



**Consolidated Financial Statements  
(unaudited)**

**For the three and six months ended  
June 29, 2007**

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## NOTICE TO READERS OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of Roctest Ltd and the accompanying interim consolidated balance sheet as at June 29, 2007 and the interim consolidated statements of earnings, comprehensive income and cash flows for the three month and six month periods ended June 29, 2007 and June 30, 2006 are the responsibility of the Company's management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company.

The interim unaudited consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

*Signed*

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François Cordeau  
President and Chief Executive Officer  
July 27, 2007

*Signed*

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Patrick Savaria  
Finance Director  
July 27, 2007



**Consolidated Statements of Earnings  
(unaudited)**

Subject to year-end adjustment

	Three month periods ended		Six month periods ended	
	June 29, 2007	June 30, 2006	June 29, 2007	June 30, 2006
	\$	\$	\$	\$
<b>Sales</b>	<b>5 096 399</b>	5 250 513	<b>10 057 075</b>	9 695 564
<b>Cost of sales</b>	<b>3 074 045</b>	3 072 014	<b>6 296 669</b>	5 851 584
	<b>2 022 354</b>	2 178 499	<b>3 760 406</b>	3 843 980
<b>Expenses</b>				
Sales and administration	<b>1 787 773</b>	1 809 977	<b>3 521 396</b>	3 327 707
Scientific research costs, net of grants and refundable tax credits (note 1)	<b>473 672</b>	361 389	<b>821 358</b>	713 326
Amortization	<b>254 162</b>	318 853	<b>509 571</b>	580 986
Interest on long-term debt <sup>(*)</sup>	<b>59 752</b>	45 968	<b>127 291</b>	81 722
Foreign exchange loss	<b>70 811</b>	160 103	<b>73 635</b>	185 395
	<b>2 646 170</b>	2 696 290	<b>5 053 251</b>	4 889 136
<b>Loss before income taxes</b>	<b>(623 816)</b>	(517 791)	<b>(1 292 845)</b>	(1 045 156)
<b>Provision for (recovery of) income taxes</b>				
Current	<b>52 187</b>	11 059	<b>75 869</b>	(6 608)
Future	<b>0</b>	(144 547)	<b>0</b>	(356 743)
	<b>52 187</b>	(133 488)	<b>75 869</b>	(363 351)
<b>Loss for the period</b>	<b>(676 003)</b>	(384 303)	<b>(1 368 714)</b>	(681 805)
<b>Loss per share</b>				
Basic	<b>(0,12)</b>	(0,07)	<b>(0,25)</b>	(0,13)
Diluted	<b>(0,12)</b>	(0,07)	<b>(0,25)</b>	(0,13)
<b>Weighted average number of shares outstanding.</b>				
Basic	<b>5 563 071</b>	5 244 496	<b>5 563 071</b>	5 244 496
Diluted	<b>5 563 071</b>	5 244 881	<b>5 563 071</b>	5 244 481

See accompanying notes to consolidated financial statements

(\*) : Due to the fact that the Company does not respect certain financial ratios, long term debt installments due within one year include an amounts of \$ 2,586,579, which would have been beyond 2007 if ratios were respected, and which were previously classified as long-term debt.

**Consolidated Statements of Comprehensive Income**  
**(unaudited)**

Subject to year-end adjustment

	Three month periods ended		Six month periods ended	
	June 29, 2007	June 30, 2006	June 29, 2007	June 30, 2006
	\$	\$	\$	\$
<b>Net Loss</b>	<b>(676 003)</b>	(384 303)	<b>(1 368 714)</b>	(681 805)
Unrealized gain and losses on translating financial statements of self-sustaining foreign operations	<b>(194 183)</b>	14 665	<b>(187 262)</b>	81 607
<b>Comprehensive income</b>	<b>(870 186)</b>	(369 638)	<b>(1 555 976)</b>	(600 198)

See accompanying notes to consolidated financial statements

**Consolidated Balance Sheets**  
(unaudited)

Subject to year-end adjustment

	As at	
	June 29, 2007	December 29, 2006
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	336 417	2,291,953
Temporary investments	74 897	75,200
Accounts receivable	5 259 905	6,441,447
Research and development tax credits	1 104 455	972,545
Income taxes receivable	0	89,696
Inventories	3 984 269	3,704,965
Prepaid expenses	314 023	263,082
Future income taxes	25 389	28,556
	<b>11 099 355</b>	<b>13,867,444</b>
Research and development tax credits receivable	1 549 375	1,549,375
Property, plant and equipment	5 120 094	5,455,765
Intangible assets	1 449 173	1,472,220
Goodwill	2 332 631	2,332,631
Other assets	0	1,230
Future income taxes	978 395	978,395
	<b>22 529 023</b>	<b>25,657,060</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank advances	830 833	1,039,372
Accounts payable and accrued liabilities	4 426 362	4,898,818
Fair value of foreign exchange contracts	0	79,261
Current portion of long-term debt	3 356 946	4,041,893
	<b>8 614 141</b>	<b>10,059,344</b>
<b>Long term debt</b>		
Fair value of interest swap	618 259	775,046
	<b>18 989</b>	<b>16,869</b>
	<b>9 251 389</b>	<b>10,851,259</b>
<b>Shareholders' Equity</b>		
Capital stock (Note 2)	6 628 330	6,628,330
Subscription Warrant	494 208	494,208
Contributed surplus	420 529	360,529
Retained earnings	6 360 014	7,728,735
Accumulated other comprehensive income – (Loss)	(625 447)	(406,001)
	<b>13 277 634</b>	<b>14,805,801</b>
	<b>22 529 023</b>	<b>25,657,060</b>

See accompanying notes to consolidated financial statements

**Consolidated Statement of Cash Flows**  
(unaudited)

Subject to year-end adjustment

	Three month periods ended		Six month periods ended	
	June 29, 2007	June 30, 2006	June 29, 2007	June 30, 2006
	\$	\$	\$	\$
<b>Cash flows from</b>				
<b>Operating activities</b>				
Loss for the period	(676 003)	(384 303)	(1 368 714)	(681 805)
Adjustments for				
Amortization of property, plant and equipment	254 162	318 853	509 571	580 986
Future income taxes	0	(144 547)	0	(356 743)
Stock-based compensation	30 000	30 000	60 000	60 000
Change in non-cash working capital items	(383 885)	(1 037 989)	(247 349)	(1 036 550)
	<b>(775 726)</b>	<b>(1 217 986)</b>	<b>(1 046 492)</b>	<b>(1 434 113)</b>
<b>Financing activities</b>				
Bank advances	436 853	(929 503)	(208 539)	(930 492)
Long term debt	0	1 982 199	64 000	1 982 199
Repayment of long-term debt	(260 010)	(180 532)	(581 812)	(352 595)
<b>Cash flow from financing activities</b>	<b>176 843</b>	<b>872 164</b>	<b>(726 351)</b>	<b>699 112</b>
<b>Investing activities</b>				
Acquisition of a subsidiary	0	(1 189 233)	0	(1 189 233)
Additions to property, plant and equipment	(11 832)	(300 134)	(174 001)	(540 358)
Increase in other assets	(8 692)	(82 885)	(8 692)	(56 419)
<b>Cash flow from investing activities</b>	<b>(20 524)</b>	<b>(1 572 252)</b>	<b>(182 693)</b>	<b>(1 786 010)</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>(619 407)</b>	<b>(1 918 074)</b>	<b>(1 955 536)</b>	<b>(2 521 010)</b>
<b>Cash and cash equivalents - beginning</b>	<b>955 824</b>	<b>4 436 563</b>	<b>2 291 953</b>	<b>5 039 499</b>
<b>Cash and cash equivalents - end</b>	<b>336 417</b>	<b>2 518 489</b>	<b>336 417</b>	<b>2 518 489</b>

See accompanying notes to consolidated financial statements

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## Notes to Consolidated Financial Statements

Three month periods ended June 29, 2007 and June 30, 2006  
(unaudited)

### 1. Significant Accounting policies :

#### Basic presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The accounting policies and method used to prepare those financial statements are the same as those used in the preparation of the audited consolidated financial statements for the year ended December 29, 2006, except for accounting policies adopted on January 1<sup>st</sup>, 2007, described below. These interim consolidated financial statements should be read in conjunction with the annual audited financial statements, related notes and Management's discussion and analysis included in the 2006 annual report of the Company, as well as with the Management report for the period ended June 29, 2007 and June 30, 2006.

Certain comparative figures for the previous year have been restated to conform to the presentation adopted for the fiscal year 2007. Since the last quarter of the preceding year, the Company only records refundable tax credits. This had a negative impact amounting to \$150 000 compared to the same period in 2006.

#### Accounting policies recently adopted

#### Financial instruments, recognition and measurement

On January 1<sup>st</sup> 2007, the Company adopted the new requirements of the CICA Handbook relating to the recognition and measurement of financial instruments. This section has to be adopted for fiscal years beginning on or after October 1, 2006. This section indicates when and at what amount a financial instrument has to be recorded in the balance sheet as well as the disclosure of gain or losses in the financial statements. Financial assets available for sale, financial assets or liabilities held for trading and derivatives, designated or not as a hedge, have to be valued at their fair value.

#### Comprehensive Income

On January 1<sup>st</sup> 2007, the Company adopted the new requirements of the CICA Handbook relating to comprehensive income. These recommendations have to be adopted for fiscal years beginning on or after October 1, 2006. This Section establishes standards for reporting and display of comprehensive income. Comprehensive income is the change in equity of an enterprise resulting from transactions and other events unrelated to the shareholders. These transactions and events include namely the change in the cumulative translation adjustment of self-sustained foreign operations and the unrealized gains or losses relating to fair value adjustments of certain financial instruments.

The impact of the revaluation of the financial assets and liabilities at their fair value as at January 1<sup>st</sup>, 2007 did not give rise to a material adjustment. Elements recorded in the opening balance of the other elements of the comprehensive income statement include the net unrealized exchange loss on conversion of self-sustained foreign subsidiaries of \$406,001 as at December 29, 2006.

The consolidated financial statements include a consolidated statement of comprehensive income, the accumulated amount being the other elements of comprehensive income is presented in a separate section of shareholders' equity.

## Notes to Consolidated Financial Statements

Three month periods ended June 29, 2007 and June 30, 2006  
(unaudited)

### 2. Capital-stock

#### Authorized

An unlimited number of shares without par value.

Voting and participating common shares.

Preferred shares, issuable in series, dividend and redemption value to be determined by the directors at the time of issuance.

Issued and fully paid	June 29, 2007	December 29, 2006
	\$	\$
5,563,071 common shares	6,628,330	6,628,330

#### Earnings per share

The following table presents the reconciliation of numerators and denominators for assessing earnings per share on a basic and diluted basis :

	June 29, 2007	June 30, 2006
Average number of common shares		
Weighted average number of shares outstanding	5,563,071	5,203,071
Dilutive effect of stock options	-	-
	5,563,071	5,203,071

Subscription warrants and stock options were excluded in the diluted earnings because they would have had an anti-dilutive effect.

#### Stock options

The Company has a stock option plan for its management, directors and employees. The total number of shares which may be issued under the plan could not exceed 666,182 common shares. In addition, no beneficiary of the plan may be allotted more than 5% of the issued common shares. No option may be outstanding more than ten years.

The exercise price is the value of the common shares at the grant date. Options granted under the Plan generally vest over a period of three years, at a rate of 33% per year, starting on the first anniversary of the grant date.

## Notes to Consolidated Financial Statements

Three month periods ended June 29, 2007 and June 30, 2006  
(unaudited)

	June 29, 2007		December 29, 2006	
	Number of Shares	Weighted average exercised price \$	Number of Shares	Weighted average exercised price \$
Options granted beginning	422,000	2.46	388,685	2.60
Granted	-	-	85,000	2.08
Exercised	-	-	-	-
Cancelled	11,500	2.31	(27,685)	3.87
Options granted end	410,500	2.47	446,000	2.42
Options exercisable at year end	239,505	2.54	216,173	2.56

The exercise price of these options ranges from \$1.55 to \$4.20 and the weighted average remaining contractual life is 5.1 years.

The fair value of each option's grant was estimated on the date of grant using the Black - Scholes option pricing model with the following weighted average assumptions for 2006 grants: dividend yield of 0% for all years; volatility of 57%; risk free interest rate of 4.16% and expected life of five years. During the three month period ended June 29, 2007, no options were granted.

The compensation cost for stock options recognized in earnings for the three month period ended June 29, 2007 amounts to \$30,000 with a corresponding credit to contributed surplus using the fair value method of accounting.

The average value of options granted during the first quarter is nil (\$1,10 for the 2006 fiscal year).

As at June 29, 2007 the following stock options were granted:

Exercise price \$	Number of outstanding options	Weighted average remaining (years)	Weighted average exercise price \$	Number of exercisable options	Weighted average exercise price of exercisable options \$
1.55 to 2.32	112,000	5.6	1.95	46,668	1.82
2.33 to 3.49	283,500	4.5	2.59	177,837	2.60
3.50 to 4.20	15,000	1.6	4.08	15,000	4.08
	410,500	5.1	2.47	239,505	2.54

## Notes to Consolidated Financial Statements

Three month Periods ended June 29, 2007 and June 30, 2006  
(unaudited)

### 3. Segmented Information

#### Information by operating segments

	For the three month period ended June 29, 2007			For the three month period ended June 30, 2006		
	Civil engineering	Industrial	Total	Civil engineering	Industrial	Total
Sales to third parties	3 592 761	1 503 638	5 096 399	3 828 288	1 422 224	5 250 513
Amortization	144 189	109 973	254 162	155 609	163 244	318 853
Interest on long term debt	36 265	23 487	59 752	15 605	30 363	45 968
Earning (loss)	(484 498)	(191 505)	(676 003)	(234 931)	(149 372)	(384 303)
Income taxes (recovery)	52 187	0	52 187	(66 316)	(67 172)	(133 488)
Expenditures for property, plant and equipments	4 012	7 820	11 832	265 861	34 273	300 134

  

	For the six month period ended June 29, 2007			For the six month period ended June 30, 2006		
	Civil engineering	Industrial	Total	Civil engineering	Industrial	Total
Sales to third parties	7 001 525	3 055 550	10 057 075	6 749 532	2 946 032	9 695 564
Amortization	290 326	219 245	509 571	269 046	311 940	580 986
Interest on long term debt	77 971	49 320	127 291	17 658	64 064	81 722
Earning (loss)	(1 036 123)	(332 591)	(1 368 714)	(506 139)	(175 666)	(681 805)
Income taxes (recovery)	75 869	0	75 869	(292 557)	(70 794)	(363 351)
Expenditures for property, plant and equipments	154 070	19 931	174 001	488 711	51 647	540 358

  

	June 29, 2007			December 29, 2006		
	Civil engineering	Industrial	Total	Civil engineering	Industrial	Total
Segment assets	14 802 043	7 726 980	22 529 023	17 426 086	8 230 974	25 657 060

#### - Information by geographic segments

##### Sales to third parties \*

	For the three month period ended		For the six month period ended	
	June 29, 2007	June 30, 2006	June 29, 2007	June 30, 2006
Canada	438 567	563 885	877 068	1 221 694
United States	1 259 781	1 491 709	2 400 765	2 579 321
France	1 613 977	1 103 214	3 135 200	2 322 252
Others	1 784 074	2 091 705	3 644 042	3 572 297
<b>Total</b>	<b>5 096 399</b>	<b>5 250 513</b>	<b>10 057 075</b>	<b>9 695 564</b>

##### Property, plant, equipment and other assets

	As at	
	June 29, 2007	December 29, 2006
	5 011 523	5 222 048
	258 027	250 072
	1 120 653	1 182 644
	2 511 695	2 607 082
<b>Total</b>	<b>8 901 898</b>	<b>9 261 846</b>

\*Sales are attributed to countries based on location of customers.