

Management's Discussion and Analysis of Financial Conditions and Results of Operations

For the quarter ended March 31, 2009
All figures in US dollars

This Management's Discussion and Analysis of Financial Conditions and Results of Operations (« MD & A ») should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2009 and the audited consolidated financial statements and MD & A for the year ended December 30, 2008. This MD & A is based on reported earnings in accordance with Canadian generally accepted accounting principles (GAAP), using the US dollar as the reporting currency.

The Company's interim consolidated financial statements have been prepared using the same accounting policies as described in Note 2 of the Company's audited consolidated financial statements for the year ended December 30, 2008, except for new accounting standards noted within this MD & A. The Company regularly monitors new accounting standards and reports on those adopted subsequent to the end of the most recently completed financial year. Please refer to Note 1 of the interim consolidated financial statements for the three months ended March 31, 2009 for further information.

Quarterly reports, the annual report and supplementary information filed with the Canadian securities regulatory authorities can be found on-line at www.sedar.com, as well as on our corporate Web site at www.dorel.com.

Note that there have been no significant changes with regards to the "Corporate Overview", "Operating Segments", "Contractual Obligations", "Off-Balance Sheet Arrangements", "Derivative Financial Instruments", "Critical Accounting Estimates" or, "Market Risks and Uncertainties" to those outlined in the Company's 2008 annual MD & A. As such, they are not repeated herein. The information in this MD & A is current as of May 6, 2009.

SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2009

On January 6, 2009 the Company announced it is establishing *Companhia Dorel Brasil Produtos Infantis* (Dorel Brazil), a new operating division of the Company's Juvenile segment. A local well respected partner with established relations in Brazil's retail channels and with solid experience in the juvenile sector will act as President of the new company. With the 7th ranked population in the world with over 196 million residents, Brazil is characterized by a young population with a high birth rate of 18.7 per 1000 inhabitants, compared to the US rate of 14.2. Additionally, car seats became mandatory in Brazil in June 2008 and demand has escalated. The Company intends to establish the local manufacture of car seats as well as import existing Dorel products that meet local safety standards. The total investment is expected to be less than \$4 million. There are no significant operating results included in the first quarter of 2009 related to Dorel Brazil.

On January 27, 2009 Dorel announced a further strengthening of its successful high-end European juvenile lines with the purchase of all of the outstanding shares of Belgium-based *BABY ART bvba*. Created in 2006, the Company markets its products under the BABY ART and HOPPOP brands. The innovative baby products and accessories, feature outstanding modern designs, are highly popular with consumers and received rave reviews at Europe's prestigious 2008 Cologne, Germany juvenile trade fair. It is expected that the BABY ART and HOPPOP lines will be quickly integrated into Dorel Europe's existing marketing plans and that Dorel's relationships with customers should result in meaningful synergies throughout the Company's distribution networks. The purchase price was 4.1 million Euros, or \$5.4 million. The transaction, which will be immediately accretive to earnings, is being financed through debt.

On March 17, 2009, the Company announced that it intends to make a normal course issuer bid. Under the normal course issuer bid, Dorel will be entitled to repurchase for cancellation up to 1,458,624 Class B Subordinate Voting Shares over a twelve-month period commencing March 20, 2009 and ending March 19, 2010, representing 5% of Dorel's issued and outstanding Class B Subordinate Voting Shares. The purchases by Dorel will be effected through the facilities of the Toronto Stock Exchange and will be made at the market price of the Class B Subordinate Voting Shares at the time of the purchase. As at March 10, 2009, there were 29,172,482 Dorel Class B Subordinate Voting Shares issued and outstanding. During the most recently completed six months, the average daily trading volume for the Class B Subordinate Voting Shares of Dorel on the Toronto Stock Exchange was 85,762 shares.

Consequently, under the policies of the Toronto Stock Exchange, Dorel will have the right to repurchase during any one trading day a maximum of 21,440 Class B Subordinate Voting Shares, representing 25% of the average daily trading volume, and on an exceptional basis, until March 31, 2009, a maximum of 42,881 Class B Subordinate Voting Shares, representing 50% of the average daily trading volume. In addition, Dorel may make, once per calendar week, a block purchase (as such term is defined in the TSX Company Manual) of Class B Subordinate Voting Shares not directly or indirectly owned by insiders of Dorel, in accordance with the policies of the Toronto Stock Exchange.

The Board of Directors of Dorel considers that the underlying value of Dorel may not be reflected in the market price of its Class B Subordinate Voting Shares at certain times during the term of the normal course issuer bid. The Board has therefore concluded that the repurchase of shares at certain market prices may constitute an appropriate use of financial resources and be beneficial to Dorel and its shareholders.

On April 2, 2009, the Company announced that within its Recreational / Leisure segment, it was establishing five Centers of Excellence around the world, with each location focused on market leadership in a specific market segment or expertise. These centers will be located in Bethel, Connecticut, Basel, Switzerland, Madison, Wisconsin, Vancouver, British Columbia and Taichung, Taiwan. Key to the Centers of Excellence strategy in North America are plans to consolidate all North American product development, marketing and business management functions for all four cycling brands, Cannondale, Schwinn, GT and Mongoose, to Bethel, within the newly named Cycling Sports Group (CSG), formerly the Cannondale Sports Group. In addition the Company's five North American CSG operations are being reduced from five locations to two.

In addition, CSG will create a bicycle testing laboratory at its facilities in Bedford, Pennsylvania. This facility will focus its existing operations on bicycle assembly, machining, testing and quality control, warranty repair, inside sales and service, distribution and customer support, including a new call center on-site. In shifting Bedford's operations away from bicycle frame manufacturing by 2010, CSG will be able to take full advantage of the strengths and capabilities of the new Taichung, Taiwan-based Center of Excellence in manufacturing oversight, sourcing, testing and quality control. Therefore headcount at Bedford will be reduced from the current 300 employees to approximately 100 by the end of 2010.

The total cost of the overall re-organization plan is expected to be no more than \$4.5 million, the majority of which will be related to employee re-location and severance. These costs will be incurred over the course of 2009 and 2010. Once completed, the Company expects to realize annualized cost savings of up to \$4 million.

RESULTS OF OPERATIONS

(All tabular figures are in thousands except per share amounts)

Reclassifications

Effective the first quarter of 2009, the Company has adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3031, *Inventories*, and as a result of changes in presentation requirements, depreciation expense related to manufacturing activities is now included in Cost of sales. Therefore, \$5.1 million of depreciation expense has been reclassified. Also, effective January 2009, the Company has re-classified certain figures within its segments to more accurately reflect the way in which segmented results are reported internally.

To allow for better year-over-year comparability of both of these changes, prior quarter comparative figures have been reclassified as follows:

	Total	Juvenile	Recreational / Leisure	Home Furnishings	Eliminations / Corporate
Sales to customers	\$ -	\$ (8,895)	\$ 4,315	\$ 4,580	\$ -
Inter-segment sales	-	-	(2,717)	(2,311)	5,028
Total Revenue	-	(8,895)	1,598	2,269	5,028
Cost of sales	5,068	(4,934)	1,726	3,248	5,028
Selling, general and administrative	-	133	419	690	(1,242)
Depreciation and amortization	(5,068)	(3,597)	(448)	(1,023)	-
Earnings from Operations	\$ -	\$ (497)	\$ (99)	\$ (646)	\$ 1,242

Overview

In the Company's 2008 year-end MD & A, it outlined how it believed the current economic conditions would impact 2009 results. It was stated that conditions of higher unemployment and worsening consumer sentiment would likely decrease available discretionary income and reduce consumer spending at the retail level. However, it was also stated that while not immune to these conditions, Dorel's customer profile and the nature of the great majority of the Company's products would protect the Company to a certain extent from dramatic sales reductions versus 2008. First quarter results have proven that this is true with organic sales declines of only 5%. For the first quarter of 2009, revenues decreased by \$30.8 million, or 5.5%, to \$525.2 million. This compares to \$556.0 million posted a year ago.

After-tax earnings decreased by 20.2% to \$28.0 million from \$35.1 million in 2008. Diluted earnings per share (EPS) were \$0.84 in 2009 compared to \$1.05 in 2008. Currency variations versus the U.S. dollar were a significant factor in the quarter when comparing revenues to the prior year. Revenues were reduced versus last year due to the higher value of the U.S. dollar versus all currencies in the first quarter of 2009 as compared to the first quarter of 2008. Another variable in the revenue variation is new businesses that were acquired. The increase in revenues due to these acquisitions mostly offset the decline caused by the foreign exchange rate variations and as a result the organic sales decline in the quarter was approximately 5% as opposed to the 5.5% reported.

In the quarter, gross margins declined by 110 basis points, from 24.6% to 23.5%. Improvements in domestically produced furniture were more than offset by margin declines, principally in Juvenile and Recreational / Leisure. In Juvenile, a greater proportion of the segment's revenues were generated in North America as opposed to Europe where traditionally margins are higher. In Recreational / Leisure, lower gross margins were the result of greater sales of lower priced bicycles, which carry lower margins than higher priced product. Versus the prior year, the Company's selling, general and administrative (S,G & A) costs declined by \$3.2 million, but were consistent as a percentage of revenues.

Restructuring costs were negligible in 2009, but totaled \$0.9 million in 2008 and consisted principally of employee severance costs at Dorel Europe. The after tax impact of these costs in 2008 were \$0.6 million or \$0.02 per diluted share. Interest on long-term debt in the first three months of 2009 was \$4.1 million, compared to \$4.7 million in 2008. Due to the timing of the Company's business acquisitions in 2008, the Company's average debt levels in the first quarter of 2009 were higher than in 2008. These higher borrowings mitigated the benefit of a lower average interest rate on the Company's long-term borrowings, which was 3.1% in 2009 versus 4.7% in 2008. As such, interest costs in 2009 were \$4.3 million, slightly lower than \$4.6 million in 2008. The Company's tax rate is governed by current domestic tax laws in which the Company operates and by the application of income tax treaties between various countries. The 2009 tax rate was 16.5% versus 17.3% in the prior year. For the year, the Company expects its annual tax rate to be between 15% and 20%, though variations in earnings across quarters means that this rate may vary significantly from quarter to quarter.

The principal changes in earnings from 2008 to 2009 are summarized as follows:

<u>Earnings from operations by Segment:</u>	
Juvenile decrease	\$ (8,012)
Recreational/Leisure decrease	(4,833)
Home Furnishings increase	<u>3,445</u>
Total decrease in earnings from operations	(9,400)
Lower interest costs	356
Decrease in income taxes	1,780
Other	<u>160</u>
Total decrease in after-tax earnings	<u>\$ (7,104)</u>

The causes of these variations versus last year are discussed in more detail below.

Selected Financial Information

The tables below show selected financial information for the eight most recently completed quarters.

Operating Results for the Quarters Ended				
	Jun. 30, 2008	Sept. 30, 2008	Dec. 30, 2008	Mar. 31, 2009
Revenues	\$593,724	\$552,242	\$479,880	\$525,230
Net income	\$31,347	\$27,208	\$19,167	\$28,029
Earnings per share				
Basic	\$0.94	\$0.82	\$0.57	\$0.84
Diluted	\$0.94	\$0.82	\$0.57	\$0.84
Amount of restructuring costs (recovery) included in the quarter based on diluted earnings per share	\$0.02	\$0.00	(\$0.02)	\$0.00

Operating Results for the Quarters Ended				
	Jun. 30, 2007	Sept. 30, 2007	Dec. 30, 2007	Mar. 31, 2008
Revenues	\$459,035	\$440,115	\$458,853	\$556,034
Net income	\$10,845	\$26,360	\$22,348	\$35,133
Earnings per share				
Basic	\$0.32	\$0.79	\$0.67	\$1.05
Diluted	\$0.32	\$0.79	\$0.67	\$1.05
Amount of restructuring costs included in the quarter based on diluted earnings per share	\$0.27	\$0.02	\$0.05	\$0.02

Segmented Results

Segmented figures are presented in Note 12 to the Company's interim financial statements. Further industry segment detail is presented below:

Juvenile

Expenses as a percentage of revenues	Three months ended March 31	
	2009	2008
Revenues	100.0%	100.0%
Cost of Sales	71.4%	70.5%
Gross Margin	28.6%	29.5%
Selling, general and administrative expenses	15.0%	15.3%
Depreciation and amortization	1.6%	1.4%
Research and development costs	0.7%	0.6%
Restructuring costs	0.0%	0.3%
Earnings from operations	11.3%	11.9%

First quarter Juvenile revenue was \$254.0 million, a decline of 17.7%, or \$54.7 million from last year when revenues were \$308.7 million. Earnings from operations in 2009 were \$28.7 million, a decrease of 21.8% from \$36.7 million in 2008. The revenue decrease was in both North America and Europe, but was most acute in Europe. Sales outside of the US make up more than half of the segment's total; therefore the strength of the US dollar has a significant effect on both revenues and earnings. European sales declined by 26% from last year, but more than half of that decline was due to the impact of foreign exchange. Excluding this factor, the true organic revenue decline in Europe was approximately 12%. For the segment as a whole, the revenue decline was approximately 9%, if the impact of foreign exchange is excluded. Earnings as a percentage of revenues declined slightly to 11.3% from 11.9%. In dollar terms, the decline was \$8.0 million and is mainly due to lower sales in Europe coupled with the lower rate of exchange when converting Europe's local currency results into US dollars. The Baby Art acquisition in January 2009 was a positive contributor to both sales and earnings.

Gross margins declined from 2008 levels by 90 basis points to 28.6% as compared to 29.5%. This decline was due to lower margins in Canada, owing to the stronger US dollar, and a greater proportion of the segment's revenues being generated in North America as opposed to Europe, where traditionally margins are higher. In fact, on a stand alone basis, gross margins were higher in both Europe and the US, however the lower proportion of high margin European sales had the effect of reducing margins for the segment as a whole. For the segment as a whole, SG & A costs decreased by \$9.0 million or 19.1%, but as a percentage of sales, by only 30 basis points. This is because a large part of the decline was due to a lower rate of exchange in 2009 on the conversion of Euro denominated expenses. Note that total product liability costs in the quarter were \$5.1 million in 2009 as compared to \$9.7 million in the prior year.

Recreational / Leisure

Expenses as a percentage of revenues	Three months ended March 31	
	2009	2008
Revenues	100.0%	100.0%
Cost of Sales	77.1%	75.4%
Gross Profit	22.9%	24.6%
Selling, general and administrative expenses	15.9%	13.2%
Depreciation and amortization	0.8%	0.8%
Earnings from operations	6.2%	10.6%

First quarter Recreational / Leisure revenue increased by \$21.0 million, or 14.9%, to \$161.4 million compared to last year's \$140.5 million, while earnings from operations declined by \$4.8 million, or 32.6% to \$10.0 million, compared to \$14.8 million in 2008. Excluding the impact of new business acquisitions and foreign exchange variations on the segment's non-US based businesses, the segment's organic revenue decline was approximately 2%. Although segment wide organic revenue experienced a decline, they were mainly concentrated at mass merchant customers which were slower to replenish their inventory levels in bikes as compared to the other segments. Sales through the IBD channel and SUGOI experienced organic growth of approximately 8% and 9% respectively. Earnings were lower in both dollar terms and as a percentage of revenues due to lower gross margins coupled with greater S,G & A expenses. Compounding the decline was the fact that 2009 includes January results for Cannondale whereas 2008 does not, and January is a month which traditionally is one of the least profitable due to seasonality.

Gross margins decreased by 170 basis points due principally to a less profitable product mix as consumers shifted to lower price point products. Gross margins were further negatively impacted by foreign exchange variations. S,G & A expenses increased by \$7.1 million or 38.5% to \$25.7 million compared to last year's \$18.6 million. In addition to costs associated with new business acquisitions and foreign exchange variations on the segments non-US based businesses; organic expenses also increased as the company continued to invest in the segment's infrastructure and product innovation. The segment's depreciation and amortization expense increased by 19.5% compared to last year due to increased amortization of various intangible assets acquired as part of the Cannondale / SUGOI / PTI acquisitions in 2008.

Home Furnishings

Expenses as a percentage of revenues	Three months ended March 31	
	2009	2008
Revenues	100.0%	100.0%
Cost of Sales	<u>87.7%</u>	<u>89.2%</u>
Gross Margin	12.3%	10.8%
Selling, general and administrative expenses	7.4%	8.7%
Depreciation and amortization	0.3%	0.5%
Research and development costs	<u>0.6%</u>	<u>0.7%</u>
Earnings from operations	<u>4.0%</u>	<u>0.9%</u>

Revenue in Home Furnishings increased from \$106.9 million in 2008 to \$109.8 million in 2009, a 2.8% increase. Earnings improved by \$3.4 million over last year reaching \$4.4 million versus \$0.9 million the year before. The revenue increase was due to higher sales of Ready-to-Assemble (RTA) furniture sold by Ameriwood and Altra, which increased by over 12% from last year's first quarter. Demand for this type of product was strong and was driven by increases both at certain mass merchant customers and Do-It-Yourself (DIY) retailers. Tempering this sales increase were declines in the sales of imported product at certain of the segment's other divisions. It was the segment's best quarter since the fourth quarter of 2007. The majority of this earnings improvement is also attributable to Ameriwood.

Gross margins in 2009 were 12.3%, an improvement of 150 basis points over the 10.8% recorded in the prior year. This improvement was at Ameriwood which benefited from the lower value of the Canadian dollar versus the US dollar as well as improved manufacturing productivity. SG & A costs decreased from 2008 levels in both dollar and percentage terms. The decrease was due to cost cutting measures, principally at Cosco Home & Office as it continues to streamline its product offering and decrease its footprint. For the segment as a whole, this decline was \$1.2 million, or 130 basis points to 7.4% of revenues.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet

As at the 2008 year-end the Company had experienced a significant increase in inventory levels as retailers attempted to reduce their in-stock levels on-hand. As a result, sales in the fourth quarter of last year were lower than was anticipated at that time and inventory levels rose. Therefore, as was expected, in the first quarter of 2009 inventories declined from \$509.5 million as at December 30, 2008 to \$419.7 million as at quarter end as retailers began to replenish their stock levels. The related sales of this inventory meant that accounts receivable as at March 31, 2009 rose sharply from year-end levels, from \$316.3 million to \$377.9 million. The current portion of long-term debt increase as at March 31, 2009, is due to the re-classification from long-term to current of the Company's \$55.0 million Series "B" Senior Guaranteed Notes which are coming due in February, 2010.

Certain of the Company's working capital ratios are as follows:

	As at:	
	Mar. 31, 2009	Dec. 30, 2008
Quick ratio	0.95	0.78
Current ratio	2.12	2.15
# of days in receivables	59	55
# of days in inventory	103	107

The higher number of days in receivables and lower number of days in inventory figures are attributable to the conversion of inventory into accounts receivable as the Company reduced its high year-end levels of inventory. This also explains the improved quick ratio figure as at March 31, 2009. As of March 31, 2009, Dorel was compliant with all of its borrowing covenant requirements and expects to be so going forward. The Company continuously reviews its cash management and financing strategy to optimize the use of funds and minimize its cost of borrowing.

Cash Flow

During the first three months of 2009, cash flow from operating activities before changes in non-cash balances related to operations was \$37.7 million compared to \$43.5 million recorded in 2008. The year over year change in variations of working capital balances was an additional use of funds of \$6.7 million. After these changes in non-cash balances related to operations, cash flow used by operations was \$2.1 million compared to \$10.4 million that was provided by operations in 2008. In 2009 inventories declined from year-end levels as excess inventories on hand were sold to customers. As a result, there was a shift in working capital from inventories to accounts receivable. Accounts payable was significantly lower as at March 31, 2009 versus year-end as the Company reduced purchases as it was reducing its inventories.

Financing activities include a net increase in long-term debt and bank indebtedness of \$27.6 million. In 2009, dividends of \$4.2 million were paid, consistent with the prior year. Investing activities in 2009 includes \$5.4 million disbursed in connection with the business acquisition of Baby Art as well as \$1.1 million paid on a balance of sale related to the PTI acquisition in 2008. In 2009, excluding disbursements related to business acquisitions, the Company spent \$6.2 million on capital additions, comprising property, plant and equipment and intangible assets, a decrease from the 2008 amount of \$9.9 million. This decreased spending was the result of a concerted effort to limit capital expenditures to those projects deemed as most important to continued growth and new product development.

New Accounting Standards

Inventories

In the first quarter of 2009, the Company adopted the CICA Handbook Section 3031, *Inventories*, which replaces Section 3030, *Inventories*, and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards (IFRS). This Section provides changes to the measurement and more extensive guidance on the determination of the cost, including allocation of overheads and other costs to inventories; prohibits the use of the last-in, first-out (LIFO) method; requires the reversal of previous write-downs when there is a subsequent increase in the

value of inventories; and expands the disclosure requirements regarding inventories and cost of sales to increase transparency. This Section applies to interim and annual financial statements beginning on or after January 1, 2008.

As a result of the more restrictive guidance on the determination of costs, the Company changed some of its overhead allocation policy, whereby some overhead costs are expensed. In accordance with Section 3031, the Company applied these changes in accounting policies by adjusting the opening retained earnings as at December 31, 2008 (prior fiscal year periods were not restated). Accordingly, effective as of the beginning of our 2009 fiscal year, the impact of measuring the inventories under the new standard is a decrease of the carrying amount of inventories of \$3.5 million. Opening retained earnings at the beginning of the fiscal year 2009 were decreased by \$2.1 million, equal to the change in opening inventories net of tax of \$1.4 million.

Section 3031 requires depreciation expense related to manufacturing activities to be included in Cost of sales. As a result, effective in the first quarter of 2009, depreciation expense related to manufacturing activities has been reclassified to Cost of sales. The cost of inventories recognized as an expense and included in Cost of sales for the three-months ended March 31, 2009 was \$376.6 million. During the three-months ended March 31, 2009, the Company recorded \$3.2 million (in Cost of sales) for write-downs of inventory as a result of net realizable value being lower than cost and no inventory write-downs recognized in previous years were reversed.

Goodwill and Intangible Assets

In the first quarter of 2009, the Company adopted the CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and development costs*. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company has evaluated the new section and determined that there was no impact of its adoption on its financial statements except the deferred development costs are presented with the intangible assets as opposed to with other assets. As a result, \$26.9 million of deferred development costs as at December 30, 2008 have been reclassified from other assets to intangible assets.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issues Committee (EIC) issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which requires that the fair value of financial instruments, including derivative financial instruments, takes into account the counterparties' credit risk for assets and the Company's credit risk for liabilities. EIC-173 should be applied retrospectively without restatement of prior years to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The effective date of application for the Company is the first quarter of 2009. The application of EIC-173 did not have a significant impact on the financial results of the Company.

General Standards of Financial Statement Presentation

In June 2007, the CICA amended Section 1400, *General Standards of Financial Statement Presentation*, which is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, and which includes requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of the amended Section did not have any impact on the financial statements of the Company.

Future Accounting Changes

International Financial Reporting Standards

The Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to converge with IFRS. The changeover date from current Canadian GAAP to IFRS has been established as January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement and disclosures which must be addressed. In the period leading up to the changeover, the AcSB is

expected to continue to issue accounting standards that are converged with IFRS, mitigating the impact of adopting IFRS at the changeover date. As a result, the Company is currently developing its detailed IFRS conversion plan and evaluating the effect of these new standards on its consolidated financial statements. Determination of the key differences between IFRS and the Company's accounting policies is in progress with an evaluation of the main potential impact on its business practices, systems, disclosure controls and procedures, and internal controls over financial reporting.

The Company has a dedicated project manager to lead the conversion to IFRS. Members of the finance team are working closely with senior management in a number of different business areas to ensure that the impact of the conversion throughout the business is managed in a timely and efficient manner. Training and additional resources will be engaged as required to ensure the timely conversion to IFRS.

Business Combinations

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, and provides the equivalent to IFRS 3, Business Combinations. The new Section expands the definition of a business subject to an acquisition and establishes significant new guidance on the measurement of consideration given, and the recognition and measurement of assets acquired and liabilities assumed in a business combination. The new Section requires that all business acquisitions be measured at the full fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquiree is owned at the acquisition date. Subsequent changes in fair value of contingent consideration classified as a liability will be recognized in earnings and not as an adjustment to the purchase price. Restructuring and other direct costs of a business combination are no longer considered part of the purchase price allocation. Instead, such costs will be expensed as incurred, unless they constitute the costs associated with issuing debt or equity securities. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. This new Section will only have an impact on our financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, which replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements of the parent, subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of IAS 27, Consolidated and Separate Financial Statements. These Sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, and should be adopted concurrently with Section 1582. The Company is currently assessing the future impact of these new Sections on its consolidated financial statements.

OTHER INFORMATION

The designation, number and amount of each class and series of its shares outstanding as of April 30, 2009 are as follows:

- An unlimited number of Class "A" Multiple Voting Shares without nominal or par value, convertible at any time at the option of the holder into Class "B" Subordinate Voting Shares on a one-for-one basis, and;
- An unlimited number of Class "B" Subordinate Voting Shares without nominal or par value, convertible into Class "A" Multiple Voting Shares, under certain circumstances, if an offer is made to purchase the Class "A" shares.

Details of the issued and outstanding shares are as follows:

Class A		Class B		Total
Number	\$('000)	Number	\$('000)	\$('000)
4,229,710	\$1,793	29,105,082	\$175,223	\$177,016

Outstanding stock options and Deferred Share Units values are disclosed in Note 6 to the financial statements. There were no significant changes to these values in the period between the quarter end and the date of the preparation of this MD & A.

Forward Looking Information

Certain statements included in this MD&A may constitute “forward looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements generally can be identified by the use of forward looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. We refer you to the Company’s filings with the Canadian securities regulatory authorities for a discussion of the various factors that may affect the Company’s future results.

Readers are cautioned, however, not to place undue reliance on forward looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward looking statements will not occur. This may cause the Company’s actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

We believe that the expectations represented by such forward looking statements are reasonable, yet there can be no assurance that such expectations will prove to be correct. The forward looking statements contained in this report reflect the Company’s expectations as at the date of this MD & A and are subject to change after such date. Unless otherwise required by applicable securities laws, the Company expressly disclaims any intention, and assumes no obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise. The forward looking statements contained in this report are expressly qualified by this cautionary statement.