

CONNS INC  
Form 10-Q  
May 26, 2011  
Table of Contents

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

Washington, D.C. 20549

**FORM 10-Q**  
**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 30, 2011

Commission File Number 000-50421

**CONN S, INC.**

(Exact name of registrant as specified in its charter)

**A Delaware Corporation**

(State or other jurisdiction of incorporation or organization)

**06-1672840**

(I.R.S. Employer Identification Number)

**3295 College Street**

**Beaumont, Texas 77701**

**(409) 832-1696**

(Address, including zip code, and telephone

number, including area code, of registrant's

principal executive offices)

**NONE**

(Former name, former address and former

fiscal year, if changed since last report)

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

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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 (§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 accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer  Accelerated filer  Non-accelerated filer  smaller reporting company   
(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 23, 2011:

Class	Outstanding
Common stock, \$.01 par value per share	31,772,077

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**Table of Contents****TABLE OF CONTENTS**

	<b>Page No.</b>
<b>PART I. <u>FINANCIAL INFORMATION</u></b>	
Item 1. <u>Financial Statements</u>	1
<u>Consolidated Balance Sheets as of January 31, 2011 and April 30, 2011</u>	1
<u>Consolidated Statements of Operations for the three months ended April 30, 2010 and 2011</u>	2
<u>Consolidated Statement of Stockholders' Equity for the three months ended April 30, 2011</u>	3
<u>Consolidated Statements of Cash Flows for the three months ended April 30, 2010 and 2011</u>	4
<u>Notes to Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	29
Item 4. <u>Controls and Procedures</u>	29
<b>PART II. <u>OTHER INFORMATION</u></b>	
Item 1. <u>Legal Proceedings</u>	30
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	30
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	30
Item 5. <u>Other Information</u>	31
Item 6. <u>Exhibits</u>	31
<b><u>SIGNATURE</u></b>	32

**Table of Contents***Conn's, Inc.***CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

<b>Assets</b>	<b>January 31, 2011</b>	<b>April 30, 2011</b>
		(unaudited)
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,977	\$ 8,621
Customer accounts receivable, net of allowance of \$18,763 and \$18,080, respectively	342,754	318,995
Other accounts receivable, net of allowance of \$60 and \$60, respectively	30,476	33,662
Inventories	82,354	85,122
Deferred income taxes	16,681	16,005
Federal income taxes recoverable	3,942	-
Prepaid expenses and other assets	6,476	5,693
<b>Total current assets</b>	493,660	468,098
<b>Long-term portion of customer accounts receivable, net of allowance of \$15,873 and \$15,130, respectively</b>	289,965	266,962
<b>Property and equipment</b>		
Land	7,264	7,264
Buildings	10,379	10,379
Equipment and fixtures	25,394	25,630
Transportation equipment	1,558	1,558
Leasehold improvements	85,415	85,441
Subtotal	130,010	130,272
Less accumulated depreciation	(83,120)	(85,991)
<b>Total property and equipment, net</b>	46,890	44,281
<b>Non-current deferred income tax asset</b>	8,009	8,481
<b>Other assets, net</b>	10,118	9,433
<b>Total assets</b>	\$ 848,642	\$ 797,255
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 167	\$ 169
Accounts payable	57,740	52,683
Accrued compensation and related expenses	5,477	7,412
Accrued expenses	25,423	24,938
Income taxes payable	2,103	4,036
Deferred revenues and allowances	20,870	19,914
<b>Total current liabilities</b>	111,780	109,152
<b>Long-term debt</b>	373,569	320,504
<b>Other long-term liabilities</b>	4,403	4,223
<b>Deferred gain on sale of property</b>	845	791
<b>Stockholders' equity</b>		
Preferred stock (\$0.01 par value, 1,000,000 shares authorized; none issued or outstanding)	-	-
Common stock (\$0.01 par value, 40,000,000 shares authorized; 33,488,565 and 31,772,077 shares issued at January 31, 2011 and April 30, 2011, respectively)	335	318

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Accumulated other comprehensive loss	(71)	(24)
Additional paid in capital	131,590	132,090
Retained earnings	263,262	230,201
Treasury stock at cost (1,723,205 shares at January 31, 2011)	(37,071)	-
<b>Total stockholders equity</b>	<b>358,045</b>	<b>362,585</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 848,642</b>	<b>\$ 797,255</b>

See notes to consolidated financial statements.

**Table of Contents***Conn's, Inc.***CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)****(in thousands, except earnings per share)**

	<b>Three Months Ended April 30,</b>	
	<b>2010</b>	<b>2011</b>
<b>Revenues</b>		
Product sales	\$ 149,015	\$ 144,279
Repair service agreement commissions (net)	8,061	7,522
Service revenues	4,757	3,889
<b>Total net sales</b>	<b>161,833</b>	<b>155,690</b>
Finance charges and other	36,076	33,619
<b>Total revenues</b>	<b>197,909</b>	<b>189,309</b>
<b>Cost and expenses</b>		
Cost of goods sold, including warehousing and occupancy costs	114,216	109,710
Cost of service parts sold, including warehousing and occupancy cost	2,376	1,730
Selling, general and administrative expense	58,332	56,188
Provision for bad debts	7,634	7,521
<b>Total cost and expenses</b>	<b>182,558</b>	<b>175,149</b>
<b>Operating income</b>	<b>15,351</b>	<b>14,160</b>
Interest expense, net	5,783	7,556
Other expense, net	171	52
<b>Income before income taxes</b>	<b>9,397</b>	<b>6,552</b>
<b>Provision for income taxes</b>	<b>3,604</b>	<b>2,559</b>
<b>Net income</b>	<b>\$ 5,793</b>	<b>\$ 3,993</b>
<b>Earnings per share</b>		
Basic	\$ 0.26	\$ 0.13
Diluted	\$ 0.26	\$ 0.13
<b>Average common shares outstanding</b>		
Basic	22,475	31,768
Diluted	22,477	31,772

See notes to consolidated financial statements.

Table of Contents*Conn s, Inc.*

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(unaudited)

(in thousands)

	Common Stock		Accum. Other Comprehensive		Paid in Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount	Income (Loss)	Shares			Amount		
<b>Balance January 31, 2011</b>	33,488	\$ 335	\$ (71)	\$ 131,590	\$ 263,262	(1,723)	\$ (37,071)	\$ 358,045	
Issuance of common stock under Employee Stock Purchase Plan	7			26				26	
Stock-based compensation				474				474	
Treasury Shares cancelled	(1,723)	(17)			(37,054)	1,723	37,071	-	
Net income					3,993			3,993	
Other comprehensive income:									
Adjustment of fair value of interest rate swaps, net of tax of \$26			47					47	
Other comprehensive income			47					47	
<b>Total comprehensive income</b>								<b>4,040</b>	
<b>Balance April 30, 2011</b>	31,772	\$ 318	\$ (24)	\$ 132,090	\$ 230,201	-	\$ -	\$ 362,585	