

CUBIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(amounts in thousands, except per share data)

	Nine Months Ended June 30,		Three Months Ended June 30,	
	2016	2015	2016	2015
Net sales:				
Products	\$ 451,329	\$ 392,884	\$ 170,566	\$ 133,762
Services	603,748	612,244	204,674	214,044
	<u>1,055,077</u>	<u>1,005,128</u>	<u>375,240</u>	<u>347,806</u>
Costs and expenses:				
Products	328,422	288,926	108,785	94,381
Services	478,647	480,671	164,053	175,334
Selling, general and administrative expenses	206,897	155,603	68,632	55,127
Research and development	18,146	12,830	8,521	5,938
Amortization of purchased intangibles	24,620	21,035	9,666	6,606
Restructuring costs	1,615	5,385	1,690	127
	<u>1,058,347</u>	<u>964,450</u>	<u>361,347</u>	<u>337,513</u>
Operating income (loss)	(3,270)	40,678	13,893	10,293
Other income (expenses):				
Interest and dividend income	1,152	1,337	415	434
Interest expense	(7,403)	(3,058)	(3,486)	(1,125)
Other income (expense), net	<u>(1,532)</u>	<u>(1,157)</u>	<u>(1,930)</u>	<u>(257)</u>
Income (loss) before income taxes	(11,053)	37,800	8,892	9,345
Income tax expense (benefit)	<u>(20,281)</u>	<u>34,863</u>	<u>4,394</u>	<u>559</u>
Net income	9,228	2,937	4,498	8,786
Less noncontrolling interest in income of VIE	<u>—</u>	<u>29</u>	<u>—</u>	<u>6</u>
Net income attributable to Cubic	<u>\$ 9,228</u>	<u>\$ 2,908</u>	<u>\$ 4,498</u>	<u>\$ 8,780</u>
Net income per share attributable to Cubic:				
Basic	\$ 0.34	\$ 0.11	\$ 0.17	\$ 0.33
Diluted	\$ 0.34	\$ 0.11	\$ 0.17	\$ 0.33
Dividends per common share	\$ 0.14	\$ 0.14	\$ —	\$ —
Weighted average shares used in per share calculations:				
Basic	26,971	26,868	26,977	26,883
Diluted	27,010	26,925	27,058	26,960

CUBIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands)

	<u>June 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 173,439	\$ 218,476
Restricted cash	73,361	69,245
Marketable securities	13,331	30,533
Accounts receivable - net	376,047	358,925
Recoverable income taxes	14,982	753
Inventories - net	64,803	63,700
Deferred income taxes and other current assets	38,829	33,670
Total current assets	<u>754,792</u>	<u>775,302</u>
Long-term contract receivables	21,755	36,809
Long-term capitalized contract costs	67,686	73,017
Property, plant and equipment, net	95,013	74,690
Deferred income taxes	1,619	11,443
Goodwill	406,249	237,899
Purchased intangibles, net	132,643	72,936
Other assets	6,366	18,180
	<u>\$ 1,486,123</u>	<u>\$ 1,300,276</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 230,000	\$ 60,000
Trade accounts payable	62,165	47,170
Customer advances	48,915	77,083
Accrued compensation and other current liabilities	145,725	143,919
Income taxes payable	2,513	4,675
Deferred income taxes	—	13,404
Current portion of long-term debt	462	525
Total current liabilities	<u>489,780</u>	<u>346,776</u>
Long-term debt	200,692	126,180
Other long-term liabilities	68,553	71,032
Shareholders' equity:		
Common stock	31,006	25,560
Retained earnings	824,172	818,642
Accumulated other comprehensive loss	(92,002)	(51,836)
Treasury stock at cost	(36,078)	(36,078)
Total shareholders' equity	<u>727,098</u>	<u>756,288</u>
	<u>\$ 1,486,123</u>	<u>\$ 1,300,276</u>

CUBIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended		Three Months Ended	
	2016	2015	2016	2015
Operating Activities:				
Net income	\$ 9,228	\$ 2,937	\$ 4,498	\$ 8,786
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	31,943	28,717	12,966	8,653
Share-based compensation expense	6,916	6,652	2,828	1,361
Changes in operating assets and liabilities, net of effects from acquisitions	(42,648)	8,186	22,842	(33,406)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,439	46,492	43,134	(14,606)
Investing Activities:				
Acquisition of businesses, net of cash acquired	(243,483)	(90,172)	—	(712)
Purchases of property, plant and equipment	(25,883)	(15,743)	(4,508)	(13,163)
Purchases of marketable securities	(21,802)	(6,201)	(7,116)	(1,611)
Proceeds from sales or maturities of marketable securities	36,923	1,196	7,053	—
Purchases of other assets	—	(2,993)	—	—
NET CASH USED IN INVESTING ACTIVITIES	(254,245)	(113,913)	(4,571)	(15,486)
Financing Activities:				
Proceeds from short-term borrowings	263,300	95,000	10,000	25,000
Principal payments on short-term borrowings	(93,300)	(25,000)	(20,000)	(10,000)
Proceeds from long-term borrowings	75,000	—	—	—
Principal payments on long-term debt	(378)	(403)	(124)	(134)
Purchase of common stock	(1,658)	(2,652)	—	(929)
Dividends paid	(3,641)	(3,627)	—	—
Net change in restricted cash	(4,116)	(146)	(602)	(45)
Contingent consideration payments related to acquisitions of businesses	(1,679)	—	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	233,528	63,172	(10,726)	13,892
Effect of exchange rates on cash	(29,759)	(2,295)	(13,206)	17,401
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(45,037)	(6,544)	14,631	1,201
Cash and cash equivalents at the beginning of the period	218,476	215,849	158,808	208,104
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 173,439	\$ 209,305	\$ 173,439	\$ 209,305
Supplemental disclosure of non-cash investing and financing activities:				
Liability incurred to acquire GATR, net	\$ 7,651	\$ —	\$ —	\$ —
Liability incurred to acquire TeraLogics, net	\$ 4,998	\$ —	\$ —	\$ —
Liability incurred to acquire H4 Global, net	\$ 952	\$ —	\$ —	\$ —
Liability incurred to acquire DTECH, net	\$ —	\$ 8,898	\$ —	\$ 44