PRESS RELEASE

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FOR IMMEDIATE RELEASE

HÉROUX-DEVTEK REPORTS THIRD QUARTER RESULTS

- **Third quarter sales up 17.1% over last year**
- **Net income increased $1.6 million over last year**
- **Recently announced contracts totalling an estimated $32 million**
- **Balance sheet improved, credit facilities extended**

Longueuil, Québec, February 2, 2006— Héroux-Devtek Inc. (TSX: HRX) today reported results for the third quarter of fiscal 2006, which ended December 31, 2005. All dollar amounts are in Canadian dollars unless otherwise indicated.

Sales for the third quarter ended December 31, 2005 were $66.9 million, up 17.1% from $57.1 million over the third quarter last year. The Company reported net income from continuing operations of $0.7 million or $0.03 per share for the third quarter of this fiscal year compared to a net loss from continuing operations of $1.6 million or $0.06 per share for the same quarter last year. Sales for the first nine months totalled $183.1 million, a 9.9% increase over the same period last year. For the first nine months ended December 31, 2005, there was a net loss from continuing operations of $1.9 million or $0.07 per share compared to a net loss of $4.8 million or $0.18 per share for the same period last year. For the first nine months of this fiscal year, net income was $6.9 million or $0.25 per share, which includes net income from discontinued operations of $8.8 million or $0.32 per share, up from a net loss of $3.8 million or $0.14 per share for the same period last year, which includes net income from discontinued operations of $1.0 million or $0.04 per share.

Financial highlights (in thousands of dollars, except per share data)	**Quarters ended December 31**		**Nine months ended December 31**	
	2005	2004 (restated)	**2005**	2004 (restated)
Sales	**66,853**	57,101	**183,073**	166,584
Net income (loss) from continuing operations	**743**	(1,631)	**(1,945)**	(4,805)
Net income from discontinued operations	**-**	744	**8,844**	1,041
Net income (loss)	**743**	(887)	**6,899**	(3,764)
Per share from continuing operations	**0.03**	(0.06)	**(0.07)**	(0.18)
Per share	**0.03**	(0.03)	**0.25**	(0.14)

Note: For the purpose of financial results presentation, the Logistics & Defence Division (Diemaco), which was sold on May 20, 2005, was reclassified as discontinued operations.

"The continued execution of our business plan has resulted in a third quarter profit of $0.7 million and we look forward to further improvement in the coming quarters," commented Héroux-Devtek President and CEO Gilles Labbé. "We benefited on the top line from increasing demand in the civil and military aerospace markets, while improvement in our bottom line was tempered by the high value of the Canadian dollar, as well as high prices and tight supply conditions for certain raw materials. The 17.1% increase in third quarter sales was achieved despite the strength of the Canadian dollar relative to the US dollar for US dollar denominated sales, which reduced our sales by $3.7 million or 6.4%."

THIRD QUARTER HIGHLIGHTS

- Third quarter sales were up 17.1% compared to the same period last year mainly due to improved sales for commercial products, primarily landing gear products for large aircraft and business jets, as well as growth in military repair and overhaul and engineering sales.
- Gross profit as a percentage of sales was 9.4% for the third quarter, up from 3.4% last year, in spite of a 1.6% negative impact attributable to the continued strength of the Canadian dollar relative to the US currency.
- Gross profit was favourably impacted by increased sales. Of the $6.3 million gross profit in the third quarter, $0.8 million represented the net favourable effect of a $1.8 million recovery relating to an insurance claim, which could not be accounted for earlier, partly offset by a provision of $1.0 million for certain parts of aircraft engine components that were terminated.
- Cash and cash equivalents provided by operating activities increased from $4.9 million for the third quarter last year to $8.8 million for the third quarter this year due to improved profitability and lower working capital requirements as a result of improved collection of accounts receivable and lower inventories because of increased deliveries.
- The Company extended the term of its credit facilities from March 21, 2006 to March 21, 2007, with essentially the same terms and conditions. These credit facilities allow the Company to borrow up to $80 million (either in Canadian or equivalent US currency), including up to $30 million for the revolving operating credit facilities and up to $50 million for the revolving term credit facilities.
- The Company during the quarter closed a bought deal equity issue for an aggregate of 4,500,000 common shares at a price of $3.75 per share. The total gross proceeds were $16.9 million, and net proceeds were $15.7 million, net of fees and expenses.
- Total debt net of cash and cash equivalents was $43.1 million as of December 31, 2005, a decrease of $20.4 million from the end of the preceding quarter and a decrease of $33.2 million since March 31, 2005.

SEGMENT RESULTS

Aerospace sales for the quarter ended December 31, 2005, which were 92% of total sales, rose by 18.8% to $61.8 million from $52.0 million for the third quarter last year. This increase was primarily due to Landing Gear sales, which grew by $8.9 million or 30.3% compared to the same period last year, mainly due to continued growth in sales for large commercial jets, business jets and military sales to civil customers, as well as the full quarter impact of materials supplied under the US Air Force repair and overhaul contract, which started last August. Aerostructure sales were up 0.6%. An increased build rate on certain business jet and turboprop aircraft (commuter) contracts and $1.5 million in sales catch-up from previous quarters, when deliveries were delayed because of raw material shortages, were offset by reduced regional jets sales due to the stoppage of the Bombardier RJ200 program and the negative impact of the stronger Canadian dollar.

Industrial sales for the quarter ended December 31, 2005, which were 8% of total sales, remained flat at $5.1 million compared to the third quarter last year. The $1 million increase in Other Industrial sales year-over-year resulting from stronger Wind Energy market sales was essentially offset by the decline in Industrial Gas Turbine sales.

RECENT EVENTS

- On January 24, 2006, the Company announced that the United States Air Force and the United States Navy awarded the Landing Gear Division another $20.0 million worth of contracts for the production of landing gear components for the KC135R, C-130, B1B aircraft and the P-3, to be delivered over the next four years.
- On January 30, 2006, the Company announced that it had been awarded a series of contracts by Lockheed Martin Aeronautics for the Joint Strike Fighter Program valued at an estimated $12.0 million. The Aerostructure division in Arlington, Texas will manufacture, develop and produce wing carry-through bulkheads, wing structural components, and numerous other complex machined components for the Lockheed Martin F-35 program. It will also be responsible for developing the most effective manufacturing, tooling and fabrication approaches with Lockheed Martin and ALCOA, as well as completing production of the first seven shipsets of component assemblies for the Conventional Take-Off and Landing (CTOL) variant of the F-35 aircraft.

OUTLOOK

With respect to the Aerospace segment, military sales should remain solid. At this time, sales for large commercial aircraft, business jets and turboprops (commuters) should increase as the civil market continues to improve, while regional jet sales are expected to remain low.

In the Industrial segment, the recent move into the wind energy market is starting to bear fruit and is expected to contribute positively to future industrial product sales.

CONFERENCE CALL

Héroux-Devtek Inc. will hold a conference call to discuss these results Thursday, February 2, 2006, at 10:00 A.M. Eastern Time. Interested parties can join the call by dialling (514) 807-8791 (Montreal or overseas) or 1-866-250-4910 (elsewhere in North America). The conference call can also be accessed via live webcast at Héroux-Devtek's website, www.herouxdevtek.com, www.newswire.ca or www.q1234.com.

If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-877-289-8525 and entering the passcode 21173216# on your phone. This tape recording will be available on Thursday, February 2, 2006 as of 12:00 PM until 11:59 PM on Thursday, February 9, 2006.

PROFILE

Héroux-Devtek (TSX: HRX), a Canadian company, serves two main market segments: Aerospace and Industrial Products, specializing in the design, development, manufacture and repair of related systems and components. Héroux-Devtek supplies both the commercial and military sectors of the Aerospace segment with landing gear systems (including spare parts, repair and overhaul services), airframe structural components and aircraft engine components. The Company also supplies the industrial segment with large components for power generation equipment and precision components for other industrial applications. Over 70% of the Company's sales are outside Canada, mainly in the United States. The Company's head office is located in Longueuil, Québec with facilities in the Greater Montreal area (Longueuil, Dorval, Laval and Rivière-des-Prairies); Kitchener and Scarborough, Ontario; Arlington, Texas and Cincinnati, Ohio.

Forward-looking statement

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

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Note to readers: Complete financial statements and Management's Discussion & Analysis, as well as other information about the Company, are available in the recently redesigned investor relations section of the Company's website at www.herouxdevtek.com. You are invited to take a look.

CONSOLIDATED BALANCE SHEETS
As at December 31, 2005 and March 31, 2005
(In thousands of dollars) (Unaudited)

	Notes	**December 2005**	March 2005
Assets	5		
Current assets			
Cash and cash equivalents		**$ 16,819**	$ 9,550
Accounts receivable		**34,355**	35,955
Income taxes receivable		**5,750**	2,660
Other receivables		**5,257**	6,671
Inventories		**74,335**	71,726
Prepaid expenses		**1,673**	828
Future income taxes		**7,898**	7,211
Other current assets		**1,846**	2,339
Discontinued operations	3	**-**	7,834
		147,933	144,774
Property, plant and equipment, net		**96,910**	103,294
Finite-life intangible assets, net		**9,501**	11,023
Other assets		**878**	1,092
Future income taxes		**7,196**	7,572
Goodwill		**36,628**	35,276
Discontinued operations	3	**-**	9,099
		$ 299,046	$ 312,130
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**$ 66,599**	$ 65,932
Income taxes payable		**2,710**	994
Future income taxes		**2,217**	1,329
Current portion of long-term debt	5	**4,298**	20,185
Discontinued operations	3	**-**	9,266
		75,824	97,706
Long-term debt	5	**55,639**	65,660
Other liabilities		**7,342**	7,613
Future income taxes		**9,680**	9,820
Discontinued operations	3	**-**	1,650
		148,485	182,449
Shareholders' equity			
Capital stock	6	**103,416**	87,269
Contributed surplus	6	**490**	340
Cumulative translation adjustment		**(7,654)**	(5,338)
Retained earnings		**54,309**	47,410
		150,561	129,681
		$ 299,046	$ 312,130

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

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the periods ended December 31, 2005 and 2004
(In thousands of dollars, except per share data) (Unaudited)

	Notes	Quarters ended December 31		Nine months ended December 31	
		2005	2004 (Restated, Note 3)	**2005**	2004 (Restated, Note 3)
Sales		**$ 66,853**	$ 57,101	**$ 183,073**	$ 166,584
Cost of sales	**7**	**56,169**	50,771	**156,933**	145,709
Amortization		**4,430**	4,390	**12,971**	13,195
Gross profit		**6,254**	1,940	**13,169**	7,680
Selling and administrative expenses		**4,472**	2,965	**11,831**	11,851
Operating Income (loss)		**1,782**	(1,025)	**1,338**	(4,171)
Financial expenses	**5**	**958**	1,238	**3,283**	2,692
Income (loss) before income taxes (recovery) and discontinued operations		**824**	(2,263)	**(1,945)**	(6,863)
Provision for income taxes (recovery)		**81**	(632)	**-**	(2,058)
Net income (loss) from continuing operations		**743**	(1,631)	**(1,945)**	(4,805)
Net income from discontinued operations	**3**	**-**	744	**8,844**	1,041
Net income (loss)		**$ 743**	$ (887)	**$ 6,899**	$ (3,764)
Earnings (loss) per share from continuing operations – basic and diluted		**$ 0.03**	$ (0.06)	**$ (0.07)**	$ (0.18)
Earnings per share from discontinued operations – basic and diluted		**$ -**	$ 0.03	**$ 0.32**	$ 0.04
Earnings (loss) per share – basic and diluted		**$ 0.03**	$ (0.03)	**$ 0.25**	$ (0.14)
Weighted average number of shares outstanding during the periods		**29,547,207**	26,944,975	**27,825,100**	26,939,395

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
For the periods ended December 31, 2005 and 2004
(In thousands of dollars) (Unaudited)

	Quarters ended December 31		Nine months ended December 31	
	2005	2004	**2005**	2004
Balance at beginning of period	**$ 53,566**	$ 46,662	**$ 47,410**	$ 49,539
Net Income (loss)	**743**	(887)	**6,899**	(3,764)
Balance at end of period	**$ 54,309**	$ 45,775	**$ 54,309**	$ 45,775

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended December 31, 2005 and 2004
(In thousands of dollars) (Unaudited)

	Notes	Quarters ended December 31 2005	Quarters ended December 31 2004 (Restated, Note 3)	Nine months ended December 31 2005	Nine months ended December 31 2004 (Restated, Note 3)
Cash and cash equivalents provided by (used for):					
Operating activities					
Net income (loss) from continuing operations		**$ 743**	$ (1,631)	**$ (1,945)**	$ (4,805)
Items not requiring an outlay of cash:					
Amortization		**4,430**	4,390	**12,971**	13,195
Future income taxes		**(748)**	(481)	**516**	(674)
Gain on sale of property, plant and equipment		**(12)**	(9)	**(18)**	(2)
Amortization of deferred financing costs	**5**	**140**	102	**304**	247
Gain on financial derivative instrument	**5**	**-**	-	**-**	(528)
Amortization of net deferred loss related to financial derivative instrument	**5**	**34**	37	**104**	117
Accretion expense of asset retirement obligation		**45**	50	**139**	150
Stock-based compensation	**6**	**54**	-	**150**	91
Cash flows from continuing operations		**4,686**	2,458	**12,221**	7,791
Net change in non-cash items related to operations	**9**	**4,117**	2,483	**(5,108)**	(13,162)
Cash and cash equivalents provided by (used for) operating activities		**8,803**	4,941	**7,113**	(5,371)
Investing activities					
Purchase of property, plant and equipment and finite-life intangible assets		**(4,398)**	(2,439)	**(7,128)**	(9,094)
Proceeds on disposal of property, plant and equipment		**271**	352	**284**	1,145
Business acquisition, net of cash acquired	**2**	**-**	-	**(2,335)**	(71,695)
Proceeds from the sale of a business	**3**	**-**	-	**19,035**	-
Cash and cash equivalents provided by (used for) investing activities		**(4,127)**	(2,087)	**9,856**	(79,644)
Financing activities					
Increase in long-term debt	**5**	**7,841**	6,276	**13,804**	49,874
Repayment of long-term debt	**5**	**(19,887)**	(6,519)	**(38,202)**	(22,970)
Issuance of common shares	**6**	**15,697**	46	**15,759**	16,358
Other		**(210)**	(290)	**(210)**	(450)
Cash and cash equivalents provided by (used for) financing activities		**3,441**	(487)	**(8,849)**	42,812
Effect of changes in exchange rates on cash and cash equivalents		**299**	(1,321)	**(52)**	(1,637)
Cash and cash equivalents provided by (used for) discontinued operations	**3**	**-**	449	**(799)**	411
Change in cash and cash equivalents		**8,416**	1,495	**7,269**	(43,429)
Cash and cash equivalents at beginning of period		**8,403**	8,675	**9,550**	53,599
Cash and cash equivalents at end of period		**$ 16,819**	$ 10,170	**$ 16,819**	$ 10,170
Supplemental information:					
Interest paid		**$ 1,012**	$ 1,054	**$ 2,985**	$ 2,604
Income taxes paid		**$ 1,097**	$ 800	**$ 2,367**	$ 1,833

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

(All dollar amounts in thousands, except share data) (Unaudited)

Note 1. Interim Consolidated Financial Statements

The Interim consolidated financial statements include the accounts of Héroux-Devtek Inc. (the “Company”) and its subsidiaries, all of which are wholly-owned.

The interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and follow the same accounting policies and methods in their application as the most recent annual consolidated financial statements. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim consolidated financial statements. Such adjustments are of a normal and recurring nature. The results of operations for the interim periods are not necessarily indicative of the operating results for the full year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report for the fiscal year ended March 31, 2005.

Note 2. Business Acquisition

On April 1, 2004, the Company concluded the asset purchase agreement and plan for merger signed on February 24, 2004 to acquire all outstanding common shares of Progressive Incorporated (along with the net assets of Promilling LP), (“Progressive”), a Texas-based manufacturer of large structural components in the military sector. The earnings of Progressive have been accounted for in the Company’s consolidated statement of income (loss) since the acquisition date and are included in the Aerospace segment. The total initial purchase price representing $74,193 (US$56,356) at the acquisition date (April 1, 2004) was adjusted downward by $921 to $73,272 at December 31, 2005 to reflect the adjustments to the initial estimated tax impacts on the acquisition transaction, net of the additional payments related to additional profitability performance made or accrued for. At December 31, 2005, the total adjusted purchase price and purchase price allocation of $73,272 can be detailed as follows:

Total Adjusted Purchase Price	
Basic purchase price	$62,924
Tax impacts	3,421
Acquisition of a large specialized manufacturing equipment	4,246
Transaction costs and other	2,681
	$73,272

Purchase Price Allocation		
Cash		$ 2,498
Tangible assets		
Accounts receivable and other receivables	$ 3,913	
Inventories	14,739	
Other current assets	301	
	18,953	
Property, plant and equipment	25,983	44,936
Backlog		9,601
Goodwill		20,247
		77,282
Accounts payable and accrued liabilities		(4,010)
		$73,272

As part of the asset purchase agreement and plan for merger, total additional payments of up to $15,798 in total (US$6,000 for fiscal years 2004 and 2005 and US$6,000 for fiscal year 2006), could also be made based on additional profitability performance.

At December 31, 2005, additional payments of $2,993 (US$2,400) were made. Additional payments related to profitability performance of up to $8,723 (US$7,500) could still be made or provided for in fiscal year 2006. Should these payments be made, the basic purchase price will be adjusted accordingly.

Note 2. Business Acquisition (cont'd)

Financing of the Acquisition

In order to finance this acquisition, the Company used $36,409 of its existing Secured Syndicated Revolving Credit Facilities, issued 3,500,000 common shares through private placements for a total net cash consideration of $16,180 and used $20,683, net of the adjustments to the initial purchase price, of its available cash up to December 31, 2005. The financing and the total outlay of cash and cash equivalents related to this business acquisition can be broken down as follows:

Secured Syndicated Revolving Credit Facilities		$36,409
Issuance of common shares		16,180
Cash	$13,442	
Sale balance in escrow	7,241	20,683
		73,272
Less:		
Cash and cash equivalents acquired		2,498
Additional payments related to profitability performance accrued for		1,090
		$69,684

Last year, as at December 31, 2004, the Company had paid $71,695 for the basic purchase price, the large specialized manufacturing equipment, the tax impacts on the acquisition transaction and the related transaction costs.

Note 3. Discontinued Operations: Sale of Logistics and Defence Division, Diemaco

On February 10, 2005, the Company entered into an agreement with Colt Defense LLC, a U.S. Company, for the sale of its Logistics & Defence Division, Diemaco. Diemaco is a manufacturer of small arms for military forces and law enforcement agencies. The final total sale price amounted to $19,035.The sale transaction closed on May 20, 2005. The gain on the sale transaction amounted to $8,568, net of income taxes of $2,338.

All assets and liabilities in the Company's consolidated balance sheets along with revenues and expenses in the Company's consolidated statements of income (loss) and the cash and cash equivalents in the Company's consolidated statements of cash flows related to the Logistics and Defence Division, Diemaco were segregated and presented as discontinued operations.

Sales, income before income taxes and net income related to Diemaco's operations for the period from April 1, 2005 to May 20, 2005 this year, compared to the third quarter last year and the nine-month period ended December 31, 2004, were as follows:

	Quarters ended December 31		Nine months ended December 31	
	2005	2004	**2005**	2004
Sales	$ **-**	$ 5,906	$ **2,440**	$ 13,857
Income before taxes	**-**	1,152	**418**	1,630
Net income (including the gain on sale of Diemaco of $8,568 in 2005)	**-**	744	**8,844**	1,041

All the activities of the Logistics & Defence Division, Diemaco operations were excluded from the Company's Aerospace segment and Canadian geographical segment in the segmented information disclosure.

Note 4. Financial Instruments: Forward Foreign Exchange Contracts

At December 31, 2005, the Company entered into forward foreign exchange contracts whereby it will sell at an average exchange rate of 1.2840 an amount of US$138,500 (US$128,000 at an average rate of 1.3308 as at March 31, 2005) for the purpose of foreign exchange risk management related to its export sales and maturing at various dates between January 1, 2006 and December 31, 2009.

Note 5. Long-term debt

	December 31, 2005	March 31, 2005
Secured Syndicated Revolving Credit Facilities of up to $80,000 ($100,000 at March 31, 2005 and $90,000 at June 30 and September 30, 2005) (see below), either in Canadian or U.S. currency equivalent, maturing March 21, 2007 if not extended, extendible annually, nil for the Canadian Facilities at December 31, 2005 (Bankers' acceptance plus 2.0% at March 31, 2005 for the Canadian operating and term facilities), at Libor plus 2.0% for the U.S. operating and term facilities (Libor plus 2.0% at March 31, 2005). At December 31, 2005, the Company used US$5,000 ($10,000 and US$5,000 at March 31, 2005) on operating facilities and used US$25,656 ($5,000 and US$32,656 at March 31, 2005) on term facilities.	**$35,653**	$60,549
Loans bearing no interest, repayable in variable annual instalments, with various expiry dates until 2013.	**15,044**	14,117
Obligations under capital leases bearing interest between 5.4% and 8.1% maturing between July 2006 and October 2009, with amortization periods varying between five (5) to eight (8) years, secured by the related property, plant and equipment.	**9,240**	11,179
	59,937	85,845
Less: current portion	**4,298**	20,185
	$55,639	$65,660

Secured Syndicated Revolving Credit Facilities

These Secured Syndicated Revolving Credit Facilities ("Credit Facilities") allow the Company and its subsidiaries to borrow up to $80,000 (either in Canadian or U.S. currency equivalent) and are used for its operations, acquisitions and foreign exchange risks from a group of banks and their American subsidiaries or branches and consist of revolving operating credit facilities of up to $30,000 and revolving term credit facilities of up to $50,000, each having up to 21 month revolving period (2 years in fiscal 2005), extendible annually, secured by all assets of the Company, and its subsidiaries and are subject to certain restrictive covenants and corporate guarantees granted by the Company and its subsidiaries. At the end of the third quarter ended December 31, 2005, the Company concluded the annual extension of its Credit Facilities from March 21, 2006 to March 21, 2007. In the event that the Credit Facilities are not extended at the end of the revolving period (March 21, 2007), the revolving operating Credit Facilities will mature. As to the revolving term Credit Facilities, they will convert at the end of the revolving period into a three-year term loan with an amortization period of five (5) years. These Credit Facilities are extendible annually within the period from July 1st and October 31st of each year.

At December 31, 2005, the Company was in compliance with all its restrictive debt covenants and expects to continue to comply for the current fiscal year.

Interest rates vary based on Prime, Bankers' acceptance, Libor or US base rate plus a relevant margin depending on the level of the Company's indebtedness and cash flows. These Secured Syndicated Revolving Credit Facilities are governed by two credit agreements (Canadian and American).

The financial expenses, for the quarters and the nine-month periods ended December 31 are comprised of:

	Quarters ended December 31		Nine months ended December 31	
	2005	2004 (Restated, Note 3)	**2005**	2004 (Restated, Note 3)
Interest	**$ 781**	$ 1,074	**$ 2,823**	$ 2,924
Amortization of deferred financing costs	**140**	102	**304**	247
Standby fees	**71**	58	**209**	132
Gain on financial derivative instrument	**-**	-	**-**	(528)
Amortization of net deferred loss related to financial derivative instrument	**34**	37	**104**	117
Interest revenue	**(68)**	(33)	**(157)**	(200)
Financial expenses	**$ 958**	$ 1,238	**$ 3,283**	$ 2,692

Note 6. Capital stock

Authorized capital stock

The authorized capital stock of the Company consists of the following:
An unlimited number of voting common shares, without par value
An unlimited number of first preferred shares, issuable in series
An unlimited number of second preferred shares, issuable in series

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

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

	December 31, 2005	March 31, 2005
31,479,774 common shares (**26,954,552** at March 31, 2005)	**$103,416**	$87,269

Issuance of common shares

During the quarter and the nine-month periods ended December 31, 2005, the Company issued 4,508,276 and 4,525,222 common shares respectively at weighted average prices of $3.75 for a total net cash consideration of $16,085 and $16,147 under the stock purchase and ownership incentive plan and following the closing of the treasury common share issue last November (see below).

On April 1, 2004, in conjunction with the closing of the acquisition of Progressive, the Company issued 3,500,000 common shares for a total net cash consideration of $16,180. During the quarter and the nine-month periods ended December 31, 2004, the Company also issued 11,221 and 46,221 common shares at a weighted average price of $4.14 and $3.85 respectively for a total net cash consideration of $46 and $178 under the stock option plan and the stock purchase and ownership incentive plan (see below).

Treasury common share issue

On November 10, 2005, the Company closed the public offering of 4,500,000 common shares at a price of $3.75 per share for net proceeds of $15,670 (net of $1,205 fees and expenses). This offering was co-lead by National Bank Financial and GMP Securities Ltd. Raymond James Ltd. and Versant Partners Inc. also acted as underwriters in this offering. The net proceeds from the sale of the common shares was applied by the Company in reduction of its lines of credit under its Credit Facilities, but not as a permanent reduction thereof.

Stock option plan

The Company has a stock option plan where options to purchase common shares are issued to directors, officers and key employees. The Company expenses all granting of stock options based on their earned period, using the Black & Scholes valuation model to determine their fair value. The expense related to stock options recorded in the quarter ended December 31, 2005 amounted to $54 (nil in 2004) and to $150 ($91 in 2004) for the nine-month period ended December 31, 2005.

During the quarter ended December 31, 2005, no stock options were granted or exercised.

During the nine-month period ended December 31, 2005, 200,000 stock options were granted at a strike price of $3.98 per share that are vesting over a three-year period and can be exercised over a seven-year period. During the same period, 135,800 stock options were cancelled, all in the first quarter.

During the quarter ended December 31, 2004 last year, no stock options were granted or exercised.

During the nine-month period ended December 31, 2004, 200,000 stock options were granted at a strike price of $5.00 per share that are vesting over a three-year period and can be exercised over a seven-year period. During the same period, 35,000 stock options were exercised at an average granted price of $3.79 for a total cash consideration of $132. A total of 149,059 stock options were also cancelled during the nine-month period ended December 31, 2004.

At December 31, 2005, the Company had 873,021 outstanding stock options at an average strike price of $5.72 which will expire over the next seven years (between June 2007 and August 2012).

Note 6. Capital stock (cont'd)

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

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

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

The aggregate number of shares reserved for issuance under this plan represent 90,000 common shares and has been taken out from the common shares already reserved for the Company's stock option plan.

During the quarter and the nine-month periods ended December 31, 2005, 8,276 and 25,222 common shares respectively were issued (43,215 since the beginning of the plan) and 3,695 and 11,317 common shares were attributed to the participating employees (19,195 since the beginning of the plan). For the quarter and the nine-month periods ended December 31, 2005, the expense related to the attributed common shares amounting to $13 and $44 is recorded as compensation expense and is included in the Company's selling and administrative expenses.

During the quarter ended December 31, 2004, 11,221 common shares were issued and 4,491 common shares were attributed to the participating employees. The expense related to the attributed common shares during the quarter ended December 31, 2004 amounted to $22.

Stock Appreciation Right Plan
The Company has a Stock Appreciation Right plan (SAR) under which rights are issued to its non-employee directors. The SAR enables the participants to receive by way of bonus, on the exercise date of a SAR, a cash amount equal to the excess of the market price of the Company's common share over the granted price of the SAR. The SARs are expensed on an earned basis and their costs are determined based on the Company's common shares quoted market value over their granted price. No expense was recorded for SAR during the quarters and the nine-month periods ended December 31, 2005 and 2004.

During the quarters ended December 31, 2005 and 2004, no SAR were granted.

During the nine-month period ended December 31, 2005, 15,000 SAR were granted at a strike price of $3.84 (15,000 at a strike price of $5.00 for the same period in 2004).

Note 7. Cost of sales
In December 2005, the Company recorded an insurance recovery of $1,800 relating to a business interruption claim following a fire at one of its business units. This incident, which took place in January 2005, mainly impacted the results of the fourth quarter of the Company's last fiscal year and the first quarter of this fiscal year. In accordance with Canadian Generally Accepted Accounting Principles, this favourable amount could not be recognized in previous quarters because of the uncertainty of the materialization of the claim and the determination of the amount involved.

In December 2005, the Company also recorded a $1,000 provision for non-quality and for certain terminated parts on aircraft engine components following delivery and quality issues at the Company's Gas Turbine Components division.

The net impact of the two above-mentioned items, which were recorded in the cost of sales, increased the gross profit by $800 and the gross profit margin in the quarter ended December 31, 2005, by 1.2% expressed as a percentage of sales.

Note 8. Pension and other post-retirement benefit plans

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

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

Defined pension plan obligations are impacted by factors including interest rate, adjustments arising from plan amendments, changes in assumptions and experience gains or losses. The total pension plan costs are as follows:

	Quarters ended December 31		Nine months ended December 31	
	2005	2004 (Restated, Note 3)	**2005**	2004 (Restated, Note 3)
Defined benefit pension costs	**$ 323**	$ 535	**$ 970**	$ 1,498
Defined contribution pension costs	**350**	247	**946**	929
	$ 673	$ 782	**$ 1,916**	$ 2,427

Note 9. Net change in non-cash items related to operations

The net change in non-cash items related to operations for the quarters and the nine-month periods ended December 31 can be detailed as follows:

	Quarters ended December 31		Nine months ended December 31	
	2005	2004 (Restated, Note 3)	**2005**	2004 (Restated, Note 3)
Accounts receivable	**$ 3,469**	$ 2,378	**$ 1,605**	$ 2,993
Income taxes receivable	**131**	920	**(3,090)**	(60)
Other receivables	**(1,315)**	(689)	**1,414**	(412)
Inventories	**1,459**	2,636	**(2,609)**	(4,928)
Prepaid expenses	**246**	(317)	**(845)**	(918)
Other current assets	**(9)**	-	**493**	-
Accounts payable and accrued liabilities, and other liabilities	**704**	(479)	**(612)**	(2,738)
Customers' advance	**-**	(1,362)	**-**	(4,765)
Income taxes payable	**(564)**	16	**(534)**	(331)
Effect of changes in exchange rate	**(4)**	(620)	**(930)**	(2,003)
	$ 4,117	$ 2,483	**$ (5,108)**	$ (13,162)

Note 10. Segmented information

Quarter ended December 31
Activity Segments

		2005			2004 (Restated, Note 3)	
	Aerospace	**Industrial**	**Total**	Aerospace	Industrial	Total
Sales	**$61,794**	**$5,059**	**$66,853**	$52,010	$5,091	$57,101
Operating income (loss)	**3,097**	**(1,315)**	**1,782**	(102)	(923)	(1,025)
Financial expenses			**958**			1,238
Income (loss) before income tax (recovery) and discontinued operations			**824**			(2,263)
Assets from continuing operations	**279,554**	**19,492**	**299,046**	262,833	23,313	286,146
Purchase of property, plant and equipment and finite-life intangible assets	**3,947**	**451**	**4,398**	2,408	31	2,439
Goodwill acquired	**1,354**	**-**	**1,354**	-	-	-
Amortization	**3,892**	**538**	**4,430**	3,793	597	4,390

Note 10. Segmented information (cont'd)

Geographic Segments

	2005			2004 (Restated, Note 3)		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Sales	**$44,668**	**$22,185**	**$66,853**	$36,976	$20,125	$57,101
Property plant and equipment, net	**59,253**	**37,657**	**96,910**	59,889	42,235	102,124
Finite-life intangible assets, net	**2,162**	**7,339**	**9,501**	3,033	8,590	11,623
Goodwill	**17,534**	**19,094**	**36,628**	17,535	20,410	37,945
Export sales			**$28,312**			$22,037

71% of the Company's sales (72% in 2004) were to US customers.

Nine-month periods ended December 31
Activity Segments

	2005			2004 (Restated, Note 3)		
	Aerospace	**Industrial**	**Total**	Aerospace	Industrial	Total
Sales	**$166,651**	**$16,422**	**$183,073**	$151,262	$15,322	$166,584
Operating income (loss)	**3,045**	**(1,707)**	**1,338**	(1,426)	(2,745)	(4,171)
Financial expenses			**3,283**			2,692
Loss before income tax recovery and discontinued operations			**(1,945)**			(6,863)
Assets from continuing operations	**279,554**	**19,492**	**299,046**	262,833	23,313	286,146
Purchase of property, plant and equipment and finite-life intangible assets	**6,491**	**637**	**7,128**	6,892	2,202	9,094
Goodwill acquired	**2,212**	**-**	**2,212**	21,168	-	21,168
Amortization	**11,408**	**1,563**	**12,971**	11,368	1,827	13,195

Geographic Segments

	2005			2004 (Restated, Note 3)		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Sales	**$115,225**	**$67,848**	**$183,073**	$97,715	$68,869	$166,584
Property plant and equipment, net	**59,253**	**37,657**	**96,910**	59,889	42,235	102,124
Finite-life intangible assets, net	**2,162**	**7,339**	**9,501**	3,033	8,590	11,623
Goodwill	**17,534**	**19,094**	**36,628**	17,535	20,410	37,945
Export sales			**$69,119**			58,706

71% of the Company's sales (74% in 2004) were to US customers.

Note 11. Reclassification
Comparative figures for the financial statements as at December 31, 2004 have been reclassified to comply with the December 31, 2005 presentation.