

PERRY ELLIS INTERNATIONAL INC

Form 10-Q

December 11, 2006

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended October 31, 2006

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 0-21764

PERRY ELLIS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Florida
(State or other jurisdiction of
Incorporation or Organization)

59-1162998
(I.R.S. Employer
Identification No.)

3000 N.W. 107 Avenue

Miami, Florida

33172

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(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code: (305) 592-2830

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 ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

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 outstanding of the registrant's common stock is _____ (as of December 8, 2006).

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PERRY ELLIS INTERNATIONAL, INC.

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PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(amounts in thousands, except share data)

	October 31, 2006	January 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,239	\$ 9,412
Accounts receivable, net	140,774	152,529
Inventories, net	126,386	126,413
Other current assets	17,406	16,239
Total current assets	289,805	304,593
Property and equipment, net	70,353	66,592
Intangible assets	183,096	183,090
Other assets	11,868	15,739
TOTAL	\$ 555,122	\$ 570,014
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 38,687	\$ 51,763
Accrued expenses and other liabilities	20,883	16,670
Accrued interest payable	2,278	6,514
Unearned revenues	1,613	1,096
Total current liabilities	63,461	76,043
Senior subordinated notes payable, net	149,037	148,914
Senior secured notes payable, net		56,923
Senior credit facility	65,126	40,391
Real estate mortgages	26,731	12,336
Deferred pension obligation	13,721	13,721
Lease payable long term	283	452
Total long-term liabilities	254,898	272,737
Total liabilities	318,359	348,780
Minority Interest	2,090	1,854
Stockholders' Equity:		
Preferred stock \$.01 par value; 5,000,000 shares authorized; no shares issued or outstanding		
Common stock \$.01 par value; 100,000,000 shares authorized; 9,709,746 shares issued and outstanding as of October 31, 2006 and 9,605,081 shares issued and outstanding as of January 31, 2006	98	96
Additional paid-in-capital	92,878	90,084
Retained earnings	140,677	128,979
Accumulated other comprehensive income	1,020	221
Total stockholders' equity	234,673	219,380

TOTAL	\$	555,122	\$	570,014
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See Notes to Unaudited Consolidated Financial Statements

Table of Contents**PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	2006	2005	2006	2005
Revenues				
Net sales	\$ 207,794	\$ 214,665	\$ 581,747	\$ 619,357
Royalty income	5,445	5,290	16,512	16,182
Total revenues	213,239	219,955	598,259	635,539
Cost of sales	140,781	149,595	401,506	438,414
Gross profit	72,458	70,360	196,753	197,125
Operating expenses				
Selling, general and administrative expenses	51,747	49,648	151,514	150,754
Depreciation and amortization	2,899	2,436	8,350	6,899
Total operating expenses	54,646	52,084	159,864	157,653
Operating income	17,812	18,276	36,889	39,472
Costs on early extinguishment of debt			2,963	
Interest expense	5,000	5,621	15,650	16,402
Net income before minority interest and income taxes	12,812	12,655	18,276	23,070
Minority interest	92	59	236	427
Income tax provision	4,479	4,503	6,342	8,063
Net income	\$ 8,241	\$ 8,093	\$ 11,698	\$ 14,580
Net income per share				
Basic	\$ 0.85	\$ 0.85	\$ 1.21	\$ 1.53
Diluted	\$ 0.80	\$ 0.80	\$ 1.14	\$ 1.45
Weighted average number of shares outstanding				
Basic	9,692	9,571	9,645	9,516
Diluted	10,360	10,090	10,218	10,039

See Notes to Unaudited Consolidated Financial Statements

Table of Contents**PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(amounts in thousands)

	Nine Months Ended October 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 11,698	\$ 14,580
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,930	6,410
Provision for bad debts	181	693
Tax benefit from exercise of stock options		395
Amortization of debt issue costs	668	699
Amortization of discounts	164	233
Deferred income taxes	4,565	9,013
Restricted shares and options issued as compensation	616	
Costs on early extinguishment of debt	2,963	
Minority interest	236	427
Loss on disposal of assets		139
Changes in operating assets and liabilities:		
Accounts receivable, net	11,574	14,566
Inventories, net	27	20,839
Other current assets	(1,086)	(2,559)
Other assets	(13)	(278)
Accounts payable, accrued expenses and other liabilities	(8,951)	(20,992)
Accrued interest payable	(4,253)	(2,730)
Unearned revenues	517	92
Net cash provided by operating activities	26,836	41,527
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(12,074)	(10,645)
Purchase of marketable securities	(2,079)	
Payment on purchase of intangible assets	(6)	
Payment for acquired business, net of cash acquired		(79,907)
Net cash used in investing activities	(14,159)	(90,552)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from senior credit facility	229,869	253,993
Payments on senior credit facility	(205,134)	(202,662)
Payments on senior secured notes	(58,354)	
Payments on termination of swap agreements	(616)	(1,210)
Payments on real estate mortgages	(174)	(111)
Borrowings on real estate mortgage	14,783	
Payments on capital leases	(169)	(201)
Tax benefit from exercise of stock options	315	
Proceeds from exercise of stock options	1,865	1,759
Net cash (used in) provided by financing activities	(17,615)	51,568
Effect of exchange rate changes on cash and cash equivalents	765	(618)

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NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,173)	1,925
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,412	5,398

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 5,239	\$ 7,323
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW

INFORMATION:

Cash paid during the period for:

Interest	\$ 19,730	\$ 18,899
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Income taxes	\$ 745	\$ 2,481
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NON-CASH FINANCING AND INVESTING ACTIVITIES:

Accrued purchase of property and equipment	\$ 383	\$
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Financing of building acquisition	\$	\$ 1,200
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Unrealized gain on marketable securities	\$ 34	\$
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See Notes to Unaudited Consolidated Financial Statements

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PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The accompanying unaudited consolidated financial statements of Perry Ellis International, Inc. and subsidiaries (Perry Ellis or the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and in accordance with the requirements of the Securities and Exchange Commission on Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and changes in cash flows required by GAAP. These consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended January 31, 2006.

The information presented reflects all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the interim periods. Results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the entire fiscal year.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 155, *Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140*, which simplifies accounting for certain hybrid financial instruments by permitting fair value remeasurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation and eliminates a restriction on the passive derivative instruments that a qualifying special-purpose entity may hold. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of SFAS No. 155 will have no impact on the results of operations or the financial position of the Company.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140*, which establishes, among other things, the accounting for all separately recognized servicing assets and servicing liabilities by requiring that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. SFAS No. 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of SFAS No. 156 will have no impact on the results of operations or the financial position of the Company.

In June 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*, which establishes that the financial statement effects of a tax position taken or expected to be taken in a tax return are to be recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the potential impact, if any, from the adoption of FIN 48.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The adoption of SFAS No. 157 is not expected to have a material

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impact on the results of operations or the financial position of the Company.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans: an amendment of FASB Statements No. 87, 88, 106, and 132(R)*, which requires a business entity to recognize the overfunded or underfunded status of a single-employer defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in comprehensive income in the year in which the changes occur. SFAS No. 158 also requires a business entity to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. An employer with publicly traded equity securities is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. The Company is currently evaluating the potential impact, if any, from the adoption of SFAS No. 158.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 (SAB 108), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. SAB 108 requires companies to evaluate the materiality of identified unadjusted errors on each financial statement and related financial statement disclosure. Financial statements would require adjustment when a misstatement is determined to be material. Correcting prior year financial statements for immaterial errors would not require previously filed reports to be amended. If a company determines that an adjustment to prior year financial statements is required upon adoption of SAB 108 and does not elect to restate its previous financial statements, then it must recognize the cumulative effect of applying SAB 108 in beginning balances of the affected assets and liabilities with a corresponding adjustment to the opening balance in retained earnings. SAB 108 is effective for annual financial statements covering the first fiscal year ending after November 15, 2006. The Company is currently evaluating the potential impact, if any, from the adoption of SAB 108.

3. INVENTORIES

Inventories are stated at the lower of cost (weighted average cost) or market. Cost principally consists of the purchase price (adjusted for lower of cost or market), customs, duties, freight, insurance and commissions to buying agents.

Inventories consisted of the following as of:

	(in thousands)	
	October 31, 2006	January 31, 2006
Finished goods	\$ 123,795	\$ 124,016
Raw materials and in process	2,591	2,397
Total	\$ 126,386	\$ 126,413

4. MARKETABLE SECURITIES

All marketable securities are classified as available-for-sale. Investments are stated at fair value. The estimated fair value of the marketable securities is based on quoted prices in an active market. Gains and losses on investment transactions are determined using the specific identification method and are recognized in income based on settlement dates. Unrealized gains and losses on securities available-for-sale are included in accumulated other comprehensive income until realized. Management evaluates securities held with unrealized losses for other-than-temporary impairment at least on a quarterly basis. Consideration is given to (a) the length of time

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and the extent to which the fair value has been less than cost; (b) the financial condition and near-term prospects of the issuer; and (c) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

During fiscal 2007, the Company purchased 300,000 shares of common stock in one company for approximately \$2.1 million. At October 31, 2006, the fair value of the securities was approximately \$2.1 million and has been included in other current assets. The unrealized gross gain was approximately \$34,000, net of taxes, which was been included in accumulated other comprehensive income.

5. LETTER OF CREDIT FACILITIES

Borrowings and availability under letter of credit facilities consist of the following as of:

	(in thousands)	
	October 31, 2006	January 31, 2006
Total letter of credit facilities	\$ 163,914	\$ 173,796
Outstanding letters of credit	(40,565)	(53,773)
Total credit available	\$ 123,349	\$ 120,023

6. ADVERTISING AND RELATED COSTS

The Company's accounting policy relating to advertising and related costs is to expense these costs in the period incurred. Advertising and related costs were approximately \$6.9 million and \$5.7 million for the three months ended October 31, 2006 and 2005, respectively, and \$17.4 million and \$15.5 million for the nine months ended October 31, 2006 and 2005, respectively, and are included in selling, general and administrative expenses.

7. ACCOUNTING FOR STOCK BASED COMPENSATION

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment*, which requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. This Statement establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value-based measurement method in accounting for share-based payment transactions with employees except for equity instruments held by employee share ownership plans.

The Company adopted SFAS No. 123R on February 1, 2006 using the modified prospective application option. As a result, the compensation cost for the portion of awards granted before February 1, 2006 for which the requisite service had not been rendered and that were outstanding as of February 1, 2006 will be recognized as the remaining requisite service is rendered. In addition, the adoption of SFAS No. 123R has required the Company to change from recognizing the effect of forfeitures as they occur to estimating the number of outstanding instruments for which the requisite service is not expected to be rendered. The Company is also required to change the amortization period for employees eligible to retire from the period over which the awards vest to the period from the grant date to the date the employee is eligible to retire.

For the three months ended October 31, 2006, approximately \$0.2 million (\$0.02 per fully diluted share) and approximately \$32,000 in compensation expense related to stock options and restricted stock, respectively, has been recognized in general and administrative expenses in the condensed consolidated statement of operations. For the nine months ended October 31, 2006,

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approximately \$0.5 million (\$0.06 per fully diluted share) and approximately \$83,000 in compensation expense related to stock options and restricted stock, respectively, has been recognized in general and administrative expenses in the condensed consolidated statements of operations. Compensation expense for these awards is based on the fair value at the original grant date. Pro forma information under SFAS No. 123R regarding stock option grants made for periods prior to fiscal 2007 is presented below:

	(in thousands, except per share data)	
	Three Months	Nine Months
	Ended October 31, 2005	Ended October 31, 2005
Net income as reported	\$ 8,093	\$ 14,580
Add : Total stock based employee compensation expense included in reported net income		
Deduct : Total stock based employee compensation expense not included in reported net income	297	832
Pro forma net income	\$ 7,796	\$ 13,748
Pro forma net income per share:		
Basic	\$ 0.81	\$ 1.44
Diluted	\$ 0.77	\$ 1.37

Weighted Average Number of Shares Outstanding

Basic	9,571	9,516
Diluted	10,090	10,039

In 1993, the Company adopted the 1993 Stock Option Plan (the "1993 Plan"), which was amended in 1998 and 1999 to increase the number of shares reserved for issuance thereunder. As amended, the 1993 Plan authorized the Company to grant stock options ("Option" or "Options") to purchase up to an aggregate of 1,500,000 shares of the Company's common stock. In 2002, prior to the termination of the 1993 Plan in 2003, the Company adopted the 2002 Stock Option Plan (the "2002 Plan"). The 2002 Plan was amended in 2003 to increase the number of shares reserved for issuance thereunder, among other changes. As amended, the 2002 Plan allows the Company to grant Options to purchase up to an aggregate of 1,500,000 shares of the Company's common stock. In 2005, the Company adopted the 2005 Long-Term Incentive Compensation Plan (the "2005 Plan", and collectively with the 1993 Plan and the 2002 Plan, the "Stock Option Plans"). The 2005 Plan allows the Company to grant Options to purchase up to an aggregate of 1,500,000 shares of the Company's common stock, reduced by any awards outstanding under the 2002 Plan. All Stock Option Plans were designed to serve as an incentive for attracting and retaining qualified and competent employees, directors, consultants, and independent contractors of the Company.

The 2005 Plan provides for the granting of Incentive Stock Options and Nonstatutory Stock Options. An Incentive Stock Option is an option to purchase common stock, which meets the requirements as set forth under Section 422 of the Internal Revenue Code of 1986, as amended ("Section 422"). A Nonstatutory Stock Option is an option to purchase common stock, which meets the requirements of the 2005 Plan, but does not meet the definition of an incentive stock option under Section 422.

The 2005 Plan is administered by the compensation committee of the Board of Directors (the "Committee"), which is comprised of two or more non-employee directors. The Committee determines the participants, the allotment of shares, and the term of the Options. The Committee also determines the exercise price of the Options; provided, however that the per share exercise price of Options granted under the 2005 Plan may not be less than the fair market value of the common stock on the date of grant, and in the case of an incentive stock option granted to a 10% shareholder, the per share exercise price will not be less than 110% of such fair market value.

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The following table lists information regarding shares under the 1993 Plan, 2002 Plan and 2005 Plan as of October 31, 2006:

	Shares Underlying		Shares Available
	Outstanding Options	Unvested Restricted Shares	for Grant
1993 Stock Option Plan	1,051,366		
2002 Stock Option Plan	168,007		
2005 Stock Option Plan	115,200	26,500	1,190,293
	1,334,573	26,500	1,190,293

Restricted Stock Under the 2005 Plan, restricted stock awards shall be granted subject to restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in the 2005 Plan, covering a period of time specified by the Committee. The terms of any restricted stock award granted under the 2005 Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the 2005 Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the 2005 Plan and any Award Agreement relating to a restricted stock award, a participant granted restricted stock shall have all of the rights of a shareholder, including the right to vote the restricted stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the Restriction Period (as defined in the 2005 Plan), the restricted stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the participant.

During fiscal 2007, the Company awarded two employees an aggregate of 10,000 shares of restricted stock, which vest over a five year period. The total fair value of the restricted shares amounted to approximately \$285,000. During fiscal 2006, the Company awarded four employees an aggregate of 16,500 shares of restricted stock, which vest over a four year period. The total fair value of the restricted shares amounted to approximately \$358,000. These amounts are being amortized as compensation expense over the vesting period. The fair value of restricted stock grants is estimated on the date of grant and is generally equal to the closing stock price of the Company on the date of grant.

The fair value of stock option grants is estimated on the date of grant using the Black-Scholes option pricing model based on certain assumptions including: expected volatility based on the historical price of the Company's common stock over the expected life of the option; the risk free rate of return based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option; the expected life based on the period of time the options are expected to be outstanding using historical data to estimate option exercise and employee termination; and dividend yield based on the Company's history and expectation of dividend payments. The pro forma weighted average fair value of options granted during the nine months ended October 31, 2006 was \$19.44 per share based on a risk-free interest rate of 4.5%, an expected life of ten years, expected volatility of 58.7% and no expected dividends.

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The following tables summarize the stock-based award activity during the nine months ended October 31, 2006:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (in thousands)
Outstanding January 31, 2006	1,413,215	\$ 13.99		
Granted 2006	65,773	\$ 26.95		
Exercised 2006	(104,665)	\$ 11.93		
Cancelled 2006	(39,750)	\$ 21.80		
Outstanding October 31, 2006	1,334,573	\$ 14.60	4.65	\$ 29,306
Options Exercisable	1,212,231	\$ 13.77	5.12	\$ 27,629

The aggregate intrinsic value for stock options in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price of \$36.56 as of October 31, 2006. This amount represents the total pre-tax intrinsic value that would have been received by the holders of the stock-based awards had the awards been exercised and sold as of that date. During the nine months ended October 31, 2006, the total intrinsic value of stock options exercised was approximately \$876,000.

As of October 31, 2006, the total unrecognized compensation cost related to unvested stock options outstanding under the Stock Option Plans is approximately \$1.6 million. That cost is expected to be recognized over a weighted-average period of 2.9 years. As of October 31, 2006, the total unrecognized compensation cost related to unvested time-based restricted stock was approximately \$525,000, which is expected to be recognized over a weighted-average period of 3.5 years.

Additional information regarding options outstanding and exercisable as of October 31, 2006, is as follows:

Options Outstanding				Options Exercisable			
Range of		Weighted		Weighted		Weighted	
Exercise Prices		Average		Average		Average	
		Remaining		Remaining		Remaining	
		Contractual Life		Contractual Life		Contractual Life	
		(in years)		(in years)		(in years)	
		Number		Number		Number	
		Outstanding		Outstanding		Exercisable	
		Exercise Price		Exercise Price		Exercise Price	
\$ 5.00	- \$ 9.00	429,666	2.63	\$ 8.49	429,666	\$ 8.49	
\$ 9.01	- \$ 14.00	19,600	3.73	\$ 11.31	19,600	\$ 11.31	
\$14.01	- \$ 16.00	597,100	4.42	\$ 14.80	581,250	\$ 14.82	
\$16.01	- \$ 23.00	111,207	8.40	\$ 20.30	59,715	\$ 20.16	
\$23.01	\$ 35.00	177,000	8.08	\$ 25.53	122,000	\$ 24.61	
		1,334,573			1,212,231		

8. NET INCOME PER SHARE

Basic net income per share is computed by dividing net income by the weighted average shares of outstanding common stock. The calculation of diluted net income per share is similar to basic earnings per share except that the denominator includes potentially dilutive common stock. The potentially dilutive common stock included in the Company's computation of diluted net income per share includes the effects of stock options as determined using the treasury stock method.

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The following table sets forth the computation of basic and diluted net income per share:

	(in thousands, except per share data)			
	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005	Nine Months Ended October 31, 2006	Nine Months Ended October 31, 2005
Numerator:				
Net income	\$ 8,241	\$ 8,093	\$ 11,698	\$ 14,580
Denominator:				
Basic weighted average shares	9,692	9,571	9,645	9,516
Dilutive effect: stock options	668	519	573	523
Diluted weighted average shares	10,360	10,090	10,218	10,039
Basic income per share	\$ 0.85	\$ 0.85	\$ 1.21	\$ 1.53
Diluted income per share	\$ 0.80	\$ 0.80	\$ 1.14	\$ 1.45
Antidilutive effect: stock options (1)	92	182	128	195

(1) Represents stock options to purchase shares of common stock that were not included in computing diluted income per share because their effects were antidilutive for the respective periods.

9. COMPREHENSIVE INCOME

Comprehensive income is comprised of net operating results, the effect of foreign currency translation and unrealized gain on marketable securities reflected in stockholders' equity. Comprehensive income was \$8.5 million and \$8.3 million for the three months ended October 31, 2006 and 2005, respectively and \$12.5 million and \$14.0 million for the nine months ended October 31, 2006 and 2005, respectively.

10. SEGMENT INFORMATION

In accordance with SFAS No. 131, *Disclosure About Segments of an Enterprise and Related Information*, our principal business segments are grouped into the generation of revenues from sale of products and royalties from licensing activity. These segments are identified and managed by the Company based on the products and services offered by each. The product segment derives its revenues from the design, importation and distribution of apparel to various retail channels, which include department stores, national and regional chain stores, mass merchants, specialty stores, sporting goods stores, green grass golf shops, the corporate incentive market, as well as clubs, and independent retailers in the United States, Puerto Rico and Canada. The licensing segment derives its revenues from royalties associated with the licensing of its trademarks to third parties, principally Perry Ellis®, Jantzen®, John Henry®, Manhattan®, and Munsingwear®. Trademark costs have been allocated among the segments where the brands are shared. Shared selling, general and administrative expenses are allocated amongst the segments based upon department utilization rates.

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	(in thousands)			
	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005	Nine Months Ended October 31, 2006	Nine Months Ended October 31, 2005
Revenues:				
Product	\$ 207,794	\$ 214,665	\$ 581,747	\$ 619,357
Licensing	5,445	5,290	16,512	16,182
Total Revenues	\$ 213,239	\$ 219,955	\$ 598,259	\$ 635,539
Operating Income :				
Product	\$ 14,973	\$ 14,077	\$ 27,068	\$ 29,597
Licensing	2,839	4,199	9,821	9,875
Total Operating Income	\$ 17,812	\$ 18,276	\$ 36,889	\$ 39,472

11. BENEFIT PLAN

The Company sponsors a qualified pension plan. The following table provides the components of net benefit cost for the plan during the three and nine months ended October 31, 2006 and 2005, respectively:

	(in thousands)			
	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005	Nine Months Ended October 31, 2006	Nine Months Ended October 31, 2005
Service cost	\$ 63	\$ 189	\$ 189	\$ 2,235
Interest cost	739	745	2,217	2,235
Expected return on plan assets	(880)	(845)	(2,640)	(2,535)
Amortization of net gain				
Net periodic benefit cost	\$ (78)	\$ (100)	\$ (234)	\$ (300)

The Company expects no contributions to the pension plan during fiscal 2007.

12. \$57 MILLION SENIOR SECURED NOTES PAYABLE

In March 2002, the Company issued \$57.0 million 9 1/2% senior secured notes due March 15, 2009. On March 15, 2006, the Company exercised the call provision of the \$57.0 million 9 1/2% senior secured notes. The call provision permitted the notes to be redeemed at a premium of 102.375%, and in connection with this transaction, the Company incurred cost on early extinguishment of debt of approximately \$3.0 million during the first quarter of fiscal 2007, including call premium costs, write-off of bond issue costs and costs associated with the termination of derivatives related to the senior secured notes.

13. REAL ESTATE MORTGAGE

In June 2006, the Company entered into a mortgage loan for \$15 million secured by its Tampa facility. The loan is due on June 7, 2016. Principal and interest of \$297,000 are due quarterly based on a 20 year amortization with the outstanding principal due at maturity. Interest is set at 6.25% for the first five years, at which point it will be reset based on the terms and conditions of the promissory note.

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14. DERIVATIVE FINANCIAL INSTRUMENTS

The Company had entered into derivative financial instruments in order to manage the overall borrowing costs associated with its senior secured notes.

Derivatives on \$57 million senior secured notes payable

The Company had an interest rate swap and option (the "\$57 million Swap Agreement") for an aggregate notional amount of \$57 million in order to manage the overall borrowing costs associated with its 9 1/2% senior secured notes. In March 2006, the Company terminated the \$57 million Swap Agreement. See footnote 12 to the unaudited condensed consolidated financial statements for further information. The \$57 million Swap Agreement was a fair value hedge as it was designated against the 9 1/2% senior secured notes carrying a fixed rate of interest and converted such notes to variable rate debt. The \$57 million Swap Agreement was reflected at fair value in the Company's consolidated balance sheet with a corresponding offset to the designated item. The fair value of the \$57 million Swap Agreement recorded on the Company's condensed consolidated balance sheet was \$0.5 million as of January 31, 2006.

The Company also had an interest rate cap agreement (the "\$57 million Cap Agreement") for an aggregate notional amount of \$57 million associated with the 9 1/2% senior secured notes. In March 2006, the Company terminated the \$57 million Cap Agreement. See footnote 12 to the unaudited condensed consolidated financial statements for further information. The \$57 million Cap Agreement capped the interest rate on the 9 1/2% senior secured notes at 10%. The \$57 million Cap Agreement did not qualify for hedge accounting treatment, resulting in a \$0 and \$30,000 decrease of recorded interest expense on the consolidated statement of operations for the three and nine months ended October 31, 2006, respectively and an \$84,000 and \$53,000 decrease of recorded interest expense on the consolidated statement of operations for the three and nine months ended October 31, 2005, respectively. The fair value of the \$57 million Cap Agreement recorded on the Company's consolidated balance sheet was (\$0.6 million) as of January 31, 2006.

Other

The Company does not currently have a significant exposure to foreign exchange risk and accordingly, has not entered into any transactions to hedge against those risks.

15. SUBSEQUENT EVENTS

On November 21, 2006, the Company announced a 3-for-2 stock split effected in the form of a stock dividend payable on December 29, 2006 to stockholders of record as of December 12, 2006. All earnings per share references in this report do not include the impact of the stock dividend.

On November 29, 2006, the Company amended its senior credit facility to allow loans to bear interest at an average monthly LIBOR rate, and reduce the Applicable Margin over the monthly LIBOR rate with a pricing grid based on excess availability and to extend the term of the senior credit facility to February 1, 2009.

On December 6, 2006, the Company signed a definitive agreement with and re-acquired from Parlux Fragrances Inc. ("Parlux") all rights, titles, interests, intangible assets and inventory that Parlux maintained pursuant to a global license agreement to manufacture and distribute perfumery, fragrances, lotions, toiletries and cosmetics under the Perry Ellis brand. The agreement to re-acquire the Perry Ellis fragrance license and related assets in a cash transaction of approximately \$63 million is effective as of December 6, 2006, subject to potential closing price adjustments. The Company funded this acquisition through its senior credit facility.

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On December 6, 2006, the Company amended its senior credit facility to increase the maximum credit available from December 1, 2006 through May 1, 2007 to \$210,000,000 (after which time, the maximum credit available will return to \$175,000,000); provide for a supplemental increase in the borrowing base and credit availability of \$25,000,000 until the earlier of (i) the date that is six months from the date of signing of the agreement described above with Parlux, (ii) June 30, 2007, (iii) the day on which the Company notifies the agent for its lender of its election to terminate the supplemental increase, or (iv) the day that is 60 days from the execution of a new license agreement for the use of the Perry Ellis® trade name for fragrance products; and provide that the inventory acquired by the Company in the Parlux transaction may be Eligible Inventory under the senior credit facility, subject to a limit of \$15,000,000 and, as to all such inventory, to compliance with certain conditions.

16. CONSOLIDATING CONDENSED FINANCIAL STATEMENTS

Perry Ellis International, Inc. and several of its subsidiaries have fully and unconditionally guaranteed the senior subordinated notes on a joint and several basis. As such, the following consolidating condensed financial statements, which present, in separate columns: Perry Ellis, the guarantors on a combined basis and the non-guarantors on a combined basis are required to be presented. Additional columns present eliminating adjustments and consolidated totals as of October 31, 2006 and January 31, 2006, and for the three and nine months ended October 31, 2006 and 2005. The Company has not presented separate financial statements and other disclosures concerning the combined guarantors because management has determined that such information is not material to investors.

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PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)

AS OF OCTOBER 31, 2006

(amounts in thousands, except share data)

	Parent Only	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ (2,993)	\$ 1,807	\$ 6,425	\$	\$ 5,239
Accounts receivable, net	954	129,203	10,617		140,774
Intercompany receivable - Guarantors	66,370	270,778	1,662	(338,810)	
Intercompany receivable - Non Guarantors		14,696	(445)	(14,251)	
Inventories, net		117,762	8,624		126,386
Other current assets	4,960	11,773	673		17,406
Total current assets	69,291	546,019	27,556	(353,061)	289,805
Property and equipment, net	16,887	49,646	3,820		70,353
Intangible assets, net		147,157	35,939		183,096
Investment in subsidiaries	234,726	10,281		(245,007)	
Other	4,935	9,166	59	(2,292)	11,868
TOTAL	\$ 325,839	\$ 762,269	\$ 67,374	\$ (600,360)	\$ 555,122
LIABILITIES & STOCKHOLDERS EQUITY					
Current Liabilities:					
Accounts payable, accrued expenses and other current liabilities	\$ 7,097	\$ 49,988	\$ 8,668	\$ (2,292)	\$ 63,461
Intercompany payable - Parent	(101,070)	520,540	23,604	(443,074)	
Total current liabilities	(93,973)	570,528	32,272	(445,366)	63,461
Notes payable and senior credit facility	185,843	54,011	1,040		240,894
Other long term liabilities	283	13,581	140		14,004
Total long-term liabilities	186,126	67,592	1,180		254,898
Total liabilities	92,153	638,120	33,452	(445,366)	318,359
Minority interest			2,090		2,090
Stockholders equity	233,686	124,149	31,832	(154,994)	234,673
TOTAL	\$ 325,839	\$ 762,269	\$ 67,374	\$ (600,360)	\$ 555,122

Table of Contents**PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)****AS OF JANUARY 31, 2006****(amounts in thousands)**

	Parent Only	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 6	\$ 3,568	\$ 5,838	\$	\$ 9,412
Accounts receivable, net	1,086	140,575	10,868		152,529
Intercompany receivable - Guarantors	34	(49,261)	(3,343)	52,570	
Intercompany receivable - Non Guarantors		27,866		(27,866)	
Inventories, net		120,116	6,297		126,413
Other current assets	2,471	10,018	1,458	2,292	16,239
Total current assets	3,597	252,882	21,118	26,996	304,593
Property and equipment, net	16,102	46,603	3,887		66,592
Intangible assets, net		147,151	35,939		183,090
Investment in subsidiaries	222,745	9,605		(232,350)	
Other	4,927	13,038	66	(2,292)	15,739
TOTAL	\$ 247,371	\$ 469,279	\$ 61,010	\$ (207,646)	\$ 570,014
LIABILITIES & STOCKHOLDERS EQUITY					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 13,426	\$ 56,933	\$ 5,684	\$	\$ 76,043
Intercompany payable - Parent	(171,511)	209,781	26,818	(65,088)	
Total current liabilities	(158,085)	266,714	32,502	(65,088)	76,043
Notes payable and senior credit facility	185,624	71,848	1,092		258,564
Other long term liabilities	452	13,581	140		14,173
Total long-term liabilities	186,076	85,429	1,232		272,737
Total liabilities	27,991	352,143	33,734	(65,088)	348,780
Minority interest			1,854		1,854
Stockholders equity	219,380	117,136	25,422	(142,558)	219,380
TOTAL	\$ 247,371	\$ 469,279	\$ 61,010	\$ (207,646)	\$ 570,014

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PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)

FOR THE THREE MONTHS ENDED OCTOBER 31, 2006

(amounts in thousands)

			Non-		
	Parent Only	Guarantors	Guarantors	Eliminations	Consolidated
Revenue	\$	\$ 197,911	\$ 15,328	\$	\$ 213,239
Gross profit		64,171	8,287		72,458
Operating income		14,183	3,629		17,812
Interest, minority interest and income taxes	198	8,259	1,114		9,571
Equity in earnings of subsidiaries, net	8,439	385		(8,824)	
Net income	8,241	6,309	2,515	(8,824)	8,241

PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)

FOR THE THREE MONTHS ENDED OCTOBER 31, 2005

(amounts in thousands)

			Non-		
	Parent Only	Guarantors	Guarantors	Eliminations	Consolidated
Revenue	\$	\$ 215,195	\$ 4,760	\$	\$ 219,955
Gross profit		66,541	3,819		70,360
Operating income (loss)	(1)	15,435	2,842		18,276
Interest, minority interest and income taxes	6	8,658	1,519		10,183
Equity in earnings of subsidiaries, net	8,100			(8,100)	
Net income	8,093	6,777	1,323	(8,100)	8,093

PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2006

(amounts in thousands)

			Non-		
	Parent Only	Guarantors	Guarantors	Eliminations	Consolidated
Revenue	\$	\$ 553,133	\$ 45,126	\$	\$ 598,259
Gross profit		172,385	24,368		196,753
Operating income		28,034	8,855		36,889

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Costs on early extinguishment of debt		2,963		2,963
Interest, minority interest and income taxes	283	18,735	3,210	22,228
Equity in earnings of subsidiaries, net	11,981	676	(12,657)	
Net income	11,698	7,012	5,645	(12,657)
				11,698

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			Non-		
	Parent Only	Guarantors	Guarantors	Eliminations	Consolidated
Revenue	\$	\$ 622,721	\$ 12,818	\$	\$ 635,539
Gross profit		186,505	10,620		197,125
Operating income		31,754	7,718		39,472
Interest, minority interest and income taxes	24	21,144	3,724		24,892
Equity in earnings of subsidiaries, net	14,604			(14,604)	
Net income	14,580	10,610	3,994	(14,604)	14,580

PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE NINE MONTHS ENDED OCTOBER 31, 2006****(amounts in thousands)**

			Non-		
	Parent Only	Guarantors	Guarantors	Eliminations	Consolidated
Net cash (used in) provided by operating activities	\$ (2,020)	\$ 28,763	\$ 314	\$ (221)	\$ 26,836
Net cash used in investing activities	(2,864)	(10,865)	(430)		(14,159)
Net cash provided by (used in) financing activities	2,106	(19,659)	(62)		(17,615)
Effect of exchange rate changes on cash and cash equivalents	(221)		765	221	765
Net (decrease) increase in cash and cash equivalents	(2,999)	(1,761)	587		(4,173)
Cash and cash equivalents at beginning of period	6	3,568	5,838		9,412
Cash and cash equivalents at end of period	(2,993)	1,807	6,425		5,239

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PERRY ELLIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2005

(amounts in thousands)

			Non-		
	Parent Only	Guarantors	Guarantors	Eliminations	Consolidated
Net cash (used in) provided by operating activities	\$ (75,250)	\$ 118,232	\$ (838)	\$ (617)	\$ 41,527
Net cash (used in) provided by investing activities	(11,321)	(79,263)	32		(90,552)
Net cash provided by (used in) financing activities	87,441	(35,872)		(1)	51,568
Effect of exchange rate changes on cash and cash equivalents	(618)	(772)	154	618	(618)
Net increase (decrease) in cash and cash equivalents	252	2,325	(652)		1,925
Cash and cash equivalents at beginning of period	(818)	3,585	2,631		5,398
Cash and cash equivalents at end of period	(566)	5,910	1,979		7,323

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Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, all references to Perry Ellis, the Company, we, us or our include Perry Ellis International, Inc. and its subsidiaries. This management's discussion and analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended January 31, 2006.

Forward Looking Statements

We caution readers that this report includes forward-looking statements as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations rather than historical facts and they are indicated by words or phrases such as anticipate, could, may, might, potential, predict, should, estimate, expect, project, believe, intend, plan, envision, contemplate, or will and similar words or phrases or corporate terminology. We have based such forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, many of which are beyond our control.

Some of the factors that could affect our financial performance, cause actual results to differ from our estimates, or underlie such forward-looking statements, are set forth in various places in this report. These factors include, but are not limited to:

general economic conditions,

a significant decrease in business from or loss of any of our major customers or programs,

anticipated and unanticipated trends and conditions in our industry, including the impact of recent or future retail and wholesale consolidation,

the effectiveness of our planned advertising, marketing and promotional campaigns,

our ability to contain costs,

disruptions in the supply chain,

our future capital needs and our ability to obtain financing,

our ability to integrate acquired businesses, trademarks, tradenames and licenses including our recent acquisition of assets from Parlux Fragrances Inc. (Parlux),

our ability to predict consumer preferences and changes in fashion trends and consumer acceptance of both new designs and newly introduced products,

the termination or non-renewal of any material license agreements to which we are a party,

changes in the costs of raw materials, labor and advertising,

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our ability to carry out growth strategies including expansion in international and direct to consumer retail markets,

the level of consumer spending for apparel and other merchandise,

our ability to compete,

exposure to foreign currency risk and interest rate risk,

possible disruption in commercial activities due to terrorist activity and armed conflict,

other factors set forth in this report and in our other Securities and Exchange Commission (SEC) filings.

You are cautioned not to place undue reliance on these forward-looking statements, which are valid only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements to reflect new information or the occurrence of unanticipated events or otherwise.

Critical Accounting Policies

Included in the footnotes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended January 31, 2006 is a summary of all significant accounting policies used in the preparation of our consolidated financial statements. We follow the accounting methods and practices as required by Accounting Principles Generally Accepted in the United States of America (GAAP). In particular, our critical accounting policies and areas we use judgment in are the areas of revenue recognition, the estimated collectability of accounts receivable, the recoverability of obsolete or overstocked inventory, the consideration of the impairment of long-lived assets which are our trademarks, the carrying value of our deferred tax accounts, and the calculation of our pension obligation.

Revenue Recognition. Sales are recognized at the time legal title to the product passes to the customer, generally FOB Perry Ellis distribution facilities, net of trade allowances and a provision for estimated returns and other allowances. Royalty income is recognized when earned on the basis of the terms specified in the underlying contractual agreements. We believe that our revenue recognition policies conform to Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements*.

Accounts Receivable. We maintain an allowance for doubtful accounts receivable and an allowance for estimated trade discounts, co-op advertising, allowances provided to retail customers to flow goods through the retail channel, and losses resulting from the inability of our retail customers to make required payments considering historical and anticipated trends.

Inventories. Our inventories are valued at the lower of cost or market value. We evaluate all of our inventory style-size-color stock keeping units, or SKUs, to determine excess or slow-moving SKUs based on orders on hand and projections of future demand and market conditions. For those units in inventory that are so identified, we estimate their market value or net sales value based on current realization trends. If the projected net sales value is less than cost, on an individual SKU basis, we write down inventory to reflect the lower value. This methodology recognizes projected inventory losses at the time such losses are evident rather than at the time goods are actually sold.

Intangible Assets. We have, at the present time, only one class of indefinite lived assets, trademarks. We review our intangible assets with indefinite useful lives for possible impairments on an annual basis in accordance with SFAS No. 142 and perform impairment testing as of February 1st of each year by among other things, obtaining independent third party valuations. We evaluate the fair value of our identifiable intangible assets for purposes of recognition and measurement of impairment losses. Evaluating

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indefinite useful life assets for impairment involves certain judgments and estimates, including the interpretation of current economic indicators and market valuations, and our strategic plans with regard to our operations, historical and anticipated performance of our operations and other factors. If we incorrectly anticipate these trends or unexpected events occur, our results of operations could be materially affected.

Deferred Taxes. We account for income taxes under the liability method. Deferred tax assets and liabilities are recognized based on the differences between financial statement and tax basis of assets and liabilities using presently enacted tax rates. A valuation allowance is recorded, if required, to reduce deferred tax assets to that portion which is expected to more likely than not be realized. The ultimate realization of the deferred tax asset is dependent upon the generation of future taxable income during the periods prior to the expiration of the related net operating losses. If our estimates and assumptions about future taxable income are not appropriate, the value of our deferred tax asset may not be recoverable.

Retirement-Related Benefits. The pension obligations related to our defined benefit pension plans are developed from actuarial valuations. Inherent in these valuations are key assumptions, including the discount rate, expected return of plan assets, future compensation increases, and other factors, which are updated on an annual basis. Management is required to consider current market conditions, including changes in interest rates, in making these assumptions. Actual results that differ from the assumptions are accumulated and amortized over future periods, and therefore, generally affect the recognized pension expense or benefit and our pension obligation in future periods. The fair value of plan assets is based on the performance of the financial markets, particularly the equity markets. Therefore, the market value of the plan assets can change dramatically in a relatively short period of time. Additionally, the measurement of the plan's benefit obligation is highly sensitive to changes in interest rates. As a result, if the equity market declines and/or interest rates decrease, the plan's estimated accumulated benefit obligation could exceed the fair value of the plan assets and therefore, we would be required to establish an additional minimum liability, which would result in a reduction in shareholder's equity for the amount of the shortfall. For fiscal 2006, we did not record an additional minimum pension liability calculated under the provisions of SFAS No. 87.

Results of Operations

The following is a discussion of the results of operations for the three and nine month periods in the third quarter of the fiscal year ending January 31, 2007 (fiscal 2007) compared with the three and nine month periods in the third quarter of the fiscal year ended January 31, 2006 (fiscal 2006).

Results of Operations - three and nine months ended October 31, 2006 compared to three and nine months ended October 31, 2005.

Net sales. Net sales for the three months ended October 31, 2006 were \$207.8 million, a decrease of \$6.9 million, or 3.2%, from \$214.7 million for the three months ended October 31, 2005. Net sales for the nine months ended October 31, 2006 were \$581.7 million, a decrease of \$37.7 million, or 6.1%, from \$619.4 million for the nine months ended October 31, 2005. These decreases were primarily a result of our previously announced reductions of private label and branded programs at a national mid-tier chain and the impact of Federated Department Stores door closures due to the May Company merger integration, offset by organic sales growth.

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Royalty income. Royalty income for the three months ended October 31, 2006 was \$5.4 million, an increase of \$0.1 million, or 1.9%, from \$5.3 million for the three months ended October 31, 2005. The increase was due primarily to our addition of the Gotcha trademarks, as well as an increase in royalty income from the Farah and Savane licenses, offset by lower fragrance royalties.

Royalty income for the nine months ended October 31, 2006 was \$16.5 million, an increase of \$0.3 million, or 1.9%, from \$16.2 million for the nine months ended October 31, 2005. The increase was due primarily to our addition of the Gotcha trademarks, as well as an increase in royalty income from the Farah and Savane licenses, offset by lower fragrance royalties.

Gross profit. Gross profit was \$72.5 million and \$70.4 million for the three months ended October 31, 2006 and 2005, an increase of 3.0%. Despite lower sales during the three months ended October 31, 2006, as compared to the three months ended October 31, 2005, gross profit increased because of improved wholesale margins as discussed below. Gross profit was \$196.8 million for the nine months ended October 31, 2006, as compared to \$197.1 million for nine months ended October 31, 2005, a decrease of 0.2%. The decrease is primarily due to lower sales during the nine months ended October 31, 2006, as compared to the nine months ended October 31, 2005, offset by the improved wholesale margins as discussed below.

As a percentage of total revenue, gross profit margins were 34.0% for the three months ended October 31, 2006, as compared to 32.0% for the three months ended October 31, 2005, an increase of 200 basis points. As a percentage of total revenue, gross profit margins were 32.9% for the nine months ended October 31, 2006, as compared to 31.0% for the nine months ended October 31, 2005, an increase of 190 basis points. The improvement in the gross profit percentage was a result of improved wholesale margins, particularly Perry Ellis Sportswear, swimwear, bottoms, international, and direct to consumer retail.

Wholesale gross profit margins (which exclude the impact of royalty income) increased for the three months ended October 31, 2006 to 32.3%, as compared to 30.3% for the three months ended October 31, 2005. The wholesale gross profit margin percentage increased for the nine months ended October 31, 2006, to 31.0%, as compared to 29.2% for the nine months ended October 31, 2005. As described above, the increase came as a result of improved gross profit margin across several businesses, and strong retail sell-through performance which lowered our end of season clearance/markdown support and decreased off price sales, as a result of better inventory planning and improved sourcing costs.

Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended October 31, 2006 and 2005, were \$51.7 million and \$49.6 million, respectively, an increase of 4.2%. As a percentage of total revenues, selling, general and administrative expenses were 24.2% for the three months ended October 31, 2006, as compared to 22.5% for the three months ended October 31, 2005. The increase in selling, general and administrative expenses, on a percentage basis, is attributed to startup costs incurred related to our expansion in direct to consumer retail, our wholesale expansion of our Original Penguin Brand in Europe, increased marketing and advertising costs in preparation for the fourth quarter and initial costs associated with the establishment of our Seattle based outerwear and JAG swimwear operations, offset by efficiencies in distribution and planned reductions in other selling, general and administrative. Selling, general and administrative expenses also include approximately \$0.2 million or \$0.02 per fully diluted share, related to stock option compensation expense as a result of the adoption of Statement of Financial Accounting Standards No. 123(R) and the introduction in our Long-Term Incentive Compensation plan of restricted shares.

Selling, general and administrative expenses for the nine months ended October 31, 2006, were \$151.5 million, an increase of \$0.7 million, or 0.5%, from \$150.8 million for the nine months ended October 31, 2005. The increase in selling, general and administrative expenses is attributed to the factors described above. As a percentage of total revenues, selling, general and administrative expenses were 25.3% for the nine months ended October 31, 2006, as compared to 23.7% for the nine months ended October 31, 2005. Selling, general and administrative expenses also include approximately \$0.6 million or \$0.06 per fully diluted share, related to stock option compensation expense as a result of the adoption of Statement of Financial Accounting Standards No. 123(R) and the introduction in our Long-Term Incentive Compensation plan of restricted shares.

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Depreciation and amortization. Depreciation and amortization for the three months ended October 31, 2006 was \$2.9 million, an increase of \$0.5 million, or 20.8%, from \$2.4 million for the three months ended October 31, 2005. Depreciation and amortization for the nine months ended October 31, 2006, was \$8.4 million, an increase of \$1.5 million, or 21.7%, from \$6.9 million for the nine months ended October 31, 2005. The increase is primarily due to an increase in property and equipment purchased during the second half of fiscal 2006 and the first half of fiscal 2007.

Interest expense. Interest expense for the three months ended October 31, 2006, was \$5.0 million, a decrease of \$0.6 million, or 10.7%, from \$5.6 million for the three months ended October 31, 2005. Interest expense for the nine months ended October 31, 2006, was \$15.7 million, a decrease of \$0.7 million, or 4.3%, from \$16.4 million for the nine months ended October 31, 2005. The overall decrease in interest expense is primarily attributable to the decrease in our average borrowings under our senior credit facility, a shift of borrowings to a new lower interest rate mortgage, and the elimination of the senior secured notes payable during the first quarter of Fiscal 2007. The overall decrease was offset by increased interest expense primarily attributable to the impact of the elimination of the interest rate swaps on our senior subordinated notes and the increase in prime and LIBOR rates during fiscal 2007 as compared to fiscal 2006.

Cost on early extinguishment of debt. We incurred debt extinguishment costs of approximately \$3.0 million during the first quarter of fiscal 2007, including call premium costs, write-off of bond issuance costs and costs associated with the termination of derivatives related to our 9 1/2% senior secured notes on March 15, 2006.

Income taxes. Income tax provision remained flat for the three months ended October 31, 2006 and October 31, 2005, at \$4.5 million. For the three months ended October 31, 2006, our effective tax rate was 35.1% as compared to 35.4% for the three months ended October 31, 2005. Our income tax provision for the nine months ended October 31, 2006, was \$6.3 million, a \$1.8 million decrease as compared to \$8.1 million for the nine months ended October 31, 2005. For the nine months ended October 31, 2006, our effective tax rate was 34.4% as compared to 35.1% for the nine months ended October 31, 2005. The primary reason for the decrease in the effective tax rate for the three and nine month periods was due to a lower tax rate experienced by our international operations.

Net income. Our net income for the three months ended October 31, 2006 was \$8.2 million, an increase of \$0.1 million, or 1.2%, as compared to net income of \$8.1 million for the three months ended October 31, 2005. Net income for the nine months ended October 31, 2006, was \$11.7 million, a decrease of \$2.9 million, or 19.9%, as compared to net income of \$14.6 million for the nine months ended October 31, 2005. The changes in operating results were due to the items described above.

Liquidity and Capital Resources

We rely primarily upon cash flow from operations and borrowings under our senior credit facility and letter of credit facilities to finance our operations, acquisitions and capital expenditures. We believe that as a result of the growth in our business, our working capital requirements will increase during our fourth quarter as a result of planned increases in sales and our recently completed acquisition of assets from Parlux. As of October 31, 2006, our total working capital was \$226.3 million as compared to \$228.6 million as of January 31, 2006. We believe that our cash flows from operations and available borrowings under our senior credit facility and letter of credit facilities are sufficient to meet our working capital needs. We also believe that our real estate assets, which have a net book value of \$29 million at October 31, 2006, have a substantially higher market value of approximately \$50 million. These real estate assets provide us with additional capital resources. Additional borrowings against these real estate assets, however, would be

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subject to certain loan to value criteria established by lending institutions. Previously, we obtained mortgage loans on two of these properties which have a total balance of \$12.4 million at October 31, 2006. In June 2006, we obtained an additional \$15 million mortgage loan on our Tampa facility. The proceeds from this mortgage loan were used primarily for working capital requirements and to pay down our senior credit facility.

Net cash provided by operating activities was \$26.8 million for the nine months ended October 31, 2006, as compared to cash provided by operating activities of \$41.5 million for the nine months ended October 31, 2005. This represents a decrease of \$14.7 million in the level of cash provided by operating activities for the nine months ended October 31, 2006, as compared to the comparable period last year, with this decrease primarily due to the effects of the Tropical acquisition completed in February 2005. For the nine months ended October 31, 2006, cash provided by operating activities is primarily attributable to a decrease in accounts receivable of \$11.6 million due to lower sales and stronger collection efforts, offset by the reduction of accounts payable, accrued expenses and other liabilities in the amount of \$9.0 million and a reduction in accrued interest of \$4.3 million. For the nine months ended October 31, 2005, accounts receivable and inventory decreased by \$14.6 million and \$20.8 million, offset by the reduction of accounts payable, accrued expenses and other liabilities in the amount of \$21.0 million and a reduction in accrued interest of \$2.7 million.

Net cash used in investing activities was \$14.2 million for the nine months ended October 31, 2006, as compared to cash used in investing activities of \$90.6 million for the nine months ended October 31, 2005. The net cash used during the first nine months of fiscal 2007 primarily reflects the purchase of property and equipment, as well as marketable securities, in the amounts of \$12.0 million and \$2.0 million, respectively, compared to net cash used during fiscal 2006 for the purchase of Tropical in the amount of \$79.9 million and additions to property and equipment in the amount of \$10.6 million.

Net cash used in financing activities for the nine months ended October 31, 2006, was \$17.6 million, as compared to net cash provided by financing activities for the nine months ended October 31, 2005 of \$51.6 million. The net cash used during the nine months ended October 31, 2006 primarily reflects payments of \$58.4 million to extinguish our senior secured notes and \$0.6 million in connection with the termination of the swap agreements. The use of cash was off set by net borrowings of \$24.7 million from our senior credit facility, as well as proceeds from our Tampa facility real estate mortgage loan of \$14.8 million and proceeds from the exercise of stock options of \$1.9 million. The net cash provided during the nine months ended October 31, 2005 primarily reflects the net borrowings on our senior credit facility of \$51.3 million, which were used primarily for the Tropical acquisition, as well as proceeds from the exercise of employee stock options of \$1.8 million, offset by the payments of \$1.2 million in connection with the termination of the swap agreements.

Senior Credit Facility

The following is a description of the terms of the senior credit facility with Wachovia Bank, National Association, as amended and does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the senior credit facility: (i) the line is up to \$175 million; (ii) the inventory borrowing limit is \$90 million; (iii) the sublimit for letters of credit is up to \$60 million; (iv) the amount of letter of credit facilities available outside of the facility is \$100 million and (v) the outstanding balance is due at the maturity date of January 1, 2008.

Certain Covenants. The senior credit facility contains certain covenants, which, among other things, requires us to maintain a minimum EBITDA if availability falls below a certain minimum. It may restrict our ability and the ability of our subsidiaries to, among other things, incur additional indebtedness in certain circumstances, redeem or repurchase capital stock, make certain

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investments, or sell assets. We are prohibited from paying cash dividends under these covenants. We are currently in compliance with all of our covenants under the senior credit facility. We could be materially harmed if we violate any covenants as the lenders under the senior credit facility could declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If we are unable to repay those amounts, the lenders could proceed against our assets. In addition, a violation could also constitute a cross-default under the indenture and mortgage, resulting in all of our debt obligations becoming immediately due and payable, which we may not be able to satisfy.

Borrowing Base. Borrowings under the senior credit facility are limited under its terms to a borrowing base calculation, which generally restricts the outstanding balances to the lesser of either (1) the sum of (a) 85.0% of eligible receivables plus (b) 85.0% of our eligible factored accounts receivables up to \$50.0 million plus (c) the lesser of (i) the inventory loan limit, or (ii) the lesser of (A) 65.0% of eligible finished goods inventory, or (B) 85.0% of the net recovery percentage (as defined in the senior credit facility) of eligible inventory, or (2) the loan limit; and in each case minus (x) 35.0% of the amount of outstanding letters of credit for eligible inventory, (y) the full amount of all other outstanding letters of credit issued pursuant to the senior credit facility which are not fully secured by cash collateral, and (z) licensing reserves for which we are the licensee of certain branded products.

Interest. Interest on the principal balance under the senior credit facility accrues, at our option, at either (a) our bank prime lending rate with adjustments depending upon our quarterly average excess availability plus excess cash or leverage ratio or (b) 1.60% above the rate quoted by our bank as the average Eurodollar Rate (Eurodollar) for 1-, 2-, 3- and 6-month Eurodollar deposits with 20 to 25 basis point adjustments depending upon our quarterly average excess availability plus excess cash and leverage ratio at the time of borrowing.

Security. As security for the indebtedness under the senior credit facility, we granted the lenders a first priority security interest in substantially all of our existing and future assets other than our trademark portfolio, including, without limitation, accounts receivable, inventory deposit accounts, general intangibles, equipment and capital stock or membership interests, as the case may be, of certain subsidiaries.

Subsequently, on November 29, 2006 and December 6, 2006, we amended our senior credit facility to allow loans to bear interest at an average monthly LIBOR rate, and reduce the Applicable Margin over the monthly LIBOR rate with a pricing grid based on excess availability; extend the term of the senior credit facility to February 1, 2009; increase the maximum credit available from December 1, 2006 through May 1, 2007 to \$210,000,000 (after which time, the maximum credit available will return to \$175,000,000); provide for a supplemental increase in the borrowing base and credit availability of \$25,000,000 until the earlier of (i) the date that is six months from the date of signing of the agreement with Parlux Fragrances, Inc., (ii) June 30, 2007, (iii) the day on which we notify the agent for our lender of our election to terminate the supplemental increase, or (iv) the day that is 60 days from the execution of a new license agreement for the use of the Perry Ellis® trade name for fragrance products; and provide that the inventory acquired by us in the Parlux transaction may be Eligible Inventory under our senior credit facility, subject to a limit of \$15,000,000 and, as to all such inventory, to compliance with certain conditions.

Letter of Credit Facilities

As of October 31, 2006, we maintained six U.S. dollar letter of credit facilities totaling \$160 million, one letter of credit facility totaling \$3.3 million utilized by our Canadian joint venture, and one letter of credit facility totaling \$0.6 million utilized by our United Kingdom subsidiary. Each letter of credit is secured primarily by the consignment of merchandise in transit under that letter of credit and certain subordinated liens on our assets. As of October 31, 2006, there was \$123.3 million available under existing letter of credit facilities.

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\$57 Million Senior Secured Notes Payable

In March 2002, we issued \$57.0 million 9 1/2% senior secured notes due March 15, 2009. On March 15, 2006, we exercised the call provision of the \$57.0 million 9 1/2% senior secured notes. The call provision permitted the notes to be redeemed at a premium of 102.375%, and in connection with this transaction, we incurred costs on early extinguishment of debt of approximately \$3.0 million during the first quarter of fiscal 2007, including call premium costs, write-off of bond issue costs and costs associated with the termination of derivatives related to the senior secured notes.

\$150 Million Senior Subordinated Notes Payable

In fiscal 2004, we issued \$150 million 8 7/8% senior subordinated notes, due September 15, 2013. The proceeds of this offering were used to redeem previously issued \$100 million 12 1/4% senior subordinated notes and to pay down the outstanding balance of the senior credit facility at that time. The proceeds to us were \$146.8 million yielding an effective interest rate of 9.1%.

Certain Covenants. The indenture governing the senior subordinated notes contains certain covenants which restrict our ability and the ability of our subsidiaries to, among other things, incur additional indebtedness in certain circumstances, redeem or repurchase capital stock, make certain investments, or sell assets. We are currently in compliance with all of the covenants in this indenture. We are prohibited from paying cash dividends under these covenants. We could be materially harmed if we violate any covenants because the indenture's trustee could declare the outstanding notes, together with accrued interest, to be immediately due and payable, which we may not be able to satisfy. In addition, a violation could also constitute a cross-default under the senior credit facility, the letter of credit facilities, real estate mortgage and the indenture relating to our senior secured notes resulting in all of our debt obligations becoming immediately due and payable, which we may not be able to satisfy.

Real Estate Mortgages

In fiscal 2003, we acquired our main administrative office, warehouse and distribution facility in Miami and partially financed the acquisition of the facility with an \$11.6 million mortgage loan. The real estate mortgage contains certain covenants. We are currently in compliance with all of our covenants under the real estate mortgage. We could be materially harmed if we violate any covenants because the lender under the real estate mortgage could declare all amounts outstanding thereunder to be immediately due and payable, which we may not be able to satisfy. In addition, a violation could constitute a cross-default under our senior credit facility, the letter of credit facilities, real estate mortgage loan and indenture relating to our senior secured notes and senior subordinated notes resulting in all our of debt obligations becoming immediately due and payable, which we may not be able to satisfy.

In October 2005, we acquired three administrative office units in a building in Beijing, China. The aggregate purchase price was \$2.3 million, including closing costs. These purchases were partially financed with three variable interest mortgage loans totaling \$1.2 million dollars in the aggregate. The mortgages mature on October 12, 2015. Interest rate is at prime.

In June 2006, we entered into a mortgage loan for \$15 million secured by our Tampa facility. The loan is due on June 7, 2016. Principal and interest of \$297,000 are due quarterly based on a 20 year amortization with the outstanding principal due at maturity. Interest is set at 6.25% for the first five years, at which point it will be reset based on the terms and conditions of the promissory note.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements as defined by applicable SEC rules.

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Effects of Inflation and Foreign Currency Fluctuations

We do not believe that inflation or foreign currency fluctuations significantly affected our results of operations for the three and nine months ended October 31, 2006.

Item 3: Quantitative and Qualitative Disclosures about Market Risks

The market risk inherent in our financial statements represents the potential changes in the fair value, earnings or cash flows arising from changes in interest rates. We manage this exposure through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Our policy allows the use of derivative financial instruments for identifiable market risk exposure, including interest rate. We do not enter into derivative financial contracts for trading or other speculative purposes except as discussed below.

Derivatives on \$57 million senior secured notes payable

We had an interest rate swap and option (the \$57 million Swap Agreement) for an aggregate notional amount of \$57 million in order to manage the overall borrowing costs associated with our 9 ¹/₂% senior secured notes. In March 2006, we terminated the \$57 million Swap Agreement. See footnote 14 to the condensed consolidated financial statements for further information. The \$57 million Swap Agreement was a fair value hedge as it was designated against the 9 ¹/₂% senior secured notes carrying a fixed rate of interest and converted such notes to variable rate debt. The \$57 million Swap Agreement was reflected at fair value in our consolidated balance sheet with a corresponding offset to the designated item. The fair value of the \$57 million Swap Agreement recorded on our condensed consolidated balance sheet was \$0.5 million as of January 31, 2006.

We also had an interest rate cap agreement (the \$57 million Cap Agreement) for an aggregate notional amount of \$57 million associated with the 9 ¹/₂% senior secured notes. In March 2006, we terminated the \$57 million Cap Agreement. See footnote 14 to the condensed consolidated financial statements for further information. The \$57 million Cap Agreement capped the interest rate on the senior secured notes at 10%. The \$57 million Cap Agreement did not qualify for hedge accounting treatment, resulting in a \$0 and \$30,000 decrease of recorded interest expense on the consolidated statement of operations for the three and nine months ended October 31, 2006, respectively and an \$84,000 and \$53,000 decrease of recorded interest expense on the consolidated statement of operations for the three and nine months ended October 31, 2005, respectively. The fair value of the \$57 million Cap Agreement recorded on our condensed consolidated balance sheet was (\$586,000) as of January 31, 2006.

Other

Our current exposure to foreign exchange risk is not significant and accordingly, we have not entered into any transactions to hedge against those risks.

Item 4: Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that both our disclosure controls and procedures and our internal controls and procedures are effective in timely alerting them to material

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information required to be included in our periodic SEC filings and that information required to be disclosed by us in these periodic filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that our internal controls are effective to provide reasonable assurance that our financial statements are fairly presented in conformity with generally accepted accounting principles.

There were no changes in our internal control over financial reporting during the quarter ended October 31, 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 5 Other Information.

On December 6, 2006, we entered into an Agreement with Parlux pursuant to which we have reacquired from Parlux all of Parlux's rights, title and interest to and under that certain license agreement dated March 14, 1983 (the "License Agreement") with Parlux, as successor-in-interest to Sanofi Beaute, Inc., as successor-in-interest to Parfums Stern-PE, Inc., and all of the inventory of the Licensed Products, as defined in the License Agreement. Pursuant to the License Agreement, we granted Parlux's predecessor an exclusive license to use certain of its Perry Ellis trademarks in Parlux's manufacture and distribution of perfumery, fragrances, essential oils, sun products, toiletries, hair products and soaps.

We paid \$42 million for all of Parlux's rights under the License Agreement and certain related assets including all open sales and purchase orders and will pay \$18 million for the existing inventory of Licensed Products upon receipt of collateral access agreements for the inventory locations. The purchase price for the inventory may increase by up to an addition \$3 million, to a total of up to \$21 million, depending on a final audit of the inventory conducted after the inventory is physically delivered to us, which is expected to occur on or about December 31, 2006. Until that date, Parlux is to act as our agent for manufacturing, receipt, packaging, shipping and order processing of the Licensed Products.

Pursuant to the Agreement, we assumed Parlux's obligations under certain specified agreements used by Parlux in connection with the manufacture, storage, distribution, design and development of the Licensed Products.

As of the execution of the Agreement, Parlux had no further rights under the License Agreement other than for the sole and limited purpose of transitioning its business under the License Agreement to us.

Effective December 6, 2006, in connection with the transaction with Parlux described above, we agreed to an amendment to our Loan and Security Agreement dated October 1, 2002, as amended (the "Loan Agreement"), among us, our subsidiaries named as borrowers or guarantors therein, the lenders named therein (the "Lenders"), and Wachovia Bank, National Association, as agent (the "Agent") for the Lenders. This amendment provided for the Lenders' consent to that transaction and amended the Loan Agreement to, among other things:

increase the maximum credit available from December 1, 2006 through May 1, 2007 to \$210,000,000 (after which time, the maximum credit available will return to \$175,000,000);

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provide for a supplemental increase in the borrowing base and credit availability of \$25,000,000 until the earlier of (i) the date that is six months from the date of signing of the agreement with Parlux described above, (ii) June 30, 2007, (iii) the day on which we notify the Agent of our election to terminate the supplemental increase, or (iv) the day that is 60 days from the execution of a new license agreement for the use of the Perry Ellis® trade name for fragrance products; and

provide that the inventory acquired by us in the Parlux transaction may be Eligible Inventory under the Loan Agreement, subject to a limit of \$15,000,000 and to compliance with certain conditions.

ITEM 6. Exhibits

Index to Exhibits

Exhibit Number	Description
10.85	Amendment No. 11 dated November 29, 2006 to the Senior Credit Facility
10.86	Amendment No. 12 dated December 6, 2006 to the Senior Credit Facility
10.87	Agreement with Parlux Fragrances, Inc.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
32.1	Certification of Chief Executive Officer pursuant to Section 1350.
32.2	Certification of Chief Financial Officer pursuant to Section 1350.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Perry Ellis International, Inc.

Date: December 11, 2006

By: /S/ GEORGE PITA
George Pita, Chief Financial Officer

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31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
32.1	Certification of Chief Executive Officer pursuant to Section 1350.
32.2	Certification of Chief Financial Officer pursuant to Section 1350.