

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

	Three Months Ended December 31,	
	2016	2015
Net sales:		
Products	\$ 144,760	\$ 124,969
Services	189,917	188,844
	<u>334,677</u>	<u>313,813</u>
Costs and expenses:		
Products	104,612	99,192
Services	151,142	154,656
Selling, general and administrative expenses	63,758	58,491
Research and development	9,020	3,482
Amortization of purchased intangibles	9,355	6,455
Restructuring costs	891	(386)
	<u>338,778</u>	<u>321,890</u>
Operating loss	(4,101)	(8,077)
Other income (expenses):		
Interest and dividend income	247	398
Interest expense	(3,540)	(1,338)
Other income (expense), net	(547)	175
	<u>(7,941)</u>	<u>(8,842)</u>
Loss before income taxes	(7,941)	(8,842)
Income tax benefit	(5,073)	(3,428)
	<u>(5,073)</u>	<u>(3,428)</u>
Net loss	<u>\$ (2,868)</u>	<u>\$ (5,414)</u>
Net loss per share:		
Basic	\$ (0.11)	\$ (0.20)
Diluted	\$ (0.11)	\$ (0.20)
Weighted average shares used in per share calculations:		
Basic	27,086	26,964
Diluted	27,086	26,964

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

	December 31, 2016	September 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 166,339	\$ 197,127
Restricted cash	79,874	75,648
Marketable securities	12,353	12,996
Accounts receivable - net	342,606	382,581
Recoverable income taxes	4,613	9,706
Inventories - net	98,710	66,362
Other current assets	26,093	38,231
Total current assets	<u>730,588</u>	<u>782,651</u>
Long-term contract receivables	21,130	20,926
Long-term capitalized contract costs	63,492	65,382
Property, plant and equipment, net	96,550	96,316
Deferred income taxes	9,966	2,194
Goodwill	408,372	406,946
Purchased intangibles, net	118,012	123,403
Other assets	7,187	6,590
	<u>\$ 1,455,297</u>	<u>\$ 1,504,408</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 241,800	\$ 240,000
Trade accounts payable	63,441	81,172
Customer advances	57,682	49,481
Accrued compensation and other current liabilities	122,451	147,690
Income taxes payable	2,280	1,450
Current portion of long-term debt	428	450
Total current liabilities	<u>488,082</u>	<u>520,243</u>
Long-term debt	200,165	200,291
Other long-term liabilities	100,959	93,978
Shareholders' equity:		
Common stock	32,756	32,756
Retained earnings	810,147	813,035
Accumulated other comprehensive loss	(140,734)	(119,817)
Treasury stock at cost	(36,078)	(36,078)
Total shareholders' equity	<u>666,091</u>	<u>689,896</u>
	<u>\$ 1,455,297</u>	<u>\$ 1,504,408</u>

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

	Three Months Ended December 31,	
	2016	2015
Operating Activities:		
Net loss	\$ (2,868)	\$ (5,414)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,444	8,948
Share-based compensation expense	2,314	2,118
Change in fair value of contingent consideration	(1,314)	809
Changes in operating assets and liabilities, net of effects from acquisitions	(4,478)	(56,048)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>7,098</u>	<u>(49,587)</u>
Investing Activities:		
Acquisition of businesses, net of cash acquired	(12,924)	(29,718)
Purchases of property, plant and equipment	(6,674)	(10,360)
Purchases of marketable securities	(6,246)	(7,541)
Proceeds from sales or maturities of marketable securities	6,246	14,176
Proceeds from sale of fixed assets	1,233	—
NET CASH USED IN INVESTING ACTIVITIES	<u>(18,365)</u>	<u>(33,443)</u>
Financing Activities:		
Proceeds from short-term borrowings	36,800	72,600
Principal payments on short-term borrowings	(35,000)	(22,600)
Principal payments on long-term debt	(107)	(131)
Purchase of common stock	(2,314)	(1,658)
Dividends paid	(20)	—
Contingent consideration payments related to acquisitions of businesses	(1,988)	(1,679)
Net change in restricted cash	(4,226)	(2,412)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(6,855)</u>	<u>44,120</u>
Effect of exchange rates on cash	<u>(12,666)</u>	<u>(8,203)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(30,788)	(47,113)
Cash and cash equivalents at the beginning of the period	<u>197,127</u>	<u>218,476</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 166,339</u>	<u>\$ 171,363</u>
Supplemental disclosure of non-cash investing and financing activities:		
Liability incurred to acquire Vocality, net	\$ 1,093	\$ —
Liability incurred to acquire TeraLogics, net	\$ —	\$ 5,098
Liability incurred to acquire H4 Global, net	\$ —	\$ 1,568