

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

	Six Months Ended March 31,		Three Months Ended March 31,	
	2017	2016	2017	2016
Net sales:				
Products	\$ 298,928	\$ 280,763	\$ 154,168	\$ 155,794
Services	379,458	399,074	189,541	210,230
	<u>678,386</u>	<u>679,837</u>	<u>343,709</u>	<u>366,024</u>
Costs and expenses:				
Products	214,015	219,637	109,403	120,445
Services	306,724	314,594	155,582	159,938
Selling, general and administrative expenses	123,114	138,265	59,356	79,774
Research and development	21,878	9,625	12,858	6,143
Amortization of purchased intangibles	17,228	14,954	7,873	8,499
Restructuring costs	1,600	(75)	709	311
	<u>684,559</u>	<u>697,000</u>	<u>345,781</u>	<u>375,110</u>
Operating loss	(6,173)	(17,163)	(2,072)	(9,086)
Other income (expenses):				
Interest and dividend income	470	737	223	339
Interest expense	(7,845)	(3,917)	(4,305)	(2,579)
Other income (expense), net	<u>(945)</u>	<u>398</u>	<u>(398)</u>	<u>223</u>
Loss before income taxes	(14,493)	(19,945)	(6,552)	(11,103)
Income tax benefit	<u>(12,086)</u>	<u>(24,675)</u>	<u>(7,013)</u>	<u>(21,247)</u>
Net income (loss)	<u>\$ (2,407)</u>	<u>\$ 4,730</u>	<u>\$ 461</u>	<u>\$ 10,144</u>
Net income (loss) per share:				
Basic	\$ (0.09)	\$ 0.18	\$ 0.02	\$ 0.38
Diluted	\$ (0.09)	\$ 0.18	\$ 0.02	\$ 0.38
Dividends per common share	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14
Weighted average shares used in per share calculations:				
Basic	27,095	26,968	27,103	26,973
Diluted	27,095	26,986	27,159	26,995

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

	<b>March 31, 2017</b>	<b>September 30, 2016</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 167,817	\$ 197,127
Restricted cash	77,161	75,648
Marketable securities	18,844	12,996
Accounts receivable - net	344,706	382,581
Recoverable income taxes	6,268	9,706
Inventories - net	113,864	66,362
Other current assets	31,841	38,231
Total current assets	<u>760,501</u>	<u>782,651</u>
Long-term contract receivables	19,562	20,926
Long-term capitalized contract costs	60,872	65,382
Property, plant and equipment, net	101,230	96,316
Deferred income taxes	17,794	2,194
Goodwill	409,091	406,946
Purchased intangibles, net	110,648	123,403
Other assets	8,204	6,590
Total assets	<u><u>\$ 1,487,902</u></u>	<u><u>\$ 1,504,408</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term borrowings	\$ 250,000	\$ 240,000
Trade accounts payable	68,669	81,172
Customer advances	63,404	49,481
Accrued compensation and other current liabilities	134,618	147,690
Income taxes payable	1,889	1,450
Current portion of long-term debt	435	450
Total current liabilities	<u>519,015</u>	<u>520,243</u>
Long-term debt	200,071	200,291
Other long-term liabilities	96,844	93,978
Shareholders' equity:		
Common stock	35,191	32,756
Retained earnings	806,949	813,035
Accumulated other comprehensive loss	(134,090)	(119,817)
Treasury stock at cost	(36,078)	(36,078)
Total shareholders' equity	<u>671,972</u>	<u>689,896</u>
Total liabilities and shareholders' equity	<u><u>\$ 1,487,902</u></u>	<u><u>\$ 1,504,408</u></u>

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

	<b>Six Months Ended</b>		<b>Three Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Operating Activities:				
Net income (loss)	\$ (2,407)	\$ 4,730	\$ 461	\$ 10,144
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	25,736	18,977	12,292	10,029
Share-based compensation expense	3,357	4,088	1,043	1,970
Change in fair value of contingent consideration	(2,194)	(1,706)	(880)	(897)
Changes in operating assets and liabilities, net of effects from acquisitions	(13,494)	(63,784)	(9,016)	(9,354)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>10,998</u>	<u>(37,695)</u>	<u>3,900</u>	<u>11,892</u>
Investing Activities:				
Acquisition of businesses, net of cash acquired	(12,924)	(243,483)	—	(213,765)
Purchases of property, plant and equipment	(15,169)	(21,375)	(8,495)	(11,015)
Purchases of marketable securities	(18,755)	(14,686)	(12,509)	(7,145)
Proceeds from sales or maturities of marketable securities	12,503	29,870	6,257	15,694
Proceeds from sale of fixed assets	1,233	—	—	—
NET CASH USED IN INVESTING ACTIVITIES	<u>(33,112)</u>	<u>(249,674)</u>	<u>(14,747)</u>	<u>(216,231)</u>
Financing Activities:				
Proceeds from short-term borrowings	69,280	253,300	32,480	180,700
Principal payments on short-term borrowings	(59,280)	(73,300)	(24,280)	(50,700)
Proceeds from long-term borrowings	—	75,000	—	75,000
Principal payments on long-term debt	(216)	(254)	(109)	(123)
Purchase of common stock	(2,314)	(1,658)	—	—
Dividends paid	(3,679)	(3,641)	(3,659)	(3,641)
Contingent consideration payments related to acquisitions of businesses	(1,988)	(1,679)	—	—
Net change in restricted cash	(1,513)	(3,514)	2,713	(1,102)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>290</u>	<u>244,254</u>	<u>7,145</u>	<u>200,134</u>
Effect of exchange rates on cash	<u>(7,486)</u>	<u>(16,553)</u>	<u>5,180</u>	<u>(8,350)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,310)	(59,668)	1,478	(12,555)
Cash and cash equivalents at the beginning of the period	<u>197,127</u>	<u>218,476</u>	<u>166,339</u>	<u>171,363</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 167,817</u>	<u>\$ 158,808</u>	<u>\$ 167,817</u>	<u>\$ 158,808</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	\$ —	\$ 7,651
Liability incurred to acquire TeraLogics, net	\$ —	\$ 4,998	\$ —	\$ —
Liability incurred to acquire H4 Global, net	\$ —	\$ 952	\$ —	\$ —