OMNI USA INC
Form 10QSB
May 14, 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 March 31, 2004

Commission File Number: 0-17493

OMNI U.S.A., INC.
(Exact name of registrant as specified in its charter)

Nevada	88-0237223
(State of Incorporation)	(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 May 14, 2004, there were 1,171,812 shares of common stock $.004995 par value outstanding.

OMNI U.S.A., INC. AND SUBSIDIARIES

PART I - - FINANCIAL INFORMATION

Item 1. Financial Statements

Index to Consolidated Financial Statements of Operations

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

	March 31, 2004 (unaudited)	June
ASSETS		
CURRENT ASSETS		
Cash	$ 387,871	$
Accounts receivable, trade, net	4,705,774	
Accounts receivable, related parties	28,695	
Inventories, net	4,458,018	
Prepaid expenses	282,542	
TOTAL CURRENT ASSETS	9,862,900	
PROPERTY AND EQUIPMENT, net of Accumulated depreciation and amortization	1,562,400	
OTHER ASSETS		
Primarily intangible assets, net	332,562	
TOTAL ASSETS	$ 11,757,862	$ 1
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 3,279,861	$
Lines of credit	3,006,707	
Accrued expenses	392,123	
Current portion of long-term debt	822,488	
TOTAL CURRENT LIABILITIES	7,501,179	
LONG-TERM DEBT	955,310	
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock (1,227,079 shares issued and 1,171,812 shares outstanding)	6,129	
Additional paid-in capital	5,372,815	
Treasury Stock (55,267 shares)	(100,071)	
Retained earnings (deficit)	(2,086,059)	(
Foreign currency translation adjustment	108,559	
TOTAL STOCKHOLDERS' EQUITY	3,301,373	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 11,757,862	$ 1

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

OMNI U.S.A., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND THE NINE MONTHS ENDED MARCH 31, 2004 AND 2003

	THREE MONTHS ENDED MARCH 31, 2004	THREE MONTHS ENDED MARCH 31, 2003	NINE MONTHS ENDED MARCH 31, 2004	NINE M END MARCH 200
NET SALES	$ 5,360,544	$ 6,641,526	$14,205,370	$15,81
COST OF SALES	4,166,177	5,422,825	10,896,304	12,27
GROSS PROFIT	1,194,367	1,218,701	3,309,066	3,53
OPERATING EXPENSES				
Selling, general and administrative	915,556	971,640	2,737,746	3,00
OPERATING INCOME	278,811	247,061	571,320	52
OTHER INCOME (EXPENSE)				
Interest expense	(90,951)	(112,784)	(280,058)	(31
Other, net	23,449	48,525	14,396	13
TOTAL OTHER EXPENSE	(67,502)	(64,259)	(265,662)	(18
INCOME TAXES	--	--	--	(4
NET INCOME	$ 211,309	$ 182,802	$ 305,658	$ 30
COMPREHENSIVE INCOME - - Foreign Currency Translation Adjustment	(477)	891	12,314	
NET AND COMPREHENSIVE INCOME	$ 210,832	$ 183,693	$ 317,972	$ 30
BASIC EARNINGS PER SHARE	$ 0.18	$ 0.15	$ 0.26	$
FULLY DILUTED EARNINGS PER SHARE	$ 0.18	$ 0.15	$ 0.26	$

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

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

	For the nine months ended March 31, 2004	For the nine mo ended March 31, 20
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 305,658	$ 306
Adjustments to reconcile net income to net cash (used) provided by operating activities:		
Depreciation and amortization	279,626	261

Deferred taxes	--	40
Gain on sale of property and equipment	--	(2
Changes in operating assets and liabilities:		
Accounts receivable	(749,765)	(1,159
Inventories, net	(443,910)	143
Prepaid expenses	(58,493)	(76
Accounts payable and accrued expenses	407,964	632
Total adjustments	(564,578)	(160
Net cash (used) provided by operating activities	(258,920)	146
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of intangibles and other assets	(10,509)	(25
Capital additions	(127,162)	(183
Net cash used by investing activities	(137,671)	(209
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchases of treasury stock	--	(42
Borrowings on line of credit	10,300,383	9,378
Payments on line of credit	(10,033,706)	(9,660
Payments on long-term debt	(203,759)	(124
Net cash provided (used) by financing activities	62,918	(449
TRANSLATION EFFECT OF FOREIGN CURRENCIES	12,314	
NET DECREASE IN CASH	(321,359)	(512
CASH AT BEGINNING OF PERIOD	709,230	821
CASH AT END OF PERIOD	$ 387,871	$ 309

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

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 made consist of normal recurring adjustments, necessary to present fairly in accordance with GAAP the financial position of Omni U.S.A., Inc. and subsidiaries as of March 31, 2004, and the results of their operations for the three months and nine months ended March 31, 2004 and 2003.

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 financial statements have been made to conform with the current period presentation with no effect on net income.

2. EARNINGS PER SHARE

Basic and diluted earnings per share is based on the weighted average number of shares of common stock outstanding. For the nine month and three month periods ended March 31, 2004 and 2003, the Company's weighted average shares are calculated as follows:

	Quarter Ended March 31, 2004	Quarter Ended March 31, 2003	Nine Months Ended March 31, 2004	Nine Months Ended March 31, 2003
Weighted average common shares outstanding	1,171,812	1,171,812	1,171,812	1,188,445
Effect of dilution of securities: conversion of stock options	--	--	--	--
Denominator for dilutive earnings per share	1,171,812	1,171,812	1,171,812	1,188,445

During the three month and nine month periods ended March 31, 2004 and 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 periods 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 $3,373,330 and $3,604,650 to a domestic customer for a total of 24% and 23% of consolidated sales during the nine months ended March 31, 2004 and 2003, respectively. The Company had sales of $959,486 and $1,552,896 to a domestic customer for a total of 18% and 23% of consolidated sales, respectively for the quarter ended March 31, 2004.

During the nine months ended March 31, 2004 and 2003, the Company and its subsidiaries had consolidated purchases of $5,722,455 and $5,743,695, respectively from two vendors for a total of 63% and 61% of consolidated purchases. During the quarter ended March 31, 2004 and 2003, the Company and its subsidiaries had consolidated purchases of $2,295,478 and $2,624,024, respectively from two vendors for a total of 64% and 66% of consolidated purchases.

4. REVOLVING LINES OF CREDIT

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 matured 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. The Company was not in compliance with its accounts payable aging requirements at March 31, 2004. The Company has obtained a verbal waiver from the financing company. The Company has signed a letter of intent to refinance its existing line of credit with another bank under what it believes will be comparable terms.

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 $208,212 and $224,569 at March 31, 2004 and June 30, 2003, respectively. The 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 March 31, 2004 and 2003 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 $100,000 during the nine months ended March 31, 2004. The Company had approximately $530,000 domestic net operating loss carry-forwards which expire in 2022 and approximately $1,100,000 in foreign net operating loss carry-forwards both of which were fully reserved by a valuation allowance as of March 31, 2004. 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 lease expires July 2005. 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 MARCH 31, 2004	NET SALES	INCOME (LOSS) FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEP AMO
Power Transmission Components	$ 4,552,528	$ 254,908	$ 64,225	$ 9,132,174	$ 24,398	$
Trailer and Implement Components	808,016	23,903	26,726	2,625,688	8,549	
Total Omni, U.S.A., Inc.	$ 5,360,544	$ 278,811	$ 90,951	$ 11,757,862	$ 32,947	$

THREE MONTHS ENDED MARCH 31, 2004	NET SALES
Domestic Customers	$ 4,865,109
Foreign Customers	495,435
Total Omni, U.S.A., Inc.	$ 5,360,544

MARCH 31, 2004	PROPERTY AND EQUIPMENT, NET
Domestic	$ 486,404
Foreign	1,075,996
Total Omni, U.S.A., Inc.	$ 1,562,400

THREE MONTHS ENDED MARCH 31, 2003	NET SALES	INCOME (LOSS) FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEP AMO
Power Transmission Components	$ 5,759,865	$ 300,518	$ 74,602	$ 8,174,070	$ 84,635	$
Trailer and Implement Components	881,661	(53,457)	38,182	3,084,994	6,906	

Total Omni, U.S.A., Inc.	$ 6,641,526	$ 247,061	$112,784	$ 11,259,064	$ 91,541	$

THREE MONTHS ENDED MARCH 31, 2003	NET SALES
Domestic Customers	$ 5,619,328
Foreign Customers	1,022,198
Total Omni, U.S.A., Inc.	$ 6,641,526

MARCH 31, 2003	PROPERTY AND EQUIPMENT, NET
Domestic	$ 538,153
Foreign	1,202,022
Total Omni, U.S.A., Inc.	$ 1,740,175

SEGMENT INFORMATION
(CONTINUED)

NINE MONTHS ENDED MARCH 31, 2004	NET SALES	INCOME (LOSS) FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEP AMO
Power Transmission Components	$11,839,482	$ 543,652	$195,292	$ 9,132,174	$ 90,189	$
Trailer and Implement Components	2,365,888	27,668	84,766	2,625,688	36,973	
Total Omni, U.S.A., Inc.	$14,205,370	$ 571,320	$280,058	$ 11,757,862	$ 127,162	$

NINE MONTHS ENDED MARCH 31, 2004	NET SALES
Domestic customers	$12,724,948

Foreign customers	1,480,422
Total Omni, U.S.A., Inc.	$14,205,370

MARCH 31, 2004	PROPERTY AND EQUIPMENT, NET
Domestic	$ 486,404
Foreign	1,075,996
Total Omni, U.S.A., Inc.	$ 1,562,400

NINE MONTHS ENDED MARCH 31, 2003	NET SALES	INCOME (LOSS) FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEP AMO
Power Transmission Components	$13,192,103	$ 728,856	$222,152	$ 8,174,070	$ 146,330	$
Trailer and Implement Components	2,621,595	(200,379)	90,941	3,084,994	37,622	
Total Omni, U.S.A., Inc.	$15,813,698	$ 528,477	$313,093	$ 11,259,064	$ 183,952	$

NINE MONTHS ENDED MARCH 31, 2003	NET SALES
Domestic customers	$13,882,699
Foreign customers	1,930,999
Total Omni, U.S.A., Inc.	$15,813,698

MARCH 31, 2003	PROPERTY AND EQUIPMENT, NET
Domestic	$ 538,153
Foreign	1,202,022
Total Omni, U.S.A., Inc.	$ 1,740,175

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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.

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 $3,006,707 at March 31, 2004. The Company had working capital of $2,361,721 as of March 31, 2004 and working capital of $2,108,437 as of June 30, 2003, an increase of $253,284 from June 30, 2003. The increase in working capital from June 30, 2003 was due to net income, increases in accounts receivable and lines of credit and offset by the net decrease in accounts payable and accrued expenses.

The Company had a cash balance of $387,871 as of March 31, 2004; reflecting a negative cash flow of $321,359 compared to the June 30, 2003 cash balance of $709,230. The Company's cash used by operating activities for the nine months ended March 31, 2004 of $258,920 consisted of increases in inventories and accounts receivable in both operating segments, offset by increases in accounts payable and accrued expenses.

The Company's cash used in investing activities for the nine months ended March 31, 2004 of $137,671 consisted of net capital expenditures for the period in both operating segments.

Net cash provided by financing activities for the nine months ended March 31, 2004 of $62,918 consisted primarily of net borrowings from the Company's lines of credit.

The Company's current ratio was 1.31 as of March 31, 2004 and June 30, 2003.

The Company believes that it will adequately be able to refinance its line of credit facilities. With its access to the line of credit and its anticipated ability to generate funds internally, the Company believes 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's ability to meet the needs of it 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 March 31, 2004 compared with the Quarter ended March 31, 2003

The Company had net sales of $5,360,544 for the three months ended March 31, 2004. This represents a decrease of 19% compared to the three months ended March 31, 2003 net sales of $6,641,526. Net sales of both business segments have decreased relative to a general market decline. The following table indicates the Company's net sales comparison and percentage of change for the three months ended March 31, 2004 and 2003:

NET SALES	QUARTER ENDED 03/31/04	% OF TOTAL	QUARTER ENDED 03/31/03	% OF TOTAL	DOLLAR CHANGE	% CHANG
Power Transmission Components	$ 4,552,528	85%	$ 5,759,865	87%	(1,207,337)	(2
Trailer and Implement Components	808,016	15%	881,661	13%	(73,645)	(
Consolidated	$ 5,360,544	100%	$ 6,641,526	100%	(1,280,982)	(1

Gross profit for the three months ended March 31, 2004 decreased $24,334 to $1,194,367, compared to gross profit for the three months ended March 31, 2003 of $1,218,701. Gross profit as a percentage of net sales for the three months ended March 31, 2004 increased to 22% as compared to 18% for the three months ended March 31, 2003. This increase in profit margin was primarily due to the product mix of sales for the period to existing and new customers.

Selling, general and administrative expenses decreased $56,084 to $915,556 in the three months ended March 31, 2004 from $971,640 in the three months ended March 31, 2003. Selling, general and administrative expenses decreased due to operational support required by the decrease in sales activity for the quarter as well as operational efficiencies gained due to consolidation of the Butler facilities as mentioned in Note 9 of the condensed consolidated financial statements.

Income from operations for the Company increased $31,750 to $278,811 for the three months ended March 31, 2004, compared to $247,061 for the three months ended March 31, 2003. This increase is the result of decreased selling, general, and administrative expenses during the period.

Interest expense decreased $21,833, to $90,951 for the three months ended March 31, 2004 from $112,784 for the three months ended March 31, 2003. The decrease resulted from decreased average borrowings on the Company's line of credit as a result of utilizing cash from operations to repay the line of credit.

Other income was $23,449 for the three months ended March 31, 2004 compared to $48,525 for the three months ended March 31, 2003. The change is primarily the result of scrap and service fee income in the prior period.

The Company's net income increased $28,507 to $211,309 or $0.18 per share, for the three months ended March 31, 2004 compared to $182,802, or $0.15 per share, for the three months ended March 31, 2003.

Results for the Nine months ended March 31, 2004 compared with the Nine months ended March 31, 2003

The Company had net sales of $14,205,370 for the nine months ended March 31, 2004. This represents a decrease of 10% compared to the nine months ended March 31, 2003 net sales of $15,813,698. Net sales of both business segments have decreased relative to a general market decline. The following table indicates the Company's net sales comparison and percentage of change for the nine months ended March 31, 2004 and 2003:

NET SALES	NINE MONTHS ENDED 03/31/04	% OF TOTAL	NINE MONTHS ENDED 03/31/03	% OF TOTAL	DOLLAR CHANGE	CH
Power Transmission Components	$ 11,839,482	83%	$ 13,192,103	83%	(1,352,621)	
Trailer and Implement Components	2,365,888	17%	2,621,595	17%	(255,707)	
Consolidated	$ 14,205,370	100%	$ 15,813,698	100%	(1,608,328)	

Gross profit for the nine months ended March 31, 2004 decreased $227,224 to $3,309,066, compared to gross profit for the nine months ended March 31, 2003 of $3,536,290. Gross profit as a percentage of net sales for the nine months ended March 31, 2004 increased to 23% as compared to 22% for the nine months ended March 31, 2003. This increase in profit margin was primarily due to the product mix of sales for the period to existing and new customers.

Selling, general and administrative expenses decreased $270,067 to $2,737,746 in the nine months ended March 31, 2004 from $3,007,813 in the nine months ended March 31, 2003. Selling, general and administrative expenses decreased due to operational support required by the decrease in sales activity for the period.

Income from operations for the Company increased $42,843 to $571,320 for the nine months ended March 31, 2004, compared to $528,477 for the nine months ended March 31, 2003. This increase is primarily the result of the decrease in selling, general and administrative expenses.

Interest expense decreased $33,035, to $280,058 for the nine months ended March 31, 2004 from $313,093 for the nine months ended March 31, 2003. The decrease resulted from decreased average borrowings on the Company's lines of credit as a result of utilizing cash from operations to repay the line of credit.

Other income was $14,396 for the nine months ended March 31, 2004 compared to $131,848 for the nine months ended March 31, 2003. This change primarily results from decreases in scrap metal sales and service fee income.

The Company's net income decreased $1,181 to $305,658, or $0.26 per share, for the nine months ended March 31, 2004 compared to $306,839, or $0.26 per share, for the nine months ended March 31, 2003.

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.

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 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 sustain profitable operations and generate 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 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: May 14, 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