

HELEN OF TROY LTD
Form 10-Q
January 10, 2011

**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 November 30, 2010

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: 001-14669

HELEN OF TROY LIMITED

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

74-2692550
(I.R.S. Employer
Identification No.)

Clarendon House

Church Street

Hamilton, Bermuda
(Address of principal executive offices)

1 Helen of Troy Plaza
El Paso, Texas
(Registrant's United States Mailing Address)

79912
(Zip Code)

(915) 225-8000

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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 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 (§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.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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

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

<u>Class</u>	<u>Outstanding at January 4, 2011</u>
Common Shares, \$0.10 par value, per share	30,714,023 shares

HELEN OF TROY LIMITED AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****HELEN OF TROY LIMITED AND SUBSIDIARIES****Consolidated Condensed Balance Sheets (unaudited)***(in thousands, except shares and par value)*

	November 30, 2010	February 28, 2010
Assets		
Asset, current:		
Cash and cash equivalents	\$ 70,623	\$ 110,208
Derivative assets, current	556	795
Receivables - principally trade, less allowances of \$3,834 and \$3,346	152,414	109,722
Inventory, net	152,312	124,021
Prepaid expenses	4,337	2,485
Income taxes receivable	1,618	597
Deferred tax assets, net	11,936	11,526
Total assets, current	393,796	359,354
Property and equipment, net of accumulated depreciation of \$63,400 and \$58,464	78,991	82,113
Goodwill	201,542	185,937
Other intangible assets, net of accumulated amortization of \$32,729 and \$33,449	218,417	177,124
Other assets, net of accumulated amortization of \$3,997 and \$3,825	30,688	30,205
Total assets	\$ 923,434	\$ 834,733
Liabilities and Stockholders Equity		
Liabilities, current:		
Accounts payable, principally trade	\$ 39,210	\$ 35,005
Accrued expenses and other current liabilities	82,068	67,289
Long-term debt, current maturities	53,000	3,000
Total liabilities, current	174,278	105,294
Deferred compensation liability	4,110	3,758
Other liabilities, noncurrent	715	75
Deferred tax liabilities, net	1,441	1,202
Long-term debt, excluding current maturities	78,000	131,000
Liability for uncertain tax positions	1,326	2,562
Derivative liabilities, noncurrent	7,621	7,070
Total liabilities	267,491	250,961
Commitments and contingencies		
Stockholders equity:		
Cumulative preferred stock, non-voting, \$1.00 par. Authorized 2,000,000 shares; none issued	-	-
Common stock, \$0.10 par. Authorized 50,000,000 shares; 30,656,277 and 30,571,813 shares issued and outstanding	3,065	3,057
Additional paid in capital	125,393	120,761

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Accumulated other comprehensive loss		(8,446)		(8,574)
Retained earnings		535,931		468,528
Total stockholders' equity		655,943		583,772
Total liabilities and stockholders' equity	\$	923,434	\$	834,733

See accompanying notes to consolidated condensed financial statements.

HELEN OF TROY LIMITED AND SUBSIDIARIES**Consolidated Condensed Statements of Income (unaudited)***(in thousands, except per share data)*

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2010	2009	2010	2009
Sales revenue, net	\$ 205,001	\$ 189,399	\$ 539,977	\$ 495,465
Cost of goods sold	112,256	105,877	294,529	284,540
Gross profit	92,745	83,522	245,448	210,925
Selling, general, and administrative expense	61,205	53,658	163,020	141,230
Operating income before impairment	31,540	29,864	82,428	69,695
Asset impairment charges	-	-	501	900
Operating income	31,540	29,864	81,927	68,795
Nonoperating income (expense), net	156	125	490	927
Interest expense	(2,081)	(2,146)	(6,377)	(8,192)
Income before income taxes	29,615	27,843	76,040	61,530
Income tax expense (benefit):				
Current	2,191	2,589	7,365	3,887
Deferred	361	521	(248)	2,490
Net income	\$ 27,063	\$ 24,733	\$ 68,923	\$ 55,153
Earnings per share:				
Basic	\$ 0.88	\$ 0.81	\$ 2.25	\$ 1.83
Diluted	\$ 0.86	\$ 0.80	\$ 2.20	\$ 1.79
Weighted average shares of common stock used in computing net earnings per share:				
Basic	30,644	30,357	30,640	30,110
Diluted	31,297	31,047	31,293	30,848

See accompanying notes to consolidated condensed financial statements.

HELEN OF TROY LIMITED AND SUBSIDIARIES**Consolidated Condensed Statements of Cash Flows (unaudited)***(in thousands)*

	Nine Months Ended November 30,	
	2010	2009
Net cash provided by operating activities:		
Net income	\$ 68,923	\$ 55,153
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	12,415	11,436
Provision for doubtful receivables	69	577
Share-based compensation	1,547	1,264
Intangible asset impairment charges	501	900
Loss on the sale of property and equipment	50	33
Realized and unrealized gain on investments	-	(421)
Deferred income taxes and tax credits	(324)	2,427
Changes in operating assets and liabilities, net of effects of acquisition of businesses:		
Receivables	(34,172)	(41,860)
Inventories	(23,404)	40,023
Prepaid expenses	(1,460)	(1,329)
Other assets	(765)	(397)
Accounts payable	(901)	3,789
Accrued expenses and other current liabilities	13,214	24,837
Accrued income taxes	(2,094)	1,497
Net cash provided by operating activities	33,599	97,929
Net cash used in investing activities:		
Capital, license, trademark, and other intangible expenditures	(3,032)	