ASTEC INDUSTRIES INC
Form 10-Q
May 10, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013
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 001-11595

Astec Industries, Inc.
(Exact name of registrant as specified in its charter)

Tennessee (State or other jurisdiction of incorporation or organization)	62-0873631 (I.R.S. Employer Identification No.)
1725 Shepherd Road, Chattanooga, Tennessee (Address of principal executive offices)	37421 (Zip Code)

(423) 899-5898
(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 ý 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 (§ 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 ý 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 ý Accelerated Filer o

Non-accelerated filer o (Do not check if a smaller reporting company)	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 ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 26, 2013
Common Stock, par value $0.20	22,851,658

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PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

Astec Industries, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73,175	$ 80,929
Trade receivables, net	99,774	85,595
Other receivables	4,825	3,453
Inventories	322,007	308,622
Prepaid expenses and other	16,840	11,282
Deferred income tax assets	9,893	9,985
Total current assets	526,514	499,866
Property and equipment, net	186,192	182,839
Investments	10,156	10,232
Goodwill	14,978	15,011
Other long-term assets	15,756	16,617
Total assets	$ 753,596	$ 724,565
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 50,781	$ 46,210
Accrued product warranty	11,254	11,052
Customer deposits	54,478	44,224
Accrued payroll and related liabilities	15,193	16,590
Accrued loss reserves	3,679	3,221
Other current liabilities	25,530	23,072
Total current liabilities	160,915	144,369
Deferred income tax liabilities	14,147	14,868
Other long-term liabilities	17,852	17,330
Total liabilities	192,914	176,567
Shareholders’ equity	557,410	546,354
Non-controlling interest	3,272	1,644
Total equity	560,682	547,998
Total liabilities and equity	$ 753,596	$ 724,565

See Notes to Unaudited Condensed Consolidated Financial Statements

Astec Industries, Inc.
Condensed Consolidated Statements of Income
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,			
		2013		2012
Net sales	$	247,833	$	251,967
Cost of sales		189,266		193,371
Gross profit		58,567		58,596
Selling, general, administrative and engineering expenses		40,367		40,143
Income from operations		18,200		18,453
Interest expense		70		47
Other income, net of expenses		752		849
Income from continuing operations before income taxes		18,882		19,255
Income taxes on continuing operations		5,631		7,231
Net income from continuing operations		13,251		12,024
Income from discontinued operations, net of tax		-		234
Net income		13,251		12,258
Net income attributable to non-controlling interest		80		13
Net income attributable to controlling interest	$	13,171	$	12,245
Earnings per common share				
Net income attributable to controlling interest from continuing operations:				
Basic	$	0.58	$	0.53
Diluted	$	0.57	$	0.52
Income from discontinued operations, net of tax:				
Basic	$	-	$	0.01
Diluted	$	-	$	0.01
Net income attributable to controlling interest:				
Basic	$	0.58	$	0.54
Diluted	$	0.57	$	0.53
Weighted average number of common shares outstanding:				
Basic		22,723		22,643
Diluted		23,080		23,054

See Notes to Unaudited Condensed Consolidated Financial Statements

Astec Industries, Inc.
Condensed Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net income	$ 13,251	$ 12,258
Other comprehensive income:		
Change in unrecognized pension and post-retirement benefit costs, net of tax of $(70) and $(25)	(53)	(25)
Foreign currency translation adjustments, net of tax of $(310) and $412	(1,859)	1,700
Other comprehensive income (loss)	(1,912)	1,675
Comprehensive income (loss) attributable to non-controlling interest	(45)	43
Comprehensive income attributable to controlling interest	$ 11,384	$ 13,890

See Notes to Unaudited Condensed Consolidated Financial Statements

Astec Industries, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31, 2013	2012
Cash flows from operating activities:		
Net income	$ 13,251	$ 12,258
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	5,428	5,901
Provision for doubtful accounts	388	8
Provision for warranties	2,760	2,742
Deferred compensation benefit	186	446
Sale of trading securities, net	109	128
Stock-based compensation	435	61
Tax expense (benefit) from stock incentive plans	76	(173)
Deferred income tax provision (benefit)	(249)	2,895
Gain on disposition of fixed assets	(65)	(141)
(Increase) decrease in:		
Trade and other receivables	(15,788)	(11,351)
Inventories	(13,385)	(18,239)
Prepaid expenses	(5,784)	2,550
Other assets	(1,070)	(764)
Increase (decrease) in:		
Accounts payable	4,571	967
Accrued product warranty	(2,482)	(3,210)
Customer deposits	10,255	(4,723)
Prepaid and income taxes payable	5,638	2,499
Other current liabilities	(3,488)	(3,368)
Net cash provided (used) by operating activities	786	(11,514)
Cash flows from investing activities:		
Expenditures for property and equipment	(9,339)	(5,369)
Proceeds from sale of property and equipment	77	463
Net cash used by investing activities	(9,262)	(4,906)
Cash flows from financing activities:		
Tax (expense) benefit from stock option exercise	(76)	173
Supplemental Executive Retirement Plan transactions, net	60	(58)
Withholding tax paid upon vesting of restricted stock units	(783)	(686)
Proceeds from exercise of stock options	36	493
Sale of subsidiaries shares to minority shareholders	1,673	-
Net cash provided (used) by financing activities	910	(78)
Effect of exchange rates on cash	(188)	635
Net decrease in cash and cash equivalents	(7,754)	(15,863)

Cash and cash equivalents, beginning of period		80,929		57,505
Cash and cash equivalents, end of period	$	73,175	$	41,642

See Notes to Unaudited Condensed Consolidated Financial Statements

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Astec Industries, Inc.
Condensed Consolidated Statement of Equity
For the Three Months Ended March 31, 2013
(in thousands)
(unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Accumulated Other Comprehensive Income (Loss)	Company Shares Held by SERP	Retained Earnings	Non-controlling Interest	Total Equity
Balance, December 31, 2012	22,799	$4,560	$ 133,809	$502	$(2,855)	$410,338	$ 1,644	$547,998
Net income	-	-	-	-	-	13,171	80	13,251
Other comprehensive income	-	-	-	(1,787)	-	-	(125)	(1,912)
Change in ownership percentage of subsidiaries	-	-	-	-	-	-	1,673	1,673
Stock-based compensation	1	-	435	-	-	-	-	435
Stock issued under incentive plans	51	10	(50)	-	-	-	-	(40)
Withholding tax paid upon vesting of RSUs	-	-	(783)	-	-	-	-	(783)
SERP transactions, net	-	-	11	-	49	-	-	60
Balance, March 31, 2013	22,851	$4,570	$ 133,422	$(1,285)	$(2,806)	$423,509	$ 3,272	$560,682

See Notes to Unaudited Condensed Consolidated Financial Statements

ASTEC INDUSTRIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Basis of Presentation
The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated under the Securities Act of 1933. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Astec Industries, Inc. Annual Report on Form 10-K for the year ended December 31, 2012.

The condensed consolidated balance sheet as of December 31, 2012 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Recent Accounting Pronouncements
In December 2011, the FASB issued Accounting Standards Update No. 2011-11, "Balance Sheet (Topic 210), Disclosures about Offsetting Assets and Liabilities" which describes when it is appropriate to offset financial assets and liabilities on the balance sheet. Companies will now have to disclose both gross and net information about instruments eligible for offset in the statement of financial position, instruments and transactions subject to an agreement similar to a master netting arrangement, and the collateral received in a master netting arrangement. The new disclosure will enable users of financial statements to understand significant quantitative differences in balance sheets prepared under US GAAP and IFRS related to the offsetting of financial instruments. The update is effective for annual and interim reporting periods beginning on or after January 1, 2013. The Company adopted this standard as of January 1, 2013. Adopting this update did not have a significant impact on the Company's financial position or results of operations.

Note 2. Earnings per Share
Basic earnings per share are determined by dividing earnings by the weighted average number of common shares outstanding during each period. Diluted earnings per share include the potential dilutive effects of options, restricted stock units and shares held in the Company's Supplemental Executive Retirement Plan.

The following table sets forth the computation of net income attributable to controlling interest from continuing operations and the number of basic and diluted shares used in the computation of earnings per share:

	Three Months Ended March 31,	
	2013	2012
Numerator:		
Net income from continuing operations	$ 13,251	$ 12,024
Net income attributable to non-controlling interests	80	13
Net income attributable to controlling interest from continuing operations	$ 13,171	$ 12,011

Denominator:		
Denominator for basic earnings per share	22,723	22,643
Effect of dilutive securities:		
Employee stock options and restricted stock units	243	305
Supplemental Executive Retirement Plan	114	106
Denominator for diluted earnings per share	23,080	23,054

A total of 323 options were antidilutive for each of the three-month periods ended March 31, 2013 and 2012. Antidilutive options are not included in the diluted earnings per share computation.

Note 3. Receivables
Receivables are net of allowances for doubtful accounts of $2,394,000 and $2,143,000 as of March 31, 2013 and December 31, 2012, respectively.

Note 4. Inventories
Inventories consist of the following (in thousands):

	March 31, 2013	December 31, 2012
Raw materials and parts	$ 137,384	$ 129,676
Work-in-process	78,508	76,052
Finished goods	83,937	81,000
Used equipment	22,178	21,894
Total	$ 322,007	$ 308,622

Note 5. Property and Equipment
Property and equipment is stated at cost, less accumulated depreciation of $196,365,000 and $192,165,000 as of March 31, 2013 and December 31, 2012, respectively.

Note 6. Fair Value Measurements
The Company has various financial instruments that must be measured at fair value on a recurring basis, including marketable debt and equity securities held by Astec Insurance Company ("Astec Insurance"), the Company's captive insurance company, and marketable equity securities held in an unqualified Supplemental Executive Retirement Plan ("SERP"). The obligations of the Company associated with the financial assets held in the SERP also constitute a liability of the Company for financial reporting purposes. The Company's subsidiaries also occasionally enter into foreign currency exchange contracts to mitigate exposure to fluctuations in currency exchange rates.

The carrying amount of cash and cash equivalents, trade receivables, other receivables, revolving debt and accounts payable approximates their fair value because of the short-term nature of these instruments. Investments are carried at their fair value based on quoted market prices for identical or similar assets or, where no quoted prices exist, other observable inputs for the asset. The fair values of foreign currency exchange contracts are based on quotations from various banks for similar instruments using models with market based inputs.

Financial assets and liabilities are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The inputs used to measure the fair value are identified in the following hierarchy:

Level 1 -	Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 -	Unadjusted quoted prices in active markets for similar assets or liabilities; or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable for the asset or liability.
Level 3 -	

Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

As indicated in the tables below (which excludes the Company's pension assets), the Company has determined that all its financial assets and liabilities as of March 31, 2013 and December 31, 2012 are level 1 and level 2 in the fair value hierarchy as defined above (in thousands):

	March 31, 2013			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Trading equity securities:				
SERP money market fund	$996	$-	$-	$996
SERP mutual funds	1,803	-	-	1,803
Preferred stocks	736	-	-	736
Trading debt securities:				
Corporate bonds	3,928	911	-	4,839
Municipal bonds	1,271	761	-	2,032
Floating rate notes	574	-	-	574
U.S. Treasury bill	200	-	-	200
Other	51	394	-	445
Derivative financial instruments	-	230	-	230
Total financial assets	$9,559	$2,296	$-	$11,855
Financial Liabilities:				
SERP liabilities	$-	$6,769	$-	$6,769
Derivative financial instruments	-	37	-	37
Total financial liabilities	$-	$6,806	$-	$6,806

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Trading equity securities:				
SERP money market fund	$996	$-	$-	$996
SERP mutual funds	1,835	-	-	1,835
Preferred stocks	720	-	-	720
Trading debt securities:				
Corporate bonds	3,342	909	-	4,251
Municipal bonds	1,449	957	-	2,406
Floating rate notes	749	-	-	749
U.S. Treasury bill	200	-	-	200
Other	-	409	-	409
Total financial assets	$9,291	$2,275	$-	$11,566
Financial Liabilities:				
SERP liabilities	$-	$6,674	$-	$6,674
Derivative financial instruments	-	145	-	145
Total financial liabilities	$-	$6,819	$-	$6,819

The Company reevaluates the volume of trading activity for each of its investments at the end of each quarter and adjusts the level within the fair value hierarchy as needed. No transfers between levels occurred between December

31, 2012 and March 31, 2013.

The Company's investments (other than pension assets) consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
March 31, 2013:				
Trading equity securities	$3,281	$254	$-	$3,535
Trading debt securities	7,948	142	-	8,090
	$11,229	$396	$-	$11,625
December 31, 2012:				
Trading equity securities	$3,432	$130	$11	$3,551
Trading debt securities	7,836	228	49	8,015
	$11,268	$358	$60	$11,566

The trading equity investments noted above are valued at their fair value based on their quoted market prices, and the debt securities are valued based upon a mix of observable market prices and model driven prices derived from a matrix of observable market prices for assets with similar characteristics obtained from a nationally recognized third party pricing service. Additionally, a significant portion of the trading equity securities are in equities and in money market and mutual funds. These money market and mutual funds are held in a SERP and thus are also included in the Company's liability under its SERP.

Trading debt securities are comprised of marketable debt securities held by Astec Insurance. Astec Insurance has an investment strategy that focuses on providing regular and predictable interest income from a diversified portfolio of high-quality fixed income securities. As of March 31, 2013 and December 31, 2012, $1,469,000 and $1,334,000, respectively, of trading debt securities were due to mature within twelve months and, accordingly, are included in other current assets. The financial liabilities related to the SERP shown above are included in other long-term liabilities in the accompanying balance sheets.

Net unrealized gains or losses incurred during the three-month periods ended March 31, 2013 and 2012 on investments still held as of the end of each reporting period amounted to gains of $134,000 and $65,000, respectively.

Note 7. Debt

On April 12, 2012, the Company and certain of its subsidiaries entered into a new amended and restated credit agreement with Wells Fargo Bank, National Association ("Wells Fargo"), whereby Wells Fargo extended to the Company an unsecured line of credit of up to $100,000,000, including a sub-limit for letters of credit of up to $25,000,000. The new amended and restated credit agreement replaced an expiring $100,000,000 credit facility between the Company and Wells Fargo. There were no outstanding revolving or term loan borrowings under the credit facilities at the time of transition or as of March 31, 2013. Letters of credit totaling $10,295,000 were outstanding under the new agreement as of March 31, 2013, resulting in additional borrowing ability of $89,705,000 on the Wells Fargo credit facility as of March 31, 2013. The new amended and restated agreement has a five-year term expiring in April 2017. Borrowings under the agreement are subject to an interest rate equal to the daily one month LIBOR rate plus a 0.75% margin. The unused facility fee is 0.175%. Interest only payments are due monthly. The new amended and restated credit agreement contains certain financial covenants, including provisions concerning required levels of annual net income, minimum tangible net worth and maximum allowed capital expenditures. The Company was in compliance with these covenants as of March 31, 2013.

The Company's South African subsidiary, Osborn Engineered Products SA (Pty) Ltd ("Osborn"), has a credit facility of $8,124,000 (ZAR 75,000,000) to finance short-term working capital needs, as well as to cover performance letters of credit, advance payment and retention guarantees. As of March 31, 2013, Osborn had $918,000 of borrowings, which are included in other current liabilities in the balance sheet, and $1,903,000 in performance, advance payment and retention guarantees outstanding under the facility. The facility is unsecured and no unused facility fees are charged. As of March 31, 2013, Osborn had available credit under the facility of $5,303,000. The interest rate is 0.25% less than the South Africa prime rate, resulting in a rate of 8.25% as of March 31, 2013.

The Company's Australian subsidiary, Astec Australia Pty Ltd ("Astec Australia"), has a credit facility to finance short-term working capital needs of $104,000 (AUD 100,000) and a bank guarantee facility of $1,355,000 (AUD 1,300,000) to facilitate contractual commitments and banking arrangements to finance foreign exchange dealer limit orders of up to $3,910,000 (AUD 3,750,000), secured by cash balances in the amount of $782,000 (AUD 750,000) and a $1,600,000 letter of credit issued by the parent Company. No amounts were outstanding under the credit facility as of March 31, 2013; however, performance guarantees in the amount of $1,212,000 were outstanding under the bank guarantee facility as of March 31, 2013. The interest rate is the Australian adjusted Bank Business Rate plus a margin of 1.05%. The interest rate was 11.17% as of March 31, 2013.

Note 8. Product Warranty Reserves

The Company warrants its products against manufacturing defects and performance to specified standards. The warranty period and performance standards vary by market and uses of its products, but generally range from three months to one year or up to a specified number of hours of operations. The Company estimates the costs that may be incurred under its warranties and records a liability at the time product sales are recorded. The product warranty liability is primarily based on historical claim rates, nature of claims and the associated cost.

Changes in the Company's product warranty liability for the three-month periods ended March 31, 2013 and 2012 are as follows (in thousands):

	Three Months Ended March 31,	
	2013	2012
Reserve balance, beginning of the period	$ 11,052	$ 12,663
Warranty liabilities accrued	2,760	2,742
Warranty liabilities settled	(2,482)	(3,210)
Other	(76)	63
Reserve balance, end of the period	$ 11,254	$ 12,258

Note 9. Accrued Loss Reserves

The Company accrues reserves for losses related to known workers' compensation and general liability claims that have been incurred but not yet paid or are estimated to have been incurred but not yet reported to the Company. The undiscounted reserves are actuarially determined based on the Company's evaluation of the type and severity of individual claims and historical information, primarily its own claims experience, along with assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the future. Total accrued loss reserves were $7,678,000 as of March 31, 2013 compared to $7,315,000 as of December 31, 2012, of which $3,999,000 and $4,094,000 were included in other long-term liabilities as of March 31, 2013 and December 31, 2012, respectively.

Note 10. Income Taxes

The Company's combined effective income tax rate on continuing operations was 29.8% and 37.6% for the three-month periods ended March 31, 2013 and 2012, respectively. The Company's effective tax rates for the three-month periods ended March 31, 2013 and 2012 include the effect of state income taxes and other discrete items. The tax rate for the three-month period March 31, 2013 also includes a benefit for research and development tax credits on eligible expenses incurred from January 1, 2012 through March 31, 2013 as legislation enacting the research and development credit for 2012 and 2013 was not approved by Congress until January 2013. The Company's effective tax rate for the three-month period ended March 31, 2012 did not include a benefit for research and development tax credits.

The Company's liability recorded for uncertain tax positions as of March 31, 2013 has not changed significantly in amount or composition since December 31, 2012.

Note 11. Segment Information

The Company has four reportable segments. These segments are combinations of business units that offer similar products and services. A brief description of each segment is as follows:

Asphalt Group - This segment consists of three business units that design, engineer, manufacture and market a complete line of portable, stationary and relocatable hot-mix asphalt plants and related components and a variety of heaters, heat transfer processing equipment, thermal fluid storage tanks and concrete plants. The principal purchasers of these products are asphalt producers, highway and heavy equipment contractors and foreign and domestic governmental agencies.

Aggregate and Mining Group - This segment consists of seven business units that design, engineer, manufacture and market a complete line of rock crushers, feeders, conveyors, screens and washing equipment. The principal purchasers of these products are open-mine and quarry operators.

Mobile Asphalt Paving Group - This segment consists of three business units that design, engineer, manufacture and market asphalt pavers, asphalt material transfer vehicles, milling machines and paver screeds. The principal purchasers of these products are highway and heavy equipment contractors and foreign and domestic governmental agencies.

Underground Group - This segment currently consists of two business units that design, engineer, manufacture and market a complete line of drilling rigs for the oil and gas, geothermal and water well industries, high pressure diesel pump trailers for fracking and cleaning oil and gas wells and a four-track surface miner. This segment previously included American Augers, Inc., which was sold in November 2012.

All Others - This category consists of the Company's other business units, including Peterson Pacific Corp., Astec Australia Pty Ltd, Astec Insurance Company and the parent company, Astec Industries, Inc., that do not meet the requirements for separate disclosure as an operating segment.

The Company evaluates performance and allocates resources based on profit or loss from operations before U.S. federal income taxes and corporate overhead. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

Segment Information:

(in thousands)
Three Months Ended
March 31, 2013

	Asphalt Group	Aggregate and Mining Group	Mobile Asphalt Paving Group	Underground Group	All Others	Total
Net sales to external customers	$ 71,549	$ 90,762	$ 47,290	$ 14,706	$ 23,526	$ 247,833
Intersegment sales	5,174	8,255	6,446	55	-	19,930
Gross profit	20,154	23,040	10,559	275	4,539	58,567
Gross profit percent	28.2 %	25.4 %	22.3 %	1.9 %	19.3 %	23.6 %
Segment profit (loss)	$ 11,141	$ 9,057				