

SYMS CORP  
Form 10-Q  
October 08, 2009

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 **August 29, 2009**

OR

- 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 **1-8546**

**SYMS CORP**

(Exact Name of Registrant as Specified in Its Charter)

**NEW JERSEY**

(State or Other Jurisdiction of  
Incorporation or Organization)

**One Syms Way, Secaucus, New Jersey**  
(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: **(201) 902-9600**

**22-2465228**

(I.R.S. Employer Identification No.)

**07094**

(Zip 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 during the preceding 12 months (or shorter period that the registrant was required to submit and post such files).

Yes  No  Not applicable to the registrant

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or 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

Edgar Filing: SYMS CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

At September 30, 2009 the latest practicable date, there were 14,589,562 shares outstanding of Common Stock, par value \$0.05 per share.

---

INDEX

	<b>PAGE NO.</b>
<b>PART I. Financial Information</b>	
Item 1. Financial Statements (Unaudited) <u>Consolidated Condensed Balance Sheets as of August 29, 2009, February 28, 2009, and August 30, 2008</u>	1
<u>Consolidated Condensed Statements of Operations for the Three Months and Six Months Ended August 29, 2009 and August 30, 2008</u>	2
<u>Consolidated Condensed Statements of Cash Flows for the Six Months Ended August 29, 2009 and August 30, 2008</u>	3
<u>Notes to Consolidated Condensed Financial Statements</u>	4 - 9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10 - 13
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	14
<u>Item 4. Controls and Procedures</u>	14
<b>PART II. Other Information</b>	15
<u>Item 1. Legal Proceedings</u>	
<u>Item 1a. Risk Factors</u>	
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	
<u>Item 6. Exhibits</u>	
<b><u>SIGNATURES</u></b>	16-19
Exhibit 31.1	
Exhibit 31.2	
Exhibit 32.1	
Exhibit 32.2	

## Consolidated Condensed Balance Sheets

(In thousands except per share amounts)

	August 29, 2009 (Unaudited)	February 28, 2009 (NOTE)	August 30, 2008 (Unaudited)
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 8,059	\$ 1,822	\$ 6,053
Receivables	3,868	1,589	2,048
Merchandise inventories - net	96,126	52,480	69,168
Deferred income taxes	3,045	3,045	3,248
Assets held for sale	10,024	7,202	5,201
Prepaid expenses and other current assets	8,319	5,317	4,055
<b>TOTAL CURRENT ASSETS</b>	<b>129,441</b>	<b>71,455</b>	<b>89,773</b>
PROPERTY AND EQUIPMENT - Net	122,898	95,956	97,380
DEFERRED INCOME TAXES	11,719	15,209	12,882
BUILDING AND AIR RIGHTS	9,134	9,134	11,134
OTHER ASSETS	11,081	23,369	22,172
<b>TOTAL ASSETS</b>	<b>\$ 284,273</b>	<b>\$ 215,123</b>	<b>\$ 233,341</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 67,781	\$ 14,936	\$ 31,792
Accrued expenses	9,601	9,012	4,638
Obligations to customers	5,274	4,292	4,443
<b>TOTAL CURRENT LIABILITIES</b>	<b>82,656</b>	<b>28,240</b>	<b>40,873</b>
<b>OTHER LONG TERM LIABILITIES</b>	<b>1,521</b>	<b>840</b>	<b>1,002</b>
<b>LONG TERM DEBT</b>	<b>23,977</b>	<b>-</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>			
Preferred stock, par value \$100 per share. Authorized 1,000 shares; none outstanding	-	-	-
Common stock, par value \$0.05 per share. Authorized 30,000 shares; 14,590 shares outstanding (net of 4,298 treasury shares) as of August 29, 2009 and February 28, 2009 and 14,588 shares outstanding (net of 4,082 treasury shares) as of August 30, 2008.	800	800	789
Additional paid-in capital	21,560	21,560	19,273
Treasury stock	(45,903)	(45,903)	(43,086)
Accumulated Other Comprehensive Income	(2,127)	(2,127)	23
Retained earnings	201,789	211,713	214,467
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>176,119</b>	<b>186,043</b>	<b>191,466</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 284,273</b>	<b>\$ 215,123</b>	<b>\$ 233,341</b>

NOTE: The balance sheet at February 28, 2009 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See Notes to Consolidated Condensed Financial Statements

## Consolidated Condensed Statements of Operations

(In thousands, except per share amounts)

	For the Three Months Ended		For the Six Months Ended	
	August 29, 2009	August 30, 2008	August 29, 2009	August 30, 2008
	(Unaudited)		(Unaudited)	
Net sales	\$ 76,437	\$ 59,030	\$ 126,693	\$ 123,618
Cost of goods sold	48,264	35,890	77,459	72,300
Gross profit	28,173	23,140	49,234	51,318
Expenses:				
Selling, general and administrative	28,621	19,199	45,019	38,276
Advertising	1,129	1,181	1,905	2,644
Occupancy, net	12,623	4,123	16,055	7,832
Depreciation and amortization	3,035	1,951	4,967	3,863
Bargain purchase gain	(9,407)	-	(9,407)	-
Acquisition costs	4,148	-	4,568	-
Other income	(11)	(4)	(17)	(12)
(Gain)/loss on disposition of assets	262	(548)	262	(548)
Total expenses	40,400	25,902	63,352	52,055
Net loss from operations	(12,227)	(2,762)	(14,118)	(737)
Interest (expense) income	(648)	(4)	(875)	38
Net loss before income taxes	(12,875)	(2,766)	(14,993)	(699)
Income tax benefit	(4,986)	(1,471)	(5,069)	(30)
Net loss	\$ (7,889)	\$ (1,295)	\$ (9,924)	\$ (669)
Net loss per share - basic and diluted	\$ (0.54)	\$ (0.09)	\$ (0.68)	\$ (0.05)
Weighted average shares outstanding - basic and diluted	14,590	14,588	14,590	14,588

See Notes to Consolidated Condensed Financial Statements

## Consolidated Condensed Statements of Cash Flows

(In thousands)

	For the Six Months Ended	
	August 29, 2009	August 30, 2008
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (9,924)	\$ (669)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	4,967	3,863
Bargain purchase gain	(9,407)	-
Deferred income taxes	(110)	-
(Gain) loss on disposition of assets	262	(548)
(Increase) decrease in operating assets:		
Receivables	(2,279)	397
Merchandise inventories	(22,330)	(3,082)
Prepaid expenses and other current assets	(2,501)	92
Other assets	(692)	(727)
Increase (decrease) in operating liabilities:		
Accounts payable	52,845	6,182
Accrued expenses	(124)	(1,625)
Obligations to customers	(214)	-
Other long term liabilities	23	(176)
Net cash provided by operating activities	10,516	3,707
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in building and air rights	-	(8,034)
Purchase of Filene's Basement	(39,342)	-
Expenditures for property and equipment	(4,914)	(2,447)
Proceeds from sale of land and other assets	-	923
Net cash used in investing activities	(44,256)	(9,558)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash surrender value advance	16,000	-
Proceeds from credit borrowings	23,977	-
Net cash provided by financing activities	39,977	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,237</b>	<b>(5,851)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>1,822</b>	<b>11,904</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 8,059</b>	<b>\$ 6,053</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 609	\$ 74
Income taxes paid (net of refunds)	\$ (827)	\$ 374
See Notes to Consolidated Condensed Financial Statements		



## **Notes to Consolidated Condensed Financial Statements**

**(Unaudited)**

### **Note 1 - The Company**

Syms Corp (the Company) operates a chain of 30 off-price retail clothing stores located in the Northeastern and Middle Atlantic regions and in the Midwest, Southeast and Southwest. Each Syms store offers a broad range of first quality, in season merchandise bearing nationally rec