

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended  
**March 31, 2008**

Commission File Number  
**0-17187**

**LOGIC Devices Incorporated**  
(Exact name of registrant as specified in its charter)

**California**  
(State or other jurisdiction of  
incorporation or organization)

**94-2893789**  
(I.R.S. Employer  
Identification Number)

**1375 Geneva Drive, Sunnyvale, California 94089**  
(Address of principal executive offices)  
(Zip Code)

**(408) 542-5400**  
(Registrant's telephone number, including area code)

---

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes **X** No       

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check One): Large Accelerated Filer        Accelerated Filer        Non-Accelerated Filer **X**

Indicate by check whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes        No **X**

Indicate the number of shares outstanding of the issuer's classes of common stock, as of the latest practicable date. On May 5, 2008, 6,814,438 shares of Common Stock, without par value, were issued and outstanding.

# LOGIC Devices Incorporated

## INDEX

|   | Page<br>Number |
|---|----------------|
| Part I. Financial Information   |                |
| Item 1. Financial Statements  |                |
| <a href="#">Condensed Balance Sheets as of March 31, 2008 and September 30, 2007</a>                          | 3              |
| <a href="#">Condensed Statements of Operations for the quarters ended March 31, 2008 and 2007</a>             | 4              |
| <a href="#">Condensed Statements of Operations for the six months ended March 31, 2008 and 2007</a>           | 5              |
| <a href="#">Condensed Statements of Cash Flows for the six months ended March 31, 2008 and 2007</a>           | 6              |
| <a href="#">Notes to Condensed Financial Statements</a>   | 7              |
| <a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a> | 9              |
| <a href="#">Item 3. Quantitative and Qualitative Disclosures about Market Risk</a>                            | 11             |
| <a href="#">Item 4. Controls and Procedures</a>   | 11             |
| Part II. Other Information  |                |
| <a href="#">Item 1. Legal Proceedings</a>   | 12             |
| <a href="#">Item 1A. Risk Factors</a>   | 12             |
| <a href="#">Item 4. Submission of Matters to a Vote of Security Holders</a>                                   | 12             |
| <a href="#">Item 6. Exhibits</a>  | 13             |
| <a href="#">Signatures</a>  | 14             |

## Part I – Financial Information

### Item 1. Financial Statements

#### Condensed Balance Sheets

|  | <i>March 31,</i><br><i>2008</i> | <i>September 30,</i><br><i>2007</i> |
|--|---------------------------------|-------------------------------------|
|  | <i>(unaudited)</i>              |                                     |
| <b>ASSETS</b>  |                                 |                                     |
| Current assets:  |                                 |                                     |
| Cash and cash equivalents  | \$ 624,700                      | \$ 884,000                          |
| Investment in available-for-sale securities  | -                               | 1,061,900                           |
| Accounts receivable  | 736,300                         | 681,300                             |
| Inventories  | 3,158,800                       | 4,388,700                           |
| Prepaid expenses and other current assets  | 307,200                         | 186,500                             |
| Total current assets   | <u>4,827,000</u>                | <u>7,202,400</u>                    |
| Property and equipment, net  | 962,100                         | 1,038,800                           |
| Investment in available-for-sale securities  | 944,900                         | -                                   |
| Other assets, net  | 22,100                          | 22,100                              |
|  | <u>\$ 6,756,100</u>             | <u>\$ 8,263,300</u>                 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                                 |                                     |
| Current liabilities:   |                                 |                                     |
| Accounts payable   | \$ 108,700                      | \$ 30,100                           |
| Accrued payroll and vacation   | 119,800                         | 119,900                             |
| Accrued commissions  | 18,200                          | 25,000                              |
| Other accrued expenses   | 53,000                          | 70,500                              |
| Total current liabilities  | <u>299,700</u>                  | <u>245,500</u>                      |
| Deferred rent  | 14,700                          | 2,100                               |
| Total liabilities  | <u>314,400</u>                  | <u>247,600</u>                      |
| Commitments and contingencies  |                                 |                                     |
| Shareholders' equity:  |                                 |                                     |
| Preferred stock, no par value; 1,000,000 shares authorized;<br>5,000 designated as Series A, 0 shares issued and outstanding | -                               | -                                   |
| 70,000 designated as Series B, 0 shares issued and outstanding   | -                               | -                                   |
| Common stock, no par value; 10,000,000 shares authorized;<br>6,812,938 and 6,763,188 shares issued and outstanding           | 18,543,200                      | 18,541,300                          |
| Additional paid-in capital   | 150,800                         | 142,200                             |
| Comprehensive loss   | (30,000)                        | -                                   |
| Accumulated deficit  | (12,222,300)                    | (10,667,800)                        |
| Total shareholders' equity   | <u>6,441,700</u>                | <u>8,015,700</u>                    |
|  | <u>\$ 6,756,100</u>             | <u>\$ 8,263,300</u>                 |

*See accompanying Notes to Condensed Financial Statements.*

## Condensed Statements of Operations

(unaudited)

|  | <i>For the quarter ended March 31,</i> |                  |
|--|--|------------------|
|  | <i>2008</i>                            | <i>2007</i>      |
| Net revenues                                       | \$ 965,300                             | \$ 1,258,500     |
| Cost of revenues                                   | <u>1,015,000</u>                       | <u>480,700</u>   |
| Gross margin                                       | <u>(49,700)</u>                        | <u>777,800</u>   |
| Operating expenses:                                |  |                  |
| Research and development                           | 362,200                                | 338,700          |
| Selling, general and administrative                | <u>396,800</u>                         | <u>415,000</u>   |
| Total operating expenses                           | <u>759,000</u>                         | <u>753,700</u>   |
| Operating (loss) income                            | (808,700)                              | 24,100           |
| Interest income                                    | <u>17,000</u>                          | <u>17,500</u>    |
| (Loss) income before provision for income taxes    | (791,700)                              | 41,600           |
| Provision for income taxes                         | <u>-</u>                               | <u>800</u>       |
| Net (loss) income                                  | <u>\$ (791,700)</u>                    | <u>\$ 40,800</u> |
| Basic (loss) earnings per common share             | <u>\$ (0.12)</u>                       | <u>\$ 0.01</u>   |
| Basic weighted average common shares outstanding   | <u>6,814,438</u>                       | <u>6,795,438</u> |
| Diluted (loss) earnings per common share           | <u>\$ (0.12)</u>                       | <u>\$ 0.01</u>   |
| Diluted weighted average common shares outstanding | <u>6,814,438</u>                       | <u>6,929,311</u> |

*See accompanying Notes to Condensed Financial Statements.*

## Condensed Statements of Operations

(unaudited)

|  | <i>For the six months ended March 31,</i> |                  |
|--|---|------------------|
|  | 2008                                      | 2007             |
| Net revenues   | \$ 1,834,000                              | \$ 2,620,900     |
| Cost of revenues   | <u>1,756,200</u>                          | <u>1,137,700</u> |
| Gross margin   | <u>77,800</u>                             | <u>1,483,200</u> |
| Operating expenses:  |   |                  |
| Research and development                                     | 722,800                                   | 681,700          |
| Selling, general and administrative                          | <u>813,300</u>                            | <u>742,200</u>   |
| Total operating expenses                                     | <u>1,536,100</u>                          | <u>1,423,900</u> |
| Operating (loss) income                                      | <u>(1,458,300)</u>                        | <u>59,300</u>    |
| Interest and other income, net                               |   |                  |
| Interest income  | 33,700                                    | 36,800           |
| Other expense  | <u>(129,900)</u>                          | <u>-</u>         |
| Interest and other income, net                               | <u>(96,200)</u>                           | <u>36,800</u>    |
| (Loss) income before provision for income taxes              | (1,554,500)                               | 96,100           |
| Provision for income taxes                                   | <u>-</u>                                  | <u>800</u>       |
| Net (loss) income  | <u>\$ (1,554,500)</u>                     | <u>\$ 95,300</u> |
| Basic and diluted (loss) earnings per common share           | <u>\$ (0.23)</u>                          | <u>\$ -</u>      |
| Basic and diluted weighted average common shares outstanding | <u>6,814,188</u>                          | <u>6,753,188</u> |

*See accompanying Notes to Condensed Financial Statements.*

# Condensed Statements of Cash Flows

(unaudited)

*For the six months ended March 31,*

|  | 2008           | 2007       |
|--|----------------|------------|
| Cash flows from operating activities:  |                |            |
| Net (loss) income  | \$ (1,554,500) | \$ 95,300  |
| Adjustments to reconcile net (loss) income to net cash used in operating activities: |                |            |
| Depreciation   | 147,800        | 156,600    |
| Write-off of inventory   | 1,120,600      | 310,800    |
| Deferred rent  | 12,600         | (9,900)    |
| Loss on disposal of capital equipment  | 129,900        | -          |
| Stock-based compensation   | 8,600          | 18,800     |
| AMT deferred tax asset   | -              | (77,200)   |
| Changes in current assets and liabilities:   |                |            |
| Accounts receivable  | (55,000)       | (195,500)  |
| Inventory  | 109,300        | (389,500)  |
| Prepaid expenses and other current assets  | (120,700)      | (99,500)   |
| Accounts payable   | 78,600         | (40,600)   |
| Accrued payroll and vacation   | (100)          | (41,700)   |
| Accrued commissions  | (6,800)        | (6,200)    |
| Other accrued expenses   | (17,500)       | 16,500     |
| Net cash used in operating activities  | (147,200)      | (262,100)  |
| Cash flows from investing activities:  |                |            |
| Purchases of available-for-sale securities   | (25,000)       | (525,900)  |
| Sales of available-for-sale securities   | 112,000        | -          |
| Capital expenditures   | (201,000)      | (170,400)  |
| Other assets   | -              | (1,400)    |
| Net cash used in investing activities  | (114,000)      | (697,700)  |
| Cash flows from financing activities:  |                |            |
| Exercise of director stock options   | -              | 47,400     |
| Exercise of employee stock options   | 1,900          | 2,900      |
| Net cash provided by financing activities  | 1,900          | 50,300     |
| Net decrease in cash and cash equivalents  | (259,300)      | (909,500)  |
| Cash and cash equivalents, beginning   | 884,000        | 1,478,100  |
| Cash and cash equivalents, ending  | \$ 624,700     | \$ 568,600 |

*See accompanying Notes to Condensed Financial Statements.*

# LOGIC Devices Incorporated

## Notes to Condensed Financial Statements

(unaudited)

### 1. Basis of Presentation

The accompanying unaudited interim financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly the financial position, results of operations, and cash flows of LOGIC Devices Incorporated (the Company) for the periods indicated.

The accompanying unaudited interim financial statements have been prepared in accordance with the instructions for Form 10-Q, and, therefore, do not include all information and footnotes necessary for a complete presentation of the financial position, results of operations, and cash flows for the Company, in conformity with accounting principles generally accepted in the United States of America. The Company has filed audited financial statements that include all information and footnotes necessary for such a presentation of the financial position, results of operations, and cash flows for the fiscal years ended September 30, 2007 and 2006, with the Securities and Exchange Commission. It is suggested that the accompanying unaudited interim financial statements be read in conjunction with the aforementioned audited financial statements. In the opinion of management, the unaudited interim financial statements reflect all adjustments (consisting of normal and recurring accruals) necessary to make the results of operations for the interim periods a fair statement of such operations. The results of operations for the interim period ended March 31, 2008 are not necessarily indicative of the results to be expected for the full fiscal year to end September 30, 2008.

### 2. Inventories

A summary of inventories follows:

|                 | <i>March 31,</i><br><i>2008</i> | <i>September 30,</i><br><i>2007</i> |
|-----------------|---------------------------------|-------------------------------------|
| Raw materials   | \$ 459,700                      | \$ 636,700                          |
| Work-in-process | 429,900                         | 889,000                             |
| Finished goods  | <u>2,269,200</u>                | <u>2,863,000</u>                    |
|                 | <u>\$ 3,158,800</u>             | <u>\$ 4,388,700</u>                 |

### 3. Investment in Available-for-Sale Securities

Since May 2006, the Company has had approximately \$1 million of auction rate securities (ARS) classified as a short-term investment in available-for-sale securities, which paid a monthly average of \$4,000 of dividends and interest. Historically, these securities were considered cash alternatives that were risk averse and highly liquid. Beginning in February 2008, the auctions began to fail and through March 2008 no secondary market has developed. Accordingly, ARS are no longer considered cash alternatives and currently lack liquidity. While there is no current market for the ARS, the underlying issuers must continue to pay the interest and dividends when due. Due to the current lack of liquidity, the Company has reclassified the ARS to a long-term investment in available-for-sale securities.

As the ARS market is still in flux and there is still an expectation for a recovery, the Company believes the unrealized loss from these ARS is temporary. Per Financial Accounting Standards Board (FASB) Statement No. 115 (FAS 115), unrealized gains and losses on available-for-sale securities are included as other comprehensive income (loss) within shareholders' equity. Accordingly, the Company has included the unrealized loss of \$30,000 as of March 31, 2008 as part of its shareholders' equity.

#### **4. Shareholders' Equity**

The Company has issued and may issue common stock options to its employees, certain consultants, and its nonemployee board members. Effective January 1, 2006, the Company adopted FASB Statement No. 123 (revised 2004) (FAS 123(R)), *Share-Based Payments*. FAS 123(R) requires all entities to recognize compensation expense in an amount equal to the fair value of share-based payments, such as stock options granted to board members. The Company elected to apply FAS 123(R) with a modified prospective method. Under this method, the Company is required to record compensation expense for newly granted options and (as previous awards continue to vest) for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Additionally, the financial statements for the interim periods and fiscal years prior to adoption of FAS 123(R) do not reflect any adjusted amounts.

#### **5. Earnings Per Share**

Basic earnings per share is calculated by dividing net income by the weighted average common shares outstanding during the period. Diluted earnings per share reflects the net incremental shares that would be issued if dilutive outstanding stock options were exercised, using the treasury stock method. In the case of a net loss, no incremental shares would be issued because they are antidilutive. Stock options with exercise prices above the average market price during the period are also antidilutive.

There were 367,500 common stock options outstanding at March 31, 2008. These options were not considered in calculating the diluted loss per share as their effect would have been antidilutive. As a result, for the quarter and six months ended March 31, 2008, the Company's basic and diluted loss per share are the same. For the quarter and six months ended March 31, 2007, the Company had 133,873 and 181,077 dilutive common shares as the weighted average price of the Company's common stock during the quarter and six months was \$2.25 and \$2.74.

#### **6. Adoption of FIN 48**

The Company adopted the provisions of FIN 48 in October 2007. As of the date of adoption, the Company had no unrecognized income tax benefits. Accordingly, the annual effective tax rate will not be affected by the adoption of FIN 48. Unrecognized income tax benefits are not expected to increase or decrease within the next 12 months as a result of the anticipated lapse of an applicable statute of limitations. Interest and penalties related to unrecognized income tax benefits will be accrued in interest expense and operating expense, respectively. The Company has no accrued interest or penalties as of the date of adoption because they are not applicable.

The Company may be audited by applicable federal and California taxing authorities. However, because the Company had net operating losses and credits carried forward in these jurisdictions, certain items attributable to closed tax years are still subject to adjustment by applicable taxing authorities through an adjustment to tax attributes carried forward to open years.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Reported financial results may not be indicative of the financial results of future periods. All non-historical information contained in the following discussion constitutes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as "anticipates, appears, expects, intends, hopes, plans, believes, seeks, estimates, may, will," and variations of these words or similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve a number of risks and uncertainties, including but not limited to operating results, new product introductions and sales, competitive conditions, customer demand, capital expenditures and resources, manufacturing capacity utilization, and intellectual property claims and defense. Factors that could cause actual results to differ materially are included in, but not limited to, those identified in "Item 1A – Risk Factors" in the Annual Report on Form 10-K for our fiscal year ended September 30, 2007 and in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in such Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may reflect events or circumstances after the date of this report.

### ***Results of Operations***

#### *Revenues*

For the quarter and six months ended March 31, 2008, our net revenues decreased by \$293,200 (23%) and \$786,900 (30%), respectively, compared to the same periods of fiscal 2007. These decreases were primarily the result of the revenues from the digital cinema project being in a catch-up phase in fiscal 2007 with approximately double the normal order rate. The decreases are also the result of further deterioration of the revenue contributions from our older product offerings.

#### *Expenses*

Included in the cost of revenues for the quarter and six months ended March 31, 2008 is a write-off of inventory of \$771,800 and \$1,120,600, respectively. By comparison, during the six months ended March 31, 2007, we increased our inventory reserve by only \$310,800. As a result, the quarterly and six-months cost of revenues for fiscal 2008 increased \$534,300 (111%) and \$618,500 (54%), respectively, compared to the same periods of fiscal 2007. In addition, during fiscal 2008, we have experienced another increase in our sales of items previously written-down to zero-value, with 31% of the six months' fiscal 2008 revenue including these items, compared to 21% during the same period of fiscal 2007.

Research and development (R&D) expenditures increased by \$23,500 (7%) and \$41,100 (6%), for the quarter and six months ended March 31, 2008, respectively, compared to the same periods of fiscal 2007. As a result of the declining revenues, quarterly and six-months R&D as a percentage of net revenues increased from 27% and 26%, respectively, in fiscal 2007 to 38% and 39%, respectively, in fiscal 2008. While we recognize the need to keep indirect costs to a minimum, we believe new product introductions are the key to our future revenue growth and will, therefore, maintain our R&D at its current level.

Selling, general, and administrative (SG&A) expenditures for the quarter ended March 31, 2008 decreased by \$18,200 (4%) compared to the same quarter of fiscal 2007, while SG&A for the six months ended March 31, 2008 increased by \$71,100 (10%) compared to the same period of fiscal 2007. The quarterly decrease is due to the expensing of certain prepaid expenses in fiscal 2007 not repeated in fiscal 2008. The six-month period's increase is the result of some duplication in staffing and expenses related to our facility move and a transition in our sales force, which have been resolved as of March 31, 2008.

While interest income remained consistent for the quarter and six-month period of fiscal 2007 to fiscal 2008, we had a loss on the disposal of capital equipment of \$129,900 in fiscal 2008. During the six months ended March 31, 2008, we wrote-off \$129,900 of capital equipment no longer in use.

As a result of the foregoing, we had a net loss of \$791,700 and \$1,544,500, respectively, for the quarter and six months ended March 31, 2008, compared to a net income of \$40,800 and \$95,300 for the same periods of fiscal 2007, respectively.

### ***Liquidity and Capital Resources***

#### ***Cash Flows***

Although we had a net loss of \$1,544,500 for the six months ended March 31, 2008, we used net cash of only \$147,200, primarily because the net loss includes write-offs of inventory totaling \$1,120,200. The net cash used was largely the result of an increase in accounts receivable and the payment of prepaid expenditures, totaling \$175,700. In addition, during the six months ended March 31, 2008, we used \$201,000 for capital expenditures (mainly related to new product tooling) and made \$112,000 from the sale of available-for-sale securities.

While we had a net income of \$95,300 for the six months ended March 31, 2007, we used net cash of \$262,100 for operations during the period, mainly the result of net purchases of \$389,500 of inventory. We used \$525,900 and \$170,400 for the purchase of available-for-sale securities and capital expenditures, respectively. We used \$77,200 to pay alternative minimum tax and received \$50,300 from the exercise of previously issued common stock options during the six-month period.

#### ***Working Capital***

Historically, due to order scheduling by our customers, up to 80% of our quarterly revenues are often shipped in the last month of the quarter, so a large portion of shipments included in our quarter-end accounts receivable are not yet due per our net 30 day terms. As a result, quarter-end accounts receivable balances are typically at their highest level for the respective period.

As a fabless semiconductor company with products having longer than normal product life cycles, our investment in inventories has been, and will continue to be, significant. Although high levels of inventory impact liquidity, we believe these costs are a less costly alternative to owning a wafer fabrication facility. Over the past few years, we have attempted to streamline our product offerings, in turn reducing our inventory levels, and we will continue this effort in the upcoming periods.

During fiscal 2007, we reduced our inventory by 16%, or \$851,000, and have reduced our inventory by an additional 28%, or \$1,229,900, during the first six months of fiscal 2008. A significant portion of this reduction in fiscal 2008 was from the write-off of \$1,120,600 of inventory for obsolete or slow-moving product lines. We establish a valuation allowance or provide write-offs against inventory through periodic reviews of inventories on-hand, including lower-of-cost-or-market and excess analyses. We believe our current allowance (approximately 15% of total gross inventories) provides a reasonable estimate of the recoverability of inventories.

#### ***Financing***

While we will continue to evaluate future debt and equity financing opportunities, we believe the cost reductions implemented in the past few years have resulted in the cash flow generated from operations providing an adequate base of liquidity to fund future operating and capital needs. Based on the fact that, as of May 5, 2008, we hold approximately \$700,000 in cash and cash equivalents and our anticipated cash usage for operations is approximately equal to or less than our current revenue rate, we believe we can cover our cash operating expenses using future revenues, while saving current cash reserves for future capital expenditures, such as mask tooling for new products.

### ***New Accounting Pronouncements***

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which provides guidance for using fair value to measure assets and liabilities. The pronouncement clarifies (1) the extent to which companies measure assets and liabilities at fair value; (2) the information used to measure fair value; and (3) the effect that fair value measurements have on earnings. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact this statement will have on our financial statements, if any.

In September 2006, the SEC staff published Staff Accounting Bulletin (SAB) No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. SAB No. 108 addresses quantifying the financial statement effects of misstatements and considering the effects of prior year uncorrected errors on the statements of operations as well as the balance sheets. SAB No. 108 does not change the requirements under SAB No. 99 regarding qualitative considerations in assessing the materiality of misstatements. We adopted SAB No. 108 during the third quarter of fiscal year 2007, and the adoption had no impact on our results of operations or financial condition as of and for the fiscal year ended September 30, 2007 or the six months ended March 31, 2008.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact this statement will have on our financial statements, if any.

In December 2007, the FASB issued SFAS 141R, *Business Combinations*, and SFAS 160, *Business Combinations and Noncontrolling Interests* (SFAS 141R and SFAS 160, respectively). FAS 141R and FAS 160 are effective for fiscal years beginning after December 15, 2008. FAS 141R changes the definitions of a business and a business combination, and will result in more transactions recorded as business combinations. Certain acquired contingencies will be recorded initially at fair value on the acquisition date, transaction and restructuring costs generally will be expensed as incurred and in partial acquisitions companies generally will record 100% of the assets and liabilities at fair value, including goodwill. We do not expect these pronouncements to have an effect on our financial statements unless we enter a business combination.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We conduct all of our transactions, including those with foreign suppliers and customers, in U.S. dollars. We are therefore not directly subject to the risks of foreign currency fluctuations and do not hedge or otherwise deal in currency instruments in an attempt to minimize such risks. Demand from foreign customers and the ability or willingness of foreign suppliers to perform their obligations to us may be affected by the relative change in value of such customer or supplier's domestic currency to the value of the U.S. dollar. Furthermore, changes in the relative value of the U.S. dollar may change the price of our products relative to the prices of our foreign competitors.

### **Item 4. Controls and Procedures**

Based upon an evaluation as of March 31, 2008, our President and Chief Financial Officer concluded that our disclosure controls and procedures are effective. There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2008 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II – OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we receive demands from various parties asserting patent or other claims in the ordinary course of business. These demands are often not based on any specific knowledge of our products or operations. Because of the uncertainties inherent in litigation, the outcome of any such claim, including simply the cost of a successful defense against such a claim, could have a material adverse impact on us.

### Item 1A. Risk Factors

Since May 2006, the Company has had approximately \$1 million of auction rate securities (ARS) classified as a short-term investment in available-for-sale securities, which paid a monthly average of \$4,000 of dividends and interest. Historically, these securities were considered cash alternatives that were risk averse and highly liquid. Beginning in February 2008, the auctions began to fail and through March 2008 no secondary market has developed. Accordingly, ARS are no longer considered cash alternatives and currently lack liquidity. While there is no current market for the ARS, the underlying issuers must continue to pay the interest and dividends when due. Due to the current lack of liquidity of these securities, the Company has reclassified the ARS to a long-term investment in available-for-sale securities. There is no guarantee the Company will be able to liquidate these ARS in the future, which could impact the Company's financial condition and future operations.

There are no other material changes to the risk factors disclosed in our Form 10-K filed with SEC on December 21, 2007 for the fiscal year ended September 30, 2007.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Submission of Matters to a Vote of Security Holders

At 9:00 a.m. on February 7, 2008, the Company held its Annual Meeting of Shareholders at its headquarters, located at 1375 Geneva Drive, Sunnyvale, California 94089. There were 6,576,345 shares present or represented by proxy at the meeting, representing a quorum. There were three items of business to be voted on during the meeting.

The first item of business was the election of directors. Shareholders are permitted to vote cumulatively in the election of directors, which allows each shareholder to cast a number of votes equal to the number of directors to be elected multiplied by the number of shares owned, and to distribute such votes among the candidates in such a proportion as such shareholder may determine. In order to vote cumulatively, a shareholder must give notice of this intention by proxy or at the meeting. The votes for each nominee, listed alphabetically by last name, are as set forth in the following table:

|                   | FOR       | WITHHELD |
|-------------------|-----------|----------|
| Brian P. Cardozo  | 5,853,254 | 169,157  |
| Howard L. Farkas  | 5,853,054 | 167,357  |
| Steven R. Settles | 5,869,560 | 152,851  |
| William J. Volz   | 5,867,060 | 155,351  |

As a result of the vote, all nominees were elected as directors at the meeting.

The second item of business was a vote to amend the Amended and Restated LOGIC Devices Incorporated Director Stock Incentive Plan to extend the expiration date of such plan by ten years and to authorize an additional 350,000 shares of common stock for the Plan. This item obtained 3,278,492 votes FOR, 205,568 votes AGAINST, and 9,512 votes to ABSTAIN. As the number of votes FOR the proposal represented a majority of the eligible shares present in person or by proxy, this proposal passed and the Plan was amended as such.

The last item of business was to approve the LOGIC Devices Incorporated 2007 Employee Stock Incentive Plan. This item obtained 3,282,574 votes FOR, 202,986 votes AGAINST, and 8,012 votes to ABSTAIN. As the number of votes FOR the proposal represented a majority of the eligible shares present in person or by proxy, this proposal passed and the plan was approved.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The Index to Exhibits appears at Page 15 of this report on Form 10-Q.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOGIC Devices Incorporated  
(Registrant)

Date: May 5, 2008

By: /s/ William J. Volz  
William J. Volz  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 5, 2008

By: /s/ Kimiko Milheim  
Kimiko Milheim  
Chief Financial Officer  
(Principal Finance and Accounting Officer)

## INDEX TO EXHIBITS

| Exhibit No. | Description  |
|-------------|--|
| 3.1         | Articles of Incorporation, as amended in 1988. [3.1] (1)92   |
| 3.2         | Bylaws, as amended and restated effective March 8, 2007. [3.2] (2)   |
| 10.1        | Real Estate lease regarding Registrant's Sunnyvale, California facilities. [99.1] (3)  |
| 10.2        | Amended and Restated LOGIC Devices Incorporated 1998 Director Stock Incentive Plan, as amended.  |
| 10.3        | LOGIC Devices Incorporated 2007 Employee Stock Incentive Plan.   |
| 10.4        | Registration Rights Agreement dated October 3, 1998 between William J. Volz, BRT Partnership, and Registrant. [10.19] (4)  |
| 31.1        | Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14 and 15d-14.   |
| 31.2        | Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14 and 15d-14.   |
| 32.1        | Certifications of Principal Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.  |
| <hr/>       |  |
| [ ]         | Exhibits so marked have been previously filed with the Securities and Exchange Commission (SEC) as exhibits to the filings shown below under the exhibit numbers indicated following the respective document description and are incorporated herein by reference. |
| (1)         | Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2004, as filed with the SEC on January 26, 2005.   |
| (2)         | Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, as filed with the SEC on May 15, 2007.   |
| (3)         | Current Report on Form 8-K, as filed with the SEC on August 7, 2007.   |
| (4)         | Annual Report on Form 10-K for the transition period from January 1, 1998 to September 30, 1998, as filed with the SEC on January 13, 1999.  |

**Exhibit 10.2**

**THE LOGIC DEVICES INCORPORATED**  
**AMENDED AND RESTATED**  
**1998 DIRECTOR STOCK INCENTIVE PLAN**  
**(Amended and restated as of November 15, 2007)**



## TABLE OF CONTENTS

|  |   |
|--|---|
| Purpose of the Plan                        | 3 |
| Definitions                                | 3 |
| Administration of the Plan                 | 3 |
| Shares Subject to the Plan                 | 4 |
| Stock Options                              | 4 |
| Amendment or Termination of the Plan       | 5 |
| Term of Plan                               | 6 |
| Rights as Shareholder                      | 6 |
| Merger or Consolidation                    | 6 |
| Changes in Capital and Corporate Structure | 6 |
| Service                                    | 6 |
| Withholding of Tax                         | 6 |
| Delivery and Registration of Stock         | 7 |

**THE LOGIC DEVICES INCORPORATED  
AMENDED AND RESTATED 1998 DIRECTOR STOCK INCENTIVE PLAN**

**1. Purpose of the Plan**

The **LOGIC Devices Incorporated 1998 Director Stock Incentive Plan** (hereinafter referred to as the "Plan") is intended to provide a means whereby directors of **LOGIC Devices Incorporated** and its Related Corporations may sustain a sense of proprietorship and personal involvement in the continued development and financial success of the Company, and to encourage them to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. Accordingly, the Company may permit certain directors to acquire Shares or otherwise participate in the financial success of the Company, on the terms and conditions established therein.

**2. Definitions**

The following terms shall be defined as set forth below:

- a. Board. Shall mean the Board of Directors of the Company.
- b. Code. Shall mean the Internal Revenue Code of 1986, and any amendments thereto.
- c. Company. Shall mean LOGIC Devices Incorporated and its Related Corporations.
- d. ERISA. Shall mean the Employee Retirement Income Security Act of 1974, and any amendment thereto.
- e. Non-Qualified Options. Shall mean an award under the Plan that is not an Incentive Stock Option within the meaning of Code section 422.
- f. Related Corporation. Shall mean a corporation which would be a parent or subsidiary corporation with respect to the Company as defined in section 424(e) or (f), respectively, of the Code.
- g. Rule 16b-3. Shall mean Rule 16b-3 of the '34 Act, and any amendments thereto.
- h. Shares. Shall mean shares of common stock of the Company.
- i. '33 Act. Shall mean the Securities Act of 1933, and any amendments thereto.
- j. '34 Act. Shall mean the Securities Exchange Act of 1934, and any amendments thereto.

**3. Administration of the Plan**

The Plan shall be administered by the Board. The Board shall have sole authority to:

- i. establish the conditions of each such option;
- ii. prescribe any legend to be affixed to certificates representing such option;
- iii. interpret the Plan; and
- iv. adopt such rules, regulations, forms and agreements, not inconsistent with the provisions of the Plan, as it may deem advisable to carry out the Plan.

**4. Shares Subject to the Plan**

The aggregate number of Shares that may be obtained by directors under the Plan shall be 900,000 Shares. Any Shares that remain unissued at the termination of the Plan shall cease to be subject to the Plan, however, if during the term of the Plan, any options not exercised expire, are canceled or are forfeited, surrendered, or returned, the Shares with respect to such options shall be available for subsequent option grants under the Plan. If the total number of Shares at the time of the grant is not sufficient to provide for the automatic grants to non-employee directors under Section 5(c) below, then the available shares shall be allocated proportionately among the automatic grants to be made at that time.

5. **Stock Options**

a. Type of Options. The Company may issue options that constitute Non-Qualified Options to directors under the Plan. The grant of each option shall be confirmed by a stock option agreement that shall be executed by the Company and the optionee as soon as practicable after such grant. The stock option agreement shall expressly state or incorporate by reference the provisions of the Plan and state that the option is a Non-Qualified Option.

b. One-Time Grants. Upon approval of the Plan by the shareholders of the Company, two non-employee directors, Mr. Howard Farkas and Mr. Burton Kanter, shall each be automatically awarded Non-Qualified Options to purchase 75,000 Shares, and Mr. William Volz, an employee director, shall be automatically awarded a Non-Qualified Option to purchase 200,000 Shares. On April 2, 2002, Mr. William Volz surrendered, returned and relinquished the options included in the foregoing award to Mr. Volz. In addition, on May 20, 2002, each of the Company's non-employee directors on such date, Mr. Howard Farkas, Mr. Albert Morrison, Mr. Joel Kanter and Mr. Fredric Harris, shall each be automatically awarded a Non-Qualified Option to purchase 50,000 Shares.

c. Annual Grants. Upon approval of the Plan by the shareholders of the Company, each individual who is initially elected and re-elected as a non-employee member of the Board shall receive a Non-Qualified Option to purchase 15,000 Shares, such annual grants to commence with the 1998 Annual Shareholders meeting and continuing in effect for each subsequent Annual Meeting of the Company's shareholders.

d. Terms of Options. Except as provided in Subparagraphs (e) and (f) below, each option granted under the Plan shall be subject to the terms and conditions set forth by the Board in the stock option agreement including, but not limited to, option price (which price shall be no less than the Fair Market Value of the Shares as of the date of grant) and option term.

e. Additional Terms Applicable to All Options. Each option shall be subject to the following terms and conditions:

i. Written Notice. An option may be exercised only by giving written notice to the Company specifying the number of Shares to be purchased.

ii. Method of Exercise. The aggregate option price shall be paid in any one or a combination of cash, personal check, by offsetting any other amounts owed to the optionee of the Company, Shares already owned (valued at Fair Market Value on the date of exercise) or Plan awards which the optionee has an immediate right to exercise (i.e., on a "net issuance" basis).

iii. Term of Option. No option may be exercised more than five (5) years after the date of grant.

iv. Disability or Death of Optionee. If an optionee terminates membership on the Board due to disability or death prior to exercise in full of any options, he or she or his or her beneficiary, executor, administrator or personal representative shall have the right to exercise the options within the five (5) years from the date of grant.

v. Transferability. Subject to applicable securities laws, there shall be no limits on transferability; provided however, that the Board may elect to make certain options non-transferable or limit

transferability to transfers under the laws of descent and distribution and/or intra-family transfers for estate planning purposes or pursuant to a Qualified Domestic Relations Order.

f. Valuation. For purposes of establishing the option price and for all other valuation purposes under the Plan, the Fair Market Value per share of the common stock of the Company on any relevant date shall be determined according to the following rules:

i. If the common stock is not at the time listed or admitted to trading on any stock exchange but is traded on the NASDAQ National Market, then the fair market value will be deemed equal to the closing selling price per share of common stock on the NASDAQ National Market on the date in question.

ii. If the common stock is at the time listed or admitted to trading on any national securities exchange, then the fair market value will be the closing selling price per share of common stock on the date in question on the securities exchange serving as the primary market for the common stock, as such price is officially quoted on such exchange.

6. **Amendment or Termination of the Plan**

The Board may amend, suspend or terminate the Plan or any portion thereof at any time, but (except as provided in Paragraph 10 hereof) no amendment shall be made without approval of the shareholders of the Company which shall: (i) materially increase the aggregate number of Shares with respect to which awards may be made under the Plan; or (ii) change the class of persons eligible to participate in the Plan; provided, however, that no such amendment, suspension or termination shall impair the rights of any individual, without his or her consent, in any award theretofore made pursuant to the Plan.

7. **Term of Plan**

The Plan shall be effective upon the date of its approval by the shareholders of the Company. Unless sooner terminated under the provisions of Paragraph 6, options shall not be granted under the Plan after June 16, 2018.

8. **Rights as Shareholder**

Upon delivery of any Share to a director, such director shall have all of the rights of a shareholder of the Company with respect to such Share, including the right to vote such Share and to receive all dividends or other distributions paid with respect to such Share.

9. **Merger or Consolidation**

In the event the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, the surviving corporation may agree to exchange options issued under the Plan for options (with the same aggregate option price) to acquire and participate in the number of shares in the surviving corporation that have a fair market value equal to the fair market value (determined on the date of such merger or consolidation) of Shares that the grantee is entitled to acquire and participate in under this Plan on the date of such merger or consolidated.

10. **Changes in Capital and Corporate Structure**

In the event any change is made to the common stock issuable under the Plan by reason of any stock split, stock dividend, combination of shares, exchange of shares or other change in the corporate structure of the Company effected without receipt of consideration, appropriate adjustments will be made to (i) the aggregate number and/or class of shares of common stock available for issuance under the Plan, (ii) the number of shares of common stock to be made the subject of each subsequent automatic grant and (iii) the number and/or class of shares of common stock purchasable under each outstanding option and the exercise price payable per share so that no dilution or enlargement of benefits will occur under such option.

11. **Service**

An individual shall be considered to be in the service of the Company or a Related Corporation as long as he or she remains a director of the Company or such Related Corporation. Nothing herein shall confer on any individual the right to continued service with the Company or a Related Corporation or affect the right of the Company or such Related Corporation to terminate such service.

12. **Withholding of Tax**

To the extent the award, issuance or exercise of Shares results in the receipt of compensation by a director of the Company, the Company is authorized to withhold from any other cash compensation then or thereafter payable to such director any tax required to be withheld by reason of the receipt of the compensation. Alternatively, the director may tender a personal check in the amount of tax required to be withheld.

13. **Delivery and Registration of Stock**

The Company's obligation to deliver Shares with respect to an award shall, if the Board so requests, be conditioned upon the receipt of a representation as to the investment intention of the individual to whom such Shares are to be delivered, in such form as the Board shall determine to be necessary or advisable to comply with the provisions of the '33 Act or any other federal, state or local securities legislation or regulation. It may be provided that any representation requirement shall become inoperative upon a registration of the Shares or other action eliminating the necessity of such representation under securities legislation. The Company shall not be required to deliver any Shares under the Plan prior to (i) the admission of such Shares to listing on any automated system or stock exchange on which Shares may then be listed, and (ii) the completion of such registration or, other qualification or exemption of such Shares under any state or federal law, rule or regulation, as the Board shall determine to be necessary or advisable.

**Exhibit 10.3**

**LOGIC DEVICES INCORPORATED**  
**2007 EMPLOYEE STOCK INCENTIVE PLAN**

**TABLE OF CONTENTS**

|       |  |   |
|-------|--|---|
| 1.    | Purpose of the Plan                        | 1 |
| 2.    | Administration of the Plan                 | 1 |
| 3.    | Shares Subject to the Plan                 | 1 |
| 4.    | Stock Options                              | 1 |
| a.    | Type of Options                            | 1 |
| b.    | Terms of Options                           | 1 |
| c.    | Additional Terms Applicable to All Options | 2 |
| (i)   | Written Notice                             | 2 |
| (ii)  | Method of Exercise                         | 2 |
| (iii) | Death of Optionee                          | 2 |
| (iv)  | Transferability                            | 2 |
| (v)   | Option Price                               | 2 |
| (vi)  | Term of Option                             | 2 |
| 5.    | Fair Market Value                          | 2 |
| 6.    | Amendment or Termination of the Plan       | 2 |
| 7.    | Term of Plan                               | 2 |
| 8.    | Delivery and Registration of Stock         | 3 |
| 9.    | Rights as a Shareholder                    | 3 |
| 10.   | Merger or Consolidation                    | 3 |
| 11.   | Changes in Capital and Corporate Structure | 3 |
| 12.   | Service                                    | 3 |
| 13.   | Withholding of Tax                         | 3 |

**LOGIC DEVICES INCORPORATED**  
**2007 EMPLOYEE STOCK INCENTIVE PLAN**

**1. Purpose of the Plan**

The **LOGIC DEVICES INCORPORATED 2007 EMPLOYEE STOCK INCENTIVE PLAN** (hereinafter referred to as the “Plan”) is intended to provide a means whereby key individuals providing services to LOGIC Devices Incorporated (hereinafter referred to as the “Company”) and its related corporations may sustain a sense of proprietorship and personal involvement in the continued development and financial success of the Company, and to encourage them to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. Accordingly, officers, employees and advisors will be eligible to acquire common stock of the Company (hereinafter referred to as “Shares”) or otherwise participate in the financial success of the Company, on the terms and conditions established herein. For purposes of the Plan, a corporation shall be deemed a related corporation to the Company if such corporation would be a parent or subsidiary corporation with respect to the Company as defined in Section 424(e) or (f), respectively, of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”).

**2. Administration of the Plan**

The Plan shall be administered by the LOGIC Devices Incorporated 2007 Stock Incentive Plan Administrative Committee (hereinafter referred to as the “Committee”), which shall be comprised solely of two (2) or more non-employee directors appointed by the Board of Directors of the Company (hereinafter referred to as the “Board”). A non-employee director is any member of the Board who: (i) is not currently an officer of the Company or a related corporation; (ii) does not receive compensation for services rendered to the Company or a related corporation in any capacity other than as a director; (iii) does not possess an interest in any transaction with the Company for which disclosure would be required under the securities laws (excluding compensation such as option grants given on the same terms and conditions as other non-employee directors performing similar Board related services); or (iv) is not engaged in a business relationship with the Company for which disclosure would be required under the securities laws (except as may be required solely by virtue of Board service). The Committee shall have sole authority to select the individuals from among those eligible to whom awards shall be made under the Plan, to establish the amount of such award for each such individual and the time when certificates for Shares shall be issued, and to prescribe the legend to be affixed to the certificate. The Committee is authorized, subject to Board approval, to interpret the Plan and may from time to time adopt such rules, regulations, forms and agreements, not inconsistent with the provisions of the Plan, as it may deem advisable to carry out the Plan. All decisions made by the Committee in administering the Plan shall be subject to Board review.

**3. Shares Subject to the Plan**

The aggregate number of Shares that may be awarded to individuals under the Plan shall be five hundred thousand (500,000) Shares. Any Shares that remain unissued at the termination of the Plan shall cease to be subject to the Plan, but until termination of the Plan, the Company shall at all times make available sufficient Shares to meet the requirements of the Plan.

**4. Stock Options**

- a. Type of Options. The Company may issue options that constitute Incentive Stock Options (hereinafter referred to as “Incentive Options”) under Section 422 of the Code and options that do not constitute Incentive Options (“Nonqualified Options”) to individuals under the Plan. The grant of each option shall be confirmed by a stock option agreement that shall be executed by the Company and the optionee as soon as practicable after such grant. The stock option agreement shall expressly state or incorporate by reference the provisions of the Plan and state whether the option is an Incentive Option or a Nonqualified Option.
- b. Terms of Options. Except as provided by subparagraphs (c) and (d) below, each option granted under the Plan shall be subject to the terms and conditions set forth by the Committee in the stock option agreement including, but not limited to, option price, vesting period, and option term.

- c. Additional Terms Applicable to All Options. Each option shall be subject to the following terms and conditions:
- (i) Written Notice. An Option may be exercised only by giving written notice to the Company specifying the number of Shares to be purchased.
  - (ii) Method of Exercise. The aggregate option price may, subject to the terms and conditions set forth by the Committee in the stock option agreement, be paid in any one or a combination of cash, personal check, personal note, Shares already owned, or Plan awards that the optionee has an immediate right to exercise.
  - (iii) Death of Optionee. If an optionee terminates employment due to death prior to the exercise in full of any options, his or her successor shall have the right to exercise the options within a period of twelve (12) months after the date of such termination to the extent that the right was exercisable at the date of such termination, or subject to such other terms as may be determined by the Committee.
  - (iv) Transferability. No option may be sold, transferred, assigned, or encumbered by an optionee, except by will or the laws of descent and distribution and during the optionee's lifetime an option may only be exercised by the optionee.
  - (v) Option Price. The option price per Share shall be not less than one hundred percent (100%) of the fair market value of such Share on the date the option is granted. Notwithstanding the preceding sentence, the option price per Share granted to an individual who, at the time such option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or related corporations (hereinafter referred to as a "10% Stockholder") shall not be less than one hundred and ten percent (110%) of the fair market value.
  - (vi) Term of Option. No option may be exercised more than ten (10) years after the date of grant. Notwithstanding the preceding sentence, no option granted to a 10% Stockholder may be exercised more than five (5) years after the date of grant. No option may be exercised more than three (3) months after the optionee terminates employment with the Company or related corporation; except that, if the optionee terminates employment due to his or her disability (within the meaning of Section 22(e)(3) of the Code), the Committee may extend such three (3) month period for up to an additional nine (9) months.

**5. Fair Market Value**

For purposes of the Plan, fair market value of a Share shall mean the last reported transaction price on the exchange or market where traded.

**6. Amendment or Termination of the Plan**

The Board may amend, suspend, or terminate the Plan or any portion thereof at any time, but (except as provided in paragraph 3 hereof) no amendment shall be made without approval of the shareholders of the Company, which shall (i) materially increase the aggregate number of Shares with respect to which awards may be made under the Plan, or (ii) change the class of persons eligible to participate in the Plan; provided, however, that no such amendment, suspension, or termination shall impair the rights of any individual, without his or her consent, in any award theretofore made pursuant to the Plan.

**7. Term of Plan**

The Plan shall be effective upon the date of its adoption by the Board, subject to the approval of the Plan by a majority of the stockholders within twelve (12) months before or after the date of adoption. Unless sooner terminated under the provisions of paragraph 6, options shall not be awarded under the Plan after the expiration of ten (10) years from the effective date of the Plan.



**8. Delivery and Registration of Stock**

The Company's obligation to deliver Shares with respect to an award shall, if the Committee so requests, be conditioned upon the receipt of a representation as to the investment intention of the individual to whom such Shares are to be delivered, in such form as the Committee shall determine to be necessary or advisable to comply with the provisions of the Securities Act of 1933 or any other federal, state, or local securities legislation or regulation. It may be provided that any representation requirement shall become inoperative upon a registration of the Shares or other action eliminating the necessity of such representation under applicable securities legislation or regulation. The Company shall not be required to deliver any Shares under the Plan prior to (i) the admission of such Shares to listing on any stock exchange or automated quotation system on which Shares may then be listed, and (ii) the completion of such registration or other qualification of such Shares under any state or federal law, rule or regulation, as the Committee shall determine to be necessary or advisable.

This Plan is intended to comply with Rule 16b-3. Any provision of the Plan that is inconsistent with said rule shall, to the extent of such inconsistency, be inoperative and shall not affect the validity of the remaining provisions of the Plan.

**9. Rights as a Shareholder**

Upon delivery of any Share to an individual, such individual shall have all of the rights of a shareholder of the Company with respect to such Share, including the right to vote such Share and to receive all dividends or other distributions paid with respect to such Share.

**10. Merger or Consolidation**

In the event the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, the surviving corporation may exchange options issued under this Plan for options (with the same aggregate option price) to acquire and participate in that number of shares in the surviving corporation that have a fair market value equal to the fair market value (determined on the date of such merger or consolidation) of Shares that the grantee is entitled to acquire and participate in under this Plan on the date of such merger, consolidation, or change of control.

**11. Changes in Capital and Corporate Structure**

The aggregate number of Shares and interests awarded and which may be awarded under the Plan shall be adjusted to reflect a change in the outstanding Shares of the Company by reason of a recapitalization, reclassification, reorganization, stock split, reverse stock split, combination of Shares, stock dividend, or similar transaction. The adjustment shall be made in an equitable manner that will cause the awards to remain unchanged as a result of the applicable transaction.

**12. Service**

An individual shall be considered to be in the service of the Company or related corporation as long as he or she remains an officer, employee or advisor of the Company or related corporation. Nothing herein shall confer on any individual the right to continued service with the Company or related corporation or affect the right of the Company or related corporation to terminate such service.

**13. Withholding of Tax**

To the extent the award, issuance or exercise of Shares results in the receipt of compensation by an individual, the Company is authorized to withhold from any other cash compensation then or thereafter payable to such individual or to withhold sufficient Shares to pay any tax required to be withheld by reason of the receipt of the compensation. Alternatively, the individual may tender a personal check in the amount of tax required to be withheld.

## Exhibit 31.1

### Certification

I, William J. Volz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LOGIC Devices Incorporated (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2008

/s/ William J. Volz

---

William J. Volz

President and Principal Executive Officer

## Exhibit 31.2

### Certification

I, Kimiko Milheim, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LOGIC Devices Incorporated (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2008

/s/ Kimiko Milheim

---

Kimiko Milheim  
Chief Financial Officer and  
Principal Financial and Accounting Officer

**Exhibit 32.1**

**Certifications of  
Principal Executive Officer and Acting Chief Financial Officer  
Pursuant to 18 U.S.C. Section 350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

We, William J. Volz, President and Principal Executive Officer, and Kimiko Milheim, Chief Financial Officer, of LOGIC Devices Incorporated (the Company), do hereby certify in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on our knowledge:

1. the Quarterly Report on Form 10-Q of the Company, to which this certification is attached as an exhibit (the Report), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2008

/s/ William J. Volz

William J. Volz  
President and Principal Executive Officer

Date: May 5, 2008

/s/ Kimiko Milheim

Kimiko Milheim  
Chief Financial Officer and  
Principal Financial and Accounting Officer

A signed original of this written statement required by Section 906 has been provided to LOGIC Devices Incorporated and will be retained by LOGIC Devices Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.