Titan Machinery Inc.
Form 10-Q
September 08, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2010

Commission File No. 001-33866

TITAN MACHINERY INC.

(Exact name of registrant as specified in its charter)

Delaware	**No. 45-0357838**
(State or Other Jurisdiction of	(IRS Employer
Incorporation or Organization)	Identification No.)

644 East Beaton Drive

West Fargo, ND 58078-2648

(Address of Principal Executive Offices)

Registrant s telephone number **(701) 356-0130**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 o NO o

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

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if 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 x

The number of shares outstanding of the registrant s common stock as of August 31, 2010 was: Common Stock, $0.00001 par value, 17,852,784 shares.

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TITAN MACHINERY INC.

QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TITAN MACHINERY INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

	July 31, 2010 (Unaudited)	January 31, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 61,461	$ 76,185
Receivables, net	29,478	22,254
Inventories	419,945	347,580
Prepaid expenses	633	1,009
Income taxes receivable		1,595
Deferred income taxes	2,867	2,266
Total current assets	514,384	450,889
INTANGIBLES AND OTHER ASSETS		
Noncurrent parts inventories	1,983	1,642
Goodwill	16,247	14,762
Intangible assets, net of accumulated amortization	408	295
Other	845	620
	19,483	17,319
PROPERTY AND EQUIPMENT, net of accumulated depreciation	53,938	46,604
	$ 587,805	$ 514,812
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 15,312	$ 12,352
Floorplan notes payable	317,506	249,872
Current maturities of long-term debt and short-term advances	8,801	7,218
Customer deposits	6,928	12,974
Accrued expenses	9,780	9,870
Income taxes payable	489	
Total current liabilities	358,816	292,286
LONG-TERM LIABILITIES		

Long-term debt, less current maturities		24,351		21,852
Deferred income taxes		6,604		6,356
Other long-term liabilities		2,584		3,794
		33,539		32,002
STOCKHOLDERS EQUITY				
Common stock, par value $.00001 per share, authorized - 25,000 shares; issued and outstanding - 17,851 at July 31, 2010 and 17,777 at January 31, 2010				
Additional paid-in-capital		139,428		138,775
Retained earnings		56,022		51,749
		195,450		190,524
	$	587,805	$	514,812

See Notes to Consolidated Financial Statements

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TITAN MACHINERY INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2010	**2009**	**2010**	**2009**
REVENUE				
Equipment	$ 153,131	$ 141,142	$ 303,491	$ 266,007
Parts	33,947	32,454	69,010	58,852
Service	17,502	15,640	34,053	28,182
Other, including trucking and rental	5,086	3,956	8,569	6,452
TOTAL REVENUE	209,666	193,192	415,123	359,493
COST OF REVENUE				
Equipment	138,342	125,452	275,143	237,752
Parts	24,184	22,939	49,370	41,476
Service	6,970	5,586	12,941	10,186
Other, including trucking and rental	4,122	3,207	7,178	5,555
TOTAL COST OF REVENUE	173,618	157,184	344,632	294,969
GROSS PROFIT	36,048	36,008	70,491	64,524
OPERATING EXPENSES	29,212	26,662	59,008	51,367
INCOME FROM OPERATIONS	6,836	9,346	11,483	13,157
OTHER INCOME (EXPENSE)				
Interest and other income	34	140	207	351
Floorplan interest expense	(1,911)	(932)	(3,712)	(1,663)
Interest expense other	(358)	(328)	(735)	(591)
INCOME BEFORE INCOME TAXES	4,601	8,226	7,243	11,254
PROVISION FOR INCOME TAXES	(1,887)	(3,375)	(2,970)	(4,613)
NET INCOME	$ 2,714	$ 4,851	$ 4,273	$ 6,641
EARNINGS PER SHARE - NOTE 1				
EARNINGS PER SHARE - BASIC	$ 0.15	$ 0.28	$ 0.24	$ 0.38
EARNINGS PER SHARE - DILUTED	$ 0.15	$ 0.27	$ 0.24	$ 0.37
WEIGHTED AVERAGE SHARES - BASIC	17,635	17,589	17,626	17,577
WEIGHTED AVERAGE SHARES - DILUTED	18,080	17,998	18,060	17,930

See Notes to Consolidated Financial Statements

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TITAN MACHINERY INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Six Months Ended July 31, 2010		Six Months Ended July 31, 2009	
OPERATING ACTIVITIES				
Net income	$	4,273	$	6,641
Adjustments to reconcile net income to net cash from operations				
Depreciation and amortization		4,204		3,962
Deferred income taxes		(353)		329
Stock-based compensation expense		564		432
Other		(87)		(22)
Changes in assets and liabilities, net of purchase of equipment dealerships assets and assumption of liabilities				
Receivables, prepaid expenses and other assets		(6,848)		(755)
Inventories		(28,261)		(35,238)
Floorplan notes payable		(818)		2,989
Accounts payable, customer deposits, accrued expenses and other long-term liabilities		(4,918)		(8,785)
Income taxes		2,084		3,042
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		(30,160)		(27,405)
INVESTING ACTIVITIES				
Net change in U.S. treasury bills				44,994
Property and equipment purchases		(6,250)		(7,635)
Net proceeds from sale of equipment		434		190
Purchase of equipment dealerships, net of cash purchased		(2,423)		(4,025)
Other, net		(293)		
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		(8,532)		33,524
FINANCING ACTIVITIES				
Net change in non-manufacturer floorplan notes payable		23,444		25,185
Short-term advances related to customer contracts in transit, net		(358)		2,700
Proceeds from long-term debt borrowings		4,671		20,388
Principal payments on long-term debt		(3,878)		(9,458)
Other		89		
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES		23,968		38,815
NET CHANGE IN CASH AND CASH EQUIVALENTS		(14,724)		44,934
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		76,185		41,047
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	61,461	$	85,981

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Six Months Ended July 31, 2010		Six Months Ended July 31, 2009	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period				
Income taxes, net of refunds	$	1,247	$	1,688
Interest	$	4,460	$	2,206
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Property and equipment purchased with long-term debt	$	3,647	$	1,688
Net transfer of equipment from (to) fixed assets to (from) inventories	$	(1,744)	$	4,292
Acquisition of equipment dealership assets in exchange for cash and assumption of liabilities including purchase accounting adjustments on prior acquisitions				
Receivables	$		$	(305)
Inventories		(2,000)		(6,203)
Deferred income taxes, net				133
Property and equipment		(231)		(786)
Goodwill		(1,485)		(1,238)
Accounts payable, customer deposits and accrued expenses		17		182
Floorplan notes payable		819		2,398
Income taxes payable				(73)
Long-term debt				1,867
Non-cash consideration: other long-term liabilities		457		
Cash paid for dealerships, net of cash purchased and adjustments on prior acquisitions	$	(2,423)	$	(4,025)

See Notes to Consolidated Financial Statements

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TITAN MACHINERY INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 - BUSINESS ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim reporting. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America 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 six-month period ended July 31, 2010 are not necessarily indicative of the results that may be expected for the year ending January 31, 2011. The information contained in the balance sheet as of January 31, 2010 was derived from the audited financial statements for Titan Machinery Inc. (the Company) for the year then ended. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s Form 10-K for the fiscal year ended January 31, 2010 as filed with the SEC.

Nature of Business

Titan Machinery Inc. is engaged in the retail sale, service and rental of agricultural and construction machinery through stores in North Dakota, South Dakota, Minnesota, Iowa, Nebraska, Montana and Wyoming.

Estimates

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 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.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Transportation Solutions LLC. All significant accounts, transactions and profits between the consolidated companies have been eliminated in consolidation.

Fair Value of Financial Instruments

The carrying amount of cash, receivables, payables, short-term debt and other current liabilities approximates fair value because of the short maturity and/or frequent repricing of those instruments. Based upon current borrowing rates with similar maturities, the carrying value of the long-term debt approximates the fair value as of July 31, 2010 and January 31, 2010.

Exit and Disposal Costs

The Company accounts for exit or disposal activities, including store closures, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 420, *Exit or Disposal Cost Obligations.* Such costs mainly include lease termination costs and employee termination costs. The Company records a liability for any remaining lease obligations, net of estimated sublease income or estimated loss on disposal if the Company buys and subsequently sells the leased property, as of the date the Company ceases using the property. Any subsequent adjustments to that liability as a result of changes in estimates are recorded in the period incurred. The Company records a liability for employee termination costs at the date the termination benefits were communicated to the employees.

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As part of the Company s Construction business action plan, in April 2010, the Company decided to close its Construction store in Columbia Falls, Montana. The primary exit costs relate to estimated lease termination costs of $185,000 and employee termination costs of $27,000. The Company is transferring the majority of the assets and related floorplan notes payable and long-term debt to other stores. Exit costs of $110,000 and $75,000 are included in the line items of operating expenses and interest and other income, respectively, on the consolidated statements of operations for the three and six months ended July 31, 2010. A reconciliation of the beginning and ending liability balance follows:

		(in thousands)
Balance at January 31, 2010	$	
Exit costs incurred and charged to expense		212
Exit costs paid		(60)
Balance at July 31, 2010	$	152

Recent Accounting Guidance

In July 2010, the FASB issued authoritative guidance on financing receivables and the allowance for credit losses, codified in ASC 310, *Receivables*. This guidance amends the current disclosure requirements to provide a greater level of disaggregated information about the credit quality of its financing receivables and its allowance for credit losses. The guidance also requires an entity to disclose credit quality indicators, past due information, and modifications of its financing receivables. The guidance is effective for interim and annual reporting periods ending after December 15, 2010. The Company is in the process of determining the impact that this guidance will have on the Company s consolidated financial statements.

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Earnings Per Share

The following table sets forth the denominator for the computation of basic and diluted earnings per share:

	Three Months Ended July 31, 2010	2009	Six Months Ended July 31, 2010	2009
	(in thousands)		(in thousands)	
Basic weighted-average shares outstanding	17,635	17,589	17,626	17,577
Plus: Incremental shares from assumed conversions				
Restricted Stock	187	137	177	117
Warrants	56	79	58	80
Stock Options	202	193	199	156
Diluted weighted-average shares outstanding	18,080	17,998	18,060	17,930

There were 139,000 and 164,000 stock options outstanding as of July 31, 2010 and 2009, respectively, that were not included in the computation of diluted earnings per share because they were anti-dilutive.

NOTE 2 - INVENTORIES

	July 31, 2010	January 31, 2010
	(in thousands)	
New equipment	$ 237,463	$ 174,193
Used equipment	132,930	127,884
Parts and attachments	45,356	42,611
Work in process	4,196	2,892
	$ 419,945	$ 347,580

In addition to the above amounts, the Company has estimated that a portion of its parts inventory will not be sold in the next year. Accordingly, these balances have been classified as noncurrent assets.

NOTE 3 - LINES OF CREDIT / FLOORPLAN NOTES PAYABLE

Operating Line of Credit

The Company entered into a Loan Agreement (the Loan Agreement) with Bremer Bank National Association (Bremer Bank) on July 15, 2009, as amended on July 13, 2010, which provides for a $25.0 million revolving operating line of credit (Revolving Loan) and a $12.9 million term loan (Term Loan). The Revolving Loan may be used to fund short term working capital requirements of the Company, and replaces the Company s previous $25.0 million operating line of credit with Bremer Bank. The Revolving Loan has a variable interest rate of 0.25% per annum below a Bremer Bank reference rate (subject to a minimum interest rate floor of 4.5%) on outstanding balances, has a 0.5% non-usage fee on the average monthly unused amount, requires monthly payments of accrued interest, and has a maturity date of July 12, 2011. Advances under the Loan Agreement are secured by substantially all of the Company s assets. See details of the Term Loan in the long-term debt schedule in the Company s Form 10-K for the fiscal year ended January 31, 2010 as filed with the SEC.

The Company had no amount outstanding on the Revolving Loan at July 31, 2010. The Loan Agreement contains certain financial covenants which impose minimum levels of current ratio, debt service coverage, and inventory turnover ratio

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and a maximum level of debt to tangible net worth ratio. As of July 31, 2010, the Company was in compliance with all of these financial covenants.

Floorplan Lines of Credit

The Company has discretionary floorplan lines of credit for equipment purchases totaling approximately $400.0 million with various lending institutions, including a $300.0 million Wholesale Floorplan Credit Facility with CNH Capital America LLC (CNH Capital) and $50.0 million with GE Commercial Distribution Finance Corporation (GE). The available borrowings under the CNH Capital credit facility are reduced by outstanding floorplan notes payable, rental fleet financing and other acquisition-related financing arrangements with CNH Capital. During fiscal 2010, interest rates for new borrowings under the CNH Capital floorplan line of credit ranged from the prime rate plus 0.3% to the prime rate plus 6% per annum, subject to any interest-free periods offered by CNH Capital. Beginning in February 2010, interest rates are equal to the prime rate plus 4% on new borrowings, subject to any interest-free periods offered by CNH Capital. The CNH Capital credit facility automatically renews on August 31 of each year through August 31, 2012, unless earlier terminated by either party. Under covenants of the CNH Capital credit facility, the Company has agreed, among other things, to maintain various financial ratio levels and to submit certain financial information. It also contains various restrictive covenants that require prior consent of CNH Capital if the Company desires to engage in any acquisition of, consolidation or merger with any other business entity in which the Company is not the surviving company; create subsidiaries; move any collateral outside of the U.S.; or sell, rent, lease or otherwise dispose or transfer any of the collateral, other than in the ordinary course of business. CNH Capital s consent is also required for the acquisition of any CNH dealership. In addition, the CNH Capital credit facility restricts the Company s ability to incur any liens upon any substantial part of its assets.

The GE credit facility may be used to purchase new and used inventory from vendors approved by GE, or to finance or refinance new or used inventory. The interest rate on borrowings under the GE floorplan line of credit is equal to the three-month LIBOR rate plus 5.5%. The GE credit facility may be terminated by either party on 60 days notice. Under covenants of the GE credit facility, the Company has agreed, among other things, to maintain various financial ratio levels and to submit certain financial information. It also contains various restrictive covenants regarding related party transactions outside of the ordinary course of business and requires GE s prior consent if the Company desires to engage in any acquisition meeting certain financial thresholds; make any investments outside of the ordinary course of business; or have a change in control, as defined by the agreement.

Floorplan notes payable relating to these credit facilities totaled approximately $303.2 million of the total floorplan notes payable balance of $317.5 million outstanding as of July 31, 2010 and $245.3 million of the total floorplan notes payable balance of $249.9 million outstanding as of January 31, 2010. As of July 31, 2010, the Company had approximately $82.2 million in available borrowings remaining under these lines of credit. These floorplan notes carried various interest rates primarily ranging from 3.25 to 7.25% as of July 31, 2010, subject to interest-free periods offered by CNH Capital, and are secured by the related inventory. Repayment terms vary by individual notes, but generally payments are made from sales proceeds or rental revenue from the related inventories. As of July 31, 2010, the Company was in compliance with all floorplan financial covenants.

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NOTE 4 - BUSINESS COMBINATIONS

On June 1, 2010, the Company acquired certain assets of Hubbard Implement, Inc. The acquired entity consisted of one agricultural equipment store located in Iowa Falls, Iowa which is contiguous to the Company s existing locations in Grundy Center and Waverly, Iowa. The acquisition-date fair value of the total consideration transferred for the dealership was $1,496,000.

During the six months ended July 31, 2010 adjustments were recorded for additional consideration of $1,384,000 earned and paid under agreements disclosed in the Company s Form 10-K for the fiscal year ended January 31, 2010 as filed with the SEC. This additional consideration resulted in a net increase in goodwill of $1,384,000.

The results of operations have been included in the Company s consolidated results of operations since the date of the business combination. The fair value of assets acquired and liabilities assumed in the above business combinations and adjustments on prior acquisitions are presented in the following table:

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		July 31, 2010 (in thousands)
Cash	$	1
Inventories		2,000
Property and equipment		231
Goodwill		1,485
	$	3,717
Floorplan notes payable	$	819
Customer deposits		17
	$	836
Cash consideration		2,424
Non-cash consideration: other long-term liabilities		457
Total consideration	$	2,881
Goodwill related to the Agriculture operating segment	$	1,485
Goodwill related to the Construction operating segment	$	

NOTE 5 - SEGMENT INFORMATION AND OPERATING RESULTS

Certain financial information for each of the Company s business segments is set forth below. Revenues, income before income tax and total assets at the segment level are reported before eliminations. The Company retains various unallocated income/(expense) items and assets at the general corporate level, which the Company refers to as Shared Resources in the table below. Shared Resource assets primarily consist of cash and property and equipment. Intersegment revenues are immaterial.

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	Three Months Ended July 31, 2010	Three Months Ended July 31, 2009	Six Months Ended July 31, 2010	Six Months Ended July 31, 2009
	(in thousands)		(in thousands)	
Revenues				
Agriculture	$ 181,522	$ 170,366	$ 362,904	$ 318,695
Construction	36,209	30,451	68,313	55,149
Segment revenues	217,731	200,817	431,217	373,844
Eliminations	(8,065)	(7,625)	(16,094)	(14,351)
Total	$ 209,666	$ 193,192	$ 415,123	$ 359,493
Income (Loss) Before Income Taxes				
Agriculture	$ 6,246	$ 10,002	$ 11,038	$ 15,718
Construction	(852)	(785)	(2,767)	(2,735)
Segment income (loss) before income taxes	5,394	9,217	8,271	12,983
Shared Resources	(643)	(751)	(634)	(1,222)
Eliminations	(150)	(240)	(394)	(507)
Income before income taxes	$ 4,601	$ 8,226	$ 7,243	$ 11,254

	July 31, 2010	January 31, 2010
	(in thousands)	
Total Assets		
Agriculture	$ 433,970	$ 350,086
Construction	91,486	87,910
Segment assets	525,456	437,996
Shared Resources	63,559	77,631
Eliminations	(1,210)	(815)
Total	$ 587,805	$ 514,812

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim unaudited consolidated financial statements and related notes included in Item 1 of Part 1 of this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended January 31, 2010.

Critical Accounting Policies

There have been no material changes in our Critical Accounting Policies, as disclosed in our Annual Report on Form 10-K for the year ended January 31, 2010.

Overview

We own and operate a network of full service agricultural and construction equipment stores in the United States. Based upon information provided to us by CNH Global N.V. or its U.S. subsidiary CNH America LLC, collectively referred to in our Form 10-K for the year ended January 31, 2010 as CNH, we are the world s largest retail dealer of Case IH Agriculture equipment and a major retail dealer of New Holland Agriculture, Case Construction and New Holland Construction equipment in the U.S. We have two primary business segments, Agriculture and Construction, within each of which we sell and rent new and used equipment, sell parts, and service the equipment in the markets surrounding our stores.

Our net income was $2.7 million, or $0.15 per diluted share, for the three months ended July 31, 2010, compared to $4.9 million, or $0.27 per diluted share, for the three months ended July 31, 2009. Significant factors impacting the quarterly comparisons were:

- Increase in revenue primarily due to Agriculture acquisitions and same-store sales growth in our Construction segment;

- Comparable gross profits to our second quarter of last year, which resulted from lower margins (primarily on equipment and service) on higher overall revenues in the three months ending July 31, 2010; and

- Increase in floorplan interest expense due to higher floorplan notes payable balances and higher interest rates.

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Results of Operations

Comparative financial data for each of our four sources of revenue are expressed below. The results for these periods include the operating results of the acquisitions made during these periods. The period-to-period comparisons included below are not necessarily indicative of future results. Segment information is provided later in this discussion and analysis of our results of operations.

	Three Months Ended July 31,			Six Months Ended July 31,		
	2010	2009	Percent Change	2010	2009	Percent Change
	(dollars in thousands)			(dollars in thousands)		
Equipment						
Revenue	$ 153,131	$ 141,142	8.5%	$ 303,491	$ 266,007	14.1%
Cost of revenue	138,342	125,452	10.3%	275,143	237,752	15.7%
Gross profit	$ 14,789	$ 15,690	(5.7)%	$ 28,348	$ 28,255	0.3%
Gross profit margin	9.7%	11.1%	(1.4)%	9.3%	10.6%	(1.3)%
Parts						
Revenue	$ 33,947	$ 32,454	4.6%	$ 69,010	$ 58,852	17.3%
Cost of revenue	24,184	22,939	5.4%	49,370	41,476	19.0%
Gross profit	$ 9,763	$ 9,515	2.6%	$ 19,640	$ 17,376	13.0%
Gross profit margin	28.8%	29.3%	(0.5)%	28.5%	29.5%	(1.0)%
Service						
Revenue	$ 17,502	$ 15,640	11.9%	$ 34,053	$ 28,182	20.8%
Cost of revenue	6,970	5,586	24.8%	12,941	10,186	27.0%
Gross profit	$ 10,532	$ 10,054	4.8%	$ 21,112	$ 17,996	17.3%
Gross profit margin	60.2%	64.3%	(4.1)%	62.0%	63.9%	(1.9)%
Other, including trucking and rental						
Revenue	$ 5,086	$ 3,956	28.6%	$ 8,569	$ 6,452	32.8%
Cost of revenue	4,122	3,207	28.5%	7,178	5,555	29.2%
Gross profit	$ 964	$ 749	28.7%	$ 1,391	$ 897	55.1%
Gross profit margin	19.0%	18.9%	0.1%	16.2%	13.9%	2.3%

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The following table sets forth our statements of operations data expressed as a percentage for each of our four sources of revenue for the periods indicated:

	Three Months Ended July 31, 2010	Three Months Ended July 31, 2009	Six Months Ended July 31, 2010	Six Months Ended July 31, 2009
Revenue				
Equipment	73.0%	73.1%	73.1%	74.0%
Parts	16.2%	16.8%	16.6%	16.4%
Service	8.4%	8.1%	8.2%	7.8%
Other, including trucking and rental	2.4%	2.0%	2.1%	1.8%
Total revenue	100.0%	100.0%	100.0%	100.0%
Total cost of revenue	82.8%	81.4%	83.0%	82.1%
Gross profit	17.2%	18.6%	17.0%	17.9%
Operating expenses	13.9%	13.8%	14.2%	14.2%
Income from operations	3.3			