

**Magellan Aerospace Corporation
 Third Quarter Report
 September 30, 2006**

Magellan Aerospace Corporation (the "Corporation" or "Magellan") is listed on the Toronto Stock Exchange under the symbol MAL. The Corporation is a diversified supplier of components to the aerospace industry. Through its network of facilities throughout North America and the United Kingdom, Magellan supplies leading aircraft manufacturers, airlines and defence agencies throughout the world.

Financial Results

On November 13, 2006, the Corporation released its financial results for the third quarter of 2006. The results are summarized as follows:

	Three-months ended September 30			Nine-months ended September 30		
	2006	2005	Change	2006	2005	Change
<i>(Expressed in thousands, except per share amounts)</i>						
Revenues	\$ 143,548	\$ 134,613	6.6 %	\$ 430,546	\$ 425,719	1.1 %
Net income (loss)	\$ 221	\$ (614)	-	\$ (6,104)	\$ (2,582)	-
Net earnings (loss) per share	\$ 0.00	\$ (0.01)	-	\$ (0.07)	\$ (0.03)	-
EBITDA*	\$ 10,940	\$ 9,117	20.0 %	\$ 29,994	\$ 28,742	4.4 %
EBITDA* per share	\$ 0.12	\$ 0.10	20.0 %	\$ 0.33	\$ 0.32	3.1 %

This quarterly statement contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements.

***The Corporation has included certain measures in this quarterly statement, including EBITDA, the terms for which are not defined under Canadian generally accepted accounting principles. The Corporation defines EBITDA as earnings before interest, taxes and depreciation and amortization. The Corporation has included these measures, including EBITDA, because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in various jurisdictions. Although the Corporation believes these measures are used by certain investors (and the Corporation has included them for this reason), these measures are unlikely to be comparable to similarly titled measures used by other companies.**

Management's Discussion and Analysis

The third quarter results for Magellan continue to demonstrate the improvement that is being experienced in demand in the aerospace industry, but also the pressures that are present because of increased material costs and the strengthening Canadian dollar.

Conditions in the commercial airline industry remain strong. In the past quarter, a decline in fuel costs occurred at the same time that load factors and yield were improving, and, as a result, most airlines are reporting quarterly profits. Orders for new aircraft, while not matching 2005 record levels, remain very strong. Recent orders have also been made for regional jet aircraft. Boeing has reported that their 787 Dreamliner aircraft remains on schedule for its first flight in 2007 and first deliveries to airlines in 2008. However, Airbus, in September, announced further significant delays on its A380 aircraft and delayed plans for its A350 aircraft.

Demand for business aircraft also remains robust. The recent annual convention of the National Business Aviation Association in Florida saw several new business jet models displayed and numerous orders announced. The current congestion at major airports and more stringent security on commercial airlines are two factors which are helping to drive demand.

Conditions in the defence sector are being impacted by the war in Iraq. The United States Department of Defence has concentrated its spending on a smaller number of programs, reducing the demand for spare parts for older aircraft models. There have, however, been additional orders for F-18 aircraft, for which Magellan manufactures components for both the engine and fuselage, and the Joint Strike Fighter program continues to move ahead on schedule. Magellan has been selected to manufacture several components for this aircraft.

Magellan remains focussed on improving its operations through the rejuvenation plans at four of its facilities. These plans included reorganization of the shop floor and the purchase of new machinery to make current operations more efficient. Work on these initiatives has been ongoing through the third quarter of 2006 and has largely been completed at its casting facility and remains in process at the remaining three operations. The Corporation expects to see improvements to operations beginning in the fourth quarter of 2006.

In the second quarter of 2006, Magellan recorded an impairment charge on assets at the Corporation's New York City facility, where real estate was being prepared for sale. The Corporation sold real estate in the third quarter of 2006 for proceeds of \$3.1 million, and recorded a gain of \$2.1 on this transaction in this quarter. Further real estate sales transactions are being pursued.

Revenues

	Three-months ended September 30			Nine-months ended September 30		
	2006	2005	Change	2006	2005	Change
<i>(Expressed in thousands)</i>						
Canada	\$ 67,140	\$ 62,102	8.1 %	\$ 204,343	\$ 207,086	-1.3 %
United States	47,730	46,259	3.2 %	140,959	135,230	4.2 %
United Kingdom	28,678	26,252	9.2 %	85,244	83,403	2.2 %
Total Revenue	\$ 143,548	\$ 134,613	6.6 %	\$ 430,546	\$ 425,719	1.1 %

Consolidated revenues for the third quarter of 2006 were \$143.6 million, an increase of \$8.9 million, or 6.6%, from the third quarter of 2005. The impact of foreign exchange rates muted underlying growth in the volume of shipments. Had foreign exchange rates from the third quarter of 2005 been in effect in the third quarter of 2006, revenues would have been approximately \$3.0 million higher in Canada, approximately \$3.5 million higher in the United States and approximately \$0.6 million higher in the United Kingdom, reflecting a year over year growth rate of 11.5%.

Revenues generated by commercial product sales in the third quarter of 2006 represented 67.5% (65.9% in 2005) of total revenues while defence product sales comprised the remaining 32.5% (34.1% in 2005) of revenues.

Gross Profit

	Three-months ended September 30			Nine-months ended September 30		
	2006	2005	Change	2006	2005	Change
<i>(Expressed in thousands)</i>						
Gross profit	\$ 13,052	\$ 13,465	-3.1 %	\$ 40,479	\$ 42,873	-5.6 %
Percentage of revenue	9.1 %	10.0 %		9.4 %	10.1 %	

Gross profit was \$13.1 million, or 9.1% of revenues for the three-month period ended September 30, 2006, compared to \$13.5 million, or 10.0% of revenues, in the same period in 2005. The decline in gross profit, as a percentage of revenue, in the third quarter of 2006 compared to the same period in 2005 is due to the impact of foreign exchange rates and the absence of hedging benefits, offset by changing product mix and operational efficiencies. The impact of changing foreign exchange rates and hedging benefits in the three months ended September 30, 2006 at the gross margin level was approximately \$2.9 million when compared to the same period in 2005. As mentioned above, major initiatives at four facilities are being undertaken to improve operating efficiencies at these locations. The benefit of these initiatives will be realized over the next several quarters.

Administrative and General Expenses

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Administrative and general expenses	\$ 9,999	\$ 11,552	\$ 30,259	\$ 33,763
Gain on sale of capital assets	(301)	-	(301)	(1,442)
Foreign exchange gain	(297)	(1,899)	(579)	(1,336)
Total administrative and general expenses	\$ 9,401	\$ 9,653	\$ 29,379	\$ 30,985
Percentage of revenue	6.6%	7.2%	6.8%	7.3%

Reported administrative and general expenses were \$9.4 million, or 6.6% of revenues in the third quarter of 2006 compared to \$9.7 million, or 7.2% of revenues in the same period of 2005. Included in administrative and general expenses in the three months ended September 30, 2006 are gains on the sale of assets of \$0.3 million and a foreign exchange gain of \$0.3 million. Administrative and general expenses for the three-month period ended September 30, 2005 included a foreign exchange gain of \$1.9 million. Administrative and general expenses, after adjusting for these items, represent 7.0% of revenues in the three month period ended September 30, 2006 compared to 8.6% of revenues in the same period in 2005.

Interest Expense

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Interest on bank indebtedness and long-term debt	\$ 2,162	\$ 2,399	\$ 7,174	\$ 8,783
Convertible debenture interest	1,487	1,487	4,462	4,462
Accretion charge for convertible debt	573	460	1,719	1,380
Discount on sale of accounts receivable	975	457	2,910	1,308
Total interest expense	\$ 5,197	\$ 4,803	\$ 16,265	\$ 15,933

Interest expense in the third quarter of 2006 was \$5.2 million, \$0.4 million higher than the third quarter of 2005. The higher expense is largely due to higher discounts on the sale of accounts receivable, which reflect higher amounts of accounts receivable sold.

Provision for (Recovery of) Income Taxes

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Provision for current income taxes	\$ (100)	\$ 155	\$ 83	\$ 420
(Recovery of) provision for future income taxes	428	(532)	(2,350)	(1,883)
Total provision for (recovery of) income taxes	\$ 328	\$ (377)	\$ (2,267)	\$ (1,463)
Effective Tax Rate	59.7%	38.0%	27.1 %	36.2 %

A provision for income taxes expense of \$0.3 million was recorded in the third quarter of 2006, compared to a recovery of income taxes of \$0.4 million for the third quarter of 2005. The change in effective tax rates is a result of a changing mix of income across the different jurisdictions in which Magellan operates. Permanent differences in taxable income have a greater effect on the effective tax rate at low levels of income.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Net income (loss)	\$ 221	\$ (614)	\$ (6,104)	\$ (2,582)
Interest	5,197	4,803	16,265	15,933
Taxes	328	(377)	(2,267)	(1,463)
Amortization charge (note 2)	-	-	5,301	-
Depreciation and amortization	5,194	5,305	16,799	16,854
EBITDA	\$ 10,940	\$ 9,117	\$ 29,994	\$ 28,742

EBITDA for the third quarter of 2006 was \$10.9 million, an increase of \$1.8 million from the third quarter of 2005. Income includes pre-tax gains on the disposal of capital assets of \$2.4 million. Excluding these gains, EBITDA for the third quarter of 2006 was \$8.5 million, which is a decrease of \$0.6 million from the same period in 2005.

Liquidity and Capital Resources
Cash Flow from Operations

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Decrease (increase) in accounts receivable	\$ 8,831	\$ 25,812	\$ 9,367	\$ (1,081)
Decrease (increase) in inventories	4,229	(2,825)	(15,157)	(10,433)
Decrease (increase) in prepaid expenses and other	3,220	(673)	1,391	(1,075)
Decrease in accounts payable	(18,341)	(8,188)	(11,192)	(10,577)
Changes to non-cash working capital balances	\$ (2,061)	\$ 14,126	\$ (15,591)	\$ (23,166)
Cash provided by (used in) operating activities	\$ 1,659	\$ 18,935	\$ (1,458)	\$ (10,399)

In the quarter ended September 30, 2006, the Corporation generated \$1.7 million of cash from operating activities, compared to generating \$18.9 million of cash from operating activities in the third quarter of 2005. Lower amounts of cash were generated in the third quarter of 2006 compared to the same period in 2005 because of a smaller decrease in accounts receivable and a larger decrease in accounts payable.

Investing Activities

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Purchase of capital assets	\$ (6,047)	(4,639)	\$ (20,190)	\$ (11,588)
Proceeds from disposals of capital assets	3,634	23	3,969	3,746
Decrease (increase) in other assets	949	(7,978)	(1,640)	(8,759)
Cash used in investing activities	\$ (1,464)	\$ (12,594)	\$ (17,861)	\$ (16,601)

In the third quarter of 2006, the Corporation invested \$6.0 million in capital assets to upgrade its facilities and enhance its capabilities. This was partially funded by proceeds from the sale of capital assets of \$3.6 million.

Financing Activities

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Increase (decrease) in bank indebtedness	\$ 7,051	\$ (917)	\$ 27,529	\$ 61,724
Advance (repayment) of long-term debt	378	(1,927)	4,950	(49,739)
Increase (decrease) in long-term liabilities	340	2,899	(7,697)	(5,255)
Issue of Common Shares	14	72	40	114
Issue of Preference Shares	-	-	-	19,925
Dividends on Preference Shares	(400)	-	(1,200)	-
Cash provided by financing activities	\$ 7,383	\$ 127	\$ 23,622	\$ 26,769

The Corporation renewed its bank credit agreement with its existing lenders on May 2, 2006. Under the terms of the renewed agreement, Magellan has an operating credit facility, expiring on May 26, 2007 and extendable for unlimited one-year renewal options, with a maximum credit facility of \$155.0 million. Amounts drawn under this facility bear interest at the bankers' acceptance or LIBOR rates plus 0.875%. The credit facility is fully guaranteed by N. Murray Edwards, Chairman of the Board of Directors.

Outlook

Recent events at Airbus Industries have caused a certain amount of uncertainty on the A380 program as well as the launch of the A350 XWB, but Boeing and business jet manufacturers are all reporting record order intake for commercial aircraft. Announcements by the Canadian Department of National Defence for Boeing C17 cargo aircraft and Boeing CH47 heavy lift helicopters will also present offset opportunities for Magellan operations in Canada. With the continuing demand for commercial and business jet aircraft, as well as several new defence opportunities, the Corporation is modifying its operations to improve profitability and participate in the long-term growth. Changes include rationalizing real estate needs, and increasing investment in new equipment to boost productivity and increase capacity at several operating locations, to meet future demand from increased rates on current aircraft and engine build programs. This will position the Corporation to provide supply on major new programs under development such as the Boeing 787 Dreamliner, the Airbus A350 XWB, and the Joint Strike Fighter and the associated engine programs.

The Board is pleased to announce that, effective January 1, 2007, Richard A. Neill will be appointed Vice-Chairman of Magellan Aerospace Corporation, and will continue to provide strategic direction for the Corporation. As such, he will be stepping down from his role as President and Chief Executive Officer. Also on January 1, 2007, Jim Butyniec will be appointed President and Chief Operating Officer, completing the leadership transition that has been taking place over the past year.

On behalf of the Board



N. Murray Edwards
Chairman
 November 13, 2006



Richard A. Neill
President and Chief Executive Officer

MAGELLAN AEROSPACE CORPORATION
**CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS**

(unaudited)

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands of dollars, except per share amounts)</i>				
Revenues	\$ 143,548	\$ 134,613	\$ 430,546	\$ 425,719
Cost of revenues	130,496	121,148	390,067	382,846
Gross profit	13,052	13,465	40,479	42,873
Administrative and general expenses	9,401	9,653	29,379	30,985
Facility rationalization (note 2)	(2,095)	-	3,206	-
Interest	5,197	4,803	16,265	15,933
	12,503	14,456	48,850	46,918
Income (loss) before income taxes	549	(991)	(8,371)	(4,045)
Provision for (recovery of) income taxes				
- Current	(100)	155	83	420
- Future	428	(532)	(2,350)	(1,883)
	328	(377)	(2,267)	(1,463)
Net profit/(loss) for the period	221	(614)	(6,104)	(2,582)
Retained earnings, beginning of period	99,894	113,137	107,019	115,105
Dividends	(400)	-	(1,200)	-
Net profit (loss) for the period	221	(614)	(6,104)	(2,582)
Retained earnings, end of period	\$ 99,715	\$ 112,523	\$ 99,715	\$ 112,523
Earnings per share				
Basic	\$ 0.00	\$ (0.01)	\$ (0.07)	\$ (0.03)
Diluted	\$ 0.00	\$ (0.01)	\$ (0.07)	\$ (0.03)

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED BALANCE SHEETS

(unaudited)

**As at September 30
2006**
**As at December 31
2005**
(Expressed in thousands of dollars)
ASSETS
Current

Cash	\$	11,820	\$	7,426
Accounts receivable		53,137		62,862
Inventories (note 3)		279,953		268,590
Prepaid expenses and other		8,011		9,343
Future income tax assets		3,457		3,518

Total current assets		356,378		351,739
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Capital assets		255,267		264,899
Other		47,332		46,467
Future income tax assets		48,357		50,752

Total assets	\$	707,334	\$	713,857
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LIABILITIES AND SHAREHOLDERS' EQUITY
Current

Bank indebtedness (note 4)	\$	137,808	\$	113,824
Accounts payable and accrued charges		112,243		122,978
Current portion of long-term debt		2,162		2,201

Total current liabilities		252,213		239,003
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Long-term debt		14,712		9,608
Future income tax liabilities		70,863		77,301
Convertible debentures		66,860		65,141
Other long-term liabilities		4,968		15,061

Total liabilities		409,616		406,114
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Shareholders' equity

Capital stock (note 5)		234,098		234,058
Contributed surplus		1,543		854
Other paid-in capital		11,100		11,100
Retained earnings		99,715		107,019
Foreign exchange translation (note 8)		(48,738)		(45,288)

Total shareholders' equity		297,718		307,743
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Total liabilities and shareholders' equity	\$	707,334	\$	713,857
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MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<i>(Expressed in thousands of dollars)</i>				
OPERATING ACTIVITIES				
Income (loss) for the period	\$ 221	\$ (614)	\$ (6,014)	\$ (2,582)
Add (deduct) items not affecting cash				
Depreciation and amortization	5,194	5,305	16,799	16,854
Gain on sale of capital assets	(2,095)	-	(2,095)	(1,442)
Amortization charge (note 2)	-	-	5,301	-
Stock option charge	255	190	690	440
Accretion of convertible debentures	573	460	1,719	1,380
Future income taxes (recoveries)	(428)	(532)	(2,267)	(1,883)
	3,720	4,809	14,133	12,767
Net change in non-cash working capital items relating to operating activities	(2,061)	14,126	(15,591)	(23,166)
Cash provided by (used in) operating activities	1,659	18,935	(1,458)	(10,399)
INVESTING ACTIVITIES				
Purchase of capital assets	(6,047)	(4,639)	(20,190)	(11,588)
Proceeds from disposal of capital assets	3,634	23	3,969	3,746
Decrease (increase) in other assets	949	(7,978)	(1,640)	(8,759)
Cash used in investing activities	(1,464)	(12,594)	(17,861)	(16,601)
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	7,051	(917)	27,529	61,724
Advance (repayment) of long-term debt	378	(1,927)	4,950	(49,739)
Increase (decrease) in long-term liabilities	340	2,899	(7,697)	(5,255)
Issue of Common Shares	14	72	40	114
Issue of Preference Shares	-	-	-	19,925
Dividends on Preference Shares	(400)	-	(1,200)	-
Cash provided by financing activities	7,383	127	23,622	26,769
Effect of exchange rate changes on cash	449	(5)	91	(205)
Increase (decrease) in cash	8,027	6,463	4,394	(436)
Cash, beginning of period	3,793	2,149	7,426	9,048
Cash, end of period	\$ 11,820	\$ 8,612	\$ 11,820	\$ 8,612

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of dollars except share and per share data)

1. ACCOUNTING POLICIES
Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared by the Corporation in accordance with accounting principles generally accepted in Canada on a basis consistent with those followed in the most recent audited consolidated financial statements. These unaudited consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and notes included in the Corporation's Annual Report for the year ended December 31, 2005. The Corporation's external auditors have not reviewed these financial statements.

2. FACILITY RATIONALIZATION

The Corporation has undertaken a plan of rationalization and modernization of its facilities in New York City. The Corporation's plan is to sell surplus real estate and invest the proceeds in new manufacturing equipment. In order to prepare the surplus real estate for sale, machinery and equipment has been disposed of for minimal proceeds. Accordingly, a non-cash amortization charge of \$5.3 million (\$0.04 per share on an after tax basis) was recorded in the financial statements in the second quarter of 2006. One real estate transaction has been completed and a gain of \$2.1 million has been recorded in the third quarter of 2006. Further real estate remains to be marketed.

3. INVENTORIES

The Corporation is currently negotiating with one of its customers over amendments to pricing with respect to an existing long-term contract. While it is probable that the Corporation will be successful in negotiating a favourable outcome, the final result is not determinable at the present time. If the Corporation does not successfully negotiate a pricing increase or the final terms vary from what the Corporation expects, the Corporation may be required to record a loss provision on this contract. The amount of such a provision, if any, cannot be reasonably estimated until the negotiating process is complete and amendments are finalized.

4. BANK INDEBTEDNESS

Bank indebtedness as at September 30, 2006 of \$137,808 [December 31, 2005 - \$113,824] is payable on demand and bears interest at the bankers' acceptance or LIBOR rates, plus 0.875% [5.8% at September 30, 2006]. Included in the amount outstanding at September 30, 2006 is US\$82,325 [December 31, 2005 - US\$71,000]. At September 30, 2006, the Corporation had drawn \$137,808 under the operating credit, had issued letters of credit totalling \$1,997 and had cash available of \$11,820 such that \$27,015 was unused and available. A fixed and floating charge debenture on certain of the Corporation's assets is pledged as collateral for the operating loan. The credit facility is fully guaranteed by the Chairman of the Board of Directors. An annual fee of \$155 is paid in consideration for the guarantee.

5. CAPITAL STOCK

The following table summarizes information on share capital and related matters as at September 30, 2006:

	Outstanding	Exercisable
Common Shares	90,806,558	
Common Share stock options	4,334,900	516,900
Preference shares	2,000,000	

The weighted average number of Common Shares outstanding during the three-month and nine-month periods ended September 30, 2006 was 90,803,773 and 90,799,272 respectively.

6. STOCK-BASED COMPENSATION PLAN

The Corporation has an incentive stock option plan, which provides for the granting of options for the benefit of employees and directors. The maximum number of options for Common Shares that remain to be granted under this plan is 1,015,803. Options are granted at an exercise price that will be the market price of the Corporation's Common Shares at the time of granting. Options normally have a life of five years with vesting at 20.0% at the end of the first, second, third, fourth and fifth years from the date of the grant. In addition, certain business unit income tests must be met in order for the option holder's entitlement to fully vest.

The Corporation accounts for stock options issued after January 1, 2003 using the fair value method. Compensation expense recorded during the three-month and nine-month periods ended September 30, 2006 was \$255 and \$690 respectively (2005 - \$190 and \$440 respectively). In the nine-month period ended September 30, 2006, there were 1,514,000 stock options issued at an exercise price of \$3.08. The fair value of these options was \$1.13.

The fair value of stock options is estimated at the date of grant using the Black-Scholes pricing model with the following weighted average assumptions:

Risk-free interest rate	3.1 %
Expected volatility	35.0 %
Expected average life of options	4 years
Expected dividend yield	0.0 %

The Black-Scholes option pricing model used by the Corporation to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Corporation's employee stock options are not transferable, cannot be traded and are subject to vesting restrictions and exercise restrictions under the Corporation's black-out policy, which would tend to reduce the fair value of the Corporation's stock options. Changes to the subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options

For the stock options issued prior to January 1, 2003 the Corporation follows the intrinsic value method, which does not give rise to compensation expense. Under Canadian generally accepted accounting principles, the Corporation is required to disclose compensation expense as if the Corporation had elected to follow the fair value method for such options.

7. SEGMENTED INFORMATION

The Corporation is organized and managed as a single business segment being aerospace and the chief operating decision maker, for the purposes of resource allocations and assessing performance, views the Corporation as a single operating segment.

Capital assets are based on the country in which they are located. Domestic and foreign capital assets consist of:

	As at September 30, 2006				As at December 31, 2005			
	Canada	US	UK	Total	Canada	US	UK	Total
Capital assets	\$ 121,931	\$ 113,094	\$ 20,242	\$ 255,267	\$ 126,181	\$ 125,783	\$ 12,935	\$ 264,899

Revenue is attributable to countries based on the location of the customers. Domestic and foreign revenues consist of:

	Nine-months ended September 30							
	2006				2005			
	Canada	US	UK	Total	Canada	US	UK	Total
Revenue								
Domestic	\$ 70,539	\$ 115,676	\$ 80,420	\$ 266,635	\$ 72,920	\$ 107,341	\$ 80,058	\$ 260,319
Export	133,804	25,283	4,824	\$ 163,911	134,166	27,889	3,345	\$ 165,400
Total revenue	\$ 204,343	\$ 140,959	\$ 85,244	\$ 430,546	\$ 207,086	\$ 135,230	\$ 83,403	\$ 425,719

The major customers for the Corporation for the three-month and nine-month periods ended September 30, 2006 are as follows:

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
Major Customers				
Canadian operations				
- Number of customers	3	2	4	2
- Percentage of total Canadian revenue	37 %	21 %	46 %	22 %
US operations				
- Number of customers	3	3	3	3
- Percentage of total US revenue	56 %	53 %	58 %	56 %
UK operations				
- Number of customers	1	1	1	1
- Percentage of total UK revenue	97 %	85 %	83 %	70 %

8. FOREIGN EXCHANGE TRANSLATION

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the Corporation's self-sustaining foreign operations, resulted in unrealized currency translation gain (loss) of \$920 and \$(3,450) for the three-month and nine-month periods ended September 30, 2006 respectively [2005 - \$(8,830) and \$(8,122)], which is reflected as foreign exchange translation on the consolidated balance sheets and has no impact on net income.

9. SUPPLEMENTARY INFORMATION

Foreign exchange gains on the conversion of foreign currency denominated working capital balances and debt for the three-month and nine-month periods ended September 30, 2006 was \$297 and \$579 respectively [2005 – gain of \$1,899 and \$1,336].

For additional information contact:

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