

INTER PARFUMS 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 No. 0-16469

INTER PARFUMS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3275609
(I.R.S. Employer
Identification No.)

551 Fifth Avenue, New York, New York
(Address of Principal Executive Offices)

10176
(Zip Code)

(212) 983-2640
(Registrants 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 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

Large accelerated Filer

Accelerated filer

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Edgar Filing: INTER PARFUMS INC - Form 10-Q

At May 8, 2009, there were 30,060,839 shares of common stock, par value \$.001 per share, outstanding.

INTER PARFUMS, INC. AND SUBSIDIARIES

INDEX

	Page Number
Part I. Financial Information	1
Item 1. Financial Statements	
Consolidated Balance Sheets as of March 31, 2009 (unaudited) and December 31, 2008	2
Consolidated Statements of Income for the Three Months Ended March 31, 2009 (unaudited) and March 31, 2008 (unaudited)	3
Consolidated Statements of Changes in Equity for the Three Months Ended March 31, 2009 (unaudited) and March 31, 2008 (unaudited)	4
Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2009 (unaudited) and March 31, 2008 (unaudited)	5
Notes to Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	25
Item 4. Controls and Procedures	26
Part II. Other Information	26
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	27
Item 6. Exhibits	27
Signatures	28

INTER PARFUMS, INC. AND SUBSIDIARIES

Part I. Financial Information

Item 1. Financial Statements

In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly our financial position, results of operations and cash flows for the interim periods presented. We have condensed such financial statements in accordance with the rules and regulations of the Securities and Exchange Commission. Therefore, such financial statements do not include all disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2008 included in our annual report filed on Form 10-K.

The results of operations for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the entire fiscal year.

INTER PARFUMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands except share and per share data)

	March 31, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,853	\$ 42,404
Accounts receivable, net	113,942	120,507
Inventories	121,215	123,633
Receivables, other	2,086	2,904
Other current assets	6,906	10,034
Income tax receivable	1,346	1,631
Deferred tax assets	3,574	3,388
Total current assets	282,922	304,501
Equipment and leasehold improvements, net	8,037	7,670
Goodwill	5,238	5,470
Trademarks, licenses and other intangible assets, net	99,144	104,922
Other assets	896	2,574
Total assets	\$ 396,237	\$ 425,137
LIABILITIES AND EQUITY		
Current liabilities:		
Loans payable – banks	\$ 11,994	\$ 13,981
Current portion of long-term debt	11,752	13,352
Accounts payable - trade	60,128	66,236
Accrued expenses	29,074	35,368
Income taxes payable	557	442
Dividends payable	996	996
Total current liabilities	114,501	130,375
Long-term debt, less current portion	23,751	27,691
Deferred tax liability	9,568	11,562
Equity:		
Inter Parfums, Inc. shareholders' equity:		
Preferred stock, \$.001 par; authorized 1,000,000 shares; none issued		
Common stock, \$.001 par; authorized 100,000,000 shares; outstanding 30,108,939 and 30,168,939 shares at March 31, 2009 and December 31, 2008, respectively	30	30
Additional paid-in capital	42,070	41,950
Retained earnings	172,518	168,025
Accumulated other comprehensive income	13,205	25,515
Treasury stock, at cost, 10,026,379 and 9,966,379 common shares at March 31, 2009 and December 31, 2008, respectively	(31,668)	(31,319)
Total Inter Parfums, Inc. shareholders' equity	196,155	204,201
Noncontrolling interest	52,262	51,308

Edgar Filing: INTER PARFUMS INC - Form 10-Q

Total equity	248,417	255,509
Total liabilities and equity	\$ 396,237	\$ 425,137

See notes to consolidated financial statements.

Page 2

INTER PARFUMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands except per share data)

(Unaudited)

	Three months ended March 31,	
	2009	2008
Net sales	\$ 90,409	\$ 123,163
Cost of sales	36,844	49,075
Gross margin	53,565	74,088
Selling, general and administrative expenses	43,263	54,943
Income from operations	10,302	19,145
Other expenses (income):		
Interest expense	1,312	1,071
(Gain) loss on foreign currency	(1,379)	367
Interest income	(508)	(613)
	(575)	825
Income before income taxes	10,877	18,320
Income taxes	3,621	7,184
Net income	7,256	11,136
Less: Net income attributable to the noncontrolling interest	1,828	2,428
Net income attributable to Inter Parfums, Inc.	\$ 5,428	\$ 8,708
Earnings per share:		
Net income attributable to Inter Parfums, Inc. common shareholders:		
Basic	\$ 0.18	\$ 0.28
Diluted	\$ 0.18	\$ 0.28
Weighted average number of shares outstanding:		
Basic	30,166	30,721
Diluted	30,166	30,808
Dividends declared per share	\$ 0.033	\$ 0.033

See notes to consolidated financial statements.

INTER PARFUMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands)

	Inter Parfums, Inc. shareholders						Total
	Common stock	Additional paid-in Capital	Retained earnings	Accumulated other comprehensive income	Treasury stock	Noncontrolling interest	
Balance – January 1, 2008	\$ 31	\$ 40,023	\$ 147,995	\$ 30,955	\$ (26,344)	\$ 53,925	\$ 246,585
Comprehensive income:							
Net income	—	—	8,708	—	—	2,428	11,136
Foreign currency translation adjustment	—	—	—	12,305	—	—	12,305
Net derivative instrument gain, net of tax	—	—	—	(140)	—	(46)	(186)
Purchase of subsidiary shares from noncontrolling interests	—	—	—	—	—	(7,758)	(7,758)
Sale of subsidiary shares to noncontrolling interests	—	24	—	—	—	103	127
Foreign currency translation adjustment	—	—	—	—	—	3,711	3,711
Dividends	—	—	(1,027)	—	—	—	(1,027)
Purchased treasury stock	—	—	—	—	(2,207)	—	(2,207)
Shares issued upon exercise of stock options	—	111	—	—	—	—	111
Stock compensation	—	100	100	—	—	42	242
Balance – March 31, 2008	\$ 31	\$ 40,258	\$ 155,776	\$ 43,120	\$ (28,551)	\$ 52,405	\$ 263,039
Balance – January 1, 2009	\$ 30	\$ 41,950	\$ 168,025	\$ 25,515	\$ (31,319)	\$ 51,308	\$ 255,509
Comprehensive income:							
Net income	—	—	5,428	—	—	1,828	7,256
Foreign currency translation adjustment	—	—	—	(9,651)	—	—	(9,651)
Net derivative instrument gain, net of	—	—	—	(2,659)	—	(791)	(3,450)

Edgar Filing: INTER PARFUMS INC - Form 10-Q

tax								
Purchase of subsidiary shares from noncontrolling interests	—	—	—	—	—	(142)	(142)	
Sale of subsidiary shares to noncontrolling interests		(7)				30	23	
Dividends	—	—	(996)	—	—	—	(996)	
Purchased treasury stock	—	—	—	—	(349)	—	(349)	
Stock compensation	—	127	61	—	—	29	217	
Balance – March 31, 2009	\$ 30	\$ 42,070	\$ 172,518	\$ 13,205	\$ (31,668)	\$ 52,262	\$ 248,417	

See notes to consolidated financial statements.

INTER PARFUMS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)
 (Unaudited)

	Three months ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net income	\$ 7,256	\$ 11,136
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,336	2,460
Provision for doubtful accounts	15	24
Noncash stock compensation	263	310
Deferred tax expense (benefit)	(1,767)	222
Change in fair value of derivatives	(796)	—
Changes in:		
Accounts receivable	1,860	(13,121)
Inventories	(1,859)	(5,372)
Other		