

OMNI-LITE INDUSTRIES CANADA INC.

INTERIM CONSOLIDATED
FINANCIAL INFORMATION
(Unaudited - See Notice to Reader)

JUNE 30, 1998

NOTICE TO READER

We have compiled the accompanying interim consolidated balance sheet as at June 30, 1998 and the interim consolidated statements of operations and retained earnings and changes in financial position for Omni-Lite Industries Canada Inc. for the six months ended June 30, 1998 from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

“BLEACKLEY HANSON McCOWAN & HOWDEN”
Chartered Accountants

Calgary, Alberta
August 28, 1998

OMNI-LITE INDUSTRIES CANADA INC.

**INTERIM CONSOLIDATED BALANCE SHEET
(Unaudited - See Notice to Reader)
UNITED STATES DOLLARS**

	<u>June 30</u> <u>1998</u>	<u>December 31</u> <u>1997</u>
Current assets:		
Cash	\$ 14,377	\$ 92,573
Accounts receivable	358,627	59,720
Inventory	244,149	242,062
Prepays	28,200	7,900
Due from related parties	<u>177,433</u>	<u>188,840</u>
	822,786	591,095
Deposit	144,000	72,000
Investments	17,986	-
Advances to Formed Fast Inc.	-	250,000
Capital assets	735,465	248,797
Deferred development costs	524,895	475,949
Goodwill	<u>616,984</u>	<u>-</u>
	<u>\$ 2,862,116</u>	<u>\$ 1,637,841</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Bank indebtedness	\$ 92,387	\$ -
Accounts payable	108,272	56,088
Income taxes payable	6,300	-
Due to related parties	34,041	-
Current portion of long-term debt	<u>-</u>	<u>28,572</u>
	241,000	84,660
Long-term debt	-	92,350
Deferred income taxes	140,000	110,000
Shareholders' equity:		
Share capital	2,103,844	1,362,060
Retained earnings (deficit)	<u>377,272</u>	<u>(11,229)</u>
	2,481,116	1,350,831
	<u>\$ 2,862,116</u>	<u>\$ 1,637,841</u>

APPROVED FOR THE BOARD:

"David Grant"
David Grant, Director

"Don Kelly"
Don Kelly, Director

OMNI-LITE INDUSTRIES CANADA INC.

**INTERIM CONSOLIDATED STATEMENT OF
OPERATIONS AND RETAINED EARNINGS
(Unaudited - See Notice to Reader)
UNITED STATES DOLLARS**

	<u>Six months</u> <u>ended</u> <u>June 30</u> <u>1998</u>	<u>Seven months</u> <u>ended</u> <u>December 31</u> <u>1997</u>
Revenue:		
Sales	\$ 762,177	\$ 613,274
Cost of goods sold	<u>182,562</u>	<u>283,421</u>
	579,615	329,853
Expenses:		
Advertising, travel and promotion	20,825	45,092
Amortization – Capital assets	19,888	7,248
Amortization – Deferred development costs	20,775	19,462
Amortization – Goodwill	18,536	-
Automotive	3,021	3,552
Consulting	16,357	7,779
Insurance	1,279	1,500
Interest and bank charges	4,760	5,414
Interest on long-term debt	3,840	1,142
Listing expense	14,651	5,637
Marketing	-	192
Miscellaneous	-	800
Office expense	10,588	6,866
Professional fees	36,843	25,477
Rent and storage	14,243	18,750
Repairs and maintenance	611	1,200
Supplies and small tools	14,895	8,364
Telephone and utilities	4,787	4,529
Allocation of overhead to production	<u>(38,000)</u>	<u>(45,000)</u>
	167,899	118,004
Income before the following	411,716	211,849
Foreign exchange and other	<u>13,085</u>	<u>8,266</u>
Income before income taxes	424,801	220,115
Income tax expense -		
Current	82,575	105,000
Deferred	30,000	110,000
Application of loss carry-forward	<u>(76,275)</u>	<u>(105,000)</u>
	36,300	110,000
Net income for the period	388,501	110,115
Deficit, beginning of period	<u>(11,229)</u>	<u>(121,344)</u>
Retained earnings (deficit), end of period	<u>\$ 377,272</u>	<u>\$ (11,229)</u>
Earnings per share	<u>\$ 0.04</u>	<u>\$ 0.01</u>

OMNI-LITE INDUSTRIES CANADA INC.

**INTERIM CONSOLIDATED STATEMENT
OF CHANGES IN FINANCIAL POSITION
(Unaudited - See Notice to Reader)
UNITED STATES DOLLARS**

	<u>Six months</u> <u>ended</u> <u>June 30</u> <u>1998</u>	<u>Seven months</u> <u>ended</u> <u>December 31</u> <u>1997</u>
Cash was provided by (used for) in the period		
Operating activities:		
Net income for the period	\$ 388,501	\$ 110,115
Add: Items not requiring a current outlay of cash -		
Amortization and depreciation	59,199	26,710
Deferred income taxes	30,000	110,000
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	477,700	246,825
Net change in non-cash operating working capital	(228,610)	85,508
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	249,090	332,333
Financing activities:		
Issue of share capital for cash	56,064	250,876
Issue of share capital on acquisition of subsidiary	685,720	-
Repayments and advances by (to) related parties, net	45,448	(290,146)
Repayment of long-term debt	(120,922)	(2,381)
Proceeds from long-term debt	-	123,303
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	666,310	81,652
Investing activities:		
Purchase of capital assets	(249,550)	(45,752)
Expenditures on deferred development costs	(69,721)	(28,908)
Deposit on capital assets, net	(72,000)	(72,000)
Acquisition of net assets of subsidiary	(676,726)	(250,000)
Acquisition of investment	(17,986)	-
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	(1,085,983)	(396,660)
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Increase (decrease) in cash for the period	(170,583)	17,325
Cash, at beginning of period	92,573	75,248
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Cash (deficiency), at end of period	\$ (78,010)	\$ 92,573
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Cash (deficiency) consists of:		
Cash	\$ 14,377	\$ 92,573
Bank indebtedness	(92,387)	-
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	\$ (78,010)	\$ 92,573
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