

**LANTIS LASER INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2008 AND DECEMBER 31, 2007 (AUDITED)**

<u>ASSETS</u>	<u>AUDITED</u>	
	<u>MARCH 31,</u>	<u>DECEMBER 31,</u>
	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash and cash equivalents	\$ 1,024,017	\$ 1,461,906
Prepaid expenses	1,500,000	2,100,000
Investment under equity method	81,332	56,332
	<b>2,605,349</b>	<b>3,618,238</b>
Total Current Assets		
Fixed assets, net of depreciation	83,009	88,844
<b>TOTAL ASSETS</b>	<b>\$ 2,688,358</b>	<b>\$ 3,707,082</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u></b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued interest - convertible notes	\$ 122,300	\$ 90,805
Accounts payable and accrued expenses	637,375	601,750
	<b>759,675</b>	<b>692,555</b>
Total Current Liabilities		
Long-term Liabilities:		
Convertible notes payable, net of discount, debt issuance costs and beneficial conversion feature	1,600,335	1,494,139
	<b>1,600,335</b>	<b>1,494,139</b>
Total Long-term Liabilities		
<b>Total Liabilities</b>	<b>2,360,010</b>	<b>2,186,694</b>
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Preferred stock, \$.001 Par Value; 10,000,000 shares authorized and 0 shares issued and outstanding	-	-
Common stock, \$.001 Par Value; 990,000,000 shares authorized and 99,043,238 and 98,973,388 shares issued and outstanding	99,043	98,973
Additional paid-in capital	4,101,862	4,084,510
Additional paid-in capital - warrants	1,167,987	1,174,931
Deficits accumulated during the development stage	(5,040,544)	(3,838,026)
	<b>328,348</b>	<b>1,520,388</b>
<b>Total Stockholders' Equity (Deficit)</b>		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 2,688,358</b>	<b>\$ 3,707,082</b>

The accompanying notes are an integral part of the consolidated financial statements.

**LANTIS LASER INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007**  
**WITH CUMULATIVE TOTALS SINCE JANUARY 14, 1998 (INCEPTION)**

	THREE MONTHS ENDED MARCH 31,		CUMULATIVE TOTALS SINCE JANUARY 14, 1998 (INCEPTION)
	2008	2007	
<b>OPERATING REVENUES</b>			
Sales	\$ -	\$ -	\$ -
<b>OPERATING EXPENSES</b>			
Research and development	319,463	68,224	1,365,437
Wages and wage related expenses	50,000	50,000	629,981
Professional, consulting and marketing fees	664,767	69,420	2,206,342
Other general and administrative expenses	17,233	16,636	217,219
Depreciation	5,835	5,453	50,546
<b>Total Operating Expenses</b>	<b>1,057,298</b>	<b>209,733</b>	<b>4,469,525</b>
<b>LOSS BEFORE OTHER INCOME (EXPENSE)</b>	<b>(1,057,298)</b>	<b>(209,733)</b>	<b>(4,469,525)</b>
<b>OTHER INCOME (EXPENSE)</b>			
Amortization of debt issuance costs	(24,349)	-	(89,280)
Loss on investment under equity method	(25,000)	-	(86,332)
Interest expense - debt discount	(81,846)	-	(295,177)
Interest income (expense), net	(14,025)	985	(100,230)
<b>Total Other Income (Expense)</b>	<b>(145,220)</b>	<b>985</b>	<b>(571,019)</b>
<b>NET LOSS BEFORE PROVISION FOR INCOME TAXES</b>	<b>(1,202,518)</b>	<b>(208,748)</b>	<b>(5,040,544)</b>
Provision for Income Taxes	-	-	-
<b>NET LOSS APPLICABLE TO COMMON SHARES</b>	<b>\$ (1,202,518)</b>	<b>\$ (208,748)</b>	<b>\$ (5,040,544)</b>
<b>NET LOSS PER BASIC AND DILUTED SHARES</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.22)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>99,003,324</b>	<b>92,350,013</b>	<b>22,638,656</b>

The accompanying notes are an integral part of the consolidated financial statements.

**LANTIS LASER INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' (DEFICIT)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Additional Paid-in Capital - Warrants	Deficits Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount				
Balance - January 14, 1998	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued to founders	-	-	200	200	87	-	-	287
Net loss for the period January 14, 1998 through December 31, 2003	-	-	-	-	-	-	(408,404)	(408,404)
Balance January 1, 2004	-	-	200	200	87	-	(408,404)	(408,117)
Shares issued in reverse merger	-	-	81,788,563	81,589	(81,876)	-	-	(287)
Shares issued in conversion of notes	-	-	3,211,250	3,211	256,318	-	-	259,529
Net loss for the year	-	-	-	-	-	-	(251,734)	(251,734)
Balance December 31, 2004	-	-	85,000,013	85,000	174,529	-	(660,138)	(400,609)
Net loss for the year	-	-	-	-	-	-	(347,397)	(347,397)
Balance December 31, 2005	-	-	85,000,013	85,000	174,529	-	(1,007,535)	(748,006)
Shares and warrants issued in private placement, net of placement fees	-	-	5,850,000	5,850	307,507	208,143	-	521,500
Shares issued for services rendered	-	-	1,500,000	1,500	148,500	-	-	150,000
Warrants issued to former noteholders	-	-	-	-	-	159,610	-	159,610
Warrants issued to consultant in private placement	-	-	-	-	-	17,769	-	17,769
Adjust fair value of warrants issued in private placement	-	-	-	-	-	114,930	-	114,930
Royalty fees forgiven by Lawrence Livermore	-	-	-	-	380,000	-	-	380,000
Net loss for the year ended December 31, 2006 - as previously reported	-	-	-	-	-	-	(771,352)	(771,352)
Prior period adjustment - correction of an error see Note 10	-	-	-	-	-	(114,930)	114,930	-
Net loss for the year ended December 31, 2006 - as restated	-	-	-	-	-	-	(656,422)	(656,422)
Balance December 31, 2006	-	-	92,350,013	92,350	1,010,536	385,522	(1,663,957)	(175,549)
Warrants issued to placement agent	-	-	-	-	-	292,518	-	292,518
Warrants issued to convertible noteholders	-	-	-	-	-	513,132	-	513,132
Beneficial conversion feature on convertible notes	-	-	-	-	505,300	-	-	505,300
Shares issued for services rendered (including prepaid services)	-	-	6,460,000	6,460	2,528,090	-	-	2,534,550
Exercise of warrants	-	-	163,375	163	40,584	(16,241)	-	24,506
Net loss for the year ended December 31, 2007	-	-	-	-	-	-	(2,174,069)	(2,174,069)
Balance December 31, 2007	-	-	98,973,388	98,973	4,084,510	1,174,931	(3,838,026)	1,520,388
Exercise of warrants	-	-	69,850	70	17,352	(6,944)	-	10,478
Net loss for the three months ended March 31, 2008	-	-	-	-	-	-	(1,202,518)	(1,202,518)
Balance March 31, 2008	-	\$ -	99,043,238	\$ 99,043	\$ 4,101,862	\$ 1,167,987	\$ (5,040,544)	\$ 328,348

The accompanying notes are an integral part of the  
consolidated financial statements.

LANTIS LASER INC.  
(A DEVELOPMENT STAGE COMPANY)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007**  
**WITH CUMULATIVE TOTALS SINCE JANUARY 14, 1998 (INCEPTION)**

	THREE MONTHS ENDED MARCH 31,		CUMULATIVE TOTALS SINCE JANUARY 14, 1998 (INCEPTION)
	2008	2007	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$ (1,202,518)	\$ (208,748)	\$ (5,040,544)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>			
Depreciation	5,835	5,453	50,546
Amortization of debt issuance costs	24,349	-	89,280
Interest expense - debt discount	41,238	-	148,724
Interest expense - beneficial conversion feature	40,608	-	146,453
Loss on investment under equity method	25,000	-	86,332
License fees payable for research and development	-	-	605,000
Warrants issued to former noteholders and consultants	-	-	469,897
Common stock issued for consulting services	-	-	584,550
<b>Changes in assets and liabilities</b>			
Decrease in prepaid expenses	600,000	-	600,000
Increase in accounts payable and accrued expenses	67,121	62,685	822,204
Total adjustments	<u>804,151</u>	<u>68,138</u>	<u>3,602,986</u>
<b>Net cash (used in) operating activities</b>	<u>(398,367)</u>	<u>(140,610)</u>	<u>(1,437,558)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of fixed assets	-	-	(133,555)
Investment under equity method	(50,000)	-	(167,664)
<b>Net cash (used in) investing activities</b>	<u>(50,000)</u>	<u>-</u>	<u>(301,219)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from notes payable	-	-	197,000
Proceeds from exercise of warrants	10,478	-	34,984
Proceeds from convertible notes and warrants, net of debt issuance costs	-	-	2,234,310
Payments of license fee payable	-	-	(225,000)
Proceeds from private placement, net of fees	-	-	521,500
Proceeds (payments) from related parties	-	(1,000)	-
<b>Net cash provided by (used in) financing activities</b>	<u>10,478</u>	<u>(1,000)</u>	<u>2,762,794</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(437,889)</u>	<u>(141,610)</u>	<u>1,024,017</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<u>1,461,906</u>	<u>348,921</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>\$ 1,024,017</u>	<u>\$ 207,311</u>	<u>\$ 1,024,017</u>
<b>CASH PAID DURING THE YEAR FOR:</b>			
Income taxes	\$ -	\$ -	\$ -
Interest expense	\$ -	\$ -	\$ 13,617
<b>SUPPLEMENTAL NONCASH INFORMATION:</b>			
Conversion of notes and interest for common stock	\$ -	\$ -	\$ 259,529
Conversion of license fee payable into capital	\$ -	\$ -	\$ 380,000
Common stock issued for consulting services	\$ -	\$ -	\$ 584,550
Warrants issued to former noteholders and consultants	\$ -	\$ -	\$ 469,897
Common stock issued for prepaid expenses	\$ -	\$ -	\$ 2,100,000

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