

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For quarterly period ended June 26, 2004

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: 0-10345

CACHE, INC.

(Exact name of registrant as specified in its Charter)

Florida

(State or other jurisdiction of
incorporation or organization)

59-1588181

(IRS Employer Identification No.)

1440 Broadway, New York, New York

(Address of principal executive offices)

10018

(zip code)

212-575-3200

(Registrant's telephone number, including area code)

(Former name, address and former fiscal year, if changed since last report)

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 preceeding 12 months (or for such shorter period than 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 []

As of June 26, 2004, the aggregate market value of the voting stock held by non-affiliated of the registrant (based on the closing price in NASDAQ National Market) was approximately \$182 million.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act 12b-2).

YES [] NO [X]

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Common Stock, \$.01

Class of Stock Outstanding

15,634,000

Outstanding at July 31, 2004

CACHE, INC. AND SUBSIDIARIES

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CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS	June 26, 2004	December 27, 2003	June 28, 2003
	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Cash and equivalents	\$ 21,446,000	\$ 16,887,000	\$ 16,015,000
Marketable securities	19,187,000	19,746,000	4,878,000
Receivables, net	4,895,000	4,614,000	2,675,000
Notes receivable from related parties	---	---	321,000
Inventories	27,491,000	26,724,000	24,724,000
Deferred income taxes	750,000	936,000	791,000
Prepaid expenses and other current assets	<u>776,000</u>	<u>1,239,000</u>	<u>721,000</u>
Total current assets	74,545,000	70,146,000	50,125,000
Equipment and leasehold improvements, net	29,310,000	25,010,000	20,922,000
Other assets	832,000	873,000	827,000
Deferred income taxes, net	<u>---</u>	<u>---</u>	<u>249,000</u>
Total assets	<u>\$ 104,687,000</u>	<u>\$ 96,029,000</u>	<u>\$ 72,123,000</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 11,588,000	\$ 14,362,000	\$ 10,038,000
Income taxes payable	199,000	---	442,000
Accrued compensation	2,865,000	4,675,000	2,180,000
Accrued liabilities	<u>9,073,000</u>	<u>10,075,000</u>	<u>7,685,000</u>
Total current liabilities	23,725,000	29,112,000	20,345,000
Other liabilities	1,163,000	1,088,000	1,074,000
Deferred income taxes, net	973,000	687,000	---
Commitments and contingencies			
 STOCKHOLDERS' EQUITY			
Common stock, par value \$.01; authorized, 20,000,000 shares; issued and outstanding 15,634,100 shares	156,000	100,000	91,000
Additional paid-in capital	34,379,000	28,361,000	19,839,000
Retained earnings	<u>44,291,000</u>	<u>36,681,000</u>	<u>30,774,000</u>
Total stockholders' equity	<u>78,826,000</u>	<u>65,142,000</u>	<u>50,704,000</u>
Total liabilities and stockholders' equity	<u>\$ 104,687,000</u>	<u>\$ 96,029,000</u>	<u>\$ 72,123,000</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these balance sheets.

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE TWENTY-SIX WEEKS ENDED
(Unaudited)

	<u>June 26,</u> <u>2004</u>	<u>June 28,</u> <u>2003</u>
Net sales	\$ 119,281,000	\$ 104,291,000
Cost of sales, including occupancy and buying costs	<u>64,444,000</u>	<u>59,341,000</u>
Gross profit	<u>54,837,000</u>	<u>44,950,000</u>
Expenses		
Store operating expenses	35,337,000	30,500,000
General and administrative expenses	<u>7,247,000</u>	<u>6,202,000</u>
Total expenses	<u>42,584,000</u>	<u>36,702,000</u>
Operating income	12,253,000	8,248,000
Other income:		
Interest income	202,000	130,000
Other income, net	<u>20,000</u>	<u>14,000</u>
Income before income taxes	12,475,000	8,392,000
Income tax provision	<u>4,865,000</u>	<u>3,210,000</u>
Net income	<u>\$ 7,610,000</u>	<u>\$ 5,182,000</u>
Basic earnings per share	<u>\$0.49</u>	<u>\$0.38</u>
Diluted earnings per share	<u>\$0.48</u>	<u>\$0.36</u>
Basic weighted average shares outstanding	<u>15,536,000</u>	<u>13,688,000</u>
Diluted weighted average shares outstanding	<u>15,986,000</u>	<u>14,442,000</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE THIRTEEN WEEKS ENDED
(Unaudited)

	<u>June 26,</u> <u>2004</u>	<u>June 28,</u> <u>2003</u>
Net sales	\$ 62,087,000	\$ 56,193,000
Cost of sales, including occupancy and buying costs	<u>32,938,000</u>	<u>31,280,000</u>
Gross profit	<u>29,149,000</u>	<u>24,913,000</u>
Expenses		
Store operating expenses	18,448,000	15,896,000
General and administrative expenses	<u>3,599,000</u>	<u>3,352,000</u>
Total expenses	<u>22,047,000</u>	<u>19,248,000</u>
Operating income	7,102,000	5,665,000
Other income:		
Interest income	107,000	56,000
Other income, net	<u>20,000</u>	<u>14,000</u>
Income before income taxes	7,229,000	5,735,000
Income tax provision	<u>2,868,000</u>	<u>2,194,000</u>
Net income	<u>\$ 4,361,000</u>	<u>\$ 3,541,000</u>
Basic earnings per share	<u>\$0.28</u>	<u>\$0.26</u>
Diluted earnings per share	<u>\$0.27</u>	<u>\$0.25</u>
Basic weighted average shares outstanding	<u>15,634,000</u>	<u>13,697,000</u>
Diluted weighted average shares outstanding	<u>16,100,000</u>	<u>14,451,000</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWENTY-SIX WEEKS ENDED
(Unaudited)

	<u>June 26,</u> <u>2004</u>	<u>June 28,</u> <u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net income	\$ 7,610,000	\$ 5,182,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,096,000	2,535,000
Income tax benefit from stock option exercises	1,345,000	---
Increase (decrease) in deferred income taxes	472,000	(420,000)
Accrual (reversal) of future rent escalations	37,000	(20,000)
Change in assets and liabilities:		
Decrease (increase) in receivables	(281,000)	2,000
Increase in inventories	(767,000)	(2,659,000)
Decrease in prepaid expenses and other current assets	463,000	299,000
Decrease in accounts payable	(2,774,000)	(1,950,000)
Increase in income taxes payable	199,000	442,000
Decrease in accrued liabilities and compensation	<u>(3,524,000)</u>	<u>(2,446,000)</u>
Total changes in assets and liabilities		
Net cash provided by operating activities	<u>5,876,000</u>	<u>965,000</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Maturities of marketable securities, net	559,000	9,514,000
Additions to equipment and leasehold improvements	<u>(6,646,000)</u>	<u>(4,971,000)</u>
Net cash provided by (used in) investing activities	<u>(6,087,000)</u>	<u>4,543,000</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from issuance of common stock	4,729,000	230,000
Other, net	<u>41,000</u>	<u>(10,000)</u>
Net cash provided by financing activities	<u>4,770,000</u>	<u>220,000</u>
Net increase in cash and equivalents	4,559,000	5,728,000
Cash and equivalents, at beginning of period	<u>16,887,000</u>	<u>10,287,000</u>
Cash and equivalents, at end of period	<u>\$ 21,446,000</u>	<u>\$ 16,015,000</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CACHE, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

In the opinion of the Company, the accompanying consolidated financial statements include all adjustments necessary, which are considered normal and recurring, to present fairly the financial position of the Company at June 26, 2004 (fiscal 2004), June 28, 2003 (fiscal 2003), and December 27, 2003 (fiscal 2003), and the results of operations for the twenty-six and thirteen week periods ended June 26, 2004 and June 28, 2003 and consolidated cash flows for the twenty-six weeks then ended.

Certain financial information, which is normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, but which is not required for interim reporting purposes, has been condensed or omitted. The accompanying consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K for the fiscal year ended December 27, 2003.

Net income includes all sources of comprehensive income. There were no adjustments for foreign currency translation, unrealized gains (losses) on investments or deferred compensation expense incurred in fiscal 2003 or fiscal 2004 results.

Certain items previously reported in specific captions in the accompanying financial statements and notes have been reclassified to conform with the current year's classification.

2. BASIC AND DILUTED EARNINGS

Basic and diluted earnings per share has been computed based on the weighted average number of shares of common stock outstanding for the twenty-six and thirteen week periods ended June 26, 2004 and June 28, 2003.

On June 18, 2004, the Company completed a three-for-two stock split for holders of record on May 21, 2004. All share amounts have been restated to reflect the stock split.

The approximate number of shares used in the computations of diluted earnings per share were 15,986,000 and 14,442,000, respectively, for the 26 week comparable period and 16,100,000 and 14,451,000 respectively, for the 13 week comparable period ended June 26, 2004 and June 28, 2003.

The approximate number of shares used in the computations of basic earnings per share were 15,536,000 and 13,688,000, respectively, for the 26 week comparable period, and 15,634,000 and 13,697,000, respectively, for the 13 week comparable period ended June 26, 2004 and June 28, 2003.

The Company accounts for options granted under the 1994, 2000 and 2003 Stock Option Plans in accordance with the inherent value method allowed under SFAS No. 123, "Accounting for Stock-Based Compensation", under which no compensation cost has been recognized for stock option awards granted at fair market value. Had compensation expense for the Plans been determined based on the fair value at the grant dates for awards under the Plans, the Company's net earnings, basic EPS and diluted EPS would have been reduced to the pro forma amounts listed below:

	<u>26 Weeks Ended</u>		<u>13 Weeks Ended</u>	
	June 26, <u>2004</u>	June 28, <u>2003</u>	June 26, <u>2004</u>	June 28, <u>2003</u>
Net Income - as reported	\$7,610,000	\$5,182,000	\$4,361,000	\$3,541,000
- pro - forma	\$7,397,000	\$4,683,000	\$4,255,000	\$3,292,000
Basic EPS - as reported	\$0.49	\$0.38	\$0.28	\$0.26
- pro - forma	\$0.48	\$0.34	\$0.27	\$0.24
Diluted EPS - as reported	\$0.48	\$0.36	\$0.27	\$0.25
- pro - forma	\$0.46	\$0.32	\$0.26	\$0.23

3. RECENTLY ISSUED EXPOSURE DRAFT

On March 31, 2004, the Financial Accounting Standards Board (FASB) issued a proposed Statement, "Share-Based Payment." This proposed Statement addresses the accounting for share-based awards to employees, including employee-stock purchase-plans (ESPPs). The FASB formally proposed to require companies to recognize the fair value of stock options and other stock-based compensation to employees. The proposed Statement would eliminate the ability to account for share based compensation transactions using the inherent method and generally would require instead, that such transactions, be accounted for using a fair-value-based method. The proposed requirements in the exposure draft would be effective for public companies as of the beginning of the first fiscal year beginning after December 15, 2004. The Company is currently assessing the impact on the Company's financial statements of the adoption of this proposed Statement, if issued in final form by the FASB.

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	June 26, <u>2004</u>	December 27, <u>2003</u>	June 28, <u>2003</u>
Lease improvements	\$27,201,000	\$24,020,000	\$23,810,000
Furniture, fixtures and equipment	<u>40,404,000</u>	<u>36,644,000</u>	<u>32,077,000</u>
	67,605,000	60,664,000	55,887,000
Less: accumulated depreciation And amortization	<u>38,295,000</u> <u>\$29,310,000</u>	<u>35,654,000</u> <u>\$25,010,000</u>	<u>34,965,000</u> <u>\$20,922,000</u>

5. ACCRUED LIABILITIES

	June 26, <u>2004</u>	December 27, <u>2003</u>	June 28, <u>2003</u>
Operating expenses	\$2,357,000	\$2,631,000	\$2,448,000
Taxes, other than income taxes	1,652,000	2,426,000	1,270,000
Group insurance	513,000	696,000	748,000
Sales return reserve	435,000	812,000	542,000
Leasehold additions	1,129,000	379,000	232,000
Other customer deposits	<u>2,987,000</u>	<u>3,131,000</u>	<u>2,445,000</u>
	<u>\$9,073,000</u>	<u>\$10,075,000</u>	<u>\$7,685,000</u>

6. BANK DEBT

During May 2004, the Company reached an agreement with its bank to increase the amount available under the Amended Revolving Credit Facility to \$17,500,000. Pursuant to the newly Amended Revolving Credit Facility, \$17,500,000 is available until expiration at November 30, 2005. The amounts outstanding thereunder bear interest at a maximum per annum rate equal to the bank's prime rate. The agreement contains selected financial and other covenants. Effective upon the occurrence of an Event of Default under the Revolving Credit Facility, the Company grants to the bank a security interest in the Company's inventory and certain receivables. The Company has, at all times, been in compliance with all loan covenants.

There have been no borrowings against the line of credit during fiscal 2004 and fiscal 2003. There were outstanding letters of credit of \$739,000, \$2,116,000 and \$612,000, pursuant to the Revolving Credit Facility, at June 26, 2004, December 27, 2003 and June 28, 2003, respectively.

7. INCOME TAXES

The estimated annual effective tax rate for fiscal 2004 and fiscal 2003 were 39.0% and 38.2%, respectively, including state and local income taxes.

8. CONTINGENCIES

The Company is exposed to a number of asserted and unasserted potential claims. Management does not believe it is reasonably possible that resolution of these matters will result in a material loss.

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

Except for the historical information and current statements contained in this Form 10-Q, certain matters discussed herein, including, without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward looking statements that involve risks and uncertainties, including, without limitation, the effect of economic and market conditions and competition, the ability to open new stores and expand into new markets, and risks relating to foreign importing operations, which would cause actual results to differ materially.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the 13 and 26 week periods ended June 26, 2004 and June 28, 2003, expressed as a percentage of net sales.

	<u>26 Weeks Ended</u>		<u>13 Weeks Ended</u>	
	<u>June 26,</u> <u>2004</u>	<u>June 28,</u> <u>2003</u>	<u>June 26,</u> <u>2004</u>	<u>June 28,</u> <u>2003</u>
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	54.0%	56.9%	53.1%	55.7%
Gross profit	46.0%	43.1%	46.9%	44.3%
Store operating expenses	29.6%	29.2%	29.7%	28.3%
General and administrative duties	6.1%	5.9%	5.8%	6.0%
Operating income	10.3%	7.9%	11.4%	10.1%
Other income	0.2%	0.1%	0.2%	0.1%
Income before taxes	10.5%	8.0%	11.6%	10.2%
Income tax provision	4.1%	3.1%	4.6%	3.9%
Net income	6.4%	5.0%	7.0%	6.3%

Net sales

Net sales increased to \$119.3 million from \$104.3 million, an increase of \$15.0 million, or 14.4%, over the same 26 week period last year. This reflects \$7.4 million of additional net sales as a result of a 7% increase in comparable store sales. Net sales increased \$7.6 million as a result of additional net sales from non-comparable stores.

Net sales increased to \$62.1 million from \$56.2 million, an increase of \$5.9 million, or 10.5%, over the same 13 week period last year. This reflects \$1.4 million of additional net sales as a result of a 3% increase in comparable store sales. Net sales increased \$4.5 million as a result of additional net sales from non-comparable stores.

Gross profit

Gross profit increased to \$54.8 million from \$45.0 million, an increase of \$9.8 million or 22.0%, over the same 26 week period last year. This increase was the combined result of higher net sales and increased gross profit margins. As a percentage of net sales, gross profit increased to 46.0% from 43.1%. This increase in percentage of net sales was primarily due to higher initial markups on inventory purchases. We expect the improvement created by higher initial markups to continue to benefit results in the remainder of fiscal 2004.

Gross profit increased to \$29.1 million from \$24.9 million, an increase of \$4.2 million, or 17.0%, over the same 13 week period last year. This increase was the combined result of higher net sales and increased gross margins. As a percentage of net sales, gross profit increased to 46.9% from 44.3%. The improvement in gross profit for the 13 week period reflects the same positive conditions as stated above for the 26 week period.

Store operating expenses

Store operating expenses increased to \$35.3 million from \$30.5 million, an increase of \$4.8 million or 15.9%, over the same 26 week period last year. This increase was primarily attributable to the increase in the number of stores opened during the past 12 months. As a percentage of net sales, store operating expenses increased to 29.6% from 29.2%, primarily due to a higher percentage of payroll expense and depreciation incurred by the new stores opened in the last year.

Store operating expenses increased to \$18.4 million from \$15.9 million, an increase of \$2.5 million, or 16.1%, over the same period last year. This increase was primarily attributable to the increase in the number of stores opened during the past 12 months. As a percentage of net sales, store operating expenses increased from 28.3% to 29.7%, primarily due to a higher percentage of payroll expense and depreciation incurred by the new stores opened in the last year.

General and administrative expenses

General and administrative expenses increased to \$7.2 million from \$6.2 million, an increase of \$1.0 million or 16.8%, above the same 26 week period last year. As a percentage of net sales, general and administrative expenses increased to 6.1% from 5.9%, primarily due to higher corporate-level payroll and employee-related costs.

General and administrative expenses increased to \$3.6 million from \$3.4 million, an increase of \$247,000 or 7.4%, above the same 13 week period last year. As a percentage of net sales, general and administrative expenses decreased to 5.8% from 6.0%, for the 13 week period.

Interest income

Interest income increased to \$202,000 from \$130,000 in the same 26 week period last year, primarily attributable to higher average cash balances and higher interest rates in 2004.

Interest income increased to \$107,000 from \$56,000 in the same 13 week period last year.

Income taxes

Income taxes increased to \$4.9 million from \$3.2 million, an increase of \$1.7 million over the same 26 week period last year. The increase was primarily attributable to higher taxable income in fiscal 2004. Our effective tax rate for fiscal 2004 and 2003 were 39.0% and 38.3% respectively, including state and local income taxes.

Income taxes increased to \$2.9 million from \$2.2 million, an increase of \$674,000 over the same 13 week period last year.

Net income

As a result of the factors discussed above, net income increased to \$7.6 million from \$5.2 million, an increase of \$2.4 million over the same 26 week period last year. Net income increased to \$4.4 million from \$3.5 million, an increase of \$820,000 over the same 13 week period last year.

LIQUIDITY AND CAPITAL RESOURCES

Our cash requirements are primarily for the construction of new stores and inventory for these stores, as well as the remodeling of existing stores. We have historically satisfied our cash requirements principally through cash flow from operations. As of June 26, 2004, we had working capital of \$50.8 million, which included cash and marketable securities totaling \$40.6 million.

During the twenty-six weeks ended June 26, 2004, net cash provided by operations was \$5.9 million, generated by net income, depreciation of \$3.1 million, an income tax benefit from stock option exercises of \$1.3 million, a decrease in prepaid expenses of \$463,000, an increase in deferred income taxes payable of \$472,000 offset in part by a decrease in accounts payable of \$2.8 million, an increase in inventories of \$767,000 and a decrease in accrued expenses of \$3.5 million.

Cash used in investing activities was \$6.1 million for the 26 week period ended June 26, 2004. Matured investments generated \$559,000 of cash flows. Funds used for equipment and leasehold improvements in new and remodeled stores totaled \$6.6 million. Our capital requirements depend primarily on the number of new stores we open, the number of stores we remodel and the timing of these expenditures. Projected capital expenditures for fiscal 2004 to fund new store openings and remodeling are approximately \$15-16 million.

We plan to open approximately 45 new stores during fiscal 2004. We opened 3 new stores in the first quarter in March 2004, and we opened 15 new stores in the second quarter. We anticipate opening the remaining new stores during the fall of 2004. After deducting construction allowances paid to the Company by its landlords, we spent \$6.6 million through June 26, 2004 and expect to spend an additional eight to nine million dollars in 2004, for both new store and existing store construction and remodeling.

We believe that cash flows from operations, our current available cash and funds available under our \$17.5 million revolving credit facility, will be sufficient to meet our working capital needs and contemplated new store expansion for at least the next 12 months. If our cash flow from operations should decline significantly or if we should accelerate our store expansion or remodeling program, it may be necessary for us to seek additional sources of capital.

Seasonality

The Company experiences seasonal and quarterly fluctuations in net sales and operating income. Quarterly results of operations may fluctuate significantly as a result of a variety of factors, including the timing of new store openings, fashion trends and shifts in timing of certain holidays. The Company's business is subject to seasonal influences, characterized by highest sales during the fourth quarter (October, November and December) and lowest sales during the third quarter (July, August and September).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to the following types of market risk-fluctuations in the purchase price of merchandise, as well as other goods and services; the value of foreign currencies in relation to the U.S. dollar, and changes in interest rates. Due to the Company's inventory turn rate and its historical ability to pass through the impact of any generalized changes in its cost of goods sold to its customers through pricing adjustments, commodity and other product risks are not expected to be material. The Company purchases substantially all its merchandise in U.S. dollars.

The Company's exposure to market risk for changes in interest rates relates to its cash, cash equivalents and marketable securities. As of June 26, 2004, the Company's cash, cash equivalents and marketable securities consisted primarily of funds invested in money market accounts, which bear interest at a variable rate, U.S. treasury instruments and tax exempt municipal bonds rated AA or better, which bear interest at a fixed rate. Due

to the average maturity and the conservative nature of the Company's investment portfolio, we believe a sudden change in interest rates would not have a material effect on the value of our investment portfolio. As the interest rates on a material portion of our cash, cash equivalents and marketable securities are variable, a change in interest rates earned on our investment portfolio would impact interest income along with cash flows, but would not materially impact the fair market value of the related underlying instruments.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in its Exchange Act reports is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and the Acting Chief Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. As of the end of the period covered by this Form 10-Q, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Acting Chief Financial Officer, of the effectiveness of the design and operation of these disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Acting Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective. There have been no changes in the internal controls over financial reporting during the period ended June 26, 2004 that have been materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

- 11.1 Calculation of Basic and Diluted Earnings per Common Share.
- 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

1. Form 8-K, filed July 22, 2004 - reporting pursuant to Item 5 of such Form, the operating results for the twenty-six and thirteen week periods ended June 26, 2004.

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, thereto duly authorized.

CACHE, INC.
(Registrant)

August 10, 2004

BY: /s/ Brian Woolf
Brian Woolf
Chairman and Chief
Executive Officer
(Principal Executive
Officer)

August 10, 2004

BY: /s/ Thomas E. Reinckens
Thomas E. Reinckens
President and Chief
Operating Officer
(Principal Financial
and Accounting
Officer)

EXHIBIT 11.1
CALCULATION OF BASIC AND DILUTED EARNINGS PER COMMON SHARE

(In thousands except per share data)

	<u>TWENTY-SIX WEEKS ENDED</u>		<u>THIRTEEN WEEKS ENDED</u>	
	June 26, <u>2004</u>	June 28, <u>2003</u>	June 26, <u>2004</u>	June 28, <u>2003</u>
<u>EARNINGS PER SHARE</u>				
Net Income Applicable to Common				
Stockholders	<u>\$7,610,000</u>	<u>\$5,182,000</u>	<u>\$4,361,000</u>	<u>\$3,541,000</u>
<u>BASIC EARNINGS PER SHARE</u>				
Weighted Average Number of Common				
Shares Outstanding	<u>15,536,000</u>	<u>13,688,000</u>	<u>15,634,000</u>	<u>13,697,000</u>
Basic Earnings Per Share	<u>\$0.49</u>	<u>\$0.38</u>	<u>\$0.28</u>	<u>\$0.26</u>
<u>DILUTED EARNINGS PER SHARE</u>				
Weighted Average Number of				
Common Shares Outstanding	15,536,000	13,688,000	15,634,000	13,697,000
Assuming Conversion of				
Outstanding Stock Options	1,765,000	1,660,000	1,765,000	1,660,000
Less: Assumed Repurchase				
Of Common Stock Pursuant				
To the Treasury Stock Method	<u>(1,315,000)</u>	<u>(906,000)</u>	<u>(1,299,000)</u>	<u>(906,000)</u>
Weighted Average Number of				
Common Shares Outstanding	<u>15,986,000</u>	<u>14,442,000</u>	<u>16,100,000</u>	<u>14,451,000</u>
Diluted Earnings Per Share	<u>\$0.48</u>	<u>\$0.36</u>	<u>\$0.27</u>	<u>\$0.25</u>

EXHIBIT 31.1
CERTIFICATION

I, Brian Woolf, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cache, Inc. (Cache);
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Cache as of, and for, the periods presented in this quarterly report;
4. Cache's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Cache, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period which this quarterly report is being prepared;
 - b) evaluated the effectiveness of Cache's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) disclosed in this report any changes in Cache's internal control over financial reporting that occurred during Cache's second quarter that has materially affected, or is reasonably likely to materially affect, Cache's internal control over financial reporting;
5. Cache's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Cache's auditors and the audit committee of Cache's Board of Directors;
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Cache's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in Cache's internal control over financial reporting.

August 10, 2004

By: /s/ Brian Woolf
Brian Woolf
Chairman and Chief
Executive Officer
(Principal Executive
Officer)

EXHIBIT 31.2
CERTIFICATION

I, Thomas E. Reinckens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cache, Inc. (Cache);
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Cache as of, and for, the periods presented in this quarterly report;
4. Cache's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Cache, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period which this quarterly report is being prepared;
 - b) evaluated the effectiveness of Cache's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) disclosed in this report any changes in Cache's internal control over financial reporting that occurred during Cache's second quarter that has materially affected, or is reasonably likely to materially affect, Cache's internal control over financial reporting;
5. Cache's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Cache's auditors and the audit committee of Cache's Board of Directors;
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Cache's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in Cache's internal control over financial reporting.

August 10, 2004

By: /s/ Thomas E. Reinckens
Thomas E. Reinckens
President and Chief
Operating Officer
(Principal Financial and
Accounting Officer)

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to and solely for the purposes of, 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in the capacity and on the date indicated below that:

1. The Quarterly Report of Cache, Inc. on Form 10-Q for the period ending June 26, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cache, Inc.

August 10, 2004

BY: /s/ Brian Woolf
Brian Woolf
Chairman and Chief
Executive Officer
(Principal Executive
Officer)

August 10, 2004

BY: /s/ Thomas E. Reinckens
Thomas E. Reinckens
President and Chief
Operating Officer
(Principal Financial
and Accounting
Officer)