



Financial Statements

CUBIC CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands, except per share data)

	Nine Months Ended June 30,				Three Months Ended June 30,				
		2018		2017		2018	2017		
Net sales:								2017	
Products	\$	468,949	\$	466,071	\$	179,761	\$	167,143	
Services		354,240	-	292,523	-	116,451	-	99,041	
		823,189		758,594		296,212		266,184	
Costs and expenses:		,		ŕ		,		,	
Products		334,202		334,590		125,536		120,575	
Services	2	245,075		208,510		80,401		71,075	
Selling, general and administrative expenses		183,720		170,730		58,267		56,898	
Research and development		40,113		38,779		13,934		16,901	
Amortization of purchased intangibles		19,988		22,948		6,153		7,257	
Restructuring costs		3,382		1,616		1,631		326	
		826,480		777,173		285,922		273,032	
				.					
Operating income (loss)		(3,291)		(18,579)		10,290		(6,848)	
Other income (expenses):									
Interest and dividend income		1,872		682		765		235	
Interest expense		(8,152)		(12,202)		(2,567)		(4,357)	
Other income (expense), net		(1,881)		717		(3,831)		1,648	
Income (loss) from continuing operations before income taxes		(11,452)		(29,382)		4,657		(9,322)	
Income tax provision		4,299	_	5,967		5,627		68,914	
Net loss from continuing operations		(15,751)		(35,349)		(970)		(78,236)	
Net income from discontinued operations		8,364		10,985		5,380		56,279	
Net income (loss)		(7,387)		(24,364)		4,410		(21,957)	
Less noncontrolling interest in loss of VIE		(1,881)				(1,881)			
					_				
Net income (loss) attributable to Cubic	\$	(5,506)	\$	(24,364)	\$	6,291	\$	(21,957)	
Amounts attributable to Cubic:									
Net income (loss) from continuing operations		(13,870)		(35,349)		911		(78,236)	
Net income from discontinued operations		8,364		10,985		5,380		56,279	
Net income (loss) attributable to Cubic	\$	(5,506)	\$	(24,364)	\$	6,291	\$	(21,957)	
Net income (loss) per share: Basic									
Continuing operations attributable to Cubic	\$	(0.51)	\$	(1.30)	\$	0.03	\$	(2.89)	
Discontinued operations	\$	0.31	\$	0.41	\$	0.20	\$	2.08	
Basic earnings per share attributable to Cubic	\$	(0.20)	\$	(0.90)	\$	0.23	\$	(0.81)	
Diluted									
Continuing operations attributable to Cubic	\$	(0.51)	\$	(1.30)	\$	0.03	\$	(2.89)	
Discontinued operations	\$	0.31	\$	0.41	\$	0.20	\$	2.08	
Diluted earnings per share attributable to Cubic	\$	(0.20)	\$	(0.90)	\$	0.23	\$	(0.81)	
Dividends per common share	\$	0.14	\$	0.14	\$	_	\$	_	
Weighted average shares used in per share calculations:									
Basic		27,221		27,100		27,232		27,110	
Diluted		27,221		27,100		27,374		27,110	





CUBIC CORPORATIONCONSOLIDATED BALANCE SHEETS

(in thousands)

Materials James (March Parchase) Control cases (Cash and cash capacitates) 9 32,74 \$ 6,000,100 \$ 6,000<	(in thousands)				
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Long-term capitalized contract costs in consolidated VIE 1,159 ————————————————————————————————————	Long-term capitalized contract costs	71,530	56,471		
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Current liabilities of discontinued operations — 36,862 Total current liabilities 276,826 376,479 Long-term debt 199,785 199,761 Long-term debt in consolidated VIE 26,562 — Other long-term liabilities 52,949 70,414 Other long-term liabilities in consolidated VIE 2,090 — Shareholders' equity: V V Common stock 41,465 37,850 Retained earnings 785,303 794,485 Accumulated other comprehensive loss (112,924) (106,626) Treasury stock at cost (36,078) (36,078) Shareholders' equity related to Cubic 677,766 689,631 Noncontrolling interest in VIE (1,881) — Total shareholders' equity 675,885 689,631	•				
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Long-term debt in consolidated VIE 26,562 — Other long-term liabilities 52,949 70,414 Other long-term liabilities in consolidated VIE 2,090 — Shareholders' equity: *** *** Common stock 41,465 37,850 Retained earnings 785,303 794,485 Accumulated other comprehensive loss (112,924) (106,626) Treasury stock at cost (36,078) (36,078) Shareholders' equity related to Cubic 677,766 689,631 Noncontrolling interest in VIE (1,881) — Total shareholders' equity 675,885 689,631					
Other long-term liabilities 52,949 70,414 Other long-term liabilities in consolidated VIE 2,090 — Shareholders' equity: *** *** Common stock 41,465 37,850 Retained earnings 785,303 794,485 Accumulated other comprehensive loss (112,924) (106,626) Treasury stock at cost (36,078) (36,078) Shareholders' equity related to Cubic 677,766 689,631 Noncontrolling interest in VIE (1,881) — Total shareholders' equity 675,885 689,631	Long-term debt	199,785	199,761		
Other long-term liabilities in consolidated VIE 2,090 — Shareholders' equity: 37,850 Common stock 41,465 37,850 Retained earnings 785,303 794,485 Accumulated other comprehensive loss (112,924) (106,626) Treasury stock at cost (36,078) (36,078) Shareholders' equity related to Cubic 677,766 689,631 Noncontrolling interest in VIE (1,881) — Total shareholders' equity 675,885 689,631	Long-term debt in consolidated VIE	26,562	_		
Shareholders' equity: 41,465 37,850 Common stock 41,465 37,850 Retained earnings 785,303 794,485 Accumulated other comprehensive loss (112,924) (106,626) Treasury stock at cost (36,078) (36,078) Shareholders' equity related to Cubic 677,766 689,631 Noncontrolling interest in VIE (1,881) — Total shareholders' equity 675,885 689,631	Other long-term liabilities	52,949	70,414		
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	rotal natifices and shareholders equity	\$ 1,234,097	φ 1,330,283		





CUBIC CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	Nine Months Ended June 30,				Three Months Ended June 30,			
		2018		2017		2018		2017
Operating Activities:								
Net income (loss)	\$	(7,387)	\$	(24,364)	\$	4,410	\$	(21,957)
Net income from discontinued operations		(8,364)		(10,985)		(5,380)		(56,279)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization		34,133		35,774		10,642		11,750
Share-based compensation expense		5,100		3,586		2,603		395
Change in fair value of contingent consideration		446		(4,713)		(6)		(2,519)
(Gain) loss on disposal of assets		(1,474)		405		_		_
Deferred income taxes		(10,198)		(10,813)		(10,013)		17,660
Changes in operating assets and liabilities, net of effects from acquisitions:		(44,047)		(34,180)	_	(35,026)		5,928
NET CASH USED IN CONTINUING OPERATING ACTIVITIES		(31,791)		(45,290)		(32,770)		(45,022)
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS		14,497		28,776		8,364		16,702
NET CASH USED IN OPERATING ACTIVITIES		(17,294)		(16,514)	_	(24,406)		(28,320)
Investing Activities:								
Acquisition of businesses, net of cash acquired		(9,534)		(12,924)		_		_
Purchases of property, plant and equipment		(21,120)		(25,474)		(9,334)		(10,305)
Purchases of marketable securities		_		(18,944)		_		(189)
Proceeds from sales or maturities of marketable securities		_		18,944		_		6,441
Purchase of non-marketable debt and equity securities		(1,472)		(2,200)		(222)		_
Proceeds from the sale of fixed assets		2,400						
NET CASH USED IN INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		(29,726)		(40,598)		(9,556)		(4,053)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES FROM DISCONTINUED OPERATIONS		133,795		1,217		133,795		(16)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		104,069		(39,381)		124,239		(4,069)
Financing Activities:								
Proceeds from short-term borrowings		198,820		93,080		79,700		23,800
Principal payments on short-term borrowings		(253,820)		(229,080)		(156,700)		(169,800)
Principal payments on long-term debt		_		(320)		_		(104)
Proceeds from long-term borrowings in consolidated VIE		28,378		_		28,378		_
Deferred financing fees in consolidated VIE		(2,180)		_		(2,180)		_
Stock issued under employee stock purchase plan		710		1,712		(88)		279
Purchase of common stock		(2,355)		(2,449)		(31)		(94)
Dividends paid		(3,676)		(3,679)		_		_
Contingent consideration payments related to acquisitions of businesses		(656)		(1,988)		_		_
Net change in restricted cash		(18,626)		71,084		(12,885)		72,597
NET CASH USED IN FINANCING ACTIVITIES	_	(53,405)	-	(71,640)	_	(63,806)		(73,322)
Effect of exchange rates on cash		175		(2,528)	_	1,242		4,958
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		33,545		(130,063)		37,269		(100,753)
Cash and cash equivalents at the beginning of the period		60,143		197,127		56,419	_	167,817
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$	93,688	\$	67,064	\$	93,688	\$	67,064
Supplemental disclosure of non-cash investing and financing activities: Liability incurred to acquire Vocality, net	\$	_	\$	1,035	\$	_	\$	_





CUBIC CORPORATION BACKLOG

	June 30, 2018		September 30 2017			
Total backlog						
Cubic Transportation Systems	\$	3,208.7	\$	2,043.9		
Cubic Global Defense Systems		425.6		420.3		
Cubic Mission Solutions		66.7		72.3		
Total	\$	3,701.0	\$	2,536.5		