

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **February 5, 2015**

LIQUIDITY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-51813
(Commission
File Number)

52-2209244
(IRS Employer
Identification No.)

1920 L Street, N.W., 6th Floor, Washington, D.C.
(Address of principal executive offices)

20036
(Zip Code)

Registrant's telephone number, including area code **(202) 467-6868**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Conditions.

On February 5, 2015, Liquidity Services, Inc. (the "Company") announced its financial results for the quarter ended December 31, 2014. The full text of the press release (the "Press Release") issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in the Press Release shall be considered "furnished" pursuant to Item 2.02 of Form 8-K and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended, nor shall it be deemed incorporated by reference into any of the Company's reports or filings with the Securities and Exchange Commission, whether made before or after the date hereof, except as expressly set forth by specific reference in such report or filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is filed as part of this report:

99.1 Press Release of Liquidity Services, Inc. dated February 5, 2015 announcing financial results for the quarter ended December 31, 2014.

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 hereunto duly authorized.

LIQUIDITY SERVICES, INC.

Date: February 5, 2015

By: /s/ James E. Williams

Name: James E. Williams

Title: Vice President, General Counsel and Corporate Secretary

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Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|--|
| 99.1 | Press Release of Liquidity Services, Inc. dated February 5, 2015 announcing financial results for the quarter ended December 31, 2014. |

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LIQUIDITY SERVICES, INC. ANNOUNCES FIRST QUARTER 2015 FINANCIAL RESULTS

— First Quarter Revenue of \$125.1 million up 2.6% — GMV of \$ 245.3 million up 4.6% - Adjusted EBITDA of \$17.0 million down 15.0%

-Transition of Key Programs Weighs on Short Term Outlook, While Investments in *Liquidity One* Transformation Program and Long Term Commercial Growth Strategy Remain the Priority

WASHINGTON — February 5, 2015 - Liquidity Services, Inc. (NASDAQ: LQDT; www.liquidityservices.com) today reported its financial results for its first quarter of fiscal year 2015 (Q1-FY15) ended December 31, 2014. Liquidity Services is a global solution provider in the reverse supply chain with the world's largest marketplace for business surplus.

Liquidity Services, Inc. (Liquidity Services or the Company) reported consolidated Q1-FY15 revenue of \$125.1 million, an increase of approximately 2.6% from the prior year's comparable period. Adjusted EBITDA, which excludes stock-based compensation, acquisition costs including changes in acquisition earn out payment estimates, and impairment of goodwill and long-lived assets, for Q1-FY15 was \$17.0 million, a decrease of approximately 15% from the prior year's comparable period. Q1-FY15 GMV, the total sales volume of all merchandise sold through the Company's marketplaces, was \$245.3 million, an increase of 4.6% from the prior year's comparable period.

During Q1-FY15, Liquidity Services recorded an impairment of goodwill and long-lived assets of \$96.2 million. The impairment charge resulted from: (i) the termination of the Walmart contract associated with the Jacob's Trading acquisition; and (ii) the Company's recent trading value.

Net loss in Q1-FY15 was \$64.1 million or \$2.14 diluted earnings per share. Adjusted net income, which excludes stock-based compensation, acquisition costs including changes in acquisition earn out payment estimates, and impairment of goodwill and long-lived assets — net of tax, in Q1-FY15 was \$11.3 million or \$0.38 adjusted diluted earnings per share based on 29.9 million fully diluted shares outstanding, an increase of approximately 8.5% and 18.8%, respectively, from the prior year's comparable period. Q1-FY15 Adjusted Net Income and Adjusted EPS benefitted from our 24.6% tax rate due to the tax benefit realized from goodwill impairment. We would expect our future tax rate to range between 38% to 40%.

“Given the transition of our legacy businesses with the DoD and Walmart, we are pleased with our Q1 results which were well above our guidance on both the top and bottom line led by a strong quarter in our commercial capital assets group which performed above expectations during a seasonally high quarter,” said Bill Angrick, chairman and chief executive officer of Liquidity Services. “During the quarter, our commercial sales team signed over 40 new clients and client programs, demonstrating the strong market demand for our proven, scalable reverse supply chain solution which is the focus of our long term growth strategy and investment program. During the balance of FY-15, we will continue to execute our *Liquidity One* transformation plan to drive long term value for our clients, employees, and shareholders. We anticipate that the transition of legacy programs with selected clients coupled with our heavy investment in IT, product development and marketing initiatives will dampen our growth and earnings results in the near-term.”

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Business Outlook

It is difficult for us to forecast the sales and margins of our business in FY-15 while we are awaiting the final specifications and timing of the work we will be performing under the new DoD surplus contract. In addition, our DoD business has seen significant changes in the volume and mix of property we handle, which has reduced sales values and increased costs. Global economic conditions have improved, however our overall outlook remains cautious regarding our commercial capital assets business due to volatility in capital spending patterns and macroeconomic trends. Our retail supply chain business has seen significant changes in consumer spending habits, lower product price points, and continued lack of innovation, resulting in decreased spending and pricing in the secondary market. In some cases, the mix of property received under selected retail client programs is unpredictable, resulting in margin pressure and actions on our part to improve the terms under which we do business. Lastly, we plan to further allocate management time and resources to accomplish our *Liquidity One* transformation program which may result in reduced productivity and growth during FY-15 that is difficult to forecast.

In the longer term, we expect our business to continue to benefit from the following trends: (i) as consumers trade down and seek greater value, we anticipate stronger buyer demand for the surplus merchandise sold in our marketplaces; (ii) as corporations and public sector agencies focus on reducing costs, improving transparency, compliance and working capital flows by outsourcing reverse supply chain activities, we expect our seller base to increase; and (iii) as corporations and public sector agencies increasingly prefer service providers with a proven track record, innovative scalable solutions and the ability to make a strategic impact in the reverse supply chain, we expect our seller base to increase.

The following forward-looking statements reflect trends and assumptions for the second quarter FY 2015:

- (i) stable commodity prices in our scrap business;
- (ii) stable average sales prices realized in our commercial capital assets marketplaces;
- (iii) improved margins in our commercial capital assets marketplaces;
- (iv) an effective income tax rate of 24.6%; and
- (v) improved operations and service levels in our retail goods marketplaces.

GMV — We expect GMV for Q2-15 to range from \$175 million to \$200 million.

Adjusted EBITDA — We expect Adjusted EBITDA for Q2-15 to range from \$4.0 million to \$6.0 million.

Adjusted Diluted EPS — We estimate Adjusted Earnings Per Diluted Share for Q2-15 to range from \$0.05 to \$0.10. This guidance assumes that we have an average fully diluted number of shares outstanding for the quarter of 29.8 million, and that we will not repurchase shares with the approximately \$5.1 million yet to be expended under the share repurchase program.

Our second quarter guidance adjusts EBITDA and Diluted EPS for stock based compensation costs, which we estimate to be approximately \$3.5 million to \$4.0 million. These stock based compensation costs are consistent with fiscal year 2014.

Key Q1-FY15 Operating Metrics

Registered Buyers — At the end of Q1-FY15, registered buyers totaled approximately 2,646,000, representing an 7.1% increase over the approximately 2,471,000 registered buyers at the end of Q1-14.

Auction Participants — Auction participants, defined as registered buyers who have bid in an auction during the period (a registered buyer who bids in more than one auction is counted as an auction participant in each auction in which he or she bids), increased to approximately 631,000 in Q1-FY15, an approximately 5% increase over the approximately 603,000 auction participants in Q1-14.

Completed Transactions — Completed transactions increased to approximately 146,000, an approximately 13% increase for Q1-FY15 from the approximately 129,000 completed transactions in Q1-14.

GMV and Revenue Mix — The table below summarizes GMV and revenue by pricing model.

GMV Mix

| | Q1- FY15 | Q1-14 |
|------------------------------|---------------|---------------|
| Profit-Sharing Model: | | |
| Scrap Contract | 7.3% | 8.3% |
| Total Profit Sharing | 7.3% | 8.3% |
| Consignment Model: | | |
| GovDeals | 18.5% | 16.4% |
| Commercial | 41.1% | 44.3% |
| Total Consignment | 59.6% | 60.7% |
| Purchase Model: | | |
| Commercial | 19.8% | 18.3% |
| Surplus Contract | 13.3% | 12.7% |
| Total Purchase | 33.1% | 31.0% |
| Total | 100.0% | 100.0% |

Revenue Mix

| | Q1- FY15 | Q1-14 |
|------------------------------|---------------|---------------|
| Profit-Sharing Model: | | |
| Scrap Contract | 14.3% | 16.0% |
| Total Profit Sharing | 14.3% | 16.0% |
| Consignment Model: | | |
| GovDeals | 3.8% | 3.2% |
| Commercial | 12.1% | 13.7% |
| Total Consignment | 15.9% | 16.9% |
| Purchase Model: | | |
| Commercial | 38.1% | 36.1% |
| Surplus Contract | 26.0% | 24.5% |
| Total Purchase | 64.1% | 60.6% |
| Other | 5.7% | 6.5% |
| Total | 100.0% | 100.0% |

Liquidity Services, Inc.
Reconciliation of GAAP to Non-GAAP Measures

EBITDA and Adjusted EBITDA. EBITDA is a supplemental non-GAAP financial measure and is equal to net (loss) income plus interest and other expense, net; (benefit) provision for income taxes; amortization of contract intangibles; and depreciation and amortization. Our definition of Adjusted EBITDA differs from EBITDA because we further adjust EBITDA for stock based compensation expense, acquisition costs including changes in earn out estimates, and impairment of goodwill and long-lived assets.

| | Three Months Ended December 31, | |
|---------------------------------|------------------------------------|----------|
| | 2014 | 2013 |
| | (In thousands) (Unaudited) | |
| Net (loss) income | \$ (64,116) | \$ 7,093 |
| Interest and other expense, net | 38 | 21 |

| | | |
|---|------------------|------------------|
| (Benefit) provision for income taxes | (20,918) | 4,729 |
| Amortization of contract intangibles | 1,211 | 2,407 |
| Depreciation and amortization | 1,992 | 2,004 |
| EBITDA | (81,793) | 16,254 |
| Stock compensation expense | 2,602 | 3,659 |
| Acquisition costs and related fair value adjustments and impairment of goodwill and long-lived assets | 96,238 | 95 |
| Adjusted EBITDA | \$ 17,047 | \$ 20,008 |

Adjusted Net Income and Adjusted Basic and Diluted Earnings Per Share. Adjusted net income is a supplemental non-GAAP financial measure and is equal to net (loss) income plus tax effected stock compensation expense, amortization of contract-related intangible assets associated with the Jacobs Trading acquisition, acquisition costs including changes in earn out estimates, and impairment of goodwill and long-lived assets. Adjusted basic and diluted earnings per share are determined using Adjusted Net Income. Q1 Adjusted Net Income and Adjusted EPS benefitted from our 24.6% tax rate due to the tax benefit realized from goodwill impairment. We would expect our future tax rate to range between 38% to 40%.

| | Three Months Ended December 31, | |
|--|--|------------------|
| | 2014 | 2013 |
| | (Dollars in thousands, except per share data) (Unaudited) | |
| Net (loss) income | \$ (64,116) | \$ 7,093 |
| Stock compensation expense (net of tax) | 1,962 | 2,195 |
| Amortization of contract intangibles (net of tax) | 913 | 1,090 |
| Acquisition costs and related fair value adjustments and impairment of goodwill and long-lived assets (net of tax) | 72,563 | 57 |
| Adjusted net income | \$ 11,322 | \$ 10,435 |
| Adjusted basic earnings per common share | \$ 0.38 | \$ 0.32 |
| Adjusted diluted earnings per common share | \$ 0.38 | \$ 0.32 |
| Basic weighted average shares outstanding | 29,926,273 | 32,143,064 |
| Diluted weighted average shares outstanding | 29,926,273 | 32,658,070 |

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Conference Call

The Company will host a conference call to discuss the first quarter fiscal year 2015 results at 10:30 a.m. Eastern Time today. Investors and other interested parties may access the teleconference by dialing 877-280-4955 or 857-244-7312 and providing the participant pass code 60453029. A live web cast of the conference call will be provided on the Company's investor relations website at www.liquidityservices.com/investors. An archive of the web cast will be available on the Company's website until February 5, 2016 at 11:59 p.m. ET. An audio replay of the teleconference will also be available until February 12, 2015 at 11:59 p.m. ET. To listen to the replay, dial 888-286-8010 or 617-801-6888 and provide pass code 60696669. Both replays will be available starting at 3:30 p.m. ET on the day of the call.

Non-GAAP Measures

To supplement our consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP measures of certain components of financial performance. These non-GAAP measures include earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings Per Share. These non-GAAP measures are provided to enhance investors' overall understanding of our current financial performance and prospects for the future. We use EBITDA and Adjusted EBITDA: (a) as measurements of operating performance because they assist us in comparing our operating performance on a consistent basis as they do not reflect the impact of items not directly resulting from our core operations; (b) for planning purposes, including the preparation of our internal annual operating budget; (c) to allocate resources to enhance the financial performance of our business; (d) to evaluate the effectiveness of our operational strategies; and (e) to evaluate our capacity to fund capital expenditures and expand our business.

We believe these non-GAAP measures provide useful information to both management and investors by excluding certain expenses that may not be indicative of our core operating measures. In addition, because we have historically reported certain non-GAAP measures to investors, we believe the inclusion of non-GAAP measures provides consistency in our financial reporting. These measures should be considered in addition to financial information prepared in accordance with generally accepted accounting principles, but should not be considered a substitute for, or superior to, GAAP results. A reconciliation of all historical non-GAAP measures included in this press release, to the most directly comparable GAAP measures, may be found in the financial tables included in this press release.

Supplemental Operating Data

To supplement our consolidated financial statements presented in accordance with GAAP, we use certain supplemental operating data as a measure of certain components of operating performance. We review GMV because it provides a measure of the volume of goods being sold in our marketplaces and thus the activity of those marketplaces. GMV and our other supplemental operating data, including registered buyers, auction participants and completed transactions,

also provide a means to evaluate the effectiveness of investments that we have made and continue to make in the areas of customer support, value-added services, product development, sales and marketing and operations. Therefore, we believe this supplemental operating data provides useful information to both management and investors. In addition, because we have historically reported certain supplemental operating data to investors, we believe the inclusion of this supplemental operating data provides consistency in our financial reporting. This data should be considered in addition to financial information prepared in accordance with generally accepted accounting principles, but should not be considered a substitute for, or superior to, GAAP results.

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Forward-Looking Statements

This document contains forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. These statements are only predictions. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements include, but are not limited to, statements regarding the Company's business outlook, plans to increase investments in technology infrastructure, our proprietary e-commerce marketplace platform, product development and marketing initiatives, the supply of inventory under the DoD Surplus Contract, expected future effective tax rates, and trends and assumptions about future periods, including the second quarter FY 2015 and the full year FY 2015. You can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues" or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this document. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements are set forth in our filings with the SEC from time to time, and include, among others, our dependence on our contracts with the DoD for a significant portion of our revenue and profitability; our ability to successfully expand the supply of merchandise available for sale on our online marketplaces; our ability to attract and retain active professional buyers to purchase this merchandise; the timing and success of upgrades to our technology infrastructure; our ability to successfully complete the integration of any acquired companies into our existing operations and our ability to realize any anticipated benefits of these or other acquisitions; our ability to recognize any expected tax benefits as a result of closing our U.K. retail consumer goods operations; and the success of our business realignment and *Liquidity One* integration and enhancement initiative. There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this document and are expressly qualified in their entirety by the cautionary statements included in this document. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances occurring after the date of this document or to reflect the occurrence of unanticipated events.

About Liquidity Services, Inc.

Liquidity Services, Inc. (NASDAQ: LQDT) provides leading corporations, public sector agencies, and buying customers the world's most transparent, innovative, and effective online marketplaces and integrated services for surplus assets. On behalf of its clients, Liquidity Services has completed the sale of approximately \$5.4 billion of surplus assets in over 500 product categories, including consumer goods, capital assets, and industrial equipment. The company is headquartered in Washington, D.C. with global locations across the Americas, Europe, and Asia. Additional information can be found at: <http://www.liquidityservices.com>.

Contact:

Julie Davis
Senior Director, Investor Relations
202.467.6868 ext. 2234
julie.davis@liquidityservices.com

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Liquidity Services, Inc. and Subsidiaries Consolidated Balance Sheets (Dollars in Thousands)

| | December 31, 2014 (Unaudited) | September 30, 2014 |
|--|-------------------------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 74,222 | \$ 62,598 |
| Accounts receivable, net of allowance for doubtful accounts of \$1,164 and \$1,042 at December 31, 2014 and September 30, 2014, respectively | 27,719 | 21,688 |
| Inventory | 62,888 | 78,478 |
| Prepaid and deferred taxes | 16,650 | 16,777 |
| Prepaid expenses and other current assets | 4,516 | 5,156 |
| Total current assets | 185,995 | 184,697 |
| Property and equipment, net | 12,414 | 12,283 |
| Intangible assets, net | 4,262 | 17,099 |

| | | |
|---|-------------------|-------------------|
| Goodwill | 122,640 | 209,656 |
| Deferred long-term tax assets | 28,305 | 6,160 |
| Other assets | 1,805 | 1,823 |
| Total assets | <u>\$ 355,421</u> | <u>\$ 431,718</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 15,135 | \$ 15,994 |
| Accrued expenses and other current liabilities | 36,951 | 44,484 |
| Profit-sharing distributions payable | 4,347 | 4,740 |
| Customer payables | 37,729 | 41,544 |
| Total current liabilities | 94,162 | 106,762 |
| Other long-term liabilities | 7,512 | 7,973 |
| Total liabilities | 101,674 | 114,735 |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value; 120,000,000 shares authorized; 29,954,755 shares issued and outstanding at December 31, 2014; 29,668,150 shares issued and outstanding at September 30, 2014 | 29 | 28 |
| Additional paid-in capital | 207,539 | 204,704 |
| Accumulated other comprehensive (loss) income | (5,407) | (3,451) |
| Retained earnings | 51,586 | 115,702 |
| Total stockholders' equity | 253,747 | 316,983 |
| Total liabilities and stockholders' equity | <u>\$ 355,421</u> | <u>\$ 431,718</u> |

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

| | Three Months Ended December 31, | |
|---|--|-----------------|
| | <u>2014</u> | <u>2013</u> |
| Revenue | \$ 98,163 | \$ 93,470 |
| Fee revenue | 26,980 | 28,478 |
| Total revenue | 125,143 | 121,948 |
| Costs and expenses: | | |
| Cost of goods sold (excluding amortization) | 54,315 | 47,710 |
| Profit-sharing distributions | 9,592 | 10,130 |
| Technology and operations | 26,878 | 25,621 |
| Sales and marketing | 10,385 | 9,831 |
| General and administrative | 9,528 | 12,307 |
| Amortization of contract intangibles | 1,211 | 2,407 |
| Depreciation and amortization | 1,992 | 2,004 |
| Acquisition costs and related fair value adjustments and impairment of goodwill and long-lived assets | 96,238 | 95 |
| Total costs and expenses | 210,139 | 110,105 |
| (Loss) income from operations | (84,996) | 11,843 |
| Interest expense and other expense, net | 38 | 21 |
| (Loss) income before provision for income taxes | (85,034) | 11,822 |
| (Benefit) provision for income taxes | (20,918) | 4,729 |
| Net (loss) income | <u>\$ (64,116)</u> | <u>\$ 7,093</u> |
| Basic earnings per common share | <u>\$ (2.14)</u> | <u>\$ 0.22</u> |
| Diluted earnings per common share | <u>\$ (2.14)</u> | <u>\$ 0.22</u> |
| Basic weighted average shares outstanding | 29,926,273 | 32,143,064 |
| Diluted weighted average shares outstanding | 29,926,273 | 32,658,070 |

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Liquidity Services, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
(Dollars In Thousands)

| Three Months Ended | |
|---------------------------|-------------|
| December 31, | |
| <u>2014</u> | <u>2013</u> |

| | | | | |
|---|----|----------|----|---------|
| Operating activities | | | | |
| Net (loss) income | \$ | (64,116) | \$ | 7,093 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | | 3,203 | | 4,411 |
| Stock compensation expense | | 2,602 | | 3,659 |
| (Benefit) provision for inventory allowance | | (48) | | 291 |
| Provision (benefit) for doubtful accounts | | 121 | | (57) |
| Deferred tax benefit | | (22,145) | | — |
| Impairment of goodwill and long-lived assets | | 96,238 | | — |
| Incremental tax benefit from exercise of common stock options | | (162) | | (2,882) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | | 1,347 | | (4,460) |
| Inventory | | 8,138 | | (6,801) |
| Prepaid and deferred taxes | | 290 | | 385 |
| Prepaid expenses and other assets | | 658 | | 2,790 |
| Accounts payable | | (859) | | 4,050 |
| Accrued expenses and other | | (7,534) | | (2,681) |
| Profit-sharing distributions payable | | (392) | | 159 |
| Customer payables | | (3,815) | | 239 |
| Acquisition earn out payables | | — | | 89 |
| Other liabilities | | (461) | | (1,343) |
| Net cash provided by operating activities | | 13,065 | | 4,942 |
| Investing activities | | | | |
| Increase in intangibles | | (3) | | — |
| Purchases of property and equipment | | (1,612) | | (2,678) |
| Net cash used in investing activities | | (1,615) | | (2,678) |
| Financing activities | | | | |
| Proceeds from exercise of common stock options (net of tax) | | 71 | | 469 |
| Incremental tax benefit from exercise of common stock options | | 162 | | 2,882 |
| Net cash provided by financing activities | | 233 | | 3,351 |
| Effect of exchange rate differences on cash and cash equivalents | | (59) | | 767 |
| Net increase in cash and cash equivalents | | 11,624 | | 6,382 |
| Cash and cash equivalents at beginning of period | | 62,598 | | 95,109 |
| Cash and cash equivalents at end of period | \$ | 74,222 | \$ | 101,491 |
| Supplemental disclosure of cash flow information | | | | |
| Cash paid for income taxes | \$ | 589 | \$ | 1,461 |