

AIR INDUSTRIES GROUP
Form 10-Q
August 12, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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, 2015

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 001-35927

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

Nevada
(State or other jurisdiction of
incorporation or organization)

80-0948413
(IRS Employer
Identification No.)

360 Motor Parkway, Suite 100, Hauppauge, New York 11788
(Address of principal executive offices)

(631) 881-4920
(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.

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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 3, 2015, the registrant had outstanding 7,559,501 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, 2014 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
Condensed Consolidated Balance Sheets

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,214,000	\$ 1,418,000
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$1,002,000 and \$1,566,000, respectively	11,749,000	11,916,000
Inventory	33,283,000	28,391,000
Deferred Tax Asset	1,358,000	1,421,000
Prepaid Expenses and Other Current Assets	761,000	875,000
Total Current Assets	48,365,000	44,021,000
Property and Equipment, Net	14,494,000	9,557,000
Capitalized Engineering Costs, Net of Accumulated Amortization of \$4,405,000 and \$4,184,000, respectively	911,000	712,000
Deferred Financing Costs, Net, Deposits and Other Assets	1,153,000	825,000
Intangible Assets, Net	3,899,000	4,513,000
Deferred Tax Asset	1,038,000	858,000
Goodwill	8,719,000	5,434,000
TOTAL ASSETS	\$ 78,579,000	\$ 65,920,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes Payable and Capitalized Lease Obligations - Current Portion	\$ 34,676,000	\$ 19,508,000
Accounts Payable and Accrued Expenses	8,132,000	6,948,000
Lease Impairment - Current Portion	25,000	56,000
Deferred Gain on Sale - Current Portion	38,000	38,000
Deferred Revenue	453,000	158,000
Dividends Payable	1,134,000	1,066,000
Income Taxes Payable	-	71,000
Total Current Liabilities	44,458,000	27,845,000
Long Term Liabilities		
Notes Payable and Capitalized Lease Obligations - Net of Current Portion	2,768,000	8,213,000
Lease Impairment - Net of Current Portion	4,000	4,000
Deferred Gain on Sale - Net of Current Portion	390,000	409,000
Deferred Rent	1,194,000	1,177,000
TOTAL LIABILITIES	48,814,000	37,648,000
Commitments and Contingencies		

Stockholders' Equity

Common Stock - Par Value \$.001 - Authorized
25,000,000 Shares, 7,559,501 and 7,108,677 Shares

Issued and Outstanding as of June 30, 2015 and
December 31, 2014, respectively

	7,000	7,000
Additional Paid-In Capital	44,780,000	42,790,000
Accumulated Deficit	(15,022,000)	(14,525,000)
TOTAL STOCKHOLDERS' EQUITY	29,765,000	28,272,000

**TOTAL LIABILITIES AND STOCKHOLDERS'
EQUITY**

\$	78,579,000	\$	65,920,000
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See Notes to Condensed Consolidated Financial Statements

AIR INDUSTRIES GROUP
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Sales	\$ 19,057,000	\$ 13,360,000	\$ 35,868,000	\$ 28,813,000
Cost of Sales	15,160,000	10,007,000	27,602,000	21,415,000
Gross Profit	3,897,000	3,353,000	8,266,000	7,398,000
Operating Expenses	3,825,000			