THIRD QUARTER
REPORT TO SHAREHOLDERS 2009

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Results of Operations

Samuel Manu-Tech Inc.'s third quarter results, although still a loss, represent a marked improvement over the first and second quarters of this year.

Net Sales

Sales for the third quarter ended September 30, 2009 were $155.3 million, which represents a decrease of $110.3 million or 41.5% from the $265.6 million achieved in the comparable period of last year. Sales for the nine months to September 30, 2009 were $506.7 million which represents a decrease of $246.5 million or 32.7% from the $753.2 million achieved in the comparable period of last year. In both cases, the decrease resulted from lower overall volumes and selling prices partially offset by the favourable impact of foreign exchange. The reduction in volumes was due primarily to the continuing economic weakness in North America and the resulting decreased demand for most steel products, particularly in the automotive, forestry, metals, capital equipment and construction sectors. This ongoing lower demand in turn has kept commodity prices at depressed levels in the third quarter. There was however increased demand from the automotive sector in the third quarter mainly driven by the U.S. federal government's stimulus package. The relatively weak Canadian dollar also had a partially offsetting favourable impact on Canadian exports and U.S. based sales for the first nine months as compared to the comparable period of last year. The average exchange rate of the U.S. dollar in the first nine months of 2009 was Cdn. $1.17 compared to Cdn. $1.02 in the comparable period of last year. Compared to the second quarter of this year, sales are down 1.5%.

Sales of the Packaging segment in the third quarter, at $86.6 million, were down $38.9 million or 31.0% compared to $125.5 million in the comparable period of last year, with decreased sales reflecting lower volumes and selling prices. Strapping sales were down in both Canada and the U.S. reflecting the continued slowdown in the forestry, metals and construction sectors. The weak Canadian dollar however had a positive impact on Canadian exports and U.S. based sales compared to last year. Sales of the Unalloy-IWRC division were lower in the third quarter compared to last year reflecting the exiting of the stainless and tool steel product lines in February 2009. Compared to the second quarter of this year however, sales of the Packaging segment were up 7.3%.

Metal Processing sales for the third quarter were $68.7 million, which is down $71.4 million or 51.0% compared to $140.1 million last year, with all groups reporting lower sales. Sales of roll formed products and steel pressure vessels were down significantly as orders for these product lines were negatively impacted by the ongoing slowdown in North America. Steel pickling sales were reduced reflecting decreased demand for its services due mainly to the slowdown in the manufacturing sector and the steep decline in the automotive industry. Sales of stainless steel tubular products were also down, reflecting lower volumes and selling prices. Both steel pickling and stainless steel tubular product sales however were higher in the third quarter compared to the second quarter of this year reflecting the pick up in demand from the automotive sector in the third quarter. Sales of carbon steel tubular products were lower compared to last year with most of the decrease occurring at Tube.tec which resulted from the lack of demand at its major customers. Compared to the second quarter of this year, sales of the Metal Processing segment were down 10.6%.

Earnings

Net loss for the third quarter was $2.4 million or $0.08 per share compared to earnings of $22.4 million or $0.70 per share in the comparable quarter of last year. Net loss for the nine months to September 30, 2009 was $21.6 million or $0.67 per share compared to earnings of $37.6 million or $1.17 per share last year. The results for the third quarter and nine months last year included a pre-tax gain of $15.2 million related to the sale of the Nanticoke, Ontario steel pickling operations as outlined in Note 11 to the interim consolidated financial statements. This gain of $10.4 million after tax positively impacted earnings in both the third quarter and nine months last year by $0.32 per share. The results for the third quarter and nine months last year also included a pre-tax restructuring charge of $2.7 million ($1.9 million after tax) and which negatively impacted earnings in both the third quarter and nine months last year by $0.06 per share. The results for the nine months this year include a pre-tax restructuring gain of $0.7 million ($0.5 million after tax) consisting of the balance of the gain on the sale of the equipment at the Scarborough, Ontario strapping manufacturing facility as outlined in Note 5 to the interim consolidated financial statements, which positively impacted earnings in the nine months this year by $0.01 per share.

Operating loss for the third quarter amounted to $1.4 million compared to an operating profit of $22.8 million in the comparable quarter of last year with the profit from the Packaging segment partially offsetting the loss from the Metal Processing segment and corporate costs. This result is a marked improvement compared to the operating losses incurred in both the first and second quarters of this year.

The Packaging segment had an operating profit of $2.8 million, which was $7.7 million lower than the $10.5 million earned in the comparable quarter of last year with decreases in both Canada and the U.S. The decreased profitability reflects the ongoing contraction of the forestry, metals and construction sectors in North America. Margins were also negatively impacted by the liquidation of higher costed inventories, and reduced production levels. In addition, the Unalloy-IWRC division incurred an operating loss which included the negative impact of downsizing costs. Compared to the operating loss incurred in the second quarter of this year, the operating profit for the Packaging segment represents an improvement in the third quarter of $8.5 million.

The Metal Processing segment incurred an operating loss of $2.5 million compared to an operating profit of $14.8 million in the comparable quarter of last year, with all groups other than steel pickling reporting operating losses. Steel pickling operations benefited from increased tons and technology income, as well as a $0.6 million gain on the sale of its Arvin Avenue facility in Stoney Creek. Operating losses from roll formed products reflected the continuing slowdown at all of its operations as well as a less favourable product mix and lower pricing levels. Steel pressure vessel operations posted a loss reflecting lower volumes and selling prices. Carbon steel tubular operations posted an operating loss due mainly to the continued lack of demand at its major Tube.tec customers. Stainless steel tubular operations also incurred an operating loss reflecting a less favourable product mix, lower volumes and selling prices and the ongoing slowdown at its U.S. operations. Compared to the operating loss incurred in the second quarter of this year, the operating loss for the Metal Processing segment represents an improvement in the third quarter of $5.5 million.

Including corporate costs of $1.7 million, the total operating loss in the third quarter was $1.4 million.

Financial Condition

Liquidity and Capital Resources

Cash used in operations before changes in non-cash working capital for the first nine months of 2009 amounted to $7.2 million. This represents a decrease of $50.2 million from the $43.0 million generated in the comparable period of last year with the decrease mainly attributable to the net loss incurred. Overall, cash flow generated from operating activities increased to $118.1 million compared to $7.4 million generated last year. The increase reflects decreased requirements for non-cash working capital offset in part by decreased levels of profitability.

Cash used in investing activities at $25.9 million was below last year's $36.7 million due to decreased spending on business acquisitions and capital assets this year, offset in part by proceeds on sale of capital assets last year. Cash used in financing activities amounted to $85.7 million in the nine months compared to cash flow generated of $26.8 million last year with the decrease in cash this year due to the net reduction in long-term debt of $81.5 million. The increase in cash last year resulted from the net increase in long-term debt of $37.3 million which was required to fund business acquisitions. Dividends paid on common shares for the nine months amounted to $3.2 million or $0.10 per share, compared to $9.6 million or $0.30 per share in the prior year. On June 5, 2009, the Company announced the suspension of quarterly dividend payments on its common shares. The Company made this difficult decision in response to Company performance and adverse market conditions. The reinstatement of dividends will be contingent upon improved Company performance and compliance with new bank covenants as detailed in Note 7 to the interim consolidated financial statements.

In aggregate, the cash position increased by $6.3 million compared to a $2.8 million decrease last year.

The Company renegotiated the terms of its various credit agreements in the second quarter in order to be able to access a greater portion of its committed bank term facility while maintaining compliance with bank financial covenants. Under the terms of the syndicated bank agreement the Company has a $225 million senior secured revolving credit facility maturing on December 16, 2011 that bears interest at money market rates plus a margin that varies with the Company's results and its placement on a pricing grid. While the revolving credit facility permits the Company to borrow funds up to an aggregate of $225 million, covenant compliance reduced the aggregate funds available for borrowing to $180.0 million. At September 30, 2009, $112.6 million had been drawn against the Company's long-term facilities in the form of long-term debt ($110.9 million) and letters of credit ($1.7 million).

Capital Expenditures

Capital expenditures in the nine months to September 30, 2009 were $10.8 million compared to $15.0 million during the comparable period last year. The Company continues to restrict capital expenditures to those of significant operational or growth strategic value required in order to maintain facilities and equipment. Expenditures in the current nine months related primarily to new and replacement machinery and equipment at several locations.

Business Acquisitions

On September 15, 2009, the Company acquired Sekisui Jushi America, Inc.'s 50% interest in Samuel/Sekisui Jushi Strapping LLC for consideration of U.S. $1.2 million. The joint venture company is a leader in the manufacture of polypropylene strapping products and this will provide the Samuel Strapping Systems Group with sole control of the production of one of its key product lines. On August 31, 2009, the Company acquired the principal assets and all of the business operations of Piling Products, Inc., a Florida based distributor of hot rolled and cold formed sheet piling for consideration of U.S. $12.6 million plus a potential earn-out payment not to exceed U.S. $2.2 million. The Company is pleased with the performance of both acquisitions to date. Both of these strategic acquisitions have been accounted for under the purchase method of accounting. Additional details are outlined in Note 8 – Business Acquisitions to the interim consolidated financial statements.

Working Capital

Working capital at September 30, 2009 was $184.7 million, a decrease of $115.3 million from the year-end position, with a decrease in receivables and inventories offset in part by higher cash, prepaids, income taxes receivable and lower payables, deferred revenue and bank indebtedness. The Company continues to focus on its working capital reduction program particularly with regard to reducing both receivables and inventories. Working capital was also lower due to the change in the U.S. dollar exchange rate which was Cdn. $1.07 at the end of the third quarter this year as opposed to Cdn. $1.22 at December 31, 2008. The stronger Canadian dollar has a positive impact on the conversion of the U.S. denominated working capital balances as it results in lower reported amounts in Canadian dollars. Overall, the working capital ratio decreased to 3.8 from the year-end position of 4.5 but increased compared to the end of the third quarter last year when it was 3.4.

Net Borrowings to Capitalization

The Company's net borrowings as at September 30, 2009 amounted to $108.3 million, a decrease of $99.6 million from $207.9 million at December 31, 2008. This decrease reflects the lower investment in working capital, offset in part by the cash used in operations during the first nine months due to the net loss incurred. The Company's long-term debt is denominated in U.S. dollars, and was also lower due to the change in the U.S. exchange rate. Funded debt to capitalization at the end of the third quarter decreased to 26.7% from both the year-end position and the end of the third quarter last year when it was 37.8% and 32.7% respectively.

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. No stock options were issued or exercised during the third quarter.

Outlook

After decreasing in both the first and second quarters, carbon steel pricing levels increased substantially in the third quarter, mainly due to a shortage of supply in all products. In addition to a general restocking by service centers, the increase also reflected higher demand for steel in support of restocking the automotive supply chain. This increase in demand from the automotive sector was principally driven by the U.S. federal government's "Cash for Clunkers" incentive program which has now ended. This pick up in demand in the third quarter in turn lead to capacity utilization rates at North American steel mills increasing from approximately 40 percent at the outset of summer to close to 60 percent by the end of the third quarter. Unfortunately, gains other than in the automotive sector, which were anticipated under the Canadian and U.S. governments' stimulus packages, have to date been minor at best, with any real positive impact on steel not expected to be felt until well into 2010 or perhaps even later. The current outlook is for a very soft fourth quarter. Demand remains weak in all North American key market segments and will be affected by the typical seasonal slowdowns.

Stainless steel base prices and surcharges which started to increase late in the second quarter continued upwards in the third quarter. These increases were driven by a strengthening in nickel prices as well as increased demand mainly from the automotive sector. The current outlook for the fourth quarter however is for surcharges to decline due to recent decreases in the average price of nickel.

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

As expected, the Company incurred additional losses in the third quarter but at a substantially reduced level as compared to the losses incurred in the first and second quarters. This improvement was due in part to continuing ongoing cost reduction efforts and new business development activities as well as increased demand from the automotive market.

Based on the current economic forecast, the Company's outlook for the balance of the year remains negative, with a return to profitability not expected until next year. In addition, no material improvement in overall market demand in the North American economy is anticipated until late 2010.

Quarterly Results

(in thousands of dollars except per share amounts)

	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4
Net Sales from continuing operations	**$ 155,301**	$ 157,570	$ 193,838	$ 236,556	$ 265,639	$ 259,771	$ 227,764	$ 209,360
Net Earnings (Loss) from continuing operations	**(2,444)**	(10,024)	(9,103)	(46,918)	22,430	12,070	3,078	3,278
Basic Earnings (Loss) per Share	**(0.08)**	(0.31)	(0.28)	(1.46)	0.70	0.37	0.10	0.10
Diluted Earnings (Loss) per Share	**(0.08)**	(0.31)	(0.28)	(1.46)	0.70	0.37	0.10	0.10
Net Earnings (Loss)	**(2,444)**	(10,024)	(9,103)	(46,918)	22,430	12,070	3,078	3,278
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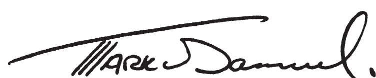
Diluted Earnings (Loss) per Share	**(0.08)**	(0.31)	(0.28)	(1.46)	0.70	0.37	0.10	0.10

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, 2009

The "Third Quarter Results" utilize the term "operating profit/loss" 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/loss is defined as earnings/loss before gain on sale of steel pickling operations, restructuring, interest and income taxes.

Operating profit/loss should not be construed as a substitute for net earnings/loss 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/loss, operating profit/loss 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, 2009 and the interim consolidated statements of earnings (loss), retained earnings, cash flows and other 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, 2009

Consolidated Statements of Earnings (Loss)

Nine Months ended September 30, 2009 and 2008 *(unaudited)*

(in thousands of dollars except per share amounts)

	3rd QUARTER		NINE MONTHS	
	2009	2008	**2009**	2008
NET SALES	**$ 155,301**	$ 265,639	**$ 506,709**	$ 753,174
COSTS AND EXPENSES (INCOME):				
Cost of sales, selling & administration	**154,923**	241,168	**531,433**	700,467
Amortization	**1,257**	1,520	**3,754**	4,099
Foreign exchange gain (loss)	**559**	161	**83**	(219)
Interest on long-term debt	**2,621**	1,954	**6,062**	6,069
Interest on short-term debt	**—**	43	**—**	137
Interest income	**(15)**	(75)	**(37)**	(107)
	159,345	244,771	**541,295**	710,446
EARNINGS (LOSS) BEFORE GAIN ON SALE OF STEEL PICKLING OPERATIONS, RESTRUCTURING AND INCOME TAXES	**(4,044)**	20,868	**(34,586)**	42,728
GAIN ON SALE OF STEEL PICKLING OPERATIONS (note 11)	**—**	(15,203)	**—**	(15,203)
RESTRUCTURING (note 5)	**—**	2,691	**(665)**	2,703
EARNINGS (LOSS) BEFORE INCOME TAXES	**(4,044)**	33,380	**(33,921)**	55,228
INCOME TAXES (RECOVERY):				
Current	**(1,027)**	12,028	**(9,689)**	19,333
Future	**(573)**	(1,078)	**(2,661)**	(1,683)
	(1,600)	10,950	**(12,350)**	17,650
NET EARNINGS (LOSS)	**$ (2,444)**	$ 22,430	**$ (21,571)**	$ 37,578
BASIC EARNINGS (LOSS) PER SHARE	**$ (0.08)**	$ 0.70	**$ (0.67)**	$ 1.17
DILUTED EARNINGS (LOSS) PER SHARE	**$ (0.08)**	$ 0.70	**$ (0.67)**	$ 1.17

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

Nine Months ended September 30, 2009 and 2008 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER	
	2009	2008
RETAINED EARNINGS, BEGINNING OF PERIOD	**$ 319,733**	$ 341,925
NET EARNINGS (LOSS)	**(21,571)**	37,578
DIVIDENDS PAID ON COMMON SHARES	**(3,214)**	(9,639)
RETAINED EARNINGS, END OF PERIOD	**$ 294,948**	$ 369,864

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

September 30, 2009 and December 31, 2008 *(unaudited)*

(in thousands of dollars)

	Sept. 30, 2009	Dec. 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 4,273**	$ 2,808
Accounts receivable	**92,608**	134,218
Inventories	**128,262**	233,441
Prepaid expenses and sundry	**5,896**	4,398
Income taxes receivable	**7,896**	—
Future income taxes	**9,435**	10,018
Other asset (note 12)	**2,811**	—
	251,181	384,883
CAPITAL ASSETS	**150,463**	171,762
ACCRUED PENSION ASSET	**10,999**	8,362
ASSETS HELD FOR SALE (note 12)	**—**	2,771
FUTURE INCOME TAXES	**9,926**	10,343
GOODWILL	**50,048**	54,035
INTANGIBLE ASSETS	**13,716**	17,559
OTHER ASSETS (note 8)	**4,749**	1,681
	$ 491,082	$ 651,396
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank indebtedness	**$ —**	$ 4,879
Accounts payable and accrued liabilities	**63,674**	67,319
Deferred revenue	**2,765**	8,206
Dividends payable	**—**	3,258
Income taxes payable	**—**	1,148
	66,439	84,810
LONG-TERM DEBT (note 6)	**108,841**	205,859
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS	**2,725**	2,842
FUTURE INCOME TAXES	**12,068**	13,035
OTHER LONG-TERM LIABILITIES (note 8)	**3,460**	2,928
	193,533	309,474
SHAREHOLDERS' EQUITY:		
Capital stock (note 2)	**30,126**	30,126
Contributed surplus	**195**	195
Retained earnings	**294,948**	319,733
Accumulated other comprehensive loss (note 3)	**(27,720)**	(8,132)
	297,549	341,922
	$ 491,082	$ 651,396

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nine Months ended September 30, 2009 and 2008 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER		NINE MONTHS	
	2009	2008	**2009**	2008
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net earnings (loss)	**$ (2,444)**	$ 22,430	**$ (21,571)**	$ 37,578
Items not involving cash:				
Depreciation and amortization	**6,537**	7,405	**20,413**	21,565
Gain on disposal of capital assets	**(617)**	(16,763)	**(590)**	(16,824)
Future income taxes	**(573)**	(1,078)	**(2,661)**	(1,683)
Loss (gain) on derivatives not designated as hedges	**14**	—	**(232)**	—
Decrease (increase) in accrued pension asset	**(661)**	2,853	**(2,698)**	2,295
Decrease in post-retirement benefits other than pensions	**63**	25	**174**	59
	2,319	14,872	**(7,165)**	42,990
Change in non-cash operating working capital:				
Decrease (increase) in accounts receivable	**(791)**	(4,681)	**36,098**	(30,651)
Decrease (increase) in inventories	**21,119**	(19,184)	**109,247**	(39,320)
Decrease (increase) in prepaid expenses and sundry	**191**	(1,917)	**(1,837)**	(2,521)
Decrease (increase) in income taxes receivable	**(2,176)**	1,687	**(4,263)**	6,611
Increase (decrease) in accounts payable and accrued liabilities	**6,151**	4,025	**(3,677)**	22,166
Increase (decrease) in deferred revenue	**(664)**	1,816	**(4,867)**	84
Increase (decrease) in income taxes payable	**—**	8,053	**(5,407)**	8,053
	26,149	4,671	**118,129**	7,412
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:				
Proceeds on sale of capital assets	**634**	37,320	**1,286**	38,409
Purchase of capital assets	**(4,050)**	(6,557)	**(10,782)**	(14,987)
Business acquisitions (note 8)	**(13,856)**	—	**(13,856)**	(60,130)
Contingent consideration paid into escrow (note 8)	**(2,592)**	—	**(2,592)**	—
	(19,864)	30,763	**(25,944)**	(36,708)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:				
Increase in other assets	**(210)**	(519)	**(984)**	(1,085)
Issuance of common shares	**—**	160	**—**	160
Increase in long-term debt	**5,189**	—	**18,842**	43,827
Repayment of long-term debt	**(11,076)**	(37,102)	**(100,334)**	(6,500)
Dividends paid on common shares	**—**	(3,214)	**(3,214)**	(9,639)
	(6,097)	(40,675)	**(85,690)**	26,763
EFFECT OF EXCHANGE RATE CHANGES ON CASH POSITION	**(45)**	(267)	**(151)**	(243)
INCREASE (DECREASE) IN CASH POSITION	**143**	(5,508)	**6,344**	(2,776)
CASH POSITION, BEGINNING OF PERIOD	**4,130**	693	**(2,071)**	(2,039)
CASH POSITION, END OF PERIOD	**$ 4,273**	$ (4,815)	**$ 4,273**	$ (4,815)

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, 2009 and 2008 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER		NINE MONTHS	
NET SALES	**2009**	2008	**2009**	2008
Packaging	**$ 86,584**	$ 125,530	**$ 267,264**	$ 356,236
Metal Processing	**68,717**	140,109	**239,445**	396,938
Consolidated	**$ 155,301**	$ 265,639	**$ 506,709**	$ 753,174

	3rd QUARTER		NINE MONTHS	
EARNINGS (LOSS) BEFORE GAIN ON SALE OF STEEL PICKLING OPERATIONS, RESTRUCTURING, INTEREST AND INCOME TAXES	**2009**	2008	**2009**	2008
Packaging	**$ 2,779**	$ 10,513	**$ (10,899)**	$ 20,394
Metal Processing	**(2,538)**	14,791	**(13,041)**	35,529
Corporate	**(1,679)**	(2,514)	**(4,621)**	(7,096)
Earnings (loss) before gain on sale of steel pickling operations, restructuring, interest and income taxes	**(1,438)**	22,790	**(28,561)**	48,827
Gain on sale of steel pickling operations (note 11)	**—**	(15,203)	**—**	(15,203)
Restructuring (note 5)	**—**	2,691	**(665)**	2,703
Interest on long-term debt	**2,621**	1,954	**6,062**	6,069
Interest on short-term debt	**—**	43	**—**	137
Interest income	**(15)**	(75)	**(37)**	(107)
Earnings (loss) before income taxes	**$ (4,044)**	$ 33,380	**$ (33,921)**	$ 55,228

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

Nine Months ended September 30, 2009 and 2008 *(unaudited)*

(in thousands of dollars)

	3rd QUARTER		NINE MONTHS	
	2009	2008	**2009**	2008
NET EARNINGS (LOSS)	**$ (2,444)**	$ 22,430	**$ (21,571)**	$ 37,578
OTHER COMPREHENSIVE INCOME (LOSS):				
Unrealized gain (loss) on translation of net foreign operations	**(12,752)**	3,982	**(20,067)**	10,092
Change in unrealized gain or loss on derivatives designated as cash flow hedges	**168**	(330)	**658**	(575)
Income taxes on change in unrealized gain or loss	**(54)**	100	**(209)**	174
Reclassification of realized gain (loss) on cash flow hedges	**80**	49	**42**	210
Income taxes on reclassification of realized gain (loss)	**(25)**	(16)	**(12)**	(72)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(12,583)**	3,785	**(19,588)**	9,829
COMPREHENSIVE INCOME (LOSS)	**$ (15,027)**	$ 26,215	**$ (41,159)**	$ 47,407

See accompanying notes to consolidated financial statements.

Nine Months ended September 30, 2009 and 2008 *(unaudited)*

(in thousands of dollars except per share amounts)

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, 2008. 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) 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"*, and 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 provisions of International Financial Reporting Standard, IAS 38 *"Intangible Assets"*. This new standard is effective for the Company beginning January 1, 2009. The adoption of this accounting standard did not have an impact on the Company's consolidated financial statements.

(ii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
On January 20, 2009, the Emerging Issues Committee (EIC) of the Canadian Accounting Standards Board (AcSB) issued EIC Abstract 173 *"Credit Risk and Fair Value of Financial Assets and Financial Liabilities"*, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This new standard is effective for the Company beginning January 1, 2009 and has been adopted retrospectively, without restatement of prior years. The adoption of this accounting standard did not have an impact on the Company's consolidated financial statements.

Future Changes in Accounting Policy

(i) International Financial Reporting Standards (IFRS)
In February 2008, the AcSB confirmed that publicly accountable enterprises will be required to report under IFRS effective for fiscal periods beginning on or after January 1, 2011. 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.

(ii) Business Combinations, Consolidated Financial Statements, and Non-Controlling Interests
In January 2009, the AcSB issued new Sections, 1582 *"Business Combinations"*, 1601 *"Consolidated Financial Statements"*, and 1602 *"Non-Controlling Interests"*. These sections will be effective beginning January 1, 2011, and must be applied prospectively. Earlier adoption is permitted, provided that all three of these Sections must be adopted at the same time. Section 1582 *"Business Combinations"* will replace the existing Section 1581 *"Business Combinations"* and will establish standards for accounting for business combinations equivalent to International Financial Reporting Standard IFRS 3 *"Business Combinations"*. Sections 1601 and 1602 will replace the existing Section 1600 *"Consolidated Financial Statements"* and will establish standards for consolidation and minority interest accounting equivalent to International Financial Reporting Standard IAS 27 *"Consolidated and Separate Financial Statements"*. These changes will not impact the Company's current year consolidated financial statements. The Company is currently assessing the future impact of these standards on its consolidated financial statements.

(iii) Financial Instruments – Recognition and Measurement
In April 2009, the AcSB amended Section, 3855 *"Financial Instruments – Recognition and Measurement"* to change the basis for determining when a prepayment option embedded in a host debt instrument is closely related to the host instrument. Amended Section 3855 requires that an option that provides the ability for either the issuer or the holder of a debt instrument to cause prepayment of the instrument to be treated as a separate derivative if certain conditions are met. This change will be effective beginning January 1, 2011 and must be applied prospectively, with earlier adoption permitted. This change will not impact the Company's current year consolidated financial statements. The Company is currently assessing the future impact of this standard on its consolidated financial statements.

(iv) Financial Instruments – Disclosure
In June 2009, the AcSB amended Section 3862 *"Financial Instruments – Disclosures"* to ensure that the Section is converged to the maximum extent possible with International Financial Reporting Standard IFRS 7, *"Financial Instruments: Disclosures"*. The amendments affect disclosure only and will not impact the Company's financial results. These amendments will be effective for the Company's 2010 annual financial statements, with earlier adoption permitted.

2. CAPITAL STOCK:

	September 30, 2009	December 31, 2008
Number of common shares outstanding	**32,140,245**	32,140,245
Number of options outstanding	**324,400**	324,400

The Company did not issue any stock options during the three and nine months ended September 30, 2009, nor were any options exercised.

Weighted average number of shares:

	3rd QUARTER		NINE MONTHS	
	2009	2008	**2009**	2008
Basic shares	**32,140,245**	32,129,499	**32,140,245**	32,125,478
Effect of dilutive stock options[(a)]	**—**	107,117	**—**	98,516
Diluted shares	**32,140,245**	32,236,616	**32,140,245**	32,223,994

[(a)]As the Company had a net loss in the quarter and nine months ended September 30, 2009, options granted and outstanding under the Company's stock option plan have been excluded from the diluted weighted average number of common shares calculation as their inclusion would be anti-dilutive.

3. ACCUMULATED OTHER COMPREHENSIVE LOSS:

	3rd QUARTER		NINE MONTHS	
	2009	2008	**2009**	2008
CUMULATIVE TRANSLATION ADJUSTMENT:				
Balance, beginning of period	**$ (13,647)**	$ (28,181)	**$ (6,332)**	$ (34,291)
Unrealized gain (loss) on translation of net foreign operations	**(12,752)**	3,982	**(20,067)**	10,092
Balance, end of period	**$ (26,399)**	$ (24,199)	**$ (26,399)**	$ (24,199)
UNREALIZED DERIVATIVE GAIN (LOSS) ON CASH FLOW HEDGES, NET:				
Balance, beginning of period	**$ (1,490)**	$ (445)	**$ (1,800)**	$ (379)
Changes in unrealized gain or loss on derivatives designated as cash flow hedges	**168**	(330)	**658**	(575)
Income taxes on change in unrealized gain or loss	**(54)**	100	**(209)**	174
Reclassification of realized (gain) loss on cash flow hedges	**80**	49	**42**	210
Income taxes on reclassification of unrealized gain (loss)	**(25)**	(16)	**(12)**	(72)
Balance, end of period	**$ (1,321)**	$ (642)	**$ (1,321)**	$ (642)
ACCUMULATED OTHER COMPREHENSIVE LOSS	**$ (27,720)**	$ (24,841)	**$ (27,720)**	$ (24,841)

4. FUTURE BENEFIT COSTS:

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

	3rd QUARTER		NINE MONTHS	
	2009	2008	**2009**	2008
Defined benefit pension plans	**$ 865**	$ 905	**$ 2,596**	$ 2,714
Defined contribution pension plans	**407**	482	**1,371**	1,407
Other benefit plans	**65**	55	**207**	163
Total	**$ 1,337**	$ 1,442	**$ 4,174**	$ 4,284

5. RESTRUCTURING:

On January 5, 2007, the Company announced the approval of a formal plan to close its Warden Avenue manufacturing facility in Scarborough, Ontario. Costs of $3,112 ($1,100 after income taxes) net of a gain on sale of land, building and equipment of $5,969 were incurred 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 line within the consolidated statements of earnings (loss).

The following table highlights the restructuring activity and balance for the period ended September 30, 2009:

Restructuring	Total Costs Expected	Costs incurred to December 31, 2008	Costs incurred nine months ended September 30, 2009	Cumulative costs incurred
Severance, termination costs, benefits, retention bonuses	$ 2,974	$ 2,974	$ —	$ 2,974
Pension curtailment and settlement	3,756	3,756	—	3,756
Gain on sale of machinery and equipment	(1,855)	(1,190)	(665)	(1,855)
Gain on sale of land and building	(4,114)	(4,114)	—	(4,114)
Other	2,351	2,351	—	2,351
Total	$ 3,112	$ 3,777	$ (665)	$ 3,112

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

Restructuring Accrual	Balance December 31, 2008	Less costs paid or otherwise settled	Less costs incurred and charged to expense	**Balance, September 30, 2009**
Severance, termination costs, benefits, retention bonuses	$ 238	$ 238	$ —	**$ —**

6. LONG-TERM DEBT:

On June 26, 2009, the Company signed a new syndicated bank agreement (the "Bank Agreement") for a $225 million senior secured revolving credit facility (the "Facility") maturing on December 16, 2011, repayable in advance without penalty. The Bank Agreement is secured by a general security agreement covering all of the Company's present and future undertakings and assets, including all real property, and by a pledge of shares and guarantees of certain of the Company's legal entities. The Bank Agreement contains certain financial covenants as further explained in note 7, "Capital Management".

The Company can borrow against the Facility by direct advances in either Canadian or U.S. funds at rates tied to Canadian bank prime and U.S. bank base rate, and various bankers' acceptance rates and LIBOR, plus stamping fees. Stamping fees vary based on the Company's net funded debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ratio. The undrawn portion of the Facility is subject to standby fees similarly indexed to the Company's EBITDA ratio.

At September 30, 2009 the Company had $110,879 drawn against its long-term revolving credit facility, all of which was denominated in U.S. dollars. The weighted average interest rate on the Company's long-term borrowings at September 30, 2009 was 6.71% (December 31, 2008 – 3.0%)

Included in long-term debt are deferred financing costs of $2,038.

Principal payments to maturity are nil in 2009; nil in 2010 and $110,879 in 2011.

7. CAPITAL MANAGEMENT:

There were no changes in the Company's approach to capital management during the period compared to that of 2008. The Company's strategy for capital management continues to be driven by the cost effectiveness of externally available debt, cash from operations and expectations for future acquisitions and capital expenditures.

On June 26, 2009, the Company renegotiated its bank term facilities. The new syndicated bank agreement contains financial covenants including Funded Debt to Capitalization (less than 0.4 to 1.0), Funded Debt to EBITDA (varying between a maximum of 3.0 to 1.0 and 5.75 to 1.0), and Current Ratio (greater than 1.5 to 1.0) covenants. The Funded Debt to EBITDA ratio covenant is replaced by maximum funded debt of $180,000 for the quarter ending September 30, 2009 and $160,000 for the quarter ending December 31, 2009, with positive EBITDA required in each of the two quarters.

As part of the Company's approach to capital management, the Board of Directors reviews, on a quarterly basis, whether any dividends should be paid with reference to the Company's Dividend Policy. Before recommending to the Board of Directors any quarterly dividend to be paid, Management considers such factors as consistency with the Company's capital financing strategy objectives, target yield to our shareholders, external benchmarks, targeted percentage of average annual net earnings, and Bank Agreement covenants restricting the declaration of dividends when the Company's Debt to EBITDA ratio is higher than 3.0 to 1.0. In the second quarter, the Company's Board determined that dividend payments would be suspended. In the nine months ended September 30, 2009, dividends totaling $3,214 were declared payable to the Company's shareholders.

8. BUSINESS ACQUISITIONS:

On August 31, 2009, the Company acquired the principal assets and all business operations of Piling Products, Inc. ("PPI"), a Florida based distributor of hot rolled and cold formed sheet piling. The purchase price of U.S. $12.6 million was funded with cash on hand and borrowing against existing credit facilities. The purchase price may increase by an additional U.S. $2.2 million of contingent consideration if certain criteria are met over a five year period subsequent to acquisition. The Company has paid the U.S. $2.2 million into escrow. Any portion of the contingent consideration that is earned will be due and payable from the escrow to the vendor five years after the date of acquisition. Any portion of the contingent consideration that is not earned will be returned to the Company by the escrow agent. The contingent consideration is included in long-term other assets on the balance sheet and will be included in acquisition cost when and to the extent it is earned. The acquisition of PPI is included in the Metals Processing segment.

On September 15, 2009, the Company acquired Sekisui Jushi America, Inc.'s 50% interest in Samuel/Sekisui Jushi Strapping LLC ("SSJS") for total consideration of U.S. $1.2 million. Subsequent to the acquisition, the Company owns 100% of SSJS, a leader in the manufacture of polypropylene strapping products. The purchase price was satisfied by issuing a note payable to Sekisui Jushi America, Inc., in the amount of U.S. $1.2 million. The note payable is included in other long-term liabilities on the balance sheet and is due June 1, 2011. The acquisition of SSJS is included in the Packaging segment.

Both acquisitions have been accounted for under the purchase method of accounting, and the results of operations have been included in the consolidated statement of earnings (loss) with effect from the respective dates of acquisition.

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:

	PPI	SSJS
Cash consideration	$ 13,746	$ —
Note payable issued	—	1,292
Acquisition costs	110	15
Total purchase price	$ 13,856	$ 1,307
Net assets acquired, at fair values:		
Cash	$ —	$ 370
Accounts receivable	—	295
Inventory	11,142	483
Prepaids	13	—
Capital assets	521	410
Intangible assets (subject to amortization)	1,039	—
Goodwill	1,141	—
Accounts payable	—	(251)
Net assets acquired	$ 13,856	$ 1,307

9. FINANCIAL INSTRUMENTS:

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

At September 30, 2009, the Company was committed to the sale of U.S. $2,700 under forward exchange contracts at rates of exchange ranging from Cdn. $1.1097 to Cdn. $1.2136 maturing from October 15, 2009 to November 30, 2009. The fair value of the contracts as at September 30, 2009 was an unrealized gain of $300 ($204 net of tax) and is recorded within accounts payable and accrued liabilities on the consolidated balance sheet.

The Company is subject to floating interest rates on its long-term debt facility 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, 2009, the Company had U.S. $85,000 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 (loss). Any gain or loss in fair value relating to the ineffective portion, if any, is recognized immediately in the consolidated statement of earnings (loss). The fair value of the interest rate swaps at September 30, 2009 was an unrealized loss of $1,973 ($1,346 net of tax) based on the amount quoted by the Company's bankers and has been recognized in other comprehensive income with $1,768 recorded within other long-term liabilities and $205 recorded within accounts payable and accrued liabilities on the consolidated balance sheet.

At September 30, 2009, the Company had cash and cash equivalents of $4,273. The Company's revolving credit facility permitted the Company to borrow funds up to an aggregate of $225,000 subject to covenant compliance, which reduced the aggregate funds available for borrowing to $180,000. At September 30, 2009, $112,594 had been drawn against the Company's long-term facilities in the form of long-term debt ($110,879) and letters of credit ($1,715).

10. RELATED PARTY TRANSACTIONS:

In the normal course of operations, the Company has transactions with its parent and companies under its control which are measured at amounts agreed to by the respective parties subject to normal trade terms, as described in the notes of the Company's annual financial statements.

In addition, in the first quarter of 2009, the Company sold the tool steel inventory and related equipment and working capital of Unalloy-IWRC, a division of the Company to its parent, Samuel, Son & Co. Ltd.("SSCL") at a negotiated selling price of $6,100 subject to working capital adjustments. This decision resulted from an extensive review whereby it was determined that these two product lines were no longer a strategic fit within the Company. The review also involved exploring various options for sale of the business to third party buyers before it was determined that the most attractive sale be concluded with SSCL. This transaction closed February 27, 2009 and resulted in a loss of approximately $1,800.

11. 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

12. SALE OF ARVIN AVENUE:

On August 7, 2009, the Company sold the land and building of its Nelson Steel facility located at 199 Arvin Avenue in Stoney Creek, Ontario, for $3,900 plus customary closing adjustments of $24. $1,113 of the sales proceeds was settled in cash on closing, with the balance of the consideration provided in the form of a note in the amount of $2,811. The note is non-interest bearing, is secured by the assets sold, and is due as to $1,000 on February 8, 2010, and $1,811 on August 6, 2010. The note is included in other current assets on the balance sheet.

The net book value of these assets in the amount of $2,771 had previously been classified as held for sale on the balance sheet. Net of selling costs, the sale generated a gain of approximately $620.

The pickling operations at this facility had been permanently idled at the date the decision was made to sell the property, and therefore the Nelson Steel workforce will be unaffected by the sale.

13. COMPARATIVE FIGURES:

Certain of the prior year's figures have been reclassified to conform to the current year presentation.

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