DYNAMIC MATERIALS CORP
Form 10-Q
April 28, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

OR

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO .

Commission file number 001-14775

DYNAMIC MATERIALS CORPORATION

(Exact name of Registrant as Specified in its Charter)

Delaware	**84-0608431**
(State of Incorporation or Organization)	(I.R.S. Employer Identification No.)

5405 Spine Road, Boulder, Colorado 80301

(Address of principal executive offices, including zip code)

(303) 665-5700

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o
(Do not check if smaller reporting company)	

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

The number of shares of Common Stock outstanding was 13,330,698 as of April 28, 2010.

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CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. In particular, we direct your attention to Part I, Item 1- Condensed Consolidated Financial Statements; Item 2 - Management s Discussion and Analysis of Financial Condition and Results of Operations; Item 3 - Quantitative and Qualitative Disclosures About Market Risk; and Part II, Item 1A Risk Factors. We intend the forward-looking statements throughout this quarterly report on Form 10-Q and the information incorporated by reference herein to be covered by the safe harbor provisions for forward-looking statements. Statements contained in this report which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. All projections, guidance and other statements regarding our expected financial position and operating results, our business strategy, our financing plans and the outcome of any contingencies are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as may, believe, plan, anticipate, estimate, expect, intend, and other phrases of similar meaning. The forward-looking information is based on information available as of the date of this quarterly report and on numerous assumptions and developments that are not within our control. Although we believe that our expectations as expressed in these forward-looking statements are reasonable, we cannot assure you that our expectations will turn out to be correct. Factors that could cause actual results to differ materially include, but are not limited to, the following: changes in global economic conditions; the ability to obtain new contracts at attractive prices; the size and timing of customer orders and shipment; our ability to realize sales from our backlog; fluctuations in customer demand; fluctuations in foreign currencies; competitive factors; the timely completion of contracts; the timing and size of expenditures; the timely receipt of government approvals and permits; the price and availability of metal and other raw material; the adequacy of local labor supplies at our facilities; current or future limits on manufacturing capacity at our various operations; our ability to successfully integrate acquired businesses; the availability and cost of funds; and general economic conditions, both domestic and foreign, impacting our business and the business of the end-market users we serve. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management s analysis only as of the date hereof. We undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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PART I - FINANCIAL INFORMATION

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Part I - FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands)

	March 31, 2011 (unaudited)	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,760	$ 4,572
Accounts receivable, net of allowance for doubtful accounts of $466 and $378, respectively	28,700	27,567
Inventories	40,939	35,880
Prepaid expenses and other	4,884	3,659
Current deferred tax assets	1,223	1,057
Total current assets	80,506	72,735
PROPERTY, PLANT AND EQUIPMENT	69,139	66,734
Less - accumulated depreciation	(28,465)	(26,928)
Property, plant and equipment, net	40,674	39,806
GOODWILL, net	41,400	39,173
PURCHASED INTANGIBLE ASSETS, net	49,833	48,490
DEFERRED TAX ASSETS	449	248
OTHER ASSETS, net	861	941
TOTAL ASSETS	$ 213,723	$ 201,393

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands, Except Share and Per Share Data)

	March 31, 2011 (unaudited)	December 31, 2010
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 18,266	$ 16,109
Accrued expenses	4,121	3,529
Dividend payable	533	529
Accrued income taxes	897	477
Accrued employee compensation and benefits	3,432	3,711
Customer advances	1,889	1,531
Lines of credit	3,477	2,621
Current maturities on long-term debt	9,423	9,596
Current portion of capital lease obligations	233	272
Current deferred tax liabilities	25	17
Total current liabilities	42,296	38,392
LONG-TERM DEBT	14,616	14,579
CAPITAL LEASE OBLIGATIONS	136	155
DEFERRED TAX LIABILITIES	12,369	12,083
OTHER LONG-TERM LIABILITIES	1,213	1,100
Total liabilities	70,630	66,309
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS EQUITY:		
Preferred stock, $0.05 par value; 4,000,000 shares authorized; no issued and outstanding shares		
Common stock, $0.05 par value; 25,000,000 shares authorized; 13,330,698 and 13,224,696 shares issued and outstanding, respectively	666	661
Additional paid-in capital	53,115	52,451
Retained earnings	88,427	88,210
Other cumulative comprehensive income (loss)	766	(6,398)
Total Dynamic Materials Corporation s stockholders equity	142,974	134,924
Noncontrolling interest	119	160
Total stockholders equity	143,093	135,084
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 213,723	$ 201,393

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in Thousands, Except Share Data)

(unaudited)

	Three months ended March 31, 2011	Three months ended March 31, 2010
NET SALES	$ 45,574	$ 30,357
COST OF PRODUCTS SOLD	35,272	23,373
Gross profit	10,302	6,984
COSTS AND EXPENSES:		
General and administrative expenses	3,675	3,145
Selling and distribution expenses	3,726	2,321
Amortization of purchased intangible assets	1,405	1,273
Total costs and expenses	8,806	6,739
INCOME FROM OPERATIONS	1,496	245
OTHER INCOME (EXPENSE):		
Other income (expense), net	(203)	141
Interest expense	(410)	(1,144)
Interest income	3	35
Equity in earnings of joint ventures		169
INCOME (LOSS) BEFORE INCOME TAXES	886	(554)
INCOME TAX PROVISION (BENEFIT)	148	(154)
NET INCOME (LOSS)	738	(400)
Less: Net income (loss) attributable to noncontrolling interest	(12)	12
NET INCOME (LOSS) ATTRIBUTABLE TO DYNAMIC MATERIALS CORPORATION	$ 750	$ (412)
INCOME (LOSS) PER SHARE:		
Basic	$ 0.06	$ (0.03)
Diluted	$ 0.06	$ (0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:		
Basic	13,045,600	12,690,510
Diluted	13,055,619	12,690,510

DIVIDENDS DECLARED PER COMMON SHARE	$	0.04	$	0.04

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2011

(Amounts in Thousands)

	Dynamic Materials Corporation Stockholders						
	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Other Cumulative Comprehensive Income/(Loss)	Non-Controlling Interest	Total
Balances, December 31, 2010	13,225	$ 661	$ 52,451	$ 88,210	$ (6,398)	$ 160	$ 135,084
Comprehensive income:							
Net income				750		(12)	738
Change in cumulative foreign currency translation adjustment					7,164	(71)	7,093
Comprehensive income						(83)	7,831
Shares issued in connection with stock compensation plans	106	5					5
Tax impact of stock-based compensation			(128)				(128)
Stock-based compensation			792				792
Dividends				(533)			(533)
Contribution from noncontrolling stockholder						42	42
Balances, March 31, 2011	13,331	$ 666	$ 53,115	$ 88,427	$ 766	$ 119	$ 143,093

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in Thousands)

(unaudited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) including noncontrolling interest	$ 738	$ (400)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including capital lease amortization)	1,356	1,154
Amortization of purchased intangible assets	1,405	1,273
Amortization of capitalized debt issuance costs	53	369
Stock-based compensation	792	792
Deferred income tax benefit	(586)	(830)
Equity in earnings of joint ventures		(169)
Change in:		
Accounts receivable, net	(8)	8,799
Inventories	(3,678)	(3,837)
Prepaid expenses and other	(1,040)	142
Accounts payable	1,460	2,123
Customer advances	283	6,082
Accrued expenses and other liabilities	542	(1,690)
Net cash provided by operating activities	1,317	13,808
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(1,087)	(764)
Change in other non-current assets	36	(4)
Net cash used in investing activities	(1,051)	(768)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(Dollars in Thousands)

(unaudited)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on syndicated term loans		(15,374)
Payment on Nord LB term loans	(205)	(208)
Borrowings (repayments) on bank lines of credit, net	668	(441)
Payment on capital lease obligations	(76)	(74)
Payment of dividends	(529)	(515)
Contribution from noncontrolling stockholder	42	
Net proceeds from issuance of common stock to employees and directors	5	
Tax impact of stock-based compensation	(128)	2
Net cash used in financing activities	(223)	(16,610)
EFFECTS OF EXCHANGE RATES ON CASH	145	(483)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	188	(4,053)
CASH AND CASH EQUIVALENTS, beginning of the period	4,572	22,411
CASH AND CASH EQUIVALENTS, end of the period	$ 4,760	$ 18,358

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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DYNAMIC MATERIALS CORPORATION & SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Currency Amounts in Thousands, Except Share and Per Share Data)

(unaudited)

1. BASIS OF PRESENTATION

The information included in the Condensed Consolidated Financial Statements is unaudited but includes all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods presented. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements that are included in our Annual Report filed on Form 10-K for the year ended December 31, 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts of Dynamic Materials Corporation (DMC) and its controlled subsidiaries. Only subsidiaries in which controlling interests are maintained are consolidated. The equity method is used to account for our ownership in subsidiaries where we do not have a controlling interest. All significant intercompany accounts, profits, and transactions have been eliminated in consolidation.

Foreign Operations and Foreign Exchange Rate Risk

The functional currency for our foreign operations is the applicable local currency for each affiliate company. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated at exchange rates in effect at period-end, and the statements of operations are translated at the average exchange rates during the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded as a separate component of stockholders equity and are included in other cumulative comprehensive income (loss). Transactions denominated in currencies other than the local currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at actual exchange rates when known, or at the average rate for the period. As a result, amounts related to assets and liabilities reported in the consolidated statements of cash flows will not agree to changes in the corresponding balances in the consolidated balance sheets. The effects of exchange rate changes on cash balances held in foreign currencies are reported as a separate line item below cash flows from financing activities.

In September 2010, our German subsidiary, DYNAenergetics, entered into a currency swap agreement with its bank to economically hedge the currency risk associated with a large U.S. dollar order ($2,700) that was awarded to it. Under the agreement, DYNAenergetics will exchange $2,700 for Euros at an exchange rate of 1.269 U.S. dollars per Euros between January 18, 2011 and April 30, 2011. We have not designated this derivative as a cash flow hedge for accounting purposes and as such, gains and losses related to changes in its valuation are recorded in the statement of operations. During the three months ended March 31, 2011, we recorded a gain

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on this currency swap agreement of $50. The gain is classified as other income (expense), net in our statement of operations.

Revenue Recognition

Sales of clad metal products and welding services are generally based upon customer specifications set forth in customer purchase orders and require us to provide certifications relative to metals used, services performed, and the results of any non-destructive testing that the customer has requested be performed. All issues of conformity of the product to specifications are resolved before the product is shipped and billed. Products related to the oilfield products segment, which include detonating cords, detonators, bi-directional boosters, and shaped charges, as well as, seismic related explosives and accessories, are standard in nature. In all cases, revenue is recognized only when all four of the following criteria have been satisfied: persuasive evidence of an arrangement exists; the price is fixed or determinable; delivery has occurred; and collection is reasonably assured. For contracts that require multiple shipments, revenue is recorded only for the units included in each individual shipment. If, as a contract proceeds toward completion, projected total cost on an individual contract indicates a probable loss, we will account for such anticipated loss.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, trade accounts receivable and payable, and accrued expenses are considered to approximate fair value due to the short-term nature of these instruments. We estimate that a hypothetical 100 basis point decrease in our LIBOR/EURIBOR basis borrowing spread would increase the fair value of our long-term debt at March 31, 2011 by less than 2%.The majority of our debt was incurred in connection with the 2007 acquisition of DYNAenergetics.

Additionally, we have a foreign currency hedge agreement that we entered in September 2010 (see above), which is recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are required to use an established hierarchy for fair value measurements based upon the inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- Level 1 Inputs to the valuation based upon quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.
- Level 2 Inputs to the valuation include quoted prices in either markets that are not active, or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data.
- Level 3 Inputs to the valuation that are unobservable inputs for the asset or liability.

The highest priority is assigned to Level 1 inputs and the lowest priority to Level 3 inputs.

Our foreign currency hedge agreement is not exchange listed and is therefore valued with models that use Level 2 inputs. The degree to which our credit worthiness impacts the value requires management judgment, but as of March 31, 2011 and December 31, 2010, the impact of this assessment on the overall value of the derivatives was not significant and our valuation of the agreements is classified within Level 2 of the hierarchy.

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We have recorded the fair value of our foreign currency hedge agreement as follows:

	March 31, 2011		December 31, 2010	
Derivative	Balance sheet location	Fair value	Balance sheet location	Fair value
Foreign currency hedge	Prepaid expenses and other	$ 168	Prepaid expenses and other	$ 118

Related Party Transactions

Prior to acquiring the remaining outstanding interests in our unconsolidated joint ventures on April 30, 2010 (See Note 3), we had related party transactions with these joint ventures. A summary of related party transactions for the three months ended March 31, 2010 is summarized below:

	Sales to	Interest income from
DYNAenergetics RUS	$ 502	$
Perfoline	19	10
Total	$ 521	$ 10

Earnings Per Share

Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock awards (RSAs), are considered participating securities for purposes of calculating earnings per share (EPS) and require the use of the two class method for calculating EPS. Under this method, a portion of net income is allocated to these participating securities and therefore is excluded from the calculation of EPS allocated to common stock, as shown in the table below.

Computation and reconciliation of earnings per common share are as follows:

	For the Three Months Ended March 31, 2011			For the Three Months Ended March 31, 2010		
	Income	Shares	EPS	Income	Shares	EPS
Basic earnings per share:						
Net income (loss) attributable to DMC	$ 750			$ (412)		
Less income allocated to RSAs	(15)					
Net income (loss) allocated to common stock for EPS calculation	$ 735	13,045,600	$ 0.06	$ (412)	12,690,510	$ (0.03)
Adjust shares for dilutives:						

Stock-based compensation plans		10,019				
Diluted earnings per share:						
Net income (loss) attributable to DMC	$ 750			$ (412)		
Less income allocated to RSAs	(15)					
Net income (loss) allocated to common stock for EPS calculation	$ 735	13,055,619	$ 0.06	$ (412)	12,690,510	$ (0.03)

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3. ACQUISITIONS

Austin Explosives

On June 4, 2010, we completed our acquisition of Austin Explosives Company (AECO), which is now operating under the name DYNAenergetics US, Inc. This business is part of our Oilfield Products business segment. AECO had been a long-time distributor of DYNAenergetics shaped charges. This acquisition, along with the acquisition of the outstanding interests in our Russian joint ventures (discussed below), further expands our Oilfield Products business, and positions the segment to capitalize on the long-term demand from the oil and gas industry. From January 1, 2011 through March 31, 2011, DYNAenergetics US, Inc. contributed incremental net sales of $2,563 and an incremental net loss of $38 after the elimination of intercompany sales and the related gross profit. On a standalone basis, DYNAenergetics US, Inc. reported sales of $5,616 and net income of $280 for the same period.

The acquisition was structured as an asset purchase valued at $6,921 which was financed by (i) the payment of $3,620 in cash and (ii) the issuance of 222,445 shares of DMC common stock (valued at $3,301).

The purchase price of the acquisition was allocated to tangible and identifiable intangible assets based on their fair values as determined by appraisals performed as of the acquisition date. The allocation of the purchase price to the assets of AECO was as follows:

Current assets	$	5,792
Property, plant and equipment		368
Intangible assets		4,773
Deferred tax assets		7
Other assets		81
Total assets acquired		11,021
Current liabilities		4,100
Total liabilities assumed		4,100
Net assets acquired	$	6,921

We acquired identifiable finite-lived intangible assets as a result of the acquisition of AECO. The finite-lived intangible assets acquired were classified as customer relationships and were valued at $4,773 which are being amortized over 11 years. These amounts are included in Purchased Intangible Assets and are further discussed in Note 7.

Russian Joint Ventures

On April 30, 2010, we purchased the outstanding minority-owned interests in our two Russian joint ventures that were previously majority-owned by our Oilfield Products business segment. These joint ventures include DYNAenergetics RUS, which is a Russian trading company that sells our oilfield products, and Perfoline, which is a Russian manufacturer of perforating gun systems. We paid a combined $2,065 for the respective 45% and 34.81% outstanding stakes in DYNAenergetics RUS and Perfoline. From January 1, 2011 through March 31, 2011, DYNAenergetics RUS and Perfoline contributed incremental net sales of $946 and an incremental net loss of $498 after the elimination of intercompany sales and the related gross profit. As

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standalone companies, these two entities reported sales of $1,374 and a net loss of $267 for the same period.

Prior to the acquisition date, we accounted for our 55% and 65.19% interest in DYNAenergetics RUS and Perfoline, respectively, as equity-method investments (see Note 4).

Appraisals performed as of the acquisition date resulted in a new fair value of the combined entities of $5,598 which was allocated to our tangible and identifiable intangible assets as follows:

Current assets	$	5,243
Property, plant and equipment		411
Intangible assets		3,669
Deferred tax assets		12
Other assets		56
Total assets acquired		9,391
Line of credit		36
Other current liabilities		2,547
Deferred tax liabilities		813
Other long term liabilities		397
Total liabilities assumed		3,793
Net assets acquired	$	5,598

We acquired identifiable finite-lived intangible assets as a result of acquiring the remaining interests of DYNAenergetics RUS and Perfoline. The finite-lived intangible assets acquired were classified as customer relationships and were valued at $3,669 which are being amortized over 11 years. These amounts are included in Purchased Intangible Assets and are further discussed in Note 7.

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Pro Forma Statement of Operations

The following table presents the pro-forma combined results of operations for the three months ended March 31, 2010 assuming (i) the acquisitions of AECO and the Russian joint ventures had occurred on January 1, 2010; (ii) pro-forma amortization expense of the purchased intangible assets; (iii) pro-forma depreciation expense of the fair value of purchased property, plant and equipment; (iv) elimination of intercompany sales; and (v) increase in interest expense for borrowing 1,500 Euros ($2,155 based on the January 1, 2010 exchange rate) to fund the acquisition of the Russian joint ventures:

		2010
Net sales	$	34,190
Income from operations	$	321
Net loss attributable to DMC	$	(421)
Net loss per share:		
Basic	$	(0.03)
Diluted	$	(0.03)

The pro-forma results above are not necessarily indicative of the operating results that would have actually occurred if the acquisitions had been in effect on the dates indicated, nor are they necessarily indicative of future results of the combined companies.

4. INVESTMENT IN JOINT VENTURES

As discussed in Note 3, on April 30, 2010, we acquired the remaining minority-owned interests in two joint ventures that were previously majority-owned by our Oilfield Products business segment. Prior to the April 30, 2010 step acquisition, these investments, which include DYNAenergetics RUS and Perfoline, were accounted for under the equity method due to certain non-controlling interest veto rights that allowed the non-controlling interest shareholders to participate in the ordinary course of business decisions. Operating results from January 1, 2010 through April 30, 2010 include our proportionate share of income from these unconsolidated joint ventures and for the three months ended March 31, 2010 our results include equity in earnings of joint ventures of $169. As a result of the step acquisition, we now consolidate the financial statements of these entities.

Summarized unaudited financial information for the joint ventures accounted for under the equity method for the three months ended March 31, 2010 is as follows: