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**ISSUER DETAILS**

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NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT
Omni-Lite Industries Canada Inc.	September 30, 2003	November 28, 2003

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**ISSUER'S ADDRESS**

17210 Edwards Rd.

CITY, PROVINCE, POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Cerritos, CA 90703	562 926-6913	562 404-8510

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

CONTACT EMAIL ADDRESS	WEBSITE ADDRESS
a.park@omni-lite.com	www.omni-lite.com

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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
"David Grant"	David Grant	November 28, 2003

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
"Donald J. Kelly"	Donald J. Kelly	November 28, 2003

## SCHEDULE B

Omni-Lite Industries Canada Inc.  
British Columbia Form 51-901F  
For the Quarter Ended September 30, 2003

### *Item 1 Analysis of expenses and deferred costs year-to-date*

<u>Cost of Goods Sold</u>	\$593,898 US
<u>General and Administrative</u>	
Salaries	\$292,272US
Office Expense	95,799
Professional Fees	67,571
Insurance	66,846
Bad Debt	49,469
Repairs and maintenance	26,388
Property Tax	25,904
Investor Relations	22,599
Business Promotion	19,800
Other	<u>52,250</u>
Total	\$718,898

### *Item 2 Related party transactions*

Due to related parties includes an amount of \$ 318,929 (2002 - \$599,147) due to a director and shareholder of the Company, which is unsecured, non-interest bearing and has no set terms of repayment.

### *Item 3 Securities issued and options granted*

- a) Summary of common shares issued
- No common shares were issued during period.
- b) Summary of options granted
- 608,000 options were granted as follows:

Description of Optionee	Number of Optioned Shares	Exercise Price(CDN)	Original date of Grant	Expiration Date
Consultant*	20,000	\$0.85	Jan 27, 2003	Jan 27, 2008
Donald J. Kelly	30,000	\$0.85	Jan 27, 2003	Jan 27, 2003
David Grant	20,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee	30,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee	20,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee	30,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee	50,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee	5,000	\$0.85	Jan 27, 2003	Jan 27, 2003

\* expired unexercised on June 29, 2003

*Item 3b) continued*

Description of Optionee	Number of Optioned Shares	Exercise Price(CDN)	Original date of Grant	Expiration Date
Employee	5,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee	20,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee**	120,000	\$0.85	Jan 27, 2003	Jan 27, 2003
Employee	75,000	\$0.60	July 1, 2003	July 1, 2008
David Grant	150,000	\$0.60	July 3, 2003	July 3, 2008
Norman Goodrich	33,000	\$0.60	July 4, 2003	July 4, 2008

\*\* expired unexercised on July 1, 2003

*Item 4 Summary of securities as at the end of the reporting period*

a) Particulars of authorized capital

The corporation is authorized to issue an unlimited number of common shares. Each common share is entitled to receive notice and vote at shareholder meetings and will participate on a pro rata basis in any dissolution or winding up of the corporation.

b) Summary of shares issued and outstanding

	For the 3 months ending September 30, 2003		For the year ended December 31, 2002 (audited)	
	Number of Shares	Amount	Number of Shares	Amount
Total issued and outstanding, beginning of period	9,234,269	\$ 2,283,916	9,084,602	\$ 2,183,114
Issued upon exercise of stock options	-	-	149,667	100,802
Cancelled (1)	(102,000)	\$(25,227)	-	-
Total issued and outstanding, end of period	9,132,269	\$ 2,258,889	9,234,269	\$ 2,283,916

(1) During the period, the Company repurchased 102,000 common shares at a cost of \$58,007 resulting in a \$25,227 reduction in share capital and a \$32,780 reduction in retained earnings.

c) Summary of options, warrants and convertible debentures outstanding

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

	Number of Shares	Option Price per Share Range	Weighted Average Exercise Price
Options outstanding at Dec. 31, 2002	556,666	CDN \$ 0.98 to 1.97	CDN \$ 1.40
Options - exercised	-	-	-
- granted	608,000	CDN \$ 0.60 to 0.85	CDN \$ 0.74
- cancelled	(345,000)	CDN \$ 0.85 to 1.97	CDN \$ 1.18
Options outstanding at September 30, 2003	819,666	CDN \$0.60 to 2.01	CDN \$ 1.01
Options exercisable at September 30, 2003	268,332	CDN \$0.98 to 2.01	CDN \$ 1.36

The Company established a stock 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. Vesting of options is determined on a grant-by-grant basis. Options granted can have expiry dates up to 5 years from the date of grant. The maximum number of Common Shares that may issued pursuant to options granted after May 20, 2003, shall be 1,000,000 shares. The number of options granted at any time shall, together with options then outstanding, be limited to 10% of the outstanding Common shares.

d) Total number of shares in escrow or subject to pooling agreement

Nil

*Item 5 List of Officers and Directors as at the date of this report*

<u>Name of Director</u>	<u>Name of Officer</u>	
Norman Goodrich	David F. Grant	<i>President and CEO</i>
David F. Grant	Catherine Grant	<i>Chief Financial Officer</i>
Donald J. Kelly	Paul Burkey	<i>Chief Operating Officer</i>
Paul Schreckengost	Michael Walker	<i>V.P. Research and Development</i>
	Donald J. Kelly	<i>Secretary</i>

Omni-Lite Industries Canada Inc.  
Schedule "C"  
British Columbia Form 51-901F  
For the Quarter Ended September 30, 2003

**MANAGEMENT DISCUSSION AND  
ANALYSIS**

Item 1 General

A. Discussion of Operations and Financial Condition

For the nine month period ended September 30, 2003, Omni-Lite Industries Canada Inc. reported net income of \$555,652 US or \$752,132 CDN, an increase of 130% over the same period in 2002. Earnings per share were \$0.06 US or \$0.08 CDN. Revenue and rental income for same period was \$2,259,160 US or approximately \$3,057,999 CDN, an increase of 23%. Cash flow from operations increased by 23% to \$801,301 US or \$1,139,393 CDN.

The Company reported net income for the three month period ended September 30, 2003 of \$252,288 US or \$341,496 CDN. The Company earned \$0.03 US or \$0.04 CDN per share. Revenue and rental income increased 29% over the same period to \$892,966 US or \$1,208,719 CDN. Cash flow from operations for the three month period was \$419,167 US or \$567,385 CDN.

All figures are in US dollars except as noted.

**SUMMARY OF FINANCIAL HIGHLIGHTS (US \$)**

<b>Shares Issued And Outstanding : 9,132,269</b>	<b>Three months ended September 30, 2003</b>	<b>Three months ended September 30, 2002</b>	<b>Nine months ended September 30,2003</b>	<b>Nine months ended September 30, 2002</b>	<b>For the year ended Dec. 31, 2002</b>
Revenue and Rental	\$892,966	\$673,822	\$2,259,160	\$1,840,034	\$2,338,785
Cash flow from operations	\$419,167	\$199,463	\$ 801,301	\$ 649,891	\$ 415,671
Net Income (loss)	\$252,288	\$ 25,600	\$ 555,652	\$ 242,147	\$ (369,404)
EPS (US)	\$0.03	\$0.003	\$0.06	\$0.03	\$(0.04)
EPS (CDN)	\$0.04	\$0.005	\$0.08	\$0.04	\$(0.06)

### THIRD QUARTER FINANCIAL HIGHLIGHTS (US \$)

<b>Shares Issued And Outstanding : 9,132,269</b>	<b>Three months ended September 30, 2003</b>	<b>Three months ended September 30, 2002</b>	<b>% Increase (decrease)</b>
Revenue and rental	\$892,966	\$673,822	33%
Cash flow from operations	\$419,167	\$199,463	110%
Net Income (loss)	\$252,288	\$ 25,600	886%
EPS (US)	\$0.03	\$0.003	897%
EPS (CDN)	\$0.04	\$0.005	755%

Earnings per share in \$US are increasing by a higher percentage because of the Normal Course Issuer Bid. By the end of third quarter, 102,000 common shares were repurchased and cancelled. Since the Canadian dollar has appreciated approximately 17% this year, Omni-Lite's earnings have grown less when converted to \$CDN.

### NINE MONTHS FINANCIAL HIGHLIGHTS(US\$)

<b>Shares Issued And Outstanding : 9,132,269</b>	<b>Nine months ended September 30, 2003</b>	<b>Nine months ended September 30, 2002</b>	<b>% Increase (decrease)</b>
Revenue and rental	\$2,259,160	\$1,840,034	23%
Cash flow from operations	\$801,301	\$649,891	23%
Net Income	\$555,652	\$242,147	130%
EPS (US)	\$0.06	\$0.03	130%
EPS (CDN)	\$0.08	\$0.04	97%

#### B. Omni-Lite as a Business

Omni-Lite's key competitive strengths include the development and manufacture of specialized products utilizing advanced materials and precision computer controlled cold forging techniques. Combining these advantages and a team of key design and material engineers, production technicians, marketing and administrative support personnel has enabled Omni-Lite to prosper in the competitive environment of the 21<sup>st</sup> century. This strategy has quickly brought Omni-Lite to the forefront of technological development.

Ongoing improvements to the quality systems and equipment will be the key to the Company's future sales success.

## C. Omni-Lite's Markets

Omni-Lite's primary market is the development of precision components utilized by many of the world's largest corporations. Omni-Lite's components were utilized in the products of Daimler-Chrysler, GM, Ford, Mazda, Nike, adidas, Reebok, Boeing, Airbus, Bombardier, the U.S. Army, and NATO. The requirements and stature of these customers necessitates that the Company operate at a very high level of engineering and production efficiency. Currently, revenues are received through four divisions: Automotive, Aerospace, Sports and Recreation, and Military. Over the past nine months, the Automotive and Aerospace divisions have shown strong growth with sales increasing 183% and 67%, respectively. As new products are developed, it is expected that these two divisions will continue to grow significantly. The Sport and Recreation division has continued to provide steady revenue and is expected to remain stable. Omni-Lite's Sports and Recreation products are marketed in over 140 countries worldwide through the catalogs of Nike, adidas, Eastbay, M-F Athletics and Springco. The Military division has experienced tremendous swings in revenue as production and development problems plagued its customers. Orders have begun to stabilize and are expected to contribute strongly to revenue. Currently, Omni-Lite is developing a new military component and plans to submit a patent for the process.

## D. Growth Record

January 1998 saw the initiation of an expansion program during which Omni-Lite's manufacturing capability increased from two production systems to ten by April 2000. During 2000, the Company commenced discussions towards purchasing a larger cold forging system. This equipment with a retail price of over \$520,000US was purchased in February 2001 for approximately \$280,000US. In 2002, the Company continued to execute its expansion plans. Omni-Lite moved into the new production facilities and created a world class metallurgical laboratory. Procurement of an additional five progressive forging systems for \$1,420,000US was initiated. In March 2003, the company received final shipment of new cold forging systems, bringing the total number of machines to 16.

## E. Growth Expectations

In 2003, Omni-Lite will continue its focus on building sales in all of Omni-Lite's division. With the new facilities, technical services, and increased forging capabilities, Omni-Lite will be able to attract new business from the various market segments, mainly in aerospace and automotive. The Company is targeting growth of 25% to 30% per year for the next five years.

## F. Risk Factors

### **Economic Factors**

The Company's business and operating performance is subject to economic forces beyond its control, such as changes in consumer preferences, spending patterns, and general economic downturns.

**Other risks include those recognized by companies within the manufacturing sector and include,**

1. **Market cycle** – The Company's revenues are dependent on market segments that may experience cyclical changes in demand such as in the aerospace, automotive, and defense sectors. The Company minimizes its risk by diversifying customer base.
2. **Better technology** – Improvements in materials and processing methods developed by others, which Omni-Lite does not adopt or license may provide other companies with a greater competitive edge. Omni-Lite strives to remain at the forefront of progressive cold forging by continuing to invest in research and development.
3. **Sales issues** – The Company's sales may not grow at the same rate historically shown. There may not be suitable projects identified for the Company to undertake. The Company is expanding its sales force to further penetrate current markets.
4. **Financial instruments** – The Company currently has the majority of assets outside of Canada and is subject to fluctuations in exchange rate. 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. There are short term and long term financial liabilities that are subject to floating rates. The Company reduces the exposure to this risk by repaying debt on an accelerated schedule.
5. **Cost issues** – The costs to operate the business may increase affecting the profit margins. Certain raw materials can only be obtained from a few suppliers. Delays or increased costs may be associated with obtaining these raw materials. The cost of labour may increase, as competition for qualified employees in the Southern California area is strong. Material costs are kept low by ordering economical lot sizes. Labour costs are managed by including employees in the stock option plan and by increasing efficiency.
6. **Key personnel** - The success of the Company and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key employees and members of its board of directors. The loss of their services to the

Company may have a materially adverse effect on the Company. The Company's chief executive officer and its corporate secretary are material shareholders. The Company initiated a stock option plan for management and employees as a method of motivation and retaining key employees.

7. **Quality issues** – The Company is ISO 9002 compliant and aims to be registered by third quarter 2004. Delays in establishing compliance and registration may cause delays in shipping or loss of business. The Company has hired a veteran Quality Manager to lead implementation of the quality systems and procedures.
8. **One manufacturing facility** - If we suffer loss to our facility due to catastrophe, our operations could be seriously harmed. The Company's facility is subject to catastrophic loss due to fire, flood, terrorism or other, natural or man-made disasters. In particular, the facility could be subject to a catastrophic loss caused by earthquake due to its location.
9. **Development efforts** – Many of the Company's products are complex and require long lead time before entering the production phase. Typical lead times may range from 4 months to 18 months depending on the complexity of the component. The long lead-time may delay the profitability of the project.
10. **Political turmoil** – The Company's business dealings are international. Changes in governments or policies may cause delays or restrictions that may affect the operating results.

As Omni-Lite grows in revenue the Company becomes subject to increasing interest from corporations that would like to imitate the successes that have been achieved. The Company has and will continue to aggressively protect itself through a variety of means that include:

- A. Patent and trademark protection – The Company protects novel ideas and processes developed at Omni-Lite by filing with the U.S. Patent Office.
- B. Confidentiality agreements – These agreements prevent parties from sharing any information considered proprietary with unauthorized parties.
- C. License agreements – Omni-Lite may agree to allow other parties to license its technology for manufacturing products that it does not currently produce.
- D. Joint venture agreements – The Company may use a joint venture agreement to co-develop a particular part or technology. The resulting product or technology may be subject to a license agreement.

Of particular significance is the fact that Omni-Lite has received five U.S. patents to date and has two inventions in patent-pending.

## G. International Operations

In September 1997, Omni-Lite Industries Canada Inc. was established by the amalgamation of Omni-Lite Industries Inc. and Omni-Lite Industries Corp. which were both incorporated in Calgary, Alberta. To support the international scope of the market place, Omni-Lite has established two wholly owned subsidiaries in Barbados. These complement the production center in Cerritos, California. The Cerritos facility is located in the heart of Southern California's aerospace industry. This allows for easy access to specialized equipment, materials, and workforce. The staff in Barbados are responsible for marketing, sales, and maintaining international markets for Omni-Lite's products.

### Item 2 Quarterly Information

The following table summarizes the Company's financial performance over the last eight quarters. All figures in US dollars unless noted.

#### ALL FIGURES IN US DOLLARS UNLESS NOTED

	Sept 30/03	June 30/03	Mar 31/03	Dec 31/02	Sept 30/02	June 30/02	Mar 31/02	Dec 31/01
Revenue and Rental	892,966	724,512	641,682	498,751	673,822	445,833	731,561	385,582
Cash Flow	419,167	261,799	207,774	-234,220	199,463	60,841	389,587	-39,288
Net Income	252,288	173,308	164,057	-611,551	25,600	-58,418	274,965	-101,409
EPS(US)	.03	.03	.02	-.07	.00	-.01	.03	-.01
EPS(CDN)	.04	.04	.02	-.11	.01	-.01	.05	-.02

### Item 3 Liquidity and Capital Resources

The Company anticipates that internally generated cash flow both in the short-term and long-term will meet the on going working capital requirements of the Company. The Company will continue to repay long-term debt with excess funds and to repurchase common shares through the Normal Course Issuer Bid.

*The information contained in this discussion may be considered to contain forward-looking statements. Such forward-looking statements address future events and conditions and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated. There is no representation by the Company that actual results will be the same in whole or in part as implied by the forward-looking statements provided.*