

AEROSONIC CORP /DE/
Form PRE 14A
June 14, 2005

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e) (2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

AEROSONIC CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11

(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set for the amount on which the filing fee is calculated and state how it was determined):

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(1)

Amount previously paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Date Filed:

Notice of Annual Meeting &

Proxy Statement - July 14, 2005

AEROSONIC CORPORATION
(A DELAWARE CORPORATION)

1212 North Hercules Avenue

Clearwater, Florida 33765

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS OF AEROSONIC CORPORATION:

The 2005 Annual Meeting of Stockholders (the **Meeting**) of AEROSONIC CORPORATION (the **Company**) will be held at the **Tampa Marriot Waterside, 700 Florida Avenue, Tampa, Florida 33607, on July 14, 2005, at 10:00 A.M.**, local time, for the following purposes, which are discussed in the accompanying Proxy Statement:

1.

To elect one director to the board of directors of the Company, to hold office until his successor has been duly elected and qualified;

2.

To amend the Company's Restated Certificate of Incorporation, as amended, to increase the number of shares of common stock authorized to be issued from Eight Million (8,000,000) shares to Forty Million (40,000,000) shares and to authorize the Company to issue up to Ten Million (10,000,000) shares of "blank check" preferred stock; and

3.

To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The foregoing items are more fully described in the Proxy Statement attached hereto and made a part of this Notice. The Board has fixed the record date for determination of the stockholders entitled to notice of and to vote at the Meeting and any adjournment or postponement thereof as June 8, 2005, at the close of business.

If you are unable to attend the Meeting, please mark, sign and date the enclosed proxy and return it promptly in the envelope provided herewith. Your proxy may be revoked at any time before it is voted by filing with the Secretary of the Corporation a written revocation or a proxy bearing a later date, or by attending and voting at the Meeting. If you submit a proxy, you may still vote your stock in person at the Meeting if you so desire.

By Order of the Board of Directors,

David A. Baldini

President and Chief Executive Officer

June 24, 2005

Clearwater, Florida

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. YOU MAY VOTE BY USING THE INTERNET AS INSTRUCTED ON THE PROXY CARD, OR BY COMPLETING, SIGNING AND DATING THE PROXY CARD AND RETURNING IT IN THE ENCLOSED ENVELOPE. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

AEROSONIC CORPORATION

1212 North Hercules Avenue

Clearwater, Florida 33765

PROXY STATEMENT

Annual Meeting of Stockholders

to be held July 14, 2005

GENERAL INFORMATION

A Notice of the Annual Meeting of Stockholders (the **2005 Meeting** or simply the **Meeting**) of Aerosonic Corporation (the **Company**) is set forth on the preceding page, and there are enclosed herewith proxies which are being solicited by the Board of Directors of the Company. The cost of this solicitation will be borne by the Company. In addition to solicitation by mail, the officers and regular employees of the Company may solicit proxies personally or by telephone or telegram. This Proxy Statement and the form of proxy are first being sent to stockholders on or about June 24, 2005. A copy of the Company's Annual Report to Stockholders for the fiscal year ended January 31, 2005 is being mailed herewith.

All shares represented by valid proxies received by the Company prior to the Meeting will be voted as specified in the proxy. If no specification is made by a stockholder giving a proxy, discretionary authority thereby shall have been conferred by the stockholder and the applicable shares will be voted FOR (1) the election of the nominee as director (described below under Proposal No. 1); and (2) the approval of the amendment with respect to the increase in authorized capital stock, including authorization to issue "blank check" preferred stock, of Aerosonic Corporation (described below under Proposal No. 2).

If discretionary authority is conferred by the stockholder pursuant to the proxy, the shares also will be voted on such other matters as may properly come before the Meeting in accordance with the best judgment of the proxy holders. A stockholder giving a proxy has the right to revoke it any time prior to its exercise by delivering to the Secretary of the Company a written revocation or a duly executed proxy bearing a later date, or by attending the Meeting and voting his shares in person.

VOTING SECURITIES AND VOTING RIGHTS

Only holders of record of Common Stock, \$0.40 par value per share (the **Common Stock** or simply, the **shares**), of the Company as of the close of business on June 8, 2005 (the **Record Date**) are entitled to notice of, and to vote at, the Meeting and at any adjournment thereof. On the Record Date, the outstanding number of shares entitled to vote consisted of 3,921,019 shares of Common Stock. The holders of the Common Stock are entitled to one vote per share. There are no other classes of voting stock issued and outstanding.

QUORUM AND REQUIRED VOTE

A majority of the Company's outstanding Common Stock entitled to vote at the Meeting, present in person or represented by proxy will be necessary to constitute a quorum for the transaction of business at the Meeting. Under Delaware law and the bylaws of the Company, the affirmative vote of the holders of (i) a plurality of the shares voting at the Meeting will be required to elect each director (as discussed below under Proposal No. 1); and (ii) a majority of the shares entitled to vote at the Meeting will be required to approve the increase in the authorized capital stock, including authorization to issue "blank check" preferred stock of Aerosonic Corporation (as discussed below under

Proposal No. 2). Abstentions, withheld votes, and broker non-votes (collectively **Non-Votes**) will count for quorum purposes, but will not be deemed votes cast in determining whether the majority of votes cast on Proposal No. 1, which nominees receive the greatest number of votes cast or, with respect to Proposal No. 2 was FOR or AGAINST such proposal. Likewise, the affirmative vote of a majority of the shares voting on any other matters acted upon at the Meeting (excluding all Non-Votes) will be required to approve such matters. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received instructions from the beneficial owner. The American Stock Exchange rules permit nominees (such as brokers) to vote proxies for their beneficial owners, in their own discretion, on Proposal No. 1.

Proposal No. 1. Election of Director

The Company's Bylaws provide that the number of directors which shall constitute the whole board shall be determined by the Board of Directors and shall consist of not less than three or more than seven members, as may be fixed from time to time by action of the Board or of the stockholders. The Board currently consists of five directors, each of which was elected at the 2004 annual meeting of stockholders.

The Nominating/Corporate Governance Committee of the Board has nominated as a director the one individual listed below, to serve in the class designated, and the Board has endorsed such nomination.

The persons named in the enclosed proxy will vote all properly executed proxies for the election of the nominees named below unless authority to vote is withheld. In the event any nominee is unable to serve, the persons named in the proxy may vote for such substitute nominee or nominees as they, in their discretion, shall determine. The Board of Directors has no reason to believe that the following nominee will be unable to serve as a director.

Class I Director (whose term will expire in 2008)

Thomas E. Whytas, age 40, became a director in May 2004. Mr. Whytas, a U.S. veteran, has 22 years of experience in the aerospace industry. He is currently the Chief Financial Officer at Medical Education Technologies Inc. (METI), the industry leader in medical simulation technology. Prior to METI, he served 15 years at CAE USA Inc. in positions of increasing responsibility up through the position of Chief Financial Officer and Finance Director of CAE's U.S. operations. A Certified Public Accountant, Mr. Whytas also holds a Master's Degree in Accounting from the University of South Florida.

Please see "Director Compensation" on page 5 for information on the compensation arrangements with our directors.

ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS

Other directors not standing for election at the Meeting

Other than the current nominee, there are 4 remaining members of the board of directors who served during fiscal 2005 and will continue to serve as members of our board. Mr. William C. Parker, a Class I director elected in 2004, passed away in April of 2005.

Class II Directors (whose term will expire in 2006)

Robert J. McGill, age 43, became a director in August 2003. Mr. McGill is President of L-3 Communications-Display Systems, a division of L-3 Communications Corporation. Since 1983, Mr. McGill has worked in the aerospace and defense industry holding positions of increasing responsibility with Miltope Corporation, GEC Marconi, Loral Corporation and Lockheed Martin Corporation. Mr. McGill holds a BS degree from Dowling College and an MBA from Georgia State University.

P. Mark Perkins, age 48, has been a director since 1997. Mr. Perkins has over 18 years of experience in various segments of the aviation industry. In July 1997, he was elected as a director of the Company while serving as Vice President of Marketing at Gulf Aerospace, Inc. In 1998, Mr. Perkins became Executive Vice President of Sales and Marketing for the Company, and he continues to serve in that capacity.

Class III Directors (whose term will expire in 2007)

David A. Baldini, age 55, has been a director since 1995. Mr. Baldini was with Teledyne Industries Inc. from 1974 through 1993. He was President of Teledyne Avionics from 1990 and has retained that position since Teledyne Avionics was acquired in 1993 and became a wholly owned subsidiary of the Company, named Avionics Specialties, Inc. Mr. Baldini was elected President of the Company in November 2002 and subsequently was designated as the Chief Executive Officer. He has a B.S. Degree in Economics from Hampden-Sydney College.

David M. Vosen, age 57, became a director in March 2003. Mr. Vosen has been with Liberty Bank since June of 2004, and was formerly President of SouthTrust Bank Tampa Bay since 1990. Mr. Vosen has held positions of increasing responsibility since 1969 with Marshall & Ilsley, Wachovia Bank, Bank of America, SunTrust Banks and SouthTrust Bank. He is a graduate of the University of Wisconsin, where he studied finance and economics.

Executive Officers of the Company

Mr. Baldini and Mr. Perkins serve as executive officers of the Company, as noted above.

Gary E. Colbert, age 47, became the Chief Financial Officer in January 2003, and subsequently was named Executive Vice President, Secretary and Treasurer of the Company. Mr. Colbert has an MBA in Finance and Marketing from Washington University, is a Certified Management Accountant and is a Certified Financial Manager. He has extensive domestic and international accounting, financial and operational experience, especially in manufacturing industries.

Carmelo Russo, age 59, is Executive Vice President of Production. Mr. Russo has over 15 years of experience in the aviation industry. He was elected as an officer of the Company in October 1997 and was elected to the Board of Directors in February 1999. Mr. Russo resigned his position as a member of the Board of Directors on June 1, 2001.

Meetings and Committees of the Board of Directors

During the fiscal year ended January 31, 2005, the Board held nine meetings.

The Board currently has, and appoints members of, a standing Audit Committee, Compensation Committee, and Nominating/Corporate Governance Committee.

Audit Committee. The Audit Committee is composed entirely of independent directors as determined by the audit committee independent director standards of the American Stock Exchange (the **Amex**). Its members are David M. Vosen, who is also its current chairman, Robert J. McGill and Thomas E. Whytas. At the beginning of fiscal year 2005, the Audit Committee was composed of Charles M. Foster, Jr., Robert J. McGill and David M. Vosen. Mr. Foster resigned from the Board in May 2004. The resulting vacancy was filled by Mr. Whytas, and he promptly was appointed to the Audit Committee and the Nominating/Corporate Governance Committee. The Board of Directors had determined prior to Mr. Foster's recent resignation as a director, that he was an audit committee financial expert as defined by SEC Regulation S-K. Prior to its election of Mr. Whytas to the Board, to fill the vacancy resulting from the resignation of Mr. Foster, the Board concluded that Mr. Whytas also would qualify as an audit committee financial expert defined by SEC Regulation S-K. Mr. Whytas now serves on the Audit Committee as a designated financial expert. The Audit Committee met four times during the fiscal year ended January 31, 2005. The functions performed by the Audit Committee are described in the Audit Committee Report, set forth below, and in the Audit Committee Charter adopted by the Company's Board of Directors.

Compensation Committee. The Compensation Committee members are Robert J. McGill, David M. Vosen and Thomas E. Whytas, each of whom is an "independent" director as determined by standards established by Amex for compensation committees. During fiscal year 2005, Robert J. McGill and Thomas E. Whytas were appointed to the Compensation Committee. William C. Parker, a former director of the Company, served as a member of the Compensation Committee until his death in April 2005. The Compensation Committee, which met two times during the fiscal year ended January 31, 2005, has authority as delegated by the Board to review and approve employee benefit plans and administer the Company's executive compensation plans, as set forth in its Charter.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee (the **Nominating Committee**) members at the beginning of fiscal year 2005 were William C. Parker, Robert J. McGill, who is currently the chairman of the committee, and Thomas E. Whytas, each of whom is an independent director as determined by standards established by the Amex for nominating committees. During fiscal year 2005, Messrs. Parker and Whytas resigned from the Nominating Committee, as they were standing for election at the 2005 annual meeting of stockholders. To fill those vacancies, David M. Vosen was elected to the Nominating Committee. The Nominating Committee, which was created in April 2003, reviews and assesses the composition of the Board, assists in identifying potential new candidates as directors, and submits its recommendations for nomination of directors to the Board. The Nominating Committee also regularly reviews the size and composition of the Board, individual director performance, and level of compensation of directors, and recommends to the Board any changes to those aspects of the Board and the individual directors. The Nominating Committee met three times during the fiscal year ended January 31, 2005.

The Nominating Committee will consider nominees recommended by stockholders of the Company. To recommend a prospective nominee to the Nominating Committee for the 2006 Annual Meeting, stockholders must submit the prospective nominee's name and qualifications to the Secretary of the Company, in writing, by delivering or sending such recommendation no later than March 1, 2006 to the following address: Aerosonic Corporation, 1212 North Hercules Avenue, Clearwater, Florida, 33765, Attention: Secretary. Stockholders are urged to assure delivery of their recommendations by arranging for some form of delivery receipt.

The Nominating Committee's policy regarding the consideration and selection of director candidates (whether recommended by directors, other members of management, stockholders, or any other persons) is to seek candidates

who have a demonstrable record of personal and professional ethics and integrity, business and professional experience, knowledge of the Company's industry, academic achievements, service on other boards of directors, and civic involvement. The Nominating Committee has not set any objective minimum qualifications that must be met by a nominee, but rather seeks to identify candidates with outstanding backgrounds and experience as measured by the above selection criteria.

The Nominating Committee's process for identifying and evaluating director nominees includes active solicitation of suggestions from the Company's management, as well as from executives and directors in other corporations within the Company's industry and in related industries. The Nominating Committee also has been interested in any suggestions made by stockholders, and has established the policy referred to above of requiring that stockholders submit this information in writing. The Nominating Committee will require a careful background check by an independent contractor of any candidate it deems as an appropriate nominee, before making a recommendation of that person to the Board.

The Nominating Committee's charter is currently available at the Company's website at www.aerosonic.com.

The Nominating Committee did not receive any recommended nominees from the Company's stockholders since the July 14, 2004 annual meeting of stockholders. The Company has not paid any fees to third parties to identify or evaluate or assist in identifying or evaluating potential nominees, but may consider the use of such third parties in the future.

Communications to the Board from Stockholders

The Board welcomes communications from the Company's stockholders, and requests that all such communications be sent to the Secretary of the Company at Aerosonic Corporation, 1212 North Hercules Avenue, Clearwater, Florida 33765. Such communications also may be addressed to one or more directors, or to the entire Board. If a stockholder requests that any such communication be treated as confidential and delivered only to one or more of the directors, the communications can be submitted in a sealed envelope with a request that the communication be treated as a confidential matter for immediate delivery to the intended recipient(s).

Attendance by Directors at Annual Meetings

The Company encourages all directors to attend every annual meeting of stockholders, in person, as well as the subsequent annual meetings of the Board. Last year's July 14, 2004 annual meeting of stockholders was attended by all five of the current directors.

Compensation of Directors

Non-officer members of the Board are paid \$3,000 for attending each Board meeting, and members of committees of the Board are paid an additional \$1,500 for attending each committee meeting.

During fiscal year 2005, the Company was a party to a Supplemental Pension Plan agreement with William C. Parker, a former director of the Company, pursuant to which Mr. Parker received monthly pension payments from the Company of \$4,166.67. This plan had been in existence since January 1, 1999. In May 2003, the Company and Mr. Parker executed a new Supplemental Pension Plan agreement, which became effective as of January 1, 2004, extending the then-existing Supplemental Pension Plan, and pursuant to which Mr. Parker would continue to receive monthly payments of \$4,166.67 through December 2006. This plan terminated upon the death of Mr. Parker in April 2005.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended January 31, 2005, the Company's Compensation Committee was comprised of Messrs. McGill, Parker, Vosen and Whytas, none of whom were executive officers during such period. Mr. Parker was employed by the Company for 34 years, most recently as its President, until his retirement in 1997. During fiscal 2005, the Company was a party to a Supplemental Pension Plan agreement with Mr. Parker pursuant to which he received monthly pension payments from the Company of \$4,166.67. Obligations under this agreement with Mr. Parker terminated upon his death in April 2005.

Proposal No. 2. Authorized Capital of the Company

The board of directors unanimously approved and recommended that the stockholders approve a proposal to amend the certificate of incorporation to increase the Company's authorized shares of capital stock from Eight Million (8,000,000) shares of Common Stock to Forty Million (40,000,000) shares of Common Stock and to authorize the issuance of up to Ten Million (10,000,000) shares of blank check preferred stock. The text of the proposed amendments to the certificate of incorporation is set forth in full in Appendix A and is hereby incorporated into this Proxy Statement by reference.

The existing certificate of incorporation authorize the issuance of up to Eight Million (8,000,000) shares of Common Stock, \$0.40 par value. The proposed amendment to the certificate of incorporation would increase the authorized shares of capital stock from Eight Million (8,000,000) shares to Forty Million (40,000,000) shares of Common Stock and would authorize the issuance of up to Ten Million (10,000,000) shares of preferred stock, par value \$0.001 per share. The preferred stock would be issued in one or more classes or series with each class or series having such rights and preferences as the board of directors may determine when authorizing the class or series. This type of class of securities is commonly referred to as blank check preferred stock.

If Proposal No. 2 is approved by the stockholders, shares of preferred stock will be available for issuance from time to time for such purposes and consideration as the board of directors may approve. No further vote of the stockholders will be required in connection with the authorization of a class or series of preferred stock or the issuance of shares of an authorized class or series, unless otherwise required by applicable law or the rules of the American Stock Exchange.

The Company has no present plans to authorize any series of preferred stock or to issue any shares within a class or series of preferred stock.

In the event that the board of directors does authorize, designate and issue shares of preferred stock, the board may exercise its discretion in establishing the terms of such preferred stock. In the exercise of such discretion, the board may determine the voting rights, if any, of the class or series of preferred stock being authorized, which could include the right to vote separately or as a single class with the common stock and/or other classes or series of preferred stock, including with respect to the election of directors; to have more or less voting power per share than that possessed by the Common Stock or other classes or series of preferred stock; and to vote on certain specified matters presented to the stockholders or on all of such matters or upon the occurrence of any specified event or condition. On the liquidation of the Company, dissolution or winding up, the holders of any class or series of preferred stock may be entitled to receive preferential cash distributions fixed by the board when creating the particular class or series of preferred stock before the holders of Common Stock are entitled to receive anything. The board of directors will also have the discretion to provide the dividend rights and dividend rate of any class or series of preferred stock. Preferred stock authorized by the board could be redeemable or convertible into shares of any other class or series of our capital stock, including Common Stock.

The board of directors believes the authorization of preferred stock is necessary to provide us with the flexibility to act in the future with respect to financing programs, acquisitions, stock splits and other corporate purposes without the

delay and expense associated with obtaining special stockholder approval each time an opportunity requiring the issuance of shares of preferred stock may arise. Such a delay might deny us the flexibility that our board views as important in facilitating the effective use of the securities of our company.

In addition, shares of authorized preferred stock may be used as a means of preventing or dissuading an unsolicited change in control or takeover of our company. Shares of authorized preferred stock, as well as shares of authorized but unissued Common Stock, for example, could be issued in an effort to dilute the stock ownership and voting power of persons seeking to obtain control of the Company, or could be issued to purchasers who would support the board of directors in opposing an unsolicited takeover proposal. Moreover, the existence of the authority to issue preferred stock, as well as the issuance of a class or series of our preferred stock, if approved by the board, may have the effect of discouraging an unsolicited challenge for control or make it less likely that such a challenge, if attempted, would be successful.

The authorization of preferred stock pursuant to this proposal will have no dilutive effect upon the proportionate voting power of the stockholders then-present following the amendment of the certificate. However, to the extent that shares of preferred stock having voting rights are subsequently issued to persons other than then-current stockholders and/or in proportions other than the proportion that presently exists, such issuance could have a substantial dilutive effect on then-current stockholders.

The amendment to the certificate of incorporation to increase the authorized Common Stock and to authorize the issuance of preferred stock will be approved if a majority of the issued and outstanding shares of Common Stock, whether present in person or represented by proxy, entitled to vote is voted in favor of the amendment. For purposes of amending the certificate of incorporation, abstentions and broker non-votes will have the same effect on the outcome as votes cast in opposition to the amendment.

None of the directors or executive officers has any financial or other personal interest in the adoption of the proposed amendments described in this proposal, except insofar as the use of preferred stock to prevent or dissuade an unsolicited change in control or takeover of the Company might allow those individuals to remain in their positions and earn compensation for their services for a longer period of time.

OWNERSHIP OF SECURITIES

Based on a review of filings with the Securities and Exchange Commission (the "SEC"), as well as information available to the Company, the following table sets forth information regarding owners of 5% or more of the Company's Common Stock, and the percentages below were calculated on the basis of 3,921,019 shares of Common Stock issued and outstanding as of June 14, 2005:

<u>Name of Beneficial Owner</u>	<u>Amount of Shares Beneficially Owned</u>	<u>Percent of Class</u>
First Commercial Bank 800 Shades Creek Parkway Birmingham, AL 35202-1746	1,096,572	28.0%
Miriam Frank 1771 Oak Creek Drive	230,063	5.9%

Dunedin, FL 34698

The following table sets forth information regarding ownership of the Company's Common Stock by executive officers and directors of the Company, and the percentages below were calculated on the basis of 3,921,019 shares of Common Stock issued and outstanding as of June 14, 2005:

<u>Name of Beneficial Owner</u> ⁽¹⁾	<u>Amount of Shares Beneficially Owned</u>	<u>Percent of Class</u>
David A. Baldini	24,515 ⁽²⁾	*
Gary E. Colbert	4,000	*
P. Mark Perkins	10,000	*
Carmelo Russo	3,168	*
Robert J. McGill	0	*
David M. Vosen	0	*
Thomas E. Whytas	0	*
All executive officers and directors as a group (7 persons)	41,683	1.1%

(1) Mr. William C. Parker was a director of the Company until he passed away on April 2, 2005. As of such date, he was the beneficial owner of some 26,389 shares of Common Stock. These shares are not included in the table above, nor in calculating the number of shares or percentage of the class owned by all executive officers and directors as a group.

(2)

Of this amount, 7,000 shares are held jointly by Mr. Baldini and his spouse.

An asterisk (*) in the table above indicates that the shares of Common Stock beneficially owned by such executive officer or director, if any, represent less than 1% of all Common Stock outstanding.

SUMMARY EXECUTIVE OFFICER COMPENSATION TABLE

The following table sets forth information concerning the compensation earned by the Company's chief executive officer and the other executive officers (our named executive officers) for services rendered in all capacities to the

Company in fiscal 2003, 2004 and 2005.

Name and Principal Position (a)	Year Ended January 31 (b)	Salary (c)	Bonus (d)	Other Annual Compensation (e)		All Other Compensation (i)	Total
David A. Baldini	2005	\$192,265	\$59,300	-		\$ 6,465	(2) \$ 258,030
Chief Executive Officer, Chairman as of June 2004, President as of November 2002					(1)		
and Executive Vice President until that time	2004	\$179,458	-	\$ 4,385		\$ 15,373	(2) (9) \$ 199,216
					(1)		
	2003	\$168,683	-	\$ 15,900		\$ 16,442	(2) (9) \$ 201,025
Gary E. Colbert	2005	\$152,234	\$23,625	\$ 6,586	(3)	\$ 2,394	(4) \$ 184,839
Executive Vice President and Chief Financial Officer, Treasurer and Secretary since January 2003					(3)		(4)
	2004	\$135,193	-	\$ 7,652		\$ 149	\$ 142,994
	2003	\$ 3,846	-	-		-	- \$ 3,846
P. Mark Perkins	2005	\$155,907	\$32,000	\$ 968	(5)	\$ 4,597	(6) \$ 193,472
Executive Vice President Sales and Marketing	2004	\$142,893	-	\$ 7,796	(5)	\$ 12,455	(6) (9) \$ 163,144
	2003	\$133,770	-	\$ 17,173	(5)	\$ 12,679	(6) (9) \$ 163,622
Carmelo Russo	2005	\$170,461	\$17,220	\$ 1,451		\$ 2,287	(8) \$ 191,419
Executive Vice President Operations	2004	\$163,424	-	\$ 5,458	(7)	\$ 19,001	(8) (9) \$ 187,883
	2003	\$133,885	-	\$ 9,250	(7)	\$ 19,324	(8) (9) \$ 162,459

(1)

These amounts include the payment by the Company of automobile expense reimbursements to Mr. Baldini of \$4,385 and \$14,250 in fiscal years 2004 and 2003, respectively.

(2)

These amounts represent the payment of \$5,734, \$4,669 and \$4,436 in matching contributions to Mr. Baldini's 401(k) plan in fiscal years 2005, 2004 and 2003, respectively, the payment of \$731, \$347 and \$317 in term life insurance premiums on behalf of Mr. Baldini in fiscal years 2005, 2004 and 2003, respectively and, in 2004 and 2003, the payment of the annual whole life insurance premiums described in footnote (9) below.

(3)

In fiscal years 2005 and 2004, Mr. Colbert received automobile expense reimbursements of \$3,267 and \$7,652, respectively. In fiscal year 2005, Mr. Colbert received professional development expense reimbursements of \$3,320.

(4)

In fiscal year 2005, the Company paid \$2,208 in matching contributions to Mr. Colbert's 401(k) plan. In fiscal years 2005 and 2004, the Company paid term life insurance premiums of \$186 and \$149, respectively, on behalf of Mr. Colbert.

(5)

In fiscal years 2005, 2004 and 2003, Mr. Perkins received automobile expense reimbursement of \$968, \$7,796 and \$17,173, respectively.

(6)

These amounts represent the payment of \$4,399, \$3,813 and \$3,300 in matching contributions to Mr. Perkins' 401(k) plan in fiscal years 2005, 2004 and 2003, respectively, the payment of \$189, \$181 and \$108 in term life insurance premiums on behalf of Mr. Perkins in fiscal years 2005, 2004 and 2003, respectively and, in 2004 and 2003, the payment of the annual whole life insurance premiums described in footnote (9) below.

(7)

In fiscal years 2005, 2004 and 2003, Mr. Russo received automobile expense reimbursement of \$1,451, \$5,258 and \$9,250, respectively.

(8)

These amounts represent the payment of \$1,656, \$3,405 and \$3,300 in matching contributions to Mr. Russo's 401(k) plan in fiscal years 2005, 2004 and 2003, respectively, the payment of \$631, \$619 and \$310 in term life insurance premiums on behalf of Mr. Russo in fiscal years 2005, 2004 and 2003, respectively and, in 2004 and 2003, the payment of the annual whole life insurance premiums described in footnote (9) below.

(9)

These amounts represent the payment by the Company of premiums of \$9,083, \$6,559 and \$11,090 on behalf of David A. Baldini, P. Mark Perkins and Carmelo Russo, respectively, under life insurance arrangements between the Company and such executives in fiscal year 2004, the payment by the Company of annual premiums of \$11,689, \$8,439 and \$14,272 on behalf of David A. Baldini, P. Mark Perkins and Carmelo Russo, respectively, under life insurance arrangements between the Company and such executives in fiscal year 2003.

Pursuant to the terms of the above referenced life insurance arrangements, which were entered into in approximately October and November 1998, (a) the Company paid the annual premiums under variable whole life insurance policies for the benefit of Messrs. Baldini, Perkins and Russo and their designated beneficiaries in fiscal years 2004 and 2003 and earlier fiscal years, (b) the Company was entitled to a refund of its premium payments out of the proceeds, if any, of any payout under such variable whole life insurance policies, and (c) Messrs. Baldini, Perkins, Russo or their respective designated beneficiaries, as the case may be, were entitled to the balance, if any, of any such payout after the refund of the Company's premium payments. Additionally, pursuant to the arrangements, Messrs. Baldini, Perkins and Russo had the right to make interest free draws from the cash value accumulated under their respective policies, and they were not obligated to repay any such draw and their interests in their respective policies were offset by any such draws only to the extent that the balance of any payout under the policy, after the r

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 ===== Gross Profit % 45.8% 48.4%
 44.6% 46.4% =====

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 ===== Three Months Ended April 30, 2004 Compared To The Three Months Ended April 30,
 2003 Sales for the three months ended April 30, 2004 decreased \$445 or 31% from the period April 30 2003. The
 decrease in sales relates to a lower utilization of or fleet compared to the same period for 2003. Our management

believes the lower utilization is due to increased market competition. Tours which utilized our coaches during the winter months of 2003 did not return in 2004. The seasonality of the segment sales also have an impact and historically are stronger in the spring, summer and fall. 25 The gross profit percentage decreased 2.6% for the three months ended April 30, 2004 compared to the period April 30, 2003. The reduction is attributable primarily to the cost of maintaining a larger fleet and lower utilization of our coaches for the three months ended April 30, 2004. Also additional coaches were leased from unrelated third parties to meet current demand for newer coaches. Third party leases reduce the overall gross margin of the segment. Six Months Ended April 30, 2004 Compared To The Six Months Ended April 30, 2003 Sales for the six months ended April 30, 2004 decreased 20% in the amount of \$512 over the comparable six-month period ended April 30, 2003. The decrease in sales is attributable to decreased utilization of the coach fleet due to increased market competition. Our management believes utilization will increase as a result from marketing efforts to specialized tour groups and corporate customers through the remainder of 2004. These customers are in addition to the traditional country and western performers who have traditionally been this segment's primary customer base. Looking ahead, the first half of the year is typically the segment's lowest sales period due to seasonality. Business is historically stronger in the summer and fall. Gross profit for this segment was 44.6% for the six months ended April 30, 2004 compared to 46.4% for the comparable six-month period ended April 30, 2003. As noted above, the reduction is attributable primarily to additional costs of maintaining a larger fleet during the lower utilization period of the year and the need to sublease newer coaches from third parties. SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSES The Company's selling, general and administrative expenses increased \$822 or 37% for the three months ended April 30, 2004 compared to the three-month period ended April 30, 2003 and \$1,111 or 26% for the six months ended April 30, 2004 compared to the six-month period ended April 30, 2003. The increase in expenses were primarily professional fees and other expenses related to the unsuccessful exchange offer for Net Perceptions, Inc. These expenses are non recurring and totaled \$577 for the six months ended April 30, 2004. Other increases include additional marketing expenses for website advertising and an increase in amortization expense for the six months ended April 30, 2004. INTEREST EXPENSE Interest expense as a percentage of average borrowings is as follows:

	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended
	April 30, 2004	April 30, 2003	April 30, 2004	April 30, 2003
Average debt borrowings \$	\$ 41,960	\$ 39,300	\$ 41,663	\$ 37,321
Interest expense as a percentage of average debt borrowings	2.3%	2.3%	4.7%	4.5%
Interest expense as a percentage of average debt borrowings, annualized	9.4%	9.2%	9.4%	9.0%

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 ===== The increase is primarily due to the variable rates and refinancing of debt at higher rates. 26 INCOME TAX PROVISION There was no income tax benefit recorded for the three- or six-month periods ended April 30, 2004 as compared to \$401 of tax benefit in the three-month period ended April 30, 2003 and \$559 for the six-month period ended April 30, 2003. Income tax benefits are created primarily through NOL carry forwards recognized to the extent they are available to offset the Company's net deferred tax liability. Operating losses during the quarter ended January 31, 2004 have been reserved with a valuation allowance. Any quarterly tax benefits are based on the estimated effective tax rate for the full year. DISCONTINUED OPERATIONS On October 30, 2002, the Company's Board of Directors agreed to sell substantially all assets of Champion to an entity controlled by Messrs. Durham and Whitesell in exchange for assumption of all liabilities of Champion, other than its subordinated debt. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for Impairment of Long-Lived Assets, the operating results of Champion have been classified as discontinued operations. The losses from discontinued operations for the six months ended April 30, 2003 represent the losses of Champion during this period, net of tax benefit of \$97. The loss from discontinued operations for the three and six months ended April 30, 2003 were \$0 and \$49, respectively. Substantially all assets of Champion subject to its liabilities were sold on January 30, 2003. No gain or loss was recognized in the consolidated statement of operations due to the involvement of related parties. The benefit of liabilities assumed by the purchaser in excess of assets sold in the amount of \$1,142 was recorded as additional paid-in capital. LIQUIDITY AND CAPITAL RESOURCES OVERVIEW In June 2001, we purchased four new businesses and began operations as a consolidated holding company with multiple operating subsidiaries. In the period since June 2001, we have incurred losses and reductions in our equity. During this period we have financed our losses and have been able to refinance certain third-party obligations with DC Investments, LLC and its subsidiary, Fair Holdings, and other third parties. Our borrowings from Fair Holdings have been on terms that

may not have been available from other sources. As of April 30, 2004, our total debt outstanding to DC Investments and Fair Holdings was \$16,792. We are continuing to address our liquidity and working capital through various means including operational changes and financing matters which are discussed below. During the period these plans are put in place, we have continued to receive financing, and have in place arrangements to receive additional financial support, from Fair Holdings, if necessary.

WORKING CAPITAL Our businesses are working capital intensive and require funding for purchases of production inventory, capital expenditures and expansion and upgrading of facilities. Each of our subsidiaries have separate revolving credit agreements and term loan borrowings through which the subsidiary finances its operations together with cash generated from operations. Our working capital position (current assets over current liabilities) was negative at April 30, 2004 by \$3,198. At October 31, 2003, our working capital position was positive by \$6,045. The decrease in working capital is primarily attributable to a balloon payment on our coach group debt of approximately \$3,800 that is due in December 2004 and reclassification of approximately \$4,000 of debt under revolving credit lines that are due for renewal in November 2004. Other unfavorable changes include increases in accounts payable.

27 WORKING CAPITAL, CONTINUED We continue to address liquidity and working capital issues in a number of ways. At April 30, 2004, net cash used in continuing operations was \$1,501 compared to \$2,549 in 2003. The use of cash and working capital was primarily related to operating losses and business seasonality. In 2004, we expect our operations to generate positive cash and increase our overall working capital through improved operations as follows:

- o We continue to look for ways to strengthen our liquidity, equity and working capital through ongoing evaluations of merger and acquisition candidates.
- o Discontinuing the cargo trailer discounting program that ended in July 2003 with the introduction of a new product line to replace the need to provide discounts to maintain market share. The new product line has a competitive price, while providing gross profits at historic levels.
- o Cost reduction and management initiatives for raw materials in the trailer and related transportation manufacturing segment with the implementation of alternative materials and additional discounts through volume purchasing.
- o Implementation of the new fine grind production process in the butyl rubber reclaiming segment. The new process will maximize the use of the existing raw materials in the existing butyl reclaim production and also provide potential additional production of natural rubber.
- o Capitalize on the trailer production line put in place in the fourth quarter of 2002 that provides a new product line to the existing customers of Danzer. This production line and related sales effort have allowed us to enter a new market along the East coast of the U.S. Our ability to capitalize on this opportunity will be a determining factor on our ability to reduce this operation's use of working capital resources. Management will continue to evaluate the operations on a continuous basis.
- o We secured an additional financial commitment from Fair Holdings to provide, as needed, additional borrowings under a \$15,000 line of credit agreement, which expires on January 1, 2007. Currently, approximately \$7,186 is available to us under the agreement.
- o We are actively working to refinance our current maturities on a long-term basis. Approximately \$7,800 of the current maturities of long term debt is expected to be refinanced during fiscal 2004. Management believes the steps taken to improve our operations will positively impact our liquidity and working capital for fiscal 2004. However, success is dependent on our ability to restore gross profits and capitalize on potential new markets in the trailer and related transportation manufacturing segment, obtain consistent material supply in the butyl rubber reclaiming segment and continue to grow the coach leasing segment. If our operating results are less than expected, the increased commitment from Fair Holdings will provide additional liquidity in 2004.

FINANCIAL COVENANT WAIVERS Significant financial covenants in our credit agreements are the maintenance of minimum ratios, levels of earnings to funded debt and fixed charge coverage rate. We did not meet requirements and covenants in certain debt agreements. At April 30, 2004, United had violated financial covenants with Huntington Capital Investment Company. Huntington Capital Investment Company waived their covenant violations and we are currently in discussions regarding modifications to the covenants. US Rubber Reclaiming, Inc. did not meet its fixed charge coverage ratio covenant with PNC Bank. PNC waived their covenant and are currently in process of modifying the covenants and amending the loan agreement.

28 FUNDS AVAILABILITY On a consolidated basis, as of April 30, 2004, the Company had approximately \$561 of cash and cash equivalents. Danzer Industries, U.S. Rubber, United and Obsidian Enterprises each have revolving credit lines available for working capital at each individual entity. Borrowings under the credit facilities are available to the lesser of the maximum amount or the borrowing base as defined in the credit agreement. At April 30, 2004, additional current availability under these credit lines and maximum availability if supported by their individual borrowing base are:

Company	Current Availability	Maximum Availability
Danzer Industries	\$ 28	\$ 28
U.S. Rubber	--	--
United	--	--
Obsidian Enterprises	7,186	7,186

The Company generated negative net cash flow of

\$1,501 from operations during the six months ended April 30, 2004. Cash used in operations is primarily due to operating losses and increases in inventories offset by increases in accounts payable. The Company has increased inventories primarily in the trailer and related transportation equipment manufacturing segment. Inventories were increased primarily due to the limited availability of freight carriers to deliver the products. Funding during the period was provided through borrowings on lines of credit and from related parties. GUARANTEES OF PARTNERS We have an agreement with Partners that gives us the right to mandate a capital contribution from the Partners if the lenders to U.S. Rubber or United were to declare a default. In either of those events, the Company has the right to enforce a capital contribution agreement with Partners up to \$1,370 on U.S. Rubber and \$1,000 on United to fund the respective subsidiary's shortfall. These payments, if any, would be applied directly to reduce the respective subsidiary's debt obligations to the lender. CASH FLOWS Cash flow and liquidity are discussed further below, and the footnotes to our financial statements discuss cash flow, liquidity and the current classification of debt. We also have a commercial commitment as described below: Other Commercial Total Amount Outstanding at Date of Commitment Committed April 30, 2004 Expiration ----- Line of credit, related party \$ 1,500 \$ 1,472 April 1, 2006 Line of credit 4,000 4,000 February 1, 2005 Line of credit 4,000 2,172 October 1, 2005 Line of credit, related party 15,000 7,814 January 9, 2007 The Company's net cash used in operations for the six months ended April 30, 2004 was \$1,501. This is comprised of a loss from continuing operations of \$5,132, offset by non-cash changes as follows: depreciation and amortization of \$1,563, accretion of interest expense of \$137, minority interest of \$24 and the extension of stock options of \$40. In addition, the Company had increases in accounts receivable of \$269, inventories of \$629, and accounts payable of \$2,725, a decrease in accrued expenses and customer deposits of \$172, and decreases in other assets of \$212. 29 Net cash flow provided from financing activities for the six months ended April 30, 2004 was \$1,481. This is comprised of borrowings of long-term debt and net borrowings of short-term debt of \$358 and borrowings from related parties of \$2,410, offset by principal repayments of long-term debt of \$1,287. Cash flow used in investing activities for the six months ended April 30, 2004 was \$567. This is comprised of purchases of equipment of \$627 net of proceeds on sale of equipment of \$60. The total decrease in cash is summarized as follows: Six Months Ended ----- April 30, April 30, 2004 2003 ----- Net cash used in operations \$ (1,501) \$ (2,596) Net cash used in investing activities (567) (296) Net cash provided by financing activities 1,481 2,760 Net cash provided by (used in) discontinued operations -- (41) ----- Decrease in cash and cash equivalents \$ (587) \$ (173) ===== CRITICAL ACCOUNTING POLICIES Our significant accounting policies are summarized in Note 2 to the consolidated financial statements in the Annual Report on Form 10-K for the fiscal year ended October 31, 2003 and describe the significant accounting policies and methods used in the preparation of the consolidated financial statements. Some of the most critical policies are also discussed below. As a matter of policy, we review our major assets for impairment. Our major operating assets are accounts receivable, inventory, intangible assets and property and equipment. We have not historically experienced significant bad debts expense, although the filing of Chapter 11 bankruptcy during 2002 of a customer resulted in a bad debt charge of \$379. We believe our reserve for doubtful accounts of \$506 should be adequate for any exposure to loss in our April 30, 2004 accounts receivable. We have also established reserves for slow-moving and obsolete inventories and believe the reserve of \$307 is adequate. We depreciate our property and equipment and amortize intangible assets (except for goodwill) over their estimated useful lives. Property and equipment is reviewed for impairment when events and circumstances indicate potential impairment factors are present. In assessing the recoverability of the Company's property and equipment, the Company must make various assumptions regarding estimated future cash flows and other factors in determining the fair values of the respective assets. If these estimates or their related assumptions change in the future, the Company may be required to record impairment charges for these assets in future periods. Any such resulting impairment charges could be material to the Company's results of operations. Goodwill and intangibles are reviewed annually for impairment as of the first day of the fourth quarter or more frequently when events and circumstances indicate potential impairment factors are present. The realization of the goodwill of \$5,784 is primarily dependent on the future operations of the operating entity whether the goodwill is allocated (at United). Historical operating results, current product demand and estimated future results indicate the results of operations at United should be adequate to continue to realize this amount. However, future results may not meet expectations due to economic or other factors, and failure to meet expectations may result in the goodwill not being fully realizable and accordingly result in impairment charges which could be material to the Company's operating results. 30 The initial

cost of coaches acquired is depreciated over a straight-line basis over 15 years to a salvage value of 38% of original cost. Subsequent enhancements and refurbishments of coaches are depreciated over five years using the straight-line method. The age of coaches in our fleet range from less than one year to ten years, with an average age of approximately four years. Actual value of coaches after 15 years is dependent on several factors including the level of maintenance and the market conditions at the time of disposal. We have not disposed of a material number of coaches, and our estimate of depreciation is based on information other than actual disposal experience. Accordingly, we continue to evaluate our estimates with respect to the actual depreciation of such vehicles based on market conditions and our experience in disposals when they occur. Should future factors indicate the current depreciation policy is not adequate, we will adjust the depreciation rates, and such adjustments may have an adverse impact on our results of operations. In conjunction with financing of the acquisition of United, the Company issued 386,206 shares of Series C preferred stock to Huntington Capital Investment Corporation ("Huntington"). On March 12, 2004, these shares were converted to 154,482 shares of common stock. The conversion did not effect the repurchase option described below. The note purchase agreement includes a provision that gives Huntington the option to require the Company to repurchase these shares at 90% of market value upon the earlier of: a) fifth anniversary of issuance of such shares, b) default under the subordinated debt agreement, c) other factors related to a sale of substantially all assets of the Company as defined in the agreement. Increases in the value of the Company's stock will result in a corresponding increase to this repurchase requirement. Accordingly, a substantial increase in stock price at the repurchase date may have an adverse impact on the Company's liquidity. At April 30, 2004, the Company had violated certain financial covenants defined in the subordinated debt agreement with Huntington. The Company received a waiver of these violations as of April 30, 2004.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK The Company is exposed to market risk related to interest rate changes. See the discussion of market risk in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2, which discussion is incorporated by reference herein.

ITEM 4 CONTROLS AND PROCEDURES The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management recognizes that, because the design of any system of controls is based in part upon certain assumptions about the likelihood of future events and also is subject to other inherent limitations, any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving the desired objectives. The Company's management believes, however, that the Company's disclosure controls and procedures provide reasonable assurance that the disclosure controls and procedures are effective. The Company has carried out as of April 30, 2004, an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. Effective November 1, 2003, the Company implemented an enterprise wide, integrated accounting system that replaced the separate accounting systems previously maintained by the several subsidiaries and since that date has implemented an enhanced segregation of duties of various accounting personnel and plans to physically inventory our United Expressline operations on a quarterly basis. Management will continue to evaluate whether additional steps are needed to improve our financial infrastructure. There have been no other significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of the April 30, 2004 evaluation.

31 PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS The Company is party to ordinary litigation incidental to its business. No current pending litigation is expected to have a material adverse effect on results of operations, financial condition or cash flows.

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES (a) At the Company's Annual Meeting of Stockholders held on December 3, 2003, the stockholders approved amendments to the Company's Certificate of Incorporation to implement a 50-to-1 reverse stock split and a reduction of the Company's authorized shares of Common Stock from 40,000,000 to 10,000,000. Holders of fractional shares subsequent to the reverse stock split received cash payments for their fractional shares. On February 13, 2004, the Company filed the Certificate of Amendment amending the

Fourth Article of the Certificate of Incorporation with the Delaware Secretary of State and the Certificate of Amendment became effective on February 16, 2004. (b) Not applicable (c) As disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2003 (the "2003 10-K"), which disclosure is incorporated herein by reference, on February 9, 2004, the Company received an extension of the requirement to provide audited financial statements to debenture holders. In exchange for this extension, the Company issued warrants to each of the debenture holders to purchase up to 8,000 shares of the Company's common stock at an exercise price of \$10.00 per share. These warrants expire February 9, 2007. The issuances of the warrants were made in reliance upon the exemption from the registration provisions of the Securities Act of 1933, as amended, set forth in Section 4(2) thereof, for transactions by an issuer not involving any public offering and other applicable exemptions. Copies of the February 9, 2004 warrant agreements were attached as exhibits to the 2003 Form 10-K. As disclosed in a Current Report on Form 8-K filed on May 14, 2004, which disclosure is incorporated herein by reference, on April 30, 2004, the Company issued 170,451 shares of its Common Stock as partial consideration for the acquisition of all of the outstanding shares of Classic Manufacturing, Inc., a Michigan-based manufacturer of trailers. The issuances of the shares were made in reliance upon the exemption from the registration provisions of the Securities Act of 1933, as amended, set forth in Section 4(2) thereof, for transactions by an issuer not involving any public offering and other applicable exemptions. (d) Not applicable. (e) The following table presents information on the Company's purchases of equity securities during the quarter ended April 30, 2004. 32 Issuer Purchases of Equity Securities

Number (or (c) Total Number of Approximate Dollar Shares (or Units) Value) of Shares (or (a) Total Number of (b) Average Price Purchased as Part of Units) that May Yet be Shares (or Units) Paid per Share (or Publicly Announced Purchased Under the Period Purchased Unit) Plans or Programs Plans or Programs	February 1, 2004- February 29, 2004*	March 1, 2004 -March 31, 2004	April 1, 2004 to April 30, 2004	Total
328 \$12.09 N/A N/A		N/A N/A	N/A N/A	328
				\$12.09 N/A N/A

*On February 16, 2004, the Company repurchased fractional share interests in connection with a 50-to-1 reverse stock split. ITEM 3. DEFAULTS UPON SENIOR SECURITIES None. ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS None. ITEM 5. OTHER INFORMATION None. ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K EXHIBITS The exhibits filed as part of this Form 10-Q are listed in the Exhibit Index, which is incorporated herein by reference. REPORTS ON FORM 8-K None. 33 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. OBSIDIAN ENTERPRISES, INC. June 21, 2004 By: /s/ Timothy S. Durham Date Timothy S. Durham, Chairman and Chief Executive Officer June 21, 2004 By: /s/ Rick D. Snow Date Rick D. Snow, Executive Vice President/Chief Financial Officer 34 EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of Amendment (effective February 16, 2004) Attached
10.1	Stock Purchase Warrant, dated February 9, 2004, issued by Incorporated by reference to Obsidian Enterprises, Inc. to HSBC Global Custody Nominee Exhibit 10.74 to the Company's (UK) Limited, FBO BFS US Special Opportunities Trust PLC. Annual Report on Form 10-K for the fiscal year ended October 31, 2003.
10.2	Stock Purchase Warrant, dated February 9, 2004, issued by Incorporated by reference to Obsidian Enterprises, Inc. to Frost National Bank, Custodian, Exhibit 10.75 to the Company's FBO Renaissance US Growth Investment Trust PLC, Trust No. Annual Report on Form 10-K for W00740100. the fiscal year ended October 31, 2003.
31.1	Certification of Timothy S. Durham. Attached
31.2	Certification of Rick D. Snow. Attached

----- 32.1 Statement Regarding Certification Pursuant to 18 U.S.C.ss. Attached 1350 by
Timothy S. Durham, Chief Executive Officer. -----
----- 32.2 Statement Regarding Certification Pursuant to 18 U.S.C.ss. Attached 1350 by Rick D.
Snow, Chief Financial Officer. -----
----- 35