

AIR T INC
Form 10-Q
November 05, 2010

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 September 30, 2010

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period
from _____ to _____

Commission File Number 0-11720

Air T, Inc.

(Exact name of registrant as specified in its charter)

Delaware 52-1206400
(State or other jurisdiction of incorporation or
organization) (I.R.S. Employer Identification No.)

3524 Airport Road, Maiden, North Carolina 28650
(Address of principal executive offices, including zip code)
(828) 464 -8741
(Registrant's telephone number, including area code)

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 ☐

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

Large Accelerated Filer_____ Accelerated Filer_____ Non-Accelerated Filer_____ Smaller Reporting Company_X__

(Do not check if 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_X__

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock
Common Shares, par value of \$.25 per share

Outstanding Shares at November 1, 2010
2,431,286

AIR T, INC. AND
SUBSIDIARIES
QUARTERLY
REPORT ON FORM
10-Q
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Item 1. Financial Statements

AIR T, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2010	2009	2010	2009
Operating Revenues:				
Overnight air cargo	\$ 10,324,353	\$ 9,814,199	\$ 19,244,527	\$ 18,602,675
Ground equipment sales	7,018,073	8,092,702	10,943,813	16,195,521
Ground support services	2,828,858	2,234,887	5,006,219	4,291,899
	20,171,284	20,141,788	35,194,559	39,090,095
Operating Expenses:				
Flight-air cargo	4,647,358	4,444,922	8,616,703	8,280,391
Maintenance-air cargo	4,172,143	3,908,095	7,611,377	7,273,917
Ground equipment sales	5,763,781	6,209,186	8,962,568	11,960,912
Ground support services	2,195,044	1,580,039	3,700,950	3,085,775
General and administrative	2,485,715	2,561,488	4,888,641	5,212,007
Depreciation and amortization	90,868	107,466	187,583	211,364
	19,354,909	18,811,196	33,967,822	36,024,366
Operating Income	816,375	1,330,592	1,226,737	3,065,729
Non-operating Expense (Income):				
Gain on retirement plan settlement	-	-	-	(8,460)
Interest expense	1,067	3,241	1,355	16,920
Investment income	(38,871)	(27,530)	(96,348)	(54,579)
Other	-	2,826	-	2,826
	(37,804)	(21,463)	(94,993)	(43,293)

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Earnings Before Income Taxes	854,179	1,352,055	1,321,730	3,109,022
Income Taxes	308,000	505,000	477,000	1,144,000
Net Earnings	\$ 546,179	\$ 847,055	\$ 844,730	\$ 1,965,022
Earnings Per Share:				
Basic	\$ 0.23	\$ 0.35	\$ 0.35	\$ 0.81
Diluted	\$ 0.22	\$ 0.35	\$ 0.34	\$ 0.81
Dividends Declared Per Share	\$ -	\$ -	\$ 0.33	\$ 0.33
Weighted Average Shares Outstanding:				
Basic	2,431,291	2,424,486	2,431,309	2,424,486
Diluted	2,451,937	2,428,033	2,475,445	2,424,486

See notes to condensed
consolidated financial
statements.

AIR T, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2010	March 31, 2010
ASSETS	(Unaudited)	
Current Assets:		
Cash and cash equivalents	\$ 4,781,267	\$ 9,777,587
Short-term investments	1,261,860	2,254,589
Accounts receivable, less allowance for doubtful accounts of \$51,000 and \$89,000	9,334,337	5,601,064
Notes and other non-trade receivables-current	423,929	570,931
Income tax receivable	662,451	467,000
Inventories	10,398,259	6,843,347
Deferred income taxes	496,000	404,000
Prepaid expenses and other	401,275	360,635
Total Current Assets	27,759,378	26,279,153
Property and Equipment, net	1,213,717	1,317,290
Deferred Income Taxes	443,000	372,000
Cash Surrender Value of Life Insurance Policies	1,531,838	1,497,836
Notes and Other Non-Trade Receivables-LongTerm	-	50,000
Other Assets	87,968	87,968
Total Assets	\$ 31,035,901	\$ 29,604,247
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 4,629,096	\$ 2,623,590
Accrued expenses	1,448,013	2,059,373
Current portion of long-term obligations	13,573	13,573
Total Current Liabilities	6,090,682	4,696,536
Long-term Obligations	977	7,071

Stockholders' Equity:		
Preferred stock, \$1.00 par value, 50,000 shares authorized	-	-
Common stock, \$.25 par value; 4,000,000 shares authorized, 2,431,286 and 2,431,326 shares issued and outstanding	607,821	607,831
Additional paid-in capital	6,235,298	6,234,079
Retained earnings	18,101,123	18,058,730
Total Stockholders' Equity	24,944,242	24,900,640
Total Liabilities and Stockholders' Equity	\$ 31,035,901	\$ 29,604,247

See notes to condensed consolidated financial
statements.

AIR T, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended September 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 844,730	\$ 1,965,022
Adjustments to reconcile net earnings to net cash used in operating activities:		
Loss on sale of assets	-	2,826
Change in accounts receivable and inventory reserves	25,386	29,790
Depreciation and amortization	187,583	211,364
Change in cash surrender value of life insurance	(34,002)	(34,002)
Deferred income taxes	(163,000)	270,000
Gain on retirement plan settlement	-	(8,460)
Warranty reserve	32,308	(28,612)
Compensation expense related to stock options	1,600	130,685
Change in operating assets and liabilities:		
Accounts receivable	(3,695,935)	(3,557,337)
Notes receivable and other non-trade receivables	197,002	32,155
Inventories	(3,617,087)	(32,146)
Prepaid expenses and other	(41,188)	8,992
Accounts payable	2,005,506	(220,909)
Accrued expenses	(643,668)	(428,193)
Accrued compensation to executive	-	(941,540)
Income taxes receivable	(195,451)	(153,000)
Total adjustments	(5,940,946)	(4,718,387)
Net cash used in operating activities	(5,096,216)	(2,753,365)
CASH FLOWS FROM INVESTING ACTIVITIES:		
	992,729	-

Proceeds from sale of investments, net		
Capital expenditures	(84,011)	(97,062)
Stock repurchase	(391)	-
Net cash provided by (used in) investing activities	908,327	(97,062)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Aircraft term loan payments	-	(450,035)
Proceeds from line of credit, net	-	63,028
Payment of cash dividend	(802,337)	(800,080)
Payment on capital leases	(6,094)	(12,937)
Net cash used in financing activities	(808,431)	(1,200,024)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,996,320)	(4,050,451)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,777,587	6,852,713
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,781,267	\$ 2,802,262

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for:		
Interest	\$ 1,065	\$ 19,723
Income taxes	835,000	1,027,000

See notes to condensed consolidated financial statements.

AIR T, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Additional		Total
	Shares	Amount	Paid-In Capital	Retained Earnings	Stockholders' Equity
Balance, March 31, 2009	2,424,486	\$ 606,121	\$ 6,045,330	\$ 15,101,787	\$ 21,753,238
Net earnings				1,965,022	1,965,022
Cash dividend (\$0.33 per share)				(800,080)	(800,080)
Compensation expense related to					
stock options			130,685		130,685
Balance, September 30, 2009	2,424,486	\$ 606,121	\$ 6,176,015	\$ 16,266,729	\$ 23,048,865
	Common Stock		Additional		