

REEDS INC
Form 10QSB/A
July 27, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-QSB/A

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

Commission file number: 333-120451

REED'S INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

95-4348325
(I.R.S. Employer Identification No.)

13000 South Spring St.
Los Angeles, Ca. 90061
(Address of principal executive offices) (Zip Code)

(310) 217-9400
(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 to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

There were 5,281,247 shares of the registrant's common stock outstanding as of March 31, 2006.

Part I - Financial Information**Item 1. Financial Statements****REED'S, INC.****CONDENSED BALANCE SHEETS****ASSETS**

	March 31, 2006 (Unaudited)	December 31, 2005
CURRENT ASSETS		
Cash	\$ 195,457	\$ 27,744
Inventory	1,420,692	1,208,019
Trade accounts receivable, net of allowance for doubtful accounts and returns and discounts of \$82,000 as of March 31, 2006 and \$70,000 as of December 31, 2005	742,009	534,906
Receivable from sale of common stock	48,629	—
Other receivables	9,363	10,563
Prepaid expenses	37,976	74,279
Total Current Assets	2,454,126	1,855,511
Property and equipment, net of accumulated depreciation of \$542,867 as of March 31, 2006 and \$508,136 as of December 31, 2005	1,869,893	1,885,354
OTHER ASSETS		
Brand names	800,201	800,201
Other intangibles, net of accumulated amortization of \$3,909 as of March 31, 2006 and \$3,723 as of December 31, 2005	14,705	14,891
Deferred stock offering costs	—	356,238
Total Other Assets	814,906	1,171,330
TOTAL ASSETS	\$ 5,138,925	\$ 4,912,195

LIABILITIES AND STOCKHOLDERS' EQUITY**CURRENT LIABILITIES**

Accounts payable	\$ 1,843,631	\$ 1,644,491
Lines of credit	1,539,946	1,445,953
Current portion of long term debt	168,877	169,381
Accrued interest	142,648	136,240
Accrued expenses	74,180	54,204
Total Current Liabilities	3,769,282	3,450,269
Loans payable, related party	252,358	252,358
Long term debt, less current portion	1,032,374	1,060,573
Total Liabilities	5,054,014	4,763,200

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Preferred stock, \$10.00 par value, 500,000 shares authorized, 58,940 shares issued and outstanding	589,402	589,402
Common stock, \$.0001 par value, 11,500,000 shares authorized, 5,281,247 and 5,042,197 shares issued and outstanding, at March 31, 2006 and December 31, 2005, respectively	528	503
Common stock to be issued (7,362 shares)	29,470	29,470
Additional paid in capital	3,094,171	2,788,683
Accumulated deficit	(3,628,660)	(3,259,063)
Total stockholders' equity	84,911	148,995
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,138,925	\$ 4,912,195

See accompanying Notes to Condensed Financial Statements

REED'S, INC.

CONDENSED STATEMENTS OF OPERATIONS
For the three months ended March 31, 2006 and 2005
(Unaudited)

	Three months ended (Unaudited)	
	March 31,	March 31,
	2006	2005
SALES	\$ 1,979,272	\$ 1,817,336
COST OF SALES	1,688,876	1,486,287
GROSS PROFIT	290,396	331,049
OPERATING EXPENSES		
Selling	287,158	287,145
General & Administrative	262,660	211,954
Litigation fees	9,568	2,126
	559,386	501,225
LOSS FROM OPERATIONS	(268,990)	(170,176)
OTHER EXPENSES		
Interest Expense	(100,607)	(71,210)
NET LOSS	\$ (369,597)	\$ (241,386)
LOSS PER SHARE BASIC AND DILUTED	\$ (.07)	\$ (.05)
WEIGHTED AVERAGE SHARES OUTSTANDING, BASIC AND DILUTED	5,157,077	4,726,091

See accompanying Notes to Condensed Financial Statements

REED'S INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the three months ended March 31, 2006 (Unaudited)

Common	
Stock	Additional