FOURTH 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.

Net Sales

Sales for the fourth quarter ended December 31, 2008 were $236.6 million, an increase of $27.2 million or 13% over the $209.4 million achieved in the comparable quarter of the prior year. Sales for the year to December 31, 2008 were $989.7 million which represents an increase of $89.8 million or 10.0% over the $899.9 million achieved in 2007.

After declining somewhat in the third quarter carbon steel prices continued to decrease rapidly in the fourth quarter as a weakening global economy and financial crisis slowed demand in most key markets. Stainless steel prices also continued to decline in the fourth quarter with surcharges decreasing significantly due to soft demand plus an oversupply of stock in the market.

Sales of the Packaging segment in the fourth quarter, at $103.8 million, were up $5.0 million or 5.1% compared to the prior year with all of the increase flowing from the U.S. Sales in our traditional markets in Canada were down reflecting lower demand and increased competition. Metal Processing sales for the fourth quarter were $132.7 million, which was up $22.1 million or 20.0% compared to the prior year. This was primarily due to higher sales of Roll Formed products reflecting the ramp up of the U.S. operations and the acquisition of Omega Joists Inc. in February 2008. Sales of steel pressure vessels and carbon steel tubular products were also higher in the fourth quarter reflecting increased volumes and selling prices and the acquisition of Tubular Products Company in January 2008. These increases were offset in part by lower steel pickling, stainless steel tubular products and welded tubular assembly sales reflecting lower prices and volume levels.

Earnings

Management has completed an impairment test of its goodwill and long-lived assets within each of its operating segments as at December 31, 2008. As a result of this analysis, the Company has recorded a pre-tax, non-cash impairment charge for goodwill and certain long-lived assets of $53.6 million ($38.7 million after tax). The impairment charge was primarily driven by adverse equity market conditions that caused a decrease in comparable company trading multiples and the Company's stock price. The Company's market capitalization as at December 31, 2008 was well below the carrying value of its net assets, suggesting an impairment. In addition, actual operating results in certain of the Company's reporting units have not met the Company's forecasts for the year and the considerable economic uncertainty has lead management to lower forecast expectations for purposes of the annual impairment test. The details of the goodwill and long-lived assets impairment charge have been included in Note 3 of the consolidated financial statements. The non-cash impairment charge did not affect the Company's liquidity, cash flows or debt covenants.

Net loss from continuing operations for the fourth quarter was $46.9 million or $1.46 per share compared to net earnings of $3.3 million or $0.10 per share in the prior year. Net loss from continuing operations for the year was $9.3 million or $0.29 per share compared to net earnings of $21.3 million or $0.66 per share in 2007.

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 consolidated financial statements. Additional details are outlined in Note 6 of the consolidated financial statements under Discontinued Operations.

Net loss for the fourth quarter was $46.9 million or $1.46 per share compared to net earnings of $3.3 million or $0.10 per share in the prior year. Net loss for the year was $9.3 million or $0.29 per share compared to net earnings of $27.3 million or $0.85 per share in 2007. The fourth quarter results this year includes a goodwill and long-lived assets impairment charge of $53.6 million as outlined in Note 3 of the consolidated financial statements. This charge

of $38.7 million after tax negatively impacted earnings in the fourth quarter by $1.20 per share. The fourth quarter results this year also includes a restructuring gain of $0.5 million consisting primarily of a portion of the gain on the sale of the equipment at the Scarborough, Ontario strapping manufacturing facility. This restructuring gain of $0.3 million after tax positively impacted earnings in the fourth quarter by $0.01 per share. The fourth quarter results last year included a restructuring gain of $4.4 million ($3.8 million after tax) consisting primarily of the gain on the sale of the land and building at the Scarborough, Ontario manufacturing facility which positively impacted earnings by $0.12 per share.

Operating loss (see below for cautionary language regarding non-GAAP measures) for the fourth quarter amounted to $9.9 million compared to an operating profit of $0.3 million in the prior year with decreases in both the Packaging and Metal Processing segments.

The Packaging segment had an operating loss of $7.4 million compared to an operating loss of $3.0 million in 2007 with decreases occurring in both Canada and the U.S. The decreased profitability reflects the continued slowdown in the forestry and construction sectors and the negative effects from increased competition. In addition, the rapid erosion of selling prices led to significant inventory devaluation adjustments in the month of December.

Operating profits of the Metal Processing segment in the fourth quarter were $0.5 million, which was $4.7 million lower than the $5.2 million earned in 2007. Stainless steel tubular operations resulted in an operating loss reflecting a less favourable product mix and slowdowns at the U.S. and Mexican operations. In addition, lower demand and selling prices led to required inventory write downs in the month of December. Welded tubular assembly operations also posted a loss due to significantly reduced demand from its major customers. Profits from steel pickling operations were also down reflecting lower overall volumes due to the slowdown in North American manufacturing, particularly the automotive sector. These decreases were offset by increased profits from roll formed products reflecting increased sales levels and the positive contribution from the U.S. operations and the recent acquisition of Omega Joists Inc. Operating profits from steel pressure vessels and tubular operations were also higher reflecting increased sales and the acquisition of Tubular Products Company.

Outlook

Carbon steel pricing levels decreased substantially in the second half of the year after significant increases in the first half of the year. The impact of various stimulus plans on the manufacturing sector is currently uncertain and therefore the timing of any resultant increased market demand is difficult to predict. The increases in the first half of the year were driven by reduced imports and higher raw material input costs. The increases were more than offset by the negative impact of a lack of demand in the second half of the year. Recent production cuts by North American mills have helped to keep supply and demand more in balance. However, with real demand remaining weak, the expectation is for prices to remain at relatively low levels for at least the first half of 2009.

After the price declines in the fourth quarter of 2008, nickel prices stabilized somewhat in early 2009. However, continuing weak demand and recent declines in raw material costs will make it difficult for a recovery in stainless steel pricing levels.

Forecasts are complicated by the sharp North American and global economic downturns, which could worsen as the year progresses. The Company will continue to focus on maximizing liquidity and reducing its cost structure to be able to deal with the negative market conditions.

The Company has not been immune to the economic crisis in North America. The Company is disappointed with its results in the fourth quarter and it is difficult to be optimistic for a North American economic recovery in the first half of 2009. In response to these conditions, the Company is streamlining its businesses and rapidly reducing its costs to ensure that it will both meet the challenges of the current crisis and emerge well positioned to take advantage of the opportunities that will inevitably arise.

Mark C. Samuel
Chairman & CEO

February 27, 2009

The "Fourth 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 goodwill and long-lived assets impairment charge, gain on sale of steel pickling operations, restructuring, 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.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

Twelve Months ended December 31, 2008 and 2007 *(unaudited)*

(in thousands of dollars except per share amounts)

	4TH QUARTER		TWELVE MONTHS	
	2008	2007	**2008**	2007
NET SALES	$ **236,556**	$ 209,360	$ **989,730**	$ 899,866
COSTS AND EXPENSES (INCOME):				
Cost of sales, selling & administration (note 5)	**241,093**	203,464	**924,094**	837,759
Depreciation and amortization (note 5)	**6,595**	6,075	**28,160**	22,747
Foreign exchange loss (gain)	**(1,182)**	(434)	**(1,401)**	1,057
Interest on long-term debt	**1,995**	1,964	**8,064**	7,199
Interest on short-term debt	**37**	184	**174**	1,080
Interest income	**(152)**	(125)	**(259)**	(181)
	248,386	211,128	**958,832**	869,661
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE THE UNDERNOTED ITEMS	**(11,830)**	(1,768)	**30,898**	30,205
GOODWILL AND LONG-LIVED ASSETS IMPAIRMENT CHARGE (note 3)	**53,634**	-	**53,634**	-
GAIN ON SALE OF STEEL PICKLING OPERATIONS (note 8)	**50**	-	**(15,153)**	-
RESTRUCTURING (note 4)	**(488)**	(4,427)	**2,215**	1,562
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**(65,026)**	2,659	**(9,798)**	28,643
INCOME TAXES (RECOVERY):				
Current	**(3,845)**	(1,986)	**15,488**	6,381
Future	**(14,263)**	1,367	**(15,946)**	914
	(18,108)	(619)	**(458)**	7,295
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	**(46,918)**	3,278	**(9,340)**	21,348
NET EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS (note 13)	**-**	-	**-**	5,951
NET EARNINGS (LOSS)	$ **(46,918)**	$ 3,278	$ **(9,340)**	$ 27,299
BASIC EARNINGS (LOSS) PER SHARE				
From continuing operations	$ **(1.46)**	$ 0.10	$ **(0.29)**	$ 0.66
From discontinued operations	**-**	-	**-**	0.19
	$ **(1.46)**	$ 0.10	$ **(0.29)**	$ 0.85
DILUTED EARNINGS (LOSS) PER SHARE				
From continuing operations	$ **(1.46)**	$ 0.10	$ **(0.29)**	$ 0.65
From discontinued operations	**-**	-	**-**	0.19
	$ **(1.46)**	$ 0.10	$ **(0.29)**	$ 0.84

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Twelve Months ended December 31, 2008 and 2007 *(unaudited)*
(in thousands of dollars)

	2008	2007
RETAINED EARNINGS, BEGINNING OF PERIOD	$ **341,925**	$ 327,472
NET EARNINGS	**(9,340)**	27,299
DIVIDENDS PAID ON COMMON SHARES	**(12,852)**	(12,846)
RETAINED EARNINGS, END OF PERIOD	$ **319,733**	$ 341,925

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

December 31, 2008 and December 31, 2007 *(unaudited)*

(in thousands of dollars)

		Dec. 31, 2008		Dec. 31, 2007
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	**2,808**	$	1,876
Accounts receivable		**134,218**		123,801
Inventories (note 5)		**233,441**		180,555
Prepaid expenses and sundry		**4,398**		3,260
Income taxes receivable		**-**		6,475
Future income taxes		**10,018**		5,500
Assets held for sale		**-**		345
		384,883		321,812
CAPITAL ASSETS (note 3)		**171,762**		173,150
ACCRUED PENSION ASSET		**8,362**		9,335
ASSETS HELD FOR SALE (note 16)		**2,771**		-
FUTURE INCOME TAXES		**10,343**		1,260
GOODWILL (note 3)		**54,035**		50,008
INTANGIBLE ASSETS		**17,559**		11,396
OTHER ASSETS		**1,681**		1,294
	$	**651,396**	$	568,255
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Bank indebtedness	$	**4,879**	$	3,915
Accounts payable and accrued liabilities		**67,319**		67,885
Deferred revenue		**8,206**		6,457
Dividends payable		**3,258**		3,245
Income taxes payable		**1,148**		-
		84,810		81,502
LONG-TERM DEBT		**205,859**		131,414
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS		**2,842**		2,326
FUTURE INCOME TAXES		**13,035**		15,285
OTHER LONG-TERM LIABILITIES		**2,928**		366
		309,474		230,893
SHAREHOLDERS' EQUITY:				
Capital stock (note 7)		**30,126**		29,891
Contributed surplus		**195**		216
Retained earnings		**319,733**		341,925
Accumulated other comprehensive loss (note 11)		**(8,132)**		(34,670)
		341,922		337,362
SUBSEQUENT EVENTS (note 16)				
	$	**651,396**	$	568,255

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Twelve Months ended December 31, 2008 and 2007 *(unaudited)*

(in thousands of dollars)

	4TH QUARTER		TWELVE MONTHS	
	2008	2007	**2008**	2007
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net earnings from continuing operations	$ **(46,918)**	$ 3,278	$ **(9,340)**	$ 21,348
Items not involving cash:				
Depreciation and amortization (note 5)	**6,595**	6,075	**28,160**	22,747
Goodwill and long-lived assets impairment charge (note 3)	**53,634**	-	**53,634**	
Loss (gain) on disposal of capital assets	**826**	(4,146)	**(15,998)**	(4,092)
Compensation costs for stock options	**54**	54	**54**	54
Future income taxes	**(14,263)**	1,367	**(15,946)**	914
Decrease (increase) in accrued pension asset	**(1,221)**	1,049	**1,074**	(2,008)
Decrease in post-retirement benefits other than pensions	**39**	28	**98**	324
	(1,254)	7,705	**41,736**	39,287
Change in non-cash operating working capital:				
Decrease (increase) in accounts receivable	**36,806**	16,731	**6,155**	(5,772)
Decrease (increase) in inventories	**9,915**	10,617	**(29,405)**	5,008
Decrease (increase) in prepaid expenses and sundry	**1,705**	955	**(816)**	1,904
Decrease (increase) in income taxes receivable	**102**	-	**6,713**	-
Increase (decrease) in accounts payable and accrued liabilities	**(32,657)**	(8,946)	**(10,491)**	(12,875)
Increase (decrease) in deferred revenue	**564**	(555)	**648**	(2,387)
Increase (decrease) in income taxes payable	**(7,400)**	(8,743)	**653**	(8,529)
	7,781	17,764	**15,193**	16,636
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:				
Proceeds on sale of capital assets	**806**	5,820	**39,215**	5,940
Purchase of capital assets	**(8,231)**	(4,988)	**(23,218)**	(32,199)
Business acquisitions (note 2)	**(2,945)**	(2,394)	**(63,075)**	(44,058)
	(10,370)	(1,562)	**(47,078)**	(70,317)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:				
Increase in other assets	**1,006**	1,456	**(79)**	994
Issuance of common shares (note 7)	**-**	6	**160**	427
Increase in long-term debt	**8,115**	13,630	**50,635**	41,765
Repayment of long-term debt	**(207)**	-	**(5,400)**	-
Dividends paid on common shares	**(3,213)**	(3,213)	**(12,852)**	(12,846)
	5,701	11,879	**32,464**	30,340
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS				
Operating activities	**-**	661	**-**	(255)
Investing activities	**-**	(62)	**-**	26,102
	-	599	**-**	25,847
EFFECT OF EXCHANGE RATE CHANGES ON CASH POSITION	**(368)**	(499)	**(611)**	(278)
INCREASE (DECREASE) IN CASH POSITION	**2,744**	28,181	**(32)**	2,228
CASH POSITION, BEGINNING OF PERIOD	**(4,815)**	(30,220)	**(2,039)**	(4,267)
CASH POSITION, END OF PERIOD	$ **(2,071)**	$ (2,039)	$ **(2,071)**	$ (2,039)

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

Twelve Months ended December 31, 2008 and 2007 *(unaudited)*

(in thousands of dollars)

	4TH QUARTER		TWELVE MONTHS	
NET SALES	**2008**	2007	**2008**	2007
Packaging	$ **103,823**	$ 98,764	$ **460,059**	$ 451,741
Metal Processing	**132,733**	110,596	**529,671**	448,125
Consolidated	$ **236,556**	$ 209,360	$ **989,730**	$ 899,866

	4TH QUARTER		TWELVE MONTHS	
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE GOODWILL AND LONG-LIVED ASSETS IMPAIRMENT CHARGE, GAIN ON SALE OF STEEL PICKLING OPERATIONS, RESTRUCTURING, INTEREST AND INCOME TAXES	**2008**	2007	**2008**	2007
Packaging	$ **(7,352)**	$ (3,008)	$ **13,042**	$ 11,098
Metal Processing	**496**	5,201	**36,025**	37,255
Corporate	**(3,094)**	(1,938)	**(10,190)**	(10,050)
Earnings (loss) from continuing operations before the undernoted items	**(9,950)**	255	**38,877**	38,303
Goodwill and long-lived assets impairment charge (note 3)	**53,634**	-	**53,634**	-
Gain on sale of steel pickling operations (note 8)	**50**	-	**(15,153)**	-
Restructuring (note 4)	**(488)**	(4,427)	**2,215**	1,562
Interest on long-term debt	**1,995**	1,964	**8,064**	7,199
Interest on short-term debt	**37**	184	**174**	1,080
Interest income	**(152)**	(125)	**(259)**	(181)
Earnings (loss) from continuing operations before income taxes	$ **(65,026)**	$ 2,659	$ **(9,798)**	$ 28,643

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Twelve Months ended December 31, 2008 and 2007 *(unaudited)*

(in thousands of dollars)

	4TH QUARTER		TWELVE MONTHS	
	2008	2007	**2008**	2007
NET EARNINGS (LOSS)	$ **(46,918)**	$ 3,278	$ **(9,340)**	$ 27,299
OTHER COMPREHENSIVE INCOME (LOSS):				
Unrealized gain (loss) on translation of net foreign operations	**17,867**	(959)	**27,959**	(21,184)
Change in unrealized gain or loss on derivatives designated as cash flow hedges	**(1,899)**	(578)	**(2,260)**	314
Income taxes on change in unrealized gain or loss	**596**	199	**701**	(107)
Reclassification of realized (gain) loss on cash flow hedges	**213**	(748)	**210**	(158)
Income taxes on reclassification of realized gain (loss)	**(68)**	256	**(72)**	54
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**16,709**	(1,830)	**26,538**	(21,081)
COMPREHENSIVE INCOME (LOSS)	$ **(30,209)**	$ 1,448	$ **17,198**	$ 6,218

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 thees consolidated financial statements are consistent with the Company's annual financial statements except as noted below:

(i) Goodwill and intangible assets:
Goodwill is not amortized, but instead subjected to an annual impairment test. If impairment of goodwill is determined, an impairment loss will be recognized and goodwill will be written down to its fair value. An impairment loss is to be provided when the carrying amount of the goodwill exceeds its fair value. During the year the Company wrote down its goodwill by $43,734 as further described in note 3.

(ii) Disposal of long-lived assets:
Assets classified as held for sale are measured at the lower of their carrying amounts or fair value, less costs to sell. As at December 31, 2008 the Company had a building and the land on which the building is located held for sale, as further described in note 16.

(iii) Impairment of long-lived assets:
An impairment of a long-lived asset is recognized when the carrying amount of an asset to be held and used exceeds the sum of undiscounted cash flows expected from its use, and is measured as the amount by which the carrying amount of assets exceeds its fair value. During the year the Company wrote down its long-lived assets by $9,900 as further described in note 3.

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 10 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. The new standard also requires additional disclosures including the accounting policies used in measuring inventories, the carrying amount of the inventories, amounts recognized as an expense during the period, write-downs and the amount of any reversal of any write-downs recognized as a reduction of expenses.

The difference in the measurement of opening inventory arising from implementing this standard may be applied to the opening inventory for the year, with an adjustment to opening retained earnings and no restatement of prior periods, or retrospectively with prior periods restated in accordance with Section 1506, "Accounting Changes". There was no difference to be accounted for by the Company on adoption of Section 3031.

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. Meetings have been held to establish a project plan and identify key individuals with an initial focus on the componentization of Capital Assets. 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.

(iii) EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
On January 20, 2009, the Emerging Issues Committee (EIC) of the 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 is required to be applied retrospectively, without restatement of prior years to all financial assets and financial liabilities measured at fair value. The Company is currently assessing the impact of EIC 173 on its consolidated financial statements.

2. BUSINESS ACQUISITIONS:

(a) Omega Joists Inc.:
On February 27, 2008, the Company acquired the principal assets of Omega Joists Inc. ("Omega") for consideration of $28,346. 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. Omega now operates as a division of the Company.

(b) Tubular Products Company:
On January 31, 2008, the Company acquired 100% of the outstanding shares of Tubular Products Company ("Tubular") for consideration of U.S. $34,598 plus an earn out payment. The process of calculating the earn out payment 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 shown below. 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 (loss).

	Tubular	Omega	Total
Cash consideration	$ 34,448	$ 28,131	$ 62,579
Acquisition costs	281	215	496
Total purchase price	$ 34,729	$ 28,346	$ 63,075
Net assets acquired, at fair values:			
Accounts receivable	$ 2,645	$ 3,854	$ 6,499
Inventories	1,570	3,041	4,611
Capital assets	7,947	1,954	9,901
Intangible assets (subject to amortization)	4,125	4,564	8,689
Goodwill	19,723	16,629	36,352
Accounts payable	(1,281)	(1,291)	(2,572)
Deferred revenue	-	(405)	(405)
Net assets acquired, net of cash of $50	$ 34,729	$ 28,346	$ 63,075

Of the total goodwill acquired, $32,195 is deductible for income tax purposes.

3. GOODWILL AND LONG-LIVED ASSETS IMPAIRMENT CHARGE:

Goodwill is tested for impairment at least annually. The test is completed at the reporting unit level and has resulted in a goodwill impairment charge of $43,734 in the quarter ended December 31, 2008, which is shown in the consolidated statement of earnings (loss) as goodwill and long-lived assets impairment charge. It was determined that goodwill associated with the Packaging segment was impaired and accordingly, a write down of $31,518 has been recorded. In addition, goodwill totaling $12,216 relating to the Metal Processing segment was impaired. The recent significant downturn in the global economy has led to a decline in selling prices and operating margins. These declines combined with considerable economic uncertainty in the markets our reporting units serve, particularly the North American automotive market, has led management to lower forecast expectations for purposes of the annual impairment test.

In the quarter ended December 31, 2008, a long-lived asset impairment charge of $9,900 was recorded in the Metal Processing segment. This charge is included in the goodwill and long-lived asset impairment charge line of the consolidated statements of earnings (loss). The impairment was calculated by comparing a fair value appraisal of the long-lived assets of Associated Tube USA Inc. (Elizabethtown) to the carrying value of the assets. The impairment is the result of the recent significant downturn in the global economy, leading to a decline in selling prices and operating margins. The impaired assets are part of a reporting unit that has historically earned a significant portion of its revenues through sales to the automotive industry.

4. RESTRUCTURING:

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 (loss). As of December 31, 2008, $3,777 of cumulative restructuring costs has been recorded net of a gain on sale of $5,304.

The following table highlights the activity and balance of the restructuring charge for the twelve months ended December 31, 2008:

Restructuring Charge	Total Costs Expected	Costs incurred to December 31, 2007	Costs incurred twelve months ended December 31, 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)	-	(1,190)	(1,190)
Gain on sale of land and building	(4,114)	(4,114)	-	(4,114)
Other	2,491	1,577	774	2,351
Total	$ 3,619	$ 1,562	$ 2,215	$ 3,777

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

Restructuring Accrual	Balance, Sept. 30, 2008	Less costs paid or otherwise settled	Less costs incurred and charged to expense	Adjustments	**Balance December 31, 2008**
Severance, termination costs, benefits, retention bonuses	$ 316	$ 78	$ -	$ -	**$ 238**
Other	47	47	-	-	-
Total	$ 363	$ 125	$ -	$ -	**$ 238**

5. INVENTORIES:

	2008	2007
Raw materials	**$ 77,663**	$ 49,278
Work in process	**17,265**	13,610
Finished Goods	**138,513**	117,667
Total	**$ 233,441**	$ 180,555

The total amount of inventories recognized as an expense (cost of sales) in 2008 was $851,670 (2007 - 750,529) including depreciation of $20,326 (2007 - $17,328) and write-downs of inventory to net realizable value of $6,659 (2007 – nil).

6. FUTURE BENEFIT COSTS:

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

	4th QUARTER		TWELVE MONTHS	
	2008	2007	**2008**	2007
Defined benefit pension plans	**$ 1,533**	$ 584	**$ 7,532**	$ 5,150
Defined contribution pension plans	**741**	19	**2,148**	1,712
Other benefit plans	**99**	49	**262**	237
Total	**$ 2,373**	$ 652	**$ 9,942**	$ 7,099

7. CAPITAL STOCK:

	December 31, 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 twelve months ended December 31, 2008. No options expired, were exercised or cancelled during the quarter. During the twelve months ended December 31, 2008, 16,800 options were exercised for net proceeds of $160, 82,500 stock options expired and were cancelled and 7,000 options were forfeited and cancelled.

Weighted average number of shares:

	4th QUARTER		TWELVE MONTHS	
	2008	2007	**2008**	2007
Basic Shares	**32,140,245**	32,123,445	**32,129,160**	32,107,962
Effect of dilutive stock options	-	150,665	-	185,811
Diluted shares	**32,140,245**	32,274,110	**32,129,160**	32,293,773

As the Company had a net loss from continuing operations in the three and twelve months ended December 31, 2008, 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.

8. 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 $15,153 ($10,357 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	(1,652)
Net proceeds	$35,799
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	$ 15,153

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 twelve months ended December 31st, 2008, dividends totaling $12,852 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 December 31, 2008.

10. 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 collectibility 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:

	December 31, 2008	December 31, 2007
Cash and cash equivalents	**$ 2,808**	$ 1,876
Accounts receivable	**134,218**	123,801
Other assets	**1,681**	1,294
Total	**$ 138,707**	$ 126,971

The aging of accounts receivable at the reporting date was:

	December 31, 2008	December 31, 2007
1 to 30 days	**$ 62,305**	$ 66,045
31 to 60 days	**43,053**	39,291
61 to 90 days	**16,937**	13,063
Greater than 90 days	**14,931**	8,004
Gross accounts receivable	**$ 137,226**	$ 126,403
Less: Allowance for doubtful accounts	**(3,008)**	(2,602)
Total accounts receivable, net	**$ 134,218**	$ 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 purchases 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.

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 (loss) 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 loss, a component of equity.

The Company enters into foreign currency forward contracts to hedge foreign exchange exposure on anticipated operational cash flows. Effective October 1, 2008 the Company terminated its designation of the hedging relationship between forward exchange contracts and foreign currency cash receipts. Accordingly, for the period of October 1, 2008 through December 31, 2008, unrealized gains and losses on outstanding contracts were recorded in the consolidated statement of earnings (loss). Unrealized gains of $26 on contracts that mature after December 31, 2008 that were outstanding before October 1, 2008 are included in accumulated other comprehensive loss and will be recorded in the consolidated statement of earnings (loss) upon maturity of the underlying contracts. As at December 31, 2008, none of the Company's forward exchange contracts were designated as hedging items for the purposes of hedge accounting.

At December 31, 2008, the Company was committed to the sale of U.S. $7,500 under forward exchange contracts at rates of exchange ranging from Cdn. $1.0661 to Cdn. $1.0673 maturing from January 30, 2009 to June 26, 2009.

In addition, the Company was committed to the sale of EUR 22 under a forward exchange contract at a rate of $1.5714 maturing on January 9, 2009.

The fair value of the contracts as at December 31, 2008 was an unrealized loss of $1,134 ($775 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 December 31, 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 year ended December 31, 2008 by $1,625. 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 December 31, 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. At December 31, 2008, the Company had entered into an agreement for an additional U.S. $35,000 interest rate swap. This swap did not take effect until February 2, 2009.

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 (loss). The fair value of the interest rate swaps at December 31, 2008 was an unrealized loss of $2,665 ($1,819 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 $1,471 decrease (increase) in the pre-tax earnings of the Company for the year ended December 31, 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 December 31, 2008, the Company had cash and cash equivalents of $2,808 and revolving credit facilities that permitted the Company to borrow funds up to an aggregate of $300,578 of which $213,734 had been drawn in the form of long-term debt ($205,859), letters of credit ($2,996) and bank indebtedness ($4,879).

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

The Company's long-term debt credit facilities mature as to $89,597 in 2010 and $116,262 in 2011. 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:

	December 31, 2008	December 31, 2007
Held-for-trading	**$ (2,071)**	$ (2,039)
Loans and receivables	**$ 135,899**	$ 125,095
Other financial liabilities	**$ (273,178)**	$ (199,299)

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 and other assets 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 terms consistent with the current credit market.

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 December 31, 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 December 31, 2008.

11. ACCUMULATED OTHER COMPREHENSIVE LOSS:

	4th QUARTER		TWELVE MONTHS	
	2008	2007	**2008**	2007
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance, beginning of period	**$ (24,199)**	$ (33,332)	**$ (34,291)**	$ (13,107)
Unrealized gain (loss) on translation of net foreign operations	**17,867**	(959)	**27,959**	(21,184)
Balance, end of period	**(6,332)**	(34,291)	**(6,332)**	(34,291)
UNREALIZED DERIVATIVE GAIN (LOSS) ON CASH FLOW HEDGES, net				
Balance, beginning of period	**(642)**	492	**(379)**	-
Impact of new cash flow hedge accounting rules on January 1, 2007 (net of taxes of $250)	-	-	-	(482)
Change in unrealized gain or loss on derivatives designated as cash flow hedges	**(1,899)**	(578)	**(2,260)**	314
Income taxes on change in unrealized gain or loss	**596**	199	**701**	(107)
Reclassification of realized (gain) loss	**213**	(748)	**210**	(158)
Income taxes on reclassification of realized gain (loss)	**(68)**	256	**(72)**	54
Balance, end of period	**(1,800)**	(379)	**(1,800)**	(379)
ACCUMULATED OTHER COMPREHENSIVE LOSS	**$ (8,132)**	$ (34,670)	**$ (8,132)**	$ (34,670)

12. 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.

13. 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:

	4th QUARTER		TWELVE MONTHS	
	2008	2007	**2008**	2007
Net sales	**$ -**	$ -	**$ -**	$ 29,561
Cost of sales, selling & administration	-	-	-	25,494
Earnings before gain on sale and income taxes	-	-	-	4,067
Gain on sale	-	-	-	6,116
Earnings before income taxes	-	-	-	10,183
Income taxes	-	-	-	4,232
Net earnings from discontinued operations	**$ -**	**$ -**	**$ -**	$ 5,951

14. 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. This transaction now appears unlikely to proceed due to the non-fulfillment of conditions precedent to the transaction.

15. COMPARATIVE FIGURES:

In order to conform to the current year presentation, the comparative figures have been restated due to balance sheet reclassifications.

16. SUBSEQUENT EVENTS:

On February 12, 2009, the Company's Board of Directors approved the sale of the tool steel inventory and related equipment and working capital items of Unalloy-IWRC ("Unalloy"), a division of the Company, to Samuel, Son & Co. Ltd., a related party, at a negotiated selling price of $6,100 subject to working capital adjustments. This transaction closed February 27, 2009 and resulted in a loss of approximately $1,800. The exiting of the tool steel business in Ontario does not affect the remaining business in Ontario and existing Unalloy branch operations in Quebec, Alberta and British Columbia, where Unalloy will continue to focus on its primary businesses, wire rope, perforated metal and hardware.

On February 20, 2009 the Company entered into an agreement to sell the land and building of one of its Nelson Steel facilities for $3,900 subject to customary closing adjustments. The facility is located at 199 Arvin Avenue in Stoney Creek, Ontario. 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. The transaction is expected to close on March 31, 2009. The company has reclassified the net book value of these assets in the amount of $2,771 from capital assets to assets held for sale.

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