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
APRIL 1, 2001

Commission File Number
0-17187

LOGIC DEVICES INCORPORATED
(Exact name of registrant as specified in its charter)

CALIFORNIA	94-2893789
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1320 ORLEANS 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 the number of shares outstanding of the issuer's classes of common stock, as of the latest practicable date. On April 30, 2001, 6,841,888 shares of common stock, without par value, were outstanding.

LOGIC DEVICES INCORPORATED

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

LOGIC DEVICES INCORPORATED

CONSOLIDATED BALANCE SHEETS

	April 1, 2001 (unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 231,200	$
Accounts receivable, net of allowance	2,511,300	

Inventories	12,854,800	
Prepaid expenses and other assets	291,600	
Total current assets	15,888,900	
Property and equipment, net	2,052,500	
Other assets	246,700	
	$ 18,188,100	$

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Bank borrowings	$ 500,000	$
Accounts payable	210,500	
Accrued payroll and vacation	176,800	
Accrued commissions	40,000	
Other accrued expenses	189,700	
Current portion, capital lease obligations	96,800	
Income taxes payable	3,500	
Total current liabilities	1,217,200	
Capital lease obligations, net of current portion	16,300	
Total liabilities	1,233,600	
Shareholders' equity:		
Common stock	18,522,700	
Accumulated deficit	(1,568,200)	
Total shareholders' equity	16,954,500	
	$ 18,188,100	$

LOGIC DEVICES INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME

Three months ended April 1, 2001 and April 2, 2000

(unaudited)

	2001	

Net revenues	$ 2,539,600	$
Cost of revenues	1,324,000	
Gross margin	1,215,600	
Operating expenses:		
Research and development	447,000	
Selling, general and administrative	745,400	
Total operating expenses	1,192,400	
Income from operations	23,200	
Other expense, net	1,700	
Income before income taxes	21,500	
Income tax provision	9,600	
Net income	$ 11,900	$
Basic income per common share	$ -	$
Weighted average common shares outstanding	6,841,888	
Diluted income per common share	$ -	$
Weighted average common shares outstanding	6,841,888	

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LOGIC DEVICES INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME

Six months ended April 1, 2001 and April 2, 2000

(unaudited)

	2001	

Net revenues	$ 5,597,500	$
Cost of revenues	3,164,300	
Gross margin	2,433,200	
Operating expenses:		
Research and development	814,300	
Selling, general and administrative	1,490,800	
Total operating expenses	2,305,100	
Income from operations	128,100	
Other expense, net	8,600	
Income before income taxes	119,500	
Income tax provision	10,400	
Net income	$ 109,100	$
Basic income per common share	$ 0.02	$
Weighted average common shares outstanding	6,841,888	
Diluted income per common share	$ 0.02	$
Weighted average common shares outstanding	6,841,888	

LOGIC DEVICES INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended April 1, 2001 and April 2, 2000

(unaudited)

2001

Cash flows from operating activities:	
Net income	$ 109,
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	616,
Changes in operating assets and liabilities:	
Accounts receivable	(862,
Inventories	(672,
Prepaid expenses and other assets	(56,
Income taxes receivable	
Accounts payable	165,
Accrued payroll and vacation	23,
Accrued commissions	(75,
Other accrued expenses	(1,
Income taxes payable	(1,
Net cash (used in) provided by operating activities	(755,
Cash flows from investing activities:	
Capital expenditures	(121,
Decrease in other assets	1,
Net cash used in investing activities	(120,
Cash flows from financing activities:	
Bank borrowing, net	500,
Repayment of capital lease obligations	(146,
Repayment of notes payable, related party	
Proceeds from exercise of warrants	
Proceeds from exercise of stock options	
Net cash provided by (used in) financing activities	353,
Net change in cash and cash equivalents	(522,
Cash and cash equivalents, beginning of period	753,
Cash and cash equivalents, end of period	$ 231,

LOGIC DEVICES INCORPORATED

Notes to Consolidated Financial Statements

April 1, 2001 and October 1, 2000

(unaudited)

A. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated 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 the Company for the periods indicated. Certain items were reclassified in the consolidated financial statements for the quarter ended April 2, 2000 to conform to the basis used in the audited consolidated financial statements for the fiscal year ended October 1, 2000.

The accompanying unaudited interim consolidated 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 generally accepted accounting principles. 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 October 1, 2000 and October 3, 1999, with the Securities and Exchange Commission. It is suggested that the accompanying unaudited interim consolidated financial statements be read in conjunction with the aforementioned audited consolidated financial statements. The unaudited interim consolidated financial statements contain all normal and recurring entries. The results of operations for the interim period ended April 1, 2001 are not necessarily indicative of the results to be expected for the full year.

B. INVENTORY

A summary of inventories follows:

	April 1, 2001	October 1, 2000
Raw materials	$ 5,059,100	$ 3,826,400
Work-in-process	4,364,700	5,573,900
Finished goods	3,431,000	2,782,000
	$ 12,854,800	$ 12,182,300

Based on forecasted sales levels for fiscal year 2001, the Company has on-hand inventory aggregating approximately 12 months of sales.

LOGIC DEVICES INCORPORATED

Notes to Consolidated Financial Statements

April 1, 2001 and October 1, 2000

(unaudited)

C. FINANCING

On July 27, 2000, the Company obtained a line of credit from Comerica Bank - California, with an availability of up to $2,000,000. The line of credit bears interest at prime (8.0% at April 1, 2001) plus 0.25%, matures on July 31, 2001, is secured by all of the Company's assets, and is guaranteed, in part, by a federal agency. The line of credit requires the Company to maintain a quarterly minimum quick ratio of 1.1/1.0, a quarterly debt to tangible net worth of no more than 0.6/1.0, a quarterly tangible net worth of at least $16.5 million plus 50% of the quarter's net profit, and annual profitability. On April 1, 2001, the Company had an outstanding balance of $500,000, and was in compliance with the covenants.

Under the terms of its line of credit, the Company is precluded from paying any dividends without the consent of the parties to such agreements, even if the Company is in compliance with all of the financial covenants. Regardless of any such restrictions in its bank loan agreements, the Company does not intend to pay cash dividends in the near future.

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. Some forward-looking statements are identified by the words "believe," "expect," "anticipate," "project," and similar expressions. 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 "Factors Affecting Future Results" in the Annual Report on Form 10-K for the Company's fiscal year ended October 1, 2000 and elsewhere in Management's Discussion and Analysis of Financial Conditions and Results of Operations in such Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. The Company undertakes 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

Similar to most companies in the technology sector, the Company experienced a downturn in revenues during the quarter. Net revenues of $2,539,600 for the three months ended April 1, 2001 decreased 8% from $2,768,800 for the three months ended April 2, 2000. This decrease in revenues for the three-month period resulted from the general downturn in the economy, the broad-based inventory correction occurring within the industry, and a continued reduction of revenue from discontinued products. The Company is continuing its shift in product offerings to higher margin proprietary products and reducing the total number of products that it offers.

Expenses

Cost of revenues decreased 14% from $1,533,800 for the three months ended April 2, 2000, to $1,324,000 for the three months ended April 1, 2001. The gross profit increased by 2%, from $1,235,000 in 2000 to $1,215,600 in 2001. As a percentage of revenues, gross profit increased from 45% for the three month ended April 2, 2000, to 48% for the three months ended April 1, 2001, due to the continued shift towards higher margin proprietary products.

Research and development expense decreased from $453,700 (16% of net revenues) in the 2000 period to $447,000 (18% of net revenues) in the 2001 period. The Company plans to continue its substantial investments in new product research and development.

Selling, general and administrative expense increased from $622,300 in the 2000 period to $745,400 in the 2001 period, due to extensive marketing of new products and additional equipment rent expense.

Due to the aforementioned factors, the Company's income from operations decreased from $159,000 for the 2000 period to $23,200 for the 2001 period.

During the 2001 period, the Company incurred $1,700 of other expense compared to $65,600 of other expense for the 2000 period. This reduction is due to lower bank borrowing and the receipt of other income during the 2001 period.

As a result of the foregoing, the Company earned net income of $11,900 for the three months ended April 1, 2001, versus net income of $93,400 for the 2000 period.

Liquidity and Capital Resources

Cash Flows

For the six months ended April 1, 2001, the Company had after-tax cash earnings (defined as net income plus non-cash depreciation charges) of $725,800, compared to $920,200 for the six months ended April 2, 2000. During the 2001 period, increases in accounts receivable of $862,500 and inventories of $672,500 resulted in net cash used by operations totaling $755,600. During the 2001 period, the Company invested $121,500 in capital expenditures and reduced capital lease obligations by $146,300. The Company drew $500,000 on its line of credit.

For the six months ended April 2, 2000, the Company had after-tax cash earnings (defined as net income plus non-cash depreciation charges) of $920,200. During the 2000 period, after-tax cash earnings of $920,200, plus decreases in accounts receivable of $1,670,900 and inventories of $125,900, funded decreases in accounts payable of $81,500 and accrued expenses of $99,300. This resulted in total net cash provided by operations of $2,579,400. During the 2000 period, the Company invested $190,800 in capital expenditures, reduced bank borrowings by $1,531,400, repaid related party notes payable of $250,000, and reduced capital lease obligations by $113,300. The Company also received $146,900 and $218,500 from the exercise of warrants and stock options, respectively.

Working Capital

The Company's investment in inventories and accounts receivable has been significant and will continue to be significant in the future. Over prior periods, the Company, as a nature of its business, has maintained these high levels of inventories and accounts receivable.

The Company relies on third party suppliers for raw materials and as a result maintains substantial inventory levels to protect against disruption in supplies. The Company has historically maintained inventory turnover of approximately 225 days to 365 days, since 1990. The low point in inventory levels came in 1992 and 1993, when the Company had supply disruptions from one of its major suppliers.

The Company is continuing its shift to higher value proprietary products, while reducing the total number of products that it offers. As this transition continues, the Company expects to improve its sales to inventory ratio.

The Company provides reserves for product material that is over one year old, with no backlog or sales activity, and reserves for future obsolescence. The Company also takes physical inventory write-downs for obsolescence. While the Company has been actively attempting to reduce inventory levels over the past several quarters, it made large purchases of wafers during the quarter ended December 31, 2000, as the wafer fabricating capacity was tight. The Company felt it was necessary to take advantage of available capacity from its primary supplier in order to prepare itself for future sales.

The Company's accounts receivable level has been consistently correlated to the Company's previous quarter revenue level. Because of the Company's customer scheduled backlog requirements, up to two-thirds of the quarterly revenues may be shipped in the last month of the quarter. This has the effect of placing a large portion of the quarterly shipments reflected in accounts receivable not yet due per the Company's net 30 day terms. The Company continues to work to accelerate collections and to work closely with customers to spread their orders and shipments throughout the quarter, which reduces the ending accounts receivable balance.

Although current levels of inventory impact the Company's liquidity, the Company believes that it is a cost of doing business given the Company's fabless operation. The Company feels it has made good progress in reducing its accounts receivable balance during the prior fiscal year, and plans to increase its efforts to reduce inventory during the coming year.

Financing

The Company has a $2,000,000 line of credit with Comerica Bank-California, which bears interest at the bank's prime rate (8.0% at April 1, 2001) plus 0.25%, is secured by all the Company's assets, and is partially guaranteed by a federal agency. The line of credit requires the Company to maintain a quarterly minimum quick ratio of not less than 1.10 to 1.00, a quarterly maximum debt to tangible net worth ratio of no more than 0.60 to 1.00, a quarterly tangible net worth of at least $16.5 million plus 50% of the quarter's profits, and annual profitability. On April 1, 2001, the Company was in compliance with these covenants and had a $500,000 outstanding balance. This

line of credit matures on July 31, 2001.

Under the terms of its line of credit, the Company is precluded from paying any dividends without the consent of the parties to such agreements, even if the Company is in compliance with all of the financial covenants. Regardless of any such restrictions in its bank loan agreements, the Company does not expect to pay cash dividends in the near future.

While the Company will continue to evaluate debt and equity financing opportunities, it believes its financing arrangements and cash flow generated from operations provide a sufficient base of liquidity for funding operations and capital needs to support the Company's operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company conducts all of its transactions, including those with foreign suppliers and customers, in U.S. dollars. It is therefore not directly subject to the risks of foreign currency fluctuations and does not hedge or otherwise deal in currency instruments in an attempt to minimize such risks. Of course, demand from foreign customers and the ability or willingness of foreign suppliers to perform their obligations to the Company 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 the Company's prices relative to the prices of its foreign competitors. The Company also does not hold any market risk sensitive instruments that are not considered cash under generally accepted accounting principles. The Company's credit facilities bear interest at rates determined from the prime rate of the Company's lender; therefore, changes in interest rates affect the amount of interest that the Company is required to pay thereunder.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On July 28, 2000, the Company filed a Statement of Claim with the American Arbitration Association in San Francisco, California, against All American Semiconductor, Inc. ("All American") seeking a declaratory judgment that All American has breached the inventory stocking requirements and payment terms of the Exclusive Distributor Agreement between them (the "Agreement"). The Company also sought to recover any money damages it suffered as a result of such breaches. The Agreement appointed All American as the Company's exclusive domestic distributor and required it to, among other things, maintain certain levels of inventory. All American filed a response to the Statement of Claim and a counterclaim against the Company and its president, William J. Volz. All American alleged that the Company sold products in North America without using

All American as its distributor, and sought to recover money damages from such sales. The Company filed an answer and affirmative defenses to the counterclaim denying those allegations.

On October 6, 2000, the Company sent a notice terminating the Agreement, effective December 31, 2000, pursuant to its terms. As a result of this termination and settlement of the claims on February 16, 2001, the Company accepted returns totaling approximately $252,000 and repurchased approximately $288,000 of product from All American.

Item 2. Changes in 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 8:00 a.m. on March 6, 2001, the Company held its Annual Shareholders Meeting at the Company's headquarters located at 1320 Orleans Drive, Sunnyvale, California. The only item to be voted upon at the meeting was the election of the Board of Directors. There were 6,072,138 shares present or represented by proxy at the meeting, representing a quorum.

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 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. One shareholder elected to cumulate votes. The votes for each nominee are as set forth in the following table:

Nominee	Votes in Favor	Votes Against
Howard L. Farkas	6,000,138	-
Burton W. Kanter	5,937,638	-
Albert Morrison Jr.	5,937,638	-
William J. Volz	6,000,138	-
Fredric J. Harris	5,937,638	-

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) No reports on Form 8-K have been filed during the quarter for which this report is filed.

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: April 30, 2001

By /s/ William J. Volz
William J. Volz
President and Principal
Executive Officer

Date: April 30, 2001

By /s/ Kimiko Lauris
Kimiko Lauris
Chief Financial Officer
and Principal Financial
and Accounting Officer