OMNI USA INC
Form 10QSB
May 16, 2005

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, 2005

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)

Issuer's Internet Address: www.ousa.com

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 16, 2005, 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

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

	March 31, 2005 (unaudited)	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 362,238	$ 533,022
Accounts receivable, trade, net	3,630,222	2,042,392
Accounts receivable, related parties	30,604	24,740
Inventories, net	4,396,169	4,013,221
Prepaid expenses	332,805	200,041
TOTAL CURRENT ASSETS	8,752,038	6,813,416
PROPERTY AND EQUIPMENT, net of Accumulated depreciation and amortization	1,381,871	1,522,830
OTHER ASSETS		
Primarily intangible assets, net	338,915	329,756
TOTAL ASSETS	$ 10,472,824	$ 8,666,002
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 3,341,210	$ 2,430,084
Lines of credit	1,872,597	347,040
Accrued expenses	401,564	256,031
Current portion of long-term debt	808,483	1,344,134
TOTAL CURRENT LIABILITIES	6,423,854	4,377,289
LONG-TERM DEBT	748,840	1,014,436
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock (1,227,079 shares issued and 1,171,812 shares outstanding)	6,129	6,129
Additional paid-in capital	5,372,815	5,372,815
Treasury Stock (55,267 shares)	(100,071)	(100,071)
Retained earnings (deficit)	(2,094,873)	(2,109,413)
Foreign currency translation adjustment	116,130	104,817

TOTAL STOCKHOLDERS' EQUITY	3,300,130	3,274,277
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 10,472,824	$ 8,666,002

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

OMNI U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS AND THE NINE MONTHS ENDED MARCH 31, 2005 AND 2004

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004	NINE MONTHS ENDED MARCH 31, 2005	NI M
NET SALES	$ 6,631,543	$ 5,360,544	$ 15,940,972	$
COST OF SALES	5,323,093	4,166,177	12,354,153	
GROSS PROFIT	1,308,450	1,194,367	3,586,819	
OPERATING EXPENSES				
Selling, general and administrative	1,115,629	915,556	3,232,470	
OPERATING INCOME	192,821	278,811	354,349	
OTHER INCOME (EXPENSE)				
Interest expense	(102,332)	(90,951)	(328,099)	
Other, net	10,867	23,449	(11,708)	
TOTAL OTHER EXPENSE, NET	(91,465)	(67,502)	(339,807)	
NET INCOME	$ 101,356	$ 211,309	$ 14,542	$
COMPREHENSIVE INCOME - Foreign Currency Translation Adjustment	246	(477)	11,313	
NET AND COMPREHENSIVE INCOME	$ 101,602	$ 210,832	$ 25,855	$
BASIC EARNINGS PER SHARE	$ 0.09	$ 0.18	$ 0.02	$
FULLY DILUTED EARNINGS PER SHARE	$ 0.09	$ 0.18	$ 0.02	$

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

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

	For the nine months ended March 31, 2005	For the ni end March 31
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 14,542	$
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	277,782	
Changes in operating assets and liabilities:		
Accounts receivable / Note receivable, net	(1,593,694)	
Inventories, net	(382,948)	
Prepaid expenses	(132,764)	
Accounts payable and accrued expenses	1,159,370	
Total adjustments	(672,245)	
Net cash used by operating activities	(657,712)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of intangibles and other assets	(20,327)	
Capital additions	(125,657)	
Net cash used by investing activities	(145,984)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	16,695,291	1
Payments on line of credit	(15,169,734)	(1
Payments on long-term debt	(903,958)	
Net cash provided by financing activities	621,599	
TRANSLATION EFFECT OF FOREIGN CURRENCIES	11,313	
NET DECREASE IN CASH	(170,784)	
CASH AT BEGINNING OF PERIOD	533,022	
CASH AT END OF PERIOD	$ 362,238	$

Supplemental Disclosure of Non-Cash
Financing activity:
During the quarter ended March 31, 2005, the Company converted accounts payable totaling $102,711 to long-term debt.

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 necessary adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position of Omni U.S.A., Inc. and subsidiaries as of March 31, 2005, and the results of their operations for the three months and nine months ended March 31, 2005, and 2004, and cash flows for the nine months ended March 31, 2005, and 2004, 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, 2004 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, 2005 and 2004, the Company's weighted average shares are calculated as follows:

	Quarter Ended March 31, 2005	Quarter Ended March 31, 2004	Nine Months Ended March 31, 2005	Nine Ended 31,
Weighted average common shares	1,171,812	1,171,812	1,171,812	1,1

outstanding				
Effect of dilution of securities: conversion of stock options	-	-	-	
Denominator for dilutive earnings per share	1,171,812	1,171,812	1,171,812	1,1

During the three month and nine month periods ended March 31, 2005 and 2004, the Company had 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 $3,582,815 and $3,373,330 to a domestic customer for a total of 23% and 24% of consolidated sales during the nine months ended March 31, 2005 and 2004, respectively. The Company had sales of $1,664,794 and $959,486 to a domestic customer for a total of 25% and 18% of consolidated sales, for the quarter ended March 31, 2005 and 2004, respectively.

As of March 31, 2005, one customer accounted for 32% of consolidated receivables. As of March 31, 2004, one customer accounted for 34% of consolidated receivables.

During the nine months ended March 31, 2005 and 2004, the Company and its subsidiaries had consolidated purchases of $5,554,780 and $5,722,455, respectively from two vendors for a total of 56% and 63% of consolidated purchases. During the quarter ended March 31, 2005 and 2004, the Company and its subsidiaries had consolidated purchases of $2,147,822 and $2,295,478, respectively from two vendors for a total of 51% and 64% of consolidated purchases.

4. REVOLVING LINES OF CREDIT

The Company previously had a revolving line of credit with a financing company, which provided for maximum borrowings of $4,000,000. The line of credit bore interest at prime plus 1-2% dependent upon certain financial ratios, required maintenance of certain levels of income and tangible net worth and was secured by essentially all of the U.S. assets of the Company. The line of credit matured in June 2003 and the Company was not in compliance with its minimum financial reporting covenants at June 30, 2003. The Company continued to borrow under the line of credit under verbal extensions and waivers from the financing company until the financing company halted borrowings in May 2004. The line of credit was repaid and replaced with a factoring facility and inventory term loan with another financing company. Borrowings under the line of credit at June 30, 2004 and 2003 amounted to $0 and $2,515,461, respectively.

The Company has a revolving line of credit agreement with a financing company which provides for maximum borrowings up to $5,000,000, dependent upon qualifying trade accounts receivable and inventory balances. The line of credit matures August 3, 2007, bears interest of prime at 5.75% at March 31, 2005 plus 1.75% and incurs an unused line of credit fee of .25%. The credit line is subject to certain financial ratio and reporting covenants. The line of credit is secured by all of the assets of the Company and personal guarantees by two officers of the Company of $1,000,000 each. Outstanding borrowings amounted to $1,762,265 at March 31, 2005. At March 31, 2005, the Company was not in compliance with the fixed charge coverage ratio covenant and no waiver for non-compliance has been requested or obtained.

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 $110,332 and $347,040 at March 31, 2005 and June 30, 2004, respectively. The foreign line of credit matures November 30, 2005 and bears interest at 5.625%.

5. INCOME TAXES

The difference between the expected income tax expense at March 31, 2005 of $4,944 and $103,924 at March 31, 2004 which would be determined by applying the statutory U.S. income tax rate of 34% to income before income tax expense, is primarily due to the decrease in the deferred tax valuation allowance.

6. OPERATING LEASES

The Company leases equipment and office, warehouse and manufacturing space in Houston, TX; Butler, KY; Shanghai, China; Hong Kong, and Tatui, Brazil. 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, an extension of which is under current consideration. 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	INCOME (LOSS) FROM	INTEREST	IDENTIFIABLE	CAPITAL	DEPR

MARCH 31, 2005	NET SALES	OPERATIONS	EXPENSE	ASSETS	EXPENDITURES	AMOR
Power Transmission Components	$ 5,870,225	$ 269,250	$ 65,116	$ 8,179,917	$ 33,720	$
Trailer and Implement Components	761,318	(76,429)	37,216	2,292,907	-	
Total Omni, U.S.A., Inc.	$ 6,631,543	$ 192,821	$102,332	$ 10,472,824	$ 33,720	$

THREE MONTHS ENDED MARCH 31, 2005	NET SALES
Domestic Customers	$ 5,923,240
Foreign Customers	708,303
Total Omni, U.S.A., Inc.	$ 6,631,543

MARCH 31, 2005	PROPERTY AND EQUIPMENT, NET
Domestic	$ 437,929
Foreign	943,942
Total Omni, U.S.A., Inc.	$ 1,381,871

THREE MONTHS ENDED MARCH 31, 2004	NET SALES	INCOME (LOSS) FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEPR AMOR
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

SEGMENT INFORMATION
(CONTINUED)

NINE MONTHS ENDED MARCH 31, 2005	NET SALES	INCOME (LOSS) FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEPR AMOR
Power Transmission Components	$13,368,280	$ 488,373	$218,137	$ 8,179,917	$ 128,211	$
Trailer and Implement Components	2,572,692	(134,024)	109,962	2,292,907	31,500	
Total Omni, U.S.A., Inc.	$15,940,972	$ 354,349	$328,099	$ 10,472,824	$ 159,711	$

NINE MONTHS ENDED MARCH 31, 2005	NET SALES
Domestic customers	$ 13,969,593
Foreign customers	1,971,379
Total Omni, U.S.A., Inc.	$ 15,940,972

MARCH 31, 2005	PROPERTY AND EQUIPMENT, NET
Domestic	$ 437,929
Foreign	943,942
Total Omni, U.S.A., Inc.	$ 1,381,871

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NINE MONTHS ENDED MARCH 31, 2004	NET SALES	INCOME (LOSS) FROM OPERATIONS	INTEREST EXPENSE	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEPR AMOR
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

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 $1,872,597 at

March 31, 2005. The Company had working capital of $2,328,184 as of March 31, 2005 and working capital of $2,436,127 as of June 30, 2004, a decrease of $107,943. The decrease in working capital from June 30, 2004 was due to net income, increases in accounts receivable, lines of credit, and accrued expenses and offset by the net decrease in accounts payable.

The Company had a cash balance of $362,238 as of March 31, 2005; reflecting a negative cash flow of $170,784 compared to the June 30, 2004 cash balance of $533,022. The Company's cash used by operating activities for the nine months ended March 31, 2005 of $800,423 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, 2005 of $105,984 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, 2005 of $724,310 consisted primarily of net borrowings from the Company's lines of credit.

The Company's current ratio was 1.36 as of March 31, 2005, which is a 12% decrease when compared to the June 30, 2004 current ratio of 1.56. This is primarily the result of increases in inventory as well as borrowings on the Company's lines of credit. Additionally this decrease is the result of accounting for the Company's domestic factoring agreement it was operating under as of June 30, 2004 and the domestic line of credit which replaced it in August 31, 2004 and was in effect as of December 31, 2004.

The Company's businesses are working capital intensive and require funding for purchases of production, inventories and capital expenditures. The Company has debt service requirements including payments on notes and monthly interest payments on the Company's bank credit facilities. Management believes that cash generated from operations, together with the Company's bank credit facilities, provides the Company adequate liquidity to meet the Company's operating and debt service requirements. 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 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, 2005 compared with the Quarter ended March 31, 2004

The Company had net sales of $6,631,543 for the three months ended March 31, 2005. This represents an increase of 24% compared to the three months ended March 31, 2004 net sales of $5,360,544. Net sales for the power transmission segment increased while sales for the trailer and implement components decreased. The following table indicates the Company's net sales comparison and percentage of change for the three months ended March 31, 2005 and 2004:

NET SALES	QUARTER ENDED 03/31/05	% OF TOTAL	QUARTER ENDED 03/31/04	% OF TOTAL	DOLLAR CHANGE	C

Power Transmission Components	$ 5,870,225	89%	$ 4,552,528	85%	1,317,697
Trailer and Implement Components	761,318	11%	808,016	15%	(46,698)
Consolidated	$ 6,631,543	100%	$ 5,360,544	100%	1,270,999

Gross profit for the three months ended March 31, 2005 increased $114,083 to $1,308,450, compared to gross profit for the three months ended March 31, 2004 of $1,194,367. Gross profit as a percentage of net sales for the three months ended March 31, 2005 decreased to 20% as compared to 22% for the three months ended March 31, 2004. This decrease 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 increased $200,073 to $1,115,629 in the three months ended March 31, 2005 from $915,556 in the three months ended March 31, 2004. Selling, general and administrative expenses increased due to operational support required by the increase in sales activity in addition to costs incurred to increase efficiency in all operating segments for the period.

Income from operations for the Company decreased $85,990 to $192,821 for the three months ended March 31, 2005, compared to $278,811 for the three months ended March 31, 2004. This decrease is the result of increased operating expenses and lower gross profit margins during the period.

Interest expense increased $11,381 to $102,332 for the three months ended March 31, 2005 from $90,951 for the three months ended March 31, 2004. The increase resulted from increased borrowings and finance facility fees on the Company's line of credit.

Other income was $10,867 for the three months ended March 31, 2005 compared to $23,449 for the three months ended March 31, 2004. Other income is comprised of scrap and service fee income during the period.

The Company's net income decreased $109,953 to $101,356 or $0.09 per share, for the three months ended March 31, 2005 compared to $211,309 or $0.18 per share, for the three months ended March 31, 2004.

Results for the Nine months ended March 31, 2005 compared with the Nine months ended March 31, 2004

The Company had net sales of $15,940,972 for the nine months ended March 31, 2005. This represents an increase of 12% compared to the nine months ended March 31, 2004 net sales of $14,205,370. Net sales have increased in both business segments. The following table indicates the Company's net sales comparison and percentage of change for the nine months ended March 31, 2005 and 2004:

NET SALES	NINE MONTHS ENDED 03/31/05	% OF TOTAL	NINE MONTHS ENDED 03/31/04	% OF TOTAL	DOLLAR CHANGE	C
Power Transmission Components	$13,368,280	84%	$11,839,482	83%	1,528,798	
Trailer and Implement Components	2,572,692	16%	2,365,888	17%	206,804	
Consolidated	$15,940,972	100%	$14,205,370	100%	1,735,602	

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Gross profit for the nine months ended March 31, 2005 increased $277,753 to $3,586,819, compared to gross profit for the nine months ended March 31, 2004 of $3,309,066. Gross profit as a percentage of net sales for the nine months ended March 31, 2005 and 2004 were both approximately 23%. Management strives to maintain favorable profit margin levels in a competitive market.

Selling, general and administrative expenses increased $494,724 to $3,232,470 in the nine months ended March 31, 2005 from $2,737,746 in the nine months ended March 31, 2004. Selling, general and administrative expenses increased due to operational support required by the increase in sales activity in addition to costs incurred to increase efficiency in all operating segments for the period.

Income from operations for the Company decreased $216,971 to $354,349 for the nine months ended March 31, 2005, compared to $571,320 for the nine months ended March 31, 2004. This decrease is primarily the result of the increase in selling, general and administrative expenses in comparison to the increase sales for the period.

Interest expense increased $48,041 to $328,099 for the nine months ended March 31, 2005 from $280,058 for the nine months ended March 31, 2004. The increase resulted from increased borrowings and finance facility fees on the Company's lines of credit.

Other income/(expense) was ($11,708) for the nine months ended March 31, 2005 compared to $14,396 for the nine months ended March 31, 2004. Other income is comprised of scrap and service fee income offset by net sales commissions during the period.

The Company's net income decreased $291,116 to $14,542 or $0.02 per share, for the nine months ended March 31, 2005 compared to $305,658, or $0.26 per share, for the nine months ended March 31, 2004.

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, 2004.

Item 6(a). Exhibits

Exhibit 31.1 and 31.2
Exhibit 32

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 16, 2005 OMNI U.S.A., INC.

By: /s/ Jeffrey K. Daniel

Jeffrey K. Daniel
President and Chief Executive Officer

INDEX TO EXHIBITS

Exhibit No.	Description
31.1 and 31.2	Certification of CEO, President & CFO Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
32	Certification of CEO, President & CFO Pursuant to 18 U.S.C. 1350 as Adopted Pursuant to Section of the Sarbanes Oxley Act of 2002