

LOGIC DEVICES Inc  
Form 10-Q  
July 31, 2009  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

## **FORM 10-Q**

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

For the Quarterly Period Ended

**June 30, 2009**

Commission File Number

**0-17187**

## **LOGIC Devices Incorporated**

(Exact name of registrant as specified in its charter)

**California**

(State or other jurisdiction of  
incorporation or organization)

**94-2893789**

(I.R.S. Employer

Identification Number)

**1375 Geneva Drive, Sunnyvale, California 94089**

(Address of principal executive offices)

(Zip Code)

**(408) 542-5400**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

Indicate by check whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of the issuer's classes of common stock, as of the latest practicable date. On July 31, 2009, 6,814,438 shares of Common Stock, without par value, were issued and outstanding.

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**LOGIC Devices Incorporated**

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**Part I Financial Information****Item 1. Financial Statements****Condensed Balance Sheets**

	<i>June 30, 2009 (unaudited)</i>	<i>September 30, 2008</i>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 495,500	\$ 312,400
Investment in available-for-sale securities		944,400
Accounts receivable	549,000	658,200
Inventories	1,291,900	1,424,700
Prepaid expenses and other current assets	75,500	136,800
Total current assets	2,411,900	3,476,500
Property and equipment, net	828,500	877,800
Other assets, net	22,100	22,100
	\$ 3,262,500	\$ 4,376,400
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 48,900	\$ 156,300
Accrued payroll and vacation	88,400	126,200
Accrued commissions	13,600	16,000
Other accrued expenses	10,900	16,000
Total current liabilities	161,800	314,500
Deferred rent	39,200	26,500
Total liabilities	201,000	341,000
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value; 1,000,000 shares authorized;		
5,000 designated as Series A, 0 shares issued and outstanding		
70,000 designated as Series B, 0 shares issued and outstanding		
Common stock, no par value; 10,000,000 shares authorized;		
6,814,438 shares issued and outstanding	18,543,200	18,543,200
Additional paid-in capital	162,100	155,600
Comprehensive loss		(30,600)
Accumulated deficit	(15,643,800)	(14,632,800)
Total shareholders' equity	3,061,500	4,035,400
	\$ 3,262,500	\$ 4,376,400

*See accompanying Notes to Condensed Financial Statements.*



**Condensed Statements of Operations**

(unaudited)

		<i>For the quarters ended June 30,</i>	
		<i>2009</i>	<i>2008</i>
Net revenues		\$ 803,300	\$ 728,700
Cost of revenues		167,500	1,151,900
	Gross margin	635,800	(423,200)
Operating expenses:			
Research and development		279,100	390,200
Selling, general and administrative		326,000	314,700
Total operating expenses		605,100	704,900
	Operating income (loss)	30,700	(1,128,100)
Interest income			12,100
	Income (loss) before provision for income taxes	30,700	(1,116,000)
Provision for income taxes			800
	Net income (loss)	\$ 30,700	\$ (1,116,800)
Basic income (loss) per common share		\$	\$ (0.16)
Basic weighted average common shares outstanding		6,814,438	6,814,438
Diluted income (loss) per common share		\$	\$ (0.16)
Diluted weighted average common shares outstanding		6,820,760	6,814,438

*See accompanying Notes to Condensed Financial Statements.*

**Condensed Statements of Operations**

(unaudited)

	<i>For the nine month periods ended June 30,</i>	
	<i>2009</i>	<i>2008</i>
Net revenues	\$ 1,804,400	\$ 2,562,600
Cost of revenues	859,300	2,908,100
Gross margin	945,100	(345,500)
Operating expenses:		
Research and development	888,600	1,113,000
Selling, general and administrative	1,070,900	1,128,000
Total operating expenses	1,959,500	2,241,000
Operating loss	(1,014,400)	(2,586,500)
Other income and expense, net		
Interest income	10,300	45,900
Interest expense	(1,900)	
Other expense	(4,100)	(129,900)
Other income and expense, net	4,300	(84,000)
Loss before provision for income taxes	(1,010,100)	(2,670,500)
Provision for income taxes	900	800
Net loss	\$ (1,011,000)	\$ (2,671,300)
Basic and diluted loss per common share	\$ (0.15)	\$ (0.39)
Basic and diluted weighted average common shares outstanding	6,814,438	6,814,271

*See accompanying Notes to Condensed Financial Statements.*

**Condensed Statements of Cash Flows**

(unaudited)

	<i>For the nine month periods ended June 30,</i>	
	<i>2009</i>	<i>2008</i>
Cash flows from operating activities:		
Net loss	\$ (1,011,000)	\$ (2,671,300)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	246,400	225,500
Write-down of inventory	250,200	1,911,000
Deferred rent	12,700	18,800
Loss on disposal of capital equipment	49,400	129,900
Stock-based compensation	6,500	8,600
Changes in current assets and liabilities:		
Accounts receivable	109,200	256,900
Inventory	(117,400)	166,300
Prepaid expenses and other current assets	61,300	(52,000)
Accounts payable	(107,400)	2,000
Accrued payroll and vacation	(37,800)	29,000
Accrued commissions	(2,400)	(16,900)
Other accrued expenses	(5,100)	(48,200)
Net cash used in operating activities	(545,400)	(40,400)
Cash flows from investing activities:		
Purchases of available-for-sale securities		(25,000)
Sales of available-for-sale securities	975,000	112,000
Capital expenditures	(246,500)	(229,400)
Net cash provided by (used in) investing activities	728,500	(142,400)
Cash flows from financing activities:		
Proceeds from bank borrowings	975,000	
Repayment of bank borrowings	(975,000)	
Exercise of employee stock options		1,900
Net cash provided by financing activities		1,900
Net increase (decrease) in cash and cash equivalents	183,100	(180,900)
Cash and cash equivalents, beginning	312,400	884,000
Cash and cash equivalents, ending	\$ 495,500	\$ 703,100

*See accompanying Notes to Condensed Financial Statements.*



**LOGIC Devices Incorporated**

**Notes to Condensed Financial Statements**

(unaudited)

**1. Basis of Presentation**

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

The accompanying unaudited interim financial statements have been prepared in accordance with the instructions for Form 10-Q, and, therefore, do not include all information and footnotes necessary for a complete presentation of the financial position, results of operations, and cash flows for the Company, in conformity with accounting principles generally accepted in the United States of America. The Company has filed audited financial statements that include all information and footnotes necessary for such a presentation of the financial position, results of operations, and cash flows for the fiscal years ended September 30, 2008 and 2007, with the Securities and Exchange Commission. It is suggested that the accompanying unaudited interim financial statements be read in conjunction with the aforementioned audited financial statements. In the opinion of management, the unaudited interim financial statements reflect all adjustments (consisting of normal and recurring accruals) necessary to make the results of operations for the interim periods a fair statement of such operations. The results of operations for the interim period ended June 30, 2009 are not necessarily indicative of the results to be expected for the full fiscal year to end September 30, 2009.

**2. Inventories**

A summary of inventories follows:

	<i>June 30,</i> <i>2009</i>	<i>September 30,</i> <i>2008</i>
Raw materials	\$ 195,300	\$ 156,500
Work-in-process	96,000	149,400

Finished goods	1,000,600	1,118,800
	\$ 1,291,900	\$ 1,424,700

**3. Investment in Available-for-Sale Securities and Bank Borrowings**

Since May 2006, we have had approximately \$1 million of auction rate securities (ARS) classified as a short-term investment in available-for-sale securities, which paid a monthly average of \$3,500 of dividends and interest. Historically, these securities were considered cash alternatives that were risk averse and highly liquid. Beginning in February 2008, the auctions began to fail and no secondary market developed. Accordingly, ARS lacked liquidity and were no longer considered cash alternatives. While there was no current market for the ARS, the underlying issuers were required to pay the interest and dividends when due. On October 16, 2008, we elected to accept an offer from UBS Financial Services Inc. (UBS) to sell our ARS to UBS at par value at any time during a two-year period, beginning January 2, 2009. In addition, on November 10, 2008, we obtained a no net-cost line of credit from UBS Bank USA for the par value of our ARS. We drew down the entire \$975,000 available balance on November 21, 2008. This loan was considered no net-cost as the interest charged was the lesser of the LIBOR rate plus an established percentage rate or the interest and/or dividends earned on our ARS. Therefore, our interest paid could be no more than the interest and/or dividends we earned on the ARS.

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In December 2008, UBS liquidated \$50,000 of our \$975,000 of ARS, which we used to pay down the line of credit. In January 2009, the remaining \$925,000 of ARS were liquidated and paid down against the line of credit. All UBS accounts were closed in February 2009.

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

The Company has issued and may issue common stock options to its employees, certain consultants, and its nonemployee board members. Effective January 1, 2006, the Company adopted FASB Statement No. 123 (revised 2004) (FAS 123(R)), *Share-Based Payments*. FAS 123(R) requires all entities to recognize compensation expense in an amount equal to the fair value of share-based payments, such as stock options granted to board members. The Company elected to apply FAS 123(R) with a modified prospective method. Under this method, the Company is required to record compensation expense for newly granted options and (as previous awards continue to vest) for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Additionally, the financial statements for the interim periods and fiscal years prior to adoption of FAS 123(R) do not reflect any adjusted amounts. The Company recognized compensation expense of \$2,800 for director stock options on March 11, 2009 and \$3,700 for employee stock options on June 9, 2009.

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

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

There were 355,500 and 341,250 common stock options outstanding at June 30, 2009 and 2008, respectively. These options were not considered in calculating the diluted loss per share for the quarter ended June 30, 2008 and for the nine month periods of fiscal 2009 and 2008, as their effect would have been antidilutive. As a result, for the quarter ended June 30, 2008 and for the nine month periods of fiscal 2009 and 2008, the Company's basic and diluted losses per share are the same. For the quarter ended June 30, 2009, the Company had 6,322 dilutive common shares as the weighted average price of the Company's common stock during the quarter was \$0.53.

#### **6. Adoption of SFAS 157**

In the first quarter of 2009, the Company adopted SFAS No. 157 for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. SFAS No. 157 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

SFAS No. 157 also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. SFAS No. 157 establishes and prioritizes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The Company's only financial asset covered by SFAS 157 was its investments in available-for-sale securities (see Note 3), which it categorized as Level 3.

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

Reported financial results may not be indicative of the financial results of future periods. All non-historical information contained in the following discussion constitutes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as anticipates, appears, expects, intends, hopes, plans, believes, seeks, estimates, may, will, and variations of these words or similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve a number of risks and uncertainties, including but not limited to operating results, new product introductions and sales, competitive conditions, customer demand, capital expenditures and resources, manufacturing capacity utilization, and intellectual property claims and defense. Factors that could cause actual results to differ materially are included in, but not limited to, those identified in "Item 1A Risk Factors" in the Annual Report on Form 10-K for our fiscal year ended September 30, 2008 and in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in such Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may reflect events or circumstances after the date of this report.

## ***Results of Operations***

### *Revenues*

For the quarter ended June 30, 2009, our net revenues increased by \$74,600 (10%) compared to the same quarter of fiscal 2008, primarily from increases in digital cinema product sale. However, for the nine months ended June 30, 2009, our net revenues decreased by \$758,200 (30%) compared to the same period of fiscal 2008. This decrease was primarily the result of the revenues from military projects decreasing and further deterioration of the revenue contributions from our older product offerings.

### *Expenses*

Our cost of revenues for the quarter and nine months ended June 30, 2009 decreased \$984,400 (85%) and \$2,048,800 (70%) compared to the same periods of fiscal 2008. This decrease is the result of the decrease in net revenues and a decrease in write-downs of inventory in fiscal 2009. During fiscal 2008, the Company wrote down \$1,911,000 of slow-moving and/or obsolete inventory as of June 30, 2008, while in fiscal 2009, the inventory write-downs aggregate \$250,200.

Research and development (R&D) expenditures for the quarter and nine months ended June 30, 2009 decreased by \$111,100 (28%) and \$224,400 (20%) compared to the same periods of fiscal 2008. This decrease was the result of a reduction in staffing. As the development of new products is key to future growth, R&D expenses are expected to continue at the current level.

Selling, general, and administrative (SG&A) expenditures for the quarter ended June 30, 2009 increased by \$11,300 (4%) compared to the same quarter of fiscal 2008; however, for the nine months ended June 30, 2009, SG&A expenses decreased by \$57,100 (5%). This decrease was primarily the result of a non-recurring severance charge in fiscal 2008.

For the quarter and nine months ended June 30, 2009, interest income decreased by \$12,100 (100%) and \$35,600 (78%) compared to the same periods of fiscal 2008. This decrease is the result of lower cash balances and lower interest rates. Write-offs of capital equipment decreased in fiscal 2009 from \$129,900 in fiscal 2008 to \$49,400.

The decrease in inventory write-downs and expenditures helped the Company to recognize a small net income of \$30,700 for the quarter ended June 30, 2009 compared to a net loss of \$1,116,800 for the fiscal 2008 quarter, while

also decreasing the nine-month period's net loss from \$2,671,300 in fiscal 2008 to \$1,011,000 for fiscal 2009.

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## *Liquidity and Capital Resources*

### *Cash Flows*

While the net loss for the nine months ended June 30, 2009 was \$1,011,000, the net cash used for operations was only \$545,400. During the first nine months of fiscal 2009, we wrote-off \$250,200 of inventory, which increased the net loss but did not affect cash flows. Reductions of accounts receivable resulted in net cash inflows of \$109,200 for operations. The liquidating of auction rate securities during January 2009 also resulted in an increase in net cash of \$975,000, while the Company used \$246,500 for the purchase of capital equipment to prepare for testing of new products.

Although we had a net loss of \$2,671,300 for the nine months ended June 30, 2008, we used net cash of only \$40,400, primarily because the net loss included inventory write-downs totaling \$1,911,000 and a loss on the disposal of capital equipment no longer in use totaling \$129,900. Both these items contributed to the net loss but did not affect cash. In addition, we produced cash from the collection of accounts receivable aggregating \$256,900 and from the sale of existing inventory aggregating \$166,300. During the nine months ended June 30, 2008, we also spent \$229,400 on capital equipment.

### *Working Capital*

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

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

During fiscal 2008, we reduced our inventory by 47%, or \$2,077,300, including write-downs of \$1,911,000, and have reduced our inventory by an additional 9%, or \$132,800, during the first nine months of fiscal 2009. This reduction in fiscal 2009 includes a write-down of \$250,200 for slow-moving inventory.

*Financing*

On November 10, 2008, we obtained a no net-cost line of credit from UBS Bank USA for the \$975,000 par value of our Auction Rate Securities (ARS). We drew down the entire \$975,000 available balance on November 21, 2008 so we would have the cash readily available rather than held in the illiquid ARS at UBS Financial Services Inc. (UBS). This loan was no net-cost as the interest charged was the lesser of the LIBOR rate plus an established percentage rate or the interest and/or dividends earned on our ARS. Therefore, our interest paid can be no more than the interest and/or dividends we earn on the ARS. In addition, on October 16, 2008, we signed an agreement with UBS to sell our ARS to UBS at par value within a two-year period beginning January 2, 2009.

At the time these ARS Rights were exercised, we planned to pay back the no net-cost loan from UBS Bank USA and the line would be closed. In December 2008, UBS liquidated \$50,000 of our \$975,000 of ARS, which we used to pay down the line of credit. In January 2009, the remaining \$925,000 of ARS were liquidated and paid down against the line of credit and all UBS accounts were closed in February 2009.

We believe the cost reductions we have undertaken in the past few years will allow us to use this cash, along with cash from future revenues, to fund current operations and future capital needs. However, we continue to evaluate our debt and equity financing opportunities.

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*Impact of New Financial Accounting Standards*

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 became effective on October 1, 2008 for us and we did not elect to adopt the fair value option for any financial instruments.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. SFAS No. 162 is effective for fiscal years beginning after November 15, 2008. We are currently assessing the impact, if any, SFAS 162 will have on our financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

Based upon an evaluation as of June 30, 2009, our President and Chief Financial Officer concluded that our disclosure controls and procedures are effective. There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2009 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Part II OTHER INFORMATION**

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There are no other material changes to the risk factors disclosed in our Form 10-K filed with SEC on December 19, 2008 for the fiscal year ended September 30, 2008.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The Index to Exhibits appears at Page 14 of this report on Form 10-Q.

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**SIGNATURES**

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

LOGIC Devices Incorporated

(Registrant)

Date: July 31, 2009

By: /s/ William J. Volz

William J. Volz

President and Chief Executive Officer

(Principal Executive Officer)

Date: July 31, 2009

By: /s/ Kimiko Milheim

Kimiko Milheim

Chief Financial Officer

(Principal Finance and Accounting Officer)

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**INDEX TO EXHIBITS**

Exhibit No.	Description
3.1	Articles of Incorporation, as amended in 1988. [3.1] (1)92
3.2	Bylaws, as amended and restated effective March 8, 2007. [3.2] (2)
10.1	Real Estate lease regarding Registrant's Sunnyvale, California facilities. [99.1] (3)
10.2	Amended and Restated LOGIC Devices Incorporated 1998 Director Stock Incentive Plan, as amended.
10.3	LOGIC Devices Incorporated 2007 Employee Stock Incentive Plan.
10.4	Registration Rights Agreement dated October 3, 1998 between William J. Volz, BRT Partnership, and Registrant. [10.19] (4)
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14 and 15d-14.
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14 and 15d-14.
32.1	Certifications of Principal Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.

[ ] Exhibits so marked have been previously filed with the Securities and Exchange Commission (SEC) as exhibits to the filings shown below under the exhibit numbers indicated following the respective document description and are incorporated herein by reference.

- (1) Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2004, as filed with the SEC on January 26, 2005.
- (2) Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, as filed with the SEC on May 15, 2007.
- (3) Current Report on Form 8-K, as filed with the SEC on August 7, 2007.
- (4) Annual Report on Form 10-K for the transition period from January 1, 1998 to September 30, 1998, as filed with the SEC on January 13, 1999.