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1 800 CONTACTS INC Form 10-Q August 14, 2007

(Registrant s telephone number, including area code)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

SECURITIES AND EXCHANGE C	OMINISSION
Washington, DC 20549	
FORM 10-Q	
(Mark one)	
x QUARTERLY REPORT PURSUANT TO EXCHANGE ACT OF 1934	SECTION 13 OR 15(d) OF THE SECURITIES
For the quarterly period ended June 30, 2007	
or	
o TRANSITION REPORT PURSUANT TO SECURITIES EXCHANGE ACT OF 1934	SECTION 13 OR 15(d) OF THE
For the transition period from $$\operatorname{to}$$.	
Commission file number: 0-23633	
1-800 CONTACTS, INC.	
(Exact name of registrant as specified in its charter)	
Delaware	87-0571643
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
66 E. Wadsworth Park Drive,	2422
Draper, UT (Address of principal executive offices)	84020 (Zip Code)
(801) 316-5000	

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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.

x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer o

Accelerated filer X

Non-accelerated filer O

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

o Yes x No

As of August 6, 2007, the Registrant had 14,082,594 shares of Common Stock, par value \$0.01 per share, outstanding.

1-800 CONTACTS, INC.

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

1-800 CONTACTS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands) (unaudited)

Cash \$ 75 \$ 5,500 Marketable securities 3,865 Income tax receivable 11,772 Other receivables 1,825 2,155 Inventories 12,689 14,446 Deferred income taxes 1,886 2,849 Current assets of discontinued operations 19,682 4,648 Other current assets 37,166 46,278 Total current assets 37,166 46,278 Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 29,169 20 OTHER ASSETS 696 830 Total assets 72 2 CURRENT LIABILITIES 29,169 2 Accounts payable 8,26 1,3,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operat		December 30, 2006	June 30, 2007	
Cash \$ 75 \$ 5,500 Marketable securities 3,865 Income tax receivable 11,772 Other receivables 1,825 2,155 Inventories 12,689 14,446 Deferred income taxes 1,886 2,849 Current assets of discontinued operations 19,682 4,648 Other current assets 37,166 46,278 Total current assets 37,166 46,278 Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 29,169 20 OTHER ASSETS 696 830 Total assets 72 2 CURRENT LIABILITIES 29,169 2 Accounts payable 8,26 1,3,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operat				
Marketable securities 3,865 Income tax receivable 1,772 Other receivables 1,825 2,155 Inventories 12,689 14,446 Deferred income taxes 1,886 2,849 Current assets of discontinued operations 19,682 4,648 Other current assets 1,009 983 Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 83 Total assets 100,525 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES Income taxes payable 8,266 13,816 Accounts payable 8,266 13,816 Accurred liabilities of discontinued operations 11,898 5,232 Total current liabilities of dis	CURRENT ASSETS:			
Income tax receivable	Cash	\$ 75	\$ 5,560	
Other receivables 1,825 2,155 Inventories 12,689 14,446 Deferred income taxes 1,886 2,849 Current assets of discontinued operations 19,682 4,648 Other current assets 1,009 983 Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets 7,0625 8 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES LIR Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities of discontinued operations 5,283	Marketable securities		3,865	
Inventories	Income tax receivable		11,772	
Deferred income taxes 1,886 2,849 Current assets of discontinued operations 19,682 4,648 Other current assets 1,009 983 Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 26,44 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets \$ 100,525 \$ 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES LIAGUAGUAGUAGUAGUAGUAGUAGUAGUAGUAGUAGUAGUA	Other receivables	1,825	2,155	
Current assets of discontinued operations 19,682 4,648 Other current assets 1,009 983 Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 83 Total assets 100,525 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES Accounds payable 8,266 13,816 Accorued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 35,253 1 LONG-TERM LIABILITIES: 29,970 1 Long-term liabilities of discontinued operations 5,283 1 Total long-term liabilities 35,253 <td< td=""><td>Inventories</td><td>12,689</td><td colspan="2">14,446</td></td<>	Inventories	12,689	14,446	
Other current assets 1,009 983 Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,95 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 80 OTHER ASSETS 696 80 Total assets \$ 100,525 \$ 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES Income taxes payable 722 Accued liabilities 6,406 8,426 Accured liabilities of discontinued operations 11,898 5,232 Total current liabilities of discontinued operations 11,898 5,232 Total current liabilities of discontinued operations 29,970 100,910 LONG-TERM LIABILITIES: 29,970 100,910 Long-term liabilities of discontinued operations 5,283 100,310 Total long-term liabilities 5,283 100,310	Deferred income taxes	1,886	2,849	
Total current assets 37,166 46,278 PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets \$ 100,525 \$ 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities of discontinued operations 11,898 5,232 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities of discontinued operations 29,970 10 Long-term liabilities of discontinued operations 5,283 10 Total long-term liabilities 35,253 10 TOTAL OLORS EQUITY 54,703 10 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional pa	Current assets of discontinued operations	19,682	4,648	
PROPERTY AND EQUIPMENT, net 7,648 7,147 DEFERRED INCOME TAXES 898 1,071 GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets 100,525 \$ 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES: Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 35,470 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 </td <td>Other current assets</td> <td>1,009</td> <td colspan="2">983</td>	Other current assets	1,009	983	
DEFERRED INCOME TAXES 898 1,071 GOOD WILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets \$ 100,525 \$ 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES: Income taxes payable 722 Accounts payable 8,266 13,816 Accounts payable of 4,606 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities of discontinued operations 11,898 5,232 Total current liabilities of discontinued operations 29,970 Long-term liabilities of discontinued operations 5,283 1 Total long-term liabilities of discontinued operations 35,253 1 Total long-term liabilities of discontinued operations 5,283 1 Total long-term liabilities of discontinued operations 5,283 1	Total current assets	37,166	46,278	
GOODWILL 22,304 22,304 DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets \$ 100,525 \$ 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES: Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total ong-term liabilities 35,253 STOCKHOLDERS EQUITY 35,253 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively 113 1,2846 1,624	PROPERTY AND EQUIPMENT, net	7,648	7,147	
DEFINITE-LIVED INTANGIBLES, net 2,644 1,995 LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets 100,525 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Current liabilities of discontinued operations 11,898 5,232 LONG-TERM LIABILITIES: 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total congress EQUITY 29,970 Long-term liabilities 5,283 Total long-term liabilities 5,283 Total long-term liabilities 5,283 Total congress 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively 134 136 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss 52,056 Total stockholders equity 37,678 52,056	DEFERRED INCOME TAXES	898	1,071	
LONG-TERM ASSETS OF DISCONTINUED OPERATIONS 29,169 OTHER ASSETS 696 830 Total assets \$ 100,525 \$ 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES: Income taxes payable 722 Accrued liabilities 8,266 13,816 Accrued liabilities of discontinued operations 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY STOCKHOLDERS EQUITY Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively 133 1524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678	GOODWILL	22,304	22,304	
OTHER ASSETS 696 830 Total assets \$ 100,525 79,625 LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES: Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Uncarned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY STOCKHOLDERS EQUITY Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056 <	DEFINITE-LIVED INTANGIBLES, net	2,644	1,995	
Total assets \$100,525 \$79,625	LONG-TERM ASSETS OF DISCONTINUED OPERATIONS	29,169		
LIABILITIES AND STOCKHOLDERS EQUITY CURRENT LIABILITIES: Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 35,253 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	OTHER ASSETS	696	830	
CURRENT LIABILITIES: Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 134 136 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Total assets	\$ 100,525	\$ 79,625	
CURRENT LIABILITIES: Income taxes payable 722 Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 134 136 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056				
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Accounts payable 8,266 13,816 Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	CURRENT LIABILITIES:			
Accrued liabilities 6,406 8,426 Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Income taxes payable	722		
Unearned revenue 302 95 Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY STOCKHOLDERS EQUITY Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Accounts payable	8,266	13,816	
Current liabilities of discontinued operations 11,898 5,232 Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: 29,970 Line of credit 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 134 136 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Accrued liabilities	6,406	8,426	
Total current liabilities 27,594 27,569 LONG-TERM LIABILITIES: Line of credit 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Unearned revenue	302	95	
LONG-TERM LIABILITIES: 29,970 Line of credit 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Current liabilities of discontinued operations	11,898	5,232	
Line of credit 29,970 Long-term liabilities of discontinued operations 5,283 Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 8 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Total current liabilities	27,594	27,569	
Long-term liabilities of discontinued operations Total long-term liabilities STOCKHOLDERS EQUITY Common stock, 13,424 and 13,644 issued, respectively Additional paid-in capital Treasury stock at cost, 8 and 25 shares, respectively Accumulated deficit Accumulated other comprehensive loss Total stockholders equity 52,83 35,253 134 136 137,073 134 136 137,073 134 136 137,073 137,073 138 139,075	LONG-TERM LIABILITIES:			
Total long-term liabilities 35,253 STOCKHOLDERS EQUITY 134 136 Common stock, 13,424 and 13,644 issued, respectively 134 51,047 54,703 Additional paid-in capital 51,047 54,703 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Line of credit	29,970		
STOCKHOLDERS EQUITY 134 136 Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Long-term liabilities of discontinued operations	5,283		
Common stock, 13,424 and 13,644 issued, respectively 134 136 Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Total long-term liabilities	35,253		
Additional paid-in capital 51,047 54,703 Treasury stock at cost, 8 and 25 shares, respectively (133) (524 Accumulated deficit (12,846) (2,221 Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	STOCKHOLDERS EQUITY			
Treasury stock at cost, 8 and 25 shares, respectively(133) (524Accumulated deficit(12,846) (2,221Accumulated other comprehensive loss(524) (38Total stockholdersequity37,67852,056	Common stock, 13,424 and 13,644 issued, respectively	134	136	
Accumulated deficit(12,846) (2,221Accumulated other comprehensive loss(524) (38Total stockholders equity37,678 52,056	Additional paid-in capital	51,047	54,703	
Accumulated other comprehensive loss (524) (38 Total stockholders equity 37,678 52,056	Treasury stock at cost, 8 and 25 shares, respectively	(133) (524	
Total stockholders equity 37,678 52,056	Accumulated deficit	(12,846) (2,221	
	Accumulated other comprehensive loss	(524) (38	
Total liabilities and stockholders equity \$ 100,525 \$ 79,625	Total stockholders equity	37,678	52,056	
	Total liabilities and stockholders equity	\$ 100,525	\$ 79,625	

See accompanying notes to condensed consolidated financial statements.

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1-800 CONTACTS, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share amounts) (unaudited)

	Quarter Ended July 1, 2006	June 30, 2007	Two Quarters E July 1, 2006	Inded June 30, 2007
NET SALES	\$ 57,734	\$ 63,373	\$ 116,907	\$ 125,202
COST OF GOODS SOLD	34,960	36,962	70,509	73,962
Gross profit	22,774	26,411	46,398	51,240
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:				
Advertising	3,475	4,721	7,400	9,113
Legal and professional	975	2,386	1,945	