

CACI INTERNATIONAL INC /DE/

FORM 10-Q (Quarterly Report)

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Address	1100 N GLEBE ST ARLINGTON, Virginia 22201
Telephone	703-841-7800
CIK	0000016058
Industry	Computer Services
Sector	Technology
Fiscal Year	06/30

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended March 31, 1996

Commission File Number 0-8401

CACI International Inc

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

54-1345888

(I.R.S. Employer Identification No.)

1100 North Glebe Road, Arlington, VA 22201

(Address of principal executive offices)

(703) 841-7800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
None	None

Securities registered pursuant to Section 12(g) of the Act:

CACI International Inc Common Stock, \$0.10 par value

(Title of each class)

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 31, 1996: CACI International Inc Common Stock, \$0.10 par value, 10,170,000 shares.

CACI INTERNATIONAL INC AND SUBSIDIARIES

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PART I: FINANCIAL INFORMATION**Item 1. Financial Statements****CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED)**

ASSETS		

	March 31, 1996	June 30, 1995
	-----	-----
CURRENT ASSETS		
Cash and equivalents	\$ 1,838,000	\$ 1,996,000
Accounts receivable:		
Billed	55,678,000	42,188,000
Unbilled	6,294,000	6,134,000
	-----	-----
Total accounts receivable	61,972,000	48,322,000
	-----	-----
Deferred income taxes	152,000	156,000
Prepaid expenses and other	3,499,000	3,860,000
	-----	-----
TOTAL CURRENT ASSETS	67,461,000	54,334,000
	-----	-----
PROPERTY AND EQUIPMENT, NET		
Equipment and furniture	25,398,000	20,644,000
Leasehold improvements	2,151,000	1,809,000
	-----	-----
Property and equipment, at cost	27,549,000	22,453,000
Accumulated depreciation & amortization	(18,540,000)	(13,927,000)
	-----	-----
TOTAL PROPERTY AND EQUIPMENT, NET	9,009,000	8,526,000
	-----	-----
ACCOUNTS RECEIVABLE, LONG TERM	8,171,000	4,489,000
GOODWILL, NET	10,565,000	5,413,000
OTHER ASSETS	1,885,000	1,182,000
DEFERRED INCOME TAXES	643,000	698,000
	-----	-----
TOTAL ASSETS	\$ 97,734,000	\$ 74,642,000
	=====	=====

See notes to consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED) (cont'd)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 1996	June 30, 1995
	-----	-----
CURRENT LIABILITIES		
Note payable	\$ 9,514,000	\$ 0
Accounts payable & accrued expenses	18,524,000	11,719,000
Accrued compensation and benefits	12,903,000	13,310,000
Deferred rent expense	744,000	561,000
Income taxes payable	499,000	1,944,000
Deferred income taxes	979,000	283,000
	-----	-----
TOTAL CURRENT LIABILITIES	43,163,000	27,817,000
	-----	-----
DEFERRED RENT EXPENSES	2,379,000	2,197,000
DEFERRED INCOME TAXES	143,000	143,000
SHAREHOLDERS' EQUITY		
Common stock:		
\$.10 par value,		
40,000,000 shares authorized,		
13,696,000 \$ 13,568,000 shares issued	1,370,000	1,357,000
Capital in excess of par	5,831,000	5,053,000
Retained earnings	59,935,000	52,777,000
Cumulative currency translation adjustments	(1,425,000)	(1,040,000)
Treasury stock, at cost (3,526,000 shares)	(13,662,000)	(13,662,000)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	52,049,000	44,485,000
	-----	-----
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 97,734,000	\$ 74,642,000
	=====	=====

See notes to consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31,	
	1996	1995
REVENUE	\$ 62,324,000	\$ 61,620,000
COSTS AND EXPENSES:		
Direct costs	32,602,000	33,475,000
Indirect costs and selling expenses	23,858,000	23,167,000
Depreciation and amortization	1,374,000	1,304,000
Total Operating Expenses	57,834,000	57,946,000
	4,490,000	3,674,000
Interest expense	246,000	178,000
INCOME BEFORE INCOME TAXES	4,244,000	3,496,000
INCOME TAXES	1,657,000	1,382,000
NET INCOME	\$ 2,587,000	\$ 2,114,000
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	\$ 0.24	\$ 0.20
AVERAGE NUMBER OF SHARES AND EQUIVALENT SHARES OUTSTANDING	10,679,000	10,589,000
Dividends paid per share	NONE	NONE

See notes to consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

	Nine Months Ended March 31,	
	1996	1995
REVENUE	\$ 179,266,000	\$ 173,895,000
COSTS AND EXPENSES:		
Direct costs	95,282,000	94,465,000
Indirect costs and selling expenses	67,821,000	65,444,000
Depreciation and amortization	4,007,000	3,659,000
Total Operating Expenses	167,110,000	163,568,000
	12,156,000	10,327,000
Interest expense	416,000	469,000
INCOME BEFORE INCOME TAXES	11,740,000	9,858,000
INCOME TAXES	4,582,000	3,843,000
NET INCOME	\$ 7,158,000	\$ 6,015,000
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	\$ 0.67	\$ 0.57
AVERAGE NUMBER OF SHARES AND EQUIVALENT SHARES OUTSTANDING	10,682,000	10,594,000
Dividends paid per share	NONE	NONE
See notes to consolidated financial statements (unaudited).		

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Nine Months Ended March 31,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 7,158,000	\$ 6,015,000
Reconciliation of net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,007,000	3,659,000
Provision for deferred income taxes	751,000	1,128,000
Loss (gain) on sale of property & equipment	71,000	(1,000)
Changes in operating assets & liabilities:		
Accounts receivable	(17,509,000)	(7,812,000)
Prepaid expenses and other assets	(48,000)	158,000
Accounts payable and accrued expenses	6,654,000	(1,454,000)
Accrued compensation and benefits	(441,000)	2,234,000
Deferred rent expense	365,000	(202,000)
Income taxes payable	(1,311,000)	(408,000)
Net cash (used in) provided by operating activities	(303,000)	3,317,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property & equipment	(3,538,000)	(2,892,000)
Acquisitions, goodwill	(5,692,000)	0
Proceeds from sale of property & equipment	40,000	0
Other, investing activities	(929,000)	(106,000)
Net cash used in investing activities	(10,119,000)	(2,998,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds under line-of-credit	80,789,000	73,165,000
Reductions under line-of-credit	(71,275,000)	(71,275,000)
Issuance of common stock	791,000	444,000
Purchase of common stock for treasury	0	(2,154,000)
Net cash provided by financing activities	10,305,000	180,000
EFFECT OF EXCHANGE RATES ON CASH AND EQUIVALENTS:		
	(41,000)	118,000
Net increase/(decrease) in cash & equivalents	(158,000)	617,000
Cash and equivalents, beginning of period	1,996,000	941,000
Cash and equivalents, end of period	\$ 1,838,000	\$ 1,558,000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Income taxes, net of refunds	\$ 5,337,000	\$ 3,434,000
Interest	\$ 416,000	\$ 506,000

See notes to consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

A. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in the annual financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to those rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading.

In the opinion of management, the unaudited accompanying consolidated financial statements reflect all necessary adjustments and reclassifications (all of which are of a normal, recurring nature) that are necessary for fair presentation for the periods presented. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest annual report to the Securities and Exchange Commission on Form 10-K for the year ended June 30, 1995.

B. ACCOUNTS RECEIVABLE

Total Accounts Receivable are net of allowance for doubtful accounts of \$2,191,000 and \$1,415,000 at March 31, 1996 and June 30, 1995, respectively. Accounts Receivable are classified as follows:

	March 31, 1996	June 30, 1995
	-----	-----
BILLED AND BILLABLE RECEIVABLES:		
Billed	\$ 48,593,000	\$ 35,960,000
Billable at end of period	7,085,000	6,228,000
	-----	-----
TOTAL BILLED AND BILLABLE RECEIVABLES	55,678,000	42,188,000
	-----	-----
UNBILLED RECEIVABLES:		
Unbilled pending receipt of contractual documents authorizing billing	6,184,000	5,799,000
Unbilled Retainages and fee withholds expected to be billed within the next 12 months	110,000	335,000
	-----	-----
	6,294,000	6,134,000
Unbilled retainages and fee withholds expected to be billed beyond the next 12 months	8,171,000	4,489,000
	-----	-----
TOTAL UNBILLED RECEIVABLES	14,465,000	10,623,000
	-----	-----
TOTAL ACCOUNTS RECEIVABLE	\$ 70,143,000	\$ 52,811,000
	=====	=====

C. ACQUISITION AND GOODWILL

On September 1, 1995, the Company purchased all of the outstanding stock of Automated Sciences Group, Inc. ("ASG") for \$4.9 million payable in cash over four years. ASG provides information technology, engineering, and scientific environmental services to the U.S. Department of Defense ("DoD") and the U.S. Department of Energy ("DoE"). The purchase price is subject to a maximum \$500,000 holdback contingent on the collectability of certain receivables. The transaction was financed primarily through bank borrowings under the Company's existing line of credit. The Company accounted for this acquisition by the purchase method of accounting. The purchase price was allocated to the net tangible and intangible assets acquired, based upon preliminary estimates of their fair values at the date of acquisition. During this quarter, the preliminary goodwill allocation increased by \$248,000, which resulted in the purchase price over the fair value of net assets acquired at March 31, 1996 to be \$2,747,000. This excess has been recorded as goodwill and will be amortized on a straight line basis over 15 years. The preliminary purchase price allocation is subject to change during the year following the acquisition as additional information concerning net asset valuation is obtained. Therefore, the final allocation may differ from the preliminary allocation.

On January 1, 1996, the Company purchased the outstanding common stock of IMS Technologies, Inc. ("IMS") for \$6.5 million in cash payable at closing, plus \$1.5 million in cash payable to the four founders of IMS over 3 years. IMS provides a wide range of computer systems development and systems integration for a variety of applications. These services are provided to the Department of Defense as well as the Department of Justice, Department of Education, Internal Revenue Service, and Drug Enforcement Agency. The acquisition was financed with bank borrowings under existing line of credit. The Company accounted for this acquisition by the purchase method of accounting. The purchase price was allocated to the net tangible and intangible assets acquired, based upon preliminary estimates of their fair values at the date of acquisition. The excess of the purchase price over fair value of net assets acquired was \$2,945,000. This excess has been recorded as goodwill and will be amortized on a straight line basis over 15 years. The preliminary purchase price allocation is subject to change during the year following the acquisition as additional information concerning net asset valuations is obtained. Therefore, the final allocation may differ from the preliminary allocation.

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

The following table sets forth the relative percentages that the items of expense and earnings bear to revenue for the three and nine months ended March 31, 1996 and 1995.

	Percentage of Revenue			
	Three Months		Nine Months	
	FY 1996	FY 1995	FY 1996	FY 1995
Revenue	100.00%	100.00%	100.00%	100.00%
Costs and Expenses:				
Direct Costs	52.31%	54.32%	53.15%	54.32%
Indirect Costs and Selling Expenses	38.28%	37.60%	37.83%	37.63%
Depreciation and Amortization	2.20%	2.12%	2.24%	2.10%
Operating Expenses	92.79%	94.04%	93.22%	94.05%
Operating Income	7.21%	5.96%	6.78%	5.95%
Interest Expense	0.40%	0.29%	0.23%	0.27%
Income Before Income Taxes	6.81%	5.67%	6.55%	5.68%
Income Taxes	2.66%	2.24%	2.56%	2.21%
Net Income	4.15%	3.43%	3.99%	3.47%

THREE MONTHS ENDED 3/31/96 COMPARED WITH THREE MONTHS ENDED 3/31/95

Revenue for the current quarter was up \$0.7 million or 1.1% to \$62.3 million from \$61.6 million in last year's third fiscal quarter. The increase was the result of a \$3.7 million (12%) increase in revenues from the U.S. Department of Defense ("DoD"), a \$0.1 million decrease in revenue from other Federal Agencies, offset by a \$0.6 million (26%) decrease in revenue from State governments, a \$2.0 million (15%) decrease in revenue from the U.S. Department of Justice ("DoJ") and a \$0.4 million (3%) decrease in revenue from commercial sales.

The \$3.7 million DoD revenue increase was the result of \$2.0 million internal revenue growth, coupled with the September 1, 1995 acquisition of Automated Sciences Group, Inc. ("ASG") and the January 1, 1996 acquisition of IMS Technologies, Inc. ("IMS"), partially offset by the give back to the prime contractor of a DoD contract by the Company on April 1, 1995. This subcontract generated approximately \$2.0 million in revenue in last year's third fiscal quarter, but was breakeven in terms of its profitability. DoD accounted for 57.6% of the total revenue for the current quarter compared to 52.2% of total revenue during last year's third quarter.

The \$0.1 million decrease in revenue from other Federal Agencies was primarily the result of a \$2.4 million decline in internal revenues, offset by a \$2.3 million increase resulting from the IMS and ASG acquisitions discussed above. Revenue from other Federal Agencies accounted for 2.4% of the total revenue for the current quarter compared to 2.5% of total revenue during last year's third quarter.

The \$2.0 million revenue decline in the DoJ arena was the result of a reduction to on-going DoJ litigation, for which the Company provides automated litigation support services, offset by the IMS DoJ revenues of approximately \$0.9 million. Revenue from DoJ is dependent upon the level of DoJ litigation (cases and projects) that the Company is supporting at any period in time and can fluctuate from quarter to quarter. DoJ accounted for 17.7% of total revenue during the current quarter, compared to 21.1% of total revenue during the last year's third quarter.

The \$0.6 million revenue decline from State governments was the result of an early termination of a state supported effort that was slated for completion at the end of this fiscal year. While the Company has recently received certain new contract awards from State governments, the full impact of these awards will not materialize until next fiscal year. State government revenue accounted for 2.6% of total revenue during the current quarter, compared to 3.5% of total revenue during the last year's third fiscal quarter.

For the quarter, commercial revenue declined \$0.4 million and, as a percentage of total revenue, decreased to 19.7% versus last year's 20.7%. Commercial revenues, which had declined in the first half of the year, have partially recovered on the strength of new software product introductions. The nature of the Company's proprietary software products business, primarily its simulation products line and its market analysis products, is inherently less predictable than the Company's longer-term contract project work with the Federal Government and may fluctuate significantly from quarter to quarter. This is also the case, but to a lesser degree, for the Company's short-term Commercial contract projects and State government contract projects.

For the quarter, direct costs declined by 2.6% and, as a percentage of total revenue, declined to 52.3% from 54.3%. However, direct labor, the principal driving component of contract revenue, increased by \$1.2 million or 5.9%. Non-labor direct costs, which generate less profitable revenue, declined by \$2.1 million (17%).

Indirect costs grew by \$0.7 million or 3.0% to \$23.9 million from \$23.2 million, and as a percentage of revenue, increased to 38.3% from 37.6%. Indirect costs increased in labor and fringe benefits. Fringe benefits, the largest category of indirect expenses, increased in proportion to the increase in total payroll.

Depreciation and amortization increased by \$70,000 to \$1.37 million from \$1.30 million, principally as the result of the goodwill amortization increase associated with the recent ASG and IMS acquisitions discussed above.

Income before interest and income taxes grew by \$816,000 or 22.2% to \$4.5 million from \$3.7 million as a result of an increase in labor-based revenue with higher margins and a reduction of lower-margin revenue associated with other direct cost pass-throughs to our customers. Profit margins also improved as a result of the give-back of the non-profitable contract discussed above, coupled with management's continued control of discretionary costs.

Interest costs totalled \$246,000 up \$68,000 (38%) from last year's \$178,000. The increase was primarily the result of a \$5.2 million or 53% increase in average borrowings from \$9.8 million to \$15.0 million.

Income before income taxes rose to \$4.2 million from last year's earnings of \$3.5 million. The \$748,000 (21%) increase was attributable to the growth in operating income partially offset by the increase in interest expense.

Income tax expense of \$1,657,000 is consistent with the growth in income before income tax as the effective tax rate has remained constant from year to year.

NINE MONTHS ENDED 3/31/96 COMPARED WITH NINE MONTHS ENDED 3/31/95

Revenue grew \$5.4 million (3%) to \$179.3 million from \$173.9 million. DoD revenue for the first nine months grew \$6.3 million (7%), of which approximately \$5.0 million was a result of the ASG and IMS acquisitions discussed above, offset by \$6.0 million DoD revenue associated with the give back contract discussed earlier, with the remainder derived from new contracts. DoJ revenue increase of \$0.7 million was largely the result of new cases and an expansion of support to existing cases brought by DoJ in the first quarter of this fiscal period, coupled with the third quarter IMS DoJ- related revenues, offset by the declining revenue in subsequent quarters. The commercial revenue decrease of \$2.2 million (6%) was primarily the result of the first quarter's downturn in U.K. sales resulting from delays in introducing a marketing analysis software product, InSite, to run on Microsoft Windows 95 [InSite is a trademark of CACI Limited; Windows is a registered trademark of the Microsoft Corporation]. Revenue from other Federal agencies grew by \$2.2 million (49%) due largely to the acquisition of ASG and IMS. Revenue from State governments decreased by \$0.8 million or 12%, primarily due to the third quarter decline.

Direct contract costs grew by \$0.8 million (0.9%) to \$95.3 million from \$94.5 million. Direct labor, the principal driving component of contract revenue, was up \$3.3 million or 6%, while non-labor direct costs decreased \$2.5 million or 7%. Direct costs, as a percentage of revenue, decreased to 53.1% from 54.3%.

Indirect costs grew by \$2.4 million or 3.7% to \$67.8 million from \$65.4 million and, as a percentage of revenue, remained stable at 38%. Indirect labor and related costs grew in proportion to the increase in direct labor.

Depreciation and amortization increased by \$348,000 to \$4.0 million from \$3.7 million. An increased level of fixed asset acquisitions, primarily purchases of computing and network equipment coupled with the addition of ASG and IMS fixed assets, accounted for 54% of the growth. The other 46% of the growth was the result of ASG and IMS goodwill amortization.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Interest costs decreased by \$53,000 to \$416,000 from \$469,000. The decrease was primarily the result of a \$1.1 million or 12% decrease in average borrowings from \$9.1 million to \$8.0 million. The decreased average borrowings were largely the result of starting the first fiscal quarter with a low average borrowing requirement. This was subsequently offset by the second and early third quarter borrowings for the ASG and IMS acquisitions, discussed under "Liquidity and Capital Resources" (see below).

Income before income taxes rose to \$11.7 million from last year's \$9.9 million. The 19% increase was primarily attributable to the growth in operating income and augmented by the decrease in interest expense.

Income tax expense of \$4.6 million has been consistent with the growth in income before income tax, as the effective tax rate has remained constant from year to year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of cash is from operating activities and bank borrowings. The Company's primary requirement for working capital is to carry billed and unbilled receivables, a majority of which are due under prime contracts with the U.S. Government, or subcontracts thereunder.

On January 1, 1996, the Company increased its unsecured line of credit with Signet Bank from \$20 million to \$25 million and extended its credit agreement through March 31, 1997. The Company also maintains a 500,000 pounds sterling unsecured line of credit with the National Westminster Bank in London, England which expires in November, 1996. The Company believes it can renew and increase as necessary its lines of credit to cover working capital or future acquisition requirements. Accordingly, the Company believes that the combination of internally generated funds, available bank credit and cash on hand will provide the required liquidity and capital resources for the foreseeable future.

As discussed above, on September 1, 1995, as part of its continuing strategy of acquiring small, synergistic companies to broaden its client and product base, the Company purchased all of the outstanding stock of Automated Sciences Group, Inc. for \$4.9 million payable in cash over four years. The purchase price is subject to a maximum \$500,000 holdback contingent on the collectability of certain receivables. In addition, on January 1, 1996, the Company purchased all the outstanding common stock of IMS Technologies, Inc. for \$6.5 million in cash payable at closing, plus \$1.5 million in cash payable to four founders of IMS over 3 years. Both transactions were financed primarily through bank borrowing under the Company's existing line of credit.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

PENTAGEN TECHNOLOGIES INTERNATIONAL, LTD. V. CACI INTERNATIONAL INC, ET AL.

Reference is made to Part II, Item 1, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ending December 31, 1995, for the most recently filed information concerning the lawsuit filed on July 1, 1993, against the Registrant by Pentagen Technologies International, Ltd. ("Pentagen") in the Supreme Court for the State of New York alleging conversion of intellectual property and violation of statutory duties as to appropriation of computer software, and the lawsuit filed December 10, 1993 against the Registrant in the United States District Court for the Southern District of New York alleging copyright and trademark infringement and violation of the Major Fraud Against the United States Act. Since the filing of the Registrant's report indicated above, the information reported therein has changed as set forth below.

As a result of the decision of the Fourth Circuit of Appeals in the case of "CACI International Inc, et al. v. Pentagen Technologies, Ltd., et al." issued November 16, 1995 affirming the decision of the United States District Court for the Eastern District of Virginia, pursuant to an Order issued by Judge Mukasey of the United States District Court for the Southern District of New York the parties have submitted briefs on (i) the defendant's motions to dismiss, and (ii) the plaintiff's motion for partial summary judgment in both cases. The Registrant believes that these cases are appropriate for dismissal by the Court in New York, or for transfer to the Eastern District of Virginia for dismissal.

CACI INTERNATIONAL INC, ET AL. V. PENTAGEN TECHNOLOGIES, LTD., ET AL.

Reference is made to Part II, Item 1, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ending December 31, 1995 for the most recently filed information concerning the lawsuit filed on December 22, 1993, in the United States District Court for the Eastern District of Virginia against Pentagen Technologies International, Ltd., Baird Technologies, Inc., John C. Baird and Mitchell R. Leiser (principals of Pentagen and Baird).

As previously reported, the Court granted Summary Judgment in favor of CACI holding that: (i) CACI's marketing of certain work to the United States Army Materiel Command did not infringe Pentagen's MENTIX copyright or infringe any trademark held by Pentagen; (ii) CACI's proprietary RENovate [RENovate is a trademark of CACI, INC.-FEDERAL] software reengineering methodology does not infringe Pentagen's MENTIX copyright; (iii) CACI's work on the Army's Sustaining Base Information Services ("SBIS") contract does not infringe Pentagen's MENTIX copyright; and (iv) Pentagen and its principals, John C. Baird and Mitchell R. Leiser, are liable for both compensatory and punitive damages for defamation per se. By Per Curium Opinion dated November 16, 1995 the Fourth Circuit Court of Appeals affirmed the decision of the Eastern District in all respects.

Since the filing of CACI's report indicated above, the information reported therein on pending legal proceedings has changed as follows.

By Order dated February 1, 1996, Chief Judge Cacheris of the Eastern District found Pentagen Vice President Mitchell R. Leiser to be in Civil Contempt of Court.

UNITED STATES OF AMERICA, EX REL., PENTAGEN TECHNOLOGIES INTERNATIONAL, LTD. V. CACI INTERNATIONAL INC, ET AL.

Reference is made to Part II, Item 1, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ending December 31, 1995 for the most recently filed information concerning the lawsuit filed on April 21, 1994 in the U.S. District Court for the Southern District of New York against CACI International Inc and its wholly-owned subsidiaries, CACI Systems Integration, Inc. and CACI, INC.-FEDERAL, International Business Machines Corporation ("IBM"), Loral Corporation ("Loral"), American Telephone and Telegraph Company ("AT&T"), PRC, Inc., I-Net, Inc., and Statistica, Inc. asserting the same factual allegations that Pentagen asserted against CACI in the cases described above, and alleging that the defendants violated the False Claims Act, 31 USC

Section 3732, in connection with the performance of the SBIS contract and certain marketing efforts to the Army Materiel Command. After the Government declined to intervene in the case, and after the U.S. District Court for the Eastern District of Virginia ruled against Pentagen on the factual allegations which underlie the case, the case was unsealed and Pentagen served an Amended Complaint on June 5, 1995, which changed the wording but not the substance of the allegations of the original Complaint.

By Opinion and Order dated November 21, 1995 (and amended on January 4, 1996 to correct certain scrivener errors), Judge Carter of the United States District Court for the Southern District of New York granted defendants' motions to dismiss all counts of the case on the grounds that Pentagen failed to meet the subject matter jurisdiction requirements for the case under the False Claims Act. The court also denied defendants' requests for sanctions against Pentagen.

On December 7, 1995 in an effort to avoid final dismissal of its case, Pentagen filed a motion to reconsider the decision, grant relief from the final judgment dismissing the case, amend its complaint for the second time, and to add a party to the lawsuit. On December 21, 1995 Registrant filed its response providing the court with a firm basis on which to deny such motion.

Since the filing of Registrant's report indicated above, the information therein on pending legal proceedings has not changed.

CACI views this case as being entirely without legitimate factual or legal basis, as evidenced in part by fact that the assertions which underlie the case already have been litigated and decided against Pentagen and in part by the Court's dismissal of all counts for lack of subject matter jurisdiction.

CERIDIAN CORPORATION V. CACI SYSTEMS INTEGRATION, INC.

Reference is made to Part II, Item 1, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ending December 31, 1995 for the most recently filed information concerning the suit file on October 6, 1995 by Ceridian Corporation ("Ceridian") in the District Court for Hennepin County Minnesota against Registrant's wholly-owned subsidiary, CACI Systems Integration, Inc. ("CACI"), alleging breach of contract, breach of warranty

and repudiation by CACI in connection with a contract for the development of a manufacturing software system. On January 26, 1996, CACI filed its Answer and Counterclaims, denying Ceridian's allegations and seeking damages from Ceridian for breach of contract, intentional and negligent misrepresentation, and tortious interference with contract.

Since the filing of Registrant's report indicated above, the parties have been engaged in discovery efforts.

CACI INTERNATIONAL INC AND SUBSIDIARIES

INDEX TO EXHIBITS

Exhibit Number	Title
11	Computation of Earnings per Common and Common Equivalent Share
27	Financial Data Schedule

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CACI International Inc
(Registrant)

Date: May 13, 1996

By: _____/s/

Dr. J.P. London
Chairman of the Board,
President, and Director
(Principal Executive Officer)

Date: May 13, 1996

By: _____/s/

James P. Allen
Executive Vice President,
Chief Financial Officer, and Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT 11

CACI INTERNATIONAL INC AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1996	1995	1996	1995
Net income	\$2,587,000	\$2,114,000	\$7,158,000	\$6,015,000
Average share outstanding during the period	10,162,000	10,034,000	10,117,000	10,013,000
Dilutive effect of stock options after application of treasury stock method	517,000	555,000	565,000	581,000
Average number of shares outstanding during the period	10,679,000	10,589,000	10,682,000	10,594,000
Earnings per common and common equivalent share:				
Net income	\$ 0.24	\$ 0.20	\$ 0.67	\$ 0.57

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q FOR FY 1996 QUARTER ENDED MARCH 31, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	9 MOS
FISCAL YEAR END	JUN 30 1996
PERIOD END	MAR 31 1996
CASH	1,838,000
SECURITIES	0
RECEIVABLES	64,163,000
ALLOWANCES	(2,191,000)
INVENTORY	0
CURRENT ASSETS	67,461,000
PP&E	27,549,000
DEPRECIATION	(18,540,000)
TOTAL ASSETS	97,734,000
CURRENT LIABILITIES	43,163,000
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	1,370,000
OTHER SE	50,679,000
TOTAL LIABILITY AND EQUITY	97,734,000
SALES	0
TOTAL REVENUES	179,266,000
CGS	0
TOTAL COSTS	95,282,000
OTHER EXPENSES	71,582,000
LOSS PROVISION	246,000
INTEREST EXPENSE	416,000
INCOME PRETAX	11,740,000
INCOME TAX	4,582,000
INCOME CONTINUING	7,158,000
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	7,158,000
EPS PRIMARY	0.67
EPS DILUTED	0.67

End of Filing

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