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OMNI USA INC
Form 10QSB
February 17, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2003

Commission File Number: 0-17493

OMNI U.S.A., INC.

(Exact name of registrant as specified in its charter)

Nevada

(State of Incorporation)

88-0237223

(IRS Employer Identification No.)

7502 Mesa Road, Houston, Texas 77028
(Address of principal executive offices)

(713) 635-6331
(Issuer's Telephone Number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

At February 13, 2004, there were 1,171,812 shares of common stock \$.004995 par value outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets
December 31, 2003 and June 30, 2003

Condensed Consolidated Statements of Operations
Three Months and Six Months Ended December 31, 2003 and
December 31, 2002

Condensed Consolidated Statements of Cash Flows
Six Months Ended December 31, 2003 and December 31, 2002

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Notes to Condensed Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OMNI U.S.A., INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2003 (unaudited) -----
ASSETS	
CURRENT ASSETS	
Cash	\$ 269,017
Accounts receivable, trade, net	4,146,839
Accounts receivable, related parties	16,416
Inventories, net	4,321,785
Prepaid expenses	280,352

TOTAL CURRENT ASSETS	9,034,409

PROPERTY AND EQUIPMENT, net of Accumulated depreciation and amortization	1,620,963

OTHER ASSETS	
Primarily intangible assets, net	335,341

TOTAL ASSETS	\$ 10,990,713
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 3,645,868
Line of credit	2,091,346
Accrued expenses	334,703
Current portion of long-term debt	985,770

TOTAL CURRENT LIABILITIES	7,057,687

LONG-TERM DEBT	842,485

COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY	
Common stock (1,227,079 shares issued and 1,171,812 Outstanding,)	6,129
Additional paid-in capital	5,372,815
Treasury Stock (55,267 shares)	(100,071)
Retained earnings (deficit)	(2,297,368)
Foreign currency translation adjustment	109,036

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TOTAL STOCKHOLDERS' EQUITY	3,090,541

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 10,990,713
	=====

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

OMNI U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS AND THE SIX MONTHS ENDED DECEMBER 31, 2003 AND 2002

	THREE MONTHS ENDED DECEMBER 31, 2003	THREE MONTHS ENDED DECEMBER 31, 2002
	-----	-----
NET SALES	\$ 5,301,593	\$ 4,710,079
COST OF SALES	3,937,653	3,595,778
	-----	-----
GROSS PROFIT	1,363,940	1,114,301
OPERATING EXPENSES		
Selling, general and administrative	983,370	1,065,453
	-----	-----
OPERATING INCOME	380,570	48,848
OTHER INCOME (EXPENSE)		
Interest expense	(106,529)	(98,810)
Other, net	263	36,912
	-----	-----
TOTAL OTHER EXPENSE	(106,266)	(61,898)
	-----	-----
INCOME TAXES	-	-
	-----	-----
NET INCOME (LOSS)	\$ 274,304	\$ (13,050)
	=====	=====
COMPREHENSIVE INCOME - Foreign Currency		
Translation Adjustment	5,919	478
	-----	-----
COMPREHENSIVE INCOME (LOSS)	\$ 280,223	\$ (12,572)
	=====	=====
BASIC EARNINGS (LOSS) PER SHARE	\$ 0.23	\$ (0.01)
	=====	=====
FULLY DILUTED EARNINGS (LOSS) PER SHARE	\$ 0.23	\$ (0.01)
	=====	=====

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

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OMNI U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the six months ended December 31, 2003 -----	For D ---
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 94,349	

Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	185,337	
Deferred taxes	-	
Loss on sale of assets	-	
Changes in operating assets and liabilities:		
Accounts receivable / Notes receivable	(178,551)	
Inventories	(307,677)	
Prepaid expenses	(56,303)	
Accounts payable and accrued expenses	716,551	

Total adjustments	359,357	

Net cash provided by operating activities	453,706	

CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of other assets	-	
Intangible assets	(10,509)	
Capital expenditures	(94,215)	

Net cash used by investing activities	(104,724)	

CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchases of treasury stock	-	
Borrowings on line of credit	6,329,822	
Payments on line of credit	(6,978,506)	
Payments on long-term debt	(153,302)	

Net cash used by financing activities	(801,986)	

TRANSLATION EFFECT OF FOREIGN CURRENCIES	12,791	
NET DECREASE IN CASH	(440,213)	
CASH AT BEGINNING OF PERIOD	709,230	

CASH AT END OF PERIOD	\$ 269,017	
	=====	

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. As permitted under those rules, certain footnotes or other financial information that are normally required by generally accepted accounting principles in the United States (GAAP) have been condensed or omitted. The Company believes that the disclosures made in this report are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-KSB.

The Company's management is responsible for the unaudited financial statements included in this document. In the opinion of the Company, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position of Omni U.S.A., Inc. and subsidiaries as of December 31, 2003, and the results of their operations for the three months and six months ended December 31, 2003, and 2002, and cash flows for the six months ended December 31, 2003, and 2002, have been made in accordance with GAAP.

There are significant operations in Mainland China; however, the functional exchange rate for those operations is the U.S. dollar. The foreign currency translation adjustment primarily arises from the translation of amounts from operations in Hong Kong in which the functional currency is that of the foreign location.

Certain reclassifications to the June 30, 2003 and December 31, 2002 financial statements have been made to conform to the current period presentation with no effect on net income.

2. EARNINGS PER SHARE:

Basic and diluted loss per share is based on the weighted average number of shares of common stock outstanding. For the six month and three month periods ended December 31, 2003 and 2002, the Company's weighted average shares are calculated as follows:

	Quarter Ended December 31, 2003	Quarter Ended December 31, 2002	Six Months Ended December 31, 2003
Weighted average common shares outstanding	1,171,812	1,185,612	1,171,812
Effect of dilution of securities: conversion of stock options	-	-	-
Denominator for dilutive earnings per share	1,171,812	1,185,612	1,171,812

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When the Company is in a net loss position, all common stock equivalents are considered anti-dilutive and are therefore not included in the calculation of earnings per share. During the six month period ended December 31, 2002, and the three month and six month period ended December 31, 2003 the Company had positive net income; however, the exercise price of all common stock equivalents exceeded its average fair value. Accordingly, all common stock equivalents were considered anti-dilutive during the period and are therefore not included in the calculation of earnings per share.

3. MAJOR CUSTOMERS AND VENDORS:

The Company and its subsidiaries had consolidated sales of \$2,413,844 and \$1,757,845 to a domestic customer, which accounted for 27% and 19% of consolidated sales for the six months ended December 31, 2003 and 2002, respectively. The Company had sales of \$2,134,770 and \$1,045,863 to a domestic customer for a total of 40% and 10% of consolidated sales, for the quarters ended December 31, 2003 and 2002, respectively.

During the six months ended December 31, 2003 and December 31, 2002, the Company and its subsidiaries had consolidated purchases of \$1,826,026 and \$3,225,657 from one vendor for a total of 34% and 45% of consolidated purchases. During the quarters ended December 31, 2003 and December 31, 2002, the Company and its subsidiaries had consolidated purchases of \$1,217,027 and \$1,851,724 from one vendor for a total of 36% and 48% of consolidated purchases.

4. REVOLVING LINE OF CREDIT AND LONG-TERM DEBT:

The Company has a revolving line of credit with a financing company which provides for maximum borrowings of \$4,000,000 as determined by a formula based on trade accounts receivable and inventory. The line of credit matures January 31, 2004, bears interest at prime plus 1%-2%, depending upon certain financial ratios, requires the maintenance of certain levels of income and tangible net worth and is secured by essentially all of the U.S. assets of the Company. Management is currently in negotiations to renegotiate the terms and due dates of this line of credit under what it believes will be comparable terms. The Company was not in compliance with its accounts payable aging requirements at December 31, 2003. The Company has obtained a verbal waiver from the financing company.

The Company also maintains a line of credit with a foreign financial institution, which provides for maximum borrowings of \$1,000,000 based on the creditworthiness of the Company's customers serviced by the Company's foreign subsidiary. Outstanding borrowings amounted to \$150,755 and \$224,569 at December 31, 2003 and June 30, 2003, respectively. The foreign line of credit matures November 30, 2004 and bears interest at 5.625%.

5. INCOME TAXES

The difference between the effective rate of income tax expense at December 31, 2003 and 2002 and the amounts which would be determined by applying the statutory U.S. income tax rate of 34% to income before income tax expense, are due to the utilization of net operating losses which were fully reserved by the valuation allowance in previous periods.

The valuation allowance decreased by approximately \$32,000 during the six months ended December 31, 2003. The Company had approximately \$530,000 in domestic net operating loss carryforwards which expire in 2022 and approximately \$1,300,000 in foreign net operating loss carryforwards which

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were fully reserved by a valuation allowance as of December 31, 2003. Management does not believe that it is more likely than not that the Company will realize the benefits of its deferred tax assets net of the existing valuation allowance.

6. OPERATING LEASES

The Company leases equipment and office, warehouse and manufacturing space in Houston, TX; Shanghai, China; and Hong Kong. The Houston facility is a combination office/warehouse facility of approximately 40,000 square feet, which the Company uses as its headquarters and as an Omni Gear assembly center, inventory warehouse, warranty repair, quality control, testing and inspection, and distribution center. The Houston facility is leased from a real estate investment company located in Houston, Texas, under a long-term lease expiring July 2005. The Butler facility is a 35,000 square feet manufacturing facility. The Shanghai facility leases buildings in a manufacturing complex containing approximately 130,000 square feet

7. LITIGATION AND CONTINGENCIES

The Company, from time to time, is a party to various legal proceedings that constitute ordinary routine litigation incidental to the Company's business. In the opinion of management, all such matters are either adequately covered by insurance or are not expected to have a material adverse effect on the Company.

8. SEGMENT INFORMATION

The Company and its subsidiaries are engaged in the business of designing, developing and distributing power transmissions and trailer and implement components used for agricultural, construction and industrial equipment.

SEGMENT INFORMATION

THREE MONTHS ENDED DECEMBER 31, 2003	NET SALES	OPERATING INCOME	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	D A
Power Transmission Components	\$ 4,546,818	\$ 303,905	\$ 77,784	\$ 8,329,481	\$ 14,169	
Trailer and Implement Components	754,775	76,665	28,745	2,661,232	30,769	
Total Omni, U.S.A., Inc.	\$ 5,301,593	\$ 380,570	\$106,529	\$10,990,713	\$ 44,938	

THREE MONTHS ENDED DECEMBER 31, 2003	NET SALES	DECEMBER 31, 2003	PRO EQUI

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Domestic Customers	\$ 4,765,842	Domestic
Foreign Customers	535,751	Foreign
Total Omni, U.S.A., Inc.	\$ 5,301,593	Total Omni, U.S.A., Inc.

THREE MONTHS ENDED DECEMBER 31, 2002	NET SALES	OPERATING INCOME	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES
Power Transmission Components	\$ 3,941,900	\$ 218,887	\$ 71,356	\$ 7,745,140	\$ 33,510
Trailer and Implement Components	768,179	(170,039)	27,454	3,098,696	30,716
Total Omni, U.S.A., Inc.	\$ 4,710,079	\$ 48,848	\$ 98,810	\$10,843,836	\$ 64,226

THREE MONTHS ENDED DECEMBER 31, 2002	NET SALES	DECEMBER 31, 2002
Domestic Customers	\$ 4,379,617	Domestic
Foreign Customers	330,462	Foreign
Total Omni, U.S.A., Inc.	\$ 4,710,079	Total Omni, U.S.A., Inc.

SEGMENT INFORMATION
(CONTINUED)

SIX MONTHS ENDED DECEMBER 31, 2003	NET SALES	INCOME FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES
Power Transmission Components	\$7,286,954	\$ 288,744	\$143,894	\$8,329,481	\$ 62,702
Trailer and Implement Components	1,557,872	3,765	58,040	2,661,232	31,513
Total Omni, U.S.A., Inc.	\$8,844,826	\$ 292,509	\$201,934	\$ 10,990,713	\$ 94,215

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SIX MONTHS ENDED DECEMBER 31, 2003	NET SALES	DECEMBER 31, 2003	PROPE EQUIPM
Domestic customers	\$7,859,839	Domestic	
Foreign customers	984,987	Foreign	
Total Omni, U.S.A., Inc.	\$8,844,826	Total Omni, U.S.A., Inc.	

SIX MONTHS ENDED DECEMBER 31, 2002	NET SALES	INCOME FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	D A
Power Transmission Components	\$7,432,238	\$ 455,829	\$147,552	\$7,745,140	\$ 61,695	
Trailer and Implement Components	1,739,934	(146,920)	52,757	3,098,696	30,716	
Total Omni, U.S.A., Inc.	\$9,172,172	\$ 308,909	\$200,309	\$ 10,843,836	\$ 92,411	

SIX MONTHS ENDED DECEMBER 31, 2002	NET SALES	DECEMBER 31, 2002	PROPE EQUIPM
Domestic customers	\$8,282,816	Domestic	
Foreign customers	889,356	Foreign	
Total Omni, U.S.A., Inc.	\$9,172,172	Total Omni, U.S.A., Inc.	

9. RESTRUCTURING:

In October 2003, the Company committed to a plan to consolidate the operations of its Trailer and Implement Components business segment into one manufacturing facility. The Madill, Oklahoma facility was closed and its employees terminated or relocated to Butler, Kentucky. The inventory, machinery and equipment were moved to Butler, Kentucky to fill excess capacity and space. The Company believes that the consolidation of manufacturing operations will reduce costs with little or no adverse impact to future sales levels. The Company incurred costs of approximately \$90,000 in moving and severance expenses relating to this restructuring.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. This report should be read in conjunction with the Company's latest Form 10-KSB, a copy of which may be obtained by visiting the Company's home page at www.ousa.com, or by writing to the Investor Relations Department, Omni U.S.A., Inc., 7502 Mesa Road, Houston, Texas 77028.

Liquidity and Capital Resources

The Company's primary capital requirements are for routine working capital needs that are generally met through a combination of internally generated funds, revolving line of credit facilities and credit terms from suppliers. The Company's line of credit facilities had an outstanding balance of \$2,091,346 at December 31, 2003. The Company had working capital of \$1,976,722 as of December 31, 2003 and working capital of \$2,108,437 as of June 30, 2003, a decrease of \$131,715 from June 30, 2003. The decrease in working capital from June 30, 2003 was due to increases in accounts payable and decrease in accrued expenses, offset by increases in inventories and accounts receivable.

The Company had a cash balance of \$269,017 as of December 31, 2003; reflecting a negative cash flow of \$440,213 compared to the June 30, 2003 cash balance of \$709,230. The Company's cash provided by operating activities for the six months ended December 31, 2003 of \$453,706 consisted of the net income for the period, increases in accounts payable and accrued expenses and depreciation offset by increases in accounts receivable and inventories.

The Company's cash used in investing activities for the six months ended December 31, 2003 of \$104,724 consisted of net capital expenditures for the period in both operating segments.

Net cash used by financing activities for the six months ended December 31, 2003 of \$801,986 consisted primarily of payments on the line of credit and long-term debt.

The Company's current ratio was 1.28 as of December 31, 2003, which is a 2% decrease when compared to the June 30, 2003 current ratio of 1.31

The Company believes that between its access to the line of credit facilities and its anticipated ability to generate funds internally, it has adequate capital resources to meet its working capital requirements for the next fiscal year, given its current working capital requirements, known obligations, and assuming current levels of operations. If however, operations do not remain at current levels and the Company is unable to access or renew its line of credit facilities or service its long term debt facilities, the Company will be required to reduce its operations accordingly which may have a negative impact on the Company to meet the needs of its customers, suppliers and credit providers. In addition, the Company believes that it has the ability to raise additional financing in the form of debt to fund additional capital expenditures, if required.

Results for the Quarter ended December 31, 2003 compared with the Quarter ended December 31, 2002

The Company had net sales of \$5,301,593 for the three months ended December 31, 2003. This represents an 13% increase compared to the three months

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ended December 31, 2002 net sales of \$4,710,079. This increase is partly due to an improved economic outlook as well as increased sales to a large domestic customer. The following table indicates the Company's net sales comparison and percentage of change for the three months ended December 31, 2003 and 2002:

NET SALES	QUARTER ENDED 12/31/03	% OF TOTAL	QUARTER ENDED 12/31/02	% OF TOTAL	DOLLAR CHANGE
Power Transmission Components	\$ 4,546,818	86%	\$ 3,941,900	84%	\$ 604,918
Trailer and Implement Components	754,775	14%	768,179	16%	(13,404)
Consolidated	\$ 5,301,593	100%	\$ 4,710,079	100%	\$ 591,514

Gross profit for the three months ended December 31, 2003 increased \$249,639 to \$1,363,940, compared to gross profit for the three months ended December 31, 2002 of \$1,114,301. Gross profit as a percentage of net sales for the three months ended December 31, 2003 increased to 26% as compared to 24% for the three months ended December 31, 2002. This increase in profit margin was primarily due to the sales of higher margin product in the period.

Selling, general and administrative expenses decreased \$82,083 to \$983,370 in the three months ended December 31, 2003 from \$1,065,453 in the three months ended December 31, 2002. Selling, general and administrative expenses decreased due to cost cutting initiatives undertaken, including the consolidation of the Madill, OK facility, and efficiencies gained in relation to those initiatives.

Income from operations for the Company increased \$331,722 to \$380,570 for the three months ended December 31, 2003, compared to \$48,848 for the three months ended December 31, 2002. This increase is the result of lower operating expenses during the period and increased revenues and gross profit.

Interest expense increased \$6,617 to \$105,427 for the three months ended December 31, 2003 from \$98,810 for the three months ended December 31, 2002. The increase resulted from increased interest rates associated with the Company's line of credit.

Other income was \$263 for the three months ended December 31, 2003 compared to \$36,912 for the three months ended December 31, 2002. This change is primarily the result of scrap and service fee income in the prior period.

The Company's net income increased \$287,354 to \$274,304 or \$0.23 per share, for the three months ended December 31, 2003 compared to (\$13,050), or (\$0.01) per share, for the three months ended December 31, 2002.

Results for the Six months ended December 31, 2003 compared with the Six months ended December 31, 2002

The Company had net sales of \$8,844,826 for the six months ended December 31, 2003. This represents a decrease of 4% compared to the six months ended December 31, 2002 net sales of \$9,172,172. Sales have decreased overall due to a poor first fiscal quarter, but increases in sales in the second fiscal

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quarter have offset much of the first quarter decline. The following table indicates the Company's net sales comparison and percentage of change for the six months ended December 31, 2003 and 2002:

NET SALES	QUARTER ENDED 12/31/03	% OF TOTAL	QUARTER ENDED 12/31/02	% OF TOTAL	DOLLAR CHANGE
Power Transmission Components	\$ 7,286,954	82%	\$ 7,432,238	81%	(\$145,284)
Trailer and Implement Components	1,557,872	18%	1,739,934	19%	(182,062)
Consolidated	\$ 8,844,826	100%	\$ 9,172,172	100%	(\$327,346)

Gross profit for the six months ended December 31, 2003 decreased \$230,383 to \$2,114,699, compared to gross profit for the six months ended December 31, 2002 of \$2,345,082. Gross profit as a percentage of net sales for the six months ended December 31, 2003 decreased to 24% as compared to the six months ended December 31, 2002 gross profit of 26%.

Selling, general and administrative expenses decreased \$213,983 in the six months ended December 31, 2003 from \$2,036,173 in the six months ended December 31, 2002. Selling, general and administrative expenses decreased due to cost cutting initiatives undertaken, including the consolidation of the Madill, OK facility, and reduced sales activity in the second quarter.

Income from operations for the Company decreased \$16,400 to \$292,509 for the six months ended December 31, 2003, compared to \$308,909 for the six months ended December 31, 2002. This decrease is the result of lower operating expenses during the period.

Interest expense increased \$1,625, to \$201,934 for the six months ended December 31, 2003 from \$200,309 for the six months ended December 31, 2002.

Other income was \$3,774 for the six months ended December 31, 2003 compared to \$55,830 for the six months ended December 31, 2002. This change is primarily the result of scrap and service fee income in the prior period.

The Company's net income decreased \$29,688 to \$94,349, or \$0.08 per share, for the six months ended December 31, 2003 compared to \$124,037, or \$0.10 per share, for the six months ended December 31, 2002.

Cautionary Statement

The following is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

With the exception of historical facts, the statements contained in Item 2 of this form 10-QSB are forward-looking statements. Forward-looking statements discuss future expectations, plans, strategies, activities or events. They often include words such as believe, expect, anticipate, intend or plan, or words with similar meaning or with future or conditional verbs such as will, would, should, or may. The Company does not plan to update these forward-looking statements to reflect events or changes that occur after they are made.

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Actual results may differ materially from those contemplated by the forward-looking statements. The Company cannot guarantee that any forward looking statement will be realized, although the Company and its management believe that it has been prudent in its plans and assumptions. Investors are further directed to the Company's documents, such as its Annual Report on Form 10-KSB, Forms 10-QSB's and Forms 8-KSB filed with the Securities and Exchange Commission. Achievement of future results and these forward-looking statements involve risks and uncertainties, including but not limited to, the following:

- 1) acts or threats of war or terrorism, and the effects of such acts or threats on the Company, its employees, its debtors, customers and vendors as well as the local and international economies in which the Company sells its products,
- 2) changes in the availability of debt and equity capital resulting in increased costs, shareholder dilution, or reduced liquidity and lack of working capital,
- 3) cyclical downturns affecting the markets for our products over which we have no control,
- 4) our lack of ability to generate profitable operations and positive cash flows from those operations,
- 5) the effects of our failure to timely pay our outstanding debts,
- 6) substantial increases in interest rates,
- 7) availability or material increases in the costs of select raw materials,

The Company undertakes no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the applicable cautionary statements.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There have been no material changes from the disclosure in the Company's Form 10-KSB for the fiscal year ended June 30, 2003.

Item 6(a). Exhibits

Exhibit 31.1
Exhibit 32.1

Item 6(b). Reports on filed Form 8-K.

None

Item 7. Controls and Procedures.

Evaluation of disclosure controls and procedures. Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of our management, including

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our Chief Executive, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported to the Company's management within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in internal controls. Subsequent to the date of their evaluation, there were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures, and there were no corrective actions required with regard to significant deficiencies and material weaknesses based on such evaluation.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 17, 2004

OMNI U.S.A., INC.

By: /s/ Jeffrey K. Daniel

Jeffrey K. Daniel
President and Chief Executive Officer

INDEX TO EXHIBIT

EXHIBIT NO. -----	DESCRIPTION -----
31.1	Certification of CEO, President & CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of CEO, President & CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002