



## Management's Discussion and Analysis of Financial Condition and Results of Operations – Q2 2009

*The following analysis provides a review of Atrium Innovations Inc.'s ("Atrium Innovations") results of operations, financial condition and cash flows for the quarter and the six-month period ended June 30, 2009 compared with the quarter and the six-month period ended June 30, 2008 and the financial conditions as at June 30, 2009 compared to December 31, 2008. In this Management's Discussion and Analysis ("MD&A"), "Atrium", the "Company", "we", "us", and "our" mean Atrium Innovations Inc. and its subsidiaries. This discussion should be read in conjunction with the information contained in our unaudited interim consolidated financial statements for the quarter and the six-month period ended June 30, 2009 and in our 2008 annual report.*

**All amounts are in US dollars unless otherwise indicated.**

*Our consolidated financial statements are reported in thousands of US dollars and have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada, or Canadian GAAP. In this MD&A, we occasionally refer to financial measures that do not have any meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP financial measures are presented in a consistent manner. These measures consist of earnings before interest and taxes ("EBIT" or "earnings from operations"), earnings before interest, taxes, depreciation and amortization ("EBITDA") and gross margin. Gross margin means sales less cost of sales. EBIT means net earnings less Other revenues (expenses) and the Income tax expense. EBITDA means the addition of EBIT and depreciation and amortization. This EBITDA provides an indication of the Company's ability to continue generating earnings from operations before taking into account the impact of management's financing decisions and costs associated with the consumption of tangible and intangible assets. They are disclosed to provide additional information and should not be considered as a substitute for measures of performance prepared in accordance with GAAP.*

### **COMPANY OVERVIEW**

Atrium Innovations Inc. is a recognized leading developer, manufacturer and marketer of science-based and professionally endorsed products for the health and nutrition industries. The Company focuses primarily on growing segments of the health and nutrition markets, which are benefiting from the trends towards healthy living and the ageing of the population. Atrium markets a broad portfolio of finished health and nutrition products through its highly specialized sales and marketing network in more than 35 countries, primarily in North America and Europe. Atrium has nearly 800 employees and operates seven manufacturing facilities.













































