

ORGANIC RESOURCE MANAGEMENT INC.

Management Discussion and Analysis

Nine months Ended March 31, 2008

MANAGEMENT DISCUSSION & ANALYSIS

The following Management Discussion and Analysis (“MD&A”) is a discussion of the consolidated financial condition and results of operations of Organic Resource Management Inc. (“ORMI”, formerly National Challenge Systems Inc.) for the nine month period ended March 31, 2008. This discussion should be read in conjunction with the Unaudited Interim Consolidated Financial Statements of the Company and notes thereto for the nine months ended March 31, 2008, the MD&A for the year ended June 30, 2007 and the Audited Consolidated Financial Statements and notes thereto for the year ended June 30, 2007. This MD&A is prepared as at May 13, 2008.

On July 1, 2007 National Challenge Systems Inc. vertically amalgamated with its largest and wholly owned subsidiary, Organic Resource Management Inc., and also assumed its subsidiary’s name. This change simplified the corporate structure and gave the Company a name more closely reflective of its core business, the provision of vacuum truck services for the collection, treatment and recycling of organic and other non-hazardous liquid waste. The Company’s shares trade under the name Organic Resource Management Inc, with the TSX trading symbol of “ORI”.

FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference in this MD&A are forward-looking and relate to, among other things, anticipated financial performance, business projects, strategies, regulatory developments, new services, market forces, commitments and technological developments. By its nature, such forward-looking information is subject to various risks and uncertainties, including those discussed in this MD&A or in documents incorporated by reference in this MD&A, which could cause the Company’s actual results and experience to differ materially from the anticipated results or expectations expressed. Readers are cautioned not to place undue reliance on this forward-looking information, and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

RESULTS OF OPERATIONS

Revenue

Revenues were \$3,828,000 in the third quarter of fiscal 2008, a decrease of 2.6% or \$100,000 from \$3,928,000 in the third quarter of fiscal 2007. For the nine months ending March 31, 2008, revenues were \$11,351,000, a decrease of 2.0% or \$233,000 from \$11,584,000 last year.

Although the Company’s revenues are down marginally from last year, several major positive shifts are occurring in its make-up. The Company’s core grease interceptor business recorded an increase in revenue of 15% in the third quarter of fiscal 2008 compared to the same period last year as a result of acquiring new business. Year to date, the increase in the grease interceptor revenue over last year is 14%.

Revenue from industrial organics services was down 36% for the third quarter compared to the same period last year, and down 28% year to date. These lower revenues reflect the Company’s decision to stop servicing several large volume, lower margin industrial accounts to ensure recycling capacity for the Company’s growing smaller volume, higher margin grease interceptor business.

The Company’s compactor rental contract with a major retailer expired on September 30, 2006 and the compactors have since been rented on a month to month basis. During this period, the Company has been selling or retiring the compactors as the Company exists from this business. In January 2008 the last of the compactors were returned from month to month rental and no further monthly rental income is anticipated. As a result, compactor rental revenue was only \$7,000 in the third quarter, \$164,000 less than the \$171,000 recorded in the same period last year. Year to date, the compactor rental revenue of \$132,000 is down \$412,000 from \$544,000 last year.

Revenues from all other service categories were 12% higher in the third quarter of fiscal 2008 than in the same period last year. Year to date, other services are 6% higher than last year.

Excluding the impact of compactors, revenues were \$3,821,000 in the third quarter of fiscal 2008, an increase of 1.7% or \$64,000 from \$3,757,000 in the third quarter of fiscal 2007. For the nine months ending March 31, 2008, revenues were \$11,219,000, an increase of 1.6% or \$179,000 from \$11,040,000 last year.

Operating Results

Net loss for the third quarter of fiscal 2008 was \$139,000, \$125,000 less than the net loss of \$264,000 for the third quarter of fiscal 2007. For the nine months ended March 31, 2008, net income was \$57,000, an improvement of \$465,000 from the net loss of \$408,000 last year.

The gross margin for the quarter decreased 20% or \$240,000 to \$966,000 from \$1,206,000 for the same period last year. \$126,000 of the drop in gross margin was due to the impact of the discontinued compactor business. The balance was mainly due to smaller margins and lower revenues on the Company's non-core service business which has been impacted by a weakening economy, as well as higher truck repair and maintenance costs following the decision to extend the useful life of some of the Company's older vehicles by rebuilding their motors and vacuum systems. As a result, as a percentage of revenue, gross margin was 25% in the third quarter of 2008 compared to 31% for the same period last year.

For the nine months ended March 31, 2008, gross margin was \$3,428,000, 9% or \$342,000 less than the same period last year. As a percentage of revenue, gross margin was 30% for the year to date compared to 33% for the same period last year.

Selling, general and administrative expenses were \$852,000 in the third quarter of fiscal 2008, a decrease of 2% or \$16,000 from \$868,000 in the third quarter of fiscal 2007. For the nine months ended March 31, 2008, these expenses were \$2,557,000, an increase of 2% or \$46,000 from \$2,511,000 last year.

The amortization of the Company's intangible assets ended in the fourth quarter of fiscal 2007 following the five year write-down related to the acquisition of its two operating subsidiaries, and the write-off of remaining patents. The accrual of preferred share dividends also ended in fiscal 2007 following the conversion of preferred shares to common shares. As a result, these non-cash operating expenses were nil in the third quarter of fiscal 2008 compared to \$242,000 and \$91,000 in the same period of fiscal 2007, respectively. Amortization of property, plant and equipment increased \$56,000 related to new trucks and software, to \$234,000 in the third quarter of fiscal 2008 compared to \$178,000 in fiscal 2007. Other non-cash expenses in the third quarter included share based compensation of \$8,000 (\$21,000 in fiscal 2007) and a future income tax recovery of \$69,000 (nil in fiscal 2007).

NON-CASH EXPENSES

(in 000's)

Three months ended:	Fiscal 2008			Fiscal 2007				FY 2006
	Mar. 31 2008	Dec. 31 2007	Sep. 30 2007	Jun. 30 2007	Mar. 31 2007	Dec. 31 2006	Sep. 30 2006	Jun. 30 2006
Amortization of property, plant & equip.	\$ 234	\$ 200	\$ 154	\$ 213	\$ 178	\$ 163	\$ 142	\$ 169
Amortization of intangibles	-	-	-	171	242	242	242	242
Share based compensation	8	9	2	-	21	-	-	27
Foreign exchange (gain) loss	-	-	-	-	-	-	-	(6)
(Gain) loss on disposal of property, plant & equipment	(8)	(16)	(20)	(18)	15	-	(6)	-
Write down of property, plant & equip.	-	-	-	235	-	-	-	190
Write-down of intangibles	-	-	-	992	-	-	-	-
Dividends accrued on preferred shares	-	-	-	62	91	88	86	83
Future income taxes	(69)	41	60	(1,135)	-	-	-	(4)
	\$ 165	\$ 234	\$ 196	\$ 520	\$ 547	\$ 493	\$ 464	\$ 701

Quarterly Review

FINANCIAL INFORMATION

(in 000's except earnings (loss)

per share)

Three months ended:	Fiscal 2008			Fiscal 2007				FY 2006
	Mar. 31 2008	Dec. 31 2007	Sep. 30 2007	Jun. 30 2007	Mar. 31 2007	Dec. 31 2006	Sep. 30 2006	Jun. 30 2006
Revenues	\$3,828	\$3,800	\$3,723	\$3,834	\$3,928	\$3,810	\$3,846	\$3,955
Net income (loss)	(139)	82	114	(836)	(264)	(155)	11	(268)
Cash flows from operating activities	511	(162)	101	132	297	96	473	192
Profit (loss) per share, basic and fully diluted	\$ (0.03)	\$ 0.02	\$ 0.02	\$ (0.30)	\$ (0.13)	\$ (0.08)	\$ 0.01	\$ (0.13)

Total revenue levels have remained constant during the last eight quarters as the Company has replaced large volume, lower margin industrial business with smaller volume, higher margin core grease interceptor business.

The loss recorded in the fourth quarter of fiscal 2006 reflects a higher cost of recycling organic residuals in that year. In the first quarter of fiscal 2007 this trend reversed as the revenue quality improved with additional rate increases and lower disposal costs resulting from the Company's ability to take some of its waste to third-party facilities in Ontario. This situation changed again in the second quarter of fiscal 2007 as the Ontario sites were impacted by colder weather and thereby reduced the volume of residuals they received. By the fourth quarter of 2007 the Ontario sites marginally increased the volumes they received.

The net loss of \$836,000 for the fourth quarter of 2007 includes \$1,805,000 of one-time charges relating to the write-down of the Company's patents, the write-down of property, plant and equipment related to compactors, severance expenses, legal fees related to the Company's restructuring and a Ministry of Environment fine. These charges were partially offset by a future income tax recovery of \$1,135,000.

The net income (loss) reported in the first three quarters of fiscal 2008 reflects the elimination of preferred dividends and amortization of intangible assets which occurred in the fourth quarter of 2007. For comparative purposes, these items were approximately \$330,000 in each of the first three quarters of fiscal 2007.

During the first quarter of fiscal 2008, a major Ontario recycling facility shut down for three weeks resulting in higher costs as the Company had to transport its residuals out of province. However, the Company also started transporting a small amount of its residuals to an Ontario farm-based Anaerobic Digester in the quarter, reducing the quantities shipped to out of province third-party recycling sites.

The net loss of \$139,000 in the current quarter largely reflects lower gross margins due to the discontinuation of the Company's compactor business, as well as the smaller margins and lower revenues on the Company's non-core service revenues as well as higher truck repair costs.

Adjusted net earnings excluding non-cash expenses as displayed in the table below is a non-GAAP measure that does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. It should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP.

Adjusted net earnings excluding non-cash expenses is a measure of the Company's ability to earn cash and is intended to be a measure that is representative of the Company's operating performance. Adjusted net earnings excluding non-cash expenses appears on the Consolidated Statement of Cash Flows as a subtotal and is the sum of the net income (loss) and items not involving cash.

**ADJUSTED NET EARNINGS
EXCLUDING NON-CASH EXPENSES**

(in 000's)

Three months ended:	Fiscal 2008			Fiscal 2007			FY 2006	
	Mar. 31 2008	Dec. 31 2007	Sep. 30 2007	Jun. 30 2007	Mar. 31 2007	Dec. 31 2006	Sep. 30 2006	Jun. 30 2006
Net income (loss)	\$ (139)	\$ 82	\$ 114	\$ (836)	\$ (264)	\$ (155)	\$ 11	\$ (268)
Non-cash expenses	166	234	196	520	547	493	464	701
Adjusted net earnings excluding non-cash expenses	27	316	310	(316)	283	338	475	433
Changes in operating assets and liabilities	484	(478)	(209)	448	14	(242)	(2)	(241)
Cash flows from operating activities	\$ 511	\$ (162)	\$ 101	\$ 132	\$ 297	\$ 96	\$ 473	\$ 192

Balance Sheet & Cash Flow

Cash flow from operating activities was \$511,000 for the three months ended March 31, 2008 compared to \$297,000 for the same period last year. The main reason for the change was an increase in accounts payable and accrued liabilities and a reduction in accounts receivable. In total, changes in operating assets and liabilities in the quarter provided net cash of \$484,000 compared to \$14,000 for the same quarter last year.

The Company did not add any vehicles to its fleet during the third quarter; however it did invest \$83,000, financed through capital leases, to replace office equipment, and to purchase new handheld units to automate the work order process for its fleet in Vancouver. During the same period last year, the Company purchased one vehicle for \$142,000 under capital lease.

During the third quarter, the Company's revolving loan decreased by \$439,000 from \$1,162,000 at December 31, 2007 to \$723,000 at March 31, 2008.

On August 29, 2007 the Company announced that it had reached an agreement for three related party transactions which would eliminate the existing related party relationships for software and patents. These transactions were unanimously approved by a committee of all seven independent directors on June 25, 2007 and closed on September 19, 2007. The three related party transactions resulted in the Company purchasing:

- (i) 100% of the issued and outstanding shares of ORMI Information Systems Inc., formerly Path Information Systems Inc. ("OIS/Path"), a company controlled by one of the Company's directors, for \$700,000. \$100,000 of the purchase price was paid in cash on closing and a six year promissory note, with interest at 7% per annum to be paid in blended equal monthly instalments, was issued for the balance. The purchase price on the acquisition of OIS/Path was allocated \$820,733 to software which includes an assumed future tax liability of \$120,733. The shares of OIS/Path have been pledged to the vendors as security until the balance has been paid. Also as part of the transaction, the vendors retained the Path name and obtained a perpetual and exclusive license, including access to the source code, for use of the software outside of the liquid organic industry.
- (ii) the Canadian patents for the direct land application process "DLAP" and organic resource recovery system "ORRS" from Organic Resource Technologies Inc., a Company partially owned by two directors, for \$15,000 cash. Purchasing the DLAP patent eliminates the requirement for the Company to pay royalties on new ORRS locations and the annual fee of \$25,000 under the existing license.
- (iii) the remaining 30% equity interest in NCS Environmental Services Ltd. "NCS ESL" that it does not already own, from Organic Resource Technologies International Inc, a Company partially owned by two directors of the Company, for \$10,000 cash. This purchase secures 100% ownership of the US DLAP and ORRS patents.

During the second quarter, the Company reduced the earnings deficit and stated value of the Corporation's capital stock by \$7,581,000, representing the unconsolidated retained earnings deficit of the parent company,

Organic Resource Management Inc. (formerly National Challenge Systems Inc) as at June 30, 2007. A special resolution to effect this transaction received shareholder approval at the Company's Annual General Meeting on October 24, 2007. This earnings deficit was primarily created by the five-year write-off of intangible assets resulting from the May 31, 2002 acquisitions of Organic Resource Management Inc. (previously a wholly owned subsidiary of the Company) and A&A Anderson Tank Service (Vancouver) Ltd.

Also during the second quarter, the Company consolidated its shares on the basis of one common share for every twenty issued and outstanding common shares. A special resolution to effect this transaction received shareholder approval at the Company's Annual General Meeting on October 24, 2007, and was subsequently approved by the Toronto Stock Exchange. As at June 30, 2007, the Corporation had 88,098,949 issued and outstanding shares; following the consolidation the Company had 4,404,935 issued and outstanding shares.

STRATEGY

The Company continues to explore anaerobic digestion as a potential recycling solution. Anaerobic digestion converts raw organic materials such as agricultural and other food-related residuals into reliable streams of biogas for electricity generation, thus creating a sustainable renewable energy supply.

Several years of effort were rewarded when the Company announced on July 25, 2007 it had signed an exclusive, 20-year contract to supply organic residuals as feedstock to the Klaesi farm-based Anaerobic Digester ("AD") in Cobden Ontario for the production of renewable biogas energy. As previously reported, the AD had obtained all necessary permits, including the Ontario Ministry of Environment ("MOE") Certificate of Approval for the use of off-farm organic residuals as feedstock to an on-farm AD. ORMI's off-farm feedstock is expected to generate significantly more biogas than any on-farm feedstock. This was the first Ontario farm AD to receive off-farm organic residuals.

The delivery cost ("Tip Fee") that ORMI will pay under the "two-stage" Klaesi contract is less than current recycling alternatives. The first stage of the contract is only for a minimum of 700 tonnes per year of ORMI residuals and is therefore not expected to have a material financial impact. Stage two of the Contract provides an option to the AD until June 30, 2009, to expand the contracted volume upward to a maximum of 5,000 tonnes per year. The contract Tip Fee will be adjusted based on the amount of biogas produced, and ultimately during the term of the contract could result in ORMI earning a rebate instead of paying a Tip Fee.

On October 25, 2007 the Company announced the preliminary biogas production results from the Klaesi AD. After three months of delivering ORMI feedstock it was demonstrated that the addition of less than 15% (by volume) of ORMI's feedstock to the Klaesi AD has increased electricity production by 200%, from 700 kWhrs per day to 2,400 kWhrs per day over manure alone.

On February 19, 2008 the Company announced that the Klaesi AD has provided notice under stage two of the contract, that it intends to expand its facilities to accept a minimum of 4,500 tonnes of ORMI's organic residuals - an increase of 3,800 tonnes from the original minimum commitment. The expanded AD is slated to commence operations in October 2008 and reach its new maximum capacity within 90 days of coming on-stream. Once fully functional, the AD is expected to generate about 500 kW, 24 hours per day, 7 days per week - enough energy to supply roughly 1,100 households. ORMI residuals are expected to generate in excess of 75% of the energy produced. ORMI expects the Klaesi AD expansion to result in a significant reduction to its overall residuals recycling cost while helping to generate energy from a renewable resource.

The Company's strategy is to participate in AD projects through both long term exclusive contractual feedstock supply agreements and energy-side equity participation. The Company has a unique opportunity to directly participate in the development, ownership and operation of multiple ADs.

RISKS & UNCERTAINTIES

The Company is actively working on additional potential AD sites that, if successfully funded and permitted, would result in an Ontario in-province solution for the residuals the Company collects. This additional capacity would allow the Company to pursue a number of long-term contracts that it is unable to acquire today because of a lack of secure and competitively priced disposal options. The development of AD sites is subject to government regulations which may change from time to time.

The Klaesi AD's scheduled expansion, and thereby any resulting cost savings, are reliant on many factors that are not under the Company's control, including but not limited to various regulatory requirements and technical factors. The actual results, performance or achievements of the Company may differ materially from the results, performance or achievements otherwise expressed or implied.

Over the past few years the Company has been impacted by a number of government regulatory changes that directly affect the way liquid organic waste is handled and processed in Ontario. As a result of these changes, most of the third-party recycling facilities in Ontario that receive and process liquid organic waste significantly reduced their capacity, or closed down altogether. This had a major impact on the cost of disposing the Company's residuals since it has had to transport a large portion of its residuals to alternative third-party recycling sites located in Quebec. Although the Company is currently delivering a portion of its residuals to third-party sites in Ontario, the Company, with the exception of its AD contract, has no long-term contracts with these recycling sites and therefore cannot predict with certainty the volume of material they will continue to receive. The Company's profitability can be materially impacted by the volume of residuals these Ontario sites receive.

ADDITIONAL INFORMATION

Further information about ORMI may be obtained at the Company's newly updated web site at www.ormi.com.

Financial Statements of
ORGANIC RESOURCE MANAGEMENT INC.

(Unaudited)

For the nine months ended March 31, 2008

The accompanying unaudited interim financial statements of the Company for the three and nine months ended March 31, 2008 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

ORGANIC RESOURCE MANAGEMENT INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

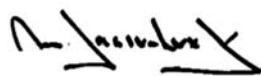
	MARCH 31	JUNE 30
	2008	2007
ASSETS		
CURRENT		
Cash	\$ 96,816	\$ 206,771
Accounts receivable	2,077,058	2,412,263
Inventory	143,447	143,209
Prepaid expenses	217,065	225,839
Current portion of future income taxes	315,000	315,000
	2,849,386	3,303,082
PROPERTY PLANT AND EQUIPMENT	4,078,950	2,892,911
GOODWILL	3,817,849	3,817,849
FUTURE INCOME TAXES	1,171,590	1,325,000
DEFERRED FINANCING COSTS, net of accumulated amortization	7,296	29,186
	\$ 11,925,071	\$ 11,368,028
LIABILITIES		
CURRENT		
Revolving loan	\$ 722,814	\$ 684,324
Accounts payable and accrued liabilities	1,911,501	2,458,382
Current portion of long-term debt	166,648	100,948
Current portion of obligations under capital lease	304,175	230,873
	3,105,138	3,474,527
LONG-TERM DEBT	1,282,163	641,342
OBLIGATIONS UNDER CAPITAL LEASE	961,225	751,838
	2,243,388	1,393,180
SHAREHOLDERS' EQUITY		
COMMON SHARES	8,250,053	15,830,583
CONTRIBUTED SURPLUS	230,119	211,338
DEFICIT	(1,903,627)	(9,541,600)
	6,576,545	6,500,321
	\$ 11,925,071	\$ 11,368,028

See accompanying notes to consolidated financial statements. These interim financial statements should be read in conjunction with the 2007 annual consolidated financial statements.

On behalf of the Board of Directors:



Charles H. Buehler, Director



Matthew Gaasenbeek, Director

ORGANIC RESOURCE MANAGEMENT INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(UNAUDITED)

	9 Months Ended March 31		3 Months Ended March 31	
	2008	2007	2008	2007
REVENUES				
Non hazardous vacuum services	\$ 11,218,593	\$ 11,039,555	\$ 3,820,550	\$ 3,756,938
Compactor rental income	126,633	491,168	6,946	152,473
Compactor sales, service and other	5,521	52,898	224	18,572
	11,350,747	11,583,621	3,827,720	3,927,983
COST OF SALES	7,922,878	7,813,295	2,861,962	2,722,408
GROSS MARGIN	3,427,869	3,770,326	965,758	1,205,575
OPERATING EXPENSE				
Selling, general and administrative	2,557,467	2,511,359	852,376	867,674
Amortization of property, plant and equipment	587,858	482,490	234,298	177,729
Amortization of intangible assets	-	726,798	-	242,266
Share based compensation	18,781	20,958	7,982	20,825
Foreign exchange loss	-	453	-	-
	3,164,106	3,742,058	1,094,656	1,308,494
NET INCOME (LOSS) BEFORE THE UNDERNOTED	263,763	28,268	(128,898)	(102,919)
OTHER EXPENSES (INCOME)				
(Gain) loss on disposal of property, plant and equipment	(43,648)	9,739	(7,862)	15,325
Interest on long-term debt and obligations under capital lease	148,823	83,648	63,018	31,547
Other interest	68,468	77,835	23,091	23,269
Dividends on preferred shares	-	265,265	-	91,133
	173,643	436,487	78,247	161,274
NET INCOME (LOSS) BEFORE INCOME TAXES	90,120	(408,219)	(207,145)	(264,193)
FUTURE INCOME TAX EXPENSE (RECOVERY)	32,677	-	(68,512)	-
NET INCOME (LOSS)	57,443	(408,219)	(138,633)	(264,193)
DEFICIT, BEGINNING OF QUARTER / YEAR	(9,541,600)	(8,297,950)	(1,764,994)	(8,441,976)
Reduction of stated value of common shares	7,580,530	-	-	-
DEFICIT, END OF QUARTER	\$ (1,903,627)	\$ (8,706,169)	\$ (1,903,627)	\$ (8,706,169)
EARNINGS (LOSS) PER SHARE				
BASIC AND DILUTED	\$ 0.01	\$ (0.20)	\$ (0.03)	\$ (0.13)

See accompanying notes to consolidated financial statements. These interim financial statements should be read in conjunction with the 2007 annual consolidated financial statements.

ORGANIC RESOURCE MANAGEMENT INC.
CONSOLIDATED STATEMENTS OF CASHFLOWS
(UNAUDITED)

	9 Months Ended March 31		3 Months Ended March 31	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ 57,443	\$ (408,219)	\$ (138,633)	\$ (264,193)
Add (deduct) items not involving cash:				
Amortization of property, plant and equipment	587,858	482,490	234,298	177,729
Amortization of intangible assets	-	726,798	-	242,266
Share based compensation	18,781	20,958	7,982	20,825
Foreign exchange loss	-	453	-	-
(Gain) loss on disposal of property, plant and equipment	(43,648)	9,739	(7,862)	15,325
Dividends accrued on preferred shares	-	265,265	-	91,133
Future income tax expense (recovery)	32,677	-	(68,512)	-
	653,111	1,097,484	27,273	283,085
Changes in operating assets and liabilities:				
Decrease (increase) in accounts receivable, net	335,205	(27,631)	229,232	(54,061)
Increase in inventory	(238)	(8,210)	(103)	(6,508)
Decrease (increase) in prepaid expenses	8,774	(74,500)	19,884	(98,714)
Increase (decrease) in accounts payable and accrued liabilities	(546,881)	(121,425)	234,664	172,736
CASH FLOWS FROM OPERATING ACTIVITIES	449,971	865,718	510,950	296,538
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of property, plant and equipment	(263,858)	(281,190)	(41,419)	(120,480)
Proceeds on disposal of property, plant and equipment	78,768	151,099	11,750	143,099
	(185,090)	(130,091)	(29,669)	22,619
CASH FLOWS FROM FINANCING ACTIVITIES:				
Advance (repayment) of revolving loan	38,490	(484,520)	(438,694)	(424,268)
(Repayment) advance of long-term debt	(212,911)	(104,488)	(73,778)	20,587
Repayment of capital lease obligation	(200,415)	(147,408)	(75,816)	(62,458)
	(374,836)	(736,416)	(588,288)	(466,139)
DECREASE IN CASH DURING THE QUARTER / YEAR	(109,955)	(789)	(107,007)	(146,982)
CASH BEGINNING OF THE QUARTER / YEAR	206,771	227,302	203,823	373,495
CASH END OF QUARTER	\$ 96,816	\$ 226,513	\$ 96,816	\$ 226,513
Supplemental cash flow information:				
Interest paid	\$ 217,291	\$ 161,482	\$ 86,109	\$ 54,815
Non-cash transactions:				
Capital assets acquired through debt	\$ 319,432	\$ -	\$ -	\$ -
Capital assets acquired through capital leases	\$ 483,104	\$ 811,073	\$ 82,814	\$ 141,500
Acquisition of OIS Inc. through notes payable	\$ 600,000	\$ -	\$ -	\$ -

See accompanying notes to consolidated financial statements. These interim financial statements should be read in conjunction with the 2007 annual consolidated financial statements.

ORGANIC RESOURCE MANAGEMENT INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

1. NATURE OF OPERATIONS

Organic Resource Management Inc. (the “Company” or “ORMI”) is incorporated under the Canada Business Corporations Act. The primary operations of the Company consist of operating vacuum truck fleets that provide collection, treatment and recycling services for non-hazardous liquid waste and other related services.

On July 1, 2007 National Challenge Systems Inc. vertically amalgamated with its largest and wholly-owned subsidiary, Organic Resource Management Inc., and also assumed its subsidiary’s name. This change simplified the corporate structure and gave the Company a name more closely reflective of its core business.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and method of application as the June 30, 2007 annual audited statements except that the interim consolidated financial statements do not conform in all respects with disclosure required for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2007.

3. SHAREHOLDERS’ EQUITY

During the second quarter, the stated value of the Company’s capital stock was reduced by \$7,580,530 and a corresponding entry was made to reduce the Company’s retained earnings deficit. The deficit balance on the Company’s books was primarily the result of the five-year write-off of intangibles assets resulting from the May 31, 2002 acquisitions of Organic Resource Management Inc. (previously a wholly owned subsidiary of the Company) and A&A Anderson Tank Service (Vancouver) Ltd. The Company obtained approval for this transaction by a special resolution of the shareholders at the Annual General Meeting held on October 24, 2007.

On November 30, 2007 the Company’s common shares were consolidated on a one-for-twenty basis, following the approval of the shareholders at the Annual General Meeting held on October 24, 2007 and subsequent approval by the Toronto Stock Exchange. The number of issued and outstanding shares immediately prior to and after consolidation was 88,098,949 and 4,404,935, respectively. Fractional shares were not issued.

4. RELATED PARTY TRANSACTIONS

On August 29, 2007 the Company announced that it had reached an agreement for three related party transactions which would eliminate the existing related party relationships for software and patents. These transactions were unanimously approved by a committee of all seven independent directors on June 25, 2007 and closed on September 19, 2007. The three related party transactions resulted in the Company purchasing:

- (i) 100% of the issued and outstanding shares of ORMI Information Systems Inc., formerly Path Information Systems Inc. (“OIS/Path”), a company controlled by one of the Company’s directors, for \$700,000. \$100,000 of the purchase price was paid in cash on closing and a six year promissory note, with interest at 7% per annum to be paid in blended equal monthly instalments, was issued for the balance. The purchase price on the acquisition of OIS/Path was allocated \$820,733 to software which includes an assumed future tax liability of \$120,733. The shares of OIS/Path have been pledged to the vendors as security until the balance has been paid. Also as part of the transaction, the vendors retained the Path name and obtained a perpetual and exclusive license, including access to the source code, for use of the software outside of the liquid organic industry.
- (ii) the Canadian patents for the direct land application process “DLAP” and organic resource recovery system “ORRS” from Organic Resource Technologies Inc., a Company partially owned by two directors, for \$15,000 cash. Purchasing the DLAP patent eliminates the requirement for the Company to pay royalties on new ORRS locations and the annual fee of \$25,000 under the existing license.

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- (iii) the remaining 30% equity interest in NCS Environmental Services Ltd. "NCS ESL" that it does not already own, from Organic Resource Technologies International Inc, a Company partially owned by two directors of the Company, for \$10,000 cash. This purchase secures 100% ownership of the US DLAP and ORRS patents.

5. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

Earnings (loss) per share data has been restated for all prior periods on the basis of the one-for-twenty share consolidation.