

CUBIC CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30,		Three Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands, except per share data)			
Net sales:				
Products	\$ 478,478	\$ 517,165	\$ 118,116	\$ 125,602
Services	402,657	372,705	117,125	97,543
	<u>881,135</u>	<u>889,870</u>	<u>235,241</u>	<u>223,145</u>
Costs and expenses:				
Products	376,213	415,729	95,955	97,698
Services	333,268	311,811	92,573	83,937
Selling, general and administrative expenses	99,956	95,054	24,216	22,885
Restructuring costs	6,203	-	6,203	-
Research and development	12,231	5,178	5,479	2,577
	<u>827,871</u>	<u>827,772</u>	<u>224,426</u>	<u>207,097</u>
Operating income	53,264	62,098	10,815	16,048
Other income (expenses):				
Gain on sale of assets	1,238	1,052	1,238	1,052
Interest and dividends	6,351	3,431	1,304	1,640
Interest expense	(2,745)	(3,403)	(518)	(1,201)
Other income (expense)	(653)	1,299	(987)	104
Minority interest in loss (income) of subsidiary	(216)	771	(113)	192
	<u>57,239</u>	<u>65,248</u>	<u>11,739</u>	<u>17,835</u>
Income before income taxes	57,239	65,248	11,739	17,835
Income taxes	<u>20,385</u>	<u>23,662</u>	<u>3,685</u>	<u>6,962</u>
Net income	<u>\$ 36,854</u>	<u>\$ 41,586</u>	<u>\$ 8,054</u>	<u>\$ 10,873</u>
Basic and diluted net income per common share	<u>\$ 1.38</u>	<u>\$ 1.56</u>	<u>\$ 0.30</u>	<u>\$ 0.41</u>

CUBIC CORPORATION  
CONSOLIDATED BALANCE SHEETS

	September 30,	
	2008	2007
	(in thousands)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 112,696	\$ 73,563
Short-term investments	-	27,200
Accounts receivable:		
Trade and other receivables	9,014	13,024
Long-term contracts	264,748	297,792
Allowance for doubtful accounts	(4,878)	(5,144)
	268,884	305,672
Inventories	45,118	27,342
Deferred income taxes	27,082	18,492
Prepaid expenses and other current assets	21,548	21,105
<b>TOTAL CURRENT ASSETS</b>	<b>475,328</b>	<b>473,374</b>
<b>LONG-TERM CONTRACT RECEIVABLES</b>	19,930	16,650
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land and land improvements	15,408	14,601
Buildings and improvements	43,379	46,519
Machinery and other equipment	83,598	84,149
Leasehold improvements	4,656	4,299
Accumulated depreciation and amortization	(93,154)	(92,317)
	53,887	57,251
<b>OTHER ASSETS</b>		
Deferred income taxes	4,631	195
Goodwill	61,032	36,003
Purchased intangibles	19,060	1,922
Miscellaneous other assets	7,384	7,170
	92,107	45,290
<b>TOTAL ASSETS</b>	<b>\$ 641,252</b>	<b>\$ 592,565</b>

CUBIC CORPORATION

CONSOLIDATED BALANCE SHEETS--continued

	September 30,	
	2008	2007
	(in thousands)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	\$ 23,288	\$ 27,992
Customer advances	74,963	58,412
Accrued compensation	41,111	38,183
Other current liabilities	44,721	31,787
Income taxes payable	6,017	4,905
Current maturities of long-term debt	6,045	6,138
<b>TOTAL CURRENT LIABILITIES</b>	<u>196,145</u>	<u>167,417</u>
LONG-TERM DEBT	25,700	32,699
<b>OTHER LIABILITIES</b>		
Accrued pension liability	16,451	1,530
Deferred compensation	7,821	8,148
Income taxes payable	6,283	-
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, no par value (in thousands):		
Authorized--5,000 shares		
Issued and outstanding--none	-	-
Common stock, no par value (in thousands):		
Authorized--50,000 shares		
2008--Issued 35,673 shares, outstanding--26,727 shares		
2007--Issued 35,665 shares, outstanding--26,720 shares	12,485	12,357
Retained earnings	404,868	375,299
Accumulated other comprehensive income	7,570	31,184
Treasury stock at cost (in thousands):		
2008--8,945 shares; 2007--8,945 shares	(36,071)	(36,069)
	<u>388,852</u>	<u>382,771</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 641,252</u>	<u>\$ 592,565</u>

CUBIC CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30,	
	2008	2007
	(in thousands)	
Operating Activities:		
Net income	\$ 36,854	\$ 41,586
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,688	8,854
Deferred income taxes	(6,203)	745
Provision for doubtful accounts	(39)	19
Gain on sale of assets	(1,238)	(1,052)
Minority interest in income (loss) of subsidiary	216	(771)
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	40,495	18,091
Inventories	(18,748)	(7,610)
Prepaid expenses	451	(8,048)
Accounts payable and other current liabilities	4,037	9,965
Customer advances	16,952	12,181
Income taxes	7,835	(2,741)
Other items - net	2,355	(2,063)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>92,655</u></b>	<b><u>69,156</u></b>
Investing Activities:		
Acquisition of businesses, net of cash acquired	(53,776)	-
Proceeds from sale of assets	1,779	3,775
Proceeds from sale of short-term investments	66,160	241,606
Purchases of short-term investments	(39,070)	(259,935)
Purchases of property, plant and equipment	(8,100)	(6,098)
Other items - net	(2,254)	(139)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(35,261)</u></b>	<b><u>(20,791)</u></b>
Financing Activities:		
Change in short-term borrowings	-	(10,000)
Principal payments on long-term debt	(6,112)	(6,112)
Proceeds from issuance of common stock	128	-
Purchases of treasury stock	(2)	-
Dividends paid to shareholders	(4,810)	(4,810)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b><u>(10,796)</u></b>	<b><u>(20,922)</u></b>
Effect of exchange rates on cash	(7,465)	3,740
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>39,133</b>	<b>31,183</b>
Cash and cash equivalents at the beginning of the year	<u>73,563</u>	<u>42,380</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 112,696</u></b>	<b><u>\$ 73,563</u></b>