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ORALABS HOLDING CORP
Form 10QSB
August 22, 2005

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, 2005

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

14-1623047

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

18685 East Plaza Drive, Parker, Colorado

80134

(Address of principal executive offices)

(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, 2005 Issuer had 4,693,015 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

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| | June 30, 2005 Unaudited | December 31, 2004 |
|--|-------------------------------|----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$1,071,137 | \$ 866,432 |
| Accounts receivable, net of allowance for doubtful accounts of \$204,799 (2005) and \$345,177 (2004) | 814,346 | 1,275,820 |
| Inventories | 3,187,344 | 2,878,755 |
| Deferred tax asset - current | 285,117 | 285,117 |
| Income taxes receivable | 194,081 | 329,648 |
| Prepaid expenses | 164,944 | 264,451 |
| Deposits and other assets | 70,931 | 158,720 |
| | ----- | ----- |
| Total current assets | 5,787,900 | 6,058,943 |
| Non-current assets | | |
| Deferred tax asset, long-term | 54,084 | 45,336 |
| Property and equipment, net | 1,812,183 | 1,668,675 |
| | ----- | ----- |
| Total non-current assets | 1,866,267 | 1,714,011 |
| | ----- | ----- |
| Total Assets | \$7,654,167 | \$7,772,954 |
| | ===== | ===== |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable - trade | \$ 817,049 | \$ 850,157 |
| Accrued liabilities | 133,664 | 131,812 |
| Reserve for returns | 251,895 | 362,342 |
| Income tax payable | 0 | 0 |
| Current portion of long-term debt | 8,437 | 12,581 |
| | ----- | ----- |
| Total current liabilities | 1,211,045 | 1,356,892 |
| Non-current Liabilities | | |
| Long-term debt, less current portion | 8,925 | 12,075 |
| | ----- | ----- |
| Total non-current liabilities | 8,925 | 12,075 |
| | ----- | ----- |
| 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; 25,000,000 shares authorized, 4,693,015 issued (2005 and 2004), 4,693,015 (2005) and 4,580,615 (2004) outstanding. | 4,693 | 4,669 |
| Additional paid-in capital | 1,511,820 | 1,463,044 |
| Retained earnings | 4,917,684 | 4,936,274 |
| | ----- | ----- |
| Total stockholders' equity | 6,434,197 | 6,403,987 |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$7,654,167 | \$7,772,954 |
| | ===== | ===== |

See Notes to Consolidated Financial Statements

ORALABS HOLDING CORP AND SUBSIDIARIES

Consolidated Statements of Operations
 Three Months and Six Months Ended June 30, 2005 and June 30, 2004
 Unaudited

| | Three Months Ended | | Six Months Ended |
|---|--------------------|--------------|------------------|
| | 06/30/05 | 06/30/04 | 06/30/04 |
| Revenues: | | | |
| Product sales | \$2,543,188 | \$3,010,480 | \$6,124,000 |
| Total Revenues | 2,543,188 | 3,010,480 | 6,124,000 |
| Cost of Sales | 1,597,957 | 2,180,662 | 3,978,400 |
| Gross profit | 945,231 | 829,818 | 2,145,600 |
| Operating Expenses: | | | |
| Engineering | 34,838 | 81,495 | 127,700 |
| Selling and marketing costs | 244,949 | 297,801 | 656,400 |
| General and administrative | 693,107 | 762,265 | 1,403,100 |
| Other | 5,554 | 10,446 | 25,900 |
| Total operating expenses | 978,448 | 1,152,007 | 2,213,100 |
| Net operating (loss) income | (33,217) | (322,189) | (67,500) |
| Other income (expense) | | | |
| Interest and other income | 28,908 | 2,586 | 40,200 |
| Total other income (expense) | 28,908 | 2,586 | 40,200 |
| Net (loss) income before provision for income taxes | (4,309) | (319,603) | (27,300) |
| Income tax benefit (expense) | 1,383 | 119,038 | 8,700 |
| Net (loss) income | \$ (2,926) | \$ (200,565) | \$ (18,600) |
| Basic and diluted (loss) income per common share | \$ (.00) | \$ (.04) | \$ (.00) |
| Weighted average shares outstanding | 4,669,688 | 4,580,615 | 4,669,688 |

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, 2005
Unaudited

| | Preferred Shares | Stock Amount | Common Shares | Stock Amount | Adtl. Paid-In Capital | R E |
|--------------------------|---------------------|-----------------|------------------|-----------------|--------------------------|--------|
| Balance at Dec. 31, 2004 | | | 4,668,615 | \$4,669 | \$1,463,044 | \$4 |
| Stock options exercised | | | 24,400 | 24 | 48,776 | |
| Net loss | | | | | | |
| Balance at June 30, 2005 | | | 4,693,015 | \$4,693 | \$1,511,820 | \$4 |

See Notes to Consolidated Financial Statements

ORALABS HOLDING CORP AND SUBSIDIARIES

Consolidated Statements of
Cash Flow For the Six Months
Ended June 30, 2005 and 2004
Unaudited

| | 2005 ---- |
|--|--------------|
| Cash flows from operating activities | |
| Net loss | \$ (18,591) |
| Adjustments to reconcile net loss to net cash provided by operating activities | |
| Depreciation | 275,958 |
| Allowance for doubtful accounts | (140,379) |
| Deferred tax asset | (8,748) |
| Changes in assets and liabilities: | |
| Accounts receivable - trade | 601,853 |
| Inventories | (308,589) |

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| | |
|--|--------------|
| Prepaid expenses and deposits | 187,296 |
| Accounts payable - trade | (33,108) |
| Accrued Liabilities | 1,852 |
| Reserve for returns | (110,446) |
| Income taxes receivable (payable) | 135,567 |
| | ----- |
| | 601,256 |
| | ----- |
| Net cash provided by (used in) operating activities | 582,665 |
| | ----- |
| Cash from investing activities | |
| Investment in property and equipment | (419,466) |
| | ----- |
| Net cash used in investing activities | (419,466) |
| | ----- |
| Cash from financing activities | |
| Payment on long-term debt | (7,294) |
| Stock options exercised | 48,800 |
| | ----- |
| Net cash provided by (used in) financing activities | 41,506 |
| | ----- |
| Net increase (decrease) in cash and cash equivalents | 204,705 |
| Cash and cash equivalents, beginning of the period | 866,432 |
| | ----- |
| Cash and cash equivalents, end of the period | \$ 1,071,137 |
| | ===== |

Cash paid for income taxes was \$ 0.00 (2005) and \$ 0.00 (2004)

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, 2004 (the "2004 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 statement of the results of the interim periods covered thereby. All adjustments are of a normal and recurring nature except as described herein.

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RECLASSIFICATIONS

Certain amounts in the prior period financial statements have been reclassified to conform to the 2005 presentation.

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

Property and Equipment:

| | |
|-------------------------------|-------------|
| ----- | |
| ===== | |
| June 30, 2005 | |
| ----- | |
| Machinery and equipment | \$3,478,642 |
| Construction in progress | 103,846 |
| Leasehold improvements | 142,832 |
| | ----- |
| | 3,723,320 |
| Less accumulated depreciation | (1,913,137) |
| | ----- |
| | \$1,812,183 |
| | ===== |

NOTE 3 - LINE-OF-CREDIT

The Company has a \$2,000,000 line-of-credit agreement with a bank secured by substantially all of the Company's assets. The line of credit expires September 2005. As of June 30, 2005, the Company had no outstanding balance on this line-of-credit.

NOTE 4 - RESERVE FOR RETURNS AND ALLOWANCES

The company previously had reserved 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. Beginning with the quarter ended June 30, 2005, after an analysis of favorable historical trends, the Company has determined the reserve needs to be lowered to 1.82%. The amount recorded as a liability on the balance sheet at June 30, 2005 is \$251,895.

NOTE 5 - STOCK OPTIONS

The Company has determined the value of stock-based compensation arrangements under the provisions of APB Opinion No. 25 "Accounting for Stock Issued to Employees"; and will make pro forma disclosures required under SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 permits the use of either a fair value based method or the method defined in APB No. 25 which requires the disclosure of pro forma net income (loss) and earnings per share that would have resulted from the use of the fair value based method.

| | | |
|--|-------------|--------------|
| | June 30, | |
| | 2005 | 2004 |
| | ----- | ----- |
| Net (loss) available to common shareholders- as reported | \$ (18,590) | \$ (243,112) |
| Total stock-based employee compensation expense determined under fair market value method for an award | (98,931) | (7,581) |
| | ----- | ----- |

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| | | |
|---|--------------|--------------|
| Net loss available to common shareholders- pro forma | \$ (117,521) | \$ (250,693) |
| Basic and diluted loss per common share- as reported | \$ 0.00 | \$ (0.05) |
| Basic and diluted loss per common share- pro forma | \$ (0.03) | \$ (0.05) |

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. All options are granted at fair market value on the date of the grant. No options have been re-priced or had their maturities extended during 2005. In terms of the provisions of our 1997 Stock Plan, employees, with vested options, who leave the employment of the Company, are required to exercise or forfeit their options within 90 days after leaving employment regardless of the exercise period of the initial grant.

The following are the weighted-average assumptions used at June 30, 2005 and 2004 for all Black-Scholes calculations in the financial statements:

| | | |
|----------------------------|----------|---------|
| | June 30, | |
| | 2005 | 2004 |
| | ----- | ----- |
| Approximate risk free rate | 3.74% | 4% |
| Average expected life | 5 years | 5 years |
| Dividend yield | 0% | 0% |
| Volatility | 81% | 73% |

ORALABS HOLDING CORP AND SUBSIDIARIES

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, 2005. 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 work force, changes in market conditions, and whether the Company closes the transaction with NVC Lighting Investment Holdings Limited, ("NVC") described in Part II, Item 5 below.

Results of Operations. For the three month period ending June 30, 2005 as compared with the three month period ending June 30, 2004.

Product sales decreased \$467,292 or 16%. This decrease in revenue was primarily a result of a drop off in sales due to increased competition and slower sales at

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the retail level. The Company believes that the second half of the year will bring a higher level of sales due to the seasonality of our primary product line. The Company believes that it is now in a position to fill a higher level of orders, should they occur. The Company cannot be sure that any increased level of sales will occur.

Gross profit increased \$115,413. As a percentage of sales, gross profit increased 10%. A greater concentration of sales were to higher margin customers, thereby reducing the cost of materials as a percentage of sales. The increase in gross profit is also, but to a lesser extent, due to decreased costs of labor and overhead and costs of materials. The Company's capital investment in automation made a positive impact on labor costs during second quarter of 2005. The Company experienced increased cost of overhead associated with the move into its new facility in the second quarter of 2004 which significantly explains the relatively smaller amount of overhead costs in second quarter 2005. The Company anticipates continued improvements in costs of operations and is hopeful that gross profit will continue to make small incremental improvement.

Engineering costs decreased by \$46,657 due to an increased amount of engineering salaries being capitalized in 2005 towards production automation projects.

Selling and marketing decreased by \$52,852 due to a decrease in bad debt expense. Bad debt write-offs in June 2004 as well as an adjustment to the accrual in June 2005 resulted in the decrease. These costs should remain stable going forward.

Administrative expenses decreased \$69,158 due to a decrease in legal expenses, moving expense and outside labor. The Company expects these costs to remain consistent, except for any increase in professional fees and expenses related to the contemplated transactions with NVC, which the Company estimates to be \$210,000.

Other expense consisting of stock transfer fees decreased \$4,892, remaining consistent from 2004 to 2005. Other expenses are expected to remain consistent going forward.

The Company incurred a net loss for second quarter 2004 of \$200,565, and a net loss for second quarter 2005 of \$2,926, as explained by the above activities. As a percentage of sales, the net operating loss for the second quarter of 2004 was 7%, while the second quarter of 2005 shows a net operating loss of less than 1%. The Company hopes, but cannot guarantee, to reverse this trend with increased sales in the second half of 2005.

The Company had an after tax loss of \$2,926 for second quarter 2005 compared to an after tax loss of \$200,565 for second quarter 2004. The effective tax rate decreased from 37% to 32%. For the quarter ended June 30, 2005, the Company recognized the impact of previous tax credits related to enterprise zone credits and foreign territorial income exclusions not previously reflected.

Results of Operations. For the six month period ending June 30, 2005 as compared with the six month period ending June 30, 2004.

Product sales decreased \$666,632 or 10%. This decrease in revenue was primarily a result of a drop off in sales due to increased competition and slower sales at the retail level. The Company believes that the second half of the year will bring a higher level of sales due to the seasonality of our primary product line. The Company believes that it is now in a position to fill a higher level

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of orders, should they occur. The Company cannot be sure that any increased level of sales will occur.

Gross profit increased \$149,006. As a percentage of sales, gross profit increased 6%. A greater concentration of sales were to higher margin customers, thereby reducing the cost of materials as a percentage of sales. The increase in gross profit is also, but to a lesser extent, due to decreased costs of labor and overhead and materials. The Company's capital investment in automation made a positive impact on labor costs during 2005. The Company experienced increased costs of overhead associated with the move into its new facility during 2004 which significantly explains the relatively smaller amount of overhead costs in 2005. The Company anticipates continued improvements in cost of operations and is hopeful that gross profit will continue to make small incremental improvement.

Engineering expenses decreased \$55,266 due to an increased amount of engineering salaries being capitalized in 2005 towards production automation projects.

Selling and marketing expenses decreased \$44,524 due to a decrease in bad debt expense. Bad debt write-offs in June 2004 resulted in the decrease. These costs should remain stable going forward.

Administrative expenses decreased \$73,896 due to a decrease in legal expenses, moving expense and outside labor. These expenses were for extraordinary items occurring in 2004. The Company expects these costs to remain consistent, except for any increase in professional fees and expenses due to the contemplated transactions with NVC, which the Company estimates to be \$210,000.

Other expense consisting of stock related fees decreased \$2,030, remaining consistent from 2004 to 2005. Other expenses are expected to remain consistent going forward.

The Company had an after tax loss of \$18,591 in the first six months of 2005 compared to an after tax loss of \$243,112 for the same period in 2004. The effective tax rate for the first six months of 2004 was 37%, while the rate for the first six months of 2005 was 32% consistent with management's expectations. For the six months ended June 30, 2005, 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.

Liquidity and Capital Resources. Balance Sheet as of June 30, 2005 compared to December 31, 2004.

At June 30, 2005, the Company had \$1,071,137 of cash and its current ratio was 4 to 1. The Company believes its current capital resources are sufficient to fund operations for the next twelve months.

Net cash provided by operating activities in the amount of \$582,665 consists of the following:

Accounts receivable, net of allowance for doubtful accounts, decreased \$461,474. Decreased sales in second quarter 2005, compared to December, 2004 as well as improved collections caused the decrease in accounts receivable. The Company reduced past due receivables by over \$400,000 from December 31, 2004 to June 30, 2005 and is working towards comprehensive customer account reconciliations to reduce the amount of allowances against open past due balances. The Company anticipates the third quarter to have similar revenue to the second quarter and therefore expects accounts receivable will be consistent at the end of third quarter

Inventory increased \$308,589. This increase is due to a higher volume of

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finished product inventory made to contribute to third and fourth quarter projected sales.

Prepaid expenses and deposits decreased \$187,296 due to first and second quarter receipt of goods for which deposits existed at year-end.

Accounts payable decreased \$33,108 due to timing of payments.

Accrued liabilities increased \$1,852, remaining consistent with December 2004.

Reserve for returns decreased \$110,446. Based on favorable historical trends, the Company has lowered the amount it is accruing from 2.75% of revenues to 1.81%, on an annualized basis, for returns and allowances of their product. See Note 4 of the financial statements.

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Cash from investing activities:

Investment in property and equipment was \$419,466. This is comprised of various automation projects designed to reduce production labor costs and the addition of a new accounting software package. Additional equipment additions are planned for the third quarter.

Trends. Lip balm revenues, as the Company's major product line, in the first 6 months of 2005 were \$4,829,343 as compared to \$5,464,543 for the same period in 2004, or a 12% decrease. As stated above in results of operations, this decrease in revenue was primarily a result of a drop off in sales due to increased competition and slower sales at the retail level. The Company believes that the second half of the year will bring a higher level of sales due to the seasonality of our primary product line. The Company believes that it is now in a position to fill a higher level of orders, should they occur. The Company cannot be sure that any increased level of sales will occur. The Company's promotional products business is trending upwards and is estimated to contribute significantly to additional sales in the second half of 2005.

Sales of sour drops and breath fresheners were down by 13%. The Company continues to maintain a solid base of customers. However, the Company is uncertain about whether there will be opportunities to increase sales of this product line.

The nutritional supplements, on a relatively smaller scale, showed a nominal decline in revenue. Revenues were down \$86,247 in the first six months of 2005 compared to 2004, or a 33% decrease. The Company has discontinued the product line Cheat & Lean(TM). Therefore, revenues from this product line are expected to further decline.

The Company introduced eye drops under the name EYELIEVE and filed for trademark registration under this name. Sales of EYELIEVE in the second quarter were not material, but the Company anticipates a material impact on its future business, as its test markets have indicated that the Company should continue to promote this business.

Impact of fuel increases. The Company has seen an increase in its cost of plastic components and an increase in fuel surcharges by freight companies. If these trends continue the Company could see further erosion on margins due to higher costs.

Impact of Inflation. The Company's financial condition has not been affected by

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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 3%) of revenues and could be negatively impacted by inflation.

The following table shows aggregated information about contractual obligations as of June 30, 2005:

| | Payments Due by Period | | | |
|----------------|------------------------|------------------|------------------|-----------|
| | Total | Less Than 1 Year | 1-3 Years | 4-5 Years |
| Long-Term Debt | \$17,362 | \$8,437 | \$8,925 | |
| Building Lease | \$560,000 | \$225,000 | \$335,000 | |
| Vehicle Lease | \$3,000 | \$3,000 | | |
| Total | \$580,362 | \$236,437 | \$343,925 | |

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 material weaknesses under standards established by the American Institute of Certified Public Accountants have been reported to the audit committee of the board of directors. The material weaknesses relate to adjustments made by the auditors to properly state certain inventory related balance sheet accounts that are a result of non-timely account reconciliations and lack of oversight over the accounting process, financial reporting and a lack of qualified accounting personnel.

The primary objective of the Company's Inventory Control Program is to continuously develop and implement systems by which the stated on-hand inventory levels are both controllable and predictable. This critical objective will be achieved through the utilization of quarterly physical inventories, regularly scheduled cycle counts, data processing auditing and Kanban system utilization. The Company believes the staff in place is capable of carrying out this objective through 2005 and beyond.

The lack of timely reconciling of balance sheet accounts can be significantly attributed to inadequate human resources. The Company did commit significant, but not adequate, human resources to address this. Meanwhile internal daily audit processes were not followed further impacting the timeliness of reconciling account balances. The Company has reinstated internal audit requirements and timely monthly account reconciliations in the second quarter of

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2005 with full compliance expected in the third quarter of 2005.

The lack of oversight over the accounting process, financial reporting and lack of qualified accounting personnel is also being addressed through the internal audit process; utilization of improved software capabilities such as automated reports (Business Alerts) as to daily revenues, sales orders due to ship report, payroll report, cash flow, etc. that are being reviewed by management on a daily basis; and although accounting staff is qualified and trained to manage and process using generally accepted accounting practices (GAAP), training is required and planned during 2005 for more extensive learning of financial accounting standards (FASB) that focus more on proper disclosure and recognition of financial reporting information.

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.

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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 2004 Annual Report on Form 10-KSB/A.

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. None.

Item No. 5. Other Information.

As previously announced by the Company in its Form 8-K filed on February 23, 2005, OraLabs entered into a Definitive Agreement with NVC Lighting Investment Holdings Limited under which OraLabs will acquire NVC and convey its ownership of OraLabs, Inc. to OraLabs' President, Gary H. Schlatter. Control of the Company would change from Mr. Schlatter to the owners of NVC and their designees. Closing under the Definitive Agreement is conditioned upon many requirements and there can be no assurance that the closing will occur. The Company filed with the Securities and Exchange Commission on August 12, 2005, a Preliminary Proxy Statement that includes detailed information about the Definitive Agreement and the proposed transactions. The contents of the Preliminary Proxy Statement may be materially revised prior to becoming the Definitive Proxy Statement. NVC's Consolidated Financial Statements as of December 31, 2004 including the report of its Independent Registered Public Accounting Firm, NVC's Consolidated Financial Statements as of March 31, 2005, and NVC's Consolidated Financial Statements as of June 30, 2005 are attached hereto as Exhibits 99.1, 99.2 and 99.3.

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

(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 No. --- | Description ----- |
|-----------------------|---|
| 3.1(i)(1) | Articles of Incorporation |
| 3.1(ii)(2) | Amended and Restated Bylaws |
| 3.1(ii)(4) | Second Amended and Restated Bylaws |
| 4(2) | Specimen Certificate for Common Stock |
| 10.1(2) | 1997 Stock Plan |
| 10.2(2) | 1997 Non-Employee Directors' Option Plan |
| 10.3(3) | Amended and Restated Employment Agreement Between the Company's Subsidiary and Gary Schlatter |
| 10.4(2) | Stock Option Grant under 1997 Non-Employee Directors' Option Plan |
| 10.5(i)(5) | Business Lease between the Company's Subsidiary and Gary Schlatter (September 1, 2000) |
| 10.5(iii)(8) | Amended Business Lease between the Company's Subsidiary and 2780 South Raritan, LLC effective October 15, 2000. |
| 10.5(iv)(9) | Lease between the Company's Subsidiary and 18501 East Plaza Drive, LLC dated September 4, 2003 |
| 10.9(7) | Agreement (effective May 1, 2000, amending the Employment Agreement listed above as Exhibit 10.3). |
| 10.10(10) | Amended and Restated Employment Agreement between the Company's Subsidiary and Gary Schlatter dated May 1, 2003 |
| 10.11(11) | Stock Exchange Agreement between the Company, NVC Lighting Investment Holdings Limited and others dated February 23, 2005 |
| 11 | No statement re: computation of per share earnings is required since such earnings computation can be clearly determined from the material contained in this Quarterly Report on Form 10-QSB. |
| 21(2) | List of Subsidiaries of the Company |
| 31.1(12) | Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 302 Of The Sarbanes-Oxley Act Of 2002 |
| 31.2(12) | Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 302 Of The Sarbanes-Oxley Act Of 2002 |
| 32.1(12) | Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 |
| 32.2(12) | Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 |
| 99.1(12) | NVC's Consolidated Financial Statements as of December 31, 2004, including the report of its Independent Registered Public Accounting Firm. |
| 99.2(12) | NVC's Consolidated Financial Statements as of March 31, 2005 |
| 99.3(12) | NVC's Consolidated Financial Statements as of June 30, 2005 |

11

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 Exhibit B of the Form 8-K filed by the Company's predecessor, SSI Capital Corp., on May 14, 1997.

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4 Incorporated herein by reference to the Company's Form 10-KSB filed for fiscal year 1998.

5 Incorporated herein by reference to the Company's Form 10-QSB filed for the quarter ended September 30, 2000.

6 N/A

7 Incorporated herein by reference to the Company's Form 10-QSB filed for the quarter ended March 31, 2000.

8 Incorporated herein by reference to the Company's Form 10-KSB filed for fiscal year 2000.

9 Incorporated herein by reference to the Company's Form 10-QSB filed for the quarter ended September 30, 2003.

10 Incorporated herein by reference to the Company's Form 10-QSB filed for the quarter ended June 30, 2003.

11 Incorporated herein by reference to the Company's Form 8-K filed February 24, 2005.

12 Filed herewith.

(b) A report on Form 8-K was filed by the Company on June 24, 2005, concerning the Definitive Agreement described in Item no. 5, Other Information, above.

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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 22, 2005

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Exhibit Index

| Exhibit No. ----- | Description ----- |
|-------------------------|---|
| 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 |
| 99.1 | NVC's Consolidated Financial Statements as of December 31, 2004, including the report of its Independent Registered Public Accounting Firm |
| 99.2 | NVC's Consolidated Financial Statements as of March 31, 2005 |
| 99.3 | NVC's Consolidated Financial Statements as of June 30, 2005 |