ADEPTRON TECHNOLOGIES CORPORATION

QUARTERLY SHAREHOLDER REPORT

Results for the Three-month and Nine-month Periods Ended September 30, 2006

TSX – 'ATQ'

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and nine-month periods ended September 30, 2006:

The following discussion of the financial condition and results of operations of Adeptron Technologies Corporation ("Adeptron" or the "Company") should be read in conjunction with the Company's Unaudited Financial Statements for three-month and nine-month periods ended September 30, 2006 as well as the Company's Audited Financial Statements and accompanying Management's Discussion and Analysis for the year-ended December 31, 2005. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Certain statements contained in the following Management's Discussion and Analysis, and elsewhere in this Quarterly Shareholder Report, including, without limitation, statements containing the words believes, anticipates, estimates, expects, and words of similar import, constitute forward-looking statements within the meaning of applicable laws and regulations. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties which could cause actual results to differ materially from those anticipated in these forward-looking statements. These risks and uncertainties include, but are not limited to: foreign currency fluctuations; variability of quarterly and annual operating results; intense competitive pressures; fluctuations in global industry conditions; narrow margins; risks related to human resources recruiting and retention; vulnerability of management information systems; indebtedness of the Company; product-related risks; revenue concentration risks; risks related to the availability of future financing; component shortages and sublease-related credit risks. These and other risks and uncertainties and factors are discussed in the Company's filings with applicable Canadian securities regulators, including the Company's Annual Information Form dated March 31, 2006 and other documents filed by the Company with Canadian securities regulators from time to time. Additional information related to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should read this Quarterly Shareholder Report and Management's Discussion and Analysis with the understanding that Adeptron's actual future results may be materially different from what we expect. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Date

This Management's Discussion and Analysis ("MD&A") is dated as of November 9, 2006.

Significant Transactions

Adeptron concluded two significant financing transactions in the third quarter of 2006.

On September 21, 2006, the Company completed a private placement financing consisting of a subordinated debenture and common share purchase warrants for aggregate gross proceeds of $5.0 million. As part of the private placement, the Company issued 6,851,000 common share purchase warrants, each of which entitles the holder thereof to purchase one common share of the Company for $0.20 per common share for a period of 5 years. The subordinated debenture has a principal amount of $5.0 million, a term of 66 months and carries interest at 12% per annum, payable monthly. Beginning on November 1, 2008, the Company will make principal

repayments of $35,000 per month for 42 months with the remaining outstanding principal due at the end of the 66 month term.

The Company has allocated the $5.0 million gross proceeds received from the private placement to debt and equity based on the relative fair values of the common share purchase warrants and the subordinate debenture. The fair value of the common share purchase warrants was determined to be $822,000 using an option-pricing model. The fair value allocated to the subordinated debenture was based on an effective interest rate of 17% and was determined to be $4,178,000. Interest expense on the subordinated debenture will be charged to earnings at the effective rate of 17%.

The subordinated debenture agreement contains various covenants that the Company must comply with including financial covenants related to the ratio of current assets to current liabilities, debt coverage, interest coverage and debt to equity.

The Company incurred financing costs of $473,000 related to the private placement and these costs have been allocated on a pro-rata basis to debt and equity, amounting to $395,000 and $78,000, respectively. The amount related to the issuance of the subordinated debenture has been recorded on the balance sheet as deferred financing costs. These deferred financing costs will be amortized over the 66 month term of the subordinated debenture and will be included in the statement of operations and deficit as interest on long-term debt. The amount allocated to equity is included as a reduction in the warrant value within shareholders' equity.

Also on September 21, 2006, the Company entered into a three-year credit agreement with a senior lender that provides the Company with a senior lending facility in the aggregate amount of up to $6,750,000. The total senior lending facility is comprised of a $6.0 million revolving credit facility and a $750,000 term loan facility. The senior credit facility is secured by a general security agreement covering substantially all of the Company's assets.

Under the revolving credit facility, the Company can borrow by way of Canadian dollar prime rate loans or U.S. dollar base rate loans. In addition, the revolving credit facility allows for the issuance of letters of credit and has a foreign exchange trading component. The maximum availability under the revolving credit facility is based on certain terms and conditions, including, but not limited to, the levels of accounts receivable and inventory and is established on an ongoing basis. Borrowings under this facility are subject to interest at the bank's prime rate plus 1% for Canadian dollar loans and U.S. base rate plus 0.5% for U.S. dollar loans and is payable monthly.

The term loan is repayable over 36 months in equal monthly instalments commencing on October 31, 2006. The term loan is subject to interest on the outstanding balance at the bank's prime rate plus 1.5% and interest is payable monthly. The term loan is classified as long term debt on the balance sheet, of which $250,000 is shown in current liabilities as current portion of long-term debt.

The credit agreement contains various covenants that the Company must comply with including financial covenants related to minimum levels of net assets and interest coverage and maximum levels of capital spending.

The Company incurred financing costs of $253,000 related to the credit agreement and these costs have been recorded on the balance sheet as deferred financing costs. These deferred

financing costs will be amortized over the three-year term of the agreement and will be included in the statement of operations and deficit as interest expense.

Overall Performance

For the three months ended September 30, 2006, the Company recorded net income of $506,000 or $0.01 per share, compared to a net loss of $11,000 in the third quarter of the prior year. This represents a $517,000 improvement in quarterly net income when compared to the third quarter of 2005. The Company has now reported its fourth consecutive quarter of positive net income and its seventh consecutive quarter of improved bottom line results.

For the nine months ended September 30, 2006, the Company reported net income of $1.3 million or $0.04 per share, compared to a net loss of $564,000 or $0.02 per share, for the same period of 2005.

EBITDA(1) for the three-month and nine-month periods ended September 30, 2006, was $894,000 and $2,451,000, respectively. This represents a significant improvement over EBITDA generated in the prior year. For the three-month and nine-month periods ended September 30, 2005, EBITDA was $330,000 and $520,000, respectively.

As described above in the section “Significant Transactions”, the Company completed two financing transactions during the quarter ended September 30, 2006. The proceeds generated from the financing transactions provided the necessary funding to fully repay the Company’s subordinated notes liability and to repay the outstanding bank operating loan liability existing with the former senior lender at the time. In addition, the new revolving credit facility provides the Company with additional availability that it did not have under its credit agreement with the former senior lender.

As a result of these financing transactions, the Company’s balance sheet has been significantly enhanced. As at September 30, 2006, the Company’s working capital balance was $4.2 million, which compares very favourably to a working capital deficit of $1.3 million at June 30, 2006 and a working capital deficit of $2.1 million at December 31, 2005.

Results of Operations

Revenue

For the three months ended September 30, 2006, revenue was $10.6 million compared to $9.7 million for the corresponding quarter of 2005, representing an increase of approximately $900,000, or 9%. This increase is primarily attributable to continued growth from existing customers complemented by revenue generated from new customer additions. Revenue for the third quarter of 2006 decreased by approximately $1.1 million, or 9%, from the second quarter of 2006 total of $11.7 million. This decrease in revenue in comparison to the prior quarter is due to a change in customer mix that resulted in a decrease in turnkey revenue and an increase in labour-only revenue. Overall, the level of manufacturing activity did not significantly change from the second to the third quarter of 2006.

For the nine months ended September 30, 2006, revenue totalled $33.0 million, an increase of $5.4 million, or 20%, when compared to the corresponding period of the prior year. The increase in year to date revenue is also largely attributable to organic growth from existing customers.

During the nine-month period ended September 30, 2006, approximately 66% of the Company's revenue was derived from USA-based and domestic-based customers with sales denominated in US dollars ("US$"). Consequently, the strengthening of the Canadian dollar ("CDN$") relative to the US$ has had an adverse effect on the Company's revenues when compared to the corresponding period of the prior year. If the effect of the change in currency rates were removed, the increase in revenue in the first nine months of 2006 in comparison to the corresponding period of 2005, would have been even greater.

Cost of Goods Sold and Gross Margin

Cost of goods sold for the three months ended September 30, 2006, was approximately $8.7 million compared to $8.3 million for the corresponding quarter of 2005, an increase of approximately $400,000, or 5%. The increase in cost of goods sold in the three months ended September 30, 2006, in comparison to the corresponding quarter of the prior year, can be primarily attributed to the higher material and labour costs directly associated with higher revenues. However, the increase in cost of goods sold was proportionately less than the increase in total revenues. As a result, gross margin increased to $1.9 million in the third quarter of 2006 from $1.4 million in the comparative quarter of the prior year. In addition, gross margin percentage increased to 18.2% in the current quarter from 14.3% in the third quarter of 2005. Even though increased revenue helped improve gross margin dollars and gross margin percentage in the current quarter, the primary factor driving this increase was the change in product and customer mix as described above.

For the nine months ended September 30, 2006, cost of goods sold was $27.2 million, compared to $23.9 million in the first nine months of 2005. The increase of $3.3 million is attributed to higher revenue levels in the first nine months of 2006 compared to the prior year. Consistent with the third quarter, gross margin percentage also increased to 17.5%, on a year to date basis, compared to 13.1% in the corresponding period of 2005.

The depreciation on manufacturing assets that have been employed to generate the revenue for a period is allocated to cost of goods sold and the depreciation on non-manufacturing assets that have been employed in selling, general and administrative areas of the business is not included in gross margin. Depreciation and amortization of $155,000 has been allocated between cost of goods sold and other expenses in the third quarter of 2006 compared to $139,000 in the corresponding quarter of the prior year. For the three months ended September 30, 2006, depreciation of $110,000 has been allocated to cost of goods sold compared to $93,000 in the previous year. The remainder of the depreciation has been charged to expenses below the gross margin line.

For the nine months ended September 30, 2006, depreciation and amortization was $441,000, compared to $400,000 in 2005. Depreciation of $310,000 has been allocated to cost of goods sold compared to $274,000 in the first nine months of 2005.

During the current quarter, the Company spent approximately $22,000 to acquire capital assets. On a year to date basis, the Company spent $361,000 in this regard. The majority of the capital spending for the nine months ended September 30, 2006, was incurred in the second quarter as a new customer project specifically justified the purchase of additional equipment. This will result in an increase in depreciation expense charged to cost of sales in future quarters in comparison to the amounts expensed in the comparative quarters of 2005.

Selling, General and Administrative Expense

Selling, General and Administrative ("SG&A") expense for the third quarter of 2006 was $1,162,000, compared to $1,150,000 for the same quarter of 2005, an increase of $12,000, or 1%. Bad debt expense increased by $45,000 in the current quarter, however, this increase was partially offset by declines in payroll costs.

For the nine months ended September 30, 2006, SG&A expense was $3.7 million, compared to approximately $3.4 million in the same period of the prior year. The increase is attributable to higher professional service costs, travel related expenses and payroll costs incurred on a year to date basis.

It is important to note that even though SG&A expense in the current quarter and on a year to date basis has increased, revenue and gross margins have increased significantly more during this same period. This is consistent with management's strategy of growing top line revenue while minimizing SG&A expense increases.

Management believes that it has taken and will continue to take reasonable measures to progressively minimize this category of expense. However, management will also take care to mitigate the potential negative implications to the business in both the short and long term that might otherwise result from excessive or imprudent cost reductions. These potential impairments could include reduced asset protection, inadequate staffing, insufficient compliance controls or lack of capability to service existing and near term prospective customers.

Interest on Subordinated Notes

Interest on subordinated notes for the three months ended September 30, 2006 was $75,000 compared to $96,000 in the prior year. The decrease is due to the fact that the prior year total of $96,000 included amortization of deferred financing costs. In addition, the terms of the warrants issued with the subordinated notes were changed in the third quarter of 2005, which resulted in an additional cost that was recorded as interest expense.

For the nine months ended September 30, 2006, interest on subordinated notes was $302,000 compared to $335,000 in the corresponding period of the prior year.

The subordinated notes liability was fully repaid during the current quarter and as a result, the Company will not incur any further interest on this debt.

Interest on long-term debt

As described in the section “Significant Transactions”, on September 21, 2006, the Company completed a private placement financing that included the issuance of a subordinated debenture. Additionally, the Company borrowed $750,000 under its new term loan facility. Both of these obligations are classified as long-term debt on the Company’s balance sheet. For the three months ended September 30, 2006, interest expense relating to the Company’s long-term debt obligation was $24,000. Included in interest expense is approximately $3,000 relating to the amortization of deferred financing costs. For the three-month period ended September 30, 2005, interest on long-term debt was nil as the Company did not have any long-term debt outstanding in the prior year.

Other Interest

Other interest is primarily the interest and associated loan fees paid on the bank operating loan. Interest for the three-month and nine-month periods ended September 30, 2006, was $123,000 and $334,000, respectively. For the three-month and nine-month periods ended September 30, 2005, other interest was $102,000 and $296,000, respectively. The increase in other interest for the three-month and nine-month periods is due to increased borrowing levels and higher interest rates in the current year, in comparison to the prior year.

As described in the section "Significant Transactions", the Company entered into a credit agreement with a new senior lender on September 21, 2006. For the current quarter, the majority of the bank operating line interest expense incurred related to the credit facility the Company maintained with its previous senior lender. Subsequent to September 21, 2006, the Company's bank operating line borrowings will be subject to the terms and conditions as contained in the new senior credit facility. In the short term, the Company expects its bank operating line cash interest expense to be lower than previously incurred due to more favourable borrowing rates. This decrease in the cash borrowing expense will be partially offset by deferred financing cost amortization expense going forward.

Depreciation

Depreciation on non-manufacturing assets for the three months ended September 30, 2006 was $45,000 compared to $46,000 for the three months ended September 30, 2005. Depreciation of manufacturing assets is included in cost of goods sold and is discussed above in "Results of Operations – Cost of Goods Sold and Gross Margin".

For the nine months ended September 30, 2006, depreciation on non-manufacturing assets was $131,000 compared to $126,000 for the corresponding period of the prior year.

Management expects the charge for depreciation on non-manufacturing assets in the remainder of 2006 to be similar to that charged in the current quarter.

Balance Sheet

Cash at September 30, 2006 was $351,000 compared to $1,000 at December 31, 2005. The increase in the cash balance is due to the fact that the Company changed senior lenders during the quarter. Currently, the Company maintains bank accounts for cheque clearing activities with its former senior lender and conducts its bank lending activities with its new senior lender. As a result, cash balances are maintained with its former senior lender to facilitate timely payment of outstanding accounts payable.

Restricted cash at September 30, 2006 was nil compared to a 2005 year-end balance of $322,000. This was cash that was being held by the Company's former senior lender as security for the Company's obligations. The balance is nil at September 30, 2006 as the funds were included as part of the final pay out by the Company of the outstanding balance due to its former senior lender.

Working capital, defined as current assets less current liabilities, at September 30, 2006 was $4.2 million compared to a working capital deficit of $2.1 million at December 31, 2005. The rather significant increase in working capital is largely due to the private placement and credit facility financings that were completed in September 2006. In particular, the private placement financing consisting of long-term debt and equity provided the Company with net cash proceeds

of over $4.5 million that were used to repay the subordinated notes obligation, which had been classified as a current liability. The excess proceeds were applied to reduce the Company's outstanding bank operating loan liability. In addition, the improvement in working capital is attributable to the cash generated from operating activities by the Company in the first nine months of 2006.

Accounts receivable at September 30, 2006 was approximately $7.2 million compared to $6.8 million at 2005 year-end, an increase of approximately $400,000, or 6%. The increase is primarily due to timing relating to both revenues and customer receipts. In the current quarter, the revenue distribution was weighted more towards the last month of the quarter, whereas in the fourth quarter of 2005, it was weighted towards the middle month of the quarter. In addition, because the end of the quarter fell on the last day of the business week, certain regular weekly customer payments were not received until the following week.

Inventory at September 30, 2006 was approximately $5.3 million compared to approximately $4.5 million at 2005 year-end, an increase of approximately $800,000. Conversely, inventory decreased by approximately $900,000 from the March 31, 2006 balance of $6.2 million and by $500,000 from the June 30, 2006 balance of $5.8 million. Inventory levels were expected to remain higher than the year-end balance largely due to increased business activity. The Company continues to closely monitor inventory levels to ensure its investment in inventory is optimized.

Accounts payable and accrued liabilities at September 30, 2006 was approximately $6.6 million, compared to approximately $6.8 million at 2005 year-end, a decrease of $200,000.

The subordinated notes liability at September 30, 2006 was nil compared to $2,773,000 at 2005 year-end. This liability was fully repaid during the quarter.

As described in the section "Significant Transactions", on September 21, 2006, the Company completed a private placement financing that included the issuance of a subordinated debenture. The subordinated debenture liability is included in long term debt at its fair value of approximately $4.2 million. Additionally, the Company borrowed $750,000 under its new term loan facility that is repayable in thirty-six equal monthly instalments. Accordingly, $250,000 is classified as a current liability and the remainder is recorded in long-term debt. At December 31, 2005, Company did not have any outstanding long-term debt obligation.

The current and long-term portions of the restructuring accrual at September 30, 2006 were $68,000 and $178,000, respectively. The comparative balances at December 31, 2005 year-end were $80,000 and $216,000, respectively. The net decrease of $50,000 during the nine months ended September 30, 2006 is due to lease payments made, net of amounts received.

The restructuring accrual (current and long-term) balances relate to the subsidization of a Calgary sub-lease and will be paid out over the remaining lease periods, which extend through to December 31, 2011.

Summary of Quarterly Results (in thousands of dollars, except per share information)

	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004
Sales	$10,609	$11,655	$10,716	$10,645	$9,694	$9,396	$8,467	$8,457
Gross Margin	$1,935	$1,995	$1,833	$1,663	$1,383	$1,296	$932	$576
Gross Margin %	18.2	17.1	17.1	15.6	14.3	13.8	11.0	6.8
Net Income (Loss)	$506	$489	$312	$153	($11)	($90)	($463)	($987)
Basic & Diluted Income (Loss) Per Share	$0.01	$0.01	$0.01	$0.00	$0.00	$0.00	($0.01)	($0.03)

Adeptron's results of operations for the most recent eight fiscal quarters are primarily affected by the volume of sales but are also influenced by other factors such as the mix of sales between various customers and between turnkey and labour-only and fluctuating foreign exchange rates between the CDN$ and US$. The Company has not been able to determine any specific seasonality or other cyclical influences that affect the predictability of its revenues and results of operations. Instead, the Company performance is more closely tied to the general economic conditions prevailing in the electronics products sector.

The Company entered 2006 with expectations of continued revenue growth on an annual basis. The Company is experiencing increased demand from certain long standing customers as well as incremental growth from newly introduced customers. Quarterly revenues increased in the third quarter of 2006 compared to the same period in 2005. At the same time, the cost reduction initiatives that had been previously implemented have created a much improved cost structure for the business. As a result, the Company's quarterly operating results have improved for the seventh consecutive quarter to $506,000 for the three months ended September 30, 2006. For the nine months ended September 30, 2006, net income was $1.3 million.

The Company continues to focus its efforts on revenue growth in its pursuit of continuing the profitability it achieved in the last four quarters. Opportunities for further operational cost containment of a significant nature would be difficult without resorting to a fundamental restructuring of the business. Given the current prospects for future business in the near and medium term, management does not believe that such a restructuring is in the best interest of the Company. However, the Company continues to monitor expense levels both in cost of goods sold and SG&A and has made and will continue to make adjustments that result in more efficient operations as and when appropriate.

Liquidity

The Company's operating activities, before changes in non-cash working capital balances, generated $756,000 in cash in the three months ended September 30, 2006 compared to $228,000 in the same period of 2005. This increase is primarily due to the improvement in net income in the current period. Including changes in non-cash working capital items, cash used in operating activities was $205,000 for the three months ended September 30, 2006 compared to cash generated from operating activities of $659,000 in the same period of the prior year.

Increases in accounts receivable and a decline in accounts payable since June 30, 2006 caused this decline.

For the nine months ended September 30, 2006, cash generated from operating activities was $776,000 compared to a cash generated of $446,000 in the same period of the prior year. Not including changes in working capital balances, cash generated from operating activities for the nine months ended September 30, 2006 was $2.1 million compared to $251,000 in the corresponding quarter of 2005.

During the third quarter of 2006, the Company's financing activities generated $577,000 in cash in comparison to utilizing $581,000 in the same period of the prior year. The issuance of long-term debt, net of issue costs, provided over $4.5 million in proceeds during the quarter. Additionally, as part of the private placement financing completed in September 2006, proceeds of $744,000, net of issue costs, were allocated to the issuance of the common share purchase warrants. The funds provided for by the two financing transactions were used to repay the subordinated notes liability totalling $3 million and decrease the Company's outstanding bank operating loan liability as at September 30, 2006.

For the nine months ended September 30, 2006, the Company's financing activities utilized $65,000 in cash compared to utilizing $234,000 in the nine-month period ended September 30, 2005.

The Company used $22,000 in cash for investing activities during the three months ended September 30, 2006, compared to $78,000 in the same quarter of the prior year.

For the nine months ended September 30, 2006, the Company's investing activities utilized $361,000 in cash in comparison to $211,000 in the corresponding period of the prior year. The increase is primarily due to manufacturing equipment purchased during the second quarter of 2006 to support a new customer project.

At September 30, 2006, the Company had total long-term debt outstanding of approximately $4.9 million and the total amount of its restructuring accrual was $246,000.

As at September 30, 2006, principal repayments of long-term debt, the contractual obligations for restructuring accrual and all Company operating lease future payments were as follows:

($ in thousands)	Total	2006*	2007	2008	2009	2010	Beyond
Long-term Debt	5,750	42	250	320	628	420	4,090
Restructuring Accrual	246	17	64	59	68	38	—
Operating Leases	4,872	202	786	789	811	808	1,476
Total Contractual Obligations	10,778	261	1,100	1,168	1,507	1,266	5,566

* 2006 totals are for the period October 1, 2006 to December 31, 2006.

Capital Resources

Under the credit agreement entered into on September 21, 2006 with its new senior lender, the Company has a revolving credit facility of up to a maximum of $6.0 million based on certain terms and conditions that is secured by a general security agreement. The new operating credit

facility provides the Company with approximately $1.5 million of additional available credit compared to the facility with its previous senior lender. The Company will use this credit facility to finance working capital requirements. The availability of credit under this new facility is established based on certain terms and conditions, including the amount of accounts receivable and inventory available to secure the Company's borrowings. As at September 30, 2006, the Company's operating loan balance of approximately $2.1 million was well within its borrowing limit based on accounts receivable and inventory margining conditions in its agreement with its senior lender.

The Company believes that it will generate positive cashflow from operations and have sufficient availability under it new senior credit facility to fund working capital requirements over the next 12 months.

As at September 30, 2006, the Company estimates that it could significantly increase its 2005 level of revenue of $38.2 million, based on turnkey revenue, without requiring significant investment in capital assets. The Company expects that as revenue increases in the future it will lead to more optimal utilization of its automated surface mount lines, sophisticated test platforms and other equipment. The only expected significant capital expenditures in the normal course of business over the next fiscal year would be due to the execution of a supply contract with a customer having sufficient revenue volume and margin to cost justify the expenditures.

The Company cannot state with certainty that capital resources in the form of debt, including capital lease debt, or equity, in sufficient amount and on reasonable terms, will be available in the event that funding for capital expenditures should become necessary.

Related Party Transactions

During the three-month and nine-month periods ended September 30, 2006 and 2005, there were no related party transactions.

Outstanding Share Data

Adeptron has one class of voting or equity securities for which there are securities outstanding: common shares. As at the date hereof, there are 34,613,000 common shares issued and outstanding.

Adeptron also has stock options outstanding that have been granted pursuant to its stock option plan for directors, officers, employees and consultants. As at the date hereof, there are 2,650,000 such stock options outstanding, each exercisable for one common share, with various vesting and expiry dates and exercise prices ranging from $0.18 to $0.51. Accordingly, up to 2,650,000 common shares are issuable on exercise of the foregoing stock options.

Adeptron also has a total of 8,391,000 warrants outstanding, as at the date hereof, each entitling the holder to purchase one common share for specified price. 1,540,000 warrants have an exercise price of $0.25 and expire on August 31, 2007. 6,851,000 warrants have an exercise price of $0.20 and expire on September 20, 2011. Accordingly, up to 8,391,000 common shares are issuable on exercise of the foregoing warrants.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the

reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Note 3 to the 2005 audited Financial Statements discloses the significant accounting policies and methods used by Adeptron in the preparation of its financial statements. Estimates and assumptions are assessed regularly by Adeptron in light of historical results, information currently available and perceptions regarding future developments. Actual results may differ materially from these estimates and assumptions. The Company has identified the critical accounting policies affecting its financial statements. These policies are affected by the assumptions, judgements and estimates used by management in the preparation of its financial statements.

Revenue Recognition

Adeptron's revenue is derived from the sale of electronics based assemblies and sub-assemblies that have been built to customer specifications. Revenue from product sales is recognized upon shipment, when title has passed to the customer, persuasive evidence of an arrangement exists, performance has occurred, specified test criteria have been met and the earnings process is complete. The Company has no further performance obligations other than its standard manufacturing warranty.

Allowance for Doubtful Accounts

Adeptron records an allowance for doubtful accounts related to accounts receivable considered by management to be impaired. The assessment of the potential or actual impairment of accounts receivable is performed on each individual customer account and reflects the Company's knowledge of the financial condition of the customer, historical payment patterns, the aging of the account, and any other information pertinent to the assessment. Material changes in any of the assessment parameters could affect the allowance for doubtful accounts and the provision for bad debts recorded in the statements of operations and deficit.

Inventory Valuation

Inventories comprise raw materials, work-in-process and finished goods, which are valued at the lower of cost or market value, on a first-in first-out basis. Cost for work-in-process and finished goods includes the cost of materials, principally electronic components, direct labour and an allocation of overheads. Market value for raw materials inventory is replacement cost, and for work-in-process and finished goods is net realizable value. In determining market value, the Company considers factors, such as shrinkage, the aging and future demand of the inventory, past experience with specific customers and the ability to redistribute inventory to other programs or return inventory to suppliers. A change to these assumptions may affect the valuation of inventory and gross margins.

Income Tax Valuation Allowance

Adeptron records a valuation allowance against deferred income tax assets until management believes it is more likely than not that the deferred income tax asset will be realized. In light of the loss incurred in 2005 and the Company's history of losses, and the lack of certainty of future profitability, Adeptron has recorded a valuation allowance for the full amount of its deferred income tax assets. A material change to profitability could affect the estimated income tax valuation and related income tax expense.

Goodwill

Adeptron performs its goodwill impairment test annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Initially, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired. The third step is carried out if the carrying amount of a reporting unit exceeds its fair value. In this case, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss. The exercise of determining fair values is subject to management's expectations of future results for such items as revenues and expenses, cash flows and discount rates. In the prior year, management determined the fair value of the reporting unit based on the Company's market capitalization. The impact of this change in determining the fair value of the reporting unit had no effect on the financial statements. Adeptron recorded no impairment losses in 2005 and 2004. The Company has one reporting unit at December 31, 2005. Future goodwill impairment charges may result from future goodwill impairment tests.

Long-Lived Assets

The valuation of long-lived assets (capital assets) is based on the Company's expectations regarding the future cash flows to be generated by such assets. These cash flow expectations are affected by the Company's assumptions regarding specific customer and general industry conditions and the revenue streams of future periods correlating to the expected useful lives of such assets. Adeptron recorded no long-lived asset impairment losses in 2005 and 2004. Material changes to these assumptions could affect the estimated useful lives or valuation of such assets resulting in changes to depreciation charges or the recording of asset impairment charges.

Accounting Developments – Changes in Accounting Policies Including Initial Adoption

Financial Instruments – Recognition and Measurement

In January of 2005, the CICA released CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", and two related standards, Section 3865, "Hedges" and Section 1531, "Comprehensive Income". These standards reflect the view that fair value, not historical cost, is the appropriate way for measuring financial instruments. This new section is expected to be effective for the 2007 fiscal year. Under the new standards, the only financial instruments that can be carried at historical costs are items such as trade receivables, trade payables and certain financial liabilities. Otherwise, financial instruments should generally be classified as " trading", "held to maturity" or "available for sale". Financial instruments that are classified as trading will generally be stated at fair value, with unrealized gains and losses being recorded through income. Financial instruments that are classified as " held to maturity" should be carried at amortized cost. Financial instruments that are designated as "available for sale" must also be stated as fair value, but unrealized gains and losses will be applied directly to shareholders, equity in a new category called "other comprehensive income". Realized gains and losses and impairments in values on "available for sale" securities will continue to be reflected through income. Equity accounted investment will continue to be accounted for based on the principles of equity accounting. Furthermore, Section 3865 restricts which hedging relationships qualify for hedge accounting. For example, it restricts the ability to designate a non-derivative financial instrument as the hedging instrument to hedge certain foreign currency risks. The Company is currently evaluating the impact of applying the new standards.

Note:

(1) EBITDA represents earnings before interest, tax, depreciation, amortization and stock-based compensation. EBITDA is not a recognized measure under Canadian generally accepted accounting principles. However, management believes that EBITDA is a useful supplemental measure to net income (loss), as it provides investors with an indication of cash earnings prior to debt service, capital expenditure, income tax and other non-cash items. Readers should be cautioned, however, that EBITDA should not be construed as an alternative to net income (loss) determined in accordance with generally accepted accounting principles as an indicator of the Company's performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. The Company's method of calculating EBITDA may differ from the methods by which other companies calculate EBITDA and, accordingly, the EBITDA used herein may not be comparable to measures used by other companies.

EBITDA reconciliation to GAAP income/(loss) for the three-month and nine-month periods ended September 30, 2006 and 2005 are shown below (All numbers expressed in thousands):

	3-Month Period September 30, 2006	3-Month Period September 30, 2005	9-Month Period September 30, 2006	9-Month Period September 30, 2005
Net income/(loss) per GAAP	$506	($11)	$1,307	($564)
Add/(Deduct):				
Interest on subordinated notes	75	96	302	335
Interest on long-term debt	24	0	24	0
Other Interest	123	102	334	296
Depreciation and amortization	155	139	441	400
Stock-based compensation	11	4	43	53
EBITDA	$894	$330	$2,451	$520

Interim Financial Statements

Adeptron Technologies Corporation

[unaudited]
September 30, 2006

Adeptron Technologies Corporation

INTERIM BALANCE SHEETS

[unaudited]
[in thousands of dollars]

	As at September 30, 2006	**As at December 31, 2005**
	$	$
ASSETS *[note 3]*		
Current		
Cash	**351**	1
Restricted cash	**––**	322
Accounts receivable *[notes 9[b] and [c]]*	**7,177**	6,800
Inventories	**5,319**	4,462
Prepaid expenses and deposits	**288**	423
Total current assets	**13,135**	12,008
Property, plant and equipment	**1,977**	1,982
Other assets *[notes 3 and 5]*	**817**	249
Goodwill	**5,531**	5,531
	21,460	19,770
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank operating loan *[note 3]*	**2,055**	4,428
Accounts payable and accrued liabilities *[note 9[c]]*	**6,610**	6,787
Current portion of restructuring accruals *[note 4]*	**68**	80
Subordinated notes *[note 6]*	**––**	2,773
Current portion of long-term debt *[notes 3 and 5]*	**250**	––
Total current liabilities	**8,983**	14,068
Restructuring accruals *[note 4]*	**178**	216
Other long-term liabilities	**––**	24
Long-term debt *[notes 3 and 5]*	**4,682**	––
Total liabilities	**13,843**	14,308
Contingencies *[note 8]*		
Shareholders' equity		
Share capital *[note 7[b]]*	**35,058**	35,058
Contributed surplus *[note 7[c]]*	**830**	787
Warrants *[notes 5 and 6]*	**917**	112
Deficit	**(29,188)**	(30,495)
Total shareholders' equity	**7,617**	5,462
	21,460	19,770

See accompanying notes

Adeptron Technologies Corporation

INTERIM STATEMENTS OF OPERATIONS AND DEFICIT

[unaudited]
[in thousands of dollars, except per share information]

	Three-month period ended September 30		Nine-month period ended September 30	
	2006	**2005**	**2006**	**2005**
	$	$	$	$
Sales *[notes 9[b] and [c]]*	**10,609**	9,694	**32,980**	27,557
Cost of goods sold	**8,674**	8,311	**27,217**	23,946
Gross profit	**1,935**	1,383	**5,763**	3,611
Expenses				
Selling, general and administrative	**1,162**	1,150	**3,665**	3,418
Interest on subordinated notes *[note 6]*	**75**	96	**302**	335
Interest on long-term debt *[note 5]*	**24**	––	**24**	––
Other interest *[note 3]*	**123**	102	**334**	296
Depreciation and amortization	**45**	46	**131**	126
	1,429	1,394	**4,456**	4,175
Net income (loss) for the period	**506**	(11)	**1,307**	(564)
Deficit, beginning of period	**(29,694)**	(30,637)	**(30,495)**	(30,084)
Deficit, end of period	**(29,188)**	(30,648)	**(29,188)**	(30,648)
Basic and diluted income (loss) per share	**0.01**	––	**0.04**	(0.02)
Weighted average number of shares outstanding [000's]				
Basic	**34,613**	34,613	**34,613**	34,613
Diluted	**34,657**	34,613	**34,637**	34,613

See accompanying notes

Adeptron Technologies Corporation

INTERIM STATEMENTS OF CASH FLOWS

[unaudited]
[in thousands of dollars]

	Three-month period ended September 30		Nine-month period ended September 30	
	2006	**2005**	**2006**	**2005**
	$	$	$	$
OPERATING ACTIVITIES				
Net income (loss) for the period	**506**	(11)	**1,307**	(564)
Add items not involving cash:				
Depreciation and amortization	**155**	139	**441**	400
Stock-based compensation *[note 7 [c]]*	**11**	4	**43**	53
Non-cash interest expense	**84**	96	**311**	335
Amortization of lease costs	**—**	—	**—**	27
	756	228	**2,102**	251
Changes in non-cash working capital balances related to operations:				
Accounts receivable	**(672)**	(31)	**(377)**	(686)
Inventories	**477**	(948)	**(857)**	(1,598)
Prepaid expenses and deposits	**179**	(49)	**135**	(74)
Accounts payable and accrued liabilities	**(934)**	1,479	**(177)**	2,664
Restructuring accruals	**(11)**	(20)	**(50)**	(111)
Cash provided by (used in) operating activities	**(205)**	659	**776**	446
FINANCING ACTIVITIES				
Decrease (increase) in restricted cash	**325**	(2)	**322**	(6)
Issuance of long-term debt, net of issuance costs	**4,533**	—	**4,533**	—
Repayment of subordinated notes	**(3,014)**	—	**(3,014)**	—
Decrease in bank operating loan	**(1,758)**	(563)	**(2,373)**	(179)
Issuance of warrants, net of issuance costs	**744**	—	**744**	—
Deferred financing costs of operating loan	**(253)**	—	**(253)**	—
Other long-term liabilities	**—**	(16)	**(24)**	(49)
Cash provided by (used in) financing activities	**577**	(581)	**(65)**	(234)
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	**(22)**	(78)	**(361)**	(211)
Cash used in investing activities	**(22)**	(78)	**(361)**	(211)
Net increase in cash during the period	**350**	—	**350**	1
Cash, beginning of period	**1**	2	**1**	1
Cash, end of period	**351**	2	**351**	2
Supplemental cash flow information				
Interest paid	**875**	78	**1,057**	229

See accompanying notes

NOTES TO INTERIM FINANCIAL STATEMENTS

[unaudited]
[in thousands of dollars, except as noted]

September 30, 2006

1. DESCRIPTION OF THE BUSINESS

Adeptron Technologies Corporation [the "Company"] is a public company traded on the Toronto Stock Exchange under the symbol ATQ and was formed under the Business Corporations Act (Alberta). The Company's principal business activities include providing a full range of electronics manufacturing services to the global electronics market. Substantially all of the Company's identifiable assets are located in Canada and all of the Company's sales are in Canada and the United States.

2. BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"] for interim financial statements. The disclosures contained in these unaudited financial statements do not include all requirements of GAAP for annual financial statements. These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2005.

These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position of the Company as at September 30, 2006 and the results of operations and cash flows for the three-month periods and nine-month periods ended September 30, 2006 and 2005.

These unaudited financial statements are based upon accounting policies consistent with those used and described in note 3 to the December 31, 2005 financial statements.

3. BANK OPERATING LOAN

On September 21, 2006, the Company entered into a three-year credit agreement with a senior lender that provides the Company with an aggregate senior lending facility in the amount of up to $6,750. The total senior lending facility is comprised of a $6,000 revolving credit facility and a $750 term loan facility. The aggregate senior credit facility is secured by a general security agreement covering substantially all of the Company’s assets.

Under the revolving credit facility, the Company can borrow by way of Canadian dollar prime rate loans or U.S. dollar base rate loans. In addition, the revolving credit facility allows for the issuance of letters of credit and has a foreign exchange trading component. The maximum availability under the revolving credit facility is based on certain terms and conditions, including, but not limited to, the levels of accounts receivable and inventory and is established on an ongoing basis. Borrowings under this facility are subject to interest at the bank's prime rate plus 1% for Canadian dollar loans and U.S. base rate plus 0.5% for U.S. dollar loans and is payable monthly. As at September 30, 2006, the Company's bank operating loan balance of $2,055 was within its borrowing limit based on the accounts receivable and inventory margining conditions in its agreement with its senior lender. Under the revolving credit facility, the interest rate for the three-month period ended September 30, 2006 was 7.2%.

In addition, the Company borrowed $750 under its term loan facility with its senior lender. The term loan is repayable over 36 months in equal monthly installments commencing on October 31, 2006. The term loan is subject to interest on the outstanding balance at the bank's prime rate plus 1.5% and interest is payable monthly. The term loan is classified as long term debt on the balance sheet, of which $250 is shown as current portion of long-term debt.

The credit agreement contains various covenants that the Company must comply with including financial covenants related to minimum levels of net assets and interest coverage, and maximum levels of capital spending.

The Company incurred financing costs of $253 related to the credit agreement and these costs have been recorded on the balance sheet as deferred financing costs in other assets. These deferred financing costs will be amortized over the three-year term of the agreement and will be included in the statement of operations and deficit as interest expense.

Up to September 21, 2006, the Company had an agreement with another senior lender that provided the Company with a credit facility with a limit of $4,500, subject to certain terms and conditions. On September 21, 2006, the Company paid the outstanding balance relating to this credit facility, net of the term deposit held with the senior lender, to the senior lender and this credit agreement was terminated. The operating line was subject to interest at bank prime plus 3% and interest was payable monthly. The effective interest rate for the three-month and nine-month periods ended September 30, 2006 related to this credit facility was 9.0% [2005 - 7.3%] and 8.7% [2005 - 7.3%], respectively.

4. RESTRUCTURING ACCRUALS

During 2001, the Company restructured its operations resulting in the closing of its manufacturing facilities in Calgary, Alberta and the consolidation of all operations in Markham, Ontario. The restructuring resulted in staff reductions, consolidation of office and manufacturing space and the sale of non-core assets.

During the three-month and nine-month periods ended September 30, 2006, the restructuring accrual was reduced by $11 [2005 - $20] and $50 [2005 - $111], respectively.

The remaining obligation as at September 30, 2006, consists entirely of a facility lease that will be paid out over the remaining lease periods, net of sublease income, which extends through 2011.

5. FINANCING

On September 21, 2006, the Company completed a private placement financing consisting of a subordinated debenture and common share purchase warrants in the amount of $5,000. As part of the private placement, the Company issued 6,851,247 common share purchase warrants, each of which entitles the holder thereof to purchase one common share of the Company for $0.20 per common share for a period of 5 years. The subordinated debenture has a principal amount of $5,000, a term of 66 months and carries interest at 12% per annum, payable monthly. In addition, beginning on November 1, 2008, the Company will make principal repayments of $35 per month for 42 months with the remaining outstanding principal due at the end of the 66 month term.

The Company has allocated the $5,000 gross proceeds received from the private placement to debt and equity based on the relative fair values of the common share purchase warrants and the subordinate debenture. The fair value of the common share purchase warrants was determined to be $822 using an option-pricing model. The fair value allocated to the subordinated debenture was based on an effective interest rate of 17% and was determined to be $4,178. Interest expense on the subordinated debenture will be charged to earnings at the effective rate of 17%.

The carrying value for the debenture is as follows:

	September 30, 2006 $
Principal of debenture	5,000
Less amount allocated to warrants	(822)
Amount allocated to debenture	4,178
Add interest accrued but not paid	4
	4,182

The subordinated debenture agreement contains various covenants that the Company must comply with including financial covenants related to the ratio of current assets to current liabilities, debt coverage, interest coverage and debt to equity.

The Company incurred financing costs of $473 related to the private placement and these costs have been allocated on a pro-rata basis to debt and equity, amounting to $395 and $78, respectively. The amount related to the issuance of the subordinated debenture has been recorded on the balance sheet as deferred financing costs in other assets. These deferred financing costs will be amortized over the 66 month term of the subordinated debenture and will be included in the statement of operations and deficit as interest on long-term debt. The amount allocated to equity is included as a reduction in the warrant value within shareholders' equity.

6. SUBORDINATED NOTES

During 2004, the Company issued debt and equity totalling $3,250. The offering consisted of $1,000 in common share subscription receipts ["CSRs"] and $2,250 in unit subscription receipts ["USRs"].

The CSRs were each automatically converted, for no additional consideration, into one share of the Company's common stock. Each CSR was issued for $0.35. The proceeds, net of the pro-rata share of $250 of issuance costs, are included in share capital *[note 7]*.

The USRs were each automatically converted, for no additional consideration, into 22,500 subordinated notes payable with a principal amount of $100 per note and 70 common share purchase warrants per note. The subordinated notes were scheduled to mature 18 months from the date of issuance and accrue simple interest at a rate of 12% per annum. These notes were subordinated to the bank operating loan. Each common share purchase warrant was originally exercisable for one common share at a price of $0.35 for a period of 24 months. In addition, the Company's agent for the financing transaction was issued common share purchase warrants entitling the agent to acquire up to a maximum of 557,000 common shares at a price of $0.35 per share for a 24-month period.

The $2,250 of proceeds from the USRs had been split between liability and equity based on the residual method used to estimate the fair values of the subordinated notes and the warrants. The amount allocated to debt and equity was $2,141 and $109, respectively. Interest expense on the subordinated notes was accrued at 16%, being the effective rate, over the original 18-month term and was charged to the statements of operations and deficit as incurred.

In August 2005, the Company extended the maturity date of its previously issued subordinated notes. Under the terms of the extension, approved by the necessary majority of the holders of the subordinated notes, the maturity date had been extended to September 30, 2005. Interest continued to accrue at a rate of 12% per annum and was due on September 30, 2005. At that time, the Company also extended the term of the outstanding warrants held by the note holders by an additional six months to August 4, 2006. In September 2005, the Company again extended the maturity date of the subordinated notes to November 30, 2005. In November 2005, the Company arranged for another extension of the maturity date to December 31, 2005. Consistent with the terms of the original extension, interest continued to accrue at a rate of 12% per annum and was calculated based on the original principal balance of $2,250. The terms of the outstanding warrants were not changed as a result of the extensions to November 30, 2005 and December 31, 2005 of the maturity date of the subordinated notes.

In February 2006, the Company extended the maturity date once again of its previously issued subordinated notes. Under the terms of this extension, approved on February 9, 2006 by the necessary majority of the holders of the subordinated notes, the maturity date was extended to April 30, 2006. In return for the extension, the Company agreed to accrue interest at a rate of 12% per annum based, effective January 1, 2006, on the combined amount of original principal and the unpaid interest to December 31, 2005. The Company also reduced the exercise price of the outstanding common share purchase warrants from $0.35 to $0.25 and extended the term of the warrants held by note holders to August 31, 2007. The terms of the warrants issued to the Company's agent for the financing were not changed and they expired during February 2006.

The Company determined the cost related to changing the terms of the note holder warrants to be $61 using the fair value method. The cost is being allocated on a straight-line basis over the period of the extension and during the three-month and nine-month periods ended September 30, 2006, the Company recorded $15 and $61, respectively, as interest expense in this regard.

In May 2006 and in July 2006, as approved by the necessary majority of the holders of the subordinated notes, the Company extended the maturity date of its previously issued subordinated notes.

In September 2006, the Company paid $3,014 to the note holders which represented full payment of the original principal and all interest accrued and unpaid up to September 29, 2006. As a result of this payment, the Company has no further debt obligation related to these subordinated notes.

7. SHARE CAPITAL

[a] Authorized

Unlimited non-voting preferred shares
Unlimited voting common shares without nominal or par value

[b] Common shares issued

The common shares issued and outstanding as at September 30, 2006 and December 31, 2005 was 34,613,000.

[c] Stock options

The Company has established a stock option plan for its directors, officers, employees and consultants, whereby options to a maximum of 3,656,000 common shares may be granted subject to certain terms and conditions. Stock options vest over a period of up to three years and expire at various dates through 2011.

As at September 30, 2006, the exercise price of outstanding stock options was $0.18 to $0.51 [2005 - $0.28 to $4.50] per common share. Changes in the number of options, with their weighted average exercise prices for the nine-month periods ended September 30, 2006 and 2005 are summarized below:

	2006		**2005**	
	Number of options [000's]	**Weighted average exercise price** $	**Number of options** [000's]	**Weighted average exercise price** $
Outstanding, beginning of period	**2,434**	**0.43**	2,677	0.45
Granted	**430**	**0.20**	—	—
Forfeited/expired	**(205)**	**0.90**	(315)	0.39
Outstanding, end of period	**2,659**	**0.36**	2,362	0.45
Options exercisable, end of period	**2,246**	**0.39**	2,215	0.45

During the three-month and nine-month periods ended September 30, 2006, the Company recorded $11 [2005 - $4] and $43 [2005 - $53] of stock-based compensation expense. These amounts are included in selling, general and administrative expenses and contributed surplus.

For the three-month period ended September 30, 2006, the Company did not grant any employee stock options. For the nine-month period ended September 30, 2006, the weighted average estimated fair value at the date of the grant was $0.12 [2005 - nil] per option.

8. CONTINGENCIES

In connection with the February 2004 acquisition of certain operating assets of Prestec Electronics Ltd. [the "Ottawa Operations"], certain key managers signed non-competition and non-solicitation agreements, which apply whether their employment or consulting engagement is terminated either by the individual or by the Company. The agreements also provide for the payment of consideration to these individuals, based on the ongoing performance of the Ottawa Operations during the first three years after the acquisition. If earned, this compensation will be payable beginning in the second year after the acquisition transaction and ending after the fourth year after the transaction. The amount of compensation payable, if earned, will depend on a specified percentage of gross margin for the Ottawa Operations, ranging from 6% to 10% of gross margin and increasing as gross margin increases. Compensation is only payable under this arrangement if specified minimum gross margin and revenue thresholds are met. The total of all such compensation paid to all recipients over the course of the potential compensation period cannot exceed $3,000. For this maximum amount of compensation to be earned, the Ottawa Operations would need to have achieved over $30,000 in gross margin in aggregate during the applicable three-year calculation period. No amounts have been recorded since the acquisition as the performance targets have not been met.

9. FINANCIAL INSTRUMENTS

[a] Fair values

The carrying values of accounts receivable, bank operating loan, accounts payable and accrued liabilities and subordinated notes approximate their fair values due to the relatively short periods to maturity of these financial instruments.

[b] Credit risk

As at September 30, 2006, accounts receivable for the Company's two largest customers represent 38% [2005 - 42%] of the total accounts receivable balance.

[c] Foreign currency risk

The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products to customers invoiced in foreign currencies and the purchase of services, raw materials and property and equipment from suppliers invoiced in foreign currencies. The Company does not use derivative instruments to hedge its currency risk. Of the Company's accounts receivable and accounts payable at September 30, 2006, 65% [2005 - 62%] and 53% [2005 - 61%], respectively, are denominated in foreign currencies. During the nine-month period ended September 30, 2006, approximately 66% [2005 - 64%] of sales was incurred in U.S. dollars.

10. SEGMENTED INFORMATION

The Company operates in one business segment, which is the supply of electronics manufacturing services. The Company markets its services primarily in Canada and the United States.

Sales attributable to geographic location based on the location of the customer for the nine-month periods ended September 30, 2006 and 2005 are as follows:

	2006 $	**2005** $
Canada	**25,945**	22,391
United States	**7,035**	5,166
	32,980	27,557

Substantially all of the Company's identifiable assets as at September 30, 2006 and December 31, 2005 are located in Canada.

For the nine-month period ended September 30, 2006, sales to the Company's two largest customers represent 48% [2005 - 47%] of the Company's total sales. The two customers represent 31% [2005 - 35%] and 17% [2005 - 12%] of total sales, respectively.