

Sigma Ventures Inc.

Consolidated Financial Statements
April 30, 2007 and 2006

Auditors' Report

To the Shareholders of Sigma Ventures Inc.

We have audited the consolidated balance sheet of **Sigma Ventures Inc.** as at April 30, 2007 and the consolidated statements of income, retained earnings and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

These consolidated financial statements of the company as at April 30, 2006 and for the year then ended were audited by other auditors whose report dated June 22, 2006, except as to note 22 which is as of August 16, 2006, expressed an unqualified opinion on those financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

Quebec, Quebec, Canada
August 22, 2007

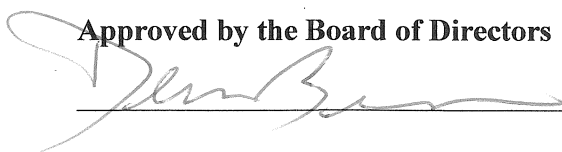
Sigma Ventures Inc.
Consolidated Balance Sheets
As at April 30,

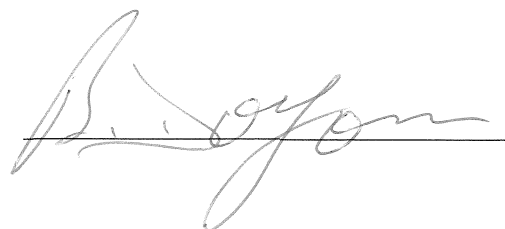
	2007 \$	2006 \$
Assets		
Current assets		
Cash	636,449	215,025
Short-term investments, at cost	77,234	61,800
Accounts receivable (notes 5 and 9)	16,793,450	3,806,550
Income taxes receivable	-	310,888
Inventories (notes 6 and 9)	11,657,464	5,451,695
Derivative foreign exchange contracts	160,141	-
Prepaid expenses	367,462	215,867
	<hr/>	<hr/>
	29,692,200	10,061,825
Property, plant and equipment (notes 7 and 10)	16,385,057	6,103,195
Deferred charges , at cost less accumulated amortization of \$274,851 in 2007 and \$105,114 in 2006	460,975	303,500
Intangible assets (note 8)	8,838,863	76,446
Future income tax assets (note 13)	1,517,266	91,720
Goodwill	2,486,389	1,650,256
	<hr/>	<hr/>
	59,380,750	18,286,942
Liabilities		
Current liabilities		
Bank loans (note 9)	5,186,302	1,890,695
Accounts payable and accrued liabilities	10,756,910	2,952,679
Deferred revenues	387,535	-
Income taxes	2,668,172	54,484
Future income tax liabilities (note 13)	831,324	-
Current portion of long-term debt	2,525,425	2,651,440
	<hr/>	<hr/>
	22,355,668	7,549,298
Long-term debt (note 10)	12,012,947	5,576,936
Future income tax liabilities (note 13)	4,248,346	1,101,389
	<hr/>	<hr/>
	38,616,961	14,227,623
Shareholders' Equity		
Share capital (note 11)	13,126,424	1,790,195
Stock options (note 11)	398,382	176,285
Warrants (note 11)	2,486,728	-
Contributed Surplus (note 11)	8,103	-
Convertible debentures (note 11)	-	1,000,000
Retained earnings	4,744,152	1,092,839
	<hr/>	<hr/>
	20,763,789	4,059,319
	<hr/>	<hr/>
	59,380,750	18,286,942
Commitments and contingencies (notes 18 and 19)		

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

Approved by the Board of Directors

(2)

 Director

 Director

Sigma Ventures Inc.

Consolidated Statements of Retained Earnings For the years ended April 30,

	2007	2006
	\$	\$
Balance – Beginning of year	1,092,839	1,008,420
Retained earnings adjusted following the reverse takeover (note 4)	-	70,760
Expenses related to the reverse takeover (note 4)	-	(169,098)
Interest on convertible debentures	-	(23,036)
Net earnings for the year	3,651,313	205,793
Balance – End of year	<u>4,744,152</u>	<u>1,092,839</u>

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

Sigma Ventures Inc.

Consolidated Statements of Earnings For the years ended April 30,

	2007 \$	2006 \$
Sales	83,161,145	14,695,424
Cost of sales and operating expenses before the following items	73,816,702	13,689,219
	<u>9,344,443</u>	<u>1,006,205</u>
Interest on long-term debt	1,248,864	247,806
Other interest and bank charges	474,416	125,149
Depreciation of property, plant and equipment	1,120,394	171,144
Amortization of intangible assets	1,219,011	10,804
Amortization of deferred charges	169,737	59,022
Foreign exchange loss (gain)	(71,747)	31,902
	<u>4,160,675</u>	<u>645,827</u>
Earnings before income taxes	<u>5,183,768</u>	<u>360,378</u>
Income tax expense (note 13)		
Current	2,210,222	238,243
Future	(677,767)	(83,658)
	<u>1,532,455</u>	<u>154,585</u>
Net earnings for the year	<u>3,651,313</u>	<u>205,793</u>
Net earnings per share (note 14)		
Basic	<u>0.104</u>	<u>0.011</u>
Diluted	<u>0.099</u>	<u>0.011</u>

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

Sigma Ventures Inc.

Consolidated Statements of Cash Flows

For the years ended April 30,

	2007 \$	2006 \$
Cash flows from operating activities		
Net earnings for the year	3,651,313	205,793
Items not affecting cash		
Depreciation of property, plant and equipment	1,120,394	171,144
Amortization of intangible assets	1,219,011	10,804
Amortization of deferred charges	169,737	59,022
Stock-based compensation	288,919	139,950
Gain on disposal of property, plant and equipment	(4,882)	(8,658)
Retained earnings adjusted following the reverse takeover	-	70,760
Derivative foreign exchange contracts	(160,141)	-
Interest capitalized on long term debt	6,559	-
Future income taxes	(677,767)	(83,658)
	<u>5,613,143</u>	<u>565,157</u>
Change in non-cash working capital items (note 12a)	<u>6,054,165</u>	<u>(2,292,051)</u>
	<u>11,667,308</u>	<u>(1,726,894)</u>
Cash flows from financing activities		
Increase in bank loans	3,041,834	1,890,695
Long-term debt contracted	20,700,000	8,200,000
Payments on long-term debt	(16,587,107)	(3,383,039)
Increase in deferred charges	(325,006)	(178,152)
Issuance of equity components (note 11)	11,564,495	1,106,601
Equity component issue expenses	(1,133,464)	(48,602)
Issuance of a convertible debenture	-	1,000,000
Interest on convertible debentures	-	(23,036)
Expenses related to the reverse takeover	-	(132,763)
	<u>17,260,752</u>	<u>8,431,704</u>
Cash flows from investing activities		
Variation to short-term investments	150,582	(61,800)
Additions to property, plant and equipment	(1,971,359)	(339,409)
Additions in intangible assets	(44,215)	(62,213)
Proceeds from disposal of property, plant and equipment	11,700	41,091
Business acquisition, net of cash acquired (note 3)	(26,653,344)	(6,789,274)
	<u>(28,506,636)</u>	<u>(7,211,605)</u>
Net change in cash	421,424	(506,795)
Cash – Beginning of year	<u>215,025</u>	<u>721,820</u>
Cash – End of year	<u>636,449</u>	<u>215,025</u>
Additional information (note 12c)		

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

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

1 Incorporation and nature of activities

Sigma Ventures Inc. (the "company"), incorporated under the Alberta Business Corporations Act, is a manufacturer in the composite and metal components. 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 Summary of significant accounting policies

Basis of presentation and consolidation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and include the accounts of the company and all of its wholly-owned subsidiaries. Intercompany transactions and related balances have been eliminated. As at April 30, 2007, the company's operating subsidiaries are as follows:

- René Matériaux Composites Ltée and its subsidiary GSC 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)

Accounting estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of sales and expenses during the years. Actual results could differ from those estimates.

Foreign currency translation

Foreign currency transactions

Transactions denominated in currencies other than the measurement, the Canadian dollar, are translated into the measurement currency as follows: monetary assets and liabilities are translated at the exchange rate in effect on the date of the balance sheet, and sales and expenses are translated at the monthly average exchange rate. Non-monetary assets and liabilities are translated at historical rates. Foreign exchange gains and losses arising from such translation are reflected in the statements of earnings.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

Forward exchange contracts

The company's forward exchange contracts, which are used to hedge anticipated US-denominated sales, do not qualify for hedge accounting and are recorded at the fair market value. The variations at mark to market are recorded in the statements of earnings.

Short-term investments

Short-term investments, valued at the lower of cost and market value, are made up mainly of common shares listed in TSX Ventures, which do not qualify in the definition of the cash and cash equivalents of the company.

Inventories

Inventories are valued at the lower of cost and the market value. Cost is determined using the first in first out for the raw materials and under the absorption costing method for the work in progress and finished goods. Market value is defined as replacement cost for raw materials and as net realizable value for work in progress and finished goods.

Property, plant and equipment

Property plant and equipment are recorded at cost less related government grants and research and development tax credits. Property, plant and equipment are depreciated on the estimated useful lives using the following methods, period and annual rates:

	Methods	Period and annual rates
Buildings	Declining balance	5%
Machinery and equipment	Declining balance	10 et 15%
Office furniture	Declining balance	10%
Computer equipment	Declining balance	30%
Automotive equipment	Declining balance	30%
Leasehold improvements	Straight-line	6 years

Deferred charges

Deferred charges consist of financing expenses and are amortized on a straight-line basis over the term of the loans.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

Intangible assets

Intangible assets with finite useful lives consist of patents, customer relationships, technologies and software. Patents represent costs, including professional fees, incurred for the registration of these patents. Intangible assets with finite useful lives are amortized on the estimated useful lives using the following methods, periods and annual rate:

	Methods	Periods and rate
Patents	Straight-line	7 to 16 years
Customers relationships	Sum-of-the-years-digits	12 and 15 years
Technologies	Sum-of-the-years-digits	6 and 10 years
Software	Declining balance	30%

Trademarks are an intangible asset with indefinite-lived and are not amortized.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment when events or circumstances indicate that cost may not be recoverable. Impairment exists when the carrying value of an asset or group of assets is greater than the undiscounted future cash flows expected to be provided by the asset or group of assets. The amount of impairment loss, if any, is the excess of the carrying value over the fair value. The company assesses fair value of long-lived assets based on discounted future cash flows. During the years 2007 and 2006, no impairment loss has been recorded.

Intangible assets with indefinite lives are tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Impairment exists when the carrying amount of the intangible asset exceeds its fair value. During the years 2007 and 2006, no impairment loss has been recorded.

Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of net identifiable assets acquired. Goodwill is not amortized but must be tested for impairment on an annual basis or more frequently if events or circumstances indicate that it might be impaired. Recoverability of goodwill is determined at the reporting unit level using a two-step approach. First, the carrying value of a reporting unit is compared to its fair value. If the carrying value of a reporting unit exceeds its fair value, the second step is performed. In this step, the amount of impairment loss, if any, represents the excess of the carrying value of goodwill over its fair value and the loss is charged to earnings in the period in which it is incurred. For the purposes of this impairment test, the fair value of goodwill is estimated in the same way as goodwill is determined in business combinations; that is, the excess of the fair value of a reporting unit over the estimated fair value of its net identifiable assets. The company elected to perform its annual impairment test in April of each fiscal year and no impairment loss has been recorded for the years 2007 and 2006.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

Revenue recognition

Revenue is recognized from sales of products, net of estimated sales allowances and rebates, when title passes to customers, which is generally at the time goods are shipped, that collection of resulting receivable is reasonably assured and that the counterpart is given or determinable. The amounts received for moulds in work in progress are recorded as deferred revenues in the balance sheet.

Stock-based compensation plan

Since the adoption of the stock option plan as at October 7, 2005, the company accounts for all forms of officers, directors, employees and consultants stock-based compensation cost using the fair value-based method. Stock-based compensation costs are amortized to expense over the vesting periods according to the acquisition gradual method of the rights.

Research and development expenses

All expenses related to development activities, which do not meet generally accepted criteria for deferral, and research, are expensed as incurred, net of related government assistance. Development expenses which would meet generally accepted criteria for deferral would be capitalized, net of related government assistance, and would be amortized against earnings over the estimated period of benefit.

Income taxes

The company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities, using substantively enacted income tax rates for the years in which the differences are expected to reverse.

The company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized

Basic and diluted earnings per share

Basic earnings per share are determined using the weighted average number of common shares participating outstanding during the year.

Diluted earnings per share are determined using the weighted average number of participating common shares outstanding during the year, plus effect of dilutive potential participating common shares outstanding during the year. According with this method, diluted earnings per share must be calculated as if all dilutive potential common shares have been exercised at the latest at the beginning of the year or on the date of issuance, as the case may be, and that the funds obtained thereby be used to purchase participating common shares of the company at the average market of the participating common shares during the year.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

Share issue expenses

Share issue expenses are recorded against the proceeds from the issuance of common shares.

Comparative figures

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

3 Business acquisitions

Acquisitions in 2007

- (a) On June 28, 2006, the company acquired all the shares of René Composite Materials Ltd. ("René") and 3547141 Canada Inc., two companies located in Saint-Ephrem-de-Beauce, for a total cash consideration of \$23,196,279, including acquisition-related costs of \$1,148,411. René is a manufacturer of composite parts for the road transport industry such as parts for Class 7 and 8 trucks whereas 3547141 Canada Inc is specialized in the manufacturing of moulds for the customers of René.
- (b) On January 27, 2007, the company acquired, through 3547141 Canada Inc, the assets of Camoplast's truck composite division located in Acton Vale, Province of Quebec ("Acton Vale"), for a total consideration of \$4,898,960 paid as follows: an amount of \$3,434,566 in cash, the issuance of 1,625,000 common shares of the company for an amount of \$1,074,000, the acquisition-related costs to be paid amounted \$250,792 and a balance of purchase price amounted \$139,602. The value of the share issue has been reduced by a 20.4% discount so as to consider the impact of the escrow and the discount for weak negotiability taking into account the importance of the quantities of common shares issued compared to the volume of the common shares exchanged. The price of the common shares has been established by using the weighted average price of common shares four days before and after the announcement of the transaction. The plant manufactures a range of composite hoods for Class 7 and 8 highway trucks and vocational trucks, as well as B6 Magnum series.
- (c) On February 1, 2007, the company acquired, through René, all the shares of Groupe Synergy Composites Inc. ("GSC"), located in Chesterville, Québec, for a total consideration of \$2,321,291 paid as follows: an amount of \$1,100,000 in cash, a balance of purchase price to be paid amounted \$1,121,291 without interest (\$1,200,000 discounted at 6.5%) and the acquisition-related cost to be paid amounted \$100,000.

GSC specialized in the development of advanced composite products and technology for the utility vehicle and bus industries. Moreover, GSC has developed a unique composite body for the transportation sector, which offers unique characteristics such as light weight and resistance to corrosion while preserving high payload capacity. GSC plant utilizes the state-of-the-art and environmentally friendly Resin Transfer Molding (RTM-light) process.

These three acquisitions have been accounted for using the purchase method, and the results of operations have been included in the financial statements of the company from the date of acquisition. The purchase price allocation has been finalized at the year-end with support from independent experts.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

The main changes to the preliminary allocation are as follows: the identification of additional intangible assets amounted to approximately \$5,400,000, the elimination of goodwill for an amount of \$2,625,000, the recognition of future income tax liabilities linked to intangible assets and to property, plant and equipment amounted to approximately \$2,700,000, the increase in other current assets of \$3,602,000, principally linked to the insurance claim and to the decrease in property, plant and equipment of \$3,562,000.

The allocated values of the net assets acquired in 2007 were as follows:

	René \$	Acton Vale \$	GSC \$
Assets acquired			
Cash	1,258,910	-	-
Short-term investments	300,027	-	-
Others current assets	22,109,090	1,624,168	703,037
Property, plant and equipment	5,489,910	3,321,472	626,333
Deferred charges	-	-	2,204
Future income tax assets	836,590	-	81,073
Intangible assets			
Trademarks	268,158	-	-
Customer relationships	5,491,920	-	700,000
Technologies	2,277,137	-	1,200,000
	<u>38,031,742</u>	<u>4,945,640</u>	<u>3,312,647</u>
Liabilities assumed			
Bank indebtedness	-	-	18,001
Others current liabilities	10,969,903	46,680	763,603
Long term liabilities	121,791	-	458,785
Future income tax liabilities	3,743,769	-	587,100
	<u>14,835,463</u>	<u>46,680</u>	<u>1,827,489</u>
Net identifiable assets acquired	23,196,279	4,898,960	1,485,158
Goodwill *	-	-	836,133
Purchase price	<u>23,196,279</u>	<u>4,898,960</u>	<u>2,321,291</u>
Paid as follows:			
Cash	22,047,868	3,434,566	1,100,000
Acquisition costs	1,148,411	250,792	100,000
Balance of purchase price	-	139,602	1,121,291
Issuance of shares	-	1,074,000	-
	<u>23,196,279</u>	<u>4,898,960</u>	<u>2,321,291</u>

* Goodwill is not deductible for income tax purposes.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

Acquisitions in 2006

- (d) On October 7, 2005, the company acquired all the shares of Remorques J.M.S. Inc. ("JMS"), located in l'Islet, Québec, for a total cash consideration of \$441,412, including acquisition-related costs of \$16,412 and a balance of purchase price of \$75,000 bearing interest rate at 8% and had been paid as at April 30, 2006. JMS is specialized in the development and the manufacturing of trailers and light forestry products.
- (e) On March 15, 2006, the company acquired all the shares of Faroex Ltd. ("Faroex"), located in Gimli, Manitoba, for a total cash consideration of \$7,011,333, including acquisition-related costs of \$162,769 and repayment of advances from shareholders of \$628,156. Faroex is specialized in the development and manufacturing of composite components for the road transportation industry, agriculture and windmill energy.

The allocated values of the net assets acquired in 2006 were as follows:

	JMS \$	Faroex \$
Assets acquired		
Cash	-	332,313
Others current assets	799,020	3,991,560
Property, plant and equipment	387,760	5,018,552
Intangible assets – patents	-	16,335
	<hr/> 1,186,780	<hr/> 9,358,760
Liabilities assumed		
Current liabilities	501,604	1,240,332
Advances from shareholders	-	628,156
Long-term liabilities	243,963	-
Future income tax liabilities	13,321	1,107,095
	<hr/> 758,888	<hr/> 2,975,583
Net identifiable assets acquired	427,892	6,383,177
Goodwill *	<hr/> 88,520	<hr/> -
Purchase price	<hr/> 516,412	<hr/> 6,383,177
Paid as follows:		
Cash	425,000	6,220,408
Acquisition costs	16,412	162,769
Balance of purchase price	75,000	-
	<hr/> 516,412	<hr/> 6,383,177
Repayment of advances from shareholders	-	628,156
	<hr/> 516,412	<hr/> 7,011,333

* Goodwill is not deductible for income tax purposes.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

4 Reverse takeover

On October 7, 2005 the company acquired all of outstanding shares of 6172407 Canada Inc. This acquisition has been accounted for as a reverse takeover that does not constitute a business combination. The shareholders' deficiency of the acquiree amounting \$70,760 was presented in the consolidated statement of retained earnings. Under the terms of the agreement, the company issued 17,900,833 common shares, 1,425,000 stock options and 718,750 warrants in exchange for all the issued shares and warrants of 6172407 Canada Inc. This resulted in the former shareholders of 6172407 Canada Inc. obtaining control of the company. The cost incurred to execute the reverse takeover amounted to \$169,098, including an amount of \$36,336 attributable to the fair value of 400,000 options issued to the broker. For accounting purposes, 6172407 Canada Inc. was treated as the acquirer and the company, the acquiree.

The company's results of operations have been included in the consolidated financial statements as at April 30, 2006, since the date of acquisition, being October 7, 2005. The company's financial statements present the continuity of 6172407 Canada Inc. The capital stock of the legal parent company prior to the reverse takeover has been retroactively restated for the number of shares received in the reverse takeover transaction.

5 Accounts Receivables

	2007 \$	2006 \$
Trade accounts receivable	12,548,749	3,806,550
Insurance claim *	4,244,701	-
	<u>16,793,450</u>	<u>3,806,550</u>

* This insurance claim is relative to the fire occurred October 19, 2005 at René's premises.

6 Inventories

	2007 \$	2006 \$
Raw materials	4,818,924	2,449,695
Work in progress	2,238,843	102,164
Finished goods	4,599,697	2,899,836
	<u>11,657,464</u>	<u>5,451,695</u>

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

7 Property, plant and equipment

	2007		2006	
	Cost \$	Accumulated depreciation \$	Cost \$	Accumulated depreciation \$
Land	483,845	-	195,789	-
Buildings	5,224,076	137,503	2,119,059	46,652
Machinery and equipment	10,520,630	612,192	3,788,407	190,382
Office furniture	296,392	72,552	11,930	1,455
Computer equipment	452,427	118,250	150,225	23,799
Automotive equipment	125,431	24,416	111,275	11,202
Leasehold improvements	257,915	10,746	-	-
	17,360,716	<u>975,659</u>	6,376,685	<u>273,490</u>
Less:				
Accumulated depreciation	<u>975,659</u>		<u>273,490</u>	
Net amount	<u>16,385,057</u>		<u>6,103,195</u>	

8 Intangible assets

	2007		2006	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Trademarks *	268,158	-	-	-
Patents	59,056	11,135	29,178	1,520
Customer relationships	6,191,920	602,844	-	-
Technologies	3,477,137	592,176	-	-
Software	77,407	28,660	60,973	12,185
	10,073,678	<u>1,234,815</u>	90,151	<u>13,705</u>
Less:				
Accumulated depreciation	<u>1,234,815</u>		<u>13,705</u>	
Net amount	<u>8,838,863</u>		<u>76,446</u>	

* Intangible assets at indefinite useful lives.

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

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During the year, the company acquired total intangible assets amounted of \$9,983,527 (\$78,549 in 2006) which \$9,715,369 is subject to amortization in 2007 (\$78,549 in 2006).

9 Bank loans

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 a credit facility of \$2,500,000 to hedge against foreign exchange risks and a credit of \$250,000 for the risks related to the settlement on the wire transfers. A moveable hypothec over accounts receivable, inventories and all present and future tangible and intangible assets has been given as security for the line of credit. These credit facilities are renewable annually.

10 Long-term debt

	2007 \$	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	-
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	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	3,294,444	-
Balance of purchase price payable, total amount \$1,200,000, discounted at 6.5%, payable in monthly principal instalments of \$50,000, maturing in February 2009	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 beginning June 2011, maturing in June 2016 and October 2016. A real and moveable hypothec has been given as security for these loans.	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 as requested.	43,097	-
	<hr/>	
(forward)	14,400,142	-

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

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	2007 \$	2007 \$
(brought forward)	14,400,142	-
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	15,030	28,376
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	123,200	-
Convertible debenture secured by a junior moveable hypothec over all assets owned by a subsidiary *	-	750,000
Reimbursed during the year	-	7,450,000
	<hr/> 14,538,372	<hr/> 8,228,376
Less: Current portion	2,525,425	2,651,440
	<hr/> 12,012,947	<hr/> 5,576,936

* This debenture has been fully converted during the year into 1,063,967 common shares (note 11).

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

	\$
2008	2,525,425
2009	2,354,694
2010	2,145,872
2011	2,316,140
2012	5,010,166

The company was committed to meet specific financial ratios relating to certain loans, which are respected as at April 30, 2007.

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Notes to Consolidated Financial Statements

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11 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

Issued

	2007		2006	
	Number	Amount \$	Number	Amount \$
Balance – Beginning of year	21,969,017	1,790,195	16,250,000	668,196
Issuance of common shares:				
For cash consideration	15,556,282	8,718,297	1,437,500	575,000
For the acquisition of assets (note 3b)	1,625,000	1,074,000	-	-
Following the conversion of debentures*	2,745,046	1,760,233	1,064,900	574,849
Following the exercise of stock options	540,000	274,719	103,762	20,752
Following the exercise of warrants	463,750	347,812	-	-
Reverse takeover	-	-	3,112,855	-
Share issue expenses, net of future income taxes of \$395,122	-	(838,832)	-	(48,602)
Balance – End of year	42,899,095	13,126,424	21,969,017	1,790,195

* Two debentures of a respective nominal value of \$1,000,000 and \$750,000 and the interest related with the debentures amounted to \$10,233 has been converted in common shares during the year.

On May 15, 2006, the company issued 9,999,967 units at a price of \$0.60 per unit. The gross proceeds from the private placement amount to \$6,000,000. Of this amount, a sum of \$1,026,185 (net of issue expenses of \$229,954) has been allocated to warrants using the Black-Scholes model. Each unit consists of one common share and one-half warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.85 per share until November 15, 2007. The underwriters obtained a monetary consideration equivalent to 8% of the gross proceeds from the placement and an additional compensation in warrants entitling for the purchase of 797,332 shares at a price of \$0.60 until November 15, 2007. An amount of \$292,107 has been allocated to these warrants using the Black-Scholes model. The net proceeds from the private placement were used to repay the debts contracted upon the acquisition of Faroex on March 15, 2006.

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On May 15, 2006, the company issued 416,667 warrants to a former holder of a convertible debenture entitling the latter to purchase common share at a price of \$0.85 per warrant until November 15, 2007. This option results from the acquisition of a convertible debenture on March 15, 2006, which had been reflected in shareholders' equity and converted into shares on April 28, 2006. An amount of \$104,679 has been allocated to these warrants using the Black-Scholes model.

On March 14 and 29, 2007, the company issued 5,556,315 units at a price of \$0.90 per unit. The gross proceeds from the private placement amount to \$5,000,683. Of this amount, a sum of \$931,865 (net of issue expenses of \$94,382) has been allocated to warrants using the Black-Scholes model. Each unit consists of one common share and one-half warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$1.15 per share until March 14, 2012. The underwriters obtained a monetary consideration equivalent to 7.2% of the gross proceeds from the placement and an additional compensation in warrants entitling for the purchase of 135,289 common shares at a price of \$0.90 until September 29, 2008. An amount of \$28,040 has been allocated to these warrants using the Black-Scholes model. The net proceeds from the private placement were used to reduce the long term debt and to fill its requirements in working capital.

Warrants

The following tables show the warrants activity since May 1 2005 and summarize the warrants outstanding and currently exercisable as at April 30, 2007:

	2007			2006		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding and exercisable						
– Beginning of year	818,750	-	0.71	-	-	-
Granted	9,127,438	2,707,212	0.92	-	-	-
Granted upon reverse takeover (note 4)	-	-	-	718,750	-	0.75
Granted to an investor	-	-	-	100,000	-	0.40
Exercised	(463,750)	-	0.75	-	-	-
Forfeited	(255,000)	-	0.75	-	-	-
Issue expenses, net of future income taxes of \$103,852	-	(220,484)	-	-	-	-
Outstanding and exercisable						
– End of year	9,227,438	2,486,728	0.91	818,750	-	0.71

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Notes to Consolidated Financial Statements

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Exercise price	Warrants outstanding and exercisable as at April 30, 2007	
	Number	Weighted average remaining contractual life (years)
\$0.40	100,000	3.44
\$0.60	797,332	0.54
\$0.85	5,416,658	0.54
\$0.90	135,289	1.42
\$1.15	2,778,159	4.88
	<u>9,227,438</u>	

For the year ended April 30, 2007, the fair value of warrants was estimated using the Black-Scholes model with the following weighted average assumptions:

Risk-free interest rate	4.04%
Expected volatility	58%
Dividend yield	0%
Expected weighted average life of each warrant granted	29 months
Weighted average fair value of each warrant granted	\$0.30

Stock options plan

The company has a stock option plan in order to grant stock options to officers, directors, employees and consultants providing ongoing services to the company. Under the terms of the plan, which is administered by the board of Directors, these options, except those granted to the sponsor of the qualifying transaction which are fully exercisable on the date of grant, vest over a period of three years and expire after a period of 18 months to 60 months. The maximum number of common shares that can be issued under the plan is limited to 10% of the issued and outstanding common shares.

On May 1, 2006, the company granted 150,000 stock options at an exercise price of \$0.60. These stock options will generate aggregate stock-based compensation costs of \$80,704 over their vesting period. Those costs will be amortized on a straight-line basis over their vesting period of three years.

On October 3, 2006, the company granted 300,000 stock options at an exercise price of \$0.92. These stock options will generate aggregate stock-based compensation costs of \$150,732 over their vesting period. Those costs will be amortized on a straight-line basis over their vesting period of three years.

On December 1, 2006, the company granted 150,000 stock options at an exercise price of \$0.80. These stock options will generate aggregate stock-based compensation costs of \$65,314 over their vesting period. Those costs will be amortized on a straight-line basis over their vesting period of three years.

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Notes to Consolidated Financial Statements

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For the years ended April 30, 2007 and 2006, the fair value of stock options granted was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	2007	2006
Risk-free interest rate	3.95%	4.09%
Expected volatility	63%	75%
Dividend yield	0%	0%
Expected weighted average life of each option granted	4.5 years	5 years
Weighted average fair value of each option granted	\$0.49	\$0.40

The following tables show the stock options activity since May 1 2005 and summarize the stock options outstanding and currently exercisable as at April 30, 2007:

	2007			2006		
	Number	Carrying value \$	Weighted average exercise price \$	Number	Carrying value \$	Weighted average exercise price \$
Outstanding and exercisable –						
Beginning of year	1,825,000	176,285	0.40	311,286	-	0.20
Granted	600,000	-	0.81	-	-	-
Granted upon reverse takeover (note 4)	-	-	-	1,825,000	-	0.40
Exercised	(540,000)	(58,719)	0.40	(103,762)	-	0.20
Forfeited	(50,000)	(8,103) *	0.40	(207,524)	-	0.20
Compensation costs for the year	-	288,919	-	-	176,285 **	-
Outstanding and exercisable – End of year	1,835,000	398,382	0.53	1,825,000	176,285	0.40

* During the year, an amount of \$8,103 was recorded in the contributed surplus following the forfeiture of the stock options granted as remuneration of a director who left his functions.

** During the prior year, an amount of \$139,950 has been recorded in the statements of earnings and an amount of \$36,335 has been presented as expenses related to the reverse takeover in the statements of retained earnings.

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Notes to Consolidated Financial Statements

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Exercise price	Options outstanding as at April 30, 2007		Options exercisable as at April 30, 2007	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
\$0.40	1,235,000	3.11	810,003	3.11
\$0.60	150,000	2.00	100,000	2.00
\$0.80	150,000	4.59	50,000	4.59
\$0.92	300,000	4.43	100,000	4.43
	<u>1,835,000</u>		<u>1,060,003</u>	

12 Statements of cash flows

(a) Change in non-cash working capital items

	2007 \$	2006 \$
Accounts receivable	4,690,682	(830,723)
Income taxes receivable	562,555	(290,372)
Inventories	49,848	(1,125,785)
Prepaid expenses	233,845	(96,526)
Others assets	-	6,735
Accounts payable and accrued liabilities	457,431	297,560
Deferred revenues	(1,541,437)	-
Income taxes liabilities	1,601,241	(252,940)
	<u>6,054,165</u>	<u>(2,292,051)</u>

Sigma Ventures Inc.

Notes to Consolidated Financial Statements

April 30, 2007 and 2006

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

	2007	2006
	\$	\$
Conversion of debentures into share capital	1,750,000	64,000
Issuance of common shares in partial settlement of the acquisition of the assets of Acton Vale	1,074,000	-
Issuance of warrants in settlement of issue expenses	424,826	36,336
Issuance of common shares in settlement of accounts payable	10,233	-
Acquisition-related costs included in accounts payable and accrued liabilities	187,384	-
Balance of purchase price in partial settlement of the acquisition of the assets of Acton Vale and included in accounts payable and accrued liabilities	139,602	-
Balance of purchase price in partial settlement of the acquisition of GSC and included in long-term debt	1,121,291	-

(c) Additional information

	2007	2006
	\$	\$
Interest paid	1,677,388	394,036
Income taxes paid	205,353	474,131

13 Income tax expense and future income taxes

The reconciliation of the income tax provision calculated using the combined Canadian federal and provincial statutory income tax rate with the income tax provision in the financial statements is as follows:

	2007	2006
	\$	\$
Income tax provision at combined Canadian federal and provincial statutory tax rate (32.02% in 2007 and 31.35% in 2006)	1,659,843	112,978
Stock-based compensation costs	94,278	39,186
Non-deductible expenses	62,526	-
Non-taxable income	7,875	-
Change in statutory tax rate and future	(30,327)	-
Difference in statutory tax rate in a subsidiary	44,380	-
Record of deferred losses not recognized previously	(220,726)	-
Other	(85,394)	2,421
Income tax expense	<u>1,532,455</u>	<u>154,585</u>

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Significant components of future income tax assets and liabilities are as follows:

	2007 \$	2006 \$
Future income tax assets		
Financing expenses	414,133	56,100
Non capital losses carried forward	1,103,133	248,122
Unrealized foreign exchange loss	-	5,080
	<hr/> 1,517,266	<hr/> 309,302
Valuation allowance	-	(217,582)
	<hr/> 1,517,266	<hr/> 91,720
Total future income tax assets		
Current future income tax liabilities		
Receivable – Insurance claim	(831,324)	-
	<hr/> (831,324)	<hr/> -
Long term future income tax liabilities		
Property, plant and equipment	(1,629,869)	(1,101,389)
Intangible assets	(2,618,477)	-
	<hr/> (4,248,346)	<hr/> (1,101,389)
Total future income tax liabilities	<hr/> (5,079,670)	<hr/> (1,101,389)

Non capital-losses expire principally between 2014 and 2027.

14 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:

	2007	2006
Basic weighted average number of shares outstanding	35,092,429	18,942,955
Dilutive effect of convertible debenture	497,124	38,419
Dilutive effect of stock options and warrants	1,468,091	290,609
	<hr/> 37,057,644	<hr/> 19,271,983
Diluted weighted average number of shares outstanding		

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Notes to Consolidated Financial Statements

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Furthermore, the following table presents the items excluded from the calculation of diluted earnings per share for the years ended April 30, 2007 and 2006 because the exercise price was greater than the average market price of the common shares or are anti-dilutive:

	2007	2006
Weighted average number of stock options at exercise prices varying from \$0.40 to \$0.80	346,849	-
Weighted average number of warrants at exercise prices varying from \$0.90 to \$1.15	263,408	-
Weighted average number of common shares for the convertible debenture at the minimum exercise price of \$0.60	-	205,479

15 Related party transactions

During the year, the company paid management fees to a director amounted to \$34,604 (\$49,855 in 2006). These related party transactions were carried out in the normal course of business and are accounted for at exchange value.

16 Segment information

The company is organised under on single operating segment, which manufactures products in composites and metals. All of the long-lived assets including 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.

	2007 \$	2006 \$
Sales by geographic region		
United States	59,927,072	4,120,476
Canada	21,113,120	10,118,826
Asia	872,285	-
South America	744,882	-
Europe	266,306	456,122
Australia	156,762	-
Others	80,718	-
	<hr/> 83,161,145	<hr/> 14,695,424

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Notes to Consolidated Financial Statements

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For the year ended April 30, 2007, one customer represents 47.5% of the company's total sales (nil in 2006) and 26.7% of the latter's total accounts receivable (nil as at April 30, 2006).

17 Financial instruments

Fair value

Cash and cash equivalents, accounts receivable, bank loans, accounts payable and accrued liabilities and long term debts are financial instruments whose fair value approximates their carrying value due to their short-term maturity or the current market for the majority of the long term debt.

The fair value of short-term investments was \$126,690 and \$129,780 as at April 30, 2007 and 2006.

Credit risk

Financial instruments which potentially subject the company to concentration of credit risk consist principally of cash and cash equivalents, short-term investments and accounts receivable. Cash and cash equivalents and short-term investments consist of instruments issued by high-credit quality issuers. Consequently, management considers the risk of non-performance related to cash and cash equivalents and short-term investments to be minimal.

Generally, the company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs on-going credit reviews of all its customers and establishes an allowance for doubtful accounts when accounts are determined to be uncollectible. Allowance for doubtful accounts amounted to \$372,710 and \$28,931 as at April 30, 2007 and 2006, respectively.

Interest rate risk

As at April 30, 2007, the company's exposure to interest risk is as follows:

Cash and cash equivalents	Variable interest rate
Short-term investments	Non-interest bearing
Accounts receivable	Non-interest bearing
Bank loans	Variable interest rate
Accounts payable and accrued liabilities	Non-interest bearing
Long-term debt	As described in note 10

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Notes to Consolidated Financial Statements

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Currency risks and foreign exchange contract

The company is exposed to currency risks as a result of its export sales of products manufactured in Canada, substantially all of which are denominated in US dollars. These risks are partially hedged by forward exchange contracts and certain operating expenses in US dollars. As at April 30, 2006, the company had no foreign exchange contract. However, as at April 30, 2007 the company held contracts to sell US dollars at various forward rates, which are summarized as follows:

Date of expiration	Contractual amount \$	Weighted average contractual forward rate \$
May 2007 to November 2007	2,500,000	1.1715

18 Commitments

The company is committed to various operating leases for certain of its premises and equipment, which expire at various dates through April 2012. As at April 30, 2007, minimum rentals payable under these operating leases in each of the next five years will amount to \$403,748 in 2008, \$200,296 in 2009, \$124,420 in 2010, \$75,920 in 2011 and \$24,872 in 2012 for total commitments of \$829,256. Some of these operating leases agreements have an option of renewal.

The company is also committed paying a total amount of \$113,391 for the acquisition of equipment whose initial deposit of \$36,633 has been made.

19 Contingencies

The company and its subsidiaries are party to various ongoing, pending, and threatened litigation along with other contingencies arising out of the normal course of business. The ultimate disposition of these claims cannot be determined at this time. Management believes that these claims, when resolved, will not have any material adverse effect on the consolidated financial position or results of operations of the company.