

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,	
	2015	2014	2015	2014
Net sales:				
Products	\$ 259,122	\$ 268,770	\$ 130,510	\$ 146,789
Services	398,200	392,859	208,324	207,703
	<u>657,322</u>	<u>661,629</u>	<u>338,834</u>	<u>354,492</u>
Costs and expenses:				
Products	194,545	196,944	90,121	110,185
Services	305,337	324,180	156,045	162,693
Selling, general and administrative	100,476	85,019	52,922	48,265
Research and development	6,892	9,873	2,640	4,959
Amortization of purchased intangibles	14,429	11,403	8,494	6,010
Restructuring costs	5,258	203	5,406	203
	<u>626,937</u>	<u>627,622</u>	<u>315,628</u>	<u>332,315</u>
Operating income	30,385	34,007	23,206	22,177
Other income (expense):				
Interest and dividend income	903	363	438	118
Interest expense	(1,933)	(1,613)	(1,062)	(752)
Other income (expense) - net	<u>(900)</u>	<u>40</u>	<u>16</u>	<u>386</u>
Income before income taxes	28,455	32,797	22,598	21,929
Income taxes	<u>34,304</u>	<u>8,248</u>	<u>33,609</u>	<u>5,809</u>
Net income (loss)	(5,849)	24,549	(11,011)	16,120
Less noncontrolling interest in income of VIE	<u>23</u>	<u>69</u>	<u>13</u>	<u>28</u>
Net income (loss) attributable to Cubic	<u>\$ (5,872)</u>	<u>\$ 24,480</u>	<u>\$ (11,024)</u>	<u>\$ 16,092</u>
Net income (loss) per share attributable to Cubic				
Basic	\$ (0.22)	\$ 0.91	\$ (0.41)	\$ 0.60
Diluted	\$ (0.22)	\$ 0.91	\$ (0.41)	\$ 0.60
Dividends per common share	\$ 0.14	\$ 0.12	\$ 0.14	\$ 0.12
Weighted average shares used in per share calculations:				
Basic	26,861	26,785	26,862	26,786
Diluted	26,861	26,892	26,862	26,901

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

	March 31, 2015	September 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 208,104	\$ 215,849
Restricted cash	69,157	69,056
Marketable securities	4,482	1,196
Accounts receivable - net	376,425	394,179
Recoverable income taxes	15,516	16,055
Inventories - net	48,779	38,775
Deferred income taxes and other current assets	28,122	30,277
Total current assets	<u>750,585</u>	<u>765,387</u>
Long-term contract receivables	14,310	15,870
Long-term capitalized contract costs	73,070	76,209
Property, plant and equipment - net	70,754	64,149
Deferred income taxes	2,701	17,849
Goodwill	237,395	184,141
Purchased intangibles - net	85,463	63,618
Other assets	23,670	7,383
	<u>\$ 1,257,948</u>	<u>\$ 1,194,606</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 55,000	\$ -
Trade accounts payable	22,986	31,344
Customer advances	117,890	91,690
Accrued compensation and other current liabilities	144,082	133,367
Income taxes payable	10,174	12,737
Deferred income taxes	4,773	474
Current portion of long-term debt	514	563
Total current liabilities	<u>355,419</u>	<u>270,175</u>
Long-term debt	101,412	101,827
Other long-term liabilities	58,457	40,103
Shareholders' equity:		
Common stock	23,308	20,669
Retained earnings	793,514	803,059
Accumulated other comprehensive loss	(38,330)	(5,372)
Treasury stock at cost	(36,078)	(36,078)
Shareholders' equity related to Cubic	<u>742,414</u>	<u>782,278</u>
Noncontrolling interest in variable interest entity	246	223
Total shareholders' equity	<u>742,660</u>	<u>782,501</u>
	<u>\$ 1,257,948</u>	<u>\$ 1,194,606</u>

CUBIC CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Six Months Ended March 31,		Three Months Ended March 31,	
	2015	2014	2015	2014
Operating Activities:				
Net income (loss)	\$ (5,849)	\$ 24,549	\$ (11,011)	\$ 16,120
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	20,064	15,229	11,117	7,852
Share-based compensation expense	5,291	2,585	4,238	1,725
Changes in operating assets and liabilities net of effects from acquisitions	41,592	(71,662)	48,473	(15,201)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>61,098</u>	<u>(29,299)</u>	<u>52,817</u>	<u>10,496</u>
Investing Activities:				
Acquisition of businesses, net of cash acquired	(89,460)	(79,683)	(6,037)	(10,708)
Purchases of property, plant and equipment	(2,580)	(10,947)	(1,704)	(6,025)
Purchases of marketable securities	(4,590)	-	(4,590)	-
Proceeds from sales or maturities of marketable securities	1,196	4,055	1,196	4,055
Purchases of other assets	(2,993)	-	(641)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(98,427)</u>	<u>(86,575)</u>	<u>(11,776)</u>	<u>(12,678)</u>
Financing Activities:				
Proceeds from short-term borrowings	70,000	30,000	10,000	10,000
Principal payments on short-term borrowings	(15,000)	-	(15,000)	-
Principal payments on long-term debt	(269)	(284)	(131)	(144)
Proceeds from issuance of common stock	-	113	-	113
Purchases of common stock	(1,723)	-	(141)	-
Dividends paid	(3,627)	(3,215)	(3,627)	(3,215)
Net change in restricted cash	(101)	397	(42)	457
Contingent consideration payments related to acquisitions of businesses	-	(1,117)	-	(447)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>49,280</u>	<u>25,894</u>	<u>(8,941)</u>	<u>6,764</u>
Effect of exchange rates on cash	<u>(19,696)</u>	<u>11,431</u>	<u>(11,259)</u>	<u>(615)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,745)	(78,549)	20,841	3,967
Cash and cash equivalents at the beginning of the period	<u>215,849</u>	<u>203,892</u>	<u>187,263</u>	<u>121,376</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 208,104</u>	<u>\$ 125,343</u>	<u>\$ 208,104</u>	<u>\$ 125,343</u>

Supplemental disclosure of non-cash investing and financing activities:

Liability incurred to acquire DTECH, net	\$ 8,854	\$ -	\$ -	\$ -
Liability incurred to acquire Intific, net	\$ 1,173	\$ 2,233	\$ -	\$ 2,233
Liability incurred to acquire ITMS, net	\$ -	\$ 3,301	\$ -	\$ -
Liability incurred to acquire internal use software	\$ 10,800	\$ -	\$ 10,800	\$ -