

CHARLOTTE RUSSE HOLDING INC

Form 10-Q

July 17, 2003

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 17, 2003

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

WASHINGTON, D.C. 20549

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**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 JUNE 28, 2003**

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

COMMISSION FILE NUMBER 0-27677

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**CHARLOTTE RUSSE HOLDING, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**DELAWARE**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**33-0724325**  
(I.R.S. Employer  
Identification No.)

4645 MORENA BOULEVARD, SAN DIEGO, CA 92117

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(Address, including Zip Code, of Registrant's Principal Executive Offices)

(858) 587-1500

(Registrant's Telephone Number, Including Area Code)

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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 a check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

COMMON STOCK, par value \$0.01 per share, number of shares outstanding as of July 14, 2003: 21,250,582 shares.

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**Table of Contents****CHARLOTTE RUSSE HOLDING, INC.****CONSOLIDATED BALANCE SHEETS**

	<b>June 28,</b>	<b>September 28,</b>
	<b>2003</b>	<b>2002</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 17,458,738	\$ 13,553,480
Inventories	29,060,922	33,319,014
Other current assets	7,990,509	2,502,201
Deferred tax assets	4,900,000	4,300,000
<b>Total current assets</b>	<b>59,410,169</b>	<b>53,674,695</b>
Fixed assets, net	95,779,722	95,632,346
Goodwill	28,790,000	28,790,000
Other assets	1,329,749	1,405,928
<b>Total assets</b>	<b>\$ 185,309,640</b>	<b>\$ 179,502,969</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable trade	\$ 15,838,838	\$ 24,928,743
Accounts payable other	5,192,540	5,444,806
Accrued payroll and related expense	3,792,170	2,372,134
Income and sales taxes payable	1,562,685	1,259,525
Other current liabilities	9,561,819	6,752,135
<b>Total current liabilities</b>	<b>35,948,052</b>	<b>40,757,343</b>
Deferred rent	9,206,469	8,376,994
Other liabilities	297,777	208,883
Deferred tax liabilities	5,700,000	1,600,000
<b>Total liabilities</b>	<b>51,152,298</b>	<b>50,943,220</b>
Commitments		
Stockholders' equity:		
Preferred Stock \$0.01 par value, 3,000,000 shares authorized, none issued and outstanding		
Common Stock \$0.01 par value, 100,000,000 shares authorized, issued and outstanding shares 21,238,695 at June 28, 2003 and 21,210,707 at September 28, 2002	212,387	212,107
Additional paid-in capital	43,999,022	43,793,497
Deferred compensation	(90,000)	(171,000)
Retained earnings	90,035,933	84,725,145
<b>Total stockholders' equity</b>	<b>134,157,342</b>	<b>128,559,749</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 185,309,640</b>	<b>\$ 179,502,969</b>

See accompanying notes.

**Table of Contents****CHARLOTTE RUSSE HOLDING, INC.****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>June 28, 2003</b>	<b>June 29, 2002</b>	<b>June 28, 2003</b>	<b>June 29, 2002</b>
Net sales	\$ 107,185,543	\$ 101,956,349	\$ 333,612,882	\$ 299,964,241
Cost of goods sold, including buying, distribution and occupancy costs	80,893,361	74,060,688	252,471,872	216,947,189
Gross profit	26,292,182	27,895,661	81,141,010	83,017,052
Selling, general and administrative expenses	21,715,953	18,604,917	66,801,153	55,821,032
Store closing costs			5,500,000	
Operating income	4,576,229	9,290,744	8,839,857	27,196,020
Other income(expense):				
Interest income, net	26,059	13,335	57,464	97,050
Other charges, net	(55,964)	(62,500)	(191,112)	(211,056)
Total other expense	(29,905)	(49,165)	(133,648)	(114,006)
Income before income taxes	4,546,324	9,241,579	8,706,209	27,082,014
Income taxes	1,773,066	3,604,217	3,395,421	10,561,986
Net income	\$ 2,773,258	\$ 5,637,362	\$ 5,310,788	\$ 16,520,028
Earnings per share:				
Basic	\$ 0.13	\$ 0.27	\$ 0.25	\$ 0.79
Diluted	\$ 0.12	\$ 0.24	\$ 0.23	\$ 0.70
Weighted average shares outstanding:				
Basic	21,237,310	21,193,883	21,229,635	20,989,745
Diluted	23,462,555	23,877,320	23,480,988	23,704,176

See accompanying notes.



**Table of Contents****CHARLOTTE RUSSE HOLDING, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>June 28,</b>	<b>June 29,</b>	<b>June 28,</b>	<b>June 29,</b>
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Operating Activities</b>				
Net income	\$ 2,773,258	\$ 5,637,362	\$ 5,310,788	\$ 16,520,028
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	4,101,960	3,627,878	11,912,123	10,012,636
Deferred rent	140,170	791,256	829,475	2,179,725
Amortization of deferred compensation	27,000	27,000	81,000	81,000
Loss on impairment and disposal of assets	12,042	(1)	3,247,838	23,744
Deferred income taxes	400,000	(400,000)	3,500,000	(800,000)
Changes in operating assets and liabilities:				
Inventories	5,622,455	(3,798,016)	4,258,092	(5,448,732)
Other current assets	53,253	(574,339)	(5,488,308)	(935,995)
Accounts payable trade	(10,744,600)	(258,254)	(9,089,905)	3,314,274
Accounts payable other	1,143,018	(2,243,428)	(252,266)	(3,720,969)
Accrued payroll and related expense	1,472,631	1,130,373	1,420,036	1,867,800
Income and sales taxes payable	(3,737)	145,967	337,896	(1,265,084)
Other current liabilities	(681,752)	51,441	2,809,684	2,152,341
Other liabilities	15,000	14,999	88,894	(75,588)
Net cash provided by operating activities	4,330,698	4,152,238	18,965,347	23,905,180
<b>Investing Activities</b>				
Purchases of fixed assets	(4,618,807)	(4,297,825)	(15,290,888)	(23,359,348)
Other assets	46,273	(26,498)	59,730	(45,062)
Net cash used in investing activities	(4,572,534)	(4,324,323)	(15,231,158)	(23,404,410)
<b>Financing Activities</b>				