Circuit World Corporation

Partners in Performance

2003 Annual Report

Circuit World Corporation is a Canadian leader in the manufacture of printed circuit boards and illuminated instrument panels. Through its two operating divisions, FTG Circuits and FTG Aerospace, the company services the Aerospace, Defence, Telecommunications and Medical Industries. Approximately 80% of the sales are derived from the US with the remainder in Canada.

Over the past four years, Circuit World Corporation has significantly reinvested in facility upgrades to enhance its technology capabilities, quality, yields and capacity, the highest percentage of reinvestment to sales in the industry.

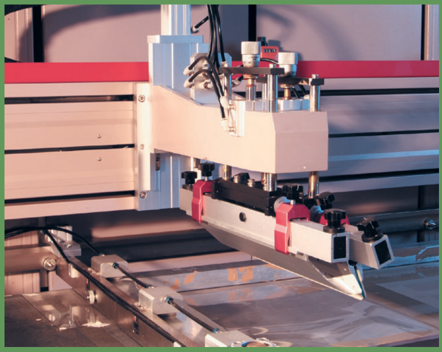
FTG Circuits

FTG Aerospace

FTG Circuits fabricates high technology, high reliability, multilayer rigid and flexible printed circuit boards. FTG Circuits provides a comprehensive printed circuit manufacturing service that includes design assistance, prototype and medium volume production. FTG Circuits is well positioned in the aerospace/defence, high technology and quick turn segments of the market.

FTG Aerospace manufactures aircraft illuminated instrument panels for aircraft manufacturers in the civil and military aviation industries as well as electro-luminescent lamps for use in illuminated instrument panels and a range of other products.

TO OUR SHAREHOLDERS



We have renewed and refocused our efforts on creating long-term shareholder value.

The merger of Circuit World with Firan Technology Group in 2003 has created the platform on which we can achieve this.

Shareholder value creation starts with having the right strategic direction. With the improvement in the printed circuit board market in late 2003 combined with the benefits of our merger, we believe this business can create value for our shareholders.

To create value in the printed circuit board industry, a focus on markets that are financially attractive and defensible is required. We are positioned in three attractive market segments– aerospace/defense, high technology and Quick Turn.

The merged company has 30 years of experience in the aerospace/defense market, we have multi-year supply agreements in place with our largest customers, we are the established supplier on thousands of different part numbers and we have quality approvals across a diverse customer base and a wide range of specialized materials. With this, we are positioned to remain a leading player in this market and to make attractive returns.

With over $25 million invested in advanced production equipment and with a highly skilled work force, we are positioned to compete in the high technology segment of the market. As the technology level increases, the competition is reduced, both from North American and Far East manufacturers. Our ability to produce high layer count and high density circuit boards, combined with features such as micro vias and buried capacitance puts us in an elite group of circuit board manufacturers where pricing pressure is reduced. Many customers look for rapid prototyping of circuit boards and pay a premium for Quick Turn delivery, often in less than 5 days from start to finish. We have built sufficient flexible capacity that we can supply this market and make attractive returns.

To create value, a printed circuit board manufacturer must have strong cost control and operational excellence. We have invested in the systems to achieve both. The merger has allowed us to achieve millions of dollars of annual cost savings. With the consolidation into one production facility, we will operate at a high level of capacity utilization.

Finally, we remain focused on satisfying the needs of our customers and providing them superior service. We constantly monitor feedback from them and ensure we continuously improve our level of service.

The team at Circuit World is committed to making the company a success and creating shareholder value.

Bradley C. Bourne
President and CEO

MANAGEMENT'S DISCUSSION and ANALYSIS

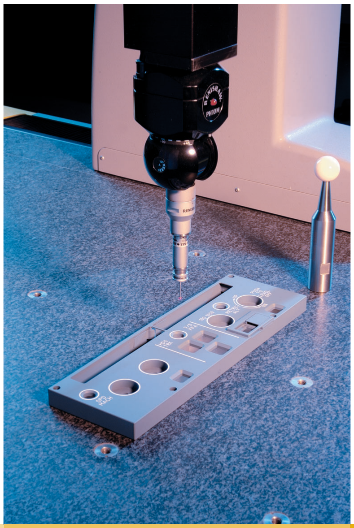
This report is management's analysis of Circuit World Corporation's (the "Company") financial results for the years ended November 30, 2003 and 2002 and its outlook for the future. It should be read in conjunction with the Financial Statements and Accompanying Notes.

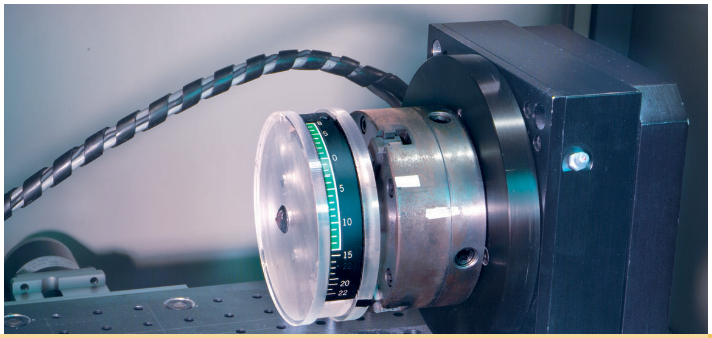
This document may contain forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual results and events may vary significantly from such statements.

Overview

On July 30th, 2003, Circuit World Corporation ("CWC") completed the acquisition of Firan Technology Group Inc. ('FTG'), a wholly owned subsidiary of Glendale International Corp. ('Glendale'). Under the terms of the agreement, CWC issued 8,541,987 common shares to Glendale, representing 49% of the outstanding voting shares of CWC.

The transaction was accounted for as a reverse takeover of CWC by FTG. Legally, CWC is regarded as the parent company. However in accordance with generally accepted accounting principles, since the former shareholders of FTG have effective control over CWC after the acquisition, FTG is treated as the acquirer and CWC is treated as the acquired company. The financial statements are issued under the name of CWC but are considered a continuation of the financial statements of FTG. Being the acquiring company, the net assets of FTG are included at their book value, and the net assets of CWC are included at their fair values. This management discussion and analysis is prepared on the same basis as the financial statements.





Results Of Operations

The results from operations reflect the full year's operating results of FTG and four months of Circuit World Corporation. The 2002 comparative results are those of FTG.

Revenue

Net sales for 2003 were $32,807,000 an increase of 27% as compared with sales of $25,842,000 in 2002. The increase in revenue is primarily attributable to the acquisition of CWC. This increase was partially offset by the drastic decline in the value of the US dollar relative to the Canadian dollar, reducing the value of US dollar based sales by approximately $2.5 million or about 10% of last year's revenue.

In the fourth quarter of 2003, which included a full three-month period of combined operations, revenues were up by 54% over the same quarter of 2002. All of the additional revenue that resulted from the acquisition was from the printed circuits segment of the business. This segment increased by 39% over 2002 fiscal year. However, in the fourth quarter of 2003, the revenue from circuits was up by 74% over the same quarter of 2002. This segment comprised 81% of the fourth quarter's total revenue in 2003 as compared to 72% in the same quarter of the previous year.

Revenue from the Aerospace division was $7.5 million for fiscal 2003. This was a 1% decrease over fiscal 2002 sales. The reduction in the value of the US dollar was the largest factor in the decline. The Aerospace division manufactures illuminated cockpit panels, keyboards and bezels.

One of the objectives of the combination of FTG and CWC was to increase diversification of the customer base. Sales to the top 10 customers accounted for 62% of net sales in fiscal 2003 compared to 71% of net sales in 2002. Three customers on a combined basis accounted for approximately 36% of the Company's net sales in 2003. The Company's largest customer accounted for 23% of net sales in fiscal 2003 compared with 27% in 2002 and is expected to decrease in future years. The next largest customer accounted for 7% of revenue in 2003.

Export sales to the United States represented 82% of overall sales as compared to 80% in 2002.

Below is a table outlining historical quarterly performance.

(thousands of dollars)	Q1–02	Q2–02	Q3–02	Q4–02	Q1–03	Q2–03	Q3–03	Q4–03
Net Sales	$ 6,099	$ 5,423	$ 6,812	$ 7,508	$ 6,072	$ 7,173	$ 8,034	$ 11,528
Net Operating (Loss)/Earnings	(161)	13	355	361	212	250	203*	(125)
Operating (Loss)/Earnings per share–Basic	$ (0.01)	$ 0.00	$ 0.04	$ 0.04	$ 0.02	$ 0.02	$ 0.02	$ (0.01)
Operating (Loss)/Earnings per share–fully diluted	$ (0.01)	$ 0.00	$ 0.04	$ 0.04	$ 0.02	$ 0.02	$ 0.02	$ (0.01)
Net (Loss)/Earnings	(161)	13	355	361	212	250	(2,364)*	(125)
(Loss)/Earnings per share–Basic	$ (0.01)	$ 0.00	$ 0.04	$ 0.04	$ 0.02	$ 0.02	$ (0.22)	$ (0.01)
(Loss)/Earnings per share–fully diluted	$ (0.01)	$ 0.00	$ 0.04	$ 0.04	$ 0.02	$ 0.02	$ (0.22)	$ (0.01)

* The difference between net operating earnings and net loss is the $2,567,000 restructuring charge recognized in the third quarter of 2003 resulting from the acquisition.

Gross Margin

Gross margin increased by $3,457,000 to $8,870,000 or 27% of revenue in 2003 as compared with $5,413,000 or 21% in 2002. Approximately $1,500,000 of the increase in gross margin was generated from additional sales volume resulting from the acquisition of CWC. The rest of the increase resulted from two large non-recurring transactions in 2003 that impacted positively on the gross margin in the amount of approximately $1,600,000 or 5% of sales. During the third quarter the Company shipped approximately $400,000 of product from the spare parts inventory that were older than one year and had an obsolesence provision equal to the cost of the inventory. In addition, it was determined that based on management's current experience, the recoverability of certain finished goods and raw material inventories on hand at year end had improved. Consequently the Company reduced the obsolesence provision on these inventories by approximately $1,200,000 during the year.

Selling, General and Administrative

Selling, general and administrative expenses were $5,855,000 or 18% of sales as compared to $3,117,000 or 12% in 2002. The increase over last year included approximately $1,300,000 of expenses from the addition of Circuit World operations to those of FTG, $1,059,000 from foreign exchange losses and $300,000 from increased profit sharing expense.

Amortization

Amortization expense for 2003 increased 50% to $2,165,000 from $1,443,000 in 2002. The increase reflects the additional amortization expense assumed upon the acquisition.

Interest Expense

Interest costs were $102,000 in fiscal 2003. This expense was incurred in four months on the long-term debt assumed upon the combination of CWC and FTG. There was no interest expense in the 2002 fiscal year as the existing $300,000 term debt is not interest bearing.

Restructuring Costs

FTG recorded $2,567,000 in restructuring costs in 2003 for costs associated with integrating and aligning FTG and CWC. An additional $1,516,000 of restructuring costs were incurred by CWC prior to its acquisition, and were capitalized and included in the purchase price allocation and do not appear on the statement of operations. The total restructuring costs of $4,083,000 are made up of termination costs, transaction/professional fees, equipment write-downs and moving costs.

Net Loss/Earnings

Net loss for the year was $2,027,000 or $0.19 per share as compared with net earnings of $568,000 or $0.07 per share in fiscal 2002. Operating earnings after tax before one time restructuring costs associated with the acquisition were $540,000 or $0.05 per share as compared with net income of $568,000 or $0.07 per share in fiscal 2002.

Capital Expenditures

The Company invested $1,439,000 in plant and equipment during fiscal 2003, a slight increase from $1,182,000 in 2002. The expenditures related primarily to upgrades to machinery and leaseholds to improve integration of the combined businesses.

One of the primary benefits of the merger will be to reduce capital spending requirements. Prior to the combination CWC had fully invested in a state of the art facility. The Company expects capital expenditures for combined operations to be in the range of $1,500,000 to $2,000,000 in 2004. The Company believes that in the future most of its capital expenditures will be financed out of operating cash flow.

Liquidity

As at November 30, 2003, the Company had $39,000 in cash. A revolving line of credit secured by trade receivables exists with the Company's main lender. The net available credit after providing for the existing term debt with the lender was approximately $1,500,000. The credit available on the operating line has fluctuated after year-end between nil and $1,500,000. At present the availability in our operating line is approximately $1,300,000.

Financial Position

Accounts receivable at the year-end increased 42% to $7,470,000 from $5,249,000 in 2002. The increase in receivables reflects the overall increase in business resulting from the acquisition.

In 2003, the inventory increased by $1,900,000 from the prior year. The increase consisted of additional inventories gained from the combination of the operations and a reduction of obsolesence provisions due to the improved recoverability of certain finished goods and raw material inventories.

In 2003, accounts payable and accrued liabilities increased to $7,135,000 primarily from the amalgamation of liabilities between CWC and FTG.

The following is a table that outlines the contractual obligations of the Company.

	Payments Due by Period (thousands of dollars)				
	Total	Less than 1 year	1–3 years	4–5 years	After 5 years
Long-term Debt	$ 3,539	$ 1,473	$ 1,697	$ 369	—
Operating Leases	385	270	115	—	—
Total Contractual Obligations	$ 3,924	$ 1,743	$ 1,812	$ 369	—

Cash Flow

Cash generated from operating activities in fiscal 2003 amounted to $4,236,000 as compared to $2,275,000 in 2002. The Company generated $2,463,000 from changes in working capital in 2003. In 2002 the Company generated $390,000 through reductions in working capital.

Cash used in investing activities for fiscal 2003 amounted to $1,439,000 as compared to $1,182,000 in 2002. These amounts related entirely to capital expenditures on plant and equipment made by the Company.

Cash used in financing activities amounted to $1,543,000 as compared to $1,093,000 in 2002.

Risks and Uncertainties

The Company is subject to risks that may affect financial performance. During the yearly planning process, risks are identified and plans developed to manage and mitigate such risks.

Reliance on key customers is a risk facing the Company. Its largest customer accounted for 23% of 2003 revenues. If that customer were to reduce, delay or cancel any of their orders, this would adversely affect future revenue streams of the Company. The Company is currently negotiating with this customer to renew its long-term supply agreement.

The Company is exposed to foreign exchange fluctuations as the vast majority of its revenue is earned in US dollars. Operating expenses are incurred mainly in Canadian dollars. However, most of the manufacturing materials and supplies are sourced in US dollars, providing a natural economic hedge for a significant portion of the Company's currency exposure.

The current and future success of the Company is predicated on attracting and maintaining key employees. The competition for these employees is intense. Being a clear leader in technology, and offering incentives such as the Share Option Plan and the Employee Stock Ownership Plan allows the Company to be competitive in attracting key personnel.

Outlook

The global printed circuit board industry has contracted significantly over the past few years. Approximately 40% of all North American production capacity has been permanently shut down.

To succeed in the current North American circuit board market, companies must be focused on viable market segments. These include the high technology, high reliability segments of the market that serve, for example, the aerospace, defense and medical industries. Companies must also be adequately invested in modern capital equipment while achieving higher rates of capacity utilization to meet the demands of the new marketplace. Success will also be based on a company being able to provide lower pricing within the context of a market which will be dominated by order response time, technology capability and the availability of materials. The combination between Circuit World and FTG was a response to these market and industry conditions.

The Company continues to make significant progress integrating the businesses, but has experienced some delays. In early December 2003, all the circuit board manufacturing operations were consolidated into one facility. Although detailed planning was undertaken to expedite the integration, it took longer than expected to raise production to expected levels. The Company has steadily increased productivity over the past two months and expects the integration to be complete by the second quarter of 2004. Additional termination costs were incurred in the first quarter of 2004, but management remains confident the benefits originally contemplated from the merger will be realized.

The Company announced on March 3, 2004 that it has signed a non-binding Letter of Intent to sell the assets of its Aerospace division to Astronics. With more than 85% of Company revenues being derived from the circuit board business and the significant improvement in this market over the last 6 months, management made the strategic decision to focus Company resources on the best opportunity to create long-term shareholder value - the supply of advanced, high technology printed circuit boards to the aerospace and defence industries.

The closing of the proposed sale is subject to a number of conditions including satisfactory due diligence by Astronics. It is expected that the closing will occur in the second quarter of this fiscal year. It is anticipated that the proceeds from the sale will be reinvested in the core circuit board business to facilitate further growth.

On March 3, 2004 the Company obtained new financing by way of a secured term loan. The loan in the amount of USD$2,800,000 is repayable over three years at an interest rate of US prime plus 2%. As a condition of the loan, should the Company sell the Aerospace division the lender may at its discretion accelerate repayment of the loan at a penalty to the Company of three months interest. The proceeds of the loan have been used to pay down the existing term loan to the Company's main lender with the balance used for working capital purposes.

March 15, 2004

MANAGEMENT'S RESPONSIBILITY for FINANCIAL STATEMENTS

The information in this annual report is the responsibility of management. The financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles and in accordance with the accounting policies set out in note 1 to the financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Management believes that reasonable care and judgment is applied in making such estimates and assumptions.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. Management reviews these accounting controls on an ongoing basis and reports its findings and recommendations to the Audit Committee of the Board of Directors.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee, consisting of 3 members, who are outside directors. This committee reviews the financial statements with management prior to submission to the Board for approval.

The Company's external auditors, Deloitte & Touche LLP, have audited the financial statements and their opinion on these statements is set out below.

Bradley C. Bourne
President and Chief Executive Officer
March 15, 2004

John Bartkiw
Chief Financial Officer
March 15, 2004

AUDITORS' REPORT

To the Shareholders of Circuit World Corporation

We have audited the balance sheets of Circuit World Corporation as at November 30, 2003 and 2002 and the statements of operations and (deficit)/retained earnings and cash flows for the year ended November 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2003 and 2002 and the results of its operations and its cash flows for the year ended November 30, 2003 in accordance with Canadian generally accepted accounting principles.

The statements of operations and retained earnings and cash flows for the year ended November 30, 2002 have not been audited.

Deloitte & Touche LLP

Chartered Accountants
Toronto, Ontario

January 9, 2004

BALANCE SHEETS

November 30, 2003 and 2002 (thousands of dollars)	2003	2002
Assets		
CURRENT		
Cash	**$ 39**	$ —
Accounts receivable	**7,470**	5,249
Inventories (Note 3)	**4,824**	2,924
Prepaid expenses (Note 12 (c))	**275**	213
Future income taxes (Note 7)	**—**	110
	12,608	8,496
PLANT AND EQUIPMENT (Note 4)	**12,242**	6,108
FUTURE INCOME TAXES (Note 7)	**3,515**	405
PROMISSORY NOTE (Note 12 (a))	**1,500**	—
GOODWILL (Note 2)	**896**	—
OTHER ASSETS	**70**	—
	$ 30,831	$ 15,009
Liabilities		
CURRENT		
Accounts payable and accrued liabilities	**$ 7,135**	$ 3,699
Accrued restructuring	**1,710**	—
Current portion of long-term debt (Note 5)	**1,473**	100
Income taxes payable	**208**	198
Due to parent (Note 12 (b))	**—**	8,299
	10,526	12,296
LONG-TERM DEBT (Note 5)	**2,066**	300
	12,592	12,596
COMMITMENTS (Note 10)		
Shareholders' Equity		
SHARE CAPITAL - COMMON SHARES (Note 6(b))	**10,347**	1,465
SHARE CAPITAL - PREFERRED SHARES (Note 2, 6(c))	**2,218**	—
CONTRIBUTED SURPLUS	**6,753**	—
(DEFICIT)/RETAINED EARNINGS	**(1,079)**	948
	18,239	2,413
	$ 30,831	$ 15,009

APPROVED BY THE BOARD

Director

R. J. Harris

Director

STATEMENTS of OPERATIONS and (DEFICIT)/RETAINED EARNINGS

Years ended November 30, 2003 and 2002 (thousands of dollars except per share amounts)	2003	2002 (unaudited)
SALES	$ 32,807	$ 25,842
COST OF SALES	23,937	20,429
	8,870	5,413
EXPENSES		
Selling, general and administrative	5,855	3,117
Amortization of plant and equipment	2,165	1,443
Interest expense on long-term debt	102	—
	8,122	4,560
OPERATING EARNINGS/(LOSS)	748	853
RESTRUCTURING COSTS (Note 2)	2,567	—
(LOSS) / EARNINGS BEFORE TAX	(1,819)	853
INCOME TAX PROVISION (Note 7)	208	285
NET (LOSS) / EARNINGS	(2,027)	568
RETAINED EARNINGS, BEGINNING OF YEAR	948	380
(DEFICIT)/RETAINED EARNINGS, END OF YEAR	$ (1,079)	$ 948
(LOSS)/EARNINGS/PER SHARE		
Basic and Diluted (Note 6(f))	$ (0.19)	$ 0.07

STATEMENTS of CASH FLOWS

Years ended November 30, 2003 and 2002 (thousands of dollars)		2003		2002 (unaudited)
Net Inflow (Outflow) of Cash Related to the Following Activites				
OPERATING				
Net (loss)/earnings	**$**	**(2,027)**	$	568
Items not affecting cash				
Restructuring costs		**1,552**		—
Future income taxes		**—**		(126)
Amortization of other assets		**83**		—
Amortization of plant and equipment		**2,165**		1,443
		1,773		1,885
Changes in non-cash operating working capital (Note 8)		**2,463**		390
		4,236		2,275
INVESTING				
Additions to plant and equipment		**(1,439)**		(1,182)
		(1,439)		(1,182)
FINANCING				
Repayment of advances to parent		**(974)**		(993)
Repayment of long-term debt		**(569)**		(100)
		(1,543)		(1,093)
INCREASE in CASH		**1,254**		—
CASH, BEGINNING of YEAR		**—**		—
BANK INDEBTEDNESS ACQUIRED on ACQUISITION		**(1,215)**		—
CASH END of YEAR	**$**	**39**		—
DISCLOSURE Of CASH PAYMENTS				
Interest	**$**	**102**	$	(54)
Income taxes	**$**	**503**	$	880

NOTES to the FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements of Circuit World Corporation ("the Company") have been prepared in accordance with Canadian generally accepted accounting principles and are presented in Canadian dollars.

Inventories

Raw materials and spare parts are valued at the lower of cost and replacement cost. Work-in-process and finished goods are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Plant and equipment

Plant and equipment are recorded at cost, net of related government grants and investment tax credits. The assets are amortized using the straight-line method over their estimated useful lives as follows:

Machinery and equipment	5 to 7 years
Furniture and fixtures	4 years
Computer equipment	4 years
Computer software	3 years
Leasehold improvements	Term of the lease plus term of first renewal option

Other assets

The costs relating the re-negotiation of the credit facilities in 2003 are being amortized over the life of the related long-term liability.

Goodwill

The Company accounts for goodwill in accordance with the provisions of Section 3062 of the Canadian Institute of Chartered Accountants Handbook, whereby the purchase price of an acquired business is allocated to all assets and liabilities including identifiable intangible assets based on their fair values. Any purchase price amount in excess of those fair values is recorded as goodwill. Goodwill is not amortized, but must be tested annually for impairment on a fair value basis, and where the carrying value exceeds fair value, a goodwill impairment must be recorded.

Revenue recognition

Revenue from the sale of manufactured products is recognized when the product is shipped, the related liability is transferred to the customer and collectibility is reasonably assured.

Translation of foreign currencies

Assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at year-end. Revenues and expense are translated at the average monthly exchange rates. Exchange gains and losses are included in operations.

Measurement uncertainty

The preparation of the Company's financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities such as allowances for bad debts, inventory obsolescence and warranty provisions, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Due to the inherent uncertainty involved in making such estimates, actual results reported in future periods could differ from those estimates.

Income taxes

The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants on accounting for income taxes, which require the use of the liability method of accounting for income taxes. Under the liability method of tax allocation, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized.

Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet the specific criteria for capitalization.

Stock-based compensation plans

At November 30, 2003 the Company has a stock-based compensation plan for certain employees, officers and directors. No compensation expense is recognized for these plans when stock or stock options are issued. Any consideration paid on exercise of stock options or purchase of stock is credited to share capital.

2. Acquisition of Firan Technology Group

On July 30th, 2003, Circuit World Corporation ("CWC") completed the acquisition of Firan Technology Group Inc. ('FTG'), a wholly owned subsidiary of Glendale International Corp. ('Glendale'). Under the terms of the agreement, CWC issued 8,541,987 common shares to Glendale, representing 49% of the outstanding voting shares of CWC, and Glendale nominated 4 of 7 directors following the closing.

The transaction was accounted for as a reverse takeover of CWC by FTG. Legally, CWC is regarded as the parent company. However in accordance with generally accepted accounting principles, since the former shareholders of FTG have effective control over CWC after the acquisition, FTG is treated as the acquirer and CWC is treated as the acquired company. These financial statements are issued under the name of CWC but are considered a continuation of the financial statements of FTG. Being the acquiring company, the net assets of FTG are included at their book value, and the net assets of CWC are included at their fair values. The results from operations reflect the full year's operating results of FTG and four months of CWC.

The cost of the purchase allocated to the net assets of CWC as at the date of acquisition was:

Fair value of identifiable net assets	$ 7,204,000
Future tax asset	3,000,000
Goodwill	896,000
Purchase price	11,100,000
Allocated to preferred shares	$ 2,218,000
Allocated to common shares	$ 8,882,000
	$ 11,100,000

2. Acquisition of Firan Technology Group (continued)

The purchase price was obtained by multiplying the number of CWC common and preferred shares outstanding at the date of the acquisition by their average closing price ($1.25/per share) for the two-day period before and after the announcement of the merger on June 5, 2003.

On August 30, 2003, FTG and CWC were amalgamated and continued under the name Circuit World Corporation.

FTG recorded $2,567,000 in restructuring costs in the third quarter for costs associated with integrating and aligning FTG and CWC. An additional $1,516,000 of restructuring costs incurred by CWC were capitalized and included in the purchase price allocation and do not appear on the statement of operations. The total restructuring costs of $4,083,000 are made up of termination costs, transaction/professional fees, equipment write-downs and moving costs.

3. Inventories

(thousands of dollars)	**2003**	2002
Raw materials and spare parts	**$ 2,281**	$ 1,428
Work-in-process and finished goods	**2,543**	1,496
	$ 4,824	$ 2,924

4. Plant and Equipment

		2003	
(thousands of dollars)	**Cost**	**Accumulated Amortization**	**Net Book Value**
Land	**$ 88**	**$ —**	**$ 88**
Building	**1,722**	**731**	**991**
Machinery and equipment	**39,416**	**29,267**	**10,149**
Furniture and fixtures	**956**	**937**	**19**
Leasehold improvements	**3,694**	**2,699**	**995**
	$ 45,876	**$ 33,634**	**$ 12,242**

		2002	
(thousands of dollars)	Cost	Accumulated Amortization	Net Book Value
Land	$ 170	$ —	$ 170
Buildings	5,369	2,273	3,096
Machinery and equipment	14,950	12,108	2,842
	$ 20,489	$ 14,381	$ 6,108

5. Long-Term Debt

(thousands of dollars)	**2003**	2002
Promisory notes, interest free, repayable at $100,000 annually on the 26th of January	**$ 300**	$ 400
Term loan secured by a first charge on certain property, with interest at bank base rate plus 0.25% per annum, repayable in monthly principal payments of $41,000, to January 2007	**1,845**	—
Term loan secured by a first charge on certain property, with interest at bank prime plus 2.25% per annum, repayable in monthly principal payments of $7,848 to June 2005	**149**	—
Term loan of US $958,000 secured by a first charge on certain property, with interest at US bank prime plus 2.25% per annum, repayable in monthly principal payments of US $50,430 to June 2005	**1,245**	—
	3,539	400
Less amounts due within one year	**1,473**	100
	$ 2,066	$ 300

The Company has a net revolving line of credit of up to $1,500,000 with its main lendor that is secured against trade receivables and inventories. The line was not utilized at November 30, 2003.

The Company has certain debt covenants. The Company must maintain a working capital ratio of not less than 1.0:1 and a debt to equity ratio of no greater than 1.5:1. In addition, the Company shall maintain at all times an adjusted net worth of $11,000,000. The Company was in compliance with these covenants at November 30, 2003.

Principal payments required on long-term debt in each of the next four years are as follows:

(thousands of dollars)	
2004	$ 1,473
2005	1,105
2006	592
2007	369
	$ 3,539

6. Share Capital

(a) Authorized shares

The authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, with the attributes of each series to be fixed by the Board of Directors.

(b) Common shares

(thousands of dollars)	**2003**		2002	
	Number of Shares	**Stated Capital**	Number of Shares	Stated Capital
Balance, beginning of year	**7,115,640**	**$ 1,465**	7,115,640	$ 1,465
Issue of new shares	**8,541,987**	**8,882**	—	—
Balance, end of year	**15,657,627**	**$ 10,347**	7,115,640	$ 1,465

6. Share Capital (continued)

(c) Convertible preferred shares

The Company has 1,775,000 voting convertible preferred shares outstanding. The voting convertible preferred shares have the same voting rights as common shares, will pay no dividends and will be convertible into common shares of the Company on a one for one basis for no additional proceeds.

The convertible preferred shares automatically convert into common shares when the Company's yearly sales, excluding acquisitions, exceed $55,000,000 and the Company has positive yearly earnings before interest, taxes and depreciation and amortization. Otherwise, the convertible preferred shares are convertible into common shares at the discretion of the convertible preferred shareholder.

(d) Common share options and warrants

	2003
Number, beginning of year	—
Acquisition of Circuit World Corporation	849,225
Issue of options - employee stock option plan	345,000
Cancellation of options	(60,475)
Number, end of year	1,133,750

(e) Outstanding share options and warrants

November 30, 2003 (see Note 6(d))

Description	Number of Shares	Exercise Price	Vesting	Expiry Date
Employee options	8,225	$ 6.00	Vested	2005
Employee options	49,125	$ 2.80	Vested	2007
Employee options	190,000	$ 2.00 – $ 2.80	Vested	2008
Employee options	100,000	$ 1.20	Vested	2009
Employee options	372,400	$ 1.90 – $ 2.60	2002 – 2004	2006
Employee options	414,000	$ 1.70 – $ 1.71	2003 – 2006	2008 – 2009
Number end of year	1,133,750			

November 30, 2003

Range of Exercise Prices	Number Outstanding at November 30, 2003	Weighted – Average Remaining Contractual Life	Weighted – Average Exercise Price	Number Exercisable at November 30, 2003	Weighted – Average Exercise Price
$ 1.20	100,000	6.3 years	$ 1.20	100,000	$ 1.20
$ 1.70	414,000	5.8 years	$ 1.70	43,000	$ 1.70
$ 1.90 – $ 2.40	184,400	5.2 years	$ 2.04	184,400	$ 2.04
$ 2.50 – $ 3.00	427,125	3.3 years	$ 2.68	340,292	$ 2.70
$ 6.00	8,225	1.0 years	$ 6.00	8,225	$ 6.00
Number, end of year	1,133,750			675,917	

6. Share Capital (continued)

(f) Earnings per share

The following table sets forth the computation of basic and diluted (loss)/earnings per share:

(thousands of dollars)	**2003**	2002 (unaudited)
Numerator		
Net (loss)/earnings	**$ (2,027)**	$ 568
Numerator for basic (loss)/earnings per share - net loss applicable to common shares	**(2,027)**	568
Effect of dilutive securities:		
Numerator for diluted (loss)/earnings per share - net loss applicable to common shares	**$ (2,027)**	$ 568
Denominator		
Denominator for basis (loss)/earnings per share - weighted average shares	**10,959**	8,541
Effect of dilutive securities:		
Options	**—**	28
Denominator for diluted (loss)/earnings per share – adjusted weighted average shares and assumed conversions	**10,959**	8,569
Basic and diluted (loss)/earnings per share	**$ (0.19)**	$ 0.07

(g) Pro forma stock based compensation to employees

As permitted under Canadian generally accepted accounting principles, stock based compensation is not recorded in the accounts of the Company under the fair value method of accounting for all employee stock based compensation. The Company must however disclose the pro forma effect on net loss and loss per share the options would have on the Company if accounted for under the fair value method.

The fair value of stock options used to compute pro forma net loss and net loss per share is the estimated fair value at grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

Weighted Average assumptions	Year ended November 30, 2003
Expected dividend	0.00%
Expected volatility	73.2%
Risk-free interest rate	5.00%
Expected option life in years	6 years

Had the Company applied the fair value method, the reported net loss and loss per common share would have increased to the pro forma amounts indicated below for the year ended November 30, 2003.

	2003
Net loss – as reported	$ (2,027)
Pro forma stock option expense	80
Net loss – pro forma	(2,107)
Basic and diluted loss per share – as reported	$ (0.19)
Pro forma stock option expense impact	—
Basic and diluted loss per share – pro forma	$ (0.19)

7. Income Taxes

The Company accounts for income taxes under the liability method. Under the liability method, a future tax asset would be recorded only to the extent that, based on available evidence, it is more likely than not that a future tax asset would be realized. The tax asset will be reduced by a valuation allowance to the extent that it is more likely than not that the asset would not be realized. The valuation allowance will be reviewed and adjusted, as appropriate for each reporting period.

(thousands of dollars)	**2003**	2002
Future tax asset for:		
Tax losses carried forward	**$ 1,106**	$ —
Future tax deductions	**58**	—
Non-deductible reserves	**600**	110
Excess of undepreciated capital cost for tax purposes over net book value of plant and equipment	**7,722**	405
	9,486	515
Valuation allowance	**5,971**	—
Future tax asset	**$ 3,515**	$ 515

(thousands of dollars)	**2003**	2002 (unaudited)
Provision for income taxes		
Income taxes at statutory rate	**$ (597)**	$ 285
Permanent differences	**14**	—
Future tax deductions	**(13)**	—
Non-deductible reserves	**423**	—
Valuation allowance	**241**	—
Excess of amortization over capital cost allowance	**140**	—
Provision for income taxes	**$ 208**	$ 285

If not utilized, the Company's non-capital loss carry forwards at November 30, 2003 will expire as follows:

2005	$ 66
2009	2,800
2010	376
	$ 3,242

8. Changes in Non–Cash Operating Working Capital

The changes in non-cash operating items are comprised of the following:

(thousands of dollars)	**2003**	2002 (unaudited)
Accounts receivable	**$ 1,768**	$ 462
Inventories	**209**	714
Prepaid expenses	**24**	43
Income taxes payable	**10**	(419)
Accounts payable and accrued liabilities	**(1,258)**	(410)
Accrued restructuring	**1,710**	—
	$ 2,463	$ 390

9. Financial Instruments

The Company's earnings are affected by fluctuations in interest rates and foreign exchange rates, and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to interest rate risk. The Company enters into foreign exchange contracts with respect to its anticipated future cash flows from time to time.

Fair value

The Company has determined that the estimated fair value of financial instruments approximated their carrying value at November 30, 2003 and 2002, except for the non interest bearing promissory note with an estimated fair value of $1,380,000. Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers. However, the Company has a number of customers, which minimizes concentration of credit risk, and the Company carries insurance with respect to certain of these customers.

Foreign currency risk

Foreign currency risk arises because of fluctuations in exchange rates. The Company conducts a significant portion of its business activities in foreign currencies, primarily United States dollars. The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the Canadian dollar and these foreign currencies. The Company recognized foreign exchange losses in 2003 of $1,059,000 as compared to $5,000 in 2002.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. Significant portions of the Company's debt obligations are subject to interest rates which vary with the lending institution's prime rates. The Company does not use derivative financial instruments to mitigate interest rate risk.

10. Commitments

a) Minimum net annual rentals under operating leases for plant and office premises are as follows:

(thousands of dollars)	
2004	$ 270
2005	60
2006	55
	$ 385

The lease on one of the premises expires in June 2004, and includes an option to renew for five years at the market rate.

b) The Company operates an Employee Stock Ownership Plan (ESOP) whereby all employees are eligible to participate. Employees who participate are eligible to contribute 3% of their base earnings towards the open market purchase of the Company's common shares. The Company matches 50% of the employee's contribution each month. If certain yearly business targets are attained, the Company will contribute an additional 50%. The Company contributed $30,200 towards the ESOP in 2003. All Company contributions are used for the purchase of Company shares on behalf of the employees.

c) As at year-end the Company had entered into US dollar forward sales contracts maturing in December 2003 of US $700,000 at a rate of 1.318. At November 30, 2003, the face value of these forward exchange contracts exceeded the fair value by approximately $14,000.

11. Segmented Information and Export Sales

Operating Segments

	2003			2002 (unaudited)		
(thousands of dollars)	**Circuits**	**Aerospace**	**Total**	Circuits	Aerospace	Total
Sales	**$ 25,295**	**$ 7,512**	**$ 32,807**	$ 18,239	$ 7,603	$ 25,842
Amortization of plant, and equipment	**1,689**	**476**	**2,165**	851	592	1,443
Interest expense on long-term debt	**102**	**—**	**102**	—	—	—
Income tax provision	**195**	**133**	**328**	205	80	285
Net (loss)/earnings	**(2,727)**	**580**	**(2,147)**	410	158	568
Segment assets	**26,873**	**3,958**	**30,831**	10,466	4,543	15,009
Additions to plant, and equipment	**1,292**	**147**	**1,439**	1,091	91	1,182

Export sales were $26,810,000 and $20,686,000 during 2003 and 2002, primarily into the US market.

12. Related Party Transactions

a) The $1,500,000 promissory note is due from the Company's controlling shareholder. The note is non-interest bearing and matures at the earlier of July 25, 2005 or upon the divestiture, transfer or sale of certain property. The promissory note is secured by a specific charge on this property.

Upon disposal of the property, should the controlling shareholder receive, net of expenses, proceeds greater than $1,850,000, 50% of the excess proceeds will be due and payable to the Company.

b) The non-interest bearing amount due to the parent company of FTG was due on demand. The amount was credited to contributed surplus prior to the acquisition of FTG (Note 2).

c) Included in prepaid expenses at year-end was a $20,000 advance to the Chief Executive Officer. This amount was repaid in December 2003.

13. Subsequent Events

Subsequent to year-end the Company terminated the employment of certain individuals. It is estimated that the cost of these terminations will total $1,200,000. The Company expects to pay these amounts into 2005.

The Company entered into US dollar forward sales contracts following its year-end maturing through April 2004 of US $2,100,000 at varying rates of 1.311 to 1.315.

CORPORATE DIRECTORY

DIRECTORS

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Chairman, Circuit World Corporation
and Corporate Consultant

Bradley C. Bourne
President and Chief Executive Officer
Circuit World Corporation

Patrick Bermingham
President
Bermingham Construction

Edward C. Hanna
Chairman, Chief Executive Officer and President
Glendale International Corp.

David McLeish
Chairman
Octagon Capital Corporation

Philip L. Szabo
Chief Financial Officer
Glendale International Corp.

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Vice-President and Chief Financial Officer
Circuit World Corporation

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STOCK LISTING

The Company's shares are traded on the Toronto Stock Exchange under the symbol CCW.

ANNUAL GENERAL MEETING

All shareholders and other interested parties are cordially invited to attend the Annual General Meeting of Shareholders on : **Thursday, April 29, 2004 at 4:30 pm** at the
Toronto Board of Trade, Downtown Centre
1 First Canadian Place
(entrance via Bay or Adelaide Street), 3rd Floor
Toronto, Ontario, M5X 1C1
CANADA

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Printed on acid-free and chlorine-free papers using environmentally friendly ink.
Printed in Canada

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