# Husky Injection Molding Systems Ltd. issues fiscal 2007 second quarter results, announces workforce reduction and initiates ownership review

For release 2007-03-08

*Toronto, Ontario* — Husky Injection Molding Systems Ltd. (TSX: HKY) today announced its results for the second quarter ended January 31, 2007, a workforce reduction, and an ownership review. All figures in this press release are in US dollars unless otherwise stated.

**Management's Discussion and Analysis**

The following is a discussion of the second quarter fiscal 2007 consolidated financial condition and results of operations of Husky Injection Molding Systems Ltd. (the "Company"). This analysis is current as of March 2, 2007, and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and six month periods ended January 31, 2007, and the Company's Annual Report 2006 - Financial Supplement for the year ended July 31, 2006. Additional information regarding the Company, including its Annual Information Form, can be found on SEDAR at www.sedar.com.

The Company assesses its performance by reviewing the geographic mix of sales from its territories, and gross profit and profitability on a consolidated basis.

Summarized Financial Results
(in millions of US dollars, except per share data, unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | January 31, 2007 | January 31, 2006 | January 31, 2007 | January 31, 2006 |
| Orders | 314.4 | 275.7 | 599.5 | 547.5 |
| Sales | 260.1 | 231.6 | 451.5 | 407.5 |
| Net Income | 10.5 | 12.0 | 2.8 | 2.7 |
| Earnings Per Share | 0.09 | 0.10 | 0.02 | 0.02 |

**Results of Operations**

For the three and six month periods ended January 31, 2007 compared to the same periods in the previous year

**Sales**

Sales for the second quarter increased 12% to $260.1 million from $231.6 million, as a result of higher opening backlog. Sales increased in all territories.

In North America, sales increased 6% as a result of higher shipments in all markets except automotive. Sales in Europe grew 10% due to increased shipments in all markets except beverage packaging (PET). The impact of year- over-year currency rate changes on Euro-denominated shipments increased sales by approximately $6.0 million. Sales in Asia Pacific increased 32% as a result of strong beverage packaging (PET) shipments which more than offset declines in other markets. In Latin America, sales increased 10% primarily due to higher shipments in beverage packaging.

For the first six months, sales increased 11% to $451.5 million from $407.5 million in the prior year. The increase was due to strong order intake in the first half of the year in addition to higher opening backlog levels. Sales increased in all territories except Latin America.

North American sales increased marginally due to higher shipments in beverage packaging, technical and general applications, partly offset by declines in packaging and automotive markets. Sales in Europe and Asia Pacific were up 14% and 39%, respectively. These increases were due to higher opening backlog levels and increased order intake in the first half of the fiscal year. In addition, year-over-year currency rate changes on Euro- denominated shipments increased sales in Europe by approximately $9.0 million. Sales in Latin America declined 7% as a result of lower opening backlog levels. The decrease was principally in automotive market applications.

**Net Income**

Net income for the second quarter totaled $10.5 million ($0.09 earnings per share) compared to $12.0 million ($0.10 earnings per share) last year. On a year-to-date basis, net income was $2.8 million ($0.02 earnings per share) compared to $2.7 million ($0.02 earnings per share) last year.

**President's Message**

John Galt, the Company's President and Chief Executive Officer, commented: "Today we are announcing three important pieces of news:

1. Financial results for the second quarter.
2. A reduction of our workforce on the Bolton campus.
3. A review of Husky's long-term ownership based on Robert Schad's

decision to consider the sale of his shares.

The review of Husky's long-term ownership structure will be discussed in a separate press release issued today.

The Company's financial performance continues to be encouraging, especially with regard to orders and sales. Orders in the quarter increased by $38.8 million to $314.4 million, another new high. These results demonstrate that, despite difficult market conditions and an aggressive competitive environment, we are continuing to make progress with our strategy of growing our business in key market areas - beverage and other packaging, automotive and technical and general.

Net income was $2.8 million for the first half of the fiscal year, consistent with last year. While this profit was in line with our expectations, we need to continue looking for ways to grow profitably.

The performance of our European and Asia Pacific businesses continues to be strong. In Eastern Europe, we developed new customer relationships and opened a new sales office in Istanbul, Turkey. Similarly, our ongoing investment in Asia Pacific is promising, particularly in our hot runners and tooling business. We recently doubled the capacity of our Shenzhen, China hot runner manufacturing operation. We also opened a new Technical Center in Singapore, adding local customer support and hot runner manufacturing capabilities to more effectively service our growing customer base in the region.

On the other hand, North American orders in the quarter were negatively impacted by the unfavorable market conditions affecting the industry. With almost half of our business continuing to come from the Americas, we are fully committed to serving these customers from a strong local base. The United States in particular remains our largest single market; the success of our North and South American customers is one of our foremost priorities.

Nevertheless, becoming a leaner organization is a critical part of our goal of achieving profitable growth. While we have made progress, many areas of inefficiency remain and we are competing with companies around the world who are learning and getting better as well. As a result, we have reduced our workforce, on the Bolton campus, by 85 people.

In addition, it has become increasingly inefficient and costly to manufacture products in Canada that are destined for, and shipped to, markets on the other side of the globe. The high Canadian dollar and some ineffective research and development tax structures add further difficulties to successfully manufacture in Canada for overseas markets. We have outlined our concerns and proposed solutions to various levels of government. While these issues are now well understood, they have not yet been addressed with meaningful action.

While we remain committed to making our Canadian operations successful, it is clear that we will require further improvement and greater efficiency going forward. We will continue working to achieve profitable growth by maintaining the momentum we see in our core markets, controlling costs, continuing our progress towards becoming a leaner organization and making the investments required to grow our customer relationships."

**Gross Profit**

For the quarter, gross profit increased to $56.4 million from $54.5 million last year. As a result, margins were 21.7% of sales compared to 23.5% last year. Increased sales, cost reduction initiatives and higher margin product mix improved gross profit by approximately $20.0 million. A research and development (R&D) investment tax recovery of $1.9 million was also recognized in the quarter on income earned in a jurisdiction where the Company has investment tax assets that were not previously recognized. These factors were offset by competitive pricing pressures and higher expenses, most of which were people-related. In addition, unfavorable exchange rates primarily on the translation of Canadian dollar-denominated expenses reduced gross profit by approximately $6.0 million, compared to last year.

Gross profit for the first six months increased to $86.3 million (19.1% of sales) from $81.5 million last year (20.0% of sales). Higher sales, cost reductions and R&D investment tax recovery increased gross profit by approximately $32.0 million. These factors were partly offset by unfavorable foreign exchange rates, which totaled approximately $9.0 million compared to last year, principally relating to the translation of Canadian dollar- denominated expenses. Other contributing factors that reduced gross profit were competitive pricing pressures and higher expenses, most of which were people- related.

**Other Income and Expenses**

In the second quarter, selling and administration expenses increased to $41.2 million from $37.5 million last year. For the first six months, selling and administration expenses were $79.4 million, up from $72.2 million last year. The increase for both the quarter and year-to-date periods was principally due to higher people-related expenses and unfavorable exchange rates on the translation of Euro and Canadian dollar-denominated expenses. The impact of unfavorable exchange rates was $1.8 million and $2.8 million for the quarter and year-to-date periods, respectively.

Interest expense for the second quarter, net of interest income, decreased to $1.7 million from $2.1 million. For the first six months, interest expense, net of interest income, decreased to $3.3 million from $4.8 million last year. The decrease for both the quarter and year-to-date periods was primarily due to higher interest income.

**Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)(1)**

For the quarter, EBITDA decreased to $28.0 million from $29.9 million last year. For the first six months, EBITDA was $32.4 million compared to $35.1 million last year.

**Income Taxes**

In the quarter, the income tax provision was $2.9 million resulting in an effective income tax rate of 22%, compared to $2.9 million last year with an effective income tax rate of 19%.

The income tax provision for the six month period was $0.7 million resulting in an effective income tax rate of 20%, compared to $1.8 million last year with an effective income tax rate of 40%. The income tax provision was lower as a result of the distribution of income in jurisdictions with lower tax rates and income earned in jurisdictions where the Company has income tax assets that were not previously recognized.

**Orders and Backlog**

Orders for the quarter increased 14% to $314.4 million from $275.7 million, representing a record level for the Company. The increase was due to higher demand in all markets and in all territories except North America.

In North America, orders decreased due to a decline in beverage packaging (PET) and automotive application markets, partially offset by increases in packaging, technical and general markets. Beverage packaging orders were higher last year as a result of increased demand for isotonic and carbonated soft drink (CSD) applications which did not recur.

European orders increased in all markets as a result of strong growth in all regions. The increase in beverage packaging orders was primarily due to higher demand in CSD, water and other applications. The impact of year-over- year currency rate changes increased Euro-denominated orders by approximately $11.0 million.

In Asia Pacific, orders increased in all regions, with particular strength in North Asia. The increase was principally due to growth in beverage packaging as a result of higher demand in CSD and other applications. In addition, automotive orders grew as a result of increased demand in South Asia.

Orders in Latin America increased in all regions and all markets, primarily as a result of improved demand in beverage packaging and other packaging application markets. Beverage packaging orders were up due to higher demand in a variety of applications.

For the first six months, orders increased to $599.5 million from $547.5 million last year with growth in all markets. Orders increased across all territories except North America. The impact of year-over-year currency rate changes increased Euro-denominated orders by approximately $15.0 million, compared to last year.

Backlog at January 31, 2007 increased 12% to $422.6 million from $376.4 million last year, a record level for the Company.

**Segmented Information**

**Sales and Orders**

Please refer to the discussion of sales and orders above.

**Gross Profit**

The Company evaluates gross profit on a consolidated basis. The change in gross profit margin of the Company's manufacturing operations during the quarter is attributable to the factors discussed previously under "Gross Profit". In general, gross profit earned by the Company's Service and Sales territories fluctuates primarily as a result of changes to internal pricing between business units, foreign exchange fluctuations and competitive pricing pressures. In Latin America, margins for the second quarter decreased as a result of competitive pricing pressures. Asia Pacific margins for the second quarter and year-to-date periods decreased as a result of competitive pricing pressures. The reader is reminded that internal changes in pricing between business units and foreign exchange fluctuations may affect comparative Service and Sales and manufacturing profit margins, and that such changes may give rise to segmented results which are not necessarily indicative of external business or market conditions.

**Liquidity and Capital Resources**

**Cash Position**

Cash provided by operating activities for the second quarter decreased to $35.0 million from $50.0 million last year. The reduction was principally due to higher non-cash working capital levels. For the quarter, non-cash working capital decreased as a result of higher accounts payable and accruals, and customer deposits. The increase in accounts payable and accruals was principally due to higher trade payables. In addition, the accruals included the deferral of a gain associated with the $11.0 million received from MHT Molds and Hot Runner Technology AG ("MHT") which was awarded by the German appeal court. These decreases were partly offset by higher accounts receivable, which was consistent with higher sales in the second quarter.

For the first six months, cash provided by operating activities totaled $25.6 million, compared to $74.2 million last year. The reduction was primarily due to higher non-cash working capital levels. From the beginning of the fiscal year, non-cash working capital increased due to higher inventory and accounts receivable. The increase in inventory was consistent with higher backlog levels. The higher accounts receivable was due to increased sales in the quarter. These factors were partly offset by an increase in customer deposits and accounts payable and accruals, which were in line with higher backlog levels. In addition, the accruals included the deferral of the gain associated with the $11.0 million received from MHT.

**Capital Additions**

Capital additions for the quarter totaled $8.0 million compared to $8.3 million last year. Additions related principally to equipment purchases.

**Dividend**

For the three and six month periods ended January 31, 2007, the Company paid a dividend of $2.1 million and $4.1 million respectively.

**Capital Resources**

Debt at January 31, 2007 totaled $155.5 million, compared to $160.9 million at July 31, 2006. The reduction was principally due to the translation of Canadian dollar-denominated debt of approximately $3.8 million. Net debt(2) decreased to $51.5 million from $63.8 million at July 31, 2006, primarily as a result of increased cash and cash equivalents balances. Debt as a percentage of capital(3) was 28% at January 31, 2007 and July 31, 2006. Net debt as a percentage of capital(3) decreased to 11% from 14% at July 31, 2006.

At January 31, 2007, the Company had committed, unsecured, but unutilized credit facilities totaling $95.0 million.

The Company expects to meet its operating cash requirements through fiscal 2007, including required working capital investments, capital expenditures and currently scheduled repayments of debt, from cash on hand, cash flow from operations and its committed borrowing capacity.

**2007 Outlook**

For the third quarter, despite the higher opening backlog levels, the Company expects sales to be in line with the comparable period last year. Net income is expected to be lower principally due to higher compensation incentives and a restructuring charge, as described below.

**Subsequent Events**

On March 8, 2007 the Company announced:

1. That it has initiated a review which will include the possibility of a sale of part or all of the Company's shares or a strategic combination with another business. However, there is no assurance that it will result in any specific strategic or financial transaction. The Company has retained Citigroup Corporate and Investment Banking as its financial advisor to assist in the review.

2. A workforce reduction of 85 people on the Bolton campus. The Company expects this restructuring will have an impact on cash and net income of approximately $5.0 million in the third quarter. For the current fiscal year, the Company expects the impact on cash and net income to be approximately $2.5 million.

3. That a payment of a dividend of C$0.02 per common share was approved by the Company's Board of Directors, for the third quarter. The dividend will be paid on April 30, 2007 to shareholders of record as of April 16, 2007. The Company's intention is to continue with a regular quarterly dividend. The payment of dividends will result in a reduction of cash and cash equivalents and shareholders' equity of approximately $2.1 million.

**Forward Looking Statements and Risk Factors**

The information in this press release contains certain forward-looking statements which reflect the Company's current view of future events, business outlook and anticipated financial performance. The material assumptions identified in the 2007 Outlook section above may be incorrect. The statements are also subject to risks and uncertainties which are difficult to predict. Future events, outcomes and financial performance may differ materially from those predicted in these statements as a result of factors which may include, but are not limited to: a reduction in sales of beverage packaging (PET) equipment; failure of the Company's cost reduction programs to be successful; changes in macro-economic factors that affect the Company's capital equipment markets; continued strengthening of the Canadian dollar; being named as a defendant in a legal action; competitive price pressures; customer driven price concessions and cost absorption; the timing of orders booked and shipped; changes in product mix; excess or shortage of manufacturing capacity; pricing of key raw materials used by the Company's customers; supply chain disruption, including a significant increase in the cost of a key production input; changes in governmental, environmental or regulatory policies; failures of, or deficiencies in, information systems or internal business processes. These and additional factors are discussed in more detail on pages 10 and 11 under the "Forward-Looking Statements and Risks Factors" section in the Company's Annual Report 2006 - Financial Supplement for the year ended July 31, 2006. The Company assumes no obligation to update or revise any forward-looking statements, in order to reflect actual events, results or circumstances.

(1) EBITDA: Earnings before interest, taxes, depreciation and amortization is a non-GAAP measure. EBITDA does not have a standardized meaning prescribed by GAAP, and may not be directly comparable to similar measures presented by other companies due to the nature of its calculation. The Company believes this measure may be relevant to stakeholders.

(2) Net debt is defined as total debt less cash and cash equivalents. Net debt is a non-GAAP measure, which does not have a standardized meaning prescribed by GAAP, and which may not be directly comparable to similar measures presented by other companies due to the nature of its calculation.

(3) Debt as a percentage of capital is defined as total debt divided by the sum of total debt and shareholders' equity. Net debt as a percentage of capital is defined as net debt divided by the sum of net debt and shareholders' equity. Debt and net debt as a percentage of capital are non-GAAP measures, which do not have a standardized meaning prescribed by GAAP, and which may not be directly comparable to similar measures presented by other companies due to the nature of their calculation.

HUSKY INJECTION MOLDING SYSTEMS LTD.
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS OF US DOLLARS, UNAUDITED)

| | January 31, 2007 | July 31, 2006 |
|---|---|---|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 103,986 | 97,112 |
| Accounts receivable | 151,503 | 135,381 |
| Income taxes receivable | 11,374 | 2,339 |
| Inventories | 208,679 | 190,128 |
| Prepaid expenses and other assets | 13,296 | 9,276 |
| Future income tax assets | 21,603 | 21,295 |
| Total current assets | 510,441 | 455,531 |
| Cross currency swap receivable, net | 4,941 | 8,786 |
| Future income tax assets | 4,909 | 6,134 |
| Capital assets, net | 324,618 | 340,041 |
| Total assets | 844,909 | 810,492 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued charges | 185,922 | 175,030 |
| Customers' deposits | 84,557 | 53,440 |
| Current portion of long-term debt | 3,662 | 3,605 |
| Total current liabilities | 274,141 | 232,075 |
| Long-term debt | 151,793 | 157,302 |
| Employee future benefits | 14,223 | 15,037 |

| | | |
|---|---|---|
| Future income tax liabilities | 682 | 909 |
| Other long-term liabilities | 607 | 551 |
| Total liabilities | 441,446 | 405,874 |
| Shareholders' equity | | |
| Share capital | 134,544 | 134,403 |
| Retained earnings | 268,919 | 270,215 |
| Total shareholders' equity | 403,463 | 404,618 |
| Total liabilities and shareholders' equity | 844,909 | 810,492 |

HUSKY INJECTION MOLDING SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE DATA, UNAUDITED)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | January 31, 2007 | January 31, 2006 | January 31, 2007 | January 31, 2006 |
| Sales | 260,055 | 231,619 | 451,532 | 407,506 |
| Cost of sales | 203,660 | 177,146 | 365,275 | 325,982 |
| Gross profit | 56,395 | 54,473 | 86,257 | 81,524 |
| Other expenses | | | | |
| Selling and administration | 41,214 | 37,504 | 79,401 | 72,244 |
| Interest | | | | |
| - current, net | (816) | (347) | (1,685) | (495) |
| - long-term | 2,509 | 2,477 | 5,034 | 5,269 |
| Total other expenses | 42,907 | 39,634 | 82,750 | 77,018 |
| Income before income taxes | 13,488 | 14,839 | 3,507 | 4,506 |
| Provision for (recovery of) income taxes | | | | |
| Current | (2,622) | 879 | (2,145) | 1,843 |
| Future | 5,571 | 1,990 | 2,837 | (35) |
| | 2,949 | 2,869 | 692 | 1,808 |
| Net Income | 10,539 | 11,970 | 2,815 | 2,698 |
| Basic and diluted earnings per share | 0.09 | 0.10 | 0.02 | 0.02 |
| Weighted average number of common shares outstanding | 117,204,160 | 117,121,649 | 117,195,902 | 117,099,897 |

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(IN THOUSANDS OF US DOLLARS, UNAUDITED)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | January 31, 2007 | January 31, 2006 | January 31, 2007 | January 31, 2006 |
| Retained earnings, beginning of period | 260,454 | 235,273 | 270,215 | 244,545 |
| Net Income | 10,539 | 11,970 | 2,815 | 2,698 |
| Dividends | (2,074) | - | (4,111) | - |
| Retained earnings, end of period | 268,919 | 247,243 | 268,919 | 247,243 |

HUSKY INJECTION MOLDING SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS OF US DOLLARS, UNAUDITED)

| | Three Months Ended January 31, 2007 | Three Months Ended January 31, 2006 | Six Months Ended January 31, 2007 | Six Months Ended January 31, 2006 |
|---|---|---|---|---|
| OPERATING ACTIVITIES | | | | |
| Net Income | 10,539 | 11,970 | 2,815 | 2,698 |
| Add (deduct) items not affecting cash | | | | |
| Depreciation | 12,687 | 12,881 | 25,393 | 25,649 |
| Amortization | 93 | 92 | 181 | 174 |
| Loss (gain) on disposal of capital assets | (63) | 67 | 4 | 447 |
| Employee future benefits | (831) | 410 | (814) | 1,067 |
| Future income taxes | 3,969 | 1,423 | 690 | (880) |
| Other | 748 | (299) | 555 | (596) |
| | 27,142 | 26,544 | 28,824 | 28,559 |
| Net decrease (increase) in non-cash working capital balances related to operations | 7,808 | 23,461 | (3,230) | 45,690 |
| Cash provided by operating activities | 34,950 | 50,005 | 25,594 | 74,249 |
| INVESTING ACTIVITIES | | | | |
| Additions to capital assets | (8,008) | (8,266) | (10,130) | (16,474) |
| Net increase (decrease) in accounts payable and accrued charges related to capital asset additions | 515 | 1,602 | (2,671) | (1,074) |
| Cash used for capital asset additions | (7,493) | (6,664) | (12,801) | (17,548) |
| Proceeds from sale of capital assets | 108 | 102 | 178 | 7,556 |
| Cash used in investing activities | (7,385) | (6,562) | (12,623) | (9,992) |
| FINANCING ACTIVITIES | | | | |
| Dividends | (2,074) | - | (4,111) | - |
| Repayment of long-term debt | (930) | (836) | (1,825) | (9,087) |
| Issuance of common shares | 89 | 205 | 141 | 293 |
| Cash used in financing activities | (2,915) | (631) | (5,795) | (8,794) |
| Effect of exchange rate changes on cash and cash equivalents | (519) | 454 | (302) | 474 |
| Net increase in cash and cash equivalents during the period | 24,131 | 43,266 | 6,874 | 55,937 |
| Cash and cash equivalents, beginning of period | 79,855 | 31,820 | 97,112 | 19,149 |
| Cash and cash equivalents, end of period | 103,986 | 75,086 | 103,986 | 75,086 |

Supplementary cash flow information
Cash income taxes

| | | | | |
|---|---|---|---|---|
| paid, net | 4,944 | 2,158 | 7,203 | 2,752 |
| Cash interest paid, net | 4,155 | 4,375 | 3,502 | 4,537 |

HUSKY INJECTION MOLDING SYSTEMS LTD.
SEGMENTED INFORMATION

(IN THOUSANDS OF US DOLLARS, UNAUDITED)

Three Months Ended January 31, 2007

| | Service and Sales territories | | | | | | |
|---|---|---|---|---|---|---|---|
| | North America | Latin America | Europe | Asia Pacific | Manu- facturing operations | Elimi- nations & other(i) | Total |
| External sales | 108,591 | 25,385 | 66,287 | 59,792 | - | - | 260,055 |
| Intersegment sales | - | - | - | - | 227,071 | (227,071) | - |
| Total sales | 108,591 | 25,385 | 66,287 | 59,792 | 227,071 | (227,071) | 260,055 |
| Gross profit | 15,736 | 3,282 | 8,285 | 6,824 | 20,365 | 1,903 | 56,395 |
| Depreciation and amorti- zation | 769 | 214 | 406 | 468 | 9,540 | 1,383 | 12,780 |
| Capital asset additions | 91 | 84 | 412 | 289 | 6,488 | 644 | 8,008 |
| Total assets | 100,666 | 27,829 | 93,349 | 107,591 | 362,525 | 152,949 | 844,909 |

Three Months Ended January 31, 2006

| | Service and Sales territories | | | | | | |
|---|---|---|---|---|---|---|---|
| | North America | Latin America | Europe | Asia Pacific | Manu- facturing operations | Elimi- nations & other(i) | Total |
| External sales | 102,629 | 23,083 | 60,466 | 45,441 | - | - | 231,619 |
| Intersegment sales | - | - | - | - | 199,054 | (199,054) | - |
| Total sales | 102,629 | 23,083 | 60,466 | 45,441 | 199,054 | (199,054) | 231,619 |
| Gross profit | 15,862 | 3,790 | 6,871 | 7,104 | 19,681 | 1,165 | 54,473 |
| Depreciation and amorti- zation | 833 | 203 | 515 | 289 | 9,811 | 1,322 | 12,973 |
| Capital asset additions | 53 | 69 | 144 | 333 | 6,521 | 1,146 | 8,266 |
| Total assets | 109,082 | 27,051 | 92,389 | 90,669 | 372,321 | 125,500 | 817,012 |

Six Months Ended January 31, 2007

| | Service and Sales territories | | | | | | |
|---|---|---|---|---|---|---|---|
| | North America | Latin America | Europe | Asia Pacific | Manu- facturing operations | Elimi- nations & other(i) | Total |
| External sales | 173,351 | 41,631 | 132,860 | 103,690 | - | - | 451,532 |
| Intersegment sales | - | - | - | - | 371,803 | (371,803) | - |
| Total sales | 173,351 | 41,631 | 132,860 | 103,690 | 371,803 | (371,803) | 451,532 |
| Gross profit | 28,864 | 6,408 | 16,347 | 12,893 | 17,338 | 4,407 | 86,257 |
| Depreciation and amortization | 1,560 | 423 | 857 | 960 | 19,154 | 2,620 | 25,574 |
| Capital asset additions | 115 | 228 | 576 | 738 | 7,171 | 1,302 | 10,130 |
| Total assets | 100,666 | 27,829 | 93,349 | 107,591 | 362,525 | 152,949 | 844,909 |

Six Months Ended January 31, 2006

| | Service and Sales territories | | | | | | |
|---|---|---|---|---|---|---|---|
| | North America | Latin America | Europe | Asia Pacific | Manu- facturing operations | Elimi- nations & other(i) | Total |
| External sales | 171,161 | 44,914 | 116,666 | 74,765 | - | - | 407,506 |
| Intersegment sales | - | - | - | - | 346,201 | (346,201) | - |
| Total sales | 171,161 | 44,914 | 116,666 | 74,765 | 346,201 | (346,201) | 407,506 |
| Gross profit | 29,093 | 7,409 | 13,502 | 12,314 | 17,807 | 1,399 | 81,524 |
| Depreciation and amortization | 1,673 | 406 | 1,035 | 600 | 19,573 | 2,536 | 25,823 |
| Capital asset additions | 95 | 69 | 278 | 731 | 14,072 | 1,229 | 16,474 |
| Total assets | 109,082 | 27,051 | 92,389 | 90,669 | 372,321 | 125,500 | 817,012 |

(i) Eliminations and other includes Corporate activities and assets not attributable to the operating segments.

External sales to customers in Canada and the United States for the three month period ended January 31, 2007 were $3,512 (2006 - $6,530) and $105,079 (2006 - $96,099), respectively. External sales to customers in Canada and the United States for the six month period ended January 31, 2007 were $5,813 (2006 - $10,807) and $167,538 (2005 - $160,354), respectively.

Capital assets in Canada, the United States and Luxembourg as at January 31, 2007 were $103,831(2006 - $119,398), $75,910 (2006 - $89,598) and $95,220 (2006 - $102,366), respectively.

SUBSEQUENT EVENTS

On March 8, 2007 the Company has initiated a review which will include the possibility of a sale of part or all of the Company's shares or a strategic combination with another business. However, there is no assurance that it will result in any specific strategic or financial transaction. The Company has retained Citigroup Corporate and Investment Banking as its financial advisor to assist in the review.

On March 8, 2007 the Company announced a workforce reduction of 85 people on the Bolton, Ontario campus. The Company expects this restructuring will have an impact on cash and net income of approximately $5.0 million in the third quarter.

On March 8, 2007 the Company's Board of Directors approved a dividend of C$0.02 per common share. The dividend will be paid on April 30, 2007 to the shareholders of record as of April 16, 2007. The Company's intention is to continue with a regular quarterly dividend. The payment of dividends will result in a reduction of cash and cash equivalents and shareholders' equity of approximately $2.1 million.

For further information: Daniel Gagnon, Vice President, Finance & CFO, (905) 951-5000

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***About Husky*** *— Husky Injection Molding Systems (www.husky.ca) is a global supplier of injection molding equipment and services to the plastics industry. Customers use Husky equipment to manufacture a wide range of products in the packaging, technical and automotive industries. The company has more than 40 service and sales offices, supporting customers in over 100 countries. Husky's manufacturing facilities are located in Canada, the United States, Luxembourg and China. The company's common shares (HKY) are listed on the Toronto Stock Exchange.*

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