BOOKS A MILLION INC
Form 10-K/A
April 28, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K/A
AMENDMENT NO. 1

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from______________ to _______________

Commission File No. 0-20664

BOOKS-A-MILLION, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	63-0798460
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
402 INDUSTRIAL LANE BIRMINGHAM, ALABAMA	35211
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (205) 942-3737

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 $.01 PER SHARE
(Title of Class)

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 [X] No [ ]

CONTINUED

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant (assuming for these purposes, but without conceding, that all executive officers and directors are "affiliates" of the Registrant) as of August 2, 2003 (based on the closing sale price as reported on the NASDAQ National Market on such date), was $26,923,550.

The number of shares outstanding of the Registrant's Common Stock as of April 5, 2004 was 16,513,725.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Stockholders for the fiscal year ended January 31, 2004 are incorporated by reference into Part II of this report.

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on June 3, 2004 are incorporated by reference into Part III of this report.

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EXPLANATORY NOTE:

As previously disclosed in a Form 8-K filed on March 22, 2005, following a detailed review of its lease-related accounting policies, Books-A-Million, Inc. (the "Company") determined to restate prior financial statements (the "Restatement") to correct errors in those financial statements relating to the computation of depreciation, rent holiday, straight-line rent expense and the related deferred liability.

Historically, the Company depreciated leasehold improvements over a period of ten years, regardless of the term of the lease for the store. The Company has corrected its depreciable life for leasehold improvements to the lesser of the economic useful life of the asset or the term of the lease. When calculating the straight-line rent expense per store, the Company previously used the store opening date as the starting date for the rent expense calculation. The Company has corrected this calculation to start straight-line rent expense on the date when the Company takes possession and has the right to control use of the leased premises. Also, the Company has corrected its method of classification of landlord construction allowances. For certain new stores, the Company receives funding from landlords for the construction of leasehold improvements. Historically, landlord construction allowances were classified as a reduction of property and equipment on the Company's balance sheet and as a reduction in capital expenditures in the Company's statements of cash flows. However, the Company will now classify landlord allowances as a deferred rent liability on the balance sheet and as an operating activity in the statement of cash flows. The resulting change in classification for landlord construction allowances will increase leasehold improvements (Property and Equipment, asset) and increase other long-term liabilities by a corresponding amount on the balance sheet.

As a result, the accompanying consolidated financial statements have been restated from the amounts previously reported to incorporate the effects of these corrections. See Note 11 to the consolidated financial statements.

This amendment No. 1 on Form 10-K/A to the Company's annual report on Form 10-K for the fiscal year ended January 31, 2004, initially filed with the Securities and Exchange Commission ("SEC") on April 27, 2004 ("Original Filing"), is being filed to reflect restatements of the Company's consolidated balance sheets at January 31, 2004 and February 1, 2003 and the Company's consolidated statements of operations, and consolidated cash flows for the fifty two weeks ended January 31, 2004, February 1, 2003, February 2, 2002 and the notes related thereto. For a more detailed description of these restatements, see Note 11, "Restatement of Financial Statements" to the accompanying consolidated financial statements.

For the convenience of the reader, this Form 10-K/A includes the Original Filing in its entirety. However, this Form 10-K/A only amends and restates Items 1 and 2 of Part I, Items 6, 7, 8, and 9A of Part II and Item 15 of Part IV of the Original Filing for the effects of the restatement and no other material information in the Original Filing is amended hereby. The foregoing items have not been updated to reflect other events occurring after the Original Filing or to modify or update those disclosures affected by subsequent events. Information on events occurring after the date of the original filing are included in the Company's Forms 10-Q/A and 8-K's as amended. In addition, pursuant to the rules of the SEC, Item 15 of Part IV of the Original Filing has been amended to contain currently-dated certifications from our Chief Executive Officer and Chief Financial Officer , as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of our Executive Chairman of the Board, Chief Executive Officer and Chief Financial Officer are attached to this Form 10-K/A as Exhibits 31.1, 31.2, 31.3, 32.1, 32.2 and 32.3, respectively.

Concurrently with the filing of this Form 10-K/A, we are filing amended quarterly reports on Form 10-Q/A for the quarters ended May 1, 2004, July 31, 2004 and October 30, 2004. We have not amended and do not intend to amend our previously filed Annual Reports on Form 10-K other than the 2004 10-K or our Quarterly Reports on Form 10-Q for the periods affected by the Restatement that ended prior to January 31, 2004. For this reason, the consolidated financial statements, auditors' reports and related financial information for all affected periods contained in any prior reports should no longer be relied upon.

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PART I

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties. A number of factors could cause actual results, performance, achievements of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, the competitive environment in the book retail industry in general and in the Company's specific market areas; inflation; economic conditions in general and in the Company's specific market areas; the number of store openings and closings; the profitability of certain product lines, capital expenditures and future liquidity; liability and other claims asserted against the Company; uncertainties related to the Internet and the Company's Internet initiative ; and other factors referenced herein. In addition, such forward-looking statements are necessarily dependent upon assumptions, estimates and dates that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, any forward-looking statements included herein do not purport to be predictions of future events or circumstances and may not be realized. Given these uncertainties, shareholders and prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligations to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

ITEM 1. BUSINESS

GENERAL

Books-A-Million, Inc. is a leading book retailer in the southeastern United States. The Company was founded in 1917 and operates both superstores and traditional bookstores. Superstores, the first of which was opened in 1987, range in size from 8,000 to 36,000 square feet and operate under the names "Books-A-Million" and "Books and Co." Traditional bookstores are smaller stores operated under the names "Bookland" and "Books-A-Million". These stores range in size from 2,000 to 7,000 square feet and are located primarily in enclosed malls. We also operate newsstands under the name "Joe Muggs Newsstands". Newsstands range in size from 1,000 to 5,000 square feet and are located in high traffic areas. All store formats, excluding newsstands, offer an extensive selection of best sellers and other hardcover and paperback books, magazines, and newspapers. In addition to the retail store formats, we offer our products over the Internet at Booksamillion.com and Joemuggs.com.

We were originally incorporated under the laws of the State of Alabama in 1964 and were reincorporated in Delaware in September 1992. Our principal executive offices are located at 402 Industrial Lane, Birmingham, Alabama 35211, and our telephone number is (205) 942-3737. Unless the context otherwise requires, references to "we" or "the Company" include our wholly owned subsidiaries, American Wholesale Book Company, Inc. ("American Wholesale") and American Internet Service, Inc. ("AIS").

Our periodic and current reports filed with the SEC are made available on our website at www.booksamillioninc.com as soon as reasonably practicable. Our corporate governance guidelines, code of conduct and key committee charters are also available on our website. These reports are available free of charge to stockholders upon written request. Such requests should be directed to Richard S. Wallington, the Company's Chief Financial Officer.

BUSINESS SEGMENTS

We have two reportable segments: retail trade and electronic commerce trade. In the retail trade segment we are engaged in the retail trade of primarily book merchandise. The retail trade segment includes our distribution center operations which predominantly supplies merchandise to our retail stores. In the electronic commerce trade segment we transact business over the Internet primarily. This segment is managed separately due to divergent technology and marketing requirements. For additional information, see Note 9 "Business Segments" in the Notes to Consolidated Financial Statements in the Annual Report to Stockholders for the year ended January 31, 2004, incorporated herein by reference.

RETAIL STORES

We opened our first Books-A-Million superstore in 1987. We developed superstores to capitalize on the growing consumer demand for the convenience, selection and value associated with the superstore retailing format. Each superstore is designed to be a receptive and open environment conducive to browsing and reading and includes ample space for promotional events open to the public, including book autograph sessions and children's storytelling. We operated 163 superstores as of January 31, 2004.

Our superstores emphasize selection, value and customer service. Each of our superstores offer an extensive selection of best sellers and other hardcover and paperback books, magazines, local newspapers and gifts, and also dedicate space to bargain books that are sold at a discount from publishers' originally suggested retail prices. Each superstore has a service center staffed with associates who are knowledgeable about the store's merchandise and who are trained to answer customers' questions, assist customers in locating books within the store and place special orders. The majority of our superstores also include a Joe Muggs cafe, serving Joe Muggs coffee and assorted pastries. Our superstores are conveniently located on major, high-traffic roads and in enclosed malls or strip shopping centers with adequate parking, and generally operate for extended hours up to 11:00 pm local time.

Our traditional stores are tailored to the size, demographics and competitive conditions of the particular market area. Traditional stores are located primarily in enclosed malls and feature a wide selection of books, magazines and gift items. We had 35 traditional stores as of January 31, 2004.

Our newsstands are concentrated in business and entertainment districts and are tailored to the demographics of the particular market area. Joe Muggs newsstands operate in centers with high traffic. Each newsstand carries an extensive selection of magazines and newspapers, along with hardcover and paperback books. The newsstands also offer Joe Muggs four branded coffee drinks and assorted pastries, among other items. We operated four newsstands as of January 31, 2004.

ACQUISITION OF STORES

During the first quarter of fiscal 2002, we acquired the lease rights to and inventory of 18 stores from Crown Books Corporation for $6.5 million. The stores are located in the Chicago, Illinois and Washington, D.C. metropolitan areas. The results of operations for these stores were reflected in the consolidated financial statements beginning in the first quarter of fiscal 2002.

MERCHANDISING

We employ several value-oriented merchandising strategies. Our best-seller list, which is developed exclusively by us based on the sales and customer demand in our stores, are generally sold in the Company's superstores below publishers' suggested retail prices. In addition, customers can join the Millionaire's Club and save 10% on all purchases in any of our stores, including already discounted best-sellers. Our point-of-sale computer system provides the data necessary to enable us to anticipate consumer demand and customize store inventory selection to reflect local customer interest.

MARKETING

We promote our bookstores principally through the use of direct mail advertising, as well as point-of-sale materials posted and distributed in the stores. In certain markets, television and newspaper advertising is also used on a selective basis. We also arrange for special appearances and book autograph sessions with recognized authors to attract customers and to build and reinforce customer awareness of our stores. A substantial portion of our advertising expenses are reimbursed from publishers through their cooperative advertising programs.

STORE OPERATIONS AND SITE SELECTION

In choosing specific store sites within a market area, we apply standardized site selection criteria that takes into account numerous factors, including the local demographics, desirability of available leasing arrangements, proximity to our existing operations and overall level of retail activity. In general, stores are located on major high-traffic roads convenient to customers and have adequate parking. We generally negotiate short-term leases with renewal options. We also periodically review the profitability trends and prospects of each of our stores and evaluate whether or not any underperforming stores should be closed, converted to a different format or relocated to more desirable locations.

INTERNET OPERATIONS

Through our wholly owned subsidiary, AIS, we sell a broad range of products over the Internet under the names Booksamillion.com and Joemuggs.com. On Booksamillion.com we sell a wide selection of books, magazines and gift items similar to those sold in our Books-A-Million superstores. We also operate an online cafe under the name Joemuggs.com where we offer a wide selection of whole bean coffee, confections and related gift items for purchase over the Internet.

Internet development efforts are assisted through a wholly owned subsidiary of AIS, NetCentral, Inc., which is based in Nashville, Tennessee. In addition to providing web development and maintenance for all of our internet sites and networking initiatives, NetCentral also serves several outside customers by offering site development, web hosting and technical services. Management recognizes web development and maintenance revenue at the time maintenance is provided or non-returnable product (web development) is delivered. Revenue from web development and maintenance is less than .01% of the Company's total revenues.

PURCHASING

Our purchasing decisions are made by our merchandising department on a centralized basis. Our buyers negotiate terms, discounts and cooperative advertising allowances for all of our bookstores and decide which books to purchase, in what quantity and for which stores. The buyers use current inventory and sales information provided by our in-store point-of-sale computer system to make reorder decisions.

We purchase merchandise from over 500 vendors. We purchase the majority of our collectors' supplies from Anderson Press and substantially all of our magazines from Anderson Media, each of which is a related party. No one vendor accounted for more than 10.0% of our overall merchandise purchases in the fiscal year ended January 31, 2004. In general, in excess of 80% of our inventory may be returned for credit, which substantially reduces our risk of inventory obsolescence.

DISTRIBUTION CAPABILITIES

American Wholesale receives a substantial portion of its inventory shipments, including substantially all of its books, at its two facilities located in Florence and Tuscumbia, Alabama. Orders from our bookstores are processed by computer and assembled for delivery to the stores on pre-determined weekly schedules. Substantially all deliveries of inventory from American Wholesale's facilities are made by their dedicated transportation fleet. At the time deliveries are made to each of our stores, returns of slow moving or obsolete books are picked up and returned to the American Wholesale returns processing center. American Wholesale then returns these books to publishers for credit.

COMPETITION

The retail bookstore industry is highly competitive and includes competitors that have substantially greater financial and other resources than we have. We compete directly with national bookstore chains, independent bookstores, booksellers on the Internet and certain mass merchandisers. In recent years, competing bookstore chains have been expanding their businesses and certain leading regional and national chains have developed and opened superstores and Internet web sites. We also compete indirectly with retail specialty stores that offer books in a particular area of specialty. Management believes that the key competitive factors in the retail book industry are convenience of location, selection, customer service and price.

SEASONALITY

Similar to many retailers, our business is seasonal, with the highest retail sales, gross profit and net income historically occurring in our fourth fiscal quarter. This seasonal pattern reflects the increased demand for books and gifts during the year-end holiday selling season. Working capital requirements are generally at their highest during the third fiscal quarter and the early part of the fourth fiscal quarter due to the seasonality of our business. As a result, our results of operations depend significantly upon net sales generated during the fourth fiscal quarter, and any significant adverse trend in the net sales of such period would have a material adverse effect on our results of operations for the full year. In addition to seasonality, our results of operations may fluctuate from quarter to quarter as a result of the amount and timing of sales and profits contributed by new stores as well as other factors. Accordingly, the addition of a large number of new stores in a particular fiscal quarter could adversely affect our results of operations for that quarter.

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TRADEMARKS

"Books-A-Million," "BAM!," "Bookland," "Books & Co.," "Millionaire's Club," "Sweet Water Press," "Thanks-A-Million," "Big Fat Coloring Book," "Up All Night Reader," "Read & Save Rebate", "Readables Accessories for Readers", "Kids-A-Million," "Teachers First," "The Write-Price," "Bambeanos," "Book$mart", "BAMM", "BAMM.com", "BOOKSAMILLION.com", "Chillatte", "Joe Muggs Newsstand" and "NetCentral" are the primary registered trademarks of the Company. Management does not believe that these trademarks are materially important to the continuation of our operations.

EMPLOYEES

As of fiscal year end, we employed approximately 2,700 full-time associates and 2,100 part-time associates. The number of part-time associates employed fluctuates based upon seasonal needs. None of our associates are covered by a collective bargaining agreement. Management believes that relations with our associates are excellent.

ITEM 2. PROPERTIES

Our bookstores are located either in enclosed malls or strip shopping centers. All of our stores are leased. Generally, these leases have terms ranging from five to ten years and require that we pay a fixed minimum rental fee and/or a rental fee based on a percentage of net sales together with certain customary costs (such as property taxes, common area maintenance and insurance).

Our principal executive offices are located in a 20,550 square foot leased building located in Birmingham, Alabama. We also lease a 37,000 square foot building located in Irondale, Alabama for additional corporate office space. Both leases involve related parties. The Birmingham, Alabama office space lease extends to January 31, 2006, and the Irondale, Alabama office space is leased month-to-month. In addition, we lease approximately 4,025 square feet of office space in Nashville, Tennessee for the offices of NetCentral. This lease extends to January 31, 2006.

American Wholesale owns its distribution center located in an approximately 290,000 square foot facility in Florence, Alabama. During fiscal 1995 and 1996, we financed the acquisition and construction of the distribution facility through loans obtained from the proceeds of an industrial revenue bond, which are secured by a mortgage interest in this facility. We also lease, from a related party, a second 210,000 square foot warehouse facility located in Tuscumbia, Alabama. In addition we lease all of the tractors that pull the company-owned trailers, which comprise our transportation fleet.

ITEM 3. LEGAL PROCEEDINGS

We are a party to various legal proceedings incidental to our business. In the opinion of management, after consultation with legal counsel, the ultimate liability, if any, with respect to those proceedings is not presently expected to materially affect our financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information under the heading "Market and Dividend Information" on page 31 of the Amended Annual Report to Stockholders for the year ended January 31, 2004 is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information under the heading "Selected Consolidated Financial Data" for the years ended January 29, 2000, through January 31, 2004 on page 4 of the Amended Annual Report to Stockholders for the year ended January 31, 2004, is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under the heading "Management's Discussion & Analysis of Financial Condition & Results of Operations" on pages 5 through 11 of the Amended Annual Report to Stockholders for the year ended January 31, 2004 is incorporated herein by reference.

ITEM 7.A. MARKET RISK

We are subject to interest rate fluctuations involving our credit facilities. The average amount of debt outstanding under our credit facilities was $57.5 million during fiscal 2004. To manage this exposure, the Company utilizes interest rate swaps to fix the interest rate on variable debt. We entered into two separate $10 million swaps on July 24, 2002. Both expire August 2005 and, prior to the payoff of the debt, effectively fix the interest rate on $20 million of variable debt at 5.13%. Also, on May 14, 1996, we entered into a $7.5 million interest rate swap with a ten-year term. The swap effectively fixes the interest rate on $7.5 million of variable rate debt at 7.98% and expires on June 7, 2006. The counter parties to each of these interest rate swaps are parties to our revolving credit facilities. We believe the credit and liquidity risk of the counter parties failing to meet their obligations is remote as we settle our interest position with the banks on a quarterly basis. All of our financial instruments that are sensitive to market risk are entered into for purposes other than trading.

To illustrate the sensitivity of the results of operations to changes in interest rates on its debt we estimate that a 66% increase in LIBOR rates would increase interest expense by approximately $70,000 for the year ending January 31, 2004. Likewise, a 66% decrease in LIBOR rates would decrease interest expense by $70,000 for the year ending January 31, 2004. This hypothetical change in LIBOR rates was calculated based on the fluctuation in LIBOR in 2003, which was the maximum LIBOR fluctuation in the last ten years. The estimates also assume a level of debt consistent with the year-ended January 31, 2004 level and do not consider the effect of the potential termination of the interest rate swaps associated with the debt will have on interest expense.

The information in note 3 "Debt and Lines of Credit" in the Notes to Consolidated Financial Statements on page 21 of the Amended Annual Report to Stockholders for the year ended January 31, 2004 is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements of the Registrant and its subsidiaries included in the Amended Annual Report to Stockholders for the year ended January 31, 2004 are incorporated herein by reference:

Consolidated Balance Sheets as of January 31, 2004 (as restated) and February 1, 2003 (as restated).

Consolidated Statements of Operations for the Fiscal Years Ended January 31, 2004 (as restated), February 1, 2003 (as restated), and February 2, 2002 (as restated).

Consolidated Statements of Changes in Stockholders' Equity for the Fiscal Years Ended January 31, 2004 (as restated), February 1, 2003 (as restated), and February 2, 2002 (as restated).

Consolidated Statements of Cash Flows for the Fiscal Years Ended January 31, 2004 (as restated), February 1, 2003 (as restated), and February 2, 2002 (as restated).

Notes to Consolidated Financial Statements (as restated)

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Report of Independent Registered Public Accounting Firm.

The information under the heading "Summary of Quarterly Results (Unaudited)" on page 27 of the Amended Annual Report to Stockholders for the Fiscal Years Ended January 31, 2004 (as restated) and February 1, 2003 (as restated) is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the fiscal period covered by this amended report. In performing this evaluation, in light of the pronouncement on February 7, 2005 by the Office of the Chief Accountant of the SEC in a letter to the AICPA, management focused on our lease accounting practices. Specifically, as further discussed in Note 11 to the accompanying consolidated financial statements, we determined that: (i) our practice of depreciating leasehold improvements over a period of ten years was incorrect, which we corrected by changing the depreciable life for leasehold improvements to the lesser of the economic useful life of the asset or the term of the lease; (ii) our practice of using the store opening date as the starting date for the rent expense calculation was incorrect, which we corrected by changing the calculation of leasehold expense so that straight-line rent expense begins on the date we take possession and have the right to control use of the leased premises; and (iii) our practice of classifying landlord allowances as a reduction of property and equipment on our balance sheet and as a reduction in capital expenditures in our statements of cash flows was incorrect, which we corrected by changing our method of classification so that landlord allowances are classified as a deferred rent credit on our balance sheet and as an operating activity in our statement of cash flows. Funds received from the landlord intended to reimburse the Company for the cost of leasehold improvements will be recorded as a deferred rent credit resulting from a lease incentive and amortized over the lease term as a reduction to rent expense.

Further, after consulting with the Audit Committee and our independent registered public accounting firm we determined to restate our financial statements for fiscal year ending January 31, 2004 and for the first three quarters of fiscal 2005 and to file a Form 10-K/A amending our Annual Report on Form 10-K for our fiscal year ended January 31, 2004 with restated consolidated financial statements and Forms 10-Q/A amending our interim condensed consolidated financial statements for the first three quarters of fiscal 2005. The restatement is further discussed in "Explanatory Note" in the forepart of this Form 10-K/A and in Note 11, "Restatement of Financial Statements," to the accompanying consolidated financial statements. We do not consider the impact of correcting the previously issued financial statements to be material with respect to any individual reporting period.

Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this 10-K/A and Annual Report, the Company's disclosure controls and procedures were effective at the reasonable assurance level. In concluding that our disclosure controls and procedures were effective as of January 31, 2004, our management considered, among other things, the circumstances that resulted in the restatement of our previously issued financial statements. We also considered the materiality of the restatement adjustments on our consolidated balance sheet and statement of operations (as more fully set forth in Note 11, "Restatement of Financial Statements," to the accompanying consolidated financial statements) and that these non-cash adjustments have no effect on historical or future cash flows or the timing of payments under our operating leases.

There was no change in the Company's internal controls over financial reporting during the Company's fiscal quarter covered by this amended report that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. However, as a result of the review of our lease accounting policies described above, during the first quarter of fiscal 2006 we made changes in internal controls over financial reporting to implement additional review processes over our leasing arrangements to ensure the collection and communication of information necessary for the proper accounting for each lease in accordance with generally accepted accounting principles. The Company implemented the following accounting changes:

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(i) we changed depreciable life for leasehold improvements to the lesser of the economic useful life of the asset or the term of the lease, (ii) we changed the calculation to start straight-line rent expense on the date when the Company takes possession and has the right to control use of the leased premises, and (iii) we changed method of classification of landlord allowances. As explained above, the Company will now classify landlord allowances as a deferred rent credit on the balance sheet and as an operating activity in the statement of cash flows. Funds received from the landlord intended to reimburse the Company for the cost of leasehold improvements will be recorded as a deferred rent credit resulting from a lease incentive and amortized over the lease term as a reduction to rent expense. Management believes that these control changes have fully remediated the issues described above.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS

The sections under the heading "Proposal I-Election of Directors" entitled "Nominees for Election - Term Expiring 2007", "Incumbent Director - Term Expiring 2005", and "Incumbent Directors - Term Expiring 2006" on pages 3 and 4 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 3, 2004, are incorporated herein by reference for information on the directors of the Registrant. The information under the heading "Information Concerning the Board of Directors" on pages 4 through 7 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 3, 2004 is incorporated herein by reference.

EXECUTIVE OFFICERS

All of our executive officers are elected annually by and serve at the discretion of the Board of Directors. Our current executive officers are listed below:

NAME	AGE	POSITION WITH THE COMPANY
Clyde B. Anderson	43	Executive Chairman of the Board
Sandra B. Cochran	45	President, Chief Executive Officer and Secretary
Terrance G. Finley	50	Executive Vice President of Books-A-Million, Inc. and President of American Internet Service, Inc.
Richard S. Wallington	45	Chief Financial Officer

Clyde B. Anderson has served as Executive Chairman of the Board since February 2004 and has served as a director of the Company since August 1987. Mr. Anderson served as the Chairman of the Board from January 2000 until February 2004 and also served as the Chief Executive Officer of the Company from July 1992 until February 2004. Mr. Anderson also served as the President of the Company from November 1987 to August 1999. From November 1987 to March 1994, Mr. Anderson also served as the Company's Chief Operating Officer. Mr. Anderson serves on the Board of Directors and the Compensation Committee of Hibbett Sporting Goods, Inc., a sporting goods retailer. Mr. Anderson is the son of Charles C. Anderson and the brother of Terry C. Anderson, both members of the Company's Board of Directors.

Sandra B. Cochran was appointed to the position of Chief Executive Officer in February 2004, in addition to her duties as President and Secretary. Ms. Cochran has served as President of the Company since August 1999 and Secretary since June 1998. Ms. Cochran served as the Executive Vice President from February 1996 to August 1999 and as Chief Financial Officer from September 1993 to August 1999. Ms. Cochran previously served as Vice President and Assistant Secretary of the Company from August 1992 to September 1993. Prior to joining the Company, Ms. Cochran served as a Vice President (as well as in other capacities) of SunTrust Securities, Inc., a subsidiary of SunTrust Banks, Inc. for more than five years

Terrance G. Finley has served as Executive Vice President - Merchandising of the Company since October 2001 and as the President of American Internet Service, Inc. since December 1998. Mr. Finley served in various other capacities in the merchandising department from April 1994 to December 1998. Mr. Finley served as the General Manager of Book$mart from February 1992 to April 1994. Prior to joining the Company, Mr. Finley served as the Vice President - Sales for Smithmark Publishers.

Richard S. Wallington has served as the Chief Financial Officer of the Company since August 1999. Mr. Wallington served as Vice President and Controller from September 1993 to August 1999. Prior to joining the Company, Mr. Wallington served as the Director of Financial Reporting for Woodward & Lothrop, a retail department store company.

The section under the heading "Information Concerning Board of Directors" entitled "Code of Conduct" on page 6 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 3, 2004 is incorporated herein by reference.

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COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires our directors, executive officers and persons who own beneficially more than 10% of the Company's common stock to file reports of ownership and changes in ownership of such stock with the Securities and Exchange Commission (the "SEC") and the NASDAQ Stock Market, Inc. Directors, executive officers and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all such forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, our directors, executive officers and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements during fiscal 2004.

ITEM 11. EXECUTIVE COMPENSATION

The sections under the heading "Executive Compensation," other than those entitled "Report on Executive Compensation", "Compensation Committee Interlocks and Insider Participation", "Certain Relationships and Related Transactions" and "Performance Graph", on pages 8 through 14 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 3, 2004 are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section under the heading "Information Concerning the Board of Directors" entitled "Beneficial Ownership of Common Stock" on pages 7 and 8 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 3, 2004 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The sections under the heading "Executive Compensation" entitled "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions" on pages 10 and 11 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 3, 2004 are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The section under the heading "Information Concerning Board of Directors" entitled "Auditor Fees and Services" on page 6 of the Proxy Statement for the Annual Meeting of Stockholders to be held June 3, 2004 is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following Consolidated Financial Statements of Books-A-Million, Inc. and its subsidiaries, included in the Registrant's Annual Report to Stockholders for the fiscal year ended January 31, 2004 are incorporated by reference in Part II, Item 8:

Consolidated Balance Sheets as of January 31, 2004 (as restated) and February 1, 2003 (as restated).

Consolidated Statements of Operations for the Fiscal Years Ended January 31, 2004 (as restated), February 1, 2003 (as restated), and February 2, 2002 (as restated).

Consolidated Statements of Changes in Stockholders' Equity for the Fiscal Years Ended January 31, 2004 (as restated), February 1, 2003 (as restated), and February 2, 2002 (as restated).

Consolidated Statements of Cash Flows for the Fiscal Years Ended January 31, 2004 (as restated), February 1, 2003 (as restated), and February 2, 2002 (as restated).

Notes to Consolidated Financial Statements (as restated).

Report of Independent Registered Public Accounting Firm.

2. Financial Statement Schedule.

The following consolidated financial statement schedule of Books-A-Million, Inc. is attached hereto:

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule.

Schedule 2 Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are not applicable, and therefore have been omitted.

3. Exhibits

Exhibit Number

3.1 -- Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1, File No. 33-52256, originally filed September 21, 1992 (the "S-1 Registration Statement")).

3.2 -- Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the S-1 Registration Statement).

4.1 -- See Exhibits 3.1 and 3.2 hereto incorporated herein by reference to the Exhibits of the same number to the S-1 Registration Statement.

10.1 -- Lease Agreement between First National Bank of Florence, Alabama, as Trustee, and Bookland Stores, Inc. (which is a predecessor of the Registrant), an Alabama corporation, dated January 30, 1991 (incorporated by reference to Exhibit 10.1 to the S-1 Registration Statement).

10.2 -- Amended and Restated Stock Option Plan (incorporated by reference to Exhibit 10.2 to Annual Report on Form 10-K for the fiscal year ended January 30, 1999, File No. 0-20664, filed on April 30, 1999).

10.3 -- Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.7 to the S-1 Registration Statement).

10.4 -- Amendment to Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.6 to Annual Report on Form 10-K for the fiscal year ended January 29, 1994, File No. 0-20664, filed on April 29, 1994).

10.5 -- 1999 Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.5 to Annual Report on Form 10-K for the fiscal year ended January 29, 2000, File No. 0-20664, filed on April 28, 2000).

10.6 -- 401(k) Plan adopted September 15, 2003, with Suntrust Bank as Trustee (incorporated by reference to Exhibit 10.6 to Annual Report on Form 10-K for the fiscal year ended January 31, 2004, File No.l 0-20664, filed on April 27, 2004).

10.7 -- Shareholders Agreement dated as of September 1, 1992 (incorporated by reference to Exhibit 10.9 to Annual Report on Form 10-K for the fiscal year ended January 31, 1993, File No. 0-20664, filed May 3, 1993).

10.8 -- Executive Incentive Plan (incorporated by reference to Exhibit 10.8 to Annual Report on Form 10-K for the fiscal year ended January 28, 1995, File No. 0-20664, filed April 28, 1995).

10.19 -- Stock Option Plans for Booksamillion.com, American Internet Service, Inc., Netcentral, Inc. and Faithpoint, Inc. (incorporated by reference to Exhibit 10.19 to Annual Report on Form 10-K for the fiscal year ended February 3, 2001, File No. 0-20664, filed on May 4, 2001).

10.20 -- Credit agreement dated as of July 1, 2002, between the Company and Bank of America, N.A., SunTrust Bank, N.A., Wells Fargo Bank, N.A., SouthTrust Bank N.A. and Amsouth Bank, N.A. (incorporated by reference to Exhibit 10.20 to Form 10-Q for the quarter ended August 3, 2002).

13 -- Portions of the amended Annual Report to Stockholders for the year ended January 31, 2004 that are expressly incorporated by reference into Part II of this Report.

21 -- Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to Annual Report on Form 10-K for the fiscal year ended February 3, 2001, File No. 0-20664, filed May 4, 2001).

23 -- Consent of Independent Registered Public Accounting Firm.

31.1 -- Certification of Clyde B. Anderson, Executive Chairman of the Board of Books-A-Million, Inc., pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.

31.2 -- Certification of Richard S. Wallington, Chief Financial Officer of Books-A-Million, Inc., pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.

31.3 -- Certification of Sandra B. Cochran, President and Chief Executive Officer of Books-A-Million, Inc., pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.

32.1 -- Certification of Clyde B. Anderson, Executive Chairman of the Board of Books-A-Million, Inc., pursuant to 18 U.S.C.

Section 1350, filed under Exhibit 32 of Item 601 of Regulation S-K.

32.2 -- Certification of Richard S. Wallington, Chief Financial Officer of Books-A-Million, Inc., pursuant to 18 U.S.C. Section 1350, filed under Exhibit 32 of Item 601 of Regulation S-K.

32.3 -- Certification of Sandra B. Cochran, President and Chief Executive Officer of Books-A-Million, Inc., pursuant to 18 U.S.C. Section 1350, filed under Exhibit 32 of Item 601 of Regulation S-K.

Reports on Form 8-K

None.

(c) See Item 15(a) (3), the Exhibit Index and the Exhibits attached hereto.

(d) See Item 15(a) (2).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BOOKS-A-MILLION, INC.

by: /s/ Clyde B. Anderson

Clyde B. Anderson
Executive Chairman of the Board
Date: April 28, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

PRINCIPAL EXECUTIVE OFFICER:

/s/ Clyde B. Anderson

Clyde B. Anderson
Executive Chairman of the Board
Date: April 28, 2005

PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER:

/s/ Richard S. Wallington

Richard S. Wallington
Chief Financial Officer
Date: April 28, 2005

DIRECTORS:

/s/ Clyde B. Anderson

Clyde B. Anderson
Date: April 28, 2005

DIRECTORS:

/s/ Ronald G. Bruno

Ronald G. Bruno
Date: April 28, 2005

/s/ J. Barry Mason

J. Barry Mason
Date: April 28, 2005

/s/ Terry C. Anderson

Terry C. Anderson
Date: April 28, 2005

/s/ William H. Rogers, Jr.

William H. Rogers, Jr.
Date: April 28, 2005

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

To the Board of Directors of Books-A-Million, Inc.:

We have audited the consolidated financial statements of Books-A-Million, Inc. and its subsidiaries (the "Company") as of January 31, 2004 and February 1, 2003 and for each of the three fiscal years in the period ended January 31, 2004, and have issued our report thereon dated April 19, 2004 (April 25, 2005 as to the effects of the restatement discussed in Note 11), (which report expresses an unqualified opinion and includes explanatory paragraphs relating to the adoption of new accounting principles as described in Note 1 and the restatement described in Note 11 to the consolidated financial statements); such financial statements and report are included in the Company's 2004 amended Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the financial statement schedule of Books-A-Million, Inc. listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP
Birmingham, Alabama

April 19, 2004 (April 25, 2005 as to the effects of the restatement discussed in Note 11)

SCHEDULE 2.

BOOKS-A-MILLION, INC.

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED FEBRUARY 2, 2002, FEBRUARY 1, 2003, AND JANUARY 31, 2004

	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	(DEDUCTIONS) NET	BALANCE AT END OF YEAR
FOR THE YEAR ENDED FEBRUARY 2, 2002:				
Allowance for doubtful accounts	$ 786,881	$ 567,913	$ (569,902)	$ 784,892
FOR THE YEAR ENDED FEBRUARY 1, 2003:				
Allowance for doubtful accounts	$ 784,892	$ 276,459	$ (349,396)	$ 711,955
FOR THE YEAR ENDED JANUARY 31, 2004:				
Allowance for doubtful accounts	$ 711,955	$ 534,300	$ (701,010)	$ 545,245