

**Omni-Lite Industries Canada Inc.**  
**Condensed Consolidated Financial Statements**  
For the interim six month period ended June 30, 2015  
(in United States Dollars)

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## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canada Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated financial statements for the period ended June 30, 2015.

### NOTICE TO THE READER OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim condensed consolidated financial statements of Omni-Lite Industries Canada Inc. and the accompanying interim condensed consolidated statements of financial position as at June 30, 2015 and the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period ended are the responsibility of the Company's management.

These interim condensed consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, MNP LLP.

The interim condensed consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed financial statements in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

***"David F. Grant" signed***

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David F. Grant  
Chief Executive Officer  
Cerritos, California, USA  
July 17, 2015

***"Timothy Wang" signed***

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Timothy Wang  
Chief Financial Officer  
Cerritos, California, USA  
July 17, 2015

**Omni-Lite Industries Canada Inc.**  
**Condensed Consolidated Statements of Financial Position**  
**United States Dollars**

As at	Note	June 30, 2015 (unaudited)	December 31 , 2014
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 818,049	\$ 1,686,690
Accounts receivable	11	1,767,378	759,062
Inventory	3	2,994,102	2,380,108
Income taxes receivable		-	39,899
Current portion due from related parties	6	4,935	7,059
Prepaid expenses		132,999	141,956
		<u>5,717,463</u>	<u>5,014,774</u>
<b>Equipment deposits</b>		<b>653,005</b>	<b>441,336</b>
<b>Investment</b>	4	<b>319,490</b>	<b>436,498</b>
<b>Property, plant and equipment</b>	5	<b>13,205,118</b>	<b>13,174,015</b>
<b>Due from related parties</b>	6	<b>1,457,146</b>	<b>1,449,988</b>
<b>Deferred tax asset</b>		<b>975,699</b>	<b>1,330,099</b>
		<u>\$ 22,327,921</u>	<u>\$ 21,846,710</u>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	11	\$ 538,480	\$ 414,869
Income taxes payable		8,996	950
		<u>547,476</u>	<u>415,819</u>
<b>Deferred tax liability</b>		<b>2,873,920</b>	<b>3,316,020</b>
		<u>3,421,396</u>	<u>3,731,839</u>
<b>Shareholders' Equity</b>			
<b>Share capital</b>	9(b)	<b>8,479,737</b>	<b>8,350,981</b>
<b>Contributed surplus</b>	12	<b>1,648,052</b>	<b>1,687,447</b>
<b>Retained earnings</b>		<b>8,840,528</b>	<b>8,021,227</b>
<b>Accumulated other comprehensive income (loss)</b>		<b>(61,792)</b>	<b>55,216</b>
		<u>18,906,525</u>	<u>18,114,871</u>
		<u>\$ 22,327,921</u>	<u>\$ 21,846,710</u>

On behalf of the Board:

signed "David F. Grant" Director  
David F. Grant

signed "Donald J. Kelly" Director  
Donald J. Kelly

**Omni-Lite Industries Canada Inc.**  
**Condensed Consolidated Statements of Income, and**  
**Comprehensive Income**  
**United States Dollars**  
(Unaudited – prepared by management)

	Note	For the six month period ended June 30, 2015	For the six month period ended June 30, 2014	For the three month period ended June 30, 2015	For the three month period ended June 30, 2014
<b>Revenue</b>	<b>10</b>	<b>\$ 4,014,631</b>	\$ 3,182,790	<b>\$2,241,296</b>	\$ 1,809,465
<b>Cost of goods sold</b>	<b>3</b>	<b>1,633,850</b>	1,321,143	<b>891,119</b>	764,849
<b>Gross margin</b>		<b>2,380,781</b>	1,861,647	<b>1,350,177</b>	1,044,616
<b>Overhead expenses</b>					
Depreciation		491,064	486,499	247,263	244,696
Foreign exchange loss		1,237	1,388	331	100
General and administrative		421,588	429,351	219,156	252,636
Bad debt		-	20,000	-	-
Employee benefits		589,806	504,606	290,764	249,429
Commissions		3,810	12,828	1,683	6,930
Interest on long-term debt	9	-	3,814	-	1,481
Share-based compensation	12	30,065	31,465	16,625	12,115
Research and product design		13,433	6,545	6,967	3,837
		<b>1,551,003</b>	1,496,496	<b>782,789</b>	771,224
<b>Income from operations</b>		<b>829,778</b>	365,151	<b>567,388</b>	273,392
<b>Other income (expense)</b>					
Interest income		14,146	14,088	7,113	7,834
Loss on sale of equipment		-	(56,634)	-	-
		<b>14,146</b>	(42,546)	<b>7,113</b>	7,834
<b>Income before income taxes</b>		<b>843,924</b>	322,605	<b>574,501</b>	281,226
Income tax provision (recovery)					
Current		10,230	5,655	8,920	2,125
Deferred		(46,200)	11,950	(2,000)	16,700
		<b>(35,970)</b>	17,605	<b>6,920</b>	18,825
<b>Net income</b>		<b>\$ 879,894</b>	\$ 305,000	<b>\$ 567,581</b>	\$ 262,401
<b>Other comprehensive income (loss)</b>					
(Loss) gain on available for sale financial assets	4	(117,008)	427,338	(37,344)	170,730
<b>Comprehensive income</b>		<b>\$ 762,886</b>	\$ 732,338	<b>\$ 530,237</b>	\$ 433,131
Income per share - basic	13	<b>\$ 0.08</b>	\$ 0.03	<b>\$ 0.05</b>	\$ 0.02
- diluted	13	<b>\$ 0.07</b>	\$ 0.03	<b>\$ 0.05</b>	\$ 0.02
Weighted average shares outstanding					
basic	13	<b>11,697,346</b>	12,153,302	<b>11,787,625</b>	12,098,547
diluted	13	<b>12,037,544</b>	12,251,563	<b>12,546,445</b>	12,182,981

**Omni-Lite Industries Canada Inc.**  
**Condensed Consolidated Statements of Changes in Equity**  
**United States Dollars**  
(Unaudited – prepared by management)

	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 2014		\$ 8,350,981	\$ 1,687,447	\$ 8,021,227	\$ 55,216	\$ 18,114,871
<b>Shares issued upon option exercise</b>	9(c)	<b>264,286</b>	<b>(69,460)</b>	-	-	<b>194,826</b>
<b>Repurchase under normal course issuer bid</b>	9(d)	<b>(133,187)</b>	-	<b>(60,593)</b>	-	<b>(193,780)</b>
<b>Share-based compensation</b>	12	-	<b>30,065</b>	-	-	<b>30,065</b>
<b>Share issue costs</b>	9(b)	<b>(2,343)</b>	-	-	-	<b>(2,343)</b>
<b>Net income</b>		-	-	<b>879,894</b>	-	<b>879,894</b>
<b>Available for sale financial assets</b>	4	-	-	-	<b>(117,008)</b>	<b>(117,008)</b>
<b>Balance at June 30 , 2015</b>		<b>\$ 8,479,737</b>	<b>\$ 1,648,052</b>	<b>\$ 8,840,528</b>	<b>\$ (61,792)</b>	<b>\$18,906,525</b>

**Omni-Lite Industries Canada Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**United States Dollars**

(Unaudited – prepared by management)

	Note	For the six month period ended June 30, 2015	For the six month period ended June 30, 2014	For the three month period ended June 30, 2015	For the three month period ended June 30, 2014
<b>Cash flows from operating activities</b>					
Net income for the period		\$ 879,894	\$ 305,000	\$ 567,581	\$ 262,401
Adjustments for:					
Depreciation		491,064	486,499	247,263	244,696
Deferred taxes		(46,200)	11,950	(2,000)	16,700
Loss on sale of equipment	5	-	56,634	-	-
Bad debt	3	-	20,000	-	-
Share-based compensation	12	30,065	31,465	16,625	12,115
		<u>1,354,823</u>	<u>911,548</u>	<u>829,469</u>	<u>535,912</u>
Net change in non-cash working capital items					
Accounts receivable		(1,008,316)	(140,942)	(536,311)	(347,680)
Income taxes receivable		(1,601)	800	-	1,820
Inventory		(613,994)	5,855	(193,652)	63,100
Prepaid expenses		8,957	(10,748)	(24,596)	(36,739)
Accounts payable and accrued liabilities		123,611	(149,300)	(310,942)	(81,738)
Income taxes payable		8,046	(1,261)	7,646	305
<b>Increase in cash from operations</b>		<u>(128,474)</u>	<u>615,952</u>	<u>(228,386)</u>	<u>134,980</u>
<b>Cash flows from financing activities</b>					
Payments from related parties		21,311	120,426	11,109	78,858
Advances to related parties		(26,345)	(95,635)	(14,273)	(26,939)
Repayment of long-term debt	8	-	(200,000)	-	(100,000)
Share issue costs	9(b)	(2,343)	(626)	(1,635)	(457)
Issue of common shares	9(b)	194,826	-	81,100	-
Repurchase of common shares	9(d)	(193,780)	(109,477)	(142,277)	(101,235)
<b>Increase (decrease) in cash from financing activities</b>		<u>(6,331)</u>	<u>(285,312)</u>	<u>65,976</u>	<u>(149,773)</u>
<b>Cash flows from investing activities</b>					
Deposits on equipment	5	(211,669)	-	(127,002)	-
Proceeds from sale of equipment	5	-	262,500	-	-
Purchase of common shares		-	(90,676)	-	(90,676)
Purchase of equipment	5	(522,167)	(520,228)	(144,391)	(135,066)
<b>Decrease in cash from investing activities</b>		<u>(733,836)</u>	<u>(348,404)</u>	<u>(271,393)</u>	<u>(225,742)</u>
<b>Increase (decrease) in cash</b>		<u>(868,641)</u>	<u>(17,764)</u>	<u>(565,755)</u>	<u>(240,535)</u>
<b>Cash, beginning of period</b>		<u>1,686,690</u>	<u>1,925,038</u>	<u>1,383,804</u>	<u>2,147,809</u>
<b>Cash, end of period</b>		<u>\$ 818,049</u>	<u>\$ 1,907,274</u>	<u>\$ 818,049</u>	<u>\$ 1,907,274</u>
<b>Supplemental Cash Flow Information:</b>					
Interest paid		\$ -	\$ 3,814	\$ -	\$ 1,481
Income taxes paid		6,684	6,116	1,273	-

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**Omni-Lite Industries Canada Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited – Prepared by Management)**  
**United States Dollars**

**For the interim six month period ended June 30, 2015**

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**1. Nature of Operations**

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Omni-Lite Industries Canada Inc. (“Omni-Lite” or the “Company”) was incorporated under the Laws of the Business Corporations Act of Alberta in 1992. The condensed consolidated financial statements of the Company for the period ended June 30, 2015 include the accounts of the Company and its wholly-owned subsidiaries. The condensed consolidated financial statements were authorized for issue by the Board of Directors on July 17, 2015. Its head office, research and development, and production operations are located at 17210 Edwards Road, Cerritos, California, U.S.A, 90703. An international sales office is located in Barbados. A corporate, registered office is located at #900, 715 - 10<sup>th</sup> Avenue S.W., Calgary, Alberta T2R 0A8. The Company’s activities consist of developing, producing and marketing specialized metal matrix composite, aluminum, carbon and stainless steel alloy products. These products include components for the automotive, aerospace, military, sports and recreation industries. Since the most significant portion of the Company’s operations are located in the United States and its functional currency is denominated in United States dollars, these condensed consolidated financial statements are stated in United States dollars. The Company is listed for trading on the TSX Venture under the symbol OML.

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**2. Significant Accounting Policies**

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These condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at June 30, 2015. The principal accounting policies are set out below.

The preparation of condensed consolidated financial statements requires management to make estimates and judgments that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The condensed consolidated financial statements have, in management’s opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Consolidation

These condensed consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, Omni-Lite Industries International Inc., Omni-Lite Industries California Inc., Formed Fast International Inc., and Omni-Lite Properties Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

(b) Basis of measurement

These condensed consolidated financial statements have been prepared on a going concern basis, using the historical cost convention except for share based payments and financial assets classified as fair value through profit or loss or available for sale which are measured at fair value. In addition, they have been prepared on an accrual basis of accounting except for cash flow information.

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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
**United States Dollars**

**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(c) Inventory

Inventory consists of raw materials and finished goods. Inventory is carried at the lower of weighted average actual costs (including materials, labour and allocated overhead) and net realizable value. Finished goods inventory is recorded at weighted average costs of production which approximates actual cost and includes raw materials, labour and allocated overheads.

(d) Revenue recognition

Revenue is recognized when goods are shipped to the customer, all significant contractual obligations have been satisfied, and collection of the resulting receivable is reasonably assured.

(e) Cash

Cash includes short-term, highly liquid investments that mature within twelve months of their purchase.

(f) Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided using the following methods and annual rates intended to depreciate the cost of assets over their estimated useful lives.

Building	4% declining balance
Production and other equipment	15-30 years straight-line
Computer equipment	30% declining balance
Non-consumable tooling	7 years straight-line
Vehicle	7 years straight-line

The Company reviews the criteria for capitalization and the useful life of its property, plant and equipment on an on-going basis considering changes in circumstances.

When the cost of a part of an item of property, plant and equipment is significant in relation to the total cost of an item and the items have different useful lives, they are accounted for as separate items (significant components) of property, plant and equipment. The costs of day-to-day servicing of property, plant and equipment are recognized in overhead or direct operating expenses. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the condensed consolidated statement of income, and comprehensive income. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.



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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
**United States Dollars**

**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(g) Impairment of non-financial assets

The Company assesses, at the end of each reporting period, whether there is an indication that an asset group may be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the asset group. External triggering events include, for example, changes in customer or industry dynamics, other technologies and economic declines. Internal triggering events for impairment include lower profitability or planned restructuring. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU").

If the carrying amount of the asset, or its respective CGU, exceeds its estimated recoverable amount, the difference is recognized as an impairment charge. The Company's corporate assets, which do not generate separate cash inflows, are allocated to the CGUs on a reasonable basis for impairment testing purposes.

The Company's impairment tests compare the carrying amount of the asset or CGU to its recoverable amount. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is the amount obtainable from the sale of an asset or CGU in an arm's length transaction of similar assets or observable market prices, less the costs of disposal. The determination of VIU requires the estimation and discounting of cash flows which involves key assumptions that consider all information available on the respective testing date. Management uses its judgment, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment and economic trends to model and discount future cash flows.

(h) Provisions

A provision is recognized in the condensed consolidated financial statements when the Company has a material obligation, whether existing or potential, as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. If the obligation is determined to be material, then the estimated amount of the provision is determined by discounting the expected future cash outflows. At June 30, 2015 and December 31, 2014 there were no provisions recognized in the condensed consolidated financial statements.

(i) Income taxes

Income tax expense for the period consists of current and deferred tax. Income tax is recognized in the consolidated statement of income, and comprehensive income, except to the extent that it relates to a business combination or items recognized in other comprehensive income ("OCI") or directly in equity.

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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
**United States Dollars**

**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(i) Income taxes - continued

Taxable income differs from income as reported in the consolidated statement of income, and comprehensive income. As a result, current tax is the expected tax due on taxable income less adjustments to prior periods using tax rates enacted, or substantively enacted as at the reporting date in jurisdictions where the Company operates.

In general, deferred taxes are recognized based on temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the condensed consolidated financial statements. Deferred tax liabilities are not recognized and are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred taxes are calculated on the basis of the tax laws enacted or substantively enacted as at the reporting date and apply to when the related deferred tax asset is realized or the deferred tax liability is settled.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to settle on a net basis and when such assets and liabilities relate to income taxes imposed by the same taxation authority.

(j) Foreign exchange

These condensed consolidated financial statements have been presented in United States (U.S.) dollars, the functional currency of the Company's operations. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the foreign exchange rate in effect at the statement of financial position date. Revenue and expense transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate on the date of the transaction with all consequential exchange differences recognized in net income.

Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. All resulting exchange differences from translation of the functional currency into a different reporting currency are recognized as a separate component of other comprehensive income.

(k) Significant accounting estimates and judgments

The preparation of condensed consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. On an ongoing basis, management evaluates its judgments and estimates in relation to revenue, expenses, assets and liabilities. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
**United States Dollars**

**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(k) Significant accounting estimates and judgments - continued

The following are the most significant accounting judgments and estimates made by the Company in applying accounting policies:

**Judgments**

Determining CGU's

Determination of what constitutes a CGU is subject to management judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU.

Investments

The Company applies judgment in determining if it has control over the investment where the Company holds less than 50% equity ownership. The judgment is based on management's determination of whether the Company has control over the activities, projects, financial and operating policies of the investment.

Deferred taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

**Estimates**

Valuation of amounts receivable

Amounts receivable are reviewed on a regular basis to estimate recoverability of balances. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Inventory

The amount of finished goods inventory is based on standard costs and includes cost allocation estimates.

Share-based payments

The Company uses an option pricing model to determine the fair value of share-based payments. Inputs to the model are subject to various estimates regarding volatility, interest rates, dividend yields, forfeiture rates and expected life of the units issued. These inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
**United States Dollars**

**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(k) Significant accounting estimates and judgments - continued

Depreciation

The consolidated financial statements include estimates of the useful economic life of property, plant and equipment. Due to varying assumptions required to be made with regards to future recoverability of these assets, the depreciation recorded by management is based on their best estimate in this regard and may be significantly different from those determined based on future operational results.

Transfer pricing

The Company has conducted a study of its internal policies with respect to transfer pricing within the consolidated group. The consolidated income tax provision provided herein has been based on management's best estimate of the pricing that is equivalent to comparative uncontrolled pricing for the same or similar products and is subject to assessment by taxation authorities. Until the time frame for reassessment has been statute barred or the taxation authorities have reviewed and not objected to the tax filings, there is a possibility that a reassessment can occur.

(l) Share-based compensation plan

The Company provides equity-settled share-based payments in the form of an incentive share option plan to its employees, officers, directors and consultants. The Company accounts for these incentive share options using the graded vesting method of accounting for share-based compensation expense. Under this method, the associated compensation expense is charged to earnings with a corresponding increase to contributed surplus less an estimated forfeiture rate over each vesting period (tranches) of the options granted. The forfeiture rate is based on past experience of actual forfeitures. Each tranche is treated as a separate incentive share option grant, and subsequently valued at the start of each tranche's vesting period.

Share-based compensation transactions with non-employees are measured at the fair value of the goods or services recovered. However, if the fair value cannot be estimated reliably, the share-based compensation transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or services.

(m) Per share amounts

Basic earnings per share is calculated using the weighted average number of shares outstanding during the period. The Company follows the treasury stock method for the computation of diluted per share amounts. This method assumes the proceeds from the exercise of dilutive options are used to purchase common shares at the weighted average market price during the period.

(n) Research and Development expenses

Expenses related to research and development activities that do not meet generally accepted criteria for deferral are expensed as incurred, net of related tax credits and government grants. Development expenses that meet generally accepted criteria for deferral, in accordance with the IAS 38, "Intangible Assets", are capitalized, net of related tax credits and government grants, and are amortized against earnings over the estimated benefit period. Research and development expenses are mainly comprised of salaries and related expenses, material costs as well as fees paid to third party consultants.

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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
**United States Dollars**

**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(o) Segmented information

The Company and its wholly owned subsidiaries are grouped into three geographical segments in the United States, Canada, and Barbados and each are supported by a corporate segment. The three geographical segments share common economic characteristics. The Operating Segments' financial results are reviewed regularly by the Company's chief operating decision-makers ("CODM"). The CODM make decisions about resource allocation and assess segment performance based on the internally prepared segment information.

(p) Financial Instruments

All financial instruments are required to be measured at fair value on initial recognition of the instrument. Measurements in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities."

Financial assets and financial liabilities at "fair value through profit or loss" are measured at fair value with changes in fair value recognized in net income. Financial assets classified "available-for-sale" are measured at fair value, with changes in fair value recognized in other comprehensive income ("OCI"). Transaction costs related to financial assets and liabilities recorded at fair value are included in net income when incurred. Financial assets classified as "held-to-maturity", "loans and receivables" and financial liabilities classified as "other financial liabilities" are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest method of amortization.

Cash is designated as "fair value through profit or loss." Accounts receivable and due from related parties are designated as "loans and receivables". Accounts payable and accrued liabilities and long-term debt are designated as "other financial liabilities". Investments are financial instruments classified as "available-for-sale". They are initially recorded at their fair value unless fair value is not readily determinable. Subsequent changes to the market value of the investments are recorded as changes to OCI. Realized gains and losses are recognized in income when the investments are actually disposed of.

Financial instruments measured at fair value on the statement of financial position require classification into one of the following levels of the fair value hierarchy:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices listed in Level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3 - Inputs that are not based on observable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Cash and investments are measured at Level 1.

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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
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**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(p) Financial Instruments - continued

A financial asset is assessed at each reporting date to determine whether it is impaired based on objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the net present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value and any amounts in OCI are transferred to earnings. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in net income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(q) New accounting policies

On January 1, 2014, the Company adopted the following new standards and amendments that became effective for annual periods on or after January 1, 2014:

- i. IAS 36, "Impairment of Assets" was amended to reduce the circumstances in which the recoverable amount of CGUs is required to be disclosed and clarifies the disclosures required when an impairment loss has been recognized or reversed in the period. The adoption of this amendment had no material impact on the Company's condensed consolidated financial statements.
- ii. IFRS Interpretations Committee ("IFRIC") 21 "Levies" clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified in the relevant legislation, occurs. The adoption of this standard had no material impact on the Company's consolidated financial statements.
- iii. IFRS 2, "Share-based payment" - Annual Improvements to IFRSs 2010–2012 Cycle" was issued in December 2013. The definitions of 'vesting conditions' and 'market condition' were amended and the definitions of 'performance condition' and 'service condition' were added. An entity is required to prospectively apply that amendment to share-based payment transactions for which the grant date is on or after July 1, 2014. The adoption of this amendment had no material impact on the Company's condensed consolidated financial statements.
- iv. "Annual Improvements to IFRSs 2010–2012 Cycle" was issued in December 2013. The amendments to IFRS 8 require that an entity disclose the judgments made by management in applying the aggregation criteria to allow two or more operating segments to be aggregated. The amendments affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The adoption of this amendment had no material impact on the Company's condensed consolidated financial statements.

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**Omni-Lite Industries Canada Inc.**  
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**For the interim six month period ended June 30, 2015**

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**2. Significant Accounting Policies - continued**

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(r) Future accounting policies

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact to the Company:

IFRS 9, "Financial Instruments" - On November 12, 2009, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). The standard was to be effective for annual periods beginning on or after January 1, 2015. In February 2014, the IASB tentatively decided the mandatory effective date of the final IFRS 9 would now be January 1, 2018. IFRS 9 applies to classification and measurement of financial assets as defined in IAS 39. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The Company has not yet considered the impact of IFRS 9 on its condensed consolidated financial statements.

IFRS 15, "Revenue from contracts with customers" - On May 28, 2014, the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customers. The Company has not yet considered the impact of IFRS 15 on its consolidated financial statements.

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**3. Inventory**

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The major components of inventory are classified as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Raw materials	\$ 794,834	\$ 391,587
Finished goods	<u>2,199,268</u>	<u>1,988,521</u>
	<u>\$ 2,994,102</u>	<u>\$ 2,380,108</u>

The cost of finished goods and raw material inventories recognized as expense and included in cost of goods sold was \$1,633,850 (June 30, 2014 - \$1,321,143). There were recurring inventory write-downs included in cost of goods sold in the amount of \$3,427 (June 30, 2014 - \$31,038).

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**4. Investments**

As at June 30, 2015, long-term investment consists of an available-for-sale investment in the common shares of a public company. The Company's investments are recorded at the fair value as supported by the market price listed on the TSX Venture Exchange.

	Carrying Amount
Investments at December 31, 2013	\$ 274,802
Purchase 740,741 shares, April 9, 2014	90,676
Gain from market price valuation	71,020
Investments at December 31, 2014	\$ 436,498
<b>Loss from market price valuation</b>	<b>(117,008)</b>
<b>Investments at June 30, 2015</b>	<b>\$ 319,490</b>

**5. Property, Plant and Equipment**

	Land	Building	Production and other equipment	Computer equipment	Vehicle	Non- consumable tooling	Totals
<b>Cost</b>							
At December 31, 2013	770,000	1,494,410	13,429,221	186,042	28,400	5,146,553	21,054,626
Additions	-	5,950	306,265	16,019	-	525,577	853,811
Disposals	-	-	(425,000)	-	-	-	(425,000)
At December 31, 2014	770,000	1,500,360	13,310,486	202,061	28,400	5,672,130	21,483,437
Additions	-	-	<b>241,050</b>	<b>4,807</b>	-	<b>276,310</b>	<b>522,167</b>
At June 30, 2015	<b>770,000</b>	<b>1,500,360</b>	<b>13,551,536</b>	<b>206,868</b>	<b>28,400</b>	<b>5,948,440</b>	<b>22,005,604</b>
<b>Accumulated Depreciation</b>							
At December 31, 2013	-	597,308	3,331,884	142,987	28,400	3,342,283	7,442,862
Depreciation	-	35,944	383,407	16,875	-	536,200	972,426
Disposals	-	-	(105,866)	-	-	-	(105,866)
At December 31, 2014	-	633,252	3,609,425	159,862	28,400	3,878,483	8,309,422
Depreciation	-	<b>17,342</b>	<b>197,027</b>	<b>10,632</b>	-	<b>266,063</b>	<b>491,064</b>
At June 30, 2015	-	<b>650,594</b>	<b>3,806,452</b>	<b>170,494</b>	<b>28,400</b>	<b>4,144,546</b>	<b>8,800,486</b>
<b>Net Book Value</b>							
At December 31, 2014	770,000	867,108	9,701,061	42,199	-	1,793,647	13,174,015
At June 30, 2015	<b>770,000</b>	<b>849,766</b>	<b>9,745,084</b>	<b>36,374</b>	-	<b>1,803,894</b>	<b>13,205,118</b>



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**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
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**For the interim six month period ended June 30, 2015**

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**5. Property, Plant and Equipment - continued**

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In January and February, 2014, Production and other equipment was sold for gross proceeds of \$200,000 and \$62,500 with book values of \$255,944 and \$63,190, respectively. Equipment not in service and not subject to depreciation in the amount of \$1,492,732 (December 31, 2013 - \$2,118,727) is included in production and other equipment. During the year, the Company made deposits towards the purchase of production and other equipment in the amount of \$221,669 (December 31, 2013 - \$441,336) for deliveries in July and December 2015.

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**6. Related Party Transactions**

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Due from related parties includes advances to a company under common management. An amount of \$1,030,955 (December 31, 2014 - \$1,027,911) is due from California Nanotechnologies Corp. bearing interest at 2% per annum and due on demand. The loan is secured by all the assets of California Nanotechnologies Corp. Additional security for the loan has been provided by one of the founders and a current member of the board of directors of California Nanotechnologies Corp.

For the six month period ended June 30, 2015, the Company did not pay the Chief Executive Officer. It is management's estimate that the fair value salary would approximate \$80,000 (June 30, 2014 - \$80,000). Due to the lack of independent evidence with respect to the fair value of these services, this transaction has been recorded at the carrying amount of \$nil.

The Company has outstanding an unsecured interest free loan to one employee under the Company's *Greenhouse Gas Reduction Incentives for Employees* program in the amount of \$20,000 (December 31, 2014 - \$20,000), forgiven after 5 years of service time, related to the acquisition of property with a maturity date in 2017. A previous loan of this type to one previous employee is included in bad debt in the prior year amount of \$20,000. Another employee has received a loan related to the purchase of a hybrid/electric car under the Company's *Greenhouse Gas Reduction Incentives for Employees* program in the amount of \$5,000 with \$1,000 forgiven annually for service time and a maturity date in 2018. Other employees have received unsecured interest free loans from the Company with amounts due totalling \$4,935 (December 31, 2014 - \$7,059), with a current portion of \$4,935 (December 31, 2014 - \$7,059), repayable in bi-weekly installments with maturity dates in 2015. The Company has issued a loan due on demand to the Chief Executive Officer for \$401,191 (December 31, 2014 - \$397,077) at a 2% interest rate. The loan is secured by the Chief Executive's related residential property.

**Omni-Lite Industries Canada Inc.**  
**Notes to Consolidated Financial Statements**  
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**6. Related Party Transactions - continued**

Significant subsidiaries:

The tables set forth below provide information relative to Omni-Lite Industries Canada Inc.'s significant subsidiaries, including each such entity's name, its jurisdiction of incorporation/formation, the percentage of securities directly or indirectly owned by Omni-Lite Industries Canada Inc., a brief description of the entity, and the market areas served, if applicable. The functional currency of each entity is U.S. Dollars.

Company (Jurisdiction of Incorporation/ Formation)	Percentage of ownership by Omni- Lite Industries Canada Inc	Overview	Market Area
Omni-Lite Industries California Inc. (California USA)	100%	Wholly-owned subsidiary of Omni-Lite Industries Canada Inc, which was formed and incorporated on October 4, 1985. It is the head office which conducts research and development, and production operations.	United States
Omni-Lite Properties Inc. (California USA)	100%	Wholly-owned subsidiary of Omni-Lite Industries Canada Inc. which was formed and incorporated on December 26, 2000. It owns the property and significant equipment for the head office.	United States
Omni-Lite Industries International Inc. (Barbados)	100%	Wholly-owned subsidiary of Omni-Lite Industries Canada Inc. which was formed and incorporated in Barbados on October 9, 1997. It conducts all international sales in the sports and recreation division.	International
Formed Fast International Inc. (Barbados)	100%	Wholly-owned subsidiary of Omni-Lite Industries Canada Inc. which was formed and incorporated in Barbados on February 24, 1998. It is an investment holding company.	International

**7. Compensation of Key Management Personnel**

Remuneration of key management personnel during the period was as follows:

	June 30, 2015	June 30, 2014
Short-term benefits	\$ 162,872	\$ 154,477
Share-based compensation	6,587	19,315
	<u>\$ 169,459</u>	<u>\$ 173,792</u>

Key management personnel of the Company include the Chief Executive Officer, President, Vice-president and Chief Financial Officer and members of the Board of Directors.

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**8. Long-term Debt**

Effective October 2011, the Company refinanced a long-term primary credit facility (the "Credit Agreement") with total credit facilities of up to \$2,400,000, including a term loan facility in the amount of \$1,200,000 bearing interest at the Prime Rate plus one-quarter of one percent (0.25%), (3.5% effective average interest rate), maturing on December 30, 2015, repayable in monthly principal installments of \$33,333, paid in full on October 23, 2014. The Credit Agreement also includes a commercial advance line of up to \$1,200,000 for operating purposes, bearing interest at the Prime Rate plus one-quarter of one percent (0.25%), maturing on December 30, 2015. The available credit line at June 30, 2015 was \$1,200,000 (December 31, 2014 - \$1,200,000). The Credit Agreement is secured by all the accounts receivable, inventory, equipment, and general intangibles of the Company. Under this agreement, the Company has agreed to certain conditions and financial covenant ratios, based on financial results including net worth, current and debt service ratios, and profitability, which have been met. Advances are automatically repayable daily with available funds after clearing operating disbursements.

**9. Share Capital**

(a) Authorized

Unlimited number of common shares with no par value.

(b) Issued

**Share capital**

	<b>Number of Shares</b>	<b>Amount</b>
Total issued and outstanding, December 31, 2013	12,212,932	\$ 8,765,090
Share issuance costs	-	(1,474)
Cancelled on repurchase under normal course issuer bid	<b>(575,000)</b>	<b>(412,635)</b>
<b>Total issued and outstanding, December 31, 2014</b>	<b>11,637,932</b>	<b>\$ 8,350,981</b>
<b>Shares issued upon option exercise</b>	<b>326,677</b>	<b>264,286</b>
<b>Share issuance costs</b>	-	<b>(2,343)</b>
<b>Cancelled on repurchase under normal course issuer bid</b>	<b>(185,200)</b>	<b>(133,187)</b>
<b>Total issued and outstanding, June 30, 2015</b>	<b>11,779,409</b>	<b>\$ 8,479,737</b>

**Omni-Lite Industries Canada Inc.**  
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**9. Share Capital - continued**

(c) Share options

The Company has granted incentive share options to directors, consultants, and employees of the Company as follows:

	Number	Option Price per Share Range	Weighted Average Exercise Price
Options outstanding at December 31, 2013	1,097,679	CAD \$0.60 to \$2.00	CAD \$0.82
Options - granted	100,000	CAD \$0.60 to \$0.90	CAD \$0.77
- expired	(24,333)	CAD \$0.60 to \$0.90	CAD \$0.82
- forfeited	(16,668)	CAD \$0.60 to \$0.90	CAD \$0.70
Options outstanding at December 31, 2014	1,156,678	CAD \$0.60 to \$2.00	CAD \$0.82
<b>Options - granted</b>	<b>225,000</b>	<b>CAD \$0.60 to \$2.90</b>	<b>CAD \$1.35</b>
- forfeited	(45,000)	CAD \$0.60 to \$2.90	CAD \$0.97
- exercised	(311,011)	CAD \$0.60 to \$0.90	CAD \$0.75
<b>Options outstanding at June 30, 2015</b>	<b>1,025,667</b>	<b>CAD \$0.60 to \$2.00</b>	<b>CAD \$0.95</b>
<b>Options exercisable at June 30, 2015</b>	<b>562,333</b>	<b>CAD \$0.60 to \$2.00</b>	<b>CAD \$0.91</b>

The weighted average fair value of options granted during the period ended June 30, 2015 was \$1.35 CAD (December 31, 2014 - \$0.67 CAD)

The Company established an incentive share option plan for employees, directors and consultants on September 15, 1997. Under this plan, the Company is authorized to issue options up to 10% of the outstanding number of issued and outstanding shares. From grant date, options vest at one-third of the total grant annually with an expiration term of 5 years. The current share option plan was approved by shareholders on October 17, 2014 and notification of acceptance of filing by the TSX Venture Exchange was given on December 6, 2014.

The options that are outstanding at June 30, 2015 are summarized as follows:

Options Outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
600,667	CAD \$0.60 to \$0.90	CAD \$0.64	3.06 years
225,000	CAD \$0.91 to \$1.37	CAD \$1.67	4.95 years
200,000	CAD \$1.38 to \$2.00	CAD \$1.41	1.77 years
1,025,667	CAD \$0.60 to \$2.00	CAD \$0.95	3.22 years

  

Number of Options Currently Vested	Option price	Weighted Average Exercise Price of Options Currently Exercisable	Weighted Average Remaining Contractual Life
362,333	CAD \$0.60 to \$0.90	CAD \$0.63	2.98 years
200,000	CAD \$1.38 to \$2.00	CAD \$1.41	1.77 years
562,333	CAD \$0.60 to \$2.00	CAD \$0.91	2.55 years

**Omni-Lite Industries Canada Inc.**  
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**9. Share Capital - continued**

The options that are outstanding at December 31, 2014 are summarized as follows:

Options Outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
941,678	CAD \$0.60 to \$0.90	CAD \$0.68	2.42 years
215,000	CAD \$1.38 to \$2.00	CAD \$1.41	2.27 years
1,156,678	CAD \$0.60 to \$2.00	CAD \$0.82	2.39 years

  

Number of Options Currently Vested	Option price	Weighted Average Exercise Price of Options Currently Exercisable	Weighted Average Remaining Contractual Life
498,350	CAD \$0.60 to \$0.90	CAD \$0.71	1.36 years
143,332	CAD \$1.38 to \$2.00	CAD \$1.41	2.27 years
641,682	CAD \$0.60 to \$2.00	CAD \$0.86	1.56 years

The fair value of the options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2015	December 31, 2014
Risk free interest rate (%)	1.0 – 2.0%	1.5 – 2.0%
Expected life (years)	5	5
Volatility rate (%)	60 – 70%	60 – 70%
Dividend yield (%)	0.00%	0.00%
Forfeiture rate (%)	9.2%	15.3%

In estimating expected stock price volatility at the time of a particular share option grant, the Company relies on observations of historical volatility trends.

(d) Normal course issuer bid

During the period, pursuant to a normal course issuer bid under applicable securities legislation the Company acquired 185,200 (December 31, 2014 – 575,700) of its issued and outstanding common shares. The Company repurchased the common shares for \$193,780 (December 31, 2014 – \$47,071) resulting in a \$133,187 (December 31, 2014 – \$412,635) reduction in share capital and a \$60,593 decrease (December 31, 2014 – \$18,092) in retained earnings.

**Omni-Lite Industries Canada Inc.**  
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**10. Segmented Information**

**Geographic Segments:**

The Company has its operations and subsidiaries in the United States, Canada and Barbados. The Company allocates its revenues between countries based on the location that has title to the contract. The Company has utilized and reported revenues from products sold based on the Company locations for each of these segments as follows:

June 30, 2015	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenue	\$ 3,628,179	\$ -	\$ 500,772	\$ (114,320)	\$ 4,014,631
Net income	514,100	(797)	366,591	-	879,894
June 30, 2014	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenue	\$ 2,972,204	\$ -	\$ 336,974	\$ (126,388)	\$ 3,182,790
Net income (loss)	133,478	(23,307)	194,829	-	305,000

**11. Financial Instruments**

Financial instruments of the Company consist of cash, accounts receivable, loans due from related parties, investment, accounts payable and accrued liabilities.

	June 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>At fair value through profit or loss</b>				
Cash	\$ 818,049	\$ 818,049	\$ 1,686,690	\$ 1,686,690
<b>Loans and receivable</b>				
Accounts receivable	1,767,378	1,767,378	759,062	759,062
Due from related parties	1,457,146	1,457,146	1,457,047	1,457,047
<b>Available for sale</b>				
Investment	319,490	319,490	436,498	436,498
<b>Other financial liabilities</b>				
Accounts payable and accrued liabilities	538,480	538,480	414,869	414,869

**Omni-Lite Industries Canada Inc.**  
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**11. Financial Instruments - continued**

The table below sets out fair value measurements using the fair value hierarchy.

<b>Assets</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash	\$ 818,049	\$ 818,049	\$ -	\$ -
Investment	319,490	319,490	-	-

There have been no transfers during the period between Levels 1 and 2.

The carrying values of accounts receivable, accounts payable and accrued liabilities and current portion of long-term debt approximate their fair value due to their short-term nature.

The fair value of the Company's due from related parties approximate their fair values due to the interest rates applied to these instruments, which approximate market interest rates.

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to various risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not use off statement of financial position contracts to manage these risks.

Foreign currency risk

A significant portion of the Company's operations are located outside of the United States and, accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts and receivables to offset foreign currency payables and planned expenditures. The Company reports in its functional currency, the U.S. dollar. At June 30, 2015, the Company had the following balances denominated in Canadian dollars. The balances have been translated into U.S. dollars in accordance with the Company's foreign exchange accounting policy.

	<b>USD</b>	<b>USD</b>
	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Cash	<b>\$ 67,366</b>	\$ 15,304
Accounts payable	<b>37,601</b>	76,942

**Omni-Lite Industries Canada Inc.**  
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**11. Financial Instruments - continued**

Omni-Lite operates with a U.S. dollar functional currency which gives rise to currency exchange rate risk on Omni-Lite's Canadian dollar denominated monetary assets and liabilities, such as Canadian dollar bank accounts and accounts payable, as follows:

	<b>Impact on Net Income</b>
U.S. Dollar Exchange Rate – 10% increase	<b>\$ (2,977)</b>
U.S. Dollar Exchange Rate – 10% decrease	<b>2,977</b>

Other Price Risk

The Company has financial instruments that may fluctuate in value as a result of changes in market price. The Company has an investment in shares of California Nanotechnologies Corp. This investment is recorded on the condensed consolidated statement of financial position at fair value as of the statement of financial position date with changes from the prior period's fair value reported in OCI. A change in the price of the investment of 1 percent would have an impact of \$3,195 (December 2013 - \$4,365).

Liquidity Risk

The Company is exposed to liquidity risk due to the borrowings under the credit facilities. This risk is mitigated by complying with the covenants and managing the cash flow by controlling receivables and payables.

The following table provides an analysis of the financial liabilities based on the remaining terms of the liabilities as at June 30, 2015:

	≤ 1 year	> 1 year ≤ 3 years	> 3 year ≤ 4 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 538,480	\$ -	\$ -	\$ -	\$ 538,480
<b>Total</b>	<b>\$ 538,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 538,480</b>

Credit Risk

The Company manages credit risk by dealing with financially sound customers, based on an evaluation of the customer's financial condition. For the period ended June 30, 2015, the Company was engaged in contracts for products with three (June 30, 2014 – three) customers in excess of 10% of revenue, which accounted for \$2,480,521 (June 30, 2014 - \$2,232,853) or 62% (June 30, 2014 – 70%) of the Company's total revenue. During the same period, there were no export sales (June 30, 2014 – nil) to customers in various international countries in excess of 10% of revenue. The maximum exposure to credit risk is the carrying value of account receivable. The table below provides an analysis of the age of our past due accounts receivables which are not considered impaired.

	Total	Current	≤ 30 days	> 30 days ≤ 60 days	60 days ≤ 90 days	> 90 days
	\$ 1,767,378	\$ 1,298,956	\$ 261,209	\$ 141,505	\$ 65,708	\$ -



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**Omni-Lite Industries Canada Inc.**  
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## **12. Contributed Surplus**

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The following is a continuity schedule of contributed surplus:

	<b>June 30, 2015</b>	December 31, 2014
Balance, beginning of period	<b>\$ 1,687,447</b>	\$ 1,638,572
Shares issued upon option exercise	<b>(69,460)</b>	-
Share-based compensation	<b>30,065</b>	48,875
Balance, end of period	<b>\$ 1,648,052</b>	\$ 1,687,447

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## **13. Income per Common Share**

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The basic income per common share is calculated using net income divided by the weighted-average number of common shares outstanding. The diluted income per common share is calculated using net income divided by the weighted-average number of diluted common shares outstanding.

200,000 (June 30, 2014 – 215,000) options were excluded in calculating the weighted-average number of diluted common shares outstanding for the period ended June 30, 2015, because their exercise price was greater than the annual average common share market price for the period. Outstanding options were the only potential dilutive instruments.

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## **14. Capital Disclosures**

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The objective for managing the Company's capital structure is to ensure that the Company has the financial capacity, liquidity and flexibility to fund expansion projects and product development efforts. The capital structure of the Company consists of cash, and equity comprised of issued capital, contributed surplus and retained earnings. The Company generally relies on operating cash flows to fund expansion and product development. However, given the long cycle time of some of the development projects which could require significant capital investment prior to cash flow generation, it is not unusual for capital expenditures to exceed cash flow from operating activities in any given period. The Company's financing needs depend on the timing of expected net cash flows from new products and sales of current products. This requires the Company to maintain financial flexibility and liquidity. The Company's capital management policies are aimed at:

Maintaining an appropriate balance between short-term borrowings, long-term debt and shareholders' equity; maintaining sufficient undrawn committed credit capacity to provide liquidity; ensuring ample covenant room to draw credit lines as required; and ensuring the Company maintains a credit rating that is appropriate for their circumstances.

The Company monitors the leverage in its capital structure by reviewing the ratio of net debt to cash flow from operating activities and interest coverage ratios.