



ISTMA-AMERICAS BUSINESS CONDITIONS REPORT

For The 6-Month Period Ending
December 31st, 2006

Data Provided by the Members of:



ARGENTINA
Camara Argentina
de Fabricantes de
Herramientas e
Instrumentos de
Medicion (CTMA)



AUSTRALIA
Tooling
Australia



CANADA
Canadian Tooling
& Machining
Association (CTMA)

Canadian Association
of Moldmakers (CAMM)

Moldmakers Council
of Canadian Plastics
Industry Association
(MMC-CPIA)



USA
National Tooling
& Machining
Association
(NTMA)

Results Compiled By:
Canadian Tooling & Machining Association
March 9th, 2007

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EXECUTIVE SUMMARY

The ISTMA-Americas Business Conditions Survey Report is a bi-annual geographical snapshot of business trends and conditions in the special tooling and machining sector. This survey covering the six-month period ending December 31, 2006 was conducted in February 2007. Executive summaries from the participating countries follow.

ARGENTINA:

During 2005 and part of 2006 an important growth was registered in the sector, but at the end of 2006 a flattening occurred in the level of activity. Not only has the sector and the economy in general surpassed the crisis that it went through from 2000 to 2002, but it has also reached the levels of the 1990's.

Growth has been driven by the Automotive Industry, with the launch of new models, and the Food Industry. Both have contributed important developments to the local market as well as to the export market. However, the increase in the price of raw materials; the price of standard parts, the cost of the labour force, and the pressure on payment conditions exerted by the customers, are impacting the profit margins of the manufacturers of moulds, dies, control fixtures and jigs.

Today it is impossible to find skilled workers and lead times are decreasing.

*Lic. Guillermo Spika,
Gerencia, CAFHIM*

AUSTRALIA:

Our reporting members are concerned about offshore sourcing and find orders are "patchy" and many new tooling project release dates are being delayed. It is very clear Australian Toolmakers are under significant pressure from low cost imported Tooling from South East Asia (mainly China) and India which is impacting the industry to a major extent and threatening its future viability. Many companies are very negative about the future of the industry in their general comments expecting substantial contraction in their coming years.

The data shows the industry to be generally in a fair condition on a rating of Poor, Fair, Good, Very Good, or Excellent. Trend analysis indicates a static or marginally decreasing outlook. Data does consistently indicate a steep rise in operating costs for all groups.

The current business conditions and outlook for the diversified companies is far healthier than the Die and Mould companies in all data collected and also in the comments provided. The success of the larger and diversified businesses appears to be based on higher investment, and a focus on niche and international markets.

There are also a number of positive comments suggesting that some parts of the industry are succeeding through a high tech and global outlook along with other factors including improvement of capability through quality assurance and lean manufacturing.

*Angela Krepcik,
Executive Director, Tooling Australia*

CANADA:

Ontario has the largest number of tooling companies within Canada and predominantly its manufacturing focus has been automotive related. Our sector is contracting – we are seeing employee lay-offs, reduced profits and plant closures. Currency rates and offshore sourcing have played a major role in this downturn.

A total of 33 member companies (20% of CTMA membership) participated in the survey. Only thirty percent (30%) of respondents reported business conditions as good, very good or excellent - down from 34% in June 2006.

Reporting members commented that they are experiencing increased competition; poor payment conditions continue to shrink cash flow throughout the auto sector; customers are pressed for time; and conditions are the worst they have seen in this business since inception over 50 years ago.

*Les Payne,
Executive Director - CTMA*

UNITED STATES OF AMERICA:

Business conditions continued to be strong for the majority of U.S. machining companies (particularly those focusing on aerospace and defense work) during the second half of 2006. However those companies specializing in the tooling sectors, i.e., molds and dies experienced less robust business conditions during the reporting period.

A total of 366 NTMA member companies (22% of membership) participated in the survey with seventy-nine percent (79%) reporting business conditions as good, very good, or excellent ... down slightly from 82% in July 2006.

Respondents were also generally optimistic concerning business levels for the near term. 91% of members project that business levels in their companies will either remain the same or increase over the next six months. Average reported backlogs remained at about 14 weeks and the number of employees among reporting companies increased by approximately 1.5% from July 2006.

*Thomas H. Garcia,
Director, Business Development - NTMA*

**Our thanks to all of the member companies who participated in this survey.
We value your input and comments and hope that you find the
report to be informative.**

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ARGENTINA



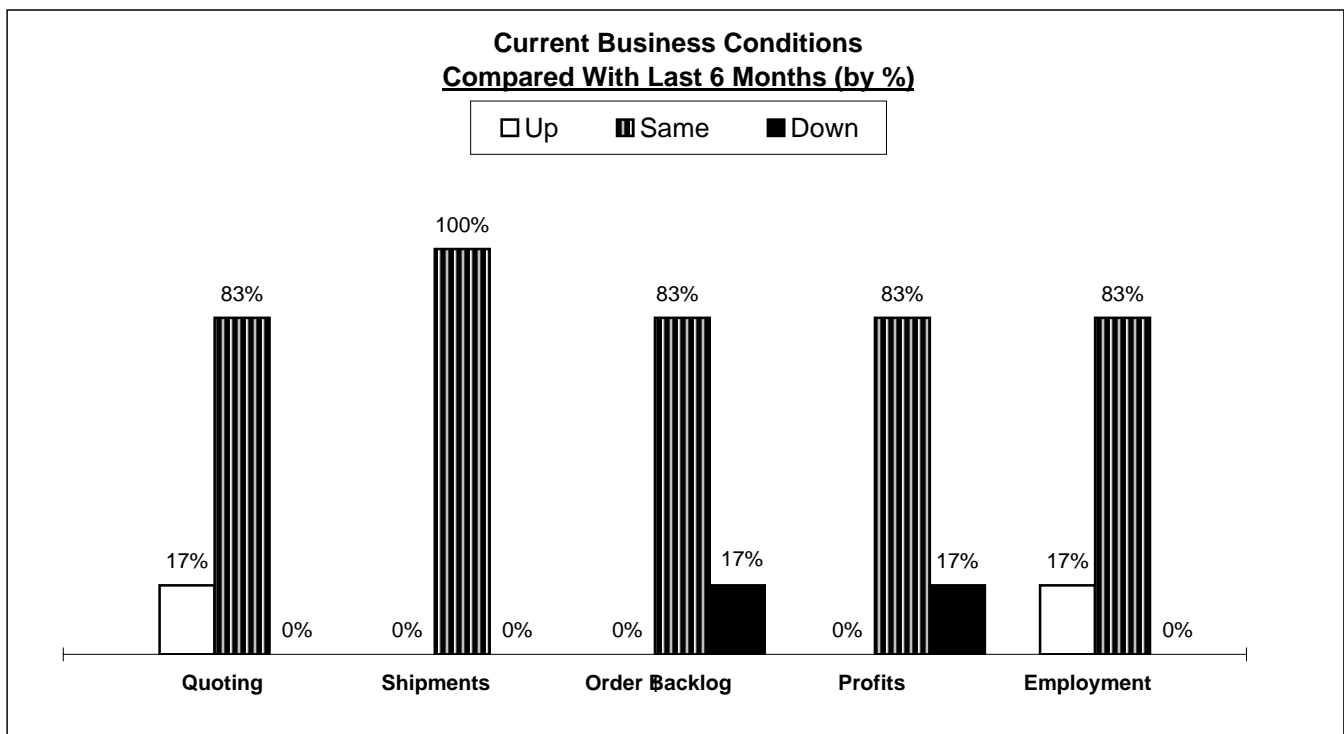
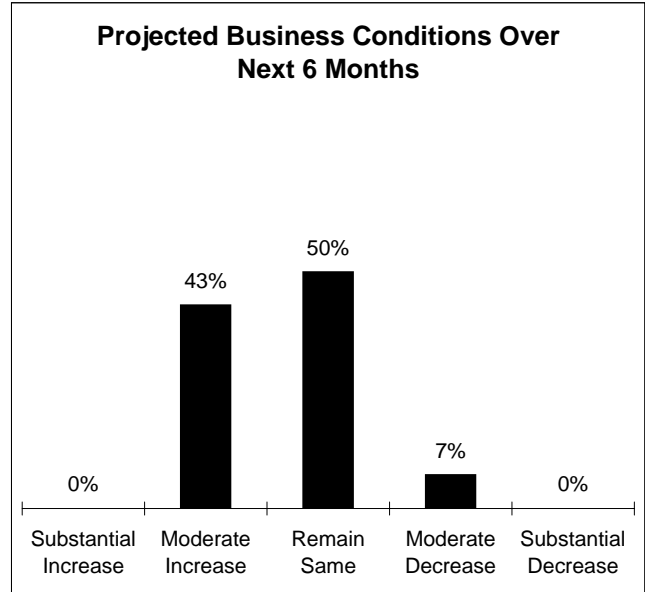
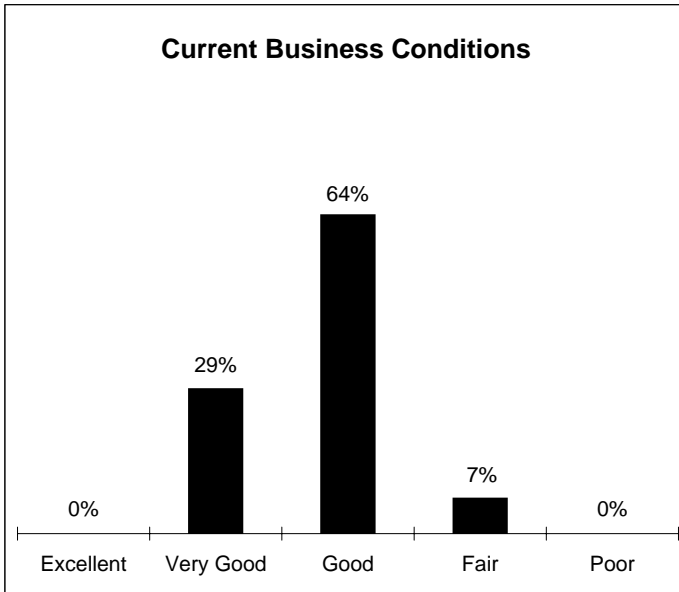
ALL SECTORS

(14 survey responses ... 41% of membership)

Total Number of Skilled Employees: 688 (at June 30, 2006) 723 (at Dec. 31, 2006)

Current Average Work Week Per Skilled Employee: 49.0 Hours

Average Future Work on Order Books: 14.2 Weeks

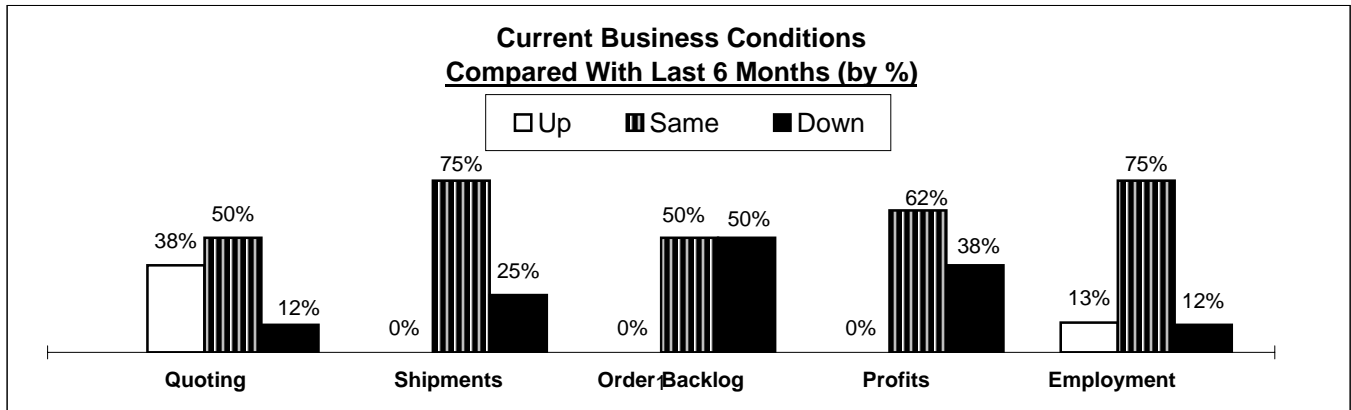
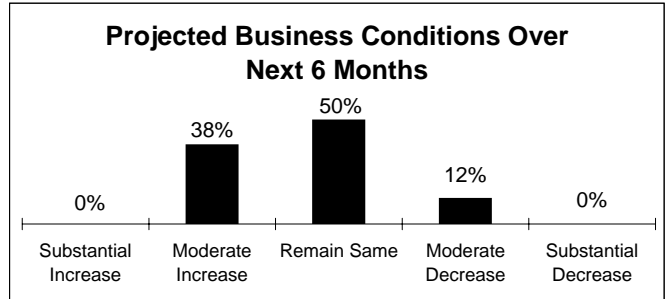
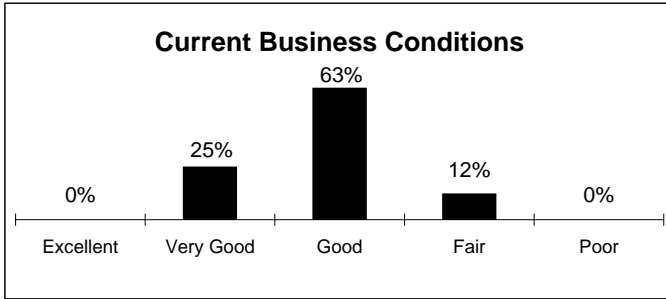


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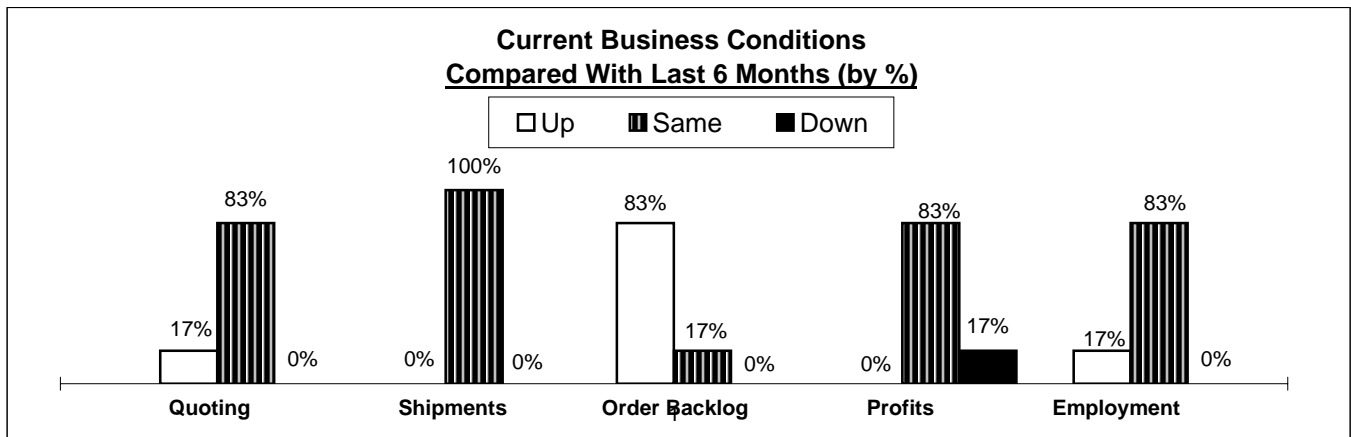
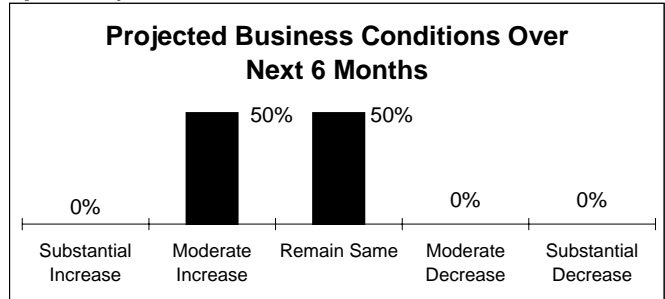
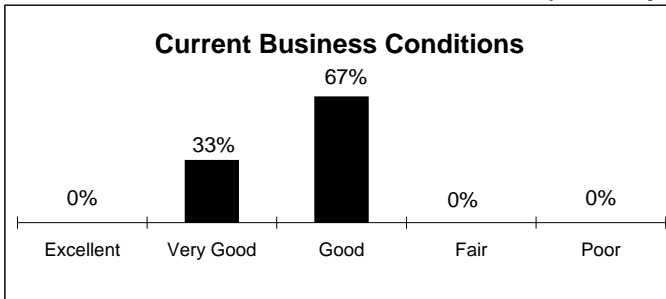
ARGENTINA



TOOL, DIE & FIXTURE SECTOR
(8 survey responses)



MOLD SECTOR
(6 survey responses)



NOTES: Precision Machining Sector - insufficient data to report.
Special Machines Sector - insufficient data to report.

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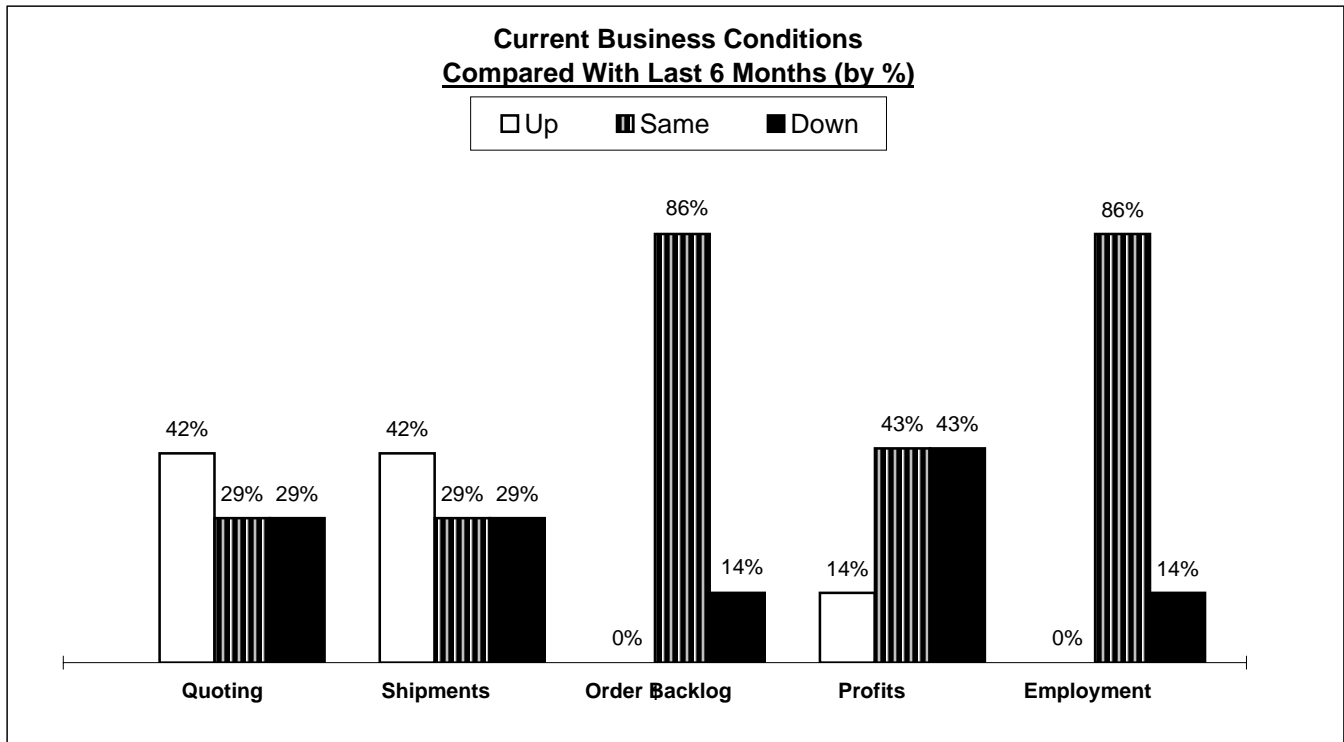
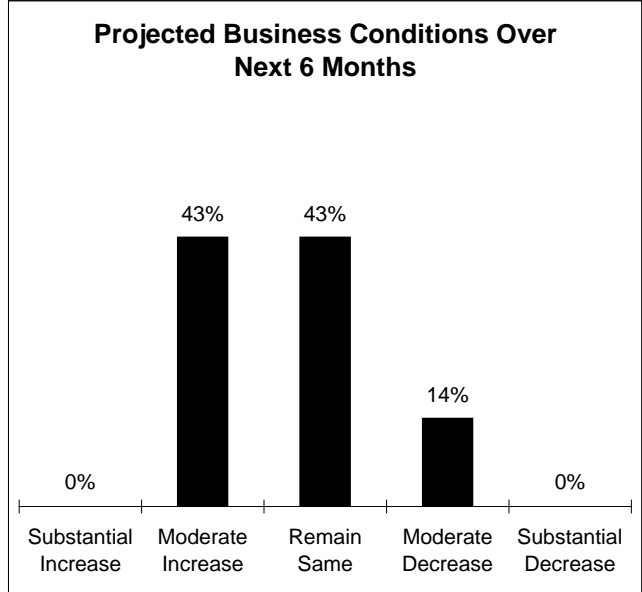
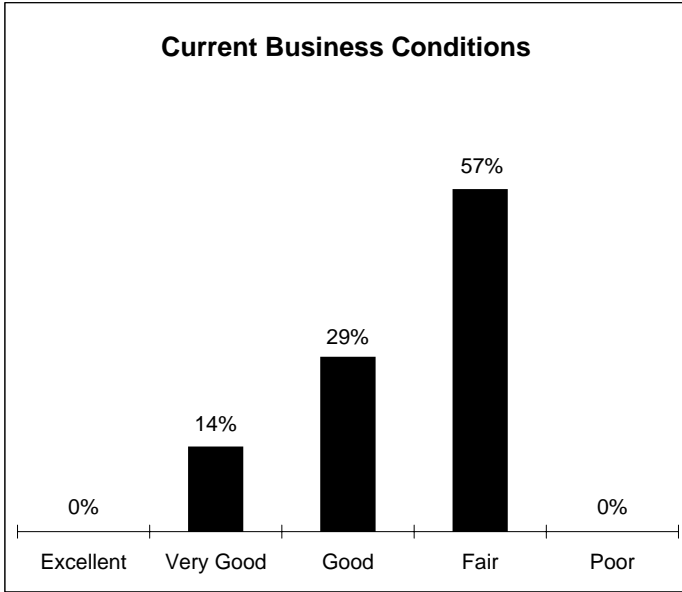


ALL SECTORS
 (7 survey responses)

Total Number of Skilled Employees: 287 (at June 30, 2006) 277 (at Dec. 31, 2006)

Current Average Work Week Per Skilled Employee: 41.7 Hours

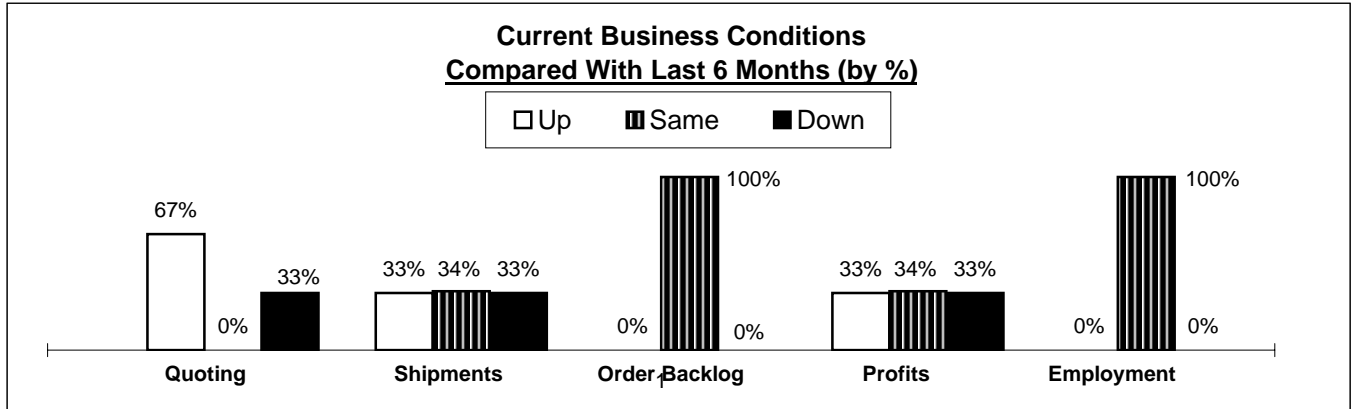
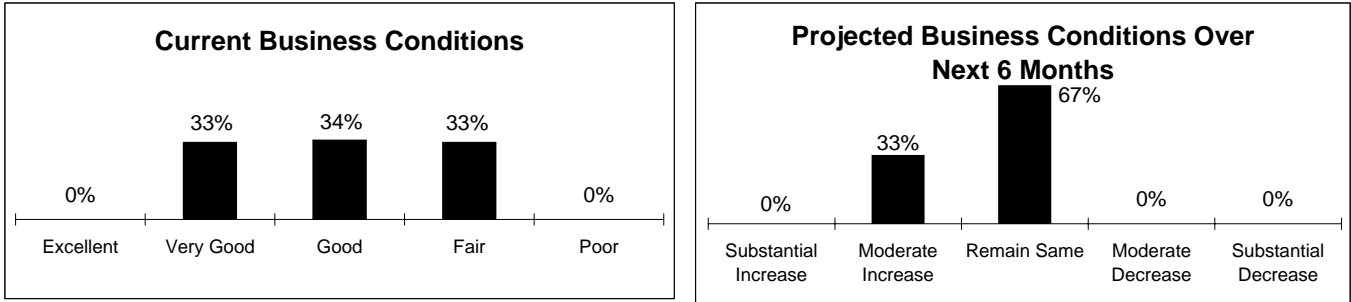
Average Future Work on Order Books: 10.3 Weeks



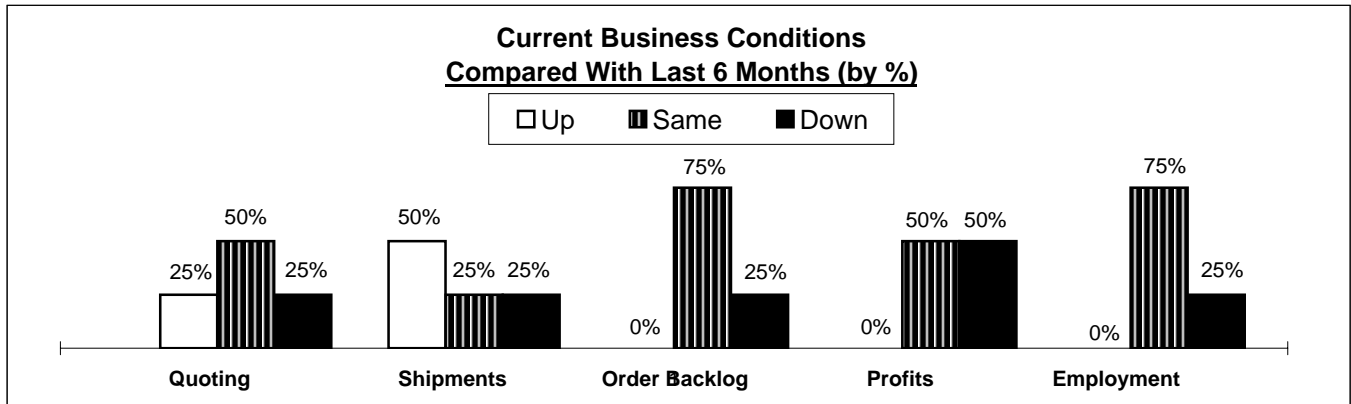
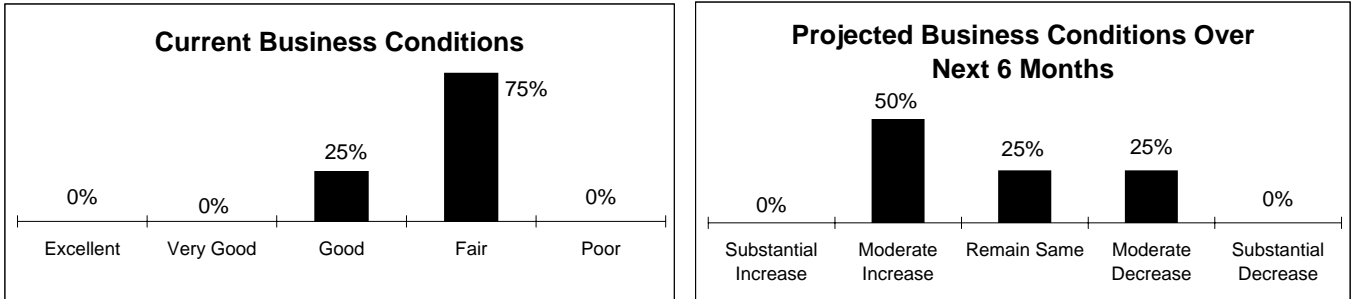
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TOOL, DIE & FIXTURE SECTOR
(3 survey responses)



MOULD SECTOR
(4 survey responses)



NOTES: Precision Machining Sector - insufficient data to report.
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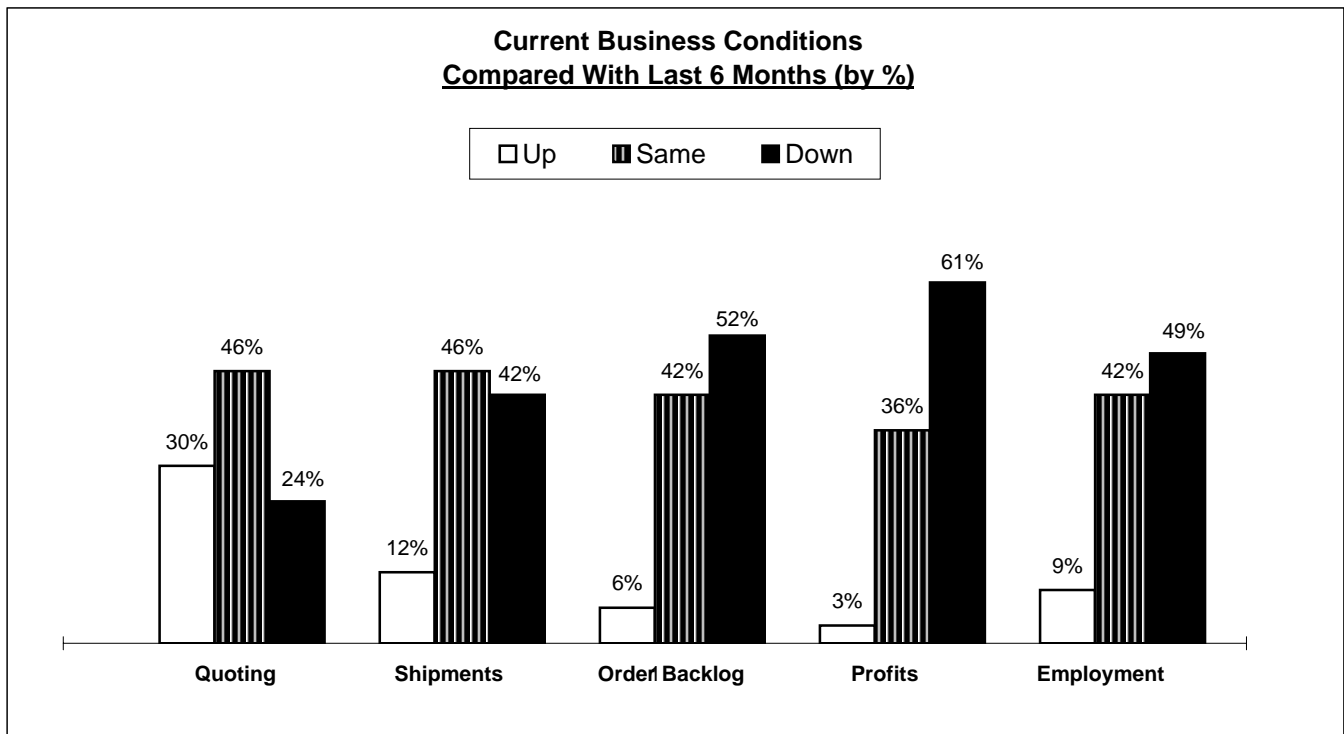
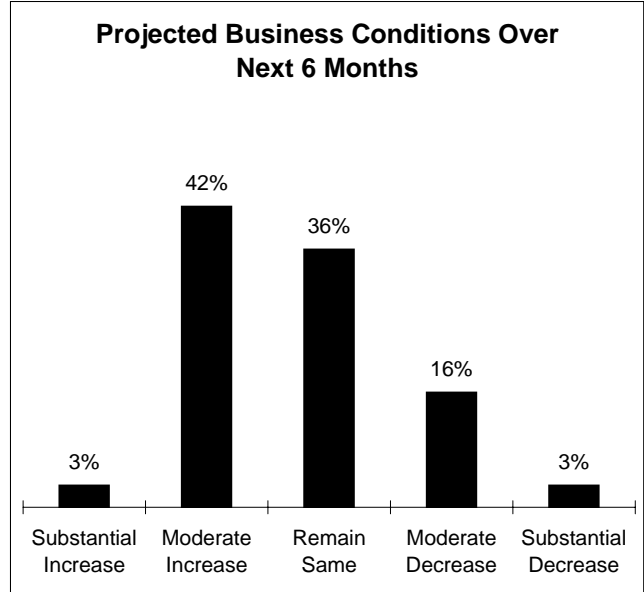
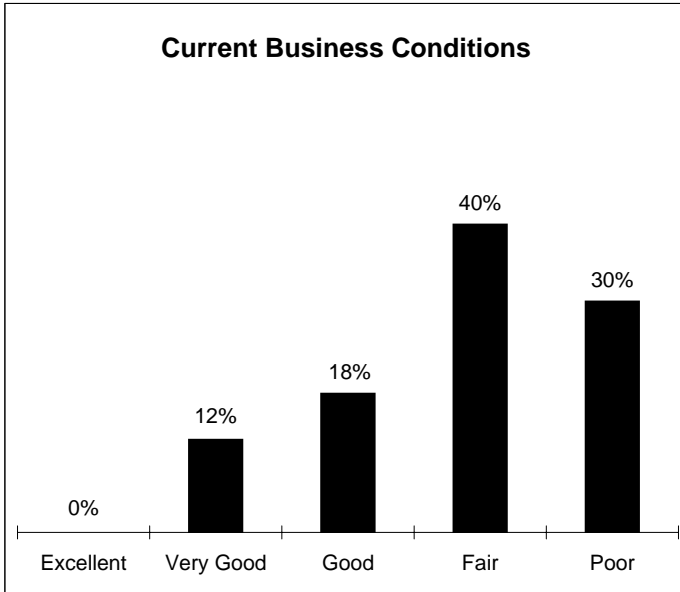
ALL SECTORS

(33 survey responses ... 20% of CTMA membership)

Total Number of Skilled Employees: 1,371 (at June 30, 2006) 1,266 (at Dec. 31, 2006)

Current Average Work Week Per Skilled Employee: 41.0 hours

Average Future Work on Order Books: 9.6 weeks

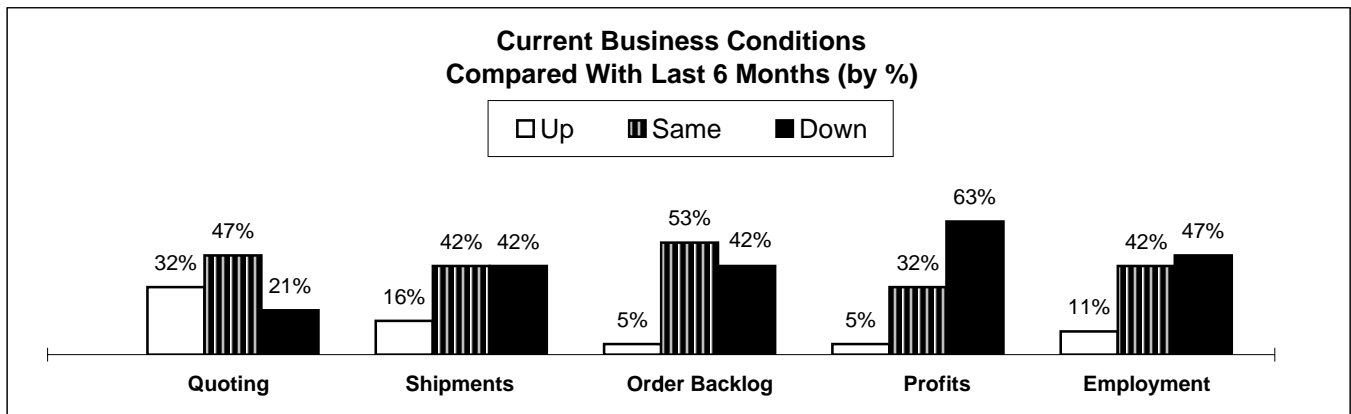
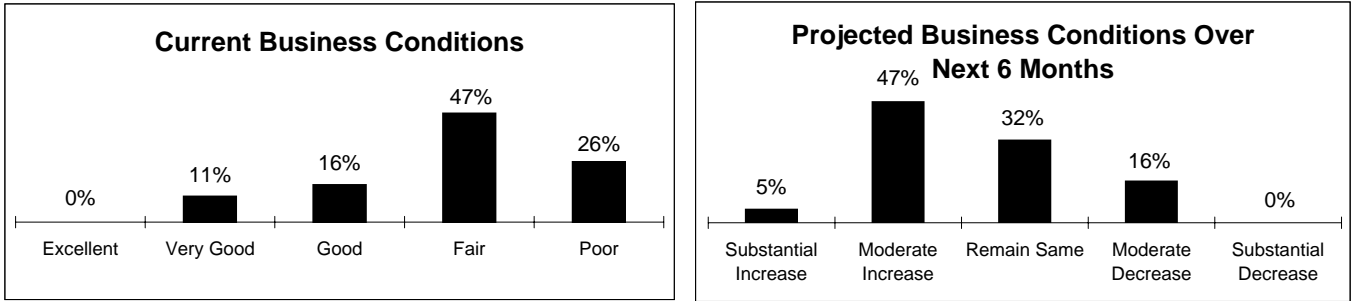


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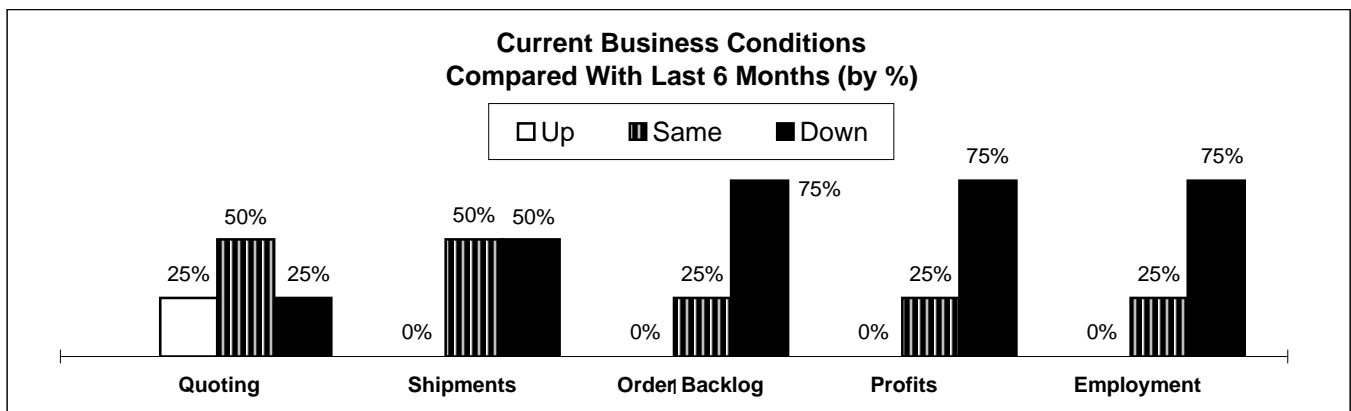
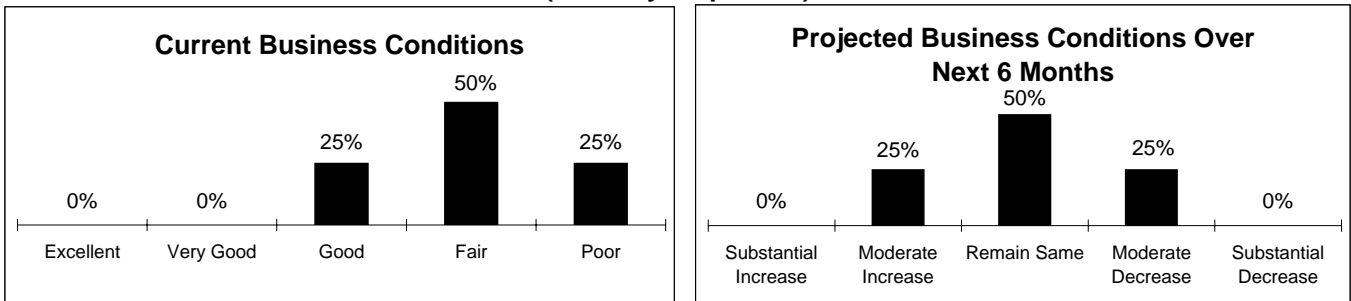
TOOL, DIE & FIXTURE SECTOR

(19 survey responses)



MOULD SECTOR

(4 survey responses)



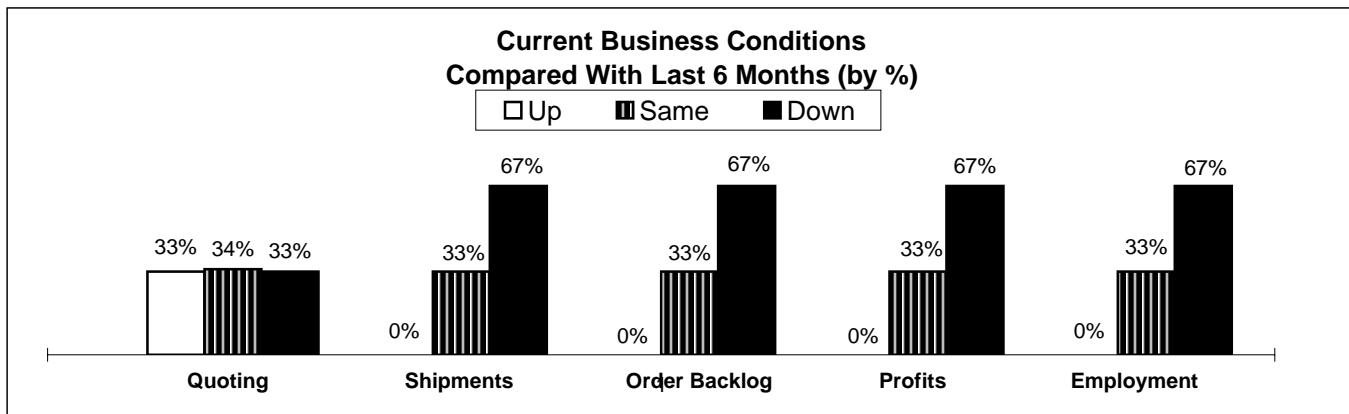
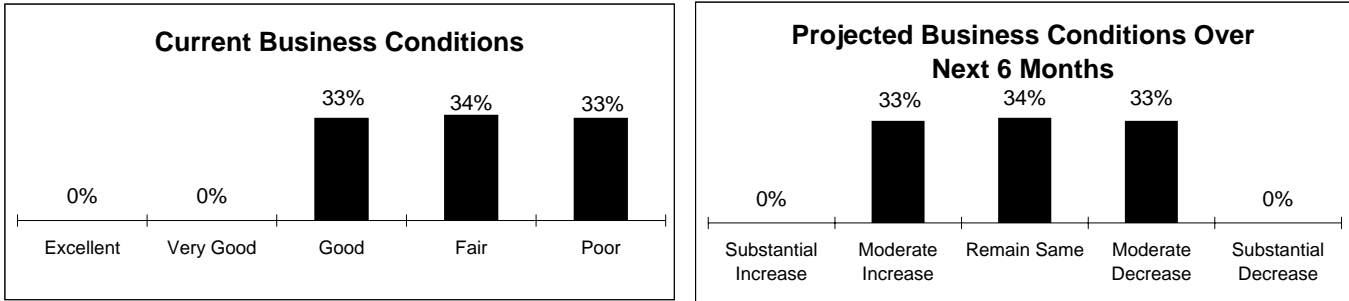
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CANADA



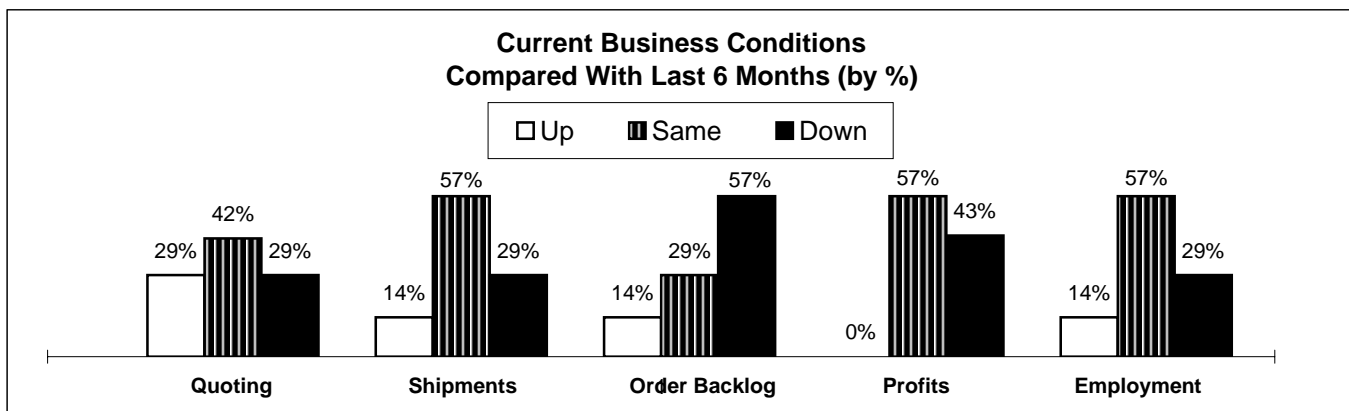
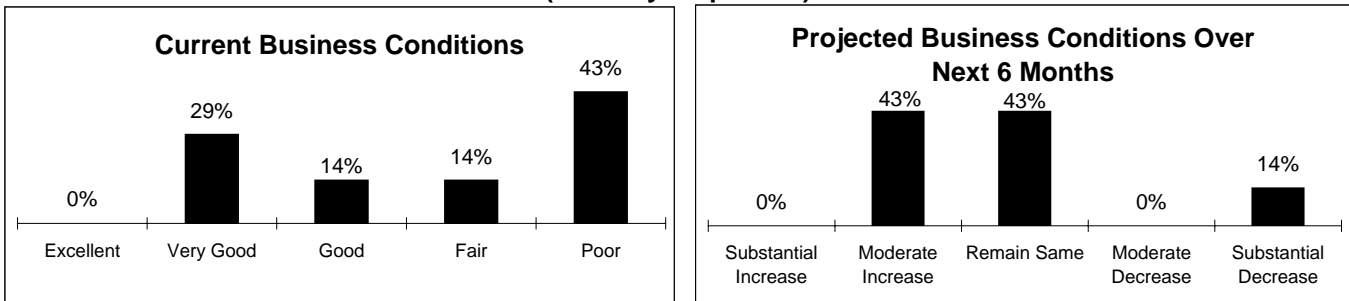
SPECIAL MACHINES SECTOR

(3 survey responses)



PRECISION MACHINING SECTOR

(7 survey responses)



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USA



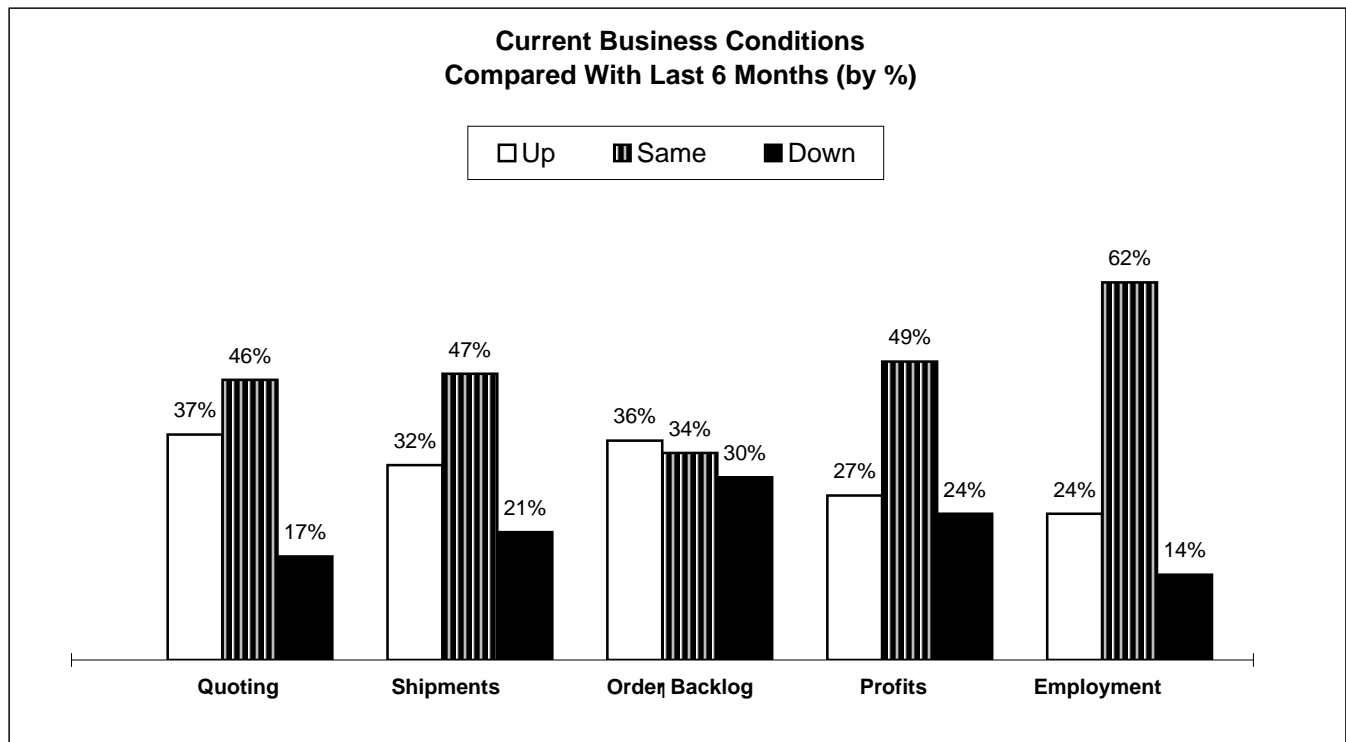
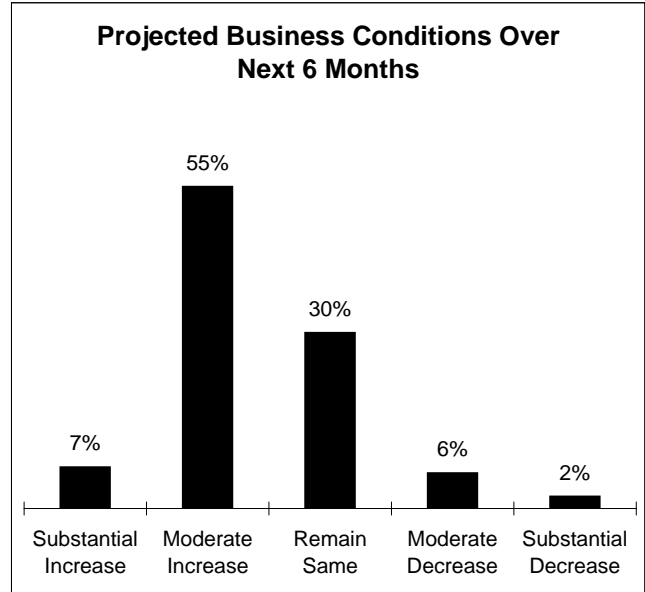
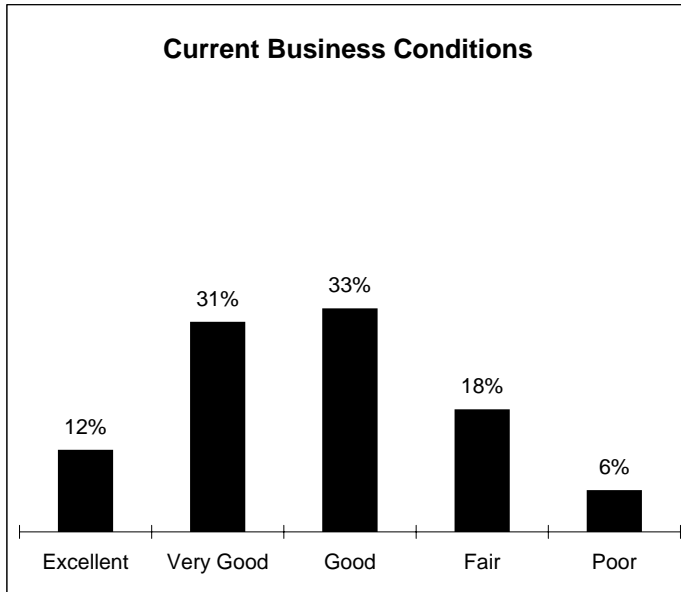
ALL SECTORS

(366 survey responses ... 22% of membership)

Total Number of Skilled Employees: 16,942 (at June 30, 2006) 17,205 (at Dec. 31, 2006)

Current Average Work Week Per Skilled Employee: 46.5 hours

Average Future Work on Order Books: 14 weeks



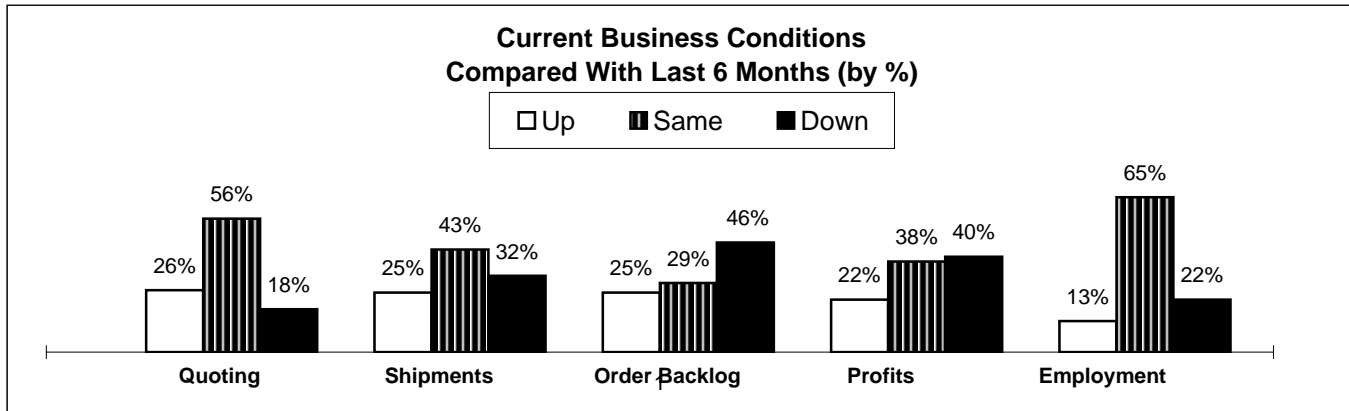
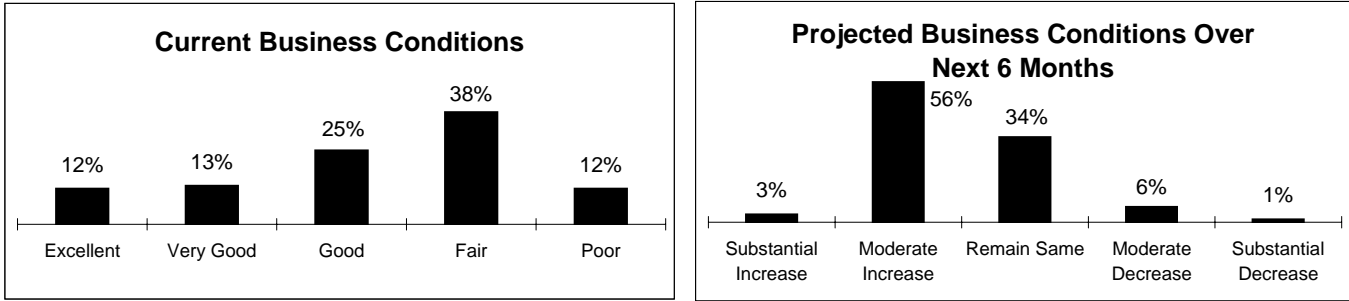
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USA



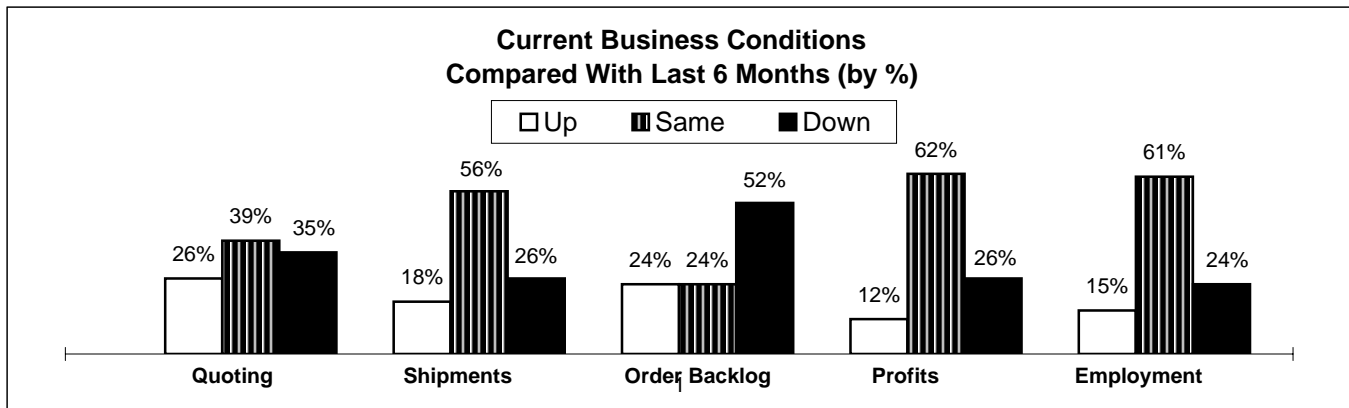
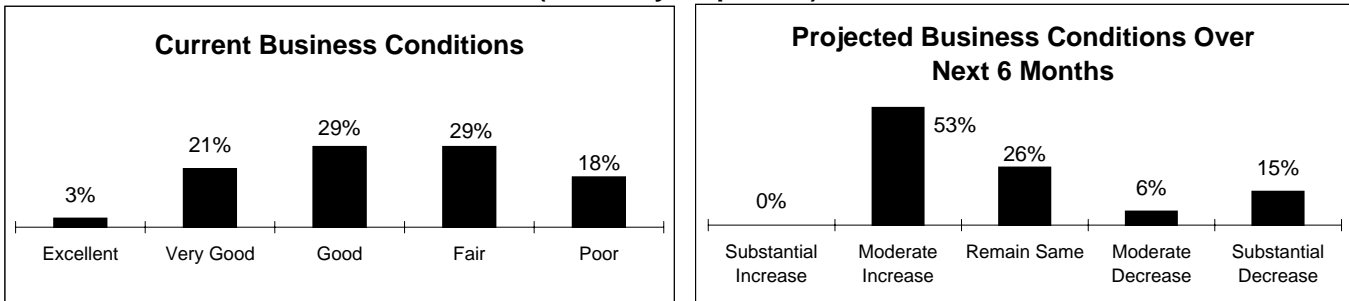
TOOL, DIE & FIXTURE SECTOR

(68 survey responses)



MOLD SECTOR

(34 survey responses)



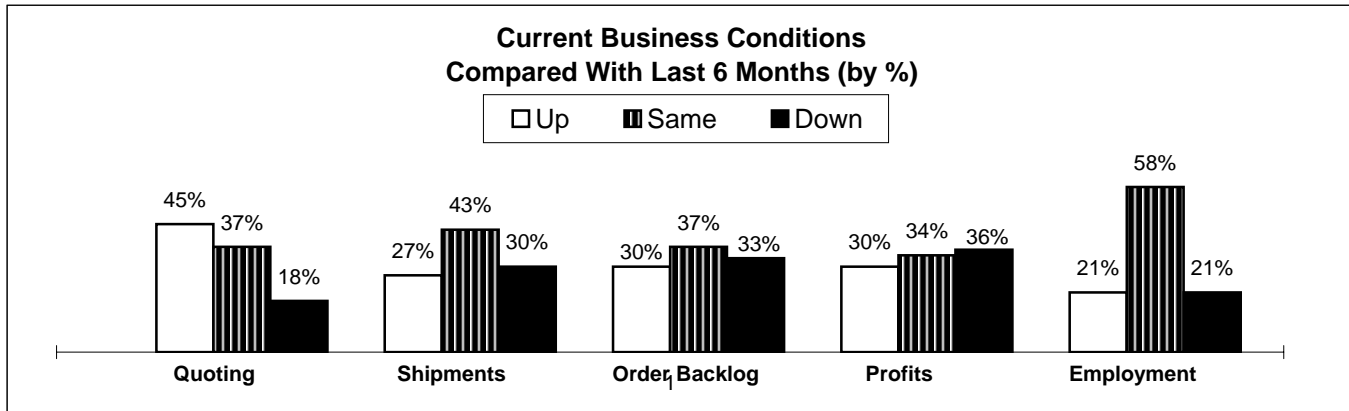
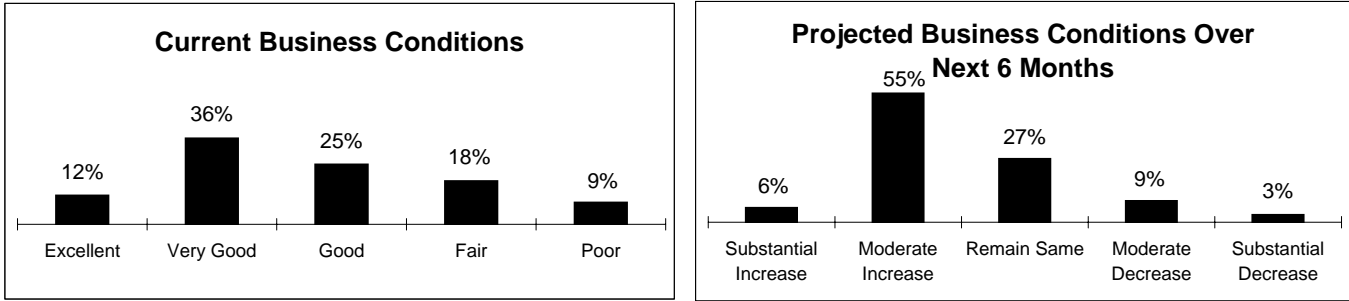
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USA



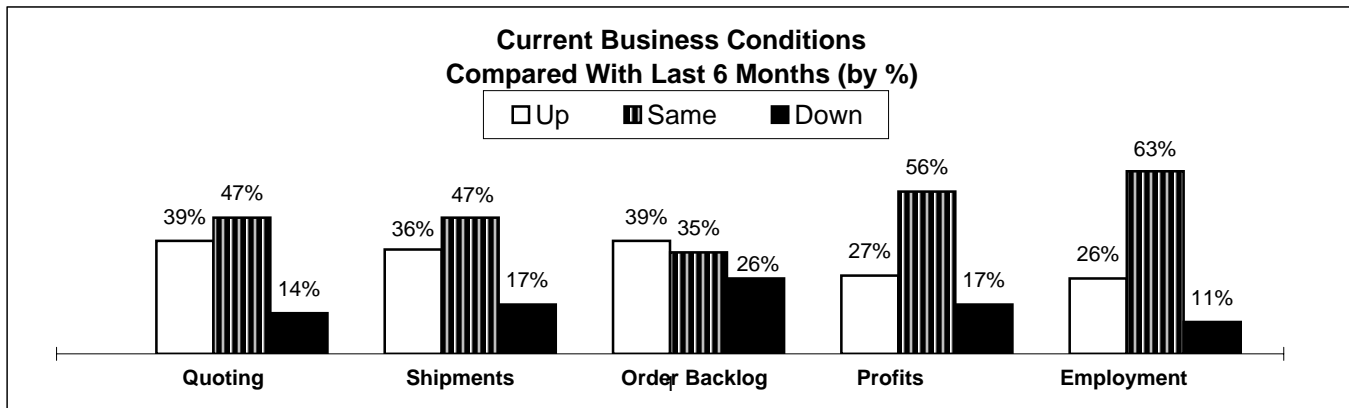
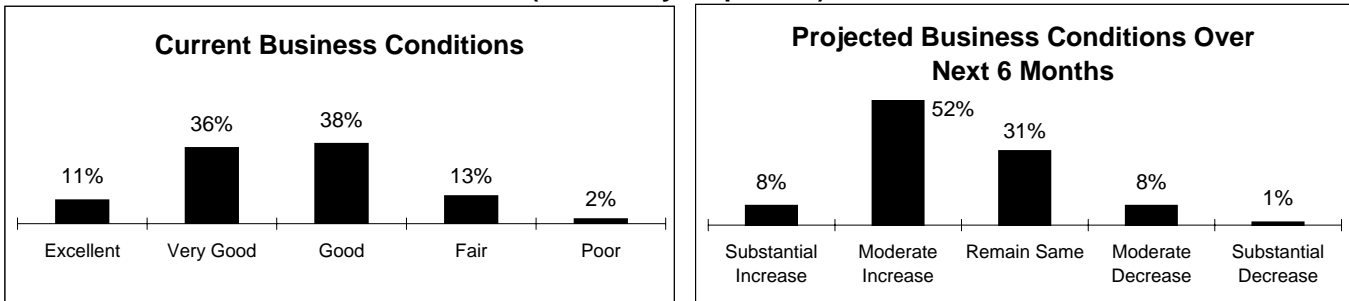
SPECIAL MACHINES SECTOR

(33 survey responses)



PRECISION MACHINING SECTOR (excluding Aerospace)

(168 survey responses)



ISTMA-AMERICAS BUSINESS CONDITIONS REPORT
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USA



AEROSPACE MACHINING & FABRICATION SECTOR

(63 survey responses)

