OPENTABLE INC
Form 10-Q
August 04, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2011

OR

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

Commission File Number: 001-34357

OPENTABLE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**94-3374049** (I.R.S. Employer Identification No.)
799 Market Street, 4th Floor, San Francisco, CA (Address of Principal Executive Offices)	**94103** (Zip Code)

(415) 344-4200

(Registrant s Telephone Number, Including Area Code)

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

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

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

Large accelerated filer o	Accelerated filer x
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 x

As of August 1, 2011, 23,676,769 shares of the registrant s common stock were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

OPENTABLE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

		June 30, 2011		**December 31, 2010**
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	50,160,000	$	33,444,000
Short-term investments		18,941,000		9,080,000
Accounts receivable, net of allowance for doubtful accounts of $1,046,000, and $1,260,000 at June 30, 2011 and December 31, 2010		15,485,000		13,292,000
Prepaid expenses and other current assets		2,886,000		2,919,000
Deferred tax asset		7,930,000		7,882,000
Restricted cash				167,000
Total current assets		95,402,000		66,784,000
Property, equipment and software, net		15,167,000		14,612,000
Goodwill		43,692,000		42,347,000
Intangibles, net		18,956,000		20,248,000
Deferred tax asset		5,541,000		5,539,000
Other assets		877,000		366,000
TOTAL ASSETS	$	179,635,000	$	149,896,000
LIABILITIES AND STOCKHOLDERS EQUITY				
CURRENT LIABILITIES:				
Accounts payable	$	3,085,000	$	1,862,000
Accrued expenses		4,915,000		5,804,000
Accrued compensation		4,436,000		4,189,000
Deferred revenue		2,142,000		1,852,000
Dining rewards payable		18,089,000		15,398,000
Total current liabilities		32,667,000		29,105,000
Deferred revenue non-current		2,474,000		2,802,000

Deferred tax liability	5,261,000	5,644,000
Income tax liability	12,758,000	8,577,000
Other long-term liabilities	474,000	1,623,000
Total liabilities	53,634,000	47,751,000
COMMITMENTS AND CONTINGENCIES (Note 5)		
STOCKHOLDERS EQUITY:		
Common stock, $0.0001 par value 100,000,000 shares authorized; 23,858,168 and 23,507,765 shares issued, 23,647,921 and 23,297,518 shares outstanding at June 30, 2011 and December 31, 2010	2,000	2,000
Additional paid-in capital	154,598,000	143,292,000
Treasury stock, at cost (210,247 shares at June 30, 2011 and December 31, 2010)	(647,000)	(647,000)
Accumulated other comprehensive income (loss)	735,000	(1,305,000)
Accumulated deficit	(28,687,000)	(39,197,000)
Total stockholders equity	126,001,000	102,145,000
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 179,635,000	$ 149,896,000

See notes to condensed consolidated financial statements.

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OPENTABLE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
REVENUES	$ 34,290,000	$ 22,453,000	$ 67,997,000	$ 43,704,000
COSTS AND EXPENSES:				
Operations and support	9,686,000	6,324,000	19,158,000	12,326,000
Sales and marketing	6,403,000	5,046,000	14,215,000	9,786,000
Technology	3,531,000	3,020,000	7,578,000	5,740,000
General and administrative	5,148,000	3,879,000	11,010,000	7,902,000
Total costs and expenses	24,768,000	18,269,000	51,961,000	35,754,000
Income from operations	9,522,000	4,184,000	16,036,000	7,950,000
Other income, net	24,000	73,000	45,000	142,000
Income before taxes	9,546,000	4,257,000	16,081,000	8,092,000
Income tax expense	3,221,000	1,673,000	5,571,000	2,984,000
NET INCOME	$ 6,325,000	$ 2,584,000	$ 10,510,000	$ 5,108,000
Net income per share (See Note 7):				
Basic	$ 0.27	$ 0.11	$ 0.45	$ 0.23
Diluted	$ 0.26	$ 0.11	$ 0.43	$ 0.21
Weighted average shares outstanding:				
Basic	23,558,000	22,502,000	23,446,000	22,352,000
Diluted	24,615,000	23,801,000	24,573,000	23,648,000

See notes to condensed consolidated financial statements.

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OPENTABLE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
OPERATING ACTIVITIES:		
Net income	$ 10,510,000	$ 5,108,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,788,000	3,023,000
Amortization of intangibles	1,993,000	148,000
Provision for doubtful accounts	822,000	497,000
Stock-based compensation	4,840,000	3,334,000
Write-off of property, equipment and software	723,000	266,000
Deferred taxes		(494,000)
Excess tax benefit related to stock compensation	(1,912,000)	(2,734,000)
Change in contingent liability	(1,085,000)	
Changes in operating assets and liabilities:		
Accounts receivable	(2,917,000)	(1,662,000)
Prepaid expenses and other current assets	(338,000)	30,000
Accounts payable and accrued expenses	2,587,000	2,439,000
Accrued compensation	198,000	415,000
Deferred revenue	(48,000)	(111,000)
Long-term liabilities	3,532,000	749,000
Dining rewards payable	2,678,000	1,863,000
Net cash provided by operating activities	25,371,000	12,871,000
INVESTING ACTIVITIES:		
Purchases of property, equipment and software	(4,652,000)	(4,983,000)
Purchases of investments	(18,196,000)	(24,926,000)
Sales of investments	8,228,000	23,175,000
Decrease in restricted cash	176,000	
Net cash used in investing activities	(14,444,000)	(6,734,000)
FINANCING ACTIVITIES:		
Excess tax benefit related to stock-based compensation	1,912,000	2,734,000
Proceeds from issuance of common stock upon exercise of employee stock options	3,817,000	1,841,000
Change in cash overdrafts		(988,000)
Net cash provided by financing activities	5,729,000	3,587,000
EFFECT OF EXCHANGE RATES ON CASH	60,000	(112,000)

NET INCREASE IN CASH AND CASH EQUIVALENTS			16,716,000		9,612,000
CASH AND CASH EQUIVALENTS	Beginning of period		33,444,000		19,807,000
CASH AND CASH EQUIVALENTS	End of period	$	50,160,000	$	29,419,000

(Continued)

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OPENTABLE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(Unaudited)

	Six Months Ended June 30, 2011		Six Months Ended June 30, 2010	
SUPPLEMENTAL DISCLOSURE OF OTHER CASH FLOW INFORMATION:				
Cash paid for income taxes	$	122,000	$	390,000
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:				
Purchase of property, equipment and software recorded in accounts payable and accrued expenses	$	390,000	$	192,000
Vesting of early exercised stock options	$	541,000	$	595,000

See notes to condensed consolidated financial statements. (Concluded)

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OPENTABLE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Organization and Description of Business

OpenTable, Inc. (together with its subsidiaries, OpenTable or the Company), was incorporated on October 13, 1998, and is a Delaware corporation. The Company provides solutions that form an online network connecting reservation-taking restaurants and people who dine at those restaurants. For restaurant customers, the Company provides a proprietary Electronic Reservation Book, or ERB, and OpenTable Connect, or Connect. The OpenTable ERB combines proprietary software and computer hardware to deliver a solution that computerizes restaurant host-stand operations and replaces traditional pen-and-paper reservation books. The ERB streamlines and enhances a number of business-critical functions and processes for restaurants, including reservation management, table management, guest recognition and email marketing. Like the ERB, Connect allows restaurants to take online reservations via the OpenTable website; however, Connect does not provide the operational benefits that the ERB delivers to reservation-intensive restaurants. For diners, the Company operates www.opentable.com, a popular restaurant reservation website, and also provides a variety of mobile applications. The OpenTable website and mobile applications enable diners to find, choose and book tables at restaurants on the OpenTable network in real time, overcoming the inefficiencies associated with the traditional process of reserving by phone.

Certain Significant Risks and Uncertainties

The Company operates in a dynamic industry, and accordingly, can be affected by a variety of factors. For example, management of the Company believes that changes in any of the following areas could have a significant negative effect on the Company s future financial position, results of operations or cash flows: the ability to maintain an adequate rate of growth; the impact of the current economic climate on its business; the ability to effectively manage its growth; the ability to attract new restaurant customers; the ability to increase the number of visitors to its website and convert those visitors into diners; and the ability to retain existing restaurant customers and diners or encourage repeat reservations.

2. Summary of Significant Accounting Policies

Principles of Consolidation

These condensed consolidated financial statements include the accounts of OpenTable, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and applicable rules and regulations of the Securities and Exchange Commission (SEC) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as filed on March 9, 2011 with the SEC (the 2010 Annual Report). The condensed consolidated balance sheet as of December 31, 2010, included herein was

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derived from the audited consolidated financial statements as of that date but does not include all disclosures required by GAAP, including notes to the financial statements.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the Company s statement of financial position at June 30, 2011 and December 31, 2010, and the Company s results of operations for the three and six months ended June 30, 2011 and 2010, and its cash flows for the six months ended June 30, 2011 and 2010. The results for the three and six months ended June 30, 2011 are not necessarily indicative of the results to be expected for any future period. All references to June 30, 2011 or to the three or six months ended June 30, 2011 and 2010 in the notes to the condensed consolidated financial statements are unaudited.

Use of Estimates

The preparation of the Company s financial statements in conformity with GAAP 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 income and expenses during the reporting period. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from those estimates.

Recently Issued Accounting Standards

In May 2011, the Financial Accounting Standards Board (FASB) issued Topic 820 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (Topic 820). Topic 820 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between U.S. GAAP and IFRS. Topic 820 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. Topic 820 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company anticipates that the adoption of this standard will not materially expand its consolidated financial statement footnote disclosures.

In June 2011, the FASB issued Topic 220 Presentation of Comprehensive Income (Topic 220). Topic 220 eliminates the option to report other comprehensive income and its components in the statement of changes in equity. Topic 220 requires that all nonowner changes in stockholders equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The amended guidance, which must be applied retroactively, is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with earlier adoption permitted. The adoption of this standard will change the presentation of the Company s consolidated financial statements but will have no effect on the reported amounts of comprehensive net income.

3. Short-Term Investments and Fair Value Measurements

Short-term investments are summarized as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
At June 30, 2011:				
U.S. government and agency securities	$ 18,464,000	$ 10,000	$ (2,000)	$ 18,472,000
Certificates of deposit	469,000			469,000
Total	$ 18,933,000	$ 10,000	$ (2,000)	$ 18,941,000

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		Amortized Cost		Unrealized Gains		Unrealized Losses		Estimated Fair Value
At December 31, 2010:								
U.S. government and agency securities	$	8,099,000	$	1,000	$		$	8,100,000
Certificates of deposit		980,000						980,000
Total	$	9,079,000	$	1,000	$		$	9,080,000

As of June 30, 2011, certain investments with a total estimated fair value of $3,720,000 had maturity dates of greater than one year. As of December 31, 2010, there were no investments that had maturity dates of greater than one year.

The Company classifies investments within Level 1 of the fair value hierarchy when the fair value is based on quoted prices in active markets for identical assets or liabilities. The Company considers a market to be active when transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company classifies investments within Level 2 if the investments are valued using quoted prices for identical assets in markets that are not active, using quoted prices for similar assets in an active market, or using model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.

Investments are classified within Level 3 of the fair value hierarchy if the fair value is determined using unobservable inputs that are not corroborated by market data. The valuation of Level 3 investments requires the use of significant management judgments or estimation.

In accordance with Topic 820 Fair Value Measurements and Disclosures, the following table represents the Company s fair value hierarchy for its financial assets:

	June 30, 2011						December 31, 2010					
		Aggregate Fair Value		Level 1		Level 2		Aggregate Fair Value		Level 1		Level 2
U.S. government and agency securities	$	18,472,000	$		$	18,472,000	$	8,100,000	$		$	8,100,000
Certificates of deposit		469,000				469,000		980,000				980,000
Total short-term investments	$	18,941,000	$		$	18,941,000	$	9,080,000	$		$	9,080,000

Subsequent to the issuance of the Company s 2010 consolidated financial statements, the Company determined that the $8,100,000 of investments in U.S. government and agency securities as of December 31, 2010 should be classified as Level 2 investments (rather than Level 1 investments as originally classified) as these specific securities are not actively traded. Accordingly, the Company has corrected the classification of these securities from Level 1 to Level 2 in the table of fair value measurements as of December 31, 2010.

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4. Goodwill and Intangible Assets

A summary of the carrying amount of goodwill by business segment as of June 30, 2011 and December 31, 2010 is as follows:

	June 30, 2011	December 31, 2010
North America	$ 4,561,000	$ 4,561,000
International	39,131,000	37,786,000
Total Goodwill	$ 43,692,000	$ 42,347,000

The increase in goodwill of $1,345,000 was due to the change in foreign currency exchange rates.

A summary of intangible assets as of June 30, 2011 and December 31, 2010 is as follows:

		June 30, 2011			December 31, 2010	
	Gross Carrying Value	Accumulated Amortization	Total	Gross Carrying Value	Accumulated Amortization	Total
Trademarks	$ 12,314,000	$ 37,000	$ 12,277,000	$ 11,897,000	$ 23,000	$ 11,874,000
Customer relationships	8,355,000	2,570,000	5,785,000	8,098,000	940,000	7,158,000
Developed technology	1,555,000	661,000	894,000	1,515,000	299,000	1,216,000
Total intangible assets	$ 22,224,000	$ 3,268,000	$ 18,956,000	$ 21,510,000	$ 1,262,000	$ 20,248,000

Amortization of intangible assets was $1,005,000 and $74,000 for the three months ended June 30, 2011 and 2010, respectively. Amortization of intangible assets was $1,993,000 and $148,000 for the six months ended June 30, 2011 and 2010, respectively. Based on the current amount of intangibles subject to amortization, estimated future annual amortization expense is as follows: 2011 (remainder): $1,977,000; 2012: $3,392,000; 2013: $1,340,000; 2014: $66,000.

Unaudited Pro Forma Condensed Combined Financial Information

In October 2010, the Company acquired toptable.com (toptable), a leading restaurant reservation site in the United Kingdom.

The unaudited pro forma financial information provided below, for the three and six months ended June 30, 2011 and 2010, assumes the acquisition of toptable occurred on January 1, 2010 and includes the impact of amortizing certain purchase accounting adjustments, such as intangible assets and the pay down of outstanding third party debt, as of January 1, 2010.

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	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenues	$ 34,290,000	$ 24,918,000	$ 67,997,000	$ 48,954,000
Income from operations	9,522,000	3,790,000	16,036,000	7,037,000
Net income	6,325,000	2,138,000	10,510,000	4,047,000
Net income per share				
Basic	$ 0.27	$ 0.09	$ 0.45	$ 0.18
Diluted	$ 0.26	$ 0.09	$ 0.43	$ 0.17

5. Commitments and Contingencies

The Company leases its facilities under operating leases. Leases expire at various dates through 2016. The terms of the lease agreements provide for rental payments on a graduated basis. The Company recognizes rent expense on a straight-line basis over the lease period.

Litigation

On May 12, 2009, a patent infringement lawsuit was filed against the Company by Mount Hamilton Partners, LLC (Mount Hamilton) in the United States District Court for the Northern District of California, seeking, among other things, a judgment that the Company has infringed a certain patent held by Mount Hamilton, an injunctive order against the alleged infringing activities and an award for damages. The Company denied Mount Hamilton s allegations and asserted counterclaims seeking judicial declarations that the Mount Hamilton patent is not infringed, is unenforceable and is invalid. The Company and Mount Hamilton have entered into a settlement agreement which is reflected in the Company s financial statements as of June 30, 2011, and the claims between the parties were dismissed with prejudice on July 7, 2011.

The Company is also subject to various other legal proceedings and claims arising in the ordinary course of business. Although occasional adverse decisions or settlements may occur, management believes there is no litigation pending that could, individually or in the aggregate, have a material adverse effect on the Company s business, financial position, results of operations or cash flows.

6. Stockholders Equity

Stock-Based Compensation

The Company accounts for stock-based compensation under Topic 718 Stock Compensation (Topic 718), which requires compensation costs related to share-based transactions, including employee stock options, to be recognized in the financial statements based on fair value.

Under Topic 718, the fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model.

The following table summarizes the assumptions relating to the Company s stock options for the three and six months ended June 30, 2011 and 2010, respectively:

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Dividend yield	0%	0%	0%	0%
Volatility	53%	52%	53%	52%-53%
Risk-free interest rate	1.77%-2.08%	2.15%-2.95%	1.77%-2.67%	2.15%-2.95%
Expected term, in years	5.50-5.52	5.50-6.08	5.50-6.08	5.50-6.56

The Company granted 107,790 and 137,450 stock options during the three months ended June 30, 2011 and 2010, respectively, and 108,390 and 897,430 stock options during the six months ended June 30, 2011 and 2010, respectively. The Company recorded stock-based compensation expense related to stock options of $1,118,000 and $1,800,000 for three months ended June 30, 2011 and 2010, respectively, and $3,843,000 and $3,334,000 for the six months ended June 30, 3011 and 2010, respectively.

Topic 718 requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow, rather than as an operating cash flow. This requirement reduces net operating cash flows and increases net financing cash flows. For the three months ended June 30, 2011 and 2010, the Company recorded $1,576,000 and $1,444,000, respectively, of excess tax benefits from stock-based compensation and $1,912,000 and $2,734,000, respectively, for the six months ended June 30, 2011 and 2010.

Restricted Stock Units

The Company began granting restricted stock units (RSUs) to its employees in November 2010. The cost of RSUs is determined using the fair value of the Company s common stock on the date of grant. RSUs typically vest and become exercisable annually, based on a one to four year total vesting term. Stock-based compensation expense is amortized on a straight-line basis over the requisite service period.

The Company granted 23,736 and 35,246 RSUs, respectively, during the three and six months ended June 30, 2011. The Company recorded stock-based compensation expense related to RSUs of $718,000 and $997,000, respectively, for the three and six months ended June 30, 2011.

7. Net Income Per Share

The Company calculates net income per share in accordance with Topic 260 Earnings per Share. Basic and diluted net income per share attributable to common stockholders are presented in conformity with the two-class method required for participating securities. The Company s weighted average unvested shares subject to repurchase and settlement in shares of common stock upon vesting have the non-forfeitable right to receive dividends on an equal basis with common stock and therefore are considered participating securities that must be included in the calculation of net income per share using the two-class method in all presented periods.

Performance-Based Awards

Non-vested performance-based awards are included in the diluted shares outstanding each period if established performance criteria have been met at the end of the respective periods. 220,000 shares were excluded from the dilutive shares outstanding for the three and six months ended June 30, 2011, as the performance criteria had not been met as of the respective dates. 281,000 shares were excluded from the dilutive shares outstanding for the three and six months ended June 30, 2010, as the performance criteria

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had not been met as of the respective dates. Anti-dilutive shares in the amounts of 18,000 and 58,000 were excluded from the dilutive shares outstanding for the three months ended June 30, 2011 and 2010, respectively. Anti-dilutive shares in the amounts of 80,000 and 515,000 were excluded from the dilutive shares outstanding for the six months ended June 30, 2011 and 2010, respectively.

The following table sets forth the computation of basic and diluted net income per share for the periods indicated:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Basic net income per common share calculation:				
Net income	$ 6,325,000	$ 2,584,000	$ 10,510,000	$ 5,108,000
Less: Undistributed earnings allocated to participating securities	(5,000)	(30,000)	(19,000)	(68,000)
Net income attributable to common shares - basic	6,320,000	2,554,000	10,491,000	5,040,000
Basic weighted average common shares outstanding	23,558,000	22,502,000	23,446,000	22,352,000
Basic net income per share	$ 0.27	$ 0.11	$ 0.45	$ 0.23
Diluted net income per common share calculation:				
Net income	$ 6,325,000	$ 2,584,000	$ 10,510,000	$ 5,108,000
Less: Undistributed earnings allocated to participating securities	(3,000)	(20,000)	(12,000)	(45,000)
Net income attributable to common shares - diluted	6,322,000	2,564,000	10,498,000	5,063,000
Weighted average shares used to compute basic net income per share	23,558,000	22,502,000	23,446,000	22,352,000
Effect of potentially dilutive securities:				