contracts for machinery and equipment used for its manufacturing operations, the Company has commitments at March 31, 2002 of $27,382 for which the minimum annual operating lease payments, over the next five years, are: $5,417 in 2003, $5,157 in 2004, $4,804 in 2005, $4,346 in 2006 and $4,125 in 2007.

Under these operating lease contracts, the Company has the option to purchase the related machinery and equipment at the end of the contract. These purchase option payments are: $144 in 2003, $179 in 2004, $1,148 in 2005, $89 in 2006 and $5,900 for 2007 and after.

Machinery and equipment acquisition commitments

The Company has released purchase orders relating to machinery and equipment which have not been delivered to the Company's facilities. These outstanding purchase orders at March 31, 2002 amounted to $5,326 for which $341 deposits on machinery and equipment were made. In April 2002, additional purchase orders amounting to $6,795 for machinery and equipment were also released. The machinery and equipment will be dedicated mainly to the Company's Gas Turbine and Aerostructure Divisions in order to increase its manufacturing capacity.

Note 21 | Contingencies

The Company is involved in litigations and claims associated with normal operations. Management is of the opinion that any resulting settlements would not materially affect the financial position of the Company.

Note 22 | Segmented Information

The Company's two operating segments are aerospace & defence and industrial. The aerospace & defence segment includes the design, development, manufacture, repair and overhaul and sale of systems and components for military and civil aviation and small arms for the defence industry. The industrial segment represents essentially the manufacture and sale of gas turbine components and other high-precision machined products.

The Company evaluates the performance of its operating segments primarily based on operating income before financial expenses and provision for income taxes.

The Company accounts for intersegment and related party sales and transfers, if any, at exchange values.

The accounting policies used to account for the operating segments are the same as those described in the summary of the Company's significant accounting policies.

Segmented information consists of the following:

Activity Segments

	2002			2001		
	Products related to Aerospace & Defence	Industrial Products	Total	Products related to Aerospace & Defence	Industrial Products	Total
Sales	$ 252,858	$ 63,422	$ 316,280	$ 197 943	$ 61,134	$ 259,077
Operating income	22,487	8,607	31,094	15,713	9,055	24,768
Financial expenses			2,228			2,390
Income before income taxes and goodwill amortization			28,866			22,378
Assets	$ 238,184	$ 61,453	$ 299,637	$ 223,430	$ 46,414	$ 269,844
Purchase of capital assets	21,060	9,277	30,337	17,424	7,748	25,172
Amortization	9,953	3,563	13,516	8,074	3,137	11,211

Geographic Segments

	2002			2001		
	Canada	Outside Canada	Total	Canada	Outside Canada	Total
Sales	$ 226,910	$ 89,370	$ 316,280	$ 171,448	$ 87,629	$ 259,077
Operating income	22,031	9,063	31,094	14,183	10,585	24,768
Financial expenses			2,228			2,390
Income before income taxes and goodwill amortization			28,866			22,378
Assets	$ 227,157	$ 72,480	$ 299,637	$ 207,447	$ 62,397	$ 269,844
Purchase of capital assets	19,271	11,066	30,337	16,164	9,008	25,172
Amortization	8,715	4,801	13,516	6,924	4,287	11,211
Export sales	144,244			113,562		

64% of the Company's sales (66% in 2001) are destined to U.S. customers.

Note 23 | Reclassification

Comparative figures for the financial statements as at March 31, 2001 have been reclassified to comply with the March 31, 2002 presentation.

Board of Directors

Helmut Hofmann †
Chairman of the Board
Héroux-Devtek Inc.
Toronto, Ontario

Gilles Labbé
President and Chief Executive Officer
Héroux-Devtek Inc.
Montréal, Québec

Claude Boivin †
Consultant and
Member of various Boards of Directors
Montréal, Québec

Jacques M. Brault †
Senior Vice-President
National Bank Financial
Montréal, Québec

Banking Institution

Alain Cousineau *
Partner, Chairman of the Board
Groupe Secor Inc.
Montréal, Québec

Strategic Planning Consulting Firm

George S. Dembroski *
Member of various Boards of Directors
of private and public companies
Toronto, Ontario

Jean-Louis Fontaine †
Vice-Chairman of the Board and Director
Bombardier Inc.
Montréal, Québec

Diversified manufacturer of transportation equipment

Donald M. Green
Chairman of the Board and Chief Executive Officer
Greenfleet Limited
Toronto, Ontario

Private Investment Firm

Pierre Marcouiller *
Chairman of the Board
Camoplast Inc.
Montréal, Québec

Manufacturer of composite and thermoplastic
products for light and heavy duty vehicles

Jacques Paquin *
Partner
Desjardins Ducharme Stein Monast
Montréal, Québec

Law Firm

Brian A. Robbins
President and Chief Executive Officer
Exco Technologies Limited
Toronto, Ontario

Supplier of molded and extruded parts for
the automotive and industrial markets

† *Member of Human Resources and Corporate Governance Committee*
* *Member of Audit Committee*

Corporate Management
of Héroux-Devtek

Gilles Labbé
President and Chief Executive Officer

Réal Bélanger
Executive Vice-President,
Chief Financial Officer and
Corporate Secretary

Patrice Gauvin
Vice-President
Business Development

Martin Brassard
Vice-President
Control and Information Technology

Martine Rivard
Vice-President
Human Resources

Division Managers

Landing Gear	Aerostructure	Gas Turbine Components	Logistics & Defence
Jean Guilbault President	**Farrell Campbell** President	**Alvin Cook** President	
Claude Beauvais Vice-President, Operations Repair & Overhaul Longueuil **Paul Meringer** Vice-President, Operations Manufacturing Longueuil, Laval, Kitchener and DALS **Nagi Homsy** Vice-President, Engineering and Quality Assurance Longueuil, Laval, Kitchener and DALS	**Farrell Campbell** President Héroux-Devtek Aerostructure Metro Machining Corporation Les Industries C.A.T. Inc. **Wolfgang Mildenberger** Operations Manager Magtron	**Dave Cook** Operations Manager Cincinnati, Tampa	**Jeff Macleod** General Manager Diemaco

Shareholders' Information

Annual General Meeting

The Annual General Meeting of Shareholders will be held on Thursday, September 5, 2002, at 11 a.m. in the Salon Pierre de Coubertin of the Omni Hotel, 1050 Sherbrooke Street West, Montréal, Québec, Canada.

Annual Information Form

Shareholders may obtain the Annual Information Form by writing to the Corporate Secretary of Héroux-Devtek Inc.

Registrar and Transfer Agent

National Bank Trust
1100 University Street
Montréal, Québec, Canada H3B 2G7
Tel.: (514) 871-7100

Auditors

Deloitte & Touche LLP
1 Place Ville-Marie, Suite 3000
Montréal, Québec, Canada H3B 4T9
Tel.: (514) 393-7115

Share Listing

Common shares are traded on the Toronto Stock Exchange
Ticker symbol: HRX

Investor Relations

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