

AIR INDUSTRIES GROUP, INC.  
Form 10-Q  
August 09, 2013

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED June 30, 2013

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_.

Commission file number 000-29245

Air Industries Group, Inc.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-4458244  
(IRS Employer  
Identification No.)

1479 N. Clinton Avenue Bay Shore, New York 11706  
(Address of principal executive offices)

(631) 968-5000  
(Issuer's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer (do not check if smaller reporting company)  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

As of August 7, 2013, the registrant had outstanding 5,711,093 shares of common stock.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, or Exchange Act. Forward-looking statements are predictive in nature and can be identified by the fact that they do not relate strictly to historical or current facts and generally include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar expressions. Certain of the matters discussed herein concerning, among other items, our operations, cash flows, financial position and economic performance including, in particular, future sales, product demand, competition and the effect of economic conditions, include forward-looking statements.

Although we believe that these statements are based upon reasonable assumptions, including projections of orders, sales, operating margins, earnings, cash flow, research and development costs, working capital, capital expenditures, distribution channels, profitability, new products, adequacy of funds from operations, and general economic conditions, these statements and other projections contained herein expressing opinions about future outcomes and non-historical information, are subject to uncertainties and, therefore, there is no assurance that the outcomes expressed in these statements will be achieved. Investors are cautioned that forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from the expectations expressed in forward-looking statements contained herein. Given these uncertainties, you should not place any reliance on these forward-looking statements which speak only as of the date hereof. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, those discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012 and elsewhere in this report and the risks discussed in our other filings with the SEC.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required under the securities laws of the United States.



PART I

FINANCIAL INFORMATION

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AIR INDUSTRIES GROUP, INC.  
Condensed Consolidated Balance Sheets

	June 30, 2013 (Unaudited)	December 31, 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 955,000	\$ 490,000
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$789,000 and \$705,000	9,009,000	11,631,000
Inventory	28,247,000	26,739,000
Prepaid Expenses and Other Current Assets	357,000	546,000
Deposits - Customers	16,000	133,000
<b>Total Current Assets</b>	<b>38,584,000</b>	<b>39,539,000</b>
Property and Equipment, net	5,129,000	5,883,000
Capitalized Engineering Costs - net of Accumulated Amortization of \$3,653,000 and \$3,449,000	813,000	802,000
Deferred Financing Costs, net, deposit and other assets	560,000	590,000
Intangible Assets, net	5,308,000	5,889,000
Goodwill	453,000	453,000
<b>TOTAL ASSETS</b>	<b>\$ 50,847,000</b>	<b>\$ 53,156,000</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Notes Payable and Capitalized Lease Obligations - Current Portion	\$ 16,746,000	\$ 19,211,000
Accounts Payable and Accrued Expenses	7,412,000	7,077,000
Lease Impairment - Current	78,000	85,000
Deferred Gain on Sale - Current Portion	38,000	38,000
Dividends Payable	358,000	-
Income Taxes Payable	2,400,000	1,448,000
<b>Total Current Liabilities</b>	<b>27,032,000</b>	<b>27,859,000</b>
<b>Long term liabilities</b>		
Notes Payable and Capitalized Lease Obligation - Net of Current Portion	3,382,000	4,640,000
Lease Impairment - Net of Current Portion	89,000	127,000
Deferred Gain on Sale - Net of Current Portion	466,000	485,000
Deferred Rent	1,094,000	1,057,000
<b>TOTAL LIABILITIES</b>	<b>32,063,000</b>	<b>34,168,000</b>
<b>Contingencies</b>		

<b>Stockholders' Equity</b>		
Preferred Stock Par Value \$.001-Authorized 8,003,716 shares		
Designated as Series "A" Convertible Preferred - \$.001 par Value, 1,000 Shares Authorized 0 Shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively.	-	-
Designated as Series "B" Convertible Preferred -\$.001 Par Value, 4,000,000 Shares Authorized, 0 shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively; Liquidation Value, \$ 0	-	-
Common Stock - \$.001 Par, 20,000,000 Shares Authorized, 5,711,093 and 5,711,093 Shares Issued and Outstanding as of June 30, 2013 and December 31, 2012, respectively	6,000	6,000
Additional Paid-In Capital	37,203,000	37,913,000
Accumulated Deficit	(18,425,000 )	(18,931,000 )
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>18,784,000</b>	<b>18,988,000</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 50,847,000</b>	<b>\$ 53,156,000</b>

See notes to consolidated financial statements

AIR INDUSTRIES GROUP, INC.  
Condensed Consolidated Statements of Income  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net Sales	\$14,639,000	\$15,240,000	\$28,965,000	\$31,278,000