SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)
/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended May 5, 2001

/ / 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 0-23071

THE CHILDREN'S PLACE RETAIL STORES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	31-1241495
(State or other jurisdiction of incorporation or organization)	(I. R. S. employer identification number)

915 SECAUCUS ROAD
SECAUCUS, NEW JERSEY 07094

(Address of Principal Executive Offices) (Zip Code)

(201) 558-2400
(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 /X/ No / /

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

Common Stock, par value $0.10 per share, outstanding at June 1, 2001: 26,245,561 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED MAY 5, 2001

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

THE CHILDREN'S PLACE RETAIL STORES, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	MAY 5, 2001 (UNAUDITED)	FEBRUARY 3, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 24,193	$ 8,141
Accounts receivable	13,165	9,118
Inventories	48,404	68,105
Prepaid expenses and other current assets	11,974	11,054
Deferred income taxes	2,555	2,555
Total current assets	100,291	98,973
Property and equipment, net	130,317	121,975
Deferred income taxes	4,166	4,166
Other assets	8,431	6,582
Total assets	$ 243,205	$ 231,696
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Revolving credit facility	$ 0	$ 3,324
Accounts payable	19,918	28,366
Taxes payable	8,736	2,656
Accrued expenses, interest and other current liabilities	26,832	23,683
Total current liabilities	55,486	58,029
Other long-term liabilities	7,459	7,000
Total liabilities	62,945	65,029
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $0.10 par value; 100,000,000 shares authorized; 26,196,942 shares and 26,095,296 shares issued and outstanding, at May 5, 2001 and February 3, 2001, respectively	2,620	2,610
Additional paid-in capital	93,017	92,252
Translation adjustments	(14)	(12)
Retained earnings	84,637	71,817
Total stockholders' equity	180,260	166,667
Total liabilities and stockholders' equity	$ 243,205	$ 231,696

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

THE CHILDREN'S PLACE RETAIL STORES, INC.

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THIRTEEEN WEEKS ENDED	
	MAY 5, 2001	APRIL 29, 2000
Net sales	$160,461	$130,181
Cost of sales	92,299	73,432
Gross profit	68,162	56,749
Selling, general and administrative expenses	38,964	34,067
Pre-opening costs	2,288	2,683
Depreciation and amortization	5,869	4,471
Operating income	21,041	15,528
Interest expense, net	31	181
Other expense, net	0	3
Income before income taxes	21,010	15,344
Provision for income taxes	8,192	5,970
Net income	$ 12,818	$ 9,374
Basic net income per common share	$ 0.49	$ 0.36
Basic weighted average common shares outstanding	26,161	25,736
Diluted net income per common share	$ 0.48	$ 0.36
Diluted weighted average common shares outstanding	26,844	26,352

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

THE CHILDREN'S PLACE RETAIL STORES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	THIRTEEN WEEKS ENDED	
	MAY 5, 2001	APRIL 29, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 12,818	$ 9,374
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,869	4,471
Deferred financing fee amortization	16	11
Loss on disposals of property and equipment	223	110
Deferred taxes	129	203
Deferred rent	452	290
Changes in operating assets and liabilities:		
Accounts receivable	(4,047)	(7,105)
Inventories	19,701	8,306
Prepaid expenses and other current assets	(920)	(617)
Other assets	(2,129)	(489)
Accounts payable	(8,448)	3,271
Accrued expenses, interest and other current liabilities	8,585	8,448
Total adjustments	19,431	16,899
Net cash provided by operating activities	32,249	26,273
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(13,518)	(15,794)
Net cash used in investing activities	(13,518)	(15,794)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of stock options and employee stock purchases	647	393
Borrowings under revolving credit facility	164,544	128,681
Repayments under revolving credit facility	(167,868)	(135,188)
Net cash used by financing activities	(2,677)	(6,114)
Effect of exchange rate on cash	(2)	(9)
Net increase in cash and cash equivalents	16,052	4,356
Cash and cash equivalents, beginning of period	8,141	2,204
Cash and cash equivalents, end of period	$ 24,193	$ 6,560
OTHER CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 236	$ 331
Cash paid during the period for income taxes	2,790	2,443

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

THE CHILDREN'S PLACE RETAIL STORES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Certain information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited financial statements contain all material adjustments, consisting of normal recurring accruals, necessary to present fairly the Company's financial position, results of operations and cash flow for the periods indicated, and have been prepared in a manner consistent with the audited financial statements as of February 3, 2001. These financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal year ended February 3, 2001 included in the Company's Annual Report on Form 10-K for the year ended February 3, 2001 filed with the Securities and Exchange Commission. Due to the seasonal nature of the Company's business, the results of operations for the thirteen weeks ended May 5, 2001 are not necessarily indicative of operating results for a full fiscal year.

2. NET INCOME PER COMMON SHARE

In accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share," the following table reconciles net income and share amounts utilized to calculate basic and diluted net income per common share.

	THIRTEEN WEEKS ENDED	
	MAY 5, 2001	APRIL 29, 2000
Net income (in thousands)	$12,818	$9,374
Basic shares	26,160,956	25,735,532
Dilutive effect of stock options	683,352	616,299
Dilutive shares	26,844,308	26,351,831
Antidilutive options	258,733	699,130

Antidilutive options consist of the weighted average of stock options for the respective periods ended May 5, 2001 and April 29, 2000 that had an exercise price greater than the average market price during the period. Such options are therefore excluded from the computation of diluted shares.

3. LITIGATION

The Company is involved in various legal proceedings arising in the normal course of its business. In the opinion of management, any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS QUARTERLY REPORT ON FORM 10-Q CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF FEDERAL SECURITIES LAWS, WHICH ARE INTENDED TO BE COVERED BY THE SAFE HARBORS CREATED THEREBY. THOSE STATEMENTS INCLUDE, BUT MAY NOT BE LIMITED TO, THE DISCUSSIONS OF THE COMPANY'S OPERATING AND GROWTH STRATEGY. INVESTORS ARE CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH UNDER THE CAPTION "RISK FACTORS" IN THE BUSINESS SECTION OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED FEBRUARY 3, 2001. ALTHOUGH THE COMPANY BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE REASONABLE, ANY OF THE ASSUMPTIONS COULD PROVE TO BE INACCURATE, AND THEREFORE, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS QUARTERLY REPORT ON FORM 10-Q WILL PROVE TO BE ACCURATE. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD-LOOKING STATEMENTS INCLUDED HEREIN, THE INCLUSION OF SUCH INFORMATION SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE OBJECTIVES AND PLANS OF THE COMPANY WILL BE ACHIEVED. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY RELEASE ANY REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT EVENTS AND CIRCUMSTANCES OCCURRING AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS QUARTERLY REPORT ON FORM 10-Q AND THE ANNUAL AUDITED FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED IN THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED FEBRUARY 3, 2001 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of net sales:

	THIRTEEN WEEKS ENDED	
	MAY 5, 2001	APRIL 29, 2000
Net sales	100.0%	100.0%
Cost of sales	57.5	56.4
Gross profit	42.5	43.6
Selling, general and administrative expenses	24.3	26.2
Pre-opening costs	1.4	2.1
Depreciation and amortization	3.7	3.4
Operating income	13.1	11.9
Interest expense, net	--	0.1
Income before income taxes	13.1	11.8
Provision for income taxes	5.1	4.6
Net income	8.0%	7.2%
Number of stores, end of period	437	335

THIRTEEN WEEKS ENDED MAY 5, 2001 (THE "FIRST QUARTER 2001") COMPARED TO THIRTEEN WEEKS ENDED APRIL 29, 2000 (THE "FIRST QUARTER 2000")

Net sales increased by $30.3 million, or 23%, to $160.5 million during the First Quarter 2001 from $130.2 million during the First Quarter 2000. During the First Quarter 2001, we opened 37 new stores. Net sales for the 37 new stores, as well as the other stores that did not qualify as comparable stores, contributed $32.6 million of our net sales increase. This net sales increase was partially offset by a 2% comparable store sales decline in the First Quarter 2001, which decreased our net sales by $2.3 million. Comparable store sales increased 5% during the First Quarter 2000. During the first nine weeks of the First Quarter 2001, we experienced a 7% same store sales decline that was primarily attributable to unseasonable weather and a difficult economic environment. During April, comparable store sales increased 10% due to exceptional customer response to our summer merchandise, complemented by a highly successful merchandise promotion and favorable weather. To more closely match the same period last year, comparable store sales calculations for fiscal 2001 have shifted last year's sales by one week since fiscal 2000 was a fifty three week year. As of May 5, 2001, we operated 437 stores in 43 states, primarily located in regional shopping malls. During the four weeks ended June 2, 2001, we experienced a 14% same store sales decline as compared to a 7% increase for the comparable four week period in fiscal 2000. Sales were unfavorably impacted primarily by a slowdown in store traffic along with unseasonable weather.

Gross profit increased by $11.4 million to $68.2 million during the First Quarter 2001 from $56.8 million during the First Quarter 2000. As a percentage of net sales, gross profit decreased 1.1% to 42.5% during the First Quarter 2001 from 43.6% during the First Quarter 2000. The decrease in gross profit, as a percentage of net sales, was principally due to higher markdowns and higher occupancy costs, primarily offset by higher initial markups achieved through effective product sourcing and the leveraging our production, design, distribution and buying expenses. Our markdowns were higher, as a percentage of net sales, due to the weak sales environment during the first nine weeks of the First Quarter 2001 and increased promotional activity during April 2001. Occupancy costs were higher, as a percentage of net sales, due to increased occupancy costs from new stores that have not been open long enough to leverage their rent through an established sales base.

Selling, general and administrative expenses increased $4.9 million to $39.0 million during the First Quarter 2001 from $34.1 million during the First Quarter 2000. Selling, general and administrative expenses were 24.3% of net sales during the First Quarter 2001 as compared with 26.2% during the First Quarter 2000. The decrease, as a percentage of net sales, was primarily due to the leveraging of our corporate administrative and marketing expenses, partially offset by higher store payroll wage rates and higher medical benefit costs. In addition, First Quarter 2000 expenses were unfavorably impacted by an executive severance settlement and E-commerce marketing expenses.

During the First Quarter 2001, pre-opening costs were $2.3 million, or 1.4% of net sales, as compared to $2.7 million, or 2.1% of net sales, during the First Quarter 2000. We opened 37 stores and 43 stores, during the First Quarter 2001 and the First Quarter 2000, respectively. During the First Quarter 2001, pre-opening costs were favorably impacted by the leveraging of these costs over a higher sales base, as well as the timing and location of our new store openings.

Depreciation and amortization amounted to $5.9 million, or 3.7% of net sales, during the First Quarter 2001, as compared to $4.5 million, or 3.4% of net sales, during the First Quarter 2000. The increase in depreciation and amortization primarily was a result of increases to our store base.

Our provision for income taxes for the First Quarter 2001 was $8.2 million, as compared to a $6.0 million provision for income taxes during the First Quarter 2000 due to our increased profitability. The effective tax rate was 39% during both the First Quarter 2001 and the First Quarter 2000.

We recorded net income of $12.8 million and $9.4 million during the First Quarter 2001 and the First Quarter 2000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

DEBT SERVICE/LIQUIDITY

Our primary uses of cash are financing new store openings and providing for working capital, which principally represents the purchase of inventory. Our working capital needs follow a seasonal pattern, peaking during the second and third quarters when inventory is purchased for the back to school and holiday seasons. During the First Quarter 2001, we also used cash to equip and furnish our new West Coast distribution center and auxillary Secaucus, New Jersey faciltity. We have been able to meet our cash needs principally by using cash flows from operations and seasonal borrowings under our working capital facility. As of May 5, 2001, we had no long-term debt obligations.

Our working capital facility provides for borrowings up to $75 million (including a sublimit for letters of credit of $60 million). As of May 5, 2001, we had no borrowings under our working capital facility and had outstanding letters of credit of $17.3 million. Availability under our working capital facility was $33.3 million. During the First Quarter 2001, the interest rate charged under our working capital facility for reference rate borrowings was 8.4% per annum and LIBOR borrowings bore interest at 6.8% per annum. The maximum borrowings and outstanding letter of credit usage under our working capital facility during the thirteen weeks ended May 5, 2001 was $36.2 million. As of May 5, 2001, we were in compliance with all of our covenants under our working capital facility.

CASH FLOWS/CAPITAL EXPENDITURES

Cash flows provided by operating activities were $32.2 million during the thirteen weeks ended May 5, 2001 as compared to $26.3 million during the thirteen weeks ended April 29, 2000. During the thirteen weeks ended May 5, 2001, cash flows provided by operating activities increased primarily as a result of improved operating earnings and a decrease in our inventory levels due to our strong April sales and conservative inventory management, partially offset by a decrease in our accounts payable due primarily to the timing of merchandise payments.

Cash flows used in investing activities were $13.5 million and $15.8 million in the thirteen weeks ended May 5, 2001 and the thirteen weeks ended April 29, 2000, respectively. During the thirteen weeks ended May 5, 2001, cash flows used in investing activities represented approximately $11 million in capital expenditures for new store openings and remodelings, with the majority of the remainder of capital expenditures spent on our new West Coast distribution center and our auxilliary Secaucus, New Jersey facility.

In the thirteen weeks ended May 5, 2001 and the thirteen weeks ended April 29, 2000, we opened 37 and 43 stores and remodeled 6 and 4 stores, respectively. During fiscal 2001, we plan to open a total of 120 stores and remodel 14 stores. We anticipate that total capital expenditures during fiscal 2001 will approximate $60 million, all of which we plan to fund with cash flows from operations.

Cash flows used by financing activities were $2.7 million during the thirteen weeks ended May 5, 2001 as compared to $6.1 million in the thirteen weeks ended April 29, 2000. During the thirteen weeks ended May 5, 2001 and the thirteen weeks ended April 29, 2000, cash flows used by financing activities reflected net repayments under our working capital facility, partially offset by funds received from the exercise of employee stock options and employee stock purchases.

We believe that cash generated from operations and funds available under our working capital facility will be sufficient to fund our capital and other cash flow requirements for at least the next 12 months. In addition, as we continue our store expansion program we will consider additional sources of financing to fund our long-term growth.

Our ability to meet our capital requirements will depend on our ability to generate cash from operations and successfully implement our store expansion plans.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

(Not applicable).

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings arising in the normal course of its business. In the opinion of management, any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position or results of operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

None.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CHILDREN'S PLACE
RETAIL STORES, INC.

Date: June 15, 2001

By: /s/ Ezra Dabah

Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: June 15, 2001

By: /s/ Seth L. Udasin

Vice President and
Chief Financial Officer
(Principal Financial Officer)