

BUILD A BEAR WORKSHOP INC  
Form 10-Q  
August 11, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 July 2, 2011

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: 001-32320

BUILD-A-BEAR WORKSHOP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

43-1883836  
(IRS Employer  
Identification No.)

1954 Innerbelt Business Center Drive  
St. Louis, Missouri  
(Address of Principal Executive Offices)

63114  
(Zip Code)

(314) 423-8000  
(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 such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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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 the 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

As of August 3, 2011, there were 19,076,347 issued and outstanding shares of the registrant's common stock.

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## PART I-FINANCIAL INFORMATION

## Item 1. Financial Statements

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except share and per share data)

	July 2, 2011	January 1, 2011	July 3, 2010
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 34,742	\$ 58,755	\$ 31,168
Inventories	46,156	46,475	57,115
Receivables	4,606	7,923	3,513
Prepaid expenses and other current assets	22,580	18,425	17,370
Deferred tax assets	7,585	7,465	7,231
Total current assets	115,669	139,043	116,397
Property and equipment, net of accumulated depreciation of \$173,418, \$163,606 and \$155,494, respectively			
	81,225	88,029	92,634
Goodwill	33,542	32,407	31,742
Other intangible assets, net	1,043	1,444	2,813
Other assets, net	15,070	14,871	10,740
Total Assets	\$ 246,549	\$ 275,794	\$ 254,326
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 33,280	\$ 36,325	\$ 30,341
Accrued expenses	6,818	15,488	6,597
Gift cards and customer deposits	23,487	28,880	22,891
Deferred revenue	6,852	6,679	9,131
Total current liabilities	70,437	87,372	68,960
Deferred franchise revenue	1,571	1,706	1,792
Deferred rent	26,606	28,642	31,686
Other liabilities	375	361	806
Stockholders' equity:			
Preferred stock, par value \$0.01, Shares authorized: 15,000,000; No shares issued or outstanding at July 2, 2011, January 1, 2011 and July 3, 2010	-	-	-
Common stock, par value \$0.01, Shares authorized: 50,000,000; Issued and outstanding: 19,198,941, 19,631,623 and 20,272,578 shares,	192	196	203

respectively

Additional paid-in capital	72,979	76,582	78,130
Accumulated other comprehensive loss	(7,580 )	(9,959 )	(11,244 )
Retained earnings	81,969	90,894	83,993
Total stockholders' equity	147,560	157,713	151,082
Total Liabilities and Stockholders' Equity	\$ 246,549	\$ 275,794	\$ 254,326

See accompanying notes to condensed consolidated financial statements.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

(Dollars in thousands, except share and per share data)

	Thirteen weeks ended		Twenty-six weeks ended	
	July 2, 2011	July 3, 2010	July 2, 2011	July 3, 2010
Revenues:				
Net retail sales	\$80,391	\$72,488	\$174,550	\$172,274
Commercial revenue	736	985	1,841	1,951
Franchise fees	714	661	1,440	1,344
Total revenues	81,841	74,134	177,831	175,569
Costs and expenses:				
Cost of merchandise sold	51,926	50,334	110,151	109,440
Selling, general and administrative	40,539	36,403	81,803	75,935
Store preopening	146	77	193	88
Interest expense (income), net	(105 )	(77 )	(1 )	(108 )
Total costs and expenses	92,506	86,737	192,146	185,355
Loss before income taxes	(10,665 )	(12,603 )	(14,315 )	(9,786 )
Income tax benefit	(3,990 )	(4,126 )	(5,388 )	(2,987 )
Net loss	\$(6,675 )	\$(8,477 )	\$(8,927 )	\$(6,799 )
Loss per common share:				
Basic	\$(0.37)			