THIRD QUARTER
REPORT TO SHAREHOLDERS 2008

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Results of Operations

Effective for the quarter ending September 30, 2007, the segment formerly known as Distribution was combined with the Packaging segment. The change was the result of the completion of the sale of Energy Steel Products Inc. on July 31, 2007. Comparative figures have been restated accordingly.

Samuel Manu-Tech Inc. posted another strong performance for the third quarter of 2008.

Net Sales

Sales for the third quarter ended September 30, 2008 were $265.6 million, which represents an increase of $38.9 million or 17.2% over the $226.7 million achieved in the comparable period of last year. Sales for the nine months to September 30, 2008 were $753.2 million which represents an increase of $62.7 million or 9.1% over the $690.5 million achieved in the comparable period of last year. In both cases, the increase results from the contribution from recent acquisitions and start-up operations as well as increased selling prices. These positive factors more than offset continued weaker end user demand in certain key sectors resulting from the economic slowdown in North America and the negative impact of the strong Canadian dollar in the first nine months of 2008 as compared to the comparable period last year.

Sales of the Packaging segment in the third quarter, at $125.5 million, were up $11.7 million or 10.3% compared to last year with increased sales in the U.S. reflecting higher volumes and selling prices which more than offset decreases in Canada. Sales in Canada continued to be negatively impacted by the continued softening in the forestry and construction sectors and increased competition due to exchange.

Metal Processing sales for the third quarter were $140.1 million, which is up $27.3 million or 24.2% compared to last year. This was primarily due to higher sales of roll formed products reflecting the ramp up of the U.S. operations in Iuka, Mississippi as well as the acquisition of Omega Joists Inc. in February 2008. Sales of steel pressure vessels and stainless and carbon steel tubular products were also higher in the third quarter reflecting increased volumes and selling prices and the acquisitions of Northland Stainless, Inc., Associated Tube USA Inc. in August 2007 and Tubular Products Company in January 2008. These increases were offset in part by lower steel pickling, existing stainless steel tubular products and welded tubular assembly sales reflecting lower volume levels.

Earnings

Net earnings from continuing operations for the third quarter were $22.4 million or $0.70 per share compared to $4.1 million or $0.12 per share in the comparable quarter of last year. Net earnings from continuing operations for the nine months to September 30, 2008 were $37.6 million or $1.17 per share compared to $18.1 million or $0.56 per share last year. On July 31, 2007, the Company sold the operations and net assets of its subsidiary, Energy Steel Products, Inc. The results from this subsidiary, which were previously included in the Distribution segment, have been reclassified as discontinued operations in the accompanying interim consolidated financial statements. Additional details are outlined in Note 6 – Discontinued Operations to the interim consolidated financial statements. Net earnings for the third quarter were $22.4 million or $0.70 per share compared to $7.8 million or $0.24 per share in the comparable quarter of last year. Net earnings for the nine months to September 30, 2008 were $37.6 million or $1.17 per share compared to $24.0 million or $0.75 per share last year. The results for the third quarter and nine months this year include an estimated pre-tax gain of $15.2 million related to the sale of the Nanticoke, Ontario steel pickling operations as outlined in Note 12 to the interim consolidated financial statements. This gain of $10.4 million after tax positively impacted earnings in both the quarter and first nine months this year by $0.32 per share. The results for the third quarter and nine months this year also include a pre-tax restructuring charge of $2.7 million related to the closure of the Scarborough, Ontario strapping manufacturing facility as outlined in Note 5 to the interim consolidated financial statements. This restructuring charge of $1.9 million and

$1.8 million after tax negatively impacted earnings in both the quarter and first nine months this year by $0.06 per share. This compares to the third quarter and nine months results last year which included a restructuring charge of $1.0 million ($0.7 million after tax) and $6.0 million ($3.9 million after tax) and which negatively impacted earnings in the third quarter and first nine months last year by $0.02 and $0.12 per share respectively.

Operating profit (see below for cautionary language regarding non-GAAP measures) for the third quarter amounted to $22.8 million compared to $8.8 million in the comparable quarter of last year with increases in both the Packaging and Metal Processing segments.

The Packaging segment had an operating profit of $10.5 million, which was $7.6 million higher than the $2.9 million earned last year with most of the increase occurring in the U.S. reflecting increased volumes and higher pricing levels. In addition, increased operating efficiencies were realized at the new steel strapping facility in Heath County, Ohio. Operating profit in Canada was also up reflecting the positive benefits from certain cost reduction measures and increased pricing levels offsetting the continued slowdown in the forestry and construction sectors and the negative effects from increased competition.

The Metal Processing segment generated operating profits of $14.8 million, which was $6.0 million higher than the $8.8 million earned in the comparable quarter of last year. Operating profits from roll formed products were up reflecting increased sales levels and the positive contribution from the U.S. operations. Operating profits from steel pressure vessels and tubular operations were also higher reflecting increased sales and the acquisitions of Northland Stainless, Inc. and Tubular Products Company. These increases were offset in part by decreased profits from stainless steel tubular products reflecting a less favourable product mix and slowdowns at the U.S. and Mexican operations. Operating profits from steel pickling operations were also down reflecting lower overall volumes primarily as a result of a reduction in manufacturing and demand in Southern Ontario.

Financial Condition

Liquidity and Capital Resources

Cash flow from continuing operations before changes in non-cash working capital for the first nine months of 2008 amounted to $43.0 million which was up $11.4 million from $31.6 million in the comparable period of last year with the increase attributable to higher earnings and increased levels of depreciation and amortization. Overall, cash flow from operating activities from continuing operations was $7.4 million compared to cash flow used in operating activities from continuing operations of $1.1 million last year. This reflects increased levels of profitability offset in part by increased requirements for non-cash working capital.

Cash used in investing activities from continuing operations at $36.7 million was below last year's $68.8 million with increased spending on business acquisitions more than offset by proceeds on sale of capital assets and decreased spending on capital assets. Cash flow generated from financing activities amounted to $26.8 million in the nine months compared to $18.5 million last year with the increase in cash this year due to the net increase in long-term debt. Dividends paid on common shares for the nine months amounted to $9.6 million or $0.30 per share which was the same as last year. In aggregate, the cash position decreased by $2.8 million compared to a $26.0 million decrease last year. The Company continues to maintain credit facilities with various banks and at September 30, 2008 had available unused credit facilities of approximately $112.5 million.

Capital Expenditures

Capital expenditures in the nine months to September 30, 2008 were $15.0 million compared to $27.2 million during the comparable period last year. Expenditures in the current nine months related primarily to new and replacement machinery and equipment at several locations.

Business Acquisitions

On February 27, 2008, the Company acquired the assets and all business operations of Omega Joists Inc. for consideration of $27 million subject to certain adjustments for working capital items. On January 31, 2008, the Company acquired 100% of the outstanding voting shares of Tubular Products Company for consideration of U.S. $33 million plus an earn-out payment, subject to certain adjustments for working capital items. The Company is pleased with the performance of both acquisitions to date. Both of these strategic acquisitions are reported under the Metal Processing segment, and have been accounted for under the purchase method of accounting. Additional details are outlined in Note 7 – Business Acquisitions to the interim consolidated financial statements.

Joint Venture

On April 8, 2008, the Company announced that its majority owned steel pickling operations in Ohio, Samuel Steel Pickling Company, had entered into a letter of intent with respect to a strategic alliance with Viking & Worthington Steel Enterprises, LLC. Additional details are outlined in Note 11 – Joint Venture to the interim consolidated financial statements.

Working Capital

Working capital at September 30, 2008 was $289.5 million, an increase of $49.1 million from the year-end position due to higher receivables and inventories offset in part by higher bank indebtedness, payables and income taxes. Overall, the working capital ratio decreased to 3.4 from the year-end position of 3.9 but increased compared to the end of the third quarter last year when it was 2.8.

Net Borrowings to Capitalization

The Company's net borrowings as at September 30, 2008 amounted to $182.5 million, an increase of $49.0 million from $133.5 million at December 31, 2007. This increase reflects the increased spending on business acquisitions during the first nine months as well as a higher investment in working capital, offset in part by higher profits and decreased spending on capital assets. The net debt to capitalization ratio at the end of the quarter increased to 32.7% compared to 28.3% at year-end and 30.4% at the end of the third quarter last year.

Capital Stock

Details of issued and outstanding common shares are outlined in Note 2 to the interim consolidated financial statements. As at the date of this report the number of outstanding common shares is 32,140,245. During the quarter ended September 30, 3008, no stock options were issued; however, 16,800 stock options were exercised, resulting in the issuance of 16,800 common shares in exchange for proceeds of $0.2 million. Also, 82,500 stock options expired and were cancelled during the third quarter.

Outlook

Carbon steel pricing levels began to decrease late in the third quarter of 2008 after substantial increases earlier in the year. The increases were driven by reduced imports and higher raw material input costs. The weak North American and global economies and the strengthening of the U.S. dollar have all been factors in the more recent overall decline in demand. The outlook for the fourth quarter is for demand to weaken further. Carbon prices are weakening due to the significant decline in base metal prices and the weak economy. This will likely be offset with production cuts by several of the North American steel mills, which may help to mitigate further price decreases.

Stainless steel surcharges decreased in the third quarter along with some reduction in base prices, driven by weak demand, particularly in the automotive and housing markets. Surcharges will decrease significantly in the fourth quarter due in part to continuing lower demand and the reduction in the price of nickel, iron and other base metals used in the production of stainless steel.

In addition, the Canadian dollar started to weaken relative to the U.S. dollar in the latter part of the third quarter having a net positive impact on the Company's results. Continued decline in the Canadian dollar relative to the U.S. dollar would also be anticipated to have a positive impact on the Company's results.

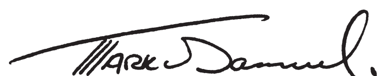
In summary, more challenging market conditions are anticipated for the balance of the year, including the current global liquidity crisis, which will have a significant negative impact on the fourth quarter results. While faced with the prospect of an extended economic slowdown, the Company is confident that it is well positioned and capitalized to weather this difficult period.

Quarterly Results

(in thousands of dollars except per share amounts)

	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2006 Q4
Net Sales from continuing operations	**$ 265,639**	$ 259,771	$ 227,764	$ 209,360	$ 226,663	$ 229,235	$ 234,608	$ 211,434
Net Earnings from continuing operations	**22,430**	12,070	3,078	3,278	4,104	8,028	5,938	9,763
Basic Earnings per Share	**0.70**	0.37	0.10	0.10	0.12	0.25	0.19	0.30
Diluted Earnings per Share	**0.70**	0.37	0.10	0.10	0.12	0.24	0.19	0.29
Net Earnings	**22,430**	12,070	3,078	3,278	7,800	9,197	7,024	11,254
Basic Earnings per Share	**0.70**	0.37	0.10	0.10	0.24	0.29	0.22	0.35
Diluted Earnings per Share	**0.70**	0.37	0.10	0.10	0.24	0.28	0.22	0.34

Samuel Manu-Tech Inc. (SMT-TSX) is a leading North American industrial products and technology company producing and distributing a wide range of steel, plastic and related industrial products and services from locations in Canada, the United States and Mexico.



Mark C. Samuel
Chairman & CEO

October 28, 2008

The "Third Quarter Results" utilize the term "operating profit" which is a non-GAAP measure. Securities regulations require that corporations caution readers that these terms do not have standardized meanings under GAAP and are unlikely to be comparable to similar measures used by other companies. Operating profit is defined as earnings from continuing operations before gain on sale of steel pickling operations, restructuring charge, interest and income taxes.

Operating profit should not be construed as a substitute for net earnings or cash flows from operations (each as determined in accordance with generally accepted accounting principles) for the purpose of analyzing the Company's operating performance, financial position or cash flows. The Company believes that, in addition to cash flow from operations and net earnings, operating profit is a useful financial performance measurement for assessing operating performance as it provides investors with an additional basis to evaluate the ability of the Company to incur and service debt and to fund capital expenditures.

This report may contain forward-looking information that is subject to risks, uncertainties and assumptions. Such information represents our current views based on information as at the date of issuing this report. We do not intend to update this information and disclaim any legal obligation to the contrary.

Notice to Reader of the Interim Consolidated Financial Statements

The interim consolidated financial statements of Samuel Manu-Tech Inc., which include the interim consolidated balance sheet as at September 30, 2008 and the interim consolidated statements of earnings, retained earnings, cash flows and comprehensive income (loss) for the nine month period then ended are the responsibility of management. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect estimates based on the best judgment of management.

These interim consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Company, KPMG LLP.

Mark C. Samuel
Chairman & CEO

John D. Amodeo
Vice-President & Chief Financial Officer

October 28, 2008

CONSOLIDATED STATEMENTS OF EARNINGS

Nine Months ended September 30, 2008 and 2007 *(unaudited)*

(in thousands of dollars except per share amounts)

	3rd QUARTER		NINE MONTHS	
	2008	2007	**2008**	2007
NET SALES	**$ 265,639**	$ 226,663	**$ 753,174**	$ 690,506
COSTS AND EXPENSES (INCOME):				
Cost of sales, selling & administration	**235,283**	211,680	**683,001**	634,295
Depreciation and amortization	**7,405**	5,483	**21,565**	16,672
Foreign exchange loss (gain)	**161**	661	**(219)**	1,491
Interest on long-term debt	**1,954**	1,844	**6,069**	5,235
Interest on short-term debt	**43**	351	**137**	896
Interest income	**(75)**	(23)	**(107)**	(56)
	244,771	219,996	**710,446**	658,533
EARNINGS FROM CONTINUING OPERATIONS BEFORE GAIN ON SALE OF STEEL PICKLING OPERATIONS, RESTRUCTURING CHARGE AND INCOME TAXES	**20,868**	6,667	**42,728**	31,973
GAIN ON SALE OF STEEL PICKLING OPERATIONS (note 12)	**(15,203)**	—	**(15,203)**	—
RESTRUCTURING CHARGE (note 5)	**2,691**	997	**2,703**	5,989
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**33,380**	5,670	**55,228**	25,984
INCOME TAXES (RECOVERY):				
Current	**12,028**	1,810	**19,333**	8,367
Future	**(1,078)**	(244)	**(1,683)**	(453)
	10,950	1,566	**17,650**	7,914
NET EARNINGS FROM CONTINUING OPERATIONS	**22,430**	4,104	**37,578**	18,070
NET EARNINGS FROM DISCONTINUED OPERATIONS (note 6)	**—**	3,696	**—**	5,951
NET EARNINGS	**$ 22,430**	$ 7,800	**$ 37,578**	$ 24,021
BASIC EARNINGS PER SHARE				
From continuing operations	**$ 0.70**	$ 0.12	**$ 1.17**	$ 0.56
From discontinued operations	**0.00**	0.12	**0.00**	0.19
	$ 0.70	$ 0.24	**$ 1.17**	$ 0.75
DILUTED EARNINGS PER SHARE				
From continuing operations	**$ 0.70**	$ 0.12	**$ 1.17**	$ 0.55
From discontinued operations	**0.00**	0.12	**0.00**	0.19
	$ 0.70	$ 0.24	**$ 1.17**	$ 0.74

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Nine Months ended September 30, 2008 and 2007 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER	
	2008	2007
RETAINED EARNINGS, BEGINNING OF PERIOD	**$ 341,925**	$ 327,472
NET EARNINGS	**37,578**	24,021
DIVIDENDS PAID ON COMMON SHARES	**(9,639)**	(9,633)
RETAINED EARNINGS, END OF PERIOD	**$ 369,864**	$ 341,860

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

September 30, 2008 *(unaudited)* and December 31, 2007 *(audited)*

(in thousands of dollars)

	Sept. 30, 2008	Dec. 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 3,544**	$ 1,876
Accounts receivable	**165,178**	123,801
Inventories (note 1)	**231,356**	180,555
Prepaid expenses and sundry	**5,956**	3,260
Income taxes receivable	**—**	6,475
Future income taxes	**5,942**	5,500
Assets held for sale	**—**	345
	411,976	321,812
CAPITAL ASSETS	**166,899**	173,150
ACCRUED PENSION ASSET	**7,073**	9,335
FUTURE INCOME TAXES	**364**	1,260
GOODWILL	**84,080**	50,008
INTANGIBLE ASSETS	**19,535**	11,396
OTHER ASSETS	**2,523**	1,294
	$ 692,450	$ 568,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank indebtedness	**$ 8,359**	$ 3,915
Accounts payable and accrued liabilities	**96,127**	68,462
Deferred revenue	**6,348**	5,880
Dividends payable	**3,253**	3,245
Income taxes payable	**8,437**	—
	122,524	81,502
LONG-TERM DEBT	**177,704**	131,414
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS	**2,518**	2,326
FUTURE INCOME TAXES	**13,476**	15,285
OTHER LONG-TERM LIABILITIES	**938**	366
	317,160	230,893
SHAREHOLDERS' EQUITY:		
Capital stock (note 2)	**30,126**	29,891
Contributed surplus	**141**	216
Retained earnings	**369,864**	341,925
Accumulated other comprehensive loss (note 3)	**(24,841)**	(34,670)
	375,290	337,362
	$ 692,450	$ 568,255

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nine Months ended September 30, 2008 and 2007 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER		NINE MONTHS	
	2008	2007	**2008**	2007
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net earnings from continuing operations	**$ 22,430**	$ 4,104	**$ 37,578**	$ 18,070
Items not involving cash:				
Depreciation and amortization	**7,405**	5,483	**21,565**	16,672
Loss (gain) on disposal of capital assets	**(16,763)**	(2)	**(16,824)**	54
Future income taxes	**(1,078)**	(244)	**(1,683)**	(453)
Decrease (increase) in accrued pension asset	**2,853**	(756)	**2,295**	(3,057)
Decrease in post-retirement benefits other than pensions	**25**	8	**59**	296
	14,872	8,593	**42,990**	31,582
Change in non-cash operating working capital:				
Decrease (increase) in accounts receivable	**(4,681)**	(7,693)	**(30,651)**	(22,503)
Decrease (increase) in inventories	**(19,184)**	11,665	**(39,320)**	(8,409)
Decrease (increase) in prepaid expenses and sundry	**(1,917)**	405	**(2,521)**	949
Decrease (increase) in income taxes receivable	**1,687**	—	**6,611**	—
Increase (decrease) in accounts payable and accrued liabilities	**4,025**	(2,419)	**22,166**	(1,129)
Increase (decrease) in deferred revenue	**1,816**	(1,732)	**84**	(1,832)
Increase (decrease) in income taxes payable	**8,053**	1,410	**8,053**	214
	4,671	10,229	**7,412**	(1,128)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:				
Proceeds on sale of capital assets	**37,320**	29	**38,409**	120
Purchase of capital assets	**(6,557)**	(8,110)	**(14,987)**	(27,211)
Business acquisitions (note 7)	**—**	(41,664)	**(60,130)**	(41,664)
	30,763	(49,745)	**(36,708)**	(68,755)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:				
Increase in other assets	**(519)**	(108)	**(1,085)**	(462)
Issuance of common shares (note 2)	**160**	62	**160**	421
Increase in long-term debt	**—**	5,776	**43,827**	28,135
Repayment of long-term debt	**(37,102)**	—	**(6,500)**	—
Dividends paid on common shares	**(3,214)**	(3,212)	**(9,639)**	(9,633)
	(40,675)	2,518	**26,763**	18,461
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS:				
Operating activities	**—**	1,640	**—**	(917)
Investing activities	**—**	26,210	**—**	26,164
	—	27,850	**—**	25,247
EFFECT OF EXCHANGE RATE CHANGES ON CASH POSITION	**(267)**	186	**(243)**	222
INCREASE (DECREASE) IN CASH POSITION	**(5,508)**	(8,962)	**(2,776)**	(25,953)
CASH POSITION, BEGINNING OF PERIOD	**693**	(21,258)	**(2,039)**	(4,267)
CASH POSITION, END OF PERIOD	**$ (4,815)**	$ (30,220)	**$ (4,815)**	$ (30,220)

Cash position is comprised of cash and cash equivalents, with maturities at the date of purchase of three months or less, less bank indebtedness.

See accompanying notes to consolidated financial statements.

SEGMENTED INFORMATION

Nine Months ended September 30, 2008 and 2007 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER		NINE MONTHS	
NET SALES	**2008**	2007	**2008**	2007
Packaging	**$ 125,530**	$ 113,813	**$ 356,236**	$ 352,977
Metal Processing	**140,109**	112,850	**396,938**	337,529
Consolidated	**$ 265,639**	$ 226,663	**$ 753,174**	$ 690,506

	3rd QUARTER		NINE MONTHS	
EARNINGS FROM CONTINUING OPERATIONS BEFORE GAIN ON SALE OF STEEL PICKLING OPERATIONS, RESTRUCTURING CHARGE, INTEREST AND INCOME TAXES	**2008**	2007	**2008**	2007
Packaging	**$ 10,513**	$ 2,913	**$ 20,394**	$ 14,106
Metal Processing	**14,791**	8,812	**35,529**	32,054
Corporate	**(2,514)**	(2,886)	**(7,096)**	(8,112)
Earnings from continuing operations before gain on sale of steel pickling operations, restructuring charge, interest and income taxes	**22,790**	8,839	**48,827**	38,048
Gain on sale of steel pickling operations (note 12)	**(15,203)**	—	**(15,203)**	—
Restructuring charge (note 5)	**2,691**	997	**2,703**	5,989
Interest on long-term debt	**1,954**	1,844	**6,069**	5,235
Interest on short-term debt	**43**	351	**137**	896
Interest income	**(75)**	(23)	**(107)**	(56)
Earnings from continuing operations before income taxes	**$ 33,380**	$ 5,670	**$ 55,228**	$ 25,984

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Nine Months ended September 30, 2008 and 2007 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER		NINE MONTHS	
	2008	2007	**2008**	2007
NET EARNINGS	**$ 22,430**	$ 7,800	**$ 37,578**	$ 24,021
OTHER COMPREHENSIVE INCOME (LOSS):				
Unrealized gain (loss) on translation of net foreign operations	**3,982**	(8,965)	**10,092**	(20,225)
Change in unrealized gain (loss) on derivatives designated as cash flow hedges	**(330)**	778	**(575)**	892
Income taxes on change in unrealized gains (losses)	**100**	(267)	**174**	(306)
Reclassification of realized loss on cash flow hedges	**49**	(53)	**210**	590
Income taxes on reclassification of unrealized loss	**(16)**	18	**(72)**	(202)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**3,785**	(8,489)	**9,829**	(19,251)
COMPREHENSIVE INCOME (LOSS)	**$ 26,215**	$ (689)	**$ 47,407**	$ 4,770

See accompanying notes to consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES:

The unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. These financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2007. All accounting policies and methods of their application used in the interim financial statements are consistent with the Company's annual financial statements except as noted below:

Adoption of new accounting policies

(i) Financial Instruments – Disclosures and Presentation
On January 1, 2008, the Company adopted The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, "*Financial Instruments – Disclosures*" and Section 3863, "*Financial Instruments – Presentation*". The adoption of these new standards resulted in additional disclosures with regard to financial instruments and their impact on the Company's financial position and performance, including disclosures identifying the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks. These new standards relate to disclosure and presentation only and did not have an impact on the Company's consolidated financial results. Please refer to note 8 for further details.

(ii) Capital Management
On January 1, 2008, the Company adopted CICA Handbook Section 1535, "*Capital Disclosures*". Adoption of this new standard resulted in additional disclosures with regard to the Company's objectives, policies and processes for the management of its capital. This new standard relates to disclosure and presentation only and did not have an impact on the Company's consolidated financial results. Please refer to note 9 for further details.

(iii) Inventories
On January 1, 2008, the Company adopted CICA Handbook Section 3031, "*Inventories*". Section 3031 establishes standards for the measurement and disclosure of inventories. This new standard requires the measurement of inventories at the lower of cost and net realizable value and provides guidance on the determination of cost, including allocation of overheads and other costs to inventory. Adoption of Section 3031 did not have a significant impact on the Company's consolidated financial statements.

The Company values raw materials, work in process and finished goods at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchasing, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company applies the first-in, first-out (FIFO) cost formula. There have been no reversals in the period of any previously recorded inventory write-downs.

Future Changes in Accounting Policy

(i) Goodwill and Intangible Assets
In February 2008, the CICA issued Handbook Section 3064 "*Goodwill and Intangible Assets*", which replaces Section 3062, "*Goodwill and Other Intangible Assets*" and Section 3450 "*Research and Development Costs*". This Section establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding International Financial Reporting Standard, IAS 38 "*Intangible Assets*". Standards pertaining to goodwill are unchanged from the previous Section 3062. This new Section applies to financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this accounting standard is not expected to have a significant impact on the Company's consolidated financial statements.

(ii) International Financial Reporting Standards (IFRS)
In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to report under IFRS effective for fiscal periods beginning on or after January 1, 2011. The Company has completed an initial impact assessment process focusing on differences between IFRS and the Company's accounting policies and is in the process of developing a plan to convert its consolidated financial statements to IFRS. The Company will continue to invest in training and resources required throughout the transition period to ensure a timely conversion. Upon adoption of IFRS, it is likely that changes in accounting policies will be required that may materially impact the Company's consolidated financial statements.

2. CAPITAL STOCK:

	September 30, 2008	December 31, 2007
Number of common shares outstanding	**32,140,245**	32,123,445
Number of options outstanding	**324,400**	430,700

The Company did not issue any stock options during the three and nine months ended September 30, 2008. During the quarter and nine months ended September 30, 2008, 16,800 options were exercised for net proceeds of $160. During the three and nine months ended September 30, 2008, 82,500 options expired and were cancelled. During the nine months ended September 30, 2008, 7,000 stock options were forfeited and cancelled.

Weighted average number of shares:

	3rd QUARTER		NINE MONTHS	
	2008	2007	**2008**	2007
Basic shares	**32,129,499**	32,118,445	**32,125,478**	32,102,801
Effect of dilutive stock options	**107,117**	182,377	**98,516**	196,725
Diluted shares	**32,236,616**	32,300,822	**32,223,994**	32,299,526

3. ACCUMULATED OTHER COMPREHENSIVE LOSS:

	3rd QUARTER		NINE MONTHS	
	2008	2007	**2008**	2007
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance, beginning of period	**$ (28,181)**	$ (24,367)	**$ (34,291)**	$ (13,107)
Unrealized gain (loss) on translation of net foreign operations	**3,982**	(8,965)	**10,092**	(20,225)
Balance, end of period	**(24,199)**	(33,332)	**(24,199)**	(33,332)
UNREALIZED DERIVATIVE GAIN (LOSS) ON CASH FLOW HEDGES, net				
Balance, beginning of period	**(445)**	16	**(379)**	—
Impact of new cash flow hedge accounting rules on January 1, 2007 (net of taxes of $250)	**—**	—	**—**	(482)
Changes in unrealized gain or loss on derivatives designated as cash flow hedges	**(330)**	778	**(575)**	892
Income taxes on change in unrealized gains/losses	**100**	(267)	**174**	(306)
Reclassification of realized loss on cash flow hedges	**49**	(53)	**210**	590
Income taxes on reclassification of unrealized loss	**(16)**	18	**(72)**	(202)
Balance, end of period	**(642)**	492	**(642)**	492
ACCUMULATED OTHER COMPREHENSIVE LOSS	**$ (24,841)**	$ (32,840)	**$ (24,841)**	$ (32,840)

4. FUTURE BENEFIT COSTS:

The Company has incurred pension and other post-retirement benefit costs as noted below.

	3rd QUARTER		NINE MONTHS	
	2008	2007	**2008**	2007
Defined benefit pension plans	**$ 905**	$ 1,146	**$ 2,714**	$ 4,566
Defined contribution pension plans	**482**	573	**1,407**	1,693
Other benefit plans	**55**	59	**163**	188
Total	**$ 1,442**	$ 1,778	**$ 4,284**	$ 6,447

5. RESTRUCTURING CHARGE:

On January 5, 2007, the Company announced the approval of a formal plan to close its Warden Avenue manufacturing facility in Scarborough, Ontario. The Company estimates it will incur costs of $3,619 ($1,253 after income taxes) to provide for facility closure, disposal of certain assets, severance and other related items. The restructuring costs are associated with the Packaging segment, and are reported in the restructuring charge line within the consolidated statements of earnings. As of September 30, 2008, $4,265 of cumulative restructuring costs has been recorded net of a gain on sale of $4,797.

The following table highlights the activity and balance of the restructuring charge for the period ended September 30, 2008:

Restructuring Charge	Total Costs Expected	Costs incurred to December 31, 2007	Costs incurred nine months ended Sept. 30, 2008	Cumulative costs incurred
Severance, termination costs, benefits, retention bonuses	$ 2,974	$ 2,972	$ 2	$ 2,974
Pension curtailment and settlement	3,756	1,127	2,629	3,756
Gain on sale of machinery and equipment	(1,488)	—	(683)	(683)
Gain on sale of land and building	(4,114)	(4,114)	—	(4,114)
Other	2,491	1,577	755	2,332
Total	$ 3,619	$ 1,562	$ 2,703	$ 4,265

Other restructuring costs include facility closure costs, capital asset dismantling and write down, and inventory write down.

Restructuring Accrual	Balance June 30, 2008	Less costs paid or otherwise settled	Less costs incurred and charged to expense	Adjustments	**Balance, September 30, 2008**
Severance, termination costs, benefits, retention bonuses	$ 404	$ 88	$ —	$ —	**$ 316**
Other	47	—	—	—	**47**
Total	$ 451	$ 88	$ —	$ —	**$ 363**

6. DISCONTINUED OPERATIONS:

On July 31, 2007, the Company sold the operations and net assets of its U.S. subsidiary, Energy Steel Products, Inc. ("ESP"), for consideration of U.S. $26,006. Accordingly, the results of operations and financial position of ESP have been segregated and presented separately as discontinued operations in the consolidated financial statements.

The net earnings from discontinued operations are as follows:

	3rd QUARTER		NINE MONTHS	
	2008	2007	**2008**	2007
Net sales	**$ —**	$ 3,348	**$ —**	$ 29,561
Cost of sales, selling & administration	**—**	2,978	**—**	25,494
Earnings before gain on sale and income taxes	**—**	370	**—**	4,067
Gain on sale	**—**	6,116	**—**	6,116
Earnings before income taxes	**—**	6,486	**—**	10,183
Income taxes	**—**	2,790	**—**	4,232
Net earnings from discontinued operations	**$ —**	$ 3,696	**$ —**	$ 5,951

7. BUSINESS ACQUISITIONS:

On February 27, 2008, the Company acquired the principle assets of Omega Joists Inc. ("Omega") for consideration of $27,000 subject to certain adjustments for working capital items. Omega is a recognized leader in the design, engineering, manufacturing and supply of open web steel joists used primarily in the commercial and industrial building products industry in western Canada.

On January 31, 2008, the Company acquired 100% of the outstanding shares of Tubular Products Company ("Tubular") for consideration of U.S. $33,000 plus an earn out payment, subject to certain adjustments for working capital items. Tubular is a recognized leader in the design, engineering, manufacturing and supply of laser cut carbon steel tubing, fabricated tubular components and welded sub-assemblies used primarily in outdoor and power transmission equipment, all-terrain, automotive and other vehicles and reusable coil carriers in North America.

Both acquisitions are reported under the Metal Processing segment, and have been accounted for under the purchase method of accounting. Effective from the acquisition date, the results of operations have been included in the consolidated statements of earnings.

The process of valuing certain assets acquired has not been finalized, and, as such, the fair value allocation of the purchase prices is subject to refinement. On a preliminary basis, details of the consideration given and the fair value of net assets acquired are as follows, in Canadian dollars:

Cash consideration	$ 59,624
Acquisition costs	506
Total purchase price	$ 60,130
Net assets acquired, at fair values:	
Accounts receivable	$ 6,513
Inventories	4,351
Capital assets	9,901
Intangible assets (subject to amortization)	11,091
Goodwill	30,641
Accounts payable	(2,367)
Net assets acquired, net of cash of $50 (Tubular)	$ 60,130

Of the total goodwill acquired, $27,560 is deductible for tax purpose.

8. FINANCIAL INSTRUMENTS:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

Credit Risk

Credit risk arises from the potential default of a customer in meeting its financial obligation to the Company. The Company has credit evaluation, approval and monitoring processes to mitigate potential credit risk.

The Company evaluates the collectability of accounts receivable and records an allowance for doubtful accounts which reduces receivables to the amount management reasonably believes will be collected.

Credit risk exists in the event of non-performance by a counterparty to forward exchange contracts and interest rate swaps. This risk is minimized as each contract is with a major chartered bank and represents an exchange between the same parties allowing for an offset in the event of non-performance.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	September 30, 2008	December 31, 2007
Cash and cash equivalents	**$ 3,544**	$ 1,876
Accounts receivable	**165,178**	123,801
Other assets	**2,523**	1,294
Total	**$ 171,245**	$ 126,971

The aging of accounts receivable at the reporting date was:

	September 30, 2008	December 31, 2007
1 to 30 days	**$ 95,423**	$ 66,045
30 to 60 days	**48,948**	39,291
60 to 90 days	**13,447**	13,063
Greater than 90 days	**9,738**	8,004
Gross accounts receivable	**$ 167,556**	$ 126,403
Less: Allowance for doubtful accounts	**(2,378)**	(2,602)
Total accounts receivable, net	**$ 165,178**	$ 123,801

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding in financial instruments.

Foreign exchange risk / Currency risk

The Company is a net seller of U.S. dollars with U.S. dollar receipts from sales exceeding U.S. dollar denominated purchases of raw materials, supplies and equipment. As a net seller of U.S. funds, the Company is negatively affected by a strong Canadian currency. However, this is somewhat offset by the favourable effect of a strong Canadian dollar on the Company's purchase of raw materials, supplies and equipment in U.S. dollars. The Company enters into forward exchange contracts to hedge the cash flow risk associated with its estimated net foreign currency cash requirements and certain significant transactions. The Company also enters into forward exchange contracts to hedge the cash flow risk associated with specific transactions denominated in currencies other than U.S. dollars. Unrealized gains and losses on outstanding contracts are not recorded in the consolidated statement of earnings until maturity of the underlying transactions.

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates. All such instruments are used for risk management purposes only, as the Company does not enter into derivatives for speculative purposes.

All derivative instruments are recorded in the consolidated statement of earnings at fair value unless the derivative instrument is a contract to buy or sell a non-financial item in accordance with the Company's expected purchase, sale or usage requirements referred to as a "normal purchase or normal sale". Normal purchase and normal sales are exempt from the application of the standard and are accounted for as executory contracts. Changes in the fair value of a derivative instrument designated as an effective cash flow hedge are recorded in accumulated other comprehensive income, a component of equity.

The Company enters into foreign currency forward contracts to hedge foreign exchange exposure on anticipated operational cash flows. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the consolidated statement of earnings.

At September 30, 2008, the Company was committed to the sale of U.S. $13,500 under forward exchange contracts at rates of exchange ranging from Cdn. $1.0185 to Cdn. $1.06680 maturing from October 15, 2008 to June 26, 2009.

In addition, the Company was committed to the sale of EUR 160 under forward exchange contracts. The contracts are at rates of exchange ranging from Cdn. $1.5347 to Cdn. $1.5745 maturing from October 2, 2008 to January 9, 2009. The Company was also committed to the sale of GBP 92 under forward exchange contracts. The contracts are at rates of exchange ranging from Cdn. $1.9110 to Cdn. $2.003 maturing from October 1, 2008 to November 14, 2008.

The fair value of the contracts as at September 30, 2008 was an unrealized loss of $175 ($119 net of tax) and is recorded within accounts payable on the consolidated balance sheet.

If the Canadian dollar had appreciated (depreciated) 1 percent against the U.S. dollar at September 30, 2008, with all other variables held constant, the impact of the foreign currency change on the Company's U.S. dollar denominated financial instruments would be to increase (decrease) earnings from continuing operations before taxes for the nine months ending September 30, 2008 by $1,225. This analysis excludes the impact of hedging activities which mitigate the Company's exposure to changes in foreign exchange rates. The impact of changes in other currencies on the Company's earnings is not significant.

Interest rate risk

The Company is subject to floating interest rates on its long-term debt facilities and consequently, there is risk of cash flow exposure in the event that interest rates increase. The Company enters into interest rate swaps to hedge its exposure to changes in interest rates. At September 30, 2008, the Company had U.S. $50,000 of interest rate swap agreements in place with the balance of long-term debt subject to floating interest rates.

Any change in the fair value of the effective portion of an interest rate swap that is designated and qualifies as a cash flow hedge is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion, if any, is recognized immediately in the statement of earnings. The fair value of the interest rate swaps at September 30, 2008 was an unrealized loss of $766 ($523 net of tax) based on the amount quoted by the Company's banker and has been recognized in other comprehensive income and is recorded within other long-term liabilities on the consolidated balance sheet.

A 1% increase (decrease) in the interest rate would have resulted in an approximately $366 decrease (increase) in the pre-tax earnings of the Company for the quarter ended September 30, 2008. This analysis assumes that all other variables, in particular foreign currency rates, and the level of interest rate swaps in place, remained constant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due. The Company monitors sales and collection efforts to ensure sufficient cash flows are generated from operations to meet current debt servicing requirements. At September 30, 2008, the Company had cash and cash equivalents of $3,544 and revolving credit facilities that permitted the Company to borrow funds up to an aggregate of $297,348 of which $188,402 had been drawn.

All of the Company's financial liabilities, other than long-term debt, have contractual maturities of less than one year.

The maturities of the Company's long-term debt credit facilities are as follows: $40,319 in 1 to 2 years; and $137,385 within 3 years. These amounts are the contractual undiscounted cash flows.

Management monitors consolidated cash flow through quarterly forecasting and through the annual budget process. The Company expects to be able to re-negotiate credit facilities and to generate cash to meet the repayment requirements as noted above.

Fair value

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The Company has also designated certain of its derivatives as effective hedges. The carrying values of the Company's financial instruments on the consolidated balance sheet are classified into the following categories:

	September 30, 2008	December 31, 2007
Held-for-trading	**$ (4,815)**	$ (2,039)
Loans and receivables	**$ 165,178**	$ 123,801
Other financial liabilities	**$ (273,656)**	$ (199,666)
Loss on derivatives designated as effective hedge	**$ (941)**	$ (576)

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, long-term debt, foreign exchange contracts and interest rate swap contracts. The Company has designated its cash and bank indebtedness as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of the cash and cash equivalents, accounts receivable, and accounts payable approximates their fair values due to the immediate or short-term maturity of these financial instruments.

The estimated fair value of the Company's variable-rate debt approximates the carrying value of such debt since the variable interest rates are market-based, and the Company believes such debt could be refinanced on materially similar terms.

The fair value of the Company's derivative financial instruments used to manage exposure to increases in procurement costs arising from certain foreign currency denominated purchases are estimated based upon fair value estimates of the related cash-settled foreign currency forward agreement provided by the counterparty to the transactions. The fair value of the forward exchange contracts reflects the cash flows due to or from the Company if settlement had taken place on September 30, 2008.

The fair value of interest rate swaps used by the Company to manage interest rate exposure is based upon fair value estimates of the agreement provided by the counterparty to the transactions. The fair value of the interest rate swaps reflects the cash flows due to or from the Company if settlement had taken place on September 30, 2008.

9. CAPITAL MANAGEMENT:

The Company's objective when managing capital is to maintain a prudent capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management defines capital as the Company's total shareholders' equity, as well as long-term debt and bank indebtedness.

The Board of Directors in conjunction with management has agreed to a quantitative targeted return for the Company and promotes year over year sustainable profitable growth. The Board of Directors also reviews on a quarterly basis whether any dividends should be paid with reference to the Company's Dividend Policy. Management considers such factors as consistency with the Company's capital financing strategy objectives, target yield to our shareholders, external benchmarks, and targeted percentage of average annual net earnings before recommending its quarterly dividend to be paid. In the nine months ended September 30th, 2008, dividends totaling $9,639 have been declared payable to the Company's shareholders.

In order to maintain or adjust the capital structure, the Company may provide dividends paid to shareholders, purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt, and issue new debt to replace existing debt with different characteristics.

There were no changes in the Company's approach to capital management during the period compared to that of 2007. The Company's strategy for capital risk management is driven by the cost effectiveness of externally available debt, cash from operations and expectations for future acquisitions and capital expenditures. Financial covenants under the Company's existing credit facilities include net debt to capitalization, net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) and current ratio covenants, all of which the Company was in compliance with at September 30, 2008.

10. BUSINESS SEGMENTS:

The Company, prior to July 31, 2007, operated in three business segments, Packaging, Metal Processing and Distribution, primarily within the North American market. Effective for the quarter ending September 30, 2007, the segment formerly known as Distribution has been combined with the Packaging segment. The change is the result of the completion of the sale of Energy Steel Products Inc. on July 31, 2007. Comparative figures have been restated accordingly.

11. JOINT VENTURE:

On April 8, 2008, the Company announced that its majority owned steel pickling operations in Ohio, Samuel Steel Pickling Company ("Samuel Pickling"), entered into a letter of intent with respect to a strategic alliance with Viking & Worthington Steel Enterprises, LLC ("V&W"). Under the terms of the letter of intent, V&W would shut down its steel pickling operations in Valley City, Ohio and have its Northeast Ohio pickling requirements processed at Samuel Pickling. V&W would obtain a minority ownership position in Samuel Pickling as a result. The new ownership structure would include Gibraltar Industries and V&W while Samuel Manu-Tech Inc. would remain the majority owner and operating manager of the new venture. The closing of this transaction, which was originally anticipated to occur in June 2008, has been delayed due to the non-completion of a number of pre-closing conditions.

12. GAIN ON SALE OF STEEL PICKLING OPERATIONS:

On August 29, 2008, the Company sold its Nanticoke, Ontario steel pickling operations to its major customer, U.S. Steel Canada for cash consideration of $37,500, subject to normal closing adjustments. The sale resulted in an estimated pre-tax gain of $15,203 ($10,376 net of tax).

The net proceeds and the carrying amounts of the assets and liabilities included in the sale are as follows:

Purchase price	$ 37,500
Working capital and other closing adjustments	151
Selling costs	(200)
Pension, severance and other costs	(1,602)
Net proceeds	$ 35,849
Net assets sold, at carrying values:	
Accounts Receivable	39
Inventories	399
Capital assets	20,487
Accounts payable	(279)
Net assets disposed of	$ 20,646
Gain on sale of steel pickling operations	$ 15,203

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