

Sigma Ventures Inc.

Interim Consolidated Financial Statements
(Unaudited)
July 28, 2007

Notice from management:

The interim consolidated financial statements which are included in this report have not been subject to a review by the company's external auditors

Sigma Ventures Inc.

Interim Consolidated Balance Sheet (unaudited)

	As at July 28, 2007 \$	As at April 30, 2007 \$
Assets		
Current assets		
Cash	1,043,403	636,449
Short-term investments	109,164	77,234
Accounts receivable	16,172,317	16,793,450
Inventories	9,973,349	11,657,464
Derivative foreign currency forward contracts	126,112	160,141
Prepaid expenses	490,459	367,462
	<u>27,914,804</u>	<u>29,692,200</u>
Property, plant and equipment	16,782,226	16,385,057
Deferred charges	83,442	95,190
Intangible assets	8,431,763	8,838,863
Future income tax assets	2,193,254	1,517,266
Goodwill	2,486,389	2,486,389
	<u>57,891,878</u>	<u>59,014,965</u>
Liabilities		
Current liabilities		
Bank loans (note 5)	6,545,029	5,186,302
Accounts payable and accrued liabilities	9,528,601	10,756,910
Deferred revenues	240,599	387,535
Income taxes	3,138,662	2,668,172
Future income tax liabilities	841,542	831,324
Current portion of long-term debt	2,462,551	2,525,425
	<u>22,756,984</u>	<u>22,355,668</u>
Long-term debt (note 6)	11,099,130	11,647,162
Future income tax liabilities	4,130,209	4,248,346
	<u>37,986,323</u>	<u>38,251,176</u>
Shareholders' Equity		
Share capital (note 7)	13,125,309	13,126,424
Stock options (note 7)	437,775	398,382
Warrants (note 7)	2,486,728	2,486,728
Contributed surplus (note 7)	8,103	8,103
Retained earnings	3,870,053	4,744,152
Accumulated other comprehensive income	(22,413)	-
	<u>19,905,555</u>	<u>20,763,789</u>
	<u>57,891,878</u>	<u>59,014,965</u>

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

Approved by the Board of Directors

(S) Denis Bertrand _____ Director

(S) Bruno Doyon _____ Director

(1)

Sigma Ventures Inc.

Interim Consolidated Statements of Retained Earnings, Comprehensive Income and Accumulated Other Comprehensive Income (unaudited)

Retained Earnings	Three Months Ended	
	July 28, 2007	July 31, 2006
	\$	\$
Balance – Beginning of period	4,744,152	1,092,839
Adjustment related to the implementation of a new accounting standard (note 4)	60,430	-
Net earnings (net loss) for the period	(934,529)	436,138
Balance – End of period	<u>3,870,053</u>	<u>1,528,977</u>

Comprehensive Income	Three Months Ended	
	July 28, 2007	July 31, 2006
	\$	\$
Net earnings (net loss) for the period	(934,529)	436,138
Unrealized losses on available-for-sale financial assets arising during the period, net of income taxes	(22,413)	-
Balance – End of period	<u>(956,942)</u>	<u>436,138</u>

Accumulated Other Comprehensive Income	Three Months Ended	
	July 28, 2007	July 31, 2006
	\$	\$
Balance – Beginning of period	-	-
Unrealized losses on available-for-sale financial assets arising during the period, net of income taxes	(22,413)	-
Balance – End of period	<u>(22,413)</u>	<u>-</u>

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

Sigma Ventures Inc.

Interim Consolidated Statements of Earnings (unaudited)

	Three Months Ended	
	July 28, 2007 \$	July 31, 2006 \$
Sales	18,780,466	11,564,375
Cost of sales and operating expenses before the following items	18,797,337	10,362,414
	(16,871)	1,201,961
Interest on long-term debt	264,610	190,789
Other interest and bank charges	120,985	77,273
Depreciation of property, plant and equipment	378,497	243,625
Amortization of intangible assets	409,735	59,319
Amortization of financing expenses	28,608	18,687
Amortization of deferred charges	11,748	11,748
Foreign exchange loss (gain)	100,993	(92,322)
	1,315,176	509,119
Earnings (loss) before income taxes	(1,332,047)	692,842
Income tax expense (recovery)		
Current	403,755	107,647
Future	(801,273)	149,057
	(397,518)	256,704
Net earnings (net loss) for the period	(934,529)	436,138
Net earnings (net loss) per share (note 9)		
Basic	(0.022)	0.014
Diluted	(0.022)	0.012

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

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Sigma Ventures Inc.

Interim Consolidated Statements of Cash Flows (unaudited)

	Three Months Ended	
	July 28, 2007 \$	July 31, 2006 \$
Cash flows from operating activities		
Net earnings (net loss) for the period	(934,529)	436,138
Items not affecting cash		
Depreciation of property, plant and equipment	378,497	243,625
Amortization of intangible assets	409,735	59,319
Amortization of financing expenses	28,608	18,687
Amortization of deferred charges	11,748	11,748
Stock-based compensation	39,393	85,457
Loss (gain) on disposal of property, plant and equipment	6,495	(1,200)
Derivative foreign currency forward contracts	34,029	-
Interest capitalized on long term debt	24,362	-
Future income taxes	(801,273)	149,057
	(802,935)	1,002,831
Net change in non-cash working capital items (note 8a)	1,277,496	(2,129,391)
	474,561	(1,126,560)
Cash flows from financing activities		
Increase in bank loans	1,358,727	6,725,414
Long-term debt contracted	-	19,700,000
Payments on long-term debt	(639,898)	(8,662,672)
Variation in deferred charges	-	(260,857)
Issuance of equity components	-	6,040,000
Equity component issue expenses	(1,640)	(694,869)
	717,189	22,847,016
Cash flows from investing activities		
Additions to property, plant and equipment	(791,161)	(555,270)
Increase in intangible assets	(2,635)	(4,726)
Proceeds from disposal of property, plant and equipment	9,000	-
Business acquisition, net of cash acquired	-	(21,885,175)
	(784,796)	(22,445,171)
Net change in cash	406,954	(724,715)
Cash – Beginning of period	636,449	215,025
Cash (excess of outstanding cheques over bank balance) – End of period	1,043,403	(509,690)
Additional information (note 8c)		

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

Sigma Ventures Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

July 28, 2007

1 Statutes and nature of activities

Sigma Ventures Inc. (the "company"), incorporated under the Alberta Business Corporations Act, is a composite and metal products manufacturer. The company is active in the growing heavy duty truck, coach, transit and bus, train and subway, machinery, agriculture, light forestry and alternative energy market segments.

2 Interim financial information

The financial information as at July 28, 2007 and for the three-month periods ended July 28, 2007 and July 31, 2006 is unaudited. However, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of the company's most recent audited annual consolidated financial statements, except for the new accounting standards as disclosed in note 4. However, all disclosures required for annual financial statements have not been included in these financial statements. These unaudited interim consolidated financial statements should therefore be read in conjunction with the company's most recent audited annual consolidated financial statements.

3 Basis of presentation and consolidation

These interim consolidated financial statements include the accounts of the company and all of its wholly-owned subsidiaries. Intercompany transactions and related balances have been eliminated. As at July 28, 2007, the company's operating subsidiaries are as follows:

- René Matériaux Composites Ltée and its subsidiary Groupe Synergy Composites Inc.
- Transcam Composites Inc. (previously 3547141 Canada Inc.)
- Faroex Ltd.
- PNS-Tech Inc. (company resulting from the merger of Remorques JMS Inc. and PNS Cast Iron Ltd.)

4 New accounting standards

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued four new accounting standards with respect to financial instruments: Section 3855 "*Financial Instruments – Recognition and Measurement*", Section 3865 "*Hedges*", Section 1530 "*Comprehensive Income*" and Section 3251 "*Equity*".

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Section 3855 expands on Section 3860 “*Financial Instruments – Disclosure and Presentation*” by prescribing when a financial instrument is to be recognized on the balance sheet and in what amount. It also specifies how financial instrument gains and losses are to be presented.

Section 3865 provides alternative treatments to Section 3855 for entities that choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13 “*Hedging Relationships*” and the hedging guidance in Section 1650 “*Foreign Currency Translation*” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530 “*Comprehensive Income*” introduces a new requirement to temporarily exclude certain gains and losses from net income.

Consequently, Section 3250 “*Surplus*” has been revised as Section 3251 “*Equity*”.

Effective May 1, 2007, the company adopted sections 1530, 3251, 3855, 3865.

Recognition of financial assets and liabilities

Short-term investments

Short-term investments, valued at the market value as at July 28, 2007, are made up mainly of shares of a business listed on the TSX Venture Exchange, which do not meet the company’s definition of cash and cash equivalents.

The impact of the use of the market value method in the amount of \$142,124 versus a cost of \$77,234 has been recognized as an adjustment to the opening balance of retained earnings.

Effective interest rate method

Premiums and discounts on long-term debt are accounted for using the effective interest rate method.

The impact of the use of the effective interest method in the amount of \$23,978 has been recognized as an adjustment to the opening balance of retained earnings.

Impact of the adoption of these standards

The adjustments related to the classification of short-term investments as financial instruments held for trading have been included in the opening balance of retained earnings as at May 1, 2007. Adjustments resulting from the reclassification of deferred charges as of May 1, 2007, in the amount of \$365,785, and related to financing expenses have been applied against the long-term debt.

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Notes to Interim Consolidated Financial Statements (unaudited)

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The impact of these new accounting standards is summarized as follows:

	As at April 30, 2007 \$	Adjustments \$	As at May 1, 2007 \$
Assets			
Short-term investments	77,234	64,890	142,124
Deferred charges	460,975	(365,785)	95,190
Liabilities and Shareholders' Equity			
Future income tax liabilities – Current portion	831,324	20,765	852,089
Long-term debt	12,012,947	(389,763)	11,623,184
Future income tax liabilities – Long- term portion	4,248,346	7,673	4,256,019
Retained earnings	4,744,152	60,430	4,804,582

Transition

The recognition, derecognition and measurement methods used on the effective date of the new standards were unchanged and therefore, those financial statements have not been restated.

Future accounting changes

The CICA has published the following new sections that will apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, and to fiscal years beginning on or after January 1, 2008 as regards Section 3031:

Section 3862, “*Financial Instruments – Disclosures*” describes the required disclosure to evaluate the significance of financial instruments for the entity’s financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

Section 3863, “*Financial Instruments – Presentation*” establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, “*Financial Instruments – Disclosure and Presentation*”.

Section 1535, “*Capital Disclosures*” establishes standards for disclosing information about an entity’s capital and how it is managed. It describes the disclosure of the entity’s objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to determine if the entity has complied with capital requirements and if not, the consequences of such non-compliance.

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Section 3031, "*Inventories*" prescribes the accounting treatment for inventories. It provides guidance on the determination of cost and its subsequent recognition as an expense including any writedown to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

The company has not yet assessed the effect of these new standards on its consolidated financial statements, which will apply to the fiscal year beginning on May 1, 2008.

5 Credit facilities

The company has an available line of credit of an authorized amount of \$10,000,000 in Canadian dollars, bearing interest at prime rate plus 0.5%. It also has an available credit facility of \$2,500,000 to hedge against foreign exchange risks and a credit of \$250,000 for the risk related to the settlement of electronic funds transfers. A moveable hypothec over accounts receivable, inventories and all present and future tangible and intangible assets has been given as security. These credit facilities are renewable annually.

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Notes to Interim Consolidated Financial Statements (unaudited)

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6 Long-term debt

	As at July 28, 2007 \$	As at April 30, 2007 \$
Decreasing revolving bank loan, bearing interest at prime rate plus 0.60%, payable in monthly principal instalments of \$175,000, from June 2009 to June 2011. A moveable hypothec over the universality of the company's present and future tangible and intangible assets has been given as security for this loan	8,575,000	8,575,000
Bank loan, bearing interest at prime rate plus 0.60%, payable in monthly principal instalments of \$11,905, maturing in February 2012. A moveable hypothec over the universality of the company's present and future tangible and intangible assets has been given as security for this loan	940,476	976,190
Decreasing bank loan, bearing interest at prime rate plus 4%, payable in monthly principal instalments of \$138,889 plus interest, maturing in December 2009. A moveable hypothec over the universality of the company's present and future tangible and intangible assets has been given as security for this loan	2,877,777	3,294,444
Balance of purchase price payable of a total amount \$1,200,000, discounted at 6.5%, payable in monthly principal instalments of \$50,000, maturing in February 2009	899,702	1,027,851
Bank loans, bearing interest at prime rate plus 1.5% and 8%, payable in monthly principal instalments of \$3,540 and monthly principal instalments including interest of \$1,617 from June 2011, maturing in June 2016 and October 2016. Immoveable and moveable hypothecs have been given as security for these loans	472,940	483,560
Bank loans, bearing interest from nil to prime rate plus 1.75%, maturing from May 2007 to July 2008, payable in monthly, half-yearly instalments or on demand	17,410	43,097
Bank loans for which moveable hypothecs over automotive equipment have been given as security, 6.98% and nil, payable in monthly instalments of \$488, including principal and interest, maturing in February 2010	13,820	15,030
Loan granted by Canada Economic Development under the Innovation, Development of Entrepreneurship and Access Program for SME, non-interest bearing, payable in five annual instalments of \$30,800, maturing in January 2011 *	101,733	123,200
Deferred financing expenses	(337,177)	(365,785)
	<u>13,561,681</u>	<u>14,172,587</u>
Less: Current portion	<u>2,462,551</u>	<u>2,525,425</u>
	<u>11,099,130</u>	<u>11,647,162</u>

* As a result of the application of the new accounting standard on financial instruments (see note 4), the balance of that debt has been decreased by \$23,978 so as to consider an effective interest rate of 10.25 %.

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The annual principal instalments due on long-term debt over the next five twelve-month periods are as follows:

	\$
2008	2,462,551
2009	2,125,097
2010	2,319,481
2011	2,319,374
2012	4,449,452

The company has agreed to maintain specific financial ratios relating to certain loans. Two of these ratios have not been met as at July 28, 2007. However, the company obtained a waiver from its financial institution in that regard.

7 Shareholders' equity

Share capital

Authorized

Unlimited number of common shares, without par value, voting and participating

Unlimited number of preferred shares with rights and restrictions fixed by the Board of Directors upon issuance

The following table presents the share capital activity since May 1, 2006:

Issued

	<u>Three Months Ended</u> <u>July 28, 2007</u>		<u>Twelve Months Ended</u> <u>April 30, 2007</u>	
	Number	Amount \$	Number	Amount \$
Balance – Beginning of period	42,899,095	13,126,424	21,969,017	1,790,195
Issuance of common shares:				
For cash consideration	-	-	15,556,282	8,718,297
For the acquisition of assets	-	-	1,625,000	1,074,000
Following the conversion of debentures	-	-	2,745,046	1,760,233
Following the exercise of stock options	-	-	540,000	274,719
Following the exercise of warrants	-	-	463,750	347,812
Share issue expenses, net of related income taxes of \$525	-	(1,115)	-	(838,832)
Balance – End of period	<u>42,899,095</u>	<u>13,125,309</u>	<u>42,899,095</u>	<u>13,126,424</u>

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Warrants

The following tables present information about warrants outstanding since May 1, 2006 and summarize certain information about warrants outstanding and exercisable as at July 28, 2007:

	Three Months Ended July 28, 2007			Twelve Months Ended April 30, 2007		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding and exercisable						
– Beginning of period	9,227,438	2,486,728	0.91	818,750	-	0.71
Granted	-	-	-	9,127,438	2,707,212	0.92
Exercised	-	-	-	(463,750)	-	0.75
Matured	-	-	-	(255,000)	-	0.75
Issue expenses, net of related income taxes	-	-	-	-	(220,484)	-
Outstanding and exercisable – End of period	9,227,438	2,486,728	0.91	9,227,438	2,486,728	0.91

Warrants outstanding and exercisable as at July 28, 2007

Exercise price	Number	Weighted average remaining contractual life (years)
\$0.40	100,000	3.19
\$0.60	797,332	0.30
\$0.85	5,416,658	0.30
\$0.90	135,289	1.18
\$1.15	2,778,159	4.63
	<u>9,227,438</u>	

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Stock option plan

The company has a stock option plan for its officers, directors, employees and consultants providing ongoing services to the company. Under the plan, which is managed by the Board of Directors, stock options, except for those granted to the agent which are fully exercisable on the date of grant, vest over a three-year period and expire after a period of 18 months to 60 months. The maximum number of common shares issuable under the plan is limited to 10% of the issued and outstanding common shares.

The following tables present information about stock options outstanding since May 1, 2006 and summarize certain information about stock options outstanding and exercisable as at July 28, 2007:

	Three Months Ended July 28, 2007			Twelve Months Ended April 30, 2007		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding - Beginning of period	1,835,000	398,382	0.53	1,825,000	176,285	0.40
Granted	-	-	-	600,000	-	0.81
Exercised	-	-	-	(540,000)	(58,719)	0.40
Forfeited	-	-	-	(50,000)	(8,103)*	0.40
Compensation costs for the period	-	39,393	-	-	288,919	-
Outstanding – End of period	1,835,000	437,775	0.53	1,835,000	398,382	0.53

* During the twelve-month period ended April 30, 2007, an amount of \$8,103 has been reflected in the contributed surplus following the reversal of stock options granted as director's compensation following the latter's departure.

Exercise price	Options outstanding as at July 28, 2007		Options exercisable as at July 28, 2007	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
\$0.40	1,235,000	2.87	810,003	2.87
\$0.60	150,000	1.76	100,000	1.76
\$0.80	150,000	4.35	50,000	4.35
\$0.92	300,000	4.18	100,000	4.18
	<u>1,835,000</u>		<u>1,060,003</u>	

Sigma Ventures Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

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8 Additional disclosures on the statements of cash flows

(a) Net change in non-cash working capital items

	Three Months Ended	
	July 28, 2007	July 31, 2006
	\$	\$
Accounts receivable	621,133	(124,990)
Inventories	1,684,115	(150,705)
Prepaid expenses	(122,997)	139,847
Accounts payable and accrued liabilities	(1,228,309)	(1,898,949)
Deferred revenues	(146,936)	31,860
Income taxes	470,490	(126,454)
	<u>1,277,496</u>	<u>(2,129,391)</u>

(b) Items not affecting cash related to operating, financing and investing activities

	Three Months Ended	
	July 28, 2007	July 31, 2006
	\$	\$
Conversion of a debenture into shareholders' equity	-	1,000,000
Issuance of warrants in settlement of issue expenses	-	292,107
Issuance of common shares in settlement of accounts payable	-	10,233

(c) Additional information

	Three Months Ended	
	July 28, 2007	July 31, 2006
	\$	\$
Interest paid	372,025	222,157
Income taxes paid (recovered)	(66,736)	124,670

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Notes to Interim Consolidated Financial Statements (unaudited)

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9 Earnings per share

The following table summarizes the basic and potentially dilutive weighted average number of common shares outstanding used in the basic and diluted net earnings per share calculations:

	Three Months Ended	
	July 28, 2007	July 31, 2006
Basic weighted average number of shares outstanding	42,899,095	31,970,662
Dilutive effect of convertible debenture	-	920,985
Dilutive effect of stock options and warrants	221,874	2,855,148
Diluted weighted average number of shares outstanding	<u>43,120,969</u>	<u>35,746,795</u>

Furthermore, the following table presents the items excluded from the calculation of diluted earnings per share for the three-month periods ended July 28, 2007 and July 31, 2006 because the exercise price was greater than the average market price of the common shares or due to their anti-dilutive effect:

	2007	2006
Weighted average number of stock options at exercise prices varying from \$0.40 to \$0.80	109,726	-
Weighted average number of warrants at exercise prices varying from \$0.90 to \$1.15	710,402	-

10 Segment information

The company is organized under one single operating segment, being the manufacturing of composite and metal products. All of the long-lived assets, which consist of property, plant and equipment, intangible assets and goodwill, are located in Canada.

The following sales have been allocated to geographic regions based on the country of residence of the related customers.

	Three Months Ended	
	July 28, 2007	July 31, 2006
	\$	\$
Sales by geographic region		
United States	14,340,681	7,364,190
Canada	3,959,007	3,506,380
South America	233,449	185,008
Asia	175,450	285,929
Europe	58,073	102,252
Australia	13,806	120,616
	<u>18,780,466</u>	<u>11,564,375</u>

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For the three-month period ended July 28, 2007, one customer represents 42.8% of the company's total sales compared to 44.2% for the three-month period ended July 31, 2006 and 21.2% of the latter's total accounts receivable compared to 41.4% as at July 31, 2006.

11 Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation.