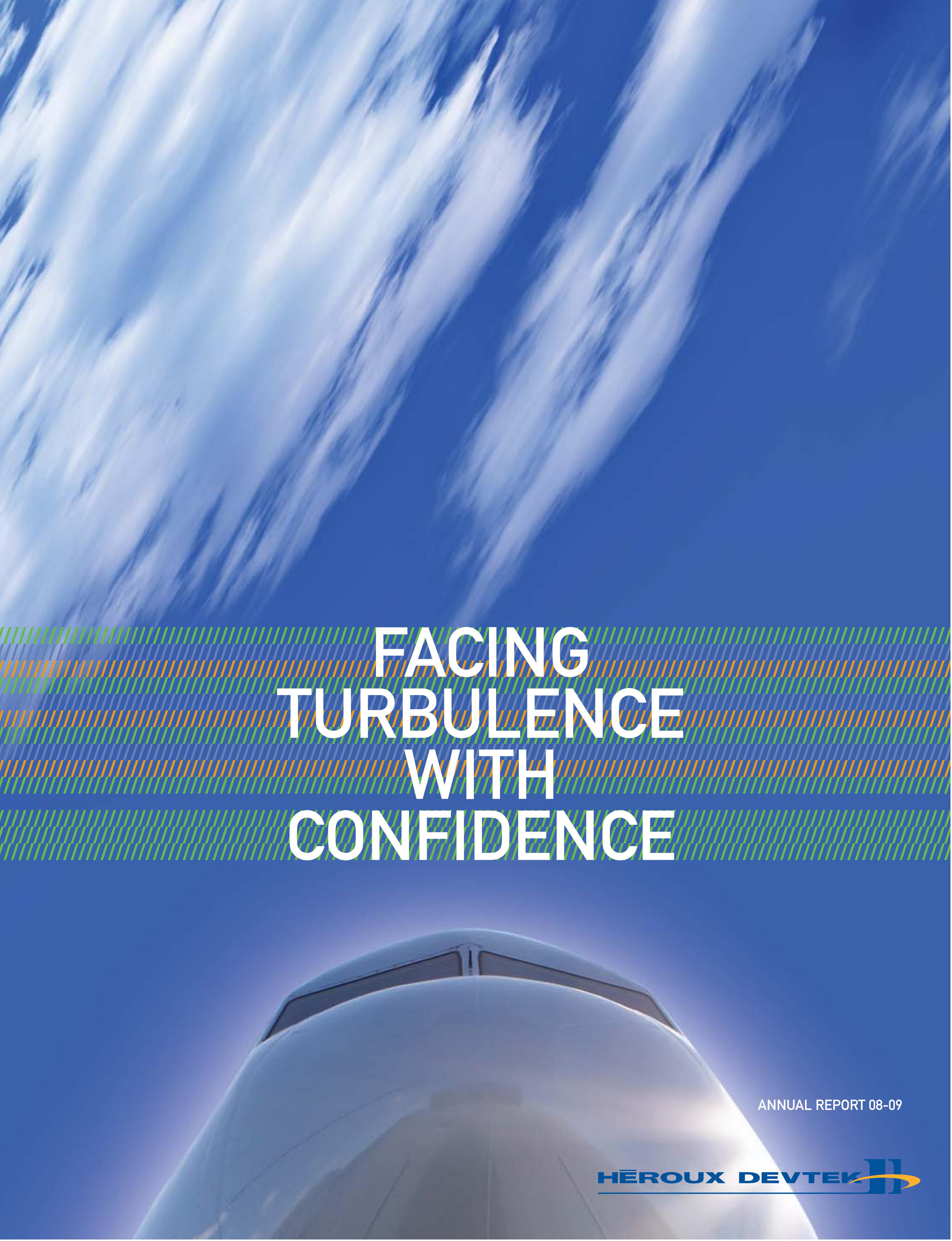
FACING TURBULENCE WITH CONFIDENCE



ANNUAL REPORT 08-09

HÉROUX DEVTEK

HÉROUX-DEVTEK PROFILE ////////////////////////

HÉROUX-DEVTEK (TSX: HRX), A CANADIAN COMPANY, SERVES TWO MAIN MARKET SEGMENTS: AEROSPACE AND INDUSTRIAL PRODUCTS, SPECIALIZING IN THE DESIGN, DEVELOPMENT, MANUFACTURE AND REPAIR AND OVERHAUL OF RELATED SYSTEMS AND COMPONENTS. HÉROUX-DEVTEK SUPPLIES BOTH THE COMMERCIAL AND MILITARY SECTORS OF THE AEROSPACE SEGMENT WITH LANDING GEAR SYSTEMS (INCLUDING SPARE PARTS, REPAIR AND OVERHAUL SERVICES) AND AIRFRAME STRUCTURAL COMPONENTS. THE COMPANY ALSO SUPPLIES THE INDUSTRIAL SEGMENT WITH LARGE COMPONENTS FOR POWER GENERATION EQUIPMENT AND PRECISION COMPONENTS FOR OTHER INDUSTRIAL APPLICATIONS. APPROXIMATELY 65% OF THE COMPANY'S SALES ARE OUTSIDE CANADA, MAINLY IN THE UNITED STATES. THE COMPANY'S HEAD OFFICE IS LOCATED IN LONGUEUIL, QUEBEC WITH FACILITIES IN THE GREATER MONTREAL AREA (LONGUEUIL, DORVAL, LAVAL AND RIVIERE-DES-PRAIRIES); KITCHENER AND TORONTO, ONTARIO; ARLINGTON, TEXAS AND CINCINNATI, OHIO.

GROWTH STRATEGY ////////////////////////////////

HÉROUX-DEVTEK SEEKS GROWTH EXTERNALLY THROUGH ACQUISITIONS THAT CAN BE EASILY INTEGRATED INTO ITS EXISTING OPERATIONS OR THAT BRING COMPLEMENTARY TECHNOLOGY, LEADING TO GREATER ADDED VALUE. INTERNALLY, THE COMPANY AIMS TO:

- DEVELOP VALUED-ADDED, PROPRIETARY PRODUCTS THROUGH DESIGN ENGINEERING;
- ESTABLISH OR ENHANCE ITS PRESENCE IN CERTAIN PRODUCT MARKETS, SUCH AS THE AFTERMARKET REPAIR AND OVERHAUL OF COMMERCIAL AND MILITARY LANDING GEAR, DESIGN AND MANUFACTURING OF SMALL LANDING GEAR, AND LARGE STRUCTURAL ASSEMBLIES FOR COMMERCIAL AND MILITARY AIRCRAFT OEMS; AND
- DIVERSIFY THE CUSTOMER BASE FOR ITS EXISTING PRODUCT LINES, WHICH GENERALLY MEANS FINDING NEW OEM CUSTOMERS FOR ITS LANDING GEAR, AIRFRAME STRUCTURAL AND INDUSTRIAL COMPONENTS

INDEX

FINANCIAL HIGHLIGHTS

FISCAL YEARS ENDED MARCH 31 (in thousands of canadian dollars, except per share data)

	2009	2008	2007	2006	2005
Sales	337,635	307,882	283,286	256,197	232,998
Gross profit	56,919	46,647	31,966	19,237	13,421
Margin	16.9%	15.2%	11.3%	7.5%	5.8%
EBITDA	54,559	44,286	31,050	20,907	14,623
Margin	16.2%	14.4%	11.0%	8.2%	6.3%
Net income (loss) from continuing operations	21,363	19,019	8,906	(406)	(4,291)
Margin	6.3%	6.2%	3.1%	(0.2)%	(1.8)%
Earnings (loss) per share - from continuing operations					
Basic	0.68	0.60	0.28	(0.01)	(0.16)
Diluted	0.67	0.59	0.28	(0.01)	(0.16)
Net income from discontinued operations (1)	—	—	—	8,661	2,162
Earnings per share-basic and diluted from discontinued operations (1)	—	—	—	0.30	0.08
Net income (loss)	21,363	19,019	8,906	8,255	(2,129)
Margin	6.3%	6.2%	3.1%	3.2%	(0.9)%
Earnings (loss) per share					
Basic	0.68	0.60	0.28	0.29	(0.08)
Diluted	0.67	0.59	0.28	0.29	(0.08)

AS AT MARCH 31 (in thousands of canadian dollars, except per share data)

	2009	2008	2007	2006	2005
Total assets	417,174	356,454	339,461	309,531	312,130
Working capital	96,984	101,596	86,283	70,330	47,068
Working capital ratio	1.86:1	2.20:1	1.89:1	1.76:1	1.48:1
Net debt-to-equity (2)	0.24	0.29	0.33	0.27	0.59
Long-term debt-to-equity	0.42	0.40	0.42	0.33	0.51
Book value per common share	6.30	5.71	5.10	4.84	4.81
Cash flow from operations	48,042	37,848	29,771	20,007	11,934
Average number of shares outstanding ('000)	31,583	31,610	31,511	28,727	26,933
Shares outstanding at year-end ('000)	31,172	31,639	31,528	31,489	26,955
Fully diluted shares (used for diluted EPS) ('000)	31,783	31,984	31,545	28,727	26,933

(1) Due to the sale of the Logistics and Defence Division, Diemaco.
(2) Defined as the total long-term debt, including the current portion, less cash and cash equivalents over shareholders' equity.

MAY 08

ISRAEL AEROSPACE INDUSTRIES

$10 TO $12 MILLION

The LAHAV Division of Israel Aerospace Industries awarded the Aerostructure Division, a ten year contract to fabricate, assemble and deliver over 50 aluminum and titanium structural detail components such as spars, ribs, and fitting assemblies being used in IAI's production of F-15 and F-16 structural assemblies. This contract continues through December 2018 with a total value possibly exceeding $10 to $12 million.

JUNE 08

BOMBARDIER AEROSPACE

Bombardier Aerospace awarded the Landing Gear Division a contract to design, develop, fabricate, assemble, test and deliver landing gear structure and actuation for the Learjet 85 business aircraft program. This life-cycle mandate also includes the provision of spare parts.

JULY 08

EMBRAER

Brazilian aircraft manufacturer Embraer awarded the Landing Gear Division a contract to design, develop, fabricate, assemble, test and deliver landing gear structure and actuation for the new Embraer Legacy 450 and Legacy 500 business aircraft programs. This life-cycle mandate also includes the provision of spare parts.

JULY 08

BELL HELICOPTER TEXTRON

$57 MILLION

The Aerostructure Division signed a letter of agreement with Bell Helicopter Textron accompanied by orders to manufacture primary structural components for the new Bell Helicopter 429, such as cabin, cockpit and aft fuselage components and sub-assemblies. The letter of agreement covers a period up to 2015, with the value of potential orders over that period estimated at about $57 million, and is in addition to a previously-signed agreement between the Landing Gear Division and Bell Helicopter on the 429 program for flight critical components. This previous agreement included firm commitments totalling $8 million to deliver components until the end of 2011.

F-16

Bell Helicopter 429

AUGUST 08

U.S. AIR FORCE
U.S. NAVY

$15.8 MILLION

The Landing Gear Division was awarded contracts for the repair and production of landing gear components mainly for the B-2, C-5, F-16, P-3 and T-37 aircraft, essentially from the U.S. Air Force and the U.S. Navy. Production will be spread out over a four-year period and the combined value of the contracts is more than $15.8 million.

JANUARY 09

FOKKER SERVICES

$15 TO $24 MILLION

Netherlands-based Fokker Services BV awarded the Landing Gear Division a contract to supply complete aftermarket kits including major components, such as pistons and cylinders for the Fokker 100 aircraft. Deliveries are expected to begin in the spring of 2010 and should be completed by the end of calendar year 2013. Based on current projections, the total value of the contract is estimated to be between $15 and $24 million.

MARCH 09

U.S. NAVY

$37 MILLION

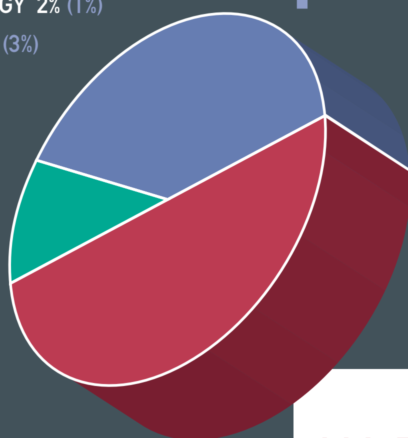
The U.S. Navy awarded the Landing Gear Division an important landing gear repair and overhaul (R&O) contract for its entire P-3 patrol aircraft fleet. The contract is for at least two years and guarantees a certain amount of components to be repaired and overhauled. Furthermore, under the terms of the agreement, the U.S. Navy has the option to extend the agreement for an additional three-year period. Assuming all options are exercised, the total value of the contract is estimated at $37 million.

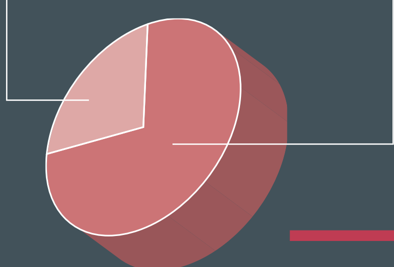
P-3

Fokker 100

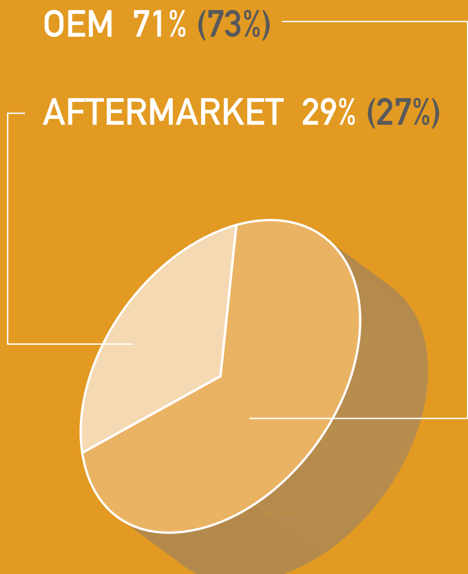
SALES BREAKDOWN FISCAL 2009 (FISCAL 2008)

Héroux-Devtek has established a diverse revenue base. With business well balanced between and within the civil and military sectors, and complemented by a growing industrial sector, the Company does not rely upon a single market for its sales performance.





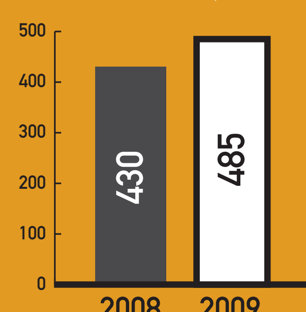
MILITARY AEROSPACE	50%	(50%)
CIVIL AEROSPACE	39%	(41%)
INDUSTRIAL	11%	(9%)



The aftermarket, consisting of replacement parts, repair and overhaul services, and ready-to-assemble kits, is less exposed to both volatility in the economy and variations from year to year in government budgets.

As this market cements Héroux-Devtek's relationships with clients who are among the world leaders in their fields, it represents a strong pillar of the Company's ongoing business while also offering significant growth opportunities.

FUNDED (FIRM) BACKLOG
AS AT MARCH 31 (in millions of $)



THE SUCCESSFUL EXECUTION OF MANAGEMENT'S PLAN IS A TESTAMENT TO THEIR DETERMINATION TO CREATE AN EVEN LEANER AND MORE EFFICIENT ORGANIZATION, ONE I BELIEVE POSITIONS HÉROUX-DEVTEK WELL TO DEAL WITH THE UNCERTAIN BUSINESS ENVIRONMENT.

Dear Shareholders:

Fiscal 2009 was a year of dramatic contrast for Héroux-Devtek. It proved to be a period of record results for our Company but it was also the onset of the unprecedented global financial crisis. And so, while we made excellent progress through the year and posted excellent results in all three of our business units, management remained mindful of the potential implications of the economic downturn. They took the appropriate actions in order to face the impending realities of the current economic situation.

My congratulations are extended to the entire Héroux-Devtek team which faced the intensified challenges through fiscal 2009 with professionalism and rigour. The successful execution of their plan is a testament to their determination to create an even leaner and more efficient organization, one I believe positions us well to deal with the uncertain business environment.

Few, if any, business sectors have escaped the fallout from the recession. Despite Héroux-Devtek's impressive results of the past year, we cannot ignore the fact that our areas of aerospace and industrial products have not been immune to the consequences of the overall downturn. Additionally, the new U.S. administration, as anticipated, is now reassessing its policies regarding the procurement of military hardware.

A major reshaping of the Pentagon budget was announced in April with plans for reduced spending in many traditional weapons system programs. However, new money has been allocated for others. While this will have an effect on our projects related to the F-22 and C-17 aircraft over the next three years, we stand to gain further on the massive Joint Strike Fighter (JSF) program, where we are already firmly entrenched.

The recession has had a considerable impact on the commercial aviation market. Airlines announced plans over the past year to take hundreds of planes out of service as fewer people fly. New aircraft purchases have also been postponed.

Héroux-Devtek has the proven ability to adjust to any downturn that may arise as well as to maximize any opportunity that presents itself. Nonetheless, given our stature with world-class OEMs, we are confident that we will at least maintain or improve our share of available aerospace contracts. Our added engineering capability positions us even better than before as we are now able to design original landing gear systems in-house.

Another positive note is the significant improvement in our Gas Turbine Components business unit. Great advances have been made in this division and it has become a meaningful contributor to our bottom line. The potential growth of wind energy globally is significant and Héroux-Devtek intends to play an important role in this area.

The current year will, no doubt, be an active one. The effects of the financial meltdown will continue to be felt but some optimism is being voiced that the beginnings of a recovery will manifest itself in 2010. Backed by a strong management team and a dedicated workforce, Héroux-Devtek will remain at the forefront in our industry. I sincerely thank our employees for their commitment and I extend a heartfelt thank you to my colleagues on the Board for their wise counsel through the past year.

(signed by)
John Cybulski
Chairman of the Board

DURING THE YEAR JUST ENDED, WE ONCE AGAIN WON CONTRACTS WHOSE BENEFITS WILL BE FELT FOR MANY YEARS AND COMPLETED AMBITIOUS INVESTMENT PROJECTS. EVEN MORE IMPORTANT, HÉROUX-DEVTEK HAS MAINTAINED EXCELLENT FINANCIAL HEALTH.

Dear Shareholders,

Fiscal 2009 was a year of major achievements for Héroux-Devtek. Not only did we attain our objective of internal sales growth close to 10% – our sales were a record $337.6 million, up 9.7% from last year – but we continued to improve our operating margins. Our operating income of $34.5 million, another record, was up 24.1% from last year.

I am proud to say that we also reached an objective stated some years ago, that of building a robust and long-term-sustainable business model for each of our three divisions. The diversity of our revenues – well-balanced between commercial and military aviation, the latter itself diversified between OEMs and governments – plus a growing contribution from the industrial sector, presents us with a wealth of business opportunities. Also, close to 30% of our volume consists of aftermarket sales – replacement parts, repair and overhaul services and ready-to-assemble kits. This market is less exposed to fluctuations in the economy and in government budgets, and generates better profit margins.

Our funded (firm orders) backlog stood at $485 million at year-end, compared with $430 million last year and, like our product and service offering, the backlog is well-diversified.

NEW CONTRACTS, SUSTAINED INVESTMENT

During the year just ended, we once again won contracts whose benefits will be felt for many years and completed ambitious investment projects.

Noteworthy among the new contracts are two mandates to design and develop landing gear for business jets: for Bombardier's Learjet 85 and – a new customer for Héroux-Devtek – for Embraer's Legacy 450 and 500. These substantial contracts further consolidate our standing as an integrated supplier capable of bringing complete design and development programs to fruition. They also reinforce our determination to become the supplier of choice of landing gear solutions for commercial and military aircraft of up to 50,000 kilograms. Héroux-Devtek is now one of the world's top three designers and makers of landing gear.

Over the last three years, we have invested more than $100 million to modernize our facilities and add equipment incorporating the most advanced technology available. Our aim is to raise our overall productivity so as to consistently deliver to our customers the best products and services in the business. In fiscal 2009 alone we invested more than $38 million, notably in equipping the Kitchener plant to manufacture major landing gear components for three substantial commercial aircraft programs under the large contract obtained last year from Messier-Dowty. We also completed the modernization of our plating facilities at the Longueuil plant and are now very proud to boast one of the most efficient and environmentally respectful installations of its kind.

At the onset of fiscal 2010, Lockheed Martin awarded us another multi-year contract worth in excess of $50 million to manufacture complex structural components for all three variants of the F-35 Lightning II (JSF) aircraft. This latest mandate is in addition to a $135 million multi-year contract awarded in 2007 for forged aluminum bulkheads and other complex components and confirms our status as the largest JSF aerostructure supplier for Lockheed Martin. The program is entering its Low Rate Initial Production phase and the U.S. Secretary of Defense recently recommended increasing the number of aircraft to be purchased throughout the U.S. government's 2010 fiscal year. We firmly believe in the continuing success of the JSF program and are committed to making the necessary investments to remain the leading provider of complex structural solutions.

Even more important, in my view, is that while making all these investments in new programs and equipment, Héroux-Devtek has maintained excellent financial health. A sound balance sheet is an essential asset in today's difficult credit markets and our position in this regard is exemplary. At the end of the fiscal year, we held $39.8 million in cash and our long-term debt, including the short-term portion, amounted to $87.3 million, resulting in a net debt-to-equity ratio of 0.24:1.

EMPHASIS ON RESEARCH AND DEVELOPMENT

Our investment spending will continue, though our resources will now be focused more on our engineering and design team. We want to broaden the scope of our research and development effort so as to soon be able to provide a complete integrated one-stop solution to our clients.

We devote about 4% of our annual sales to R&D, and since we firmly believe that the development of proprietary value-added products is the way of the future for Héroux-Devtek, we plan to maintain this pace in the years ahead. We have developed a far-reaching program to invest $77 million over six years to improve the reliability and performance of landing gear systems and reduce their environmental impact.

OUTLOOK

The current economic environment will unquestionably slow the activity of some of our business segments. However, our achievements of the past year and the vigorous measures we are taking to reduce costs and improve operating efficiency have positioned us strongly for both the short and the longer terms.

In the short term, we aim to increase our market share. Our customers have begun to rationalize their supplier base, and since we have the human, technological and financial resources to be an uncontested leader in our markets, we stand to benefit from this trend. Moreover, we have forged strong relationships with customers who are for the most part among the global leaders of their fields and are themselves in good financial health.

Despite the current headwinds, all our strategic markets – civil aviation, military aviation and power generation – have attractive long-term prospects. In this light, it is vital for Héroux-Devtek to be recognized as a partner of choice for players who wish to gain share in their own markets. There is no doubt that an extended product and service offering will enable us to attain this status. In the short-term, we are not anticipating any significant sales growth for fiscal 2010 considering the prevailing economic uncertainty.

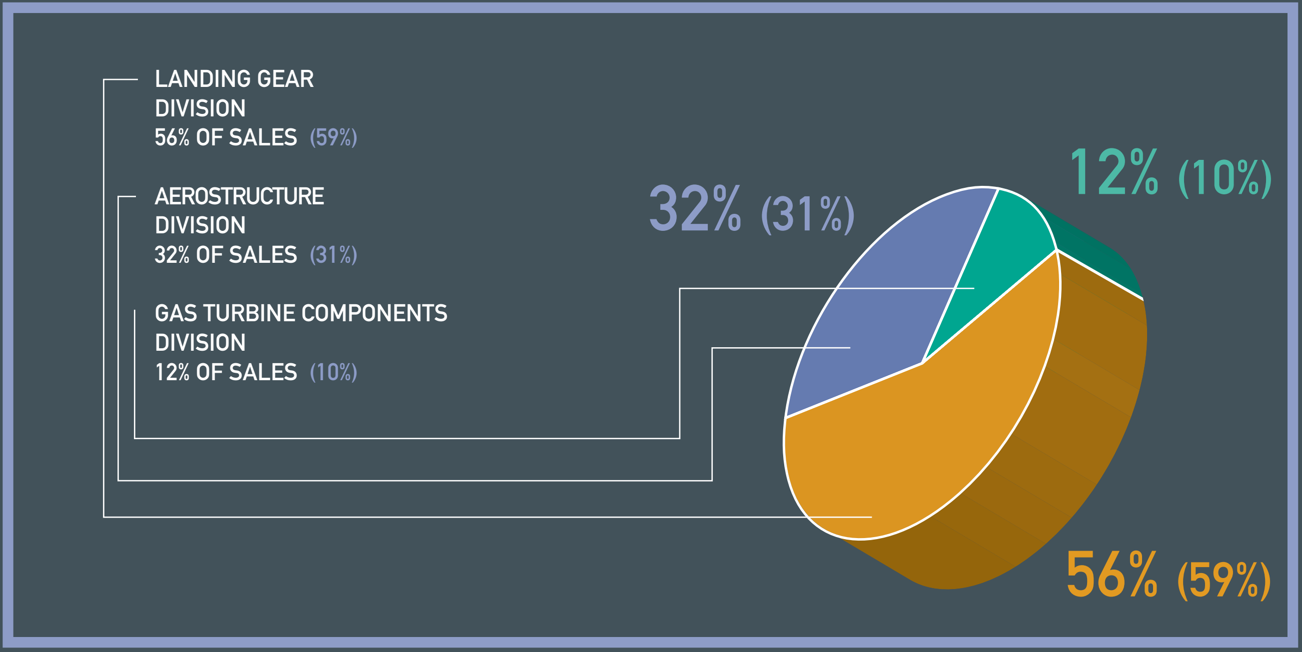
A WINNING COMPANY

We are fortunate to be able to draw on the abilities of highly skilled employees who are actively involved in continuous improvement of our operations and who are committed to a business culture founded on the basic values of our four R's – Respect, Responsibility, Recognition and Resilience. But we cannot accomplish our aims without a strong financial position and the continuing contribution of our partners – our customers, our suppliers and, of course, our shareholders.

I firmly believe that we possess all the key elements needed to confidently navigate the difficult times foreseen in some of our markets and, even more important, to emerge stronger. A winning company is known by an ability to perform well in adversity and not just under blue skies. We will do all in our power to be so known.

(signed by)
Gilles Labbé
President and Chief Executive Officer

OUR OPERATIONS FISCAL 2009 (FISCAL 2008)



AEROSPACE

LANDING GEAR

LONGUEUIL, QC
Design, manufacture and repair and overhaul of components and complete landing gear for military and commercial aircraft

LAVAL, QC
Manufacture and repair and overhaul of small components for landing gear and hydraulic flight control actuators

Manufacture of flight critical parts

KITCHENER, ON
Manufacture of large landing gear components for commercial and military aircraft and replacement parts

RIVIÈRE-DES-PRAIRIES
MONTREAL, QC
Manufacture of small-sized landing gear and structural components

AEROSTRUCTURE

HÉROUX-DEVTEK AEROSTRUCTURE
DORVAL, QC
Manufacture of medium and large-sized aircraft structural components

PROGRESSIVE INCORPORATED
ARLINGTON, TX
Manufacture of complex military aircraft structural components.

MAGTRON
TORONTO, ON
Manufacture and assembly of electronic enclosures, heat exchangers and other high precision components for the aerospace and defence sectors

INDUSTRIAL

GAS TURBINE COMPONENTS

CINCINNATI, OH
Manufacture of large scale components for gas and wind turbines used in the production of electricity

Manufacture of precision components for various industrial sectors, such as heavy equipment

LANDING GEAR


P-3 Landing Gear

DESIGN AND DEVELOPMENT MANDATES POISED TO TAKE OFF

Fiscal 2009 was a year of significant milestones for the Landing Gear Division, as it won strategic design and development mandates, broadened its customer base, put finishing touches on important investment programs and, most importantly, registered record revenues of $190.7 million.

Confirming the talent of our design engineering team, we were awarded contracts to design and develop landing gear structure and actuation for Bombardier's Learjet 85 and Embraer's Legacy 450 and 500 business jet programs. While these mandates will generate revenues only when the first aircraft roll off their respective assembly lines in approximately three to four years, fiscal 2010 will nevertheless be an extremely important year, as we prepare to fabricate and deliver the first prototypes.

Fiscal 2009 also saw the completion of two important investment programs aimed at further improving our productivity and enhancing customer service. First, we completed the multi-year refurbishing of our plating facility in Longueuil, and the result will be the optimization and full automation of production flows in fiscal 2010. We have already significantly improved product quality and reduced cycle times. Second, our team in Kitchener deserves high praise for completing, without disrupting the flow of production, the installation of seven new state-of-the-art pieces of equipment and the relocation of as many as eleven others. These steps were essential for the final preparation and initial ramp-up of our ten-year contract with Messier-Dowty to produce major landing gear components for three important commercial aircraft programs.

LEVERAGING COMPETENCIES INTO AFTERMARKET OPPORTUNITIES

Superior customer service and overall efficiency bring opportunities to leverage our competencies in aftermarket initiatives, where demand is typically more stable. In the late stages of fiscal 2009, we were awarded two significant aftermarket contracts, including one to repair and overhaul landing gears for the U.S. Navy's entire fleet of P-3 patrol aircraft, a program on which we have more than a decade of expertise. We also made additional inroads into the commercial aftermarket, as we are providing Fokker Services BV, a new customer, with complete aftermarket kits for the Fokker 100 aircraft.

OUTLOOK

While global economic unrest is trimming production schedules of certain commercial aerospace programs, our solid and well-balanced order book demonstrates our ability to provide customers, both actual and prospective, with integrated, value-added services and products. Our capabilities are far-reaching and so is our determination to become the supplier of choice for advanced landing gear solutions.

AEROSTRUCTURE

JSF Bulkhead

FOCUS ON PEOPLE, PROCESSES AND PERFORMANCE DELIVERS RECORD RESULTS

A diversified portfolio of military and commercial business provided a solid foundation for the Aerostructure Division to deliver the fourth consecutive year of record sales and profitability. Despite the downturn in commercial aircraft production rates, our military business remained strong – particularly advanced fighter jet programs and aftermarket modification kits – which enabled the Aerostructure Division to top $100 million in revenue for the first time.

In fiscal 2009, customer satisfaction at each of our three sites reached all-time highs with quality, delivery, and affordability meeting or exceeding expectations for all of our key customers.

The Division continued its focus on investments in state-of-the-art technology, including two Makino Mag3EX high speed machines, to support a growing list of long term contracts for machined parts and assemblies – a list that now includes agreements that range from five to 20 years in duration with Lockheed Martin Aeronautics, Bombardier Aerospace, Boeing Integrated Defense Systems, Bell Helicopter, and Israel Aircraft Industries. This calculated focus on long term agreements has driven our backlog to record levels.

IMPROVING PROCESSES TO ACHIEVE OPERATIONS EXCELLENCE

We constantly drive best practices to execute effectively on current and future programs. The success in continuous improvement, through lean manufacturing initiatives, which began in Dorval, will be continued and even accelerated at Progressive and Magtron in fiscal 2010. Moreover, after a successful pilot program in fiscal 2009, we will fully implement OEE (Overall Equipment Effectiveness) at all sites in fiscal 2010, with the objective to increase our productivity.

PRACTICING THE 4RS AND BUILDING THE TEAM THROUGH IMPROVED TALENT

We will further upgrade our leadership and support team to strengthen our bench, while practicing our 4R value system in everything we do – respect, resilience, responsibility, and recognition.

LEVERAGING THE CORPORATION

We will focus on leveraging purchases in material, processes, and hardware to lower costs for the benefit of all sites and will implement a stronger supply chain management process, with the objective of increasing top-line growth and better managing our non-core off-load business.

OUTLOOK

In fiscal 2010, we are continuing to focus on enterprise-wide marketing and business development. Because of our performance and resulting brand strength, our quote activity remains brisk. With the economy still unsettled, we will continue our focus on customer satisfaction – concentrating on managing customer expectations, delivering on commitments, and providing what our customers want in products and services – all while achieving value-added profitable revenue.

GAS TURBINE COMPONENTS

Industrial Gas Turbine

REAPING THE BENEFITS OF SUCCESSFUL REPOSITIONING

Following a few unprofitable years, the Gas Turbine Components Division returned to profitability in fiscal 2008, setting the stage for a very fruitful fiscal 2009 in which operating margins attained double digits. This accomplishment reflects greater production efficiencies and increased business volume which rose more than 27% in fiscal 2009, to reach $39.4 million.

The Division also successfully completed the repositioning of its main product categories which, in turn, fostered considerable leveraging of core competencies to the benefit of customers. This led to progressively stronger relationships with principal customers in the industrial gas turbine, wind energy and other heavy industrial market segments. Such reinforced business ties also enhanced our status as a preferred supplier, as we have repeatedly proven our ability to provide superior quality products, on-time deliveries and unparalleled customer service.

RENEWED OPPORTUNITIES IN WIND ENERGY

Renewable and clean energy sources, such as wind, have gathered significant momentum in recent years and our increasingly broader presence in this niche market has been an important contributor to our improved performance. While our focus in this market has essentially been with one strategic customer, other global industry leaders have stated their intention to enter the growing U.S. market and are at the moment seeking strategic partners to establish a dependable supply chain. Given its solid track record and reputation, the Gas Turbine Components Division is well positioned to become a trusted partner to any new North American market participant.

OUTLOOK

Global economic conditions will cause various degrees of business activity contraction in certain industrial market segments. For instance, securing adequate project financing is currently an issue for the power generation industry, as is the fact that the electrical transmission infrastructure is not yet ready to accept all additional energy volume originating from wind farms. Still, short-term circumstances do not preclude broad trends from shaping the future of this promising market. Through its New Energy for America plan, the new U.S. administration has reiterated its strong commitment to further support the burgeoning alternative energy market.

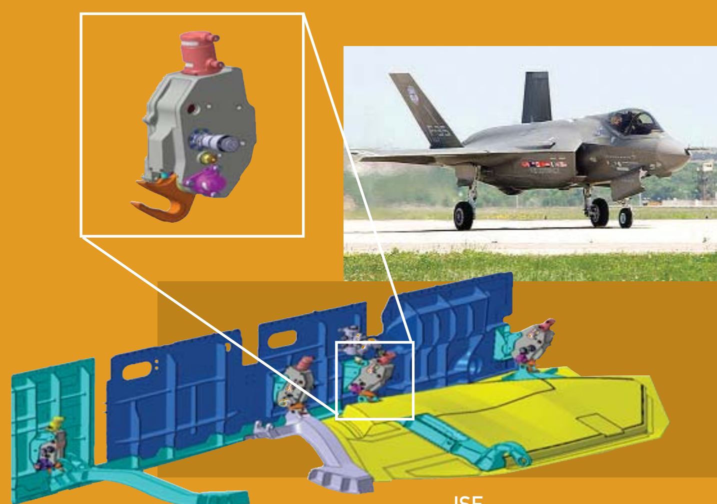
Strong client relationships, focused on superior quality and service, as well as mutual trust, enviably position the Division to at least maintain or grow our market shares with existing customers. More importantly, our solid reputation and strong financial position also ensure us a leading position for any opportunity that may arise in the target markets we proudly serve.

RESEARCH AND DEVELOPMENT ///


Learjet 85
Landing Gear

Héroux-Devtek devotes approximately 4% of its annual sales to research and development. The Company is broadening the reach of its R&D capabilities so as to provide clients with a one-stop shop solution integrating complete design and development. Going forward, emphasis will be mainly on the development of value-added proprietary products.


Legacy 450 and 500
Landing Gear


JSF
Door Uplock


CH-53K
Landing Gear

* See p.62 for image credit

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

The purpose of this management discussion and analysis (''MD&A'') is to provide the reader with an overview of how the financial position of Héroux-Devtek Inc. (''Héroux-Devtek'' or the ''Company'') changed between March 31, 2008 and March 31, 2009. It also compares the operating results and cash flows for the year ended March 31, 2009 to those for the previous year.

This analysis should be read in conjunction with the audited consolidated financial statements dated March 31, 2009. Héroux-Devtek's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (''GAAP''). The Company reports its results in Canadian dollars. All amounts in this MD&A are in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

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

Such factors include, but are not limited to: the impact of general economic conditions in Canada and the United States; industry conditions including changes in laws and regulations; increased competition; the lack of availability of qualified personnel or management; availability of commodities and fluctuations in commodity prices; foreign exchange or interest rates fluctuations; stock market volatility; and the impact of accounting policies issued by Canadian, US and international standard setters. Some of these factors are further discussed under Risks and Uncertainties in this MD&A. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive, and undue reliance should not be placed on forward-looking statements.

Although the Company believes that the expectations conveyed by the forward-looking statements are based on information available to it on the date such statements were made, there can be no assurance that such expectations will prove to be correct. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. Unless otherwise required by applicable securities laws, the Company expressly disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

Héroux-Devtek and its subsidiaries specialize in the design, development, manufacture, repair and overhaul of systems and components used principally in the aerospace 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 and Canada.

The Company was founded in 1942 as Héroux Machine Parts Limited, and later changed its name to Héroux Inc. The Company became public in 1986. In 2000, it acquired Devtek Corporation and the two entities were merged to form Héroux-Devtek Inc., one of the largest second-tier manufacturers in the Canadian aerospace industry.

On April 1, 2004, the Company acquired Progressive Incorporated (''Progressive''), a privately held Texas-based manufacturer of large structural components for military aircraft, thereby boosting its aerostructure capability and gaining access to the important aerostructure military sector.

Héroux-Devtek serves two main segments: Aerospace and Industrial. The Company supplies both the commercial and military sectors of the Aerospace market with landing gear (including spare parts and repair and overhaul services) and airframe structural components including kits. In the commercial sector, the Company is active in the business jet, regional aircraft, helicopter and large commercial jet markets. On the military side, the Company provides parts and services for all major military aircraft, mainly in the United States.

Héroux-Devtek's main product for the Industrial segment is large components for power generating equipment, with its largest customer being The General Electric Company (GE). It also sells precision components for other industrial applications such as the wind energy and heavy equipment industry sectors.

The Company's sales by segment are as follows:

	2009	2008
Aerospace	89%	91%
Industrial	11%	9%
	100%	100%

Héroux-Devtek sells mainly to original equipment manufacturers (OEMs) such as Lockheed Martin, Bombardier, Goodrich and Boeing, and into the aftermarket, where its main customers are the US Air Force (USAF) and US Navy. In fiscal 2009, sales to these six customers represented approximately 63% of total sales.

The Aerospace segment comprises the Landing Gear and Aerostructure divisions. The Industrial segment comprises large power generation components and other industrial products produced by the Gas Turbine Components Division. The Landing Gear Division designs, manufactures, repairs and overhauls landing gears and has built a strong, well-recognized design engineering team. The Aerostructure Division manufactures airframe components ranging in size from small to large, for the commercial and military aerospace markets. The Gas Turbine Components Division manufactures large components for power generation, including the wind energy sector, and other industrial markets.

Business Management

The Company's segments or Divisions are decentralized operations that encourage entrepreneurship and the involvement of every employee. Each Division has the management, engineering, manufacturing and marketing resources required to meet the needs of its specific market segments. The growth and profitability of each Division is the responsibility of a Vice-President - General Manager who reports directly to the Company's President and Chief Executive Officer, while the Vice-President Finance of each Division reports directly to the Company's Executive Vice-President and Chief Financial Officer.

The Company's Corporate Office is responsible for the Company's public financial and other reporting and disclosure requirements and for all financial and major business development decisions. It also provides each Division with support in establishing budget and strategic plans, developing new products and markets, and with assistance for public relations, financial controls and reporting, legal counsel, human resources and information technology.

Business Strategy

Héroux-Devtek's business strategy is to position itself as a key supplier for its customers in the three pillars of its business: landing gear, aerostructure and power generating equipment. For the Company, being a key supplier means providing not only manufactured components but also other services, such as design, assembly and program management, in order to become a complete service provider and allow customers to focus on their core business. In order to achieve this, the Company aims to develop management and technical expertise so as to add value to products at competitive costs. It also seeks to grow to attain a critical mass in each of its market segments, while maintaining a solid financial position.

In practice, this translates into:

- A focused factory approach, with each plant specializing in a specific type of component and services;
- Standard, compatible information systems across the Company;
- Migration of technical and managerial know-how between divisions;
- A lean manufacturing approach in all its plants;
- Revenue stability through long-term agreements with its customers;
- A balanced sales mix between civil and military aerospace markets and industrial sales; and
- Building and maintaining a culture of entrepreneurship through the participation, dedication and commitment of its employees.

Héroux-Devtek seeks growth externally through acquisitions that can be easily integrated into its existing operations or that bring complementary technology, leading to greater added value. Internally, the Company aims to:

- Develop value-added, proprietary products through design engineering;
- Establish or enhance its presence in certain product markets, such as the after-market repair and overhaul of commercial and military landing gear, design and manufacturing of small to medium landing gear, and complete structural assemblies for commercial and military aircraft OEMs; and
- Diversify the customer base for its existing product lines, which generally means finding new OEM customers for its landing gear, airframe structural components and industrial products.

Key Performance Indicators

Héroux-Devtek measures its performance on a company-wide basis through key financial indicators that include sales, gross profit, earnings before interest, tax, depreciation and amortization (EBITDA), operating income, working capital, long-term-debt-to-equity ratio, net debt-to-equity ratio, return on equity and earnings per share. These items are discussed in the appropriate sections below.

Management also tracks performance through certain indicators related to operations. These include Return On Net utilized Assets (''RONA''), backlog, value-added as a percentage of sales, percentage of on-time deliveries, non-quality costs, attainment of cost reduction targets, and capacity utilization.

Risk Management

The Company's Risk Management process includes essentially the identification and assessment of business risks and opportunities and the implementation of strategies and controls to manage, monitor and communicate these risks. To help achieve its risk management objectives, the Company has included risk management activities and controls in the operational responsibilities of management in each Division. The Company's Board of Directors is ultimately responsible for identifying and assessing the Company's principal business risks, reviewing overall business risks and ensuring the implementation of appropriate systems to manage these risks. The Human Resources and Corporate Governance Committee and the Audit Committee, composed of independent Directors, assist the Board of Directors in its general management responsibilities.

The Company operates in industry segments subject to various risks and uncertainties. Some of these risks are inherent to the nature of the Company's operations. See *Risks and Uncertainties* below.

Market Trends

The global economic downturn that began in calendar 2008 represents by far the most important change in today's business environment. Although Héroux-Devtek is still posting favourable results, the Company does not have the visibility it usually has on its markets.

As can be seen from recent OEM announcements, the commercial aerospace market is entering a slowdown and clearly some segments will be more affected than others. Despite all the turmoil, calendar year 2008 concluded with an increase of 1.5%[1] of international passenger traffic over 2007. Regarding aircraft manufacturers, Airbus delivered 483[2] aircraft maintaining its delivery leadership over Boeing which delivered 375[3]. Boeing deliveries were impacted by an estimated 105 aircraft due to the 58 days strike that began in September of 2008. Total booking for the two large commercial aircraft OEMs totalled 1,446 units in calendar 2008, down from a record 2,754 in 2007.

The market for regional jets with 70 or more seats saw Embraer increase its deliveries from 130 in calendar 2007 to 162[4] in 2008, while Bombardier deliveries declined from 128 aircraft for their fiscal 2007-2008 to 110[5] in 2008-2009. However, the turboprop market is still strong for Bombardier.

The business jet market saw its deliveries in calendar 2008 increasing to 1,315 from 1,138[6] in 2007. Nevertheless, the significant downturn in the industry indicates that 2008 was most probably the peak in deliveries. In January 2009, business jet activities were down 28%[7] from a year before while the first quarter of calendar 2009 saw business jet deliveries down 35.7%[8] from the year before.

1 Source: IATA, Industry Statistics
2 Source: Airbus press release, January 15, 2009
3 Source: Boeing press release, January 8, 2009
4 Source: Embraer press release, January 12, 2009
5 Source: Bombardier press release, February 5, 2009
6 Source: GAMA, February 17, 2009
7 Source: Merrill Lynch, February 20, 2009
8 Source: GAMA, May 5, 2009

The military market remained strong in calendar 2008 and, with the recent announcement made by the US administration, the Company remains well positioned with its participation on the Joint Strike Fighter F35 (JSF) program. On the Canadian side, following recent military procurement, the Company is still looking for potential offsets that would complement its current portfolio of work.

Since the end of fiscal 2009, the power generation market also started feeling the pressure from the financial crisis since most of these projects require large capital outlays. The wind energy market is still showing huge potential, more so now with the recent announcements from US President Obama, but is suffering through growing pains; infrastructures are not yet ready to accept this additional energy volume, and financing is scarce.

Finally, the fluctuation of the Canadian dollar versus its US counterpart continued to impact the Company's results.

Major Achievements of Fiscal 2009

- The Company received a silver-level Performance Excellence Award from The Boeing Company recognizing outstanding delivery and quality performances;
- The LAHAV division of Israel Aerospace Industries (IAI-LAHAV) has awarded the Company's Progressive business unit a ten-year contract to manufacture the structural detail components being used in IAI's production of F-15 and F-16 structural assemblies;
- Bombardier Aerospace awarded the Company's Landing Gear division a contract to provide the landing gear for the newly launched Learjet 85 business aircraft program;
- Embraer awarded the Landing Gear division a contract to provide the landing gear for the new Embraer Legacy 450 and Legacy 500 business aircraft programs;
- The Company's Aerostructure division signed an agreement with Bell Helicopter Textron to manufacture primary structural components for the new Bell Helicopter 429, such as cabin, cockpit and aft fuselage components and sub-assemblies;
- The Landing Gear division received $15.8 million in new orders, essentially from the US Air Force and the US Navy for the repair and production of landing gear components for the B2, C5, F-16, P3 and T37 aircraft;
- The Company was granted up to $27M, that can extend over a six-year period, from the Federal Government in repayable investment to further strengthen the research and development programs of its Landing Gear division;
- Fokker Services BV awarded the Landing Gear division a contract to manufacture major replacement landing gear components for the Fokker 100 aircraft;
- The U.S. Navy awarded the Landing Gear Division an important landing gear repair and overhaul contract for its entire P-3 patrol aircraft fleet. The contract is for at least two years and guarantees a certain amount of components to be repaired and overhauled. Furthermore, the U.S. Navy has the option to extend the agreement for an additional three-year period.
- Subsequent to year-end, the Company's Progressive business unit announced a multi-year contract to manufacture structural aluminum components for all three variants of the JSF.

Foreign Exchange

The Company is subject to foreign currency fluctuations from the translation of revenues (sales), expenses, assets and liabilities of its self-sustaining foreign operations and from transactions denominated in foreign currency. The year-end and average exchange rates were as follows at March 31, 2009 and 2008 and for the fiscal years then ended:

Canada / US Exchange Rates		2009	2008
Year-end exchange rates used to translate assets and liabilities	1$ Canadian/ US $ equivalent	1.2613	1.0265
	1$ US/ Canadian $ equivalent	0.793	0.974
Average exchange rates used to translate revenues (sales) and expenses	1$ Canadian/ US $ equivalent	1.1274	1.0322
	1$ US/ Canadian $ equivalent	0.887	0.969

The Company makes use of derivative contracts, in accordance with its hedging policy, to hedge foreign currency fluctuation exposure risks in an effort to mitigate these risks. At March 31, 2009, the Company had forward foreign exchange contracts totalling US$162.8 million at a weighted average exchange rate of 1.1396 maturing over the next five fiscal years, with the majority maturing over the next two fiscal years.

At March 31, 2009, the Company also entered into foreign exchange contracts totalling US$11.3 million at a weighted average rate of 1.2396 maturing over the next four fiscal years, the majority of which over the next two fiscal years, to cover foreign exchange risk related to certain embedded derivatives (See under Off-Balance-Sheet Items and Commitments, below.).

Selected Annual Financial Information

The following table presents selected financial information for the past three financial years:

Years ended March 31 ($'000, except per share data)	2009	2008	2007
Sales	337,635	307,882	283,286
EBITDA	54,559	44,286	31,050
Net income	21,363	19,019	8,906
Earnings per share ($) – basic	0.68	0.60	0.28
Earnings per share ($) – diluted	0.67	0.59	0.28
Total assets	417,174	356,454	339,461
Long-term debt	83,047	72,242	67,086
Cash and cash equivalents	39,759	24,431	20,124

The Company's EBITDA from continuing operations is calculated as follows:

Years ended March 31 ($'000)	2009	2008	2007
Net income	21,363	19,019	8,906
Income tax expense	8,605	3,750	1,685
Financial expenses	4,485	4,999	3,681
Amortization	20,106	16,518	16,778
EBITDA	54,559	44,286	31,050

The Company maintained the favourable trend of recent years and again posted improved year-over-year results. All three of the Company's division improved their top lines while the bottom lines of the Aerostructure and Gas Turbine divisions showed increase over last year. As will be highlighted below, the Landing Gear division has been negatively impacted in fiscal 2009 by the fluctuation of the Canadian dollar against the US currency and, more specifically, from the significant impact of the loss on currency translation of the division's net monetary items.

Consolidated Sales

Consolidated sales for the year ended March 31, 2009 rose 9.7% to $337.6 million from $307.9 million last year, due mainly to increased military sales, increased business jet sales and, higher commercial helicopter parts and repair and overhaul sales. These increases were somewhat offset by a reduction in large commercial and regional jet market sales. Industrial sales also increased compared with last year with increases in the power, wind and large equipment markets. The impact of the Canadian dollar, against the US currency, increased sales by $6.9 million or 2.2% compared to last year.

The Company's sales by segment were as follows:

	2009 ($'000)	2008 ($'000)	% Change
Aerospace			
Military			
Military sales to government	75,424	67,138	12.3
Military sales to civil customers	93,717	86,498	8.3
Total Military	169,141	153,636	10.1
Total Commercial	130,277	125,283	4.0
Total Aerospace	299,418	278,919	7.3
Total Industrial	38,217	28,963	32.0
Total	337,635	307,882	9.7

Comparative figures for the Aerospace segment of last year have been reclassified to comply with this year's presentation.

Aerospace Segment
Sales for the Aerospace segment were as follows:

	2009 ($'000)	2008 ($'000)	% Change
Landing Gear	190,701	181,876	4.9
Aerostructure	107,563	95,053	13.2
Other aerospace products	1,154	1,990	(42.0)
Total	299,418	278,919	7.3

Total aerospace sales increased by $20.5 million or 7.3% when compared with last year. Landing Gear sales increased 4.9% driven by increased sales volume coming from the business jet and helicopter market and also by improved throughput on repair and overhaul work. This increase was negatively impacted by the unfavourable currency rates stemming from the Company's hedging position for fiscal 2009. Although the Landing Gear division experienced higher sales on some large commercial programs such as the B-777, B-737 and A-380, the completion late last year of a major retrofit program and the impact of the strike at Boeing last fall more than offset these increases.

Aerostructure sales increased 13.2% over last year with some schedule catch-up on military sales and, to a lesser degree, the increasing sales on the JSF program. The favourable impact of the Canadian dollar, against the US currency, increased the division sales compared to last year. The regional jet and business jet sectors showed improvement for the Aerostructure division while the large commercial market, mostly from the A330/340 program, was lower when compared to last year. Finally, the Other aerospace products mostly relates to residual sales following the gradual exit in prior years from the aircraft engine market.

Industrial Segment
Sales for the Industrial segment were as follows:

	2009 ($'000)	2008 ($'000)	% Change
Gas Turbine	17,630	15,154	16.3
Wind	6,159	3,245	89.8
Other Industrial	14,428	10,564	36.6
Total	38,217	28,963	32.0

The increase in industrial sales was driven by value-added Gas Turbine sales and from increased sales to the heavy equipment industry sector, showed above under the Other Industrial caption, powered by growing mining and oil and gas activities. The Wind market, although still relatively small, showed interesting growth.

Sales by Destination
Sales by destination remained almost at the same level as last year, as shown below:

	2009 (%)	2008 (%)
Canada	33	31
US	66	68
International	1	1
Total	100	100

The winding-up of a major aerospace retrofit program with a US customer was counterbalanced by additional sales to Canadian customers.

Gross Profit

Consolidated gross profit improved from 15.2% to 16.9% of sales in fiscal 2009 while the negative impact attributable to the continued strength of the Canadian dollar relative to the US currency, during the year, only had a 0.3% impact on the gross profit margin. This impact of the stronger Canadian dollar against the US currency on the Company's gross profit margin, expressed as a percentage of sales, is mitigated by the use of forward foreign exchange contracts and the natural hedging from the purchase of material paid in US dollars.

Gross profit was favourably impacted by the continued manufacturing improvement and increased sales volume at the Gas Turbine division. The already mentioned sales volume increases and additional volume coming from the JSF program along with a favourable sales mix at the Aerostructure division also had a favourable impact on gross margins. It is worth mentioning that this development program had a negative impact on gross profit last year considering that the Company was still in development mode for this major program.

Last year, in the fourth quarter ended March 31, 2008, the Company wrote-off a loan bearing no interest of $1.3 million ($851,000 net of income taxes) which was accounted for as a reduction of cost of sales for that year. This loan was initially granted as a Government incentive to favour and support the development of an aerospace program. This write-off was made as the forgiveness of this loan by the related Government was granted, following the conclusion that the conditions of repayment of this loan could not be met (see Note 7 to the consolidated financial statements). Excluding this one time item, the gross profit as a percentage of sales for fiscal 2008 would have been 14.7%.

Selling and Administrative Expenses

Selling and administrative expenses were as follows:

	2009	2008
Selling and administrative expenses ($'000)	22,466	18,879
% of sales	6.7	6.1

Selling and administrative expenses of $22.5 million were $3.6 million higher than last year, and 0.6% higher as a percentage of sales. The Selling and administrative expenses includes a loss on currency translation on net monetary assets of $1.2 million compared to a gain last year of $0.8 million. Furthermore, selling and administrative expenses in fiscal 2009 includes a $0.9 million bad debt expense due to the unstable financial situation of one of the Company's customers. The balance of the increase reflects higher expenses to support the Company's sales growth.

Operating Income

Consolidated operating income increased from $27.8 million or 9.0% of sales last year to $34.5 million or 10.2% of sales this year.

Aerospace Segment

Aerospace operating income was $29.3 million or 9.8% of sales this year, compared to $27.4 million or 9.8% of sales last year. The improved sales and gross profit margins were somewhat offset by the additional overhead required to manage the additional development programs and increased sales volumes and by the above-mentioned loss on currency translation.

Industrial Segment

Operating income increased from $0.4 million or 1.4% of sales last year to $5.2 million or 13.5% of sales this year, in line with the increased sales volume, production efficiency and better absorption of manufacturing overhead costs.

Financial Expenses

	2009 ($'000)	2008 ($'000)
Interest	3,230	4,321
Interest accretion on loans bearing no interest	1,147	743
Amortization of deferred financing costs	168	183
Standby fees	210	157
Accretion expense of asset retirement obligations	210	204
Amortization of net deferred loss related to a financial derivative instrument	—	51
Interest revenue	(480)	(660)
Total	4,485	4,999

Financial expenses, at $4.5 million were $0.5 million lower than last year. The lower interest rates and the reimbursement of $9 million from the Canadian Credit facility during the year ended March 31, 2009, explain most of this favourable variance.

Income Tax Expense and Income Tax Receivable (Payable)

Income Tax Expense

The income tax expense for fiscal 2009 stood at $8.6 million compared to $3.8 million last year. The Company's effective income tax rate for fiscal 2009 was 28.7% compared to the Company's Canadian blended statutory income tax rate of 31.2%, the difference coming from the favourable impact of permanent differences ($0.9 million) and the recognition ($0.2 million) of income tax benefits from the utilization of tax losses carried forward for which no income tax benefits had been recognized in prior years. These were somewhat offset by the income tax rate difference coming from the Company's US subsidiaries which are taxed at a higher rate.

The income tax expense for fiscal 2008 amounted to $3.8 million. The Company's effective income tax rate for fiscal 2008 was 16.5% compared to the Company's Canadian blended statutory income tax rate of 32.5%. The main factors positively affecting the income tax expense for fiscal 2008 were $0.7 million in permanent differences and the recognition of $2.4 million in income tax benefits from the utilization of tax losses carried forward for which no income tax benefits had been recognized in prior years. The remainder represents favourable future tax adjustments of $0.5 million, net of the impact of the reduction in the federal income tax rate ($0.3 million) announced in the last quarter of fiscal 2008.

At March 31, 2009, there were no operating losses carried forward and other temporary differences for which no related income tax assets have been recognized in the consolidated financial statements (see Note 18 to the consolidated financial statements).

Income Tax Receivable (Payable)

Income tax receivable increased $0.2 million compared to last year, the $5.6 million balance mainly representing research and development tax credits. The $3.2 million income tax payable represents the income tax payable on this year's taxable income, net of the utilization of prior years' tax losses.

Net Income

For fiscal 2009, the Company posted net income of $21.4 million compared to net income of $19.0 million last year. Excluding the undernoted items, net income would have increased $5.5 million or 35%.

	2009 ($ million)	2008 ($ million)
Net income from operations, before undernoted items	21.2	15.7
Loans bearing no interest – forgiveness of debt included as a reduction in the cost of sales, net of income taxes	—	0.9
Income tax benefits, from utilization of prior years' tax losses	0.2	2.4
Net income	21.4	19.0

	2009	2008
Net income ($ million)	21.4	19.0
Earnings per share – basic ($)	0.68	0.60
Earnings per share – diluted ($)	0.67	0.59

Earnings per share figures are based on weighted-averages of 31,583,173 common shares outstanding for fiscal 2009 and 31,609,638 for the previous year. This year's variance is essentially due to the issuance of 66,669 common shares under the Company's stock purchase and ownership incentive plan less the 534,000 shares redeemed under the normal course issuer bid launched by the Company in November 2008 (see Note 17 to the consolidated financial statements).

On May 28, 2009, the date of this MD&A, the Company had 30,909,876 common shares and 1,384,221 stock options outstanding with a weighted average of 4.1 years to maturity.

Liquidity and Capital Resources

At March 31, 2009, the Company had cash and cash equivalents of $39.8 million, compared to $24.4 million a year earlier.

Operating Activities

The Company generated cash flows from operations and used cash and cash equivalents for its operating activities as follows:

	2009 ($'000)	2008 ($'000)
Cash flows from operations	48,042	37,848
Net change in non-cash working capital items related to operations	(2,783)	(14,780)
Cash flows relating to operating activities	45,259	23,068

The $10.2 million increase in cash flows from operations for fiscal 2009 can mainly be explained by the $2.3 million increase in net income, a $3.6 million increase in amortization resulting from the significant state-of-the-art capital investments made mainly over the last three years and a $3.1 million increase in future income taxes.

In fiscal 2009, the $2.8 million net change in non-cash working capital items can be explained by a $7.3 million increase in accounts receivable, in line with the strong sales volume at the end of the fourth quarter and an increase of $14.5 million in inventories which also reflects the higher business activity and new aerospace programs. These were partially offset by the higher accounts payable and accrued liabilities and other liabilities ($7.1 million) in line with the increased business activities and the effect of changes in the exchange rate on US-denominated non-cash balance-sheet items ($5.2 million) (see Consolidated Balance Sheet section below).

In fiscal 2008, the $14.8 million net change in non-cash working capital items is primarily due to the $20.1 million reduction in accounts payable and accrued liabilities and other liabilities, which included $5.3 million in outstanding amounts for raw materials at the end of last fiscal year, and a $3.7 million negative effect of changes in the exchange rate on US-denominated non-cash balance-sheet items. These were partially offset by a $10.7 million reduction in inventories reflecting the reduction in the number of days in inventories and the invoicing of capitalized development costs for the JSF program.

Investing Activities

The Company's investing activities were as follows:

	2009 ($'000)	2008 ($'000)
Additions to property, plant and equipment	(23,489)	(26,773)
Increase in finite-life intangible assets	(3,721)	(321)
Proceeds on disposal of property, plant and equipment	18	291
Cash flows relating to investing activities	(27,192)	(26,803)

Additions to property, plant and equipment stood at $23.5 million in fiscal 2009, lower than the $26.8 million of last year. These investments were made to complete the plating facility modernization at our Landing Gear Longueuil plant and to add machinery and equipment following the award last fiscal year of a $115 million, 10-year sales contract to manufacture major landing gear components for the Boeing B-787, Airbus A-320 and Sukhoi RRJ programs. These purchases of property, plant and equipment are net of $9.9 million for fiscal 2009 ($1.5 million for fiscal 2008) relating to machinery and equipment which were delivered late in the respective years and not yet paid by the Company, as of year-end. The $23.5 million purchases of property, plant and equipment are also shown net of machinery and equipment of $5.2 million ($9.6 million for fiscal 2008) which were acquired through capital leases.

Capital investments for fiscal 2008 stood at $26.8 million and included investments to complete the plant expansion for the JSF program at the Aerostructure plant in Arlington, Texas and to continue the modernization of the plating department at the Landing Gear plant in Longueuil, Quebec, which was completed in the third quarter of fiscal 2009.

Capital expenditures for fiscal 2010 are expected to be about $20 million mostly for normal maintenance projects. This amount also includes the extension of the facility dedicated for the JSF program. After more than $100 million in investments over the last three years, the Company plans to optimize these state-of-the-art investments in the coming quarters.

Financing Activities
The Company's financing activities were as follows:

	2009 ($'000)	2008 ($'000)
Increase in long-term debt	8,268	15,621
Repayment of long-term debt	(15,387)	(8,990)
Repurchase of common shares	(2,099)	—
Issuance of common shares	321	640
Other	273	(743)
Cash flows relating to financing activities	(8,624)	6,528

The increase in long-term debt comes mostly from two new non-interest bearing debts related to the Company's eligible development and engineering costs associated to new programs while the capital repayment includes the $9 million repayment of the Canadian Credit facility and of capital leases (See Note 15 to the consolidated financial statements).

The Company issued 66,669 common shares under its stock purchase and ownership incentive plan while it redeemed 534,000 common shares under the normal course issuer bid launched by the Company in November 2008 (see Normal Course Issuer Bid below and Note 17 to the consolidated financial statements).

For fiscal 2008, the increase in long-term debt mainly reflects drawings against the Senior Secured Revolving Credit Facilities (Credit Facilities). It also includes the addition of new loans bearing no interest to support capital expenditures made in the Aerospace segment. The Company issued 27,702 common shares under its stock purchase and ownership plan and 83,300 common shares were also issued pursuant to the exercise of stock options.

Earlier this fiscal year, on April 14, 2008, the Company announced that it had increased its $80 million in Credit Facilities to $125 million, under essentially the same terms and conditions (see Note 15 to the consolidated financial statements).

At March 31, 2009, the Company was in compliance with all its restrictive debt covenants and expects to continue to comply with these restrictive financial covenants in fiscal 2010.

Pension Plans

Some of the Company's employees are covered by defined benefit pension plans. The funded status of these plans is as follows:

	2009 ($'000)	2008 ($'000)
Deficit	9,601	14,489
Accrued benefit liability (included in other liabilities)	5,288	6,330

The pension plan deficit of $9.6 million at March 31, 2009 includes $5.7 million in pension plan obligations related to unregistered pension plans, primarily for former executives of Devtek Corporation, which was acquired by the Company in June 2000 and whose pension plan deficits do not require funding. Funding occurs as pension benefits are paid to the retired executives. In accordance with Canadian GAAP, the Company modified the accrued benefit obligation discount rate (from 5.2% last year to 7.5% this year) which reduced the deficit by $3.6 million (see Note 20 to the consolidated financial statements).

Normal Course Issuer Bid

On November 20, 2008, the Company announced that it was launching a normal course issuer bid (NCIB), with the approval of the Toronto Stock Exchange (TSX). Under the terms of the NCIB, the Company may acquire up to 1,500,000 of its common shares, representing approximately 5% of the issued and outstanding common shares of the Company as of November 11, 2008. The repurchase of common shares commenced on November 24, 2008, and will end on November 23, 2009. All common share purchases by the Company are made on the open market through the facilities of the TSX or other Canadian marketplaces in accordance with the policies of the TSX, and are surrendered by the Company to its transfer agent for cancellation.

To May 28, 2009, date of this MD&A, the Company had repurchased 810,100 common shares for a total of $3.4 million.

Capital Stock, Stock Option Plan and Stock Purchase and Ownership Incentive Plan (Stock Purchase Plan)
At March 31, 2009, the Company had 31,171,688 common shares outstanding (31,639,019 as at March 31, 2008).

During fiscal 2009, the Company issued 66,669 common shares at a weighted-average price of $4.81 for a total cash consideration of $320,842 all under the Company's stock purchase plan.

During fiscal 2008, the Company issued 111,002 common shares at a weighted-average price of $5.77 for a total cash consideration of $640,152, including 83,300 common shares issued pursuant to the exercise of stock options for a total cash consideration of $413,168. The other 27,702 common shares were issued under the Company's stock purchase plan for a total cash consideration of $226,984.

At March 31, 2009, 1,384,221 stock options were issued and outstanding with a weighted-average of 4.1 years to maturity and a weighted-average exercise price of $6.27 (see Note 17 to the consolidated financial statements).

Consolidated Balance Sheets
The following table itemizes and explains the significant changes in the consolidated balance sheets between March 31, 2008 and March 31, 2009:

Item	Change ($ million)	Explanation
Cash and cash equivalents	15.3	See consolidated statements of cash flows.
Accounts receivable	7.3	Increase essentially coming from the impact of the weakening of the Canadian dollar since March 31, 2008, on US-denominated accounts receivable ($7.4 million).
Inventories	9.0	Inventories were reduced ($5.7 million) following the implementation of new accounting guidelines on inventories (see "Changes in Accounting Policies" below). This was more than offset by the increase in inventories related to the increase in business activity. The impact of the lower Canadian dollar also increased inventories for the Company's US self-sustaining subsidiaries by $5.3 million.
Future income taxes (current assets)	2.0	Reflects mainly the future income tax impact of the recognition in the Company's balance sheets of the derivative financial instruments measured at fair value.
Other current assets	(9.2)	Essentially reflects the variation in the Company's balance sheets of long-term derivative financial instruments measured at fair value.
Property, plant and equipment, net	30.9	Due to: • Gross purchases of capital assets ($38.7 million), including $5.3 million of machinery and equipment acquired through capital leases and $9.9 million of machinery and equipment which were delivered in the last two months of the year but not paid as of March 31, 2009, and thus presented in the accounts payable – other caption; • Implementation of new accounting guidelines on inventories ($1.7 million) (see "Changes in Accounting Policies" below); • A higher US/CAD exchange rate used to convert the net assets of self-sustaining US subsidiaries ($10.0 million). Net of: • Amortization expense ($18.8 million); • Recognition in the Company's balance sheets of the impact of loans bearing no interest measured at present value for the related property, plant and equipment ($0.7 million).

Item	Change ($ million)	Explanation
Finite-life intangible assets, net (includes a $5.4 million net backlog)	5.4	Mainly due to: • Implementation of new accounting guidelines on inventories (see "Changes in Accounting Policies" below) ($1.2 million); • An increase in finite-life intangible assets ($2.2 million), representing the increase in capitalized Aerospace development costs for long-term contracts and following the implementation of new accounting guidelines on inventories; • The higher US/CAD exchange rate used to convert the net assets of self-sustaining US subsidiaries ($1.9 million); • Purchase of computer software ($1.5 million); Net of: • Amortization expense on the underlying value of the backlog ($0.5 million). • Amortization of the finite-life intangible assets ($0.7 million). • Recognition in the Company's balance sheets of the impact of loans bearing no interest measured at present value for the related finite-life intangible assets ($0.2 million).
Other assets	(3.3)	Essentially reflects the variation in the Company's balance sheets of long-term derivative financial instruments measured at fair value.
Goodwill	4.2	Represents the higher US/CAD exchange rate used to convert the goodwill included in the Company's self-sustaining US subsidiaries.
Accounts payable and accrued liabilities	15.5	Reflects the increase in business activities and the related increase in inventories. The impact of the Canadian dollar since March 31, 2008, on US-denominated accounts payable and accrued liabilities at March 31, 2009 ($6.8 million) also increased this caption.
Accounts payable - Other	15.7	Essentially reflects the variation in the Company's balance sheets of short-term derivative financial instruments measured at fair value ($7.3 million) and the increase of accounts payable associated to capital expenditures made late in fiscal 2009 but not paid yet ($8.4 million).
Future income taxes (current liabilities)	(3.1)	Represents the future income tax impact from the recognition in the Company's balance sheets of the derivative financial instruments measured at fair value.
Long-term debt (including current portion)	10.0	Due to: • New non-interest bearing loans ($13.5 million) to support new eligible development and engineering costs related to new programs ($5.3 million of which being the first amount received from the $27 million of Federal investment – see major Achievements of Fiscal 2009 section above) ; • A higher US/CAD exchange rate used to convert the long-term debt of self-sustaining US subsidiaries ($12.5 million). Net of: • Capital repayment of long-term debt ($15.4 million). • Recognition in the Company's balance sheets of the impact of loans bearing no interest measured at present value for the related long-term debt ($0.6 million).
Other liabilities	7.4	Essentially reflects the variation in the Company's balance sheets of long-term derivative financial instruments measured at fair value.

Item	Change ($ million)	Explanation
Capital stock	(1.4)	Represents the common shares issued under the Company's stock purchase and ownership plan ($0.3 million) net of the book value of the common shares repurchased under the Company's Normal Course Issuer Bid ($1.7 million).
Accumulated other comprehensive loss	(2.2)	Represents the counterpart of the impact of foreign exchange rate fluctuations on the net assets of self sustaining US subsidiaries and the unrealized net gains (losses), net of taxes, on the fair value of the financial instruments designated as cash flow hedges.
Retained earnings	19.1	See consolidated statements of changes in shareholders' equity.

At March 31, 2009 and March 31, 2008, the Company's working capital ratio, cash and cash equivalents, long-term debt-to-equity ratio and net debt-to-equity ratio[(1)] were as follows:

	March 31, 2009	March 31, 2008
Working capital ratio	1.86:1	2.20:1
Cash and cash equivalents	$39.8 million	$24.4 million
Long-term debt-to-equity ratio	0.42:1	0.40:1
Net debt-to-equity ratio[(1)]	0.24:1	0.29:1

(1): Defined as total long-term debt, including the current portion, less cash and cash equivalents, over shareholders' equity.

The summary of the Company's contractual obligations, including payments due over the next five years and thereafter, is as follows:

		Payments due by period			
Contractual obligations ($'000)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Loans bearing no interest (including the effective accumulated interest expenses)	24,814	1,651	2,302	5,737	15,124
Capital leases (including interest expenses)	16,864	3,419	5,394	7,301	750
Operating leases – Machinery and equipment	7,171	1,940	2,922	1,893	416
Operating leases – Buildings and facilities	2,029	576	974	479	—
Subtotal, contractual obligations	50,878	7,586	11,592	15,410	16,290
Credit Facilities	54,235	—	54,235	—	—
Total contractual obligations	105,113	7,586	65,827	15,410	16,290

Off-Balance-Sheet Items and Commitments

The Company had entered into operating leases amounting to $9.2 million as at March 31, 2009, mainly for machinery and equipment. All these amounts are repayable over the next seven years. At March 31, 2009, the Company also had machinery and equipment and purchase commitments totalling $4.7 million (see Note 21 to the consolidated financial statements).

At March 31, 2009, the Company had forward foreign exchange contracts with Canadian chartered banks totalling US$162.8 million at a weighted average exchange rate of 1.1396. These contracts relate mainly to its export sales, and mature at various dates between April 2009 and March 2014 (see Note 4 to the consolidated financial statements). This compares to US$145.5 million in forward foreign exchange contracts held at March 31, 2008 at a weighted average exchange rate of 1.0922.

At March 31, 2009, the Company also entered into foreign exchange contracts totalling US$11.3 million at a weighted average rate of 1.2396 maturing over the next four fiscal years, the majority of which over the next two fiscal years, to cover foreign exchange risk related to certain embedded derivatives.

Changes in Accounting Policies

ADOPTED IN FISCAL YEAR 2009

On April 1, 2008, the Company adopted four new Handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 3031, Inventories

In June 2007, the Accounting Standard Board ("AcSB") issued Section 3031, 'Inventories', which replaces Section 3030, 'Inventories'. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") IAS 2, 'Inventories'. The section prescribes the measurement of inventories at the lower of cost and net realizable value. It provides further guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to net realizable value and circumstances for their subsequent reversal. It also provides more restrictive guidance on the cost methodologies used to assign costs to inventories and describes additional disclosure requirements.

As at April 1, 2008, the Company adopted the unit cost method in replacement of the average cost method. The unit cost method is a prescribed cost method under which the actual production costs are charged to each unit produced and recognized to income as the unit is delivered. The excess-over-average production costs concept (production costs incurred in the early stage of a contract, in excess of the average estimated unit cost for the entire contract) is not allowed under the unit cost method. In addition, as a result of the more restrictive guidance on the determination of costs, the Company has revised its manufacturing overhead costs allocation policy, whereby abnormal costs are expensed and the allocation of manufacturing and overhead costs is specifically determined on normal production capacity. Based on these new rules, the Company has applied these changes in accounting policy by adjusting the opening retained earnings and by making certain reclassifications in the Company's balance sheet as at April 1, 2008. Also, the program tooling costs and development costs, which were recorded as part of inventories in prior years, were either written off to retained earnings or reclassified to property, plant and equipment and finite-life intangible assets, the amortization of these costs being based on the pre-determined contract quantity. The consolidated financial statements for the prior fiscal year were not restated, as permitted by the new Section.

As at April 1, 2008, the effect of these changes in accounting policy, including certain reclassifications, and their related income tax impact on the Company's consolidated balance sheet were as follows:

		Impact of changes in accounting policy: Inventories		
	Reported as at March 31, 2008	Write-off	Reclassification	Restated as at April 1, 2008
Assets				
Inventories	$ 86,625	$ (2,869)	$ (2,878)	$ 80,878
Property, plant and equipment, net	124,596	—	1,691	126,287
Finite-life intangible assets	5,787	—	1,187	6,974
Liabilities				
Income taxes payable	$ 2,349	$ (929)	$ —	$ 1,420
Retained earnings	$ 85,335	$ (1,940)	$ —	$ 83,395

Section 1535, Capital Disclosures

This section establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose the following:

- Its objective, policies and processes for managing capital;
- Summary quantitative data about what it manages as capital;
- Whether during the period it complied with any imposed capital requirements to which it is subject;
- When the entity has not complied with such requirements, the consequences of such non-compliance.

Section 3862, Financial Instruments - Disclosures

This section modifies the disclosure requirements for financial instruments that were included in Section 3861, 'Financial Instruments – Disclosure and Presentation'. The new standards require entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performance;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863, Financial Instruments - Presentation
This section carries forward unchanged the presentation requirements of the old Section 3861, "Financial Instruments – Disclosure and Presentation" (see Note 6 to the March 31, 2009 consolidated financial statements).

The new disclosure and presentation requirements under Sections 1535 and 3862 referred to above are further outlined in Notes 3 and 4 to the consolidated financial statements to March 31, 2009.

Impact of the International Financial Crisis and Economic Situation

In light of the recent financial market situation, the Company is carefully monitoring its strategy and risk management. Although the results of the Company are positive, some effects are becoming apparent, prompting management to take a conservative approach in its daily decisions.

To March 31, 2009, the Company's results had not yet been affected by the recent downturn. The Company's backlog is still strong, but the prevailing business environment, the push-backs or the cancellations of certain purchase orders could have an adverse impact on upcoming results. It is worth mentioning that the Company is striving to maintain a well balanced portfolio, split approximately 50%-50% between commercial and military Aerospace sales, which should also help it better manage any potential slowdown. This being said, the impact of the recent OEM announcements will adversely impact the commercial market while the military side of the Company's business is not yet impacted.

From a financial standpoint, the Company has a strong balance sheet. In April 2008, the banks' Credit Facilities were extended from $80 million to $125 million, maturing in October 2011, and the Company is presently meeting all of its financial covenants and expects to do so for the next twelve months. Capital expenditure requirements are closely monitored by management. The Company does not expect to have any liquidity issues, considering that the banks' Credit Facilities are extended by a syndicate of four Canadian banks, with acceptable credit ratings, and that the major customers of the Company are worldwide leaders in their respective fields.

Considering the above, the Company maintains its near-term outlook (see Outlook section below) and does not foresee any short-term elements that could jeopardize the going concern of its operations. That being said, and understanding that the Company does not have all the visibility that it usually has in its markets, the Company will nevertheless continue to closely monitor the situation (see Risks and Uncertainties and Outlook sections below).

International Financial Reporting Standards (IFRS)

In February 2008, the Accounting Standard Board (AcSB) confirmed that Canadian GAAP for publicly accountable entities would be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB is expected to continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date.

The changeover to IFRS will be required for the Company's interim and annual consolidated financial statements beginning April 1, 2011. However, comparative IFRS-compliant financial information of the preceding year will be disclosed along with these consolidated financial statements. For this reason, results for the year ending March 31, 2011 and for related interim periods and the statements of financial position as of March 31, 2011 and 2010 will be restated in accordance with IFRS, when they will be disclosed alongside the March 31, 2012 consolidated financial statements.

The Company is currently developing a phased changeover plan. Here are highlighted the main phases of this transition plan:

I. Identify differences between IFRS and Canadian GAAP
   - Determine whether differences apply to the Company.

II. Assess the impact of applicable differences on the consolidated financial statements
   - Estimate present and potential impact on reported results, cash flows and financial position
   - Review options or alternatives where applicable

III. Evaluate changes required to internal data-gathering and reporting processes
   - Design system changes
   - Identify transitional issues

IV. Implement system changes

V. Train personnel

VI. Rollout transition

At this stage, phases I and II are substantially completed, except for changes to IFRS that are contemplated by the International Accounting Standard Board (IASB). The Company is in the process of completing phases III and IV.

The adoption of IFRS brings about several changes from Canadian GAAP. However, a number of changes are not expected to have a material impact on the Company's consolidated financial statements. Following is the Company's, non-exhaustive preliminary assessment of the main differences that may have some impact on its consolidated financial statements:

Area	IFRS requirement	Potential impact
Provisions	Provisions with predictable settlement dates should be discounted.	Under review
Property, plant and equipment	Breakdown assets by major components based on useful life	Under review
Impairment of long-lived assets	Impairment tests should be based on discounted future cash flows	Under review
Leases	Certain operating leases may have to be accounted for as finance leases	Under review
Borrowing costs	Borrowing costs should be capitalized as part of the cost of certain inventories	Under review

In addition, IFRS 1 requires that first-time adopters select accounting policies that comply with each IFRS effective at the end of its first IFRS reporting period (March 31, 2012 for the Company), and apply those policies to all periods presented in its first IFRS financial statements.

However, IFRS 1 provides selected optional exemptions to the full retrospective application. The following are the Company's, non-exhaustive, key IFRS 1 optional exemptions:

- Business combinations – This optional exemption is under review.
- Long-lived assets – The Company will use the historical cost method for its property, plant and equipment and intangible assets.
- Pension – The Company will recognize the cumulative net unrecognized actuarial gains and losses on its opening balance sheet by adjusting retained earnings at the transition date.
- Cumulative Translation Adjustment (CTA) – The Company will eliminate its CTA balance by adjusting retained earnings at the transition date (no impact on shareholders' equity).
- Borrowing costs – The Company will not capitalize borrowing costs as part of capitalized development costs as of transition date.

As indicated above, the IASB currently contemplates a number of changes to existing IFRS. It is thus not possible to determine all IFRS that will be effective at transition date, nor the impact of the revised standards on the Company's financial statements.

Critical Accounting Estimates

- *Inventories, capitalized development costs and cost of sales*

  Company management uses estimates to value inventory and cost of sales related to design-to-manufacture contracts and major assembly manufacturing contracts. A 1% change in the estimated future costs to complete the remaining quantities under the design to-manufacture contracts and major assembly-manufacturing contracts would have an impact of approximately $0.3 million on the Company's cost of sales.

  The non recurring costs (development, pre-production and tooling costs) are now included in finite-life intangible assets. Recovery of these costs is expected from related sales contracts through their amortization, based on pre-determined contract guarantees.

  Production accounting quantities for a particular contract are essentially established at the inception of the contract or contract date, and are based on management's assessment of the anticipated demand for the related aircraft or product, taking into account mainly firm order and committed order backlog and options, as well as prevailing market and economic conditions.

  Management reviews this major assumption on a quarterly basis, and a more detailed review is made at fiscal year-end. The effect of any revision to this assumption is accounted for by way of a cumulative catch-up adjustment in the period or year in which the revision takes place.

- *Goodwill and intangible assets*
  Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. The Company selected its fourth quarter as its annual testing period for goodwill. A goodwill impairment charge is recorded when the discounted value of the expected future cash flows of the entire related reporting unit is less than its carrying value. Future cash flows are forecast based on management's best estimates of revenues, production costs, manufacturing overhead and other costs. These estimates are made by reviewing existing contracts, expected future orders, current cost structure, anticipated cost variations, labour agreements and general market conditions, and are subject to review and approval by the Company's senior management. Future cash flows are discounted using an estimated weighted average cost of capital rate.

- *Pension plans and other employee post-retirement benefits*
  Certain critical assumptions are used to determine pension plan and other employee post-retirement benefit costs and obligations. In particular, the discount rate and the expected long-term rate of return on plan assets are important assumptions used to measure these costs and obligations. Other assumptions include the rate of increase in employee compensation, as well as demographic factors such as employee retirement ages, mortality rates and turnover. These assumptions are reviewed annually.

  A lower discount rate increases benefit costs and obligations. A 1% change in the discount rate would have an impact of approximately $0.2 million and $2.5 million, respectively, on the Company's pension plan expense and accrued benefit obligations.

  A lower expected rate of return on pension plan assets also increases benefit costs. A 1% change in the return assumption would have an impact of approximately $213,000 on the Company's pension plan expense.

- *Income tax*
  The Company accounts for future income tax assets mainly from loss carry-forwards and deductible temporary differences. Company management assesses and reviews the realization of these future income tax assets at least annually, at year-end, to determine whether a valuation allowance is required. Based on that assessment, it determines whether it is more likely than not that all or a portion of the future income tax assets will be realized. Factors taken into account include future income based on internal forecasts, losses in recent years and their expiry dates, and a history of loss carry-forwards, as well as reasonable tax planning strategies.

Future Changes in Accounting Policies

Goodwill and intangible assets
In February 2008, the AcSB issued Section 3064, 'Goodwill and Intangible Assets', which replaces Section 3062, 'Goodwill and Other Intangible Assets' and Section 3450, 'Research and Development Costs'. For the Company, this section is effective for interim and annual financial statements beginning on April 1, 2009. This section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are aligned with IFRS IAS 38, 'Intangible Assets'.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests
In January 2009, the AcSB released Section 1582, which replaces Section 1581 "Business Combinations". It provides the Canadian equivalent to IFRS 3 "Business Combinations". For the Company, this section applies prospectively to business combinations for which the acquisition is subsequent to fiscal year 2011. Earlier application is permitted. Section 1582 must be applied together with Section 1601 and section 1602 if it is implemented for a fiscal year beginning before April 1, 2011.

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

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

Company management is currently assessing the impact of these new standards.

International Financial Reporting Standards (IFRS) – See section above.

Internal Controls and Procedures

In compliance with the Canadian Securities Administrators' Multilateral Instrument 52-109 ("MI 52-109"), the Company has filed certificates signed by the Chief Executive Officer and Chief Financial Officer that, among other things, report on disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting. The implementation of MI 52-109 represents a continuous improvement process, which has prompted the Company to ensure that all relevant processes and controls were formalized.

Disclosure controls and procedures

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures, or have caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company has been made known to them and has been properly disclosed in the annual regulatory filings.

At March 31, 2009, an evaluation of the design and effectiveness of the Company's disclosure controls and procedures was also carried out, as defined in MI 52-109. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective. This evaluation took into account the Company's disclosure policy and its disclosure committee.

Internal controls over financial reporting

The Company's Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

At March 31, 2009, the evaluation of the design and effectiveness of the Company's internal controls over financial reporting was carried out, as defined in MI 52-109. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and effectiveness of these internal controls over financial reporting were effective to provide reasonable assurance that the Company's financial reporting is reliable and that the Company's consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles.

However, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Changes in internal controls over financial reporting

No changes were made to our internal controls over financial reporting that occurred during the year ended March 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Risks and Uncertainties

Héroux-Devtek operates in industry segments subject to various risks and uncertainties that could have a material adverse effect on the Company's business, financial condition and results of operations. These risks and uncertainties include, but are not limited to, those mentioned below.

Reliance on Large Customers

The Company has exposure due to its reliance on certain large contracts and customers. The Company's six largest customers account for approximately 63% of its sales. Any loss or delay in certain orders from any of these customers could have a negative impact on the Company's results.

The Company mitigates this risk through the increase of long-term sales contracts, when possible, with its main customers.

Availability and Cost of Raw Materials

The main raw materials purchased by the Company are aluminium, steel and titanium. Supply and cost of these materials is somewhat outside the Company's control. Difficulty in procuring raw materials in sufficient quantities and in a timely fashion, along with cost increases for these materials, could also have a material adverse effect on the Company's operations and financial condition.

In the past two years, as this situation has escalated with the improvement of the global economy and the explosive growth of the Chinese economy in particular, the Company has begun to take steps to mitigate this risk. It now includes clauses in its long-term sales contracts of importance to share the risk of raw materials availability and cost with its customers. It also negotiates long-term supply agreements with its suppliers of raw materials, and has increased its monitoring of the supply chain to ensure timely deliveries.

Operational Risks
The activities conducted by the Company are subject to operational risks that include competition from other businesses, performance of key suppliers, product performance warranties, regulatory risks, successful integration of new acquisitions, dependence on key personnel and reliance on information systems, all of which could affect the Company's ability to meet its obligations.

However, the Company has implemented certain risk-mitigation strategies and controls, in light of these operational risks, which include the following:

- Processes to ensure proper bid approvals, planning, execution and use of quality standards at all stages of new design or built-to-print products and assemblies, and repair and overhaul services. This includes the risk assessment of achieving the targeted revenues and related product costs as well as the development of long-term agreements and competitive bidding processes with main suppliers.
- Use of proper cash flow arrangements through the use of customer advances, with certain customers, and foreign exchange hedging.

Impact of Terrorist Activity
There continues to be uncertainty over the future impact in the commercial aerospace sector from the threat of terrorist activity and the ongoing situations in the Middle East. Such issues typically have a negative impact on commercial air traffic and a positive impact on defense spending.

General Economic Conditions
Unfavourable economic conditions may adversely affect the Company's business. For example, the large civil aerospace industry has experienced considerable uncertainty in prior years, especially the market for planes with more than 100 seats. In fiscal 2006, the regional jet market was negatively impacted by lower demand. Furthermore, the industrial power generation market collapsed in 2002 and is now recovering. This could adversely affect the Company's financial condition and results of operation. Although long-term growth will likely eventually resume, the timing of that resumption is uncertain, and these sectors will remain cyclical. In addition, curtailment of production activities due to unfavourable economic conditions could result in the Company incurring significant costs associated with temporary layoffs or termination of employees.

Military Spending
Although significant increases in military budgets, particularly in the United States, were announced in recent years, these expenses are approved by government on a yearly basis and are subject to the political climate and changing priorities.

Foreign Currency Fluctuations
The Company is exposed to risks resulting from foreign currency fluctuations arising either from carrying on business in Canada in foreign currencies or through operations in the United States. In an effort to mitigate those risks, the Company makes use of derivative contracts to hedge this exposure.

The Company's foreign exchange hedging policy requires it to mitigate the foreign currency exposure, essentially to the US currency, arising from its Canadian operations.

The hedging policy requires the hedging of 50% to 75%, on average, of the identified foreign currency exposure, mainly over the next two fiscal years, of the forecast cash inflows generated by sales in US currency made by its Canadian operations and related to long-term sales contracts, net of the forecast cash outflows in US currency related essentially to its raw and certain other material costs. This hedging policy also applies to the net forecast cash inflows/outflows as described above, for certain specific long-term sales contracts, on a very limited basis, for an additional period of one to three fiscal years.

Liquidity and Access to Capital Resources
The Company requires continued access to capital markets to support its activities. To satisfy its financing needs, the Company relies on long-term and short-term debt and cash flow from operations. Any impediments to the Company's ability to access capital markets, including significant changes in market interest rates, general economic conditions or the perception in the capital markets of the Company's financial condition or prospects, could have a material adverse effect on the Company's financial condition and results of operation.

Restrictive Debt Covenants
The indentures governing certain of the Company's indebtedness and, in particular, its Credit Facilities, contain covenants that, among other things, restrict the Company's ability to:

- sell all or substantially all of its assets;
- incur secured indebtedness;
- engage in mergers or consolidations;
- invest in capital expenditures over a certain amount per year; or
- engage in transactions with affiliates.

These restrictions could impair the Company's ability to finance its future operations or its capital needs, or to engage in other business activities that may be in its interest.

Changing Interest Rates
The Company's profitability may be directly affected by the level of and fluctuations in interest rates. When appropriate, the Company considers using derivatives as an integral part of its asset/liability management program to mitigate or reduce its overall financial risk.

To mitigate these fluctuations, the Company has established a short-term investment policy that dictates the level and type of investments it should seek. The Company also maintains a well-balanced portfolio of financing, choosing between fix and variable rates.

External Business Environment
The Company faces a number of external risk factors, specifically including general economic conditions, government policies and changing priorities or possible spending cuts by governments.

Warranty Casualty Claim Losses
The products manufactured by the Company are complex and sophisticated and may contain defects that are difficult to detect and correct. Errors may be found in the Company's products after they are delivered to the customers. If so, the Company may not be able to correct such errors. The occurrence of errors and failures in the Company's products could result in warranty claims or the loss of customers. Any claims, errors or failures could have an adverse effect on the Company's operating results and business. In addition, due to the nature of the Company's business, the Company may be subject to liability claims involving its products or products for which it provides services. The Company cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, there can be no assurance that the Company will be able to obtain insurance coverage at acceptable levels and cost in the future. See under 'Operational Risks', above.

Environmental Matters
The Company's activities are subject to environmental laws and regulations associated with risks to human health and the environment. Changes to these laws and regulations could have a significant adverse effect on the Company's operations and financial situation. The Company monitors these risks through environmental management systems and policies.

Collective Bargaining Agreements
The Company is party to some collective bargaining agreements that expire at various times in the future. If the Company is unable to renew these agreements or others as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances, which could have a material adverse effect on the Company's business.

Early, in fiscal 2009 the Company renewed the collective labour agreements at its Laval and Longueuil plants for four- and three-year periods, respectively. The Company now has collective labour agreements in place with all its unionized employees for, at least, the next fiscal year.

Skilled Labour
Héroux-Devtek's ability to meet its future goals and objectives depends in part on its ability to attract and retain the necessary skilled labour. The skilled labour market in the aerospace industry is expected to continue to be highly competitive in the future. The Company's inability to attract and retain skilled labour, particularly engineers, machinists and programmers, could adversely affect its financial condition and results of operations.

The Company is addressing this risk by developing its human resource strengths internally and by working to retain the skilled employees that it currently has and attract the best talent by fostering a strong sense of corporate culture. Héroux-Devtek therefore does not anticipate a substantial increase in its manpower requirements over the next few years.

Selected Quarterly Financial Information
($'000 except per share data)

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
For the fiscal year ended March 31, 2009					
Sales	337,635	82,571	77,340	85,578	92,146
Net income	21,363	5,698	4,056	5,178	6,431
Earnings per share ($) – basic	0.68	0.18	0.13	0.16	0.20
Earnings per share ($) – diluted	0.67	0.18	0.13	0.16	0.20
Cash flows from operations	48,042	11,719	10,558	11,709	14,056
For the fiscal year ended March 31, 2008					
Sales	307,882	78,776	69,758	76,260	83,088
Net income, from operations before undernoted items	15,748	3,851	2,687	4,387	4,823
Loans bearing no interest – forgiveness of debt, net of income taxes	851	—	—	—	851
Income tax benefits, from utilization of prior years' tax losses	2,420	300	420	900	800
Net income	19,019	4,151	3,107	5,287	6,474
Earnings per share ($) – basic	0.60	0.13	0.10	0.17	0.20
Earnings per share ($) – diluted	0.59	0.13	0.10	0.17	0.20
Cash flows from operations	37,848	8,933	8,285	8,664	11,966

Fourth Quarter 2009 Results
The Company ended fiscal 2009 on a strong note with record sales for the quarter of $92.1 million, $9.1 million or 10.9% higher than for the fourth quarter last year. All three divisions improved their respective top lines. Gross profit, at 17.3%, is 0.4% higher than last year when excluding the 1.5% favourable impact coming from the forgiveness of a loan bearing no interest in the fourth quarter of fiscal 2008. The Aerostructure division gross profit was negatively impacted by an unfavourable sales mix in the fourth quarter this year while the continued turnaround at the Gas Turbine division, with its value added sales, partially counterbalanced this negative variance. The weaker Canadian dollar increased sales, in the fourth quarter ended March 31, 2009, by $9.2 million while it had a favourable 1.8% impact on the gross profit margin. Net income, at $6.4 million was at the same level than for the same period last year but $1.6 million higher when excluding the above mentioned forgiveness of debt and excluding the $0.8 million income tax benefits from the utilization of prior years' tax losses.

Cash flows from operations yielded $14.1 million compared to $12.0 million for the fourth quarter last year, while the negative change in non-cash working capital items related to operations deducted $1.4 million to cash flow this year compared to $5.5 million in the last quarter in fiscal 2008. The $1.4 million cash outflow for the quarter ended March 31, 2009, came from the increase of the income tax payable ($2.2 million), in line with the improved results and a reduction of the other current assets. These were partially offset by the $6.4 million increase in inventories, in line with the additional business activity late in fiscal 2009 and new aerospace programs (see Consolidated Balance Sheet section above).

Outlook

- In the face of mounting economic uncertainty, the volume of order intake for large commercial aircraft manufacturers has been reduced in recent months. While backlogs remain sound, existing orders can be deferred or cancelled which could lead to further reductions in production schedules
- The military aerospace market remains solid with major programs progressing as expected, particularly the JSF program, for which the U.S. Department of Defense recently recommended increasing the number of aircraft to be purchased throughout the U.S. government's 2010 fiscal year. Still, the new U.S. administration may reduce funding of future military budgets.
- In the power generation industry, the industrial gas turbine and wind energy markets will be impacted over the short-term by the financial crisis given the significant capital requirements of these projects and the infrastructure issues associated with the distribution of power from these new energy sources.
- Capital expenditures for fiscal 2010 are expected to be about $20 million mostly for normal maintenance projects. After more than $100 million in investments over the last three years, the Company plans to optimize these state-of-the-art investments in the coming quarters.
- Héroux-Devtek still intends to pursue acquisition opportunities that complement its existing core Landing Gear and Aerostructure operations, supported by a strong balance sheet and Credit Facilities extending up to $125 million.
- Although the Company can count on strong customer relationships and a solid backlog, the Company is not anticipating any signigicant sales growth for fiscal 2010 considering the prevailing economic environment. Furthermore, in light of the recent volatility of the Canadian dollar and the uncertainty surrounding its continuous fluctuation versus the US currency, the Company will seek further productivity gains and streamline its cost base to remain globally competitive.

Additional Information and Continuous Disclosure

This MD&A was approved by the Audit Committee on May 27, 2009 and by the Board of Directors on May 28, 2009. Updated information on the Company can be found on the SEDAR website, at www.sedar.com.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements and Management Discussion and Analysis of Financial Position and Operating Results ("MD&A") of Héroux-Devtek Inc. (the "Company") and all other information in this Annual Report are the responsibility of Management and have been reviewed and approved by its Board of Directors. The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The MD&A has been prepared in accordance with the requirements of Canadian securities regulators. The consolidated financial statements and MD&A include items that are based on best estimates and judgments of the expected effects of current events and transactions. Management has determined such items on a reasonable basis in order to ensure that the consolidated financial statements and MD&A are presented fairly in all material respects. Financial information presented elsewhere in the Annual Report is consistent with that in the consolidated financial statements. All figures presented in these consolidated financial statements are expressed in Canadian dollars unless otherwise indicated.

Héroux-Devtek Inc.'s Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P"), or have caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles and that material information related to the Company has been made known to them and has been properly disclosed in the accompanying consolidated financial statements and MD&A. Héroux-Devtek Inc.'s CEO and CFO have also evaluated the effectiveness of such ICFR and DC&P as of the end of fiscal year 2009. As of March 31, 2009, management concludes that the ICFR and DC&P effectively provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles and that material information related to the Company has been disclosed in the consolidated financial statements and MD&A. Also, based on this assessment, the CEO and the CFO determined that there were no material weaknesses in the ICFR and DC&P. Héroux-Devtek Inc.'s CEO and CFO have provided a certification related to Héroux-Devtek Inc.'s annual disclosure documents to the Canadian Securities Administrators in accordance with Multilateral Instrument 52-109, including the consolidated financial statements and MD&A.

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 and MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and consists entirely of independent and financially literate directors.

The Audit Committee meets periodically with management, as well as with the external auditors, to review the consolidated financial statements, the external auditors' report, MD&A, auditing matters and financial reporting issues, to discuss ICFR , and to satisfy itself that each party is properly discharging its responsibilities. In addition, the Audit Committee has the duty to review the appropriateness of the accounting policies and significant estimates and judgments underlying the consolidated financial statements as presented by management, and to review and make recommendations to the Board of Directors with respect to the fees of the external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when it approves the consolidated financial statements and MD&A for issuance to shareholders.

The consolidated financial statements as at March 31, 2009 and 2008 have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Shareholders. The external auditors have full and free access to the Audit Committee to discuss their audit and related matters.

(signed by)
Gilles Labbé, FCA
President and Chief Executive Officer
May 29, 2009

(signed by)
Réal Bélanger, CA
Executive Vice-President and Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Héroux-Devtek Inc.

We have audited the consolidated balance sheets of Héroux-Devtek Inc. as at March 31, 2009 and 2008 and the consolidated statements of income, changes in shareholders' equity and cash flows for the years 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 audits.

We conducted our audits 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, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Montréal, Québec
May 8, 2009

(signed by)
Ernst & Young LLP[1]
Chartered Accountants

1 CA Auditor permit no. 16652

CONSOLIDATED BALANCE SHEETS

As at March 31, 2009 and 2008 (In thousands of Canadian dollars)

	Notes	2009	2008
Assets	15		
Current assets			
Cash and cash equivalents		$ 39,759	$ 24,431
Accounts receivable		52,190	44,887
Income tax receivable		5,630	5,415
Other receivables	21	3,739	5,420
Inventories	9	95,647	86,625
Prepaid expenses		2,011	1,458
Future income taxes	18	11,172	9,142
Other current assets		—	9,235
		210,148	186,613
Property, plant and equipment, net	10	155,481	124,596
Finite-life intangible assets, net	11	11,190	5,787
Other assets	12	362	3,646
Goodwill	13	39,993	35,812
		$ 417,174	$ 356,454
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	21	$ 83,575	$ 68,117
Accounts payable – other	14	18,559	2,860
Income tax payable		3,241	2,349
Future income taxes	18	3,568	6,680
Current portion of long-term debt	15	4,221	5,011
		113,164	85,017
Long-term debt	15	83,047	72,242
Other liabilities	16	15,982	8,564
Future income taxes	18	8,490	9,853
		220,683	175,676
Shareholders' equity			
Capital stock	17	102,822	104,260
Contributed surplus	17	1,375	1,115
Accumulated other comprehensive loss		(12,124)	(9,932)
Retained earnings		104,418	85,335
		196,491	180,778
		$ 417,174	$ 356,454

Commitments and contingencies (Notes 21 and 22)
The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board of Directors

(signed by)
Christian Dubé
Director

(signed by)
Gilles Labbé
Director

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2009 and 2008 (In thousands of Canadian dollars, except share and per share data)

	Notes	2009	2008
Sales		$ 337,635	$ 307,882
Cost of sales, including amortization expense of $20,106 ($16,518 in 2008)	7	280,716	261,235
Gross profit		56,919	46,647
Selling and administrative expenses	17	22,466	18,879
Operating income		34,453	27,768
Financial expenses, net	15	4,485	4,999
Income before income tax expense		29,968	22,769
Income tax expense	18	8,605	3,750
Net income		$ 21,363	$ 19,019
Earnings per share – basic		$ 0.68	$ 0.60
Earnings per share – diluted		$ 0.67	$ 0.59
Weighted-average number of shares outstanding during the year		31,583,173	31,609,638

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended March 31, 2009 and 2008 (In thousands of Canadian dollars)

	Notes	Capital stock	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Comprehensive income (loss)
Balance at March 31, 2008 as previously reported		$ 104,260	$ 1,115	$ (9,932)	$ 85,335	$ —
Changes in accounting policy:						
Inventories	2	—	—	—	(1,940)	—
Balance at March 31, 2008 adjusted		104,260	1,115	(9,932)	83,395	—
Common shares issued or repurchased:	17					
Under the stock purchase and ownership incentive plan		321	—	—	—	—
Repurchase of common shares under the Company's normal course issuer bid		(1,759)	—	—	(340)	—
Stock-based compensation expense	17	—	260	—	—	—
Net income		—	—	—	21,363	21,363
Net gains (losses) on derivative financial instruments designated as cash flow hedges net of taxes of $7,851		—	—	(17,154)	—	(17,154)
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior years transferred to net income in the current year net of taxes of $169		—	—	(201)	—	(201)
Cumulative translation adjustment		—	—	15,163	—	15,163
Balance at March 31, 2009		$ 102,822	$ 1,375	$ (12,124)	$ 104,418	$ 19,171

	Notes	Capital stock	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Comprehensive income (loss)
Balance at March 31, 2007		$ 103,620	$ 691	$ (2,437)	$ 66,316	$ —
Common shares issued:	17					
Under the stock option plan		413	—	—	—	—
Under the stock purchase and ownership incentive plan		227	—	—	—	—
Stock-based compensation expense	17	—	424	—	—	—
Net income		—	—	—	19,019	19,019
Net gains (losses) on derivative financial instruments designated as cash flow hedges, net of taxes of $3,059		—	—	6,442	—	6,442
Net (gains) losses on derivative financial instruments designated as cash flow hedges in prior years transferred to net income in the current year, net of taxes of $3,557		—	—	(7,493)	—	(7,493)
Cumulative translation adjustment		—	—	(6,444)	—	(6,444)
Balance at March 31, 2008		$ 104,260	$ 1,115	$ (9,932)	$ 85,335	$ 11,524

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2009 and 2008 (In thousands of Canadian dollars)

	Notes	2009	2008
Cash and cash equivalents provided by (used for):			
Operating activities			
Net income		$ 21,363	$ 19,019
Items not requiring an outlay of cash:			
Amortization		20,106	16,518
Future income taxes	18	4,770	1,622
Gain on forgiveness of debt	7	—	(1,251)
Loss on sale of property, plant and equipment		18	78
Amortization of deferred financing costs	15	168	183
Amortization of net deferred loss related to a financial derivative instrument	15	—	51
Accretion expense of asset retirement obligations and non-interest bearing loans	15	1,357	947
Stock-based compensation expense	17	260	681
Cash flows from operations		48,042	37,848
Net change in non-cash working capital items related to operations	19	(2,783)	(14,780)
Cash flows related to operating activities		45,259	23,068
Investing activities			
Additions to property, plant and equipment	10	(23,489)	(26,773)
Increase in finite-life intangible assets	11	(3,721)	(321)
Proceeds on disposal of property, plant and equipment		18	291
Cash flows related to investing activities		(27,192)	(26,803)
Financing activities			
Increase in long-term debt	15	8,268	15,621
Repayment of long-term debt	15	(15,387)	(8,990)
Repurchase of common shares	17	(2,099)	—
Issuance of common shares	17	321	640
Other		273	(743)
Cash flows related to financing activities		(8,624)	6,528
Effect of changes in exchange rates on cash and cash equivalents		5,885	1,514
Change in cash and cash equivalents during the year		15,328	4,307
Cash and cash equivalents at beginning of year		24,431	20,124
Cash and cash equivalents at end of year		$ 39,759	$ 24,431
Supplemental information:			
Interest paid		$ 2,787	$ 3,339
Income taxes paid		$ 2,473	$ 640

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

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

1

NATURE OF ACTIVITIES

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

2

CHANGES IN ACCOUNTING POLICIES

ADOPTED IN FISCAL YEAR 2009

Effective April 1, 2008, the Company adopted four new *Handbook* Sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 3031 Inventories

In June 2007, the Accounting Standard Board ("AcSB") released Section 3031, *Inventories*, which replaces Section 3030, *Inventories*. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") IAS 2, *Inventories*. The Section prescribes the measurement of inventories at the lower of cost and net realizable value. It provides further guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to net realizable value and circumstances for their subsequent reversal. It also provides more restrictive guidance on the cost methodologies used to assign costs to inventories and describes additional disclosure requirements. These required additional disclosures relating to inventories are:

- The amount of inventories recognized as an expense
- The amount of any write-down of inventories
- The amount of any reversal of any write-down
- The circumstances or events that led to the reversal of a write-down

As at April 1, 2008, the Company adopted the unit cost method in replacement of the average cost method. The unit cost method is a prescribed cost method under which the actual production costs are charged to each unit produced and recognized to income as the unit is delivered. The excess-over-average production costs concept (production costs incurred in the early stage of a contract, in excess of the average estimated unit cost for the entire contract), is not allowed under the unit cost method. In addition, as a result of the more restrictive guidance on the determination of costs, the Company has revised its manufacturing overhead costs allocation policy, whereby abnormal costs are expensed and the allocation of manufacturing overhead costs is specifically determined on normal production capacity. Based on these new rules, the Company has applied these changes in accounting policy by adjusting the opening retained earnings balance and by making certain reclassifications in the Company's balance sheet as at April 1, 2008. Also, the program tooling costs and development costs, which were recorded as part of inventories in prior years, were either written off to retained earnings or reclassified to property, plant and equipment and finite-life intangible assets, the amortization of these costs being based on the pre-determined contract quantity. The consolidated financial statements for the prior fiscal year were not restated, as permitted under the new Section.

As at April 1, 2008, the effect of these changes in accounting policy, including certain reclassifications, and their related income tax impact on the Company's consolidated balance sheet were as follows:

	Reported as at March 31, 2008	Impact of changes in accounting policy: Inventories — Write-off	Impact of changes in accounting policy: Inventories — Reclassification	Restated as at April 1, 2008
Assets				
Inventories	$ 86,625	$ (2,869)	$ (2,878)	$ 80,878
Property, plant and equipment, net	124,596	—	1,691	126,287
Finite-life intangible assets	5,787	—	1,187	6,974
Liabilities				
Income taxes payable	$ 2,349	$ (929)	$ —	$ 1,420
Retained earnings	$ 85,335	$ (1,940)	$ —	$ 83,395

Section 1535, Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose the following:

- Its objectives, policies and processes for managing capital;
- Summary quantitative data about what it manages as capital;
- Whether during the period it complied with any imposed capital requirements to which it is subject;
- When the entity has not complied with such requirements, the consequences of such non-compliance.

2
CHANGES IN ACCOUNTING POLICIES (CONT'D)

Section 3862, Financial Instruments – Disclosures
This Section modifies the disclosure requirements for financial instruments that were included in Section 3861, *Financial Instruments – Disclosure and Presentation*. The new standards require entities to provide disclosures in their financial statements that enable users to evaluate:

- The significance of financial instruments for the entity's financial position and performance;
- The nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863, Financial Instruments – Presentation
This Section carries forward unchanged the presentation requirements of former Section 3861, *Financial Instruments – Disclosure and Presentation* (see Note 6).

The new disclosure and presentation requirements under Sections 1535 and 3862 referred to above are further outlined in Notes 4 and 5 to the March 31, 2009 consolidated financial statements.

3
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles within the framework of the significant accounting policies summarized below.

Basis of consolidation
The principal wholly owned subsidiaries of the Company included in the consolidated financial statements are the following:

- McSwain Manufacturing Corporation and A.B.A. Industries, Inc.
- Progressive Incorporated
- Devtek Aerospace Inc.

Use of estimates
The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues (sales) and expenses and disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates relate to the sales contract assumptions, determination of pension and other employee benefits, reserves for environmental matters, asset retirement obligations, the useful life of assets for amortization and evaluation of net recoverable amount, the determination of fair value of assets acquired and liabilities assumed in business combinations, implied fair value of goodwill, income tax and the determination of the fair value of financial instruments. Actual results could differ from these estimates.

Translation of foreign currency
The functional currency of the Company is the Canadian dollar.

- *Self-sustaining foreign operations*
  The assets and liabilities of foreign subsidiaries 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 as accumulated other comprehensive income (loss).

- *Foreign currency transactions*
  Foreign currency transactions are translated using the temporary method. Under this method, monetary balance sheet items are translated into Canadian dollars at the exchange rate prevailing at year-end. Revenues and expenses are translated using the average exchange rates prevailing during each month of the year. Translation gains and losses are included in the consolidated statements of income.

3
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. On initial recognition, all financial instruments including embedded derivatives financial instruments that are not closely related to the host contract are measured at fair value. After initial recognition, the measurement of financial instruments depends on their classification: held for trading ("HFT"), available-for-sale ("AFS"), loans and receivables ("L&R"), held-to-maturity ("HTM") or other than HFT liabilities.

Financial assets and financial liabilities classified as HFT are measured at fair value, with gains and losses recognized to income for the period in which they arise. Financial assets classified as L&R or HTM and financial liabilities classified as other than HFT are measured at amortized cost using the effective interest method.

Financial assets classified as AFS are measured at fair value. Unrealized gains and losses including changes in foreign exchange rates are recognized directly to other comprehensive income (loss) ("OCI"), except for impairment losses, which are recognized to income, until the financial assets are derecognized, at which time the cumulative gains or losses previously recognized in accumulated OCI are recognized in income for the year.

The Company has made the following classification of its financial instruments:

- Cash and cash equivalents are classified as HFT.
- Amounts receivable are classified as L&R.
- Amounts payable in current liabilities and long-term debt (including current portion) are classified as other than HFT liabilities.

Derivative financial instruments

In accordance with its risk management policy, the Company uses derivative financial instruments to manage its foreign currency and interest rate exposures. These derivative financial instruments are measured at fair value, including derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contract. Management is responsible for establishing standards of acceptable risks and monitoring, as appropriate, the transactions covering these risks. 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.

The Company has designated foreign exchange forward contracts and interest-rate swap agreements as cash flow hedges. In a cash flow hedge relationship, a change in fair value of these derivatives is recognized as a component of OCI to the extent that the hedging relationship is effective. The ineffective portion of the hedging relationship and changes in fair value of derivatives not designated as a cash flow hedge, including embedded derivatives, are recognized as gains and losses in net income. The amount recognized in OCI is transferred to net income, and recorded as an adjustment of the cost or revenue of the related hedged item when realized.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments held with investment grade financial institutions, with maturities of three months or less from the date of acquisition.

Inventory valuation, capitalized development costs, cost of sales and revenue recognition

[a] Inventory valuation, capitalized development costs and related cost of sales

Inventories include raw materials, direct labour and related manufacturing overhead and include, if applicable, the amount of amortization of the non-recurring costs of the related contracts. These non-recurring costs represent essentially direct design engineering costs, direct manufacturing engineering costs, other direct pre-production costs (test units, prototypes, and other related costs) and toolings which are recorded and amortized on the following basis:

NON-RECURRING COSTS	RECORDED IN THE BALANCE SHEET AS	AMORTIZATION METHOD
Direct design engineering costs	Finite-life intangible assets – capitalized development costs	Predetermined contract quantity
Direct manufacturing engineering costs	Finite-life intangible assets – capitalized development costs	Predetermined contract quantity capitalized development costs
Other direct pre-production costs	Finite-life intangible assets – capitalized development costs	Predetermined contract quantity
Tooling costs related to specific sales contracts	Property, plant and equipment	Predetermined contract quantity but not exceeding ten (10) years.
Other tooling costs	Property, plant and equipment	Straight-line basis over five (5) years.

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventory valuation, capitalized development costs, cost of sales and revenue recognition (cont'd)

[a] Inventory valuation, capitalized development costs and related cost of sales (cont'd)

Contract quantities are established based on management's assessment at the beginning of the production stage for each contract, taking into consideration, among other factors, existing firm orders and options. The Company's management conducts quarterly reviews as well as a detailed annual review in the fourth quarter of its capitalized development costs related to contracts and their recoverability, and contract quantities.

Inventories consist of raw materials, work in progress and finished goods which are valued at the lower of cost (unit cost method) and net realizable value.

The unit cost method is the cost method under which the actual production costs are charged to each unit produced and recognized to income as the unit is delivered.

Progress billings received from customers are deducted from related costs in inventories. Progress billings received in excess of related costs in inventories, if any, are classified as Customers' advances in accounts payable and accrued liabilities.

[b] Revenue recognition

Revenues from the sale of aerospace and industrial products are recognized as the related units are delivered and collectability is reasonably assured.

Provisions for losses on contract, if any, are made as soon as it is determined that total estimated contract costs are expected to exceed the total contract revenue, and are recorded in accounts payable and accrued liabilities.

Long-lived assets

Long-lived assets consist of property, plant and equipment and finite-life intangible assets which include capitalized development costs (see above). Long-lived assets held for use are reviewed for impairment when certain events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability test is performed using undiscounted future cash flows that are directly associated with the assets' use and eventual disposition. The amount of the impairment, if any, is measured as the difference between the carrying value and the fair value of the impaired assets and presented as an additional current period depreciation expense.

Long-lived assets are recorded at cost and amortization is provided for on a straight-line basis, except for the backlog which is amortized on a pro-rata basis over the life of the related sales contracts and the units delivered, over the estimated useful lives of the related assets, as follows:

Buildings and leasehold improvements	5 to 40 years
Machinery, equipment and tooling	3 to 15 years
Machinery and equipment held under capital lease	3 to 15 years
Automotive equipment	3 to 10 years
Computer and office equipment	3 to 5 years
Finite-life intangible assets	
- Software-related costs	3 to 5 years
- Backlog	Based on the life of the related sales contracts and units delivered

Amortization of construction in progress begins when they are ready for their intended use.

Government assistance

Government assistance, including investment tax credits and the discounted portion of the non-interest bearing loan, is recorded as a reduction of the related capital expenditure, development cost, inventory or expense when there is reasonable assurance that the assistance will be received. In fiscal year 2009, the Company recorded as a reduction of cost of sales an amount of $3,333 ($2,597 in 2008), and as a reduction of the related capital expenditure or development cost an amount of $937 ($2,213 in 2008) for government assistance.

3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Asset retirement obligations

The Company's asset retirement obligations represent essentially environmental rehabilitation costs related to the Company's manufacturing plant in Longueuil, Québec. The fair value of these obligations is measured in the year in which they are incurred when a reasonable estimate of their fair value can be made. The fair value of the obligations was determined as the sum of the estimated discounted future cash flows of the legal obligations associated with the future retirement of these rehabilitation costs. These assets retirement costs are capitalized as part of the property, plant and equipment and amortized over the relevant assets' useful lives, while changes to the present value of the obligations are charged to income.

As of March 31, 2009, a provision of $5,188 ($5,022 as of March 31, 2008) is included in the Company's accounts payable and accrued liabilities based on management's estimate of total discounted future cash flows using a rate of 4.5% (4.5% in 2008). During fiscal 2009, an accretion expense of $210 was recorded ($204 in 2008) in financial expenses (see Note 15).

Goodwill

Goodwill represents the excess of the purchase price, including acquisition costs, over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually, or more frequently if events or circumstances, such as significant declines in expected cash flows, indicate that it is more likely than not that the asset might be impaired. Goodwill is considered to be impaired when the carrying value of a segment ("reporting unit"), including the allocated goodwill, exceeds its fair value.

The Company evaluates the recoverability of goodwill using a two-step test approach at the reporting unit. Under the first step, the fair value of the reporting unit, based upon discounted future cash flows, is compared to its net carrying amount. If the fair value is greater than the carrying amount, no impairment is deemed to exist and the second step is not required to be performed. If the fair value is less than the carrying amount, a second test must be performed whereby the implied fair value of the reporting unit's goodwill must be estimated. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value of the identifiable net assets of the reporting unit. The carrying value of goodwill in excess of its implied fair value is charged to income.

Deferred financing costs

Deferred financing costs are amortized using the effective interest method and their unamortized portion is shown as a reduction of long-term debt.

Pension and other retirement benefit plans

- The actuarial determination of the accrued benefit obligations for pensions uses the accrued benefit method for the flat benefit plan and the projected benefit method prorated on services for the other plans (which incorporate management's best estimate of future salary levels, when applicable, other cost escalations, retirement ages of employees and other actuarial factors).

- For the purpose of calculating the expected return on plan assets, those assets are valuated at fair value.

- Actuarial gains (losses) arise from the difference between the actual rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period and from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The weighted-average remaining service period of the active employees is 16 years for 2009 and 2008.

- Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of active employees at the date of amendment.

- On April 1, 2000, the Company adopted the new accounting standard on employee future benefits using the prospective application method. The Company is amortizing the transitional obligation on a straight-line basis over 17 years, which was the weighted-average remaining service period of employees expected to receive benefits under the benefit plans as of April 1, 2000.

- When the restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

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, which will be in effect for the year in which the differences are expected to reverse.

A valuation allowance is recorded to reduce the carrying amount of future income tax assets, when it is more likely than not that such assets will not be realized.

3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Earnings per share

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

Stock-based compensation and other stock-based payments

- *Stock option plan*
  The Company has a stock option plan where options to purchase common shares are issued essentially to officers and key employees. The Company uses the binomial valuation model to determine the fair value of stock options, and expenses all granting of stock options based on their earned period. The related compensation expense is included in selling and administrative expenses and its counterpart is accounted for in the Company's contributed surplus.

- *Stock purchase and ownership incentive plan*
  The Company has a stock purchase and ownership incentive plan allowing key management employees to subscribe, by salary deduction, to a number of common shares issued by the Company. The common share issuance is accounted for in the Company's capital stock. Also, the Company matches 50% of the employee's contribution, which cannot exceed 10% of the employee's annual base salary, by awarding to the employee, additional common shares acquired on the Toronto Stock Exchange (TSX) at market price. However, the Company's matching award cannot exceed 4% of the employee's annual base salary. Common shares purchased by the Company on behalf of the employee are accounted for as a compensation expense which is included in the Company's selling and administrative expenses.

- *Stock appreciation right plan*
  The Company has a stock appreciation right (SAR) plan where rights are issued to its non-employee directors. The SAR enables the participants to receive by way of bonus, on the exercise date of a SAR, a cash amount equal to the excess of the market price of a common share on the exercise date of the SAR over the granted price of the SAR. The SARs are expensed on an earned basis and their costs are determined based on the Company's common shares quoted market value over their granted value. The related compensation expense is included in selling and administrative expenses and its counterpart is accounted for in the Company's accounts payable and accrued liabilities.

Environmental obligations

Environmental liabilities are recorded when environmental claims or remedial efforts are probable, and the costs can be reasonably estimated. Environmental costs that relate to current operations are expensed or capitalized, as appropriate. Environmental costs of a capital nature that extend the life, increase the capacity or improve the safety of an asset or that mitigate or prevent environmental contamination that has yet to occur are included in property, plant and equipment and are generally amortized over the remaining useful life of the underlying asset. Costs that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed.

FUTURE CHANGES IN ACCOUNTING POLICIES

Goodwill and intangible assets

In February 2008, the AcSB issued Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. This Section is effective for the Company for interim and annual financial statements beginning on April 1, 2009. This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are aligned with IFRS IAS 38, *Intangible Assets*.

International Financial Reporting Standards

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

3
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

4
FINANCIAL RISK MANAGEMENT

The Company is primarily exposed to market risk, credit risk and credit concentration risk, and liquidity risk as a result of holding financial instruments.

Market risk	Risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is primarily exposed to the following market risks: • Foreign exchange risk • Interest rate risk
Credit risk and credit concentration risk	Credit risk – Risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation Credit concentration risk – Risk that the business is concentrated on a limited number of customers and financial institutions, which could cause an increased credit risk as defined above
Liquidity risk	Risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities

Market risk
Foreign exchange risk
The Company is exposed to risks resulting from foreign currency fluctuations arising either from carrying on business in Canada in foreign currencies or through operations in the United States. Based on the last full fiscal year ended March 31, 2009, the Company's sales made from its Canadian and American operations and in the related currencies were as follow (calculated based on the Company's consolidated sales):

	CANADIAN OPERATIONS	U.S. OPERATIONS	TOTAL
U.S. currency	49%	32%	81%
Canadian currency	19%	—	19%
% consolidated sales	**68%**	**32%**	**100%**

The total financial instruments denominated in U.S. currency in the Company's consolidated balance sheet, as at March 31, 2009, are as follow:

	In thousands of U.S. dollars
Current financial assets	$ 57,617
Long-term financial assets	—
Total financial assets	**$ 57,617**
Current financial liabilities	$ 29,177
Long-term financial liabilities	50,512
Total financial liabilities	**$ 79,689**

4
FINANCIAL RISK MANAGEMENT (CONT'D)

In an effort to mitigate the foreign currency fluctuation exposure on sales, the Company makes use of derivative contracts to hedge this exposure, essentially to the U.S. currency and arising from its Canadian operations.

The Company's foreign exchange policy requires the hedging of 50% to 75%, on average, of the identified foreign currency exposure, mainly over the next two fiscal years, of the forecasted cash inflows generated by sales in U.S. currency made by its Canadian operations and related to long-term sales contracts, net of the forecasted cash outflows in U.S. currency made by its Canadian operations and related essentially to raw material and certain other material costs. This hedging policy also applies to the net forecasted cash inflows/outflows as described above, for certain specific long-term sales contracts, on a very limited basis, for an additional period of one to three fiscal years.

As at March 31, 2009, the Company, in accordance with the foreign exchange policy explained above, had foreign exchange forward contracts totalling US$162.8 million at a weighted average rate of 1.1396 (Canadian dollar over U.S. dollar, "cad/usd") (US$145.5 million at a weighted average rate of 1.0922 cad/usd as at March 31, 2008) maturing over the next five fiscal years, with the majority maturing over the next two fiscal years.

At March 31, 2009, the Company had also entered into foreign exchange forward contracts totalling US$11.3 million at a weighted average rate of 1.2396 cad/usd (nil at March 31, 2008) maturing over the next four fiscal years with the majority maturing over the next two fiscal years to cover foreign exchange risk related to certain embedded derivatives.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Company's financial instruments including the above-mentioned foreign exchange forward contracts as at the balance sheet date. As at March 31, 2009, a 1% strengthening of the Canadian dollar over the U.S. currency, while all other variables would remain fixed, would have decreased consolidated net income by $108 and increased comprehensive income by $363 while a 1% reduction would have had an opposite impact of essentially the same amounts.

Interest rate risk
The Company is exposed to interest rate fluctuations primarily due to its variable interest rate on its long-term debt's Bank Credit Facilities (see Note 15 to the consolidated financial statements). In addition, the interest rate fluctuations could also have an impact on the Company's interest income which is derived from its cash and cash equivalents.

The Company's interest rate policy requires, in general, maintaining an appropriate mix of fixed and variable interest rates debt to mitigate the net impact of fluctuating interest rate.

In July 2007 and March 2009, in order to limit the effect of interest rate variations over a portion of its long-term debt denominated in U.S. currency, the Company entered into a four-year interest-rate swap agreement and a two-year interest-rate swap agreements for an amount of US$15,000 and US$10,000, respectively, that fix the Libor U.S. rate at 5.53% and 1.75%, respectively. Both interest-rate swap agreements mature on August 1, 2011.

The interest rate risk sensitivity is calculated on the floating rate liability at the end of the year. Assuming a 100-basis point increase in the interest rate as at March 31, 2009, while all other variables would remain fixed, this would have reduced the Company's consolidated net income for the year then ended by $157. For the derivative financial instruments (interest-rate swap agreements), a shift of 100-basis point increase in the yield curve, as of March 31, 2009, would have increased the Company's comprehensive income for the year then ended by $607 while a 100-basis point decrease would have reduced it by $630.

Credit risk and credit concentration risk
The credit and credit concentration risks represent counterparty risks where the parties with which the Company enters into the related agreements or contracts could be unable to fulfill their commitments.

Credit risk is primarily related to the potential inability of customers to discharge their obligations with regard to the Company's accounts receivable and, of financial institutions with regard to the Company's cash and cash equivalents and derivative financial instruments.

Credit concentration risk is related to the fact that a significant portion of the Company's sales, approximately 63%, are made to a limited number of customers and that the Company deals mainly with a limited number of financial institutions.

Accounts receivable
The credit and credit concentration risks related to this financial instrument are limited due to the fact that the Company deals generally with large corporations and Government agencies, with the exception of sales made to non-governmental agencies outside North America which represent approximately 1% of the Company's total annual consolidated sales for 2009 fiscal.

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

4

FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk and credit concentration risk (cont'd)

Accounts receivable (cont'd)

Historically, the Company has not made any significant write-off of accounts receivable and the number of days in accounts receivable as at March 31, 2009 was at acceptable levels in the industries in which the Company operates.

The credit quality of accounts receivable is monitored on a regular basis through the Company's decentralized operations.

Changes in the allowance for doubtful accounts were as follows for the year ended March 31, 2009:

Balance as at April 1, 2008	$ 936
Provision for doubtful accounts	1,025
Amounts written off	(66)
Effect of foreign exchange rate changes	38
Balance as at March 31, 2009	$ 1,933

The Company's trade receivables that are past due but not impaired amounted to $12,085 as at March 31, 2009, of which $1,264 were more than 90 days past due.

Cash and cash equivalents and derivative financial instruments

The credit and credit concentration risks related to these financial instruments are limited due to the fact that the Company deals exclusively with Canadian chartered banks and their U.S. subsidiaries which have acceptable credit ratings. On that basis, the Company does not anticipate any breach of agreement by counterparties.

The maximum exposure to credit risk for financial instruments represented the following as at March 31, 2009 (See Note 6 to the consolidated financial statements):

	Held for Trading (HFT)	Hedging items (1)	Loans and Receivables (L&R)
Cash and cash equivalents	$ 39,759	$ —	$ —
Accounts receivable	—	—	52,190
Other receivables	—	—	1,947
Other assets	—	362	—

(1) Represents the fair value of certain derivative financial instruments designated in a hedging relationship.

Liquidity risk

The Company is exposed to the risk of being unable to honour its financial commitments by the deadlines set and under the terms of such commitments and at a reasonable price. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of long-term sales contracts and planned capital expenditures.

The maturity analysis of financial liabilities represented the following as at March 31, 2009 and includes the Company's Senior Credit Facilities negotiated and contracted only with Canadian chartered banks and their U.S. subsidiaries (See Note 6 to the consolidated financial statements):

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 53,557	$ —	$ —	$ —	$ 53,557
Accounts payable – other	18,559	—	—	—	18,559
Long-term debt (2)	4,335	65,605 (1)	7,765	15,853	93,558
Other liabilities	—	10,444	—	—	10,444

(1) Includes the used Bank's Credit Facilities of $54,235 maturing on October 4, 2011.
(2) Includes interest accretion on non-interest bearing loans.

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

5
CAPITAL RISK MANAGEMENT

The general objectives of the Company's management, in terms of capital management, reside essentially in the preservation of the Company's capacity to continue operating, to continue providing benefits to its stakeholders and also, in providing an adequate return on investment to its shareholders by selling its products and services at a price commensurate with the level of operating risk assumed by the Company.

The Company thus determines the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risk characteristics of the underlying assets.

In order to maintain or adjust its capital structure, the Company can:

- Issue new common shares from treasury;
- Repurchase common shares;
- Sell certain assets to reduce indebtedness;
- Return capital to shareholders;
- Modify dividends paid to shareholders (however, the Company does not anticipate paying dividends on its outstanding common shares in the near future).

In the Company's current activity sectors involving long-term contracting and major capital expenditures, the total cash flows generated by the Company must be consistent with its net debt-to-equity ratio and comparable with wide spread practices in these sectors. This net debt-to-equity ratio, represented by net debt divided by shareholders' equity, is the overriding factor in the Company's capital management and monitoring practices.

The net debt is equal to total debt representing the current portion of long-term debt and long-term debt, less cash and cash equivalents. Shareholders' equity includes capital stock, contributed surplus, accumulated other comprehensive income (loss) and retained earnings. In some cases, shareholders' equity may be adjusted by amounts recorded in accumulated other comprehensive income (loss), particularly those related to cash flow hedges, depending on their nature and materiality. Moreover, in some cases and for the same reasons as those indicated above, total debt and shareholders' equity may be adjusted by the amount of subordinated or unsecured loans and off-balance sheet items.

During fiscal 2009, the Company pursued the same capital management strategy as last year, which consists in generally maintaining a sufficient net debt-to-equity ratio, so as to allow access to financing at a reasonable or acceptable cost in relation to risk taken. The Company's net debt-to-equity ratio for fiscal 2009 was 0.24:1 compared to 0.29:1 last fiscal year. Moreover, the Company is not subject to any regulatory capital requirements and the Company's capital management has not changed since the prior year.

6
FINANCIAL INSTRUMENTS

The classification of financial instruments and their carrying amounts and fair values were as follows as at:

	March 31, 2009 Carrying value				March 31, 2009 Fair Value	March 31, 2008 Carrying value				March 31, 2008 Fair Value
	HFT	L&R	Hedging items	Total [1]		HFT	L&R	Hedging items	Total [1]	
Financial assets										
Cash and cash equivalents	$39,759	$ —	$ —	$39,759	$39,759	$24,431	$ —	$ —	$ 24,431	$24,431
Accounts receivable[2]	—	52,190	—	52,190	52,190	—	44,887	—	44,887	44,887
Other receivables[3]	—	1,947	—	1,947	1,947	—	3,804	—	3,804	3,804
Other current assets[4]	—	—	—	—	—	—	2,529	6,706	9,235	9,235
Other assets[6]	—	—	362	362	362	—	—	3,641	3,641	3,641
	$39,759	$ 54,137	$ 362	$94,258	$94,258	$24,431	$ 51,220	$ 10,347	$ 85,998	$85,998

(1) Represents only the carrying values of financial assets and liabilities included in the corresponding balance sheet caption.
(2) Comprising trade receivables.
(3) Comprising certain other receivables.
(4) Includes the fair value of short-term derivative financial instruments.
(5) Comprising trade accounts payable and accrued liabilities including interest and certain payroll-related liabilities and the fair value of short-term derivative financial instruments.
(6) Includes the fair value of long-term derivative financial instruments.

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

6

FINANCIAL INSTRUMENTS (CONT'D)

	March 31, 2009					March 31, 2008				
	Carrying value				Fair Value	Carrying value				Fair Value
	HFT	Other Than HFT	Hedging items	Total (1)		HFT	Other Than HFT	Hedging items	Total (1)	
Financial liabilities										
Accounts payable and accrued liabilities(5)	$ —	$ 53,557	$ —	$ 53,557	$ 53,557	$ —	$ 48,537	$ —	$ 48,537	$ 48,537
Accounts payable – other	—	9,917	8,642	18,559	18,559	—	1,469	1,391	2,860	2,860
Long-term debt, including current portion	—	87,906	—	87,906	90,076	—	77,253	—	77,253	79,832
Long-term liabilities – Other liabilities(6)	—	—	10,444	10,444	10,444	—	—	2,234	2,234	2,234
	$ —	$151,380	$19,086	$170,466	$172,636	$ —	$127,259	$ 3,625	$130,884	$133,463

(1) Represents only the carrying values of financial assets and liabilities included in the corresponding balance sheet caption.
(2) Comprising trade receivables.
(3) Comprising certain other receivables.
(4) Includes the fair value of short-term derivative financial instruments.
(5) Comprising trade accounts payable and accrued liabilities including interest and certain payroll-related liabilities and the fair value of short-term derivative financial instruments.
(6) Includes the fair value of long-term derivative financial instruments.

Fair value of financial instruments

Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value is determined by reference to quoted bid or asks prices, as appropriate, in the most advantageous active market for the instrument to which the Company has immediate access. When bid and ask prices are unavailable, the Company uses the closing price of the most recent transaction of that instrument. In the absence of an active market, the Company determines fair value based on internal or external valuation models, such as discounted cash flow analysis and using observable market-based inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses primarily external, readily observable market inputs, including factors such as interest rates, currency rates, and price and rate volatilities, as applicable. Furthermore, when determining fair value, the Company also considers the credit ratings and credit spreads of the related debtor or of the Company, as recommended by the EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". Assumptions or inputs that are not based on observable market data are used when external data are unavailable.

No profit or loss was accounted for fiscal 2009 and 2008 on financial instruments designated as HFT, except for the information provided in note 15.

7

COST OF SALES

During fiscal 2008, the Company wrote off a non-interest bearing loan of $1,251 ($851, net of income taxes) which was accounted for as a reduction of cost of sales for the year ended March 31, 2008. This loan was initially granted as a government incentive to promote and support the development of an aerospace program. This write-off was made as this loan was forgiven by the related government, following the conclusion that the loan's terms of repayment could not be met (see Note 15).

8

SELLING AND ADMINISTRATIVE EXPENSES

Foreign exchange gains or losses resulting from the translation of net monetary items denominated in foreign currencies are included in the Company's selling and administrative expenses. In fiscal 2009, the foreign exchange loss included in the Company's selling and administrative expenses amounted to $1,241 (gain of $771 in 2008, presented as a reduction of selling and administration expenses).

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

9
INVENTORIES

Inventories consist of:

	2009	2008
Raw materials	$ 51,586	$ 40,825
Work in progress and finished goods	78,273	68,447
Less: Progress billings	34,212	22,647
	$ 95,647	$ 86,625

The amount of inventories recognized as cost of sales for fiscal 2009 is detailed as follows:

	2009
Aerospace segment	$ 223,905
Industrial segment	27,164
	$ 251,069

The change in write-downs related to inventories for fiscal 2009 is detailed as follows:

	2009
Write-downs recognized as cost of sales	$ 4,742
Reversal of write-downs recognized as a reduction of cost of sales	$ 1,694

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

10
PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

		2009	
	Cost	Accumulated amortization	Net book Value
Land	$ 4,073	$ —	$ 4,073
Buildings and leasehold improvements	56,538	30,001	26,537
Machinery, equipment and tooling	226,811	114,939	111,872
Construction in progress, machinery and equipment	11,111	—	11,111
Automotive equipment	1,136	971	165
Computer and office equipment	10,386	8,663	1,723
	$ 310,055	$ 154,574	$ 155,481

		2008	
	Cost	Accumulated amortization	Net book Value
Land	$ 3,697	$ —	$ 3,697
Buildings and leasehold improvements	52,402	17,244	35,158
Machinery, equipment and tooling	175,478	100,590	74,888
Construction in progress, machinery and equipment	8,513	—	8,513
Automotive equipment	1,118	971	147
Computer and office equipment	9,630	7,437	2,193
	$ 250,838	$ 126,242	$ 124,596

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

10
PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The purchases of property, plant and equipment of $23,489 for the year ended March 31, 2009, ($26,773 in 2008) presented in the consolidated statements of cash flows are shown net of $9,917 ($1,469 in 2008) in machinery and equipment which were delivered in the last two months of the respective years but not yet paid as at March 31. The additions to property, plant and equipment are also presented net of machinery and equipment of $5,261 ($9,571 in 2008) which were acquired through capital leases during the year ended March 31, 2009.

Amortization expense of property, plant and equipment amounted to $18,756 in fiscal 2009 ($14,962 in 2008).

At March 31, 2009, cost of machinery, equipment and tooling includes assets acquired through capital leases amounting to $24,543 ($11,688 at March 31, 2008) with accumulated amortization of $5,408 ($5,639 as at March 31, 2008).

At March 31, 2009 and 2008, construction in progress includes the cost of new machinery and equipment being installed as of those dates (see Note 21).

11
FINITE-LIFE INTANGIBLE ASSETS

Finite-life intangible assets include software related costs, backlog acquired pursuant to an acquisition and the capitalized development costs related to some Aerospace long-term sales contracts. Changes in finite-life intangible assets are as follows:

	2009	2008
Balance at beginning of year	$ 5,787	$ 7,722
Transitional adjustment following a change in accounting policy (see Note 2)	1,187	—
Acquisition of software	1,554	321
Capitalization of development costs	2,167	—
Amortization	(1,350)	(1,556)
Effect of changes in exchange rate	1,845	(700)
	$ 11,190	$ 5,787

The finite-life intangible assets consist of:

2009	Cost	Accumulated amortization	Net book value
Software	$ 15,761	$ 13,898	$ 1,863
Capitalized development costs	4,024	83	3,941
Backlog	9,271	3,885	5,386
	$ 29,056	$ 17,866	$ 11,190

2008	Cost	Accumulated amortization	Net book Value
Software	$ 13,629	$ 12,696	$ 933
Backlog	7,545	2,691	4,854
	$ 21,174	$ 15,387	$ 5,787

12
OTHER ASSETS

The Company's other assets are summarized as follows:

	2009	2008
Derivative financial instruments – forward foreign exchange contracts	$ 362	$ 3,646

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

13
GOODWILL

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired businesses. Changes in the goodwill balance can be detailed as follows:

	2009	2008
Balance at beginning of year	$ 35,812	$ 38,093
Effect of changes in exchange rate	4,181	(2,281)
	$ 39,993	$ 35,812

14
ACCOUNTS PAYABLE – OTHER

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

	2009	2008
Derivative financial instruments – forward foreign exchange contracts	$ 8,642	$ 1,391
Machinery and equipment (see Note 10)	9,917	1,469
	$ 18,559	$ 2,860

15
LONG-TERM DEBT

	2009	2008
Senior Secured Syndicated Revolving Credit Facilities ("Credit Facilities") of up to $125,000 ($80,000 as of March 31, 2008) (see below), either in Canadian or U.S. currency equivalent, maturing on October 4, 2011, with no extension, which bear interest at bankers' acceptance plus 1.0% for the Canadian Credit Facilities at March 31, 2009 (representing an effective interest rate of 1.7%; 4.6% in 2008) and at Libor plus 1.0% at March 31, 2009 for the U.S. Credit Facilities (representing an effective interest rate of 1.5%; 3.7% in 2008). At March 31, 2009, the Company used nil ($9,000 at March 31, 2008) and US$43,000 on the Credit Facilities (US$43,000 at March 31, 2008).	$ 54,235	$ 53,140
Non-interest bearing loans, repayable in variable annual instalments, with various expiry dates until 2025.	19,042	12,977
Obligations under capital leases bearing interest between 4.2% and 9.3% maturing from June 2009 to January 2016, with amortization periods ranging from five to eight years, secured by the related property, plant and equipment, net of interest of $2,355 ($1,797 at March 31, 2008).	14,509	11,773
Deferred financing costs, net	(518)	(637)
	87,268	77,253
Less: current portion	4,221	5,011
	$ 83,047	$ 72,242

Senior Secured Syndicated Revolving Credit Facilities

The Senior Secured Revolving Credit Facilities will mature on October 4, 2011, with no extension. On April 14, 2008, the Company increased its $80 million Credit Facilities to $125 million, essentially under the same terms and conditions.

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

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

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

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

15
LONG-TERM DEBT (CONT'D)

Non-interest bearing loans

Non-interest bearing loans 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 certain federal regional programs and provincial industrial programs to promote the development of the industry in Canada. Some of these loans are repayable according to certain specific terms, in particular depending on the Company's aerospace sales and the Company's sales of certain predetermined aircraft landing gear or parts within specific timeframes (see Note 7 – Cost of sales).

These loans are measured at a discounted value using a market rate of interest and the discount is accreted to net income using the effective interest rate.

Covenants

Long-term debt is subject to certain general and financial covenants related among others to the working capital, capital expenditures, indebtedness, cash flows and equity of the Company and/or certain subsidiaries. As at March 31, 2009, the Company had complied with all covenants.

Minimum repayments

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

Years ending March 31

Years	Repayments on capital leases	Repayments on non-interest bearing loans	Repayments of credit facilities	Total
2010	$ 3,419	$ 1,651	$ —	$ 5,070
2011	2,702	1,689	—	4,391
2012	2,692	613	54,235	57,540
2013	2,670	2,436	—	5,106
2014	4,631	3,301	—	7,932

The minimum repayments include interest on obligations under capital leases of $2,355.

Financial expenses for the years ended March 31 comprise the following:

	2009	2008
Interest	$ 3,230	$ 4,321
Interest accretion on non-interest bearing loans	1,147	743
Amortization of deferred financing costs	168	183
Standby fees	210	157
Accretion expense of asset retirement obligations	210	204
Amortization of net deferred loss related to derivative financial instruments	—	51
Gain on financial instruments classified as HFT - Interest income	(480)	(660)
Financial expenses, net	$ 4,485	$ 4,999

16
OTHER LIABILITIES

The Company's other liabilities comprise the following:

	2009	2008
Pension plans and other post-retirement benefits (Note 20)	$ 5,288	$ 6,330
Derivative financial instruments – interest rate swaps	2,030	1,397
Derivative financial instruments – forward foreign exchange contracts	8,414	837
Other	250	—
	$ 15,982	$ 8,564

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

17
CAPITAL STOCK

Authorized capital stock

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

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

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

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

	2009	2008
31,171,688 common shares at March 31, 2009 (31,639,019 at March 31, 2008)	$ 102,822	$ 104,260

Issuance of common shares

During fiscal 2009, the Company issued 66,669 common shares at a weighted average price of $4.81 for a total net cash consideration of $321. These shares were all issued under the Company's stock purchase and ownership plan (see below).

During fiscal 2008, the Company issued 111,002 common shares at a weighted average price of $5.77 for a total net cash consideration of $640. A number of 83,300 common shares were issued (all in the first quarter of fiscal 2008) following the exercise of stock options for a total cash consideration of $413 and the remainder of 27,702 common shares were issued under the Company's stock purchase and ownership incentive plan for a total net cash consideration of $227 (see below).

Normal course issuer bid

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

During fiscal 2009, the Company repurchased 534,000 shares at an average price of $3.93, for a total net cash consideration of $2,099 under the normal course issuer bid. The excess ($340) of the cost of the common shares over their average book value ($1,759) was accounted for as a reduction of the Company's retained earnings.

From the 534,000 repurchased common shares during fiscal year 2009, 30,000 shares had not been cancelled yet as of March 31, 2009.

Stock option plan

Under the stock option plan (the "plan"), stock options ("options") are granted to officers and key employees to purchase the Company's common shares. The plan establishes that the subscription price shall not be lower than the average closing price of the related shares for the five trading days 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. They vest over a period ranging from one to four years. For options granted after September 1, 2003, a predetermined target market price level must be reached in order for such options to become exercisable. Cancelled or forfeited options are included in the remaining number of shares reserved for issuance under the plan.

The aggregate number of common shares reserved for issuance under the plan is 2,808,257 of which 249,718 shares had not yet been granted as at March 31, 2009.

During fiscal 2009, the Company granted 175,000 options (355,000 in 2008) to key employees representing a total fair value of $802 ($1,378 in 2008) or a weighted-average fair value per option of $4.58 ($3.88 in 2008) calculated using a binomial valuation model assuming a six-year expected life, expected volatility of 47% (48% in 2008), no expected dividend distribution and a compounded risk free interest rate of 3.6% (4.5% in 2008). Option cost is amortized over their vesting period and an expense of $260 ($424 in 2008) was accounted for in selling and administrative expenses with a corresponding credit to the contributed surplus in the Company's shareholders' equity.

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

17
CAPITAL STOCK (CONT'D)

Stock option plan (cont'd)
As of March 31, 2009, 1,384,221 stock options were issued and outstanding as follows:

	Outstanding options			Vested options	
Range of exercise price	Number	Weighted-average years to maturity	Weighted-average exercise price	Number	Weighted-average exercise price
$3.50 to $4.99	806,221	4.16	$ 4.58	520,721	$ 4.54
$5.00 to $6.49	148,000	2.42	5.00	148,000	5.00
$6.50 to $10.00	430,000	4.48	9.88	163,750	9.84
	1,384,221	4.08	$ 6.27	832,471	$ 5.67

During the fiscal years ended March 31, the number of options has changed as follows:

	2009		2008	
	Weighted-average exercise price	Number of stock options	Weighted-average exercise price	Number of stock options
Balance at beginning of year	$ 6.68	1,274,221	$ 5.49	1,090,521
Granted	4.58	175,000	9.90	355,000
Exercised	—	—	4.96	(83,300)
Cancelled / forfeited	9.65	(65,000)	6.55	(88,000)
Balance at end of year	$ 6.27	1,384,221	$ 6.68	1,274,221

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

Under this plan, eligible employees can subscribe monthly, by salary deductions, up to 10% of their base salary, a number of common shares issued by the Company corresponding to their monthly contribution. The subscription price of the issued common shares represents 90% of the average closing price of the Company's common share on the TSX over the five trading days preceding the common share subscription. Also, the Company matches 50% of the employee's contribution by awarding the employee, on a monthly basis, additional common shares acquired on the TSX at market price. However, the Company's matching award cannot exceed 4% of the employee's annual base salary. Common shares awarded to the employee, as well as the subscribed common shares, will vest and be released over a three-year period; the first period began on July 1, 2005.

A trustee is in charge of the administration of the plan, including market purchases and subscriptions to the Company's common shares for and on behalf of the participating employees.

The aggregate number of common shares reserved for issuance under this plan represents 340,000 common shares and has been taken out from the common shares already reserved for the Company's stock option plan.

During fiscal 2009, 66,669 common shares were issued for a total cash consideration of $321 (27,702 for a total cash consideration of $227 in 2008) and 27,047 common shares were awarded (12,279 in 2008) to the participating employees. Since the beginning of the plan, 173,829 common shares were issued and 74,625 common shares were awarded to the participating employees. The cost related to the awarded common shares amounting to $151 is recorded as compensation expense ($114 in 2008) and is included in the Company's selling and administrative expenses.

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

In fiscal 2009, 35,000 SARs were granted (all in the second quarter of fiscal 2009) at a granted value of $7.29 (24,000 SARs at a granted value of $9.90 in 2008). The SARs are expensed on an earned basis and their costs are determined based on the Company's common shares quoted market value over their granted price. In fiscal 2009, no expense was recorded for SARs ($257 was recorded for fiscal 2008).

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

17
CAPITAL STOCK (CONT'D)

Stock appreciation rights plan (cont'd)

In fiscal 2009, no SARs were exercised (7,500 SARs at an average granted value of $6.56 last year) and 7,500 SARs were cancelled all in the second quarter of fiscal 2009 (9,000 SARs for the same period last year).

As at March 31, 2009, on a cumulative basis, 123,000 SARs were still outstanding at a weighted-average granted value of $6.59 (95,500 SARs at a weighted-average granted value of $6.53 as at March 31, 2008) which expire on various dates from fiscal 2010 to 2015.

18
INCOME TAXES

The computation of income tax expense is as follows:

	2009	2008
Income taxes at combined federal and provincial tax rates	$ 9,345	$ 7,330
Changes in enacted rates	87	261
Recognition of tax benefits – losses carried forward and other items	(201)	(2,420)
Permanent differences	(898)	(696)
Income tax rate difference – U.S. subsidiaries	393	70
Impact of income tax rate differential on future income taxes	(55)	(424)
Other items	(66)	(371)
	$ 8,605	$ 3,750

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

	2009	2008
Future income tax assets		
Current		
Non-deductible reserves	$ 3,766	$ 5,255
Inventories	4,626	3,185
Receivables	637	334
Derivative financial instruments	2,933	455
Other	(790)	(87)
	$ 11,172	$ 9,142
Future income tax liabilities		
Current		
Non-deductible reserves	$ 3,273	$ 4,497
Derivative financial instruments	295	2,183
	$ 3,568	$ 6,680
Long-term		
Property, plant and equipment	$ 9,152	$ 9,362
Goodwill	2,612	1,793
Non-deductible reserves	(845)	(1,442)
Non-interest bearing loans	389	(500)
Future tax benefits from tax losses	—	(572)
Derivative financial instruments	(2,818)	1,212
	$ 8,490	$ 9,853

As at March 31, 2009, there were no operating losses carried forward and other temporary differences for which no related income tax assets have been recognized in the consolidated financial statements.

Income tax expense is as follows:

	2009	2008
Current	$ 3,835	$ 2,128
Future	4,770	1,622
	$ 8,605	$ 3,750

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

19

NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS RELATED TO OPERATIONS

The net change in non-cash working capital items related to operations is detailed as follows:

	2009	2008
Accounts receivable	$ (7,303)	$ 1,963
Income tax receivable	(215)	(2,892)
Other receivables	1,681	(755)
Inventories	(14,504)	10,749
Prepaid expenses	(553)	(484)
Other current assets	2,511	(488)
Accounts payable and accrued liabilities and, other liabilities	7,152	(20,128)
Accounts payable – other	1,391	(1,391)
Income tax payable	1,821	2,349
Effect of changes in exchange rate(1)	5,236	(3,703)
	$ (2,783)	$ (14,780)

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

20

PENSION AND OTHER RETIREMENT BENEFIT PLANS

Description of benefit plans

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

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

Total cash payments

Total cash payments for employee future benefits for fiscal 2009, consisting of cash contributed by the Company to its funded defined benefit pension plans and cash payments directly to beneficiaries for its unfunded defined benefit pension plans were $2,768 ($1,668 in 2008) while the cash contributed to its defined contribution plans amounted to $1,751 ($1,546 in 2008).

Defined benefit plans

The Company measures the fair value of plan assets for accounting purposes as at March 31 of each year while its defined benefit obligations are valued as at December 31 of each year and projected to March 31 for all plans except one, for which the valuation is carried out as at March 31. The most recent actuarial valuation for funding purposes of the Unionized Pension Plan was performed as at December 31, 2007. A partial actuarial valuation is being conducted as at May 1, 2009 to reflect benefits negotiated on May 1, 2008 and a complete actuarial valuation will be conducted no later than December 31, 2010. The most recent actuarial valuations for funding purposes of the Registered Executive Pension Plans were as at January 1, 2006. The next required actuarial valuations will be conducted as at January 1, 2009 and will be completed by September 30, 2009.

Defined benefit pension plan obligations

Accrued benefit obligations	2009	2008
Balance at beginning of year	$ 34,825	$ 34,732
Current service cost	1,106	1,023
Employee contributions	653	618
Interest cost	1,701	1,545
Benefits paid	(1,574)	(1,685)
Actuarial gains	(7,878)	(1,408)
Balance at end of year	$ 28,833	$ 34,825

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

20

PENSION AND OTHER RETIREMENT BENEFIT PLANS (CONT'D)

Defined benefit pension plan assets

Fair value of plan assets	2009	2008
Balance at beginning of year	$ 20,336	$ 20,416
Actual return on plan assets	(2,951)	(681)
Employer contributions	2,768	1,668
Employee contributions	653	618
Benefits paid	(1,574)	(1,685)
Balance at end of year	$ 19,232	$ 20,336

Plan assets consist of:

Asset category[1]	2009	2008
Equity securities	56%	60%
Debt securities	38	34
Other	6	6
Total	100%	100%

(1) Measured as of the measurement date as at March 31 of each year.

Reconciliation of the funded status of the defined benefit pension plans to the amounts recorded in the consolidated financial statements

	2009	2008
Fair value of plan assets	$ 19,232	$ 20,336
Accrued benefit obligations	28,833	34,825
Funded status – plans deficit	(9,601)	(14,489)
Unamortized net actuarial loss	2,672	6,323
Unamortized past service cost	1,046	1,167
Unamortized transitional obligation	595	669
Accrued benefit (liability), net of valuation allowance	$ (5,288)	$ (6,330)

The accrued benefit liability, net of valuation allowance, is included in the Company's consolidated balance sheets under other long-term liabilities (Note 16 – Other liabilities).

Plans with accrued benefit obligations in excess of plan assets

The above accrued benefit obligations and fair value of plan assets at year-end represent also all amounts in respect of pension plans that are not fully funded.

Elements of defined benefit pension costs recognized in the year

	2009	2008
Current service cost, net of employee contributions	$ 1,106	$ 1,023
Interest cost	1,701	1,545
Actual return on plan assets	2,951	681
Actuarial gains	(7,878)	(1,408)
Elements of employee future benefits costs before adjustments to recognize the long-term nature of employee future benefit costs	(2,120)	1,841
Adjustments to recognize the long-term nature of employee future benefit costs:		
• Difference between expected return and actual return on plan assets for the year	(4,440)	(2,132)
• Difference between actuarial (gain) loss recognized for the year and actual actuarial (gain) loss on accrued benefit obligations for the year	8,091	1,606
• Difference between amortization of past service costs for the year and actual plan amendments for the year	121	121
• Amortization of the transitional obligations	74	101
Defined benefit pension costs recognized	$ 1,726	$ 1,537

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

20

PENSION AND OTHER RETIREMENT BENEFIT PLANS (CONT'D)

Significant assumptions

The significant assumptions used are as follows (weighted-average):

	2009	2008
Accrued benefit obligations as at March 31:		
Discount rate	7.50%	5.20%
Rate of compensation increase	3.50	3.50
Defined benefit pension costs for years ended March 31:		
Discount rate	5.20%	4.80%
Expected long-term rate of return on plan assets	7.00	7.00
Rate of compensation increase	3.50	3.50

Defined contribution pension plans

The defined contribution pension costs are as follows:

	2009	2008
Defined contribution pension costs	$ 1,751	$ 1,546

21

COMMITMENTS

Building lease contracts

The Company has entered into leases for buildings which are used for manufacturing operations and administration. The total commitments at March 31, 2009 amounted to $2,029 excluding escalation clauses. The minimum annual lease payments over the next five years are: $576 in 2010, $519 in 2011, $455 in 2012, $329 in 2013 and $150 in 2014.

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, 2009 of $7,171 for which the minimum annual operating lease payments, over the next five years, are: $1,940 in 2010, $1,515 in 2011, $1,407 in 2012, $1,337 in 2013 and $972 in 2014.

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, if exercised, represent the following: $600 in 2010 and $612 in 2014.

Machinery and equipment acquisition commitments

The Company has released purchase orders relating to machinery and equipment which have not been delivered yet to the Company's facilities. These outstanding purchase orders at March 31, 2009 amounted to $4,709 ($16,546 in 2008) for which $1,115 ($2,299 in 2008) of deposits on machinery and equipment were made and are included in the Company's other receivable.

Guarantees

The Company executes agreements that provide for indemnification and guarantees to counterparties in transactions such as business disposition and the sale of assets.

These indemnification undertakings and guarantees may require the Company to compensate the counterparties for costs or losses incurred as a result of various events including breaches of representations and warranties, intellectual property right infringement, loss of or damage to property environmental liabilities, changes in or in the interpretation of laws and regulations (including tax legislation), valuation differences or as a result of litigation that may be suffered by the counterparties.

In the sale of all or a part of a business or assets, in addition to possible indemnification relating to failure to perform covenants and breach of representations and warranties, the Company may be subjected to indemnify against claims from its past conduct of the business. The nature of these indemnification agreements prevents the Company from estimating the maximum potential liability that could be required under guarantees, since these events have not yet occurred. The duration of these indemnification agreements could extend up to 2024. At March 31, 2009 and 2008, an amount of $6,000 was provided for in the Company's accounts payable and accrued liabilities in respect to these items.

22

CONTINGENCIES

The Company is involved in litigations and claims in the normal course of business. Management is of the opinion that any resulting settlements would not materially affect the financial position and operating results of the Company.

For the years ended March 31, 2009 and 2008 (All dollar amounts in thousands of Canadian dollars, except share data)

23
SEGMENTED INFORMATION

Based on the nature of the Company's markets (clients, manufacturing techniques and regulatory requirements), two main operating segments were identified: Aerospace and Industrial. The Aerospace segment includes the design, development, manufacture, repair and overhaul and sale of systems and components for military and civil aviation, while the Industrial segment represents essentially the manufacture and sale of gas turbine components and other high precision machined products for the wind energy and heavy equipment industries.

The Company evaluates the performance of its operating segments primarily based on operating income before financial expenses and income tax expense.

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

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

	2009			2008		
	Aerospace	Industrial	Total	Aerospace	Industrial	Total
Sales	$ 299,418	$ 38,217	$ 337,635	$ 278,919	$ 28,963	$ 307,882
Operating income	29,291	5,162	34,453	27,370	398	27,768
Financial expenses			4,485			4,999
Income before income tax expense			29,968			22,769
Assets	385,043	32,131	417,174	333,493	22,961	356,454
Goodwill	38,864	1,129	39,993	34,893	919	35,812
Additions to property, plant and equipment	20,512	2,977	23,489	23,141	3,632	26,773
Increase in finite-life intangible assets	3,721	—	3,721	283	38	321
Amortization	17,084	3,022	20,106	13,990	2,528	16,518

Geographic segments

	2009			2008		
	Canada	U.S.	Total	Canada	U.S.	Total
Sales	$ 229,836	$ 107,799	$ 337,635	$ 220,157	$ 87,725	$ 307,882
Property, plant and equipment, net	94,706	60,775	155,481	74,623	49,973	124,596
Finite-life intangible assets, net	5,692	5,498	11,190	754	5,033	5,787
Goodwill	18,266	21,727	39,993	17,534	18,278	35,812
Export sales (1)	$ 124,638			$ 124,208		

66% of the Company's sales (68% in 2008) were to U.S. clients.

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

24
RECLASSIFICATION

Comparative figures for the financial statements as at March 31, 2008 and for the year then ended have been reclassified to conform to the March 31, 2009 presentation.

BOARD OF DIRECTORS, CORPORATE INFORMATION & SHAREHOLDERS INFORMATION

BOARD OF DIRECTORS

John M. Cybulski †
Chairman of the Board
Héroux-Devtek Inc.
Principal
Aeroglobe LLC
Bradenton, Florida (USA)
International business consulting firm

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

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

Christian Dubé *
Vice-President
and Chief Financial Officer
Cascades Inc.
Montréal, Québec
Leader in the production, conversion and the marketing of packaging products – boxboard, cartonboard – fine specialty papers and tissue papers made primarily with recycled fibre

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

Louis Morin *
Consultant
Montréal, Québec
Up to March 31, 2009, Vice-President and Chief Financial Officer of Quebecor Inc. (Quebecor is one of Canada's largest media companies).

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

HONORARY DIRECTOR AND HONORARY MEMBER OF THE HUMAN RESOURCES AND CORPORATE GOVERNANCE COMMITTEE

Helmut Hofmann
Toronto, Ontario

CORPORATE MANAGEMENT OF HÉROUX-DEVTEK

Gilles Labbé
President and Chief Executive Officer
Longueuil, Québec

Réal Bélanger
Executive Vice-President
and Chief Financial Officer
Longueuil, Québec

Gabriel Duval
Vice-President, Corporate Affairs
Longueuil, Québec

Patrice Gauvin
Vice-President, Business Development
Longueuil, Québec

Gilbert Guérin
Corporate Director, Human Resources
Longueuil, Québec

Michel Robillard
Vice-President, Internal Audit
and Conformity
Longueuil, Québec

Jean-François Boursier
Corporate Controller
Longueuil, Québec

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

DIVISION MANAGERS

LANDING GEAR

Martin Brassard
Vice-President, General Manager
Longueuil, Québec

Stéphane Arsenault
Vice-President, Finance & Administration
Longueuil, Quebec

Gaetan Roy
Vice-President, Plant Manager
Longueuil, Québec

Nagi Homsy
Vice-President, Engineering
and Quality Assurance
Longueuil, Québec

Jean Gravel
Vice-President, Sales & Marketing
Longueuil, Québec

Sylvain Royer
Vice-President,
Business Development
Longueuil, Québec

Jack Curley
Plant Manager
Kitchener, Ontario

Daniel Normandin
Plant Manager
Laval, Québec

Sylvain Paquette
Operations Manager
Rivière-des-Prairies
Montréal, Québec

AEROSTRUCTURE

Richard Rosenjack
Vice-President, General Manager
Arlington, Texas

Shelby Lee
Vice-President, Finance & Administration
Arlington, Texas

Ross Rutledge
Vice-President, Sales & Marketing
Dorval, Québec

Mike Moser
Plant Manager
Progressive, Inc.
Arlington, Texas

Christopher O'Neill
Plant Manager
Héroux-Devtek Aerostructure
Dorval, Québec

Hans Kleiner
Operations Manager
Magtron
Toronto, Ontario

GAS TURBINE COMPONENTS

Michael L. Meshay
Vice-President, General Manager
Cincinnati, Ohio

Bill Michalski
Vice-President, Finance & Administration
Cincinnati, Ohio

Becky McClanahan
Leader Sales, Customer administration
Cincinnati, Ohio

Ken Bertrand
Operations Manager
Cincinnati, Ohio

SHAREHOLDERS' INFORMATION

Annual General Meeting
The Annual General Meeting
of Shareholders will be held
on Thursday, August 6, 2009
at 11:00 A.M. in the
Pierre-de-Coubertin Room
of the Hôtel Omni Mont-Royal
1050 Sherbrooke Street West
Montréal, Québec, Canada

Registrar and Transfer Agent
Computershare Trust
Company of Canada
1500 University Street, 7th Floor
Montréal, Québec
Canada H3A 3S8
Tel.: (514) 982-7555 / 1-800-564-6253

Image on p.12 provided courtesy of Bombardier Inc.

BOARD OF DIRECTORS, CORPORATE INFORMATION & SHAREHOLDERS INFORMATION

Auditors
Ernst & Young, LLP
800 René Lévesque Blvd. Ouest,
Suite 1900
Montréal, Québec
Canada H3B 1X9
Tel.: (514) 875-6060

Share Listing
Shares are traded on the Toronto Stock Exchange
Ticker Symbol: HRX

Investor Relations
Tel.: (450) 679-3330
Fax: (450) 679-3666
ir@herouxdevtek.com

MaisonBrison
Tel.: (514) 731-0000
brison1@maisonbrison.com

Héroux-Devtek Inc.
1111 Saint-Charles Street West
Suite 658, East Tower
Complexe Saint-Charles
Longueuil, Québec
Canada J4K 5G4
Tel.: (450) 679-3330
Fax: (450) 679-3666
Website: www.herouxdevtek.com

Written and produced by MaisonBrison
Montréal, Québec, Canada

Pour obtenir la version française de ce rapport, veuillez contacter le secrétaire corporatif.

LANDING GEAR

LONGUEUIL
755 Thurber Street
Longueuil, Québec, Canada J4H 3N2
Tel.: (450) 679-5454
Fax: (450) 679-4554

ENGINEERING
1010 de Sérigny Street, Suite 350
Longueuil, Québec, Canada J4K 5G7
Tel.: (450) 646-9432
Fax: (450) 646-7294

LAVAL
3675 Industrial Blvd.
Laval, Québec, Canada H7L 4S3
Tel.: (450) 629-3454
Fax: (450) 629-5682

KITCHENER
1665 Highland Rd. W.
Kitchener, Ontario, Canada N2N 3K5
Tel.: (519) 576-8910
Fax: (519) 576-5119

RIVIÈRE-DES-PRAIRIES
11800 Adolphe-Caron Street
Montréal, Québec, Canada H1E 7J3
Tel.: (514) 494-2335
Fax: (514) 494-8497

AEROSTRUCTURE

HÉROUX-DEVTEK AEROSTRUCTURE
123 Avro Street
Dorval, Québec, Canada H9P 2Y9
Tel.: (514) 421-0344
Fax: (514) 421-0377

PROGRESSIVE
1030 Commercial Blvd. North
Arlington, Texas, USA 76001
Tel.: (817) 465-3221
Fax: (817) 465-1289

MAGTRON
1480 Birchmount Rd.
Toronto, Ontario, Canada M1P 2E3
Tel.: (416) 757-2366
Fax: (416) 752-4838

GAS TURBINE COMPONENTS

CINCINNATI
189 Container Place
Cincinnati, Ohio, USA 45246
Tel.: (513) 619-1222
Fax: (513) 619-1903

382 Circle Freeway Drive
Cincinnati, Ohio, USA 45246
Tel.: (513) 619-1222
Fax: (513) 619-1225

BOARD OF DIRECTORS

Jean-Louis Fontaine, Helmut Hofmann, Claude Boivin, Christian Dubé, Brian A. Robbins, John Cybulski, Gilles Labbé, Louis Morin

MANAGEMENT

Martin Brassard, Michael L. Meshay, Richard Rosenjack, Patrice Gauvin, Gilles Labbé, Michel Robillard, Gilbert Guérin, Gabriel Duval, Réal Bélanger, Jean-François Boursier

HÉROUX-DEVTEK INC.
1111 SAINT-CHARLES STREET WEST
SUITE 658, EAST TOWER
COMPLEXE SAINT-CHARLES
LONGUEUIL, QUEBEC
CANADA J4K 5G4
TEL.: (450) 679-3330
FAX: (450) 679-3666

WWW.HEROUXDEVTEK.COM

HÉROUX DEVTEK