

REEDS INC
Form SB-2/A
March 25, 2005

Registration Statement No. 333-120451

As filed with the Securities and Exchange Commission on March 25, 2005

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

Amendment 2 Form SB-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Reed's, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

2086

*(Primary Standard Industrial
Classification Code Number)*

95-4348325

(IRS Employer Identification No.)

**13000 South Spring Street
Los Angeles, California 90061
Telephone: (310) 217-9400**

(Address and telephone number of principal executive offices)

Christopher J. Reed

Reed's, Inc.

**13000 South Spring Street
Los Angeles, California 90061
Telephone: (310) 217-9400**

(Name, address and telephone number of agent for service)

Copies of all communications to:

Lawrence W. Horwitz, Esq.

HORWITZ & CRON

Four Venture - Suite 390

Irvine, California 92618

Telephone: (949) 450-4942

(Name, address, and telephone number of registrant's counsel)

Approximate date of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☒ x

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. ☐ o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price⁽¹⁾	Amount of Registration Fee
Common stock, \$.0001 par value	2, 000,000	\$ 4.00	\$ 8,000,000	\$ 1,014
Underwriter's warrants to purchase shares of common stock, \$.001 par value ⁽²⁾	230,000	\$ 6.60	---	---
Shares of common stock underlying underwriter's warrants	230,000	\$ 6.60	\$ 1,518,000	\$ 179
Totals			\$ 9,518,000	\$ 1,193

CALCULATION OF REGISTRATION FEE

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

(2) In connection with the sale of the common stock, we are granting to the underwriter a warrant to purchase up to [] shares of common stock at a per share purchase price equal to 165% of the public offering price per share. No registration fee is required pursuant to Rule 457(g).

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this Prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 25, 2005

REED'S, INC.

We develop, manufacture, market, and sell natural non-alcoholic beverages, as well as candies and ice creams.

We are offering up to 2,000,000 shares of our common stock. No public market currently exists for our shares. The public offering price is \$ per share. This price has been arbitrarily set. The shares are being offered on a best efforts basis through Brookstreet Securities Corporation, our underwriter, a member of the National Association of Securities Dealers, Inc., for a commission equal to 6% of the gross sales made in this offering. In addition, Brookstreet will receive a lead underwriter's concession of 1% of gross sales made in this offering and a non-accountable expense allowance of 3% of gross sales made in this offering.

There is no current public market for our shares and there is no assurance that a public market for our shares will ever develop. In the event a public market for our shares does not develop, purchasers in this offering may be unable to sell the shares for an extended period of time. Our underwriter currently intends to apply for quotation of our common stock upon the Over the Counter Bulletin Board ("OTCBB") quotation system.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 3 to read about factors you should consider before buying shares of our common stock.

	Per Share	If 200,000 Shares are Sold(1)	If 1,000,000 Shares are Sold(1)	If 2,000,000 Shares are Sold(1)
Proceeds to the Company	\$	\$	\$	\$
Underwriter Commission	\$	\$	\$	\$
Proceeds to the Company before estimated expenses of the offering	\$	\$	\$	\$
Proceeds to the Company after estimated expenses of the offering	\$	\$	\$	\$

(1) The amounts shown are for illustrative purposes only. The offering is a best efforts offering with no assurance that all or any shares will be sold.

Texas investors must meet minimum net worth standards having a minimum annual gross income of \$65,000.00 and a minimum net worth of \$65,000.00, exclusive of automobiles, home and home furnishings; or a minimum net worth of \$150,000.00 exclusive of automobiles, home and home furnishings. We will not accept subscriptions for shares from the District of Columbia unless and until at least 200,000 shares have been sold.

There is no minimum number of shares we must sell in this offering. Offering proceeds will not be placed in escrow. Upon receipt, offering proceeds will be deposited into the Company's operating account of and used to conduct the Company's business affairs. The offering will terminate nine months after the effective date of this prospectus unless terminated sooner by us.

Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

BROOKSTREET SECURITIES CORPORATION.

The date of this Prospectus is March , 2005

TABLE OF CONTENTS

Section	Page
Prospectus Summary	1
Risk Factors	3
Use of Proceeds	10
Dividend Policy	11
Capitalization as of June 30, 2004	12
Dilution	13
Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Business	22
Legal Proceedings	37
Management	38
Certain Relationships and Related Transactions	41
Principal Stockholders	42
Description of Our Securities	43
Shares Available for Future Resale	45
Plan of Distribution	46
Legal Matters	48
Experts	48
Where You Can Find More Information	48
Index to Financial Statements	F-1

Dealers who solicit prospective investors in the subject offering are required to deliver a copy of this Prospectus commencing upon the effective date of the subject Registration Statement and terminating 40 days thereafter. The effective date of the Registration Statement, of which this Prospectus is a part, is _____.

PROSPECTUS SUMMARY

This summary highlights information found in greater detail elsewhere in this prospectus. Prior to making an investment decision, you should read the entire prospectus carefully; including the section entitled “Risk Factors” beginning on page 3.

About Our Company

We are a growing developer, manufacturer, marketer, and seller of New Age beverages, as well as candies and ice creams. “New Age Beverages” is a category that includes natural soda, fruit juices and fruit drinks, ready-to-drink teas, sports drinks and water. We currently offer 14 beverages, 2 candies, and 3 ice creams.

We sell the majority of our products primarily in upscale gourmet and natural food stores and supermarket chains in the United States and, to a lesser degree, in Canada. Historically, most of our beverages were sold in the natural food industry.

Our current business strategy is to maintain a firm marketing focus in the natural food marketplace while building a national direct sales and distribution force to take our proven products into mainstream market and distribution channels. . We believe that the proceeds of this offering may greatly accelerate the success of this business strategy by providing working capital to finance an expanded sales and distribution network.

At this time, we produce our carbonated beverages at two facilities. Our Brewery in Los Angeles handles the western half of the United States and we have a contract with The Lion Brewery, Inc., a packing, or co-pack, facility in Pennsylvania for the eastern United States. Our Ginger Juice Brews are co-packed for us in Northern California. Our ice creams are co-packed for us at a dairy in upstate New York.

We have a national network of natural and specialty food distributors in the United States and Canada. We also have mainstream beverage distributors in select markets. In Southern California, we have our own direct distribution in addition to other local distributors. We currently rely upon one customer for between 10-15% of our aggregate gross revenues. If we were to lose this customer, our operations would be materially effected.

We currently maintain two separate sales organizations, one of which handles natural food sales and the other of which handles mainstream sales. Both sales forces consist of sales managers and sales representatives. The natural food sales force works mainly in the natural and gourmet food stores serviced by the natural and gourmet distributors. Representatives are responsible for the accounts in their territory and they stay on a focused schedule of visits to maintain store and distributor relationships. In the future, we intend to integrate both our distributions and sales forces.

In December 2000, we purchased an 18,000 square foot warehouse, the Brewery, at 13000 South Spring Street, Los Angeles, California 90061, in an unincorporated area of Los Angeles County near downtown Los Angeles. This facility serves as our principal executive offices, our West Coast bottling plant, and our Southern California warehouse facility. Our telephone number is 310.217.9400.

We have not generated a profit during our last two fiscal years and there is no assurance that we will develop profitable operations in the future. Our net operating loss for the calendar year 2003 was \$774,367 and our net operating loss for the six months ended June 30, 2004 is \$38,037. We are offering a maximum of 2,000,000 of our shares. In the event the maximum amount of this offering is sold, then this offering shall involve the sale of 30% of our outstanding common stock and Christopher Reed and his family members will own 52.4% of our outstanding

common stock.

This offering is a best efforts offering through our underwriter, Brookstreet Securities Corporation. While there is no assurance, our underwriter currently intends to apply for quotation of our common stock upon the Over the Counter Bulletin Board (“OTCBB”) quotation system. This will require that we complete certain filings and disclosures of information to the National Association of Securities Dealers and to the OTCBB itself. Our shares are currently not traded on the public securities markets and even if our shares of common stock become quoted on the OTCBB, there is no assurance that an active public market for our shares of stock will be established.

Our Internet address is www.reedsgingerbrew.com. Information contained on our website or that is accessible through our website should not be considered to be part of this prospectus.

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The Offering

Common Stock being offered	2,000,000 shares
Offering Price	\$ ____ per share
Common stock outstanding:	
Prior to this offering	4,726,091 shares
After this offering:	
if 200,000 shares are sold	4,926,091 shares
if 1,000,000 shares are sold	5,726,091 shares
if all 2,000,000 shares are sold	6,726,091 shares

Use of Proceeds

We plan to use the net proceeds to hire additional sales representatives, launch new products, pay for retail slotting, expand our brand advertising, update our West Coast production facility, the Brewery, to purchase fully-branded coolers and in-store displays and for working capital.

Summary Financial Information

The following historical financial information should be read in conjunction with the audited financial statements and the notes to those statements and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus. The consolidated statements of operations and comprehensive income data with respect to the years ended December 31, 2003 and 2002, and the consolidated balance sheet data at December 31, 2003 are derived from, and are qualified by reference to, the audited financial statements included elsewhere in this prospectus. The historical results are not necessarily indicative of results to be expected for any future periods.

	Six Months Ended June 30,	2003	Years Ended December 31,	
	2004		2003	2002
	(Unaudited)	(Unaudited)		
Statements of Income Data:				
Sales	4,495,344	3,262,426	6,781,776	6,428,742
Gross profit	871,577	731,629	1,319,571	1,592,609
Selling, general and administrative expenses	795,601	676,339	1,416,518	1,348,827