

AeroGrow International, Inc.  
Form 10-Q  
February 13, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

\_\_\_\_\_  
FORM 10-Q  
\_\_\_\_\_

(MARK ONE)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-50888

AEROGROW INTERNATIONAL, INC.  
(Exact Name of Registrant as specified in its charter)

NEVADA  
(State or other jurisdiction  
of incorporation or organization)

46-0510685  
(IRS Employer  
Identification Number)

6075 Longbow Drive, Suite 200, Boulder, Colorado 80301  
(Address of principal executive offices)

(Zip Code)

(303) 444-7755  
(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

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required 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.

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Number of shares of issuer's common stock outstanding as of January 31, 2008: 12,050,162

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## Item 1. Condensed Financial Statements

AEROGROW INTERNATIONAL, INC.  
CONDENSED BALANCE SHEETS

	December 31, 2007 (Unaudited)	March 31, 2007
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,729,822	\$ 5,495,501
Restricted cash	86,256	84,363
Accounts receivable, net of allowance for doubtful accounts of \$182,231 and \$80,695 at December 31, 2007 and March 31, 2007, respectively	6,705,924	1,884,743
Other receivables	286,342	182,221
Inventory	5,791,752	3,940,614
Prepaid expenses and other	947,135	480,990
<b>Total current assets</b>	<b>17,547,231</b>	<b>12,068,432</b>
Property and equipment, net of accumulated depreciation of \$636,133 and \$322,405 at December 31, 2007 and March 31, 2007, respectively	1,367,314	909,496
Other assets		
Intangible assets, net of \$14,157 and \$6,659 of accumulated amortization at December 31, 2007 and March 31, 2007, respectively	54,948	28,723
Deposits	102,659	35,155
	157,607	63,878
<b>Total Assets</b>	<b>\$ 19,072,152</b>	<b>\$ 13,041,806</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current portion - capital lease obligations	\$ 124,331	\$ -
Due to factor	4,450,538	645,151
Accounts payable	3,656,668	3,192,734
Accrued expenses	2,336,154	1,166,485
Customer deposits	490,397	-
Deferred rent	64,787	53,531
<b>Total current liabilities</b>	<b>11,122,875</b>	<b>5,057,901</b>
Capital lease obligations, net of current	163,489	-
Stockholders' equity		
Preferred stock, \$.001 par value, 20,000,000 shares authorized, none issued or outstanding	-	-
Common stock, \$.001 par value, 75,000,000 shares authorized, 12,050,162 and 11,065,609 shares issued and outstanding at December 31, 2007 and March 31, 2007, respectively	12,032	11,065
Additional paid-in capital	43,583,798	37,765,003
Accumulated (deficit)	(35,810,042)	(29,792,163)
<b>Total Stockholders' Equity</b>	<b>7,785,788</b>	<b>7,983,905</b>

Total Liabilities and Stockholders' Equity	\$ 19,072,152	\$ 13,041,806
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See accompanying notes to the condensed financial statements.

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AEROGROW INTERNATIONAL, INC.  
CONDENSED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
<b>Revenue</b>				
Product sales, net	\$ 14,637,742	\$ 4,857,604	\$ 27,199,821	\$ 6,709,858
<b>Operating expenses</b>				
Cost of revenue	8,938,857	3,282,291	16,286,651	4,785,151
Research and development	682,453	700,111	1,840,441	1,544,495
Sales and marketing	4,997,801	1,965,578	11,089,338	4,285,849
General and administrative				