
ISSUER DETAILS

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

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 |

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 |

FIN 51-901F Rev. 2001/3/20

**Omni-Lite Industries Canada Inc.
Consolidated Financial Statements
For the interim nine month period ended
September 30, 2003
(Unaudited- Prepared by Management)
(in United States Dollars)**

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Consolidated Interim Financial Statements

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Omni-Lite Industries Canada Inc.
Consolidated Interim Balance Sheets
(Unaudited – Prepared by Management)
(in United States Dollars)

| As at | September 30, 2003 (Unaudited) | December 31, 2002 (audited) |
|---|---|--|
| Assets | | |
| Current | | |
| Cash | \$ 169,381 | \$ 75,377 |
| Accounts receivable | 574,556 | 380,273 |
| Inventory | 987,561 | 813,819 |
| Prepaid expenses | 6,204 | 4,952 |
| Taxes receivable | 3,954 | - |
| | <u>1,791,656</u> | <u>1,274,421</u> |
| Investments | 106,866 | 106,866 |
| Capital assets | 6,314,254 | 5,524,954 |
| Deposits on equipment | - | 484,000 |
| Deferred development and patent expenditures | 4,255 | 4,255 |
| | <u>\$ 8,167,031</u> | <u>\$ 7,394,496</u> |
| Liabilities and Shareholders' Equity | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 242,677 | \$ 327,042 |
| Due to related party (Note 2) | 318,929 | 599,147 |
| Current portion of long-term debt | 410,000 | 324,000 |
| | <u>971,606</u> | <u>1,250,189</u> |
| Long-term debt (Note 5) | 2,317,460 | 1,899,000 |
| Future income taxes | 424,000 | 289,000 |
| | <u>3,713,067</u> | <u>3,438,189</u> |
| Share capital (Note 3) | 2,258,689 | 2,283,916 |
| Subscriptions receivable (Note 3(d)) | (49,030) | (49,043) |
| Retained earnings | 2,244,306 | 1,721,434 |
| | <u>4,453,965</u> | <u>3,956,307</u> |
| | <u>\$ 8,167,031</u> | <u>\$ 7,394,496</u> |

On behalf of the Board:

"signed" Director
Don Kelly

"signed" Director
David Grant

Omni-Lite Industries Canada Inc.
Consolidated Interim Statements of Income and Retained Earnings
(Unaudited – Prepared by Management)
(in United States Dollars)

| | For the nine month period ended September 30, 2003 | For the nine month period ended September 30, 2002 | For the three month period ended September 30, 2003 | For the three month period ended September 30, 2002 |
|---|---|---|--|--|
| Revenue | \$ 2,184,899 | \$ 1,787,077 | \$866,866 | \$ 673,822 |
| Cost of goods sold | 593,898 | 557,382 | 247,105 | 251,963 |
| Gross margin | 1,591,001 | 1,229,695 | 619,761 | 421,859 |
| Overhead expenses | | | | |
| Amortization | 130,873 | 353,744 | 45,221 | 153,863 |
| General and administrative | 718,898 | 534,959 | 230,399 | 200,932 |
| Interest on long-term debt | 75,956 | 45,861 | 22,107 | 13,780 |
| Research and product design | 15,140 | 36,133 | 236 | 15,000 |
| | 940,867 | 970,696 | 297,963 | 383,575 |
| Income before the undernoted | 650,134 | 258,999 | 321,798 | 38,284 |
| Other income (loss) | | | | |
| Foreign exchange | (20,224) | (9,682) | 5,659 | 7,316 |
| Rental | 74,261 | 52,957 | 26,100 | - |
| | 54,037 | 43,275 | 31,759 | 7,316 |
| Income before income taxes | 704,171 | 302,274 | 353,557 | 46,600 |
| Income taxes | | | | |
| Current | 13,519 | 6,127 | (14,731) | - |
| Future | 135,000 | 54,000 | 116,000 | 20,000 |
| | 148,519 | 60,127 | 101,269 | 20,000 |
| Net income for the period | 555,652 | 242,147 | 252,288 | 25,600 |
| Retained earnings, beginning of period | 1,721,434 | 2,090,838 | 2,024,798 | 2,307,385 |
| Purchase price of common shares repurchased in excess of carrying value (Note 3(b)) | (32,780) | - | (32,780) | - |
| Retained earnings, end of period | \$ 2,244,306 | \$ 2,332,985 | \$ 2,244,306 | \$ 2,332,985 |
| Earnings per share – basic and diluted | \$ 0.06 | \$ 0.03 | \$ 0.03 | \$ 0.003 |
| Weighted average shares outstanding - basic | 9,200,269 | 9,138,543 | 9,234,269 | 9,238,269 |
| diluted | 9,200,269 | 9,929,137 | 9,290,415 | 9,238,269 |

Omni-Lite Industries Canada Inc.
Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(in United States Dollars)

| | For the nine month period ended September 30, 2003 | For the nine month period ended September 30, 2002 | For the three month period ended September 30, 2003 | For the three month period ended September 30, 2002 |
|---|---|---|--|--|
| Cash flows from operating activities | | | | |
| Net income for the period | \$ 555,652 | \$ 242,147 | \$ 252,288 | \$ 25,600 |
| Adjustments for: | | | | |
| Amortization | 130,873 | 353,744 | 45,221 | 153,863 |
| Foreign exchange | (20,224) | - | 5,658 | - |
| Future income taxes | 135,000 | 54,000 | 116,000 | 20,000 |
| Cash flow from operations | 801,301 | 649,891 | 419,167 | 199,463 |
| Net change in assets and liabilities | | | | |
| Accounts receivable | (194,283) | (74,903) | (45,953) | (78,837) |
| Inventory | (173,742) | (200,137) | 257 | (6,884) |
| Prepaid expenses | (1,252) | (2,283) | (673) | (1,483) |
| Accounts payable and accrued liabilities | (84,364) | 109,357 | (106,792) | 94,390 |
| Income taxes payable | (3,954) | (10,457) | - | - |
| | 343,706 | 471,468 | 266,006 | 206,649 |
| Cash flows from financing activities | | | | |
| Due to related parties | (280,218) | 446,256 | (151,044) | (101,577) |
| Repurchase of common share | (58,007) | - | (58,007) | - |
| Issue of share capital | - | 42,422 | - | - |
| Proceeds (repayment) from (of) long-term debt | 504,460 | 201,000 | (60,270) | 139,000 |
| | 166,235 | 689,678 | (269,321) | 37,423 |
| Cash flows from investing activities | | | | |
| Deposit | - | - | - | 426,000 |
| Purchase of capital assets | (415,937) | (960,889) | (16,219) | (640,666) |
| | (415,937) | (960,889) | (16,219) | (214,666) |
| Increase (decrease) in cash | 94,004 | 200,257 | (19,534) | 29,406 |
| Cash, beginning of period | 75,377 | 40,331 | 188,915 | 211,182 |
| Cash, end of period | \$ 169,381 | \$ 240,588 | \$ 169,381 | \$ 240,588 |

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
(Unaudited – Prepared by Management)
For the Interim Nine Month Period Ended
September 30, 2003

1. Basis of and Responsibility for Presentation

These unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”), which are more fully described in the annual audited financial statements for the year ended December 31, 2002 included in the Company’s 2002 Annual Report. These statements do not include all of the disclosures required by Canadian GAAP for annual financial statements.

These financial statements have been prepared using the same accounting policies and methods of application as the audited financial statements of the Company for the year ended December 31, 2002.

In management’s opinion, all adjustments necessary for fair presentation have been included in these financial statements.

2. Due to Related Party

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.

3. Share Capital

(a) Authorized
 Unlimited number of common shares

(b) Issued

| | For the 9 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 |
| Repurchase and cancellation under normal course issuer bid (1) | (102,000) | \$ (25,227) | - | - |
| Total issued and outstanding, end of period | 9,132,269 | \$ 2,258,689 | 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 decrease in retained earnings.

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
(Unaudited – Prepared by Management)
For the Interim Nine Month Period Ended
September 30, 2003

3. Share Capital – continued

(c) Stock options

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 be 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.

The options that are exercisable at September 30, 2003 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 | Weighted Average Remaining Contractual Life of Options Currently Exercisable |
|------------------------|-------------------------|--|---|---|--|---|
| 518,000 | CDN \$0.60 to \$0.99 | CDN \$ 0.74 | 4.4 years | 30,000 | CDN \$ 0.98 | 2.5 years |
| 268,333 | CDN \$1.00 to \$1.99 | CDN \$ 1.89 | 1.4 years | 204,999 | CDN \$ 1.30 | 1.4 years |
| 33,333 | CDN \$2.01 | CDN \$ 2.01 | 0.1 years | 33,333 | CDN \$ 2.01 | 0.1 years |
| 819,666 | | | | 268,332 | | |

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
(Unaudited – Prepared by Management)
For the Interim Nine Month Period Ended
September 30, 2003

3. Share Capital – continued

The Company does not record compensation expense when stock options are issued to employees.

Had compensation expense related to employees been determined based on the fair value at the grant dates, the net income and earnings per share for the nine months ended September 30, 2003 would have been reduced to the pro forma amounts indicated below:

| | | | |
|--------------------|---------------|----|---------|
| Net income | - as reported | \$ | 555,652 |
| | - pro forma | \$ | 503,652 |
| Earnings per share | - as reported | \$ | 0.06 |
| | - pro forma | \$ | 0.06 |

The fair value of share options granted in the current period was estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield (Nil), Expected volatility (0.58), riskfree interest rate (5.0%), and weighted average life of 5 years.

(d) Subscriptions receivable

During 2002, the Company issued promissory notes to options holders totaling \$49,043 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.

4. 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 basis for attributing revenue to each country is based on which subsidiary has the contract with the customer. The Company has utilized and reported revenues based on the Company locations for each of these segments as follows:

| September 30, 2003 | United States | Canada | Barbados | Inter-corporate elimination | Total |
|--------------------|---------------|-----------|--------------|--------------------------------|--------------|
| Revenues | \$ 854,285 | \$ - | \$ 2,085,181 | \$ (754,567) | \$ 2,184,899 |
| Capital assets | \$ 6,144,082 | \$ 17,150 | \$ 92,652 | - | \$ 6,314,254 |

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
(Unaudited – Prepared by Management)
For the Interim Nine Month Period Ended
September 30, 2003

5. Long Term Debt

Revolving line of credit, maximum \$500,000 (2001 - \$1,000,000) secured by a general security agreement over all the assets of the Company, bearing interest at Union Bank of California's reference rate (4.0%) or LIBOR plus 2.5%. Maturity date: September 26, 2004; Renewed yearly.

Term loans, up to \$2.5 million, secured by all the assets of the Company, an assignment of insurance and interoperate guarantees, bearing interest at Union Bank of California's reference rate (4.0%). Effective interest rate to date is 4.4%. Maturity date: October 31, 2007