

JAKKS PACIFIC INC
Form 10-Q
November 07, 2008

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

FORM 10-Q

(Mark one)

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: **0-28104**

JAKKS Pacific, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

95-4527222

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

22619 Pacific Coast Highway

Malibu, California

(Address of Principal Executive Offices)

90265

(Zip Code)

Registrant's telephone number, including area code: **(310) 456-7799**

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

		Non-accelerated filer	
		<input type="checkbox"/>	
Large accelerated filer	Accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

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

The number of shares outstanding of the issuer's common stock is 27,521,399 (as of November 6, 2008).

JAKKS PACIFIC, INC. AND SUBSIDIARIES**INDEX TO QUARTERLY REPORT ON FORM 10-Q**
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. For example, statements included in this report regarding our financial position, business strategy and other plans and objectives for future operations, and assumptions and predictions about future product demand, supply, manufacturing, costs, marketing and pricing factors are all forward-looking statements. When we use words like "intend," "anticipate," "believe," "estimate," "plan" or "expect," we are making forward-looking statements. We believe that the assumptions and expectations reflected in such forward-looking statements are reasonable and are based on information available to us on the date hereof, but we cannot assure you that these assumptions and expectations will prove to have been correct or that we will take any action that we may presently be planning. We are not undertaking to publicly update or revise any forward-looking statement if we obtain new information or upon the occurrence of future events or otherwise.

JAKKS PACIFIC, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	December 31, 2007 (*)	September 30, 2008 (Unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 241,250	\$ 192,607
Marketable securities	218	222
Accounts receivable, net of allowances for uncollectible accounts of \$1,354 and \$1,759, respectively	174,451	230,006
Inventory	75,486	110,829
Prepaid expenses and other current assets	21,733	33,482
Deferred income taxes	13,921	13,297
Total current assets	527,059	580,443
Property and equipment		
Office furniture and equipment	9,961	10,953
Molds and tooling	44,333	59,293
Leasehold improvements	5,186	5,298
Total	59,480	75,544
Less accumulated depreciation and amortization	38,073	48,901
Property and equipment, net	21,407	26,643
Investment in video game joint venture	36,090	40,562
Goodwill, net	353,340	354,993
Trademarks, net	19,568	10,492
Intangibles and other, net	26,200	19,613
Total assets	\$ 983,664	\$ 1,032,746
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 52,287	\$ 111,601
Accrued expenses	70,085	57,282
Reserve for sales returns and allowances	26,036	17,481
Income taxes payable	21,997	1,346
Total current liabilities	170,405	187,710
Deferred income taxes	6,536	6,416
Income tax payable	11,294	11,294
Other liabilities	6,432	2,052
Convertible senior notes	98,000	98,000
Total liabilities	292,667	305,472
Stockholders' equity		
Preferred stock, \$.001 par value; 5,000,000 shares authorized; nil outstanding	—	—
Common stock, \$.001 par value; 100,000,000 shares authorized; 28,275,116 and 27,508,505 shares issued and outstanding, respectively	28	28
Additional paid-in capital	312,127	290,010
Retained earnings	382,288	441,466
Accumulated comprehensive loss	(3,446)	(4,230)

Total stockholders' equity		690,997		727,274
Total liabilities and stockholders' equity	\$	983,664	\$	1,032,746

(*) Derived from audited financial statements

See notes to condensed consolidated financial statements.

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