

**OMNI-LITE INDUSTRIES CANADA INC.**  
**INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**(Unaudited)**  
**SEPTEMBER 30, 1998**

**OMNI-LITE INDUSTRIES CANADA INC.**

**INTERIM CONSOLIDATED BALANCE SHEET  
(Unaudited)  
UNITED STATES DOLLARS**

	<u>September 30</u> <u>1998</u>	<u>December 31</u> <u>1997</u>
Current assets:		
Cash	\$ 152,879	\$ 92,573
Accounts receivable	500,466	59,720
Inventory	174,306	242,062
Prepays	28,200	7,900
Due from related parties	<u>168,349</u>	<u>188,840</u>
	1,024,200	591,095
Deposit	-	72,000
Investments	17,986	-
Advances to Formed Fast Inc.	-	250,000
Capital assets, net	1,226,897	248,797
Deferred development costs, net	545,507	475,949
Goodwill, net	<u>601,096</u>	<u>-</u>
	<u>\$ 3,415,686</u>	<u>\$ 1,637,841</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Current liabilities:		
Bank indebtedness	\$ 300,000	\$ -
Accounts payable	54,891	56,088
Income taxes payable	18,600	-
Due to related parties	32,468	-
Current portion of long-term debt	<u>-</u>	<u>28,572</u>
	405,959	84,660
Long-term debt	-	92,350
Deferred income taxes	161,000	110,000
Shareholders' equity:		
Share capital	2,105,068	1,362,060
Retained earnings (deficit)	<u>743,659</u>	<u>(11,229)</u>
	2,848,727	1,350,831
	<u>\$ 3,415,686</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)  
UNITED STATES DOLLARS**

	<u>Nine months</u> <u>Ended</u> <u>September 30</u> <u>1998</u>	<u>Seven months</u> <u>ended</u> <u>December 31</u> <u>1997</u>
Revenue:		
Sales	\$ 1,418,336	\$ 613,274
Cost of goods sold	<u>354,717</u>	<u>283,421</u>
	1,063,619	329,853
Expenses:		
Advertising, travel and promotion	25,881	45,092
Amortization – Capital assets	22,639	7,248
Amortization – Deferred development costs	31,985	19,462
Amortization – Goodwill	34,424	-
Automotive	4,403	3,552
Consulting and salaries and wages	29,434	7,779
Insurance	1,279	1,500
Interest and bank charges	15,630	5,414
Interest on long-term debt	6,167	1,142
Listing and shareholder information	29,890	5,637
Miscellaneous	1,750	992
Office expense	13,161	6,866
Professional fees	49,318	25,477
Rent and storage	21,685	18,750
Supplies, small tools and repairs	19,248	9,564
Telephone and utilities	6,592	4,529
Allocation of overhead to production	<u>(57,000)</u>	<u>(45,000)</u>
	256,486	118,004
Income before the following	807,133	211,849
Foreign exchange and other	<u>17,355</u>	<u>8,266</u>
Income before income taxes	824,488	220,115
Income tax expense -		
Current	94,875	105,000
Deferred	51,000	110,000
Application of loss carry-forward	<u>(76,275)</u>	<u>(105,000)</u>
	69,600	110,000
Net income for the period	754,888	110,115
Deficit, beginning of period	<u>(11,229)</u>	<u>(121,344)</u>
Retained earnings (deficit), end of period	\$ 743,659	\$ (11,229)
Earnings per share	<u>\$ 0.08</u>	<u>\$ 0.01</u>

**OMNI-LITE INDUSTRIES CANADA INC.**

**INTERIM CONSOLIDATED STATEMENT  
OF CHANGES IN FINANCIAL POSITION**

**(Unaudited)**

**UNITED STATES DOLLARS**

	<u>Nine months</u> <u>Ended</u> <u>September 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	\$ 754,888	\$ 110,115
Add: Items not requiring a current outlay of cash -		
Amortization and depreciation	89,048	26,710
Deferred income taxes	51,000	110,000
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	894,936	246,825
Net change in non-cash operating working capital	(341,688)	85,508
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	553,248	332,333
Financing activities:		
Issue of share capital for cash	57,287	250,876
Issue of share capital on acquisition of subsidiary	685,720	-
Repayments and advances by (to) related parties, net	52,958	(290,146)
Repayment of long-term debt	(120,922)	(2,381)
Proceeds from long-term debt	-	123,303
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	675,043	81,652
Investing activities:		
Purchase of capital assets	(743,731)	(45,752)
Expenditures on deferred development costs	(101,542)	(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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	(1,467,985)	(396,660)
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Increase (decrease) in cash for the period	(239,694)	17,325
Cash, at beginning of period	92,573	75,248
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Cash (deficiency), at end of period	\$ (147,121)	\$ 92,573
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Cash (deficiency) consists of:		
Cash	\$ 152,879	\$ 92,573
Bank indebtedness	(300,000)	-
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	\$ (147,121)	\$ 92,573
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