

GOTTSCHALKS INC
Form 10-Q
September 09, 2008

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 2, 2008

Commission file number 1-09100

Gottschalks Inc.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

77-0159791

(I.R.S. Employer Identification Number)

7 River Park Place East
Fresno, California 93720

(Address of Principal Executive Offices including Zip Code)

(559) 434-4800

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(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 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, a non-accelerated filer or a smaller reporting company. See definitions 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
(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 Exchange Act). YES

NO

The number of shares of the Registrant's common stock outstanding as of August 29, 2008 was 13,296,115.

Note: PDF provided as a courtesy

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PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

GOTTSCHALKS INC.

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED - Note 1)

(In thousands of dollars, except per share data)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 2, 2008	August 4, 2007	August 2, 2008	August 4, 2007
Net sales	\$ 133,695	\$ 144,982	\$ 258,823	\$ 286,770
Net credit revenues	1,975	1,122	3,737	2,229
Net leased department revenues	577	606	1,127	1,255
Total revenues	136,247	146,710	263,687	290,254
Costs and expenses:				
Cost of sales	90,890	96,327	174,590	191,532
Selling, general and administrative expenses	46,526	50,413	92,830	99,647
Depreciation and amortization	4,035	3,687	7,985	7,597
Gain on disposal of assets	(44)	-	(58)	(79)
New store opening costs	139	15	213	15
Store closure costs	12	21	12	53
Total costs and expenses	141,558	150,463	275,572	298,765
Operating loss	(5,311)	(3,753)	(11,885)	(8,511)
Other (income) expense:				
Interest expense	2,086	2,525	4,144	5,110
Miscellaneous income	(123)	(185)	(179)	(264)
	1,963	2,340	3,965	4,846
Loss before income taxes	(7,274)	(6,093)	(15,850)	(13,357)
Income tax benefit	(2,863)	(1,319)	(6,343)	(3,915)
Net loss	\$ (4,411)	\$ (4,774)	\$ (9,507)	\$ (9,442)
Net loss per common share - Basic & diluted	\$ (0.33)	\$ (0.35)	\$ (0.72)	\$ (0.69)
Weighted average number of common shares outstanding - Basic & diluted	13,288	13,682	13,285	13,644

See notes to condensed financial statements.

GOTTSCHALKS INC.
 CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED - Note 1)
 (In thousands of dollars)

	Twenty-Six Weeks Ended	
	August 2, 2008	August 4, 2007
OPERATING ACTIVITIES:		
Net loss	\$ (9,507)	\$ (9,442)
Adjustments:		
Stock-based compensation	117	257
Excess tax benefits from exercise of stock options	-	(172)
Depreciation and amortization	7,985	7,597
Deferred income taxes	(6,301)	36
Amortization of deferred income and other deferred items	(434)	52
Net gain on disposal of assets	(58)	(79)
Distributions of earnings from investment in limited partnership	238	238
Changes in assets and liabilities:		
Receivables	3,155	4,586
Merchandise inventories	3,679	6,234
Other current and long-term assets	4,948	(638)
Trade accounts payable and other current liabilities	(2,942)	(1,722)
Long-term liabilities	(526)	-
Net cash provided by operating activities	354	6,947
INVESTING ACTIVITIES:		
Purchases of property and equipment	(8,725)	(7,233)
Proceeds from sale of property and equipment	74	598
Net cash used in investing activities	(8,651)	(6,635)
FINANCING ACTIVITIES:		
Net proceeds under revolving line of credit	12,105	2,716
Principal payments on long-term obligations	(2,747)	(1,938)
Proceeds from exercise of stock options and employee stock purchase plan	25	709
Excess tax benefits from exercise of stock options	-	172
Changes in cash management liability	(78)	(2,598)
Net cash provided by (used in) financing activities	9,305	