

Consolidated Statements of Cash Flows

Years Ended December 31, (In thousands)	2001	2002	2003
Cash flows from operating activities			
Net income	\$ 28,233	\$ 31,271	\$ 20,604
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	12,220	9,193	8,747
Foreign currency translation adjustment	—	—	(349)
Earned compensation for fully vested stock options	2,571	(1,308)	6
Investment in joint venture	2,977	(225)	79
Loss on disposal of property and equipment	16	—	—
Forgiveness of officer note receivable	—	285	—
Restricted stock grants	—	—	8,364
Minority interest	—	810	—
Changes in operating assets and liabilities			
Net sale (purchase) of marketable securities	(23,501)	37,119	—
Accounts receivable	(5,835)	(3,307)	(28,224)
Inventory	(1,489)	(10,996)	(2,654)
Prepaid expenses and other	1,423	507	(5,643)
Accounts payable	(1,927)	(3,698)	16,070
Accrued expenses	5,529	(9,535)	(3,115)
Income taxes payable	(6,052)	7,056	(1,397)
Reserve for sales returns and allowances	(1,600)	8,626	(5,827)
Deferred income taxes	800	432	525
Total adjustments	(14,868)	34,959	(13,418)
Net cash provided by operating activities	13,365	66,230	7,186
Cash flows from investing activities			
Purchases of property and equipment	(4,971)	(6,594)	(4,471)
Purchases of other assets	(1,231)	(1,659)	(2,434)
Investment in joint venture	(1,112)	—	—
Cash paid for net assets	(12,281)	(80,410)	(22,320)
Net purchases of marketable securities	—	—	(19,345)
Notes receivable—officers	226	861	1,113
Net cash used by investing activities	(19,369)	(87,802)	(47,457)
Cash flows from financing activities			
Proceeds from sale of common stock	—	59,095	—
Repurchase of common stock	—	—	(6,087)
Proceeds from debt	95	—	—
Proceeds from stock options and warrants exercised	3,070	5,884	1,777
Net proceeds from sale of convertible notes	—	—	94,366
Repayments of debt	(1,400)	(30)	(16)
Net cash provided by financing activities	1,765	64,949	90,040
Net increase (decrease) in cash and cash equivalents	(4,239)	43,377	49,769
Cash and cash equivalents, beginning of year	29,275	25,036	68,413
Cash and cash equivalents, end of year	\$ 25,036	\$ 68,413	\$ 118,182
Cash paid during the period for:			
Interest	\$ 118	\$ 80	\$ 2,375
Income taxes	\$ 14,008	\$ 3,235	\$ 9,694

See note 17 for additional supplemental information to consolidated statements of cash flows.

See notes to consolidated financial statements.