SYMS CORP
Form 10-Q
July 15, 2009

UNITED STATES
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 30, 2009**

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 1-8546

SYMS CORP

(Exact name of registrant as specified in its charter)

NEW JERSEY	**No. 22-2465228**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
One Syms Way, Secaucus, New Jersey	**07094**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code **(201) 902-9600**

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 þ No o

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 definition of "large accelerated filer, accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer o Accelerated Filer þ Non-Accelerated Filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

At June 30, 2009, the latest practicable date, there were 14,589,562 shares outstanding of Common Stock, par value $0.05 per share.

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Condensed Balance Sheets
(In thousands)

	May 30, 2009 (Unaudited)	February 28, 2009 (NOTE)	(U
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 20,686	$ 1,822	$
Receivables	1,479	1,589	
Merchandise inventories	49,248	52,480	
Deferred income taxes	3,045	3,045	
Assets held for sale	7,202	7,202	
Prepaid expenses and other current assets	4,370	5,317	
TOTAL CURRENT ASSETS	86,030	71,455	
PROPERTY AND EQUIPMENT - Net	95,969	95,956	
DEFERRED INCOME TAXES	15,018	15,209	
BUILDING AND AIR RIGHTS	9,134	9,134	
OTHER ASSETS	7,515	23,369	
TOTAL ASSETS	$ 213,666	$ 215,123	$
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 16,934	$ 14,936	$
Accrued expenses	7,013	9,012	
Accrued payroll	735	-	
Obligations to customers	4,218	4,292	
TOTAL CURRENT LIABILITIES	28,900	28,240	
OTHER LONG TERM LIABILITIES	758	840	
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY			
Preferred stock, par value $100 per share. Authorized 1,000 shares; none outstanding.		-	
Common stock, par value $0.05 per share. Authorized 30,000 shares; 14,590 shares outstanding (net of 4,298 in treasury shares) on May 30, 2009 and February 28, 2009 and 14,588 shares outstanding (net of 4,082 treasury shares) on May 31, 2008	800	800	
Additional paid-in capital	21,560	21,560	
Treasury stock	(45,903)	(45,903)	
Accumulated other comprehensive (loss) income	(2,127)	(2,127)	
Retained earnings	209,678	211,713	
TOTAL SHAREHOLDERS' EQUITY	184,008	186,043	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 213,666	$ 215,123	$

NOTE: The balance sheet at February 28, 2009 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See Notes to Condensed Financial Statements

SYMS CORP

Condensed Statements of Operations

(In thousands, except per share amounts)

	13 Weeks Ended May 30, 2009 (Unaudited)	13 Weeks Ended May 31, 2008 (Unaudited)
Net sales	$ 50,256	$ 64,588
Cost of goods sold	29,195	36,410
Gross profit	21,061	28,178
Expenses:		
Selling, general and administrative	16,812	18,566
Advertising	776	1,463
Occupancy	3,432	4,212
Depreciation and amortization	1,932	1,912
Total Operating Expenses	22,952	26,153
(Loss)Income from operations	(1,891)	2,025
Interest (income) expense, net	227	(42)
(Loss)Income before income taxes	(2,118)	2,067
(Recovery) Provision for income taxes	(83)	1,441
Net (loss) income	$ (2,035)	$ 626
Net (loss) income per share - basic	$ (0.14)	$ 0.04
Weighted average shares outstanding - basic	14,590	14,588
Net (loss) income per share - diluted	$ (0.14)	$ 0.04
Weighted average shares outstanding - diluted	14,590	14,653

See Notes to Condensed Financial Statements

SYMS CORP

Condensed Statements of Cash Flows

(In thousands)

	13 Weeks Ended May 30, 2009 (Unaudited)	13 Weeks Ended May 31, 2008 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss)income	$ (2,035)	$ 626
Adjustments to reconcile net(loss) income to net cash provided by operating activities:		
Depreciation and amortization	1,932	1,912
Deferred income taxes	191	-
(Increase) decrease in operating assets:		
Receivables	110	(244)
Merchandising inventories	3,232	(6,089)
Prepaid expenses and other current assets	947	500
Other assets	(161)	(281)
Increase (decrease) in operating liabilities:		
Accounts payable	1,998	5,757
Accrued expenses	(861)	(1,767)
Income taxes	(476)	1,441
Other long term liabilities	(82)	(88)
Net cash provided by operating activities	4,795	1,767
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of buildings and air rights	-	(8,034)
Expenditures for property and equipment	(1,931)	(731)
Net cash (used in) investing activities	(1,931)	(8,765)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash surrender value of officers life insurance advance	16,000	-
Net cash from financing activites	16,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,864	(6,998)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,822	11,904
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 20,686	$ 4,906
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 151	$ 37
Income taxes paid	$ 204	$ 1

See Notes to Condensed Financial Statements

Notes to Condensed Financial Statements
13 Weeks Ended May 30, 2009 and May 31, 2008
(Unaudited)

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Note 1 - The Company

Syms Corp (the Company) operates a chain of 32 off-price retail clothing stores located in the United States throughout the Northeastern and Middle Atlantic regions and in the Midwest, Southeast and Southwest. Each Syms store offers a broad range of first quality, in season merchandise bearing nationally recognized designer or brand-name labels for men, women and children.

Note 2 - Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). As applicable under such regulation, certain information and footnote disclosures have been condensed or omitted. We believe that all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the 13-week period ended May 30, 2009 are not necessarily indicative of the results that may be expected for the entire fiscal year ending February 27, 2010. For further information, refer to the consolidated financial statements and footnotes thereto included in the Companys annual report on Form 10-K for the fiscal year ended February 28, 2009. Certain amounts from prior periods have been reclassified to conform to the current periods presentation. Occupancy expenses for the three month period ended May 30, 2009 and May 31, 2008 have been reduced by net rental income of $606,000 and $503,000, respectively from real estate holdings incidental to the Companys retail operations.

The preparation of these condensed financial statements in conformity with generally accepted accounting principles in the United States, of necessity requires management to make estimates and assumptions that may affect the reported amounts and related disclosures. Actual amounts could differ from such estimates.

The Companys fiscal year ends the Saturday nearest to the end of February. The fiscal year ended February 28, 2009 (fiscal 2008) was comprised of 52 weeks. The fiscal year ending February 27, 2010 (fiscal 2009) will also be comprised of 52 weeks.

Note 3 - Other assets

The cash surrender value of officers life insurance policies is classified on the balance sheet as a non-current asset. The Company adjusts the carrying value of these contracts to the cash value (which is considered fair value) at the end of each accounting period. Such periodic adjustment is included in selling, general and administrative expenses. In March 2009, as a result of the uncertainties surrounding the financial viability of the life insurance company underwriting two of these policies, the Company withdrew $16 million as an advance to ensure realizability of a significant portion of the cash surrender value of Officers life insurance. Such advance bears interest at 6.5 % and has been presented as a reduction of the cash surrender value asset based on the Companys ability to offset such advance against the value of the contract upon settlement. In June 2009, in connection with the acquisition more fully discussed in Note 12 below, the Company initially collateralized a portion of the Companys $40 million secured credit facility (Note 6) with $16 million in cash.

Note 4 - Merchandise Inventories

Merchandise inventories are stated at the lower of cost (first in, first out) or market, as determined by the retail inventory method.

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Note 5 - Building and Air Rights

In May 2008, the Company consummated the acquisition of a landmark structure along with its appurtenant air rights adjacent to its owned store and property in lower Manhattan for a purchase price of approximately $8 million. In December 2007, the Company purchased air rights from another adjacent building at this locale for a purchase price of approximately $3.1 million.

Note 6 - Bank Credit Facilities

As of May 30, 2009 the Company had a revolving credit agreement with a bank for an unsecured line of credit not to exceed $40,000,000 through May 1, 2011. The agreement contained financial covenants, with respect to tangible net worth, as defined, working capital and maximum capital expenditures, dividends, as well as other financial ratios. The Company was not in compliance with all covenants as of May 30, 2009, however, the Company established a new credit facility summarized below with which the Company is fully compliant. As of May 30, 2009, February 28, 2009 and May 31, 2008, there were no borrowings under the current or predecessor revolving credit agreements. At May 30, 2009, February 28, 2009 and May 31, 2008, the Company had $0, $741,000 and $786,000, respectively, in outstanding letters of credit under the revolving credit agreements. The outstanding letters of credit as of May 30, 2009 and February 28, 2009 and May 31, 2008 were part of the unsecured $40,000,000 line of credit.

As of June 5, 2009 the Company replaced the above-mentioned revolving credit agreement with a $40 million asset-based revolving credit facility provided by the same lender and secured by substantially all assets of the Company. Borrowings under this facility are limited by a formula which considers values of inventory and accounts receivable. Interest rates under this facility vary with the prime rate or LIBOR and the facility includes certain covenants which include minimum net worth, minimum fixed charges and restrictions on capital expenditures. This facility expires on December 4, 2010. In connection with the acquisition more fully discussed in Note 12 below, the Company initially collateralized $16 million of this facility with cash. After closing the acquisition, the Company's indebtedness under the facility was approximately $23.4 million. The Company is in the process of exploring expanded or alternate loan facilities.

Note 7 - Net (Loss) Income Per Share

Basic net (loss) income per share has been computed based upon the weighted average of the common shares outstanding. Diluted net (loss) income per share gives effect to the potential dilution that would have occurred if options were exercised. There were 111,000 options for the 13 weeks ending May 30, 2009 that were anti dilutive. The following table sets forth basic and diluted average shares and the related net (loss) income per share:

	13 Weeks Ended (in thousands except for per share data)	
	May 30, 2009	**May 31, 2008**
Basic net(loss)income per share:		
Net(loss)income	$ (2,035)	$ 626
Average shares outstanding	14,590	14,588
Basic net(loss) income per share	$ (0.14)	$ 0.04
Diluted net(loss) income per share:		
Net (loss)income	$ (2,035)	$ 626
Average shares outstanding	14,590	14,588
Stock options	-	65
Total average equivalent shares	14,590	14,653

Diluted net(loss) income per share	$	(0.14)	$	0.04

Note 8 Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS, 141 (revised 2007), Business Combinations (SFAS 141R), which requires an acquirer to do the following: expense acquisition related costs as incurred; record contingent consideration at fair value at the acquisition date with subsequent changes in fair value to be recognized in the income statement; and any adjustments to the purchase price allocation are to be recognized as a period cost in the income statement. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008. Earlier application is prohibited. The adoption of SFAS 141R will affect the accounting for future acquisitions including the acquisition described in Note 12.

Note 9 Share Based Compensation

The Companys Amended and Restated Stock Option and Appreciation Plan allows for the granting of incentive stock options, as defined in Section 422A of the Internal Revenue Code of 1986 (as amended), non-qualified stock options or stock appreciation rights. The plan requires that incentive stock options be granted at an exercise price not less than the fair market value of the Common Stock on the date the option is granted. The exercise price of the option for holders of more than 10% of the voting rights of the Company must be not less than 110% of the fair market value of the Common Stock on the date of grant. Non-qualified options and stock appreciation rights may be granted at any exercise price. The Company has reserved 1,500,000 shares of common stock for issuance thereunder. The Company is no longer issuing options under its Amended and Restated Incentive Stock Option and Appreciation Plan.

No option or stock appreciation rights may be granted under the Amended and Restated Incentive Stock Option Plan after July 28, 2013. The maximum exercise period for any option or stock appreciation right under the plan is ten years from the date the option is granted (five years for any optionee who holds more than 10% of the voting rights of the Company).

The Companys 2005 Stock Option Plan (the "2005 Plan") permits the grant of options, share appreciation rights, restricted shares, restricted share units, performance units, performance shares, cash-based awards and other share-based awards. Key employees, non-employee directors, and third party service providers of the Company who are selected by a committee designated by the Board of Directors of the Company are eligible to participate in the 2005 Plan. The maximum number of shares issuable under the Plan is 850,000, subject to certain adjustments in the event of changes to the Companys capital structure.

Effective February 25, 2006, the Company adopted the provisions of FAS No. 123(R), Share-Based Payment (FAS123(R)). Under FAS123(R), share-based compensation cost is measured at grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period. The Company adopted the provisions of FAS123(R) using a modified prospective application. Under this method, compensation cost is recognized for all share-based payments granted, modified or settled after the date of adoption, as well as for any unvested awards that were granted prior to the date of adoption. Prior periods are not revised for comparative purposes. Because the Company previously adopted only the pro forma disclosure provisions of SFAS 123, it will recognize compensation cost relating to the unvested portion of awards granted prior to the date of adoption using the same estimate of the grant-date fair value and the same attribution method used to determine the pro forma disclosures under SFAS 123, except that forfeitures rates will be estimated for all options, as required by FAS123(R).

The fair value of each option award is estimated on the date of grant using a Black-Scholes option valuation model. Expected volatility is based on the historical volatility of the price of the Companys stock. The risk-free interest rate is based on U.S. Treasury issues with a term equal to the expected life of the option. The Company uses historical data to estimate expected dividend yield, expected life and forfeiture rates. There were no options granted during the three months ended May 30, 2009, and all options previously issued are fully vested.

Stock option activity during the three months ended May 30, 2009 is as follows:

(In thousands, except per share amounts)

	Number Of options	Weighted Average Exercise Price	Weighted Average Remaining Contracted Term (years)	Aggregate Intrinsic Value
Outstanding at March 1, 2009	111	$13.81	-	-
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Options outstanding at May 30, 2009	111	$13.81	5.45	(778)
Options exercisable at May 30, 2009	111	$13.81	5.45	(778)

As of May 30, 2009, there was no total unrecognized stock-based compensation cost related to options granted under our plans that will be recognized in future periods.

Note 10 Income Taxes

Effective March 1, 2007, we adopted FIN 48, which clarifies the accounting and disclosure for uncertainty in income taxes. As a result of the adoption, we recorded as a cumulative effect adjustment, a decrease to beginning retained earnings of approximately $250,000 and increased our accruals for uncertain tax positions and related interest and penalties by a corresponding amount. As of the adoption date, this $250,000 represents our liability for uncertain tax positions.

We recognize interest and, if applicable, penalties, which could be assessed, related to uncertain tax positions in income tax expense. As of the adoption date, the total amount due, including accrued interest and penalties was $250,000, before federal and state tax effect. For the quarter ended May 30, 2009, we recorded approximately $4,000 in interest before federal and state tax effect.

For the 13-week period ended May 30, 2009, the effective income tax rate was 4.0% compared to 69.7% for the period ended May 31, 2008. The difference between the effective income tax rate and the federal statutory rate and the reason for the decrease in effective income tax is due to permanent differences in deductibility of expenses for book and tax purposes. In addition, in 2009, the Company recorded certain expense adjustments related to prior years.

Note 11 FAIR VALUE MEASUREMENTS

Effective March 1, 2009, we adopted the Financial Accounting Standards Board ("FASB") Statement No. 157, Fair Value Measurements ("FAS 157"), for financial assets and liabilities. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. The statement indicates, among other things, that a fair value measurement assumes a transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The Company adopted the provisions of FAS 157 with respect to its non-financial assets and liabilities during the first quarter of fiscal 2009. However, there were no non-financial assets or liabilities requiring initial measurement or subsequent re-measurement during the first quarter of 2009.

In order to increase consistency and comparability in fair value measurements, SFAS No. 157 establishes a hierarchy for observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Assets measured at fair value on a recurring basis include the following as of May 30, 2009:

(In thousands)	**Fair Value Measurement at May 30, 2009 Using** Quoted Prices in Active Markets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Carrying Value at May 30, 2009**
Cash and cash equivalents	$ 20,686	$ -	$ -	$ 20,686
Cash surrender value Officers Life Insurance	$ -	$ 6,144	$ -	$ 6,144

On an annual recurring basis, the Company is required to use fair value measures when measuring plan assets of the Company's pension plans. As the Company elected to adopt the measurement date provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," as of March 4, 2007, the Company was required to determine the fair value of the Company's pension plan assets as of February 28, 2009. The fair value of pension plan assets was $6.3 million at February 28, 2009. These assets are valued in active liquid markets.

Additionally, on a nonrecurring basis, the Company uses fair value measures when analyzing asset impairment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined such indicators are present and the review indicates that the assets will not be fully recoverable, based on undiscounted estimated cash flows over the remaining amortization periods, their carrying values are reduced to estimated fair value. Measurements based on undiscounted cash flows are considered to be level 3 inputs.

Note 12 Subsequent Event

On June 18, 2009 the Company, through a wholly-owned subsidiary, acquired certain inventory, fixed assets, equipment, intellectual property and real property leases and certain other net assets of Filenes Basement, Inc., an off-price retail clothing chain, pursuant to an order of the United States Bankruptcy Court for the District of Delaware in accordance with Sections 105, 363 and 365 of the United States Bankruptcy Code. The purchase price paid at closing was approximately $64.4 million in cash, of which $39.4 million was paid for by the Company. Approximately $25.0 million was paid for by Vornado Realty Trust and its joint venture partners to acquire a termination of their lease in Boston, Massachusetts and to make changes to their lease for a Filenes Basement location in New York, New York. The Companys portion of the purchase price was paid for through $ 23.4 million in borrowings under the Companys asset-based revolving credit facility (Note 6), and the remainder from cash on hand.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

The Quarterly Report (including but not limited to factors discussed below, in the "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as those discussed elsewhere in this Quarterly Report on Form 10-Q) includes forward-looking statements (within the meaning of Sections 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934) and information relating to the Company that are based on the beliefs of the management of the Company as well as assumptions made by and information currently available to the management of the Company. When used in this Quarterly Report, the words "anticipate," "believe," "estimate," "expect," "intend," "plan," and similar expressions, as they relate to the Company or management of the Company, identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks, including among others, general economic and market conditions, decreased consumer demand for the Company's products, possible disruptions in the Company's computer or telephone systems, possible work stoppages, or increases in labor costs, effects of competition, possible disruptions or delays in the opening of new stores or inability to obtain suitable sites for new stores, higher than anticipated store closings or relocation costs, higher interest rates, unanticipated increases in merchandise or occupancy costs and other factors which may be outside the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as anticipated, believed, estimated, expected, intended or planned. Subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere described in this Quarterly Report and other reports filed with the Securities and Exchange Commission.

Critical Accounting Policies and Estimate

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in the financial statements and related notes. Since future events and their impact cannot be determined with certainty, and actual results will inevitably differ from our estimates, such differences could be material to the consolidated financial statements.

The Company believes application of accounting policies and the estimates inherently required by the policies are reasonable. These accounting policies and estimates are constantly reevaluated and adjustments are made when facts and circumstances dictate a change. Historically, the Company has found the application of accounting policies to be appropriate and actual results have not differed materially from those determined using necessary estimates.

The Company's accounting policies are more fully described in Note 1 to the Financial Statements, located in the Annual Report on Form 10-K for fiscal 2008. The Company has identified certain critical accounting policies that are described below.

Merchandise Inventory — Inventory is stated at the lower of cost or market, FIFO retail method. Inventory cost and the resulting gross margins are calculated by applying a cost to retail ratio between the costs of goods available for sale and the retail value of inventories. The significant estimates used are for markdowns and shrinkage.

Factors considered by the Company in the determination of permanent markdowns include current and anticipated demand, customer preferences, age of the merchandise, fashion trends and weather conditions. In addition, inventory is also evaluated against corporate pre-determined historical markdown trends. When a decision is made to permanently markdown merchandise, the resulting gross margin reduction is recognized in the period the markdown is recorded. The timing of the decision, particularly when close to the balance sheet date, can have a significant effect on the results of operations.

Shrinkage is estimated as a percentage of sales for the period from the date of the last physical inventory to the end of the fiscal year. Physical inventories are taken at least annually for all stores and inventory records are adjusted accordingly. The shrinkage rate from the most recent physical inventory, in combination with historical experience, is used as the standard for the shrinkage accrual following the physical inventory.

The Company has found the use of these estimates to be appropriate and actual results have not differed materially. However, the Company is subject to certain risks and uncertainties that could cause its future estimates to differ materially from past experience.

Long-lived Assets - In evaluation of the fair value, future benefits and any potential impairment of value of long-lived assets, the Company performs an analysis of the anticipated discounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the Company reduces the carrying value to its fair value, which is generally calculated using discounted cash flows. Various factors including future sales growth and profit margins are included in this analysis. To the extent these future projections or our strategies change, the conclusion regarding impairment may differ from the Companys current estimates.

Results of Operations

13 Weeks Ended May 30, 2009 Compared to 13 Weeks Ended May 31, 2008

Net sales for the 13 weeks ended May 30, 2009 were $50,256,000, a decrease of $14,332,000 (22.2%) as compared to net sales of $64,588,000 for the 13 weeks ended May 31, 2008. On a comparable store basis, sales decreased 20.5% for the 13 weeks ended May 30, 2009 as compared to the 13 weeks ended May 31, 2008. In our comparable store computation, we only include stores that have been open for a period of at least 12 months and stores that were open during both fiscal years. We did not have any expansion in square footage in the 13 weeks ended May 30, 2009 or May 31, 2008.

Gross profit for the 13 weeks ended May 30, 2009 was $21,061,000 (41.9% as a percentage of net sales), a decrease of $7,117,000 as compared to gross profit of $28,178,000 (43.6% as a percentage of net sales) for the fiscal period ended May 31, 2008. The decrease in gross profit dollars is primarily attributable to lower sales, while the decrease in gross margins as a percentage of sales was due to increased markdowns in this period compared to the same period a year ago. The Companys gross profit may not be comparable to those of other entities, since other entities may include all of the costs related to their distribution network in cost of goods sold and others, like the Company, exclude a portion of those costs from gross profit and, instead, include them in other line items, such as selling, general and administrative expenses and occupancy costs.

Selling, general and administrative expense was $16,812,000 (33.4% as a percentage of net sales) for the 13 weeks ended May 30, 2009 as compared to $18,566,000 (28.7% as a percentage of net sales) for the 13 weeks ended May 31, 2008. This decrease is attributable to lower payroll and payroll related items partially offset by higher legal expenses, incurred as a result of our impending acquisition.

Advertising expense for the 13 weeks ended May 30, 2009 was $776,000 (1.5% as a percentage of net sales) as compared to $1,463,000 (2.3% as a percentage of net sales) for the 13 weeks ended May 31, 2008. The decline in advertising expense was due to reduced spending for television advertising.

Occupancy costs were $3,432,000 (6.8% as a percentage of net sales) for the 13-week period ended May 30, 2009 as compared to $4,212,000 (6.5% as a percentage of net sales) for the 13 weeks ended May 31, 2008. Included as an offset to net occupancy cost is rental income from third parties. For the three months ended May 30, 2009 and May 31, 2008 rental income was $606,000 and $503,000 respectively.

Depreciation and amortization amounted to $1,932,000 (3.8% as a percentage of net sales) for the 13 weeks ended May 30, 2009 as compared to $1,912,000 (3.0% as a percentage of net sales) for the 13 weeks ended May 31, 2008.

Interest expense for the 13 weeks ended May 30, 2009 was $227,000 as compared with interest income of $42,000 for the 13 weeks ended May 31, 2008. This is the result of interest incurred for the officers life insurance advance combined with lower interest income from overnight cash investments.

Net loss before tax for the 13 weeks ended May 30, 2009 was $2,118,000 as compared to net income of $2,067,000 for the 13 weeks ended May 31, 2008.

For the 13-week period ended May 30, 2009, the effective income tax rate was 4.0% compared to 69.7% for the period ended May 31, 2008. The difference between the effective income tax rate and the federal statutory rate and the reason for the decrease in effective income tax is due to permanent differences in deductibility of expenses for book and tax purposes. In addition, in 2009, the Company recorded certain expense adjustments related to prior years.

Liquidity and Capital Resources

Working capital as of May 30, 2009 was $57,130,000, an increase of $6,635,000, as compared to $50,495,000 as of May 31, 2008. The ratio of current assets to current liabilities as of May 30, 2009 was 2.98 to 1 as compared to 2.21 to 1 as of May 31, 2008.

Net cash provided by operating activities was $4,795,000 for the 13 weeks ended May 30, 2009, an increase of $3,028,000 as compared to cash provided by operations of $1,767,000 for the 13 weeks ended May 31, 2008. Net cash used in investment activities was $1,931,000 for the 13 weeks ended May 30, 2009, as compared to net cash used in investing activities of $8,765,000 for the 13 weeks ended May 31, 2008. Net cash from financing activities for the 13 weeks ended May 30, 2009 was $16,000,000 related to an advance on the cash surrender value of officers life insurance. Expenditures for property and equipment totaled $1,931,000 and $731,000 for the 13 weeks ended May 30, 2009 and May 31, 2008, respectively.

In March 2009, as a result of the uncertainties surrounding the financial viability of the life insurance company underwriting two of the Companys policies, the Company withdrew $16 million of cash values to ensure realizability of a significant portion of the cash surrender value of officers life insurance. Such advance bears interest at 6.5% and has been presented as a reduction of the cash surrender value asset in the accompanying financial statements.

The Company has planned recurring capital expenditures of approximately $6,000,000 for the fiscal year ending February 27, 2010. Through the 13 week period ended May 30, 2009, the Company incurred $1,931,000 of recurring capital expenditures.

As of May 30, 2009 the Company had a revolving credit agreement with a bank for an unsecured line of credit not to exceed $40,000,000 through May 1, 2011. The agreement contained financial covenants, with respect to consolidated tangible net worth, as defined, working capital and maximum capital expenditures, dividends (defined to include cash repurchases of capital stock), as well as other financial ratios. The Company was not in compliance with all covenants as of May 30, 2009, however, the Company established a new credit facility, as described below, with which the Company is fully compliant. As of May 30, 2009, February 28, 2009 and May 31, 2008, there were no borrowings under current or predecessor revolving credit agreements. At May 30, 2009, February 28, 2009 and May 31, 2008, the Company had approximately $0, $741,000 and $786,000, respectively, in outstanding letters of credit under the revolving credit agreement. The outstanding letters of credit as of May 30, 2009, February 28, 2009 and May 31, 2008 are part of the unsecured $40,000,000 line of credit.

As of June 5, 2009 the Company replaced the above-mentioned revolving credit agreement with a $40 million asset-based revolving credit facility with the same lender, secured by substantially all assets of the Company. Borrowings under this facility are limited by a formula which considers values of inventory and accounts receivable. Interest rates under this facility vary with the prime rate or LIBOR and the facility includes certain covenants which include minimum net worth, minimum fixed charge and restrictions on capital expenditures. This facility expires on December 4, 2010. In connection with the acquisition more fully discussed below, the Company initially collateralized $16 million of this facility with cash. The Company is also in the process of exploring expanded or alternate loan facilities.

On June 18, 2009 the Company, through a wholly-owned subsidiary, acquired certain inventory, fixed assets, equipment, intellectual property and real property leases and certain other net assets of Filene's Basement, Inc., an off-price retail clothing chain, pursuant to an order of the United States Bankruptcy Court for the District of Delaware in accordance with Sections 105, 363 and 365 of the United States Bankruptcy Code. The purchase price paid at closing was approximately $64.4 million in cash, of which $39.4 million was paid for by the Company. Approximately $25.0 million was paid for by Vornado Realty Trust and its joint venture partners to acquire a termination of their lease in Boston, Massachusetts and to make changes to their lease for a Filene's Basement location in New York, New York. The Company's portion of the purchase price was paid for through $23.4 million in borrowings under the Company's asset-based revolving credit facility and the remainder from cash on hand.

Management believes that existing cash, internally generated funds, trade credit and funds available from the revolving credit agreement will be sufficient for working capital and capital expenditure requirements for the fiscal year ending February 27, 2010.

Impact of Inflation and Changing Prices

Although the Company cannot accurately determine the precise effect of inflation on its operations, it does not believe inflation has had a material effect on sales or results of operations.

Recent Accounting Pronouncements

See Note 8 of Notes to Condensed Financial Statements for a description of Recent Accounting Pronouncements including the respective dates of adoption and the effects on Results of Operations and Financial Condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's operations are not currently subject to material market risks for interest rates, foreign currency rates or other market price risks.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of the end of the fiscal quarter ended May 30, 2009. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as of the end of the fiscal quarter ended May 30, 2009 to ensure that information that is required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose information otherwise required to be set forth in the Company's periodic reports.

(b) Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Part II. Other Information

Item 1. LEGAL PROCEEDINGS

The Company is a party to routine legal proceedings incidental to our business. Some of the actions to which the Company is a party are covered by insurance and are being defended or reimbursed by the Company's insurance carriers.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended February 28, 2009, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition and/or operating results.

Item 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES - None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS – None

Item 5. OTHER INFORMATION - None

Item 6. EXHIBITS

Exhibits filed with this Form 10-Q

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(b) under the Securities and Exchange Act of 1934, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities and Exchange Act of 1934, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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.

SYMS CORP

Date: July 15, 2009	**By**	/s/ Marcy Syms MARCY SYMS CHIEF EXECUTIVE OFFICER
Date: July 15, 2009	**By**	/s/ Philip A. Piscopo PHILIP A. PISCOPO VICE PRESIDENT, CHIEF FINANCIAL OFFICER (Principal Financial and Accounting Officer)