

Consolidated Balance Sheets

as at December 31, 2008 and 2007
(all numbers in thousands)

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,116	\$ 15,626
Receivables (Note 3)	12,474	12,563
Income taxes receivable	953	-
Prepaid expenses	3,810	3,509
	23,353	31,698
Future income taxes (Note 11)	-	911
Property, plant and equipment (Note 4)	31,696	24,079
Goodwill (Note 5)	-	9,414
Other assets (Note 13)	765	945
	\$ 55,814	\$ 67,047
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,373	\$ 10,386
Income taxes payable	-	1,145
Current portion of long-term liabilities (Note 7)	2,554	2,149
	11,927	13,680
Future income taxes (Note 11)	233	-
Long-term liabilities (Note 7)	9,171	11,610
	21,331	25,290
Contingencies and Commitments (Note 15)		
SHAREHOLDERS' EQUITY	34,483	41,757
	\$ 55,814	\$ 67,047

Signed on behalf of the Board

"Michael F. Blair" [signed]

Director

"Henry J. Knowles" [signed]

Director

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

Consolidated Statements of Shareholders' Equity and Comprehensive Income

for the years ended December 31, 2008 and 2007
(all numbers in thousands)

	Capital Stock	LTIP	Contributed Surplus	Other Comprehensive Loss	(Deficit)/ Retained Earnings	Total	Other Comprehensive Income (Loss)
December 31, 2007 as reported	\$ 49,832	\$ (469)	\$ 91	\$ (6,645)	\$ 6,797	\$ 49,606	\$ -
Change in accounting policy	-	-	-	-	(7,849)	(7,849)	-
December 31, 2007 as restated	\$ 49,832	\$ (469)	\$ 91	\$ (6,645)	\$ (1,052)	\$ 41,757	\$ -
Net loss	-	-	-	-	(6,865)	(6,865)	(6,865)
Foreign currency translation	-	-	-	1,038	-	1,038	1,038
Unrealized loss on interest rate swap <i>(Note 15 (b))</i>	-	-	-	-	(132)	(132)	(132)
Income tax effect of capital transactions <i>(Note 11(a))</i>	-	-	615	-	-	(615)	-
LTIP <i>(Note 8 (d))</i>	-	(500)	-	-	-	(500)	-
Dividends	-	-	-	-	(1,556)	(1,556)	-
Compensation expense	-	126	-	-	-	126	-
December 31, 2008	\$ 49,832	\$ (843)	\$ 706	\$ (5,607)	\$ (9,605)	\$ 34,483	
Total Comprehensive Loss							\$ (5,959)

	Capital Stock	LTIP	Contributed Surplus	Other Comprehensive Loss	(Deficit)/ Retained Earnings	Total	Other Comprehensive Income (Loss)
December 31, 2006 as reported	\$ 42,566	\$ -	\$ 88	\$ (6,118)	\$ (724)	\$ 35,812	\$ -
Change in accounting policy	-	-	-	-	(7,199)	(7,199)	-
December 31, 2006 as restated	\$ 42,566	\$ -	\$ 88	\$ (6,118)	\$ (7,923)	\$ 28,613	-
Net earnings	-	-	-	-	6,871	6,871	6,871
Foreign currency translation	-	-	-	(527)	-	(527)	(527)
LTIP <i>(Note 8 (d))</i>	-	(500)	-	-	-	(500)	-
Shares issued <i>(Note 8(e))</i>	7,266	-	-	-	-	7,266	-
Compensation expense	-	31	3	-	-	34	-
December 31, 2007	\$ 49,832	\$ (469)	\$ 91	\$ (6,645)	\$ (1,052)	\$ 41,757	
Total Comprehensive Income							\$ 6,344

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Consolidated Statements of Earnings

for the years ended December 31, 2008 and 2007
(all numbers in thousands except share and per share data)

	2008	2007
SALES	\$ 82,935	\$ 99,613
COST OF SALES AND OTHER EXPENSES	68,941	81,069
PRE-PRODUCTION COSTS (Note 1)	2,622	2,732
EXIT COSTS (Note 17)	963	508
EARNINGS FROM OPERATIONS BEFORE THE FOLLOWING:	10,409	15,304
Amortization	5,131	4,096
Interest expense, net (Note 15 (b))	820	428
Foreign exchange loss (gain)	(63)	163
Goodwill write-off (Note 5)	9,414	-
Other income (Note 10)	(71)	(50)
	15,231	4,637
EARNINGS (LOSS) BEFORE INCOME TAXES	(4,822)	10,667
INCOME TAXES	2,043	3,796
NET EARNINGS (LOSS) FOR THE YEAR	\$ (6,865)	\$ 6,871
Earnings (loss) per share -		
Basic and diluted	\$ (0.27)	\$ 0.30
Weighted average common shares outstanding		
Basic	25,620,112	22,613,174
Diluted	25,620,112	22,613,174

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Consolidated Statements of Cash Flows

for the years ended December 31, 2008 and 2007
(all numbers in thousands)

	2008	2007
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Net earnings (loss) for the year	\$ (6,865)	\$ 6,871
Items not involving current cash flows:		
Amortization	5,131	4,096
Future income taxes	1,842	2,741
Stock-based compensation	-	3
Compensation expense	126	31
Deferred financing fees	125	-
Foreign exchange loss (gain)	(63)	163
Pension expense	180	178
Purchase of LTIP shares	(500)	(500)
Gain on sale of property, plant and equipment	(71)	(50)
Write-off of goodwill	9,414	-
	9,319	13,533
Net change in non-cash working capital:		
Receivables	108	1,951
Income taxes receivable	(1,640)	1,213
Prepaid expenses	(235)	255
Accounts payable and accrued liabilities	(792)	2,080
	6,760	19,032
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and other assets	(12,878)	(8,546)
Proceeds on disposal of property, plant and equipment	230	112
	(12,648)	(8,434)
FINANCING ACTIVITIES		
Bank indebtedness	-	(4,919)
Proceeds from new share issue	-	7,035
Dividends paid	(1,556)	-
Proceeds from new financing facility	-	(7,000)
Repayment of long-term liabilities	(2,154)	(3,994)
	(3,710)	5,122
EFFECT OF EXCHANGE RATE CHANGES ON CASH	88	(94)
CHANGE IN CASH AND CASH EQUIVALENTS	(9,510)	15,626
Cash and cash equivalents, beginning of year	15,626	-
Cash and cash equivalents, end of year	\$ 6,116	\$ 15,626

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