Macquarie Infrastructure CO LLC
Form 10-Q
August 01, 2012

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 EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2012

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

Commission File Number: 001-32384

MACQUARIE INFRASTRUCTURE COMPANY LLC

(Exact Name of Registrant as Specified in Its Charter)

Delaware	43-2052503
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

125 West 55th Street
New York, New York 10019

(Address of Principal Executive Offices) (Zip Code)

(212) 231-1000

(Registrant s Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year if Changed Since Last Report): **N/A**

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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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. (Check one):

Large Accelerated Filer x Accelerated Filer o Non-accelerated Filer o Smaller Reporting Company o

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

There were 46,645,028 limited liability company interests without par value outstanding at July 31, 2012.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

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Macquarie Infrastructure Company LLC is not an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Infrastructure Company LLC.

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PART I

FINANCIAL INFORMATION

Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the financial condition and results of operations of Macquarie Infrastructure Company LLC should be read in conjunction with the consolidated condensed financial statements and the notes to those statements included elsewhere herein. This discussion contains forward-looking statements that involve risks and uncertainties and are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, and similar expressions id forward-looking statements. Our actual results and timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Unless required by law, we can undertake no obligation to update forward-looking statements. Readers should also carefully review the risk factors set forth in other reports and documents filed from time to time with the SEC.

Except as otherwise specified, Macquarie Infrastructure Company, MIC, we, us, and our refer to the Company a subsidiaries together from June 25, 2007 and, prior to that date, to the Trust, the Company and its subsidiaries. Macquarie Infrastructure Management (USA) Inc., which we refer to as our Manager, is part of the Macquarie Group, comprised of Macquarie Group Limited and its subsidiaries and affiliates worldwide.

We own, operate and invest in a diversified group of infrastructure businesses that provide basic services, such as chilled water for building cooling and gas utility services to businesses and individuals primarily in the U.S. The businesses we own and operate are energy-related businesses consisting of: a 50% interest in International Matex Tank Terminals, or IMTT, The Gas Company and our controlling interest in District Energy; and an aviation-related business, Atlantic Aviation.

Our infrastructure businesses generally operate in sectors with limited competition and significant barriers to entry, including high initial development and construction costs, the existence of long-term contracts or the requirement to obtain government approvals and a lack of immediate cost-efficient alternatives to the services provided. Overall they tend to generate sustainable long-term cash flows.

Overview

In analyzing the financial condition and results of operations of our businesses, we focus primarily on cash generation generally, and our ability to distribute cash to shareholders in particular. The ability of our businesses to generate cash, broadly, is tied to their ability to effectively manage the volume of products/ services sold and the margin earned on those sales. Offsetting these are required payments on debt facilities, taxes and capital expenditures necessary to maintain the productivity of the fixed assets of the businesses, among others.

At IMTT, we focus on the amount of storage under contract and the rates at which that storage is leased to third parties and on making appropriate expenditures in maintaining fixed assets of the business. Management of IMTT believes that the average rate on all storage contracts will be modestly higher in 2012 compared with 2011. Storage utilization is expected to be consistent with 2011, with certain larger tanks to be removed from service for cleaning and inspection later in the year.

At The Gas Company, our focus is on the number of customers served by each of the utility and non-utility portions of the business, and in the case of the non-utility portion, the margins achieved on sales of gas as well. The Gas Company has an active marketing program that seeks to develop new customers throughout Hawaii. We periodically pursue rate cases that allow for adjustment of the rates in the utility portion of the business, although we do not intend to pursue any significant rate case in 2012. The pricing of non-utility gas will be adjusted to reflect changes in the cost of the product and the costs associated with delivering it to customers. In addition to the existing utility and non-utility operations, The Gas Company is developing strategies related to the importation and distribution of Liquefied Natural Gas, or LNG. Small scale importation of LNG is expected to be underway in late 2012 or early 2013.

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At District Energy, we focus on attracting and maintaining relationships with building owners and managers such that they choose to install or continue to use the business cooling services. Absent a resurgence in new construction in downtown Chicago, we expect District Energy to produce financial results consistent with prior years , although full year results remain subject to slight variation based on the extent to which the temperatures and humidity in Chicago are above or below historic norms.

Our energy-related businesses were largely resistant to the recent economic downturn, primarily due to the contracted or utility-like nature of their revenues combined with the essential services they provide and the contractual or regulatory ability to pass through most cost increases to customers. We believe these businesses are generally able to generate consistent cash flows throughout the business cycle.

At Atlantic Aviation, our focus is on attracting and maintaining relationships with general aviation aircraft owners and pilots such that they are incentivized to use our FBOs. General aviation activity has improved since the first quarter of 2009. However, forecasting flight activity levels remains difficult. Nonetheless, we believe that flight activity levels will continue to increase in 2012, subject to continued economic recovery in the United States.

Improvement in general aviation activity levels has resulted in improvement in the operating performance of Atlantic Aviation. Atlantic Aviation is generating a substantial amount of cash; however a significant portion of that cash will be used to reduce Atlantic Aviation s indebtedness. Those repayments are expected to enhance the terms on which we may be able to refinance this debt prior to its maturity in 2014.

Arbitration Proceeding Between MIC and Co-investor in IMTT

On April 18, 2011, MIC initiated formal arbitration proceedings with the Voting Trust of IMTT Holdings Inc. (Voting Trust) and IMTT Holdings Inc. under the auspices of the American Arbitration Association, as provided under the Shareholders Agreement, with respect to a dispute with the co-owner of IMTT regarding distributions. IMTT was named as a respondent because under the Shareholders Agreement it is responsible for any monetary damages resulting from a breach of the Shareholders Agreement by the Voting Trust. On March 29, 2012, the arbitration proceeding concluded with an award in MIC s favor. The arbitration panel directed IMTT to pay a distribution in the amount of $221.2 million ($110.6 million to each of MIC and its co-investor) as the total distribution through December 31, 2011. The arbitration panel also denied all of the Voting Trust s counterclaims and directed the parties to comply with certain corporate governance recommendations, including, among others, the retention of independent counsel to advise the Board of Directors of IMTT with respect to the rights, duties and obligations of its members under Delaware law. On May 25, 2012, the Delaware Court of Chancery entered a judgment confirming the arbitration award in all respects, following which, in June of 2012, MIC received $110.6 million from IMTT in payment of a distribution.

2012 Distribution Dispute Between MIC and Co-Investor in IMTT

Distributions calculated by us in accordance with the Shareholders Agreement between MIC and its co-investor in IMTT (Voting Trust) for the first and second quarters of 2012 were $45.3 million ($22.6 million per shareholder) and $55.3 million ($27.7 million per shareholder), respectively. The Voting Trust appointed members of IMTT s Board voted against resolutions authorizing those distributions, saying that they would prefer IMTT retain greater cash reserves in the business. Cash, cash equivalents and available committed and unutilized credit facilities would have totaled $219.6 million and $241.4 million at March 31, 2012 and June 30, 2012, respectively, had the distributions been paid as required under the Shareholders Agreement. MIC believes that these cash reserve amounts are more than sufficient for IMTT.

Subsequently, on July 20, 2012 and July 31, 2012, the IMTT Board unanimously approved the payment of distributions in the amounts of $17.8 million ($8.9 million per shareholder) and $18.7 million ($9.3 million per shareholder) for the first and second quarters of 2012, respectively. The first quarter distribution was paid on July 24, 2012 and the second quarter distribution is expected to be paid in August of 2012. Both shareholders reserved their rights to dispute the amounts payable.

We believe that the failure of the Voting Trust-appointed members of IMTT s Board to approve the distributions as calculated by MIC is a breach of the Shareholders Agreement and violates the terms of the

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March 30, 2012 Arbitration Award that clarified the Shareholders Agreement and prescribed the manner for calculating the distribution payable. We further believe that this failure is a violation of the Arbitration Award and has damaged MIC.

The parties appear to be at an impasse with respect to determining the amount of cash, cash equivalents and/or available committed and unutilized credit facilities that are required to be maintained under the Shareholders Agreement as interpreted by the Arbitration Award. Accordingly, as prescribed by the Shareholders Agreement, we may have to commence an arbitration proceeding to collect the total amounts due MIC for the first and second quarters of 2012 and to recover costs and damages. While no timeline has been established for the proceeding, we believe it can be concluded in early 2013.

Dividends

Since January 1, 2011, MIC has paid or declared the following dividends:

Declared	Period Covered	$ per LLC Interest	Record Date	Payable Date
July 30, 2012	Second quarter 2012	$ 0.625	August 13, 2012	August 16, 2012
April 30, 2012	First quarter 2012	$ 0.20	May 14, 2012	May 17, 2012
February 1, 2012	Fourth quarter 2011	$ 0.20	March 5, 2012	March 8, 2012
October 31, 2011	Third quarter 2011	$ 0.20	November 14, 2011	November 17, 2011
August 1, 2011	Second quarter 2011	$ 0.20	August 15, 2011	August 18, 2011
May 2, 2011	First quarter 2011	$ 0.20	May 11, 2011	May 18, 2011

Our Board has expressed its intent to distribute substantially all of the cash generated by our businesses to our shareholders in the form of a quarterly cash dividend. Not all of the cash flow generated by our businesses is currently available for distribution. The payment of a cash dividend of $0.625 per share is being paid out of cash generated by our operating entities, supplemented by cash on hand, including the $110.6 million of distributions received from IMTT discussed above. Following the successful refinancing of Atlantic Aviation s debt facilities prior to their maturity in October of 2014, and contingent upon the resolution of matters limiting the distribution of cash from IMTT (described above), the continued stable performance of MIC s businesses, and subject to prevailing economic conditions, our Board will consider increasing the amount of the quarterly cash dividend.

Tax Treatment of Dividends

We expect that dividends paid in 2012 are likely to be characterized in part as a dividend and in part as a return of capital for tax purposes. Shareholders would include in their taxable income that portion which is characterized as a dividend. We anticipate that any portion that is characterized as a dividend for U.S. federal income tax purposes will be eligible for treatment as qualified dividend income, subject to the shareholder having met the holding period requirements as defined by the Internal Revenue Code. Any portion that is characterized as a return of capital for tax purposes would generally not be includable in the shareholder s taxable income, but would reduce the shareholder s basis in the shares on which the dividend was paid. Dividends characterized as a return of capital in excess of a shareholder s tax basis may result in a capital gain. Holders of MIC LLC interests are encouraged to seek their own tax advice with regards to their investment in MIC.

Income Taxes

We file a consolidated federal income tax return that includes the taxable income of The Gas Company and Atlantic Aviation. IMTT and District Energy file separate federal income tax returns. Distributions from IMTT and District Energy may be characterized as non-taxable returns of capital and reduce our tax basis in these businesses, or as a taxable dividend. We will include in our taxable income the dividend portion of any distributions, which are eligible for the 80% dividends received deduction. We also receive and include in taxable income interest income from District Energy on intercompany debt.

As a result of having federal net operating loss, or NOL, carryforwards, we do not expect to have a consolidated regular federal income tax liability or make regular federal tax payments at least through the 2013 tax year. However, we expect to pay an Alternative Minimum Tax of approximately $620,000 for 2012,

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which includes $150,000 related to District Energy. We expect that the Alternative Minimum Tax paid for 2012 will be available as a credit against regular federal income taxes in the future. The cash state and local taxes paid by our individual businesses are discussed in the sections entitled *Income Taxes* for each of these businesses.

Pursuant to the tax sharing agreements, the individual businesses included in our consolidated federal income tax return pay MIC an amount equal to the federal income taxes each would have paid on a standalone basis if they were not part of the MIC consolidated federal income tax return.

Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010

In December 2010, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (the Act) was signed. The Act provides for 100% tax depreciation for certain fixed assets placed in service after September 8, 2010 and before January 1, 2012, and 50% tax depreciation for certain fixed assets placed in service during 2012 for federal income tax purposes. Generally, states do not allow this tax depreciation deduction in determining state taxable income. Importantly, Illinois and Louisiana, two states in which we have significant operations, do permit the use of federal tax depreciation deductions in calculating state taxable income. The Company took and will take into consideration the benefits of these accelerated depreciation provisions of the Act when evaluating capital expenditure plans for the remainder of 2012.

President Obama s proposed budget for 2012 includes an extension of the 100% tax depreciation for certain fixed assets. There is some congressional support for this proposal, although there can be no certainty that any extension will be approved. Such approval, if made, may result in our accelerating a portion of our business maintenance capital expenditures into 2012 in order to capture the associated tax benefit.

Results of Operations

Consolidated

Key Factors Affecting Operating Results:

- strong performance from our energy-related businesses reflecting:
  - an increase in average storage rates and capacity utilization at IMTT;
  - an increase in non-utility contribution margin at The Gas Company; and
  - an increase in consumption gross profit at District Energy.
- improved contribution from Atlantic Aviation reflecting:
  - increased volume of general aviation fuel sold; and
  - lower interest expense; partially offset by
  - reduced de-icing revenue.

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Results of Operations: *Consolidated* (continued)

Our consolidated results of operations are as follows:

	Quarter Ended June 30,		Change Favorable/(Unfavorable)		Six Months Ended June 30,		Change Favorable/(Unfavorable)	
	2012	2011	$	%	2012	2011	$	%
	($ In Thousands) (Unaudited)							
Revenue								
Revenue from product sales	$169,129	$161,582	7,547	4.7	$342,083	$314,646	27,437	8.7
Revenue from product sales utility	36,807	36,421	386	1.1	75,121	70,694	4,427	6.3
Service revenue	51,430	47,923	3,507	7.3	103,839	99,170	4,669	4.7
Financing and equipment lease income	1,150	1,261	(111)	(8.8)	2,329	2,548	(219)	(8.6)
Total revenue	258,516	247,187	11,329	4.6	523,372	487,058	36,314	7.5
Costs and expenses								
Cost of product sales	115,720	113,226	(2,494)	(2.2)	235,101	218,551	(16,550)	(7.6)
Cost of product sales utility	31,324	30,772	(552)	(1.8)	63,496	57,637	(5,859)	(10.2)
Cost of services	13,784	12,690	(1,094)	(8.6)	26,445	24,844	(1,601)	(6.4)
Gross profit	97,688	90,499	7,189	7.9	198,330	186,026	12,304	6.6
Selling, general and administrative	50,467	48,309	(2,158)	(4.5)	105,730	99,979	(5,751)	(5.8)
Fees to manager-related party	4,760	4,156	(604)	(14.5)	9,755	7,788	(1,967)	(25.3)
Depreciation	7,557	8,623	1,066	12.4	15,108	15,833	725	4.6
Amortization of intangibles	8,546	16,044	7,498	46.7	17,092	24,763	7,671	31.0
Loss on disposal of assets	327	1,225	898	73.3	327	1,225	898	73.3
Total operating expenses	71,657	78,357	6,700	8.6	148,012	149,588	1,576	1.1
Operating income	26,031	12,142	13,889	114.4	50,318	36,438	13,880	38.1
Other income (expense)								
Interest income	4	97	(93)	(95.9)	6	101	(95)	(94.1)
Interest expense[1]	(10,925)	(19,866)	8,941	45.0	(23,932)	(34,335)	10,403	30.3
Equity in earnings and amortization charges of investees	6,805	3,270	3,535	108.1	16,306	11,632	4,674	40.2
Other income (expense), net	48	(46)	94	NM	(4)	(395)	391	99.0
Net income (loss) before income taxes	21,963	(4,403)	26,366	NM	42,694	13,441	29,253	NM
(Provision) benefit for income taxes	(9,935)	488	(10,423)	NM	(16,456)	(6,498)	(9,958)	(153.2)
Net income (loss)	$12,028	$(3,915)	15,943	NM	$26,238	$6,943	19,295	NM
Less: net income (loss) attributable to noncontrolling interests	890	(1,425)	(2,315)	(162.5)	1,008	(1,732)	(2,740)	(158.2)
	$11,138	$(2,490)	13,628	NM	$25,230	$8,675	16,555	190.8

Net income (loss)
attributable to MIC LLC

NM Not meaningful

(1) Interest expense includes non-cash gains on derivative instruments of $7.5 million and $13.1 million for the quarter and six months ended June 30, 2012, respectively. For the quarter and six months ended June 30, 2011, interest expense includes non-cash losses on derivative instruments of $545,000 and non-cash gains on derivative instruments of $5.0 million, respectively.

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Results of Operations: *Consolidated* (continued)

Gross Profit

Consolidated gross profit increased reflecting improved results in the non-utility business at The Gas Company and both fuel and non-fuel gross profit at Atlantic Aviation and at District Energy.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased primarily due to legal costs at the holding company level, most significantly those incurred in the arbitration proceedings between MIC and its IMTT co-investor. Selling, general and administrative expenses were also higher at The Gas Company and District Energy.

Fees to Manager

Base management fees to our Manager increased in line with our increased market capitalization. Our Manager elected to reinvest its base management fees for the six months ended June 30, 2012 and the year ended December 31, 2011, respectively, in additional LLC interests as follows:

Period	Base Management Fee Amount ($ in thousands)	LLC Interests Issued	Issue Date
2012 Activities:			
Second quarter 2012	$ 4,760	(1)	(1)
First quarter 2012	4,995	147,682	May 31, 2012
2011 Activities:			
Fourth quarter 2011	$ 4,222	135,987	March 20, 2012
Third quarter 2011	3,465	130,344	November 30, 2011
Second quarter 2011	4,156	179,623	August 31, 2011
First quarter 2011	3,632	144,742	June 6, 2011

(1) LLC interests for the second quarter of 2012 base management fee will be issued to our Manager during the third quarter of 2012.

Depreciation

The decrease in depreciation primarily reflects the non-cash asset impairment charge of $1.4 million recorded at Atlantic Aviation during the quarter ended June 30, 2011. This non-cash impairment charge resulted from adverse trading conditions specific to three small locations. There were no fixed asset related impairment charges during the six months ended June 30, 2012.

Amortization of Intangibles

The decrease in amortization of intangibles expense reflects the non-cash impairment charge of $7.3 million recorded at Atlantic Aviation during the quarter ended June 30, 2011. This impairment charge resulted from adverse trading conditions specific to three small locations. There were no intangible asset related impairment charges during the six months ended June 30, 2012.

Interest Expense and Gains on Derivative Instruments

Interest expense includes non-cash gains on derivative instruments of $7.5 million and $13.1 million for the quarter and six months ended June 30, 2012, respectively, and non-cash losses of $545,000 and non-cash gains on derivative instruments of $5.0 million for the quarter and six months ended June 30, 2011, respectively. Non-cash gains (losses) on derivatives recorded in interest expense are attributable to the change in fair value of interest rate swaps and includes the reclassification of amounts from accumulated other comprehensive loss into earnings. Excluding the portion related to non-cash gains (losses) on derivatives, interest expense decreased for the six months ended June 30, 2012 primarily due to the lower term loan principal balance at Atlantic Aviation.

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Results of Operations: *Consolidated* (continued)

Equity in Earnings and Amortization Charges of Investee

The increase in equity in the earnings for the six months ended June 30, 2012 reflects our share of the net income of IMTT and our share of the non-cash derivative gains for the six months ended June 30, 2012 compared with non-cash losses for the six months ended June 30, 2011.

The increase in equity in the earnings for the quarter ended June 30, 2012 reflects our share of the net income of IMTT and our share of the decrease in non-cash losses for the quarter ended June 30, 2012 compared with the quarter ended June 30, 2011.

IMTT s net income increased for the quarter and six months ended June 30, 2012 as a result of improvements in operating results.

Income Taxes

For 2012, we expect that any consolidated taxable income will be fully offset by our NOL carryforwards. At December 31, 2011, our federal NOL balance was $135.2 million. This balance excludes the NOL carryforwards of District Energy (see District Energy *Income Taxes* below). For 2012, we expect to pay a federal Alternative Minimum Tax of approximately $620,000, which includes $150,000 related to District Energy.

As we own less than 80% of IMTT and District Energy, these businesses are not included in our consolidated federal tax return. These businesses file separate federal income tax returns. We expect that dividends from District Energy in 2012 will be treated as taxable dividends and qualify for the 80% Dividends Received Deduction. With respect to IMTT, we expect that no more than $190,000 of distributions received will be taxable as a dividend, with the balance being a return of capital.

As of June 30, 2012, our projected full year federal and state income taxes will be approximately 38.54% of net income before taxes. Accordingly, our provision for income taxes for the six months ended June 30, 2012 is approximately $16.5 million, of which $2.2 million is for state and local income taxes. The difference between our effective tax rate and the U.S. federal statutory rate of 35% is primarily attributable to state and local income taxes and adjustments for our less than 80% owned businesses.

Valuation allowance:

From the date of sale of the noncontrolling interest in District Energy and onwards, we evaluate the need for a valuation allowance against our deferred tax assets without taking into consideration the deferred tax liabilities of District Energy. As of December 31, 2011, our valuation allowance was approximately $10.5 million. In calculating our consolidated income tax provision for the six months ended June 30, 2012, we provided for an increase in the valuation allowance of $897,000. During 2011, we increased the valuation allowance by $1.3 million for certain state NOL carryforwards.

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Results of Operations: *Consolidated* (continued)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) excluding non-cash items and Free Cash Flow

We have disclosed EBITDA excluding non-cash items for our Company and each of our operating segments in Note 9, Reportable Segments , in our consolidated condensed financial statements, as a key performance metric relied on by management in evaluating our performance. EBITDA excluding non-cash items is defined as earnings before interest, taxes, depreciation and amortization and non-cash items, which includes impairments, derivative gains and losses and adjustments for other non-cash items reflected in the statements of operations. We believe EBITDA excluding non-cash items provides additional insight into the performance of our operating businesses relative to each other and similar businesses without regard to their capital structure, and their ability to service or reduce debt, fund capital expenditures and/or support distributions to the holding company.

We also disclose Free Cash Flow, as defined by us, as a means of assessing the amount of cash generated by our businesses and supplementing other information provided in accordance with GAAP. We define Free Cash Flow as cash from operating activities, less maintenance capital expenditures and changes in working capital.

We believe that reporting Free Cash Flow will provide our investors with additional insight into our future ability to deploy cash, as GAAP metrics such as net income and cash from operating activities do not reflect all of the items that our management considers in estimating the amount of cash generated by our operating entities. In this Quarterly Report on Form 10-Q, we have disclosed Free Cash Flow for our consolidated results and for each of our operating segments.

We note that Free Cash Flow does not fully reflect our ability to freely deploy generated cash, as it does not reflect required payments to be made on our indebtedness, pay dividends and other fixed obligations or the other cash items excluded when calculating Free Cash Flow. We also note that Free Cash Flow may be calculated in a different manner by other companies, which limits its usefulness as a comparative measure. Therefore, our Free Cash Flow should be used as a supplemental measure and not in lieu of our financial results reported under GAAP.

Results of Operations: *Consolidated* (continued)

A reconciliation of net income (loss) attributable to MIC LLC to EBITDA excluding non-cash items and EBITDA excluding non-cash items to Free Cash Flow, on a consolidated basis, is provided below:

	Quarter Ended June 30,		Change Favorable/(Unfavorable)		Six Months Ended June 30,		Change Favorable/(Unfavorable)	
	2012	2011	$	%	2012	2011	$	%
	($ In Thousands) (Unaudited)							
Net income (loss) attributable to MIC LLC[(1)]	$11,138	$(2,490)			$25,230	$8,675		
Interest expense, net[(2)]	10,921	19,769			23,926	34,234		
Provision (benefit) for income taxes	9,935	(488)			16,456	6,498		
Depreciation[(3)]	7,557	8,623			15,108	15,833		
Depreciation cost of services[(3)]	1,677	1,658			3,351	3,305		
Amortization of intangibles[(4)]	8,546	16,044			17,092	24,763		
Loss on disposal of assets	47	1,153			47	1,153		
Equity in earnings and amortization charges of investees[(5)]	9,501	(3,270)				(11,632)		
Base management fees settled/to be settled in LLC interests	4,760	4,156			9,755	7,788		
Other non-cash expense (income), net	1,974	(759)			2,725	(313)		
EBITDA excluding non-cash items	$66,056	$44,396	21,660	48.8	$113,690	$90,304	23,386	25.9
EBITDA excluding non-cash items	$66,056	$44,396			$113,690	$90,304		
Interest expense, net[(2)]	(10,921)	(19,769)			(23,926)	(34,234)		
Interest rate swap breakage fees[(2)]	(252)	(627)			(500)	(1,732)		
Non-cash derivative (gains) losses recorded in interest expense[(2)]	(7,232)	1,172			(12,614)	(3,233)		
Amortization of debt financing costs[(2)]	965	1,030			1,943	2,060		
Cash distributions received in excess of equity in earnings and amortization charges of investees[(6)]	54,625				54,625			
Equipment lease receivables, net	872	753			1,710	1,493		
Provision/benefit for income taxes, net of changes in deferred taxes	(1,573)	(196)			(2,326)	(1,128)		
Changes in working capital	(1,439)	(7,014)			(7,771)	(12,243)		
Cash provided by operating activities	101,101	19,745			124,831	41,287		
Changes in working capital	1,439	7,014			7,771	12,243		
Maintenance capital expenditures	(4,734)	(3,912)			(8,461)	(7,074)		
Free cash flow	$97,806	$22,847	74,959	NM	$124,141	$46,456	77,685	167.2

(1) Net income (loss) attributable to MIC LLC excludes net income attributable to noncontrolling interests of $890,000 and $1.0 million for the quarter and six months ended June 30, 2012, respectively, and net loss attributable to noncontrolling interests of $1.4 million and $1.7 million for the quarter and six months ended June 30, 2011, respectively.

(2) Interest expense, net, includes non-cash gains (losses) on derivative instruments, non-cash amortization of deferred financing fees and interest rate swap breakage fees.

(3) Depreciation cost of services includes depreciation expense for District Energy, which is reported in cost of services in our consolidated condensed statements of operations. Depreciation and Depreciation cost of services does not include acquisition-related step-up depreciation expense of $2.0 million and $3.9 million for the quarter and six months ended June 30, 2012, respectively, and $1.9 million and $3.6 million for the quarter and six months ended June 30, 2011, respectively, in connection with our investment in IMTT, which is reported in equity in earnings and amortization charges of investees in our consolidated condensed statements of operations.

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Results of Operations: *Consolidated* (continued)

(4) Amortization of intangibles does not include acquisition-related step-up amortization expense of $85,000 and $171,000 for the quarter and six months ended June 30, 2012, respectively, and $151,000 and $435,000 for the quarter and six months ended June 30, 2011, respectively, in connection with our investment in IMTT, which is reported in equity in earnings and amortization charges of investees in our consolidated condensed statements of operations.

(5) Equity in earnings and amortization charges of investees in the above table includes our 50% share of IMTT's earnings, offset by the distributions we received only up to our share of the earnings recorded in the calculation for EBITDA excluding non-cash items. For the quarter and six months ended June 30, 2012, we recognized equity in earnings and amortization charges of investee income of $6.8 million and $16.3 million, respectively, in the consolidated condensed statement of operations, which was fully offset by the cash distributions received in June of 2012. The $9.5 million for the quarter ended June 30, 2012 represents the excess cash distributions received from IMTT over $16.3 million that was applied on the equity in earnings and amortization charges of investee income recognized during the quarter. See *Arbitration Proceeding Between MIC and Co-investor in IMTT* for further discussions.

(6) Cash distributions received in excess of equity in earnings and amortization charges of investee in the above table is the excess cumulative distributions received to the cumulative earnings recorded in equity in earnings and amortization charges of investees, since our investment in IMTT, adjusted for the current periods equity in earnings and amortization charges of investees in the calculation from net income (loss) attributable to MIC LLC to EBITDA excluding non-cash items above. The cummulative allocation of the $110.6 million distributions received in June of 2012 was $70.9 million recorded in net cash provided by operating activities and $39.6 million recorded in net cash provided by investing activities, as a return on investment, on the consolidated condensed statements of cash flows. See *Arbitration Proceeding Between MIC and Co-investor in IMTT* for further discussions.

Energy-Related Businesses

IMTT

We account for our 50% interest in IMTT under the equity method. To enable meaningful analysis of IMTT s performance across periods, IMTT s overall performance is discussed below, rather than IMTT s contribution to our consolidated results.

Key Factors Affecting Operating Results:

terminal revenue and terminal gross profit increased principally due to an increase in average tank rental rates and higher utilization; and

lower labor and repairs and maintenance costs; partially offset by

a decrease in environmental response service gross profit, principally due to a lower level of spill response activity.

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Energy-Related Business: *IMTT* (continued)

	Quarter Ended June 30,				Six Months Ended June 30,			
	2012	2011	Change Favorable/(Unfavorable)		2012	2011	Change Favorable/(Unfavorable)	
	$	$	$	%	$	$	$	%
	($ In Thousands) (Unaudited)							
Revenue								
Terminal revenue	109,167	101,436	7,731	7.6	220,784	207,451	13,333	6.4
Environmental response revenue	4,596	5,514	(918)	(16.6)	10,983	10,330	653	6.3
Total revenue	113,763	106,950	6,813	6.4	231,767	217,781	13,986	6.4
Costs and expenses								
Terminal operating costs	45,905	48,121	2,216	4.6	92,377	94,170	1,793	1.9
Environmental response operating costs	4,446	4,012	(434)	(10.8)	9,602	8,743	(859)	(9.8)
Total operating costs	50,351	52,133	1,782	3.4	101,979	102,913	934	0.9
Terminal gross profit	63,262	53,315	9,947	18.7	128,407	113,281	15,126	13.4
Environmental response gross profit	150	1,502	(1,352)	(90.0)	1,381	1,587	(206)	(13.0)
Gross profit	63,412	54,817	8,595	15.7	129,788	114,868	14,920	13.0
General and administrative expenses	7,341	7,717	376	4.9	14,800	15,580	780	5.0
Depreciation and amortization	17,117	16,360	(757)	(4.6)	34,024	32,035	(1,989)	(6.2)
Operating income	38,954	30,740	8,214	26.7	80,964	67,253	13,711	20.4
Interest expense, net[1]	(11,790)	(16,311)	4,521	27.7	(18,381)	(20,994)	2,613	12.4
Other income	807	341	466	136.7	1,263	1,120	143	12.8
Provision for income taxes	(11,869)	(5,903)	(5,966)	(101.1)	(26,236)	(19,447)	(6,789)	(34.9)
Noncontrolling interest	(86)	66	(152)	NM	(185)	91	(276)	NM
Net income	16,016	8,933	7,083	79.3	37,425	28,023	9,402	33.6
Reconciliation of net income to EBITDA excluding non-cash items:								
Net income	16,016	8,933			37,425	28,023		
Interest expense, net[1]	11,790	16,311			18,381	20,994		
Provision for income taxes	11,869	5,903			26,236	19,447		
Depreciation and amortization	17,117	16,360			34,024	32,035		
Other non-cash expense (income)	90	(46)			278	(54)		
EBITDA excluding non-cash items	56,882	47,461	9,421	19.8	116,344	100,445	15,899	15.8
EBITDA excluding non-cash items	56,882	47,461			116,344	100,445		
Interest expense, net[1]	(11,790)	(16,311)			(18,381)	(20,994)		
Non-cash derivative losses (gains) recorded in interest expense[1]	2,316	7,640			(363)	3,308		
	809	807			1,614	1,618		

Key Factors Affecting Operating Results:

Amortization of debt financing costs[1]								
Provision for income taxes, net of changes in deferred taxes	(3,769)	304			(8,603)	(7,584)		
Changes in working capital	4,683	(14,479)			12,298	(12,847)		
Cash provided by operating activities	49,131	25,422			102,909	63,946		
Changes in working capital	(4,683)	14,479			(12,298)	12,847		
Maintenance capital expenditures	(7,335)	(13,005)			(15,453)	(21,519)		
Free cash flow	37,113	26,896	10,217	38.0	75,158	55,274	19,884	36.0

NM Not meaningful

(1) Interest expense, net, includes non-cash (losses) gains on derivative instruments and non-cash amortization of deferred financing fees.

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Energy-Related Business: *IMTT* (continued)

Revenue and Gross Profit

The increase in terminal revenue primarily reflects growth in storage revenue. Storage revenue grew due to an increase in average rental rates of 5.8% and 5.7% for the quarter and six months ended June 30, 2012, respectively, as compared with the quarter and six months ended June 30, 2011. Of the 12.7 million barrels of storage to be renewed in 2012, approximately 31% was renewed during the six months ended June 30, 2012. As previously disclosed, a disproportionately large share of the 2012 renewals is due to occur in the latter part of the year. At this stage, visibility into future pricing remains unclear. MIC believes that full year average storage rates will increase for fiscal 2012 as compared with fiscal 2011 between 5.5% and 7.5%.

Capacity utilization was 94.3% and 95.1% for the quarter and six months ended June 30, 2012, respectively, compared with 94.3% and 94.0% for the quarter and six months ended June 30, 2011, respectively, as fewer tanks were taken out of service for cleaning and inspection in the first quarter of 2012 as compared with the second quarter of 2012. MIC believes the full year capacity utilization will be at 2011 levels.

Terminal operating costs were lower for the quarter and six months ended June 30, 2012 as compared with the quarter and six months ended June 30, 2011 primarily due to lower fuel costs, reflecting a lower cost of natural gas, labor costs and maintenance and repair costs. As anticipated, repair and maintenance costs and labor costs decreased as unfavorable health care claims and tank repairs in the first half of 2011 did not recur.

Gross profit from environmental response services decreased with a lower level of spill response activity during the quarter and six months ended June 30, 2012.

General and Administrative Expenses

General and administrative expenses decreased for the quarter and six months ended June 30, 2012 as compared with the quarter and six months ended June 30, 2011 primarily due to reclassification of loan commitment fees to interest expense.

Depreciation and Amortization

Depreciation and amortization expense increased for the quarter and six months ended June 30, 2012 as IMTT placed capital assets in service, resulting in higher asset balances.

Interest Expense, Net

Interest expense, net, includes non-cash losses of $2.3 million and non-cash gains of $363,000 on derivative instruments for the quarter and six months ended June 30, 2012, respectively. For the quarter and six months ended June 30, 2011, interest expense, net, includes non-cash losses on derivative instruments of $7.6 million and $3.3 million, respectively.

Cash interest paid was $8.4 million and $16.7 million for the quarter and six months ended June 30, 2012, respectively, and $8.2 million and $16.8 million for the quarter and six months ended June 30, 2011, respectively.

Income Taxes

The business files a consolidated federal income tax return and separate state income tax returns in five states.

For 2012, IMTT estimates it will pay approximately $12.0 million of federal income taxes and $5.2 million of state income taxes. IMTT s actual federal tax liability could be higher or lower depending on value of capital assets placed in service during the year and the extent to which IMTT is able to realize the benefits of bonus depreciation of those assets.

In the first quarter of 2012, IMTT recorded a current income tax provision of $11.4 million. This provision included the tax benefits of accelerated depreciation on only those assets actually placed in service during the first quarter of 2012. Generally Accepted Accounting Principles require IMTT to estimate the tax benefits of accelerated depreciation on assets expected to be placed in service during the entire year and recognize those benefits on a pro-rata basis in each interim period. Therefore, MIC recalculated the current income tax provision provided by IMTT.

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Energy-Related Business: *IMTT* (continued)

Based on MIC s recalculation, the current income tax provision for the first quarter of 2012 should have been $4.8 million instead of the $11.4 million reported. The $6.6 million reduction in the current income tax provision for the first quarter of 2012 was offset by a $6.6 million increase in the deferred income tax provision resulting in no net change to the total tax provision for the first quarter of 2012. The recalculated current income tax provision for the quarter and six months ended June 30, 2012 of $3.8 million and $8.6 million, respectively, is reflected in the Provision for income taxes, net of changes in deferred taxes line in the above table.

For 2011, IMTT recorded $28.9 million of federal income tax expense and $5.9 million of state income tax expense. IMTT made federal tax payments related to 2011 of $8.4 million and state tax payments of $4.7 million. The federal income tax expense exceeded the cash taxes primarily due to the benefit of accelerated tax depreciation, which is discussed below.

A significant difference between IMTT s book and federal taxable income relates to depreciation of terminalling fixed assets. For book purposes, these fixed assets are depreciated primarily over 15 to 30 years using the straight-line method of depreciation. For federal income tax purposes, these fixed assets are depreciated primarily over 5 to 15 years using accelerated methods. Most terminalling fixed assets placed in service in 2010, 2011 and 2012 did or should qualify for the federal 50% or 100% tax depreciation, except assets placed in service in Louisiana and financed with GO Zone Bonds. A significant portion of Louisiana terminalling fixed assets constructed since Hurricane Katrina were financed with Gulf Opportunity Zone Bonds (GO Zone Bonds). GO Zone Bond financed assets are depreciated, for tax purposes, primarily over 9 to 20 years using the straight-line depreciation method. Most of the states in which the business operates do not allow the use of the federal tax depreciation calculation methods.

The Gas Company

Key Factors Affecting Operating Results:

an increase in non-utility contribution margin driven by margin management and an increase in the volume of gas sold; and

an increase in utility contribution margin driven by an increase in the volume of gas sold; partially offset by higher operating costs primarily due to an increase in welfare and benefit costs, overtime and vendor services.

Energy-Related Business: *The Gas Company* (continued)

	Quarter Ended June 30,				Six Months Ended June 30,			
	2012	2011	Change Favorable/(Unfavorable)		2012	2011	Change Favorable/(Unfavorable)	
	$	$	$	%	$	$	$	%
	($ In Thousands) (Unaudited)							
Contribution margin								
Revenue non-utility	29,748	26,935	2,813	10.4	61,377	54,286	7,091	13.1
Cost of revenue non-utility	13,554	14,315	761	5.3	29,127	30,372	1,245	4.1
Contribution margin non-utility	16,194	12,620	3,574	28.3	32,250	23,914	8,336	34.9
Revenue utility	36,807	36,421	386	1.1	75,121	70,694	4,427	6.3
Cost of revenue utility	27,149	27,206	57	0.2	55,366	51,211	(4,155)	(8.1)
Contribution margin utility	9,658	9,215	443	4.8	19,755	19,483	272	1.4
Total contribution margin	25,852	21,835	4,017	18.4	52,005	43,397	8,608	19.8
Production	2,127	1,778	(349)	(19.6)	4,133	3,454	(679)	(19.7)
Transmission and distribution	5,649	5,021	(628)	(12.5)	11,097	9,419	(1,678)	(17.8)
Gross profit	18,076	15,036	3,040	20.2	36,775	30,524	6,251	20.5
Selling, general and administrative expenses	4,558	4,041	(517)	(12.8)	9,815	8,258	(1,557)	(18.9)
Depreciation and amortization	1,902	1,802	(100)	(5.5)	3,843	3,575	(268)	(7.5)
Operating income	11,616	9,193	2,423	26.4	23,117	18,691	4,426	23.7
Interest expense, net(1)	(1,516)	(3,483)	1,967	56.5	(3,407)	(5,497)	2,090	38.0
Other expense	(63)	(127)	64	50.4	(132)	(279)	147	52.7
Provision for income taxes	(3,913)	(2,310)	(1,603)	(69.4)	(7,712)	(5,212)	(2,500)	(48.0)
Net income(2)	6,124	3,273	2,851	87.1	11,866	7,703	4,163	54.0
Reconciliation of net income to EBITDA excluding non-cash items:								
Net income(2)	6,124	3,273			11,866	7,703		
Interest expense, net(1)	1,516	3,483			3,407	5,497		
Provision for income taxes	3,913	2,310			7,712	5,212		
Depreciation and amortization	1,902	1,802			3,843	3,575		
Other non-cash expenses	995	512			1,802	1,182		
EBITDA excluding non-cash items	14,450	11,380	3,070	27.0	28,630	23,169	5,461	23.6
EBITDA excluding non-cash items	14,450	11,380			28,630	23,169		
Interest expense, net(1)	(1,516)	(3,483)			(3,407)	(5,497)		
Non-cash derivative (gains) losses recorded in interest expense(1)	(832)	1,173			(1,297)	897		
Amortization of debt financing costs(1)	119	120			239	239		
Provision for income taxes, net of changes in deferred taxes	(2,205)	(1,260)			(4,375)	(3,545)		

Changes in working capital	(847)	(2,034)			(3,705)	(6,449)		
Cash provided by operating activities	9,169	5,896			16,085	8,814		
Changes in working capital	847	2,034			3,705	6,449		
Maintenance capital expenditures	(1,421)	(1,660)			(3,185)	(3,920)		
Free cash flow	8,595	6,270	2,325	37.1	16,605	11,343	5,262	46.4

(1) Interest expense, net, includes non-cash gains (losses) on derivative instruments and non-cash amortization of deferred financing fees.

(2) Corporate allocation expense, intercompany fees and the tax effect have been excluded from the above table as they are eliminated on consolidation at the MIC Inc. level.

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Energy-Related Business: *The Gas Company* (continued)

Management believes that the presentation and analysis of contribution margin, a non-GAAP performance measure, is meaningful to understanding the business performance under both a utility rate structure and a non-utility unregulated pricing structure. Regulation of the utility portion of The Gas Company s operations provides for the pass through of increases or decreases in feedstock costs to customers. Changes in the cost of Liquefied Petroleum Gas, or LPG, distributed to non-utility customers can be recovered in pricing, subject to competitive conditions.

Contribution margin should not be considered an alternative to revenue, gross profit, operating income, or net income, determined in accordance with U.S. GAAP. A reconciliation of contribution margin to gross profit is presented in the above table. The business calculates contribution margin as revenue less direct costs of revenue other than production and transmission and distribution costs. Other companies may calculate contribution margin differently or may use different metrics and, therefore, the contribution margin presented for The Gas Company is not necessarily comparable with metrics of other companies.

Contribution Margin and Operating Income

Non-utility contribution margin improved as the result of margin management, input cost reduction and an increase in volume of gas sold. The volume of gas sold in the non-utility business increased 10.0% and 8.3% for the quarter and six months ended June 30, 2012, respectively, despite disruptions in supply from the local refineries.

Utility contribution margin was higher for the quarter and six months ended June 30, 2012 driven by a 2.1% and 2.7% increase in the volume of gas sold, respectively. The feedstock contract negotiated between The Gas Company and Tesoro during 2011 was formally approved by the HPUC on May 2, 2012.

As previously noted, in January of 2012, Tesoro announced plans to consider selling all of its operations in Hawaii, including its refinery on Oahu. The Tesoro refinery currently supplies The Gas Company with naphtha, which it converts into Synthetic Natural Gas, or SNG, for its Oahu utility business. As The Gas Company had been concerned about its ability to rely upon the Tesoro facility in the long-term to supply naphtha, it has been actively evaluating alternatives for some time in the event that the facility closes or limits supply. The alternatives include some combination of: extended usage of the backup utility propane air unit; importation of naphtha; sourcing of naphtha from the Chevron refinery; and the importation of LNG. The Gas Company is developing strategies related to the importation and distribution of LNG and placed orders for equipment to import LNG in small scale from the west coast of North America as an emergency backup feedstock. This small scale importation of LNG is expected to be underway in late 2012. The Gas Company believes that it will be able to supply Oahu utility customers with gas irrespective of whether the Tesoro refinery continues to operate.

Production, transmission and distribution and selling, general and administrative expenses are composed primarily of labor-related expenses and professional fees. On a combined basis, these costs were higher for the quarter and six months ended June 30, 2012 compared with the quarter and six months ended June 30, 2011 reflecting higher incentive compensation, increase in medical premiums and increased vendor services. In addition, costs were higher for the quarter ended June 30, 2012 due to increase in overtime.

Interest Expense, Net

Interest expense, net, includes non-cash gains on derivative instruments of $832,000 and $1.3 million for the quarter and six months ended June 30, 2012, respectively. For the quarter and six months ended June 30, 2011, interest expense, net, includes non-cash losses on derivative instruments of $1.2 million and $897,000, respectively. Excluding the non-cash gains (losses) on derivative instruments, interest expense was slightly higher primarily due to increased capital expenditure facility borrowings and a contractual increase in interest rate margin for The Gas Company s primary debt facility beginning in June of 2011.

Cash interest paid was $2.3 million and $4.5 million for the quarter and six months ended June 30, 2012, respectively, compared with $2.1 million and $4.3 million for the quarter and six months ended June 30, 2011, respectively.

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Energy-Related Business: *The Gas Company* (continued)

Income Taxes

Income from The Gas Company is included in our consolidated federal income tax return, and is subject to Hawaii state income taxes. The tax expense in the table above includes both state taxes and the portion of the consolidated federal tax liability attributable to the business. For the year ending December 31, 2012, the business expects to pay cash state income taxes of approximately $1.5 million, for which a provision of $808,000 was recorded for the six months ended June 30, 2012. The Provision for income taxes, net of changes in deferred taxes of $4.4 million for the six months ended June 30, 2012 in the above table, includes $3.6 million of federal income taxes payable to MIC for the six months ended June 30, 2012. Any current federal income tax liability is expected to be offset in consolidation by the application of NOLs.

The business federal taxable income differs from book income primarily as a result of differences in the depreciation of fixed assets. The state of Hawaii does not allow the federal bonus depreciation deduction of 100% for 2011 or 50% for 2012 in determining state taxable income.

District Energy

Customers of District Energy pay two charges to receive chilled water services: a fixed charge based on contracted capacity and a variable charge based on the consumption of chilled water. Capacity charges are typically adjusted annually at a fixed rate or are indexed to the Consumer Price Index (CPI). The terms of the business customer contracts provide for the pass through of increases or decreases in electricity costs, the largest component of the business direct expenses.

The financial results discussed below reflect 100% of District Energy s performance during the periods presented below.

Key Factors Affecting Operating Results:

an increase in consumption revenue, net of electricity costs, driven by warmer average temperatures;
an increase in capacity revenue from new customers and annual inflation-linked increases in contract capacity rates; and
a decrease in other direct expenses due to the timing of system maintenance work.

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Energy-Related Business: *District Energy* (continued)

	Quarter Ended June 30,				Six Months Ended June 30,			
	2012	2011	Change Favorable/(Unfavorable)		2012	2011	Change Favorable/(Unfavorable)	
	$	$	$	%	$	$	$	%
	($ In Thousands) (Unaudited)							
Cooling capacity revenue	5,567	5,428	139	2.6	11,062	10,759	303	2.8
Cooling consumption revenue	6,890	5,924	966	16.3	10,363	8,354	2,009	24.0
Other revenue	682	903	(221)	(24.5)	1,321	1,593	(272)	(17.1)
Finance lease revenue	1,150	1,261	(111)	(8.8)	2,329	2,548	(219)	(8.6)
Total revenue	14,289	13,516	773	5.7	25,075	23,254	1,821	7.8
Direct expenses electricity	4,148	3,675	(473)	(12.9)	6,686	5,621	(1,065)	(18.9)
Direct expenses other[(1)]	5,072	5,231	159	3.0	9,629	10,190	561	5.5
Direct expenses total	9,220	8,906	(314)	(3.5)	16,315	15,811	(504)	(3.2)
Gross profit	5,069	4,610	459	10.0	8,760	7,443	1,317	17.7
Selling, general and administrative expenses	961	762	(199)	(26.1)	1,852	1,685	(167)	(9.9)
Amortization of intangibles	341	341			682	678	(4)	