

OMNI-LITE INDUSTRIES CANADA INC.

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

MARCH 31, 1998

NOTICE TO READER

We have compiled the accompanying consolidated statements of operations and retained earnings and consolidated statement of changes in financial position for Omni-Lite Industries Canada Inc. for the three months ended March 31, 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

May 15, 1998

OMNI-LITE INDUSTRIES CANADA INC.

**INTERIM CONSOLIDATED STATEMENT OF
OPERATIONS AND RETAINED EARNINGS**

(Unaudited - See Notice to Reader)

UNITED STATES DOLLARS

	<u>Three months</u> <u>ended</u> <u>March 31</u> <u>1998</u>	<u>Seven months</u> <u>Ended</u> <u>December 31</u> <u>1997</u>
Revenue:		
Sales	\$ 358,025	\$ 613,274
Cost of goods sold	<u>62,708</u>	<u>283,421</u>
	295,317	329,853
Expenses:		
Advertising, travel and promotion	3,774	45,092
Amortization – Capital assets	5,455	7,248
Amortization – Deferred development costs	10,095	19,462
Amortization – Goodwill	2,600	-
Automotive	1,511	3,552
Consulting	8,442	7,779
Insurance	1,279	1,500
Interest and bank charges	184	5,414
Interest on long-term debt	3,840	1,142
Listing expense	7,398	5,637
Marketing	-	192
Miscellaneous	-	800
Office expense	4,573	6,866
Professional fees	14,673	25,477
Rent and storage	7,191	18,750
Repairs and maintenance	525	1,200
Supplies and small tools	7,597	8,364
Telephone and utilities	2,824	4,529
Allocation of overhead to production	<u>(19,000)</u>	<u>(45,000)</u>
	<u>62,961</u>	<u>118,004</u>
Income before the following	232,356	211,849
Foreign exchange and other	<u>1,544</u>	<u>8,266</u>
Income before income taxes	233,900	220,115
Income tax expense -		
Current	34,000	105,000
Deferred	30,000	110,000
Application of loss carry-forward	<u>(30,000)</u>	<u>(105,000)</u>
	34,000	110,000
Net income for the period	<u>199,900</u>	<u>110,115</u>
Deficit, beginning of period	<u>(11,229)</u>	<u>(121,344)</u>
Retained earnings (deficit), end of period	<u>\$ 188,671</u>	<u>\$ (11,229)</u>

Earnings per share

\$ 0.02

\$ 0.01

OMNI-LITE INDUSTRIES CANADA INC.

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

	<u>Three months</u> <u>ended</u> <u>March 31</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	\$ 199,900	\$ 110,115
Add: Items not requiring a current outlay of cash -		
Amortization and depreciation	18,150	26,710
Deferred income taxes	30,000	110,000
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	248,050	246,825
Net change in non-cash operating working capital	(138,623)	85,508
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	109,427	332,333
Financing activities:		
Issue of share capital for cash	7,143	250,876
Issue of share capital on acquisition of subsidiary	685,720	-
Repayments and advances by (to) related parties, net	66,400	(290,146)
Repayment of long-term debt	(6,277)	(2,381)
Proceeds from long-term debt	-	123,303
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	752,986	81,652
Investing activities:		
Purchase of capital assets	(240,641)	(45,752)
Expenditures on deferred development costs	(34,658)	(28,908)
Deposit on capital assets	72,000	(72,000)
Acquisition of net assets of subsidiary	(676,726)	(250,000)
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	(880,025)	(396,660)
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Increase (decrease) in cash for the period	(17,612)	17,325
Cash, at beginning of period	92,573	75,248
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Cash, at end of period	\$ 74,961	\$ 92,573
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