

TAL International Group, Inc.
Form 10-Q
November 22, 2005
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 September 30, 2005
or

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

Commission file number- 001-32638

TAL International Group, Inc.
(Exact name of registrant as specified in the charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-1796526
(I.R.S. Employer
Identification Number)

100 Manhattanville Road, Purchase, New
York
(Address of principal executive office)

10577-2135
(Zip Code)

(914) 251-9000
(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 requirement for the past 90 days. Yes No *

Indicate by check mark whether the registrant is an accelerated filer (as defined in the Exchange Act Rule 12b-2). Yes No

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

As of November 14, 2005, there were 32,882,208 shares of common stock, \$.001 par value outstanding.

*The registrant became subject to the filing requirements on October 11, 2005.

TAL INTERNATIONAL GROUP, INC.

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CAUTIONARY STATEMENT FOR PURPOSES OF THE “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report on Form 10-Q contains certain forward-looking statements, including, without limitation, statements concerning the conditions in our industry, our operations, our economic performance and financial condition, including, in particular, statements relating to our business and growth strategy and service development efforts. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for certain forward-looking statements so long as such information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. When used in this Quarterly Report on Form 10-Q, the words “may”, “might”, “should”, “estimate”, “project”, “anticipate”, “expect”, “intend”, “outlook”, “believe” and other similar expressions are intended to identify forward-looking

statements and information. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain and subject to a number of risks and uncertainties. These risks and uncertainties include, without limitation, those identified under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, under “Risk Factors” in our registration statement on Form S-1 (File No. 333-126317) filed with the Securities and Exchange Commission (“SEC”), as such registration statement became effective on October 11, 2005, and all of our other filings filed with the SEC from October 11, 2005 through the current date pursuant to the Securities Exchange Act of 1934.

We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. Reference is also made to such risks and uncertainties detailed from time to time in our filings with the SEC.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The consolidated financial statements of TAL International Group, Inc. (“TAL,” the “Company,” or “Successor”) as of September 30, 2005 (unaudited) and December 31, 2004 and for the three and nine months ended September 30, 2005 (unaudited), and the combined consolidated financial statements of Transamerica Maritime Container (the “Predecessor”) for the three and nine months ended September 30, 2004 (unaudited) included herein have been prepared by the Company, without audit, pursuant to U.S. generally accepted accounting principles and the rules and regulations of the Securities and Exchange Commission (the “SEC”). However, certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements reflect, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the results for the interim periods. The results of operations for such interim periods are not necessarily indicative of the results for the full year. These financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s Registration Statement on Form S-1 (File No. 333-126317) filed with the Securities and Exchange Commission (“SEC”), as such registration statement became effective on October 11, 2005, and all of our other filings filed with the SEC from October 11, 2005 through the current date pursuant to the Securities Exchange Act of 1934.

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TAL INTERNATIONAL GROUP, INC.

Consolidated Balance Sheets
(Dollars in thousands, except share data)

	Successor
September 30,	December 31,
2005	2004
(Unaudited)	

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Assets:

Cash and cash equivalents	\$	42,866	\$	17,668
Accounts receivable, net of allowances of \$829 and \$225		30,184		35,014
Net investment in direct finance leases		70,425		13,262
Leasing equipment, net of accumulated depreciation and allowances of \$100,723 and \$19,029		1,059,093		1,103,423
Leasehold improvements and other fixed assets, net of accumulated depreciation and amortization of \$1,127 and \$566		3,787		4,255
Equipment held for sale		28,311		11,578
Goodwill		73,217		73,570
Deferred financing costs		22,439		47,343
Other assets		23,495		14,770
Total assets	\$	1,353,817	\$	1,320,883

Liabilities and stockholders' equity (deficit):

Accounts payable	\$	20,895	\$	4,580
Accrued expenses		59,150		40,039
Income taxes payable		—		1,557
Deferred income tax liability		6,862		2,393
Debt:				
Asset securitization facility		695,000		—
Senior secured credit facility		87,000		797,000
Senior unsecured credit agreement		275,000		275,000
Total liabilities		1,143,907		1,120,569
Preferred stock, Series A 12.0% cumulative, subject to redemption, 210,000 shares authorized, 201,205 and 200,000 shares issued and outstanding, respectively		223,669		203,738
Common stock, subject to redemption, 392,034 and 338,367 shares issued and outstanding, respectively		4		3
Stockholders' equity (deficit):				
Preferred stock, \$.001 par value, 500,000 shares authorized, none issued		—		—
Common stock, \$.001 par value, 100,000,000 shares authorized, 9,812,139 shares issued and outstanding		—		—
Additional paid-in capital		4,014		97
Accumulated deficit		(14,322)		(3,541)
Unearned compensation		(3,427)		—
Accumulated other comprehensive (loss) income				