

Omni-Lite Industries Canada Inc.
Condensed Consolidated Financial Statements
For the interim nine month period ended September 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 September 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 September 30, 2015 and the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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

David F. Grant
Chief Executive Officer
Cerritos, California, USA
November 19, 2015

"Timothy Wang" signed

Timothy Wang
Chief Financial Officer
Cerritos, California, USA
November 19, 2015

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

As at	Note	September 30, 2015 (unaudited)	December 31, 2014
Assets			
Current			
Cash		\$ 983,187	\$ 1,686,690
Accounts receivable	11	1,623,164	759,062
Inventory	3	3,020,436	2,380,108
Income taxes receivable		-	39,899
Current portion due from related parties	6	9,910	7,059
Prepaid expenses		112,829	141,956
		<u>5,749,526</u>	<u>5,014,774</u>
Equipment deposits		784,666	441,336
Investment	4	315,404	436,498
Property, plant and equipment	5	13,116,380	13,174,015
Due from related parties	6	1,470,018	1,449,988
Deferred tax asset		975,699	1,330,099
		<u>\$ 22,411,693</u>	<u>\$ 21,846,710</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	11	\$ 350,895	\$ 414,869
Income taxes payable		17,244	950
		<u>368,139</u>	<u>415,819</u>
Deferred tax liability		2,871,920	3,316,020
		<u>3,240,059</u>	<u>3,731,839</u>
Shareholders' Equity			
Share capital	9(b)	8,412,822	8,350,981
Contributed surplus	12	1,660,365	1,687,447
Retained earnings		9,164,325	8,021,227
Accumulated other comprehensive income (loss)		(65,878)	55,216
		<u>19,171,634</u>	<u>18,114,871</u>
		<u>\$ 22,411,693</u>	<u>\$ 21,846,710</u>

On behalf of the Board:

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

signed "Roger Dent" Director
Roger Dent

Omni-Lite Industries Canada Inc.
Condensed Consolidated Statements of Income, and
Comprehensive Income
United States Dollars

(Unaudited – prepared by management)

	Note	For the nine month period ended September 30, 2015	For the nine month period ended September 30, 2014	For the three month period ended September 30, 2015	For the three month period ended September 30, 2014
Revenue	10	\$ 6,017,254	\$ 4,811,548	\$2,002,623	\$ 1,628,758
Cost of goods sold	3	2,420,840	2,015,322	786,990	694,179
Gross margin		3,596,414	2,796,226	1,215,633	934,579
Overhead expenses					
Depreciation		739,854	731,240	248,790	244,741
Foreign exchange loss		4,600	3,797	3,363	2,409
General and administrative		682,985	626,665	261,397	197,314
Bad debt		-	20,000	-	-
Employee benefits		898,689	770,077	308,883	265,471
Commissions		5,423	16,497	1,613	3,669
Interest on long-term debt	9	-	4,317	-	503
Share-based compensation	12	45,908	40,255	15,843	8,790
Research and product design		21,156	11,038	7,723	4,493
		2,398,615	2,223,886	847,612	727,390
Income from operations		1,197,799	572,340	368,021	207,189
Other income					
Interest income		23,078	21,794	8,932	7,706
Gain (loss) on sale of equipment		-	(56,634)	-	-
		23,078	(34,840)	8,932	7,706
Income before income taxes		1,220,877	537,500	376,953	214,895
Income tax provision (recovery)					
Current		18,730	11,900	8,500	6,245
Deferred		(48,200)	(24,150)	(2,000)	(36,100)
		(29,470)	(12,250)	6,500	(29,855)
Net income		\$ 1,250,347	\$ 549,750	\$ 370,453	\$ 244,750
Other comprehensive income					
Gain (loss) on available for sale financial assets	4	(121,094)	139,964	-	(116,644)
Comprehensive income		\$ 1,129,253	\$ 689,714	\$ 370,453	\$ 128,106
Income per share - basic	13	\$ 0.11	\$ 0.05	\$ 0.03	\$ 0.02
- diluted	13	\$ 0.10	\$ 0.05	\$ 0.03	\$ 0.02
Weighted average shares outstanding					
basic	13	11,739,651	12,074,379	11,723,436	11,916,367
diluted	13	12,087,562	12,208,564	12,132,291	12,101,277

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
Shares issued upon option exercise	9(c)	275,972	(72,990)	-	-	202,982
Repurchase under normal course issuer bid	9(d)	(211,149)	-	(107,249)	-	(318,398)
Share-based compensation	12	-	45,908	-	-	45,908
Share issue costs	9(b)	(2,982)	-	-	-	(2,982)
Net income		-	-	1,250,347	-	1,250,347
Available for sale financial assets	4	-	-	-	(121,094)	(121,094)
Balance at September 30 , 2015		\$ 8,412,822	\$ 1,660,365	\$ 9,164,325	\$ (65,878)	\$19,171,634

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

(Unaudited – prepared by management)

Note	For the nine month period ended September 30, 2015	For the nine month period ended September 30, 2014	For the three month period ended September 30, 2015	For the three month period ended September 30, 2014
Cash flows from operating activities				
	\$ 1,250,347	\$ 549,750	\$ 370,453	\$ 244,750
	Adjustments for:			
	739,854	731,240	248,790	244,741
	(48,200)	(24,150)	(2,000)	(36,100)
5	-	56,634	-	-
3	-	20,000	-	-
12	45,908	40,255	15,843	8,790
	<u>1,987,909</u>	<u>1,373,729</u>	<u>633,086</u>	<u>462,181</u>
	Net change in non-cash working capital items			
	(864,102)	18,433	144,214	159,375
	(2,150)	-	-	-
	(640,328)	106,782	(26,334)	100,927
	29,127	(3,588)	20,171	7,162
	(63,974)	(114,982)	(187,585)	34,318
	16,294	5,784	8,247	6,245
	<u>462,776</u>	<u>1,386,158</u>	<u>591,799</u>	<u>770,208</u>
Cash flows from financing activities				
	29,909	174,702	8,598	54,276
	(52,790)	(107,666)	(26,445)	(12,031)
8	-	(266,667)	-	(66,667)
9(b)	(2,343)	(1,047)	(639)	(421)
9(b)	202,892	-	8,156	-
9(d)	(318,398)	(381,625)	(124,618)	(181,474)
	<u>(140,730)</u>	<u>(582,303)</u>	<u>(134,948)</u>	<u>(206,317)</u>
Cash flows from investing activities				
5	(343,330)	(253,000)	(131,661)	(253,000)
5	-	262,500	-	-
5	(682,219)	(684,039)	(160,052)	(163,811)
	<u>(1,025,549)</u>	<u>(674,539)</u>	<u>(291,713)</u>	<u>(416,811)</u>
	<u>(703,503)</u>	<u>129,316</u>	<u>165,138</u>	<u>147,080</u>
	<u>1,686,690</u>	<u>1,925,038</u>	<u>818,049</u>	<u>1,907,274</u>
	<u>\$ 983,187</u>	<u>\$ 2,054,354</u>	<u>\$ 983,187</u>	<u>\$ 2,054,354</u>
Supplemental Cash Flow Information:				
	\$ -	\$ 4,317	\$ -	\$ 1,984
	-	6,116	-	-

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

For the interim nine month period ended September 30, 2015

1. Nature of Operations

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 September 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 November 19, 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 - 10th 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, and sports and recreational 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.

2. Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at December 31, 2014. Please refer to the annual audited financial statements for the year ended December 31, 2014 for additional information regarding significant accounting policies.

(a) New accounting policies

For the nine months ended September 30, 2015, the Company did not adopt any new IFRS standards.

(b) Recent accounting pronouncements

There have been no significant amendments or introductions of new standards issued by the IASB for the nine months ended September 30, 2015.

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

For the interim nine month period ended September 30, 2015

3. Inventory

The major components of inventory are classified as follows:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Raw materials	\$ 510,042	\$ 391,587
Finished goods	2,510,394	1,988,521
	<u>\$ 3,020,436</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 \$2,420,840 (September 30, 2014 - \$2,015,322). There were recurring inventory write-downs included in cost of goods sold in the amount of \$23,969 (September 30, 2014 - \$34,008).

4. Investments

As at September 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.

	<u>Carrying Amount</u>
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
Loss from market price valuation	(121,094)
Investments at September 30, 2015	\$ 315,404

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

For the interim nine month period ended September 30, 2015

5. Property, Plant and Equipment

	Land	Building	Production and other equipment	Computer equipment	Vehicle	Non- consumable tooling	Totals
Cost							
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	-	-	253,568	4,807	-	423,845	682,220
At September 30, 2015	770,000	1,500,360	13,564,054	206,868	28,400	6,095,975	22,165,657
Accumulated Depreciation							
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	-	25,839	297,490	15,448	-	401,078	739,855
At September 30, 2015	-	659,091	3,906,915	175,310	28,400	4,279,561	9,049,277
Net Book Value							
At December 31, 2014	770,000	867,108	9,701,061	42,199	-	1,793,647	13,174,015
At September 30, 2015	770,000	841,269	9,657,139	31,558	-	1,816,414	13,116,380

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

For the interim nine month period ended September 30, 2015

5. Property, Plant and Equipment - continued

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 \$1,463,892 (December 31, 2014 - \$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 \$784,666 (December 31, 2014 - \$441,336).

6. Related Party Transactions

Due from related parties includes advances to a non-arm's length company. An amount of \$1,032,337 (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 nine month period ended September 30, 2015, the Company did not pay the Chief Executive Officer. It is management's estimate that the fair value salary would approximate \$120,000 (September 30, 2014 - \$120,000). 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 loan of this type to one former employee is included in bad debt in the prior year amount of \$20,000. Two employees have received grants 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 each. Two former employees and a current employee have received unsecured interest free loans from the Company with amounts due totalling \$9,910 (December 31, 2014 - \$7,059), with a current portion of \$9,910 (December 31, 2014 - \$7,059) with maturity dates in 2015. The Company has issued a loan due on demand to the Chief Executive Officer for \$403,213 (December 31, 2014 - \$397,077) at a 2% interest rate. The loan is secured by the Chief Executive Officer's related residential property.

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

For the interim nine month period ended September 30, 2015

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:

	September 30, 2015	September 30, 2014
Short-term benefits	\$ 250,660	\$ 239,167
Share-based compensation	<u>32,667</u>	<u>17,833</u>
	<u>\$ 283,327</u>	<u>\$ 257,000</u>

Key management personnel of the Company include the Chief Executive Officer (also a Director), President, Vice-president, Chief Financial Officer and the three other members of the Board of Directors.

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

For the interim nine month period ended September 30, 2015

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 that was 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 September 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 repaid daily with available funds after clearing operating disbursements.

9. Share Capital

- (a) Authorized
 Unlimited number of common shares with no par value.
- (b) Issued

<u>Share capital</u>	<u>Number of Shares</u>	<u>Amount</u>
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	(575,000)	(412,635)
Total issued and outstanding, December 31, 2014	11,637,932	\$ 8,350,981
Shares issued upon option exercise	343,343	275,972
Share issuance costs	-	(2,982)
Shares cancelled	(8,334)	-
Cancelled on repurchase under normal course issuer bid	(293,500)	(211,149)
Total issued and outstanding, September 30, 2015	11,679,441	\$ 8,412,822

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

For the interim nine month period ended September 30, 2015

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
Options - granted	225,000	CAD \$0.60 to \$2.90	CAD \$1.35
- forfeited	(45,000)	CAD \$0.60 to \$2.90	CAD \$0.97
- exercised	(311,011)	CAD \$0.60 to \$0.90	CAD \$0.75
Options outstanding at September 30, 2015	1,067,335	CAD \$0.60 to \$1.80	CAD \$1.00
Options exercisable at September 30, 2015	529,000	CAD \$0.60 to \$1.80	CAD \$0.92

The weighted average fair value of options granted during the period ended September 30, 2015 was \$1.41 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 September 30, 2015 are summarized as follows:

Options Outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
567,335	CAD \$0.60 to \$0.90	CAD \$0.64	2.79 years
225,000	CAD \$0.91 to \$1.37	CAD \$1.35	4.70 years
275,000	CAD \$1.38 to \$2.00	CAD \$1.45	2.44 years
1,067,335	CAD \$0.60 to \$2.00	CAD \$1.00	3.10 years
Number of Options Currently Vested	Option price	Weighted Average Exercise Price of Options Currently Exercisable	Weighted Average Remaining Contractual Life
329,000	CAD \$0.60 to \$0.90	CAD \$0.62	2.69 years
200,000	CAD \$1.38 to \$2.00	CAD \$1.41	1.52 years
529,000	CAD \$0.60 to \$2.00	CAD \$0.92	2.25 years

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

For the interim nine month period ended September 30, 2015

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 calculated assumptions:

	September 30, 2015	December 31, 2014
Risk free interest rate (%)	0.5 – 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 (%)	4.1%	15.3%

In estimating expected stock price volatility at the time of a particular share option grant, the Company based its calculations on 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 293,500 (December 31, 2014 – 575,700) of its issued and outstanding common shares. The Company repurchased the common shares for \$318,398 (December 31, 2014 – \$430,727) resulting in a \$211,149 (December 31, 2014 – \$412,635) reduction in share capital and a \$107,249 decrease (December 31, 2014 – \$18,092) in retained earnings.

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

For the interim nine month period ended September 30, 2015

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:

September 30, 2015	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenue	\$ 5,712,652	\$ -	\$ 527,322	\$ (222,720)	\$ 6,017,254
Net income	949,752	17,895	282,700	-	1,250,347
September 30, 2014	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenue	\$ 4,338,727	\$ -	\$ 812,229	\$ (339,408)	\$ 4,811,548
Net income (loss)	109,467	(5,791)	446,074	-	549,750

11. Financial Instruments

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

	September 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
At fair value through profit or loss				
Cash	\$ 983,187	\$ 983,187	\$ 1,686,690	\$ 1,686,690
Loans and receivable				
Accounts receivable	1,623,164	1,623,164	759,062	759,062
Due from related parties	1,479,928	1,479,928	1,457,047	1,457,047
Available for sale				
Investment	315,404	315,404	436,498	436,498
Other financial liabilities				
Accounts payable and accrued liabilities	350,895	350,895	414,869	414,869

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11. Financial Instruments - continued

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

Assets	Total	Level 1	Level 2	Level 3
Cash	\$ 983,187	\$ 983,187	\$ -	\$ -
Investment	315,404	315,404	-	-

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 September 30, 2015, the Company had the following balances denominated in Canadian dollars (CAD). The balances have been translated into U.S. dollars in accordance with the Company's foreign exchange accounting policy.

	USD	USD
	September 30, 2015	December 31, 2014
Cash	\$ 15,448	\$ 15,304
Accounts payable	230	76,942

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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:

	Impact on Net Income
CAD/U.S. Dollar Exchange Rate – 10% increase	\$ (1,522)
CAD/U.S. Dollar Exchange Rate – 10% decrease	1,522

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 \$3,154 (December 2014 - \$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 September 30, 2015:

	≤ 1 year	> 1 year ≤ 3 years	> 3 year ≤ 4 years	> 5 years	Total
Accounts payable and accrued liabilities	\$ 350,895	\$ -	\$ -	\$ -	\$ 350,895
Total	\$ 350,895	\$ -	\$ -	\$ -	\$ 350,895

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 September 30, 2015, the Company was engaged in contracts for products with three (September 30, 2014 – four) customers in excess of 10% of revenue, which accounted for \$3,726,397 (September 30, 2014 - \$3,235,171) or 62% (September 30, 2014 – 70%) of the Company's total revenue. During the same period, there were no export sales (September 30, 2014 – one) 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 aging of our accounts receivable which are not considered impaired.

	Total	Current	≤ 30 days	> 30 days ≤ 60 days	60 days ≤ 90 days	> 90 days
	\$ 1,597,500	\$ 1,009,528	\$ 363,069	\$ 215,432	\$ 11,353	\$ (1,882)

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12. Contributed Surplus

The following is a continuity schedule of contributed surplus:

	September 30, 2015	December 31, 2014
Balance, beginning of year	\$ 1,687,447	\$ 1,638,572
Shares issued upon option exercise	(72,990)	-
Share-based compensation	45,908	48,875
Balance, end of period	\$ 1,660,365	\$ 1,687,447

13. Income per Common Share

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.

60,000 (September 30, 2014 – 440,000) options were excluded in calculating the weighted-average number of diluted common shares outstanding for the period ended September 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.

14. Capital Disclosures

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 shareholder 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.