

**Omni-Lite Industries Canada Inc.
Consolidated Financial Statements
For the interim nine month period ended
September 30, 2005
(Unaudited- Prepared by Management)
(in United States Dollars)**

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UNAUDITED INTERIM 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 financial statements for the period ended September 30, 2005.

NOTICE TO THE READER OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of Omni-Lite Industries Canada Inc. and the accompanying interim consolidated balance sheet as at September 30, 2005 and the interim consolidated statements of earnings, retained earnings and cash flows for the nine month period ended are the responsibility of the Company's management.

These consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Meyers Norris Penny LLP.

The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

signed "David F. Grant"

David F. Grant
Chief Executive Officer
Cerritos, California, USA
November 17, 2005

signed "Timothy C. Wang"

Timothy C. Wang
Chief Financial Officer
Cerritos, California, USA
November 17, 2005

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

As at	September 30, 2005	December 31, 2004 (audited)
Assets		
Current		
Cash	\$ 433,218	\$ 66,347
Accounts receivable	1,230,619	768,215
Inventory	924,467	962,672
Prepaid expenses	20,864	20,864
	<u>2,609,168</u>	<u>1,818,098</u>
Investments	106,866	106,866
Property and equipment (Note 4)	6,602,716	6,504,117
Deferred development and patent expenditures	2,255	2,255
	<u>\$ 9,321,005</u>	<u>\$ 8,431,336</u>
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 262,493	\$ 376,482
Income taxes payable	13,275	37,775
Dividends payable	-	140,196
Deferred revenue	-	12,500
Due to related party (Note 2)	-	144,986
Current portion of long-term debt (Note 5)	39,846	628,115
	<u>315,614</u>	<u>1,340,054</u>
Long-term debt (Note 5)	1,029,431	2,026,403
Future income taxes	509,000	394,000
	<u>1,854,045</u>	<u>3,760,457</u>
Minority interest (Note 6)	230,052	-
Equity instruments (Note 3)	3,546,468	2,015,999
Stock Options	136,318	84,000
Retained earnings	3,554,122	2,570,880
	<u>7,236,908</u>	<u>4,670,879</u>
	<u>\$ 9,321,005</u>	<u>\$ 8,431,336</u>

On behalf of the Board:

Signed "Donald J. Kelly" Director
Donald J. Kelly

Signed "David F. Grant" Director
David F. 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, 2005	For the nine month period ended September 30, 2004	For the three month period ended September 30, 2005	For the three month period ended September 30, 2004
Revenue	\$3,267,341	\$2,443,852	\$1,332,953	\$906,909
Cost of goods sold	985,750	729,946	416,301	275,250
Gross margin	2,281,591	1,713,906	916,652	631,659
Overhead expenses				
Amortization	235,312	171,302	114,045	56,189
General and administrative	669,982	755,005	263,994	262,142
Interest on long-term debt	54,925	69,223	20,236	24,377
Research and product design	54,451	26,745	14,099	15,797
	1,014,670	1,022,275	412,374	358,505
Gain on dilution (Note 6)	18,000	-	18,000	-
Income before income taxes	1,284,921	691,631	522,278	273,154
Income taxes	132,480	(37,672)	51,805	31,180
Minority interest (Note 6)	(6,052)	-	(6,052)	-
Net income for the period	1,146,389	729,303	464,421	241,974
Retained earnings, beginning of period	2,570,880	2,232,321	3,252,848	2,637,650
Purchase price of common shares repurchased in excess of carrying value	-	(214,276)	-	(132,276)
Dividends on common shares	(163,147)	-	(163,147)	-
Retained earnings, end of period	\$3,554,122	\$2,747,348	3,554,122	2,747,348
Earnings (loss) per share - basic	\$0.12	\$0.08	\$0.05	\$0.03
- diluted	\$0.11	\$0.08	\$0.05	\$0.03
Weighted average shares outstanding - basic	9,747,582	8,610,292	10,002,857	8,610,292
- diluted	10,017,568	8,801,930	10,272,843	8,801,930

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, 2005	For the nine month period ended September 30, 2004	For the three month period ended September 30, 2005	For the three month period ended September 30, 2004
Cash flows from operating activities				
Net income for the period	\$1,146,389	\$729,303	\$464,421	\$241,974
Adjustments for:				
Amortization	235,312	171,302	114,045	56,189
Gain on dilution	(18,000)	-	(18,000)	-
Minority interest	6,052	-	6,052	-
Future income taxes	115,000	37,824	50,000	20,000
Stock based compensation	52,318	23,500	17,500	-
Foreign exchange, unrealized loss	-	(49,174)	-	(13,526)
Cash flow from operations	1,537,071	912,755	634,018	304,637
Net change in non-cash working capital items				
Accounts receivable	(462,404)	(348,603)	(387,697)	9,432
Inventory	38,205	(216,634)	147,955	23,947
Prepaid expenses	-	10,971	-	12,633
Accounts payable and accrued liabilities	(113,989)	(16,376)	(49,746)	48,700
Income taxes payable	(24,500)	(50,601)	-	-
Deferred revenue	(12,500)	32,329	-	(27,000)
	961,883	323,841	344,530	372,349
Cash flows from financing activities				
Due to related parties	(144,986)	(26,483)	-	(38,033)
Proceeds (repayment) from (of) long-term debt	(1,585,241)	(122,600)	(134,479)	(176,003)
Issue of common shares	1,530,469	-	23,966	-
Dividends on common shares	(303,343)	-	(163,147)	-
Repurchase of common shares	-	(303,885)	-	(163,895)
	(503,101)	(452,968)	(273,660)	(377,931)
Cash flows from investing activities				
Cash received from subscription of E-FORM (Note 6)	242,000	-	242,000	-
Purchase of property and equipment	(333,911)	(45,864)	(198,795)	(29,899)
	(91,911)	(45,864)	43,205	(29,899)
Increase (decrease) in cash	366,871	(174,991)	114,075	(35,481)
Cash, beginning of period	66,347	196,764	319,143	57,254
Cash, end of period	\$433,218	\$21,773	\$433,218	\$21,773

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
(Unaudited – Prepared by Management)
For the Interim Nine Month Period Ending
September 30, 2005

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, 2004. 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, 2004.

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

2. Due to Related Party

The remaining balance of \$144,986 was repaid in full on February 3, 2005.

3. Equity Instruments

(a) Authorized
Unlimited number of common shares

(b) Issued

	For the nine months ending September 30, 2005		For the year ended December 31, 2004 (audited)	
	Number	Amount	Number	Amount
Common Shares				
Total issued and outstanding, beginning of year	8,289,303	\$2,015,999	8,784,269	\$2,172,617
Issued upon conversion of predecessor shares	-	-	35	-
Issuance of shares	1,697,600	1,368,710	-	-
Cancelled on repurchase under normal course issuer bid	-	-	(347,300)	(85,885)
	9,986,903	3,384,709	8,437,004	2,086,732
To be cancelled from repurchase under normal course issuer bid	-	-	(87,700)	(21,690)
	9,986,903	3,384,709	8,349,304	2,065,042
Share purchase loan	60,001	49,043	(60,001)	(49,043)
Total issued and outstanding, end of period	10,046,904	\$3,433,752	8,289,303	\$2,015,999

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
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For the Interim Nine Month Period Ending
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3. Equity Instruments – continued

	For the nine months ending September 30, 2005		For the year ended December 31, 2004 (audited)	
	Number	Amount	Number	Amount
<u>Warrants</u>				
Total issued and outstanding, beginning of year	-	\$ -	-	\$ -
issuance of warrants	825,000	281,807	-	-
Total issued and outstanding, end of period	825,000	281,807	-	-
<u>Compensation units</u>				
Total issued and outstanding, beginning of year	-	-	-	-
issuance	112,500	73,000	-	-
Total issued and outstanding, end of period	112,500	73,000	-	-
Less: financing costs		(242,091)	-	-
Total equity instruments		\$ 3,546,468		\$2,015,999

(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, Dec. 31, 2004	836,333	CDN \$0.60 to \$1.91	CDN \$0.96
Options - granted	310,000	CDN \$0.94	CDN \$0.94
- cancelled	(95,000)	CDN \$0.85 to \$1.20	CDN \$1.14
- exercised	(47,600)	CDN \$0.60	CDN \$0.60
Options outstanding at September 30, 2005	1,003,733	CDN \$0.60 to \$1.91	CDN \$1.09
Options exercisable at September 30, 2005	452,175	CDN \$0.60 to \$1.91	CDN \$1.02
Options exercisable at Dec. 31, 2004	394,329	CDN \$0.98 to \$1.91	CDN \$1.26

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.

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
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September 30, 2005

3. Equity Instruments – continued

The options that are exercisable at September 30, 2005 are summarized as follows:

Options outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
407,900	CDN \$0.60 to \$0.85	CDN \$0.72	2.62 years
296,833	CDN \$0.94 to \$1.28	CDN \$1.08	2.87 years
<u>290,000</u>	CDN \$1.55 to \$1.91	CDN \$1.62	4.16 years
994,733	CDN \$0.60 to \$1.91	CDN \$1.09	3.14 years

Number of Options Currently Vested	Option price	Weighted Average Exercise Price of Options Currently Exercisable	Weighted Average Remaining Contractual Life
241,898	CDN \$0.60 to \$0.85	CDN \$0.72	2.59 years
131,277	CDN \$0.98 to \$1.28	CDN \$1.13	1.42 years
<u>70,000</u>	CDN \$1.72 to \$1.91	CDN \$1.86	1.58 years
443,175	CDN \$0.60 to \$1.91	CDN \$1.02	2.11 years

(d) Common Share Purchase Warrants

In the first quarter of 2005, the Company completed two private placements by issuing a total of 1,650,000 Units at \$1.20 CDN per Unit. Each consists of one common share and one-half common share purchase warrant. Each whole common share purchase warrant is exercisable at \$1.60 CDN and expires June 9, 2006.

The fair value of warrants issued in the current period was estimated using Black-Scholes option-pricing model with the following assumptions: Dividend yield (2%), Expected volatility (0.58), risk-free interest rate (2.9%), and weighted average life of 1.5 years.

Expiry date	Exercise Price (CDN)	Issued	Exercised	Expired/ Cancelled	September 30, 2005
June 9, 2006	\$1.60	825,000	-	-	825,000
Warrants outstanding		825,000	-	-	825,000

Equity Instruments Outstanding	(Audited)		
	September 30, 2005	December 31, 2004	September 30, 2004
Common shares, issued and outstanding	10,046,904	8,289,303	8,421,969
Stock options	994,733	836,333	806,333
Warrants	825,000	-	-
Compensation Units - shares	112,500	-	-
Compensation Units - warrants	56,250	-	-
<u>Fully diluted equity instruments</u>	<u>12,035,387</u>	<u>9,125,636</u>	<u>9,228,302</u>

Omni-Lite Industries Canada Inc.
Notes to Consolidated Interim Financial Statement
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For the Interim Nine Month Period Ending
September 30, 2005

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 Company allocates its revenues between countries based on location that has title to the contract. The Company has utilized and reported revenues based on the Company locations for each of these segments as follows:

September 30, 2005	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenues	\$ 2,627,399	\$ -	\$ 949,945	\$ (310,003)	\$ 3,267,341
Capital assets	\$ 6,601,873	\$ 843	\$ -	\$ -	\$ 6,602,716

5. Long Term Debt

Revolving operating demand loan facility, maximum \$1,000,000 (2004 - \$500,000) secured by a general security agreement over all the assets of the Company, bearing interest at Union Bank of California's reference rate (6.75%) (2004 - 4.25%) or LIBOR plus 2.0% (2004 - 2.5%) Maturity date: September 27, 2006; Renewed yearly. As of September 30, 2005, the Company had drawn down \$0 of this facility.

Term loan, secured by related property, bearing interest at LIBOR plus 2.0%. Effective rate is 5.5%. (2004 - 4.0%) Maturity date: September 18, 2028, repayable in monthly blended installments of \$9,406. The carrying value of the collateralized property is \$1,998,081 (2004 - \$2,018,264).

6. Minority Interest

On February 9, 2005, Omni-Lite E-FORM Technologies Inc. ("E-FORM") was incorporated in California, USA by officers and directors of Omni-Lite and related parties, who invested all of E-FORM's initial capital of \$122,000. At that time, 50% of the shares of E-FORM were issued to Omni-Lite for nominal consideration. In September 2005, additional subscriptions from third parties resulted in a further investment of \$120,000 and a reduction of Omni-Lite's ownership to 38.48%. Because of the relationship between the management of the two corporations, current accounting rules require that E-FORM's financial statements be consolidated with Omni-Lite's statements resulting in the inclusion of E-FORM's assets in the Omni-Lite Balance sheet and the recording of an \$18,000 gain from the dilution occurring on the September investment.

7. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.