

SHOE CARNIVAL INC
Form 10-Q
September 07, 2006

**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 July 29, 2006

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: 0-21360

Shoe Carnival, Inc.

(Exact name of registrant as specified in its charter)

Indiana

35-1736614

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification Number)

8233 Baumgart Road
Evansville, IN

47725

(Address of principal executive offices)

(Zip code)

(812) 867-6471

(Registrant's telephone number, including area code)

NOT APPLICABLE

(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 to such filing requirements for the past 90 days.

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

Yes No

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APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Number of Shares of Common Stock, \$.01 par value, outstanding at September 1, 2006 were 13,453,818.

**SHOE CARNIVAL, INC.
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SHOE CARNIVAL, INC.
PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SHOE CARNIVAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited

(In thousands, except per share data)	July 29, 2006	January 28, 2006	July 30, 2005
Assets			
Current Assets:			
Cash and cash equivalents	\$ 25,407	\$ 20,304	\$ 7,053
Accounts receivable	1,759	286	976
Merchandise inventories	203,688	183,993	206,277
Deferred income tax benefit	1,154	1,075	350
Other	5,486	2,327	5,205
	<u>237,494</u>	<u>207,985</u>	<u>219,861</u>
Total Current Assets	237,494	207,985	219,861
Property and equipment-net	61,822	66,848	69,336
	<u>61,822</u>	<u>66,848</u>	<u>69,336</u>
Total Assets	\$ 299,316	\$ 274,833	\$ 289,197
	<u>\$ 299,316</u>	<u>\$ 274,833</u>	<u>\$ 289,197</u>
Liabilities and Shareholders Equity			
Current Liabilities:			
Accounts payable	\$ 75,835	\$ 64,756	\$ 70,142
Accrued and other liabilities	12,629	11,451	12,970
Current portion of long-term debt	0	0	9
	<u>88,464</u>	<u>76,207</u>	<u>83,121</u>
Total Current Liabilities	88,464	76,207	83,121
Long-term debt	0	0	17,725
Deferred lease incentives	5,819	6,399	6,399
Accrued rent	6,356	6,658	6,870
Deferred income taxes	1,539	2,151	3,200
Deferred compensation	2,538	2,263	1,967
	<u>104,716</u>	<u>93,678</u>	<u>119,282</u>
Total Liabilities	104,716	93,678	119,282
	<u>104,716</u>	<u>93,678</u>	<u>119,282</u>
Shareholders Equity:			
Common stock, \$.01 par value, 50,000 shares authorized, 13,449, 13,363 and 13,363 shares issued at July 29, 2006, January 28, 2006 and July 30, 2005	134	134	134
Additional paid-in capital	72,114	70,672	70,467
Retained earnings	122,352	112,090	101,925
Treasury stock, at cost, 0, 95 and 134 shares at July 29, 2006, January 28, 2006 and July 30, 2005	0	(658)	(930)
Deferred equity compensation	0	(1,083)	(1,681)
	<u>194,600</u>	<u>181,155</u>	<u>169,915</u>
Total Shareholders Equity	194,600	181,155	169,915
	<u>194,600</u>	<u>181,155</u>	<u>169,915</u>
Total Liabilities and Shareholders Equity	\$ 299,316	\$ 274,833	\$ 289,197
	<u>\$ 299,316</u>	<u>\$ 274,833</u>	<u>\$ 289,197</u>

See notes to condensed consolidated financial statements.

SHOE CARNIVAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Unaudited

(In thousands, except per share data)	Thirteen Weeks Ended July 29, 2006	Thirteen Weeks Ended July 30, 2005	Twenty-six Weeks Ended July 29, 2006	Twenty-six Weeks Ended July 30, 2005
Net sales	\$ 146,886	\$ 148,658	\$ 315,355	\$ 309,371
Cost of sales (including buying, distribution and occupancy costs)	106,045	107,200	223,064	220,274
Gross profit	40,841	41,458	92,291	89,097
Selling, general and administrative expenses	36,421	36,980	76,055	74,844
Operating income	4,420	4,478	16,236	14,253
Interest income	(302)	(24)	(510)	(35)
Interest expense	42	152	74	296
Income before income taxes	4,680	4,350	16,672	13,992
Income tax expense	1,818	1,646	6,410	5,367
Net income	\$ 2,862	\$ 2,704	\$ 10,262	\$ 8,625
Net income per share:				
Basic	\$.21	\$.21	\$.77	\$.66
Diluted	\$.21	\$.20	\$.75	\$.64
Average shares outstanding:				
Basic	13,353	13,112	13,300	13,018
Diluted	13,715	13,511	13,684	13,394

See notes to condensed consolidated financial statements.

SHOE CARNIVAL, INC.
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY
Unaudited

(In thousands)	Common Stock			Additional Paid-In Capital	Retained Earnings	Treasury Stock	Deferred Compensation	Total
	Issued	Treasury	Amount					
Balance at January 28, 2006	13,363	(95)	\$ 134	\$ 70,672	\$ 112,090	\$ (658)	\$ (1,083)	\$ 181,155
Stock options	67	65		1,405		453		1,858
Stock-based compensation income tax benefit				647				647
Employee stock purchase plan	5			116				116
Restricted stock awards	14	39		357		446		803
Accounting change for stock-based compensation				(1,083)				