

FOSSIL INC  
Form 10-Q  
November 13, 2008  
f

**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: October 4, 2008

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: 0-19848

**FOSSIL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**75-2018505**

(I.R.S. Employer  
Identification No.)

**2280 N. Greenville Avenue, Richardson, Texas 75082**

(Address of principal executive offices)

(Zip Code)

Edgar Filing: FOSSIL INC - Form 10-Q

(972) 234-2525

(Registrant's telephone number, including area code)

Indicate by check mark whether 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, a non-accelerated filer, or a smaller reporting company. See 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 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

The number of shares of registrant's common stock outstanding as of November 11, 2008: 66,612,010

---

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

**FOSSIL, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

UNAUDITED

AMOUNTS IN THOUSANDS

	October 4, 2008	January 5, 2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 117,811	\$ 255,244
Securities available for sale	7,432	12,626
Accounts receivable - net of allowances of \$48,967 and \$51,801, respectively	229,296	227,481
Inventories - net	331,614	248,448
Deferred income tax assets - net	25,188	24,221
Prepaid expenses and other current assets	67,479	56,797
Total current assets	778,820	824,817
Investments	13,564	13,902
Property, plant and equipment - net of accumulated depreciation of \$153,087 and \$134,847, respectively	201,239	186,042
Goodwill	44,326	45,485
Intangible and other assets - net of accumulated amortization of \$6,679 and \$5,589, respectively	60,480	52,382
Total assets	\$ 1,098,429	\$ 1,122,628
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Short-term debt	\$ 4,485	\$ 9,993
Accounts payable	108,107	111,015
Accrued expenses:		
Compensation	38,087	44,224
Royalties	15,799	22,524
Co-op advertising	13,132	17,769
Other	29,510	32,833
Income taxes payable	42,481	40,049
Total current liabilities	251,601	278,407
Long-term income taxes payable	41,396	38,455
Deferred income tax liabilities	17,462	16,168
Long-term debt	3,367	3,452
Other long-term liabilities	10,796	8,357
Total long-term liabilities	73,021	66,432

Edgar Filing: FOSSIL INC - Form 10-Q

Minority interest in subsidiaries	5,777	6,127
Stockholders' equity:		
Common stock, 67,038 and 69,713 shares issued at 2008 and 2007, respectively	670	697
Additional paid-in capital	80,526	88,000
Retained earnings	658,873	646,492
Accumulated other comprehensive income	27,961	36,473
Total stockholders' equity	768,030	771,662
Total liabilities and stockholders' equity	\$ 1,098,429	\$ 1,122,628

See notes to the condensed consolidated financial statements.

**FOSSIL, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**AND COMPREHENSIVE INCOME**  
**UNAUDITED**  
**AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA**

	For the 13 Weeks Ended		For the 39 Weeks Ended	
	October 4, 2008	October 6, 2007	October 4, 2008	October 6, 2007
Net sales	\$ 409,760	\$ 358,582	\$ 1,119,136	\$ 969,871
Cost of sales	185,583	171,626	510,369	476,265
Gross profit	224,177	186,956	608,767	493,606
Operating expenses:				
Selling and distribution	120,644	98,567	341,365	273,023
General and administrative	39,795	39,935	119,588	116,458
Total operating expenses	160,439	138,502	460,953	389,481
Operating income	63,738	48,454	147,814	104,125
Interest expense	79	174	371	613
Other (expense) income - net	(4,035)			