

JOE'S JEANS INC.
Form 10-Q
April 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended February 29, 2008

OR

**o 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)

Delaware

(State or other jurisdiction of incorporation or organization)

11-2928178

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

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5901 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 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) (check one):

Large accelerated filer
Non-accelerated filer
(Do not check if a smaller reporting company)

Accelerated filer
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 14, 2008 was 59,750,204.

INNOVO GROUP INC.

QUARTERLY REPORT ON FORM 10-Q

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

JOE S JEANS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	February 29, 2008 (unaudited)	November 30, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,877	\$ 1,331
Accounts receivable, net of allowance for customer credits and returns of \$708 (2008) and \$652 (2007)	580	803
Inventories, net	19,562	20,803
Prepaid expenses and other current assets	283	282
Total current assets	22,302	23,219
Property and equipment, net	714	792
Goodwill	10,731	10,415
Intangible assets, net	13,200	13,200
Other assets	30	
Total assets	\$ 46,977	\$ 47,626
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,698	\$ 7,794
Due to factor	3,339	3,040
Due to related parties	234	1,142
Total current liabilities	10,271	11,976
Deferred tax liability	5,254	5,254
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.10 par value: 5,000 shares authorized, no shares issued or outstanding		
Common stock, \$0.10 par value: 100,000 shares authorized, 59,862 shares issued and 59,750 outstanding.	5,988	5,988
Additional paid-in capital	102,269	102,056
Accumulated deficit	(74,029)	(74,872)
Treasury stock, 112 shares	(2,776)	(2,776)
Total stockholders' equity	31,452	30,396
Total liabilities and stockholders' equity	\$ 46,977	\$ 47,626

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

JOE S JEANS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three months ended	
	February 29, 2008	February 24, 2007
	(unaudited)	
Net sales	\$ 15,210	\$ 13,814
Cost of goods sold	8,422	8,719
Gross profit	6,788	5,095
Operating expenses		
Selling, general and administrative	5,604	4,982
Depreciation and amortization	87	88
	5,691	5,070
Operating income	1,097	25
Interest expense	(192)	(193)
Other expense		3
Income (loss) before provision for taxes	905	(165)
Income taxes	62	8
Net income (loss)	\$ 843	\$ (173)