

TAL International Group, Inc.  
Form 10-Q  
November 09, 2007

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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, 2007  
or

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

For the Transition Period from                    to

Commission file number- 001-32638

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

Delaware

20-1796526 (State or other jurisdiction of  
incorporation or organization) (I.R.S. Employer  
Identification Number) 100 Manhattanville Road,  
Purchase, New York 10577-2135 (Address of principal executive office) (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 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                      Non-accelerated filer

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 1, 2007, there were 33,271,815 shares of the Registrant's common stock, \$.001 par value outstanding.

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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 “Risk Factors” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), on March 13, 2007, 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” or the “Company,”) as of September 30, 2007 (unaudited) and December 31, 2006 and for the three and nine months ended September 30, 2007 (unaudited) and September 30, 2006 (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 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 Annual Report on Form 10-K filed with the SEC, on March 13, 2007, from which the accompanying December 31, 2006 Balance Sheet information was derived, 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.

TAL INTERNATIONAL GROUP, INC.

Consolidated Balance Sheets

(Dollars in thousands, except share data)

September 30,

2007 December 31,

2006 (Unaudited)	Assets:	Cash and cash equivalents (including restricted cash of \$18,096 and \$14,526)	\$ 44,573	\$ 58,167	Accounts receivable, net of allowances of \$924 and \$266	48,961	39,318	Net investment in finance leases	190,735	152,586	Leasing equipment, net of accumulated depreciation and allowances of \$267,474 and \$208,756	1,230,354	1,080,523	Leasehold improvements and other fixed assets, net of accumulated depreciation and amortization of \$2,873 and \$2,132	2,783	2,855	Equipment held for sale	19,923	20,768	Goodwill	71,898	71,898	Deferred financing costs	6,931	6,957	Other assets (including fair value of derivative instruments)	11,434	22,591	Total assets	\$ 1,627,592	\$ 1,455,663
	Liabilities and stockholders' equity:	Accounts payable	\$ 49,073	\$ 13,273	Accrued expenses (including fair value of derivative instruments)	50,308	50,453	Income taxes payable	190	219	Deferred income tax liability	53,695																			