

JOE'S JEANS INC.
Form 10-Q
April 08, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended February 28, 2010

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: 0-18926

JOE S JEANS INC.

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation or organization)

11-2928178

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

2340 South Eastern Avenue, Commerce, California

(Address of principal executive offices)

90040

(Zip Code)

(323) 837-3700

(Registrant's telephone number, including area code)

NO CHANGE

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

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 for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock outstanding as of April 8, 2010 was 62,986,387

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QUARTERLY REPORT ON FORM 10-Q

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****JOE S JEANS INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except per share data)

	February 28, 2010 (unaudited)	November 30, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,623	\$ 13,195
Accounts receivable, net	2,119	1,731
Inventories, net	27,539	22,887
Due from related parties	210	210
Deferred income taxes, net	4,893	4,893
Prepaid expenses and other current assets	1,020	805
Total current assets	46,404	43,721
Property and equipment, net	3,041	3,162
Goodwill	3,836	3,836
Intangible assets	24,000	24,000
Deferred income taxes, net	4,806	4,806
Other assets	98	99
Total assets	\$ 82,185	\$ 79,624
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 15,775	\$ 13,590
Due to factor	2,740	3,129
Deferred licensing revenue	339	615
Due to related parties	290	254
Total current liabilities	19,144	17,588
Deferred rent	536	530
Total liabilities	19,680	18,118
Commitments and contingencies		
Stockholders' equity		
Common stock, \$0.10 par value: 100,000 shares authorized, 63,002 shares issued and 62,862 outstanding (2010) and 61,494 shares issued and 61,354 outstanding (2009)	6,303	6,151
Additional paid-in capital	103,758	103,605
Accumulated deficit	(44,756)	(45,450)

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Treasury stock, 140 shares	(2,800)	(2,800)
Total stockholders' equity	62,505	61,506
Total liabilities and stockholders' equity	\$ 82,185	\$ 79,624

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

Table of Contents**JOE S JEANS INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(in thousands, except per share data)

	Three months ended	
	February 28, 2010	February 28, 2009
	(unaudited)	
Net sales	\$ 23,184	\$ 16,482
Cost of goods sold	11,818	8,216
Gross profit	11,366	8,266
Operating expenses		
Selling, general and administrative	9,734	7,085
Depreciation and amortization	213	135
	9,947	7,220
Operating income	1,419	1,046
Interest expense	(91)	(106)
Income before provision for taxes	1,328	940
Income taxes	634	140
Net income	\$ 694	\$ 800
Earnings per common share - basic	\$ 0.01	\$ 0.01
Earnings per common share - diluted	\$ 0.01	\$ 0.01
Weighted average shares outstanding		
Basic	61,034	59,724
Diluted	63,133	59,724

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

Table of Contents**JOE S JEANS INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands, except per share data)

	Three months ended	
	February 28, 2010	February 28, 2009
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	\$ (1,978)	\$ (1,304)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(92)	(77)
Net cash used in investing activities	(92)	(77)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from factor borrowing, net	(389)	86
Proceeds from exercise of warrants	653	
Proceeds from exercise of options	10	
Taxes on net settled options exercised	(653)	
Payment of taxes on restricted stock units	(123)	(5)
Net cash (used in) provided by financing activities	(502)	81
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,572)	(1,300)
CASH AND CASH EQUIVALENTS, at beginning of period	13,195	3,465
CASH AND CASH EQUIVALENTS, at end of period	\$ 10,623	\$ 2,165

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

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JOE S JEANS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(in thousands)

	Common Stock Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total Stockholders Equity
Balance, November 30, 2008	59,946	\$ 5,996	\$ 102,859	\$ (69,970)	\$ (2,800)	\$ 36,085
Net income (unaudited)				800		800
Stock-based compensation, net of withholding taxes (unaudited)			229			229
Issuance of restricted stock (unaudited)	188	19	(19)			
Balance, February 28, 2009 (unaudited)	60,134	\$ 6,015	\$ 103,069	\$ (69,170)	\$ (2,800)	\$ 37,114
Balance, November 30, 2009	61,494	\$ 6,151	\$ 103,605	\$ (45,450)	\$ (2,800)	\$ 61,506
Net income (unaudited)				694		694
Stock-based compensation, net of withholding taxes (unaudited)			295			295
Exercise of warrants (unaudited)	480	48	605			653
Net settled warrants exercised (unaudited)	86	9	(9)			
Exercise of stock options (unaudited)	8	1	9			10
Net settled options exercised (unaudited)	647	65	(65)			
Taxes on net settled options exercised (unaudited)			(653)			(653)
Issuance of restricted stock (unaudited)	287	29	(29)			