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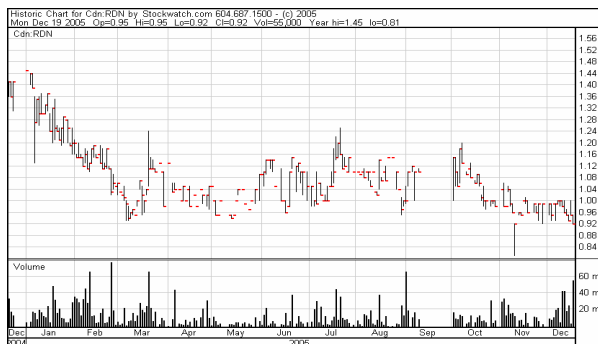
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INDEPENDENT RESEARCH



Raydan Manufacturing Inc. (RDN : TSX-V)

Date: December 19, 2005
Price: \$0.93



KEY INFORMATION

Fiscal Year-end	April 30
52-Week High Low	\$1.47 - \$0.81
3-Month Avg. Daily Trading Volume	11,679 shares
Market Capitalization	\$14.2 million
Enterprise Value	\$11.0 million
Book Value Per Share	\$0.36
Current Ratio	1.9
Gross Margin	30%
LT Debt to f2005 CF	3.2
LT Debt to Equity	0.3
Price to f2005 Earnings	31
Price to f2006e Earnings	7.8

FINANCIAL DATA (000's of Canadian Dollars)

	3 Months Jul. 31		Yr Ended Apr. 30	
	2005	2004	2005	2004
Revenues	3,054	2,712	11,346	6,759
Earnings	385	299	651	46
per share	0.025	0.024	0.044	0.004
Cash Flow	434	339	705	(85)
per share	0.028	0.027	0.048	(0.007)

BALANCE SHEET (as at July 31, 2005)

Current Assets	6,581,660
Total Assets	8,981,018
Current Liabilities	1,882,136
Long-Term Debt	1,524,989
Shareholders' Equity	5,542,005

SHARES OUTSTANDING (as at July 31, 2005)

Basic	*15,246,331
Fully-Diluted	16,096,331

*management and insiders own approximately 38% of the company's issued and outstanding common shares

Highlights:

- royalties arising from significant deal signed with ArvinMeritor, North America's largest axle supplier, to commence in 2006
- positive working capital of \$4.7 million or \$0.31 per share
- recently expanded Alberta facilities and looking at further expansion opportunities in Eastern Canada

Raydan Manufacturing develops and markets innovative products for the heavy duty transportation industry. The company manufactures three primary products known as the Air Link air ride walking beam suspension, the Easy Slider sliding kingpin system, and the Air Link for tandem steer applications. Raydan also provides heavy-duty vehicle services such as tandemizations and chassis modifications at its operating facilities just south of Edmonton in Nisku, Alberta. Currently, Air Link and Easy Slider product sales account for about 67% of revenues, while customer service and chassis modifications represent the remaining 33% of total revenues.

With just two moving parts, the company's Air Link is a heavy duty suspension system that provides a smooth ride while requiring less maintenance than standard suspension systems. Air Link lessens damage to chassis and mounted equipment, diminishes vibrations, lengthens tire life, reduces downtime and extends suspension and bushing life. Furthermore, Air Link has the highest weight carrying capacity among all air ride suspensions on the market.

Raydan's Easy Slider kingpin system allows for the transfer of weight from tractor to trailer. Also, overall length changes can be conducted very quickly with loaded or empty trailers. This technology allows for the kingpin setback of any trailer in seconds.

Raydan signed a significant licensing agreement with ArvinMeritor, Inc. (ARM:NYSE)

Commercial Vehicle Systems (CVS) business group in August 2004 for selected models of the Air Link rear tandem suspension product line. This exclusive agreement begins a long-term global collaboration between the two companies authorizing ArvinMeritor to market, engineer and manufacture the Air Link rear suspension product line, up to and including 52,000 pounds gross tandem weight for commercial truck, trailer, specialty and military OEMs. Raydan will engineer, manufacture and market the rear Air Link for crane chassis, custom retrofit and all applications above 52,000 pounds gross tandem weight, and retains all rights to the Air Link for tandem front end applications. Based in Troy, Michigan, ArvinMeritor is the largest axle manufacturer in North America. The royalties resulting from this agreement are expected to commence in early 2006.

During January 2005, Raydan announced two positive developments regarding its Air Link product. Firstly, American LaFrance, one of the oldest fire apparatus manufacturers in the United States, selected the Air Link air ride walking beam suspension as standard equipment on its 54,000 pound and 58,000 pound tandem axle fire trucks. The fire apparatus industry represents approximately 20% of Raydan's annual sales. Also in January 2005, the company announced that Schwing America, one of the leading U.S. manufacturers of concrete and construction equipment, is offering Raydan's Air Link system for tandem rear axles at the factory level on its granite package trucks. As a direct result of introducing the first 100% air ride redi-mix truck in October 2004, Raydan has been receiving numerous orders related to mixer trucks.

In March 2005, the company completed its 12,000 square foot chassis modification facility in Alberta. This expansion increased the company's total size to

more than 47,000 square feet of space. Management stated that the new chassis modification facility will allow Raydan to meet the increasing demand for tandemizations and modifications. In May 2005, Raydan purchased a new 10,000 square foot facility to host its expanding parts supply and customer service centre. Furthermore, management indicated that the company is now planning to expand its operations to Eastern Canada by partnering, merging or acquiring an existing facility in Ontario.

On September 6, 2005, Raydan announced that it had been awarded a \$12.4 million contract from the Canadian Department of National Defense on a joint venture basis with APM Diesel Inc. The contract, which runs through March 2008, was issued in order to extend the life of the Department of Defense's fleet of heavy logistics wheeled vehicles. The company has been certified to work on military vehicles since 2001. Raydan's air ride walking beam suspension has already been sold into all segments of the U.S. military. During the fiscal year ended April 30, 2005, the company supplied 258 Air Link rear suspensions for the U.S. Air Force refueller program.

Raydan recorded record revenues of \$3.1 million for the three months ended July 31, 2005, an increase of 13% over the first quarter of fiscal 2005. Earnings for the quarter were \$385,000 or \$0.025 per share. As at July 31, 2005, Raydan had a positive working capital position of about \$4.7 million or \$0.31 per share and long-term debt of just over \$1.5 million. Management anticipates a very strong fiscal 2006 as the demand for the company's systems and expertise continues to grow. Raydan is targeting revenues of at least \$17 million for the fiscal year ending April 30, 2006.

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