



**GENERAL  
DONLEE**  
*INCOME FUND*

GENERAL DONLEE INCOME FUND  
ANNUAL GENERAL MEETING JUNE 28<sup>TH</sup> 2006

# FORWARD-LOOKING INFORMATION

Certain “forward-looking” statements made today are based on information currently available to Management, but they are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made today. Caution must be exercised to ensure that appropriate interpretation is made of the information and investors should not place undue reliance on forward-looking statements. There is no obligation of the Fund to update or revise the information or statements presented today. Further information can be found in the disclosure documents filed by the General Donlee Income Fund with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com). For a detailed listing of risks and uncertainties, please refer to page 23 of the Fund’s 2005 Annual Report.

# NON-GAAP DISCLOSURE

**“Distributable Cash” is not a defined term under Canadian generally accepted accounting principles (GAAP), but is determined by the Fund to be cash flow from operating activities adjusted to remove changes in non-cash working capital items including derivative contracts and employee future benefits, repayment of long-term bank debt and further reduced by purchases of property plant and equipment that are not funded by debt. This is a supplemental performance measure only and investors should be warned that it is not a GAAP measure. The Fund’s calculation of distributable cash may not be comparable to other companies or trusts. For a reconciliation to GAAP, please see pages 15 and 16 of the Fund’s 2005 Annual Report.**

# AGENDA

**BUSINESS OVERVIEW**

**MARKET OVERVIEW**

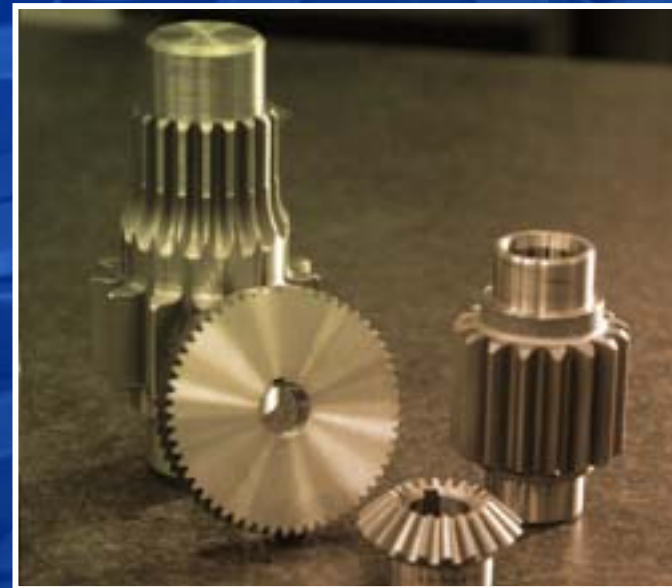
**FINANCIAL RESULTS (2005)**

**KEY ISSUES**

**SUMMARY**

# BUSINESS OVERVIEW

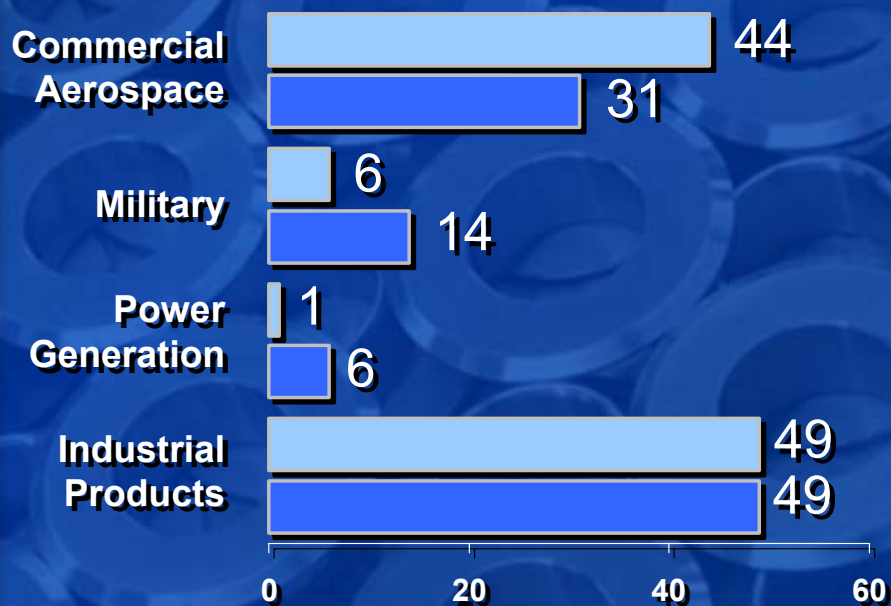
- Leading diversified manufacturer of precision-machined components
  - Commercial & general aerospace
  - Military & military aerospace
  - Power generation
  - Industrial products
- Over 275 products & 200 customers in Canada, U.S.A. & Europe



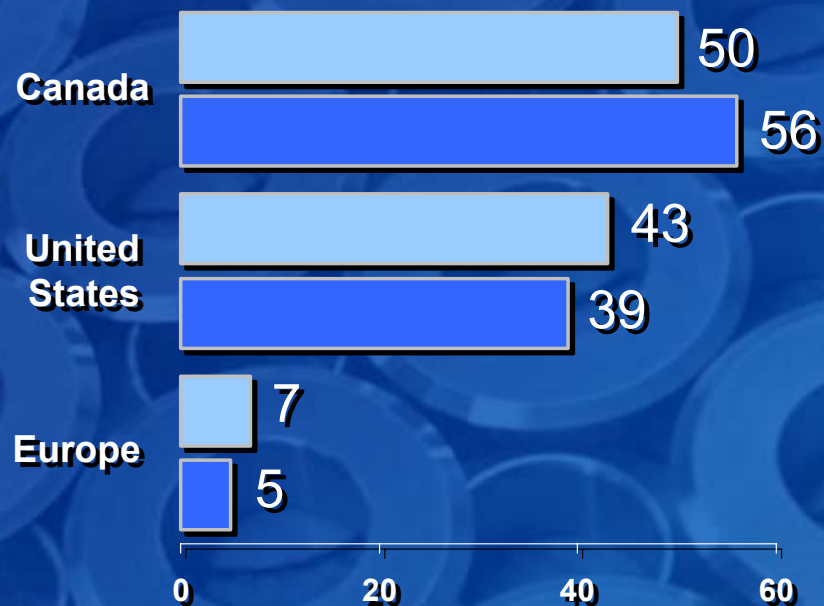
# BUSINESS OVERVIEW

## DIVERSIFIED REVENUE BASE

### Segment (%)



### Geographic (%)



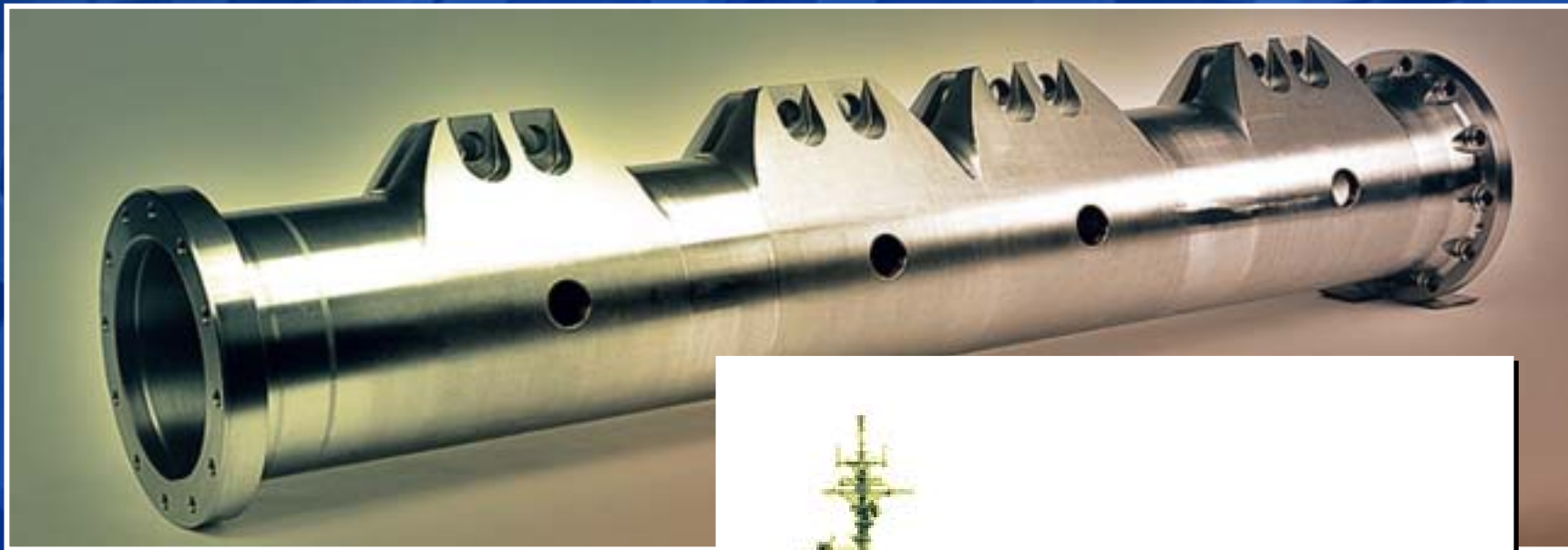
# MARKET OVERVIEW

## COMMERCIAL/GENERAL AEROSPACE



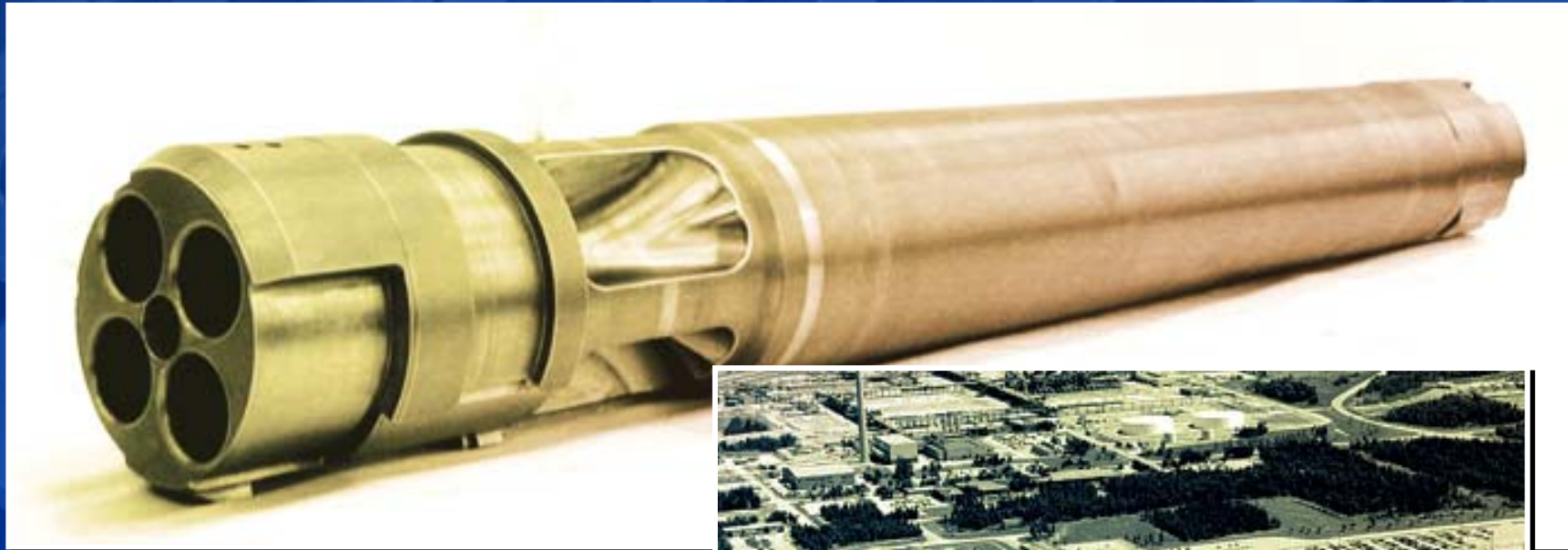
# MARKET OVERVIEW

## MILITARY/MILITARY AEROSPACE



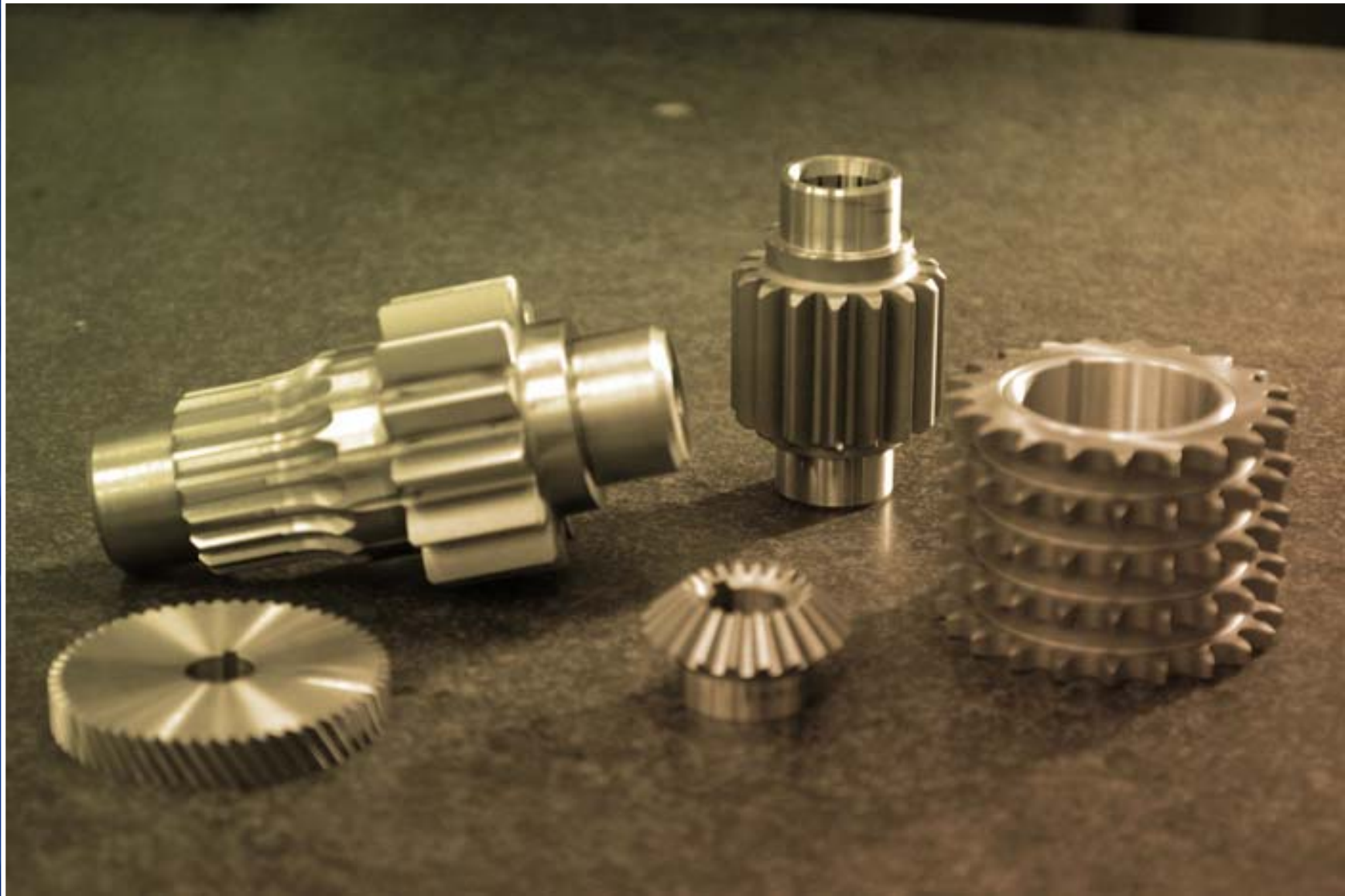
# MARKET OVERVIEW

## POWER GENERATION



# MARKET OVERVIEW

## INDUSTRIAL PRODUCTS



# FINANCIAL HIGHLIGHTS 2005

12 MONTHS TO DECEMBER 31, 2005

(Cdn. \$millions, except per unit amounts)

	2005	2004
<b>Sales</b>	\$ 34.1	\$ 30.3
<b>Gross profit</b>	8.1	7.0
<b>Net earnings before goodwill</b>	3.6	1.2
<b>Net earnings/(loss)</b>	3.6	(22.0)
<b>Distributable cash*</b>	3.8	3.4
<b>Distributions paid</b>	2.7	3.8
<b>PER UNIT AMOUNTS</b>		
<b>Net earnings before goodwill</b>	\$ 0.407	\$ 0.133
<b>Net earnings/(loss)</b>	0.407	(2.455)
<b>Distributable cash*</b>	0.424	0.377
<b>Distributions paid</b>	0.297	0.425

\*Non-GAAP disclosure

# FINANCIAL HIGHLIGHTS 2005

BALANCE SHEET AS AT DECEMBER 31, 2005

(Cdn. \$millions, except per unit amounts)

	2005	2004
<b>Working capital</b>	\$ 12.5	\$ 10.2
<b>Net debt* to equity ratio</b>	0.35:1.00	0.35:1.00
<b>Unitholder equity per unit</b>	\$ 3.22	\$ 3.11

## CREDIT FACILITIES

<b>Operating facility</b>	\$ 3.0	\$ 3.0
<b>Leasing facility</b>	4.0	1.0
<b>Long-term facility</b>	9.0	10.0

\*Net debt equals total debt less cash

# NEW LENDING AGREEMENT

SUBSEQUENT TO MARCH 31, 2006

(Cdn. \$millions)

**Operating facility  
(renewable each year)**

**Leasing facility  
(amortizes over 5 years)**

**Term loan  
(matures April 30, 2008)**

**Credit card facility**

**Currently  
Available**

**Used at  
March  
31/06**

**\$ 5.0**

**\$ 1.1**

**5.0**

**0.8**

**9.0**

**9.0**

**0.1**

**-**

# ISSUES

## FOREIGN CURRENCY

- Cdn.\$ vs. U.S.\$ negatively impacted sales (\$1.2 million), margins and cash flows
- Natural hedge on any U.S. purchases of materials
- Forward contract hedging on a portion of net exposure
  - U.S. \$6.0 million at Dec. 31'04 (\$1.2951 Cdn.)
  - U.S. \$6.0 million at Dec. 31'05 (\$1.2452 Cdn.)
- Program of purchasing forward contracts continues in 2006, and at end of Q1 we had contracts totalling U.S. \$11.5 million (\$1.1904 Cdn.)

# ISSUES

## PRODUCTION CAPACITY

- Backlog of orders is healthy and obtaining the required production capacity requires capital additions estimated at \$7.0 million in 2006
- 2005, we ordered a \$3.0 million multi-functional machining centre; planned arrival in Q3' 06
- 2006, new capital expenditures to satisfy future production should total \$2.0 million
- 2006, replacement capital expenditures should total \$2.0 million

# SALES BACKLOG

(\$millions)

<b>2002 (December 31)</b>	<b>\$</b>	<b>49</b>
<b>2003 (December 31)</b>		<b>39</b>
<b>2004 (December 31)</b>		<b>48</b>
<b>2005 (December 31)</b>		<b>50</b>

# **SUMMARY**

## **COMPANY HIGHLIGHTS**

**Enhanced profitability in 2005**

**Strength of Canadian dollar challenging**

**Optimistic in aerospace and military opportunities**

**Power generation could turn positive**

**Margins in industrial products have improved**

**Distribution rate improved in 2005**



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