

NexCen Brands, Inc.
Form 10-Q
May 10, 2007

**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, 2007

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**

(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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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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 May 1, 2007, 50,525,395 shares of the Registrant's common stock, \$.01 par value per share, were outstanding.

NEXCEN BRANDS, INC.

**QUARTERLY REPORT ON FORM 10-Q
THE QUARTER ENDED MARCH 31, 2007**

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PART I—FINANCIAL INFORMATION**ITEM I: FINANCIAL STATEMENTS**

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

	March 31, 2007 (Unaudited)	December 31, 2006
ASSETS		
Cash and cash equivalents	\$ 37,980	\$ 83,536
Restricted cash	5,586	-
Trade receivables, net of allowances of \$1,069 and \$530	3,323	2,042
Interest and other receivables	1,663	511
Prepaid expenses and other current assets	2,519	2,210
Total current assets	51,071	88,299
Property and equipment, net	2,912	389
Goodwill	45,303	15,607
Trademarks	131,600	49,000
Other intangible assets, net of amortization	6,242	3,792
Deferred financing costs and other assets	908	-
Restricted cash	1,428	1,298
Total Assets	\$ 239,464	\$ 158,385
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 8,142	\$ 4,713
Deferred revenue	5,333	40
Current portion of long-term debt	958	-
Acquisition related liabilities	5,450	4,000
Other current liabilities	-	484
Total current liabilities	19,883	9,237
Long-term debt	25,542	-
Deferred tax liability	20,493	218
Acquisition related liabilities	2,954	-
Other long-term liabilities	2,376	2,317
Total Liabilities	71,248	11,772
Minority interest	2,824	-
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2007 and December 31, 2006.	-	-
Common stock, \$0.01 par value; 1,000,000,000 shares authorized; 50,502,561 and 47,966,085 shares issued and outstanding at March 31, 2007 and	506	481

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December 31, 2006

Additional paid-in capital	2,634,694	2,615,742
Treasury stock	(352)	(352)
Accumulated deficit	(2,469,456)	(2,469,258)
Total stockholders' equity	165,392	146,613
Total liabilities, minority interest and stockholders' equity	239,464	158,385
	\$	\$

See accompanying notes to the unaudited condensed consolidated financial statements.

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

Three Months Ended March 31,
2007 **2006**

Revenues:

Royalty revenues	\$	2,175	\$	-
Licensing revenues		1,607		-
Franchise fee revenues		103		-
Total Revenues		3,885		-

Operating Expenses:

Selling, general and administrative expenses		(3,543)		(729)
Professional fees		(789)		(49)
Depreciation and amortization		(189)		(23)
Stock based compensation		(640)		(71)
Total Operating Expenses		(5,161)		(872)

Operating Loss		(1,276)		(872)
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Non-Operating income (expense)

Interest Income		763		260
Interest Expense		(160)		-
Other Income, net		81		60
Minority Interest		(53)		-
Total non-operating income		631		320

Loss from continuing operations before income taxes		(645)		(552)
Provision for income taxes		-		-

Loss from continuing operations		(645)		(552)
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Gain from discontinued operations, net of taxes		447		419
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Net Loss	\$	(198)	\$	(133)
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Loss per share (basic and diluted) from continuing operations	\$	(0.01)	\$	(0.01)
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Income per share (basic and diluted) from
discontinuing operations