



**JUVENILE**

Cosco  
Safety 1<sup>st</sup>  
Maxi-Cosi  
Bébé Confort  
Quinny  
Baby Relax  
Babidéal  
Mon Bébé  
Bertini  
Mother's Choice

**RECREATIONAL / LEISURE**

Cannondale  
GT  
SUGOI  
Pacific Cycle  
Schwinn  
Mongoose  
InSTEP  
PlaySafe  
Pacific Outdoors

**HOME FURNISHINGS**

Ameriwood  
Altra Furniture  
Dorel Home Products  
Cosco Home & Office  
Dorel Asia  
Cosco Ability Care Essentials  
Adepta

**EXCHANGES**  
TSX: DII.B, DII.A

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## DOREL REPORTS BEST EVER YEAR-END RESULTS DESPITE CHALLENGING FOURTH QUARTER

- Sales increase 20% to US\$2.2 billion
- Net income rises 29% to US\$113 million

**Montreal, March 11, 2009** — Dorel Industries Inc. (TSX: DII.B DII.A) today announced results for the fourth quarter and year ended December 30, 2008. Revenue for the fourth quarter increased 4.6% to US\$479.9 million from US\$458.9 million a year ago. Organic revenue growth was approximately 10%. Net income decreased 14.2% to US\$19.2 million, or US\$0.57 per diluted share, from US\$22.3 million, or US\$0.67 per diluted share a year ago. Excluding restructuring costs, net income in 2007 was US\$24.0 million, or US\$0.72 per diluted share.

Revenue for the year rose 20.3% to US\$2.2 billion versus last year's US\$1.8 billion. Organic revenue growth for the year was 6% and was on track to be higher had it not been for the slowdown in the fourth quarter. Net income grew 29% to US\$112.9 million or US\$3.38 per diluted share from US\$87.5 million or US\$2.63 per diluted share. Excluding restructuring costs in 2007, net income for that year was US\$100.1 million or US\$3.01 per diluted share. Pre-tax earnings were US\$19.6 million compared to US\$28.6 million for the quarter and US\$132.0 million compared to US\$106.6 for the year.

"Dorel's 2008 performance is the best ever achieved despite challenges which intensified as the year progressed. Rapidly rising commodity prices were a major factor for a good part of the year, affecting the majority of the Company's operating divisions. We were successful in passing some of these higher input costs on to retailers without significantly weakening consumer demand of Dorel products at store level. Despite the deepening global economic crisis through the second half of the year, Dorel's products continued to demonstrate that they are in demand even in times when retail sales as a whole decline," commented Dorel CEO and President, Martin Schwartz.

"However, despite the demand for Dorel's products at retail, our inventories rose to record levels during the fourth quarter as retailers reacted to the economic crisis by significantly cutting back on orders to suppliers, almost across the board, to reduce their in-stock level. The vast majority of our inventories are non-seasonal, nor fashion oriented so we view this as a temporary situation and we have already seen these inventory levels reduce in the first two months of 2009. Unfortunately, the retailers' actions had the impact of reducing our sales, earnings and cash flow for the year. Dorel's point-of-sale (POS) levels remained firm through the quarter. Juvenile and Home Furnishings sales declines to retailers far exceeded demand at the consumer level. As an example, sales at Dorel Home Products fell in the quarter by 51% versus 2007 despite retail sales remaining steady compared to the prior year. The Recreational/Leisure segment was able to grow sales organically in this environment, but they were still lower than our expectations," continued Mr. Schwartz.

<b>Summary of Financial Highlights</b>			
Fourth Quarters Ended December 30			
All figures in thousands of US \$, except per share amounts			
	2008	2007	Change %
Revenues	479,880	458,853	4.6%
Net income	19,167	22,348	-14.2%
Per share – Basic	0.57	0.67	-14.9%
Per share - Diluted	0.57	0.67	-14.9%
Average number of shares outstanding –			
diluted weighted average	33,404,118	33,397,773	

<b>Summary of Financial Highlights</b>			
For the Years Ended December 30			
All figures in thousands of US \$, except per share amounts			
	2008	2007	Change %
Revenues	2,181,880	1,813,672	20.3%
Net income	112,855	87,492	29.0%
Per share – Basic	3.38	2.63	28.5%
Per share - Diluted	3.38	2.63	28.5%
Average number of shares outstanding –			
diluted weighted average	33,398,892	33,293,248	

## Juvenile Segment

Fourth Quarters Ended December 30					
	2008		2007		Change
	\$	% of rev.	\$	% of rev.	%
Revenues	228,694		257,584		-11.2%
Gross Profit	62,472	27.3%	75,318	29.2%	-17.1%
Earnings from operations	26,268	11.5%	26,373	10.2%	-0.4%

For The Years Ended December 30					
	2008		2007		Change
	\$	% of rev.	\$	% of rev.	%
Revenues	1,109,174		1,016,645		9.1%
Gross Profit	323,901	29.2%	309,236	30.4%	4.7%
Earnings from operations	128,223	11.6%	113,285	11.1%	13.2%

### Fourth quarter

Juvenile revenue declined 11.2% and was down both in North America and Europe as orders from retailers dropped to unprecedented levels. Sales in continental Europe declined by 6.5% organically but increased by over 35% in the United Kingdom. However the increase in the value of the US dollar versus both the Euro and pound sterling resulted in reported revenues declining 12.3% for Europe as whole.

Juvenile earnings were negatively affected by lower sales levels, a less profitable product mix and higher input costs at most of the segment's divisions. Counteracting these negatives was the fact that the segment recorded operational foreign exchanges gains of approximately US\$3 million. These gains were a combination of losses due to the surge in the value of the US dollar, offset by the recognition of unrealized gains on foreign exchange contracts. The segment also recorded US\$2.1 million in the quarter as an estimate of the costs to comply with recent US legislation that regulates the use of lead and phthalates in children's products. Dorel is well advanced in its compliance with these new regulations.

### Full year

Notwithstanding the weaker fourth quarter, the Juvenile segment had its most successful year as revenues reached US\$1.1 billion and earnings from operations were US\$128.2 million. Earnings in 2008 as a percentage of revenues were 11.6% as compared to 12.0% the prior year, excluding 2007 restructuring costs. All markets experienced sales increases and excluding the effect of foreign exchange, organic sales growth was 5% in North America and 7% in Europe.

In North America, revenue growth was fuelled by sales of travel systems, car seats and strollers. There was sales growth at the majority of Dorel's largest customers, indicating good acceptance of the Company's new products and continued strength in service. Gains in Europe were prompted by progress in car seats and strollers, their two major product categories. Dorel Europe also posted sales increases in other categories, such as safety items. The majority of these increases were in the United Kingdom and Germany as well as in export sales to several smaller European countries. Sales in France, the Company's largest European market, also improved over 2007 levels.

Juvenile gross margins were 29.2% in 2008 as compared to 30.4% in 2007. Higher product costs and a less profitable product mix accounted for the decline. As in the fourth quarter, full year results benefited from the positive impact of foreign exchange.

## Recreational / Leisure Segment

Fourth Quarters Ended December 30					
	2008		2007		
	\$	% of rev.	\$	% of rev.	Change %
Revenues *	153,834		85,836		79.2%
Gross Profit	33,884	21.7%	15,569	18.1%	117.6%
Earnings from operations	3,324	2.1%	5,830	6.8%	-43.0%

\* 2008 revenue figures exclude Inter-segment sales of US\$ 2.0 million

For The Years Ended December 30					
	2008		2007		
	\$	% of rev.	\$	% of rev.	Change %
Revenues *	643,985		374,783		71.8%
Gross Profit	152,502	23.4%	72,948	19.5%	109.1%
Earnings from operations	43,312	6.7%	32,952	8.8%	31.4%

\* 2008 revenue figures exclude Inter-segment sales of US\$ 6.7 million

### Fourth quarter

Recreational/Leisure segment revenues increased by 79.2% in the fourth quarter, in large part due to the acquisitions of Cannondale/SUGOI and PTI Sports. Organic sales growth also occurred at the segment's mass merchant customers in the quarter. Earnings, however, were hampered by several factors. Product mix had a negative impact on margins as did the fact that the apparel component of this segment has a unique seasonality that usually results in the fourth quarter operating at a loss and this occurred in 2008. Additionally as Dorel focuses on building the right infrastructure and re-engineers certain aspects of the operations, higher costs were incurred. Finally, selling and marketing costs were higher due to the timing of certain promotional costs and warranty costs rose driven by higher sales volumes.

### Full year

Earnings from operations for the year improved by 31.4%, benefiting from both the acquisitions in the year and organic improvements at Pacific Cycle. The increase in the segment's revenue was principally due to the 2008 acquisitions of Cannondale/SUGOI and PTI. Organic sales growth was also substantial at 8%. The increase was driven by the core bicycle business with sales gains at the majority of the mass merchants. Gross margins increased to 23.4% from 19.5% in the prior year primarily due to the contribution of higher margin products sold by Cannondale and SUGOI. The parts and accessories now sold through Pacific Cycle also attract higher margins.

## Home Furnishings Segment

Fourth Quarters Ended December 30					
	2008		2007		
	\$	% of rev.	\$	% of rev.	Change %
Revenues *	97,352		115,433		-15.7%
Gross Profit	12,380	12.4%	19,730	16.8%	-37.3%
Earnings from operations	1,920	1.9%	9,811	8.3%	-80.4%

\* 2008 revenue figures exclude Inter-segment sales of US\$ 2.5 million (2007; US\$ 2.2 million)

For The Years Ended December 30					
	2008		2007		
	\$	% of rev.	\$	% of rev.	Change %
Revenues *	428,721		422,244		1.5%
Gross Profit	54,340	12.4%	56,070	13.0%	-3.1%
Earnings from operations	9,587	2.2%	10,083	2.3%	-4.9%

\* 2008 revenue figures exclude Inter-segment sales of US\$ 10.2 million (2007; US\$ 7.6 million)

### Fourth quarter

Home Furnishing revenues were also affected by retailer order reductions, resulting in a year-over-year decrease of 15.7%. The declines were steepest at the segment's metal folding furniture and futon divisions. Sales of Ameriwood's domestically produced ready-to-assemble (RTA) furniture were up slightly in the quarter and earnings significantly improved. These improvements were not sufficient to offset the declines at the segment's other divisions. In particular, the downward trend in sales and extremely low margins at Cosco Home & Office (Cosco) metal folding furniture experienced in the first nine months of 2008 continued into the fourth quarter, accounting for the majority of Home Furnishing's lower earnings in the period.

### Full year

Despite the weak economy, Dorel's focus on reasonably priced furniture sold at non-traditional furniture stores benefited the segment. 2008 sales of domestic and imported furniture at Ameriwood, Altra and Dorel Asia increased over last year. However sales of metal folding furniture, ladders and futon sales tempered these gains. Of all of Dorel's business units, Cosco was the most affected by the steep rise in commodity prices and other cost pressures through 2008. The inability to pass on these cost increases meant that margins were extremely low on some items. As such, Cosco accounted for approximately 80% of the drop in earnings from operations.

Entering 2009, the Home Furnishings segment is the one most likely to see substantially improved earnings in the current environment. The segment is the one that benefits from a stronger US dollar as two Canadian plants service customers in the United States and a stable cost environment will help both the domestic manufacturing and import divisions in this segment. The steady to improved sales at retail has continued into the first two months of the year and Management is confident about this segment's profitability outlook.

### Other

Due to Dorel's multi-national operations, foreign exchange rates can have a significant impact on earnings. Over the past several years Dorel has generally benefitted from the weakness of the US dollar versus other currencies. This trend was reversed in the fourth quarter with the sudden surge in the value of the US dollar against practically all foreign currencies. The Company uses hedging instruments such as foreign exchange contracts in an attempt to stabilize the impact of foreign exchange rates, especially in Europe and has some contracts in place for 2009 US dollar requirements. At current exchange rates, this proved to be an excellent business decision. As the Company does not apply hedge accounting, the

benefit of these contracts is being recognized in 2008 as opposed to 2009, in the amount of US\$10.5 million pre-tax or US\$7.4 million after-tax.

The Company's income tax expense was US\$0.4 million in the fourth quarter of 2008 as compared to US\$6.2 million in 2007. The unusually low tax rate in the quarter was due to earnings being generated in lower tax rate jurisdictions. Additionally, the Company recognized a tax benefit of US\$1.8 million pertaining to a prior year's estimated tax position. Excluding this out-of-period benefit, the Company tax rate for the quarter would have been 11.0%. In August 2008 the Company stated that it expected its annual tax rate would be between 15% and 20%. Removing the out-of-period benefit, the tax rate becomes 15.9% as opposed to the 14.5% reported, in line with expectations.

### Cash flow

During 2008 free cash flow, a non-GAAP financial measure, was US\$15.7 million in 2008 versus US\$116.2 million in 2007. Cash flow from operations, before changes in working capital, increased by US\$15.5 million. After changes in non-cash working capital items, cash flow from operations decreased by US\$87.5 million. The majority of this decline was due to an increase in inventories. Over and above the increase in inventories due to the acquisitions of Cannondale/SUGOI and PTI, inventories were up substantially due to significant reductions by retailers in the fourth quarter and higher average input costs in 2008. While the spike in inventories did significantly reduce cash flow in 2008, in 2009 cash flow will improve materially as that inventory is sold and brought back down to more normal levels. Already in 2009, the Company has seen inventory reductions already across most of its divisions.

### Outlook

At current exchange rates, Dorel will be negatively impacted in 2009 versus 2008. A large portion of the Company's earnings are generated outside the US and the impact of a stronger US dollar will lower earnings both operationally and upon translation of results to the US dollar, the Company's reporting currency. Despite the current economic environment, there are several positive factors that are expected to benefit Dorel in 2009. These are:

- **Consumer demand:** While retailers reacted by indiscriminately reducing orders from suppliers in the fourth quarter of 2008 and early into the first quarter of 2009, the decrease in orders of Dorel's product lines did not represent the reality of sales at the retail level. Since the beginning of 2009, point-of-sale figures for Dorel's products continue to be only moderately affected and in some cases are actually up over 2008. As an example, sales in the Home Furnishings segment are flat to moderately increasing thus far in 2009. This is a testament to the recession resistant nature of Dorel's products.
- **Market share:** Dorel is winning new listing placements in many of its categories, and often at the expense of the competition. In addition, our retail customers are shying away from direct imports, seeking the added-value of reliable domestic supply chain partners like Dorel.
- **Input costs:** The Company is not expecting to have to manage the very challenging cost environment that it did in 2008 which created severe pressure on margins throughout the year due to the lag period between absorbing these increased costs and our attempts to recover them from our customers. The stable to lower costs being seen thus far in 2009 will materially benefit the Company.
- **Improved cash flow:** Cash flow will be significantly stronger in 2009 as inventories are reduced throughout the year. As Dorel's products are non-seasonal, accumulated inventories will be sold throughout the year and lower inventory levels are already being seen at the majority of the Company's divisions.
- **Interest rates:** Lower interest rates compared to 2008 are anticipated.

"The economic crisis presents opportunities for financially-sound companies such as Dorel. Subsequent to year-end, we announced the formation of Dorel Brazil, a new operating division of the Juvenile segment. Brazil holds tremendous promise and we are well positioned to benefit from the excellent market opportunities there. In January we also acquired a Belgian company which markets innovative high-end juvenile products and accessories which will reinforce Dorel Europe's current offerings. These moves will further secure Dorel's dominance as a global leader in the juvenile products industry.

"The new management structure put in place in mid 2008 has had positive benefits and we have already seen results. Programs are being developed more rapidly and are being implemented faster than in the past. The structure also provides the ability to focus on all three of Dorel's segments simultaneously and sets the stage for a new important chapter in Dorel's evolution.

"A trend that does occur in difficult economic times is that consumers lower their discretionary spending and often seek out lower cost alternatives. As a result, Dorel expects a greater percentage of its sales to be in the opening to mid-price point products. While this may place some pressure on margins, we are already seeing a trend for retailers to increase their listings of opening to mid-price products. Dorel is a leader in these categories and expects to increase its market share.

"We do not anticipate that 2009 will be as profitable as 2008, but nor do we expect it to be anywhere nearly as negative as current market conditions suggest. Our recession resilient product line and the other factors outlined above place Dorel in an admirable position as we face 2009. We are gaining market share in many categories and are expecting strong performance in Home Furnishings. A clear mandate for all divisions is to reduce inventories, which will significantly strengthen our cash flow situation," commented Mr. Schwartz.

### **Conference Call**

Dorel Industries Inc. will hold a conference call to discuss these results today, March 11, 2009 at 1:00 P.M. Eastern Time. Interested parties can join the call by dialling 1-800-733-7560. The conference call can also be accessed via live webcast at [www.dorel.com](http://www.dorel.com) , [www.newswire.ca](http://www.newswire.ca) or [www.q1234.com](http://www.q1234.com). If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-877-289-8525 and entering the passcode 21298849# on your phone. This tape recording will be available on Wednesday, March 11, 2009 as of 3:00 P.M. until 11:59 P.M. on Wednesday, March 18, 2009.

**Complete financial statements will be available on the Company's website, [www.dorel.com](http://www.dorel.com), and will be available through the SEDAR website.**

### **Profile**

**Dorel Industries Inc.** (TSX: DII.B, DII.A) is a world class juvenile products and bicycle company. Established in 1962, Dorel creates style and excitement in equal measure to safety, quality and value. The Company's lifestyle leadership position is pronounced in both its Juvenile and Bicycle categories with an array of trend-setting products. Dorel's powerfully branded products include Safety 1<sup>st</sup>, Quinny, Cosco, Maxi-Cosi and B  b   Confort in Juvenile, as well as Cannondale, Schwinn, GT, Mongoose and SUGOI in Recreational/Leisure. Dorel's Home Furnishings segment markets a wide assortment of furniture products, both domestically produced and imported. Dorel is a US\$2 billion company with 4600 employees, facilities in seventeen countries, and sales worldwide.

### **Caution Concerning Forward-Looking Statements**

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of Dorel Industries Inc. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. The business of the Company and these forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ from expected results. Important factors which could cause such differences may include, without excluding other considerations, increases in raw material costs, particularly for key input factors such as particle board and resins; increases in ocean freight container costs; failure of new products to meet demand expectations; changes to the Company's effective income tax rate as a result of changes in the anticipated geographic mix of revenues; the impact of price pressures exerted by competitors, and settlements for product liability cases which exceed the Company's insurance coverage limits. A description of the above mentioned items and certain additional risk factors are discussed in the Company's Annual MD&A and Annual Information Form, filed with the securities regulatory authorities. The risk factors outlined in the previously mentioned documents are specifically incorporated herein by reference. The Company's business, financial condition, or operating results could be materially adversely affected if any of these risks and uncertainties were to materialize. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

**DOREL INDUSTRIES INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**ALL FIGURES IN THOUSANDS OF US \$**

	as at December 30, 2008	as at December 30, 2007
	<u>(audited)</u>	<u>(audited)</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 16,966	\$ 22,513
Accounts receivable	316,267	286,924
Income taxes receivable	19,798	6,519
Inventories	509,467	322,332
Prepaid expenses	16,236	10,538
Future income taxes	<u>37,342</u>	<u>35,228</u>
	916,076	684,054
PROPERTY, PLANT AND EQUIPMENT	158,895	140,362
INTANGIBLE ASSETS	368,847	276,383
GOODWILL	540,187	525,235
OTHER ASSETS	<u>46,468</u>	<u>31,870</u>
	<u>\$ 2,030,473</u>	<u>\$ 1,657,904</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ 4,398	\$ 5,836
Accounts payable and accrued liabilities	380,915	325,938
Income taxes payable	30,164	25,532
Future income taxes	2,713	136
Current portion of long-term debt	<u>8,879</u>	<u>62,906</u>
	427,069	420,348
LONG-TERM DEBT	<u>450,704</u>	<u>192,385</u>
PENSION & POST-RETIREMENT BENEFIT OBLIGATIONS	<u>20,072</u>	<u>20,942</u>
FUTURE INCOME TAXES	<u>111,874</u>	<u>79,635</u>
OTHER LONG-TERM LIABILITIES	<u>6,010</u>	<u>6,848</u>
<b>SHAREHOLDERS' EQUITY</b>		
CAPITAL STOCK	<u>177,422</u>	<u>177,271</u>
CONTRIBUTED SURPLUS	<u>16,070</u>	<u>11,623</u>
RETAINED EARNINGS	738,113	641,981
ACCUMULATED OTHER COMPREHENSIVE INCOME	<u>83,139</u>	<u>106,871</u>
	821,252	748,852
	<u>1,014,744</u>	<u>937,746</u>
	<u>\$ 2,030,473</u>	<u>\$ 1,657,904</u>

**DOREL INDUSTRIES INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**ALL FIGURES IN THOUSANDS OF US \$, EXCEPT PER SHARE AMOUNTS**

	Fourth Quarters Ended		Twelve Months Ended	
	Dec. 30, 2008	Dec. 30, 2007	Dec. 30, 2008	Dec. 30, 2007
	(unaudited)	(unaudited)	(audited)	(audited)
Sales	\$ 475,781	\$ 454,831	\$ 2,164,767	\$ 1,792,611
Licensing and commission income	4,099	4,022	17,113	21,061
<b>TOTAL REVENUE</b>	<b>479,880</b>	<b>458,853</b>	<b>2,181,880</b>	<b>1,813,672</b>
<b>EXPENSES</b>				
Cost of sales	371,144	348,236	1,651,137	1,375,418
Selling, general and administrative expenses	70,679	62,035	319,118	244,798
Depreciation and amortization	10,939	10,635	45,854	39,844
Research and development costs	2,271	2,581	10,909	9,009
Restructuring costs	(724)	1,753	726	14,509
Interest on long-term debt	5,772	5,106	21,162	23,782
Other interest	239	(79)	961	(316)
	460,320	430,267	2,049,867	1,707,044
Income before income taxes	19,560	28,586	132,013	106,628
Income taxes	393	6,238	19,158	19,136
<b>NET INCOME</b>	<b>\$ 19,167</b>	<b>\$ 22,348</b>	<b>\$ 112,855</b>	<b>\$ 87,492</b>
<b>EARNINGS PER SHARE</b>				
Basic	\$0.57	\$0.67	\$3.38	\$2.63
Diluted	\$0.57	\$0.67	\$3.38	\$2.63
<b>SHARES OUTSTANDING</b>				
Basic - weighted average	33,402,192	33,397,192	33,398,544	33,285,990
Diluted - weighted average	33,404,118	33,397,773	33,398,892	33,293,248

**DOREL INDUSTRIES INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**ALL FIGURES IN THOUSANDS OF US \$**

	Fourth Quarters Ended		Twelve Months Ended	
	Dec. 30, 2008	Dec. 30, 2007	Dec. 30, 2008	Dec. 30, 2007
	(unaudited)	(unaudited)	(audited)	(audited)
NET INCOME	\$ 19,167	\$ 22,348	\$ 112,855	\$ 87,492
OTHER COMPREHENSIVE INCOME:				
Net change in unrealized foreign currency gains (losses) on translation of net investments in self-sustaining foreign operations, net of tax of nil	(10,337)	15,227	(23,348)	42,985
Portion included in income as a result of reductions in net investments in self-sustaining foreign operations, net of tax of nil	-	-	(384)	-
COMPREHENSIVE INCOME	<u>\$ 8,830</u>	<u>\$ 37,575</u>	<u>\$ 89,123</u>	<u>\$ 130,477</u>

**DOREL INDUSTRIES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**ALL FIGURES IN THOUSANDS OF US \$**

	Twelve Months Ended	
	Dec. 30, 2008	Dec. 30, 2007
	(audited)	(audited)
CAPITAL STOCK		
Balance, beginning of period	\$ 177,271	\$ 162,555
Issued under stock option plan	151	14,716
Balance, end of period	<u>177,422</u>	<u>177,271</u>
CONTRIBUTED SURPLUS		
Balance, beginning of period	11,623	6,061
Stock-based compensation	4,447	5,562
Balance, end of period	<u>16,070</u>	<u>11,623</u>
RETAINED EARNINGS		
Balance, beginning of period	641,981	567,020
Net income	112,855	87,492
Dividends on common shares	(16,707)	(12,524)
Dividends on deferred share units	(16)	(7)
Balance, end of period	<u>738,113</u>	<u>641,981</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of period	106,871	63,886
Other comprehensive income	(23,732)	42,985
Balance, end of period	<u>83,139</u>	<u>106,871</u>
TOTAL SHAREHOLDERS' EQUITY	<u>\$ 1,014,744</u>	<u>\$ 937,746</u>

**DOREL INDUSTRIES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**ALL FIGURES IN THOUSANDS OF US \$**

	Fourth Quarters Ended		Twelve Months Ended	
	Dec. 30, 2008	Dec. 30, 2007	Dec. 30, 2008	Dec. 30, 2007
	(unaudited)	(unaudited)	(audited)	(audited)
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Net income	\$ 19,167	\$ 22,348	\$ 112,855	\$ 87,492
Items not involving cash:				
Depreciation and amortization	10,939	10,635	45,854	39,844
Amortization of deferred financing costs	212	68	362	217
Future income taxes	(370)	(2,880)	2,156	(7,282)
Stock based compensation	709	1,636	4,447	5,562
Pension and post-retirement defined benefit plans	(1,144)	198	(27)	1,346
Restructuring activities	(2,590)	1,351	(6,849)	15,436
Exchange gain from reduction of net investments in foreign operations	-	-	(384)	-
(Gain) loss on disposal of property, plant and equipment	(44)	239	(24)	243
	26,879	33,595	158,390	142,858
Net changes in non-cash balances related to operations:				
Accounts receivable	23,397	5,252	28,223	19,811
Inventories	(59,156)	(2,354)	(121,027)	13,137
Prepaid expenses	1,387	(1,943)	677	(126)
Accounts payable, accruals and other liabilities	18,808	28,570	22,105	(23,707)
Income taxes	(3,834)	9,288	(8,485)	15,367
	(19,398)	38,813	(78,507)	24,482
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>7,481</b>	<b>72,408</b>	<b>79,883</b>	<b>167,340</b>
<b>FINANCING ACTIVITIES</b>				
Bank indebtedness	418	1,419	(1,055)	1,577
Repayments of long-term debt	156	(69,772)	(62,400)	(136,036)
Increase of long-term debt	3,538	-	266,297	-
Dividends on common shares	(4,176)	(4,175)	(16,707)	(12,524)
Issuance of capital stock	4	-	155	14,698
<b>CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(60)</b>	<b>(72,528)</b>	<b>186,290</b>	<b>(132,285)</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of subsidiary companies	(7,648)	46	(226,190)	(2,786)
Additions to property, plant and equipment - net	(9,402)	(8,712)	(26,518)	(22,269)
Deferred development costs	(5,441)	(4,093)	(19,069)	(14,470)
Intangible assets	(499)	(551)	(1,860)	(1,871)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(22,990)</b>	<b>(13,310)</b>	<b>(273,637)</b>	<b>(41,396)</b>
Effect of exchange rate changes on cash and cash equivalents	2,080	1,083	1,917	2,929
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,489)</b>	<b>(12,347)</b>	<b>(5,547)</b>	<b>(3,412)</b>
Cash and cash equivalents, beginning of period	30,455	34,860	22,513	25,925
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 16,966</b>	<b>\$ 22,513</b>	<b>\$ 16,966</b>	<b>\$ 22,513</b>

DOREL INDUSTRIES INC.  
INDUSTRY SEGMENTED INFORMATION  
FOR THE FOURTH QUARTERS ENDED DECEMBER 30  
ALL FIGURES IN THOUSANDS OF US \$

	Total		Juvenile		Recreational/Leisure		Home Furnishings		Eliminations	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
Sales to customers	\$ 479,880	\$ 458,853	\$ 228,694	\$ 257,584	\$ 153,834	\$ 85,836	\$ 97,352	\$ 115,433	\$ -	\$ -
Inter-segment sales	-	-	-	-	2,010	-	2,493	2,228	(4,503)	(2,228)
Total revenue	479,880	458,853	228,694	257,584	155,844	85,836	99,845	117,661	(4,503)	(2,228)
Cost of sales	371,144	348,236	166,222	182,266	121,960	70,267	87,465	97,931	(4,503)	(2,228)
Selling, general and administrative	64,769	53,656	27,937	36,604	28,179	9,326	8,653	7,726	-	-
Depreciation and amortization	10,908	10,613	7,299	8,856	2,381	413	1,228	1,344	-	-
Research and development costs	2,271	2,581	1,692	1,955	-	-	579	626	-	-
Restructuring costs	(724)	1,753	(724)	1,530	-	-	-	223	-	-
Earnings from operations	31,512	42,014	\$ 26,268	\$ 26,373	\$ 3,324	\$ 5,830	\$ 1,920	\$ 9,811	\$ -	\$ -
Interest	6,011	5,027								
Corporate expenses	5,941	8,401								
Income taxes	393	6,238								
Net income	\$ 19,167	\$ 22,348								
<u>Earnings per Share</u>										
Basic	\$0.57	\$0.67								
Diluted	\$0.57	\$0.67								

DOREL INDUSTRIES INC.  
INDUSTRY SEGMENTED INFORMATION  
FOR THE TWELVE MONTHS ENDED DECEMBER 30  
ALL FIGURES IN THOUSANDS OF US \$

	Total		Juvenile		Recreational/ Leisure		Home Furnishings		Eliminations	
	2008 (audited)	2007 (audited)	2008 (audited)	2007 (audited)	2008 (audited)	2007 (audited)	2008 (audited)	2007 (audited)	2008 (audited)	2007 (audited)
Sales to customers	\$ 2,181,880	\$ 1,813,672	\$ 1,109,174	\$ 1,016,645	\$ 643,985	\$ 374,783	\$ 428,721	\$ 422,244	\$ -	\$ -
Inter-segment sales	-	-	-	-	6,670	-	10,150	7,649	(16,820)	(7,649)
Total revenue	2,181,880	1,813,672	1,109,174	1,016,645	650,655	374,783	438,871	429,893	(16,820)	(7,649)
Cost of sales	1,651,137	1,375,418	785,273	707,409	498,153	301,835	384,531	373,823	(16,820)	(7,649)
Selling, general and administrative	292,227	218,661	154,140	149,838	102,226	38,260	35,861	30,563	-	-
Depreciation and amortization	45,759	39,755	32,900	32,174	6,964	1,736	5,895	5,845	-	-
Research and development costs	10,909	9,009	7,928	6,364	-	-	2,981	2,645	-	-
Restructuring costs	726	14,509	710	7,575	-	-	16	6,934	-	-
Earnings from operations	181,122	156,320	\$ 128,223	\$ 113,285	\$ 43,312	\$ 32,952	\$ 9,587	\$ 10,083	\$ -	\$ -
Interest	22,123	23,466								
Corporate expenses	26,986	26,226								
Income taxes	19,158	19,136								
Net income	\$ 112,855	\$ 87,492								
<u>Earnings per Share</u>										
Basic	\$3.38	\$2.63								
Diluted	\$3.38	\$2.63								