

BOOKS A MILLION INC  
Form 10-Q  
September 13, 2007  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: August 4, 2007

- 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 0-20664

BOOKS-A-MILLION, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or Other Jurisdiction of

Incorporation or Organization)

402 Industrial Lane, Birmingham, Alabama

(Address of principal executive offices)

63-0798460

(IRS Employer Identification No.)

35211

(Zip Code)

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(205) 942-3737

(Registrant's Telephone number, including area code)

**NONE**

(Former name, Former Address and Former Fiscal Year, if changed since last period)

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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one) Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Shares of common stock, par value \$0.01 per share, outstanding as of September 4, 2007 were 16,383,853 shares.

## BOOKS-A-MILLION, INC. AND SUBSIDIARIES

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## BOOKS-A-MILLION, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands except per share and share amounts)

	As of August 4, 2007 (Unaudited)	As of February 3, 2007
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 6,146	\$ 34,121
Accounts receivable, net	5,174	7,524
Related party receivables	1,148	2,647
Inventories	218,242	200,277
Prepayments and other	4,835	4,365
<b>Total Current Assets</b>	<b>235,545</b>	<b>248,934</b>
<b>Property and Equipment:</b>		
Gross property and equipment	217,553	210,974
Less accumulated depreciation and amortization	165,358	159,503
<b>Net Property and Equipment</b>	<b>52,195</b>	<b>51,471</b>
<b>Deferred Income Taxes</b>	<b>2,279</b>	<b>2,031</b>
<b>Other Assets</b>	<b>1,564</b>	<b>1,601</b>
<b>Total Assets</b>	<b>\$ 291,583</b>	<b>\$ 304,037</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	\$ 97,127	\$ 83,419
Related party accounts payable	6,311	2,988
Accrued expenses	35,969	38,584
Accrued income taxes	--	2,714
Deferred income taxes	3,808	3,492
Short-term borrowings (Note 11)	31,300	--
<b>Total Current Liabilities</b>	<b>174,515</b>	<b>131,197</b>
<b>Long-Term Debt</b>	<b>7,100</b>	<b>7,100</b>
<b>Other Long-Term Liabilities</b>	<b>10,319</b>	<b>8,706</b>
<b>Total Non-Current Liabilities</b>	<b>17,419</b>	<b>15,806</b>
<b>Commitments and Contingencies (Note 6)</b>		
<b>Stockholders Equity:</b>		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares outstanding	--	--
Common stock, \$0.01 par value, 30,000,000 shares authorized, 20,849,694 and 20,461,333 shares issued at August 4, 2007 and February 3, 2007, respectively	208	205
Additional paid-in capital	88,684 (34,396)	85,396 (24,414)

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Treasury stock at cost (4,402,506 and 3,818,356 shares at August 4, 2007 and February 3, 2007, respectively)

Retained earnings	45,153	95,847
<b>Total Stockholders Equity</b>	<b>99,649</b>	<b>157,034</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 291,583</b>	<b>\$ 304,037</b>

See accompanying notes

## BOOKS-A-MILLION, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	August 4, 2007	July 29, 2006	August 4, 2007	July 29, 2006
<b>Net Sales</b>	\$ 132,802	\$ 121,209	\$ 249,120	\$ 235,095
Cost of products sold (including warehouse distribution and store occupancy costs)	95,110	86,291	177,669	167,567
<b>Gross Profit</b>	37,692	34,918	71,451	67,528
Operating, selling and administrative expenses	29,331	27,291	56,300	53,882
Depreciation and amortization	3,496	3,574	6,832	7,002
<b>Operating Income</b>	4,865	4,053	8,319	6,644
Interest expense (income), net	64	110	(53)	165
<b>Income before income taxes</b>	4,801	3,943	8,372	6,479
Income tax provision	1,701	1,486	3,161	2,510
<b>Net Income</b>	\$ 3,100	\$ 2,457	\$ 5,211	\$ 3,969

**Net Income Per Common Share:**