

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

	Nine Months Ended June 30,		Three Months Ended June 30,	
	2017	2016	2017	2016
Net sales:				
Products	\$ 466,071	\$ 451,329	\$ 167,143	\$ 170,566
Services	574,184	603,748	194,726	204,674
	<u>1,040,255</u>	<u>1,055,077</u>	<u>361,869</u>	<u>375,240</u>
Costs and expenses:				
Products	334,590	328,422	120,575	108,785
Services	464,505	478,647	157,781	164,053
Selling, general and administrative expenses	183,208	206,897	60,094	68,632
Research and development	38,779	18,146	16,901	8,521
Amortization of purchased intangibles	25,093	24,620	7,865	9,666
Restructuring costs	1,950	1,615	350	1,690
	<u>1,048,125</u>	<u>1,058,347</u>	<u>363,566</u>	<u>361,347</u>
Operating income (loss)	(7,870)	(3,270)	(1,697)	13,893
Other income (expenses):				
Interest and dividend income	719	1,152	249	415
Interest expense	(12,202)	(7,403)	(4,357)	(3,486)
Other income (expense), net	722	(1,532)	1,667	(1,930)
	<u>(18,631)</u>	<u>(11,053)</u>	<u>(4,138)</u>	<u>8,892</u>
Income (loss) before income taxes	(18,631)	(11,053)	(4,138)	8,892
Income tax provision (benefit)	<u>5,733</u>	<u>(20,281)</u>	<u>17,819</u>	<u>4,394</u>
Net income (loss)	<u>\$ (24,364)</u>	<u>\$ 9,228</u>	<u>\$ (21,957)</u>	<u>\$ 4,498</u>
Net income (loss) per share:				
Basic	\$ (0.90)	\$ 0.34	\$ (0.81)	\$ 0.17
Diluted	\$ (0.90)	\$ 0.34	\$ (0.81)	\$ 0.17
Dividends per common share	\$ 0.14	\$ 0.14	\$ —	\$ —
Weighted average shares used in per share calculations:				
Basic	27,100	26,971	27,110	26,977
Diluted	27,100	27,010	27,110	27,058

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

	<b>June 30, 2017</b>	<b>September 30, 2016</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 67,064	\$ 197,127
Restricted cash	4,564	75,648
Marketable securities	13,060	12,996
Accounts receivable - net	361,843	382,581
Recoverable income taxes	4,951	9,706
Inventories - net	103,438	66,362
Other current assets	33,614	38,231
Total current assets	<u>588,534</u>	<u>782,651</u>
Long-term contract receivables	21,301	20,926
Long-term capitalized contract costs	58,694	65,382
Property, plant and equipment, net	107,910	96,316
Deferred income taxes	2,149	2,194
Goodwill	410,902	406,946
Purchased intangibles, net	103,623	123,403
Other assets	9,800	6,590
Total assets	<u><u>\$ 1,302,913</u></u>	<u><u>\$ 1,504,408</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term borrowings	\$ 104,000	\$ 240,000
Trade accounts payable	62,002	81,172
Customer advances	56,277	49,481
Accrued compensation and other current liabilities	120,304	147,690
Income taxes payable	957	1,450
Current portion of long-term debt	452	450
Total current liabilities	<u>343,992</u>	<u>520,243</u>
Long-term debt	199,978	200,291
Other long-term liabilities	97,455	93,978
Shareholders' equity:		
Common stock	35,745	32,756
Retained earnings	784,992	813,035
Accumulated other comprehensive loss	(123,171)	(119,817)
Treasury stock at cost	(36,078)	(36,078)
Total shareholders' equity	<u>661,488</u>	<u>689,896</u>
Total liabilities and shareholders' equity	<u><u>\$ 1,302,913</u></u>	<u><u>\$ 1,504,408</u></u>

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

	Nine Months Ended June 30,		Three Months Ended June 30,	
	2017	2016	2017	2016
Operating Activities:				
Net income (loss)	\$ (24,364)	\$ 9,228	\$ (21,957)	\$ 4,498
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	38,154	31,943	12,418	12,966
Share-based compensation expense	3,826	6,916	469	2,828
Change in fair value of contingent consideration	(4,713)	(2,756)	(2,519)	(1,050)
Changes in operating assets and liabilities, net of effects from acquisitions	(29,417)	(39,892)	(16,731)	23,892
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(16,514)</u>	<u>5,439</u>	<u>(28,320)</u>	<u>43,134</u>
Investing Activities:				
Acquisition of businesses, net of cash acquired	(12,924)	(243,483)	—	—
Purchases of property, plant and equipment	(25,490)	(25,883)	(10,321)	(4,508)
Purchases of marketable securities	(18,944)	(21,802)	(189)	(7,116)
Proceeds from sales or maturities of marketable securities	18,944	36,923	6,441	7,053
Proceeds from sale of fixed assets	1,233	—	—	—
Purchase of non-marketable debt and equity securities	(2,200)	—	—	—
NET CASH USED IN INVESTING ACTIVITIES	<u>(39,381)</u>	<u>(254,245)</u>	<u>(4,069)</u>	<u>(4,571)</u>
Financing Activities:				
Proceeds from short-term borrowings	93,080	263,300	23,800	10,000
Principal payments on short-term borrowings	(229,080)	(93,300)	(169,800)	(20,000)
Proceeds from long-term borrowings	—	75,000	—	—
Principal payments on long-term debt	(320)	(378)	(104)	(124)
Purchase of common stock	(2,449)	(1,658)	(94)	—
Proceeds in connection with the Company's employee stock purchase plan	1,712	—	279	—
Dividends paid	(3,679)	(3,641)	—	—
Contingent consideration payments related to acquisitions of businesses	(1,988)	(1,679)	—	—
Net change in restricted cash	71,084	(4,116)	72,597	(602)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(71,640)</u>	<u>233,528</u>	<u>(73,322)</u>	<u>(10,726)</u>
Effect of exchange rates on cash	<u>(2,528)</u>	<u>(29,759)</u>	<u>4,958</u>	<u>(13,206)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(130,063)	(45,037)	(100,753)	14,631
Cash and cash equivalents at the beginning of the period	<u>197,127</u>	<u>218,476</u>	<u>167,817</u>	<u>158,808</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 67,064</u>	<u>\$ 173,439</u>	<u>\$ 67,064</u>	<u>\$ 173,439</u>
Supplemental disclosure of non-cash investing and financing activities:				
Liability incurred to acquire Vocality, net	\$ 1,035	\$ —	\$ —	\$ —
Liability incurred to acquire GATR, net	\$ —	\$ 7,651	\$ —	\$ —
Liability incurred to acquire TeraLogics, net	\$ —	\$ 4,998	\$ —	\$ —
Liability incurred to acquire H4 Global, net	\$ —	\$ 952	\$ —	\$ —