



Partners in Performance



NEW OPPORTUNITIES

Annual Report 2004



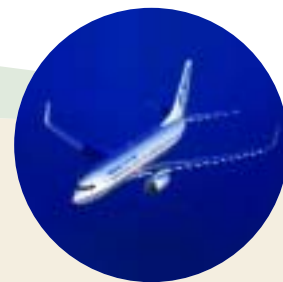
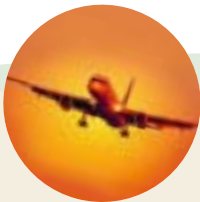
Firan Technology Group is a North American supplier of aerospace and defence electronic products and subsystems. It is a publicly traded Company on the Toronto Stock Exchange listed as "FTG".

With facilities in Canada, and the United States, FTG provides integrated design assistance, prototype development and manufacturing services complemented by quick-turn-around production runs.

FTG has two operating units, FTG Aerospace and FTG Circuits:

FTG CIRCUITS is a leading manufacturer of high technology/high reliability printed circuit boards within the North American marketplace. Its customers are technological and market leaders in the aviation, defence and other high technology industries.

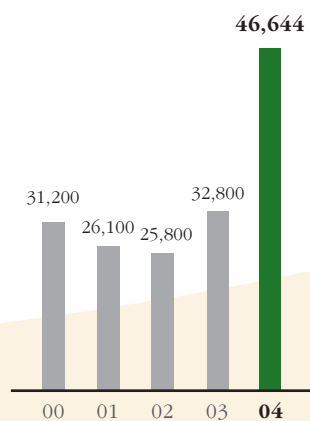
FTG AEROSPACE manufactures illuminated cockpit panels, keyboards and bezels for original equipment manufacturers of avionics products, as well as airframe manufacturers.



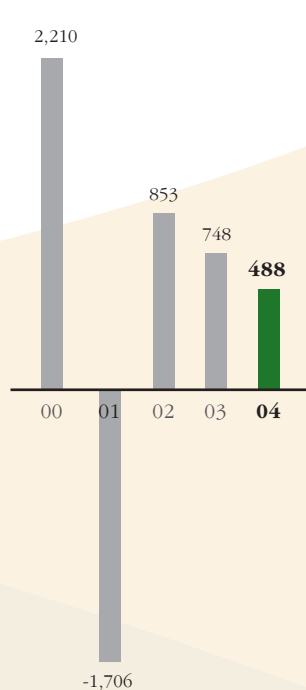
FINANCIAL HIGHLIGHTS

(thousands of dollars)	2004	2003	2002
Net sales	46,644	32,807	25,842
Operating income (before restructuring and severance)	488	748	853
Net income (loss)	(191)	(2,027)	568
Common and preferred shares	17,433	17,433	8,890
At year end:			
Total Assets	30,819	30,831	15,009
Total Long Term Debt	5,004	3,539	400
Shareholders Equity	18,093	18,239	2,413
Total Long Term Debt/Capitalization	28%	19%	17%

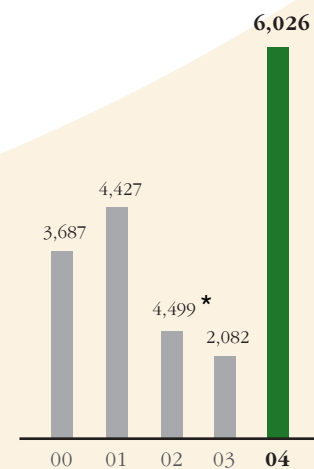
Net Sales
(thousands of dollars)



Operating Earnings
(thousands of dollars)



Working Capital
(thousands of dollars)



*excludes the due to parent of \$8,299,000

TO OUR SHAREHOLDERS

Fiscal 2004 was a pivotal year for FTG in creating a solid foundation for the future. As we close out 2004 we are a much stronger business with substantial opportunities ahead.

Early in 2004 we successfully completed the integration of the Circuit World and FTG businesses. With this accomplished, we reconsidered our strategic options for our aerospace business and concluded that our best approach would be to retain it within FTG. This decision was based on the strong outlook for the business as well as the synergies we saw with our circuits business due to the strong customer overlap. The financial results from this business through the year validate our decision.

We have continued to refine our market focus and we are now targeting aerospace and defence applications as our first priority. Through 2004 we penetrated a number of new accounts in these areas and we laid the foundation for future growth in other accounts. With our investments in quality systems and our ability to build the highest reliability products, we will also target high technology commercial applications where these capabilities differentiate us from other suppliers.

While the aerospace market remained robust throughout the year, we did see a slowdown in the circuit board industry towards the end of the year. This industry continues to see pressure from competitors in the Far East and this includes continuing downward price pressure.

Just after our year-end, our acquisition of Young Electronics, a circuit board manufacturer in California, reinforced our focus in the aerospace and defence applications. This important strategic acquisition also established us with a manufacturing presence in the United States, our largest market.

Looking forward, our focus in the company will be twofold. We will focus on continuing to improve our operational effectiveness, as there is a strong correlation between this and future growth. To do this we will focus capital expenditures in this area, we will expand our implementation of process controls, we will continue to roll out our lean manufacturing initiative and we will add key technical and management skills to our team.

Our other focus will be to continuously explore all opportunities to create shareholder value as the aerospace and circuit board industries continue to consolidate. It is clear the consolidation will continue and we need to ensure that we participate in this to the benefit of our shareholders.



Bradley C. Bourne
President and CEO



Bradley C. Bourne
President and Chief Executive Officer

John Bartkiw
Vice-President and Chief Financial Officer

REVIEW OF OPERATIONS

FTG has fabricated aerospace and defense electronic products for more than 30 years. We're proud of our experience, especially in industries where time is measured in microseconds and new technology is superseded daily. However, experience is only significant when partnered with efficiency and cutting edge innovation. Our ability to provide the right products and services to complex electronic applications keeps us in business and is also the catalyst for our long-term growth.

Over the years both businesses have built a solid customer base. Today FTG Circuits is a Canadian technology leader in the North American circuit board industry where sales are currently \$8-9 billion annually. The sub-contract segment is the fastest growing sector of the overall market and profit margins for complex circuits are typically higher than those for simpler boards used in consumer electronics. Over 70 percent of FTG's sales comes from the sale of sophisticated printed circuits to the world's leading original equipment manufacturers and their sub-contract assemblers. In addition, more than 75 percent of FTG's sales are made to leading edge Aerospace, Defense, Telecommunications and Medical industry suppliers located in the U.S.

FTG Aerospace delivered record results for the year with exceptional revenue growth. The division also contributed to the company's bottom line with strong profit and improved margins despite the appreciation of the Canadian dollar. With new marketing initiatives in place and enhanced manufacturing capacity, FTG Aerospace is ready and capable to face the challenges ahead.

Our Successes

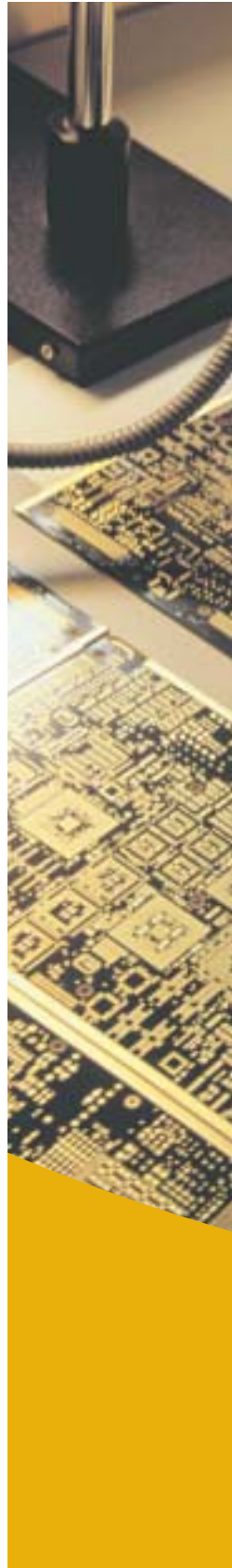
In many ways 2004 was a pivotal year for FTG. We marked milestones that when collectively considered make one thing apparent: FTG is stronger than ever and possesses a firm foundation for continued growth.

We successfully completed the merger of Circuit World Corporation and Firan Technology Group Inc. The benefits to the new organization were sizeable. We retained all our customers through the transition and transferred existing military and security certifications and approvals to the new company. In addition, we met the challenge of integrating our production staff into one streamlined facility and achieved a cost savings in excess of \$5,000,000 in the process.

As a newly formed company we made a considered decision to consolidate our products under one brand name – Firan Technology Group Corporation. To increase awareness of our new brand we introduced a new logo and visual identity, and also launched a comprehensive new website, www.firantechnology.com.

To ensure that FTG has access to the working capital necessary to finance long-term growth plans we secured a strong financial partner in the Royal Bank of Canada. Signing the \$11,250,000 multi-year banking agreement will allow us to penetrate new markets and continue producing innovative products for an expanding customer base.

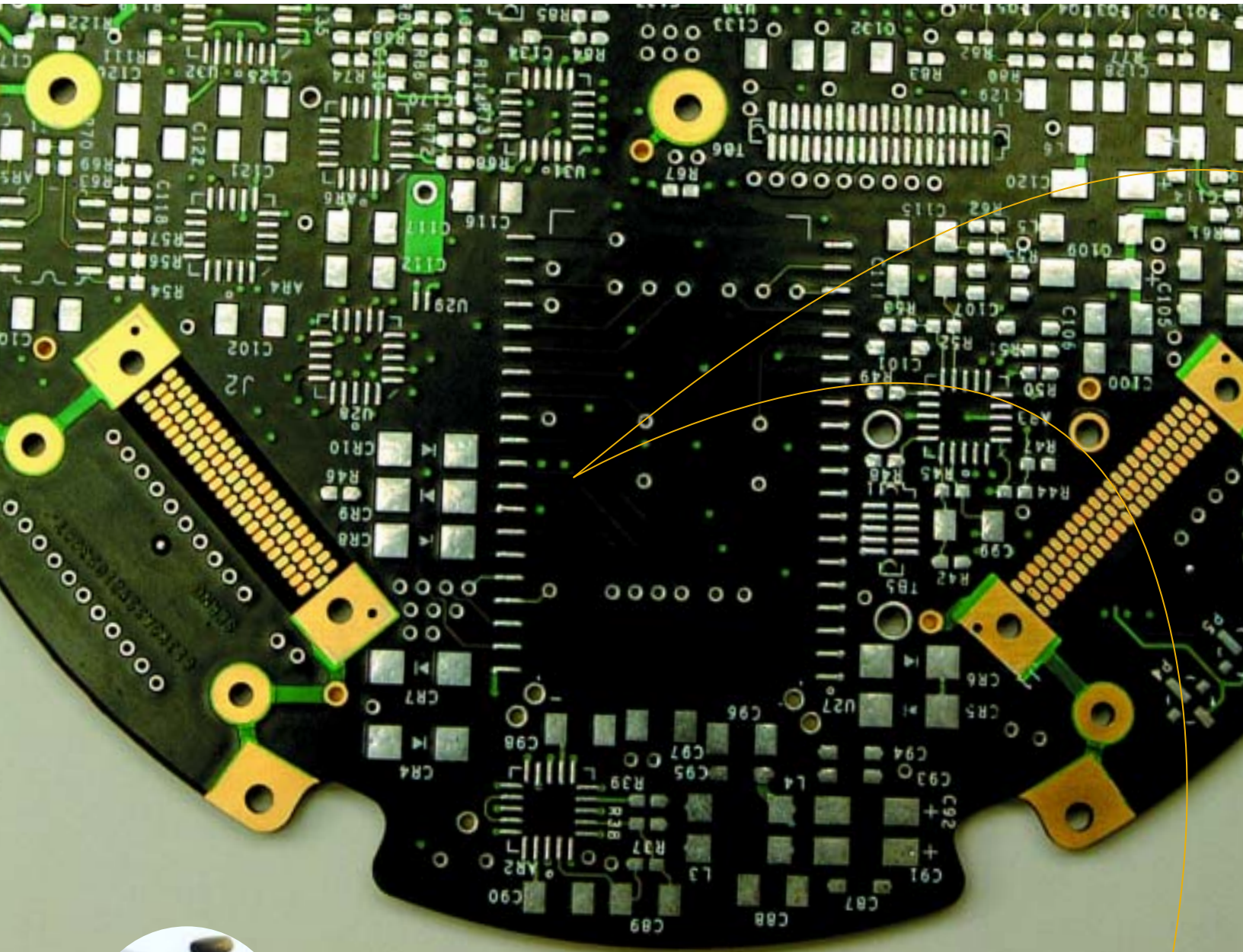
One of our biggest achievements in 2004 was the purchase of Young Electronics, a profitable Los Angeles, California based printed circuit board business. This strategic acquisition gives FTG instant access to one of the largest concentrations of aerospace and defense industries in the U.S. By owning a U.S. operation we will also surmount purchasing barriers many U.S. defense firms have put in place when it comes to buying products and services from outside the United States. In addition, our ownership in Young Electronic will help reduce currency risks and minimize our exposure to the strengthening Canadian dollar.





STRATEGIC INVESTMENTS

REVIEW OF OPERATIONS



ADVANCED TECHNOLOGY



Our Challenges

Although 2004 was successful, it was not without its challenges. At the beginning of the year we experienced a six-week delay in the integration of the two printed circuit board manufacturing facilities. By mid January, the manufacturing integration was completed and our facilities were again running at a normalized rate.

Our sales and profitability were also negatively affected as the Canadian dollar strengthened against its U.S counterpart. To manage exposure to currency risks we enter into foreign exchange contracts on a regular basis. By employing this strategy, in combination with the benefits accrued from the newly streamlined operating procedures, we returned to profitability in the second and third quarters of 2004.

Looking Forward

The printed circuit board is omnipresent: It is the fundamental component of every piece of electronic equipment in use around the world today. Since computer chips must be mounted on a platform of some kind, the circuit board is, and will almost certainly continue to be, the only product that can fulfill this role.

Competing in the printed circuit board arena is demanding and the players are aggressive. While 2004 was the best year the industry has experienced in a long time, the market softened during the latter part of the year and business indicators point to a flat 2005 for the North American marketplace. The sector has also been hit with price increases from its suppliers due to rising commodity costs. The anticipated challenges for FTG Circuits will likely be: increased competition and decreased opportunities to boost end customer pricing.

Building on past year's organizational improvements, FTG Aerospace is ready to embark on an aggressive expansion of its client base and market share. The division will also continue to implement the deployment of new technologies and product development processes while continuing to refine the existing manufacturing capabilities.

FTG's fundamental strengths — like quality products, responsive customer service, innovation, efficiency and experience — are big advantages for managing challenge and for increasing market share. We will focus our energy and resources on sectors with the greatest opportunities for sustainable growth and profitability. We believe the best returns will be realized in the aerospace/military and the high reliability/high technology commercial markets, and in the past year we have shaped our new company to meet the needs of these two important sectors. As an energized FTG moves forward we are confident we will provide our shareholders with a strong return on their investment.

FTG Circuits Division

FTG Circuits designs and fabricates high technology, highly reliable multilayer rigid and flexible printed circuit boards. Our customers are technological and market leaders in the aviation, defence, medical, telecommunications, test and instrumentation industries.

In 2004 the FTG Circuits Division sales were 49 percent higher than in 2003. While our year-over-year sales increased, primarily as a result of the merger, they were lower than expected. We believe the six-week delay in the integration of the two printed circuit board manufacturing facilities was the reason for this decrease.

We signed a new two year contract extension with Rockwell Collins valued at approximately USD \$6.25M. (Rockwell Collins is a U.S. provider of aviation electronic and communication solutions for government, aircraft manufacturers and more than 400 airline customers.) This business relationship reinforces our focus on the aerospace and defense markets as growth areas for FTG.

REVIEW OF OPERATIONS

In addition, FTG joined with the United States Navy and Rockwell Collins to put into action a new lean manufacturing program. This program has helped streamline FTG production enhanced the way we conduct business.

Building our Business

In 2004 FTG Circuit Division applied for and received certification from the NASA Marshall Space Flight Center. We were pleased to obtain this certification since it allows us to supply printed circuit boards to NASA and all its suppliers. This is a great achievement for FTG and will help us maximize sales opportunities in a profitable sector.

The acquisition of California based Young Electronics will help FTG Circuits achieve more focused production facilities and also increase our market penetration via partnerships with Young Electronics customers including Honeywell, Smiths Industries, Harris Corporation and Boeing.

FTG Aerospace Division

FTG Aerospace manufactures illuminated cockpit panels, keyboards and bezels for original equipment manufacturers of avionics products as well as airframe manufacturers.

2004 was a banner year for FTG Aerospace. New customer initiatives and increased manufacturing capacity spurred substantial growth. Bookings for the year exceeded \$10 million with our top five customers accounting for 46 percent of the total. Our sales were 20 percent higher than in 2003 and we are delighted to report a profit growth of 96 percent.

These results are especially noteworthy since they were achieved in the face of the strengthening Canadian dollar and a 23 percent reduction in sales to Bombardier who has consistently been our largest customer.

Revitalization and Growth

To reinforce our market position, we signed a new long-term agreement with Honeywell and made a commitment to diversify our customer base. Since we believe production capacity can limit sales, we are increasing our staff complement and also implementing new and more efficient production initiatives.

FTG Aerospace has a clear-cut plan for growth: We will increase our customer base by showcasing existing successes; expand our current product offering to include the assembly of sub-systems, invest in an increased manufacturing capacity and train our people to deliver enhanced products and services to our customers. With this plan, and a firm foundation upon which to build, FTG Aerospace is solidly positioned for growth in 2005 and beyond.





NEW MARKETS

MANAGEMENT'S DISCUSSION and ANALYSIS

This report is management's analysis of Firan Technology Group Corporation's (the "Company" and "FTG") financial results for the years ended November 30, 2004 and 2003 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

FTG is an aerospace and defence electronics product and subsystem supplier within the North American marketplace. FTG has two operating units, FTG Circuits and FTG Aerospace.

FTG Circuits is a leading manufacturer of high technology/high reliability printed circuit boards within the North American marketplace. Our customers are technological and market leaders in the aviation, defence, medical, telecommunications, test and instrumentation industries.

FTG Aerospace manufactures illuminated cockpit panels, keyboards and bezels for original equipment manufacturers of avionics products as well as airframe manufacturers.

On July 30, 2003, Circuit World Corporation ("CWC") completed the acquisition of Firan Technology Group Inc. ("FTGI"), 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 the Company.

The transaction was accounted for as a reverse takeover of CWC by FTGI. Legally, CWC is regarded as the parent company. However in accordance with Canadian generally accepted accounting principles, since the former shareholders of FTGI have effective control of CWC after the acquisition, FTGI is treated as the acquirer and CWC is treated as the acquired company.

On May 10, 2004, by way of amendment to the articles of incorporation, the Company changed its name from Circuit World Corporation to Firan Technology Group Corporation ("FTG").

RESULTS OF OPERATIONS

Sales

Sales for 2004 were \$46,644,000 an increase of 42% as compared with sales of \$32,807,000 in 2003. The increase in sales is primarily attributable to the merger between FTGI and CWC in 2003. In fiscal 2003, the two companies were merged for a period of three months as compared to 2004 when the two companies were merged for the entire year.

The Circuits division generated \$37,659,000 in sales in 2004, which was 49% higher than 2003. While sales increased year over year, primarily as a result of the merger, they were below expectations. One of the major contributors to the plan not being achieved was the challenging first quarter, which was a direct result of closing the former FTGI Circuit production facility and the impact of a 6-week delay in the integration.

In addition, overall financial performance was affected by the continual decline in the value of the US currency in terms of the Canadian dollar. When comparing the average exchange rates for 2003 and 2004, the strengthened Canadian dollar reduced the value of US dollar based sales at the Circuits division by approximately \$3,000,000 in 2004. Sales to the US accounted for 93% of the Circuits division's total sales.

Sales from the Aerospace division were \$8,985,000 for fiscal 2004, which is a 20% increase over fiscal 2003. The Aerospace division performed extremely well in 2004 as a result of new customer program wins and increased manufacturing capacity. The Aerospace division was less affected by the weakening of the US dollar as 60% of the division's sales were denominated in US dollars.

Sales to the Company's top 10 customers accounted for 64% of overall sales in fiscal 2004. This compares to 62% of overall sales in 2003. The Company's two largest customers accounted for 20% and 16% of sales respectively in fiscal 2004. The next largest customer accounted for 5% of sales in 2004.

Export sales to the United States represented 87% of overall sales as compared to 82% in 2003.

Below is a table outlining historical quarterly performance.

(thousands of dollars)	Q1-03	Q2-03	Q3-03	Q4-03	Q1-04	Q2-04	Q3-04	Q4-04
Net Sales	\$ 6,072	\$ 7,173	\$ 8,034	\$ 11,528	\$ 9,478	\$ 13,338	\$ 13,361	\$ 10,467
Net Income/(Loss)	211	251	(2,364)	(125)	(2,060)	1,138	758	(27)
Earnings/(Loss)								
per share – Basic	\$ 0.02	\$ 0.03	\$ (0.22)	\$ (0.01)	\$ (0.13)	\$ 0.07	\$ 0.05	\$ 0.00
Earnings/(Loss)								
per share – diluted	\$ 0.02	\$ 0.03	\$ (0.22)	\$ (0.01)	\$ (0.13)	\$ 0.06	\$ 0.04	\$ 0.00

Gross Margin

Gross margin increased by \$2,267,000 to \$11,137,000 or 24% of sales in 2004 as compared with \$8,870,000 or 27% in 2003. It is disappointing that gross margin as a percentage of sales decreased as the Company benefited from overall cost savings due to the merger of approximately \$5,000,000 in 2004. The majority of these savings were lost to a strengthening Canadian dollar. It is estimated that the strengthening Canadian dollar resulted in a 4% reduction in gross margin as a percentage of sales in 2004.

During the year, the Company received a research and development tax credits of \$761,000. These tax credits were accounted for as a reduction of cost of sales in the year. Consequently, gross margin as a percentage of sales improved by 1.5% as a result of this event. The tax incentive was received through the Scientific Research and Experimental Development (SR&ED) program sponsored by the federal government.

On a comparative basis, in 2003 gross margin was improved by approximately \$1,600,000 or 5% of sales as a result of one-time transactions. During the third quarter of 2003 the Company shipped approximately \$400,000 of product from the spare parts inventory, which had been previously written down to no value. And in the fourth quarter of 2003 the Company recorded a one-time non-cash adjustment to the valuation of certain finished goods and raw material inventories in the amount of a write-down of \$1,200,000.

Selling, General and Administrative

Selling, general and administrative expenses were \$7,010,000 or 15% of sales as compared to \$5,855,000 or 18% in 2003. While this category of expenditures increased over last year, it reduced as a percentage of sales, which was a result of the cost savings and synergies of the merger.

Severance Costs

The Company incurred additional restructuring costs of \$1,200,000 in the first quarter of 2004. These costs pertain to the termination of certain employees. The amount of \$898,000 was paid out in 2004, reducing the outstanding obligation to \$302,000 at year-end. The balance will be paid in 2005. There were no restructuring costs in the first quarter of 2003.

Restructuring Charges

During the second quarter the Company held an auction to sell redundant assets associated with the former FTGI manufacturing facility. This facility was permanently closed in December 2003. The proceeds from the sale exceeded management's estimates by \$313,000 and have been included in operations in the year.

Interest

Interest costs were \$240,000 in fiscal 2004 as compared to \$102,000 in 2003.

Net Income / Loss

Net loss for the year was \$191,000 or \$0.01 per share as compared with a net loss of \$2,027,000 or \$0.19 per share in fiscal 2003.

Goodwill

On July 30, 2003 the Company recognized \$896,000 of Goodwill as a result of the merger between CCW and FTGI. The Goodwill figure was calculated based on the purchase price, the estimated fair value of assets at the time of the transaction and certain assumptions relating to costs to complete, restructure and integrate the businesses. The Company underestimated acquisition day liabilities by \$143,000 and consequently adjusted the Goodwill upward by that amount in 2004.

CAPITAL EXPENDITURES

The Company invested \$1,100,000 in plant and equipment during fiscal 2004, a slight decrease from \$1,439,000 in 2003. One of the primary benefits of the merger was reduced capital spending. The expenditures related primarily to upgrades to machinery and leasehold to improve integration of the two merged businesses.

LIQUIDITY

As at November 30, 2004, the Company had \$2,870,000 in cash as compared to \$39,000 on the same date in 2003.

On July 19, 2004, the Company entered into a new banking agreement with the Royal Bank of Canada. The \$11,250,000 credit facility is made up of both operating and term facilities. The term facilities are made up of a \$1,500,000 loan due and payable on the earlier of the repayment of the \$1,500,000 promissory note owed to FTG by the Company's controlling shareholder or July 30, 2005. In addition, the Company entered into a sale lease back for certain manufacturing equipment. The US\$3,009,000 lease has a term of two years with a five-year loan amortization. All current and future borrowings are secured by a first charge on all assets of the Company. The proceeds of the term loans were used to pay down the existing term loan to the Company's lenders with the balance used for working capital purposes.

Accounts receivable at the year-end decreased 8% to \$6,867,000 from \$7,470,000 in 2003. The decrease in receivables reflects the slight decrease in shipment in the fourth quarter of 2004 as compared to last year.

In 2004, inventory decreased \$461,000 from the prior year resulting in an ending balance of \$4,363,000. The decrease was a result of lower sales and improved inventory management.

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

(thousands of dollars)	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term Debt	5,004	2,248	2,756	-	-
Operating Leases	2,367	658	1,464	245	-

CASH FLOW

Cash generated from operating activities in fiscal 2004 amounted to \$2,861,000 as compared to \$1,773,000 in 2003. The Company used \$388,000 to fund working capital in 2004. In 2003 the Company generated \$2,463,000 through reductions in working capital.

Cash used in investing activities for fiscal 2004 amounted to \$930,000 as compared to \$1,439,000 in 2003. These amounts related primarily to capital expenditures made by the Company.

Cash generated in financing activities amounted to \$1,288,000 as compared to \$1,543,000 of cash that was used to repay debt in 2003.

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. The Company's two largest customers account for 20% and 16% of sales respectively. The Company has been doing business with these customers for over 20 years and has supply agreements with both.

The Company is exposed to foreign exchange fluctuations as the majority of the sales is earned in U.S. dollars. Operating expenses are incurred mainly in Canadian dollars. However, the Company's long-term debt and most of the manufacturing materials are sourced in U.S. dollars, providing a natural economic hedge for some of our currency exposure. The Company regularly enters into forward exchange contracts to sell excess U.S. dollars generated from operations.

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

OUTLOOK

FTG Aerospace is poised for another year of growth as a result of the gains made in 2004. To achieve this growth, Aerospace needs to increase its manufacturing capacity, attract qualified personnel and enhance its manufacturing system.

The printed circuit board industry remains a highly competitive industry. While 2004 was the best year the industry experienced in many years; it appears the market has softened during the latter part of the year. Most of the current industry data points towards a flat 2005 for the North American printed circuit board industry. This will only intensify competition and reduce opportunities for industry participants to increase pricing to its end customers. This comes in an environment where the industry has received price increases from its suppliers due to rising commodity prices.

The keys to success will be to focus on the markets that present the best opportunity for profitable growth. These segments include the aerospace/military markets and the high reliability/high technology commercial markets. The Company is well positioned for future growth in these markets and believes these markets represent the best opportunities for sustainable growth that yield superior margins.

Given the industry dynamics, consolidation will continue within the industry. The viable economic size of a printed circuit board company continues to increase. The Company participated in this consolidation trend by purchasing a printed circuit board facility in 2004. On December 10, 2004 the Company acquired Young Electronics, a U.S. printed circuit board manufacturer based in Los Angeles, California and focused primarily on the aerospace, defense and oil field industries. Young Electronics had annual sales of approximately US\$10,000,000 in fiscal 2004 and was profitable. The Company financed the cash purchase price of US\$5,000,000 through a combination of a private placement of units of the Company consisting of common shares and warrants, and secured bank debt.

The purchase of Young Electronics has significant strategic benefit to the Company. The acquisition reinforces the Company's market focus in aerospace and defense applications. Young's California location places it in the center of one of the largest concentrations of aerospace and defense industries in the U.S. For the Company, a U.S. operation is expected to reduce some of the barriers U.S. defense firms have in contracting outside the country and will also help the Company to move towards more focused production facilities.

March 3, 2005

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
January 11, 2005



John Bartkiw
Chief Financial Officer
January 11, 2005

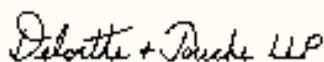
AUDITORS' REPORT

To the Shareholders of Firan Technology Group Corporation

We have audited the balance sheets of Firan Technology Group Corporation as at November 30, 2004 and 2003 and the statements of operations and deficit and of cash flows for the years then ended. 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, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Toronto, Ontario
January 11, 2005

BALANCE SHEETS

November 30, 2004 and 2003 (thousands of dollars)	2004	2003
ASSETS		
CURRENT		
Cash	\$ 2,870	\$ 39
Accounts receivable	6,867	7,470
Inventories (Note 3)	4,363	4,824
Promissory note (Note 13)	1,500	–
Prepaid expenses	396	275
	15,996	12,608
PLANT AND EQUIPMENT (Note 4)	9,923	12,242
FUTURE INCOME TAXES (Note 8)	3,684	3,515
PROMISSORY NOTE (Note 13)	–	1,500
GOODWILL (Note 2)	1,039	896
OTHER ASSETS	177	70
	\$ 30,819	\$ 30,831
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,059	\$ 7,135
Accrued restructuring and severance costs (Note 6)	663	1,710
Current portion of long-term debt (Note 5)	2,248	1,473
Income taxes payable	–	208
	9,970	10,526
LONG-TERM DEBT (Note 5)	2,756	2,066
	12,726	12,592
COMMITMENTS (Note 11)		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL – COMMON SHARES (Note 7 (b))	10,347	10,347
SHARE CAPITAL – PREFERRED SHARES (Note 7(c))	2,218	2,218
CONTRIBUTED SURPLUS (Note 7(f))	6,798	6,753
DEFICIT	(1,270)	(1,079)
	18,093	18,239
	\$ 30,819	\$ 30,831

Approved by the Board



Director



Director

STATEMENTS of OPERATIONS and DEFICIT

Years ended November 30, 2004 and 2003 (thousands of dollars except per share amount)	2004	2003
SALES	\$ 46,644	\$ 32,807
COST OF SALES	35,507	23,937
	11,137	8,870
EXPENSES		
Selling, general and administrative	7,010	5,855
Amortization of plant and equipment	3,399	2,165
Interest expense on long-term debt	240	102
	10,649	8,122
OPERATING EARNINGS BEFORE THE UNDERNOTED	488	748
SEVERANCE COSTS (Note 6)	1,200	–
RESTRUCTURING CHARGES (Note 6)	(313)	2,567
OPERATING LOSS BEFORE TAX	(399)	(1,819)
INCOME TAX (RECOVERY)/PROVISION (Note 8)	(208)	208
NET LOSS	(191)	(2,027)
(DEFICIT)/RETAINED EARNINGS, BEGINNING OF YEAR	(1,079)	948
DEFICIT, END OF YEAR	\$ (1,270)	\$ (1,079)
BASIC AND DILUTED LOSS PER SHARE (Note 7 (g))	\$ (0.01)	\$ (0.19)

STATEMENTS of CASH FLOWS

Years ended November 30, 2004 and 2003 (thousands of dollars)	2004	2003
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net loss	\$ (191)	\$ (2,027)
Items not affecting cash		
Restructuring costs	–	1,552
Future income taxes	(169)	–
Amortization of other assets	115	83
Gain on sale of plant and equipment	(293)	–
Amortization of plant and equipment	3,399	2,165
	2,861	1,773
Changes in non-cash operating working capital (Note 9)	(388)	2,463
	2,473	4,236
INVESTING		
Additions to plant and equipment	(1,100)	(1,439)
Proceeds from sale of capital assets	313	–
Increase in restructuring costs	(143)	–
	(930)	(1,439)
FINANCING		
Repayment of advances to parent	–	(974)
Proceeds from issuance of long-term debt	8,793	–
Repayment of long-term debt	(7,505)	(569)
	1,288	(1,543)
INCREASE IN CASH	2,831	1,254
CASH, BEGINNING OF YEAR	39	–
BANK INDEBTEDNESS ACQUIRED ON ACQUISITION	–	(1,215)
CASH, END OF YEAR	\$ 2,870	\$ 39
DISCLOSURE OF CASH PAYMENTS		
Payment of interest	\$ 240	\$ 102
Payment of income tax	\$ –	\$ 503

NOTES to the FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements 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	3 to 7 years
Building	20 years
Furniture and fixtures	4 years
Leasehold improvements	Term of the lease plus term of first renewal option

Impairment of long-lived assets

The Company prospectively adopted the recommendations of CICA Handbook Section 3063 "Impairment of long-lived assets" as of December 1, 2003. The adoption of these recommendations had no impact on the results of operations for 2004.

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Other assets

The costs relating to the re-negotiation of the credit facilities in 2004 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. Goodwill was tested at November 30, 2004 and no impairment existed.

Revenue recognition

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

Translation of foreign currencies

Monetary assets and liabilities are translated into Canadian dollars at the year-end rate. Non-monetary assets and liabilities are translated at rates prevailing at date of acquisition. Revenues and expenses are translated at the average monthly exchange rates. Exchange gains and losses are included in operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 uses the liability method of accounting for income taxes. Under the liability method, 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, 2004 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.

Hedging Relationships

The Company has adopted CICA Accounting Guideline 13 "Hedging Relationships" effective December 1, 2003. The guideline provides guidance related to the accounting for hedging activities and contains specific criteria for the application of hedge accounting.

The Corporation's derivative financial instruments do not qualify for hedge accounting; accordingly they have been accounted for using the fair value method. Any resulting gain or loss on the recording of derivative financial instruments at fair value is included in the statement of operations in the financial statements.

Guarantees

In the 2003 fiscal year, the Canadian Institute of Chartered Accountants ("CICA") issued Accounting Guideline 14, – disclosure of guarantees – ("AcG-14"), which addresses the disclosure to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees.

AcG-14 requires the guarantor to disclose the nature of the guarantees, the maximum potential amount of future payments and the current carrying amount of the liability for the non-contingent component of the guarantee, which is the obligation to stand ready to perform in the event that specified triggering events or conditions occur. The disclosure is required even if it is not probable that payments will be required under the guarantee or if the guarantee was issued with a premium payment or as part of a transaction with multiple elements.

The Company has adopted the disclosure requirements of AcG-14 and determined that there were no guarantees in their current contracts.

NOTES TO THE FINANCIAL STATEMENTS

2. ACQUISITION OF FIRAN TECHNOLOGY GROUP

On July 30, 2003, the 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, the 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.

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

Fair value of identifiable net assets:	
Accounts receivable	\$ 3,989,000
Inventory	2,109,000
Plant and equipment	9,752,000
Other assets	327,000
Accounts payable	(4,050,000)
Bank debt	(4,923,000)
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

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

On May 18, 2004, CWC changed its corporate name to Firan Technology Group Corporation (“the Company”).

On July 30, 2003, CWC recognized \$896,000 of goodwill as a result of the business combination between CWC and FTG. Goodwill, at the acquisition date, was calculated based on the purchase consideration, the fair value of assets acquired and certain estimates relating to costs to restructure and integrate the businesses. During the quarter ended August 27, 2004, the Company undertook a review of actual costs incurred to integrate and restructure the businesses and increased the goodwill recorded on the acquisition by \$143,000.

3. INVENTORIES

(thousands of dollars)	2004	2003
Raw materials and spare parts	\$ 2,125	\$ 2,281
Work-in-process and finished goods	2,238	2,543
	\$ 4,363	\$ 4,824

4. PLANT AND EQUIPMENT

(thousands of dollars)	2004		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 88	\$ –	\$ 88
Building	1,722	817	905
Machinery and equipment	25,269	17,379	7,890
Furniture and fixture	972	952	20
Leasehold improvements	3,906	2,886	1,020
	\$ 31,957	\$ 22,034	\$ 9,923

As a result of the merger, the Company wrote off assets with an original cost of \$10,299,000 and net book value of Nil.

Machinery and equipment includes assets under capital lease with a cost of \$8,292,000 and accumulated amortization of \$4,973,000 at November 30, 2004.

4. PLANT AND EQUIPMENT (continued)

(thousands of dollars)	2003		
	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

5. LONG-TERM DEBT

(thousands of dollars)	2004	2003
Promissory notes, unsecured and interest free, repayable at \$100,000 annually on the 26th of January	\$ 200	\$ 300
Term loan secured by a first charge on certain property, with interest at bank base rate plus 0.25%, repayable in monthly principal payments of \$41,000 to January 2007, repaid in July 2004	–	1,845
Term loan secured by a first charge on certain property, with interest at bank prime plus 2.25%, repayable in monthly principal payments of \$7,848 to June 2005, repaid in July 2004	–	149
Term loan secured by a first charge on certain property, with interest at U.S. bank prime plus 2.25%, repayable in monthly payments of U.S. \$50,430 to June 2005, repaid in July 2004	–	1,245
Term loan secured by a first charge on certain property, with interest at bank prime plus 2.00%, payable in monthly payments of interest only of \$7,200, principal due July 30, 2005	1,500	–
Capital lease in U.S. dollars for certain manufacturing equipment, with interest at 6.0%, payable in monthly interest and principal payments of U.S. \$58,712 to July 19, 2006.	3,304	–
	5,004	3,539
Less amounts due within one year	2,248	1,473
	\$ 2,756	\$ 2,066

In addition to the bank term loans above (subject to a maximum borrowing limit of the lesser of \$5,750,000 and a portion of accounts receivable and inventory), the Company has available an authorized line of credit of \$5,000,000 at a rate of prime plus 0.5%, renewable in November 2005, of which \$5,000,000 remained unused at year-end. The line of credit is secured by a first charge on certain property.

Under the terms of the bank agreement, the Company must satisfy certain restrictive covenants as to minimum financial ratios.

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

(thousands of dollars)	
2005	\$ 2,248
2006	2,756
	\$ 5,004

6. RESTRUCTURING CHARGES AND SEVERANCE COSTS

Restructuring Charges

The Company recorded a \$2,567,000 restructuring charge in the third quarter of 2003 related to the integration of FTG with CWC. The restructuring costs are comprised of workforce reduction costs of \$1,205,000 related to employee severances and benefits; charges of \$884,000 related to redundant assets; \$250,000 for relocation costs and \$228,000 for data migration.

A continuity of the restructuring accrual is as follows:

(thousands of dollars)					
	Severance and benefits	Redundant assets	Relocation costs	Data migration	Total
Initial Charge August 2003	\$ 1,205	\$ 884	\$ 250	\$ 228	\$ 2,567
Payments or draw down during the period	(85)	(884)	(53)	(77)	\$ (1,099)
November 30, 2003	1,120	-	197	151	\$ 1,468
Payments or draw down during the period	(817)	313	(132)	(196)	\$ (832)
Revision to previous estimates	-	(313)	(45)	45	(313)
November 30, 2004	\$ 303	-	\$ 20	-	\$ 323

Severance Costs

During the first quarter of 2004 Firan Technology Group Corporation terminated the employment of several individuals. It is estimated the cost of these terminations will total \$1,200,000 with \$898,000 paid out in the 2004 and the remaining \$302,000 to be paid in 2005. These costs relate to the merger occurring in 2003. In addition, \$38,000 of severance liabilities unrelated to the merger remains outstanding at year-end. The total severance obligation outstanding at November 30, 2004 is \$340,000 (\$242,000 in 2003).

7. 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)	2004		2003	
	Number of Shares	Stated Capital	Number of Shares	Stated Capital
Balance, beginning of year	15,657,627	\$ 10,347	7,115,640	\$ 1,465
Issue of new shares	-	-	8,541,987	8,882
Balance, end of year	15,657,627	\$ 10,347	15,657,627	\$ 10,347

(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 are convertible into common shares of the Company on a one for one basis for no additional proceeds.

The convertible preferred shares 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.

7. SHARE CAPITAL (continued)

(d) Common share options

The Company operates a stock option plan to encourage the ownership of common shares of the Company by certain directors, senior officers and employees of the Company. The number of shares reserved for issuance shall not exceed 1,743,263. When options are granted they are done so at the current market price and have a life of six years.

	2004	2003
Number, beginning of year	1,133,750	–
Acquisition of Circuit World Corporation	–	849,225
Issuance of options – employee stock option plan	615,500	345,000
Cancellation of options	(534,750)	(60,475)
Number, end of year	1,214,500	1,133,750

The weighted average exercise price for options issued in 2004 was \$1.82 per share (\$1.71 per share in 2003).

(e) Outstanding share options

November 30, 2004 (see Note 7 (d))

Description	Number of Shares	Exercise Price	Vesting	Expiry Date
Employee options	8,225	\$6.00	Vested	2005
Employee options	168,375	\$2.41-\$2.80	Vested	2008
Employee options	97,400	\$1.90-\$2.40	Vested	2006
Employee options	940,500	\$1.70-\$1.89	2005-2006	2008-2010
Number end of year	1,214,500			

November 30, 2003 (see Note 7(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-\$1.89	2003-2006	2008-2009
Number end of year	1,133,750			

November 30, 2004

Range of Exercise Prices	Number Outstanding at Nov. 30, 2004	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at Nov. 30, 2004	Weighted-Average Exercisable Price
\$ 1.70 – 1.89	940,500	5.6 years	\$ 1.78	353,000	\$ 1.71
\$ 1.90 – 2.40	97,400	4.1 years	\$ 2.06	97,400	\$ 2.06
\$ 2.41 – 2.80	168,375	2.2 years	\$ 2.68	168,375	\$ 2.68
\$ 6.00	8,225	0.2 years	\$ 6.00	8,225	\$ 6.00
Number, end of year	1,214,500			627,000	

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2003

Range of Exercise Prices	Number Outstanding at Nov. 30, 2003	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at Nov. 30, 2003	Weighted-Average Exercisable Price
\$ 1.20	100,000	6.3 years	\$ 1.20	100,000	\$ 1.20
1.70 – 1.71	414,000	5.8 years	\$ 1.70	43,000	\$ 1.70
\$ 1.90 – 2.60	184,400	5.2 years	\$ 2.04	184,400	\$ 2.04
\$ 2.61 – 3.00	427,125	3.3 years	\$ 2.68	340,292	\$ 2.70
\$ 6.00	8,225	1.2 years	\$ 6.00	8,225	\$ 6.00
Number, end of year	1,133,750			675,917	

(f) Contributed surplus

In connection with a term loan financing, the Company issued 100,000 warrants that enable the debtor to purchase shares of the Company at \$1.61 per share. The value attributed to these warrants was \$45,000 and has been recorded to contributed surplus.

(g) Earnings per share

The following table sets forth the computation of basic and diluted loss per share:

(thousands of dollars)	2004	2003
Numerator		
Net loss	\$ (191)	\$ (2,027)
Numerator for basic loss per share – net loss applicable to common shares	\$ (191)	\$ (2,027)
Effect of dilutive securities:		
Numerator for diluted loss per share – net loss applicable to common shares	\$ (191)	\$ (2,027)
Denominator		
Denominator for basis loss per share – weighted average shares	15,657	10,959
Effect of dilutive securities:		
Options	–	–
Denominator for diluted loss per share – adjusted weighted average shares and assumed conversions	15,657	10,959
Basic and diluted loss per share	\$ (0.01)	\$ (0.19)

The Company has 1,775,000 voting convertible preferred shares outstanding. While the convertible preferred shares have the same voting rights as common shares they are not considered in calculating basic earnings per share.

(h) 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	
Expected dividend	0.00%
Expected volatility	55%
Risk-free interest rate	5.00%
Expected option life in years	3 years

7. SHARE CAPITAL (continued)

Had the Company applied the fair value method, the reported net loss and net loss per common share would have changed to the pro forma amounts indicated below:

(thousands of dollars except per share data)	2004	2003
Net loss – as reported	\$ (191)	\$ (2,027)
Pro forma stock option expense	175	80
Net loss – pro forma	\$ (366)	\$ (2,107)
Basic and diluted loss per share – as reported	\$ (0.01)	\$ (0.19)
Pro forma stock option expense impact	\$ (0.01)	\$ –
Basic and diluted loss per share – pro forma	\$ (0.02)	\$ (0.19)

8. 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 valuation allowance will be reviewed and adjusted, as appropriate for each reporting period.

(thousands of dollars)	2004	2003
Future tax asset for:		
Tax losses carried forward	\$ 890	\$ 1,106
Future tax deductions	120	58
Non-deductible allowances	665	600
Investment Tax Credits	117	–
Excess of undepreciated capital cost for tax purposes over net book value of plant and equipment	7,759	7,722
	9,551	9,486
Valuation allowance	5,867	5,971
Future tax asset	\$ 3,684	\$ 3,515

(thousands of dollars)	2004	2003
Provision for income taxes		
Income taxes at statutory rate	\$ (84)	\$ (597)
Permanent differences	32	14
Tax losses utilized	(216)	–
Future tax deductions	62	(13)
Non-deductible reserves	65	423
Valuation allowance	(104)	241
Excess of amortization over capital cost allowance	37	140
Income tax (recovery)/provision	\$ (208)	\$ 208

Consisting of:	2004	2003
Current	\$ (39)	\$ 208
Future	(169)	–
	\$ (208)	\$ 208

If not utilized, the Company's non-capital loss carry forwards of \$2,608,000 at November 30, 2004 will expire in 2010.

9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

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

(thousands of dollars)	2004	2003
Accounts receivable	\$ 603	\$ 1,768
Inventories	461	209
Prepaid expenses	(121)	24
Income taxes payable	(208)	10
Accounts payable and accrued liabilities	(76)	(1,258)
Accrued restructuring and severance	(1,047)	1,710
	\$ (388)	\$ 2,463

10. 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, 2004 and 2003, except for the non-interest bearing promissory note estimated at \$1,415,000. 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 significant number of customers, which minimizes concentration of credit risk, and the majority of the Company's customers are large multinational stable organizations. The Company's two largest customers account for 20% and 16% of sales respectively.

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's long-term debt and most of the manufacturing materials are sourced in U.S. dollars, providing a natural economic hedge for significant portion of our currency exposure. The Company recognized foreign exchange losses in 2004 of \$186,000 as compared to \$1,059,000 in 2003.

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.

11. COMMITMENTS

(a) Minimum net annual rentals under operating leases for plant, office premises, company leased automobiles, office and maintenance equipment are as follows:

(thousands of dollars)	
2005	658
2006	576
2007	467
2008	421
2009	245
	\$ 2,367

(b) The Company operated an Employee Stock Ownership Plan (ESOP) in 2004 whereby all employees are eligible to participate. Employees who participated were eligible to contribute 3% of their base earnings towards the open market purchase of the Company's common shares. The Company contributed \$27,700 towards the ESOP in 2004 (\$30,200 in 2003). All Company contributions were used for the purchase of Company shares on behalf of the employees. The Company ceased operating this plan in December 2004 and moved to a profit sharing program.

(c) As at year-end the Company had entered into U.S. dollar forward sales contracts maturing in 2005 of U.S.\$3,750,000 at rates between 1.18 and 1.26. At November 30, 2004, the fair value exceeded the face value by approximately \$74,000 and was recorded in the financial statements as a reduction in selling, general and administration costs.

12. SEGMENTED INFORMATION AND EXPORT SALES

The Company operates in two operating segments. Circuits and Aerospace financial information is shown below:

(thousands of dollars)	Operating Segments					
	2004			2003		
	Circuits	Aerospace	Total	Circuits	Aerospace	Total
Sales	\$ 37,659	\$ 8,985	\$ 46,644	\$ 25,295	\$ 7,512	\$ 32,807
Amortization of property, plant and equipment	3,054	345	3,399	1,689	476	2,165
Interest expense on long-term debt	240	—	240	102	—	102
Income tax (recovery) provision	(177)	(31)	(208)	135	73	208
Net (loss)/earnings	(1,448)	1,257	(191)	(2,667)	640	(2,027)
Goodwill	1,039	—	1,039	896	—	896
Segment assets	24,567	6,252	30,819	26,873	3,958	30,831
Additions to property, plant and equipment	1,052	48	1,100	1,292	147	1,439

Export sales were \$40,871,000 and \$26,810,000 during 2004 and 2003, primarily to the U.S.

13. 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 proceeds greater than \$1,850,000, 50% of the excess proceeds will be due and payable to the Company.

(b) The Company rented two facilities during the year from its controlling shareholder. The Company vacated one building and continues to rent the other. The Company has accrued rental payments of \$176,000 in the accounts, which remain unpaid at November 30, 2004 and are under normal credit terms.

(c) In addition, included in accounts payable and accrued liabilities is \$447,000 owing to the Company's controlling shareholder at November 30, 2004 and are under normal credit terms.

14. SUBSEQUENT EVENTS

On December 10, 2004, the Company acquired from Ambitech International Inc. all of the shares of SnS Enterprises Inc. (dba Young Electronics), a U.S. printed circuit board manufacturer based in Los Angeles, California. FTG financed the cash purchase price of US\$5,000,000 by a combination of a private placement of units of FTG consisting of common shares and warrants, and secured bank debt.

The treasury private placement offering consists of 2,142,600 units for gross proceeds of approximately C\$3,000,000 (C\$1.40 per unit). Each unit is comprised of one common share in the capital of FTG and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of C\$1.75 until December 10, 2006. The secured bank debt consists of a US\$3,000,000 term facility and a US\$1,000,000 revolving operating facility made available to SnS Enterprises on normal commercial terms and guaranteed by FTG.

The anticipated allocation of the purchase price is as follows:

Fair value of identifiable net assets:

Accounts Receivable	2,116,000
Inventory	1,973,000
Plant and equipment	440,000
Other assets	89,000
Accounts Payable	(1,571,000)
Capital lease	(22,000)
Goodwill	3,175,000
Purchase price	<u>\$ 6,200,000</u>

CORPORATE DIRECTORY

DIRECTORS

Ray G. Harris

Chairman, Firan Technology Group Corporation
and Corporate Consultant

Bradley C. Bourne

President and Chief Executive Officer
Firan Technology Group 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.

OFFICERS

Bradley C. Bourne

President and Chief Executive Officer
Firan Technology Group Corporation

John Bartkiw

Vice-President and Chief Financial Officer
Firan Technology Group Corporation

Joseph R. Ricci

Vice-President, Finance and Administration
Firan Technology Group Corporation

ANNUAL GENERAL MEETING

All shareholders and other interested parties are cordially invited to attend the Annual General Meeting of Shareholders on:
April 28th, 2005, 4:30 p.m. at the
TSX Broadcast & Conference Centre
The Exchange Tower
130 King Street West
Toronto, Ontario

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STOCK LISTING

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





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