

CACI INTERNATIONAL INC /DE/

FORM 10-Q (Quarterly Report)

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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 December 31, 1997

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 December 31, 1997: CACI International Inc Common Stock, \$0.10 par value, 10,763,000 shares.

CACI INTERNATIONAL INC AND SUBSIDIARIES

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PART 1

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars in thousands, except per share data)

	Three Months Ended December 31, 1997	1996
	-----	-----
Revenues	\$79,145	\$68,821
Costs and expenses		
Direct costs	42,550	36,113
Indirect costs and selling expenses	29,151	26,093
Depreciation and amortization	2,341	1,556
	-----	-----
Total operating expenses	74,042	63,762
	-----	-----
Income from operations	5,103	5,059
Interest expense	472	277
	-----	-----
Income before income taxes	4,631	4,782
Income taxes	1,759	1,936
	-----	-----
Net income	\$ 2,872	\$ 2,846
	=====	=====

**EARNINGS PER COMMON AND
COMMON EQUIVALENT SHARE:**

Basic earnings per share	\$ 0.27	\$ 0.27
	=====	=====
Diluted earnings per share	\$ 0.26	\$ 0.26
	=====	=====
Average number shares outstanding	10,755	10,405
	=====	=====
Average number shares and equivalent shares outstanding	11,127	10,978
	=====	=====

See notes to condensed consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars in thousands, except per share data)

	Six Months Ended December 31, 1997	1996
	-----	-----
Revenues	\$149,814	\$131,555
Costs and expenses		
Direct costs	80,587	68,197
Indirect costs and selling expenses	55,590	50,613
Depreciation and amortization	4,366	2,968
	-----	-----
Total operating expenses	140,543	121,778
	-----	-----
Income from operations	9,271	9,777
Interest expense	717	461
	-----	-----
Income before income taxes	8,554	9,316
Income taxes	3,250	3,772
	-----	-----
Net income	\$ 5,304	\$ 5,544
	=====	=====

**EARNINGS PER COMMON AND
COMMON EQUIVALENT SHARE:**

Basic earnings per share	\$ 0.49	\$ 0.54
	=====	=====
Diluted earnings per share	\$ 0.48	\$ 0.51
	=====	=====
Average number shares outstanding	10,730	10,352
	=====	=====
Average number shares and equivalent shares outstanding	11,101	10,925
	=====	=====

See notes to condensed consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(dollars in thousands)

ASSETS

	December 31, 1997	June 30, 1997
	-----	-----
Current assets		
Cash and equivalents	\$ 1,368	\$ 2,015
Accounts receivable:		
Billed	73,717	59,294
Unbilled	10,943	11,549
	-----	-----
Total accounts receivable	84,660	70,843
	-----	-----
Income taxes receivable	148	2,984
Deferred income taxes	114	114
Prepaid expenses and other	2,980	3,576
Current portion of deferred contract costs	3,312	-
	-----	-----
Total current assets	92,582	79,532
	-----	-----
Property and equipment, net	10,762	11,605
Accounts receivable, long term	7,429	7,015
Deferred contract costs, long term	1,001	-
Goodwill	37,901	15,459
Other assets	5,663	4,486
Deferred income taxes	701	763
	-----	-----
Total assets	\$156,039	\$118,860
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable & accrued expenses	\$ 20,958	\$ 19,854
Accrued compensation & benefits	14,211	12,527
Income taxes payable	446	-
Deferred income taxes	5,387	5,137
	-----	-----
Total current liabilities	41,002	37,518
	-----	-----
Note payable, long-term	36,900	8,800
Deferred rent expenses	1,458	1,627
Deferred income taxes	140	141
Shareholders' equity		
Common stock -		
\$.10 par value, 40,000,000		
shares authorized, 14,289,000		
& 14,215,000 shares issued	1,429	1,422
Capital in excess of par	11,304	10,595
Retained earnings	78,004	72,700
Cumulative currency translation adjustments	(536)	(281)
Treasury stock, at cost		
(3,526,000 shares)	(13,662)	(13,662)
	-----	-----
Total shareholders' equity	76,539	70,774
	-----	-----
Total liabilities & shareholders' equity	\$156,039	\$118,860
	=====	=====

See notes to condensed consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Six Months Ended December 31, 1997	1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,304	\$ 5,544
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	4,366	2,968
Provision for deferred income taxes	312	703
Gain on sale of property & equipment	(32)	-
Changes in operating assets & liabilities		
Accounts receivable	(4,487)	(3,829)
Prepaid expenses & other assets	851	26
Accounts payable & accrued expenses	(1,709)	(2,393)
Accrued compensation & benefits	1,172	(1,779)
Deferred rent expense	(455)	(268)
Income taxes receivable	3,307	144
	-----	-----
Net cash provided by operating activities	8,629	1,116
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property & equipment	(2,207)	(2,711)
Purchase of businesses	(36,154)	(5,645)
Proceeds from sale of property & equipment	382	-
Other	(105)	(59)
	-----	-----
Net cash used in investing activities	(38,084)	(8,415)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds under line-of-credit	90,000	58,372
Payments under line-of-credit	(61,900)	(52,459)
Proceeds from stock options	716	2,070
	-----	-----
Net cash provided by financing activities	28,816	7,983
Effect of changes in currency rates on cash & equivalents	(8)	117
	-----	-----
Net (decrease) increase in cash & equivalents	(647)	801
Cash & equivalents, beginning of period	2015	1,776
	-----	-----
Cash & equivalents, end of period	\$ 1,368	\$ 2,577
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash (received) paid during the period for income taxes, net	\$ (867)	\$ 1,659
	=====	=====
Interest paid during the period	\$ 502	\$ 362
	=====	=====

See notes to condensed consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

A. Basis of Presentation

The accompanying unaudited condensed 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, although the Company believes that the disclosures made are adequate to make the information presented not misleading.

In the opinion of management, the accompanying unaudited condensed 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 condensed consolidated financial statements be read in conjunction with the consolidated financial statements and the 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, 1997.

B. Accounts Receivable

Total accounts receivable are net of allowance for doubtful accounts of \$3,248,000 and \$2,988,000 at December 31, 1997, and June 30, 1997, respectively. Accounts receivable are classified as follows:

(Dollars in thousands)	December 31, 1997	June 30, 1997
	-----	-----
Billed & billable receivables		
Billed receivables	\$66,751	\$52,159
Billable receivables at end of period	6,966	7,135
	-----	-----
Total billed receivables	73,717	59,294
Unbilled receivables		
Unbilled pending receipt of contractual documents authorizing billing	10,755	11,374
Unbilled retainages & fee withholds expected to be billed within the next 12 months	188	175
	-----	-----
	10,943	11,549
Unbilled retainages & fee withholds expected to be billed beyond the next 12 months	7,429	7,015
	-----	-----
Total unbilled receivables	18,372	18,564
	-----	-----
----- Total accounts receivable	\$92,089	\$77,858
	=====	=====

C. Deferred Contract Costs

Deferred contract costs include the cost of equipment acquired by the Company to provide communications services under contract. The costs are charged to expense as the associated service revenues are billed to the customer. Approximately \$3.3 million is recorded as a current asset as this represents the amount to be recovered within the next twelve months.

D. Earnings per Share

In March 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 (SFAS No. 128), "Earnings Per Share" (EPS) which simplifies the standards for computing EPS previously found in APB Opinion No. 15 and makes them comparable to international EPS standards. SFAS No. 128 became effective for this reporting period and therefore, all prior periods presented have been restated in conformity with this Statement.

The table below reconciles the effect that potentially dilutive securities have on earnings per share.

Ended	Six Months Ended	Three Months
		December
31,	December 31,	
1996	1997	1997
	1996	

-----	-----	-----
Net Income	\$ 2,872	\$ 2,846
\$ 5,304 \$ 5,544		
=====	=====	=====
Average shares outstanding	10,755	10,405
10,730 10,352		
Basic earnings per share	\$ 0.27	\$ 0.27
\$ 0.49 \$ 0.54		
=====	=====	=====
Net Income	\$ 2,872	\$ 2,846
\$ 5,304 \$ 5,544		
=====	=====	=====
Average share outstanding	10,755	10,405
10,730 10,352		
Dilutive effect of stock options after application of treasury stock method	372	
573 371 573		
-----	-----	-----
Average & equivalent shares outstanding	11,127	10,978
11,101 10,925		
=====	=====	=====
Diluted earnings per share	\$ 0.26	\$ 0.26
\$ 0.48 \$ 0.51		
=====	=====	=====

E. Commitments and Contingencies

The Company is involved in various lawsuits, claims, and administrative proceedings arising in the normal course of business. Management is of the opinion that any liability or loss associated with such matters will not have a material adverse effect on the Company's operations and liquidity.

F. Acquisitions

On November 1, 1997, the Company acquired the business and net assets of Government Systems, Inc. ("GSI"), a subsidiary of Infonet Services Corporation, a multinational communications network provider headquartered in El Segundo, California, for \$28 million in cash, plus an additional \$5.5 million to pay off existing debt of GSI, which has been recorded using the purchase method of accounting. GSI delivers international communications and network-related services to meet the data networking needs of the U.S. Government and other organizations. These services include full implementation of dedicated private networks, integrated public and private networks, network installation, maintenance, and management and operations. GSI's major customers include the Department of Defense, the Federal Aviation Administration and Globalstar Limited Partnership. GSI's annual revenues, prior to acquisition, approximated \$36 million. Approximately \$23 million of the purchase consideration has been preliminarily allocated to goodwill, based upon the excess purchase price over the estimated fair value of net assets acquired, and will be amortized over 20 years. The preliminary purchase price allocation may change during the year ending June 30, 1998 as additional information concerning the net asset valuation is obtained. GSI contributed revenues of \$4.7 million for the period from November 1, 1997 to December 31, 1997.

In order to meet the financing requirements of the above acquisition, on October 28, 1997, the Company amended its existing credit facility, extending its term from July 1, 1999 to July 1, 2000 and increasing the facility from \$50 million to \$70 million. All other significant terms and conditions remain the same.

Also in November 1997, CACI Limited in London, England acquired 100% of the share capital of AnaData Limited ("AnaData"), which was recorded under the purchase method of accounting. The total consideration paid was \$1.9 million in cash, which was financed from CACI Limited's working capital. AnaData develops and markets software products for managing marketing databases, and historically generated annual revenues of approximately \$2.5 million. Based upon estimated fair values, \$1 million of the purchase consideration has been allocated to software intellectual property rights which will be amortized over five years, and \$0.4 million has been allocated to goodwill which will be amortized over 10 years. In November and December of FY 1998, the AnaData business contributed \$0.3 million in revenue.

G. Recent Pronouncements

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130") and Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). SFAS No. 130 establishes standards for the reporting and presenting of comprehensive income and its components (revenue, expenses, gains and losses) in a full set of general-purpose financial statements. SFAS No. 131 establishes standards for the manner in which public business enterprises report information about operating segments and the related disclosures about products and services, geographic area, and major customers. Both statements are effective for financial statements issued for fiscal years beginning after December 15, 1997. The Company is currently reviewing what effect the new standards will have on future reporting.

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

Results of Operations for the Three and Six Months Ended December 31, 1997 and 1996.

Revenues

The table below sets forth the customer mix in revenues with related percentages of total revenues for the three months ended on December 31, 1997 (FY 1998) and December 31, 1996 (FY 1997), respectively:

(Dollars in thousands, except as percents)

Quarter			Second			
			First Six Months		FY98	
FY97	FY98		FY97			
			-----		-----	
Department of Defense			\$39,200	49.5%	\$35,671	51.8%
75,547	50.4%	\$ 68,485	52.1%			
Federal Civilian Agencies			21,280	26.9%	16,327	23.7%
39,627	26.5%	32,390	24.6%			
Commercial			16,850	21.3%	14,822	21.6%
31,113	20.8%	26,601	20.2%			
State & Local Governments			1,815	2.3%	2,001	2.9%
3,527	2.3%	4,079	3.1%			
			-----	-----	-----	-----
Total			\$79,145	100.0%	\$68,821	100.0%
\$149,814	100.0%	\$131,555	100.0%			

For the three months ("quarter") and six months ended December 31, 1997, the Company's total revenues increased by 15%, or \$10.3 million, and by 14%, or \$18.3 million, respectively, over the same periods last year. The increases were primarily the result of the acquisitions described below and increases in sales to commercial customers and to Federal civilian agencies.

On November 1, 1997, the Company acquired the business and net assets of Government Systems, Inc. ("GSI") which contributed approximately \$4.7 million of incremental revenues for the three and six months ended December 31, 1997. In the prior year, the Company purchased the net assets of Sunset Resources, Inc. ("SRI") on October 1, 1996, which generated incremental revenues of \$4.4 million for the first three months of FY 1998.

Revenues from the Department of Defense ("DoD") increased 10%, or \$3.5 million, for the quarter, and 10.3%, or \$7.0 million, for the first six months. The GSI and SRI acquisitions accounted for \$2.1 million and \$4.3 million of the growth, respectively. The additional increase in revenues is due to higher-volume task orders for logistic services, software integration and testing services to DoD customers.

Federal civilian agencies revenue is primarily derived from the Department of Justice ("DoJ") litigation support efforts. These services are dependent on the level of DoJ litigation that the Company is supporting at any period of time and have fluctuated from quarter to quarter. DoJ revenue for the second quarter of FY 1998 increased approximately 24% to \$14.6 million versus \$11.8 million for the same period last year due to greater volume on several large cases. For the first six months of FY 1998, revenue from DoJ was \$29.6 million compared to \$23.7 million for the same period last year. In addition, revenues from Federal civilian agencies rose \$2.2 million as a result of the GSI acquisition.

During the quarter and six months ended December 31, 1997, commercial revenues increased by 14%, or \$2.0 million, and 17%, or \$4.5 million, respectively, over the same periods last year. These increases are primarily the result of growth in sales of territory optimization and marketing analysis software products and services in the United Kingdom coupled with growth in Year 2000 software renovation services. The nature of the Company's proprietary software products business is inherently less predictable than the Company's longer-term contract work with the Federal Government and may fluctuate from quarter to quarter.

The following table sets forth the relative percentage that certain items of expense and earnings bear to revenues for the quarter and six months ended December 31, 1997 and December 31, 1996, respectively.

thousands)			Dollar Amount (in Percentage of Revenue		
Months	Second Quarter		Second Quarter		First Six Months FY98
	FY98	FY97	FY98	FY97	
FY97					
-----	-----	-----	-----	-----	-----
Revenues			\$79,145	\$68,821	\$149,814
\$131,555	100.0%	100.0%	100.0%	100.0%	

Costs & expenses:						
Direct costs			42,550	36,113	80,587	
68,197	53.8%	52.5%	53.8%	51.8%		
Indirect costs			29,151	26,093	55,590	
50,613	36.8%	37.9%	37.1%	38.5%		
Depreciation & amortization			2,341	1,556	4,366	
2,968	3.0%	2.3%	2.9%	2.3%		
-----	-----	-----	-----	-----	-----	
Total operating expenses			74,042	63,762	140,543	
121,778	93.6%	92.7%	93.8%	92.6%		
=====	=====	=====	=====	=====	=====	
Income from operations			5,103	5,059	9,271	
9,777	6.4%	7.3%	6.2%	7.4%		
Interest expense			472	277	717	
461	0.6%	0.4%	0.5%	0.3%		
-----	-----	-----	-----	-----	-----	
Earnings before income taxes			4,631	4,782	8,554	
9,316	5.8%	6.9%	5.7%	7.1%		
Income taxes			1,759	1,936	3,250	
3,772	2.2%	2.8%	2.2%	2.9%		
-----	-----	-----	-----	-----	-----	
Net income			\$ 2,872	\$ 2,846	\$ 5,304	\$
5,544	3.6%	4.1%	3.5%	4.2%		
=====	=====	=====	=====	=====	=====	

Income From Operations

Income from operations decreased \$0.5 million for the first six months of FY 1998 as compared to the same period in FY 1997. The higher earnings a year ago were the result of a \$0.5 million pretax gain from a favorable settlement of prior indirect cost rate that had been subject to routine audit by the U.S. Government. As a percentage of revenues, income from operations decreased for the quarter and for the first six months ended December 31, 1997, as compared to the same periods in the previous year. This decrease was due to the favorable rate settlement, discussed above, as well as additional depreciation and amortization charges incurred on both capital expenditures and the goodwill recorded as a result of the GSI acquisition.

Direct costs, as a percentage of revenues, increased to 53.8% for the second quarter of FY 1998 as compared to 52.5% for the same period in the prior year. This was directly attributable to the GSI acquisition, which contributed revenues earned on a higher proportion of other direct costs to total direct costs. For the six months ended December 31, 1997, GSI and SRI operations contributed \$5.4 million of incremental other direct costs which accounts for the 2% increase, as a percentage of revenues, for the first six months of FY 1998 versus FY 1997.

Indirect costs include fringe benefits, indirect labor, marketing, and bid and proposal costs, and other discretionary costs. The increases in indirect costs in FY 1998 have been in proportion to increases in direct labor and the revenues associated with the direct labor. Indirect costs have declined as a percentage of total revenues because of the effect on total revenues of higher other direct costs as noted above.

The increase in depreciation and amortization of \$0.8 million for both the quarter and the six months, is primarily attributable to the acquisitions discussed above which resulted in additional goodwill of \$26.4 million. In addition, the Company has purchased \$6.0 million of property and equipment since January 1, 1997, in order to support the increased number of professionals within the Company.

Interest Expense

Interest expense has increased by \$0.2 million and \$0.3 million for the quarter and six months ended December 31, 1997, respectively, as compared to the same periods in the previous year. This is directly attributable to the increased borrowings of \$33.5 million necessary to complete the GSI acquisition.

Income Taxes

The effective income tax rate for the quarter and the six months ended December 31, 1997 was 38% versus 40.5% for the same periods last year. The decrease is primarily the result of a lower effective state income tax rate.

Net Income

Net income increased slightly to \$2.8 million for the quarter and decreased 4% to \$5.3 million for the six months of FY 1998, as compared to

the same periods in the previous year for the various reasons discussed above.

Liquidity and Capital Resources

Historically, the Company's positive cash flow from operations and available credit facilities provided adequate liquidity and working capital to fully fund the Company's operational needs and support the acquisition activities. Working capital was \$51.6 million and \$42.0 million as of December 31, and June 30, 1997, respectively. The increase in working capital in the first six months of FY 1998 is primarily related to the GSI acquisition. Operating activities provided cash of \$8.6 million and \$1.1 million for the six months ended December 31, 1997 and 1996, respectively. The increase in cash provided by operating activities is primarily due to the receipt of \$3.3 million in income tax refunds, \$2.9 million less in the timing of funds disbursed for accrued compensation and \$0.6 million less in timing requirements for disbursements to vendors in the ordinary course of business.

The Company used \$38.1 million in investing activities for the six months ended December 31, 1997, versus \$8.4 million for the same period a year ago. This is due primarily to the GSI acquisition for \$33.5 million.

The Company financed its investing activities from operating cash flows and from a net increase in borrowings under its line of credit of \$28.1 million.

On October 28, 1997, the Company increased its unsecured revolving credit agreement from \$50 million to \$70 million and extended the term to July 1, 2000. The Company also maintains a 500,000 pound sterling unsecured line of credit in London, England, which expires in November 1998. At December 31, 1997, the Company had approximately \$33.9 million available for borrowings under its lines of credit. Accordingly, the Company believes that the combination of internally generated funds, available credit and cash on hand will provide the required liquidity and capital resources for the foreseeable future.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Ceridian Corporation v. CACI Systems Integration Inc.

Reference is made to Part I, Item 3, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ending September 30, 1997, for the most recently filed information concerning the suit filed 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 system. In January 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 the Registrant's report indicated above, the case was settled pursuant to a confidential settlement agreement on terms satisfactory to the Company.

CACI, INC.-FEDERAL v. Arizona Department of Transportation

Reference is made to Part I, Item 3, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ending September 30, 1997, for the most recently filed information concerning the lawsuit filed on June 25, 1996, by CACI, INC.-FEDERAL ("CACI"), the Registrant's wholly-owned subsidiary, in Superior Court for Maricopa County, Arizona, against the Arizona Department of Transportation ("ADOT"). This suit seeks the following:

(i) a declaratory judgment that the disputes procedure mandated by the Arizona Procurement Code is unconstitutional; (ii) a declaratory judgment that ADOT cannot assert claims against CACI under the mandated disputes procedure; (iii) a declaratory judgment that ADOT is not entitled to recover consequential damages in connection with the dispute; (iv) \$2,938,990 plus interest in breach of contract damages; (v) the return of CACI property seized by ADOT in connection with the termination of the contract; and (vi) lawyers' fees.

Since the filing of Registrant's report indicated above, the parties have been conducting discovery and exploring the possibility of settlement.

ITEM 5. OTHER INFORMATION-FORWARD LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain statements included in "Liquidity and Capital Resources" and information contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission, which should be read in conjunction with this Quarterly Report, may be considered forward-looking. The Company cautions investors that there can be no assurance that actual results will not differ materially from those projected or suggested in such forward-looking statements. Factors which could cause a material difference in results include, but are not limited to, the following: changes in government spending policies and/or decisions concerning specific programs, individual business decisions of customers and clients; developments in technology; competitive factors and pricing pressures; changes in government laws or regulations; unusually intense competition for employees with cutting-edge technical skills; and our ability to manage the business to achieve forecast results.

CACI INTERNATIONAL INC AND SUBSIDIARIES

INDEX TO EXHIBITS

Exhibit Number	Title
-----	-----
11	Computation of Basic and Diluted Earnings Per 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: February 13, 1998

By: /s/

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

Date: February 13, 1998

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 SHARE**

	Three Months Ended December 31, 1997		Six Months Ended December 31, 1997	
	-----	-----	-----	-----
Net income	\$ 2,872	\$ 2,846	5,304	5,544
Average shares outstanding during the period	10,755	10,405	10,730	10,352
Dilutive effect of stock options after application of treasury stock method	372	573	371	573
Average number of shares outstanding during the period	11,127	10,978	11,101	10,925
Basic earnings per share	\$ 0.27	\$ 0.27	\$ 0.49	\$ 0.51
Diluted earnings per share	\$ 0.26	\$ 0.26	\$ 0.48	\$ 0.51

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10Q FOR THE PERIOD ENDING DECEMBER 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	6 MOS
FISCAL YEAR END	JUN 30 1998
PERIOD END	DEC 31 1997
CASH	1,368,000
SECURITIES	0
RECEIVABLES	81,412,000
ALLOWANCES	(3,248,000)
INVENTORY	0
CURRENT ASSETS	92,582,000
PP&E	36,353,000
DEPRECIATION	(25,591,000)
TOTAL ASSETS	156,039,000
CURRENT LIABILITIES	41,002,000
BONDS	36,900,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	1,429,000
OTHER SE	75,110,000
TOTAL LIABILITY AND EQUITY	156,039,000
SALES	0
TOTAL REVENUES	149,814,000
CGS	0
TOTAL COSTS	80,587,000
OTHER EXPENSES	59,196,000
LOSS PROVISION	760,000
INTEREST EXPENSE	717,000
INCOME PRETAX	8,554,000
INCOME TAX	3,250,000
INCOME CONTINUING	5,304,000
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	5,304,000
EPS PRIMARY	\$0.48
EPS DILUTED	\$0.48

End of Filing

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