
ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT
Omni-Lite Industries Canada Inc.	September 30, 2002	November 29, 2002

ISSUER'S ADDRESS

1600 Bow Valley Sq2
205 5th Ave. SW

CITY, PROVINCE, POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Calgary, AB. T2P2V7	562 926-6913	562 404-8510

CONTACT NAME	CONTACT'S POSITION	CONTACT TELEPHONE NO.
Ann Park	Administration	562 404-8510

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CERTIFICATE

The three schedules required to complete this Annual Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Annual Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
"Robert Inkster"	Robert Inkster	November 29, 2002

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
"Donald J. Kelly"	Donald J. Kelly	November 29, 2002

Omni-Lite Industries Canada Inc.
Consolidated Interim
Financial Statements
For the nine month period ended
September 30, 2002
(Unaudited – See Notice to Reader)

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Notice to Reader

We have compiled the consolidated interim balance sheet of Omni-Lite Industries Canada Inc. as at September 30, 2002 and the consolidated interim statements of income and retained earnings and cash flows for the interim period then ended 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.

Signed "*BDO Dunwoody LLP*"

Chartered Accountants

Calgary, Alberta
November 27, 2002

Omni-Lite Industries Canada Inc.
Consolidated Interim Balance Sheet
(Unaudited – See Notice to Reader)
United States Dollars

As at	September 30, 2002	December 31, 2001 (audited)
Assets		
Current		
Cash	\$ 240,588	\$ 40,331
Accounts receivable	580,110	505,207
Inventory (Note 3)	989,707	789,570
Prepaid expenses	7,839	5,556
	<u>1,818,244</u>	<u>1,340,664</u>
Investment	84,846	84,846
Deposit	-	-
Capital assets (Note 4)	5,415,640	4,576,020
Deferred development and patent expenditures (Note 5)	483,467	715,942
	<u>\$ 7,802,197</u>	<u>\$ 6,717,472</u>
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 389,766	\$ 280,409
Income taxes payable	23,078	33,535
Due to related parties (Note 6)	805,832	359,576
Current portion of long-term debt	1,559,000	913,555
	<u>2,777,676</u>	<u>1,587,075</u>
Long-term debt	-	444,445
Future income taxes	466,000	412,000
	<u>3,243,676</u>	<u>2,443,520</u>
Share capital (Note 7(b))	2,282,896	2,183,114
Subscriptions receivable (Note 7(d))	(57,360)	-
Retained earnings	2,332,985	2,090,838
	<u>4,558,521</u>	<u>4,273,952</u>
	<u>\$ 7,802,197</u>	<u>\$ 6,717,472</u>

On behalf of the Board:

"signed" _____ Director
 Robert Inkster

"signed" _____ Director
 Don Kelly

Omni-Lite Industries Canada Inc.
Consolidated Interim Statements of Income and Retained Earnings
(Unaudited – See Notice to Reader)
United States Dollars

	For the nine month period ended Sept 30, 2002	For the nine month period ended Sept 30, 2001	For the three month period ended Sept 30, 2002	For the three month period ended Sept 30, 2001
Revenue	\$ 1,787,077	\$ 1,909,725	\$ 673,822	\$ 926,167
Cost of goods sold	557,382	457,701	251,963	203,409
Gross margin	1,229,695	1,452,024	421,859	722,758
Overhead expenses				
Amortization	353,744	206,855	153,863	72,192
General and administrative	534,959	319,566	200,932	114,110
Interest on long-term debt	45,861	81,151	13,780	26,495
Research and product design	36,133	-	15,000	-
	970,696	607,572	383,575	212,797
Income before the undernoted	258,999	844,452	38,284	509,961
Other income (loss)				
Foreign exchange	(9,682)	-	7,316	-
Rental	52,957	158,871	-	52,957
	43,275	158,871	7,316	52,957
Income before income taxes	302,274	1,003,323	45,600	562,918
Income taxes				
Current	6,127	19,028	-	12,704
Future	54,000	63,000	20,000	18,000
	60,127	82,028	20,000	30,704
Net income for the period	242,147	921,295	25,600	532,214
Retained earnings, beginning of period	2,090,838	1,511,851	2,307,385	1,875,394
Purchase price of common shares repurchased in excess of carrying value (Note 7(b))	-	(123,107)	-	(97,569)
Retained earnings, end of period	\$ 2,332,985	\$ 2,310,039	\$ 2,332,985	\$ 2,310,039
Earnings (loss) per share – basic and diluted	\$ 0.03	\$ 0.09	\$ 0.003	\$ 0.05
Weighted average shares outstanding - basic	9,138,543	9,894,521	9,238,269	9,825,917
diluted	9,138,543	9,929,137	9,238,269	9,860,533

Omni-Lite Industries Canada Inc.
Consolidated Interim Statements of Cash Flows
(Unaudited – See Notice to Reader)
United States Dollars

	For the nine month period ended Sept 30, 2002	For the nine month period ended Sept 30, 2001	For the three month period ended Sept 30, 2002	For the three month period ended Sept 30, 2001
Cash flows from operating activities				
Net income for the period	\$ 242,147	\$ 921,295	\$ 25,600	\$ 532,214
Adjustments for:				
Amortization	353,744	206,855	153,863	72,192
Future income taxes	54,000	63,000	20,000	18,000
Cash flow from operations	649,891	1,191,150	199,463	622,406
Net change in assets and liabilities				
Accounts receivable	(74,903)	(215,318)	(78,837)	(367,095)
Inventory	(200,137)	(267,782)	(6,884)	65,432
Prepaid expenses	(2,283)	(3,704)	(1,483)	(1,754)
Accounts payable and accrued liabilities	109,357	6,222	94,390	(32,985)
Income taxes payable	(10,457)	17,700	-	12,700
	471,468	728,268	206,649	298,704
Cash flows from financing activities				
Due to related parties	446,256	(43,289)	(101,577)	(13,991)
Issue of share capital	42,422	(154,338)	-	(118,396)
Proceeds (repayment) from (of) long-term debt	201,000	(56,000)	139,000	(85,000)
	689,678	(253,627)	37,423	(217,387)
Cash flows from investing activities				
Deferred development and patent expenditures	-	(196,344)	-	(67,524)
Deposit	-	-	426,000	-
Purchase of capital assets	(960,889)	(315,803)	(640,666)	1,063
Purchase of investments	-	(1,333)	-	(1,333)
	(960,889)	(513,480)	(214,666)	(67,794)
Increase (decrease) in cash	200,257	(38,839)	29,406	13,523
Cash, beginning of period	40,331	121,862	211,182	69,500
Cash, end of period	\$ 240,588	\$ 83,023	\$ 240,588	\$ 83,023

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statements
(Unaudited – See Notice to Reader)
United States Dollars

September 30, 2002

1. Nature of Operations

Omni-Lite Industries Canada Inc. (the “Company”) is a public company incorporated under the Laws of the Business Corporations Act of Alberta in 1992. Its head office operations are located in Calgary, with research and development and production operations in Cerritos, California, U.S.A. and an international office in Barbados. The company’s activities consist of developing, producing and marketing specialized metal matrix composite, aluminum and carbon steel products. These products include components for the Sports and Recreation, Automobile, Aerospace, Military and Commercial Industries. Since the most significant portion of the Company’s operations are located in the United States and its transaction currency is usually denominated in United States dollars, these consolidated financial statements are stated in United States dollars. The Company is currently listed on the TSX Venture Exchange and has filed a TSX application to list their common shares for free trading on the TSX.

2. Significant Accounting Policies

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles in Canada. The preparation of consolidated interim financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated interim financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated interim financial statements have, in management’s opinion, been properly prepared using careful judgment with reasonable limits of materiality. These consolidated interim financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements except for the following:

Stock-based compensation

Effective January 1, 2002, the Company adopted the recommendations of CICA Handbook Section 3870, Stock based compensation and other stock-based payments. This section requires that direct awards of stock and liabilities based on the price of common stock be measured at fair value at each reporting date, with the change in fair value reported in the statements of income and encourages, but does not require, the use of the fair value method for all other types of stock-based compensation plans. None of the Company’s plans qualify as direct awards of stock or as plans that create liabilities based on the price of the company’s stock, and as a result, the implementation of the section has no impact on the financial statements. The Company has chosen not to use the fair value method to account for stock-based employee compensation plans, but to disclose pro-forma information for options granted after January 1, 2002. The Company records no compensation expense when options are issued to employees. Any consideration paid by employees on the exercise of the options is credited to capital stock.

Deferred development

The amortization period for projects on hand at January 1, 2002 was revised to three from ten years on a straight-line basis. As a result, the full amount will be fully amortized within 2.5 years.

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statements
(Unaudited – See Notice to Reader)
United States Dollars

September 30, 2002

3. Inventory

The major components of inventory are classified as follows:

	September 30, 2002	December 31, 2001 (audited)
Raw materials	\$ 272,175	\$ 225,242
Work in progress	-	5,100
Finished goods	<u>754,597</u>	<u>559,228</u>
	\$ 1,026,772	\$ 789,570

4. Capital Assets

	September 30, 2002		December 31, 2001 (audited)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
		\$	\$	\$
Land	770,000	-	770,000	-
Building	1,453,233	84,762	1,209,549	48,381
Production and other equipment	3,592,276	335,580	2,878,100	255,969
Computer equipment	48,525	28,052	45,115	22,394
	<u>\$ 5,864,034</u>	<u>\$ 448,394</u>	<u>\$ 4,902,764</u>	<u>\$ 326,744</u>
Net book value	\$ 5,415,640		\$ 4,576,020	

5. Deferred Development and Patent Expenditures

	September 30, 2002		December 31, 2001 (audited)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
		\$	\$	\$
Deferred development and patent expenditures	<u>\$ 1,134,312</u>	<u>\$ 650,845</u>	<u>\$ 1,134,693</u>	<u>\$ 418,751</u>
Net book value	\$ 483,467		\$ 715,942	

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statements
(Unaudited – See Notice to Reader)
United States Dollars

September 30, 2002

6. Due to Related Parties

Due to related parties includes an amount of \$615,778 (December 31, 2001 - \$359,576) to a director and shareholder of the Company, which is unsecured, non-interest bearing and has no set terms of repayment. Included is also a loan from another director of the Company in the amount of \$190,054 (2001 - \$nil). This loan is due on demand and bears interest at 8.19% per annum.

7. Share Capital

(a) Authorized

Unlimited number of common shares

(b) Issued

	For the 9 months ending September 30, 2002		For the year ended December 31, 2001 (audited)	
	Number of Shares	Amount	Number of Shares	Amount
Total issued and outstanding, begin of period	9,084,602	\$ 2,183,114	9,903,902	\$ 2,249,923
Issued for cash upon exercise of stock options	77,000	42,422	10,000	8,000
Repurchase of shares under normal course issuer bid	-	-	(183,300)	(41,641)
Returned to treasury	-	-	(500,000)	-
	9,161,602	2,225,536	9,230,602	2,216,282
To be issued for promissory notes upon exercise of stock options (Note 7(d))	76,667	57,360	-	-
To be cancelled from repurchase under normal course issuer bid	-	-	(146,000)	(33,168)
Total issued and outstanding, end of period	9,238,269	\$ 2,282,896	9,084,602	\$ 2,183,114

(c) Stock options

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

	Number of Shares	Option Price per Share Range	Weighted Average Exercise Price
Options outstanding, Dec. 31, 2001	926,333	CDN \$0.60 to \$2.50	CDN \$1.26
Options – exercised	(149,667)	CDN \$0.60 to \$1.40	CDN \$1.06
Options – granted	90,000	CDN \$1.72 to \$1.97	CDN \$1.88
Options – cancelled/expired	(10,000)	CDN \$1.50 to \$2.50	CDN \$2.00
Options outstanding, Sept 30, 2002	856,666	CDN \$0.98 to \$2.01	CDN \$1.31
Options exercisable at Sept 30, 2002	583,333	CDN \$1.20 to \$2.01	CDN \$1.25

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statements
(Unaudited – See Notice to Reader)
United States Dollars

September 30, 2002

7. Share Capital - continued

The options that are outstanding and exercisable at Sept 30, 2002 are summarized as follows:

Options Outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Vested	Weighted Average Exercise Price of Options Currently Exercisable
50,000	CDN \$0.60 to \$0.99	CDN \$ 0.98	1.05 years	10,000	CDN \$0.98
773,333	CDN \$1.00 to \$1.99	CDN \$ 1.30	2.75 years	540,000	CDN \$1.21
33,333	CDN \$2.00 to \$2.50	CDN \$ 2.01	3.05 years	33,333	CDN \$2.01
856,666				583,333	

Effective January 1, 2002, Canadian Generally Accepted Accounting Principles require companies electing not to recognize the compensation expense determined under the fair value based method to make pro forma disclosures of net income and earnings per common share as if that method of accounting had been applied.

	For the three month period ended Sept 30, 2002	For the three month period ended Sept 30, 2001	For the nine month period ended Sept 30, 2002	For the nine month period ended Sept 30, 2001
Net income, as reported	25,600	532,214	242,147	921,295
Net income, pro forma	9,151	532,214	225,698	921,295
Earnings per share, as reported	0.003	0.05	0.03	0.09
Earnings per share, pro forma	0.001	0.05	0.02	0.09

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

	For the nine month period ended September 30, 2002
Risk-free interest rate	5%
Expected lives (years)	5
Expected volatility	.35 - .48

(d) Subscriptions receivable

During the period, the Company issued promissory notes to options holders totaling \$57,360 to exercise stock options to acquire an aggregate of 76,667 common shares at exercise prices ranging from CDN\$0.98 to CDN\$1.40 per common share. The promissory notes are non-interest bearing and have a repayment date of 1 year from the date of the note.

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statements
(Unaudited – See Notice to Reader)
United States Dollars

September 30, 2002

8. Segmented Information

Operating Segments:

The Company operates as one operational segment selling specialized products to the Sports and Recreation, Automobile, Aerospace, Military and Commercial Industries.

Geographic Segments:

The Company has its operations and subsidiaries in the United States, Canada and in Barbados. The Company has utilized and reported revenues based on the Company locations for each of these segments as follows:

September 30, 2002	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenues	\$ 748,992	\$ -	\$ 1,737,976	\$ (699,891)	\$ 1,787,077
Capital assets	\$ 5,406,081	\$ 9,559	\$ -	\$ -	\$ 5,415,640

9. Commitments

There have been no material changes in the existence, likelihood or amount of commitments from the preceding annual consolidated financial statements.

10. Statement of Cash Flows

2002 2001

Interest Paid (to September 30)	\$ 45,861	\$ 81,151
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Non-Cash Transaction:

During the period, the Company issued promissory notes to options holders to acquire an aggregate of 76,667 common shares as detailed in Note 7(d).

11. Related Party Transactions

During the period, deposits totaling \$426,000 was paid relating to the purchase of five new cold forging systems for \$1,420,000. In the third quarter, two of the five cold forging systems were received. The exchange amount of the two systems was \$568,000. The remaining \$129,000 is still payable. For the remainder of the balance the Company is committed to monthly payments of \$100,000 per month, which commenced on March 2002. The Company has the option to make larger sum payments. The exchange amount equaled carrying values and represented costs incurred by the related party.