



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS JULY 28, 2007 1ST QUARTER OF FISCAL 2008

Sigma Ventures Inc. (TSX-V: SVX), a leading composite and metal products manufacturer, has five operating subsidiaries and employs 569 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.

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

For the three-month period ended July 28, 2007, sales amounted to \$18.8 million, up 62.4% from \$11.6 million for the three-month period ended July 31, 2006, owing to the aforementioned acquisitions. However and as anticipated, sales were sequentially down from \$22.4 million in the preceding quarter reflecting the sustained decline in the heavy-duty truck sector since the beginning of 2007.

These sequentially-lower sales, combined with a \$0.2 million negative impact from the appreciation of the Canadian dollar, temporarily affected profitability. As a result, the EBITDA showed a small loss of \$0.1 million compared with a profit of nearly \$1.3 million during the first quarter last year. Net loss stood at \$0.9 million, or a loss of \$0.022 per share, basic and diluted, versus net earnings of \$0.4 million, or \$0.014 per share (\$0.012 on a diluted basis), a year earlier.

For the period ended July 28, 2007, cash flows from operating activities before changes in non-cash working capital items used funds of \$0.8 million, compared with a cash generation of \$1.0 million last year. On July 28, 2007, Sigma's balance sheet remained solid with a total net debt of \$19.0 million and shareholders' equity of \$19.9 million.

Although slightly disappointing, these results strengthen our determination to optimize operations of business entities acquired near the end of fiscal 2007 in order to achieve synergies by sharing best business practices and exploiting new marketing opportunities at all levels of the organization. In addition, we will ensure that all our operating subsidiaries support overall corporate objectives.

Our strategy aimed at fostering growth through the development of new value-added products and continuous improvement of existing ones through enhanced manufacturing processes is bearing fruit. First, during the second quarter, we will expand Faroex's facilities by 20,000 square feet to increase production capacity of components for the wind energy market in order to meet an increasingly greater demand.

Second, we took advantage of lower demand for heavy-duty truck components to finalize our automation and robotization program by acquiring new machinery and equipment for the Saint-Éphrem and Sainte-Clotilde plants. In addition to reducing costs, this program aims to benefit from sufficient capacity for the anticipated recovery in heavy-duty trucks in 2008 and 2009 and to offer our clients a one-stop-shop solution in terms of technological expertise and manufacturing processes.

In parallel, we continue to carefully look at acquisition opportunities, particularly in the vast U.S. market. The slowdown in the heavy truck industry validates our decision to focus on acquisition targets that would bring diversification by business segment, industry and geographic location in order to build sustainable shareholder value. We are targeting established and profitable entities whose products will complement our own in order to build long-lasting relationships with market leaders.

We remain very confident and enthusiastic about our future. Sigma benefits from a solid and experienced management team as well as highly devoted and competent employees. We offer world-class products to global leaders, a status we aim to achieve in our field. Achieving this goal will undoubtedly create more value for our shareholders.

(S) Denis Bertrand

Denis Bertrand
President and Chief Executive Officer
Sigma Ventures 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 Ventures 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 28, 2007 compared with the first quarter July 31, 2006 and its financial condition as at July 28, 2007 compared to April 30, 2007. This document should be read in conjunction with the unaudited interim consolidated financial statements for the three-month periods ended July 28, 2007 and July 31, 2006 and with our 2007 Annual Report. Additional information concerning Sigma Ventures 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 26, 2007, 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").

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, tax, 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.

Company Overview

Who are we?

As at July 28, 2007, the Company had five wholly-owned subsidiaries:

- 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"), formerly 3547441 Canada Inc., 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 and L'Islet, 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

From now through 2008, the Company's development strategy includes:

- 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 manufactured complementary goods and innovating; and
- Improving its existing products and developing new products and manufacturing processes.

Financial Information for the three-month periods ended July 28, 2007 and July 31, 2006

For the three-month periods ended July 28, 2007 and July 31, 2006, the unaudited interim consolidated operating results of the Company include the results of the following companies:

- Faroex for the period from May 1, 2007 to July 28, 2007, being a three-month period in 2007, and for the period from May 1, 2006 to July 31, 2006, being a three-month period in 2006;
- PNS-TECH for the period from May 1, 2007 to July 28, 2007, being a three-month period in 2007, and for the period from May 1, 2006 to July 31, 2006, being a three-month period in 2006;
- Sigma for the period from May 1, 2007 to July 28, 2007, being a three-month period in 2007, and for the period from May 1, 2006 to July 31, 2006, being a three-month period in 2006;
- René for the period from May 1, 2007 to July 28, 2007, being a three-month period in 2007 and for the period from June 28, 2006 to July 31, 2006, being a 34-day period in 2006, and its subsidiary GCS for the period from May 1, 2007 to July 28, 2007, being a three-month period in 2007 and nil for fiscal 2006;
- Transcam for the period from May 1, 2007 to July 28, 2007, being a three-month period in 2007 and for the period from June 28, 2006 to July 31, 2006, being a 34-day period in 2006, and nil for fiscal 2006 for the Acton Vale acquisition.

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 and 2007.

These new regulations are expected to cause a significant increase in costs for the trucking industry. The retail sale prices of medium weight trucks and school buses will increase to the order of \$5,000 to \$6,000 US, while those for professional trucks and class 8 vehicles will have various increases ranging from \$5,000 to \$12,000 US. Also, the diesel fuel with low levels of sulphur content (ULSD) required that new trucks will cost between five and thirteen cents more per gallon compared to the current price of diesel in order to reduce by 1% to 3% the mileage obtained per gallon.

Therefore, these are the accrued costs related to the new conditions of the EPA which stimulated sales in 2006 because the motor carriers and large truck distributors wanted to be ahead of the price increases in 2007 by purchasing 2006 models. As well as saving in the short term, purchasing in 2006 will allow them to save in the medium term. Generally, vehicle usage is between three and four years, which signifies that the vehicles purchased in 2006 will be ready to be replaced in 2009, that is the year preceding a new set of EPA regulations which will certainly involve increased costs.

The costs related to the industry due to the implementation of the new regulations are significant. In addition to increases in the purchase price of vehicles, more expensive diesel fuel costs and the reduced mileage per gallon, maintenance costs for new vehicles will also increase. Their engines will heat up more quickly, reducing the life of the vehicle and require new oils more expensive while not counting the costs for maintenance of the particulate filters.

Below you will find tables that explain the reduced demand for Class 8 trucks for the period from May 2007 to July 2007.

TABLE 1
Class 8 - Retail Truck Sales – May 2007
Data base: Data compiled by Wards Communications

Class	May 2007	April 2007	Variance	Last year	Variance	Year- to- date	Year –to- date Prior Year	Variance
	Units	Units	%	Units	%	Units	Units	%
8	12,154	13,373	(9 %)	25,149	(52 %)	76,643	114,969	(33 %)

TABLE 2
Class 8 - Retail truck sales – June and July 2007
Data base: Automotive News

Company	June 2007		July 2007		Year-to-date	
	Units	Variance Last year %	Units	Variance Last year %	Units	Variance Last year %
Freightliner International	2,047	(67 %)	2,219	(65 %)	26,656	(41 %)
Peterbilt	1,945	(61 %)	2,111	(61 %)	17,792	(42 %)
Kenworth	1,811	(48 %)	1,620	(50 %)	12,700	(14 %)
Mack	1,565	(52 %)	1,346	(50 %)	12,116	(34 %)
Volvo	1,037	(62 %)	868	(59 %)	8,257	(52 %)
Sterling	967	(68 %)	664	(68 %)	9,288	(48 %)
Other	916	(34 %)	1,031	(2 %)	8,296	(14 %)
Total	344	(52 %)	225	(51 %)	2,254	(45 %)
Total	10,632	(58 %)	10,084	(53 %)	97,359	(40 %)

TABLE 3
Class 8 North America – Annual truck Manufacturing
Data base: ACT February 2007 Publications

	2004	2005	2006	2007 F	2008 F	2009 F	2010 F	2011 F
Total Units	269,000	341,000	378,000	216,000	272,000	384,000	208,000	268,000
Inc. (dec.)	87,000	72,000	37,000	(162,000)	56,000	112,000	(176,000)	60,000
% Inc. (dec.)	48 %	27 %	11 %	(43 %)	26 %	41 %	(46 %)	29 %

F = Forecast

Table 1 illustrates retail truck sales of Class 8 vehicles for the period of May 2007 in comparison with those of April 2007 as well as the variations for the year from January 2007 to May 2007. Sales during the month of May 2007 shot down by approximately 52% compared to the previous year and by 33% for the first five months of 2007.

Table 2 illustrates the retail truck sales in units by the different Class 8 truck manufacturer for the periods of June and July 2007 with the variations compared with last year. At the end of June, the variation from the beginning of the year represented a decrease of 37% while at the end of July, the total decrease from the beginning of the year was 40%.

Table 3 illustrates the trucks manufactured in class 8 in North America for the years 2004 to 2006 and forecasts for the period from 2007 to 2011. In 2007, the forecast demand will decrease by approximately 43% to stand at 216,000 units whereas the forecast for 2008 is an increase of 56,000 units or 26 %, while a peak of 384,000 units is expected to be reached in 2009, a subsequent increase of 41%.

Consolidated Results of Operations

Summary of quarterly consolidated results (unaudited)

2008 Quarter ended	July 28, 2007 \$					Total \$
Sales	18,780,466					
EBITDA*	(117,864)					
Loss before income taxes	(1,332,047)					
Net loss	(934,529)					
Weighted average number of shares outstanding						
Basic	42,899,095					
Diluted	43,120,969					
Net loss per share						
Basic	(0.022)					
Diluted	(0.022)					
2007 Quarters ended	July 31, 2006 \$	October 31, 2006 \$	January 31, 2007 \$	April 30, 2007 \$	Total \$	
Sales	11,564,375	26,303,878	22,895,279	22,397,613	83,161,145	
EBITDA*	1,294,283	3,653,331	2,754,123	1,714,453	9,416,190	
Earnings before income taxes	692,842	2,570,393	1,642,129	278,404	5,183,768	
Net earnings	436,138	1,649,679	1,032,948	532,548	3,651,313	
Weighted average number of shares outstanding						
Basic	31,970,662	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	
2006 Quarters ended	July 31, 2005 \$	October 31, 2005 \$	January 31, 2006 \$	April 30, 2006 \$	Total \$	
Sales	1,285,823	4,646,212	5,895,200	2,868,189	14,695,424	
EBITDA*	27,337	831,309	719,527	(603,870)	974,303	
Earnings (loss) before income taxes	(79,413)	692,121	551,523	(803,853)	360,378	
Net earnings (net loss)	(54,520)	450,429	359,356	(549,472)	205,793	
Weighted average number of shares outstanding						
Basic	16,250,000	17,506,358	21,013,688	21,096,022	18,942,955	
Diluted	16,250,000	17,506,358	21,013,688	21,096,022	19,271,983	
Net earnings(net loss) per share						
Basic	(0.003)	0.026	0.017	(0.026)	0.011	
Diluted	(0.003)	0.026	0.017	(0.026)	0.011	

* Non-GAAP financial measure

SEGMENT INFORMATION
(Sales by geographic region)

	Three-month periods ended			
	July 28, 2007		July 31, 2006	
	\$	%	\$	%
United States	14,340,681	76.37%	7,364,190	63.68%
Canada	3,959,007	21.08%	3,506,380	30.32%
South America	233,449	1.24%	185,008	1.60%
Asia	175,450	0.93%	285,929	2.47%
Europe	58,073	0.31%	102,252	0.89%
Australia	13,806	0.07%	120,616	1.04%
	18,780,466	100.00%	11,564,375	100.00%

Additional Information
Sales by Product Line

	Three-month periods ended			
	July 28, 2007		July 31, 2006	
	\$	%	\$	%
Transportation	13,946,905	74.26%	7,182,057	62.11%
Agriculture	1,912,944	10.19%	1,609,294	13.92%
Snow removal	914,901	4.87%	1,944,779	16.82%
Wind energy	737,174	3.93%	-	0.00%
Industrial	698,547	3.72%	135,175	1.16%
Forestry	239,050	1.27%	408,493	3.53%
Other	330,945	1.76%	284,577	2.46%
	18,780,466	100.00%	11,564,375	100.00%

Sales

Sales for the first quarter ended July 28, 2007 reached \$18.8 million compared to \$11.6 million for the same period in 2006, an increase of \$7.2 million. This increase in sales was primarily attributable to acquisitions made during fiscal 2007 and to our deliveries of \$0.7 million in the « wind energy » product line. Moreover, during the second quarter, we will increase our production capacity for the delivery of components in this product line through the expansion of Faroex's facilities by 20,000 square feet in order to meet an increasingly greater demand in this regard. The decline in the truck market following the introduction of new environmental regulations regarding greenhouse gas emissions in early 2007, had the effect of decreasing our sales in the « transportation » product line 39.2% , representing sales of approximately \$7.2 million. Moreover, the sales in « industrial » product line increased by \$0.5 million compared to \$0.1 million for the same period last year.

The increase in sales resulting from our U.S. customers is mainly due to the acquisition of René in June 2006 and Acton Vale in January 2007. Sales from U.S. customers represent 76.4% of the total sales in the first quarter ended July 28, 2007 compared with 63.7% in the first quarter ended July 31, 2006. U.S. sales were \$14.3 million for the first quarter, compared with \$7.4 million in the same period last year.

The most important customer for the three-month period ended July 28, 2007 represented 42.8% of the Company's total sales compared to 44.2% for the same period last year.

EBITDAG

Earnings before interest, tax, depreciation and amortization and exchange gain were at the break-even point for the first quarter ended July 28, 2007, compared to earnings of \$1.2 million for the same period last year, down \$1.2 million. The variation was mainly attributable to the lower demand in the trucking market due to new environmental regulations on greenhouse gas emissions that came into force early in 2007, representing approximately sales of \$7.2 million. The strength of the Canadian dollar against the US currency also put pressure on the Company's gross earnings for a total amount of \$0.2 million.

Due to the grant of stock options to the Company's employees, officers, directors and consultants, as well as an investor relations firm, stock-based compensation costs of \$39,393 were recognized for the first quarter ended July 28, 2007, compared to \$85,457 for the same period in 2006.

As a result of the decline in demand for class 7 & 8 heavy-duty truck components during the first quarter ended July 28, 2007, the Company decided to finalize its automation and robotization program by acquiring new machinery and equipment for its Saint-Éphrem and Sainte-Clotilde plants to reduce costs in accordance with the Company's development strategy.

EBITDA

EBITDA for the first quarter ended July 28, 2007 correspond to loss of \$0.1 million compared to earnings of \$1.3 million for the same period in 2006. Such a decrease in profitability is due to the marked decline in demand for Class 7 & 8 trucks, representing approximately sales of \$7.2 million. The strength of the Canadian dollar against the US currency also put downward pressure on the Company's gross earnings for an amount of \$0.2 million. The EBITDA calculation for the first quarter ended July 28, 2007 has been obtained by adding net loss plus income taxes, financial expenses, depreciation and amortization.

Financial Expenses

Financial expenses for first quarter ended July 28, 2007 amounted to \$385,595 compared to \$268,062 for the same period in 2006. The increase in financial expenses for the first quarter ended July 28, 2007 was directly attributable to the increase in the balance of the debt related to acquisitions, particularly the René acquisition of June 28, 2006.

Depreciation and Amortization

Depreciation and amortization for the first quarter ended July 28, 2007 totalled \$828,588, an increase of \$495,209 compared with the first quarter in 2006. The increase in this item was due to the following:

- \$131,595 in depreciation of property, plant and equipment of acquired companies, namely René, GSC and Acton Vale;
- \$9,921 in amortization of financing expenses related to the new credit facilities negotiated during the acquisition of René and Faroex;
- \$349,320 in amortization of intangible assets resulting from the René and GSC acquisitions.

Foreign Exchange Loss

The exchange loss of \$100,993 recorded for the first quarter is mainly attributable to the appreciation of the Canadian dollar, whose closing rate varied from 1.1101 as at April 30, 2007 to 1.0618 as at July 28, 2007. However, to reduce the impact of foreign exchange losses, the Company concluded contracts to sell US dollars at various exchange rates for an aggregate amount of \$2.5 million. These contracts extend from August to December 2007 at an average rate of 1.1094, resulting in unrealized assets on foreign currency forward contracts of \$126,112 as at July 28, 2007.

Income Tax Expense (Recovery)

The income tax recovery for the first quarter ended July 28, 2007 was \$397,518 (29.8% of loss before income taxes) compared to \$256,704 (37.1% of earnings before income taxes) for the same period last year.

Net loss

The Company posted a net loss of \$0.9 million or \$0.022 per share (\$0.022 per share on a diluted basis) for the three-month period ended July 28, 2007, compared to net earnings of \$0.4 million or \$0.014 per share (\$0.012 per share on a diluted basis) for the same period in 2006. The \$1.4 million decrease in net earnings was mainly due the decline in the truck market following the introduction of new environmental regulations regarding greenhouse gas emissions in early 2007.

Financial Position

Consolidated Balance Sheet Data

	July 28, 2007			
	\$			
Current assets	27,914,804			
Total assets	57,891,878			
Current Liabilities	22,756,984			
Total liabilities	37,986,323			
Shareholders' Equity	19,905,555			
	July 31, 2006	October 31, 2006	January 31, 2007	April 30, 2007
	\$	\$	\$	\$
Current assets	28,475,134	31,827,770	26,292,868	29,692,200
Total assets	51,630,524	55,185,280	53,256,862	59,014,965
Current Liabilities	23,094,133	24,801,669	21,594,595	22,355,668
Total liabilities	41,694,247	43,261,182	38,577,509	38,251,176
Shareholders' Equity	9,936,277	11,924,098	14,679,353	20,763,789
	July 31, 2005	October 31, 2005	January 31, 2006	April 30, 2006
	\$	\$	\$	\$
Current assets	5,436,891	8,240,791	7,825,325	10,061,825
Total assets	7,941,817	11,242,683	10,822,942	18,286,942
Current Liabilities	4,361,393	6,447,295	5,862,179	7,549,298
Total liabilities	6,255,721	8,515,863	7,696,653	14,227,623
Shareholders' Equity	1,686,096	2,726,820	3,126,289	4,059,319

Assets

Total assets amounted to \$57.9 million as at July 28, 2007, compared to \$59.0 million at the end of the previous fiscal year. The \$1.1 million variation is mainly due to the decrease in the current assets of \$1.8 million, which decrease resulted mainly from a decline in inventories of \$1.7 million. Concerning long-term assets, the variation was mainly due the increase in future income tax assets of \$0.7 million as a result of the net loss incurred in the first quarter ended July 28, 2007.

Liabilities

As at July 28, 2007, the Company's total liabilities decreased to \$38.0 million compared to \$38.3 million as at April 30, 2007. The variation is mainly due to a \$0.5 million decrease in the long-term debt, a \$1.2 million decrease in accounts payable and accrued liabilities as well as a \$1.4 million increase in the bank loan and a \$0.5 million increase in income taxes.

Financial Ratios

Under a commitment with its financial institution, the Company has agreed to maintain certain financial ratios. Two of these ratios have not been met as at July 28, 2007. However, the Company obtained a waiver from its financial institution in that regard.

In general, Sigma Ventures Inc.'s financial position remained healthy as at July 28, 2007, as reflected in the long-term debt to equity ratio of 0.70 at July 28, 2007, corresponding to the same ratio recorded as at April 30, 2007.

Liquidity, Cash Flows and Capital Resources

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

Summary of quarterly cash flows

Quarters ended	July 28, 2007	July 31, 2006
	\$	\$
Operating activities	474,561	(1,126,560)
Financing activities	717,189	22,847,016
Investing activities	(784,796)	(22,445,171)
Net change in cash	406,954	(724,715)

Sigma's activities, acquisitions and capital expenditures are primarily financed by cash flows from operating activities, the use of cash and credit facilities, and the issuance of common shares.

As at July 28, 2007, Sigma's consolidated cash position was \$1.0 million. Bank loans stood at \$6.5 million on an authorized bank credit line of CAN \$10 million, bearing interest at prime rate plus 0.5%, and the long-term debt, including the current portion, amounted to \$13.6 million. One of the long-term debt components is a decreasing revolving bank loan amounting to \$8.6 million, payable in monthly principal instalments of \$175,000. Out of the amount of \$8.6 million, a sum of \$4.4 million was repaid in April 2007 from the proceeds of the private placement of March 14 and 29, 2007, leaving the same amount available on that date. In addition, the acquisitions of the Acton Vale plant on January 27, 2007 and GSC on February 1, 2007 used a total of \$4.5 million in cash.

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 28, 2007, cash flows from operating activities before the change in non-cash working capital items used funds of \$0.8 million compared to generated funds of \$1.0 million for the same period last year, a decrease of \$1.8 million. This decrease was primarily due to the net loss of \$0.9 million. Concerning non-cash working capital items, the \$0.6 million decrease in accounts receivable and the \$1.7 million decrease in inventories, and the \$1.2 million decrease in accounts payable and accrued liabilities have generated a positive net change of \$1.3 million in non-cash working capital items. Considering above mentioned variations, cash flows from operating activities showed a net positive change of \$0.5 million.

Financing Activities

For the first quarter ended July 28, 2007, cash flows provided from financing activities resulted from a \$1.4 million increase in bank loans and the reduction of the long-term debt of \$0.6 million due to the instalments paid during the first quarter in 2007.

Investing Activities

For the first quarter ended July 28, 2007, cash flows from investing activities decreased by \$0.8 million. Of this sum, an amount of \$0.8 million was used for the acquisition of machinery and equipment aiming at reducing the costs related to the automation and robotization plan defined in the Company's development strategy.

Shareholders' Equity

Share Capital

The following table presents the share capital activity since May 1, 2007:

	Number	Amount \$
<i>Balance as at April 30, 2007</i>	42,899,095	13,126,424
Share issue expenses, net of related income taxes of \$525	-	(1,115)
<i>Balance as at July 28, 2007</i>	<u>42,899,095</u>	<u>13,125,309</u>

There were no changes in the Company's share capital as of the date of this MD&A.

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 28, 2007:

	Number	Total compensation costs (Note a) \$
<i>Outstanding - Beginning and end of period</i>	1,835,000	525,589
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 first quarter ended July 28, 2007		39,393
Impact of stock options exercised and forfeited on the stock-based compensation costs for the next quarters		7,160
Stock-based compensation costs for the next fiscal periods		72,550
Options granted since the effective date of the stock option plan	2,425,000	
Options exercisable since the effective date of the stock option plan	1,060,003	
Options exercised since the effective date of the stock option plan	540,000	
Options forfeited since the effective date of the stock option plan	50,000	

Note a- Total compensation costs during the vesting period

Note b- For the year ended April 30, 2007, an amount of \$8,103 has 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 28, 2007.

Latest Exercise Date	Exercise Price	Number	Value (if fully exercised)
November 14, 2007	\$0.60	797,332	478,399
November 14, 2007	\$0.85	5,416,658	4,604,159
September 29, 2008	\$0.90	135,289	121,760
October 6, 2010	\$0.40	100,000	40,000
March 14 and 29, 2012	\$1.15	2,778,159	3,194,883

In the third quarter of 2007, 6,213,990 warrants of a maximum value of \$5,082,558 if fully exercised will expire on November 14, 2007.

As of the date of this MD&A, the Company has been authorized by the TSX Venture Exchange to defer the expiry date of the 5,416,658 warrants issued at a price of \$0.85 per warrant. The expiry date has been deferred to January 31, 2009, the original expiry dates being on November 3, and November 14, 2007.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our 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 our consolidated financial statements in our 2007 Annual Report for a complete description of our significant accounting policies and estimates.

Allowance for Doubtful Accounts

We evaluate the recovery of our accounts receivable on a regular basis by examining accounts receivable over time. We establish a reserve for unrecoverable debts based on our past experience in recovering accounts receivable and on the information available with regard to the status of our outstanding accounts receivable. Should our 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 our future results.

Allowance for Excess or Obsolete Inventories

Inventories are evaluated at the lower of cost and market value. Cost is determined on a first in, first out basis for raw materials and on a full cost basis for work in progress and finished products. Market value is defined as replacement cost for raw materials and as net realizable value for work in progress and finished products.

We establish these allowances based on inventory levels and forecast requirements to support the future sale of our 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 our 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 provided 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 an impairment of the unamortized portion. Intangible assets with indefinite useful lives are subject to an impairment test on an annual basis, or more often, if events or circumstances indicate an impairment loss. An impairment loss exists when the carrying value of the intangible asset exceeds its fair value. As at July 28, 2007, there were no events or circumstances indicating that the carrying value of intangible assets may not be recoverable.

Finally, goodwill is tested annually at year-end, if impairment indicators arise, for impairment 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 28, 2007, there were no events or circumstances indicating that the carrying value of goodwill may not be recoverable.

Future accounting changes

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

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

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

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

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

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

FINANCIAL AND OTHER INSTRUMENTS

Fair Value

Cash, accounts receivable, bank loans, accounts payable and accrued liabilities, as well as long-term debt are financial instruments whose carrying value approximates their fair value due to their short-term maturities, or to current market rates for most loans included in the long-term debt.

The fair value of short-term investments amounted to \$109,164 and \$126,690, respectively as at July 28, 2007 and April 30, 2007.

Credit Risk

Financial instruments which potentially subject the Company to a credit concentration risk consist primarily of cash, short-term investments and accounts receivable. Cash and short-term investments are held with or issued by high-credit quality financial institutions. Consequently, management considers the risk of non-performance of these instruments to be remote.

Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however credit is extended following an evaluation of credit worthiness. In addition, the Company performs ongoing credit reviews of all its customers and establishes an allowance for doubtful accounts receivable when accounts are determined to be uncollectible. The allowance for doubtful accounts was \$376,887 as at July 28, 2007 and \$372,710 as at April 30, 2007.

Interest Rate Risk

As at July 28, 2007, the Company's exposure to interest rate risk was as follows:

Cash	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 6 to the interim consolidated financial statements as at July 28, 2007

Currency risks and foreign currency forward contracts

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 as hedged by foreign currency forward contracts and certain operating costs in US dollars. However, as at July 28, 2007, the Company held contracts to sell US dollars at various forward rates, which are summarized as follows:

Expiry date	Contractual amount	Weighted average contractual forward rate
August 2007 to November 2007	\$2,500,000	\$1.1094

OFF-BALANCE-SHEET ARRANGEMENTS

There were no off-balance-sheet arrangements in the interim consolidated financial statements as at July 28, 2007.

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 28, 2007:

Periods	Operating leases \$	Property, plant and equipment \$	Long-term debt	Total
0-12 months	393,588	234,418	2,462,551	3,090,557
13-24 months	140,669	-	2,125,097	2,265,766
25-36 months	114,023	-	2,319,481	2,433,504
37-48 months	69,384	-	2,319,374	2,388,758
49-60 months	8,533	-	4,449,452	4,457,985
Thereafter	895	-	222,903	223,798
	<u>727,092</u>	<u>234,418</u>	<u>13,898,858</u>	<u>14,860,368</u>

Certain leases include a renewal option.

RELATED PARTY TRANSACTIONS

During the first quarter ended July 28, 2007, management fees paid to a director amounted to nil (\$6,000 in 2006). These transactions are in the normal course of operations and are measured at the exchange amount.

RISK FACTORS

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

Operational Risks

Market Development and Sustained Growth

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

We plan to continue to acquire companies and assets. There can be no assurance that acquisitions will take place or that we will succeed in integrating the newly-acquired companies and assets into our 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 our results of operations. In addition to the cash flows from operating activities, our acquisition plan 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

Our success depends on our 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 our efforts to achieve growth.

Continuous Disclosure Process and Disclosure Controls

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 Vice-President, Finance of the Company or through our Internet site at the following address: [http:// www.sigmaventures.ca](http://www.sigmaventures.ca) or on the following Internet site: <http://www.sedar.com>.

The Company's Chief Executive Officer and Vice-President Finance are responsible for establishing and maintaining the Company's disclosure procedures and controls. These disclosure procedures and controls have been designed to ensure that the information that the Company is required to disclose in its reports to regulatory authorities are filed or provided in a timely manner as required by law, and that they are communicated to management, including the Chief Executive Officer and Vice-President Finance, thus allowing them to react promptly to the information provided.

The Company's management, including the Chief Executive Officer and Vice-President Finance, has evaluated the effectiveness of the financial disclosure controls and procedures as at July 28, 2007, and have concluded that such financial disclosure controls and procedures are, in all material respects, effective as at July 28, 2007, and that the material information on the Company, including its subsidiaries, has been communicated to them.

The company will supplement the documentation of the internal controls during the second and third quarters of its 2008 fiscal year ending April 30, 2008.

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 26, 2007, 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.

(S) Denis Bertrand

Per: _____
Denis Bertrand
President and Chief Executive Officer

(S) Bertrand Côté

Per: _____
Bertrand Côté
Vice-President, Finance

September 26, 2007