

NexCen Brands, Inc.
Form 10-Q
October 06, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2009

Or

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

Commission File Number: 000-27707

NEXCEN BRANDS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2783217
(IRS Employer Identification Number)

1330 Avenue of the Americas, 34th Floor, New
York, NY
(Address of principal executive offices)

10019-5400
(Zip Code)

(Registrant's telephone number, including area code): (212) 277-1100

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 Website, 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 for 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

Edgar Filing: NexCen Brands, Inc. - Form 10-Q

company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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:

As of September 30, 2009, 56,951,730 shares of the registrant’s common stock, \$.01 par value per share, were outstanding.

Explanatory Note

The terms “NexCen,” “we,” “us,” “our,” and the “Company” refer to NexCen Brands, Inc. and our subsidiaries, unless otherwise indicated by context. We also use the term NexCen Brands to refer to NexCen Brands, Inc. alone whenever a distinction between NexCen Brands, Inc. and our subsidiaries is required or aids in the understanding of this filing.

This Report for the quarter ended March 31, 2009 is our first quarterly report since we filed our Quarterly Report for the quarter ended September 30, 2007. We did not file our Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2008. Instead, our Annual Report for the fiscal year ended December 31, 2008 (the “2008 10-K”) contains our consolidated financial statements for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008. Because of the delay in our periodic reporting and the changes that have occurred in our business, in lieu of filing the delayed Quarterly Reports for 2008, we included in the 2008 10-K substantially all of the information required to be included in the Quarterly Reports for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008.

FORWARD-LOOKING STATEMENTS

In this Report, we make statements that are considered forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The words “anticipate,” “believe,” “estimate,” “intend,” “may,” “will,” “expect,” and similar expressions often indicate that a statement is a “forward-looking statement.” Statements about non-historic results also are considered to be forward-looking statements. None of these forward-looking statements are guarantees of future performance or events, and they are subject to numerous risks, uncertainties and other factors. Given the risks, uncertainties and other factors, you should not place undue reliance on any forward-looking statements. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include those discussed throughout this Report, in Item 1A, under the heading “Risk Factors,” of our 2008 10-K, and our other periodic reports filed with the Securities and Exchange Commission. Forward-looking statements reflect our reasonable beliefs and expectations as of the time we make them, and we have no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

NEXCEN BRANDS, INC.

QUARTERLY REPORT ON FORM 10-Q
THE QUARTER ENDED MARCH 31, 2009

INDEX

EXPLANATORY NOTE		2
PART I:	FINANCIAL INFORMATION	4
ITEM 1:	FINANCIAL STATEMENTS	4
	Condensed consolidated balance sheets as of March 31, 2009 (unaudited) and December 31, 2008	4
	Condensed consolidated statements of operations for the three months ended March 31, 2009 and 2008 (unaudited)	5
	Condensed consolidated statements of stockholders' equity/(deficit) for the three months ended March 31, 2009 and 2008 (unaudited)	6
	Condensed consolidated statements of cash flows for the three months ended March 31, 2009 and 2008 (unaudited)	7
	Notes to unaudited Condensed Consolidated Financial Statements	8
ITEM 2:	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	26
ITEM 3:	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	31
ITEM 4(T):	CONTROLS AND PROCEDURES	32
PART II:	OTHER INFORMATION	33
ITEM 1:	LEGAL PROCEEDINGS	33
ITEM 1A:	RISK FACTORS	33
ITEM 2:	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	33
ITEM 3:	DEFAULTS UPON SENIOR SECURITIES	33
ITEM 4:	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	33
ITEM 5:	OTHER INFORMATION	33
ITEM 6:	EXHIBITS	

PART I - FINANCIAL INFORMATION
ITEM 1: FINANCIAL STATEMENTS

NEXCEN BRANDS, INC
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 7,293	\$ 8,293
Short-term restricted cash	1,000	—
Trade receivables, net of allowances of \$1,329 and \$1,367, respectively	4,509	5,617
Other receivables	926	834
Inventory	1,219	1,232
Prepaid expenses and other current assets	2,144	2,439
Total current assets	17,091	18,415
Property and equipment, net	3,785	4,395
Investment in joint venture	243	87
Trademarks and other non-amortizable assets	78,422	78,422
Other amortizable intangible assets, net of amortization	5,913	6,158
Deferred financing costs and other assets	5,089	5,486
Long-term restricted cash	941	940
Total assets	\$ 111,484	\$ 113,903
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable and accrued expenses	\$ 8,475	\$ 9,220
Restructuring accruals	66	153
Deferred revenue	3,049	4,044
Current portion of long-term debt, net of debt discount of \$528 and \$541, respectively	1,182	611
Acquisition related liabilities	1,571	4,689
Total current liabilities	14,343	18,717
Long-term debt, net of debt discount of \$727 and \$852, respectively	140,073	140,262
Acquisition related liabilities	464	480
Other long-term liabilities	3,870	3,937
Total liabilities	158,750	163,396
Commitments and Contingencies		
Stockholders' deficit:		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; 0 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	—	—
Common stock, \$0.01 par value; 1,000,000,000 shares authorized; 56,951,730 and 56,670,643 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	571	569
Additional paid-in capital	2,684,690	2,681,600
Treasury stock	(1,757)	(1,757)

Edgar Filing: NexCen Brands, Inc. - Form 10-Q

Accumulated deficit	(2,730,770)	(2,729,905)
Total stockholders' deficit	(47,266)	(49,493)
Total liabilities and stockholders' deficit	\$ 111,484	\$ 113,903

See accompanying notes to unaudited condensed consolidated financial statements.

NEXCEN BRANDS, INC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

	Three Months Ended March 31,	
	2009	2008
Revenues:		
Royalty revenues	\$ 5,842	\$ 5,359
Factory revenues	4,457	2,975
Franchise fee revenues	1,330	