Wescast Industries Inc.

Interim Consolidated Financial Statements (Unaudited)
For the three-month period ended
March 29, 2009

These interim consolidated financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the CICA handbook.

Wescast Industries Inc.

Interim Consolidated Statements of Loss and Retained Earnings

(in thousands of Canadian dollars, except per share amounts) (Unaudited)

	Three months ended	
	March 29, 2009	March 30, 2008
Sales	**$42,656**	$81,948
Cost of sales	**47,611**	77,186
Gross (loss) profit	**(4,955)**	4,762
Selling, general and administration	**4,789**	5,109
Research, development and design	**933**	2,433
	(10,677)	(2,780)
Other (income) expense		
Interest expense	**211**	142
Investment income	**(10)**	(87)
Other	**(1,323)**	(276)
	(1,122)	(221)
Loss before income taxes	**(9,555)**	(2,559)
Income taxes (Note 7)	**246**	(37)
Net loss	**($9,801)**	($2,522)
Net loss per share (Note 8)		
- Basic and diluted	**($0.74)**	($0.19)
Retained earnings, beginning of period	**$133,304**	$244,048
Net loss	**(9,801)**	(2,522)
Retained earnings, end of period	**$123,503**	$241,526

Wescast Industries Inc.

Interim Consolidated Statements of Comprehensive (Loss) Income

(in thousands of Canadian dollars) (Unaudited)

	Three months ended	
	March 29, 2009	March 30, 2008
Net loss	**($9,801)**	($2,522)
Other comprehensive (loss) income, net of income taxes of nil:		
Change in unrealized (losses) gains on translating financial statements of self-sustaining foreign operations	**(18,061)**	10,466
Reclassification to earnings of losses (gains) on cash flow hedges	**9**	(59)
Change in unrealized losses on derivative instruments designated as cash flow hedges	**(3,801)**	(328)
Other comprehensive (loss) income	**(21,853)**	10,079
Comprehensive (loss) income	**($31,654)**	$7,557

Wescast Industries Inc.
Interim Consolidated Balance Sheets
(in thousands of Canadian dollars) (Unaudited)

	As at	
	March 29, 2009	December 28, 2008
Assets		
Current		
Cash	**$10,178**	$9,060
Accounts receivable	**34,450**	41,245
Income taxes receivable	**4,488**	4,394
Inventories (Notes 3)	**25,010**	31,129
Prepaid expenses	**1,992**	1,583
Deferred credit facility fees	**114**	136
	76,232	87,547
Property, plant and equipment	**203,377**	223,006
Future income taxes	**15,840**	15,593
Other assets	**96**	217
	$295,545	$326,363
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**$28,273**	$29,051
Current portion of long-term debt	**5,958**	3,109
Restructuring charge (Note 4)	**10,732**	11,991
	44,963	44,151
Long-term debt	**1,635**	1,615
Deferred government assistance	**2,004**	2,504
Future income taxes	**161**	216
Employee benefits	**24,524**	23,990
	73,287	72,476
Shareholders' Equity		
Capital stock (Note 5)	**111,036**	111,019
Retained earnings	**123,503**	133,304
Share purchase loans	**(17)**	(25)
Accumulated other comprehensive (loss) income (Note 6)	**(12,264)**	9,589
	222,258	253,887
	$295,545	$326,363

Nature of operations and going concern (Note 1)

Wescast Industries Inc.
Interim Consolidated Statements of Cash Flows
(in thousands of Canadian dollars) (Unaudited)

	Three months ended	
	March 29, 2009	March 30, 2008
Cash derived from (applied to):		
Operating		
Net loss	**($9,801)**	($2,522)
Add (deduct) items not affecting cash:		
Depreciation and amortization	**6,436**	8,261
Unrealized exchange gain on future income tax assets	**(471)**	(1,265)
Future income taxes	**169**	782
Loss (gain) on disposal of property, plant and equipment	**30**	(3)
Amortization of deferred government assistance	**(96)**	(87)
Employee benefits, net of payments	**534**	775
	(3,199)	5,941
Change in non-cash operating working capital (Note 9)	**3,321**	(12,786)
	122	(6,845)
Investing		
Purchase of property, plant and equipment and other assets	**(2,457)**	(3,368)
Proceeds on disposal of equipment	**4**	66
	(2,453)	(3,302)
Financing		
Issue of long-term debt	**3,392**	322
Payments of long-term debt principal	**(613)**	(31)
Payment of credit facility fees	**(114)**	(524)
Issuance of common shares	**17**	18
Employee share purchase loan payments	**9**	26
	2,691	(189)
Effect of exchange rate changes on cash	**758**	(675)
Net increase (decrease) in cash	**1,118**	(11,011)
Cash		
Beginning of period	**9,060**	16,386
End of period	**$10,178**	$5,375

Wescast Industries Inc.
Notes to the Interim Consolidated Financial Statements
(in thousands of Canadian dollars, except per share amounts and where otherwise noted) (Unaudited)

Note 1. Nature of operations and going concern

Wescast Industries Inc. designs, casts, machines and assembles iron exhaust system components for automotive original equipment manufacturers ("OEMs") and Tier 1 customers for the car and light truck markets in North America, Europe and Asia.

These interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

The Company incurred a significant loss in fiscal 2008 due to restructuring charges related to actions the Company took to right-size its North American operations to be more effectively aligned with the current economic and automotive market conditions. The global credit market crisis has had a dramatic effect on the automotive industry and the financial health of the Company's OEM customers. These factors, among others, raise uncertainty about the ability of the Company to continue as a going concern. The continued operations of the Company are dependent on the successful execution of its restructuring activities, its customers' continuing demand for the Company's products, its customers' ability to settle accounts receivable in a timely and agreed upon manner, and the expectation that the Company will maintain its credit standing and credit availability.

These interim financial statements do not give effect to adjustments, if any, that may be necessary should the company be unable to continue as a going concern.

Note 2. Basis of presentation

These unaudited interim consolidated financial statements ("interim financial statements") have been prepared following the same accounting policies as set out in the annual consolidated financial statements for the year ended December 28, 2008 which are available online at SEDAR, www.sedar.com.

These are interim financial statements and as such the disclosures do not conform in all respects to the requirements of generally accepted accounting principles applicable to annual consolidated financial statements. These interim financial statements should be read in conjunction with the most recent annual consolidated financial statements for the year ended December 28, 2008.

Note 3. Inventories

	March 29, 2009	December 28, 2008
Finished goods	**$5,031**	$6,633
Work-in-process	**4,276**	4,316
Tooling	**2,700**	3,712
Raw materials and supplies	**13,003**	16,468
	$25,010	$31,129

During the period the Company did not have any inventory write-downs or reversals of previously written-down amounts (2008 – nil). The cost of inventories recognized as an expense was $47,611 and $77,186 for the three months ended March 29, 2009 and March 30, 2008, respectively.

Note 4. Restructuring charge

The Company incurred restructuring charges of $72,685 for its North American operations during 2008. These charges were comprised primarily of severance and benefit costs relating to workforce reductions and foundry and machining asset impairment charges, including those relating to the closure of the Company's Wingham North Huron foundry. The Company ceased production activities at the North Huron foundry at the end of the first quarter of 2009. The restructuring activities were undertaken to adjust the Company's cost structure, to streamline various support activities, and to right-size the Company's manufacturing footprint, all in consideration of the current and expected industry market conditions and resulting lower demand for the Company's products. Of the total restructuring charge, $58,251 related to non-cash asset impairment charges and $14,434 related to severance and benefit and other costs. The majority of the severance and benefit costs are expected to be paid within 2009.

The following table highlights the activity and balance of the restructuring charge for the quarter ended March 29, 2009:

Activity during the quarter:	Employee Termination Benefits and Other
Accrued balance at December 29, 2008	**$11,991**
Cash payments	**(1,259)**
Accrued balance at March 29, 2009	**$10,732**

Note 5. Capital stock

Authorized:

Unlimited	Preference shares, no par value
Unlimited	Class A subordinate, voting shares, no par value ("Class A shares")
9,000,000	Class B common shares, no par value ("Class B shares")

	March 29, 2009	December 28, 2008
Issued and outstanding:		
5,796,072 Class A shares (2008 – 5,775,602)	**$98,609**	$98,592
7,376,607 Class B shares (2008 – 7,376,607)	**12,427**	12,427
	$111,036	$111,019

Note 6. Accumulated other comprehensive (loss) income

	Three months ended March 29, 2009		
	Unrealized gains (losses) on derivative instruments designated as cash flow hedges	**Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations**	**Total**
Balance, as at December 29, 2008	**$446**	**$9,143**	**$9,589**
Aggregate adjustments during the period	**(3,792)**	**(18,061)**	**(21,853)**
Balance, as at March 29, 2009	**($3,346)**	**($8,918)**	**($12,264)**

Note 7. Income taxes

The Company has not recorded the tax benefits with respect to losses of $10,618 realized in aggregate by the Company's operations in Canada, China and Hungary during the quarter ending March 29, 2009. The Company's management does not believe at this point that it is more likely than not the tax benefits of these losses will be realized in the future. Also, the Hungarian operation is subject to a tax holiday which extends through 2011.

Note 8. Earnings per share

Basic and diluted net loss per share for the three months ended March 29, 2009 and March 30, 2008 are based on the weighted average common shares outstanding (2009 – 13,162,849 shares; 2008 – 13,124,803 shares).

Note 9. Interim consolidated statements of cash flows

The following is additional information to the statements of cash flows.

Change in non-cash operating working capital:	Three months ended	
	March 29, 2009	March 30, 2008
Accounts receivable	**$4,217**	$5,624
Inventories	**3,890**	(5,331)
Prepaid expenses	**(480)**	(654)
Accounts payable and accrued liabilities	**(2,954)**	(5,797)
Restructuring charge	**(1,259)**	-
Income taxes receivable / payable	**(93)**	(6,628)
	$3,321	($12,786)

Note 10. Employee benefits

The Company's net benefit plan expense, which is recorded in cost of sales and selling, general and administration expenses, is as follows:

	Three months ended	
	March 29, 2009	March 30,2008
Retiring allowance and pension benefit plans	**$667**	$662
Other benefit plans	**274**	337
	$941	$999

Note 11. Financial instruments

Financial instruments – carrying values and fair values

	March 29, 2009		December 28, 2008	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Held for trading:				
Cash	**$10,178**	**$10,178**	$9,060	$9,060
Forward foreign exchange contracts	**-**	**-**	446	446
Loans and receivables:				
Accounts receivable	**34,450**	**34,450**	40,799	40,799
Financial liabilities				
Held for trading:				
Forward foreign exchange contracts	**3,346**	**3,346**	-	-
Other liabilities:				
Accounts payable and accrued liabilities	**24,927**	**24,927**	29,051	29,051
Restructuring charge	**10,732**	**10,732**	11,991	11,991
Long-term debt	**$7,593**	**$7,593**	$4,724	$4,724

The Company has determined that the fair value of its short-term financial assets and liabilities approximates their respective carrying values as at the balance sheet dates due to the short-term maturity of those instruments. The fair value of the long-term debt also approximates the carrying value as interest on most of this debt is charged at variable rates. The fair value of forward foreign exchange contracts was determined using quoted market values.

Foreign exchange contracts

The Company uses foreign currency forward contracts to manage well defined foreign exchange risks. In particular, the Company uses foreign exchange forward contracts to hedge certain future committed U.S. dollar and euro outflows and inflows. These forward contracts are not eligible for hedge accounting and consequently, are recognized on the balance sheet at their fair value, with changes in fair value recognized in earnings. A decision support system is employed by the Company and hedges are put in place when technical signals indicate it is appropriate to do so. As such, there may be times when the Company has left a foreign currency exposure unhedged. At March 29, 2009 and December 28, 2008 no hedges for committed U.S. dollar and euro outflows and inflows were in place.

In addition, from time to time the Company uses forward contracts to manage foreign exchange risk arising from the translation of foreign currency denominated monetary assets in the North American operations. As at March 29, 2009, no hedges for foreign currency denominated monetary assets in the North American operations were in place (December 28, 2008 - nil). These contracts are not eligible for hedge accounting and, consequently, are recognized on the balance sheet at their fair value, with changes in fair value recognized in earnings. As no contracts were outstanding at March 29, 2009 the marked-to-market gain or loss was nil (December 28, 2008 – nil).

The Company's subsidiary in Hungary, Wescast Hungary Zrt., entered into a series of foreign exchange forward contracts to sell euros in exchange for Hungarian forints. Wescast Hungary Zrt. expects a net long euro position in 2009 due to the excess of sales denominated in euros less expenses denominated in euros. As at March 29, 2009, there were outstanding forward contracts to sell 14.2 million euros (December 28, 2008 – 18.2 million euros), with maturity dates from April 6, 2009 through December 10, 2009 at an average exchange rate to the Hungarian forint of 270.16. These forward contracts are designated and documented as cash flow hedges and are eligible for hedge accounting treatment. As such, the effective portion of gains and losses on these forward contracts will be recognized in earnings in the same period as, and as part of, the hedged transaction while the ineffective portion will be recorded in earnings immediately. As at March 29, 2009 and December 28, 2008 there was no ineffectiveness related to these forward contracts recorded in earnings. The amount recorded in other comprehensive income

related to these forward contracts that is expected to be reclassified to earnings in 2009 is a loss of $3,346 (December 28, 2008 – gain of $446).

Also during the quarter, Wescast Hungary Zrt. settled forward contracts to sell euros in exchange for Hungarian forints to manage foreign exchange risk arising from the revaluation of foreign denominated working capital. These contracts are not eligible for hedge accounting and, consequently, the gains and losses on settlement are recorded in earnings. During the quarter a loss of $1,533 was recorded related to these contracts. At March 29, 2009 there were no outstanding forward contracts related to euro working capital exposure at Wescast Hungary Zrt.

The Company does not purchase or hold derivative financial instruments for speculative purposes. The fair value of the foreign exchange contracts are based on market information from major financial institutions.

Other derivative instruments
To manage the electricity cost volatility that may arise, the Company enters into fixed-price forward contracts to purchase electricity. Due to various changes to Ontario government policy in the deregulated electricity market, the Company estimates that approximately 70% of the Ontario plants' electricity requirements will be purchased at prices mandated by the government. The Company continues to actively manage its remaining electricity cost volatility through the use of fixed-price forward contracts during the peak summer months or by reducing electricity consumption during high demand periods. As at March 29, 2009 and December 28, 2008 there were no outstanding fixed-price forward contracts to purchase electricity.

To manage natural gas cost volatility, the Company enters into fixed-price forward contracts to purchase natural gas. The current contracts expired March 31, 2009. The estimated fair market value of these contracts as at March 29, 2009 was a loss of $4 (December 28, 2008 – loss of $63). The Company has documented these contracts as normal purchase contracts in order to qualify for the expected usage exemption. As such, these contracts have been accounted for as executory contracts; any gain or loss resulting from the contracts will be recognized in the statements of loss upon contract settlement.

The Company does not enter into electricity or natural gas contracts for speculative purposes. The Company estimates fair market value based on available indicative pricing.

Financial risk management
The Company's activities expose it to a variety of financial risks including: market risk (including foreign exchange and interest rate), credit risk and liquidity risk. The Company's primary financial risk management objective is to ensure that the financial performance of the Company is not subject to the material negative impact of unmanaged risk.

Foreign exchange risk
The Company operates primarily in Canada, the United States, Hungary and China. The functional and reporting currency of the parent company is Canadian dollars. Foreign exchange risk arises because the amount of the local currency receivable or payable for transactions denominated in foreign currencies may vary due to changes in exchange rates ("transaction exposures") and because the non-Canadian dollar denominated financial statements of the Company may vary on revaluation into the Canadian dollar reporting currency ("translation exposures").

The Company's North American operations are exposed to exchange rate changes in the U.S. dollar to the Canadian dollar. The Company believes it is naturally hedged in North America to a large degree since the majority of North American sales are denominated in Canadian dollars and most of the North American manufacturing inputs are denominated in Canadian dollars. The Company's primary exposure in North America relates to the revaluation into Canadian dollars of its U.S. dollar denominated future tax asset. As of March 29, 2009, fluctuations of +/- 5% would, everything else being equal, have an effect on loss before income taxes of approximately +/- $1,100, prior to hedging activities.

In the Company's Hungarian operations, approximately 85% of sales and approximately 55% of operating expenses are transacted in euros. As a result, the Company may experience transaction exposures because of the volatility in the exchange rate between the euro and the Hungarian forint on the Company's net euro working capital balance. Based on the Company's estimated net euro working capital balance, as of March 29, 2009, fluctuations of +/- 5%

would, everything else being equal, have an effect on loss before income taxes of approximately +/- $600, prior to hedging activities.

The Company's operation in China is classified as an integrated foreign operation. As such, exchange gains and losses arising from the translation of the local currency financial statements into the Canadian dollar reporting currency of the parent are recorded in earnings. The operation in China is in the early stages of its development and the Company is currently assessing the impact that foreign exchange transaction exposures may have on the Company.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures and the resulting volatility of the Company's earnings, while balancing the cash impact of entering into hedging transactions. The Company manages this by entering into foreign exchange forward contracts from time to time. As at March 29, 2009, the Company has not hedged the foreign exchange exposure related to the revaluation of its U.S. denominated future income tax asset and has hedged approximately 80% of its estimated net euro long position against the Hungarian forint.

The Company does not currently hedge the translation exposure of its self-sustaining foreign operations, which consists primarily of Wescast Hungary Zrt. Based on the Company's net Hungarian forint asset value at March 29, 2009, fluctuations in the exchange rate between the Canadian dollar and the Hungarian forint of +/- 5% would, everything else being equal, have an effect on other comprehensive income of approximately +/- $4,600.

Interest rate risk
The Company's exposure to interest rate risk relates to its variable rate financing. At March 29, 2009 the increase or decrease in annual interest costs on the variable rate financing amounts to approximately $75 for each 1% absolute change in interest rates.

Credit risk
The Company's financial assets that are exposed to credit risk consist primarily of cash, accounts receivable and foreign exchange forward, electricity and natural gas contracts. The carrying value of financial assets, as disclosed in the table on page 9, represents the Company's maximum credit exposure.

The Company's credit risk for trade receivables is concentrated, as the majority of its sales are to a relatively small group of Original Equipment Manufacturers ("OEM's") in the automotive industry. As at March 29, 2009 the Company's five largest trade debtors accounted for 63% of trade accounts receivable. The Company's management monitors the financial health of its large OEM customers on a case-by-case basis in order to manage this credit risk, including the use of credit insurance or credit derivatives on selected accounts. As at March 29, 2009, the Company did not have accounts receivable insurance covering its OEM credit exposure. The Company is currently pursuing recently announced government sponsored insurance programs to mitigate this credit exposure.

In order to mitigate the risk associated with the Company's non-OEM credit exposure, the Company utilizes credit assessments, credit limits and accounts receivable insurance. New non-OEM customers are subject to an initial credit assessment and a credit limit is assigned in an amount equivalent to the accounts receivable insurance coverage. Credit limits are reviewed on a regular basis and credit assessments are updated at least annually. The Company has also established procedures to suspend the release of goods when customers have fully-utilized approved credit limits. From time to time, the Company will temporarily transact with customers on a prepayment basis where circumstances warrant. As at March 29, 2009, the Company had accounts receivable insurance covering approximately $4,800 of the Company's non-OEM credit exposure.

The Company adjusts trade accounts receivable balances, through a provision for doubtful accounts, to expected realizable value as soon as the account is determined not to be fully collectable, with such adjustments charged to earnings. When a receivable balance is considered uncollectable, it is written off against the allowance for doubtful accounts. The Company updates its estimate of the allowance for doubtful accounts, based on a customer-by-customer evaluation of the collectability of trade receivable balances, taking into account amounts which are past due, the customer's payment history, and any available information indicating that a customer could be experiencing liquidity problems.

The aging of accounts receivable balances as of March 29, 2009 was as follows:

	March 29, 2009
Not past due	$26,652
Past due 0-30 days	3,338
Past due 31-60 days	955
Over 61 days past due	5,146
Less allowance for doubtful accounts	(1,641)
Total accounts receivable, net	$34,450

The movement in the allowance for doubtful accounts in respect of trade receivables was as follows:

	March 29, 2009
Balance, as at December 29, 2008	$2,090
Bad debt expense	-
Write-off	(124)
Foreign exchange adjustments	(325)
Balance, as at March 29, 2009	$1,641

	December 28, 2008
Balance, as at December 31, 2007	$2,874
Bad debt expense	678
Write-off	(1,719)
Foreign exchange adjustments	257
Balance, as at December 28, 2008	$2,090

The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts and electricity and natural gas contracts. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions and/or are included on an authorized list of counterparties maintained by the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities, and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The following are the undiscounted contractual maturities of financial liabilities as at March 29, 2009:

	Carrying amount	Less than 1 year	1 to 2 years	After 2 years
Accounts payable and accrued liabilities	$24,927	$24,927	$-	$-
Restructuring charge	10,732	10,732	-	-
Long-term debt	7,593	5,958	1,635	-
Total	$43,252	$41,617	$1,635	$-

Management believes that future cash flows from operations and availability under banking arrangements will be adequate to support these financial liabilities. See Note 14 - Subsequent Event for more details on the Company's credit facility.

Note 12. Segment information

The Company operates in the automotive industry in three geographic segments, North America, Europe and Asia. The Company's manufacturing facilities, where appropriate, are geographically situated to align with the physical location of its customer base. The Company evaluates segment performance based on earnings or loss before income taxes.

The Company accounts for inter-segment sales at current market prices.

All Corporate costs that are not directly allocable to the European or Asian operations have been allocated to the North American segment.

	Three months ended March 29, 2009				
	North America	**Europe**	**Asia and Other**	**Inter-segment Eliminations**	**Total**
Sales to external customers	**$28,244**	**$13,898**	**$1,578**	**($1,064)**	**$42,656**
Net loss	**(4,925)**	**(3,110)**	**(1,855)**	**89**	**(9,801)**
Investment income	**10**	**-**	**-**	**-**	**10**
Interest expense	**191**	**-**	**20**	**-**	**211**
Depreciation and amortization	**3,557**	**2,180**	**699**	**-**	**6,436**
Income taxes	**198**	**18**	**30**	**-**	**246**
Purchase of property, plant and equipment and other assets	**$1,083**	**$202**	**$1,172**	**$ -**	**$2,457**

	Three months ended March 30, 2008				
	North America	Europe	Asia and Other	Inter-segment Eliminations	Total
Sales to external customers	$57,890	$24,310	$376	($628)	$81,948
Net earnings (loss)	41	(926)	(1,654)	17	(2,522)
Investment income	87	-	-	-	87
Interest expense	131	-	11	-	142
Depreciation and amortization	5,325	2,521	415	-	8,261
Income taxes	(63)	16	10	-	(37)
Purchase of property, plant and equipment and other assets	$1,352	$535	$1,481	$ -	$3,368

	March 29, 2009			
	North America	**Europe**	**Asia and Other**	**Total**
Total Assets	**$146,812**	**$99,139**	**$49,594**	**$295,545**
Property, plant and equipment	**$88,522**	**$73,451**	**$41,404**	**$203,377**

	December 28, 2008			
	North America	Europe	Asia and Other	Total
Total Assets	$154,425	$122,830	$49,108	$326,363
Property, plant and equipment	$90,884	$91,108	$41,014	$223,006

Note 13. Capital Management

The Company's objectives in managing capital are to ensure sufficient liquidity to protect the Company's long-term viability as a going concern and to reduce the cost of capital through the conservative use of leverage.

The Company's total capital is defined as total debt plus shareholders' equity. Shareholders' equity is as presented on the consolidated balance sheets and total debt is defined as the sum of short-term and long-term interest-bearing debt. The Company uses the percentage of total debt to total capital to monitor the capitalization of the Company. One of the Company's financial objectives is to maintain a percentage of total debt to total capital of less than 30%. As at March 29, 2009 and December 28, 2008, the percentage of total debt to total capital was as follows:

	March 29, 2009	December 28, 2008
Total debt	**$7,593**	$4,724
Shareholders' equity	**222,258**	253,887
Total capital	**$229,851**	$258,611
Percentage of total debt to total capital	**3.3%**	1.8%

In order to maintain or alter the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt, or draw on available credit facilities. The Company has suspended dividend payments since the beginning of fiscal 2008. The Board of Directors reviews the Company's dividend policy on a periodic basis.

The Company is not subject to any capital requirements imposed by a regulator, however, the Company is required to adhere to a financial covenant related to capital management pursuant to the terms of its new credit facility. Specifically, the Company must maintain a minimum tangible net worth, as defined in the credit agreement.

Note 14. Subsequent event

On April 20, 2009 the Company established a new credit facility. The new facility provides for a maximum of $30.0 million in committed revolving advances to be made available in tranches subject to quarterly compliance with certain covenants. The initial tranche of credit availability under the agreement is a maximum of $15.0 million. The available credit increases in $5.0 million increments after satisfactory compliance with minimum EBITDA thresholds each quarterly reporting period, up to a maximum of $30.0 million in available credit. Considering the effect of outstanding letters of credit, the current amount of credit available to the Company under the facility is $9.8 million. As security, the Company has provided a fixed charge on all personal and leasehold real property, a

floating charge over all assets and a collateral mortgage on certain industrial property. The facility has a 364 day term.