AIRTRAX INC
Form 10QSB
August 10, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-QSB

(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the period ended June 30, 2001.

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE Act of 1934 for the transition period from ___ to ___.

Commission file number: 0-25791

AIRTRAX, INC.

(Name of Small Business Issuer in its charter)

New Jersey	22-3506376
(State of Incorporation)	(I.R.S. Employer I.D. Number)

870B Central Avenue, Hammonton, New Jersey 08037

(Address of principal executive offices) (Zip Code)

Issuer's telephone number 609-567-7800.

1616 Pennsylvania Avenue, #122, Vineland, New Jersey 08361; 856-327-8112

(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: X No:
(2). Yes: X No:

The number of shares issued and outstanding of issuer's common stock, no par value, as of March 31, 2001 was 5,327,849.

Transitional Small Business Issuer Format (Check One):
Yes: No: X

PART I - FINANCIAL STATEMENTS

Item 1. Financial Statements.

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AIRTRAX, INC.
(A Development Stage Company)
BALANCE SHEETS

	June 30, 2001	December 31, 2000
ASSETS		
Current Assets		

Cash	$ 17,837	$ 23,663
Accounts receivable	12,955	34,382
Inventory	718,664	764,875
Prepaid expenses	6,938	6,938
Deferred tax asset	94,311	61,285
Total current assets	850,705	891,143
Fixed Assets		
Office furniture and equipment	45,598	35,303
Automotive equipment	16,915	16,915
Shop equipment	20,660	20,660
Casts and tooling	85,298	76,687
	168,471	149,565
Less, accumulated depreciation	97,602	82,346
Net fixed assets	70,869	67,219
Other Assets		
Patents - net	43,997	45,331
Utility deposits	65	65
Total other assets	44,062	45,396
TOTAL ASSETS	$ 965,636	$ 1,003,758

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2001	December 31, 2000
Current Liabilities		
Accounts payable	$ 677,161	$ 763,210
Accrued liabilities	26,517	35,630
Stockholder note payable	24,714	23,314
Contract deposit	50,000	-
Total current liabilities	778,392	822,154
Stockholders' Equity		
Common stock - authorized, 10,000,000 shares without par value; 5,327,849issued and outstanding	2,748,117	2,408,549
Preferred stock - authorized, 500,000 shares without par value; 275,000 issued and outstanding	12,950	12,950
Deficit accumulated during the development stage	(2,366,871)	(2,032,943)
Deficit prior to development stage	(206,952)	(206,952)
Total stockholders' equity	187,244	181,604
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 965,636	$ 1,003,758

See accompanying notes and accountant's report.

AIRTRAX, INC.
(A Development Stage Company)

STATEMENTS OF OPERATIONS and DEFICIT
ACCUMULATED DURING DEVELOPMENT STAGE
For the Three Month Periods Ended June 30, 2001 and 2000

	2001	2000	May 19, 1997 (Date of Ince to June 30,
SALES	$ 52,463	$ 4,800	$ 318,2
COST OF GOODS SOLD	1,222	3,795	64,7
Gross Profit	51,241	1,005	253,5
OPERATING AND ADMINISTRATIVE EXPENSES	215,810	154,951	2,564,5
OPERATING LOSS	(164,569)	(153,946)	(2,311,0
OTHER INCOME (EXPENSE)			
Interest expense	(9,051)	(3,938)	(55,0
Other income	800	1	13,1
NET LOSS BEFORE INCOME TAXES	(172,820)	(157,883)	(2,352,8
INCOME TAX BENEFIT (STATE):			
Current	15,617	-	94,3
Prior years	-	-	122,2
Total Benefit	15,617	-	216,5
LOSS ACCUMULATED DURING DEVELOPMENT STAGE	$ (157,203)	$(157,883)	(2,136,2
PREFERRED STOCK DIVIDENDS DURING DEVELOPMENT STAGE			(230,6
DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE			$ (2,366,8
NET LOSS PER SHARE - Basic and Diluted	$(.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
For the Six Month Periods Ended June 30, 2001 and 2000

May 19, 1997

	2001	2000	(Date of Inception) to June 30,
SALES	$ 88,430	$ 32,389	$ 318,
COST OF GOODS SOLD	1,222	9,694	64,
Gross Profit	87,208	22,695	253,
OPERATING AND ADMINISTRATIVE EXPENSES	438,933	348,876	2,564,
OPERATING LOSS	(351,725)	(326,181)	(2,311,
OTHER INCOME AND (EXPENSE)			
Interest expense	(16,154)	(4,003)	(55,
Other income	925	2	13,
NET LOSS BEFORE INCOME TAXES	(366,954)	(330,182)	(2,352,
INCOME TAX BENEFIT (STATE):			
Current	33,026	-	94,
Prior years	-	-	122,
Total Benefit	33,026	-	216,
LOSS ACCUMULATED DURING DEVELOPMENT STAGE	$ (333,928)	$(330,162)	(2,136,
PREFERRED STOCK DIVIDENDS DURING DEVELOPMENT STAGE			(230,
DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE			$ (2,366,
NET LOSS PER SHARE - Basic and Diluted	$(.07)	$(.08)	

See accompanying notes and accountant's report.

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AIRTRAX, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
For the Six Month Periods ended June 30, 2001 and 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (333,928)	$(330,182)

Adjustments to reconcile net income to net cash consumed by operating activities:		
Depreciation and amortization	16,590	17,024
Value of common stock issued for services	18,767	41,956
Accrual of deferred tax benefit	(33,026)	
Changes in current assets and liabilities:		
(Decrease) increase in accounts payable and accrued liabilities	(95,162)	261,279
Decrease (Increase) in prepaid expense	-	-
Decrease (increase) in accounts receivable	21,428	69,893
Decrease (increase) in inventory	46,211	(276,184)
Net Cash Consumed By Operating Activities	(359,120)	(216,214)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of equipment	(18,907)	(1,449)
Additions to patent cost	-	(20,886)
Net Cash Consumed By Investing Activities	(18,907)	(22,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds of common stock sales	320,801	164,763
Proceeds of borrowing	-	48,810
Proceeds of stockholder loans	1,400	-
Receipt of contract deposit	50,000	-
Preferred stock dividends paid in cash	-	-
Net Cash Provided By Financing Activities	372,201	213,573
Net Increase (Decrease) In Cash	(5,826)	(24,976)
Balance at beginning of period	23,663	48,652
Balance at end of period	$ 17,837	$ 23,676

See accompanying notes and accountant's report.

AIRTRAX, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Of Company

The Company was formed April 17, 1997. On May 19, 1997, it merged with a predecessor which had initiated and advanced the development of omni-directional technology. On November 5, 1999, the Company merged with MAS Acquisition IX Corp. ("MAS"), a reporting company under Federal securities law. Pursuant to this merger agreement, the Company assumed the reporting status of MAS. In both merger transactions, the Company was the surviving entity. For financial accounting purposes, the reverse merger with MAS was accounted for as a pooling of interests.

Business

The Company has designed a forklift vehicle using omni-directional technology obtained under a contract with the United States Navy Surface Warfare Center in Panama City, Florida. The right to exploit this technology grew out of a Cooperative Research and Development Agreement with the Navy. Significant resources have been devoted during the past two years to the construction of a prototype of this omni-directional forklift vehicle. It is expected to be in full commercial production during the fourth quarter of 2001. At that time, it will be offered to industrial users.

The Company has also developed a traditional helicopter ground handling machine which has been marketed by the Company on a limited basis.

Development Stage Accounting

The Company is a development stage company, as defined in Financial Accounting Standards (FAS) Statement No. 7. Generally accepted accounting principles that apply to established operating enterprises govern the recognition of revenue by a development stage enterprise and the accounting for costs and expenses. From inception to June 30, 2001, the Company has been in the development stage and all its efforts have been devoted to the development of a forklift vehicle with omni-directional technology that is suitable for market. Only small amounts of revenue have been realized through June 30, 2001.

Basis of Presentation

The Company has incurred losses from inception to June 30, 2001 of $2,136,252. Activities have been financed primarily through private placements of equity securities. The Company may need to raise additional capital through the issuance of debt or equity securities to fund its operations.

1. continued

Cash

For purposes of the statements of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventory consists principally of component parts and supplies which are being used to assemble forklift vehicles. Inventories are stated at the lower of cost (determined on a first in-first out basis) or market.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed by using accelerated methods, with useful lives of seven years for furniture and shop equipment and five years for computers and automobiles.

Income Taxes

Deferred income taxes are recorded to reflect the tax consequences or benefits to future years of temporary differences between the tax bases of assets and liabilities, and of net operating loss carryforwards.

Intangible Assets

Patents

The Company incurred costs to acquire and protect certain patent rights. These costs were capitalized and are being amortized over a period of fifteen (15) years on a straight-line basis.

Prototype Equipment

The cost of developing and constructing the prototype omni-directional helicopter handling vehicle and the omni-directional forklift vehicle is expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimated.

AIRTRAX, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

1. continued

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values at June 30, 2001.

Advertising Costs

The Company expenses advertising costs when the advertisement occurs. Advertising costs amounted to $8,274 in the second quarter of 2001. These costs were $18,201 in the first six months of 2001 and $16,175 in the comparable 2000 period.

Segment Reporting

Management treats the operations of the Company as one segment.

Revenue Recognition

Revenue is realized from product sales. Recognition occurs upon delivery.

Common Stock

Common stock is often issued in return for product, services, and as dividends on the preferred stock. These issuances are assigned values equal to the value of the product or service received or the market value of the common stock, with appropriate discounts, whichever is most clearly evident.

2. RELATED PARTY TRANSACTIONS

During the year 2000, 95,558 shares of common stock of the Company were issued in lieu of cash dividends on the preferred stock in the amount of $56,751, as permitted by the terms of the preferred stock issue. The preferred stock is wholly owned by the majority shareholder (see Note 4 for description of the preferred stock). This majority shareholder is a corporation wholly owned by the president of the Company.

During the year 2000, a total of 129,999 shares were issued to the President and Vice President of the Company pursuant to their respective employment agreements, yielding a total of $60,851. Three non-employee directors each received 5,000 shares of common stock during 2000 upon exercise of their director options yielding a total of $7,500. During the six months ended June 30, 2001, one director received 5,000 shares of common stock upon exercise of director options, yielding $2,500. In addition, the majority stockholder purchased 33,334 shares for $50,001 during the 2000 period. The majority shareholder corporation made loans to the Company during 1999 and 2000. The related notes accrued interest at 12%, which totaled $5,519 for the year 2000 and $1,400 for the six months ended June 30, 2001. The unpaid balance of principal and interest was $24,714 at June 30, 2001, and was due on demand.

During 2000, a board member received 5,539 shares of common stock in exchange for professional services rendered to the Company valued at $9,000, and an affiliate of a board member received 2,097 shares of common stock in exchange for professional services rendered to the Company valued at $6,208. During the six months ended June 30, 2001, an affiliate of a board member received 2,657 shares of common stock, valued at $3,985, in exchange for professional services.

Since June 1999, the Company has made its headquarters in premises owned by the Company president, which to date has been rent free.

3. PRIVATE PLACEMENT OFFERINGS

The Company conducted private placement offerings during 2000 and the first half of 2001. These offerings were exempt under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. A total of 330,719 shares of common stock was sold under the offerings during 2000 and 212,199 shares during the first half of 2001, resulting in net proceeds of

$430,858 and $318,301, respectively.

AIRTRAX, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

4. PREFERRED STOCK

The Company is authorized to issue 500,000 shares of preferred stock, without par value. At June 30, 2000, 275,000 of these shares had been issued. Each of these shares entitles the holder to a 5% cumulative dividend based on a $5 per share stated value. If sufficient cash is not available, or at the option of the shareholder, these dividends may be paid in common stock. If payment is in stock, it is to be valued at a price calculated at thirty percent of the lower of the last price traded in either a public or private transaction during the applicable quarter. This issue of preferred stock also provides a voting right of 10 votes for each share. The holder of this preferred stock is the majority shareholder of the Company, which is a corporation wholly owned by the Company's President and Chairman.

Dividends of $68,750 accrued on this issue of preferred stock during the year 2000; an additional $34,375 accrued during the first half of 2001. During 2000, the holder received dividends in the form of 95,558 shares of common stock, which were valued at $56,751. At June 30, 2001, $46,374 of dividends remains unpaid.

The characteristics of the remaining 225,000 preferred shares authorized have not been specified.

AIRTRAX, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

5. LOSS PER SHARE

Basic and diluted loss per share is based on the net loss divided by the weighted average number of common shares outstanding during the period.

Six Months Ended June 30, 2001

	Income (Loss)	Weighted Average Shares Outstanding	Per Share Amount
Net loss	$(333,928)		
Adjustment for preferred stock dividends	(34,375)		
Loss allocable to common shareholders - Basic and Diluted	$(368,303)	5,243,331	$ (.07)
	Three Months Ended June 30, 2001		
Net loss	$(157,203)		
Adjustment for preferred stock dividends	(17,188)		
Loss allocable to common shareholders - Basic and Diluted	$(174,391)	5,315,137	$ (.03)
	Six Months Ended June 30, 2000		
Net loss	$(330,182)		
Adjustment for preferred stock dividends	(34,375)		
Loss allocable to common shareholders - Basic and Diluted	$(364,557)	4,618,160	$ (.08)
	Three Months Ended June 30, 2000		
Net loss	$(157,883)		
Adjustment for preferred stock dividends	(17,188)		
Loss allocable to common shareholders - Basic and Diluted	$(175,071)	4,673,771	$ (.04)

6. INCOME TAXES

The Company has experienced losses each year since its inception. As a result, it has incurred no Federal income tax. The Internal Revenue Code allows net operating losses (NOL's) to be carried forward and applied against future profits for a period of twenty years. At December 31, 2000, the Company had NOL carryforwards of $1,885,253 available for Federal taxes and $586,773 for New

Jersey taxes. The potential tax benefit of the state NOL's has been recognized on the books of the Company; the potential benefit of the Federal NOL's has been offset by a valuation allowance. If not used, these Federal carryforwards will expire as follows:

2017	$129,092
2018	486,799
2019	682,589
2020	586,773

During the year 2000, the Company realized $122,561 from the sale, as permitted by New Jersey law, of its rights to use the New Jersey NOL'S and research and development credits that had accrued through December 31, 1999. These potential New Jersey offsets are, thus, no longer available to the Company.

Under Statement of Financial Accounting Standards No. 109, recognition of deferred tax assets is permitted unless it is more likely than not that the assets will not be realized. At June 30, 2001, the Company has recorded deferred tax assets as follows:

	Current	Non-current	Total
Deferred Tax Assets	$207,847	$623,616	$831,463
Valuation Allowance	113,536	623,616	737,152
Balance Recognized	$ 94,311	$ -	$ 94,311

The entire balance of the valuation allowance relates to Federal taxes. Since state tax benefits for years prior to 2000 were realized during the year 2000, no reserve is deemed necessary for the benefit of state tax losses of 2000 or 2001.

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AIRTRAX, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

7. RENTALS UNDER OPERATING LEASES

Office equipment is leased under an operating lease that expires in June 2003. The following is a schedule of future minimum rental payments required under the operating lease:

Year Ending December 31,	Amount
2001(Remainder)	$ 3,429
2002	6,857
2003	2,857
	$13,143

During the second quarter of 2001, the Company entered a month-to-month lease of warehouse space in New Jersey. A total of $10,500 was incurred for rent expense during the six months ended June 30, 2001. Rent expense amounted to

$2,856 in the 2000 period.

8. SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Cash paid for interest and income taxes is presented below:

	Six Months Ended June 30, 2001	2000	Three Months Ended June 30, 2001	2000
Interest	$ -	$1,142	-	$1,077
Income taxes	-	200	-	-

There were no noncash investing activities during the 2001 period or the 2000 period. The following noncash financing activity occurred:

a. Shares of common stock were issued for services during both years. These totaled 19,669 shares during the six months ended June 30, 2000 and 12,757 shares during the six months ended June 30, 2001.

b. Common stock totaling 57,272 shares was issued to satisfy the Company obligation under a merger agreement (see Note 9).

9. CONTINGENCIES

Pursuant to agreements relating to the merger transaction with MAS, the Company was required to issue 114,867 shares of common stock to former shareholders of MAS (MAS Common Stock) and make a cash payment to an affiliate of the majority shareholder of MAS in the amount of $25,000. The Company asserted claims against the majority shareholder. The claims involved the amount of the MAS Common Stock and the cash due to the majority shareholder and affiliate under the merger agreement. This matter was settled during the first quarter of 2001 by the issuance of 57,272 share of common stock.

The Company had an employment agreement with its president, which expired December 31, 2000. The agreement provided, in part, for options permitting the president to acquire up to 50,000 shares of common stock per year, with portions of these options accumulating if not exercised. Options were exercised for 100,000 shares during the year 2000; these yielded proceeds of $48,376. There were no options outstanding at December 31, 2000. A renewal of the president's contract is currently being discussed and a new contract is expected to be executed shortly.

In May 2001, the Company entered into a Memorandum of Understanding ("MOU") with Management Assistance & Concepts Corporation ("MACC"). Under the provisions of the MOU, MACC would establish a facility in West Virginia to assemble up to 70% of Company forklift requirements for the United States. MACC would also be required to purchase existing Company inventory of approximately $700,000, and to purchase $1,300,000 of common stock. The number of shares to be issued would be between 371,428 and 433,332, depending on the market value of Company stock during a six month period following issuance. The parties are presently negotiating a definitive agreement. In addition, MACC paid the Company $50,000 as a deposit under the MOU. The deposit is non refundable. If an agreement can not be reached for reasons outside of the control of AirTrax, the deposit will be converted to common stock at a price of $3.50 per share.

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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. Certain of the statements contained in this Quarterly Report on Form 10-QSB includes "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, 2000 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 the period ended December 31, 2000 for a broader discussion of such risks and uncertainties.

Results of Operations

Six Months Ended June 30, 2001 compared with Six Months Ended June 30, 2000.

For the period ended June 30, 2001 and comparable period in 2000, 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. 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, 2001 were $52,463 compared with $4,800 in revenues for the same period in 2000. Revenues for the 2001 period consisted principally of contract revenues from the United States Navy.

Cost of sales for the 2001 and 2000 periods were $1,222 and $3,795, respectively, representing parts and manufacturing costs for the non omni-directional product.

General and administrative expenses which includes administrative salaries and overhead for the six month period in 2001 totaled $438,933 compared with $348,876 for the same period in 2000. The increase of $90,057 for the 2001 period is principally due to marketing and promotional expenses that occurred in the second quarter of 2001 and increases in prototype development costs of the omni-directional wheel that occurred during the six month period. Net loss for the six month period in 2001 applicable to common shareholders was $333,928 or $0.07 per common share, compared with a net loss applicable to common shareholders of $330,162 or $0.08 per common share for the prior period.

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Liquidity and Capital Resources

Since its inception, the Company has financed its operations through the private placement of its common stock. During 2000, the Company raised $430,858 net of offering costs from the private placement of 330,719 shares of its common stock. During the first quarter of 2001, the Company raised $318,301 net of offering costs from the private placement of 212,199 shares of its common stock.

As of June 30, 2001, the Company's working capital was $72,310.

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, which is projected to occur during 2001. 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 formal arrangements have been finalized.

In this regard, in May 2001, the Company entered into a Memorandum of Understanding ("MOU") with Management Assistance & Concepts Corporation ("MACC"). The MOU provides that MACC will establish a facility in West Virginia to assemble up to 70% of the Company's forklifts for the territory of the United States. MACC also is required to purchase existing inventory of the Company with an approximate value of $700,000, and to purchase 371,428 shares of common stock for a total of $1,300,000 at prices ranging from $1.50 to $4.67 per share. In addition, MACC paid the Company $50,000 as deposit under the MOU. The deposit is a non refundable deposit if a mutually acceptable agreement can not be reached within an agreed period of time, provided that, if an agreement can not be reached for reasons within AirTrax's control, the amount is converted to common stock of the Company at $3.50 per share. The MOU is subject to the execution of a definitive agreement. Presently, the parties are negotiating a definitive agreement, however, as of the date of this report, such an agreement has not been executed.

No assurances can be given that the Company will negotiate a definitive agreement with MACC or will be otherwise 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 projected rollout of its product and likely will have a material adverse impact on the Company and its business prospects (See disclosure relating to cautionary statements in the Company's Annual Report on Form 10-KSB for the period ending December 31, 2000).

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Total assets, net of accumulated depreciation, totaled $965,636 on June 30, 2001. Total assets, net of accumulated depreciation, totaled $1,003,758 on December 31, 2000.

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.

None.

SIGNATURES

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 9, 2001

/s/Peter Amico

Peter Amico
President and
Principal Financial Officer