

OMNI-LITE INDUSTRIES CANADA INC.
CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
(UNAUDITED)
UNITED STATES DOLLARS

	For the six months ended June 30,1999	For the six months ended June 30,1998	For the twelve months ended December 31,1998
Revenue	\$ 603,424	\$ 762,177	\$ 1,701,395
Direct Costs			
Cost of goods sold	\$ 128,333	\$ 182,562	\$ 486,294
Gross margin	<u>\$ 475,091</u>	<u>\$ 579,615</u>	<u>\$ 1,215,101</u>
Overhead expenses			
Amortization	\$ 69,949	\$ 79,087	\$ 95,269
General & administrative	\$ 212,445	\$ 84,972	\$ 190,477
Interest on long term debt	\$ 19,589	\$ 3,840	\$ 6,167
	<u>\$ 301,983</u>	<u>\$ 167,899</u>	<u>\$ 291,913</u>
Income before other items	\$ 173,108	\$ 411,716	\$ 923,188
			\$ 923,188
Foreign Exchange & other income	\$ 6,411	\$ 13,085	<u>\$ 8,193</u>
Income before income taxes	\$ 179,519	\$ 424,801	\$ 931,381
Income taxes			
Current	\$ 17,000	\$ 82,575	\$ 105,537
Deferred		\$ 30,000	\$ 101,000
Utilization of Loss Carryovers		<u>\$ (76,275)</u>	<u>\$ (76,275)</u>
	<u>\$ 17,000</u>	<u>\$ 36,300</u>	<u>\$ 130,262</u>
Net Income for the period	\$ 162,519	\$ 388,501	\$ 801,119
Retained Earnings(Deficit),beginning of period	\$ 154,370	\$ (11,229)	\$ (11,229)
Excess of purchase price paid on carrying value for purchase of subsidiary		\$ (616,984)	\$ (635,520)
Retained Earnings,end of the period	<u>\$ 316,889</u>	<u>\$ (239,712)</u>	<u>\$ 154,370</u>
Earnings per share	\$ 0.02	\$ 0.04	\$ 0.08

Omni-Lite Industries Canada Inc
Consolidated Balance Sheet
(Unaudited)
United States Dollars

	June 30,1999	June 30,1998	December 31,1998
Assets			
Current			
Cash	\$ 19,860	\$ 14,377	\$ 102,560
Accounts Receivable	\$ 302,018	\$ 358,627	\$ 297,821
Due from related parties	\$ 16,791	\$ 177,433	\$ 160,500
Inventory	\$ 334,068	\$ 244,149	\$ 249,144
Prepays	\$ 28,200	\$ 28,200	\$ 18,882
	<u>\$ 672,737</u>	<u>\$ 822,786</u>	<u>\$ 828,907</u>
Due from related parties(Housing Loan)	\$ 219,919		\$ 219,919
Deposits		\$ 144,000	\$ 200,000
Investments	\$ 17,985	\$ 17,986	\$ 17,985
Capital Assets	\$ 2,416,204	\$ 735,465	\$ 1,224,266
Deferred development and patent expe	\$ 547,623	\$ 524,895	\$ 515,801
	<u>\$ 3,874,468</u>	<u>\$ 2,245,132</u>	<u>\$ 3,006,878</u>
Liabilities			
Current			
Bank indebtedness		\$ 92,387	
Accounts Payable	\$ 172,298	\$ 108,272	\$ 110,392
Income taxes payable	\$ 46,262	\$ 6,300	\$ 29,262
Due to related parties	\$ 143,351	\$ 34,041	\$ 32,467
Current portion of long-term debt	\$ 322,500		
	<u>\$ 684,411</u>	<u>\$ 241,000</u>	<u>\$ 172,121</u>
Long-term debt	\$ 492,781		\$ 300,000
Deferred income taxes	\$ 211,000	\$ 140,000	\$ 211,000
	<u>\$ 1,388,192</u>	<u>\$ 381,000</u>	<u>\$ 683,121</u>
Shareholder's equity			
Share capital	\$ 2,169,387	\$ 2,103,844	\$ 2,169,387
Retained Earnings	\$ 316,889	\$ (239,712)	\$ 154,370
	<u>\$ 2,486,276</u>	<u>\$ 1,864,132</u>	<u>\$ 2,323,757</u>
	<u>\$ 3,874,468</u>	<u>\$ 2,245,132</u>	<u>\$ 3,006,878</u>

On behalf of the Board:

David Grant, Director

Don Kelly, Director

Omni-Lite Industries Canada Inc.
Consolidated Statement of Cash Flow
(Unaudited)
United States Dollars

	For the six months ended June 30, 1999	For the six months ended June 30, 1998	For the year ended December 31, 1998
Cash resources provided by(used for)			
Operating Activities			
Operations			
Net income for the period	\$ 162,519	\$ 388,501	\$ 801,119
Items not requiring cash			
Amortization	\$ 69,949	\$ 59,199	\$ 95,269
Deferred income taxes	\$ 30,000	\$ 30,000	\$ 101,000
Cash flow from operations	\$ 232,468	\$ 477,700	\$ 997,388
Net change in non-cash working capital balances			
Accounts receivable	\$ (4,197)	\$ (298,907)	\$ (203,901)
Inventory	\$ (84,924)	\$ (2,087)	\$ (7,082)
Prepays	\$ 18,882	\$ (20,300)	\$ (10,982)
Accounts payable	\$ 61,906	\$ 52,184	\$ 54,304
Income taxes payable	\$ 17,000	\$ 6,300	\$ 29,262
Other items.net	\$ 34,200	\$ 34,200	\$ 34,200
	<u>\$ 241,135</u>	<u>\$ 249,090</u>	<u>\$ 858,989</u>
Financing activities			
Issue of share capital net of share issue cost		\$ 56,064	\$ 807,327
Issue of share capital on acquisition of subsidiary		\$ 685,720	\$ 685,720
Repayments and advances to related parties.net		\$ 45,448	\$ (191,579)
Repayment of long term debt		\$ (120,922)	\$ (354,922)
Proceeds from long term debt	\$ 515,281		\$ 300,000
Due to related parties	\$ 254,593		\$ 32,467
	<u>\$ 769,874</u>	<u>\$ 666,310</u>	<u>\$ 593,293</u>
Investing activities			
Purchase of capital assets	\$ (1,225,427)	\$ (249,550)	\$ (755,738)
Deferred development costs	\$ (68,282)	\$ (69,721)	\$ (104,852)
Advances to Formed Fast Inc			\$ 250,000
Deposits on capital assets acquisition	\$ 200,000	\$ (72,000)	\$ (128,000)
Investment in shares		\$ (17,986)	\$ (17,985)
Acquisition of net assets of subsidiary		\$ (676,726)	\$ (685,720)
	<u>\$ (1,093,709)</u>	<u>\$ (1,085,983)</u>	<u>\$ (1,442,295)</u>
Increase(Decrease)in cash for the period	\$ (82,700)	\$ (170,583)	\$ 9,987
Cash, beginning of period	\$ 102,560	\$ 92,573	\$ 92,573
Cash,end of period	\$ 19,860	\$ (78,010)	\$ 102,560
Cash comprised of:			
Cash	\$ 19,860	\$ 14,377	\$ 102,560
Bank indebtedness	\$ (92,387)	\$ (92,387)	\$ (92,387)
	<u>\$ 19,860</u>	<u>\$ (78,010)</u>	<u>\$ 102,560</u>