



Proxy Statement and 2004 Annual Report to Shareholders

January 28, 2005

Letter to Shareholders

Notice of 2005 Annual Meeting and Proxy Statement

2004 Annual Report to Shareholders

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Fellow Shareholders:

In fiscal 2004, LOGIC Devices' financial performance began to reflect the turnaround we have been working so hard to achieve over the past several years. The year to year rate of revenue decline was cut by half compared to fiscal 2003. Losses were reduced by 40%. Gross margin, one of our keys to returning to profitability, improved from 28% to 37% of revenues. Our large inventory position was further reduced by an additional 17%. Liquidity ratios remained strong, with year-end quick and current ratios of 12.3/1 and 47.7/1, respectively.

Most importantly, we introduced our first major product introduction in several years into the marketplace.

Our challenge in recent years has been to shore-up our liquidity during a difficult period for the industry, while simultaneously investing to refresh our product portfolio. Doing both simultaneously has proven to be quite challenging. Maintaining liquidity during periods of market contraction must always be the first priority. However, while helpful to recover our liquidity, cutting costs to manage losses and increase cash flow from operations has constrained our ability to invest more heavily in product development. As a result, in recent years our rate of major new product introductions was not sufficient to offset the aging of our existing product line.

Semiconductor chip development is incredibly complex, requiring a wide base of knowledge spanning many disciplines. Limited skills in just one key area can delay completion of a complex product, which causes market opportunities to be missed. Generating revenue growth becomes increasingly difficult as mature, revenue-generating products reach the end of their life without being replaced by new products at the beginning of their life cycles.

The burden of turning this situation around falls on our product development team. Within the resource constraints they are given, our design team must develop new products of a complexity, and at a rate, competitive with the industry. To do so, they often must outperform competitors' highly skilled teams that can generally utilize significantly more resources. In fiscal 2004, the first fruits of several years of intense product development efforts were realized with the introduction of our LF3312 video frame buffer/multi-function memory chip. This chip has about 30 times as many transistors as the most complex chip LOGIC Devices had previously developed. While we expect the LF3312 will generate significant revenue in the future, this one chip cannot be expected to carry the Company's revenue growth. Rather, the capabilities demonstrated in the LF3312 are a foundation for rapidly refilling our product pipeline. As a result of the successful completion of the LF3312 during fiscal 2004, we expect to introduce a second video buffer chip of nearly twice the density of the LF3312 in the spring of 2005. Before the end of calendar 2005, we expect to have introduced a number of additional memory intensive buffer chips that address communications and networking applications.

The heavy expenditures we made in product development over the past several years, combined with the commitment and dedication of our product development team, have restored a competitive product development capability at LOGIC Devices. While in prior years we revived our financial liquidity, during fiscal 2004, we restored the level of engineering excellence necessary to refill our product pipeline at an accelerating rate, with each new product introduction planting the seeds for revenue growth in the following year.

While much remains to be done, our key tasks remain clear:

- ✓ ***Maintain liquidity***
Without tight management of cash flows, suppliers cannot be paid, customers cannot be served, employees cannot be paid, and investors would lose their investment. Over many years, we have consistently demonstrated tight-fisted financial management. We must maintain our strong liquidity during this period of weak revenues.
- ✓ ***New Product Design-ins***
Having invested heavily in product development during a very lean period for the industry, we must now compress the time it takes to see returns from the efforts. Revenue contribution from our new product introductions depends on providing extensive application support to assist customers in incorporating our chips into their system level products. We must gain design-in wins.
- ✓ ***Refill the new product pipeline***
In the semiconductor industry, financial growth is the indicator that measures the aggregate technical skills a company possesses, and its ability to apply those skills in delivering leading-edge products in a timely, cost-effective manner. Selling complex semiconductor chips is essentially selling advanced knowledge and skills in a tiny package that is electrically accessible. Consistent execution and timely delivery of more advanced knowledge than what is competitively available is what marks the winners among semiconductor companies. We must make continuous new product introductions.

We create value for shareholders by being the best at what we do. We are intensively focused on extending our engineering excellence. We are genuinely grateful for the support of our customers, suppliers, employees, and shareholders. We look forward to increasing success as we move forward.

William J. Volz

President and Chief Executive Officer

This annual report includes a number of forward-looking statements that reflect our current views relating to future plans, events, and financial performance. These statements are subject to certain risks and uncertainties, including uncertainties related to the development of markets for our products, future revenues, and other risks identified in LOGIC's SEC filings. Actual results, events, and performance may differ materially. In this report, words such as "look forward," "believe," "potential," and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. LOGIC Devices undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.



LOGIC DEVICES INCORPORATED
395 West Java Drive
Sunnyvale, California 94089

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
March 10, 2005

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the Annual Meeting) of LOGIC Devices Incorporated, a California corporation, will be held at our principal executive offices located at 395 West Java Drive, Sunnyvale, California 94089, on March 10, 2005, at 9:30 a.m., local time, for the following purposes:

1. To elect directors to serve for the next year and until their successors are elected;
2. To ratify the appointment of Perry-Smith LLP as our independent auditors for the fiscal year ending September 30, 2005; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. All shareholders are cordially invited to attend the meeting in person. Only shareholders of record at the close of business on January 27, 2005, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. Any shareholder attending the meeting and entitled to vote may do so in person, even if such shareholder returned a proxy.

By Order of the Board of Directors,

/s/ Kimiko Milheim

Kimiko Milheim
Secretary

Sunnyvale, California
January 28, 2005

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE, OR YOU MAY INSTEAD PROVIDE YOUR PROXY BY TELEPHONE OR OVER THE INTERNET FOLLOWING THE DIRECTIONS ON THE PROXY CARD; EITHER METHOD WILL ENSURE REPRESENTATION OF YOUR SHARES. NO POSTAGE NEED BE AFFIXED IF MAILED IN THE UNITED STATES.

LOGIC DEVICES INCORPORATED
395 West Java Drive
Sunnyvale, California 94089

PROXY STATEMENT

March 10, 2005

The Board of Directors of LOGIC Devices Incorporated is furnishing this proxy statement to you in connection with our solicitation of proxies to be used at our Annual Meeting of Shareholders (the Annual Meeting) to be held Thursday, March 10, 2005, at 9:30 a.m., local time, or at any adjournment(s) or postponement(s) thereof, for the purposes set forth in this proxy statement and in the accompanying Notice of Annual Meeting of Shareholders. The Annual Meeting will be held at our principal executive offices, located at 395 West Java Drive, Sunnyvale, California 94089. The telephone number is (408) 542-5400.

The date of this proxy statement is January 28, 2005, and it was first mailed on or about February 3, 2005, to shareholders entitled to vote at the Annual Meeting.

Questions and Answers about the Proxy Materials and the Annual Meeting:

Q. Who can attend the meeting?

A. All shareholders may attend.

Q. Who is entitled to vote?

A. Only shareholders as of the close of business on January 27, 2005 (the Record Date) may vote at the Annual Meeting. If you wish to vote your shares at the Annual Meeting and your shares are held of record by a broker or other representative, you must contact your broker or other representative to obtain a proxy issued in your name and bring it with you to the Annual Meeting. As of the Record Date, there were 6,743,188 shares outstanding of our common stock, no par value (Common Stock). Every shareholder voting for the election of directors may cumulate such shareholder's votes and give one candidate a number of votes equal to the number of directors to be elected (seven) multiplied by the number of votes to which the shareholder's shares are entitled, or distribute such shareholder's votes on the same principle to among as many candidates as the shareholder may select, provided that votes cannot be cast for more than seven candidates. However, no shareholder will be entitled to cumulate votes unless the candidate's name has been placed in nomination prior to the voting and the shareholder has given notice to Kimiko Milheim, our Secretary, prior to the commencement of voting of the intention to cumulate the shareholder's vote.

Certain shareholders have given notice of their intention to cumulate their votes; therefore, all shareholders entitled to vote may cumulate their votes for candidates in nomination. On all other matters, each share has one vote.

Q. What may I vote on?

- A. (1) The election of seven nominees to serve on our Board of Directors for the next year and until their successors are elected;
- (2) The ratification of the appointment of Perry-Smith LLP (Perry-Smith) as our independent auditors for the fiscal year ending September 30, 2005; and
- (3) Any other business properly presented at the Annual Meeting.

Q. How does the Board recommend I vote on all proposals?

A. The Board recommends a vote FOR each of the proposals.

Q. How do I vote?

- A. (1) Sign and date each proxy card you receive and return it in the prepaid envelope;
- (2) Provide your proxy through the Internet or telephone voting system as more fully described on your proxy card; or
- (3) Vote in person at the Annual Meeting.

Q. How can I change my vote or revoke my proxy?

A. You have the right to revoke your proxy and change your vote at any time before the meeting by notifying Kimiko Milheim, our Secretary, or returning a later-dated proxy card, or by Internet or telephone as more fully described on your proxy card. You may also revoke your proxy and change your vote by voting in person at the Annual Meeting.

Q. What does it mean if I get more than one proxy card?

A. It means you hold shares registered in more than one account. Please vote or provide a proxy for all accounts in one of the manners described above to ensure that all your shares are voted.

Q. Who will count the votes?

A. Representatives of Investor Communication Services, a division of ADP, will count the votes and Kimiko Milheim, our Secretary, will act as the Inspector of Election. We believe the procedures to be used by the Inspector to count the votes are consistent with California law concerning voting of shares and determination of a quorum.

Q. What is a "quorum?"

A. A "quorum" is a majority of the issued and outstanding shares entitled to vote at the Annual Meeting. They may be present at the meeting or represented by proxy. There must be a quorum for the meeting to be held and action to be validly taken. If you submit a properly executed proxy card, even if you abstain from voting or if you withhold your vote with respect to any proposal, you will be considered present for purposes of a quorum. If you hold your shares in "street name" through a broker or other representative and the broker or representative indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter (broker non-votes), the shares represented by such broker non-votes will be counted in determining the presence of a quorum.

Q. What vote by shareholders is required to approve each of the proposals?

A. As to Proposal One regarding the election of directors, the seven candidates receiving the highest number of "FOR" votes will be elected. As to Proposal Two regarding the ratification of the appointment of Perry-Smith as our independent auditors for the fiscal year ended September 30, 2005, the affirmative vote of (1) a majority of the shares represented and voting and (2) shares representing at least a majority of the required quorum will be needed. The required vote for any other matter that may be properly presented at the Annual Meeting will depend on the nature of the matter. We are currently unaware of any other business to be presented at the Annual Meeting.

Q. What are the word choices for indicating my vote?

- A. You may vote "FOR," "AGAINST," or "ABSTAIN" with respect to each matter on the proxy, other than the election of directors in Proposal One, for which you may vote "FOR," "WITHHOLD," or "CUMULATE." Shares that vote "FOR," "AGAINST," "WITHHOLD," or "CUMULATE" are treated as being present at the meeting for purposes of establishing a quorum. These shares are also treated as votes cast by the Common Stock present in person or represented by proxy at the Annual Meeting, with respect to such matter. Shares that vote "ABSTAIN" are also treated as being present at the meeting for purposes of establishing a quorum, but, for purposes of Proposal Two, will have the same effect as a vote against the proposal unless shares voting affirmatively also constitute at least a majority of the required quorum, in which event an abstention will not have any effect on the result of the vote. Broker non-votes are treated the same as votes to "ABSTAIN."

Q. How will voting on any other business be conducted?

- A. We do not know of any business to be considered at the 2005 Annual Meeting other than the proposals described in this proxy statement. However, because we did not receive notice of any other proposals to be brought before the meeting within 45 days prior to the date of mailing of this proxy statement, if any other business is properly presented at the Annual Meeting, your signed proxy card gives authority to William J. Volz, our President and principal executive officer, and Kimiko Milheim, our Chief Financial Officer and Secretary, to vote on such matters at their discretion.

Q. How can a shareholder request a copy of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) for fiscal 2004?

- A. A copy of the financial statements and Management's Discussion and Analysis from our Annual Report on Form 10-K will be mailed with this proxy statement to each shareholder. A shareholder may also request a copy of our complete Annual Report on Form 10-K in a writing addressed to our Secretary, Kimiko Milheim, at 395 West Java Drive, Sunnyvale, California 94089. In addition, a shareholder may download a copy of our complete Annual Report on Form 10-K from our website, www.logicdevices.com.

Q. Who will bear the cost of soliciting votes for the Annual Meeting?

- A. Our Board of Directors is making this solicitation and we will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials and soliciting votes. If you choose to submit your proxy over the Internet, you are responsible for Internet access charges you may incur. If you choose to submit your proxy by telephone, you are responsible for telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone, or by electronic communication by our directors, officers, and employees, who will not receive any additional compensation for such solicitation activities. We are also required by law to reimburse certain costs of brokerage houses and other representatives for forwarding proxy and solicitation materials to shareholders.

Q. How and when may I submit proposals or director nominations for inclusion in the proxy statement for the 2006 Annual Meeting?

- A. If you would like to submit a proposal for the 2006 Annual Meeting of Shareholders, it must be received by our Secretary, Kimiko Milheim, at 395 West Java Drive, Sunnyvale, CA 94089, at any time prior to October 6, 2005, and must otherwise comply with Rule 14a-8 under the Exchange Act, in order to be eligible for inclusion in the proxy statement for that meeting, unless the date of the next annual meeting changes by more than 30 days from the date of this Annual Meeting, in which case notice must be received a reasonable time before mailing.

In general, advance notice of nominations of persons for election to the Board or the proposal of business to be considered by the shareholders must be given to our Secretary not less than 45 days prior to the first anniversary of the date of the mailing of materials regarding the prior year's annual meeting, which mailing date is identified above in this proxy statement, unless the date of the next annual meeting changes by more than 30 days from the date of this Annual Meeting, in which case notice must be received a reasonable time before.

A shareholder's notice of nomination should set forth (i) as to each person whom the shareholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected); (ii) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (A) the name and address of such shareholder, as they appear on our books, and of such beneficial owner, (B) the number of shares of Common Stock that are owned (beneficially or of record) by such shareholder and such beneficial owner, (C) a description of all arrangements or understandings between such shareholder and such beneficial owner and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder and of such beneficial owner in such business, and (D) a representation that such shareholder or its agent or designee intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

BOARD STRUCTURE AND COMPENSATION

Structure and Committees

Howard L. Farkas serves as Chairman of the Board of Directors. The Board of Directors held a total of four meetings during its 2004 fiscal year, which ended on September 30, 2004. Every director attended at least 75% of the meetings of the Board of Directors and at least 75% of meetings of the committees of the Board of Directors on which the director served. The Board of Directors has determined that all of the directors, except William J. Volz, are independent as defined by Nasdaq. The Board of Directors has a standing Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee.

The Audit Committee of the Board of Directors, which currently consists of Brian P. Cardozo, Howard L. Farkas, Joel S. Kanter and Albert Morrison Jr., reviews the auditing, accounting, financial reporting, and internal control functions and selects our independent auditors. This committee operates under a written charter adopted by the Board of Directors, a copy of which can be found on our website, www.logicdevices.com, which the committee annually reviews and assesses for adequacy. All of the committee members are independent as determined under applicable Nasdaq and SEC rules and are able to read and understand fundamental financial statements, and at least one member qualifies as an "Audit Committee Financial Expert" as defined by SEC rules. The committee met four times during fiscal 2004.

The Compensation Committee of the Board of Directors, which currently consists of Howard L. Farkas, Albert Morrison Jr., and William J. Volz, is responsible for establishing our compensation policies. The committee determines the compensation of our Board of Directors and executive officers, and is responsible for establishing employee benefit plans. A majority of the committee members are independent as determined under applicable Nasdaq and SEC rules. This committee operates under a written charter adopted by the Board of Directors, a copy of which can be found on our website, www.logicdevices.com. The committee did not meet during fiscal 2004.

The Nominating and Corporate Governance Committee, made up of Brian P. Cardozo, Howard L. Farkas, Fredric J. Harris, Joel S. Kanter, and Albert Morrison Jr., is responsible for nominating individuals to serve as members of our Board of Directors and for establishing policies affecting corporate governance. All of the committee members are independent as determined under applicable Nasdaq and SEC rules. The committee will consider shareholder nominations for directors. This committee operates under a written charter adopted by the Board of Directors, a copy of which can be found on our website, www.logicdevices.com. The committee's policy is to identify and consider candidates for election as directors, including candidates recommended by our shareholders. For a description of the process for nominating directors, see "Questions and Answers about the Proxy Materials and the Annual Meeting – How and when may I submit proposals or director nominations for inclusion in the proxy statement for the 2006 Annual Meeting?" The committee met two times during fiscal 2004.

Consideration of Director Nominees

The Nominating and Corporate Governance Committee will utilize a variety of methods for identifying and evaluating nominees for director. The committee will regularly assess the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee will consider various potential candidates for director. Candidates may come to the attention of the committee through current directors, shareholders, or other persons. The committee has not paid fees to any third party to identify, evaluate, or to assist in identifying or evaluating, potential nominees, but may determine it necessary in the future. Candidates will be evaluated at meetings of the Nominating and Corporate Governance Committee. Nominees recommended by persons other than current board members or executive officers would be subject to the process described in "Questions and Answers about the Proxy Materials and the Annual Meeting – How and when may I submit proposals or director nominations for inclusion in the proxy statement for the 2006 Annual Meeting?"

In evaluating nominations for candidates for membership on our Board of Directors, the Nominating and Corporate Governance Committee will seek to achieve a balance of knowledge, experience, and capability on the Board and to address the following membership criteria. Members of the Board should have the highest professional and personal ethics and values. They should have broad experience at the policy-making level in business, government, education, technology, or public interest. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all directors' duties.

Compensation of Directors

Non-employee directors did not receive any cash compensation during fiscal 2004, or in previous years, for either their services as directors or for their services on the various Board committees.

Under the Amended and Restated 1998 Stock Incentive Plan, each non-employee director who is elected or re-elected to serve on the Board receives an automatic annual grant of an option to purchase 15,000 shares of Common Stock, coinciding with the date of the Annual Meeting of Shareholders at which they are elected or re-elected. Each of these options has an exercise price per share equal to the closing fair market value of our Common Stock on the automatic grant date, and has a maximum term of five years. Each option is immediately exercisable for all 15,000 shares.

Other Information about the Board of Directors

We provide an informal process for shareholders to send communications to the Board. Shareholders who wish to contact the Board or any of its members may do so in writing to LOGIC Devices Incorporated, 395 West Java Drive, Sunnyvale, CA 94089. Any communication will promptly be forwarded to the Board of Directors as a group or to the attention of a specified director.

Although we do not have a policy with regard to Board members' attendance at the annual meetings of shareholders, all of the directors are encouraged to attend such meetings. All of our directors were in attendance at our 2004 Annual Meeting.

PROPOSAL ONE

ELECTION OF DIRECTORS

Nominees

A board of seven directors is to be elected at the Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the seven nominees below, each of whom, other than Mr. Steven R. Settles, is currently serving on the Board of Directors and has been nominated for re-election by the Nominating and Corporate Governance Committee of the Board of Directors. Mr. Settles was recommended as a nominee for director by multiple shareholders who contacted Mr. Volz. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee designated by the present Board of Directors to fill the vacancy. If additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them that provide authority to vote "FOR ALL" or "FOR ALL EXCEPT" in accordance with cumulative voting to elect as many of the nominees listed below as possible. In such event, the proxy holders will determine the specific nominees for whom such votes will be cumulated. The proxy holders will not have the discretion to cumulate votes represented by any proxy for any nominee for which authority to vote has been withheld in the proxy by "WITHHOLD ALL" or "FOR ALL EXCEPT." The term of office of each person elected as a director will continue until the next annual meeting of shareholders or until a successor has been elected and qualified. It is not expected that any nominee will be unable or will decline to serve as a director. The following table provides information concerning the director nominees:

Nominee	Age	Director Since	Principal Occupation
Howard L. Farkas	80	1983	Chairman of the Board; President of Farkas Group, Inc.
Brian P. Cardozo	46	2003	Owner/operator of a Harley-Davidson dealership; Former Audit and Financial Services Partner of BDO Seidman LLP and Audit Partner-in-Charge of the San Jose, California office of BDO Seidman LLP
Fredric J. Harris	64	1999	CUBIC Signal Processing Chair of the Communication Systems and Signal Processing Institute at San Diego State University; Fellow of the Institute of Electrical and Electronic Engineers
Joel S. Kanter	49	2002	President and Director of Windy City, Inc.
Albert Morrison Jr.	68	1983	Chairman of Morrison Brown Argiz & Company, P.C. (retired)
William J. Volz	57	1983	President, Principal Executive Officer, and Director
Steven R. Settles	46	n/a	Managing Partner, Dawg Investment Fund, LLP

Except as set forth below, each of the nominees has been engaged in his principal occupation described above during the past five years. There are no family relationships among the directors or executive officers.

HOWARD L. FARKAS has been a director since our inception. Mr. Farkas is the owner and managing broker of Windsor Gardens Realty, Inc., a residential real estate brokerage company, which he co-founded in 1964. He also serves as President of Farkas Group, Inc., a company that provides management services to various business interests. He serves as a director of Synthetech, Inc., a public chemical research and manufacturing company whose products are used extensively in new drug research, Northwestern Engineering Company, and Ivory LLC, Aragorn LLC, and Strider LLC, which are in the gas and oil exploration and development business.

BRIAN P. CARDOZO joined our Board of Directors in 2003. Mr. Cardozo holds a B.S.C. from Santa Clara University, an M.B.A. in accounting from Saint Louis University, and an M.B.A. in finance from Saint Louis University. Since May 2000, Mr. Cardozo has been owner and operator of a Harley-Davidson dealership. He was an Audit and Financial Services Partner of BDO Seidman LLP and Audit Partner-in-Charge of the San Jose, California office of BDO Seidman LLP until October 2000. Mr. Cardozo was a founding partner in Meredith Cardozo Lanz & Chiu LLP, a regional public accounting firm that merged into BDO Seidman LLP in October 1999. In addition to his years of public accounting experience, he has industry experience with a local Fortune 500 company, Amdahl, working in the areas of corporate budgeting, corporate reporting, financial policies and procedures, and SEC reporting. Mr. Cardozo has specialized in servicing high technology, software, manufacturing, distribution, and other industries, ranging from start-ups to large multi-national enterprises. He has provided emerging growth companies with advice ranging from introductions to traditional financial sources, accounting system consulting, potential financial employee referrals, and merger and acquisition assistance. He is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, and the Association for Corporate Growth.

FREDRIC J. HARRIS joined the Board of Directors in 1999. He holds the CUBIC Signal Processing Chair of the Communication Systems and Signal Processing Institute at San Diego State University, where he has taught since 1967. He holds a number of patents on digital receiver and digital signal processing ("DSP") technology and lectures throughout the world on DSP applications. He consults for organizations requiring high-performance DSP systems and is a fellow of the Institute of Electrical and Electronic Engineers.

JOEL S. KANTER joined the Board of Directors in 2002. Since 1986, he has served as President and Director of Windy City, Inc., a privately held firm specializing in public and private equity investments. He also serves as a director for Encore Medical Corporation, a publicly-traded manufacturer of implant devices; I-Flow Corporation, a publicly-traded manufacturer of home infusion pumps; Prospect Medical Group, a publicly-traded owner/operator of numerous independent physician associations, and Magna Labs, Inc., a publicly-traded development stage medical device company. Mr. Kanter is also on the boards of numerous other private companies and not-for-profit groups.

ALBERT MORRISON JR. has served one of our directors since 1983. He also served as Chairman of Morrison Brown Argiz & Company, P.C., a certified public accounting firm in Miami, Florida from 1969 to 2003. He is a member of the Board of Directors of Heico Corporation, a member of the Board of Directors for Florida International University, and Chairman of the Miami-Dade County Industrial Development Authority.

WILLIAM J. VOLZ is one of our founders and has been a director since our inception. Mr. Volz has been President and principal executive officer since December 1987. He served as our Vice President of Engineering from August 1983 to December 1987.

STEVEN R. SETTLES is a private investor and managing partner of Dawg Investment Fund LLP, which was formed in 2000 to invest in both public and private companies. Along with partners, he owns Intuition Development Holdings (IDH), a private firm which provides information systems and services to corporate and government clients. He is a Board Member of IDH and its subsidiaries. He is also a board member of WellfoundDecade Corp., a private software development firm and Zvolve, a private telecommunications software company. Prior to 1993, he was Director of Strategic Planning at Barnett Banks, Inc. He holds an M.B.A. degree from The Wharton School, University of Pennsylvania and a B.B.A. from the University of Georgia.

Required Vote

The seven nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to vote shall be elected as directors. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but have no further legal effect under California law.

The Board of Directors recommends voting "FOR" election to the Board of Directors of each of the nominees proposed above.

REPORT OF THE AUDIT COMMITTEE

The incorporation by reference of this proxy statement into any document or registration statement filed with the SEC by us shall not be deemed to include the following report and related information, unless such report is specifically stated to be incorporated by reference into such document.

The Audit Committee of the Board of Directors serves as the representative of the Board of Directors for general oversight of the financial accounting and reporting processes, system of internal control, audit process, and process for monitoring compliance with laws and regulations. The Audit Committee is responsible for, among other things, the appointment of the independent auditors and the preparation of the report to be included in our annual proxy statement pursuant to rules of the SEC. The charter of the Audit Committee, as approved by the Board of Directors, is available on the Company's website, www.logicdevices.com.

Our management has primary responsibility for preparing our financial statements and for its financial reporting process. Our independent auditors, Perry-Smith, are responsible for expressing an opinion on the conformity of our financial statements to accounting principles generally accepted in the United States of America.

The Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with our management and with the independent auditors, with and without our management present.
2. The Audit Committee has discussed with the independent auditors the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standard, AU §380), as amended, and those requirements under the Sarbanes-Oxley Act.
3. The Audit Committee has received the written disclosures and the letter from our independent auditors required by Independence Standards Board Standard No. 1, "Independence Discussions for Audit Committees," and has discussed with the independent auditors the independent auditors' independence, including whether the independent auditors' provision of non-audit services to us is compatible with the independent auditors' independence.

Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to our Board of Directors and the Board approved, that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2004, for filing with the SEC.

Albert Morrison Jr.
Brian P. Cardozo
Howard L. Farkas
Joel S. Kanter

PROPOSAL TWO

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has reappointed the firm of Perry-Smith as our independent auditors for the fiscal year ending September 30, 2005, subject to ratification by the shareholders. Shareholder ratification of the appointment of Perry-Smith as our independent auditors is not required by our by-laws or other applicable legal requirements. However, the Board is submitting the appointment of Perry-Smith to the shareholders for ratification as a matter of good corporate practice.

Perry-Smith has served as our independent auditors since April 9, 2003. A representative of Perry-Smith is expected to attend the Annual Meeting and will have an opportunity to make a statement if he or she desires to do so, and will be available to respond to questions.

On April 4, 2003, Hood & Strong LLP (Hood & Strong), the independent accounting firm for our fiscal years ended September 29, 2002 and September 30, 2001 (fiscal 2002 and 2001), notified us that it had elected to discontinue services to public companies required to file reports with the SEC, and therefore, was resigning from our audit engagement. A representative from Hood & Strong is not expected to attend the Annual Meeting.

Neither of Hood & Strong's reports on our financial statements for fiscal 2002 and 2001 contained an adverse opinion nor a disclaimer of opinion, and were not modified as to uncertainty, audit scope, or accounting principles.

There were no disagreements with Hood & Strong, whether resolved or unresolved, on any matter of accounting principles or practice, financial statement disclosure, or auditing scope or procedure that, if not resolved to Hood & Strong's satisfaction, would have caused Hood & Strong to make reference to the subject matter of the disagreement in connection with its reports for either of fiscal 2002 and 2001.

If the shareholders fail to ratify the appointment of Perry-Smith as our independent auditors, the Audit Committee will reconsider whether or not to retain the firm. Even if the appointment is ratified, the Audit Committee, at its discretion, may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in our and our shareholders' best interests.

Fees billed by Perry-Smith for the fiscal years ended September 30, 2004 and September 28, 2003, are as follows:

Audit Fees

Fees paid to Perry-Smith LLP for the audit of the Company's annual financial statements included in the registrant's reports on Form 10-K and review of the financial statements included in the registrant's reports on Form 10-Q were \$74,500 and \$61,500 for fiscal 2004 and 2003, respectively.

Tax Fees

Fees paid to Perry-Smith LLP for services rendered for preparation of the Company's federal and state income tax returns, tax compliance, and tax advice were \$14,200 and \$9,500 for fiscal 2004 and 2003, respectively.

All Other Fees

There were no additional fees paid or payable to Perry-Smith LLP for any other services provided during fiscal 2004.

Audit Committee's Pre-approval Policies and Procedures

The Audit Committee pre-approves all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Company by its principal accountant on a case-by-case basis, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, which are approved by the Audit Committee before the completion of the audit. The Audit Committee approved 100% of audit, tax, and all other services provided by any accounting firms.

No audit work was performed by persons other than the principal accountant's full-time, permanent employees.

Required Vote

The affirmative vote of a majority of the holders of shares represented and voting at the Annual Meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) will be required to ratify the appointment of Perry-Smith as our independent auditors for the fiscal year ending September 30, 2005.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of Perry-Smith as our independent auditors.

MANAGEMENT

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding beneficial ownership of our Common Stock as of January 27, 2005 (except as described below) by:

- each of our directors;
- Named Executive Officers, if any (A Named Executive Officer is defined as any individual whose total annual salary and bonus aggregated \$100,000 or more during the recent fiscal year);
- all individuals who served as directors or executive officers at fiscal year-end as a group;
- each director nominee; and
- each person (including any "group" as that term is used in Section 13(d)(3) of the Exchange Act of 1934, as amended) who is known by us to beneficially own more than 5% of our Common Stock.

Directors, Officers and 5% Shareholders	Shares Beneficially Owned ⁽¹⁾	
	Shares	Percent ⁽²⁾
<i>Directors:</i>		
Howard L. Farkas ⁽³⁾⁽⁴⁾	215,000	3.2%
William J. Volz	710,438	10.5%
Albert Morrison Jr. ⁽⁵⁾	90,877	1.4%
Fredric J. Harris ⁽⁶⁾	90,000	1.3%
Brian P. Cardozo	15,000	0.2%
Joel S. Kanter ⁽⁷⁾⁽⁸⁾	35,000	0.5%
<i>All Directors and Executive Officers as a group (seven persons)</i>	<i>1,156,315</i>	<i>17.1%</i>
<i>Director Nominee:</i>		
Steven R. Settles	295,557	4.4%
<i>5% Shareholders:</i>		
Steven J. Revenig, Trustee of the Farkas Trusts ⁽⁹⁾ 1873 S. Bellaire St., Ste. 1000 Denver, CO 80222	624,305	9.3%
Chicago Investments, Inc. ⁽¹⁰⁾ 934 N. Main St. Sheridan, WY 82801	400,000	5.9%

- (1) Assumes the exercise of any warrants or options held by such person that are exercisable as of January 27, 2005 or within 60 days thereafter, but not the exercise of any other person's warrants or options.
- (2) Assumes 6,743,188 shares of Common Stock outstanding as of January 27, 2005.
- (3) Mr. Farkas disclaims any beneficial share ownership of the shares held by Mr. Revenig, as trustee of the Farkas Trusts.
- (4) Includes 190,000 shares held directly and options to purchase 25,000 shares of Common Stock.
- (5) Includes 877 shares held directly and options to purchase 90,000 shares of Common Stock.
- (6) Includes options to purchase 900,000 shares of Common Stock.
- (7) Mr. Kanter disclaims any beneficial share ownership of the shares held by Chicago Investments, Inc.
- (8) Includes options to purchase 35,000 shares of Common Stock.
- (9) Consists of 14 irrevocable trusts administered by Mr. Revenig, an independent trustee, the beneficiaries of which consist of Mr. Farkas and members of his family.
- (10) A Delaware corporation, whose directors and officers include a Kanter family member, but exclude Mr. Kanter.

The following table provides information regarding our executive officers as of January 27, 2005:

Name	Age	Position
William J. Volz	57	President and principal executive officer
Kimiko Milheim	35	Chief Financial Officer and Secretary

WILLIAM J. VOLZ is one of our founders and has been a director since our inception. Mr. Volz has been our President and principal executive officer since December 1987. He served as our Vice President of Engineering from August 1983 to December 1987.

KIMIKO MILHEIM is our Chief Financial Officer and Secretary. She joined us in November 1999. Ms. Milheim is a Certified Public Accountant, with an M.B.A. degree from the University of California, Irvine. Prior to joining us, she was General Accounting Manager at ArthroCare Corporation, an Audit Manager at BDO Seidman, LLP, and an In-Charge Accountant with the Office of the California State Auditor.

Executive Compensation

The following table sets forth the compensation paid during fiscal 2004, 2003, and 2002 to our Named Executive Officers:

Name and Position	Year	Annual Compensation		Long-term Compensation Awards (No. of Shares Underlying Options)
		Salary (\$) ¹	Bonus (\$)	
William J. Volz, President	2004	171,300	–	–
	2003	172,600	–	–
	2002	172,600	–	–
Gary C. Schaefer, former Chief Financial Officer and Secretary ²	2004	121,000	3,200	–
	2003	25,400	–	50,000

¹ In fiscal 2004, we changed our fiscal year to a calendar year ended September 30, 2004. Prior to 2004, due to our having had a fiscal year comprised of 52 weeks of seven days each, beginning Monday and ending Sunday, the fiscal years referenced above are as follows: for 2003, fiscal year ended September 28, 2003; for 2002, fiscal year ended September 29, 2002.

² Mr. Schaefer joined us during fiscal 2003 and left in fiscal 2004. He no longer has any options available for exercise, as they expired after his termination of employment.

Employment Agreements and Stock Options

We do not have an employment or severance agreement with the current Named Executive Officer. There were no Common Stock options granted to or exercised by the current Named Executive Officer during fiscal 2004.

REPORT ON EXECUTIVE COMPENSATION

The incorporation by reference of this proxy statement into any document or registration statement filed with the SEC by us shall not be deemed to include the following report and related information, unless such report is specifically stated to be incorporated by reference into such document.

In general, the Compensation Committee is principally responsible for executive compensation matters, including but not limited to: review and approval of base salaries, approval of individual bonuses and bonus programs for executive officers, administration of certain employee benefit programs, and review and approval of stock option grants to all employees, including our executive officers. However, during the past fiscal year, the Board of Directors determined to perform many of these functions as a result of the Company's recent financial performance.

Overview

The overall policy of the Compensation Committee is to offer our executive officers competitive compensation opportunities, based upon their personal performance, the financial performance of LOGIC Devices Incorporated (the Company), and their contribution to that performance. In general, each executive officer's compensation package is comprised of three elements: (i) base salary, which is determined on the basis of the individual's position and responsibilities with the Company, the level of the individual's performance, and the financial performance of the Company; (ii) incentive performance awards payable in cash and tied to the achievement of performance goals; and (iii) long-term stock-based incentive awards designed to strengthen the mutuality of interest between the executive officers and our shareholders.

With the exception of \$3,200 in cash incentives paid to Gary Schaefer, who is no longer with the Company, the compensation paid to each executive officer during the past fiscal year was comprised solely of base salary due to the financial performance of the Company.

Compensation of the Principal Executive Officer

Due to the performance of the Company during the past few years, the President's base annual compensation for fiscal 2004 was not increased from his base annual compensation in fiscal 2003.

Howard L. Farkas
Brian P. Cardozo
Frederic J. Harris
Joel S. Kanter
Albert Morrison Jr.
William J. Volz

Compensation Committee Interlocks and Insider Participation

The Compensation Committee did not address any executive compensation issues during fiscal 2004. Had the Compensation Committee met, Mr. Volz, who also serves as our President and principal executive officer, would not participate in compensation matters pertaining to his salary or option grants. While Mr. Volz is eligible, he has never received any option grants under the employees' Stock Incentive Plans.

Certain Relationships and Related Transactions

Since the beginning of our last fiscal year, we have engaged in no transactions or series of similar transactions with any of our officers, directors, or principal shareholders, or, to our knowledge, with any of their affiliates in which the amount involved exceeded \$60,000. Also, no such transactions are currently contemplated.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon review of Forms 3 and 4 and amendments thereto furnished to us pursuant to Rule 16a-3(e) during fiscal 2004 and Form 5 and amendments thereto furnished to us with respect to fiscal 2004, we are not aware of any directors, officers, or beneficial owners of more than 10% of the shares of the Common Stock who failed to file on a timely basis, as disclosed in the above Forms, reports required by Section 16(a) of the Exchange Act during the most recent fiscal year or prior fiscal year, except as previously reported by us and except that Messrs. Cardozo, Farkas, Kanter, and Morrison each filed a Form 4 late (one transaction reported by each) and Mr. Harris filed a Form 5 late (one transaction reported).

Code of Business Ethics

The Company had adopted a Code of Business Ethics that applies to its President and Chief Executive Officer and its Chief Financial Officer. The full text of the Code of Business Ethics is published on the Company's website at www.logicdevices.com under the captions, "Company Information – About LOGIC – Code of Ethics." The Company intends to disclose future amendments to, or waivers from, certain provisions of the Code of Business Ethics on this website within five business days following the date of such amendment or waiver.

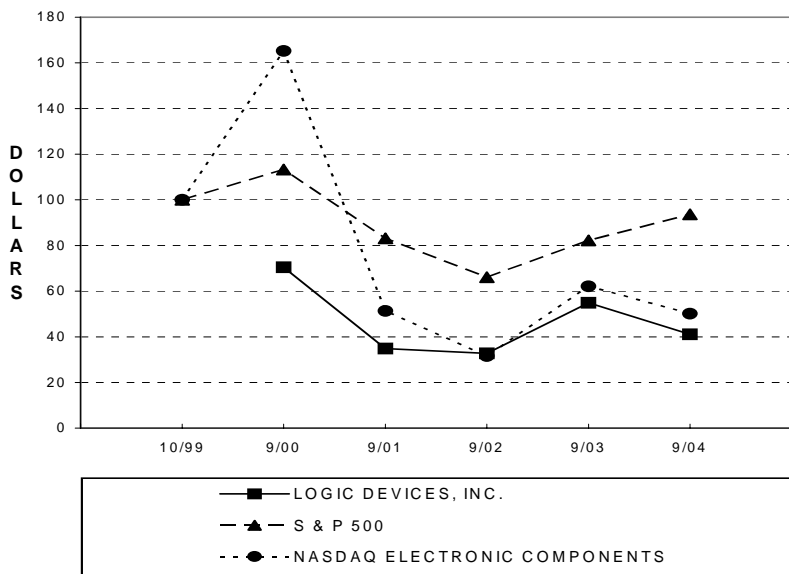
Company Stock Price Performance

The incorporation by reference of this proxy statement into any document or registration statement filed with the SEC by us shall not be deemed to include the following report and related information, unless such report is specifically stated to be incorporated by reference into such document.

Set forth below is a line graph comparing the cumulative total shareholder return on our Common Stock against the cumulative total return of the NASDAQ Electronic Components Stock Index and S&P 500 Index for the period of five fiscal years commencing October 3, 1999 and ending September 30, 2004. The graph and table assume that \$100 was invested on October 3, 1999 in each of the Common Stock, the NASDAQ Electronics Components Index, and the S&P 500 Index, and that all dividends were reinvested.

	<u>10/99</u>	<u>09/00</u>	<u>09/01</u>	<u>09/02</u>	<u>09/03</u>	<u>09/04</u>
LOGIC Devices Incorporated	\$ 100.00	\$ 70.47	\$ 34.91	\$ 32.73	\$ 54.91	\$ 41.09
S & P 500	\$ 100.00	\$ 113.28	\$ 83.13	\$ 66.10	\$ 82.22	\$ 93.63
NASDAQ Electronic Components	\$ 100.00	\$ 165.20	\$ 51.34	\$ 31.58	\$ 62.14	\$ 50.13

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
 AMONG LOGIC DEVICES, INC., THE S & P 500 INDEX
 AND THE NASDAQ ELECTRONIC COMPONENTS INDEX



* \$100 invested on 10/3/99 in stock or index-including reinvestment of dividends. Fiscal year ending September 30.

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www.researchdatagroup.com/S&P.htm

OTHER MATTERS

We know of no other matters to be submitted to the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy to vote the shares they represent as the Board of Directors may recommend.

It is important that your stock be represented at the Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to execute and return the accompanying proxy in the envelope, which has been enclosed, or to provide your proxy by telephone or over the Internet at your earliest convenience.

By Order of the Board of Directors,

/s/ Kimiko Milheim

Kimiko Milheim
Secretary

Sunnyvale, California
January 28, 2005

2004 ANNUAL REPORT TO SHAREHOLDERS

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LOGIC Devices Incorporated

Balance Sheets

	September 30, 2004	September 28, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,788,900	\$ 1,806,100
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$3,500, respectively (Notes 8, 9, and 12)	729,000	840,100
Inventories (Notes 1, 8, and 12)	7,079,300	8,510,900
Prepaid expenses (Note 3)	143,100	192,300
Sales tax refund receivable	47,600	
Total current assets	9,787,900	11,349,400
Property and equipment, net (Note 2)	862,000	856,700
Other assets (Note 4)	185,700	42,400
	\$ 10,835,600	\$ 12,248,500
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 137,200	\$ 47,000
Accrued payroll and vacation	52,500	160,500
Accrued commissions	15,500	20,200
Other accrued expenses	-	38,000
Total current liabilities	205,200	265,700
Deferred rent	40,500	39,900
Total liabilities	245,700	305,600
Commitments and contingencies (Note 6)		
Shareholders' equity (Note 7):		
Preferred stock, no par value; 1,000,000 shares authorized; 5,000 designated as Series A; 0 shares issued and outstanding	-	-
Common stock, no par value; 10,000,000 shares authorized; 6,743,188 and 6,640,688 shares issued and outstanding	18,436,500	18,317,200
Additional paid-in capital	100,000	100,000
Accumulated deficit	(7,946,600)	(6,474,300)
Total shareholders' equity	10,589,900	11,942,900
	\$ 10,835,600	\$ 12,248,500

See accompanying summary of accounting policies and notes to financial statements.

LOGIC Devices Incorporated

Statements of Operations

	Fiscal Years Ended:		
	September 30, 2004	September 28, 2003	September 29, 2002
Net revenues (Notes 8 and 12)	\$ 4,414,600	\$ 5,009,000	\$ 6,572,600
Cost of revenues	<u>2,773,600</u>	<u>3,597,200</u>	<u>4,780,000</u>
Gross profit (Note 12)	<u>1,641,000</u>	<u>1,411,800</u>	<u>1,792,600</u>
Operating expenses:			
Research and development	1,363,900	1,784,600	1,775,700
Selling, general, and administrative	<u>1,772,100</u>	<u>2,110,900</u>	<u>2,138,400</u>
Total operating expenses	<u>3,136,000</u>	<u>3,895,500</u>	<u>3,914,100</u>
Loss from operations	<u>(1,495,000)</u>	<u>(2,483,700)</u>	<u>(2,121,500)</u>
Other (income) expense:			
Interest expense	–	–	37,900
Interest income	(19,700)	(23,600)	(7,800)
Other (income) expense, net	<u>(3,800)</u>	<u>400</u>	<u>(37,300)</u>
Total other income	<u>(23,500)</u>	<u>(23,200)</u>	<u>(7,200)</u>
Loss before provision for income taxes	(1,471,500)	(2,460,500)	(2,114,300)
Provision for income taxes (Note 5)	<u>(800)</u>	<u>(800)</u>	<u>(9,400)</u>
Net loss	<u>\$ (1,472,300)</u>	<u>\$ (2,461,300)</u>	<u>\$ (2,123,700)</u>
Basic and diluted loss per share	<u>\$ (0.22)</u>	<u>\$ (0.37)</u>	<u>\$ (0.31)</u>
Basic and diluted weighted average common shares outstanding	<u>6,715,480</u>	<u>6,651,705</u>	<u>6,850,096</u>

See accompanying summary of accounting policies and notes to financial statements.

LOGIC Devices Incorporated

Statements of Shareholders' Equity

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
(Consolidated)					
Balances, September 30, 2001	6,841,888	18,522,700	19,000	(1,889,300)	16,652,400
Issuance of common stock on exercise of stock options (Note 7)	11,000	17,200	–	–	17,200
Extension of common stock warrants (Note 7)	–	–	81,000	–	81,000
Net loss	–	–	–	(2,123,700)	(2,123,700)
Balances, September 29, 2002	6,852,888	18,539,900	100,000	(4,013,000)	14,626,900
Repurchase of common stock (Note 7)	(222,200)	(233,700)	–	–	(233,700)
Issuance of common stock on exercise of stock options (Note 7)	10,000	11,000	–	–	11,000
Net loss	–	–	–	(2,461,300)	(2,461,300)
Balances, September 28, 2003	6,640,688	18,317,200	100,000	(6,474,300)	11,942,900
Issuance of common stock on exercise of stock options (Note 7)	102,500	119,300	–	–	119,300
Net loss	–	–	–	(1,472,300)	(1,472,300)
Balances, September 30, 2004	6,743,188	\$ 18,436,500	\$ 100,000	\$ (7,946,600)	\$ 10,589,900

See accompanying summary of accounting policies and notes to financial statements.

LOGIC Devices Incorporated

Statements of Cash Flows

	Fiscal Years Ended:		
	September 30, 2004	September 28, 2003	September 29, 2002
Cash flows from operating activities:			
Net loss	\$ (1,472,300)	\$ (2,461,300)	\$ (2,123,700)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	277,900	400,800	814,200
Allowance for doubtful accounts	(3,500)	(16,500)	-
Deferred rent	600	39,900	-
Loss on disposal of capital equipment	2,500	300	-
Issuance of common stock warrants for services	-	-	81,000
Changes in current assets and liabilities:			
Accounts receivable	114,600	1,972,300	556,300
Inventories	1,431,600	1,080,200	2,104,600
Prepaid expenses	49,200	333,600	(269,300)
Sales tax refund receivable	(47,600)	-	-
Accounts payable	90,200	(82,100)	(139,000)
Accrued payroll and vacation	(108,000)	12,500	(42,900)
Accrued commissions	(4,700)	1,400	(35,800)
Other accrued expenses	(38,000)	37,100	(4,600)
Income taxes payable	-	-	(1,900)
Net cash provided by operating activities	292,500	1,318,200	938,900
Cash flows from investing activities:			
Capital expenditures	(285,700)	(326,900)	(43,000)
Other assets	(143,300)	(20,700)	(14,800)
Net cash used in investing activities	(429,000)	(347,600)	(57,800)
Cash flows from financing activities:			
Proceeds from issuance of common stock	119,300	11,000	17,200
Repurchase of common stock	-	(233,700)	-
Proceeds from bank borrowings	-	-	1,050,000
Repayments of bank borrowings	-	-	(1,050,000)
Payments of capital lease obligations	-	(2,900)	(54,700)
Net cash provided by (used in) financing activities	119,300	(225,600)	(37,500)
Net (decrease) increase in cash and cash equivalents	(17,200)	745,000	843,600
Cash and cash equivalents, beginning of period	1,806,100	1,061,100	217,500
Cash and cash equivalents, end of period	\$ 1,788,900	\$ 1,806,100	\$ 1,061,100

See accompanying summary of accounting policies and notes to financial statements.

LOGIC Devices Incorporated

Summary of Accounting Policies

The Company and Nature of Business

LOGIC Devices Incorporated (the Company) develops and markets high-performance integrated circuits. The Company's products include high-speed digital signal processing chips that are used in digital communications, broadcast and medical imaging processing applications, instrumentation, and smart weapons systems. The Company markets its products worldwide, such that 34 percent of the Company's net revenues in fiscal 2004 were derived from original equipment manufacturers, while sales through foreign and domestic distributors accounted for approximately 66 percent of net revenues. Approximately 48 percent of the Company's net revenues in fiscal 2004 were derived from within the United States and approximately 52 percent from foreign sales.

Fiscal Year

On December 15, 2003, the Company elected to change its calendar business year to a fiscal year ending September 30. Previously, the Company's fiscal years were comprised of 52 weeks of seven days, each beginning on Monday and ending on Sunday, with fiscal 2003 ending September 28, 2003 and fiscal 2002 ending September 29, 2002. Previously, the Company's fiscal quarters were comprised of exactly 13 weeks and, therefore, its fiscal years consisted of only 364 days.

As a result of this change, the Company's fiscal years will be comprised of 365 days or, in leap years such as 2004, 366 days with each fiscal quarter ending at the end of a calendar quarter. The Company's 2004 fiscal year ended September 30, 2004 rather than September 26, 2004. The additional four days were included in the Company's first quarter for fiscal 2004, which ended December 31, 2003.

Reclassifications

Certain items in the fiscal 2002 financial statements were reclassified to conform to the basis used in the fiscal 2003 financial statements.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

The Company establishes a general allowance for doubtful accounts based on its analysis of historical bad debts, specific customer creditworthiness, and current economic conditions. Historically, the Company has not experienced significant losses related to receivables.

Inventories

Inventories of raw materials, work-in-process, and finished goods are stated at the lower of cost (first-in, first-out) or market (Notes 1 and 9). Cost includes the purchase price of parts, assembly costs, and overhead.

Property and Equipment

Property and equipment are stated at cost. Depreciation on equipment is calculated on the straight-line method over the estimated useful lives of the assets, generally three to seven years. Leasehold improvements and assets held under capital lease are amortized on a straight-line basis over the shorter of the lease terms or the estimated lives of the assets. Certain tooling costs are capitalized by the Company and are amortized on a straight-line basis over the shorter of the related product life cycle or five years. Upon disposition, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss is reflected in income for the period.

Research and Development Costs

Research and development costs are charged to operations as incurred.

Capitalized Software Costs

Internal test computer software development costs are capitalized as incurred during the application development stage, as defined by Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The capitalized software costs are classified as other assets and are amortized on a straight-line basis over the shorter of the related expected product life cycle or five years, with amortization beginning when production parts are in process.

Revenue Recognition

Revenue is generally recognized upon shipment of product. Sales to distributors are made pursuant to agreements that provide the distributors certain rights of return and price protection on unsold merchandise. Revenues from such sales are recognized upon shipment, with a provision for estimated returns and allowances recorded at that time, if applicable. While distributors are allowed to return items for stock rotation, they are required to place an order of equal or greater value at the same time. Therefore, no allowance for returns is recorded. Because the Company does not change its pricing of products more than once a year, there have not been any pricing issues in the past several years; therefore, there is no allowance for price protection recorded.

Income Taxes

Deferred income tax assets and liabilities are recognized based on the temporary differences between the financial statement and income tax basis of assets, liabilities, and carryforwards using enacted tax rates. Valuation allowances are established for deferred tax assets to the extent of the likelihood that the deferred tax assets may not be realized.

Loss Per Common Share

Basic loss per share is computed by dividing the net loss attributable to common shares, by the weighted average number of common shares outstanding during each period. Diluted loss per share is similar to basic loss per share, except that the weighted average number of common shares outstanding is increased to reflect the dilutive effect, if any, of potential common shares, such as those issuable upon the exercise of stock options or warrants, contingent shares, and the conversion of preferred stock, as if they had been issued.

For the fiscal years ended September 30, 2004, September 28, 2003, and September 29, 2002, there is no difference between basic and diluted loss per share, as there were no dilutive stock options.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short maturity of these items.

Long-Lived Assets

Long-lived assets, including property and equipment, goodwill, and other intangible assets, are assessed for possible impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, or whenever management has committed to a plan to dispose of the assets. Such assets are carried at the lower of book value or fair value as estimated by management based on appraisals, current market value, and comparable sales value, as appropriate. Assets to be held and used affected by such impairment loss are depreciated or amortized at their new carrying amounts over the remaining estimated life; assets to be sold or otherwise disposed of are not subject to further depreciation or amortization. In determining whether an impairment exists, the Company uses undiscounted future cash flows without interest charges compared to the carrying value of the assets.

Stock-based Compensation

At September 30, 2004, the Company has stock-based compensation plans (the Plans), which are described more fully in Note 7. The Company accounts for the Plans under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees and Related Interpretations*. No stock-based employee compensation cost is reflected in net loss, as all options granted under the Plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

For purposes of pro forma disclosures, the estimated fair value of stock-based compensation plans and other options is amortized to expense primarily over the vesting period. The following table illustrates the effect on net loss if the Company had applied the fair value recognition provision of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<i>Net loss</i>			
As reported	<u>\$ (1,472,300)</u>	<u>\$ (2,461,300)</u>	<u>\$ (2,123,700)</u>
Pro forma	<u>\$ (1,477,800)</u>	<u>\$ (2,515,500)</u>	<u>\$ (2,367,600)</u>
<i>Basic and diluted loss per share</i>			
As reported	<u>\$ (0.22)</u>	<u>\$ (0.37)</u>	<u>\$ (0.31)</u>
Pro forma	<u>\$ (0.22)</u>	<u>\$ (0.38)</u>	<u>\$ (0.35)</u>

LOGIC Devices Incorporated

Summary of Accounting Policies

The pro forma information provided above was estimated at the date of grant, using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expected life (in years)	3.0	3.0	3.0
Risk-free interest rate	2.70%	2.63%	2.32%
Volatility	78.0%	91.2%	97.6%
Dividend yield	0.0	0.0	0.0

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Because the Company's options have characteristics significantly different from those of trading options, management believes that the existing pricing models do not necessarily provide a reliable single measure of the fair value of its options.

Segment Reporting

The Company is organized in a single operating segment for purposes of making operating decisions and assessing performance. The president (the chief operating decision maker) evaluates performance, makes operating decisions, and allocates resources based on financial data consistent with the presentation in the accompanying financial statements.

Impact of New Financial Accounting Standards

There have been no new financial accounting pronouncements with a significant impact on these financial statements.

LOGIC Devices Incorporated

Notes to Financial Statements

1. Inventories

A summary of inventories follows:

	<i>September 30, 2004</i>	<i>September 28, 2003</i>
Raw materials	\$ 771,000	\$ 919,600
Work-in-process	4,003,900	4,521,200
Finished goods	2,304,400	3,070,100
	<u>\$ 7,079,300</u>	<u>\$ 8,510,900</u>

2. Property and Equipment

A summary of property and equipment follows:

	<i>September 30, 2004</i>	<i>September 28, 2003</i>
Equipment	\$ 2,502,700	\$ 2,446,700
Tooling costs	1,623,900	1,412,300
Leasehold improvements	168,300	167,600
	<u>4,294,900</u>	<u>4,026,600</u>
Less accumulated depreciation and amortization	<u>3,432,900</u>	<u>3,169,900</u>
	<u>\$ 862,000</u>	<u>\$ 856,700</u>

There were no capital lease obligations as of September 30, 2004 and September 28, 2003. Equipment under capital lease obligations was \$357,400 as of September 29, 2002, with related accumulated amortization of \$317,200. For fiscal 2002, amortization expense for equipment under capital lease obligations was \$59,800.

3. Prepaid Expenses

A summary of prepaid expenses follows:

	<i>September 30, 2004</i>	<i>September 28, 2003</i>
Consulting fees	\$ 24,300	\$ 35,000
Annual report and meeting costs	20,300	35,100
Software licensing and maintenance fees	20,300	25,200
Rent and deposits	20,100	28,500
Insurance	13,900	6,300
Recruiting, education, and immigration costs	-	21,400
Other prepaid expenses	44,200	40,800
	<u>\$ 143,100</u>	<u>\$ 192,300</u>

LOGIC Devices Incorporated

Notes to Financial Statements

4. Other Assets

A summary of other assets follows:

	<i>September 30,</i> <i>2004</i>	<i>September 28,</i> <i>2003</i>
Capitalized software, net of accumulated amortization of \$2,342,500	\$ 165,000	\$ 14,900
Security deposits and other assets	20,700	27,500
	<u>\$ 185,700</u>	<u>\$ 42,400</u>

5. Provision for Income Taxes

The provision for income taxes for fiscal 2004, 2003, and 2002 includes current state expenses of \$800, \$800, and \$9,400, respectively.

The following summarizes the difference between the income tax expense and the amount computed by applying the Federal income tax rate of 34 percent in fiscal 2004, 2003, and 2002, to the loss before taxes:

	<i>2004</i>	<i>2003</i>	<i>2002</i>
Federal income tax provision benefit at statutory rate	\$ 500,300	\$ 836,900	\$ 718,900
Tax credit carryforwards originated in current year	92,000	33,800	44,500
State operating loss carryforward originated in current year	63,400	72,200	73,500
State income taxes, net of federal tax benefit	48,200	54,000	(6,200)
Adjustment of prior year net operating loss carryforwards before valuation allowance	301,000	259,300	(58,600)
Miscellaneous permanent differences and adjustments of estimated income tax accruals	-	121,000	12,100
Change in valuation allowance attributable to: Net operating loss and tax credit carryforwards not recognized	(1,083,200)	(1,126,000)	(877,900)
Valuation of net deferred assets	77,500	(252,000)	84,300
	<u>\$ (800)</u>	<u>\$ (800)</u>	<u>\$ (9,400)</u>

LOGIC Devices Incorporated

Notes to Financial Statements

Deferred tax assets and liabilities comprise the following:

	<u>September 30, 2004</u>	<u>September 28, 2003</u>
Deferred tax assets:		
Net operating loss carryforwards	4,269,500	\$ 3,186,300
Reserves not currently deductible	446,800	446,900
Capitalized inventory costs	242,100	199,300
Tax credit carryforwards	498,800	570,900
Other	114,300	88,600
	<u>5,571,500</u>	<u>4,492,000</u>
Gross deferred tax assets		
Deferred tax liabilities:		
State tax benefit	(360,100)	(337,700)
Depreciation	(57,800)	(6,400)
	<u>(417,900)</u>	<u></u>
Gross deferred tax liabilities		
Net deferred tax assets	5,153,600	4,147,900
Valuation allowance	<u>(5,153,600)</u>	<u>(4,147,900)</u>
Net deferred taxes	<u>\$ -</u>	<u>\$ -</u>

The valuation allowance was increased \$1,005,700 from fiscal 2003 to fiscal 2004. This was the result of an increase in the net deferred tax assets, primarily net operating loss carryforwards (NOLs) and reserves not currently deductible. Because the Company's management is unable to determine whether it is more likely than not that the net deferred tax assets will be realized, the Company continues to record a 100 percent valuation against the net deferred tax assets.

As of September 30, 2004, the Company has Federal and State NOLs totaling approximately \$10,923,900 and \$6,282,700, respectively, available to offset future taxable income. These NOLs expire at various times through 2024 and 2009, respectively. The Company also has Federal and State research and development credit carryforwards totaling approximately \$148,000 and \$40,700, respectively, expiring at various times through 2024. The Company has state manufacturing tax credit carryforwards totaling approximately \$288,700, which expire at various times through 2014.

6. Commitments and Contingencies

Leases

The Company leases its facilities and certain equipment under operating leases. The facility leases require the Company to pay certain maintenance and operating expenses, such as taxes, insurance, and utilities. Rent expense related to these operating leases was \$ 464,300, \$779,600, and \$805,200 for fiscal 2004, 2003, and 2002, respectively.

A summary of future minimum payments required under non-cancelable operating leases with terms in excess of one year, follows:

	<i>Operating Leases</i>
	<u> </u>
<i>Fiscal years ending:</i>	
September 30, 2005	\$ 389,800
September 30, 2006	252,700
September 30, 2007	227,600
September 30, 2008	19,000
Thereafter	<u> </u> -
	<u><u>\$ 889,100</u></u>

Contingencies

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the Company.

7. Shareholders' Equity

Common Stock Warrants

During fiscal 2002, the Company recognized \$81,000 of expense for the extension of warrants (originally issued in April 1999) to a distributor for the purchase of 150,000 shares of its common stock, with an exercise price of \$1.875. The warrants expired on October 5, 2003.

Common Stock Option Plans

The Company issues common stock options to its employees, certain consultants, and certain of its board members. Options granted to its employees and consultants generally vest over four years and expire ten years from the date of grant. Options granted to the board members generally vest immediately and expire five years from the date of grant. A summary of the status of the Company's common stock option plans as of September 30, 2004, September 28, 2003, and September 29, 2002, and changes during the fiscal years then ended, is presented in the following table:

LOGIC Devices Incorporated

Notes to Financial Statements

	Options Outstanding					
	September 30, 2004		September 28, 2003		September 29, 2002	
	Shares	Wtd Avg Ex. Price	Shares	Wtd Avg Ex. Price	Shares	Wtd Avg Ex. Price
Beginning	624,750	\$ 2.077	961,750	\$ 2.337	1,001,500	\$ 2.705
Granted	75,000	\$ 1.700	50,000	\$ 1.400	225,000	\$ 1.106
Exercised	(102,500)	\$ 1.164	(10,000)	\$ 1.100	(11,000)	\$ 1.565
Forfeited	(252,250)	\$ 2.355	(377,000)	\$ 2.724	(253,750)	\$ 2.659
	<u>345,000</u>	<u>\$ 2.073</u>	<u>624,750</u>	<u>\$ 2.077</u>	<u>961,750</u>	<u>\$ 2.337</u>
Exercisable at year-end	<u>345,000</u>		<u>555,125</u>		<u>846,250</u>	
Weighted-average fair value of options granted during year		<u>\$ 0.560</u>		<u>\$ 0.530</u>		<u>\$ 0.660</u>

The following table summarizes information about common stock options outstanding as of September 30, 2004:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 09/30/04	Wtd Avg Remaining Contractual Life	Wtd Avg Exercise Price	Number Exercisable at 09/30/04	Wtd Avg Exercise Price
\$0.000 – 2.000	264,750	3.71 years	\$ 1.421	264,750	\$ 1.421
\$2.001 – 4.000	40,250	3.78 years	\$ 2.895	40,250	\$ 2.895
\$4.001 – 6.000	40,000	0.50 years	\$ 5.563	40,000	\$ 5.563
	<u>345,000</u>		<u>\$ 2.073</u>	<u>345,000</u>	<u>\$ 2.073</u>

The difference between the exercise price and the fair market value of the options issued on the dates of grant is accounted for as unearned compensation and amortized to expense over the related vesting period. As discussed in the Summary of Accounting Policies, the Company follows APB No. 25 for measurement and recognition of employee stock-based transactions. Had the Company elected to adopt the measurement and recognition provisions of SFAS No. 123, the Company would have incurred an additional \$5,500, \$54,200, and \$243,900 in related compensation expenses during fiscal 2004, 2003, and 2002, respectively.

Share Repurchase Plan

During fiscal 2003, the Company approved a share repurchase plan authorizing the purchase of the Company's common stock up to a total cost of \$500,000. As of September 30, 2004, the Company had repurchased 222,200 shares on the open market at a total cost of \$233,700.

8. Major Customers, Major Suppliers, and Export Sales

Major Customers and Suppliers

For fiscal 2004, two customers accounted for approximately 14 and 12 percent of net revenues, one of which is the Company's domestic distributor, with accounts receivable of \$138,800 and \$24,600, respectively, as of September 30, 2004. For fiscal 2003, three customers accounted for approximately 14, 13, and 12 percent of net revenues, one of which is the Company's domestic distributor, with accounts receivable of \$162,400, \$92,600, and \$136,000, respectively, as of September 28, 2003. For fiscal 2002, two customers accounted for approximately 24 and 21 percent of net revenues, with accounts receivable of \$1,506,600 and \$685,200, respectively, as of September 29, 2002.

Three suppliers each comprised 10 or more percent of the total inventory purchases in fiscal 2004 (44, 30, and 11 percent). Four suppliers each comprised 10 or more percent of the total inventory purchases in fiscal 2003 (36, 24, 16 and 13 percent). Four suppliers each comprised 10 or more percent of the total inventory purchases in fiscal 2002 (33, 24, 24, and 19 percent).

Export Sales

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Western Europe	\$ 1,535,000	\$ 1,990,300	\$ 1,682,500
Far East	706,300	645,200	363,300
Other	<u>46,400</u>	<u>104,700</u>	<u>94,000</u>
	<u>\$ 2,287,700</u>	<u>\$ 2,740,200</u>	<u>\$ 2,139,800</u>

In fiscal 2004, Japan accounted for 12 percent of net revenues. In fiscal 2003, Austria (for Germany) and Japan accounted for 14 and 12 percent of net revenues, respectively. No one country comprised ten percent or more of net revenues in fiscal 2002.

9. Use of Estimates and Concentration of Credit Risks

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of management estimates. These estimates are impacted, in part, by the following risks and uncertainties:

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents and trade receivables. The Company places its cash and cash equivalents with high quality financial institutions, and, by policy, limits the amounts of credit exposure to any one financial institution.

A significant portion of the Company's accounts receivable has historically been derived from one major class of customer (distributors) with the remainder being spread across many other customers in various electronic industries. The Company believes any risk of accounting loss is significantly reduced due to the diversity of its products, end-customers, and geographic sales areas. The Company performs credit evaluations of its customers' financial condition whenever necessary. The Company generally does not require cash collateral or other security to support customer receivables.

The Company currently is dependent on two suppliers as its wafer-processing sources. If this supply was to be interrupted or the terms were to become unfavorable to the Company, this could have a material adverse impact on the Company's operations.

The Company produces inventory based on orders received and forecasted demand. The Company must order wafers and build inventory well in advance of product shipments. Due to the Company's reliance upon a limited number of suppliers, high levels of inventory are also maintained to protect against a disruption in supply. Because the Company's markets are volatile and subject to rapid technology and price changes, there is a risk that the Company will forecast incorrectly and produce excess or insufficient inventories of particular products. This inventory risk is heightened because many of the Company's customers place orders with short lead times. Demand will differ from forecasts and such differences may have a material effect on actual operations.

10. Statements of Cash Flows

The Company paid \$37,900 interest during fiscal 2002. There was no interest paid during fiscal 2004 and 2003. The Company paid \$800, \$800, and \$9,400 for income taxes during fiscal 2004, 2003, and 2002, respectively.

There were no non-cash investing and financing activities for fiscal 2004 and 2003. The Company extended 150,000 common stock warrants to a distributor, recorded at an amount of \$81,000 in fiscal 2002 (Note 7).

11. 401(k) Savings Plan

The Company discontinued its 401(k) Savings Plan (the Plan) on April 30, 2003. The Plan was originally adopted on September 1, 2000. Employees were able to make voluntary contributions and the Company had the discretion to make matching contributions. The Plan covered all employees meeting certain age and service requirements. The Company funded expenses incurred in connection with the Plan. The Company made no matching contributions in fiscal 2003 and 2002.

12. Results of Operations

Due to the cyclical nature of the semiconductor industry, coupled with the downturn in the overall industry sales and economy, the Company's net revenues decreased 12 percent in fiscal 2004 and 24 percent in fiscal 2003. The Company's gross profit margin, as a percentage of sales fluctuated from 27 percent in fiscal 2002 to 28 percent in fiscal 2003, and then to 37 percent in fiscal 2004.

At September 30, 2004 and September 28, 2003, accounts receivable and inventories account for a large portion of the working capital and net assets of the Company, which are discussed more fully in Note 9.

Inventory levels are generally driven by actual customer orders and forecasted sales. During fiscal 2004, the Company reduced its inventories approximately \$1.4 million, resulting in total inventories of approximately \$7.1 million at September 30, 2004. During fiscal 2003, the Company reduced its inventories approximately \$1.1 million, resulting in total inventories of approximately \$8.5 million at September 28, 2003.

As discussed in the Summary of Accounting Policies, inventories are carried at the lower of cost or market. The Company believes inventories on hand at September 30, 2004 will be sold in the normal course of business, at amounts in excess of their carrying value. However, depending upon the level of demand, the period over which current inventories will be sold may exceed one year.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders
and Board of Directors
LOGIC Devices Incorporated
Sunnyvale, California

We have audited the accompanying balance sheet of LOGIC Devices Incorporated (the "Company") as of September 30, 2004 and September 28, 2003 and the related statements of operations, shareholders' equity, and cash flows for the fiscal years then ended. We have also audited the 2004 and 2003 information included in Schedule II – Valuation and Qualifying Accounts (Schedule II). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Company for the fiscal year ended September 29, 2002 and the 2002 information included in Schedule II, were audited by other auditors, whose report, dated November 6, 2002 expressed an unqualified opinion on those statements and schedules.

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

In our opinion, the 2004 and 2003 financial statements referred to above present fairly, in all material respects, the financial position of LOGIC Devices Incorporated as of September 30, 2004 and September 28, 2003 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, Schedule II, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the 2004 and 2003 information set forth therein.

/s/ Perry-Smith LLP

Sacramento, California
November 5, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. 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." 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.

The following table sets forth, for the periods indicated, the percentage of net revenues (rounded to the nearest whole percent) represented by certain items of the Company's Statements of Operations:

	<u>FY2004</u>	<u>FY2003</u>	<u>FY2002</u>	<u>2004/2003</u>	<u>2003/2002</u>
Net revenues	100%	100%	100%	–	–
Cost of revenues	63%	72%	73%	(11%)	(1%)
Gross profit	37%	28%	27%	11%	1%
Operating expenses:					
Research and development	31%	36%	27%	(5%)	9%
Selling, general and administrative	40%	42%	32%	(2%)	10%
Total operating expenses	71%	78%	59%	(7%)	19%
Loss from operations	(34%)	(50%)	(32%)	(16%)	18%
Other (income)expense, net	1%	1%	–	–	1%
Loss before provision for income taxes	(33%)	(49%)	(32%)	(16%)	17%
Provision for income taxes	–	–	–	–	–
Net loss	(33%)	(49%)	(32%)	(16%)	17%

Results of Operations

Fiscal Year Ended September 30, 2004 compared to Fiscal Year Ended September 28, 2003

Net revenues for fiscal 2004 decreased 12 percent, from \$5,009,000 in fiscal 2003 to \$4,414,600. This decrease was due to a continued down cycle of the semiconductor industry, the continued sluggish economy, and the prolonged delay in the widespread adoption of HDTV broadcasting. In addition, the Company continues to experience a drop-off in sales of its older products that is not countered enough by revenues from newer products.

While the Company's net revenues decreased by 12 percent, the Company's cost of revenues, as a percentage of net revenues, decreased by 9 percentage points. This reduction in the cost of revenues is the result of the cost cutting of the past several years and a reduction in the amount of work-in-process inventory scrapped during fiscal 2004 compared to fiscal 2003. In fiscal 2004, the Company scrapped \$187,200 of work-in-process inventory compared to \$560,200 in fiscal 2003. In addition, the Company increased its inventory reserve by approximately \$750,000 in fiscal 2003, while it decreased the reserve by \$300 in fiscal 2004. As a result of the foregoing, the Company's gross profit increased by 16 percent from \$1,411,800 in fiscal 2003 to \$1,641,000 in fiscal 2004. As a percentage of net revenues, gross profit increased from 28 percent in fiscal 2003 to 37 percent in fiscal 2004.

While the Company continues to believe new product development is key to future growth, revenue constraints forced the Company to decrease research and development expenditures 24 percent, from \$1,784,600 in fiscal 2003 to \$1,363,900 in fiscal 2004. However, as a percentage of net revenues, this decrease in expenditures still leaves the Company over its target of 20 percent. As a percentage of net revenues, research and development expenditures decreased from 36 percent in fiscal 2003 to 31 percent in fiscal 2004. In addition, the Company believes its current team is made up of very qualified individuals that are capable of accelerating new product introductions in the future.

Selling, general and administrative expenditures decreased 16 percent from \$2,110,900 in fiscal 2003 to \$1,772,100 in fiscal 2004. This reduction is a result of the cost cutting of the past several years, including but not limited to a reduction in staffing, a reduction of office space and rent, and reductions in directors and officers insurance levels.

While the Company incurred a reduction of net revenues in fiscal 2004, greater reductions of expenditures resulted in a 40 percent decrease in the loss from operations, from \$2,483,700 in fiscal 2003 to \$1,495,000 in fiscal 2004.

Due to slightly decreased cash balances during the year, the Company's interest income from deposits decreased 15 percent in fiscal 2004 from \$23,600 in fiscal 2003 to \$19,700.

As a result of the foregoing, the Company's net loss for fiscal 2004 decreased 40 percent from \$2,461,300 in fiscal 2003 to \$1,472,300 in fiscal 2004.

Fiscal Year Ended September 28, 2003 compared to Fiscal Year Ended September 29, 2002

Net revenues for fiscal 2003 decreased 24 percent, from \$6,572,600 in fiscal 2002 to \$5,009,000. This decrease was due to the down cycle of the semiconductor industry, the sluggish economy, and the prolonged delay in the adoption of HDTV broadcasting. These factors limited the Company's commercial product revenues to only a slight increase in fiscal 2003 compared to 2002. However, a sharp drop in sales of chips to military programs adversely impacted the Company's overall revenues in fiscal 2003. During fiscal 2002, approximately 24 percent of revenues were derived from sales to defense contractors, while fiscal 2003 defense related sales were insignificant.

While the Company's net revenues decreased 24 percent, the Company's cost of revenues also decreased by 25 percent. The Company was able to reduce the cost of revenues at a rate proportional to the drop in revenues, in spite of having certain overhead expenses that are relatively fixed, due to cost cutting for the past several years. In addition, during fiscal 2003, the Company obsoleted \$1,072,800 and scrapped \$560,200 of inventory, both of which are reflected in the cost of revenues. The Company's gross profit decreased 21 percent from \$1,792,600 in fiscal 2002 to \$1,411,800 in fiscal 2003. Gross profit as a percent of revenues increased from 27 percent in fiscal 2002 to 28 percent in fiscal 2003.

Research and development expenditures increased less than one percent, from \$1,775,700 in fiscal 2002 to \$1,784,600 in fiscal 2003. The Company believes that new product development is a key ingredient for future growth and elected to maintain research and development levels in spite of the drop in revenues. As a result, research and development expenditures, as a percentage of net revenues, increased from 27 percent in fiscal 2002 to 36 percent in fiscal 2003.

Selling, general, and administrative expenses decreased slightly from \$2,138,400 in fiscal 2002 to \$2,110,900 in fiscal 2003. The Company was able to contain selling, general, and administrative expenditures as a result of on-going cost control efforts.

As a result of the significant decrease in revenues and the sustained funding of research and development levels, the Company had a net loss from operations of \$2,483,700 in fiscal 2003, compared to a net loss from operations of \$2,121,500 in fiscal 2002.

Because the Company had essentially no borrowing during fiscal 2003, it had no interest expense, compared to \$37,900 in fiscal 2002.

Due to the above factors, the Company experienced a net loss of \$2,461,300 in fiscal 2003 compared to a net loss of \$2,123,700 in fiscal 2002.

Liquidity and Capital Resources

During fiscal 2004, the Company's operations produced \$292,500 of net cash, despite its \$1,472,300 net loss. This was mainly from the net collection of accounts receivable of \$114,600, reductions in inventories of \$1.4 million, a decrease in prepaid expenses of \$49,200, and an increase in accounts payable at year-end. Even though the Company maintains its prompt payments to vendors, the accounts payable balance increased by \$90,200 in fiscal 2004 compared to fiscal 2003, due to the invoices of some vendors being received during the last week of the fiscal year and not yet being due as of the end of the fiscal year. The Company maintains its prompt payments terms with its vendors. The Company also received \$119,300 of cash from the exercise of common stock options. The Company used this and the cash from operations to fund capital purchases of \$285,700 and other asset purchases of \$143,300, which resulted in the Company's cash position decreasing by one percent, from \$1,806,100 in fiscal 2003 to \$1,788,900 in fiscal 2004.

During fiscal 2003, the Company's operations produced \$1,318,200 of net cash, despite its \$2,461,300 net loss. This was mainly the result of the net collection of accounts receivable of \$1,972,300 and a decrease in prepaid expenses of \$333,600. At the same time, the Company maintained its prompt payment terms with vendors, so accounts payable decreased \$82,100. The Company used cash from operations to purchase capital assets aggregating \$326,900 and to fund the repurchase of \$233,700 of its common stock on the open market. The Company's cash position increased from \$1,061,100 at the end of fiscal 2002 to \$1,806,100 at the end of fiscal 2003.

During fiscal 2002, the Company produced net cash of \$938,900 from operations, despite its \$2,123,700 net loss. While the Company spent \$269,300 for prepaid expenses, \$139,000 for accounts payable, and \$83,300 for accrued expenses, it netted \$556,300 from accounts receivable collections. In addition, the Company was able to produce \$1,767,600 from its inventories as many of its fiscal 2002 revenues were shipped from existing stock. The Company used some of the cash from operations to fund capital expenditures of \$43,000 and to repay capital lease obligations of \$54,700. The Company's cash position increased from \$217,500 at the end of fiscal 2001 to \$1,061,100 at the end of fiscal 2002.

The Company's current working capital requirements are greatly reduced due to the cost cutting of the past few years. The Company believes that these cost cutting actions and its continued focus on higher-margin products should result in after-tax cash earnings being sufficient to support its working capital and capital expenditure requirements for the next 12 months. Based on the fact that, as of December 20, 2004, it holds approximately \$1,937,200 in cash reserves and its cash usage for operations is approximately equal to or less than its current revenue rate, the Company believes it can cover its cash operating expenses using future revenues, while saving current cash reserves for the stock repurchase plan and future capital expenditures, such as mask tooling for new products.

Working Capital

The Company's investment in inventories has been significant and will continue to be significant in the future. However, during the past few years, the Company has been able to reduce its levels of inventories as it shifts from more competitive second source products to proprietary sole source products. The Company believes it will be able to streamline its inventories as it continues to shift to sole source proprietary products. It also intends to continue its shortened accounts receivable collection cycle by re-focusing on direct sales to customers rather than through distribution channels.

The Company relies on third party suppliers for its raw materials, particularly its processed wafers, for which it currently relies primarily on one supplier, and as a result, maintains substantial inventory levels to protect against disruption in supplies. The Company has periodically experienced disruptions in obtaining wafers. As the Company continues to shift towards higher margin proprietary products, it expects to be able to reduce inventory levels by streamlining its product offerings.

Periodically, the Company reviews inventory to determine recoverability of items on-hand using the lower-of-cost-or-market (LOCOM) and excess methods. The Company groups and evaluates its products based on their underlying die or wafer type (the Company's raw materials, silicon wafers, can generally be used to make multiple products), to determine the total quantity on-hand and average unit costs. Management uses judgment in comparing the sales quantities for up to the prior 18 fiscal months to the quantity on-hand at the end of the fiscal year. If the quantity on-hand exceeds the sales quantities, the Company provides a reserve for the potentially obsolete or slow-moving items. For the LOCOM analysis, the Company compared the average sales price to the average unit cost of inventories at the end of the fiscal year. If the average unit cost exceeds the average sales price, the Company provides a reserve. During fiscal 2004 and 2003, the Company's LOCOM and excess reserves totaled \$856,200 and \$1,043,200, respectively.

With the continuing slow economic conditions, the Company felt it necessary to review its raw materials and work-in-process as well. During fiscal 2004, the Company wrote off approximately \$250,300 of work-in-process inventory and scrapped \$187,200, which were directly expensed to the cost of revenues. During fiscal 2003, the Company wrote off approximately \$1.1 million of work-in-process inventory and scrapped an additional \$560,200, which were directly expensed to the cost of revenues. The Company believes its current reserve of \$1,042,900 for inventory provides a reasonable estimate of the recoverability of inventories at the end of fiscal 2004.

Although current levels of inventory impact the Company's liquidity, the Company believes that this is a less costly alternative to owning a wafer fabrication facility. The Company continues to evaluate alternative suppliers to diversify its risk of supply disruption. However, this requires a significant investment in product development to tool masks with new suppliers. Such efforts compete for the Company's limited product development resources. The Company seeks to achieve on-going reductions in inventory, although there can be no assurance it will be successful. In the event economic conditions remain slow, the Company may consider identifying additional portions of inventory to write-off at a future date.

Historically, due to customer order scheduling, up to 80% of the quarterly revenues were often shipped in the last month of the quarter, so a large portion of the shipments included in year-end accounts receivable were not yet due per the Company's net 30-day terms. This results in year-end accounts receivable balances being at their highest point for the respective period.

Financing

While the Company will continue to evaluate future debt and equity financing opportunities, it believes 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 December 20, 2004, it holds approximately \$1,937,200 in cash reserves and its anticipated cash usage for operations is approximately equal to or less than its current revenue rate, the Company believes it can cover its cash operating expenses using future revenues, while saving current cash reserves for the stock repurchase plan and future capital expenditures, such as mask tooling for new products.

Off-Balance Sheet Arrangements

Other than its operating leases, the Company does not have any off-balance sheet arrangements.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and the results of operations are based upon the financial statements included in this report and the data used to prepare them. The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America and we are required to make judgments, estimates, and assumptions in the course of such preparation. The Summary of Accounting Policies included with the financial statements describes the significant accounting policies and methods used in the preparation of the financial statements. On an ongoing basis, the Company reevaluates its judgments, estimates, and assumptions, including those related to revenue recognition, allowance for doubtful accounts, valuation of inventories, and valuation of long-lived assets. The Company bases its judgments and estimates on historical experience, knowledge of current conditions, and its beliefs of what could occur in the future considering available information. Actual results may differ from these estimates under different assumptions or conditions. The following are the critical accounting policies the Company believes are affected by significant judgments, estimates, and assumptions used in the preparation of the financial statements.

Revenue Recognition

Revenue is generally recognized upon shipment of product. Sales to distributors are made pursuant to agreements that provide the distributors certain rights of return and price protection on unsold merchandise. Revenues from such sales are recognized upon shipment, with a provision for estimated returns and allowances recorded at that time, if applicable. While distributors are allowed to return items for stock rotation, they are required to place an order of equal or greater value at the same time. Therefore, no allowance for returns is recorded. Because the Company does not change its pricing of products more than once a year, there has not been any pricing issues in the past several years; therefore, there is no allowance for price protection recorded.

Allowance for Doubtful Accounts

The Company establishes a general allowance for doubtful accounts based on analyzing historical bad debts, specific customer creditworthiness, and current economic conditions. Historically, the Company has not experienced significant losses related to receivables.

Inventories

The Company writes down its inventories for lower of cost or market reserves, aged inventory reserves, and obsolescence reserves. Inventory reserves are generally recorded when inventory for a product type exceeds 18 months of demand for that product type. If actual product demand or selling prices are less favorable than estimated, additional inventory write-downs may be required in the future. Conversely, if demand comes back for product types that have been fully reserved, future margins may be higher.

Long-Lived Assets

Long-lived assets, including property and equipment, goodwill, and other intangible assets, are assessed for possible impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, or whenever management has committed to a plan to dispose of the assets. Such assets are carried at the lower of book value or fair value as estimated by management based on appraisals, current market value, and comparable sales value, as appropriate. Assets to be held and used affected by such impairment loss are depreciated or amortized at their new carrying amounts over the remaining estimated life; assets to be sold or otherwise disposed of are not subject to further depreciation or amortization. In determining whether an impairment exists, the Company uses undiscounted future cash flows without interest charges compared to the carrying value of the assets.

Impact of New Financial Accounting Standards

There were no new financial accounting pronouncements with a significant impact on the Company's financial statements.

OTHER CORPORATION INFORMATION

LOGIC Devices Incorporated (the Company) develops and markets high-performance digital integrated circuits that address the requirements of original equipment manufacturers (OEMs) to provide high-speed electronic computation and storage in digital signal processing (DSP), video image processing, and telecommunications applications. The Company's product strategy is to develop and market proprietary circuits that offer superior performance to meet specific application requirements.

On December 15, 2003, the Company elected to change its calendar business year to a fiscal year ending September 30. Previously, the Company's fiscal years were comprised of 52 weeks of seven days, each beginning on Monday and ending on Sunday, with fiscal 2003 ending September 28, 2003 and fiscal 2002 ending September 29, 2002. Previously, the Company's fiscal quarters were comprised of exactly 13 weeks and, therefore, its fiscal years consisted of only 364 days.

As a result of this change, the Company's fiscal years will be comprised of 365 days or, in leap years such as 2004, 366 days with each fiscal quarter ending at the end of a calendar quarter. The Company's 2004 fiscal year ended September 30, 2004 rather than September 26, 2004. The additional four days were included in the Company's first quarter for fiscal 2004, which ended December 31, 2003.

The Company's products generally address DSP requirements involving high-performance arithmetic computational and high-speed storage functions. The Company is focused on developing proprietary catalog products to address specific functional application needs or performance levels that are not otherwise commercially available. The Company seeks to provide related groups of circuits that OEMs purchase for incorporation into high-performance electronic systems. As a result of the Company's focus on higher value products, it has reduced the number of products it offers by over 80 percent over the past five years.

The Company relies on third-party silicon foundries to process silicon wafers, each wafer having up to several hundred integrated circuits of a given Company design, from which finished products are then assembled. The Company's strategy is to avoid the substantial investment in capital equipment required to establish a wafer fabrication facility, by outsourcing wafer processing to third-party foundries and taking advantage of their expertise. See "Business – Background." The Company currently has two primary wafer suppliers and continues to explore additional foundry relationships to reduce its dependence on any single wafer foundry.

The Company markets its products worldwide through its own direct sales force, and through one domestic and 21 international distributors. In fiscal year 2004, approximately 34 percent of the Company's net revenues were derived from OEMs, while sales through foreign and domestic distributors accounted for approximately 66 percent of net revenues. Among the Company's customers are GE Medical, Lockheed Martin, Qualcomm, Texas Instruments, Sony, Teradyne, and Raytheon. Approximately 48 percent of the Company's 2004 net revenues were derived from within the United States and approximately 52 percent were derived from foreign sales.

The Company was incorporated under the laws of the State of California in April 1983. The Company headquarters are located at 395 West Java Drive, Sunnyvale, California 94089. The Company's telephone number is (408) 542-5400.

Available Information

The Company makes available its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 free of charge on its website, www.logicdevices.com, as soon as reasonably practicable after we electronically file such material with or furnish such material to the Securities and Exchange Commission.

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 accounting principles generally accepted in the United States of America.

The Company's Common Stock

As of January 27, 2004, there were approximately 2,300 holders of record of the Company's Common Stock. The Company has not paid any dividends on its Common Stock since its incorporation.

The Company's Common Stock is traded under the symbol, LOGC, on The Nasdaq National Market. The following table sets forth, for the periods indicated, the high and low closing sale prices for the Company's Common Stock, as reported by Nasdaq during the following calendar quarters:

<u>Calendar Year</u>	<u>High</u>	<u>Low</u>
2002		
Fourth quarter	\$1.48	\$0.72
2003		
First quarter	\$1.30	\$0.89
Second quarter	\$1.46	\$0.94
Third quarter	\$1.91	\$1.22
Fourth quarter	\$2.58	\$1.42
2004		
First quarter	\$1.95	\$1.65
Second quarter	\$1.79	\$1.45
Third quarter	\$1.55	\$1.02

Selected Financial Data

On December 15, 2003, the Company elected to change its calendar business year to a fiscal year ending September 30. Previously, the Company's fiscal years were comprised of 52 weeks of seven days, each beginning on Monday and ending on Sunday. Previously, the Company's fiscal quarters were comprised of exactly 13 weeks and, therefore, its fiscal years consisted of only 364 days.

As a result of this change, the Company's fiscal years will be comprised of 365 days or, in leap years such as 2004, 366 days with each fiscal quarter ending at the end of a calendar quarter. The Company's 2004 fiscal year ended September 30, 2004 rather than September 26, 2004. The additional four days were included in the Company's first quarter for fiscal 2004, which ended December 31, 2003.

The following table sets forth selected financial data for the Company's last five fiscal periods. This information is derived from the Company's audited financial statements, unless otherwise stated. This data should be read in conjunction with the financial statements, related notes, and other financial information included elsewhere in this report.

(Dollars in thousands, except per share amounts)

	Fiscal Years Ended:				
	September 30, 2004	September 28, 2003	September 29, 2002	September 30, 2001	October 1, 2000
Net revenues	\$ 4,415	\$ 5,009	\$ 6,573	\$ 10,007	\$ 11,786
Research and development	\$ 1,364	\$ 1,785	\$ 1,776	\$ 1,926	\$ 1,661
Net (loss) income	\$ (1,472)	\$ (2,461)	\$ (2,124)	\$ (212)	\$ 522
Basic and diluted (loss) income per common share	\$ (0.22)	\$ (0.37)	\$ (0.31)	\$ (0.03)	\$ 0.08
Weighted average common shares outstanding (000s)	6,715	6,652	6,850	6,842	6,772
Working capital	\$ 9,583	\$ 11,084	\$ 13,674	\$ 14,882	\$ 14,115
Net property and equipment	\$ 862	\$ 857	\$ 931	\$ 1,592	\$ 2,424
Total assets	\$ 10,836	\$ 12,248	\$ 14,927	\$ 17,231	\$ 17,589
Long-term liabilities	\$ 41	\$ 40	\$ -	\$ 3	\$ 38
Shareholders' equity	\$ 10,590	\$ 11,943	\$ 14,627	\$ 16,652	\$ 16,845

Quarterly Financial Data (Unaudited)

The following is a summary of unaudited results of operations (dollars in thousands, except per share data) for the fiscal years ended September 30, 2004 and September 28, 2003:

	Fiscal Quarters Ended:				
	12/31/03	03/31/04	06/30/04	09/30/04	Total
Net revenues	\$ 1,102	\$ 1,206	\$ 1,100	\$ 1,007	\$ 4,415
Gross margin	\$ 392	\$ 356	\$ 389	\$ 504	\$ 1,641
Loss from operations	\$ (521)	\$ (460)	\$ (300)	\$ (213)	\$ (1,495)
Loss before income taxes	\$ (515)	\$ (449)	\$ (296)	\$ (211)	\$ (1,471)
Net loss	\$ (515)	\$ (450)	\$ (296)	\$ (211)	\$ (1,472)
Basic loss per share	\$ (0.08)	\$ (0.07)	\$ (0.04)	\$ (0.03)	\$ (0.22)
Weighted average common shares	6,654	6,721	6,743	6,743	6,715

	Fiscal Quarters Ended:				Total
	12/29/02	03/30/03	06/29/03	09/28/03	
Net revenues	\$ 1,323	\$ 1,366	\$ 1,206	\$ 1,114	\$ 5,009
Gross margin	\$ 239	\$ 483	\$ 387	\$ 303	\$ 1,412
Loss from operations	\$ (725)	\$ (453)	\$ (575)	\$ (731)	\$ (2,484)
Loss before income taxes	\$ (726)	\$ (445)	\$ (566)	\$ (724)	\$ (2,461)
Net loss	\$ (726)	\$ (445)	\$ (566)	\$ (724)	\$ (2,461)
Basic loss per share	\$ (0.11)	\$ (0.07)	\$ (0.08)	\$ (0.11)	\$ (0.37)
Weighted average common shares	6,705	6,631	6,631	6,641	6,652

BOARD OF DIRECTORS

Howard L. Farkas
Chairman of the Board; President of Farkas Group, Inc.

Brian P. Cardozo
Owner/operator of a Harley-Davidson dealership

Fredric J. Harris
CUBIC Signal Processing Chair of the Communication Systems and Signal Processing Institute at San Diego State University; Fellow of the Institute of Electrical and Electronic Engineers

Joel S. Kanter
President and Director of Windy City, Inc.

Albert Morrison Jr.
Chairman of Morrison Brown Argiz & Company, P.C. (retired)

William J. Volz
President and Principal Executive Officer

EXECUTIVE MANAGEMENT

William J. Volz
President and Principal Executive Officer

Kimiko Milheim
Secretary and Chief Financial Officer

INDEPENDENT AUDITORS

Perry-Smith LLP
Sacramento, CA

LEGAL COUNSEL

Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLC
Chicago, Illinois

TRANSFER AGENT AND REGISTRAR

For a response to questions regarding misplaced stock certificates, changes of address, or the consolidation of accounts, please contact the Company's transfer agent:

Computershare Trust Company, Inc.
Investor Services
350 Indiana Street, Suite 800
Golden, Colorado 80401
303-262-0600

INVESTOR RELATIONS

LOGIC Devices Incorporated welcomes inquiries from its shareholders and other interested investors. For further information on the Company's activities, additional copies of this report, the Form 10-K, or other financial matters, please contact:

Investor Relations
395 West Java Drive
Sunnyvale, California 94089
408-542-5400
www.logicdevices.com

LISTING OF SECURITIES

The Company's Common Stock is traded on the NASDAQ National Market System under the symbol LOGC.



Technological Leadership through Engineering Excellence

395 West Java Drive, Sunnyvale, California 94089 Telephone: 408-542-5400 Web: www.logicdevices.com