

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported):  
August 19, 2007

AIR INDUSTRIES GROUP, INC.

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(Exact Name of Registrant as Specified in its Charter)

Delaware	000-29245	20-4458244
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State of	Commission	IRS Employer
Incorporation	File Number	I.D. Number

1479 North Clinton Avenue, Bay Shore, NY 11706

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Address of principal executive offices

Registrant's telephone number: (631) 968-5000

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations or Financial Conditions

On August 19, 2007, the Registrant issued a press release reporting on its results of operations for the six months ended June 30, 2007 and its financial condition as of June 30, 2007. A copy of the press release, correcting and replacing an earlier release issued August 14, 2007, is attached as Exhibit 99.

Item 7.01. Regulation FD Disclosure.

On August 19, 2007, the Registrant issued a press release reporting on its results of operations for the six months ended June 30, 2007 and its financial condition as of June 30, 2007. A copy of the press release, correcting and replacing an earlier release issued August 14, 2007, is attached as Exhibit 99.

The information in this Form 8-K, including Exhibit 99 attached hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liability of such section, nor shall it be deemed incorporated by reference in any filing by the Registrant under the Securities Act or the Exchange Act, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing.

Exhibit No.  
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 20, 2007

AIR INDUSTRIES GROUP, INC.

By: /s/ Peter D. Rettaliata

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Peter D. Rettaliata  
President and CEO

CORRECTING and REPLACING Air Industries Group Reports Second Quarter 2007  
Financial Results

CORRECTION...by Air Industries Group, Inc.

BAY SHORE, N.Y.--(BUSINESS WIRE)--August 19, 2007 Please replace the release dated August 14, 2007 with the following corrected version due to multiple revisions in the balance sheet. Also, headline of release should read: Air Industries Group Reports Second Quarter 2007 Financial Results (sted Air Industries Group Reports First Quarter 2007 Financial Results).

The corrected release reads:

AIR INDUSTRIES GROUP REPORTS SECOND QUARTER 2007 FINANCIAL RESULTS

Air Industries Group, Inc. (OTCBB: AIRI), a holding company established to consolidate manufacturers, engineering integrators and specialized service providers to the aerospace/defense industry, today announced financial results for the second quarter ended June 30, 2007. The financial results reported by the Company include results from Sigma Metals, a distributor of specialty metals, from the date of acquisition in April 2007. Financial results and business development highlight for the year to date include:

- - Net Sales Increase 19% from 2Q06 and 47% from 1Q07
- - Gross Profit Margin Jumps to 22% in 2Q07 from 17% in 1Q07 and 19% in 2Q06
- - New Commercial Customers Added
- - Participation in Two New Commercial Product Platforms
- - Acquisition Strategy Progressed with Completion of Sigma Metals
- - Welding Metallurgy to Close Imminently
- - Firm Backlog at Record Level at June 30th
- - Raised Over \$8 Million in Oversubscribed Offering

Second Quarter 2007 Financial Results

Net sales for the three months ended June 30, 2007 were \$10,989,536, an increase of 19% as compared to net sales of \$9,220,165 in the second quarter of 2006, and an increase of 47% as compared to \$7,488,130 in the first quarter of 2007. The increase in net sales from the prior periods was primarily attributable to an improvement in order releases for parts and related defense components to one of the Company's prime aerospace customers as well as the contribution of Sigma Metals from the date of acquisition in April 2007.

Gross profit in the second quarter 2007 was \$2,372,838, an increase of 35% as compared to gross profit of \$1,752,839 for the same period of 2007, and an increase of 90% from \$1,248,646 in the first quarter 2007. As a percentage of sales, gross margin in the second quarter 2007 was 22%, as compared to 19% for the same period of 2006 and 17% in the first quarter of 2007. The increase in the gross profit as well as gross profit as a percentage of sales for the second quarter of 2007 primarily reflects the higher level of revenue and related improvement in manufacturing efficiencies and, to a lesser extent, higher margin contributions from Sigma Metals revenues.

Selling, general and administrative ("SG&A") expenses for the second quarter were \$2,330,498 as compared to \$1,167,093 for the same period in 2006 and \$1,126,792 in the first quarter 2007. The increase in SG&A reflects the increase in the Company's financial personnel and continued expenses for professional fees associated with the Company's acquisition program, including the addition of Sigma Metals in April 2007, enhancing its reporting systems and other public company compliance matters, including the cost of complying with Section 404 of the Sarbanes-Oxley Act by year-end.

The Company incurred a net loss before provision for income taxes of (\$237,305) for the three months ended June 30, 2007, as compared to a pre tax profit of \$224,423 for the three months ended June 30, 2006, and a pre tax net loss of (\$6,723) in the three months ended March 31, 2007.

The net loss for the second quarter of 2007 was (\$315,443), or (\$0.01) per share, as compared to a net loss of (\$40,432), or \$0.00 per share, in the same period of 2006, and a net loss of (\$71,487), or \$0.00 per share, in the first

quarter of 2007.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the second quarter 2007 was \$306,908, as compared to \$864,998 in the same period of 2006 and \$290,458 for the first three months of 2007.

Air Industries Group considers EBITDA to be an important financial indicator of the Company's operational strength and performance, and uses this indicator when making decisions regarding investments in the various components of its business and acquisition valuations. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles ("GAAP"), and is thus susceptible to varying calculations, EBITDA, as presented, may not be directly comparable to other similarly titled measures reported by other companies.

#### First Half 2007 Financial Results

Net sales for the first six months of 2007 was \$18,477,666, as compared to net sales of \$18,118,437 for the same period in 2006. SG&A expenses for the first half of 2007 were \$3,457,290 as compared to \$2,172,178 for the same period in 2006. The net loss before provision for income taxes was (\$244,028) for the first six months of 2007, compared to income before provision for income taxes of \$460,641 for the 2006 period. The Company's net loss for the first half of 2007 was (\$386,931) after nonrecurring items, as compared to net income of \$275,933 in the same period of 2006.

At June 30, 2007, Air Industries Group had bank and other long-term debt of \$12,894,937, and availability of approximately \$1,000,000 under the Company's loan facilities with PNC Bank. All cash balances are applied on a daily basis to amounts outstanding under the revolving portion of the Company's loan facilities rather than being accounted for on the balance sheet as cash.

In April 2007, Air Industries raised \$8,023,000 in gross proceeds from institutional and accredited investors through a private placement of 802,300 shares of its Series B Convertible Preferred Stock. A portion of the proceeds has been allocated toward the cash component for the acquisition of Sigma Metals. The common stock underlying the Series B Convertible Preferred Stock has been registered with the Securities and Exchange Commission and applied toward an average weighted shares outstanding basis to the Company's earnings per share calculations for the second quarter of 2007.

#### Management's Comments

"The improvements in revenue and gross margin, as well as progress with our consolidation strategy, as exhibited in the second quarter of 2007 are a harbinger of the growth to come in the second half of the year," said Peter Rettaliata, Air Industries Group President and Chief Executive Officer. "Importantly, resulting from our growth initiatives, we look forward to a return to profitability in the second half of the year. Our growth platforms and the apparently unabating activity in the commercial and military aerospace markets contributed toward our successful completion of an offering of securities that raised over \$8 million. The offering was oversubscribed primarily as a result of stronger than anticipated demand from institutional investors."

"Integral to our growth strategy is our commitment to expand our products lines and diversify our revenue streams. This strategy is clearly being executed as evidenced by the closing of our acquisition of Sigma Metals in April. With high margin revenues, Sigma's contributions are already having a positive impact. We anticipate the closing of the Welding Metallurgy transaction, our third acquisition, to take place later this month, which will further diversify our business and add high margin revenues for the balance of the year. Our sights have been set on additional acquisitions that will augment our three growth platforms: Contract Manufacturing; Raw Materials Distribution; and, Welding & Fabrication."

"Within our Contract Manufacturing platform - represented by our Air Industries Machining Corp. (AIM) subsidiary, we have been progressing through the previously announced order delays arising from scheduling difficulties at one of AIM's largest customers. Shipments for previously received awards to this customer are expected to be back on schedule in the second half of 2007. However, we have received sizable new contract awards from this customer during the second quarter, serving as a clear indication that our revenue trajectory will continue to rise. Other progress in this platform was demonstrated by new awards from commercial customers for both new parts and new aircraft programs. With diversification and market share expansion at the core of our growth strategy, we believe our efforts are delivering their intended results."

#### Backlog and Guidance for 2007

The Company provides firm backlog as well as its projected backlog as two indicators of future activity. As of June 30, 2007, Air Industries Group had a firm 18-month backlog that was in excess of \$48.0 million. This backlog level, which is solely derived from business relating to Air Industry Group's wholly-owned operating subsidiary, Air Industries Machining Corp., is the largest in the Company's history. The backlog at June 30th reflects a 29% increase as compared to the prior firm backlog of \$37.3 million as of March 31, 2007.

The firm backlog at June 30, 2007, represents fully authorized orders for products to be delivered within the next 18 months. Additionally, Air Industry Group's projected backlog, which includes both the firm backlog as well as anticipated order releases, totaled approximately \$65 million at June 30, 2007. These figures do not include orders relating to Sigma Metals, which was acquired in April 2007, or the pending acquisition of Welding Metallurgy.

The Company previously announced financial results guidance that includes a consolidation of AIM and Sigma Metals and Welding Metallurgy from their respective dates of acquisition. Management today reiterated its guidance for consolidated run rates by the end of 2007 for revenue within the range of \$57 million to \$60 million, EBITDA within the range of \$4.5 million to \$6.0 million, and net income within the range of \$2.0 million to \$2.5 million.

#### Earnings Results Conference Call

Management of Air Industries Group will conduct a conference call today at, August 14, 2007, at 2:00 p.m. Eastern Time to review the Company's financial results for the second quarter ended June 30, 2007.

To access the teleconference, please dial (866) 510-0710 (domestic) or (617) 597-5378 (international), and enter the passcode "75106411" when prompted. Please access the call approximately 10 minutes prior to the start time.

For those unable to listen to the live broadcast, a replay will be available by dialing (888) 286-8010 (domestic) or (617) 801-6888 (international), with playback access code "25898434", starting approximately two hours after the conclusion of the call and available until September 14, 2007.

#### ABOUT AIR INDUSTRIES GROUP, INC.

Air Industries Group, Inc. (OTCBB: AIRI) (formerly Gales Industries) is a holding company established to consolidate manufacturers, engineering integrators and specialized service providers to the aerospace/defense and commercial aviation industries. The Company is focused on flight safety and other critical componentry. Consolidation opportunities include companies

operating within highly synergistic disciplines of manufacturing, technical services and strategic products distribution. The Company's strategy is to execute its consolidation principally amongst middle market aerospace/defense subcontractors. Air Industries Group offers a tailored exit strategy or management continuity strategy in exchange for qualified acquisitions, and targets technically superior organizations with revenues of up to \$100 million annually. Information on the Company and its products may be found online at [www.airindmc.com](http://www.airindmc.com).

Certain matters discussed in this press release are 'forward-looking statements' intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. In particular, the Company's statements regarding trends in the marketplace, firm backlog, projected backlog, potential future results and acquisitions, are examples of such forward-looking statements. The forward-looking statements include risks and uncertainties, including, but not limited to, the timing of projects due to the variability in size, scope and duration of projects, estimates, projections and forecasts made by management with respect to the Company's critical accounting policies, firm backlog, projected backlog, regulatory delays, government funding and budgets, matters pertaining to potential and pending acquisitions subject to and after closings, and other factors, including results of financial audits and general economic conditions, not within the Company's control. Certain of the Company's forward looking statements, with the projected backlog in particular, are formulated based on management's extensive industry experience and understanding and assessment of industry trends, customer requirements, and related government spending. Projected backlog may be subject to variability and may increase or decrease at any time based on a variety of factors, including but not limited to modifications of previously released orders, acceleration of orders under general purchase agreements, etc. The factors discussed herein and expressed from time to time in the Company's filings with the Securities and Exchange Commission could cause actual results and developments to be materially different from those expressed in or implied by such statements. The forward-looking statements are made only as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

AIR INDUSTRIES GROUP, INC.  
Condensed Consolidated Statement of Operations  
For the three month period ended June 30,

	2007	2006
	----- (unaudited)	----- (audited)
Net sales	10,989,536	9,220,165
Cost of sales	8,616,698	7,467,326
	-----	-----
Gross profit	2,372,838	1,752,839
Operating costs and expenses:		
Selling and marketing	525,536	142,543
General and administrative	1,804,962	1,024,550
	-----	-----
Income from operations	42,340	585,746
Interest and financing costs	280,869	362,126
Gain on sale of life insurance policy	--	--
Gain on Sale of Real Estate	(9,509)	--
Other Income	(8,441)	(803)
Other Expenses	16,726	--
	-----	-----
Loss (income) before income taxes	(237,305)	224,423
Provision for income taxes	78,138	84,855
	-----	-----
Net (Loss) income	(315,443)	139,568
Less: Dividend attributable to preferred stockholders	110,964	180,000
	-----	-----
Loss attributable to common stockholders	(\$ 426,407)	(\$ 40,432)
	=====	=====

Income (Loss) per share (basic and diluted)	(\$ 0.01)	\$ 0.00
	=====	=====
Weighted average shares outstanding	65,667,564	14,723,421

AIR INDUSTRIES GROUP, INC.  
Condensed Consolidated Balance Sheet

	June 30, 2007 (unaudited)	December 31, 2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,010,522	\$ --
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$204,566 and \$176,458	6,331,004	3,508,957
Inventory	20,360,593	15,257,641
Prepaid Expenses and Other Current Assets	661,382	232,749
Deposits	692,578	180,456
	-----	-----
<b>Total Current Assets</b>	<b>29,056,079</b>	<b>19,179,803</b>
Property, Plant, and Equipment, net	3,394,883	3,565,316
Deferred Financing Costs	346,820	369,048
Deferred Tax Asset	60,261	0
Other Assets	86,585	63,522
Goodwill	6,434,281	1,265,963
Deposits	424,490	448,530
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 39,803,399</b>	<b>\$ 24,892,182</b>
	=====	=====
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 7,501,565	\$ 7,648,426
Notes Payable - Revolver	9,899,414	5,027,463
Notes Payable - Current Portion	127,776	127,776
Notes Payable - Sellers - Current Portion	555,004	192,400
Capital Lease Obligations - Current Portion	166,397	407,228
Due to Sellers	0	53,694
Dividends Payable	120,003	120,003
Deferred Gain on Sale - Current Portion	38,033	38,033
Income Taxes Payable	0	653,426
	-----	-----
<b>Total current liabilities</b>	<b>18,408,192</b>	<b>14,268,449</b>
 <b>Long term liabilities</b>		
Notes Payable - Net of Current Portion	581,570	645,458
Notes Payable - Sellers - Net of Current Portion	1,603,674	1,290,562
Capital Lease Obligations - Net of Current Portion	776,988	552,589
Deferred Tax Liability	695,379	512,937
Deferred Gain on Sale - Net of Current Portion	694,101	713,118
Deferred Rent	134,487	39,371
Letter of Credit	127,500	0
	-----	-----
<b>Total liabilities</b>	<b>23,021,891</b>	<b>18,022,484</b>
 <b>Stockholders' Equity</b>		
Preferred Stock - \$.001 Par Value, 8,003,716 Shares Authorized	--	--
Series B Convertible Preferred - \$.001 Par value, 2,000,000 Shares Authorized, 802,300 and 0 Shares Issued and Outstanding as of 6/30/07 and 12/31/06 respectively	8,023	--
Common Stock - \$.001 Par, 120,055,746 Shares Auth., 67,008,469 and 57,269,301 Shares Issued and Outstanding as of 6/30/07 and 12/31/06 respectively	67,009	57,269
Additional Paid-In Capital	18,179,678	7,898,702
Accumulated Deficit	(1,473,202)	(1,086,273)
	-----	-----
<b>Total Stockholders' Equity</b>	<b>16,781,508</b>	<b>6,869,698</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 39,803,399</b>	<b>\$ 24,892,182</b>
	=====	=====