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ORALABS HOLDING CORP  
Form 10QSB  
August 20, 2004

UNITED STATES  
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: June 30, 2004

or

Transition Report Pursuance to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from to

COMMISSION FILE NUMBER: 000-23039

ORALABS HOLDING CORP.

(Exact name of small business issuer as specified in its charter)

Colorado  
-----  
(State or other jurisdiction of  
incorporation or organization)

14-1623047  
-----  
(I.R.S. Employer  
Identification No.)

18685 East Plaza Drive, Parker, Colorado  
-----  
(Address of principal executive offices)

80134  
-----  
(Zip Code)

(303) 783-9499  
-----  
(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  No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:

Check whether the issuer filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court.

Yes  No

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APPLICABLE ONLY TO CORPORATE ISSUERS:

As of June 30, 2004 Issuer had 4,580,615 shares of common stock, \$.001 Par Value, outstanding. Transitional Small Business Disclosure Format (check one)

Yes  No

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ORALABS HOLDING CORP AND SUBSIDIARIES

Consolidated Balance Sheets

-----

|                |        |               |                   |
|----------------|--------|---------------|-------------------|
|                |        | June 30, 2004 |                   |
|                |        | Unaudited     | December 31, 2003 |
|                |        | -----         | -----             |
|                | Assets |               |                   |
| Current Assets |        |               |                   |

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|  |             |             |
|--|-------------|-------------|
| Cash and cash equivalents  | \$1,504,727 | \$2,561,108 |
| Accounts receivable, net of allowance for doubtful accounts of \$334,354 and \$415,422                                     | 1,658,355   | 1,896,672   |
| Inventories  | 2,644,688   | 2,422,153   |
| Deferred tax asset   | 336,595     | 154,952     |
| Income taxes receivable  | 242,988     | 242,988     |
| Prepaid expenses   | 148,332     | 143,635     |
| Deposits and other assets  | 150,960     | 117,670     |
|  | -----       | -----       |
| Total current assets   | 6,686,645   | 7,539,178   |
| Non-current assets   |             |             |
| Property and equipment, net  | 1,173,461   | 865,427     |
|  | -----       | -----       |
| Total non-current assets   | 1,173,461   | 865,427     |
|  | -----       | -----       |
| Total Assets   | \$7,860,106 | \$8,404,605 |
|  | =====       | =====       |
| Liabilities and Stockholders' Equity   |             |             |
| Current liabilities  |             |             |
| Accounts payable - trade   | \$716,529   | \$1,045,267 |
| Accrued liabilities  | 185,889     | 146,332     |
| Reserve for returns  | 358,185     | 396,419     |
| Income tax payable   | 4,203       | 0           |
| Current portion of long-term debt  | 22,874      | 22,874      |
|  | -----       | -----       |
| Total current liabilities  | 1,287,680   | 1,610,892   |
|  | -----       | -----       |
| Non-current Liabilities  |             |             |
| Long-term debt, less current portion   | 13,219      | 24,655      |
| Deferred tax liability long-term   | 74,872      | 41,611      |
|  | -----       | -----       |
| Total non-current liabilities  | 88,091      | 66,266      |
|  | -----       | -----       |
| Commitments and contingencies  |             |             |
| Stockholders' equity   |             |             |
| Preferred stock, \$.001 par value, 1,000,000 shares authorized; none issued and outstanding                                | 0           | 0           |
| Common stock, \$.001 par value; 100,000,000 shares authorized, 4,580,615 issued and outstanding at the end of both periods | 4,581       | 4,581       |
| Additional paid -in capital  | 1,221,484   | 1,221,484   |
| Retained earnings  | 5,258,270   | 5,501,382   |
|  | -----       | -----       |
| Total stockholders' equity   | 6,484,335   | 6,727,447   |
|  | -----       | -----       |
| Total liabilities and stockholders' equity   | \$7,860,106 | \$8,404,605 |
|  | =====       | =====       |

See Notes to Consolidated Financial Statements

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ORALABS HOLDING CORP AND SUBSIDIARIES

Consolidated Statements of Operations  
 Three Months and Six Months ended June 30, 2004 and June 30, 2003  
 Unaudited

|   | Three Months Ended |             | Si        |
|---|--------------------|-------------|-----------|
|   | 06/30/04           | 06/30/03    | 06/30/03  |
| <b>Revenues:</b>                                    |                    |             |           |
| Product sales                                       | \$3,010,480        | \$3,474,434 | \$6,790,6 |
| Total Revenues                                      | 3,010,480          | 3,474,434   | 6,790,6   |
| Cost of Sales                                       | 2,180,662          | 2,503,763   | 4,794,1   |
| Gross profit  | 829,818            | 970,671     | 1,996,5   |
| <b>Operating Expenses:</b>                          |                    |             |           |
| Engineering   | 81,495             | 59,594      | 182,9     |
| Selling and marketing costs                         | 297,801            | 253,132     | 700,9     |
| General and administrative                          | 762,265            | 554,289     | 1,477,0   |
| Other   | 10,446             | 11,005      | 27,9      |
| Total operating expenses                            | 1,152,007          | 878,020     | 2,388,8   |
| Net operating (loss) income                         | (322,189)          | 92,651      | (392,3    |
| Other income (expense)                              |                    |             |           |
| Interest and other income                           | 2,586              | 10,260      | 5,0       |
| Total other income (expense)                        | 2,586              | 10,260      | 5,0       |
| Net (loss) income before provision for income taxes | (319,603)          | 102,911     | (387,2    |
| Income tax benefit (expense)                        | 119,038            | (41,289)    | 144,1     |
| Net (loss) income                                   | \$ (200,565)       | \$ 61,622   | \$ (243,1 |
| Basic and diluted (loss) income per common share    | \$ (.04)           | \$ .01      | \$ (.0    |
| Weighted average shares outstanding                 | 4,580,615          | 4,580,615   | 4,580,6   |

See Notes to Consolidated Financial Statements

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ORALABS HOLDING CORP AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity  
For the Six months ended June 30, 2004  
Unaudited

|                          | Preferred<br>Shares | Stock<br>Amount | Common<br>Shares | Stock<br>Amount | Addl. Pa<br>Capita |
|--------------------------|---------------------|-----------------|------------------|-----------------|--------------------|
| Balance at Dec. 31, 2003 |                     |                 | 4,580,615        | \$4,581         | \$1,221,           |
| Net loss                 |                     |                 |                  |                 |                    |
| Balance at June 30, 2004 |                     |                 | 4,580,615        | \$4,581         | \$1,221,           |

See Notes to Consolidated Financial Statements

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ORALABS HOLDING CORP AND SUBSIDIARIES

Consolidated Statements of  
Cash Flow For the Six months  
ended June 30, 2004 and 2003  
Unaudited

|  | 2004<br>---- |
|--|--------------|
| Cash flows from operating activities   |              |
| Net (loss) income  | \$ (243,1    |
| Adjustments to reconcile net (loss) income to net cash used in operating<br>Activities |              |
| Allowance for doubtful accounts  | 81,0         |
| Depreciation   | 163,7        |
| Deferred taxes   | (144,1       |
| Changes in assets and liabilities:   |              |
| Other current assets   | (37,9        |
| Accounts receivable  | 157,2        |
| Inventory  | (222,5       |

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|  |           |
|--|-----------|
| Accounts payable                                   | (328,7    |
| Accrued expenses                                   | 39,5      |
| Reserve for returns                                | (38,2     |
| Income taxes payable                               |           |
|  | -----     |
|  | (330,0    |
|  | -----     |
| Net cash used in operating activities              | (573,1    |
|  | -----     |
| Cash from investing activities                     |           |
| Investment in property and equipment               | (471,7    |
|  | -----     |
| Net cash used in investing activities              | (471,7    |
|  | -----     |
| Cash from financing activities                     |           |
| Payment on long term debt                          | (11,4     |
|  | -----     |
| Net cash used in financing activities              | (11,4     |
|  | -----     |
| Net decrease in cash and cash equivalents          | (1,056,3  |
| Cash and cash equivalents, beginning of the period | 2,561,1   |
|  | -----     |
| Cash and cash equivalents, end of the period       | \$1,504,7 |
|  | =====     |

Cash paid for income taxes was \$ 0.00 (2004) and \$150,000 (2003)

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See Notes to Consolidated Financial Statements

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ORALABS HOLDING CORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. This report should, therefore, be read in conjunction with the Annual Report on Form 10-KSB/A for the year ended December 31, 2003 (the "2003 Form 10-KSB/A") of OraLabs Holding Corp. and Subsidiaries (the "Company").

The information included in this report is unaudited but reflects all adjustments which, in the opinion of management, are necessary to a fair

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statement of the results of the interim periods covered thereby. All adjustments are of a normal and recurring nature except as described herein.

### RECLASSIFICATIONS

Certain amounts in the prior period financial statements have been reclassified to conform to the 2004 presentation.

NOTE 2 - Property and Equipment Property and Equipment Consisted of The following:

Machinery and equipment:

| =====                         |             |
|-------------------------------|-------------|
| June 30, 2004                 |             |
| -----                         |             |
| Machinery and equipment       | \$2,168,772 |
| Leasehold improvements        | 417,765     |
|                               | -----       |
|                               | 2,586,537   |
| Less accumulated depreciation | (1,413,076) |
|                               | -----       |
|                               | \$1,173,461 |
|                               | =====       |

### NOTE 3 - LINE-OF-CREDIT

The Company entered into a line-of-credit agreement with a bank in the amount of \$2,000,000, which expires September 2004. As of June 30, 2004, the Company had available the entire \$2,000,000 unused line-of-credit. The line-of-credit is collateralized by a first lien on all of the Company's business assets.

### NOTE 4 - RESERVE FOR RETURNS AND ALLOWANCES

The company reserves 2.75% of revenues for returns and allowances of their product. The reserve is recorded as a reduction of revenues and as a liability on the balance sheet. The amount recorded as a liability on the balance sheet at June 30, 2004 is \$358,185.

### NOTE 5- STOCK OPTIONS

On May 27, 2004, the Company granted 7500 options to certain members of the Board of Directors under the Company's 1997 non-employee directors option plan to purchase stock at \$1.79 per share, fair market value at the date of grant. These options vest over four years.

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### ITEM 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Special Note on Forward-Looking Statements

Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, provide a safe harbor for certain forward-looking statements. This quarterly report contains statements that are forward-looking. Forward looking statements include those which are not historical facts, including without limitation statements about management's expectations for any period beyond the fiscal quarter ended June 30, 2004. Words such as "expect", "anticipate", "believe", "intend" and "estimate" and similar expressions are examples of words which identify forward looking statements. While these statements reflect the Company's beliefs as of the date of this report, they are subject to assumptions, uncertainties and risks that could cause actual results to differ materially and adversely from the results contemplated, forecast or estimated in the forward-looking statements included in this report. These factors include, but are not necessarily limited to, the impact of competitive products, the acceptance of new products or product lines in the marketplace, the Company's ability to manage growth, the availability of an adequate workforce and changes in market conditions.

Results of Operations. For the three month period ending June 30, 2004 as compared with the three month period ending June 30, 2003.

Product sales decreased \$463,953 or 13%. Sales decreased primarily because of no sales for this period to a sizeable customer who in the same period for 2003 purchased approximately \$420,000 of product. Most of the sales to this customer in 2003 occurred in the first half of the year.

Gross profit decreased \$140,853. As a percentage of sales gross profit remained at 28%. The reduction in gross profit from the first quarter of both years is the result of a higher concentration of sales to dollar stores, which typically yield a lower percent of gross profit.

Engineering increased \$21,901 or 37%. The increase can be attributed to additional staffing for maintenance and safety compliance and an increase in equipment and building repairs. The building repairs should stabilize in the 3rd quarter of 2004 and forward.

Selling and marketing increased \$44,669 or 18%. The increase can be attributed to an increase in advertising expense and bad debt expense. The majority of the bad debt expense was recorded for one customer. Advertising increased due to publication ads for one of our product lines during second quarter. Selling and marketing expenses are expected to remain consistent as a percentage of product sales.

General and Administrative increased \$207,976 or 38%. The increase is attributable to an increase in legal fees of \$103,005 predominantly related to patent protection litigation commenced by the company as plaintiff and described in the Company's 2003 Form 10-KSB; salaries including payroll taxes of \$119,000 primarily for additional staffing; and increases in outside labor and moving expenses. These expenses were offset by reductions in research and development costs. The patent protection litigation will incur approximately \$150,000 additional costs in the third quarter. Other general and administrative cost should remain consistent with the second quarter 2004 going forward.

The effective tax rate decreased from 40% to 37% due to non-deductible expenses in 2003 that the Company did not have in 2004.



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The Company incurred a profit for the second quarter of year 2003 of \$61,622, but for the second quarter of 2004 the net loss for the Company was \$200,565, as explained by the above activities. As a percentage of sales, the profit, which excludes interest, other income and income taxes, for the second quarter of year 2003, was 2%, but for the second quarter of year 2004 the operating loss was 7%.

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Results of Operations. For the six month period ending June 30, 2004 as compared with the six month period ending June 30, 2003.

Product sales decreased \$924,175 or 12%. Sales decreased due to decreased volume as well as decreased margins. There was a reduction in revenues of approximately \$920,000 from two significant customers. See "Trends" below.

Gross profit decreased \$578,371. As a percentage of sales gross profit decreased from 33% to 29%. Significantly, the gross profit decrease was a result of the lost revenues addressed above in product sales. Those sales they were at above average selling prices and had relatively low packaging costs. Also, the cost of overhead increased as a percentage of sales extensively due to higher costs of a new building.

Engineering increased \$59,124 or 48%. The increase can be attributed to additional staffing for maintenance and safety compliance, as well as equipment and building repairs associated with bringing the new building up to standards.

Selling and marketing decreased \$221,890 or 24%. There was a decrease in bad debt expense as it relates to non-recurring write offs of uncollectible receivables in the amount of \$252,000 in 2003. This was partially offset by an increase in advertising of approximately \$23,000 in the second quarter of 2004. Selling and marketing expenses are expected to remain consistent as a percentage of product sales.

General and administrative expenses increased \$283,711 or 24%. The increase can be attributed to Salaries and related payroll expenses, which increased approximately \$118,000 due in large part to additional staffing; legal fees increased approximately \$92,000 predominantly related to patent protection litigation; and increases in outside labor and rent also contributed to the increase. The patent protection litigation will incur approximately \$150,000 additional costs in the third quarter. Other general and administrative cost should remain consistent with the second quarter 2004 going forward.

Interest and other income decreased \$14,707 and decreased or 75%. This was due to reduced royalty income of approximately \$12,000 and decreased interest income of approximately \$3,000.

The Company had an after tax loss of \$243,112 in the first six months of 2004 compared to income of \$212,274 for the same period in 2003. The effective Tax rate for the second quarter for both periods was 37%, consistent with management's expectations. For the year ended December 31, 2003, the Company recognized a tax benefit related to the completion of the Company's previous year's tax return and recognized the impact of previous tax credits related to enterprise zone credits and foreign territorial income exclusions not previously reflected. The change in the estimate of these credits and exclusions resulted in a one time effective tax rate of 101%.

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Liquidity and Capital Resources. Balance Sheet as of June 30, 2004 compared to December 31, 2003.

At June 30, 2004, the Company had \$1,504,727 of cash and its current ratio was approximately 5 to 1. The Company believes its current capital resources are sufficient to fund operations for the next twelve months.

Net cash used in operating activities in the amount of \$573,181 consists of the following:

Accounts receivable, net allowance for doubtful accounts, decreased \$238,317. Decreased sales and write-offs of aged receivables for customer returns and allowances previously accrued accounts for the decrease in accounts receivable.

Other current assets decreased \$37,987, attributable to small decreases in deposits and prepaid expenses.

Accounts payable decreased \$328,738. This is due to timing differences for purchases of raw materials.

Accrued liabilities increased \$39,557 due to increases in payroll taxes, commissions, accrued payroll, and workmen's compensation accrual.

Reserve for returns decreased \$38,234 consistent with the decrease in revenue. The company reserves 2.75% of revenues, on an annualized basis, for returns and allowances of their product. See note 4 of the financial statements.

Cash from investing activities:

Investment in property and equipment was \$471,764. This is significantly comprised of customized building and leasehold improvements associated with the move into the Company's new facility. During third quarter, a move of sales and accounting offices to another unoccupied location within the facility are anticipated to create additional production space. Equipment additions in third and fourth quarter will be geared toward reducing production labor costs.

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TRENDS. Lip balm revenues were down to \$5,464,543 in the first six months of 2004 as compared to \$6,200,328 in the first six months of 2003. Although the Company had reduced lip balm revenue from two major customers of approximately \$920,000 through the first six months, the Company has orders and anticipated orders from other customers that will utilize new retail point of sale displays accenting OraLabs(TM) quality products at value prices. The Company shares its customer's enthusiasm and optimism that consumers will be attracted to this display and purchase OraLabs(TM) lip balm products. Test marketing results have been positive. Third quarter lip balm sales ought to be near last year's level or higher with the Company being well positioned to manage growth in the fourth quarter should such growth occur.

Sales of sour drops and breath fresheners were \$1,064,339 in the first six months of 2004 as compared to \$1,233,166 in the first six months of 2003, or a 14% decrease, which is an improvement over the 38% decrease experienced in the

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first quarter. The Company continues to maintain a solid base of customers. The Company remains uncertain about opportunities which would likely come from dollar stores or convenience stores.

The nutritional supplements, on a relatively smaller scale, showed a nominal decline in revenue. Revenues were \$261,773 in the first six months of 2004 as compared to \$281,338 in the first six months of 2003, or a 7% decrease. As anticipated, second quarter 2004 revenues have maintained similar levels as the previous five quarters dating back to the first quarter of 2003. The Company does not expect much change as its products have consistent sales predominantly with a customer who has purchased from the Company for over six years.

The Company revenues from international business decreased \$266,763 and 52%. Revenues were \$250,574 for the first six months of 2004 as compared to \$517,337 for the first six months of 2003. A major international customer has purchased \$4,744 in 2004 compared to \$169,279 in 2003 significantly contributed to this decline. It is difficult to determine whether this decline will continue. The Company's efforts to establish a manufacturing venture in South America have reopened, but the process is progressing very slowly and at this point the Company cannot estimate how much revenue this venture will produce and when such revenues will occur. The Company's position remains that despite the continued downward trend in international business, the Company still is committed to pursuing export opportunities and will continue efforts to slow the decline it has been experiencing over the last couple of years.

Impact of Inflation. The Company's financial condition has not been affected by the modest inflation of the recent past. The Company believes that revenues will not be materially affected by inflation. The Company's lip care and oral care products are primarily very low retail price points and impulse items. The nutritional supplements are a small part (approximately 4%) of revenues and could be negatively impacted by inflation.

### ITEM 3. CONTROLS AND PROCEDURES

Control deficiencies have been identified by management in consultation with Ehrhardt Keefe Steiner & Hottman PC, the Company's independent auditors. Certain matters involving internal control deficiencies considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants have been reported to the audit committee of the board of directors. In the March 31, 2004 10-QSB filing the Company reported conditions surrounding the following: accounts receivable processing, inventory accounting, timely accounting reconciliations, and lack of qualified accounting personnel due to turnover and operational requirements.

During the second quarter Management actively addressed the internal control deficiencies identified and such efforts include: instituting new controls, enforcing existing policies and providing oversight with respect to inventory valuation and accounts receivable processing, timely accounting reconciliations, and hiring a Controller near the end of second quarter and providing necessary resources to meet operational demands such as a Process Engineer and capital equipment. The Company is evaluating accounting software and is in the final stages of choosing an improved software package to be implemented in the fourth quarter of 2004.

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Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and its Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c) as of a date within 90 days of the filing date of this quarterly report on Form 10-QSB (the "Evaluation Date")), have concluded that as of the Evaluation Date, and except as provided above, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this quarterly report on Form 10-QSB was being prepared.

Changes in Internal Controls. The Company has hired a Controller who meets the Company's qualification requirements to satisfy this position. Monthly meetings between sales and accounting have been implemented to improve communication towards timely processing of charge-backs from customers against receivables. Management and warehouse staff have been trained in the second quarter and will receive on-going training to perform process audits of inventory transactions. This, combined with planned monthly physical inventories starting in the third quarter and the facility and technology improvements already made, should improve the Company's inventory controls. In addition, the aforementioned accounting software package will provide more comprehensive transaction detail and controls.

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### PART II - OTHER INFORMATION

Item No. 1. Legal Proceedings. The Company is not a party, nor are its properties subject to, any material pending legal proceedings other than ordinary routine litigation incidental to the Company's business and the matters described in the Company's Annual Report on Form 10-KSB.

Item No. 2. Changes in Securities. None.

Item No. 3. Defaults Upon Senior Securities. None.

Item No. 4. Submission of Matters to a Vote of Security Holders. On May 25, 2004, the Annual Meeting of stockholders of the Company was held at the Company's headquarters in Parker, Colorado. The matters voted upon at the meeting were the election of directors and the ratification of the appointment of the Company's auditors. With respect to the election of directors, all four of the incumbent directors were reelected. The voting was as follows:

Gary H. Schlatter 4,286,382 For, 1,540 Against, 365 Abstain;  
Allen R. Goldstone 4,286,508 For, 1,414 Against, 365 Abstain;  
Michael I. Friess 4,286,586 For, 1,336 Against, 365 Abstain; and  
Robert C. Gust 4,286,586 For, 1,336 Against, 365 Abstain.

With respect to the ratification of the selection of the Company's auditors for fiscal year ending December 31, 2004, there were 4,286,139 votes in favor, 1,573 against and 575 abstentions. There were no broker non-votes.

Item No. 5. Other Information. None.

Item No. 6. Exhibits and Reports on Form 8-K.

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(a) Exhibits required to be filed are listed below: Certain of the following exhibits are hereby incorporated by reference pursuant to Rule 12(b)-32 as promulgated under the Securities and Exchange Act of 1934, as amended, from the reports noted below:

| Exhibit<br>No.<br>----- | Description<br>-----  |
|-------------------------|---|
| 3.1(i) (1)              | Articles of Incorporation 3.1(ii) (2) Amended and Restated Bylaws   |
| 3.1(ii) (3)             | Second Amended and Restated Bylaws 4(2)<br>Specimen Certificate for Common Stock  |
| 10.1(2)                 | 1997 Stock Plan   |
| 10.2(2)                 | 1997 Non-Employee Directors' Option Plan  |
| 10.4(2)                 | Stock Option Grant under 1997 Non-Employee Directors' Option Plan   |
| 10.5(i) (4)             | Business Lease Between the Company's Subsidiary and Gary Schlatter (September 1, 2000)  |
| 10.5(iii) (5)           | Amended Business Lease between the Company's Subsidiary and 2780 South Raritan, LLC effective October 15, 2000.   |
| 10.5(iv) (6)            | Lease Between the Company's Subsidiary and 18501 East Plaza Drive, LLC dated September 4, 2003  |
| 10.10(7)                | Amended and Restated Employment Agreement Between the Company's Subsidiary and Gary Schlatter dated May 1, 2003   |
| 10.5(v) (9)             | Lease Termination Agreement for Business Lease described in Exhibit 10.5(i)   |
| 10.5(vi) (9)            | Lease Termination Agreement for Business Lease described in Exhibit 10.5(iii)   |
| 11                      | No statement re: computation of per share earnings is filed as computation can be clearly determined from the material contained in this Report on Form 10-QSB. |
| 14.1(8)                 | Code of Ethics  |
| 21(2)                   | List of Subsidiaries of the Company   |
| 31.1(9)                 | Certification of President Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 302 Of The Sarbanes-Oxley Act of 2002                             |
| 31.2(9)                 | Certification of Chief Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 302 of The Sarbanes-Oxley Act Of 2002               |
| 32.1(9)                 | Certification of President Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of The Sarbanes-Oxley Act of 2002                             |
| 32.2(9)                 | Certification of Chief Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of The Sarbanes-Oxley Act Of 2002               |
| 1.                      | Incorporated herein by reference to Exhibit C of the Definitive Information Statement filed by the Company's predecessor, SSI Capital Corp., on July 24, 1997.  |
| 2.                      | Incorporated herein by reference to the Company's Form 10-K filed for fiscal year 1997.   |
| 3.                      | Incorporated herein by reference to the Company's Form 10-KSB filed for fiscal year 1998.   |

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4. Incorporated herein by reference to the Company's Form 10-QSB filed for the quarter ended September 30, 2000.
5. Incorporated herein by reference to the Company's Form 10-KSB filed for fiscal year 2000.
6. Incorporated herein by reference to the Company's Form 10-QSB filed for the quarter ended September 30, 2003.

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7. Incorporated herein by reference to the Company's Form 10-QSB filed for the quarter ended June 30, 2003.
8. Incorporated herein by reference to the Company's Form 10-KSB filed for fiscal year 2003.
9. Filed herewith.

(b) No report on Form 8-K was filed by the Company during the quarter reported upon in this report.

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SIGNATURES

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

ORALABS HOLDING CORP.

By:/s/ Gary H. Schlatter  
-----  
Gary H. Schlatter, President

By:/s/ Emile J. Jordan  
-----  
Emile J. Jordan, Chief Financial Officer

Dated August 20, 2004

Exhibit Index

| Exhibit<br>No.<br>----- | Description<br>-----  |
|-------------------------|---|
| 10.5(v)                 | Lease termination agreement (Tejon)   |
| 10.5(vi)                | Lease termination agreement (Raritan)   |
| 31.1                    | Certification of President Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 302 Of The Sarbanes-Oxley Act Of 2002               |
| 31.2                    | Certification of Chief Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 302 Of The Sarbanes-Oxley Act Of 2002 |
| 32.1                    | Certification of President pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002               |
| 32.2                    | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |