

GULFSTREAM INTERNATIONAL GROUP INC
Form 10-Q
November 14, 2008

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

FORM 10-Q

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended: September 30, 2008

or

**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: 001-33884

GULFSTREAM INTERNATIONAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction
of incorporation or organization)*

20-3973956

*(I.R.S. Employer
Identification No.)*

3201 Griffin Road, 4th Floor, Fort Lauderdale, Florida 33312

(Address of Principal Executive Office) (Zip Code)

(954) 985-1500

(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 Yes No for the past 90 days.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a
smaller
reporting company)

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

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

Common stock outstanding at November 14, 2008: 2,959,600 shares.

Gulfstream International Group, Inc.

Quarterly Report On Form 10-Q

Table of Contents

PART I FINANCIAL INFORMATION

PAGE

Item 1. Financial Statements.

1

Consolidated Balance Sheets

1

Consolidated Statements Of Operations

2

Consolidated Statements Of Stockholders' Equity

3

Consolidated Statements Of Cash Flows

4

Notes To Consolidated Financial Statements

5

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

12

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

21

Item 4. Controls and Procedures.

21

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

22

Item 1A. Risk Factors.

22

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

23

Item 3. Defaults Upon Senior Securities.

23

Item 4. Submission of Matters to a Vote of Security Holders.

23

Item 5. Other Information.

23

Item 6. Exhibits.

23

SIGNATURES

25

PART I FINANCIAL INFORMATION**Item 1.****Financial Statements.****GULFSTREAM INTERNATIONAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands)**

	December 31, 2007	September 30, 2008 (Unaudited)
Assets		
Cash and cash equivalents	\$ 3,938	\$ 3,489
Accounts receivable, net	2,910	3,117
Due from related entity	640	
Expendable parts	1,951	1,515
Prepaid expenses	539	463
Total Current Assets	9,978	8,584
Property and Equipment		
Flight equipment	23,855	3,562
Other property and equipment	1,533	1,678
Less - accumulated depreciation	(5,390)	(1,883)
Property and Equipment, net	19,998	3,357
Intangible assets, net	4,053	3,847
Goodwill	2,703	2,703
Deferred tax assets	1,509	4,854
Other assets	1,180	1,826
Total Assets	\$ 39,421	\$ 25,171
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 15,869	\$ 13,106
Long-term debt - current portion	2,268	6
		465

Senior debentures - current portion, net of discount and issue costs of \$0 and \$976, respectively		
Engine return liability - current portion	3,300	3,355
Air traffic liability	1,270	1,254
Deferred tuition revenue	408	415
Total Current Liabilities	23,115	18,601
Long-term Liabilities		
Long-term debt, net of current portion	6,415	
Senior debentures, net of current portion and debt issuance costs of \$0 and \$1,545, respectively		2,114
Subordinated debenture, net of debt issuance costs of \$0 and \$149, respectively		851
Engine return liability, net of current portion	490	
Warrant liability		2,168
Total Liabilities	30,020	23,734
Commitments and Contingencies		
Stockholders' Equity		
Common stock	28	30
Additional paid-in capital	12,234	13,129
Common stock warrants	61	252
Accumulated deficit	(2,922)	(11,831)
Accumulated other comprehensive loss		(143)
Total Stockholders' Equity	9,401	1,437
Total Liabilities & Stockholders' Equity	\$ 39,421	\$ 25,171

The accompanying notes are an integral part of these consolidated financial statements.

GULFSTREAM INTERNATIONAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Operating Revenues				
Passenger revenue	\$ 23,319	\$ 16,754	\$ 81,732	\$ 72,105
Academy, charter and other revenue	1,986	4,312	4,943	11,268
Total Operating Revenues	25,305	21,066	86,675	83,373
Operating Expenses				
Flight operations	3,318	2,824	9,859	10,211
Aircraft fuel	6,437	7,083	18,882	25,332
Maintenance	6,226	5,317	17,816	18,870
Passenger and traffic service	5,845	4,898	17,824	17,595
Aircraft rent	1,590	1,468	4,771	4,701
Promotion and sales	1,725	1,463	5,977	5,588
General and administrative	1,690	1,655	5,310	5,499
Depreciation and amortization	943	280	2,802	2,472
Loss on disposal of equipment		496		4,963
Total Operating Expenses	27,774	25,484	83,241	95,231
Operating income (loss)	(2,469)	(4,418)	3,434	(11,858)
Non-operating (expense) income				
Interest expense	(300)	(104)	(883)	(406)
Interest Income		14		34
Other income (expense)	50	(11)	155	(23)
	(250)	(101)	(728)	(395)

Total non-operating (expense)
income

Income (loss) before provision for income taxes	(2,719)	(4,519)	2,706	(12,253)
Income tax provision (benefit)	(1,020)	(441)	1,026	(3,344)
Net income (loss)	\$ (1,699)	\$ (4,078)	\$ 1,680	\$ (8,909)
Net income (loss) per share:				
Basic	\$ (0.83)	\$ (1.38)	\$ 0.83	\$ (3.01)
Diluted	\$ (0.83)	\$ (1.38)	\$ 0.72	\$ (3.01)
Shares used in calculating net income per share:				
Basic and diluted	2,039	2,959	2,035	2,956

The accompanying notes are an integral part of these consolidated financial statements.

GULFSTREAM INTERNATIONAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Nine Months Ended September 30, 2007 and 2008
(In thousands)
(Unaudited)