

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported)

March 10, 2005

THE CHILDREN'S PLACE RETAIL STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-23071

(Commission
File Number)

31-1241495

(IRS Employer ID
Number)

915 Secaucus Road, Secaucus, New Jersey

07094

(Address of principal executive offices)

(Zip Code)

Registrant's Telephone Number, including area code:

(201) 558-2400

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On March 10, 2005, The Children's Place Retail Stores, Inc. (the "Company") issued a press release announcing certain financial information for the fourth quarter and fiscal year ended January 29, 2005, as well as the Company's outlook for fiscal 2005. A copy of the Company's press release is included as Exhibit 99.1 hereto.

Item 9.01 Financial Statements and Exhibits

- (a) Financial Statements of Business Acquired: Not applicable
- (b) Pro Forma Financial Information: Not applicable
- (c) Exhibits:

99.1 Press Release dated March 10, 2005.

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signature on following page.]

SIGNATURES

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

By: /s/ Seth L. Udasin
Name: Seth L. Udasin
Title: Vice President and Chief Financial Officer

Dated: March 10, 2005

INDEX TO EXHIBITS

Current Report on Form 8-K
dated March 10, 2005

The Children's Place Retail Stores, Inc.

99.1 Press Release dated March 10, 2005.

PRESS RELEASE

FOR IMMEDIATE RELEASE**THE CHILDREN'S PLACE RETAIL STORES, INC. REPORTS PRELIMINARY
FOURTH QUARTER AND FISCAL YEAR 2004 FINANCIAL RESULTS**

- ~ Comparable Store Sales Increased 17% for the Fourth Quarter and 16% for the Fiscal Year ~
- ~ Earnings Per Share Increased 55% to \$0.85 for the Fourth Quarter and 85% to \$1.57 for the Full Year ~
- ~ Adjusted Earnings Per Share was \$0.95 for the Fourth Quarter and \$1.67 for the Full Year ~
- ~ Company Raises Fiscal 2005 Outlook ~

Secaucus, New Jersey – March 10, 2005 – The Children's Place Retail Stores, Inc. (Nasdaq: PLCE) today reported preliminary unaudited financial results for the fourth quarter and fiscal year ended January 29, 2005. As discussed below, all results presented in this press release exclude the effect of any potential corrections to the Company's lease-related accounting practices in light of a recent SEC clarification.

Fourth Quarter

Net sales for the fourth quarter increased 97% to \$462.1 million, compared with \$234.6 million for the same period in 2003. Fourth quarter sales results included 10 weeks of sales totaling \$163.4 million from the Disney Store North America, which was acquired as of November 21, 2004. Comparable store sales at The Children's Place stores increased 17% in the quarter, on top of a 9% increase for the same period last year. The Company's fourth quarter net income was \$24.0 million and income before extraordinary gain was \$23.7 million, as compared to net income of \$15.2 million for the fourth quarter last year. The extraordinary gain, net of taxes, of \$0.3 million, in the fourth quarter of 2004, resulted from the acquisition of Disney Store North America, and represents the excess of the fair value of assets acquired and liabilities assumed over the amounts paid for the Disney Store North America business. Fourth quarter earnings per share were \$0.85, compared to earnings per share of \$0.55 in the fiscal 2003 period. Earnings per share before the extraordinary gain were \$0.84 in the fourth quarter.

To facilitate the analysis of net income, the Company has adjusted fourth quarter and fiscal 2004 net income to exclude a non-cash item and the extraordinary gain mentioned above, both associated with the Disney Store North America acquisition. The Company has excluded such items, because it does not believe they are indicative of the core business and that the adjusted presentation is a beneficial supplemental disclosure to investors in analyzing its past and future performance. Adjusted net income was \$26.8 million in the fourth quarter 2004, a 76% increase over net income of \$15.2 million in fiscal 2003. Adjusted earnings per share were \$0.95 in the fourth quarter, a 73% increase over earnings per share of \$0.55 in the fiscal 2003 period. Accompanying this press release is a reconciliation of net income to adjusted net income for the fourth quarter and fiscal year ended January 29, 2005.

The Company opened 17 Children's Place stores and closed one store during the fourth quarter. In addition, consistent with its plans, the Company closed seven Disney Stores.

Fiscal Year 2004

Net sales for the fiscal year increased 45% to \$1.157 billion, from \$797.9 million in 2003. Fiscal 2004 sales results included 10 weeks of sales totaling \$163.4 million from the Disney Store North America. Comparable store sales at The Children's Place stores increased 16% for the fiscal year, compared to a 4% increase last year. Net income was \$43.3 million and income before extraordinary gain was \$43.0 million, compared to net income of \$23.0 million last year. Fiscal 2004 earnings per share were \$1.57 compared to earnings per share of \$0.85 in fiscal 2003. Earnings per share before the extraordinary gain were \$1.56 in fiscal 2004.

Adjusted net income, as defined above, was \$46.1 million in fiscal 2004, a 100% increase over net income of \$23.0 million in fiscal 2003. Adjusted earnings per share were \$1.67 compared to earnings per share of \$0.85 in 2003.

The Company opened 62 Children's Place stores and closed three stores during the fiscal year. In addition, the Company closed seven Disney Stores.

"Fiscal 2004 was a remarkable year. We are pleased with our fourth quarter and full year financial performance, as evidenced by our strong revenues and earnings results," said Ezra Dabah, Chairman and Chief Executive Officer of The Children's Place. "Especially gratifying is that we achieved our strong results while consummating and seamlessly integrating the Disney Store business. This is a testament to the team, the teamwork, and the infrastructure we have in place."

Mr. Dabah concluded, "The Children's Place brand achieved new heights, while the Disney Store acquisition gives us an extraordinary new platform for growth and earnings. We are intent on continuing our strong growth into 2005, and are confident that our business is well-positioned to achieve profitable growth over the long term."

Outlook

The Company now anticipates fiscal 2005 earnings per share in the range of \$2.10 to \$2.20, before any changes made to the way the Company accounts for lease-related transactions, a non-cash item associated with the Disney Store acquisition, and the effect of new accounting rules requiring the expensing of stock options. The Company plans to initiate the expensing of stock options prospectively beginning with the third quarter of fiscal 2005, in accordance with the requirements of FASB Statement No. 123R.

Lease-Related Accounting Practices

As previously announced and as discussed above, the Company is re-evaluating its lease-related accounting practices in light of a recent SEC clarification. While this evaluation has not been completed, and therefore no decisions have been made, management believes that a restatement of the Company's previously issued financial statements is likely.

Management continues to believe that any correction to the Company's lease-related accounting practices, if necessary, would not have a material impact on net income for the year ended January 29, 2005, nor will any potential restatement have any impact on net sales, comparable store sales or overall cash flows for any period. Further, any correction to the Company's lease accounting practices would not materially impact its anticipated results of operations for the year ending January 28, 2006. The Company is in the process of completing its analysis, which it will review with its audit committee and independent auditors, and will report the results of its review as soon as it has been completed.

Conference Call Information

The Children's Place will host a webcast of its fourth quarter conference call today at 10:00 a.m., Eastern Time. Interested parties are invited to listen to the call at the Company's web site, www.childrensplace.com. An archive of the webcast will be available on the site through Thursday, March 17, 2005.

About The Children's Place Retail Stores, Inc.

The Children's Place Retail Stores, Inc. is a leading specialty retailer of children's merchandise, ages newborn to ten years old. The Company designs, contracts to manufacture and sells high-quality, value-priced apparel and accessories under the "The Children's Place" brand name. As of February 26, 2005, the Company operated 750 The Children's Place stores in North America and owns the subsidiary that operates 306 Disney Stores in North America. The Company also sells The Children's Place merchandise through its virtual store located at www.childrensplace.com.

Use of Non-GAAP Measures

Adjusted net income and adjusted earnings per share are "Non-GAAP financial measures" as defined by the Securities and Exchange Commission, and may differ from non-GAAP financial measures used by other companies. The Company has excluded a non-cash item and the extraordinary gain, both associated with the Disney Store North America acquisition, because it does not believe they are indicative of the core business. The Company is providing adjusted financial information as an addition to, and not as a substitute for, financial measures presented in accordance with generally accepted accounting principles ("GAAP"). The Company believes that the adjusted presentation is a beneficial supplemental disclosure to investors in analyzing its past and future performance. Accompanying this press release is a reconciliation of net income to adjusted net income for the fourth quarter and fiscal year ended January 29, 2005.

This press release and above referenced call may contain certain forward-looking statements regarding future circumstances. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements including, in particular, the risks and uncertainties described in the Company's filings with the Securities and Exchange Commission. Actual results, events, and performance may differ. Readers or listeners (on the call) are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. The inclusion of any statement in this release does not constitute an admission by The Children's Place or any other person that the events or circumstances described in such statement are material.

Contact: The Children's Place
Seth Udasin, Chief Financial Officer, 201/558-2409
Heather Anthony, Director, Investor Relations, 201/558-2865

THE CHILDREN'S PLACE RETAIL STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)¹
(Unaudited)

13 Weeks Ended:		52 Weeks Ended:	
January 29, 2005	January 31, 2004	January 29, 2005	January 31, 2004

Net sales	\$ 462,108	\$ 234,569	\$ 1,157,548	\$ 797,938
Cost of sales	284,322	133,952	715,623	485,671
Gross profit	177,786	100,617	441,925	312,267
Selling, general and administrative expenses	129,003	65,831	329,916	235,293
Asset impairment charges	164	448	164	448
Depreciation and amortization	10,724	10,471	41,920	40,028
Operating income	37,895	23,867	69,925	36,498
Interest expense (income), net	177	(127)	22	(255)
Income before income taxes and extraordinary gain	37,718	23,994	69,903	36,753
Provision for income taxes	14,031	8,819	26,912	13,796
Income before extraordinary gain	23,687	15,175	42,991	22,957
Extraordinary gain (net of taxes)	273	--	273	--
Net income	\$ 23,960	\$ 15,175	\$ 43,264	\$ 22,957
Basic income per share	\$ 0.88	\$ 0.57	\$ 1.61	\$ 0.86
Basic weighted average number of shares outstanding	27,076	26,726	26,919	26,646
Diluted income per share before extraordinary gain	\$ 0.84	\$ 0.55	\$ 1.56	\$ 0.85
Diluted income per share	\$ 0.85	\$ 0.55	\$ 1.57	\$ 0.85
Diluted weighted average number of shares outstanding	28,106	27,510	27,633	27,099

¹These condensed consolidated statements of income exclude the effects of any potential corrections to the Company's lease-related accounting practices in light of a recent SEC clarification.

THE CHILDREN'S PLACE RETAIL STORES, INC.
RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME
(In thousands, except per share amounts)¹
(Unaudited)

	13 Weeks Ended January 29, 2005			52 Weeks Ended January 29, 2005		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Net sales	\$ 462,108	\$ --	\$ 462,108	\$ 1,157,548	\$ --	\$ 1,157,548
Cost of sales ²	284,322	(5,044)	279,278	715,623	(5,044)	710,579
Gross profit	177,786	5,044	182,830	441,925	5,044	446,969
Selling, general and administrative expenses	129,003	--	129,003	329,916	--	329,916
Asset impairment charges	164	--	164	164	--	164
Depreciation and amortization	10,724	--	10,724	41,920	--	41,920
Operating income	37,895	5,044	42,939	69,925	5,044	74,969
Interest expense (income), net	177	--	177	22	--	22
Income before income taxes and extraordinary gain	37,718	5,044	42,762	69,903	5,044	74,947
Provision for income taxes	14,031	1,942	15,973	26,912	1,942	28,854
Income before extraordinary gain	23,687	3,102	26,789	42,991	3,102	46,093
Extraordinary gain (net of taxes) ³	273	(273)	0	273	(273)	0
Net income	\$ 23,960	\$ 2,829	\$ 26,789	\$ 43,264	\$ 2,829	\$ 46,093
Basic income per share	\$ 0.88	\$ 0.11	\$ 0.99	\$ 1.61	\$ 0.10	\$ 1.71
Basic weighted average number of shares outstanding	27,076	27,076	27,076	26,919	26,919	26,919
Diluted income per share	\$ 0.85	\$ 0.10	\$ 0.95	\$ 1.57	\$ 0.10	\$ 1.67
Diluted weighted average number of shares outstanding	28,106	28,106	28,106	27,633	27,633	27,633

¹ This reconciliation of net income to adjusted net income excludes the effects of any potential corrections to the Company's lease-related accounting practices in light of a recent SEC clarification.

² The adjustment reverses the higher cost of sales resulting from the write-up of the acquired Disney Store inventory to its fair value from the value determined under the retail inventory method for the inventory that was sold during the 10 weeks ended January 29, 2005. Approximately \$1.2 million fair value inventory write-up remains on the balance sheet as of January 29, 2005. The Company expects this remaining balance will be recorded as a cost of sales during the first quarter of fiscal 2005 as the remaining acquired inventory is sold.

³ The extraordinary gain represents the fair value of assets acquired and liabilities assumed in excess of amounts paid to acquire the Disney Store North America.

THE CHILDREN'S PLACE RETAIL STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS¹
(In thousands)
(Unaudited)

	January 29, 2005	January 31, 2004
Current assets:		
Cash and cash equivalents	\$ 165,196	\$ 74,772
Accounts receivable	23,987	8,462
Inventories	161,970	96,128
Other current assets	40,427	20,070

Total current assets	----- 391,580	----- 199,432
Property and equipment, net	153,140	146,707
Other assets, net	12,350	13,527
	-----	-----
Total assets	\$ 557,070	\$ 359,666
	=====	=====
Current liabilities:		
Revolving credit facility	\$ 37,268	\$ 0
Accounts payable	78,106	35,173
Accrued expenses and other current liabilities	100,657	49,984
	-----	-----
Total current liabilities	216,031	85,157
Other liabilities	28,472	17,504
	-----	-----
Total liabilities	244,503	102,661
Stockholders' equity	312,567	257,005
	-----	-----
Total liabilities and stockholders' equity	\$ 557,070	\$ 359,666
	=====	=====

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² These condensed balance sheets exclude the effects of any potential corrections to the Company's lease-related accounting practices in light of a recent SEC clarification.