

CHILDRENS PLACE RETAIL STORES INC
Form 10-Q
June 05, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 2, 2009

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

For the transition period from _____ to _____

Commission file number 0-23071

THE CHILDREN S PLACE RETAIL STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
Incorporation or organization)

31-1241495

(I.R.S. employer
identification number)

**915 Secaucus Road
Secaucus, New Jersey**

(Address of Principal Executive Offices)

07094

(Zip Code)

(201) 558-2400

(Registrant s Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Don t check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant s common stock with a par value of \$0.10 per share, as of June 1, 2009 was 29,529,951 shares.

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THE CHILDREN S PLACE RETAIL STORES, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED MAY 2, 2009

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements.****THE CHILDREN S PLACE RETAIL STORES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except shares issued, authorized and outstanding)**

	(unaudited) May 2, 2009	January 31, 2009	(unaudited) May 3, 2008
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 224,275	\$ 226,206	\$ 118,315
Accounts receivable	19,299	19,639	34,661
Inventories	181,984	211,227	179,065
Prepaid expenses and other current assets	45,704	42,674	72,048
Deferred income taxes	39,176	19,844	20,358
Restricted assets in bankruptcy estate of subsidiary			99,068
Total current assets	510,438	519,590	523,515
Long-term assets:			
Property and equipment, net	314,331	318,116	338,450
Deferred income taxes	61,853	96,104	89,033
Other assets	5,298	5,947	2,878
Total assets	\$ 891,920	\$ 939,757	\$ 953,876
LIABILITIES AND STOCKHOLDERS EQUITY			
LIABILITIES:			
Current liabilities:			
Revolving loan	\$	\$	\$ 27,936
Short term portion of loan	15,000	30,000	
Accounts payable	58,155	73,333	59,303
Income taxes payable	789	3,166	5,514
Accrued expenses and other current liabilities	98,022	100,496	103,759
Liabilities of bankruptcy estate of subsidiary			123,694
Total current liabilities	171,966	206,995	320,206
Long-term liabilities:			
Deferred rent liabilities	101,654	105,565	108,582
Other tax liabilities	9,205	17,150	23,820
Long term portion of term loan	23,000	55,000	
Other long-term liabilities	6,706	7,168	9,102
Total liabilities	312,531	391,878	461,710

COMMITMENTS AND CONTINGENCIES**STOCKHOLDERS EQUITY:**

Preferred stock, \$1.00 par value, 1,000,000 shares authorized, 0 shares issued and outstanding at May 2, 2009, January 31, 2009, and May 3, 2008

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Common stock, \$0.10 par value, 100,000,000 shares authorized, 29,500,781, 29,465,065 and 29,223,186 issued and outstanding at May 2, 2009, January 31, 2009, and May 3, 2008, respectively	2,950	2,947	2,923
Additional paid-in capital	211,201	205,858	197,814
Accumulated other comprehensive (loss) income	(438)	(3,090)	12,117
Retained earnings	365,676	342,164	279,312
Total stockholders equity	579,389	547,879	492,166
Total liabilities and stockholders equity	\$ 891,920	\$ 939,757	\$ 953,876

See accompanying notes to these condensed consolidated financial statements

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	Thirteen Weeks Ended	
	May 2, 2009	May 3, 2008
Net sales	\$ 401,901	\$ 400,212
Cost of sales	235,374	229,120
Gross profit	166,527	171,092
Selling, general and administrative expenses	111,893	119,410
Asset impairment charge	1,099	
Depreciation and amortization	17,524	17,652
Operating income	36,011	34,030
Interest income (expense), net	(3,268)	(493)
Income from continuing operations before income taxes	32,743	33,537
Provision for income taxes	9,002	14,117
Income from continuing operations	23,741	19,420
Income (loss) from discontinued operations, net of income taxes	(229)	98
Net income	\$ 23,512	\$ 19,518
Basic earnings (loss) per share amounts (1)		
Income from continuing operations	\$ 0.81	\$ 0.67
(Loss) income from discontinued operations, net of income taxes	(0.01)	0.00
Net income	\$ 0.80	\$ 0.67
Basic weighted average common share outstanding	29,475	29,182
Diluted earnings (loss) per share amounts (1)		
Income from continuing operations	\$ 0.80	\$ 0.66
(Loss) income from discontinued operations, net of income taxes	(0.01)	0.00
Net income	\$ 0.79	\$ 0.67
Diluted weighted average common share outstanding	29,605	29,275

(1) Table may not add due to rounding

See accompanying notes to these condensed consolidated financial statements

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	Thirteen Weeks Ended	
	May 2, 2009	May 3, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 23,512	\$ 19,518
Less (loss) income from discontinued operations	(229)	98
Income from continuing operations	23,741	19,420
Reconciliation of net income to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	17,524	17,652
Other amortization	1,037	65
Loss on disposal of property and equipment	197	24
Asset impairments	1,099	
Stock-based compensation	2,873	1,355
Deferred taxes	10,666	41,132
Deferred rent expense and lease incentives	(4,097)	(3,764)
Changes in operating assets and liabilities:		
Accounts receivable	395	(2,197)
Inventories	29,953	17,019
Prepaid expenses and other assets	(1,842)	(209)
Accounts payable	(16,452)	32,524
Accrued expenses and other current liabilities	(3,722)	13,204
Intercompany (discontinued operations)		(15,216)
Income taxes payable, net of prepayments	(2,304)	(13,881)
Deferred rent and other liabilities	(3,589)	1,113
Total adjustments	31,738	88,821
Net cash provided by operating activities of continuing operations	55,479	108,241
Net cash (used in) provided by operating activities of discontinued operations	(229)	34,870
Net cash provided by operating activities	55,250	143,111
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases, lease acquisition and software costs	(12,064)	(9,079)
Net cash used in investing activities of continuing operations	(12,064)	(9,079)
Net cash used in investing activities of discontinued operations		(35,449)
Net cash used in investing activities	(12,064)	(44,528)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving credit facilities	34,083	313,650
Repayments under revolving credit facilities	(34,083)	(355,275)