

JAKKS PACIFIC INC  
Form 10-Q  
May 11, 2009

---

---

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 March 31, 2009

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

\_\_\_\_\_  
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

Edgar Filing: JAKKS PACIFIC INC - Form 10-Q

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 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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or 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. (Check one):

Non-accelerated filer

Large accelerated filer

Accelerated filer

(Do not check if a smaller reporting company)

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 27,925,731 (as of May 8, 2009).

---

---

---

## JAKKS PACIFIC, INC. AND SUBSIDIARIES

INDEX TO QUARTERLY REPORT ON FORM 10-Q  
Quarter Ended March 31, 2009

## ITEMS IN FORM 10-Q

	Page	
<b>Part I</b>	<b>FINANCIAL INFORMATION</b>	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets - December 31, 2008 and March 31, 2009 (unaudited)	2
	Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2008 and 2009 (unaudited)	3
	Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2008 and 2009 (unaudited)	4
	Notes to Condensed Consolidated Financial Statements (unaudited)	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	24
Item 4.	Controls and Procedures	24
<b>Part II</b>	<b>OTHER INFORMATION</b>	
Item 1.	Legal Proceedings	25
Item 1A.	Risk Factors	28
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	None
Item 3.	Defaults Upon Senior Securities	None
Item 4.	Submission of Matters to a Vote of Security Holders	None
Item 5.	Other Information	None
Item 6.	Exhibits	35
	Signatures	36
	Exhibit 31.1	
	Exhibit 31.2	
	Exhibit 31.3	
	Exhibit 32.1	
	Exhibit 32.2	
	Exhibit 32.3	

## 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", "expect" or words of similar import, 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, 2008 (* )	March 31, 2009 (Unaudited)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 169,520	\$ 145,768
Marketable securities	195	198
Accounts receivable, net of allowances for uncollectible accounts of \$2,005 and \$1,711, respectively	147,587	71,173
Inventory	87,944	79,162
Prepaid expenses and other current assets	29,670	44,517
Income tax receivable	22,288	22,209
Deferred income taxes	17,993	17,278
Total current assets	475,197	380,305
Property and equipment		
Office furniture and equipment	12,390	12,489
Molds and tooling	63,075	66,315
Leasehold improvements	5,947	6,368
Total	81,412	85,172
Less accumulated depreciation and amortization	52,914	55,786
Property and equipment, net	28,498	29,386
Investment in video game joint venture	53,184	56,501
Goodwill, net	427,693	406,713
Trademarks, net	10,491	10,491
Intangibles and other, net	33,061	51,275
Total assets	\$ 1,028,124	\$ 934,671
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 57,432	\$ 22,304
Accrued expenses	61,780	24,821
Reserve for sales returns and allowances	23,317	18,943
Short-term debt	417	457
Income taxes payable	7,190	252
Total current liabilities	150,136	66,777
Deferred income taxes	26,237	26,232
Income tax payable	4,686	4,686
Other liabilities	2,112	2,223
Convertible senior notes	98,000	98,000
Total liabilities	281,171	197,918
Stockholders' equity		
Preferred stock, \$.001 par value; 5,000,000 shares authorized; nil outstanding	—	—
Common stock, \$.001 par value; 100,000,000 shares authorized; 27,521,278 and 27,925,731 shares issued and outstanding, respectively	28	28
Additional paid-in capital	292,809	293,414

Edgar Filing: JAKKS PACIFIC INC - Form 10-Q

Retained earnings	458,345	447,546
Accumulated comprehensive loss	(4,229)	(4,235)
Total stockholders' equity	746,953	