CPI AEROSTRUCTURES INC
Form 10QSB
November 12, 2003

CPI AEROSTRUCTURES, INC.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended September 30, 2003

Commission File Number 1-11398

CPI AEROSTRUCTURES, INC.
(Exact Name of Small Business Issuer as Specified in its Charter)

New York	11-2520310
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

200A EXECUTIVE DRIVE, EDGEWOOD, NY 11717
(Address of Principal Executive Offices)

Telephone number (631) 586-5200
(Issuer'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 such 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 ____

The number of shares of common stock, par value $.001 per share, outstanding was 5,285,353 as of October 31, 2003.

CPI AEROSTRUCTURES, INC.
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Part I: Financial Information:

Item 1 - Consolidated Financial Statements:

CPI AEROSTRUCTURES, INC.

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors

CPI Aerostructures, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of CPI Aerostructures, Inc. and Subsidiary as of September 30, 2003, and the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2003 and 2002 and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2003 and 2002. These financial statements are responsibility of the company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the condensed consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above in order for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of CPI Aerostructures, Inc. and Subsidiary as of December 31, 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 4, 2003, except for the second paragraph of Note 15 and Note 16, as to which the date is February 19, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2002, is fairly stated in all material respects, in relation to the consolidated balance sheet from which it is derived.

/s/ Goldstein Golub Kessler LLP
GOLDSTEIN GOLUB KESSLER LLP
New York, New York
October 15, 2003

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CPI AEROSTRUCTURES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 3 2003 (Unaudite
ASSETS	
Current assets:	
Cash	$3,712,0
Accounts receivable	2,334,3
Costs and estimated earnings in excess of billings on uncompleted contracts	15,620,5

Deferred income taxes, net of valuation allowance of $928,000 and $900,000, respectively	651,0
Prepaid expenses and other current assets	67,5
Assets held for sale - discontinued operations	-
Total current assets	22,385,5
Property, plant and equipment, net	313,6
Deferred income taxes, net of valuation allowance of $ -0- and $2,910,000, respectively	-
Other assets	179,2
Total assets	$22,878,3
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$4,495,1
Accrued expenses	340,0
Current portion of long-term debt	20,1
Total current liabilities	4,855,3
Long-term debt	32,6
Total liabilities	4,888,0
Commitments and contingencies	
Shareholders' equity:	
Common stock - $.001 par value; authorized 50,000,000 shares, 5,285,353 and 2,785,668 issued and outstanding	5,2
Additional paid - in capital	21,159,8
Accumulated deficit	(3,174,7
Shareholders' equity	17,990,3
Total liabilities and shareholders' equity	$22,878,3

See Notes to Condensed Consolidated Financial Statements

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CPI AEROSTRUCTURES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended Sept 30, 2003	2002	For the Nin 2003
	(Unaudited)		
Revenue	$7,851,067	$7,088,614	$20,752,
Cost of sales	5,329,091	4,878,932	14,049,
Gross profit	2,521,976	2,209,682	6,703,
Selling, general and administrative expenses	723,160	775,867	2,362,
Income from operations	1,798,816	1,433,815	4,340,
Other income (expense):			
Interest/other income (expense)	5,577	(618)	13,
Interest (expense)	(825)	(185,997)	(142,
Gain on extinguishment of debt	-----	-----	2,431,
Total other income (expenses), net	4,752	(186,615)	2,302,
Income from continuing operations	1,803,568	1,247,200	6,643,
Gain on sale of assets held for sale - discontinued operations	41,236	-----	461,
Income before provision for income taxes	1,844,804	1,247,200	7,104,
(Provision for) benefit from income taxes	-----	1,000	--
Net income	$1,844,804	$1,248,200	$7,104,
Basic net income per common share:			
Income from continuing operations	$ 0.34	$ 0.46	$1
Gain on sale of assets held for sale - discontinued operations	0.01	-----	0
Earnings per common share - basic	$ 0.35	$ 0.46	$1
Diluted net income per common share:			
Income from continuing operations	$ 0.29	$ 0.38	$1
Gain on sale of assets held for sale - discontinued operations	0.01	-----	0
Earnings per common share - diluted	$ 0.30	$ 0.38	$1
Shares used in computing earnings per common share:			
Basic	5,217,733	2,734,898	4,730,
Diluted	6,053,689	3,299,098	5,426,

See Notes to Condensed Consolidated Financial Statements

CPI AEROSTRUCTURES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30,	20
Cash flows from operating activities:	
Net income from continuing operations	$6,643,2
Adjustments to reconcile net income from continuing operations to net cash used in operating activities:	
Depreciation and amortization	91,6
Warrants issued for consulting fees	60,5
Common stock issued for bank fees	88,6
Gain on extinguishment of debt	(2,431,2
Deferred portion of provision for income taxes	-
Changes in operating assets and liabilities:	
Increase in accounts receivable	(2,5
Increase in costs and estimated earnings in excess of billings on uncompleted contracts	(4,238,4
Decrease in prepaid expenses and other current assets	397,9
Decrease in other assets	---
Increase (decrease) in accounts payable and accrued expenses	(367,6
Net cash provided by (used in) operating activities	242,1
Cash used in investing activities - purchase of property, plant and equipment	(182,3
Cash flows from financing activities:	
Net repayment of long-term debt	(5,580,2
Proceeds from exercise of stock options	642,5
Proceeds from public offering	7,756,6
Net cash provided by (used in) financing activities	2,818,9
Net cash provided by (used in) continuing operations	2,878,6
Net cash from discontinued operations	741,9
Net increase (decrease) in cash	3,620,5
Cash at beginning of period	91,5
Cash at end of period	$3,712,0
Supplemental disclosures of cash flow information:	
Cash paid during the period for:	
Interest	$108,1
Income taxes	$8,6

See Notes to Condensed Consolidated Financial Statements

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CPI AEROSTRUCTURES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. INTERIM FINANCIAL STATEMENTS:

The financial statements as of September 30, 2003 and for the nine months ended September 30, 2003 and 2002 are unaudited, however, in the opinion of the management of the Company, these financial statements reflect all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position of the Company and the results of operations for such interim periods are not necessarily indicative of the results to be obtained for a full year.

The Company has elected to apply Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock options issued to employees (intrinsic value) and has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation. Had the Company elected to recognize compensation cost based on the fair value of the options granted at the grant date as prescribed by SFAS No. 123, the Company's net income and income per common share would have been adjusted as follows:

Three months ended September 30,	2003	2002
Net income - as reported	$1,844,804	$ 1,248,200
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	347,967	74,819
Net income - pro forma	$1,496,837	$ 1,173,381
Basic income per share - as reported	$0.35	$0.46
Basic income per share - pro forma	$0.29	$0.43
Diluted income per share - as reported	$0.30	$0.38
Diluted income per share - pro forma	$0.25	$0.36

Nine months ended September 30,	2003	2002
Net income - as reported	$7,104,477	$2,793,892
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	513,482	1,769,911
Net income - pro forma	$6,590,995	$1,023,981
Basic income per share - as reported	$1.50	$1.03

Basic income per share - pro forma	$1.39	$0.38
Diluted income per share - as reported	$1.31	$0.89
Diluted income per share - pro forma	$1.21	$0.33

2. COSTS AND ESTIMATED EARNINGS IN EXCESS OF BILLINGS ON UNCOMPELTED CONTRACTS:

Costs and estimated earnings in excess of billings on uncompleted contracts consist of:

	U.S. Government	Commercial	Total
Costs incurred on uncompleted contracts	$27,211,678	$13,178,944	$40,390,622
Estimated earnings	13,189,248	6,104,282	19,293,530
	40,400,926	19,283,226	59,684,152
Less billings to date	26,885,212	17,178,384	44,063,596
Costs and estimated earnings in excess of billings on uncompleted contracts	$13,515,714	$2,104,842	$15,620,556

December 31, 2002

	U.S. Government	Commercial	Total
Costs incurred on uncompleted contracts	$13,272,589	$13,068,603	$26,341,192
Estimated earnings	6,508,822	5,969,156	12,477,978
	19,781,411	19,037,759	38,819,170
Less billings to date	10,429,184	17,007,880	27,437,064

Costs and estimated earnings in excess of billings on uncompleted contracts	$9,352,227	$ 2,029,879	$11,382,106

3. EARNINGS PER COMMON SHARE:

Basic earnings per common share are computed using the weighted average number of shares outstanding. Diluted earnings per common share is computed using the weighted-average number of shares outstanding adjusted for the incremental shares attributed to outstanding options and warrants to purchase common stock. Incremental shares of 835,956 and 695,342 were used in the calculation of diluted earnings per common share in the three-month and nine-month periods, ended September 30, 2003, respectively.

4. DEBT AND EQUITY:

Debt consists of the following:

	Sept 30,2003	Dec 31,2002
Revolving Credit Facility	-----	-----
Notes payable - banks	-----	$3,017,572
Note payable - seller	-----	4,898,034
Capitalized lease obligations payable	$52,852	148,746
		8,064,352
Less current portion	20,196	8,024,160
Long-term debt	$32,656	$ 40,192

The Company leases equipment under capital leases, which expire at various dates through December 2007. The leases require monthly aggregate payments of $11,064, including interest at 9.35%. Proceeds of approximately $674,000 were received during 2002 upon the sale of certain leased equipment, which amount was remitted to the owners of the equipment.

In September, 2003, the Company entered into a three year, $5.0 million revolving credit facility with JP Morgan Chase Bank, secured by the assets of the Company. The facility specifies interest rates that range between the Prime Rate and 225 basis points over LIBOR, depending on certain terms and conditions. The Company has not borrowed any funds pursuant to this facility.

At December 31, 2002, the Company had in place three notes payable to banks and a note payable - seller, related to its discontinued Kolar, Inc. operation. The notes payable - banks were each collateralized and called for monthly installments, each under independent terms and conditions. The note payable -- seller totaled approximately $4,898,000.

In February 2003, the Company consummated the public offering of 2,300,000 shares of common stock, which provided the Company with net proceeds of $7,757,000.

Each of the notes payable to banks and the note payable - seller were extinguished in conjunction with the February 2003 public offering of the Company's common stock. In conjunction with the repayment of the note payable -- seller, the Company recognized a gain of $2,431,233.

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CPI AEROSTRUCTURES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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5. INCOME TAXES:

There was no provision for income taxes for the quarter ended September 30, 2003 due to the utilization of federal and state net operating loss carryforwards.

6. CONTINGENCIES

In connection with the publication of a newspaper article about the Company prior to the public offering of 2,300,000 common shares on February 19, 2003, the Company may, upon the occurrence of certain future events through February 19, 2004, be required to return to certain investors all or part of their purchase price. The net proceeds to the Company from the offering therefore could be reduced.

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CPI AEROSTRUCTURES, INC.
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

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The following discussion should be read in conjunction with the Company's Consolidated Financial Statements and footnotes thereto contained in this report.

Forward Looking Statements

The statements discussed in this Report include forward looking statements that involve risks and uncertainties, including the timely delivery and acceptance of the Company's products and the other risks detailed from time to time in the Company's reports filed with the Securities and Exchange Commission.

Critical Accounting Policies

Revenue Recognition

Revenue is recognized from contracts over the life of the contract utilizing the percentage-of-completion (POC) method of accounting. Under the POC method of accounting, revenue and gross profit are recognized as work is performed, based on the relationship between actual costs incurred and total estimated costs at the completion of the contract. Recognized revenue that will not be billed under the terms of the contract until a later date are recorded as an asset captioned "Costs and estimated earnings in excess of billings on uncompleted contracts." Changes to the original estimates may be required during the life of the contract. Estimates are reviewed monthly and the effect of any change in the estimated gross margin percentage for a contract is reflected in cost of sales in the period the change becomes known. The use of the POC method of accounting involves considerable use of estimates in determining revenue, costs and profits and in assigning the amounts to accounting periods. We continually evaluate all of the issues related to the assumptions, risks and uncertainties inherent with the application of the POC method of accounting.

Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We record a valuation allowance that represents federal and state operating loss carryforwards for which utilization is uncertain. Management judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and the valuation allowance recorded against our net deferred tax assets. The valuation allowance would need to be adjusted in the event future taxable income is materially different than amounts estimated. Valuation allowances of $928,000 and $3,810,000 have been recorded against our deferred tax assets at September 30, 2003 and December 31, 2002, respectively.

Material Changes in Results of Operations

The Company's revenue, for the three months ended September 30, 2003 was $7,851,067, compared with $7,088,614 for the three months ended September 30, 2002, an increase of $762,453, or 10.8%. For the nine months ended September 30, 2003, revenue increased $2,763,983, or 15.4% to $20,752,731, compared to $17,988,748 for the same period last year.

The increases in both the three-month and nine-month periods are primarily due to the increase in the value of government contracts awarded to the Company. During the third quarter of this year, new contract awards increased $700,000, or 12% to $7.2 million, compared with $6.4 million in the same quarter last year. For the nine month period ended September 30, 2003, new contract awards increased $6.8 million, or 35% to $26.6 million, compared with $19.8 million for the same period last year.

Gross profit for the three months ended September 30, 2003 was $2,521,976, or 32% of revenue, compared with $2,209,682, or 31% of revenue for the quarter ended September 30, 2002. For the nine months ended September 30, 2003 gross profit was $6,703,307, or 32% of revenue, compared with $5,438,856, or 30% of revenue for the first nine months of last year. The improvement in gross profit margin as a percentage of sales is due primarily to a more favorable product mix.

Selling, general, and administrative expenses for the three months ended September 30, 2003 were $723,160, or 9% of revenue, compared with $775,867, or 11% of revenues for the same period last year. For the nine-month period ended September 30, 2003, selling, general and administrative expenses were $2,362,480, or 11% of revenue, compared with $1,800,641, or 10% of revenues for the same period last year.

During the quarter ended September 30, 2003, selling, general and administrative expenses decreased $52,707, or 7%, reflecting a decrease in our legal and accounting costs, compared with the prior year, offset by smaller increases in other general and administrative costs associated with the higher level of business activity. For the nine months ended September 30, 2003, selling, general and administrative expenses increased $561,839, or 31%, due to higher costs associated with the higher level of business activity offset slightly by a decline in legal and accounting costs compared with the same period last year.

The resulting income from operations, for the three months ended September 30, 2003 increased $356,001, or 25% to $1,798,816, or 23% of revenue, compared with $1,433,815, or 20% of revenue for the same period last year. For the nine months ended September 30, 2003, income from operations increased $702,612, or 19% to $4,340,827, or 21% of revenue, compared with $3,638,215, or 20% of revenue for the same period last year.

For the three months ended September 30, 2003, the Company had interest income of $4,752, compared with net interest expense of $186,615 for the same period last year. Net interest expense for the nine months ended September 30, 2003 was $128,818, compared with $315,323 for the same period last year. In February of 2003, the Company's early extinguishment of approximately $2.4 million of bank debt and a seller note payable, of approximately $4.9 million, resulted in larger interest charges in the first quarter of fiscal 2003, however, the second and third quarters of fiscal 2003 have benefited from the significant reduction in interest bearing debt.

Included in other income for the nine months ended September 30, 2003, is a gain of $2,431,233 from the early extinguishment of the note payable-seller.

Income from continuing operations for the three months ended September 30, 2003 was $1,803,568, or 23 % of revenue, as compared with $1,247,200, or 18% of revenue for the same period last year. The improvement resulted from the improved gross profit margin, lower selling general and administrative expenses and the reduction in interest expense. For the nine months ended September 30, 2003, income from continuing operations was $6,643,242, or 32% of revenue, compared with $3,322,892, or 18% of revenue for the same period last year. The increase in income from continuing operations for the nine-month period was due primarily to a gain on the early extinguishment of debt of $2.4 million, which was realized in conjunction with the public offering of 2.3 million shares of the Company's common stock in February 2003 as well as the variations discussed above.

During the three months ended September 30, 2003, the Company realized a one time gain on the disposal of assets held for sale - discontinued operations of $41,236, bringing the total gain on the disposal of assets held for sale - discontinued operations for the nine month period ended September 30, 2003 to $461,235, compared to zero in the prior year periods.

As a result, income before provision for income taxes for the three months ended

September 30, 2003 was $1,844,804, or 23% of revenue, compared with $1,247,200, or 18% of revenue for the same period last year. For the nine months ended September 30, 2003, income before provision for income taxes was $7,104,477, or

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34% of revenue, compared with $3,322,892, or 18% of revenue for the same period last year. Due to losses incurred in prior years, the Company was able to partially realize the benefit of its net operating loss carryforward during the quarter and nine month periods, resulting in a reversal of a previously established valuation allowance and no provision for taxes for the three-month and nine-month periods ended September 30, 2003.

Net income for the quarter was $1,844,804, or $0.35 per share, compared with $1,248,200, or $0.46 per share for the same period last year. For the nine months ended September 30, 2003, net income was $7,104,477 or $1.50 per share, compared with $2,793,892, or $1.03 per share for the same period last year.

Diluted earnings per share, for the three months ended September 30, 2003, were $0.30, calculated utilizing 6,053,689 diluted average shares outstanding for the period, compared with diluted net income per share of $0.38, calculated utilizing 3,299,098 diluted average shares outstanding for the same period last year.

Diluted earnings per share, for the nine months ended September 30, 2003, were $1.31, calculated utilizing 5,426,145 diluted average shares outstanding for the period, compared with diluted net income per share of $0.89, calculated utilizing 3,136,626 diluted average shares outstanding for the same period last year.

Material Changes in Financial Condition

At September 30, 2003, the Company had working capital of $17,530,176, compared with $1,975,574, at December 31, 2002, an increase of $15,554,602. This increase is primarily attributable to the public offering of 2.3 million shares of common stock consummated in February 2003, which provided the Company with net proceeds of $7,757,000 and year to date net income of $7,104,477. The net proceeds of the offering were used to repay approximately $2,433,000 of the Company's bank debt, and approximately $4,898,000 of note payable - seller, at a discount of $2,431,000, plus accrued interest of approximately $233,000. The discount was recorded as a gain on the early extinguishment of the note payable-seller. The remaining net proceeds of the public offering of $2,660,000 were available to fund continuing operations.

A large portion of the Company's cash is used in paying for materials and processing costs associated with contracts that are in process and which do not provide for progress payments. These costs are components of "Costs and estimated earnings in excess of billings on uncompleted contracts" on the Company's balance sheet and represent the aggregate costs and related earnings for uncompleted contracts for which the customer has not yet been billed. These costs and earnings are recovered upon shipment of products and presentation of billings in accordance with contract terms.

Net cash provided by operating activities for the nine-month period ended September 30, 2003 was $237,920, compared with net cash used in operating activities of $74,762 for the same period last year.

Liquidity and Capital Resources

The Company currently finances its operations through a combination of existing resources and cash provided by operations. In September 2003, the Company entered into a three year, $5.0 million revolving credit agreement with JPMorgan Chase Bank. The facility provides the Company with up to $5.0 million, based upon percentages of certain assets and certain terms and conditions. The proceeds of this facility are intended to partially finance the Company's ongoing working capital requirements. The Company has not borrowed any funds pursuant to this agreement as the Company's liquidity and capital resources were significantly improved as a result of the consummation of the public offering in February 2003, and further enhanced by net cash provided by operating activities. The Company believes that its current liquidity and capital resources are sufficient to meet its needs for the foreseeable future.

Contractual Obligations

The table below summarizes contractual obligations as of September 30, 2003 and the effects these obligations are expected to have on liquidity and cash flow in the future years.

Contractual Obligations	Payments Due By Period ($)		
	Total	Less than 1 year	1-3 years
Short-Term Debt	$ -0-	$ -0-	$ -0-
Capital Lease Obligations	52,852	20,196	30,144
Operating Leases	-0-	-0-	-0-
Employment Agreement Compensation *	1,216,780	628,960	587,820
Total Contractual Cash Obligations	$ 1,269,632	$649,156	$617,964

* The employment agreements provide for bonus payments that are excluded from these amounts.

Item 3 - Controls and Procedures

An evaluation of the effectiveness of the Company's disclosure controls and procedures as of September 30, 2003 was made under the supervision and with the participation of the Company's management, including the chief executive officer and chief financial officer. Based on that evaluation, they concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. During the most recently completed fiscal quarter, there has been no significant change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II: Other

Item 2. - Change in Securities and Use of Proceeds

c) Recent sale of Unregistered Securities

During the three months ended September 30, 2003, the Company made the following sales of unregistered securities:

Date of Sale	Title of Security	Number Sold or Forfeited	Consideration Received and Description of Underwriting or Other Discounts to Market Price Afforded to Purchaser	Exemption from Registration Claimed
7/14/03	Common Shares	1,500	Common Stock issued upon the exercise of options at $6.35 per share; $9,525 cash consideration received by the Company.	4(2)
8/4/03	Common Shares	168,001	Common Stock issued upon the exercise of options at prices per share ranging from $2.00 to $6.35; $622,196 cash consideration received by the Company	4(2)
9/2/03	Common Shares	5,000	Common Stock issued upon the exercise of options at $1.65 per share; $8,250 cash consideration received by the Company	4(2)

Item 6 - Exhibits and Reports on Form 8 - K

a) Exhibit 31--Rule 13a-14 (a) and 15d-14(a) Certifications
Exhibit 32--Section 1350 Certifications

b) During the three months ended September 30, 2003, the Company filed one current report on Form 8 - K, dated July 31, 2003, which Form 8 - K reported events under Items 7 and 12.

SIGNATURE

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CPI AEROSTRUCTURES, INC.

Dated: November 7, 2003 By: /S/ Edward J. Fred

Edward J. Fred
Chief Executive Officer, President,
(Principal Executive Officer),
Secretary and Director

Dated: November 7, 2003 By: /S/ Anthony M. D'Agostino

Anthony M. D'Agostino
Chief Financial Officer,
(Principal Accounting and
Financial Officer)