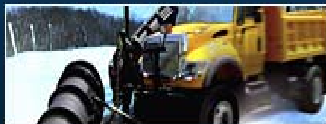
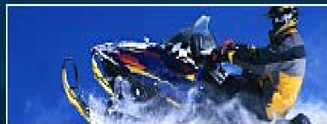

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS JULY 26, 2008 1ST QUARTER OF FISCAL 2009

Sigma Industries Inc. (TSX-V: SIC), a leading composite and metal products manufacturer, has six operating subsidiaries and employs close to 550 people. The Company is active in the growing heavy-duty truck, coach, transit and bus, train and subway, machinery, agriculture, light forestry, and wind energy market segments. Sigma sells its products to original equipment manufacturers and distributors in the United States, Canada and Europe. The shares of the Company trade on the TSX Venture Exchange under ticker symbol SIC.

Sigma has had a recent history of steady growth and profitable acquisitions. Its recent and planned growth initiatives are expected to continue to raise Sigma's profile with investors.

MESSAGE TO SHAREHOLDERS

In spite of economic uncertainty in North America, fiscal 2009 begins on a positive note, as many recent developments will enable us to accelerate our growth and further diversify our operations, both on a sectorial and geographical basis. This should enable us to reduce our business risk associated with the typical cyclical fluctuations of the heavy-duty truck market.

First, we have won new long-term contracts to manufacture components for the bus and agricultural equipment markets. These agreements, which span a minimum of three years, should generate annual sales of $15.0 million. Production of certain components recently started, while it will begin shortly for remaining components.

Second, we are currently exploring market opportunities for our new joint venture Compin Sigma Amérique. Accompanied by a strategic alliance with Compin Group, a European leader of interior fittings for the rail and bus transportation industries, this joint venture solidifies our capabilities to offer interior fitting design and manufacturing solutions to the public transportation industry, while further diversifying our product offering.

But first and foremost, our initiatives must reflect our willingness to be a forerunner of broad trends that will shape the future, which explains why our efforts are focussed on the environment through the development of new natural resins and of technological processes incorporating these materials.

Supporting the above, Sigma will officially launch, at the American Public Transportation Association annual meeting in early October, our new Hybrid Composite Bus Body. This technological breakthrough will confirm our leading position in terms of environmentally-conscious solutions, as all partakers, from original equipment manufacturers to transit operators, will enjoy the benefits of this revolutionary, high value-added body shell. With a weight 20% lighter than a traditional metal body, our new technology will significantly improve fuel consumption. Moreover, composite materials' resistance to corrosion should extend vehicle life.

At the operational level, we are satisfied with further operational profitability improvements which favourably reflect our ongoing productivity gains resulting from our earlier investments in highly-automated and robotized equipment.

Our sales reached $15.2 million compared with $18.8 million a year earlier, while our earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to $382,024 versus a negative EBITDA of $117,864 last year. Of note, results included non-recurring employee training costs needed to assimilate new manufacturing processes and new technologies implemented at Sigma OH's facility. Given these costs, we ended the first quarter of fiscal 2009 with a net loss of $598,450 compared with a net loss of $934,539 a year earlier.

Sigma possesses a strong operating foundation, a broad technological expertise, superior products, an enviable market positioning and enjoys a solid financial position. These elements, combined with the passion and dedication of our employees and managers, as well as the support of our business partners, will yield sustained value creation for our shareholders

(S) Denis Bertrand

Denis Bertrand
Chairman and Chief Executive Officer
Sigma Industries Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Scope of Management's Discussion and Analysis

In this Management's Discussion and Analysis ("MD&A"), the "Company", "we", "us", and "our" refer to Sigma Industries Inc. and its subsidiaries.

The following analysis provides a review of the Company's results of operations and cash flows for the first quarter ended July 26, 2008 compared with the first quarter July 28, 2007 and its financial condition as at July 26, 2008 compared to April 26, 2008. This document should be read in conjunction with the unaudited interim consolidated financial statements for the three-month periods ended July 26, 2008 and July 28, 2007 and with our 2008 Annual Report. Additional information concerning Sigma Industries Inc. may be found on SEDAR web site at www.sedar.com

The following information takes into account all material events that took place until September 23, 2008, the date on which the Company's Board of Directors approved this MD&A.

The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are in Canadian dollars unless otherwise noted.

Non-GAAP Financial Measures

This MD&A contains certain information that are not financial measures prescribed under GAAP. For example, we use earnings before interest, taxes, depreciation and amortization ("EBITDA") as this measure allows management to evaluate the operational performance of the Company and the performance of its assets. We also use “EBITDAG”, which is EBITDA with the exchange gain or loss included. EBITDA and EBITDAG do not have any meaning prescribed by GAAP, and are not designed to replace other measures of financial performance or the statement of cash flows as an indicator of liquid assets. These measures do not represent the funds available for the repayment of debt, the payment of dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as substitutes for other measures of performance calculated according to GAAP.

These measures are used by the Company because management believes they provide useful information regarding performance. They are tools frequently used in the business world to analyze and compare the performance of businesses in the sectors in which the Company and its subsidiaries operate. The definitions of the measures that we adopted may differ from those of other businesses.

Reconciliation of EBITDA, EBITDAG and Net loss		
	Three-month periods ended	
(in thousands of Canadian dollars)	July 26, 2008	July 28, 2007
Net loss	(599)	(935)
PLUS:		
Income tax recovery	(296)	(397)
Total depreciation and amortization	921	800
Financial expenses	356	414
EBITDA	382	(118)
Foreign exchange loss (gain)	(41)	101
EBITDAG	341	(17)

Company Overview

Who are we?

As at July 26, 2008, the Company had six wholly-owned subsidiaries:

- Sigma US Industries Inc. ("Sigma US") and its subsidiary Sigma OH Industries Inc. ("Sigma OH"), located in the State of Ohio (United States), specializes in the manufacture of composite parts for the road transportation and public transit industries, namely bus and truck parts, farm machinery parts such as farm tractor hoods, and in the design of the state-of-the-art composite products for the industrial product market.

- René Composites Materials Ltd. ("René"), located in Saint-Éphrem-de-Beauce, Quebec, specializes in the manufacturing of composite parts for the road transport industry, such as parts for Class 7 and 8 trucks. In the last 30 years, René has developed strong relationships with its customers and its suppliers to become the leader in its field of expertise. Innovation, creativity and research into new production technologies allowed René to gain worldwide recognition from the major manufacturers in the heavy trucking industry.

- Groupe Synergy Composites Inc. (“GSC”), located in Chesterville, Quebec, which has developed a unique composite body for the transportation sector that is lightweight, corrosion-resistant and provides high payload capacity. GSC’s plant uses the state-of-the-art, environmentally-friendly Resin Transfer Molding (RTM-light) process;

- Transcam Composites Inc. (“Transcam”), located in Saint-Éphrem-de-Beauce, Quebec, specializes in the manufacturing of dies and moulds for René's customers. Its plant in

Acton Vale, Quebec, manufactures a range of composite hoods for Class 7 & 8 highway trucks and vocational trucks, as well as B6 Magnum series tractors;

- Faroex Ltd. ("Faroex"), located in Gimli, Manitoba specializes in the development and manufacturing of composite components for the road transportation, agriculture and wind energy industries;

- PNS Tech Inc. ("PNS"), located in Saint-Agapit, Quebec, specializes in the development, production and distribution of spare parts for the agricultural and snow removal industries. It also develops and manufactures trailers and loaders sold under the JMS name.

Growth Objectives

For fiscal 2009, the Company's development strategy consists of:

- Fostering synergies among its various subsidiaries by integrating their manufacturing activities;

- Increasing sales by stepping up penetration of potential market segments (USA, Europe and Asia);

- Launching new value-added products on a regular basis;

- Reducing production costs by updating its machinery and equipment;

- Acquiring businesses that operate in the same markets as its subsidiaries and that manufacture complementary and innovative goods; and

- Improving existing products and developing new products and manufacturing processes.

Financial Information for the three-month periods ended July 26, 2008 and July 28, 2007

For the three-month periods ended July 26, 2008 and July 28, 2007, the unaudited interim consolidated operating results of the Company include the results of the following companies:

- Faroex, PNS, René, GSC, Transcam for the period from April 27, 2008 to July 26, 2008, being a three-month period in 2008, and for the period from May 1, 2007 to July 28, 2007, being a three-month period in 2007;

- Sigma US and Sigma OH for the period from April 27, 2008 to July 26, 2008, being a three-month period in 2008 and nil for fiscal 2007;

Industry overview – Trucking Business Class 7 & 8

Effective on January 1 2007, the new regulations of US Environmental Protection Agency (EPA) concerning diesel fuel and truck emissions had a significant influence on the retail sales truck in class 5 to 8 in 2006, 2007 and 2008

Table 1 shows monthly Class 8 (33,000 lbs +) retail truck sales per manufacturer from May 2008 to July 2008:

TABLE 1

Retail sales Class 8- Month from May to July

	May 2008		June 2008		July 2008		1st Quarter		1st Quarter- 2007	
Company	Units	Month last year change %	Units	Month last year change %	Units	Month last year change %	Units	Quarter last year change %	Units	Quarter last year change %
Freightliner	2,708	11.6%	3,093	51.1%	2,644	19.2%	8,445	26.2%	6,692	(66.2%)
International	2,633	13.7%	2,305	18.5%	2,823	33.7%	7,761	21.8%	6,371	(51.9%)
Kenworth	1,396	(20.4%)	1,456	(7.0%)	1,321	(1.9%)	4,173	(10.5%)	4,665	(46.3%)
Mack	1,127	(0.4%)	1,192	14.9%	1,055	21.5%	3,374	11.1%	3,037	(59.6%)
Peterbilt	1,474	(19.2%)	1,624	(10.3%)	1,486	(8.3%)	4,584	(12.8%)	5,255	(48.4%)
Volvo	1,286	58.8%	1,137	17.6%	929	39.9%	3,352	37.3%	2,441	(68.1%)
Sterling	646	(55.9%)	720	(21.4%)	793	(23.1%)	2,159	(36.7%)	3,411	(19.2%)
Other	130	(69.7%)	110	(68.0%)	123	(45.3%)	363	(63.6%)	998	(30.4%)
Total	11,400	(6.2%)	11,637	9.5%	11,174	10.8%	34,211	4.1%	32,870	(54.8%)

Source: Automotive News Data Center

Table 2 shows quarterly Class 8 retail truck sales harmonized with the Company's fiscal quarters.

TABLE 2

Retail Sales Class 8 Trucks– per quarter harmonized with the fiscal quarters of the Company

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total	
Year	Units	Quarter-over-quarter change %	Units	Quarter-over-quarter change %	Units	Quarter-over-quarter change %	Units	Quarter-over-quarter change %	Units	Year-over-year change %
2009	34,211	4.8%								
2008	32,870	(28.4%)	31,263	(4.9%)	31,943	2.2%	32,631	2.2%	128,707	(50.2%)
2007	72,725	3.0%	72,462	(0.4%)	67,556	(6.8%)	45,934	(32.0%)	258,677	(2.9%)
2006	65,747	13.2%	66,678	1.4%	63,247	(5.1%)	70,591	11.6%	266,263	19.4%
2005	50,691	12.1%	56,398	11.3%	57,872	2.6%	58,092	0.4%	223,053	38.8%
2004	38,620	32.0%	38,387	(0.6%)	38,531	0.4%	45,218	17.4%	160,756	11.8%

Source: Automotive News Data Center

Table 3 shows Class 8 (33,000 lbs +) retail truck sales per manufacturer annualized for the years 2004 to 2008 harmonized with the Company's fiscal years.

TABLE 3

Retail Sales Class 8 Trucks– Annualized from May to April

	2004		2005		2006		2007		2008	
Manufacturer	Units	Year-over-year change %	Units	Year-over-year change %	Units	Year-over-year change %	Units	Year-over-year change %	Units	Year-over-year change %
Freightliner	51,028	12.0%	65,245	27.9%	78,653	20.6%	72,801	(7.4%)	28,012	(61.5%)
International	26,161	10.9%	43,258	65.4%	48,074	11.1%	47,630	(0.9%)	28,163	(40.9%)
Kenworth	17,230	6.2%	24,959	44.9%	29,239	17.2%	30,845	5.5%	17,137	(44.4%)
Mack	17,187	(3.5%)	23,055	34.1%	28,972	25.7%	25,085	(13.4%)	11,793	(53.0%)
Peterbilt	20,096	13.1%	28,188	40.3%	32,086	13.8%	34,052	6.1%	17,803	(47.7%)
Volvo	16,204	41.4%	22,208	37.1%	28,568	28.6%	27,501	(3.7%)	13,906	(49.4%)
Sterling	10,158	10.9%	13,075	28.7%	16,609	27.0%	16,168	(2.7%)	9,572	(40.8%)
Others	2,692	20.0%	3,065	13.9%	4,062	32.5%	4,595	13.1%	2,321	(49.5%)
Total	160,756	11.8%	223,053	38.8%	266,263	19.4%	258,677	(2.9%)	128,707	(50.2%)

Source: Automotive News Data Center

Consolidated Results of Operations

Summary of quarterly consolidated results
(unaudited, in '000s of Cdn$, except per share amounts)

2009 Quarter ended	July 26, 2008 $
Sales	15,209
EBITDA	382
Loss before income taxes	(895)
Net loss	(599)
Weighted average number of shares outstanding	
Basic	42,899,095
Diluted	42,899,095
Net loss per share	
Basic	(0.014)
Diluted	(0.014)

2008 Quarters ended	July 28, 2007 $	October 27, 2007 $	January 26, 2008 $	April 26, 2008 $	Total $
Sales	18,780	19,034	14,769	17,186	69,769
EBITDA	(118)	437	414	1,560	2,294
Earnings (loss) before income taxes	(1,332)	(819)	551	199	(1,401)
Net earnings (net loss)	(935)	(583)	365	602	(550)
Weighted average number of shares outstanding					
Basic	42,899,095	42,899,095	42,899,095	42,899,095	42,899,095
Diluted	43,113,362	43,013,792	42,899,095	42,899,095	43,228,059
Net earnings (net loss) per share					
Basic	(0.022)	(0.014)	0.009	0.014	(0.013)
Diluted	(0.022)	(0.014)	0.009	0.014	(0.013)

2007 Quarters ended	July 31, 2006 $	October 31, 2006 $	January 31, 2007 $	April 30, 2007 $	Total $
Sales	11,564	26,304	22,895	22,398	83,161
EBITDA	1,294	3,653	2,754	1,714	9,416
Earnings before income taxes	693	2,570	1,642	278	5,184
Net earnings	436	1,650	1,033	533	3,651
Weighted average number of shares outstanding					
Basic	31,970,602	34,059,387	34,466,521	39,879,438	35,092,429
Diluted	35,746,795	36,128,103	35,681,834	40,704,015	37,057,644
Net earnings per share					
Basic	0.014	0.048	0.030	0.013	0.104
Diluted	0.012	0.046	0.029	0.013	0.099

Sales

Sales for the first quarter ended July 26, 2008 reached $15.2 million, a decrease of $3.6 million compared with $18.8 million for the same period a year earlier. This decrease was primarily attributable to a $4.4-million decline in sales to the heavy-duty truck industry. Although overall sales of heavy-duty trucks rebounded during the quarter, this recovery was mainly limited to manufacturers with which the Company has a business volume of lesser importance. Also, a decline of $0.2 million in sales of snow removal products stems from a decision to focus on the most profitable products. These factors were somewhat offset by additional sales of $1.4 million resulting from the contribution of Sigma OH, acquired on February 29, 2008. These sales are mainly comprised of industrial products.

Segmented Information

Sales by product line (in '000S of Cdn$)

	Three-month periods ended			
	July 26, 2008		July 28, 2007	
	$	%	$	%
Heavy duty truck – Class 8	8,687	57.1%	13,094	69.7%
Agriculture	1,888	12.4%	1,913	10.2%
Industrial	1,733	11.4%	698	3.7%
Bus	887	5.8%	853	4.5%
Snow removal	701	4.6%	915	4.9%
Wind energy	663	4.4%	737	3.9%
Other	650	4.3%	570	3.1%
	15,209	100.0%	18,780	100.0%

Sales by geographic region (in '000S of Cdn$)

	Three-month periods ended			
	July 26, 2008		July 28, 2007	
	$	%	$	%
United States	10,686	70.3%	14,341	63.7%
Canada	4,211	27.7%	3,959	30.3 %
Asia	116	0.8%	175	1.6%
Europe	114	0.7%	58	0.3%
South America	54	0. 4%	233	1,2%
Australia	28	0.1%	14	0.1%
	15,209	100.0%	18,780	100.0%

For the quarter ended July 26, 2008, sales from the United States amounted to $10.7 million, or 70.3% of total sales, compared with $14.3 million, or 76.4% of sales, for the quarter ended July 28. 2007. This reduction is due to the Company's lower sales to the heavy-duty truck sector and to the strength of the Canadian dollar.

For the quarter ended July 26, 2008, sales from the five largest customers represented 71.9% of the Company's total sales, compared with 78.7% for the quarter ended July 28, 2007. Two of these customers represented more than 10% of the Company's total sales for the quarters ended July 26, 2008, and July 28, 2007. For those same periods, the most important customer represented more than 1.5 time (1.6 time in 2007) as much as that of the second most important customer of the Company.

Generally speaking, the Company's sales are not subject to seasonal factors with the exception of snow removal and agricultural products. However, these two product categories tend to have opposite seasonal fluctuations that mitigate seasonality on consolidated operating results.

Cost of sales and operating expenses

Cost of sales and operating expenses reached 97.8% of the Company's sales during the first quarter ended July 26, 2008 compared with 100.1% of sales a year earlier. This reduction marks a noticeable improvement in the marginal contribution of each unit produced resulting from productivity gains following earlier investments in highly-automated and robotized equipment.

During the first quarter ended July 26, 2008, the Company incurred non-recurring costs related to employee training required to assimilate new manufacturing processes and new technologies implemented at Sigma OH's facility. These costs are estimated at $0.2 million.

EBITDAG

Earnings before interest, tax, depreciation and amortization and exchange gain amounted to $341,203 during the first quarter ended July 26, 2008 compared with a loss of $16,871 for the same period last year. This increase of $358,074 is mainly attributable to the Company's sustained productivity improvements.

Foreign Exchange Loss

An exchange gain of $40,821 recorded during the first quarter is mainly attributable to the variation in the value of the Canadian dollar versus the US dollar, as it moved from a closing rate of 1.0163 as at April 26, 2008 to 1.0196 as at July 26, 2008. To reduce the impact of future foreign exchange gains or losses, the Company concluded contracts to sell US dollars and purchase US dollars and Euros at various forward rates, which are summarized as follows:

Description	Expiration Date	Contractual Amount $	Weighted Average Contractual Forward Rate $
As at July 26 2008			
Sale of US dollars	August 2008 to May 2009	2,150,000	1.0241
Purchase of US dollars	August 2008 to March 2009	1,700,000	0.9839
Purchase of Euros	October 2008	71,306	1.4450

As at July 26, 2008, the Company's consolidated balance sheet showed an unrealized gain of $79,564.

EBITDA

EBITDA for the first quarter ended July 26, 2008 totalled $382,024 compared with a loss of $117,864 in the quarter ended July 28, 2007. This increase reflects sustained productivity improvements in spite of the negative impact of a strong Canadian dollar against the US currency which reduced EBITDA by approximately $243,000 during the first quarter of fiscal 2009 compared with the same period last year.

Financial Expenses

Financial expenses for the first quarter ended July 26, 2008 amounted to $355,612 compared with $414,203 for the same period a year earlier. This decrease is attributable to a reduction in interest rates between the two periods being compared. As at July 26, 2008, approximately 69.8% of the Company's long-term debt, representing $13.9 million out of a total long-term debt of $19.9 million, including the current portion, but excluding deferred financing expenses, bears a variable interest rate.

Depreciation and Amortization

Depreciation and amortization for the first quarter of fiscal 2009 reached $921,265, an increase of $121,285 compared with the first quarter of fiscal 2008. The increase is essentially due to the depreciation of fixed assets and the amortization of intangible assets resulting from the acquisition of Sigma OH, as well as to an increased automation and robotization of manufacturing operations.

Income Tax Recovery

For the quarter ended July 26, 2008, the Company benefitted from an income tax recovery of $296,403 (or 33.1% of loss before income taxes) compared with a recovery of $397,518 (or 29.8% of loss before income taxes) for the same period last year.

Net loss

The Company posted a net loss of $598,450, or $0.014 per share, fully diluted, for the three-month period ended July 26, 2008, compared with a net loss of $934,539, or $0.022 per share, fully diluted, for the same period a year earlier. The decrease in the Company's net loss is mainly explained by improved operating profitability resulting from productivity gains.

Financial Position

Consolidated Balance Sheet Data
(unaudited in '000s of Cdn$)

	July 26, 2008 $
Current assets	22,359
Total assets	56,965
Current Liabilities	18,719
Total liabilities	37,261
Shareholders' Equity	19,704

	July 28, 2007 $	October 27, 2007 $	January 26, 2008 $	April 26, 2008 $
Current assets	27,915	25,786	25,278	22,305
Total assets	57,892	56,445	56,029	57,035
Current Liabilities	22,757	22,563	20,911	17,992
Total liabilities	37,986	37,111	36,336	36,722
Shareholders' Equity	19,906	19,334	19,693	20,313

	July 31, 2006 $	October 31, 2006 $	January 31, 2007 $	April 30, 2007 $
Current assets	28,475	31,828	26,293	29,692
Total assets	51,631	55,185	53,257	59,381
Current Liabilities	23,094	24,802	21,595	22,356
Total liabilities	41,695	43,261	38,578	38,617
Shareholders' Equity	9,936	11,924	14,679	20,764

Assets

Total assets were unchanged at $57.0 million between April 26, 2008 and July 26, 2008. The value of current assets was also virtually unchanged, as it reached $22.4 million as at July 26, 2008 compared with $22.3 million as at April 26, 2008. Despite this stability, accounts receivable decreased by $0.9 million reflecting lower sales, while inventories increased by $1.0 million due to higher raw material inventories at the PNS-Tech subsidiary in anticipation of stronger seasonal demand for snow removal products.

With respect to long-term assets, the value of property, plant and equipment increased by $0.1 million given investments of $0.6 million and depreciation of $0.5 million during the first three months of the fiscal year. In addition, the value of intangible assets was reduced by $0.4 million to reach $7.2 million as at July 26, 2008 due to related amortization.

Liabilities

As at July 26, 2008, the Company's total liabilities increased to $37.3 million, compared with $36.7 million as at April 26, 2008. The variation of $0.6 million is mainly due to an increase of $0.7 million in current liabilities.

As at July 26, 2008, bank loans amounted to $1.3 million out of an authorized bank credit line of CAN $10.0 million, bearing interest at prime rate plus 0.5%. Long-term debt, including the current portion and deferred financing expenses, stood at $19.6 million on July 26, 2008; unchanged since April 26, 2008.

Financial Ratios

Sigma Industries Inc.'s financial position remains healthy, as evidenced by a total debt to tangible net worth ratio of 2.82 as at July 26, 2008, compared with 2.54 at the close of the preceding fiscal year on April 26, 2008 (see note 8 of the notes to the unaudited consolidated financial statements for the three-month period ended July 26, 2008).

Liquidity, Cash Flows and Capital Resources

The following table sets forth summarized cash flow components for the periods indicated.

Summary of quarterly cash flows:

Summary of cash flows	**Three-month periods ended**	
(in '000s of Cdn$)	**July 26, 2008**	**July 28, 2007**
Operating activities	(662)	475
Financing activities	1,268	717
Investing activities	(610)	(785)
Effect of foreign exchange rate changes on cash	1	-
Net change in cash	(3)	407
Cash – Beginning of period	653	636
Cash – End of period	650	1,043

The Company's investing activities related to additions to property, plant and equipment were principally financed by its cash flows from operating activities as well as by its credit facilities.

The Company believes that these liquidities, combined with its renewable credit facility and its funds from operations in the next quarters, will be adequate to meet its cash requirements for the foreseeable future. However, future corporate acquisitions may require new sources of financing.

Operating Activities

For the first quarter ended July 26, 2008, cash flows from operating activities before changes in non-cash working capital items used funds of $0.2 million compared with $0.8 million for the three-month period ended July 28, 2007. This improvement was primarily attributable to a reduction in the Company's net loss.

Non-cash working capital items used liquidities of $0.5 million during the first quarter of fiscal 2009 mainly because of increased inventories. Conversely, an inventory reduction in the first quarter last year was the main reason for a cash generation of $1.3 million from non-cash working capital items. Cash flows from operating activities thus reduced liquidity by $0.7 million in the first quarter of fiscal 2009 compared with an increase in liquidity of $0.5 million a year ago.

Financing Activities

For the first quarter ended July 26, 2008, cash flows from financing activities generated funds of $1.3 million mainly due to the increase in bank loans stemming from working capital requirements. During the quarter ended July 28, 2007, cash flows from financing activities had generated funds of $0.7 million.

Investing Activities

For the first quarter ended July 26, 2008, cash flows from investing activities decreased liquidity by $0.6 million essentially because of additions to property, plant and equipment. Cash flows from investing activities had reduced liquidity by $0.8 million during the first quarter last year.

Shareholders' Equity

Share Capital

There were no changes in the Company's share capital since April 26, 2008.

Stock Options for Directors, Officers, Employees and Consultants

The Company's stock option plan for its employees, officers, directors and consultants came into effect on October 7, 2005. The maximum number of shares issuable under the plan is limited to 10% of the Company's issued and outstanding shares. Options vest over a five-year period and are exercisable under the terms and conditions established by the Board of Directors at the date of grant. The purchase price of the shares under the plan cannot be less than the discounted market price.

The following table presents information about stock options outstanding and exercisable under the plan as of July 26, 2008:

	Number	Total compensation costs (Note a) $
Outstanding -End of period	1,685,000	550,677
Stock-based compensation costs for the year ended April 30, 2006		139,950
Stock-based compensation costs for the year ended April 30, 2007		288,919
Stock-based compensation costs for the year ended April 26, 2008		91,104
Impact of the stock options exercised and forfeited on the stock-based compensation costs		13,886
Stock-based compensation costs for the three-month period ended July 26, 2008		9,003
Stock-based compensation costs for the next periods		7,815
Options granted since the effective date of the stock option plan	2,425,000	
Options outstanding as at July 26, 2008	1,685,000	
Options exercisable as at July 26, 2008	1,535,000	
Options exercised since the effective date of the stock option plan	540,000	
Options forfeited since the effective date of the stock option plan (note b)	200,000	

Note a- Total compensation costs during the vesting period
Note b- For the years ended April 26, 2008 and April 30, 2007, amounts totalling respectively $73,978 and $8,103 have been reflected in the contributed surplus.

There were no changes in the stock option plan as of the date of this MD&A.

Warrants

The following table summarizes information about warrants outstanding and exercisable as at July 26, 2008:

Latest Exercise Date	Exercise Price	Number	Value (if fully exercised)
September 29, 2008	$0.90	135,289	121,760
January 31, 2009	$0.85	5,416,658	4,604,159
October 6, 2010	$0.40	100,000	40,000
March 14 and 29, 2012	$1.15	2,778,159	3,194,883

There were no changes in the Company's outstanding and exercisable warrants as of the date of this MD&A.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Company's consolidated financial statements have been prepared in accordance with Canadian GAAP. The preparation of financial statements in accordance 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 revenues and expenses during the reporting periods. Significant estimates include the allowance for doubtful

accounts, provisions for excess and obsolete inventories, the useful lives and recoverable amount of property, plant and equipment and intangible assets, the valuation of goodwill, the valuation allowance of future income tax assets and certain accrued liabilities. Management believes its estimates to be appropriate; however, actual results could differ from those estimates.

The following summarizes the principal accounting policies that require critical judgment and estimates by management. Please refer to the appropriate section of the Company's financial statements in the 2008 Annual Report for a complete description of significant accounting policies.

Allowance for Doubtful Accounts

The Company assesses the recovery of accounts receivable on a regular basis by examining accounts receivable over time. It establishes an allowance for doubtful accounts based on its past experience in recovering accounts receivable and on the information available with regard to the status of its outstanding accounts receivable. Should its customers' financial position deteriorate so as to reduce their ability to make the required payments, an additional allowance may be required that may have an adverse effect on the Company's future results.

Allowance for Excess or Obsolete Inventories

Inventories are valued at the lower of cost and market value. Cost is determined using the first in first out method for raw materials and using the absorption costing method for 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.

The Company establishes these allowances based on inventory levels and forecast requirements to support the future sale of its products. Additional allowances may be required should future sales be lower or the sales mix be very different from expected, which could have an adverse effect on the Company's future results.

Valuation of Goodwill and Intangible Assets

Property, plant and equipment and intangible assets with finite useful lives are subject to an impairment test when events or circumstances indicate that costs may not be recoverable. Impairment exists when the carrying value of an asset is greater than the undiscounted future cash flows expected to be provide by the asset. The amount of impairment loss, if any, is the excess of the carrying value of the asset over its fair value.

Intangible assets with finite useful lives are written down whenever there is impairment of the unamortized portion. Intangible assets with indefinite useful 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 it fair value. As at July 26, 2008, there were no events or circumstances indicating that the carrying value of intangible assets may not be recoverable.

Finally, goodwill is tested for impairment annually or more frequently if impairment indicators arise, in relation to the fair value of each reporting unit to which goodwill applies. An impairment loss is recognized for any goodwill that is considered impaired. As at July 26, 2008, there were no events or circumstances indicating that the carrying value of goodwill may not be recoverable.

Future accounting changes

Accounting changes adopted

On April 27, 2008, the company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("*CICA*")

> 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.
>
> 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.
>
> Section 3862, "*Financial Instruments – Disclosures*", describes the required disclosures 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*".
>
> The CICA amended Section 1400 "General Standards of Financial Statement Presentation" to include the criteria for determining and presenting an entity's ability to continue as going concern (going concern assumption).

The company has applied these changes prospectively. The implementation of these standards had no impact on the company's financial results.

Future accounting changes

The CICA issued new Section 3064 "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs", which applies to the company's interim and annual financial statements for the fiscal year beginning on April 26, 2009. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The company has not yet completed its assessment of the impact of the adoption of this new standard on its consolidated financial statements.

OFF-BALANCE-SHEET ARRANGEMENTS

There were no off-balance-sheet arrangements in the interim consolidated financial statements as at July 26, 2008.

CONTRACTUAL OBLIGATIONS

The table below summarizes the Company's contractual obligations for its operating leases, the acquisition of property, plant and equipment and long-term debt as at July 26, 2008:

Periods	Operating leases	Property, plant and equipment	Long-term debt	Total
	$	$		
0-12 months	456,318	283,265	4,746,540	5,486,123
13-24 months	178,027	-	3,102,498	3,280,525
25-36 months	83,483	-	7,416,498	7,499,981
37-48 months	12,195	-	827,338	839,533
49-60 months	2,248	-	477,278	479,526
Thereafter	-	-	3,376,353	3,376,353
	732,271	283,265	19,946,505	20,962,041

Certain leases include a renewal option.

RELATED PARTY TRANSACTIONS

There is no related party transaction for the three-month periods ended July 26, 2008 and July 28, 2007.

SUBSEQUENT EVENTS

On August 21, 2008, the Company completed the financing related to the Sigma OH acquisition. Such financing consists of two bond loans totaling $1,539,596 (US$1,510,000), $1,947,436 (US$1,910,000) and a term loan of $1,529,400 (US$1,500,000), bearing interest at 5.75%, 6.5% and 3%, respectively, payable in monthly principal and interest installments of $35,510 (US$34,827) for the two bond loans and in monthly principal and interest installments of $15,382 (US$15,086) for the term loan, starting in November 2008, with maturities in December 2014, June 2023 and June 2018 for the term loan. Tangible and intangible movables owned by a self-sustaining subsidiary have been given as security for this loan. Following reception of the funds, a bank loan in the amount of $5,016,432 was repaid.

RISKS AND UNCERTAINTIES

The following is a summary of the main risks that apply to the Company:

Foreign exchange risk

Sales denominated in US dollars accounted for 58.5% of the Company's total sales for the three-month period ended July 26, 2008. Consequently, the Canadian dollar movements versus the US dollar constitute an element of uncertainty and risk for the Company. These risks are partially offset by the following elements: the U.S. subsidiary's operating expenses are denominated in US dollars, raw material purchases are denominated in US dollars and finally, foreign currency forward contracts are entered into by the Company. The Company's policy is not to utilize those derivative financial instruments for trading or speculative purposes. If the Canadian dollar's rise against the US dollar goes on, this would negatively affect the Company's results of operations. During fiscal year 2008, the Company sold US$2.4 million at an average exchange rate of 1.0136 CAD for a sum totalling CAD$2.4 million.

Concentration of customers

For the three-month period ended July 26, 2008, the Company's five largest customers represented 71.9% of the Company's sales. Should certain customers cease doing business with the Company or reduce their purchases due to financial difficulties or other causes, this would have a significant impact on the Company's sales, financial position and results of operations. Orders for a component in the heavy duty truck and transit industry are awarded depending on the length of the model by original equipment manufacturer (OEM). The duration on the market is an average of five to ten years depending on the manufacturers. There can be no assurance that the Company will be able to obtain new contracts or renew the existing ones, which might have an unfavourable effect on the Company's operations.

Interest rate risk

The Company is vulnerable to any interest rate fluctuations since the bank loans and a part of long-term debts feature interest rates varying according to the prime rate. An interest rate rise could affect the Company's cost of capital and, reduce net earnings accordingly. As of July 26, 2008, approximately 69.8% of the long-term debt, representing $13.9 million out of a total long-term debt of $19.9 million (including the current portion, but excluding deferred financing expenses), bears interest at a floating rate.

Market development and sustained growth

Failure to further develop the Company's key markets and existing geographic markets or to successfully expand its business into new markets could have an adverse impact on sales growth and operating results. The Company's ability to further penetrate its key markets in the existing geographic markets in which it competes, and successfully expand its business into other countries in Europe, South America or elsewhere, is subject to numerous factors, many of which are beyond its control. There can be no assurance that efforts to increase market penetration in the Company's key markets and existing geographic markets will be successful. Failure to achieve these goals may have an adverse effect on the Company's operating results.

Exclusive intellectual property rights

The Company uses technologies for which it holds certain intellectual property rights. Other businesses may develop similar products independently, thus decreasing the life cycle of the products manufactured by the Company.

Acquisition plan

The Company plans to continue to acquire companies and assets. There can be no assurance that acquisitions will take place or that the Company will succeed in integrating the newly-acquired companies and assets into its activities. Failure to do so or failure to retain the services of key personnel of the acquired companies could have a significant adverse effect on operating results. In addition to the cash flows from operating activities, acquisitions may require other sources of financing. There can be no assurance that additional financial resources will be available or that such resources will be available under conditions acceptable to the Company. Failure to secure such financing could render acquisitions difficult or even impossible.

Dependence on key personnel and labour relations

The Company's success depends on its ability to attract and keep highly qualified manpower. Failure to retain the services of qualified personnel and the loss of key employees could compromise the Company's rate of development and its efforts to achieve growth.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. Such forward-looking statements are dependent upon a certain number of factors and are subject to risks and uncertainties. Actual results may differ from those expected. We consider the assumptions on which these forward-looking statements are based to be reasonable, but we advise the reader that these assumptions with regard to future events, many of which are beyond our control, could prove incorrect as they are subject to risks and uncertainties inherent in our activities. The information contained in this MD&A is dated September 23, 2008, the date on which the Board of Directors approved the interim consolidated financial statements and the MD&A. Management does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information or future events, except when required by the regulatory authorities.

The Company is a reporting issuer under the securities legislation in Québec, Alberta and British Columbia and is therefore required to file continuous disclosure documents such as interim and annual financial statements, proxy circulars, information circulars, material change reports and press releases with such securities regulatory authorities. Copies of these documents may be obtained free of charge on request from the office of the Chief Financial Officer of the Company or through our Internet site at the following address: http:// www.sigmaventures.ca or on the following Internet site: http://www.sedar.com.

(S) Denis Bertrand

Per: ____________________
Denis Bertrand
President and Chief Executive Officer

(S) Bertrand Côté

Per: ____________________
Bertrand Côté
Chief Financial Officer

September 23, 2008.