

LIQUIDITY SERVICES INC
Form 10-Q
February 09, 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 December 31, 2006

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 0-51813

LIQUIDITY SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

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Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

52-2209244

(I.R.S. Employer
Identification No.)

1920 L Street, N.W., 6th Floor, Washington, D.C.

(Address of Principal Executive Offices)

20036

(Zip Code)

(202) 467-6868

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Securities Registered pursuant to Section 12(b) of the Act:

None

Securities Registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

The number of shares outstanding of the issuer's common stock, par value \$.001 per share, as of February 8, 2007 was 27,712,084.

INDEX

	Page
<u>Part I. FINANCIAL INFORMATION (UNAUDITED)</u>	
<u>Item 1.</u>	<u>Consolidated Financial Statements</u> 3
	<u>Consolidated Balance Sheets</u> 3
	<u>Consolidated Statements of Operations</u> 4
	<u>Consolidated Statements of Cash Flows</u> 5
	<u>Notes to the Unaudited Consolidated Financial Statements</u> 6
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 11
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 23
<u>Item 4.</u>	<u>Controls and Procedures</u> 23
<u>Part II. OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u> 24
<u>Item 1A.</u>	<u>Risk Factors</u> 24
<u>Item 6.</u>	<u>Exhibits</u> 24
<u>SIGNATURES</u>	25

PART I FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements.****Liquidity Services, Inc. and Subsidiaries
Consolidated Balance Sheets
(In Thousands)**

	December 31, 2006 (Unaudited)	September 30, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 42,971	\$ 54,359
Short-term investments	15,688	12,289
Accounts receivable, net of allowance for doubtful accounts of \$200,000	1,740	2,557
Inventory	9,212	4,704
Prepaid expenses and other current assets	2,472	2,001
Total current assets	72,083	75,911
Property and equipment, net	3,325	2,362
Intangible assets, net	5,175	4,909
Goodwill	11,358	3,678
Other assets	1,882	1,178
Total assets	\$ 93,823	\$ 88,038
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 3,948	\$ 2,073
Accrued expenses and other current liabilities	4,128	5,283
Profit-sharing distributions payable	8,185	7,736
Consignment payables	7,379	6,658
Current portion of capital lease obligations and long-term debt	30	79
Total current liabilities	23,670	21,829
Capital lease obligations and long-term debt, net of current portion	39	44
Other long-term liabilities	1,298	413
Total liabilities	25,007	22,286
Stockholders equity:		
Common stock, \$0.001 par value; 120,000,000 shares authorized; 27,617,555 and 27,584,608 shares issued and outstanding at December 31, 2006 and September 30, 2006, respectively	27	27
Additional paid-in capital	56,601	55,964
Accumulated other comprehensive income	361	247
Retained earnings	11,827	9,514
Total stockholders equity	68,816	65,752
Total liabilities and stockholders equity	\$ 93,823	\$ 88,038

See accompanying notes to the unaudited consolidated financial statements.

Liquidity Services, Inc. and Subsidiaries
Unaudited Consolidated Statements of Operations
(Dollars in Thousands Except Per Share Data)

	Three Months Ended December 31,	
	2006	2005
Revenue	\$ 45,167	\$ 32,207
Costs and expenses:		
Cost of goods sold (excluding amortization)	8,462	2,367
Profit-sharing distributions	18,729	18,170
Technology and operations	7,843	4,055
Sales and marketing	2,964	1,816
General and administrative	3,436	2,633
Amortization of contract intangibles	203	203
Depreciation and amortization	273	153
Total costs and expenses	41,910	29,397
Income from operations	3,257	2,810
Interest income (expense) and other income, net	598	