

Edgar Filing: AIRTRAX INC - Form 10QSB

(Former address and former telephone number, if changed from last report)

Securities registered under Section 12 (b) of the Act:

Title of each class to be registered	Name of exchange on which each class is to be registered
None	None

Securities registered under Section 12(g) of the Act:

Common Stock
(Title of Class)

Check whether issuer (1) filed all reports to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or 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.

(1). Yes: No:

(2). Yes: No:

The number of shares issued and outstanding of issuer's common stock, no par value, as of June 30, 2002 was 5,431,237.

Transitional Small Business Issuer Format (Check One):

Yes: No:

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AIRTRAX, INC.

(A Development Stage Company)

BALANCE SHEETS

June 30, 2002

December 31, 2001

(Unaudited)

(Audited)

ASSETS

Current Assets

Cash

\$ 84,304

\$ 32,420

Accounts receivable

16,251

20,835

Inventory

254,751

233,250

Prepaid expenses

6,938

6,938

Deferred tax asset

97,963

69,786

Total current assets

460,207

363,229

Fixed Assets

Office furniture and equipment

44,671

44,671

Automotive equipment

16,915

16,915

Shop equipment

20,660

20,660

Casts and tooling

91,304

89,804

173,550

172,050

Less, accumulated depreciation

120,630

108,454

Net fixed assets

52,920

63,596

Other Assets

Patents net

40,440

42,656

Utility deposits

65

65

Total other assets

40,505

42,721

TOTAL ASSETS

\$ 553,632

\$ 469,546

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities

Accounts payable

\$ 469,101

\$ 515,725

Accrued liabilities

79,646

68,662

Stockholder note payable

97,511

26,111

Total current liabilities

646,258

610,498

Stockholders Equity

Common stock authorized, 10,000,000 shares without
par value; issued and outstanding and
5,431,237 respectively

3,077,370

2,852,895

Preferred stock authorized, 500,000 shares without
par value; 275,000 issued and outstanding

12,950

12,950

Deficit accumulated during the development stage

(2,975,994)

(2,799,845)

Deficit prior to development stage

(206,952)

(206,952)

Total stockholders equity

(92,626)

(140,952)

TOTAL LIABILITIES AND

STOCKHOLDER S EQUITY

\$ 553,632

\$ 469,546

See accompanying notes and accountant s report.

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AIRTRAX, INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS and DEFICIT

ACCUMULATED DURING DEVELOPMENT STAGE

For the Three Month Period Ended June 30, 2002 and 2001

(Unaudited)

May 19, 1997

(Date of Inception)

2002

2001

to June 30, 2002

SALES

\$ 129,730

\$ 52,463

\$ 694,688

COST OF GOODS SOLD

66,580

1,222

275,837

Gross Profit

63,150

51,241

418,851

OPERATING AND ADMINISTRATIVE EXPENSES

188,209

215,810

3,423,099

OPERATING LOSS

(125,059)

(164,569)

(3,004,248)

OTHER INCOME AND (EXPENSE)

Interest expense

(8,370)

(9,051)

(80,963)

Other income

-

800

63,186

NET LOSS BEFORE INCOME TAXES

(133,429)

(172,820)

(3,022,025)

INCOME TAX BENEFIT (STATE):

Current

11,331

15,617

93,078

Prior years

-

-

183,573

Total Benefit

11,331

15,617

276,651

LOSS ACCUMULATED DURING

DEVELOPMENT STAGE

\$(122,098)

\$(157,203)

(2,745,374)

PREFERRED STOCK DIVIDENDS DURING

DEVELOPMENT STAGE

(230,620)

DEFICIT ACCUMULATED DURING DEVELOPMENT

STAGE

\$(2,975,994)

NET LOSS PER SHARE Basic and Diluted

\$(.02)

\$(.03)

See accompanying notes and accountant's report.

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AIRTRAX, INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS and DEFICIT

ACCUMULATED DURING DEVELOPMENT STAGE

Edgar Filing: AIRTRAX INC - Form 10QSB
For the Six Month Period Ended June 30, 2002 and 2001
(Unaudited)

May 19, 1997

(Date of Inception)

<u>2002</u>	<u>2001</u>
<u>to June 30, 2002</u>	

SALES

\$ 244,566

\$ 88,430

\$ 694,688

COST OF GOODS SOLD

104,414

1,222

275,837

Gross Profit

140,152

87,208

418,851

OPERATING AND ADMINISTRATIVE EXPENSES

330,573

438,933

3,423,099

OPERATING LOSS

(190,421)

(351,725)

(3,004,248)

OTHER INCOME AND (EXPENSE)

Interest expense

(13,905)

(16,154)

(80,963)

Other income

-

925

63,186

NET LOSS BEFORE INCOME TAXES

(204,326)

(366,954)

(3,022,025)

INCOME TAX BENEFIT (STATE):

Current

28,177

33,026

93,078

Prior years

-

-

183,573

Total Benefit

28,177

33,026

276,651

LOSS ACCUMULATED DURING

DEVELOPMENT STAGE

\$(176,149) \$(333,928)

(2,745,374)

PREFERRED STOCK DIVIDENDS DURING

DEVELOPMENT STAGE

(230,620)

DEFICIT ACCUMULATED DURING DEVELOPMENT

STAGE

\$(2,975,994)

NET LOSS PER SHARE Basic and Diluted

\$(.02)

\$(.03)

See accompanying notes and accountant's report.

AIRTRAX, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

For the Six Month Periods ended June 30, 2002 and 2001

(Unaudited)

May 19, 1997

(Date of Inception)

2002

2001 to June 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss

\$(176,149)

\$(333,928)

\$(2,745,374)

Adjustments to reconcile net income to net cash

consumed by operating activities:

Depreciation and amortization

14,392

16,590

147,797

Value of common stock issued for services

24,973

18,767

201,521

Accrual of deferred tax benefit

(28,177)

(33,026)

(97,963)

Changes in current assets and liabilities:

(Decrease) Increase in accounts payable

and accrued liabilities

(105,760)

(95,162)

622,944

Decrease (Increase) in prepaid expense

-

-

(7,003)

Decrease (increase) in accounts receivable 4,584

21,428

(16,251)

Increase in inventory

(21,501)

46,211

(254,751)

Net Cash Consumed By

Operating Activities

(216,118)
(359,120)
(2,149,080)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisitions of equipment

(1,500)
(18,907)
(173,550)

Additions to patent cost

-
- (67,607)

Net Cash Consumed By

Investing Activities

(1,500)

(18,907)

(241,157)

CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds of common stock sales

199,502

320,801

2,491,780

Proceeds of sales of preferred stock

-

-

12,950

Proceeds of stockholder loans

70,000 1,400

23,314

Preferred stock dividends paid in cash

-

50,000

(53,503)

Net Cash Provided By

Financing Activities

269,502 372,201

2,474,541

Net Increase (Decrease) In Cash

51,884

(5,826)

84,304

Balance at beginning of period

32,420

23,663

-

-

Balance at end of period

\$ 84,304

\$ 17,837

\$ 84,304

See accompanying notes and accountant's report.

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AIRTRAX, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

(Unaudited)

1.

BASIS OF PRESENTATION

The unaudited interim financial statements of AirTrax, Inc. (the Company) as of June 30, 2002 and for the three month and six month periods ended June 30, 2002 and 2001, respectively, have been prepared in accordance with generally accepted accounting principles. In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for such periods. The results of operations for the quarter and six month period ended June 30, 2002 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2002.

Certain information and disclosures normally included in the notes to financial statements have been condensed or omitted as permitted by the rules and regulations of the Securities and Exchange Commission, although the Company believes the disclosure is adequate to make the information presented not misleading. The accompanying unaudited financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2001.

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Item 2. Management's Discussion and Analysis.

The following discusses the financial results and position of the accounts of the Company for the periods indicated.

Forward Looking Statements.

Forward Looking Statements

Certain of the statements contained in this Quarterly Report on Form 10-QSB include "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). See the Company's Annual Report on Form 10-KSB for the period ending December 31, 2001 (Form 10-KSB) for additional statements concerning operations and future capital requirements. Certain risks exist with respect to the Company and its business, which risks include the need for additional capital, lack of commercial product, lack of determined product prices and impact on profit margins, and limited operating history, among other factors. Readers are urged to refer to the section entitled Cautionary Statements in the Company s Form 10-KSB for a broader discussion of such risks and uncertainties.

Results of Operations.

Six Months Ended June 30, 2002 compared with Six Months Ended June 30, 2001.

For the six month period ended June 30, 2002 and comparable period in 2001, the Company was a development stage company and the Company has not engaged in full-scale operations for these periods. The limited revenues for the periods have been derived from sales of a non omni-directional product, and from contracts with the United States Navy that relate to the research and potential application of omni-directional products for military use, and to a lesser extent the sale of omni-directional equipment to defense contractors. The period-to-period results presented and discussed below are not necessarily meaningful comparisons due to the Company s development stage status, and are not indicative of future results.

Revenues for the six months ended June 30, 2002 six Juwere \$244,566 compared with \$88,430 in revenues for the same period in 2001. Revenues for the 2002 period consisted of \$239,366 in contract revenues from the United States Navy and \$5,200 in sales of a non omni-directional product. Revenues for the 2001 period consisted of \$86,322 in

contract revenues from the United States Navy and \$2,108 in sales of a non omni-directional product.

Cost of goods sold for the 2002 and 2001 six month periods were \$104,414 and \$1,222, respectively. Of the amount for the 2002 period, \$69,951 represented parts and \$34,893 represented employee salaries. The amount for the 2001 period represented parts and manufacturing costs for the non omni-directional product. \$280,050 which

Operating and administrative expenses which includes administrative salaries and overhead for the six six month period June in 2002 totaled \$330,573 compared with \$438,933 for the same period in 2001. The decrease \$340,220 of \$108,360 from the 2001 period is principally due to reduced product marketing and promotional expenses and reduced development costs of the omni-directional technology, partially offset by increased professional fees. Income tax benefit is funds received from the State of New Jersey's technology tax transfer program which is designed to foster technology development in the State of New Jersey. Pursuant to this program, the Company is able to sell its net operating losses and research and development credits as calculated under state law to other businesses within the state in exchange for a cash payment equal to approximately 75% of such losses and credits. Income tax benefit accrued for the six month period in 2002 was \$28,177 contrasted with \$33,026 for the period in 2001.

consisted of administrative salaries and overhead expenses incurred during its development and initial operating phase which represents an increase of \$223,353 from the prior six month period ended June 30, 1996. Net loss accumulated during development stage for the six month period in 2002 applicable to common shareholders was \$176,149 or \$0.02 per common share, compared with a net loss applicable to common shareholders of \$333,928 or \$0.03 per common share for the prior period. (\$407,421).

Liquidity and Capital Resources.

Since its inception, the Company has financed its operations through the private placement of its common stock. During 2000 and 2001, the Company raised approximately \$430,858 and \$348,600, respectively, net of offering costs from the private placement of its common stock. June During the six month period in 2002, the Company raised \$199,502 net of offering costs from the private placement of 48,000 shares of its common stock. During this period in 2002, the Company received a shareholder loan in the amount of \$70,000 which is due upon demand. In addition, under the New Jersey tax transfer program discussed above, the Company has received \$183,573 since inception.

As of March 31, 2002, the Company's working capital deficit was \$186,051.

The Company anticipates that its cash requirements for the foreseeable future will be significant. In particular, management expects substantial expenditures for inventory and product production in anticipation of the rollout of its omni-directional forklift. Funds required to initiate production are estimated to be \$1,500,000. The Company intends to fund its operations through the issuance of equity and/or debt securities. Presently, the Company is seeking capital from one or more funding sources; however, at this time no arrangement has been finalized. No assurances can be given that the Company will be successful in obtaining sufficient capital to fund the initiation of its production activities. If the Company is unable to obtain sufficient funds in the near future, such event will delay the rollout of its product and likely will have a material adverse impact on the Company and its business prospects.

Total assets, net of accumulated depreciation, totaled \$553,632\$1,895,587 on June 30, 2002. Total assets, net of accumulated depreciation, totaled \$469,546 on December 31, 2001.

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Part II OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

None

Item 3. Defaults upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Securityholders.

None

Item 5. Other Information.

None

Item 6. Exhibits.

(a). Furnish the Exhibits required by Item 601 of Regulation S-B.

None.

(b). Reports on Form 8-K.

On June 27, 2002, the Company filed a report of Form 8-K to report information under Item 5 and Item 7.

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.

AIRTRAX, INC.

Date: August 14, 2002

/s/Peter Amico

Peter Amico

President and

Principal Financial Officer

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