

CUBIC CORP /DE/
Form 11-K
January 26, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(D)
OF THE SECURITIES ACT OF 1934

(Mark One):

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE**
SECURITIES ACT OF 1934.

For the Fiscal Year Ended December 31, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF**
THE SECURITIES ACT OF 1934 [NO FEE REQUIRED].

For the transition period from to .

1-8931

Commission File Number

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

CUBIC APPLICATIONS, INC. 401(k) RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

CUBIC CORPORATION

9333 Balboa Avenue

San Diego, California 92123

Telephone (858) 277-6780

REQUIRED INFORMATION

(As required by Item 4)

CUBIC APPLICATIONS, INC. 401(k) RETIREMENT PLAN

EIN 95-1678055 PN 005

December 31, 2004 and 2003

Financial Statements and Supplemental Schedule

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December 31, 2004 and 2003

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* Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

Report of Independent Registered Certified Public Accounting Firm

To the Administrator and Participants of the

Cubic Applications, Inc. 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of the Cubic Applications, Inc. 401(k) Plan as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at end of year is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ TEDDER, JAMES, WORDEN & ASSOCIATES, P.A.

Orlando, Florida
August 5, 2005

CUBIC APPLICATIONS, INC. 401(k) RETIREMENT PLAN

Statements of Net Assets Available for Benefits

December 31, 2004 and 2003

	2004	2003
Assets:		
Investments, at contract value:		
Guaranteed interest fund	\$ 4,955,834	4,249,706
Investments, at fair value:		
Registered investment companies	34,038,954	27,258,654
Common collective trust	1,310,166	846,801
Pooled separate account	1,167,046	1,118,871
Cubic Corporation common stock	952,942	962,407
Participants loans	1,128,990	886,898
Other	179	179
Total investments	43,554,111	35,323,516
Receivables:		
Participants contribution	178,932	354,726
Employer s contribution	70,892	171,442
Total receivables	249,824	526,168
Net assets available for benefits	\$ 43,803,935	35,849,684

See the accompanying notes to financial statements.

CUBIC APPLICATIONS, INC. 401(k) RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2004

Additions to net assets attributed to:	
Investment income:	
Interest and dividends	\$ 600,026
Net appreciation in fair value of investments	2,601,175
Total investment income	3,201,201
Contributions:	
Participants	5,032,509
Employers	2,125,004
Participants rollovers from other qualified plans	147,209
Total contributions	7,304,722
Total additions	10,505,923
Deductions from net assets attributed to:	
Benefits paid to participants	2,540,112
Administrative expenses	11,560
Total deductions	2,551,672
Net increase	7,954,251
Net assets available for benefits:	
Beginning of year	35,849,684
End of year	\$ 43,803,935

See the accompanying notes to financial statements.

CUBIC APPLICATIONS, INC. 401(k) RETIREMENT PLAN

Notes to Financial Statements

December 31, 2004 and 2003

(1) Plan Description

The following description of the Cubic Applications, Inc. 401(k) Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan.

(a) General

The Plan, which was effective April 8, 1994 and amended from time thereafter, is a defined contribution plan covering all eligible full and part-time non-union employees of Cubic Applications, Inc. (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Full-time, regular part-time and part-time on-call employees of the Company become eligible to participate in the Plan immediately upon date of hire if older than twenty-one or beginning on January 1, April 1, July 1, or October 1 immediately following attaining the age of twenty-one. Employees classified as temporary full-time, part-time or on-call employees are eligible after completion of at least one year of service and may enter the Plan on the subsequent January 1, April 1, July 1, or October 1.

(b) Contributions

Plan participants may voluntarily contribute up to 30% of pre-tax annual compensation (up to the IRS maximum allowable amount), as defined by the Plan, to the Plan. Participants may also rollover amounts representing distributions from other eligible retirement plans. All contributions are held in trust and invested by the Plan's custodian in accordance with the options elected by the participants (i.e. all investments are participant directed). Participants may elect to invest their contributions and the Company's discretionary contributions in 1% increments in the guaranteed interest fund, registered investment companies, common collective trust, pooled separate accounts, and the Company's common stock. The maximum allowable pre-tax voluntary contribution, as determined by the Internal Revenue Service, was \$13,000 for 2004.

The matching employer contribution is 100% of the first 5% of base compensation that a participant contributes to the Plan. Additional amounts may be contributed at the option of the Company's Board of Directors. In addition, the Plan provides for a Company discretionary contribution at the sole discretion of its Board of Directors in an amount to be determined annually by the Company. Discretionary contributions to the Plan

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are allocated based on the ratio of each participant's compensation to total compensation of all eligible participants. Plan participant must be employed by the Company as of the Plan's year end, have at least one year of service and have earned at least 1,000 hours of service during the Plan year to be eligible for the discretionary contributions. During 2004 and 2003, the Company did not make any discretionary contributions to the Plan.

(c) Participants Accounts

Each participant's account is credited with the participant's contribution, their pro rata share of the Company's matching contribution and discretionary contributions (if any), and an allocation of Plan earnings or losses including market value adjustments on Plan investments. Allocations of earnings and losses are based on the proportion of the participant's account balance to the total account balances of all participants, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. In addition, each participant account is charged with an allocation of administrative expenses.

(d) Vesting

Employee contributions and rollover contributions plus or minus actual earnings or losses thereon have full and immediate vesting. Effective January 1, 2001, the employer matching and discretionary contributions are immediately 100% vested. Prior to January 1, 2001, the employer matching and discretionary contributions (and earnings and losses thereon) vested according to the following schedule:

Years of service	Vesting percentage
Less than 2	0%
2	25%
3	50%
4	75%
5 or more	100%

(e) Distribution of Participant Accounts

The entire vested balance of a participant's account may be distributed at the date of the participant's retirement from the Company, termination of service from the Company, death, or permanent and total disability. The normal retirement age, as defined by the Plan, is the later date at which participants reach the age of 65 and reached 5-years of service. If a participant terminates before retirement, the participant will receive either a lump sum payment of their account balance or if the account exceeds \$5,000, the participant may elect any distribution date up to 70½.

(f) Forfeiture Provisions

For participants receiving distributions upon termination, who were terminated prior to January 1, 2001, the non-vested portion of the employer contributions will be held in a separate account until the earlier of a distribution or a five-year break in service has occurred. If the participant chooses not to receive a distribution, the non-vested portion of the employer contributions will be held until five consecutive one-year breaks in service have occurred. At the end of these respective time periods, if the participant has not returned to employment at the Company, the non-vested benefits will be forfeited and allocated according to the Plan document. Employer contributions for participants terminated after January 1, 2001 are fully vested upon termination. Unallocated forfeitures totaled \$919,235 at December 31, 2004 and were held in the Guaranteed Interest Fund.

(g) Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. A participant may not have more than two loans outstanding at any time. The loans, which are collateralized by the balance in the participant's account, bear a reasonable fixed rate of interest comparable to the fixed interest rates charged by commercial lenders, which ranged from 5.0% to 10.5% at December 31, 2004. Principal and interest are subject to a payment schedule through payroll deductions. Each loan is documented in the form of a promissory note signed by the participant and collateralized by this pledge on the participant's account balance. All loans are repaid within a period not to exceed 5 years.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared under the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

(b) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(c) ***Investment Valuation and Income Recognition***

The Plan's registered investment companies, common collective trust, and pooled separate accounts are stated at fair value as determined by The Prudential Insurance Company of America, the Custodian, and are based on the net asset value of units held by the Plan at the respective year-end. The shares of Cubic Corporation common stock are valued at quoted market prices at year-end, as reported by the Custodian. Participant loans are valued at the amount of unpaid principal, which approximate fair value.

Investment contracts held in the Guaranteed Interest Fund are valued at contract value, which represents contributions, reinvested income, less any withdrawals, plus accrued interest. The investment contracts are fully benefit responsive because participants may direct withdrawals and transfers to contract value. Interest rates approximate market rates. The average yield on such contracts was 3.7% and 3.56% for 2004 and 2003, respectively. The crediting interest rates are reviewed quarterly but cannot be less than 3.0% and were 3.0% and 3.5% at December 31, 2004 and 2003, respectively. The fair value of the Guaranteed Interest Fund at December 31, 2004 and 2003 was \$5,083,333 and \$4,405,772, respectively. There are no reserves against contract value for credit risk of the contract issuer or otherwise. Participants may not transfer between the Guaranteed Interest Fund, the Money Mart Assets Fund and the Stable Value Fund.

Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on investments are recognized upon the sale of the related investments and unrealized appreciation or depreciation is recognized at period end when the carrying values of the related investments are adjusted to their estimated fair market value. Purchase and sales of securities are reflected on a trade-date basis.

Earnings on investments, with the exception of participant loans, are allocated on a pro rata basis to individual participant accounts based on the type of investment and the ratio of each participant's individual account balance to the aggregate of participant account balances. The portion of interest included in each loan payment made by a participant is recognized as interest income in the participant's individual account.

(d) ***Net Appreciation (Depreciation) in Fair Value of Investments***

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

(e) Risk and Uncertainties

The Plan provides for various investment options in registered investment companies, a common collective trust, a pooled separate account, and Cubic Corporation common stock. These investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the values of the investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

(f) Concentration of Credit Risk

Financial instruments which potentially subject the Plan to concentrations of credit risk consist of the Plan's investments. Management believes that the Custodian maintains the Plan's investments with high credit quality institutions and attempts to limit the credit exposure of any particular investment.

(g) Payments of Benefits

The Plan records benefit payments to withdrawing participants when paid. Under the rules for preparation of the Form 5500, the Plan's Form 5500 will reflect an accrual for the amount to be paid to participants who withdrew from the Plan prior to year-end, and who had requested a distribution which was approved but not yet paid at period end, if any. There were no unpaid distributions at December 31, 2004 or 2003.

(h) Administrative Expenses

Most administrative expenses are paid directly by the Plan sponsor and include audit fees and legal fees. Administrative expenses include loan fees charged directly to the participants' accounts and investment management services fees which are first paid using forfeitures of the Company's contributions, and any remaining balance is netted against investment returns.

(i) Scope of Report by Independent Registered Certified Public Accounting Firm

The December 31, 2003 amounts were audited by other Independent Certified Public Accountants whose report dated August 19, 2004 was limited in scope pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These financial statements have been audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) and auditing standards generally accepted in the United States of America and are included herein. There were no adjustments to the previously reported amounts.

(3) Investments

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

	2004	2003
Prudential Jennison Growth Fund	\$ 6,951,536	6,399,760
Prudential Dryden Stock Index Fund	6,004,455	5,122,354
Janus Worldwide Fund	5,369,898	4,886,545
Prudential Guaranteed Interest Account	4,955,834	4,249,706
Prudential Dryden Active Allocation Fund	3,938,537	3,370,178
Davis New York Venture Fund	2,616,396	*
Janus Growth & Income Fund	2,558,026	*

* Did not constitute 5% or more of Plan assets for the year presented.

The Plan's investments (including gains and losses on investments bought and sold, as well as those held during the year) appreciated in value by \$2,601,175 during the year ended December 31, 2004 as follows:

Registered investment companies	\$ 2,462,907
Common collective trust	38,734
Common stock	99,534
	\$ 2,601,175

(4) Tax Status

The Plan received a favorable tax determination letter from the Internal Revenue Service dated October 17, 2001, which states that the Plan qualifies under the applicable provisions of the Internal Revenue Code and that it is therefore exempt from federal income taxes. In the opinion of the plan administrator and the Plan's tax counsel, the Plan continues to meet the Internal Revenue Code requirements and is currently operating such that its exempt status has been maintained. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

(5) Plan Termination and Amendment

Although the Company has not expressed any intent to do so, the Company has the right, under the Plan agreement, to amend any or all provisions of the Plan as well as discontinue contributions and terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts, and the net assets of the Plan must be allocated among the participants and beneficiaries of the Plan in the order provided for by ERISA.

(6) Party-In-Interest

Section 3(14) of ERISA defines a party-in-interest to include, among others, fiduciaries or employees of the Plan, any person who provides services to the Plan, or an employer whose employees are covered by the Plan. Certain Plan investments are shares of a guaranteed interest fund, registered investment companies, a common collective trust and a pooled separate account managed by the Prudential Insurance Company of America. Prudential Insurance Company of America is the Custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. An employee of the Company serves as the trustee and plan administrator of the Plan. In addition, Plan investments include investments in the Company's common stock; therefore, these transactions also qualify as party-in-interest transactions. Fees paid to the Custodian by the Plan for investment management services amounted approximately \$11,600 during the year ended December 31, 2004.

(7) Registration of Filing Shares and Filing Requirements

In November 1996, the Plan's sponsor filed a registration statement on Form S-8 to register an indeterminate number of shares of Plan participant interests. Subsequent to filing the registration statement on Form S-8, the Plan did not file annual reports on Form 11-K and the Plan sponsor did not file a Form S-8 for the common stock of the Plan sponsor which could be acquired by Plan participants. Consequently, the acquisition by the Plan's Custodian for the benefit and at the direction of Plan participants of shares of common stock of the Plan sponsor were not registered in compliance with applicable securities laws.

The Plan sponsor may be subject to claims for rescission of acquisitions of shares of the Plan sponsor's common stock under applicable securities laws during the one-year period following the date of such acquisitions. Based upon the Plan sponsor's preliminary investigation, it believes that approximately 38,000 shares of its common stock may have been purchased for the accounts of Plan participants as of December 31, 2004. Approximately 4,800 shares have been purchased by the Plan since December 31, 2003, and if subject to rescission, would have an aggregate repurchase price of approximately \$114,200, plus interest.

(8) Form 5500

There were no differences between the accompanying financial statements as of December 31, 2004 and 2003 and the financial information reported on the Form 5500.

SUPPLEMENTAL SCHEDULE

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Schedule 1

CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

Schedule of Assets Held for Investment Purposes at End of Year

December 31, 2004

EIN #95-1678055
Plan # 005

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost **	(e) Current value
*	The Prudential Insurance Company of America	Registered Investment Companies Prudential Jennison Growth Fund	\$	\$
*	The Prudential Insurance Company of America	Registered Investment Companies Prudential Dryden Stock Index Fund		6,951,536
	Janus Funds	Registered Investment Companies Janus Worldwide Fund		6,004,455
*	The Prudential Insurance Company of America	Guaranteed Interest Fund Prudential Guaranteed Interest Account		5,369,898
*	The Prudential Insurance Company of America	Registered Investment Companies Prudential Dryden Active Allocation Fund		4,955,834
	Davis Funds	Registered Investment Companies Davis New York Venture Fund		3,938,537
	Janus Funds	Registered Investment Companies Janus Growth & Income Fund		2,616,396
	Franklin-Templeton Funds	Registered Investment Companies Franklin Small-Mid Capital Growth Fund		2,558,026
*	The Prudential Insurance Company of America	Registered Investment Companies Prudential Government Income Fund		1,755,677
*	The Prudential Insurance Company of America	Common Collective Trust Prudential Stable Value Fund		1,732,666
	PIMCO Funds	Registered Investment Companies PIMCO Total Return Fund		1,310,166
*	The Prudential Insurance Company of America	Pooled Separate Accounts Prudential Money Mart Assets Fund		1,195,115
	AIM Funds	Registered Investment Companies AIM Dynamics Fund		1,167,046
*	Cubic Corporation	Equity Securities Cubic Corporation Common Stock		1,071,089
	American Century Investments	Registered Investment Companies American Century International Growth Fund		952,942
				845,559

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*	The Prudential Insurance Company of America	Other	
		Prudential AP Fund	179
*	Participant Loans	Various maturities	1,128,990
		(Interest rates from 5.0% - 10.5%)	43,554,111
		\$	\$

* Parties-in-interest

** Historical cost is not required as all investments are participant directed.

B. Exhibit List.

Exhibit 23.1 Consent of Tedder, James, Worden & Associates, P. A.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Cubic Applications, Inc. 401(k) Retirement Plan has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

Cubic Applications, Inc. 401(k) Retirement Plan

Date: January 23, 2006

By: /s/ John D. Thomas

John D. Thomas
Vice President Finance
and Plan Administrative Committee Member