

AeroGrow International, Inc.
Form 10-Q
November 10, 2014

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 September 30, 2014

OR

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

Commission File No. 001-33531

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
(Address of principal executive offices)

80301
(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 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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes

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x No o

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o

Accelerated filer o

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

Smaller reporting company x

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

Yes o No x

Number of shares of issuer's common stock outstanding as of November 5, 2014: 6,536,018

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

AEROGROW INTERNATIONAL, INC.

CONDENSED BALANCE SHEETS

	September 30, 2014	March 31, 2014
	(Unaudited)	(Derived from Audited Statements)
(in thousands, except per share and share data)		
ASSETS		
Current assets		
Cash	\$1,140	\$1,707
Restricted cash	15	15
Accounts receivable, net of allowance for doubtful accounts of \$9 and \$5 at September 30, 2014 and March 31, 2014, respectively	911	573
Other receivables	81	187
Inventory	5,017	1,311
Prepaid expenses and other	789	306
Total current assets	7,953	4,099
Property and equipment, net of accumulated depreciation of \$3,129 and \$3,024 at September 30, 2014 and March 31, 2014, respectively	555	298
Other assets		
Intangible assets	2	2
Deposits	156	145
Total other assets	158	147
Total assets	\$8,666	\$4,544
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$2,702	\$553
Accrued expenses	436	306
Deferred rent	-	3
Notes payable	2,537	-
Derivative warrant liability	2,742	2,530
Debt associated with sale of intellectual property	232	258
Total current liabilities	8,649	3,650
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$.001 par value, 20,000,000 shares authorized, 2,649,007 issued and outstanding at September 30, 2014 and March 31, 2014	3	3
Common stock, \$.001 par value, 750,000,000 shares authorized, 6,536,018 and 6,129,326 shares issued and outstanding at September 30, 2014 and March 31, 2014, respectively	7	6

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Additional paid-in capital	81,145	79,563
Stock dividend to be distributed	446	1,456
Accumulated deficit	(81,584)	(80,134)
Total stockholders' equity	17	894
Total liabilities and stockholders' equity	\$8,666	\$4,544

See accompanying notes to the condensed financial statements.

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

(in thousands, except per share data)	Three Months ended September 30,		Six Months ended September 30,	
	2014	2013	2014	2013
Net revenue	\$ 1,707	\$ 676	\$ 3,390	\$ 1,799
Cost of revenue	1,083	388	2,227	1,110
Gross profit	624	288	1,163	689
Operating expenses				
Research and development	115	85	198	146
Sales and marketing	484	325	1,026	748
General and administrative	506	399	1,056	806
Total operating expenses				