

CUBIC CORP /DE/
Form 10-Q
May 07, 2008

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 Quarter Ended March 31, 2008

1-8931

Commission File Number

CUBIC CORPORATION

Exact Name of Registrant as Specified in its Charter

Delaware
State of Incorporation

95-1678055
IRS Employer Identification No.

9333 Balboa Avenue
San Diego, California 92123
Telephone (858) 277-6780

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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, 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, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of April 16, 2008, registrant had only one class of common stock of which there were 26,724,541 shares outstanding (after deducting 8,945,066 shares held as treasury stock).

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

CUBIC CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(amounts in thousands, except per share data)

	Six Months Ended March 31,		Three Months Ended March 31,	
	2008	2007	2008	2007
Net sales:				
Products	\$ 230,096	\$ 253,443	\$ 117,749	\$ 132,484
Services	182,906	179,533	92,531	97,557
	413,002	432,976	210,280	230,041
Costs and expenses:				
Products	175,597	206,805	91,407	107,716
Services	153,773	148,413	78,882	80,249
Selling, general and administrative	48,875	46,917	24,096	23,707
Research and development	3,783	1,351	2,009	570
	382,028	403,486	196,394	212,242
Operating income	30,974	29,490	13,886	17,799
Other income (expense):				
Interest and dividends	2,793	898	1,272	464
Interest expense	(1,391)	(1,476)	(659)	(732)
Other income (expense)	328	530	634	48
Minority interest in loss of subsidiary	118	394	113	132
Income before income taxes	32,822	29,836	15,246	17,711
Income taxes	12,500	10,300	5,600	6,500
Net income	\$ 20,322	\$ 19,536	\$ 9,646	\$ 11,211
Basic and diluted net income per common share	\$ 0.76	\$ 0.73	\$ 0.36	\$ 0.42
Dividends per common share	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.09
Average number of common shares outstanding	26,723	26,720	26,724	26,720

See accompanying notes.

CUBIC CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2008 (Unaudited)	September 30, 2007 (See note below)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 115,257	\$ 73,563
Short-term investments		27,200
Accounts receivable - net	278,154	305,672
Inventories	34,940	27,342
Recoverable income taxes	2,395	
Deferred income taxes and other current assets	36,168	39,597
Total current assets	466,914	473,374
Long-term contract receivables	35,600	16,650
Property, plant and equipment - net	55,386	57,251
Goodwill	35,965	36,003
Other assets	16,328	9,287
	\$ 610,193	\$ 592,565
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 21,684	\$ 27,992
Customer advances	71,103	58,412
Other current liabilities	66,908	69,970
Income taxes payable		4,905
Current portion of long-term debt	6,121	6,138
Total current liabilities	165,816	167,417
Long-term debt	26,740	32,699
Other long-term liabilities	19,068	9,678
Shareholders' equity:		
Common stock	12,485	12,357
Retained earnings	390,740	375,299
Accumulated other comprehensive income	31,413	31,184
Treasury stock at cost	(36,069)	(36,069)
	398,569	382,771
	\$ 610,193	\$ 592,565

Note: The balance sheet at September 30, 2007 has been derived from the audited financial statements at that date.

See accompanying notes.

CUBIC CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Six Months Ended March 31,		Three Months Ended March 31,	
	2008	2007	2008	2007
Operating Activities:				
Net income	\$ 20,322	\$ 19,536	\$ 9,646	\$ 11,211
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,104	4,520	1,998	2,179
Changes in operating assets and liabilities	628	13,609	(13,410)	28,931
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	25,054	37,665	(1,766)	42,321
Investing Activities:				
Net additions to property, plant and equipment	(4,864)	(3,326)	(3,036)	(1,470)
Proceeds from sales of marketable securities	66,300	92,153		15,852
Purchases of marketable securities	(39,100)	(91,705)		(24,278)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	22,336	(2,878)	(3,036)	(9,896)
Financing Activities:				
Change in short-term borrowings, net		(10,000)		
Principal payments on long-term borrowings	(5,777)	(5,764)	(172)	(168)
Other	128		85	
NET CASH USED IN FINANCING ACTIVITIES	(5,649)	(15,764)	(87)	(168)
Effect of exchange rates on cash	(47)	965	1,064	348
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,694	19,988	(3,825)	32,605
Cash and cash equivalents at the beginning of the period	73,563	42,380	119,082	29,763
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 115,257	\$ 62,368	\$ 115,257	\$ 62,368

See accompanying notes.

CUBIC CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

March 31, 2008

Note 1 Basis for Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending September 30, 2008. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended September 30, 2007.

The preparation of the financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Balance Sheet Details

The components of accounts receivable are as follows (in thousands):

	March 31, 2008 (unaudited)	September 30, 2007
Trade and other receivables	\$ 18,368	\$ 13,024
Long-term contracts:		
Billed	85,793	101,054
Unbilled	214,459	