

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1998-07-22** | Period of Report: **1997-08-31**
SEC Accession No. **0001009448-98-000056**

([HTML Version](#) on secdatabase.com)

FILER

AIC INTERNATIONAL INC

CIK: **2880** | IRS No.: **112192898** | State of Incorpor.: **DE** | Fiscal Year End: **0228**
Type: **10-Q** | Act: **34** | File No.: **001-07948** | Film No.: **98669592**
SIC: **5040** Professional & commercial equipment & supplies

Mailing Address
*117 E 57TH ST
ROOM 21H
NEW YORK NY 10022*

Business Address
*117 E 57TH ST
ROOM 21H
NEW YORK NY 10022
2128383220*

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

FORM 10-QSB

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

For Quarter Ended August 31, 1997

Commission file number 1-7948

AIC INTERNATIONAL, INC,
(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

11-2192898
(I.R.S. Employer Identification No.)

117 East 57th Street, Room 21-H New York, NY
10022 (Address of principal executive offices -
Zip code)

Issuer's telephone number, including area code (212) 838-3220

Former name, former address and former fiscal year, if changed since last report.

Check whether the issuer (1) filed all reports required to be filed by section 13 or 15 (d) of the Exchange Act during the past 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 X No

Number of shares of each class of common stock outstanding as of:

August 31, 1997 - 4,207,379

<TABLE>
<CAPTION>

AIC International, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets
(000 omitted except share data)

	August 31, 1997	February 28, 1997
<S>	<C>	<C>
Assets	(Unaudited)	
Current:		
Cash	\$ 406	\$ 454
Trade receivables, less allowances of \$80 and \$78 for possible losses	1,434	1,507
Merchandise inventories	3,785	3,243
Prepaid expenses and other current assets	760	95
Total current assets	6,385	5,299
Property and equipment, at cost less accumulated depreciation and amortization	946	91
Other assets	9	18

	\$7,340	\$5,408
Liabilities and Stockholders' Equity		
Current:		
Bank loans	\$3,225	\$1,319
Accounts payable - trade	80	108
Due to related party	1,374	1,353
Income taxes payable	425	309
Other taxes	269	198
Liability for product warranties	58	96
Accrued payroll, commissions and other liabilities	301	305
Total current liabilities	5,732	3,688
Accrued pension costs	100	107
Total liabilities	5,832	3,795
Commitments and Contingencies		
Stockholders' equity:		
Common stock, \$.10 par - shares authorized, 10,000,000; issued, 4,244,879	424	424
Additional paid-in capital	6,720	6,720
Deficit	(6,151)	(6,249)
Accumulated translation adjustment	627	830
Treasury stock, at cost - 37,500 shares	(112)	(112)
Total stockholders' equity	1,508	1,613
	\$7,340	\$5,408

See accompanying notes to condensed consolidated financial statements.

2

</TABLE>

<TABLE>
<CAPTION>

AIC International, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(000 omitted except per share data)

	Six months ended August 31,		Three months ended August 31,	
	1997 <C>	1996 <C>	1997 <C>	1996 <C>
Net sales	\$6,800	\$7,481	\$3,503	\$3,694
Cost of goods sold	4,730	5,280	2,471	2,596
Selling, general and administrative expenses	1,972	2,114	957	1,078
Total costs and expenses	6,702	7,394	3,428	3,674
Net income	98	87	75	20
Net income per share	\$.02	\$.02	\$.02	\$ -
Weighted average number of shares	4,207	4,207	4,207	4,207

See accompanying notes to condensed consolidated financial statements.

3

</TABLE>

<TABLE>
<CAPTION>

AIC International, Inc. and Subsidiaries

Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)
(000 omitted)

	Total	Common Stock	Additional Paid- In Capital	Deficit	Accumulated Translation Adjustment	Treasury Stock, at Cost
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, March 1, 1997	\$1,613	\$424	\$6,720	\$(6,249)	\$830	\$(112)
Net income for the six months ended August 31, 1997	98	-	-	98	-	-
Aggregate adjustment for the six months ended August 31, 1997 resulting from the translation of foreign currency statements	(203)	-	-	-	(203)	-
Balance, August 31, 1997	\$1,508	\$424	\$6,720	\$(6,151)	\$627	\$(112)

See accompanying notes to condensed consolidated financial statements.

4

</TABLE>

<TABLE>

<CAPTION>

AIC International, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(000 omitted)

	1997	1996
Six months ended August 31,		
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 98	\$ 87
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization	26	13
Increase in provision for possible losses on accounts receivable	2	12
Other	(203)	(201)
Decrease (increase) in:		
Trade receivable	71	(263)
Merchandise inventories	(542)	(86)
Prepaid expenses and other current assets	(665)	(366)
Other assets	9	-
Increase (decrease) in:		
Accounts payable - trade	(28)	(11)
Due to related party	21	85
Taxes payable	187	253
Accrued expenses and other liabilities	(49)	882
Total adjustments	(1,171)	318
Net cash provided by (used in) operating activities	(1,073)	405
Cash flows from investing activities:		
Capital expenditures	(881)	(23)
Cash flows from financing activities		
Net borrowings from (repayments to) bank	1,906	(281)
Net increase (decreased) in cash	(48)	101
Cash, beginning of period	454	471
Cash, end of period	\$406	\$ 572

See accompanying notes to condensed consolidated financial statements.

</TABLE>

AIC International, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

- Note 1. Results for the periods shown are not necessarily indicative of results for the full year.
- Note 2. The data herein reflects all the adjustments which, in the opinion of management, are necessary for a fair statement of the results for the interim periods.
- Note 3. There were no sales of unregistered securities during the quarter ended August 31, 1997.
- Note 4. The financial data are subject to year-end audit. Note disclosures required under generally accepted accounting principles are included in the Company's annual report (Form 10-KSB) for the fiscal year ended February 28, 1997. Form 10-QSB should be read in conjunction with such annual report (Form 10-KSB).

6

AIC International, Inc. and Subsidiaries
Management's Discussion and Analysis of Financial
Condition and Results of Operations

All statements contained herein that are not historical facts, including, but not limited to, statements regarding the Company's current business strategy, the Company's projected sources and uses of cash, and the Company's plans for future development and operations, are based upon current expectations. These statements are forward-looking in nature and involve a number of risks and uncertainties. Actual results may differ materially. Among the factors that could cause actual results to differ materially are the following: the availability of sufficient capital to finance the Company's business plans on terms satisfactory to the Company; competitive factors; changes in labor, equipment and capital costs; changes in regulations affecting the Company's business and economic conditions; and factors described from time to time in the Company's reports filed with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any such forward looking statements, which statements are made pursuant to the Private Litigation Reform Act of 1995 and, as a result, speak only as of the date made.

Results of Operations: Six months ended August 31, 1997 compared with six months ended August 31, 1996:

Net Sales

For the six months ended August 31, 1997, the Company's net sales decreased by \$681,000 to \$6,800,000 from sales of \$7,481,000 for the six months ended August 31, 1996. Sales by the Company's German subsidiary, Soligor GmbH, Foto Optik Video Elektronik ("Soligor GmbH"), increased by DM 514,000 which, when combined with changes in the exchange rate, resulted in a decrease in sales of \$681,000 after translation. The Company's sales increased due to efforts of Soligor GmbH in promoting the sale of new products groups, such as electronic products and video equipment, an increasing number of accessories, as well as video surveillance equipment.

Cost of Goods Sold

As a percentage of sales cost of goods sold was 69.6% for the six months ended August 31, 1997 as compared to 70.6% for the six months ended August 31, 1996.

Selling, General and Administrative Expenses

For the six months ended August 31, 1997 and 1996, selling, general and administrative expenses ("SG & A") were 29.0% and 28.3% of sales, respectively. The increase in S G & A expenses as a percentage of sales was the result of decreased net sales.

7

AIC International, Inc. and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations: Three months ended August 31, 1997 compared with three months ended August 31, 1996:

Net Sales

Net sales for the three months ended August 31, 1997, were \$3,503,000 as compared to \$3,694,000 for the three months ended August 31, 1996, a decrease of \$191,000, or 5%. Sales by Soligor GmbH for the three months ended August 31, 1997 increased by DM 640,000 which, when combined with changes in the exchange rate, resulted in a decrease in sales of \$191,000 after translation. The Company's sales increased due to efforts of Soligor GmbH in promoting the sale of new products groups, such as electronic products and video equipment, an increasing number of accessories, as well as video surveillance equipment.

Cost of Goods Sold

For the three months ended August 31, 1997 and 1996, cost of goods sold as a percentage of sales was 70.5% and 70.3% of sales, respectively. The decrease in cost of goods sold as a percentage of sales was caused by changes of exchange rates on Japanese Yen, Dutch Mark and U.S. Dollar.

Selling, General and Administrative Expenses

For the three months ended August 31, 1997 and 1996 SG & A expenses were 27.3% and 29.2% of sales, respectively.

8

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AIC INTERNATIONAL, INC.
Registrant

/s/ Stephen Lai

Chief Financial Officer and
Chief Accounting Officer

<TABLE> <S> <C>

<ARTICLE>

5

<CIK>

0000002880

<NAME>

AIC INTERNATIONAL, INC.

<S>

<C>

<PERIOD-TYPE>

6-MOS

<FISCAL-YEAR-END>

FEB-28-1998

<PERIOD-START>

JUN-01-1997

<PERIOD-END>

AUG-31-1997

<CASH>

406,000

<SECURITIES>

0

<RECEIVABLES>

1,514,000

<ALLOWANCES>

80,000

<INVENTORY>

3,785,000

<CURRENT-ASSETS>

6,385,000

<PP&E>

1,237,000

<DEPRECIATION>

291,000

<TOTAL-ASSETS>

7,340,000

<CURRENT-LIABILITIES>

5,732,000

<BONDS>

0

<PREFERRED-MANDATORY>

0

<PREFERRED>

0

<COMMON>

424,000

<OTHER-SE>

1,084,000

<TOTAL-LIABILITY-AND-EQUITY>

7,340,000

<SALES>

6,800,000

<TOTAL-REVENUES>

4,730,000

<CGS>

6,702,000

<TOTAL-COSTS>

0

<OTHER-EXPENSES>

0

<LOSS-PROVISION>

0

<INTEREST-EXPENSE>

0

<INCOME-PRETAX>

0

<INCOME-TAX>

0

<INCOME-CONTINUING>

98,000

<DISCONTINUED>

0

<EXTRAORDINARY>

0

<CHANGES>

0

<NET-INCOME>

98,000

<EPS-PRIMARY>

0.02

<EPS-DILUTED>

0.02

</TABLE>