

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
Amendment No. 1

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 28, 1994

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 1-7832

PIER 1 IMPORTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-1729843
(I.R.S. Employer
Identification Number)

301 Commerce Street, Suite 600, Fort Worth, Texas 76102
(Address of principal executive offices including zip code)

(817) 878-8000
(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 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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares outstanding as of June 10, 1994
Common Stock, \$1.00 par value	37,653,580

Item 2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended May 28, 1994, is amended and restated as set forth below.

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

Results of Operations

Pier 1 Imports, Inc. ("the Company") had a net sales increase of \$2.9 million to \$161.5 million, or 1.8% for the three-month period ended May 28, 1994 over the same period of the prior year. Current year results of the Company exclude the operations of approximately 50 Pier 1 Imports stores scheduled for closing during fiscal 1995, as the operating results of these stores were included in the store closing provision recorded in fiscal 1994. Nine stores were closed through the store-closing program during the first quarter of fiscal 1995. Same-store sales during the quarter increased approximately 4% over the first quarter of fiscal 1994. This resulted from an increase in hard goods' sales such as furniture and decorative accessories of approximately 7% offset partially by a decline of 19% in soft goods' sales including clothing, jewelry and accessories. Four new stores were opened during the fiscal 1995 first quarter bringing the total number of stores to 590 compared to 605 at the end of the first quarter of fiscal 1994.

Gross profit, after related buying and store occupancy costs, expressed as percentage of net sales, improved 160 basis points to 40.5% for the first

quarter of fiscal 1995 from 38.9% for the comparable period in fiscal 1994. As a percent of sales, occupancy costs improved 100 basis points and merchandise margins improved 60 basis points. Product categories with margin improvements over the first quarter of fiscal 1994 included furniture and decorative accessories.

Selling, general and administrative expenses, expressed as a percentage of net sales, increased 1.4% from 29.7% for the first quarter of fiscal 1994 to 31.1% for the comparable period in fiscal 1995. In total dollars, expenses during the first quarter of fiscal 1995 increased \$3.1 million compared to the same period of the prior year, primarily due to an increase in management bonus accruals, last year's recognition of favorable medical and general liability insurance trends and slightly higher general and administrative expenses.

Net interest expense during the first quarter of fiscal 1995 declined \$1.0 million over the same period the prior year due to lower short-term debt, offset slightly by lower interest income on lower cash balances.

The Company's effective tax rate for the first quarter of fiscal 1995 increased to 31% compared to 29% for the last fiscal year.

Operating income increased \$0.4 million to \$11.3 million during the first quarter of fiscal 1995 compared to \$10.9 million in the first quarter of fiscal 1994. Net income for the fiscal 1995 first quarter aggregated \$5.5 million with earnings per share of \$.15 compared to fiscal 1994 first quarter net income of \$4.7 million and earnings per share of \$.12.

Based upon market prices at quarter-end, the value of the Company's holdings of General Host common stock was \$3.4 million less than the Company's cost and \$0.8 million less than its market value at February 26, 1994. The Company has identified certain factors that may have contributed to this decline: poor past earnings performance by General Host and a general decline in market conditions. In January 1994, General Host announced a store closing and cost reduction program, the results of which are intended to improve General Host's earnings performance and stock price. Accordingly, the Company continues to believe the decline in the price of General Host common stock to be temporary. The Company reduced the carrying amount of its holdings of General Host common stock to market value during the quarter by increasing the valuation allowance by \$0.8 million to \$3.4 million through a charge to stockholders' equity representing the net unrealized loss.

Liquidity and Capital Resources

Cash increased \$3.8 million during the first quarter of fiscal 1995 compared to a \$7.5 million cash decline during the first quarter of fiscal 1994. Cash provided by operations improved \$13.7 million compared to the first quarter of fiscal 1994 due to planned inventory growth during the first quarter of fiscal 1994 which was not repeated during the first quarter of fiscal 1995. Additionally, the improvement in cash provided by operations resulted from higher earnings partially offset by an increase in accounts receivable related to the Pier 1 preferred card. Cash used in investing activities includes the purchase from banks of \$9.6 million of Sunbelt Nursery Group, Inc. ("Sunbelt") debt that had been previously guaranteed by the Company. A total of \$11.6 million in working capital loans due from Sunbelt is included in the balance sheet caption "Other current assets."

During fiscal 1995, the Company paid a quarterly cash dividend of \$.025 per share and declared a dividend of \$.025 per share payable on August 16, 1994. The Company currently expects to continue paying modest cash dividends in fiscal 1995 and intends to retain most of its future earnings for growth of the Company's business.

Cash requirements to close the 50 stores in fiscal 1995 in the store-closing program are estimated to aggregate \$16 million and will be funded through working capital and operations. A total of 50 new stores are planned for the 1995 fiscal year. Financing for new store land and building costs will be provided by operating leases and inventory and fixtures are estimated to cost approximately \$14 million, which will be funded by operations, working capital and bank lines of credit.

The minimum future operating lease commitments for fiscal 1995 are \$65 million and the present value of all existing operating lease commitments is \$357 million.

Working capital requirements will continue to be provided by cash and \$165 million in available short-term revolving lines of credit. Under these lines of credit, \$22 million is outstanding in the form of short-term borrowings and an additional \$60 million is committed under letters of credit at May 28, 1994. The Company's current ratio at the end of the first quarter of fiscal 1995 was 3.3 to 1 compared to 3.5 to 1 at 1994 fiscal year end, and 3.3 to 1 at the first quarter of fiscal 1994.

In connection with the Company's sale of its investment in Sunbelt to General Host Corporation, the Company is currently providing Sunbelt a line of credit aggregating \$11.6 million, all of which was outstanding at May 28, 1994. To enable Sunbelt to raise funds to refinance the \$11.6 million debt, the Company has granted Sunbelt an extension of the credit facility until September 21, 1994. The Company is also committed to provide Sunbelt \$22.8 million of non-revolving store development financing which expires in stages from September 1994 to October 1995 and the Company guarantees approximately \$4.5 million of Sunbelt store lease obligations.

SIGNATURES

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

Date: January 12, 1995

PIER 1 IMPORTS, INC.

By: /s/ J. Rodney Lawrence
J. Rodney Lawrence
Senior Vice President