RADIOLOGIX INC
Form 10-Q
August 08, 2006
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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, 2006

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _________

Commission File No. 0-23311

RADIOLOGIX, INC.

(Exact name of registrant as specified in its charter)

Delaware	**75-2648089**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**

3600 JP Morgan Chase Tower

2200 Ross Avenue

Dallas, Texas 75201-2776

(Address of principal executive offices, including zip code)

(214) 303-2776

(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 ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨

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

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 August 8, 2006**
Common Stock, $0.0001 par value	**22,242,417 shares**

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RADIOLOGIX, INC.

FORM 10-Q

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

RADIOLOGIX, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	June 30, 2006 (Unaudited)	December 31, 2005
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 43,671	$ 36,004
Restricted cash	5,750	5,662
Accounts receivable, net of allowances	41,237	40,815
Due from affiliates	704	1,737
Federal and state income tax receivables	6,101	6,189
Other current assets	4,643	5,491
Total current assets	$ 102,106	$ 95,898
Property and equipment, net	68,610	67,965
Investments in joint ventures	9,113	10,597
Intangible assets, net	52,384	54,050
Deferred financing costs, net	4,117	4,942
Other assets	824	1,076
Total assets	$ 237,154	$ 234,528
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	$ 8,777	$ 10,157
Accrued physician retention	8,115	7,051
Accrued salaries and benefits	7,767	6,987
Accrued interest	683	685
Current maturities of capital lease obligations	33	32
Other current liabilities	682	477
Total current liabilities	$ 26,057	$ 25,389
Long-term debt, net of current portion	158,270	158,270
Convertible debt	11,980	11,980
Capital lease obligations, net of current portion	45	62
Deferred revenue	6,290	6,494
Other liabilities	1,372	1,488
Total liabilities	$ 204,014	$ 203,683
Commitments and contingencies		
Minority interests in consolidated subsidiaries	1,145	1,874

STOCKHOLDERS EQUITY:		
Preferred stock, $.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding		
Common stock, $.0001 par value; 50,000,000 shares authorized; 22,261,101 shares issued at June 30, 2006 and December 31, 2005, and 22,242,417 outstanding at June 30, 2006 and December 31, 2005	2	2
Treasury stock	(180)	(180)
Additional paid-in capital	16,362	15,615
Retained earnings	15,811	13,534
Total stockholders equity	$ 31,995	$ 28,971
Total liabilities and stockholders equity	$ 237,154	$ 234,528

See accompanying notes to consolidated financial statements.

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RADIOLOGIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2006		2005 (As restated)		2006		2005 (As restated)	
	(Unaudited)				(Unaudited)			
Service fee revenue	$	65,129	$	64,311	$	130,246	$	127,062
Costs of operations:								
Cost of services		41,332		40,629		81,248		80,449
Equipment leases		3,886		3,231		7,642		6,037
Provision for doubtful accounts		5,608		4,659		10,887		9,126
Depreciation and amortization		6,054		5,858		12,024		11,502
Gross profit	$	8,249	$	9,934	$	18,445	$	19,948
Corporate general and administrative		4,448		4,985		9,164		9,333
Interest expense, net, including amortization of deferred financing costs		4,326		4,565		8,803		9,241
Income (loss) before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	$	(525)	$	384	$	478	$	1,374
Equity in earnings of unconsolidated affiliates		1,025		1,039		2,070		1,661
Minority interests in income of consolidated subsidiaries		(232)		(154)		(378)		(303)
INCOME BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	$	268	$	1,269	$	2,170	$	2,732
Income tax expense		67		93		170		169
INCOME FROM CONTINUING OPERATIONS	$	201	$	1,176	$	2,000	$	2,563
Discontinued Operations:								
Income (loss) from discontinued operations before income taxes		40		30		277		(404)
Income tax expense								
Income (loss) from discontinued operations	$	40	$	30	$	277	$	(404)
NET INCOME	$	241	$	1,206	$	2,277	$	2,159
INCOME (LOSS) PER COMMON SHARE:								
Income from continuing operations basic	$	0.01	$	0.05	$	0.09	$	0.12
Income (loss) from discontinued operations basic	$		$		$	0.01	$	(0.02)
Net income basic	$	0.01	$	0.05	$	0.10	$	0.10
Income from continuing operations diluted	$	0.01	$	0.05	$	0.09	$	0.11

Income (loss) from discontinued operations diluted	$		$		$	0.01	$	(0.01)
Net income diluted	$	0.01	$	0.05	$	0.10	$	0.10
WEIGHTED AVERAGE SHARES OUTSTANDING:								
Basic		22,242,417		22,339,815		22,242,417		22,128,425
Diluted		22,309,365		22,572,909		22,316,713		22,625,931

See accompanying notes to unaudited consolidated financial statements

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RADIOLOGIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Six Months Ended June 30, 2006	2005 (As restated)
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,277	$ 2,159
Adjustments to reconcile net income to net cash provided by operating activities including discontinued operations:		
Minority interests in income of consolidated subsidiaries	378	303
Distributions to minority interests in consolidated subsidiaries	(1,107)	
Equity in earnings of unconsolidated affiliates	(2,070)	(1,661)
Distributions from unconsolidated affiliates	3,554	551
Depreciation and amortization	12,024	11,502
Amortization of deferred financing costs	825	825
Gains on sales of equipment	(752)	(651)
Deferred revenue	(204)	(204)
Restricted stock compensation expense	747	213
Deferred income tax expense		(204)
Changes in operating assets and liabilities:		
Accounts receivable, net	(422)	2,111
Income taxes receivable	88	2,253
Other assets	719	2,005
Accounts payable and accrued expenses	1,747	(398)
Net cash provided by operating activities	$ 17,804	$ 18,804
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted cash	(88)	(55)
Purchases of property and equipment	(11,171)	(12,097)
Proceeds from sales of equipment	925	1,175
Repayments from unconsolidated affiliates, net	214	103
Net cash used in investing activities	$ (10,120)	$ (10,874)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term obligations	(17)	(136)
Proceeds from stock option exercises		767
Net cash provided by (used in) financing activities	$ (17)	$ 631
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,667	8,561
CASH AND CASH EQUIVALENTS, beginning of period	36,004	34,084
CASH AND CASH EQUIVALENTS, end of period	$ 43,671	$ 42,645
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$ 8,974	$ 8,994

Income taxes paid, net of refunds received	$ 370	$ (2,051)

See accompanying notes to unaudited consolidated financial statements.

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RADIOLOGIX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2006

(Unaudited)

Note 1. Description of Business

Radiologix, Inc. (together with its subsidiaries, Radiologix or the Company), a Delaware corporation, is a leading national provider of diagnostic imaging services through its ownership and operation of free-standing, outpatient diagnostic imaging centers. Radiologix utilizes sophisticated technology and technical expertise to perform a broad range of imaging procedures, such as magnetic resonance imaging (MRI), computed tomography (CT), positron emission tomography (PET), nuclear medicine, ultrasound, mammography, bone densitometry (DEXA), general radiology (X-ray) and fluoroscopy. This quarterly report for Radiologix supplements our annual report to security holders on Form 10-K for the fiscal year ended December 31, 2005. As permitted by the Securities and Exchange Commission for interim reporting, we have omitted certain notes and disclosures that substantially duplicate those in the annual report on Form 10-K. Accordingly, these consolidated financial statements do not include all disclosures associated with the annual consolidated financial statements. In the opinion of management, all adjustments necessary for a fair presentation have been included in the accompanying consolidated financial statements and are of a normal recurring nature, other than those adjustments related to discontinued operations, which adjustments are discussed separately in the notes below. Interim results for the three and six month periods ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year.

Our results may be impacted by variability due to changes in modality mix and the volume of procedures performed, physician referral and vacation patterns, the impact of hospital and physician-affiliated imaging centers that compete in our primary and Questar operations, the timing and negotiation of managed care and service contracts, the availability of technologists and other personnel resources, and trends in receivable collectibility. We are impacted by seasonality in that referring physicians and technologists often schedule vacations in the summer months which typically results in a decline in our volumes and service fee revenue while increasing costs of services as we contract for the services of temporary technologists at higher rates.

For further information, refer to Management s Discussion and Analysis of Financial Condition and Results of Operation and the audited consolidated financial statements and notes included in our annual report to security holders on Form 10-K for the year ended December 31, 2005.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly owned and majority owned subsidiaries. All significant intercompany transactions have been eliminated. Investments in entities that the Company does not control, but in which it has a substantial ownership interest and can exercise significant influence, are accounted for using the equity method.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, results of operations and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Property and equipment are depreciated using the straight-line method over their estimated useful life. Amortization of assets under capital leases is included in depreciation and amortization.

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Goodwill, Intangible and Long-lived Assets

The value of goodwill and intangible assets is stated at the lower of cost or fair value. Goodwill is not subject to amortization; however it is subject to periodic valuation assessments. Under the provisions of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, the Company is required to perform at least an annual impairment test and to consider other indicators that may arise throughout the year to reevaluate carrying value. To the extent book value exceeds fair value, at the date an impairment is determined, the Company reduces goodwill by recording a charge to operations. The Company impaired its remaining balance of goodwill during the quarter ended December 31, 2005.

Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), requires impairment losses to be recognized for long-lived assets through operations when indicators of impairment exist and the underlying cash flows are not sufficient to support the assets carrying value. In addition, SFAS No. 144 requires that a long-lived asset (disposal group) to be sold that meets certain recognition criteria be classified as held for sale and measured at the lower of carrying amount or fair value less cost to sell. SFAS No. 144 also requires that a long-lived asset subject to closure (abandonment) before the end of its previously estimated useful life continue to be classified as held and used until disposal, with depreciation estimates revised to reflect the use of the asset over its shortened useful life.

We regularly evaluate the carrying value of intangible and long-lived assets for events or changes in circumstances that indicate that the carrying amount may not be recoverable or that the remaining estimated useful life should be changed. Potential indicators of impairment can include, but are not limited to (1) history of operating losses or expected future losses; (2) significant adverse change in legal factors; (3) changes in the extent or manner in which the assets are used; (4) current expectations to dispose of the assets by sale or other means and (5) reductions or expected reductions of cash flow. In the event that we determine there is an indication of impairment, we compare undiscounted net cash flows to the carrying value of the respective asset. If the carrying value exceeds the undiscounted net cash flows, we perform an impairment calculation using discounted cash flows, valuation analysis from independent valuation specialists or comparisons to recent sales or purchase transactions to determine estimated fair value.

Finite Life Intangible and Long-Lived Assets

Impairment losses are recognized for long-lived assets through operations when events or changes in circumstances that may indicate that the carrying amount may not be recoverable and the underlying net cash flows are not sufficient to support the assets carrying value. Examples of events or changes in circumstances or in the business climate can include, but are not limited to the following:

a. History of operating losses or expected future losses

b. Significant adverse change in legal factors

c. Significant adverse change in the extent or manner in which the assets are used or in the physical condition of the assets

d. Current expectations to dispose of the assets by sale or other means

e. Reductions or expected reductions of cash flow

Our management services agreements, included in the consolidated balance sheets as intangible assets, are not considered to have indefinite useful lives and will continue to be amortized over a useful life of no more than 25 years based on SEC guidance. We regularly evaluate the carrying value and lives of the finite lived intangible assets in light of any events or circumstances that we believe may indicate that the carrying amount or amortization period should be adjusted.

Deferred Financing Costs

Deferred financing costs are amortized on a straight-line method, which approximates the effective interest method. As of June 30, 2006 and December 31, 2005, accumulated amortization of deferred financing costs was approximately $7.5 million and $6.7 million, respectively.

Accrued Physician Retention

Accrued physician retention represents amounts payable to contracted radiology practices under the management services agreements. The service agreements require Radiologix to remit physician retention to the contracted radiology practices by the end of the month after the month in which services were rendered.

Revenue Recognition

Service fee revenue from contracted radiology practice groups (professional revenue component) and diagnostic imaging centers (technical revenue component) is recorded when services are rendered by the contracted radiology practices and diagnostic imaging centers based on established gross charges billed and reduced by estimated contractual adjustments and amounts retained by the contracted radiology practice groups under the terms of management services agreements. Our patient accounting system currently does not record contractual adjustments at the time of billing. Instead, contractual adjustments and the provision for doubtful accounts are estimated based on historical collection experience using a retrospective collection analysis, which we began using in December 2004, payment-versus-charge schedules and aging models. Should circumstances change (shift in payor mix, decline in economic conditions or deterioration in aging of patient receivables), our estimates of the net realizable value of patient receivables could be reduced by a material amount. We have estimated that a change in our collection percentage of 1.0% could result in a change in service fee revenue of $5.2 million per year.

Our accounts receivable write-off process is primarily system-driven whereby a series of communications requesting payment is sent to a patient who either is without healthcare benefit coverage or who owes us a co-pay amount. These communications increase in intensity and urgency as the receivable becomes more delinquent. The communication cycle is a series of billing statements and letters requesting payment. The statements and letters are normally sent to patients who are without health insurance or who owe us a co-payment or deductible after insurance has been paid. The letters are sent for up to 110 days. If the receivable remains uncollected after this 110-day period, the communication cycle is complete and the receivable is written off in our patient accounting system and referred to a collection agency. We also review accounts receivable events checklists which are designed to identify significant delinquent accounts receivable. Write-offs for accounts identified by our events checklists are approved by the Vice President of our Patient Services Group.

Revenue Presentation

The Financial Accounting Standards Board s Emerging Issues Task Force issued its abstract, Issue 97-2, Application of FASB Statement No. 94 and APB Opinion No. 16 to Physicians Practice Management Entities and Certain Other Entities with Contractual Arrangements (EITF 97-2). Since Radiologix has not established a controlling financial interest under EITF 97-2, Radiologix does not consolidate the contracted radiology practices.

Income Taxes

We account for income taxes under the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Developing our provision for income taxes, including our effective tax rate, and analysis of potential tax exposure items, if any, requires significant judgment and expertise in federal and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and, any estimated valuation allowances we deem necessary to value deferred tax assets. Our judgments and tax strategies are subject to audit by various taxing authorities. While we believe we have provided adequately for our income taxes in our consolidated financial statements, adverse determinations by these taxing authorities could have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, Disclosure About Fair Value of Financial Instruments, requires disclosure about the fair value of certain financial instruments. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The estimates of fair value are based upon the quoted market prices for the same or similar issues of long term-debt with the same maturities, when available, or discounted cash flows.

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Concentration of Credit Risk

The Company s accounts receivable consist primarily of service fee revenue generated by radiology practices and imaging centers for services performed that are immediately purchased by us and ultimately due from Medicare, Medicaid, managed care and private and other payors. The Company estimates that approximately 29% and 28% of these revenues for the three and six months ended June 30, 2006 and 2005, respectively, were funded through the Medicare and Medicaid programs. The Company and its contracted radiology practices perform ongoing credit evaluations of their patients and generally do not require collateral. The Company and its contracted radiology practices maintain estimated allowances for potential credit losses.

Note 3. New Accounting Pronouncement

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. As of June 30, 2006, we have not determined the effect that the adoption of FIN 48 will have on our financial position and results of operations.

Note 4. Stock-Based Compensation

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment , which is a revision of SFAS No. 123. SFAS 123(R) supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, (APB 25), and amends SFAS No. 95, Statement of Cash Flows. Generally, the approach in SFAS 123(R) is similar to the approach described in SFAS 123. However, SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative.

SFAS 123(R) permits public companies to adopt its requirements using one of two methods:

1. A modified-prospective method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of SFAS 123 for all awards granted to employees prior to the effective date of SFAS 123(R) that remain unvested on the effective date.

2. A modified-retrospective method which includes the requirements of the modified-prospective method described above, but also permits entities to restate based on the amounts previously recognized under SFAS 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

The Company elected to use the modified-prospective method and, accordingly, has not restated prior period results.

As a result of adopting SFAS 123(R), we recorded $196,000 and $417,000 of stock-based compensation for the three and six months ended June 30, 2006, respectively. Pursuant to APB 25, we reported, on a proforma basis in our footnotes to our financial statements, stock compensation expense, net of tax, of $175,000 and $335,000 for the three and six months ended June 30, 2005, respectively. Stock-based compensation from our adoption of SFAS 123(R) relates to our 1996 and 2004 stock option plans. This compensation is measured at the date of each grant based on the calculated fair value of each grant.

Under the 1996 Stock Option Plan (the 1996 Plan), an initial 4,000,000 options to purchase shares of the Company s common stock were available for grant to key directors, employees and other healthcare professionals associated with Radiologix, as defined by the 1996 Plan. On July 15, 2004, the Company s stockholders approved the adoption of the 2004 Long-Term Incentive Plan (the 2004 Plan). As a result, all stock award grants from then on are made under this 2004 Plan. The total number of shares reserved and available for grant under the 2004 Plan are 3,000,000 plus any shares remaining available for grant under the prior 1996 Plan. Options granted under the 2004 Plan may be either incentive stock options (ISO) or nonqualified stock options (NQSO). The option price per share under the 2004 Plan may not be less than 100% of the fair market value at the grant date for ISO and may not be less than 85% of the fair market value at the grant date for NQSO. All of the options granted under the 2004 and 1996 Plans through June 30, 2006 were at fair market value on the date of grant. Generally, options vest over a five-year period and are exercisable over a ten-year life. During the six months ended June 30, 2006, 450,000 options were granted under the 2004 plan. As of June 30, 2006, 2,920,133 options were outstanding under the 2004 and 1996 Plans.

The fair value of each option grant is estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for grants during the six months ended June 30, 2006 and 2005, respectively: risk-free

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interest rate of 5.11% and 4.00%; expected life of 3.35 and 3.06 years; expected volatility of 88.5% and 42.2%; and dividend yield of zero in 2006 and 2005, respectively. The weighted-average grant-date fair value of new grants during the six months ended June 30, 2006 and 2005 was $1.55 and $2.65 per share, respectively.

No options were exercised during the six months ended June 30, 2006. Accordingly, there were no cash flow effects resulting from share-based payment arrangements.

During the six months ended June 30, 2006, 112,968 restricted stock units were granted to directors under the 2004 Plan. At June 30, 2006, there were share grants outstanding under the 2004 Plan related to a 200,000 Restricted Stock Award to our Chief Executive Officer and Restricted Stock Units of 179,505 to directors. Pursuant to Section 4(a) of the 2004 Plan, these awards count as 1.5 shares for every 1 award granted, for a total of 569,257 share grants counted against the plan at June 30, 2006. The Company recorded additional stock-based compensation of $164,000 and $330,000 for the three and six months ended June 30, 2006 and $112,000 and $213,000 for the three and six months ended June 30, 2005, respectively, related to amortization of the fair value of these awards on a straight line basis.

Note 5. Restatement of Financial Statements

In reviewing the PresGar equipment lease contract acquired on October 31, 2004, the Company determined that its original accounting treatment of capitalizing the $13.9 million lease termination costs was incorrect and in fact should have been expensed. Accordingly, the Company restated its financial statements for the year ended December 31, 2004 to increase operating expense and decrease intangible assets, net. The Company has also restated its financial statements for the three and six months ended June 30, 2005 to decrease depreciation and amortization expense by $193,000 and $387,000, respectively, and decrease intangible assets, net of accumulated amortization, by $13.4 million.

We did not record a tax benefit for the $13.9 million lease termination costs because we determined that a valuation allowance was necessary due to the fact that we have had losses for the previous three years and the realization of additional deferred tax assets is questionable. Income tax expense was decreased by $364,000 and $605,000 for the three and six months ended June 30, 2005, respectively, due to the utilization of book net operating losses.

We have also reclassified certain previously reported amounts for all periods presented, including (1) distributions from joint ventures and distributions to minority interests in consolidated subsidiaries have been reclassified from net cash used in investing activities to net cash from operating activities in the consolidated statement of cash flows, (2) certain balances in the Consolidating Balance Sheets and the Consolidating Statements of Operations in Note 13, Supplemental Guarantor Information, have been revised; these revisions primarily consist of separate reporting of investments in subsidiaries and intercompany receivables/payables in the Consolidating Balance Sheets and separate reporting of equity in income of wholly owned subsidiaries in the Consolidating Statements of Operations, and (3) adjusted cash paid for interest in the Consolidated Statement of Cash Flows to remove a non-cash component.

Note 6. Revenue Presentation

Radiologix has no financial controlling interest in the contracted radiology practices, as defined in Emerging Issues Task Force Issue 97-2 (EITF 97-2), accordingly, the Company does not consolidate the financial statements of those practices in its consolidated financial statements.

The following table sets forth the amounts of revenue for the contracted radiology practices and diagnostic imaging centers that would have been presented in the consolidated statements of operations had Radiologix met the provisions of EITF 97-2 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2006	2005	2006	2005
Revenue for contracted radiology practices and diagnostic imaging centers, net of contractual adjustments	$ 88,771	$ 88,552	$ 177,390	$ 174,733
Less: amounts retained by contracted radiology practices	(23,642)	(24,241)	(47,144)	(47,671)
Service fee revenue	$ 65,129	$ 64,311	$ 130,246	$ 127,062

The Company s service fee revenue is dependent upon the operating results of the contracted radiology practices and diagnostic imaging centers. Where state law allows, service fees due under the service agreements for the contracted radiology practices are derived from two distinct revenue streams: (1) a negotiated percentage of the professional revenues, reduced by certain expenses, as defined in the service agreements; and (2) 100% of the adjusted technical revenues as defined in the service agreements. In states where the law requires a flat fee structure, Radiologix has negotiated a base service fee, which approximates the estimated fair market value of the services provided under the service agreements and which is renegotiated each year. Service fee revenue is comprised of the following (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2006	2005	2006	2005
Professional component	$ 8,880	$ 8,604	$ 18,304	$ 16,737
Technical component	56,249	55,707	111,942	110,325
Service fee revenue	$ 65,129	$ 64,311	$ 130,246	$ 127,062

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Note 7. Long-Term Debt

Long-term debt and capital lease obligations consists of the following at June 30, 2006 and December 31, 2005 (in thousands):

	2006	2005
10.5% Senior Notes, due December 15, 2008	$ 158,270	$ 158,270
8% Convertible Junior Subordinated Note due July 2009	11,980	11,980
Note payable to bank and capital lease obligations, various interest rates	78	94
	$ 170,328	$ 170,344
Current portion of long-term debt and capital lease obligations	(33)	(32)
Long-term debt and capital lease obligations, net of current portion	$ 170,295	$ 170,312

Senior Notes

The Company s $158.3 million in senior notes due December 15, 2008, bear interest at 10.5% payable semiannually in arrears on June 15 and December 15. The senior notes are redeemable on or after December 15, 2005 at various redemption prices, plus accrued interest to the date of redemption. These notes are unsecured obligations, which rank senior in right of payment to all subordinated indebtedness and equal in right of payment with all other senior indebtedness. The senior notes are unconditionally guaranteed on a senior unsecured basis by certain restricted existing and future subsidiaries. The required debt incurrence ratio under these notes is 2.75. Our debt incurrence ratio of 2.47 at June 30, 2006 is not in compliance with the requirements of these notes. The non-compliance with the debt incurrence ratio imposes the following limitations on the Company: 1) limits the Company s ability to make restricted payments (e.g., retirement of the Convertible Junior Subordinated Note) to a maximum of $5,000,000; 2) prevents sale and leaseback transactions; 3) limits the incurrence of additional indebtedness (this does not impact our lease lines or credit facility as they are Permitted Indebtedness); and 4) prevents the designation of an unrestricted subsidiary as a subsidiary. In order to pass the debt incurrence ratio of 2.75 to 1.00, the Company will need to reach $49.1 million in EBITDA for the trailing four quarters. At June 30, 2006 and December 31, 2005, our Senior Notes were trading at 89.8% and 98.0% of face value, respectively.

Convertible Junior Subordinated Note

The Company has a $12.0 million convertible junior subordinated note, which matures July 31, 2009, and bears interest, payable quarterly in cash or in-kind securities, at an annual rate of 8.0%. The note holder may convert borrowings under the note to common stock at $7.52 per share. This note is considered in the calculation of diluted earnings per share, when applicable. The market value of these notes is not readily determinable.

Revolving Credit Agreement

At June 30, 2006, amounts considered outstanding under the revolving credit facility totaled $1.4 million related to two letters of credit in connection with our high retention workers compensation program with $27.4 million available for borrowings. Borrowings under this line are limited to 85% of eligible accounts receivable, as defined under the credit facility. Borrowings are secured by substantially all of our assets and a pledge of the capital stock of our wholly owned subsidiaries.

Note 8. Commitments and Contingencies

Master Lease Agreement

Radiologix maintains operating leases for certain imaging equipment under an Amended and Restated Master Lease Agreement with GE Healthcare Financial Services (GE). Through this arrangement, GE has agreed to fund up to $60.0 million of equipment leases through December 31, 2006, and requires that at least 55% of the outstanding balance represent GE healthcare equipment.

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In connection with the Master Lease Agreement, the Company is required to provide additional cash collateral in a restricted account equal to 20% of the aggregate amounts outstanding under the Master Lease Agreement. The accompanying June 30, 2006 balance sheet includes $5.8 million of restricted cash under this provision.

The Master Lease Agreement also contains certain covenants related to financial leverage, fixed charge coverage, and total indebtedness to GE. Failure to comply with these covenants would restrict our ability to lease additional equipment under the Master Lease Agreement until the covenants are met. At June 30, 2006, we are in compliance with the required covenants.

At June 30, 2006, applicable amounts outstanding under the Master Lease Agreement totaled $45.9 million; and $9.3 million remained available for future leases. Commitments for leases signed but not placed in service under the Master Lease Agreement were $4.8 million at June 30, 2006.

Leases

The Company leases office and facility space as well as certain diagnostic equipment under operating leases.

Our facility lease terms generally vary in length from 1 year to 15 years with renewal options upon prior written notice, from 1 year to 10 years depending on the agreed upon terms with the local landlord. Facility lease amounts generally increase from 1% to 4% on an annual basis. We do not have options to purchase the facilities we currently lease. These leases usually contain exclusivity clauses prohibiting the landlord from leasing space to potentially competitive businesses within a defined distance of our existing locations.

Our equipment lease agreements are generally negotiated through either GE or Siemens Medical Solutions USA, Inc. These leases typically contain payment terms from 60 to 62 months and may include early buy-out options equal to the estimated fair market value of the equipment, plus applicable taxes, at the time of the option.

Litigation

Our current litigation is (i) expected to be covered by liability insurance or (ii) is not expected to adversely affect our business. Some risk exists, however, that we could subsequently be named as a defendant in additional lawsuits or that pending litigation could escalate and adversely affect us.

Self-insurance

At June 30, 2006, the amount of reserves related to the potential obligations under our self-insured arrangements, which are comprised of estimated health benefits and workers compensation obligations was $2.0 million. We believe we are adequately reserved for estimated potential obligations under these arrangements.

Note 9. Discontinued Operations

A summary of discontinued operations is as follows (in thousands):

	For the Three Months Ended June 30,		**For the Six Months Ended June 30,**	
	2006	**2005**	**2006**	**2005**
Service fee revenues	$	$	$	$ 197
Pre-tax income (loss)	$ 40	$ 30	$ 277	$ (404)

Pre-tax income in 2006 is due to the recovery of litigation fees.

Assets and liabilities of discontinued operations as of June 30, 2006 and December 31, 2005 were as follows (in thousands):

	2006	2005
Assets	$	$ 785
Liabilities	(228)	(201)
Net assets (liabilities)	$ (228)	$ 584

The assets and liabilities of discontinued operations are not segregated in the consolidated balance sheets.

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Note 10. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period.

Diluted EPS includes options, warrants, and other potentially dilutive securities, using the treasury stock method to the extent that these securities are not anti-dilutive. Our diluted EPS calculation also considers the effect of the convertible junior subordinated note using the if converted method to the extent the securities are not anti-dilutive.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2006	2005	2006	2005
Weighted average shares for basic earnings per share	22,242,417	22,339,815	22,242,417	22,128,425
Effect of dilutive stock options	66,948	233,094	74,296	497,506
Effect of dilutive convertible junior subordinated note				
Weighted average shares for diluted earnings per share	22,309,365	22,572,909	22,316,713	22,625,931

For the three and six months ended June 30, 2006 and 2005, approximately $240,000 and $480,000, respectively, of interest expense and 1,593,040 of weighted average shares related to the convertible junior subordinated note were not included in the computation of diluted EPS because to do so would be anti-dilutive for the periods. For the three and six months ended June 30, 2006, 2,853,185 and 2,845,837 options, 200,000 Restricted Stock Award and 179,505 Restricted Stock Units, related to our 1996 and 2004 Plans, were not included in the computation of diluted EPS because to do so would be anti-dilutive for the period.

Note 11. Segment Reporting

The Company operates through two segments: its primary operations and its Questar subsidiary operations.

The Company s primary operations consist of owning and operating diagnostic imaging centers and providing administrative, management and information services to the contracted radiology practice groups that provide professional interpretation and supervision services in connection with the Company s diagnostic imaging centers and to hospitals and radiology practices with which the Company operates joint ventures.

The following table summarizes the operating results, including continuing and discontinued operations, and assets of our primary and Questar operations (in thousands):

	For the Six Months Ended June 30, 2006		
	Primary Operations	Questar	Total
Service fee revenue	$ 127,046	$ 3,200	$ 130,246
Total costs and expenses	109,486	2,814	112,300
Income before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	17,560	386	17,946
Equity in earnings of unconsolidated affiliates	2,070		2,070
Minority interests in income of consolidated subsidiaries	(378)		(378)
Income before income taxes from continuing operations	19,252	386	19,638

Income from discontinued operations	(1)	278	277
Income before income taxes	$ 19,251	$ 664	$ 19,915
Assets	$ 124,055	$ 2,397	$ 126,452
Purchases of property and equipment	$ 11,171	$	$ 11,171

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	For the Six Months Ended June 30, 2005		
	Primary Operations	Questar	Total
Service fee revenue	$ 122,990	$ 4,072	$ 127,062
Total costs and expenses	104,169	3,340	107,509
Income before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	18,821	732	19,553
Equity in earnings of unconsolidated affiliates	1,661		1,661
Minority interests in income of consolidated subsidiaries	(303)		(303)
Income before income taxes from continuing operations	20,179	732	20,911
Loss from discontinued operations	(62)	(342)	(404)
Income before income taxes	$ 20,117	$ 390	$ 20,507
Assets	$ 109,127	$ 5,500	$ 114,627
Purchases of property and equipment	$ 9,179	$ 210	$ 9,389

The following table is a reconciliation of the segment income before income taxes to Radiologix s consolidated reported income before income tax expense (benefit) (in thousands):

	For the Six Months Ended June 30, 2006	2005
Segment income before income taxes	$ 19,915	$ 20,507
Unallocated amounts:		
Corporate general and administrative	9,164	9,333
Corporate depreciation and amortization	1,934	1,888
Corporate interest expense	6,370	6,958
Consolidated income before income tax expense (benefit)	$ 2,447	$ 2,328

The following table is a reconciliation of purchases of property and equipment for the segments to Radiologix s consolidated assets and purchases of property and equipment for the six month periods ended June 30 (in thousands):

	2006	2005
Purchases of property and equipment:		
Segment amounts	$ 11,171	$ 9,389
Corporate		2,708
Total purchases of property and equipment	$ 11,171	$ 12,097

The following table is a reconciliation of total assets and total liabilities for the segments to Radiologix s consolidated total assets and liabilities, as of June 30 (in thousands):

	2006	2005
Total Assets		
Segment amounts	$ 126,452	$ 114,627
Intangible assets, net	52,384	55,717
Deferred financing costs, net	4,117	5,766
Other corporate assets	54,201	63,644
Total assets	$ 237,154	$ 239,754

	2006	2005
Total Liabilities		
Segment amounts	$ 26,800	$ 30,406
Corporate, primarily long-term debt	177,214	175,567
Total liabilities	$ 204,014	$ 205,973

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Note 12. Unconsolidated Affiliates (Joint Ventures)

The Company has seven unconsolidated joint ventures with ownership interests ranging from 22% to 50%. These joint ventures represent partnerships with hospitals, health systems or radiology practices and were formed for the purpose of owning and operating diagnostic imaging centers. Professional services at the joint venture diagnostic imaging centers are performed by the contracted radiology practices in such market area or a radiology practice that participates in the joint venture. Other assets at June 30, 2006 and December 31, 2005 include notes receivable from certain unconsolidated joint ventures aggregating $0.9 million and $1.2 million, respectively. Interest income related to these notes receivable was approximately $25,000 and $40,000 for the three months ended June 30, 2006 and 2005, respectively. The Company also received management service fees of approximately $862,000 and $781,000 for the three months ended June 30, 2006 and 2005, respectively, in connection with operating the centers underlying these joint ventures. For the six months ended June 30, 2006 and 2005, interest income related to these notes receivable was approximately $53,000 and $87,000, respectively. The Company received management service fees of approximately $1.7 million and $1.5 million for the six months ended June 30, 2006 and 2005, respectively. The Company s investments in these joint ventures are accounted for under the equity method. The following table is a summary of key financial data for these joint ventures (in thousands):

	June 30, 2006	December 31, 2005
Current assets	$ 19,475	$ 22,689
Noncurrent assets	7,896	7,591
Current liabilities	1,958	2,160
Noncurrent liabilities	47	192

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2006	2005	2006	2005
Net revenue	$ 14,029	$ 13,711	$ 27,768	$ 25,862
Pre-tax income	3,420	3,345	6,846	5,586
Minority interest	1,025	1,039	2,070	1,661

Note 13. Supplemental Guarantor Information

In connection with the senior notes, certain of the Company s subsidiaries (Subsidiary Guarantors) guaranteed, jointly and severally, the Company s obligation to pay principal and interest on the senior notes on a full and unconditional basis.

The non-guarantor subsidiaries include: Advanced PET Imaging of Maryland, L.P., Montgomery Community Magnetic Imaging Center Limited Partnership, Tower OpenScan MRI, and MRI at St. Joseph Medical Center LLC. The Subsidiary Guarantors include all wholly owned subsidiaries of Radiologix, Inc.

Deferred taxes are provided for by the Parent. The subsidiaries recognize tax expense (benefit) based on taxes computed at the statutory rate. Supplemental Guarantor Information has been restated for items discussed in Note 5. In addition, intercompany activities between the subsidiary and the Parent are presented within operating activities on the condensed consolidated statement of cash flows.

Condensed consolidating financial statements for the Company and its subsidiaries including Radiologix only, the combined Guarantor Subsidiaries and the combined Non-Guarantor Subsidiaries are as follows:

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CONDENSED CONSOLIDATING BALANCE SHEET (Unaudited)

June 30, 2006

(In thousands)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Assets:					
Cash and cash equivalents	$ 38,073	$ 2,412	$ 3,186	$	$ 43,671
Accounts receivable, net		39,332	1,905		41,237
Other current assets	14,779	2,346	73		17,198
Total current assets	$ 52,852	$ 44,090	$ 5,164	$	$ 102,106
Property and equipment, net	1,334	65,044	2,232		68,610
Investment in subsidiaries	194,722			(194,722)	
Intangible assets, net		51,500	884		52,384
Other assets	4,728	9,326			14,054
Intercompany receivables		33,145	11,282	(44,427)	
Total assets	$ 253,636	$ 203,105	$ 19,562	$ (239,149)	$ 237,154
Liabilities and stockholders equity:					
Accounts payable and accrued expenses	$ 2,635	$ 5,241	$ 901	$	$ 8,777
Intercompany payables	44,427			(44,427)	
Current portion of long-term debt		33			33
Other current liabilities	4,329	12,631	287		17,247
Total current liabilities	$ 51,391	$ 17,905	$ 1,188	$ (44,427)	$ 26,057
Long-term debt, net of current portion	170,250	45			170,295
Other noncurrent liabilities		7,662			7,662
Minority interests in consolidated subsidiaries			1,145		1,145
Total stockholders equity	31,995	177,493	17,229	(194,722)	31,995
Total liabilities and stockholders equity	$ 253,636	$ 203,105	$ 19,562	$ (239,149)	$ 237,154

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CONDENSED CONSOLIDATING BALANCE SHEET (Unaudited)

December 31, 2005

(In thousands)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Assets:					
Cash and cash equivalents	$ 31,145	$ (1,515)	$ 6,374	$	$ 36,004
Accounts receivable, net		39,375	1,440		40,815
Other current assets	14,783	4,224	72		19,079
Total current assets	$ 45,928	$ 42,084	$ 7,886	$	$ 95,898
Property and equipment, net	9,610	56,529	1,826		67,965
Investment in subsidiaries	176,481			(176,481)	
Intangible assets, net		53,107	943		54,050
Other assets	5,777	10,838			16,615
Intercompany receivables		23,040	7,173	(30,213)	
Total assets	$ 237,796	$ 185,598	$ 17,828	$ (206,694)	$ 234,528
Liabilities and stockholders equity:					
Accounts payable and accrued expenses	$ 8,711	$ 15,681	$ 488	$	$ 24,880
Intercompany payables	30,213			(30,213)	
Current portion of long-term debt	(256)	32	256		32
Other current liabilities		477			477
Total current liabilities	$ 38,668	$ 16,190	$ 744	$ (30,213)	$ 25,389
Long-term debt, net of current portion	170,157	62	93		170,312
Other noncurrent liabilities		7,982			7,982
Minority interests in consolidated subsidiaries			1,874		1,874
Total stockholders equity	28,971	161,364	15,117	(176,481)	28,971
Total liabilities and stockholders equity	$ 237,796	$ 185,598	$ 17,828	$ (206,694)	$ 234,528

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS (Unaudited)

For the Three Months Ended June 30, 2006

(In thousands)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Service fee revenue	$	$ 60,740	$ 4,389	$	$ 65,129
Costs of operations:					
Cost of services		39,148	2,184		41,332
Equipment leases		3,712	174		3,886
Provision for doubtful accounts		5,419	189		5,608
Depreciation and amortization	215	5,657	182		6,054
Gross profit	$ (215)	$ 6,804	$ 1,660	$	$ 8,249
Corporate general and administrative	$ 4,448	$	$	$	$ 4,448
Interest expense, net	3,127	1,212	(13)		4,326
Income (loss) before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	$ (7,790)	$ 5,592	$ 1,673	$	$ (525)
Equity in net income of wholly owned subsidiaries	8,031			(8,031)	
Equity in earnings of unconsolidated affiliates		1,025			1,025
Minority interests in income of consolidated subsidiaries			(232)		(232)
Income before income taxes and discontinued operations	$ 241	$ 6,617	$ 1,441	$ (8,031)	$ 268
Income tax expense		67			67
Income from continuing operations	$ 241	$ 6,550	$ 1,441	$ (8,031)	$ 201
Discontinued Operations:					
Income from discontinued operations before income taxes		40			40
Income tax expense					
Income from discontinued operations	$	$ 40	$	$	$ 40
Net income	$ 241	$ 6,590	$ 1,441	$ (8,031)	$ 241

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS (Unaudited)

For the Six Months Ended June 30, 2006

(In thousands)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Service fee revenue	$	$ 122,736	$ 7,510	$	$ 130,246
Costs of operations:					
Cost of services		77,253	3,995		81,248
Equipment leases		7,233	409		7,642
Provision for doubtful accounts		10,615	272		10,887
Depreciation and amortization	430	11,234	360		12,024
Gross profit	$ (430)	$ 16,401	$ 2,474	$	$ 18,445
Corporate general and administrative	$ 9,164	$	$	$	$ 9,164
Interest expense, net	6,370	2,449	(16)		8,803
Income (loss) before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	$ (15,964)	$ 13,952	$ 2,490	$	$ 478
Equity in net income of wholly owned subsidiaries	18,241			(18,241)	
Equity in earnings of unconsolidated affiliates		2,070			2,070
Minority interests in income of consolidated subsidiaries			(378)		(378)
Income before taxes and discontinued operations	$ 2,277	$ 16,022	$ 2,112	$ (18,241)	$ 2,170
Income tax expense		170			170
Income from continuing operations	$ 2,277	$ 15,852	$ 2,112	$ (18,241)	$ 2,000
Discontinued Operations:					
Income from discontinued operations before income taxes		277			277
Income tax expense					
Income from discontinued operations	$	$ 277	$	$	$ 277
Net income	$ 2,277	$ 16,129	$ 2,112	$ (18,241)	$ 2,277

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS (Unaudited)

For the Three Months Ended June 30, 2005

(In thousands)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Service fee revenue	$	$ 61,181	$ 3,130	$	$ 64,311
Costs of operations:					
Cost of services		38,851	1,778		40,629
Equipment leases		2,898	333		3,231
Provision for doubtful accounts		4,543	116		4,659
Depreciation and amortization	191	5,504	163		5,858
Gross profit	$ (191)	$ 9,385	$ 740	$	$ 9,934
Corporate general and administrative	$ 4,985	$	$	$	$ 4,985
Interest expense, net	3,443	1,119	3		4,565
Income (loss) before equity in earnings of unconsolidated affiliates, minority interests in consolidated subsidiaries, income taxes and discontinued operations	$ (8,619)	$ 8,266	$ 737	$	$ 384
Equity in net income of wholly owned subsidiaries	9,825			(9,825)	
Equity in earnings of unconsolidated affiliates		1,039			1,039
Minority interests in income of consolidated subsidiaries			(154)		(154)
Income before income taxes and discontinued operations	$ 1,206	$ 9,305	$ 583	$ (9,825)	$ 1,269
Income tax expense		93			93
Income from continuing operations	$ 1,206	$ 9,212	$ 583	$ (9,825)	$ 1,176
Discontinued Operations:					
Income from discontinued operations before income taxes		30			30
Income tax expense					
Income from discontinued operations	$	$ 30	$	$	$ 30
Net income	$ 1,206	$ 9,242	$ 583	$ (9,825)	$ 1,206

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS (Unaudited)

For the Six Months Ended June 30, 2005

(In thousands)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Service fee revenue	$	$ 121,062	$ 6,000	$	$ 127,062
Costs of operations:					
Cost of services		76,936	3,513		80,449
Equipment leases		5,648	389		6,037
Provision for doubtful accounts		8,920	206		9,126
Depreciation and amortization	384	10,786	332		11,502
Gross profit	$ (384)	$ 18,772	$ 1,560	$	$ 19,948
Corporate general and administrative	$ 9,333	$	$	$	$ 9,333
Interest expense, net	6,959	2,264	18		9,241

Income (loss) before equity in earnings of unconsolidated affiliates, minority interests in consolidated