

CHILDRENS PLACE RETAIL STORES INC  
Form 10-Q  
December 02, 2010  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

(Mark One)

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

For the quarterly period ended October 30, 2010

**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

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# 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)

**500 Plaza Drive**

**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 large accelerated filer, 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 November 29, 2010 was 25,980,350 shares.



Table of Contents

**THE CHILDREN S PLACE RETAIL STORES, INC. AND SUBSIDIARIES**

**QUARTERLY REPORT ON FORM 10-Q**

**FOR THE PERIOD ENDED OCTOBER 30, 2010**

**TABLE OF CONTENTS**

PART I FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements.</u> <u>Condensed Consolidated Balance Sheets</u> <u>Condensed Consolidated Statements of Operations</u> <u>Condensed Consolidated Statements of Cash Flows</u> <u>Notes to Condensed Consolidated Financial Statements</u>
<u>Item 2.</u>	<u>Management s Discussion and Analysis of Financial Condition and Results of Operations</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>

PART II OTHER INFORMATION

<u>Item 1.</u>	<u>Legal Proceedings</u>
<u>Item 1A.</u>	<u>Risk Factors</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
<u>Item 6.</u>	<u>Exhibits</u>
<u>Signatures</u>	

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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 share information)**

	(unaudited) October 30, 2010	January 30, 2010	(unaudited) October 31, 2009
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 170,526	\$ 168,380	\$ 102,280
Restricted cash	2,219	2,112	2,084
Accounts receivable	20,945	16,910	16,739
Inventories	232,902	206,227	250,599
Prepaid expenses and other current assets	45,424	45,713	48,992
Deferred income taxes	25,902	17,540	38,973
<b>Total current assets</b>	<b>497,918</b>	<b>456,882</b>	<b>459,667</b>
Long-term assets:			
Property and equipment, net	317,564	312,801	311,113
Deferred income taxes	55,759	79,934	60,008
Other assets	4,202	4,443	4,528
<b>Total assets</b>	<b>\$ 875,443</b>	<b>\$ 854,060</b>	<b>\$ 835,316</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 79,626	\$ 55,547	\$ 62,612
Income taxes payable	2,457	1,212	3,121
Accrued expenses and other current liabilities	95,396	88,757	101,765
<b>Total current liabilities</b>	<b>177,479</b>	<b>145,516</b>	<b>167,498</b>
Long-term liabilities:			
Deferred rent liabilities	97,478	98,705	101,334
Other tax liabilities	15,407	15,396	8,947
Other long-term liabilities	5,406	5,473	4,303
<b>Total liabilities</b>	<b>295,770</b>	<b>265,090</b>	<b>282,082</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>STOCKHOLDERS EQUITY:</b>			
Preferred stock, \$1.00 par value, 1,000,000 shares authorized, 0 shares issued and outstanding at October 30, 2010, January 30, 2010, and October 31, 2009			
Common stock, \$0.10 par value, 100,000,000 shares authorized, 26,193,378, 27,474,774 and 27,391,655 issued and outstanding at October 30, 2010, January 30, 2010, and October 31, 2009, respectively	2,619	2,747	2,739

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Additional paid-in capital	207,166	204,646	203,662
Accumulated other comprehensive income	11,539	7,561	6,855
Retained earnings	358,349	374,016	339,978
Total stockholders' equity	579,673	588,970	553,234
<b>Total liabilities and stockholders' equity</b>	<b>\$ 875,443</b>	<b>\$ 854,060</b>	<b>\$ 835,316</b>

See accompanying notes to these condensed consolidated financial statements.

Table of Contents**THE CHILDREN S PLACE RETAIL STORES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(In thousands, except per share amounts)**

	<b>Thirteen Weeks Ended</b>		<b>Thirty-nine Weeks Ended</b>	
	<b>October 30, 2010</b>	<b>October 31, 2009</b>	<b>October 30, 2010</b>	<b>October 31, 2009</b>
Net sales	\$ 453,395	\$ 463,175	\$ 1,220,829	\$ 1,180,752
Cost of sales	271,052	261,348	745,208	707,099
Gross profit	182,343	201,827	475,621	473,653
Selling, general and administrative expenses	114,210	118,579	334,946	336,565
Asset impairment charges	354	307	2,506	1,721
Depreciation and amortization	17,738	18,170	53,562	53,258
Operating income	50,041	64,771	84,607	82,109
Interest (expense), net	(390)	(520)	(1,227)	(5,250)
Income from continuing operations before income taxes	49,651	64,251	83,380	76,859
Provision for income taxes	18,493	26,079	32,483	22,175
Income from continuing operations	31,158	38,172	50,897	54,684
Income (loss) from discontinued operations, net of income taxes	151	(389)	81	(440)
Net income	\$ 31,309	\$ 37,783	\$ 50,978	\$ 54,244
<b>Basic earnings (loss) per share amounts (1)</b>				
Income from continuing operations	\$ 1.16	\$ 1.39	\$ 1.86	\$ 1.90
Income (loss) from discontinued operations, net of income taxes	0.01	(0.01)	0.00	(0.02)
Net income	\$ 1.16	\$ 1.38	\$ 1.86	\$ 1.88
Basic weighted average common shares outstanding	26,907	27,389	27,415	28,805
<b>Diluted earnings (loss) per share amounts (1)</b>				
Income from continuing operations	\$ 1.14	\$ 1.38	\$ 1.83	\$ 1.88
Income (loss) from discontinued operations, net of income taxes	0.01	(0.01)	0.00	(0.02)
Net income	\$ 1.15	\$ 1.37	\$ 1.84	\$ 1.87
Diluted weighted average common shares outstanding	27,238	27,622	27,764	29,038

**(1)** Table may not add due to rounding

See accompanying notes to these condensed consolidated financial statements.



Table of Contents**THE CHILDREN S PLACE RETAIL STORES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited) (In thousands)

	Thirty-nine Weeks Ended	
	October 30, 2010	October 31, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 50,978	\$ 54,244
Less income (loss) from discontinued operations	81	(440)
Income from continuing operations	50,897	54,684
Reconciliation of income from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	53,562	53,258
Amortization of deferred financing costs	435	2,285
Loss on disposal of property and equipment	685	606
Asset impairment charges	2,506	1,721
Stock-based compensation	8,085	7,068
Deferred taxes	15,744	12,769
Deferred rent expense and lease incentives	(12,770)	(12,678)
Changes in operating assets and liabilities:		
Inventories	(25,292)	(36,319)
Prepaid expenses and other assets	(4,970)	(2,320)
Accounts payable and other current liabilities	33,311	(11,970)
Income taxes payable, net of prepayments	2,727	2,215
Deferred rent and other liabilities	10,829	947
Total adjustments	84,852	17,582
Net cash provided by operating activities	135,749	72,266
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property and equipment purchases	(63,305)	(45,011)
Restriction of cash		(2,148)
Purchase of company-owned life insurance policies	(265)	
Net cash used in investing activities	(63,570)	(47,159)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings under revolving credit facilities	118,977	134,114
Repayments under revolving credit facilities		