

BLUE NILE INC
 Form 10-Q
 August 07, 2012
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended July 1, 2012

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 000-50763

BLUE NILE, INC.
 (Exact name of registrant as specified in its charter)

Delaware 91-1963165
 (State or other jurisdiction of (I.R.S. Employer
 incorporation or organization) Identification No.)

411 First Avenue South, Suite 700, 98104
 Seattle, Washington
 (Address of principal executive offices) (Zip code)
 (206) 336-6700
 (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 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 3, 2012, the registrant had 12,418,446 shares of common stock outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve many risks and uncertainties. These statements, which relate to future events and our future performance, are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management as of the date of this filing. In some cases, you can identify forward-looking statements by terms such as “would,” “could,” “may,” “will,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “might”, “predict,” “seek,” or “continue,” the negative of these terms or other variations of such terms. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our business and other characterizations of future events or circumstances are forward-looking statements. These statements are only predictions based upon assumptions made that are believed to be reasonable at the time, and are subject to risk and uncertainties. Therefore, actual events or results may differ materially and adversely from those expressed in any forward-looking statement. In evaluating these statements, you should specifically consider the risks described under the caption “Item 1A — Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. These factors, and other factors, may cause our actual results to differ materially from any forward-looking statement. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BLUE NILE, INC.

Condensed Consolidated Balance Sheets

(in thousands, except par value)

	July 1, 2012 (unaudited)	January 1, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$53,700	\$89,391
Trade accounts receivable	1,500	2,317
Other accounts receivable	742	2,550
Inventories	26,778	29,267
Deferred income taxes	532	689
Prepays and other current assets	873	1,009
Total current assets	84,125	125,223
Property and equipment, net	8,028	8,340
Intangible assets, net	224	252
Deferred income taxes	7,841	9,053
Note receivable	2,000	—
Other investments	2,000	—
Other assets	150	157
Total assets	\$ 104,368	\$ 143,025
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$62,302	\$95,590
Accrued liabilities	7,597	9,396
Current portion of long-term financing obligation	59	59
Current portion of deferred rent	212	211
Total current liabilities	70,170	105,256
Long-term financing obligation, less current portion	655	685
Deferred rent, less current portion	1,982	2,060
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000 shares authorized, none issued and outstanding		
Common stock, \$0.001 par value; 300,000 shares authorized; 20,656 shares and 20,525 shares issued, respectively 13,550 shares and 13,768 shares outstanding, respectively	21	21
Additional paid-in capital	192,579	187,762
Accumulated other comprehensive loss	(170) (123
Retained earnings	76,223	74,491
Treasury stock, at cost; 7,106 and 6,757 shares outstanding, respectively	(237,092) (227,127
Total stockholders' equity	31,561	35,024
Total liabilities and stockholders' equity	\$ 104,368	\$ 143,025
The accompanying notes are an integral part of these condensed consolidated financial statements		

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BLUE NILE, INC.
 Condensed Consolidated Statements of Operations
 (unaudited)
 (in thousands, except per share data)

	Quarter ended		Year to date ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Net sales	\$90,981	\$80,522	\$174,084	\$160,702
Cost of sales	73,790	63,349	141,615	126,609
Gross profit	17,191	17,173	32,469	34,093
Selling, general and administrative expenses	14,867	12,913	29,926	26,321
Operating income	2,324	4,260	2,543	7,772
Other income, net:				
Interest income, net	45	42	85	83
Other income, net	67	59	80	81
Total other income, net	112	101	165	164
Income before income taxes	2,436	4,361	2,708	7,936
Income tax expense	858	1,523	976	2,676
Net income	\$1,578	\$2,838	\$1,732	\$5,260
Basic net income per share	\$0.11	\$0.19	\$0.13	\$0.36