

DynCorp International Inc
Form 10-Q
August 14, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2006

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: 001-32869

DYNCORP INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

01-0824791
(I.R.S. Employer
Identification No.)

8445 Freeport Parkway, Suite 400, Irving, Texas 75063
(817) 224-1460

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

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 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 Rule 12b-2 of the Exchange Act). Yes No

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As of August 5, 2006, the registrant had 57,000,000 shares of its Class A common stock, par value \$0.01 per share, outstanding.

DYNCORP INTERNATIONAL INC.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DYNCORP INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	June 30, 2006 (unaudited)	March 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,169	\$ 20,573
Receivables, net of allowances for doubtful accounts of \$6,230 and \$8,479 at June 30, 2006 and March 31, 2006, respectively	473,798	440,195
Prepaid expenses and other current assets	41,931	43,733
Deferred tax asset	1,044	795
Total current assets	532,942	505,296
Property and equipment at cost, less accumulated depreciation of \$1,964 and \$1,296 at June 30, 2006 and March 31, 2006, respectively	11,483	8,769
Other assets:		
Goodwill	420,180	420,180
Tradename	18,318	18,318
Customer-related intangibles, net of accumulated amortization of \$53,065 and \$43,471 at June 30, 2006 and March 31, 2006, respectively	237,316	246,910
Other intangibles, net of accumulated amortization of \$4,588 and \$3,671 at June 30, 2006 and March 31, 2006, respectively	7,158	7,453
Deferred financing costs, net of accumulated amortization of \$3,853 and \$3,261 at June 30, 2006 and March 31, 2006, respectively	16,399	17,469
Deferred income taxes	14,728	11,518
Other assets	1,921	3,176
Total other assets	716,020	725,024
Total assets	\$ 1,260,445	\$ 1,239,089
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 3,450	\$ 2,588
Current portion of other long-term liabilities	301	
Accounts payable and accrued expenses	150,487	143,668
Accrued payroll and employee costs	73,892	65,586
Other accrued liabilities	45,117	33,845
Income taxes payable	5,616	8,280
Total current liabilities	278,863	253,967
Long-term debt less current portion	629,270	658,963
Other long-term liabilities	2,638	
Shares subject to mandatory redemption Series A preferred stock, stated value \$195,550; 350,000 shares authorized; 190,550 shares issued and outstanding; redemption value of \$219,821 at March 31, 2006; and no shares authorized at June 30, 2006		219,821
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 par value 50,000 shares authorized; no shares outstanding		
Common stock, \$0.01 par value 232,000 shares and 32,000 shares authorized; 57,000 shares and 32,000 shares issued and outstanding at June 30, 2006 and March 31, 2006, respectively	570	320
Additional paid-in capital	350,056	102,097
(Accumulated deficit) retained earnings	(617)	4,139
Accumulated other comprehensive loss	(335)	(218)
Total shareholders' equity	349,674	106,338
Total liabilities and shareholders' equity	\$ 1,260,445	\$ 1,239,089

See notes to condensed consolidated financial statements.

DYNCORP INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2006 AND JULY 1, 2005
(In thousands, except per share data)

For the Three Months Ended	
June 30,	July 31,
2006	2005