

Unaudited Consolidated Financial Statements of

OMT INC.

Three and Nine Month periods ended September 30, 2008 and 2007
(unaudited)

These interim consolidated financial statements have not been audited or reviewed by the Company's independent external auditors, Ernst & Young LLP.

OMT INC.

Consolidated Balance Sheets

September 30, 2008 and December 31, 2007
(unaudited)

| | September | December |
|--------------------------------------|------------|------------|
| Assets (notes 4, and 5) | | |
| Current assets: | | |
| Cash | \$ 82,378 | \$ 42,047 |
| Accounts receivable | 305,986 | 257,514 |
| Contracts in progress (note 5a) | 107,016 | 60,132 |
| Inventory | 37,151 | 72,467 |
| Prepaid expenses | 48,002 | 48,556 |
| Current portion of lease receivable | - | 7,000 |
| Total current assets | 580,533 | 487,716 |
| Long-term receivable | 4,815 | 8,637 |
| Property and equipment | 11,020 | 17,671 |
| Software and other intangible assets | 3,064 | 4,518 |
| | \$ 599,432 | \$ 518,542 |

Liabilities and Shareholders' Deficiency

| | | |
|--|-------------|-------------|
| Current liabilities: | | |
| Bank demand loan (note 4) | \$ 145,000 | \$ - |
| Accounts payable and accrued liabilities | 406,302 | 337,759 |
| Deferred revenue | 343,315 | 313,830 |
| Long-term debt (notes 1 and 7) | 3,943,225 | - |
| Total current liabilities | 4,837,842 | 651,589 |
| Long-term debt (notes 1 and 7) | - | 3,571,430 |
| Total liabilities | 4,837,842 | 4,223,019 |
| Commitments and contingency (notes 5 and 9) | | |
| Shareholders' deficiency: | | |
| Capital stock (note 2) | 1,278,458 | 1,278,458 |
| Other paid-in capital | 693,579 | 693,579 |
| Contributed surplus | 216,427 | 216,427 |
| Deficit | (6,426,874) | (5,892,941) |
| Total shareholders' deficiency | (4,238,410) | (3,704,477) |
| Total liabilities and shareholders' deficiency | \$ 599,432 | \$ 518,542 |

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Bill Baines"

Director

"Laurie Goldberg"

Director

OMT INC.

Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit

 Three and Nine Month Periods ended September 30, 2008 and 2007
 (unaudited)

| | 2008 | | 2007 | |
|---|---------------|---------------|---------------|---------------|
| | Q3 | YTD | Q3 | YTD |
| Sales | \$671,441 | \$2,364,022 | \$ 636,599 | \$2,425,352 |
| Cost of sales | 222,625 | 890,019 | 190,780 | 983,820 |
| Gross profit | 448,816 | 1,474,003 | 445,819 | 1,441,532 |
| Selling and administrative | 392,422 | 1,369,982 | 448,756 | 1,528,547 |
| Research and development | 46,633 | 159,397 | 49,622 | 162,732 |
| | 439,055 | 1,529,379 | 498,378 | 1,691,279 |
| Profit(Loss) before the undernoted | 9,761 | (55,376) | (52,559) | (249,747) |
| Other expenses: | | | | |
| Amortization | 4,183 | 12,328 | 11,500 | 33,950 |
| Interest on long-term debt (note 5) | 148,742 | 431,341 | 174,678 | 496,275 |
| Interest on short-term debt | 1,992 | 2,595 | 13 | 436 |
| Foreign exchange loss | 13,743 | 32,293 | 1,968 | 9,617 |
| | 168,660 | 478,557 | 188,159 | 540,278 |
| Loss before discontinued operations | (158,899) | (533,933) | (240,718) | (790,025) |
| Discontinued operations, net of tax of nil (note 8) | - | - | - | 359,498 |
| Net loss and comprehensive loss for the period | (158,899) | (533,933) | (240,718) | (430,527) |
| Deficit, beginning of period | (6,267,975) | (5,892,941) | (5,511,228) | (5,321,419) |
| Deficit, end of period | \$(6,426,874) | \$(6,426,874) | \$(5,751,946) | \$(5,751,946) |
| Loss per share before discontinued operations \$ | (0.006) | \$ (0.018) | \$ (0.008) | \$ (0.027) |
| Earnings per share from discontinued operations | - | - | - | \$ 0.012 |
| Total loss per share | \$ (0.006) | \$ (0.018) | \$ (0.008) | \$ (0.015) |

See accompanying notes to consolidated financial statements.

OMT INC.

Consolidated Statements of Cash Flows

 Three and Nine Month Periods ended September 30, 2008 and 2007
 (unaudited)

| | 2008 | | 2007 | |
|--|--------------|--------------|--------------|--------------|
| | Q3 | YTD | Q3 | YTD |
| Cash provided by (used in): | | | | |
| Operations: | | | | |
| Net loss for the period | \$ (158,899) | \$ (533,933) | \$ (240,718) | \$ (790,025) |
| Items not involving cash: | | | | |
| Amortization | 4,183 | 12,328 | 11,500 | 33,950 |
| Non-cash interest accretion (note 7) | 128,679 | 371,795 | 94,122 | 257,232 |
| Discontinued operations (note 8) | - | - | - | 359,498 |
| Stock-based compensation | - | - | - | 19,101 |
| Change in non-cash operating working capital | 27,164 | 49,364 | 151,579 | (59,936) |
| | 1,127 | (100,446) | 16,483 | (180,180) |
| Financing: | | | | |
| Increase in bank demand loan | 60,000 | 145,000 | - | - |
| Principal payments on capital lease | - | - | - | (3,560) |
| | 60,000 | 145,000 | - | (3,560) |
| Investments: | | | | |
| Additions to property and equipment | - | (2,975) | 4,730 | (13,573) |
| Additions to software and intangible assets | - | (1,248) | - | - |
| | - | (4,223) | 4,730 | (13,573) |
| Change in cash position | 61,127 | 40,331 | 11,753 | (170,167) |
| Cash position, beginning of period | 21,251 | 42,047 | 185,027 | 366,947 |
| Cash position, end of period | \$ 82,378 | \$ 82,378 | \$ 196,780 | \$ 196,780 |
| Supplementary information: | | | | |
| Interest paid | \$ 22,055 | \$ 62,141 | \$ 79,681 | \$ 158,909 |

See accompanying notes to consolidated financial statements.

OMT INC.

Notes to Consolidated Financial Statements (Unaudited)

Three and Nine Month Periods ended September 30, 2008 and 2007

General:

OMT Inc. (TSX:OMT) (the Company), through its subsidiaries, OMT Technologies Inc. (OMT) and Intertain Media Inc.(Intertain), provides media delivery systems and technology, and solutions to the media, broadcast and retail industries.

1. Significant accounting policies

(a) Basis of presentation and financial restructuring:

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles "GAAP". The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced significant losses in the last six years and the long-term debt is now due in less than a year.

The ability of the Company to carry on as a going concern is dependant upon achieving profitable operations which cannot be predicted at this time and the ability of the Company to obtain additional financing from other sources when its existing financing becomes due on July 15, 2009. The long-term debt, which is now due in less than a year, has been reclassified from long-term to current on the balance sheet. This has reduced working capital to negative figures. Management believes that the working capital deficiency is temporary because efforts are ongoing to rectify this, and therefore the consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

1. Significant accounting policies (continued):

(b) Basis of consolidation:

The Company's accounting policies are in accordance with accounting principles generally accepted in Canada and are consistent with those outlined in the annual audited financial statements except where stated below. These interim consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2007. In management's opinion, the interim consolidated financial statements include all the adjustments necessary to present fairly such information. On January 1, 2008 the company adopted the following Canadian Institute of Chartered Accountants (CICA) handbook sections.

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

Significant accounting standard and policy changes

| Description | Date and method of adoption | Impact on adoption |
|---|------------------------------|--|
| <p><i>Sections 3862- Presentation of, and 3863 – Disclosure of, Financial Instruments</i></p> <p>These sections which replace section 3861 require the disclosure of additional detail of financial asset and liability categories as well as detailed discussion of the risks associated with financial instruments and how those risks are managed.</p> | January 1, 2008; prospective | Additional disclosure provided (note 6) |
| <p><i>Section 1535 – Capital Disclosures</i></p> <p>This section establishes standards for disclosing information regarding an entity's capital and its management. The information provided by an entity should focus in particular on its objectives, policies and processes for managing its capital structure.</p> | January 1, 2008 prospective | Additional disclosure provided (note 2c) |

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

1. Significant accounting policies (continued):

Significant accounting standard and policy changes (continued)

| Description | Date and method of adoption | Impact on adoption |
|---|-----------------------------|--|
| <p>Section 3031 – Inventories</p> <p>This section replaces section 3030 with the same title and harmonizes accounting for inventories under Canadian GAAP with International Financial Reporting Standards (IFRS). Under this standard, inventories are measured at the lower of cost and net realizable and it includes guidance on the determination of cost, including allocation of overheads and other costs. The section also requires that similar inventories within a consolidated group be measured using the same method. It also requires the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of the inventories. The new requirement is consistent with the old and has not resulted in changes to company accounting.</p> | January 1, 2008 prospective | No material impact on Earnings or financial position |

Recent accounting pronouncements not yet adopted

| Description | Date and method of adoption | Impact on adoption |
|--|---|--------------------------|
| <p><i>Goodwill and Intangible Assets</i></p> <p>These sections establish guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets.</p> | January 1, 2009; prospective | Currently being reviewed |
| <p><i>International Financial Reporting Standards (IFRS)</i></p> <p>The CICA has published its strategic plan for convergence of GAAP with IFRS as issued by the International Accounting Standards Board. The changeover date for Canadian publicly accountable enterprises is January 1, 2011 and will require restatement of comparative figures.</p> | January 1, 2011 in accordance with IFRS | Currently being reviewed |

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

2. Capital stock:

(a) Authorized:

Authorized share capital consists of an unlimited number of common voting shares with no par value and an unlimited number of redeemable, cumulative, convertible 8.5% preferred voting shares issuable in series.

(b) Issued common shares are summarized below:

| | Number of shares | Amount |
|--|------------------|-------------|
| Balance at September 30, 2008 and 2007 | 28,922,090 | \$1,278,458 |

(c) Capital management:

The Company's objective in managing capital is to ensure sufficient liquidity to finance its research and development activities, general and administrative expenses, working-capital and growth opportunities.

Initially the company had funded its activities through public offerings of common shares and preferred shares. Subsequently, the preferred shares and accrued interest on the preferred shares were replaced by the issue of common shares and long-term, subordinated long-term debt.

Presently, OMT Inc. follows no formal written policy or process concerning capital management. Rather, management and the Board of Directors are addressing the need to secure new financing or renegotiate the terms of repayment on the long-term debt which will mature on July 15, 2009, as it is anticipated that cash flow from operations will not be sufficient to repay the debt. As such, the ability of the Company to continue operating as a going concern is dependant on obtaining new financing and/or renegotiating the repayment terms of the debt.

(d) Options:

At the 2005 annual general meeting of shareholders a revised stock option plan was approved. Under the revised plan 4,330,813 options for purchase of common shares are reserved. Terms of the options will be determined by the Board of Directors, but in any case, must expire no more than 5 years from the date of the grant. Normal vesting is one third upon issue and one third in each of the following two years. No new options have been granted to date in 2008.

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

2. Capital stock (continued):

(d) Options (continued):

The Company has stock options outstanding to directors and officers to purchase up to 1,990,000 common shares and to employees to purchase up to 432,500 common shares.

Information related to the stock options outstanding at September 30, 2008 and September 30, 2007 is presented below:

| | 2008 | | 2007 | |
|-------------------------------------|------------------|------------------------------------|------------------|------------------------------------|
| | Number of shares | Weighted-average exercise price \$ | Number of shares | Weighted-average exercise price \$ |
| Outstanding at beginning of period | 2,442,500 | 0.12 | 2,012,000 | 0.12 |
| Granted | - | - | - | - |
| Exercised | - | - | - | - |
| Cancelled | (20,000) | - | (15,000) | 0.12 |
| Outstanding at end of period | 2,422,500 | 0.12 | 1,997,000 | 0.12 |
| Options exercisable at September 30 | 2,055,833 | 0.12 | 1,530,332 | 0.12 |

The following table summarizes information about share options outstanding at September 30, 2008:

| Options Outstanding | | | | | Options Exercisable | |
|---------------------|---------------|--------------------|---|------------------------------------|---------------------|------------------------------------|
| Exercise price \$ | Year of grant | Number outstanding | Weighted-average remaining contractual life [years] | Weighted-average exercise price \$ | Number outstanding | Weighted-average exercise price \$ |
| 0.12 | 2004 | 24,000 | 0.9 | 0.12 | 24,000 | 0.12 |
| 0.12 | 2005 | 448,500 | 1.4 | 0.12 | 448,500 | 0.12 |
| 0.12 | 2005 | 1,400,000 | 2.1 | 0.12 | 1,400,000 | 0.12 |
| 0.12 | 2007 | 550,000 | 4.1 | 0.12 | 183,333 | 0.12 |
| 0.12 | | 2,422,500 | 2.4 | 0.12 | 2,055,833 | 0.12 |

(e) Per share amounts:

The weighted average number of common shares outstanding for the 3 months ended September 30, 2008 was 28,922,090 (2007 - 28,922,090).

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

3. Segment Information:

The Company manages its business and evaluates performance based on two operating segments. The commercial segment is primarily intended for automation of commercial radio stations. The retail segment provides retailers with supporting media services that enhance the shopping experience. The accounting policies of the Company's operating segments are the same as those described in note 1 to the annual financial statements. There are no significant inter-segment transactions. The following charts present results of operations for both the nine and three month periods ended September 30, 2008 and September 30, 2007 and identifiable assets at September 30, 2008 and December 31, 2007.

Three months ended September 30, 2008 and September 30, 2007

| | 2008 | | | | 2007 | | | |
|-------------------------------------|------------------|--------------|--------------|-------------|------------------|--------------|--------------|-------------|
| | Commercial \$ | Retail \$ | Common \$ | Total \$ | Commercial \$ | Retail \$ | Common \$ | Total \$ |
| | [000's] | | | | [000's] | | | |
| Revenues | 571 | 100 | - | 671 | 577 | 59 | - | 636 |
| Expenses | | | | | | | | |
| Cost of sales | 178 | 45 | - | 223 | 161 | 30 | - | 191 |
| Selling, general and administrative | 179 | 62 | 164 | 405 | 227 | 61 | 162 | 450 |
| Research & development | 29 | 17 | - | 46 | 32 | 18 | - | 50 |
| Amortization | 1 | 4 | - | 5 | 4 | 7 | - | 11 |
| Interest | - | - | 151 | 151 | - | - | 175 | 175 |
| | 387 | 128 | 315 | 830 | 424 | 116 | 337 | 877 |
| Net income (loss) | 184 | (28) | (315) | (159) | 153 | (57) | (337) | (241) |

Nine months ended September 30, 2008 and September 30, 2007

| | 2008 | | | | 2007 | | | |
|--|------------------|--------------|--------------|-------------|------------------|--------------|--------------|-------------|
| | Commercial \$ | Retail \$ | Common \$ | Total \$ | Commercial \$ | Retail \$ | Common \$ | Total \$ |
| | [000's] | | | | [000's] | | | |
| Revenues | 2,120 | 244 | - | 2,364 | 1,926 | 499 | - | 2,425 |
| Expenses | | | | | | | | |
| Cost of sales | 775 | 115 | - | 890 | 643 | 341 | - | 984 |
| Selling, general and administrative | 593 | 206 | 603 | 1,402 | 722 | 294 | 521 | 1,537 |
| Research & development | 99 | 60 | - | 159 | 105 | 58 | - | 163 |
| Amortization | 3 | 10 | - | 13 | 15 | 19 | - | 34 |
| Interest | - | - | 434 | 434 | - | - | 497 | 497 |
| | 1,470 | 391 | 1,037 | 2,898 | 1,485 | 712 | 1,018 | 3,215 |
| Net income (loss) before discontinued operations | 650 | (147) | (1,037) | (534) | 441 | (213) | (1,018) | (790) |

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

3. Segment Information (continued):

| | September 30, 2008 | | | | December 31, 2007 | | | |
|-------------------|--------------------|--------|--------|-------|-------------------|--------|--------|-------|
| | Commercial | Retail | Common | Total | Commercial | Retail | Common | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | [000's] | | | | [000's] | | | |
| Net book value: | | | | | | | | |
| Tangible assets | 2 | 9 | - | 11 | 4 | 14 | - | 18 |
| Intangible assets | 1 | 2 | - | 3 | 1 | 4 | - | 5 |
| Additions to: | | | | | | | | |
| Tangible assets | - | - | - | - | 4 | 9 | - | 13 |
| Intangible assets | - | - | - | - | 1 | 2 | - | 3 |

Geographic information about the Company's revenue is based on the product shipment destination or the location of the contracting organization. Assets are based on their physical location as at September 30, 2008 and December 31, 2007.

| | 2008 | | 2007 | |
|---------------|---------|-------------------------|---------|------------------------|
| | Revenue | Property and equipment, | Revenue | Property and equipment |
| | \$ | [000's] | \$ | [000's] |
| Canada | 573 | 14 | 958 | 20 |
| United States | 1,791 | - | 1,467 | - |
| | 2,364 | 14 | 2,425 | 20 |

Sales to one significant customer in Q3 represents 10% [2007 – no customers represented more than 10%] of the total revenue.

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

4. Bank demand loan

The bank line of credit, which bears interest at a floating rate of prime plus 1%, is limited to a maximum of \$400,000 against which a general security agreement covering all present and future assets as well as an assignment of book debts and inventory is pledged as collateral. Security on the loan is also provided through a guarantee by a major shareholder. With the establishment of the guarantee, the bank no longer holds any covenants should the Company draw funds against the line which is now available to the full amount of \$400,000 of which \$145,000 has been drawn as of September 30, 2008. If the bank should exercise the guarantee and receive funds from the guarantor, then the major shareholder would have first rank under its guarantor general security agreement (note 5b).

5. Related party transactions and measurement uncertainty:

(a) Custom Contract in progress:

The Company has contracted to supply Radio Automation Software and Services to a company of which one of OMT's directors is also an officer and director. The project which is valued at approximately \$575,000 (US\$505,000) began in 2005 and at September 30, 2008 the revenue for the work completed to date and recognized was \$415,000.

The project continues to be delayed due to technical and client issues. Completion of the project will result in additional costs over and above those originally estimated. Revenue has been recorded on this contract under the percentage of completion method based upon management's best estimate of costs still to be incurred. Management estimates that costs still to be incurred to complete the project will be approximately \$70,000.

(b) Bank line guarantee:

In October 2005 a major shareholder of OMT Inc., with representation on its Board of Directors, provided a guarantee for \$400,000 to the Bank of Nova Scotia to support the Company's Line of Credit at the bank. The guarantee is subject to a 30 day notice of cancellation by the major shareholder and requires payments of a monthly administration fee of \$1,000, as well as a monthly standby fee of \$1,000. In the event that the Company actually draws down on the guarantee, then the interest rate would be 20% of the amount received.

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

5. Related party transactions and measurement uncertainty (continued):

(c) Interest on long-term debt:

During the nine months ended September 30, 2007, the Company made interest payments to its three major shareholders in the amounts of \$105,000, \$15,000 and \$60,000 for a total of \$180,000. In an agreement effective January 1, 2008, the three major shareholders, who together hold \$3,000,000 of the Company's long-term debt (note 7), have provided the company with a signed waiver to defer the monthly interest payments (unpaid to date \$180,000). The effect of the waiver is to defer monthly interest payments of approximately \$20,000 per month, until such time that the Company's cash reserves grow to \$500,000 or the debt maturity date, whichever is earlier.

Related party transactions are recorded at the exchange amount which is the rate agreed upon by the related parties.

6. Financial instruments – disclosure and presentation:

(i) Liquidity risk:

The long-term debt due on July 15, 2009 will require deferred interest and principal repayments of \$360,000 and \$3,995,000 respectively. Management anticipates that the Company will not be able to generate enough cash from normal business operations and that additional financing will be required to retire this debt. Management continues to explore several options to address this issue, but there is no assurance that the Company will be successful in this endeavor. If the company is unable to acquire new financing, or extend the debt, then this would have serious implications on its ability to meet its obligations and to continue as a going concern.

(ii) Fair value:

The carrying amounts of cash, accounts receivable, inventory, accounts payable, and accrued liabilities approximate their fair values because of the short term maturity of these instruments. As such, all are grouped within the current assets or current liabilities sections of the balance sheet. The fair value of the long-term debt can not be reliably measured because there is no market for this financial instrument. The carrying value of the long-term debt is as described in note 7. This liability which was previously shown as a long-term liability on the balance sheet is now shown as a current liability because the maturity date is less than one year into the future.

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

6. Financial instruments – disclosure and presentation (continued):

(iii) Credit risk:

Management believes that the Company is not exposed to significant credit risk because it follows a policy of collecting a deposit before any project is commenced. The Company also bills in advance for service and support contracts.

(iv) Interest rate risk:

The bank line of credit bears interest at a floating rate of prime plus 1%. If the prime rate of interest were to rise significantly, then the company would be obligated to pay the high rate.

(v) Foreign exchange risk:

The Company contracts for projects denominated in foreign currencies as well as accounts receivable in foreign currencies potentially subjects the Company to foreign exchange risk, as collateral is generally not required and exchange rates to US funds can change significantly. Sales denominated in foreign currency amounted to approximately \$1.8 million in 2008. A sharp fluctuation in the value of the foreign currency as denominated in Canadian dollars could result in foreign currency losses to the company. The company accepts this risk as a normal part of operations and has not implemented any processes to protect itself from this risk.

7. Long-term debt:

| | 2008 | 2007 |
|--|------------------|------------------|
| Long-term loans (face value at maturity of \$3,000,000, plus deferred interest of \$360,000 for a total of \$3,360,000), due July 15, 2009 | \$ 3,000,003 | \$ 2,678,574 |
| Long-term debentures (face value at maturity of \$995,000), interest only at 8%, payable monthly, due July 15, 2009 | 943,222 | 892,856 |
| | <u>3,943,225</u> | <u>3,571,430</u> |

Long-term debentures/long-term loans:

On December 20, 2004, OMT obtained new financing and also completed a financial restructuring, which was comprised of the issuance of \$4,000,000 in long-term debt. The debt, which now matures in less than a year, can no longer be classified as long-term and is classified as a current liability on the balance sheet. Long-term debt is convertible into common shares at a price equal to \$0.12 per share.

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

7. Long-term debt (continued):

The long-term debt was originally recorded on the balance sheet at its combined discounted values of \$2,960,430 and was to be accreted equally over the four year term of the loan for effective interest, and at maturity was to be equal to the face value of the debentures and loans. In 2008, for the 3 months ended September 30, imputed interest on the long-term debt amounted to \$128,679 (2007 - \$94,122). These amounts are shown separately on the Consolidated Statements of Cash Flows as "Non-cash interest accretion". No principal repayments are required until maturity.

An amending agreement signed on April 11, 2008 with the principal debt holders has changed the date of maturity of all of the debt to July 15, 2009. No principal payments will be required until that date. In a separate agreement signed April 11, 2008, the principal debt holders, who together hold \$3,000,000 of OMT's long-term debt, have provided OMT with a signed waiver to defer the monthly interest payments, representing approximately \$20,000 per month, until such time that OMT's cash reserves grow to \$500,000 or the maturity date of the debt, whichever is earlier. When interest paid is combined with interest accretion, the effective interest rate on this portion of the debt is 15.2%. Interest will continue to be paid monthly on the remaining debt of \$995,000 represented by CIBC Mellon Trust Company. The effective interest rate on this portion of the debt is 16.1%.

The long-term debt is collateralized by a general security agreement covering all assets and by an assignment of all the book debts of the Company, subordinate to the bank line-of-credit (see note 4).

8. Discontinued Operations - Sale of the Retail Preview Business:

On May 28, 2007 OMT executed a sale of its Retail Preview asset and related business operations. In addition, Intertain is entitled to receive quarterly royalties beginning January 1, 2008 and ending December 31, 2011 on any ongoing subscription revenues from the current customers of Retail Preview. In the third quarter of this year, royalties of \$6,000 were received. Going forward Intertain does not anticipate receiving any further royalty payments. Sales and cost of sales eliminated and included in discontinued operations are as follows:

| | <u>Q3</u> | <u>2008</u> <u>YTD</u> | <u>Q3</u> | <u>2007</u> <u>YTD</u> |
|----------------------|-----------|---------------------------|-----------|---------------------------|
| Sales | | | | \$ 215,533 |
| Cost of sales | | | | <u>37,447</u> |
| Gross profit | | | | 178,086 |
| Initial gain on sale | | | | <u>181,412</u> |
| Total | nil | nil | nil | <u>\$ 359,498</u> |

OMT INC.

Notes to Consolidated Financial Statements (continued)

Three and Nine Month Periods ended September 30, 2008 and 2007

9. Contingencies:

(a) The financing transaction that was concluded by the Company in December 2004 involved the outstanding preferred shares, and was initially described as a redemption of preferred shares. The intent of all parties was to repurchase the preferred shares on a tax neutral basis. Unfortunately, the wording used did not support the original intent and could result in a possible tax liability. Correcting this required a rectification order (the "Order"), with the proper wording, to be issued by the Manitoba Court of Queen's Bench. The rectification order with the proper wording has been issued in our favor on April 22, 2005. It is possible that Canada Revenue Agency (CRA) might appeal the Order, but management does not expect this to happen because the original intent was for the transaction to be tax neutral. If CRA were to appeal the order or the revised transaction and, if such appeals were successful, the Company could face a potential income tax liability of approximately \$600,000. If such appeals were filed by CRA, the Company would vigorously defend its position.

(b) Payments received on a project contracted with a company of which one of OMT's directors is also an officer and director as defined in note 5 are guaranteed up to a maximum amount of US \$358,106. Progress payments received to date on the project total US \$263,021 (Cdn.\$320,000). The contracting company has the right to demand repayment of these funds based on a "Letter of Credit" (LOC), which is supported by a "Performance Security Guarantee" (PSG). OMT has purchased "Performance Security Insurance" (PSI) for up to 95% of the money advanced to date, from the Export Development Corporation (EDC) to protect itself against this possibility. The LOC is valid until December 31, 2008 or completion of the project, whichever comes sooner, but the Company expects to request an extension should the project be incomplete at that time. At September 30, 2008 there is a contingent liability for the 5% PSI deductible or US \$13,151 which has not been recorded in the financial statements.