

**NORMISKA
CORPORATION**

*Producers of Boundary Waters Decorative
Pine Bark Mulches and High Grade
Sphagnum Peat Moss.*

**NORMISKA
CORPORATION**
Watch us grow!

SECOND QUARTER REPORT

APRIL 30, 1999

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STOCK SYMBOLS
(CANADIAN DEALING NETWORK INC.)

COMMON SHARES-NORP
WARRANTS-NORP.WT

Sales & Administration Office
5580 Timberlea Blvd.,
Mississauga, ON, Canada L4W 4M6
Plant
951 McIrvine Rd.,
Fort Frances, ON, Canada P9A 3N1



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NORMISKA CORPORATION

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NORMISKA CORPORATION
CONSOLIDATED BALANCE SHEET
 6 Months Ended
 April 30, 1999
 (unaudited)

ASSETS	\$
Current Assets	261,818
Fixed Assets	1,260,779
Deferred Development & Marketing Costs	<u>1,153,843</u>
	<u>2,676,440</u>

LIABILITIES & SHAREHOLDERS'S EQUITY

LIABILITIES	
Current Liabilities	271,468
Long-term Debt	<u>831,085</u>
	<u>1,102,553</u>

SHAREHOLDER'S EQUITY

Shareholder's Equity	2,184,859
Deficit	<u>(600,972)</u>
	<u>1,573,887</u>
	<u>2,676,440</u>

NORMISKA CORPORATION
INTERIM STATEMENT OF
CONSOLIDATED
LOSS AND DEFICIT
 6 Months Ended
 April 30, 1999
 (unaudited)

	Second Quarter ended 04/30/99	Six Months ended 04/30/99
Revenue	\$352,259	\$457,031
Cost of Sales	\$186,208	\$237,263
Gross Profit	\$166,051	\$219,768
General, Administration & Selling Expenses		
Salaries & Benefits	\$35,050	\$60,705
Selling & Travel	\$31,691	\$45,076
Office & Administration	\$42,505	\$81,008
Marketing	\$29,379	\$61,797
Consulting	\$32,500	\$53,416
Interest	<u>\$20,392</u>	<u>\$30,313</u>
	\$191,517	\$332,315
Net Loss from Operations	<u>(\$25,466)</u>	<u>(\$112,547)</u>
Deficit, Beginning of Period	<u>(\$585,506)</u>	<u>(\$498,425)</u>
Deficit, End of Period	<u>(\$610,972)</u>	<u>(\$610,972)</u>

Note: The Corporation was not a reporting issuer prior to August 1998 and comparative financial information is not available.

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NORMISKA CORPORATION

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NORMISKA CORPORATION
INTERIM CASH FLOW STATEMENT
6 MONTHS ENDED
APRIL 30, 1999
(unaudited)

	Quarter ended 4/30/99	Six Months ended 4/30/99
Cash Flow From Operating Activities		
Net Loss for Period	(\$25,466)	(\$112,547)
Items Not Affecting Cash Flow		
Depreciation & Amortization	<u>\$63,980</u>	<u>\$96,974</u>
	<u>\$38,514</u>	<u>(\$15,573)</u>
Other Sources (uses) of Cash From Operations		
Accounts Receivable	(\$29,345)	(\$43,984)
Prepays	(\$20,146)	(\$20,146)
Inventory	(\$96,999)	(\$118,806)
Accounts Payable	<u>(\$12,996)</u>	<u>(\$36,712)</u>
	<u>(\$159,486)</u>	<u>(\$219,648)</u>
Cash Flow From Investing Activities		
Capital Asset Additions	(\$39,309)	(\$131,618)
Cash Flow From Financing Activities		
Long Term Debt	\$87,786	\$109,618
Increase (Decrease) In Cash	(\$72,495)	(\$257,221)
Cash, Beginning of Period	<u>\$23,772</u>	<u>\$208,944</u>
Cash, End of Period	<u>(\$48,722)</u>	<u>(\$48,277)</u>

Note: The Corporation was not a reporting issuer prior to August, 1998 and comparative financial information is not available

NORMISKA CORPORATION

Commentary

We are pleased to report that Normiska has made steady progress through the second quarter ended April 30, 1999. Abitibi is now back in production and we are receiving a steady flow of pine bark. The installation of our bagging line has been completed and we have begun producing bagged mulch for the retail market. The bagging line will also be used to fill loose packed peat products. We have ordered a baling machine to bale peat moss. This will increase our market coverage geographically. We have completed the final field preparation of our sphagnum peat bog and began harvesting in the last week of May. We took delivery of two twin head vacuum harvesters and field cultivators at that time. We have begun preparing the next 100 acre harvesting site from which production will begin in the spring of 2000.

Our marketing and sales staff continue to make excellent progress in their penetration of the U.S. upper mid-west markets. Demand for our pine bark mulch and compost products continues to grow. Due to this, the company is expanding its capacity to supply these products by acquiring other sources of bark to meet the volumes being demanded by the marketplace. Normiska has signed a letter of intent with Weyerhaeuser Canada Inc. to process 150,000 cubic yards of bark byproduct in Ear Falls, Ontario.

Total revenue for the period from February 1 to April 30 was \$352,259 with revenue for the six month period of \$445,703. Gross operating profit for the quarter was \$166,051 and for the six months, \$219,768. Profit before interest, depreciation and amortization was \$58,906 for the second quarter and \$24,740 for the six months. A net loss of \$25,466 was recorded for the quarter and \$112,547 for the six months. Our loss per fully diluted share was \$0.016 for the six month period. We began shipping mulch products in April and are pleased to report that a modest profit was realized for the month.

Compost products are being readied for shipment and we will begin shipping peat products in early June.

We are continuing to investigate the acquisition of additional peat lands as well as developing techniques to assist the pulp and paper industry to convert waste products into usable and profitable products.

In addition, our web site, Normiska.com will be up and running shortly. Contact us there and **WATCH US GROW!!!**

On behalf of the Board of Directors

"David B. Graham"
President and C.E.O.

June 1, 1999