

AeroGrow International, Inc.  
Form 10-Q  
November 10, 2010

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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, 2010

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  No

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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

Accelerated filer

Non-accelerated filer  ( 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  No

Number of shares of issuer's common stock outstanding as of November 8, 2010: 12,650,605

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## Item 1. Condensed Financial Statements

AEROGROW INTERNATIONAL, INC.  
CONDENSED BALANCE SHEETS

	September 30, 2010	March 31, 2010 (Derived from Audited Statements)
ASSETS	(Unaudited)	
Current assets		
Cash	\$629,178	\$249,582
Restricted cash	87,904	443,862
Accounts receivable, net of allowance for doubtful accounts of \$85,416 and \$87,207 at September 30, 2010 and March 31, 2010, respectively	360,411	478,113
Other receivables	104,108	259,831
Inventory	4,245,458	3,493,732
Prepaid expenses and other	552,994	338,095
Total current assets	\$5,980,053	\$5,263,215
Property and equipment, net of accumulated depreciation of \$2,875,420 and \$2,486,377 at September 30, 2010 and March 31, 2010, respectively	672,731	1,002,530
Other assets		
Intangible assets, net of \$16,468 and \$6,854 of accumulated amortization at September 30, 2010 and March 31, 2010, respectively	270,053	275,599
Deposits	217,840	240,145
Deferred debt issuance costs, net of accumulated amortization of \$244,316 and \$486,791 at September 30, 2010 and March 31, 2010, respectively	1,867,280	62,291
Total other assets	\$2,355,173	\$578,035
Total Assets	\$9,007,957	\$6,843,780
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current portion – long term debt – related party	\$143,743	\$911,275
Current portion – long term debt	1,914,636	3,053,984
Accounts payable	1,974,605	3,354,703
Accrued expenses	2,006,646	1,449,977
Customer deposits	13,223	339,041
Deferred rent	32,519	40,773
Total current liabilities	\$6,085,372	\$9,149,753
Long term debt	1,407,070	1,020,957
Long term debt – related party	136,926	-
Stockholders' equity		
Preferred stock, \$.001 par value, 20,000,000 shares authorized and 7,586 shares issued and outstanding at September 30, 2010 and March 31, 2010	8	8
Common stock, \$.001 par value, 500,000,000 shares authorized, 12,650,605 and 12,398,249 shares issued and outstanding at September 30, 2010 and March 31, 2010, respectively	12,650	12,398
Additional paid-in capital	61,497,338	52,933,467

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Accumulated (deficit)	(60,131,407)	(56,272,803)
Total Stockholders' Equity (Deficit)	\$1,378,589	\$(3,326,930 )
Total Liabilities and Stockholders' Equity (Deficit)	\$9,007,957	\$6,843,780

See accompanying notes to the condensed financial statements.

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

	Three Months ended September 30,		Six Months ended September 30,	
	2010	2009	2010	2009
Revenue				
Product sales	\$1,379,617	\$3,285,949	\$3,197,636	\$6,265,642
Operating expenses				
Cost of revenue	1,038,812	2,270,556	2,360,515	4,140,361
Research and development	52,745	173,354	89,760	292,552
Sales and marketing	593,309	1,248,102	1,410,287	2,407,898
General and administrative	812,300	1,299,598	1,708,483	2,753,806
Total operating expenses	\$2,497,166	\$4,991,610	\$5,569,045	\$9,594,617