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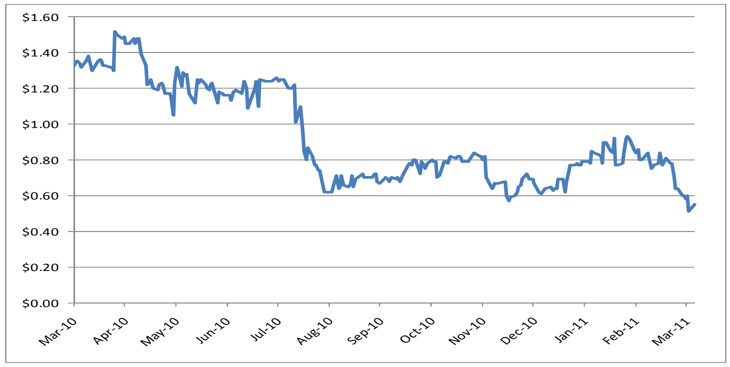
S E C U R I T I E S

LOGIC Devices, Inc. (OTCQB: LOGC)

March 22, 2011

Price	$0.55
52-Week Range	$0.49 - $1.55
Market Capitalization ($M)	$4.2
Enterprise Value ($M)	$4.1
Shares Outstanding (M)	7.6
Float (Shares; M)	5.3
Insider Ownership (%)	35.2%
Institutional Ownership (%)	7.0%
Daily Volume (3-Month Avg.)	10,761
Industry	Semiconductor
Corporate Headquarters	Sunnyvale, CT



Condensed Income Statements (000s)

FY Dec	Revs	Net Inc	EPS	P/E	Rev Grw
2009 A	$ 3,013.2	$ (811.3)	$ (0.12)	nm	-10%
2010 E	$ 2,193.3	$ (1,123.1)	$ (0.16)	nm	-27%
2011 E	$ 1,774.8	$ (908.1)	$ (0.12)	-4.1x	-19%
2012 E	$ 3,100.0	$ (581.8)	$ (0.08)	-6.4x	75%

Source: Company reports, Stonegate estimates

Condensed Balance Sheet (12/31/10)

	(000s)		(000s)
Cash & Cash Equivs	$60.3	Working Capital	$955.4
Cash/Share	$0.01	Current Ratio	4.4x
Equity (book value)	$2,247.8	Total Debt/Equity	0%
Equity/Share	$0.30	Total Debt/Capital	0%

Company Description

LOGIC Devices, Inc. is a fables semiconductor company that designs and markets high-speed digital integrated circuits that perform high density storage and signal/image processing functions. The Company's end-markets include digital broadcast media, medical diagnostics, and military markets.

Initiation of Coverage: LOGC: A Niche Focused Semiconductor Company

- **Niche focused operator –** LOGIC Devices is focused on niche markets where large semiconductor players have a disincentive to participate given the economics. Specifically, these niche markets are within the SRAM and DRAM module semiconductor space. The end markets are primarily military and industrial end-customers that are seeking high-performance chips that can deliver high-speed, high density storage and signal/image processing functions. Given the dynamics of these markets, competition is from two other competitors with one likely to leave the market.
- **$75M opportunity identified –** LOGIC Devices is entering two new niche market opportunities in the SRAM and DRAM module semiconductor space. The Company sizes the SRAM market at about $25M that can produce about $5M/year in revenues. This market is targeting older military projects and consequently, supply is lean for these specialized SRAM chips. The next market is DRAM modules also targeted at the military and industrial market. The Company has identified a $50M market opportunity here.
- **Low cost business model –** The Company is a fabless semiconductor operator. Furthermore, the Company outsources many of its operations as well.
- **Expanded sales force –** The Company has recently signed an exclusive, world-wide sales management agreement with a 3rd party provider that has increased the reach and breadth of sales and marketing by a factor of ~ 10x. Furthermore, the relationship expanded the regions covered to include a broader reach in the Unites States, Eastern Europe, Russia, Asia, and parts of Africa.
- **Valuation –** With a dearth of suppliers able to supply and deliver product for these niche market, LOGIC Devices is attempting to position itself to capitalize on the opportunity. LOGIC Devices is trading at a 1.3x EV/S multiple on our FY12 estimate vs. comparable companies at a 1.6x multiple. Our expected valuation matrix shows a range of values from $2.5M to $8.7M.

Investment Factors

LOGIC Devices, Inc. is a fabless semiconductor company that designs and markets high-speed digital integrated circuits that perform high density storage and signal/image processing functions. The Company is attempting to position itself for growth by focusing on niche markets, increasing the speed of product development, re-entering the SRAM market and expanding its product offerings. Below we outline important investment points to consider for the Company.

Investment Positives

Nice focused end-markets help insulate the Company from larger competitors – LOGIC Devices is focused on niche markets where large semiconductor players have a disincentive to participate given the economics. Specifically, these niche markets are within the SRAM and DRAM module semiconductor space. The end markets are primarily military and industrial end-customers that are seeking high-performance chips that can deliver high-speed, high density storage and signal/image processing functions.

Given the size of these markets and the dynamics at play, the much larger semiconductor companies have left to focus on larger opportunity sets. This has led to a dearth of suppliers for these specialized products. Currently, LOGIC Devices and two other companies are focused here. However, we note that both of these competitors have experienced corporate transitions in the last year. One of these competitors (White Design) was acquired by Microsemi Corp (NASDAQ: MSCC) and it seems likely it will follow the same path as the other larger competitors. The other competitor (Austin Semiconductor) merged with a few other semiconductor manufacturers to form Micross Components (Vance Street Capital, a PE firm, shaped the transaction and structure).

Targeting a $75M potential opportunity - LOGIC Devices is entering two new niche market opportunities in the SRAM and DRAM module semiconductor space. The Company sizes the SRAM market at about $25M that can produce about $5M/year in revenues. This market is targeting older military projects (80's and 90's built) and consequently, supply is lean for these specialized SRAM chips. The next market is DRAM modules (multiple chips stacked into one) also targeted at the military and industrial market. The Company has identified a $50M market opportunity here. While $75M is not a large number when compared to other prototypical semiconductor markets, it is a large opportunity for LOGIC Devices, which closed 2010 with $2.2M in revenues. What's more, with only two other competitors able to supply the market, and with potential of one of them exiting, the potential opportunity becomes more significant.

Low cost business model – The Company is a fabless semiconductor operator. Furthermore, the Company outsources many of its operations. For example, sales and marketing is outsourced to a 3rd party vendor and while the Company's engineers do testing on LOGIC's chips, it is utilizing testing space and equipment from a third party.

Expanded sales force – The Company has recently signed an exclusive, world-wide sales management agreement with a 3rd party provider that has increased the reach and breadth of sales and marketing by a factor of ~ 10x. Furthermore, the relationship expanded the regions covered to include a broader reach in the Unites States, Eastern Europe, Russia, Asia, and parts of Africa.

Investment Challenges/Risks

Going concern opinion – As of Q410, the Company has an accumulated deficit of $16.9M, cash of $0.06M, working capital of $0.9M and reported free cash flow of $(1.3M) for the TTM. Consequently, LOGIC Devices auditors have expressed a going concern opinion.

Capital constrained – LOGIC Devices is a small company in comparison to most semiconductor companies. Despite its size, it must meet the demanding needs of the semiconductor market. This calls for rapid technological improvements to products and a constant flow of new product releases. Consequently, the Company needs capital in which to perform its R&D and keep up with the demanding requirements of end-customer applications. Given LOGIC Devices current financial state, the Company is capital constrained. Furthermore, in the recent past the Company has been capital constrained, which has had a negative effect on operating results. This scenario has led to a negative feedback loop.

Access to capital markets – Given the Company's capital constraints and current lack of cash flow from operations, access to the capital markets is essential to its ability to grow. If the capital markets become difficult due to an exogenous event or investors are unwilling to fund the Company, operational results will be negatively impacted. We do note however, that the Company has secured a $5M equity line of credit with Dutchess Opportunity fund as of March 2011 and a line of credit against its accounts receivable as of February 2011.

Business model necessitates large inventories – While a positive that LOGIC Devices is focused on niche markets that have lower levels of competition, the market dynamics also lead to a negative. That is, because these markets are niche, and the chips are highly specialized and typically go into long-life cycle products, LOGIC Devices is forced to keep large amounts of inventory. For example, military product orders are lumpy and erratic. Nonetheless, LOGIC Devices must anticipate how long the life-cycle will last (multiple years), and pre-order wafers to ensure that they build products with the same specifications to meet the military application. If the project is later canceled, or the forecasted demand is not met, LOGIC Devices may need to write-off large amounts of inventory.

LOGIC Devices is a new market entrant and is a small company – LOGIC Devices is a new entrant to the two aforementioned niche SRAM and niche DRAM module markets. Consequently, it may take more time to prove their capabilities to clients and therefore delay revenues. Furthermore, given the Company's size, it may find it hard to convince some end-customers of its capabilities to deliver product and remain a viable supplier for the long-term.

Valuation Summary

LOGIC Devices, Inc. is a fabless semiconductor company that designs and markets high-speed digital integrated circuits that perform high density storage and signal/image processing functions. The Company is attempting to position itself for growth by focusing on niche markets, increasing the speed of product development, re-entering the SRAM market and expanding its product offerings.

Assuming that the Company can meet its goals, the opportunity appears significant. However, we believe utilizing an expected value approach to be more helpful for investors given the current state of LOGIC Devices' financial condition (we estimate that 5 of our 7 projected quarters will require financing of some sort).

Expected Value Matrix

As of 12/31/10 Balance Sheet (all figures in 000s)

			Notes
Current mrkt cap		$ 3,871	
Liquidation value	=	$ 500	Taking conservative discounts to B/S asset values less all liabilities
Mrk cap potential if hit goals	=	$ 10,700	Assumes 1/3 mrkt sh; 2x EV/S

	Probabilities			
Success	20%	40%	60%	80%
Failure	80%	60%	40%	20%
Expected value	$ 2,540	$ 4,580	$ 6,620	$ 8,660
Potential RoR	-34%	18%	71%	124%

As the Company's target model is essentially for break-even results, we rely on an EV/S multiple approach to gauge upside. We also assume the Company can capture 1/3 market share of the SRAM and Module markets and maintain ~$2M/year in revenue from other revenues in its "legacy" military and other verticals. We note that the Company has historically traded at an EV/S ratio of ~ 2x.

For liquidation value we believe we use conservative discounts to assets values. Cash, receivables, inventories and PP&E discount rates are 100%, 75%, 50% and 20%, respectively (everything else is 0%). We believe the discount to inventories is justified as the Company is a niche operator and we estimate that over 70% of inventory is in finished products. Likewise, in PP&E we assign no value to tooling and leasehold improvements and discount equipment as the industry deals with rapid obsolescence.

We outline potential catalysts for LOGIC Devices on a calendar year basis:

- SRAM design wins …………………………….……………………………….. 2H 2011
- iMOD design wins ………………………..…………………………….........… 2H 2011
- Ramping of revenue generation …... 2H 2011/1H 2012
- Expansion of product lines …………………………………………………..…. 2011+

Company Overview

Company Background

LOGIC Devices, Inc. is a fables semiconductor company that designs and markets high-speed digital integrated circuits that perform high density storage and signal/image processing functions. The Company's end-markets include digital broadcast media, medical diagnostics, and military markets. Importantly, the Company's focus is on niche markets where large semiconductor players have a disincentive to participate given the economics.

The Company was founded in 1983 and was focused on DSP (digital signal processor) semiconductors. Since then the Company has undergone some transitions to arrive at its current focus. The Company went public in 1988 and is headquartered in Sunnyvale, CA.

Products

LOGIC Devices can broadly be defined as a memory semiconductor company. However, despite the commodity label that most memory semiconductor manufactures receive, we note that LOGIC Devices' memory products are targeted at a different sector of the memory market, which makes it less commoditized. Its products are specifically designed for applications that require high-performance, low power, extremely long-life cycles, and require some level of customization. Furthermore, the target end customers are not price sensitive.

Exhibit 1: LOGIC Devices End-Markets

	Industry			
	Video Broadcast Equipment	**Medical Imaging**	**Military / Aerospace**	**Communications & Test**
Applications	Post-production equip	X-ray	Patriot missile	Oscilloscopes
	Digital Cinema	Ultrasound	Abrams tank vision system	Logic analyzers
	DVB encoding & transmission	MRI	Missile defense system	Signal generators
	MPEG-2 encoders; HD transmission	Computed tomography		Video test equip
	Format conversion	PET		Auto test equip
	Video instrumentation			
Lead Customers	Barco	GE	BAE Systems	Anristsu
	Phillips	Siemens	Boeing	Leader Elec. Corp
	Quantel	Phillips	Lockheed Martin	
	Rhodes & Scwharz		Northrop Grumman	
	Snell & Wilcox		Raytheon	
	Sony			
	Texas Instruments			
IC type	Logic	Logic/Memory	Memory	Logic/Memory

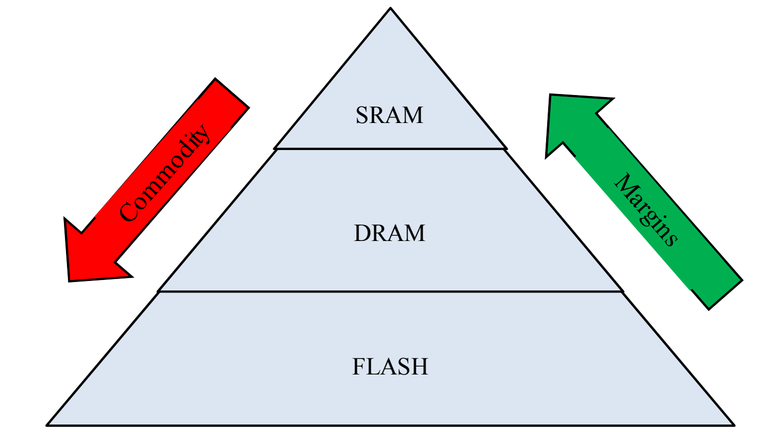
Source: Company Reports, Stonegate Securities

The two main products lines include SRAM (static random access memory) and iMods (multi-chip memory product). We note that given the Company's capital constraints, it is not currently pursuing its logic chips in the video broadcast or medical imaging business. Instead, it is focused on memory IC and military and industrial applications.

SRAMs

SRAM and DRAM or Dynamic Random Access Memory are the two major types of volatile memory (power needs to be on in order to store information). However, unlike DRAM, SRAM does not need to be periodically refreshed. Other major differences of SRAM vs. DRAM include faster speeds, larger in size (requires more circuitry), higher priced and it's less power hungry. Many end markets utilize SRAM, such as telecommunications / networking, military, test & measurement, automotive, and medical.

Exhibit 2: Semiconductor Memory Market



Source: Stonegate Securities, GSIT company presentation

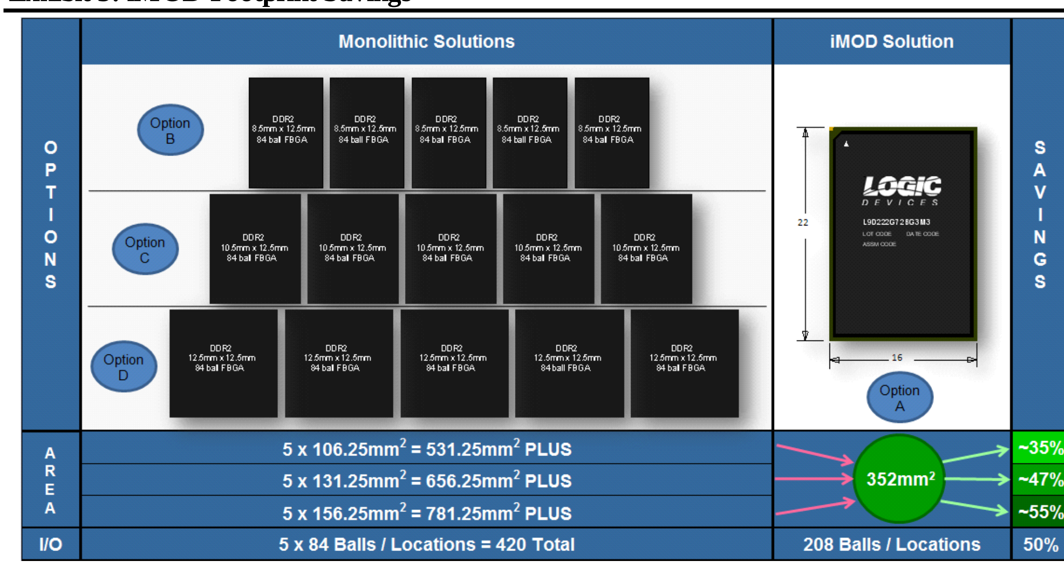
The Company has recently reentered the SRAM market and is primarily focused on the military market offering SRAMs, with densities of 1MB to 4MB. The Company decided to reenter the market for two primary reasons: 1) market developments showed competitors leaving the military SRAM marketplace (specific to older/mature military programs vs. newer programs) and 2) the Company saw the reentry as a quicker time to revenue generation.

We note that because the market for older military programs is a niche market, much larger competitors that used to support these programs have all left the market in pursuit of newer military programs, which have larger addressable market sizes. The Company estimates the annual market opportunity at ~ $5M per year.

iMODs

These are multi-chip memory products that are targeted at the same military and industrial clients as the Company's SRAM products. iMOD's incorporate multiple SDRAM (synchronous DRAM) onto one chip and can also integrate silicon IP from other semiconductor manufacturers with LOGIC Devices' silicon.

Exhibit 3: iMOD Footprint Savings



Source: Company Reports, Stonegate Securities

Because the product integrates multi-chips onto one platform, valuable board space is saved. With the multi-chip integration, the end-client receives about a 2x increase in density with a 35%-55% reduction in footprint. The current product portfolio contains DDR1 to DDR3 with densities of 1BG to 4GB+.

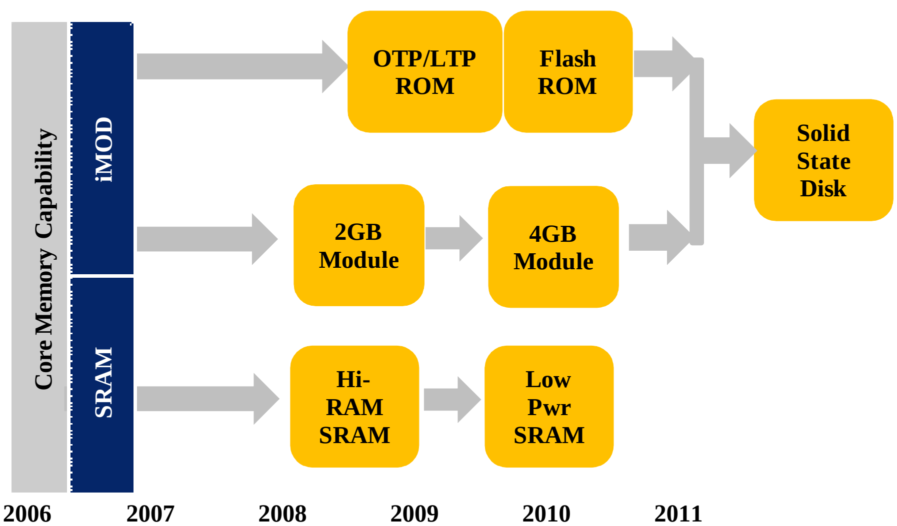
Much like the SRAM market entry, the iMOD product line is new. The Company estimates the total addressable market is ~ a $50M opportunity over the next 10years.

Business Strategy

The Company's core strategy is to focus on niche markets. These markets are typically not serviced by large semiconductor companies due to market volumes being too small. This allows LOGIC Devices to not experience as much competition. Additional characteristics of its target markets include stable growth, long-lived product cycles, and not extremely cost sensitive. However, these markets are still demanding. Target markets require complex chip design and multi-chip packaging expertise. Other components of LOGIC Devices' strategy include:

- **Maintaining liquidity** – given the Company's size, preservation of cash flow is essential. The Company's fabless structure allows it to focus on design and not on capital intensive semiconductor manufacturing.
- **Focus on near-term revenue generation** – over the years 2008 and 2009, the macroeconomic environment negatively impacted the Company's revenue base targeted at the video broadcast market. As the Company is capital constrained, LOGIC Devices needs to focus on immediate revenue generation. Consequently, the Company is shifting its focus away from the video broadcast market and logic chips toward new memory chip product lines targeting the military and industrial markets. As previously mentioned, the Company believes that most if not all competitors have left these niche markets.
- **New product designs and new product pipeline –** this is a critical component necessary to drive revenue growth and liquidity. The Company needs to focus on increasing the number of product designs and accelerating product development to bring "fresh" product to market.

Exhibit 4: Product Roadmap



Source: Company Reports, Stonegate Securities

Manufacturing Strategy

LOGIC Devices is a fabless semiconductor company. The Company delivers mask patterns to its main foundry supplier, Global Foundries (acquired Chartered Semiconductor) who manufactures the wafers. Subsequently, completed wafers are sent to LOGIC Devices, which then conducts testing of the wafers and holds them in inventory. Subsequently, the wafers are shipped to the Company's contract assembly suppliers that assemble the wafers into finished semiconductors.

Lastly, the finished semiconductors are sent back to LOGIC Devices for final testing and shipment to customers. We note that testing is conducted by Company engineers but is off-site at a 3rd party location that is with-in close proximity to the Company.

Sales and Marketing Strategy

LOGIC Devices markets its products world-wide via an indirect model. Recently, the Company has signed an exclusive, world-wide sales management agreement with a firm called Minco. This agreement has increased the reach and breadth of sales and marketing by increasing the sales professionals by ~ 10x. Furthermore, the relationship expanded the regions covered to include a broader reach in the Unites States, Eastern Europe, Russia, Asia, and parts of Africa.

Financial Model Review

The Company generates revenues from the sale of semiconductor chips. The Company has revenues segmented into the following groups:

- Digital cinema
- Other
- Modules
- Military
- SRAM

We note that given the negative economic environment impacting the digital cinema market and given the Company's capital constraints, digital cinema is currently being deemphasized. The Company believes pricing for its semiconductor's are relatively stable as the products are specialized and in niche markets.

Exhibit 5: Semiconductor ASPs & Margins

Segments	ASP	Gross Margin
Miltary	~$200	90% - 100% *
Other	~ $40	80% - 90%
SRAM	mid $30	40 - 50%
Module	$80-100	40 - 50%

* Margins high because the Company recently wrote-off the majority of its inventory

Source: Company Reports, Stonegate Securities

The Company's COGS is largely fixed with overhead running around $130K-$150K per quarter. We estimate this works out to ~ 60% - 70% of current COGS. Operating expenses are also largely fixed with a small variable component associated with sales commissions. Below we outline the Company's target operating model.

Exhibit 6: Near-term Target Operating Model

Gross Margin	50%
R&D	20 - 22%
SG&A	28 - 30%

Source: Company Reports; Stonegate Securities

Working capital requirements are large from an inventory perspective. This is a result of the Company's focus on niche markets and the respective market dynamics (requirements for high performance chips with customization that typically go into long-life cycle products). Consequently, LOGIC Devices is forced to keep large amounts of inventory on-hand. For example, military product orders are lumpy and erratic. Nonetheless, the Company must anticipate how long the life-cycle will last (multiple years), and pre-order wafers to ensure that it builds products with the same specifications to meet the military application. If the project is later canceled, or the forecasted demand is not met, LOGIC Devices may need to write-off large amounts of inventory.

Normalized capital expenditures range around $25,000 +/- per quarter or ~ 5% of sales. When new products are introduced, capex typically spikes to $100k-$150K per quarter primarily as a function of tooling costs.

We note that the Company has recently entered into two separate financing agreements. First, on February 25, 2011, the Company secured a line of credit against accounts receivable with Summit Financial Resources. Next, on March 10, 2011, LOGIC Devices entered into a 3-year, $5M equity line of credit with Dutchess Opportunity Fund. The Company is limited to a maximum of $100,000 or 200% of the average daily volume for three days prior to the notice multiplied by the average daily closing price for the three days preceding the notice.

Earning model assumptions

We have modeled revenues of $1.6M and $3.1M for FY2011 and FY2012 respectively. Below are our assumptions.

Exhibit 7: Revenue Model Assumptions

	2011				2012				
(in 000s,except ASPs)	Q2 E	Q3 E	Q4 E	FYE	Q1 E	Q2 E	Q3 E	Q4 E	FYE
Revenue Segments									
Digital cinema	10.0	5.0	5.0	20.0	-	-	-	-	-
Military	200.0	175.0	175.0	550.0	175.0	175.0	175.0	175.0	700.0
Other	275.0	175.0	175.0	625.0	175.0	175.0	175.0	175.0	700.0
SRAM	25.0	50.0	75.0	150.0	100.0	125.0	150.0	175.0	550.0
Modules	-	100.0	125.0	225.0	250.0	275.0	300.0	325.0	1,150.0
Total	**510.0**	**505.0**	**555.0**	**1,570.0**	**700.0**	**750.0**	**800.0**	**850.0**	**3,100.0**
ASP									
Digital cinema	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Military	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200
Other	$ 275	$ 175	$ 175	$ 625	$ 175	$ 175	$ 175	$ 175	$ 700
SRAM	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35
Modules	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100

Source: Stonegate Securities

We modeled gross margins of 52.6% and 50% for FY2011 and FY2012. We grow R&D with normalized growth and SG&A growth is a combination of normalized inflation along with a variable component tied to revenue growth. These assumptions lead to a net loss of $0.9M and $0.6M for FY2011 and FY2012, respectively. EPS losses of 2011 and 2012 are $(0.12) and $(0.08), respectively.

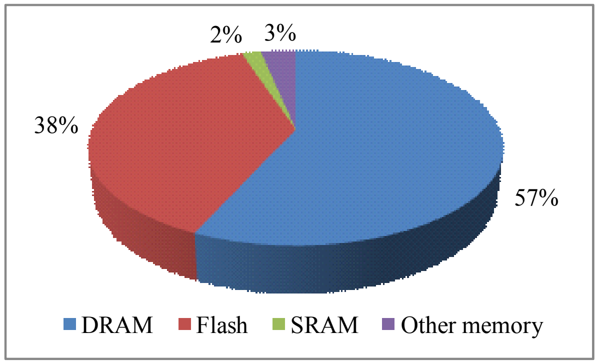
We note that, per our model, we are expecting the Company to raise additional capital in each quarter for the remainder of FY11 and in Q2FY12 and Q3FY12. We assume that the Company utilizes its LC on accounts receivables rather than its equity line of credit.

Industry Overview

Industry Background

The memory semiconductor market is large and estimated at about $60B. This market comprises DRAM, Flash, SRAM and other memory semiconductors. DRAM and Flash make up the vast majority of the overall memory market.

Exhibit 8: WW Memory Market Share



Source: SIA; Stonegate Securities

While the overall SRAM and DRAM markets are about $1B and $35B in size, respectively, LOGIC Devices is focused on a niche area of the SRAM and DRAM market. Specifically, the focus is on older/mature military programs and some industrial applications. Older/mature military programs generally refer to systems developed in the 1980's and 1990's. Specifically, these types of applications require 5 volt SRAM products whereas newer systems require 3 volt or lower SRAMs. Below is a listing of the current types of program application opportunities.

Exhibit 9: Sample of Target Applications

SRAM	iMOD
Missile Defense	Software Defined Radio
Command, Control, Communications	Smart Munitions
High Density Imaging Arrays	Advanced Warning Systems
Data Recorders	Integrated Command Systems
Embedded, Real-Time Arrays	Command, Control, Communications
	Air/Missile Defense Munitions

Source: Company Reports; Stonegate Securities

The Company estimates that the annual revenue run rate from these target markets for its SRAM and iMOD business approximate $10M per year.

Exhibit 10: LOGIC Devices Target Market Size

Product Line	Market Size	Life Cycle	Annualized Revenue Potential
SRAM	$25M	3-5 years	$5M
iMOD	$50M	10 years	$5M
Totals	**$75M**		**$10M**

Source: Company Reports; Stonegate Securities

Competition

While competition in the memory space is extremely fierce, as mentioned, LOGIC Devices is focused on a niche market in the overall SRAM and DRAM market. Below we list some of the top players.

Exhibit 11: Competitive Landscape

SRAM		
Company Name	**Public/Prvt**	**Commentary**
Cypress Semiconductor	NYSE: CY	Left Trgt Mrkt
Integrated Device	NASDAQ: IDTI	Left Trgt Mrkt
Micross Components *Formerly Austin Semiconductor	Private	
Microsemi *Acquired White Electronic Design	NASDAQ: MSCC	
Pyramid Semiconductor	Private	
Samsung	KSE: 005930	Not Direct Competition
NEC	TSE: 6701	Not Direct Competition
Renesas	TSE: 6723	Not Direct Competition
Sony	NYSE: SNE	Not Direct Competition
Integrated Silicon Solutions	NASDAQ: ISSI	Not direct Competition

iMODs		
Company Name	**Public/Prvt**	**Commentary**
Micross Components *Formerly Austin Semiconductor	Private	
Microsemi *Acquired White Electronic Design	NASDAQ: MSCC	

Source: Company Reports; Stonegate Securities

We note that while we include Cypress and IDTI above, both have left the targeted SRAM military market (per management, CY was the last integrated device manufacturer to exit the targeted market). Furthermore, White Electronic Design was recently acquired by Microsemi, and it seems likely it will follow the same path as the other larger competitors. The other main competitor, Austin Semiconductor, merged with a few other semiconductor manufacturers to form Micross Components (Vance Street Capital, a PE firm, shaped the transaction and structure).

Comparison Table

Comparative Analysis

Logic Devices Inc. (OTCQB: LOGC)
(all figures in $M expect per share information)

						EV/S (2)			P/E (2)		
Name	**Ticker**	**Price (1)**	**Sh**	**Mrkt Cap**	**EV**	**TTM**	**2011 E**	**2012 E**	**TTM**	**2011 E**	**2012 E**
MicroSemi	MSCC	$ 20.22	85.8	$1,733.9	$1,905.3	3.2x	2.3x	2.1x	33.7x	11.1x	8.8x
Cyprus Semiconductor Corp	CY	$ 19.24	170.75	$3,285.2	$2,851.0	3.2x	2.9x	2.5x	48.1x	17.0x	13.8x
GSI Technology, Inc.	GSIT	$ 8.41	28.36	$ 238.5	$ 188.5	1.9x	1.9x	1.6x	12.6x	12.6x	10.6x
Integrated Device Technology, Inc.	IDTI	$ 7.13	150.89	$1,075.8	$ 767.6	1.2x	1.2x	1.2x	26.4x	12.1x	13.0x
Integrated Silicon Solution, Inc.	ISSI	$ 9.00	26.6	$ 239.4	$ 164.9	0.6x	0.6x	0.5x	5.9x	7.4x	6.0x
					Average	**2.1x**	**1.8x**	**1.6x**	**25.3x**	**12.0x**	**10.4x**
					Median	**1.9x**	**1.9x**	**1.6x**	**26.4x**	**12.1x**	**10.6x**
Logic Devices	**LOGC**	**$ 0.55**	**7.6**	**$ 4.2**	**$ 4.1**	**1.3x**	**2.3x**	**1.3x**	**nm**	**nm**	**nm**

(1) Previous day's closing price
(2) Estimates are from Capital IQ except for Logic Devices which are Stonegate estimates
Source: Company reports, CapitalIQ, Stonegate Securities

Balance Sheets

Logic Devices Inc. (OTCQB: LOGC) Consolidated Balance Sheets (in thousands $) Fiscal Year: September	FY 2010	Q1	Q2 E	Q3 E	Q4 E	FY 2011 E	FY 2012 E
ASSETS		Dec-10	Mar-11	Jun-11	Sep-11		
Current Assets							
Cash & cash equivalents	241.6	60.3	6.3	10.5	31.1	31.1	16.6
Accounts receivables, net	176.6	110.2	279.5	276.7	304.1	304.1	465.8
Inventories	963.6	1,009.5	1,063.0	1,104.7	1,092.8	1,092.8	1,164.4
Prepaid expenses	63.7	55.8	35.7	30.3	33.3	33.3	51.0
Total Current Assets	**1,445.5**	**1,235.8**	**1,384.5**	**1,422.2**	**1,461.3**	**1,461.3**	**1,697.8**
PP&E	941.6	910.7	870.0	832.1	790.5	790.5	594.0
Capitalized software	351.5	410.2	389.7	369.2	348.7	348.7	266.6
Other noncurrent assets	22.1	22.1	22.1	22.1	22.1	22.1	22.1
Total Assets	**$ 2,760.7**	**$ 2,578.8**	**$ 2,666.3**	**$ 2,645.6**	**$ 2,622.6**	**$ 2,622.6**	**$ 2,580.5**
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities							
Accounts payable	85.4	142.1	100.3	120.7	122.2	122.2	162.7
Accrued expenses	145.4	138.3	127.5	126.3	138.8	138.8	136.0
Bank borrowing	-	-	-	135.0	250.0	250.0	505.0
Total Current Liabilities	**230.8**	**280.4**	**227.8**	**381.9**	**510.9**	**510.9**	**803.7**
Long-Term Liabilities							
Deferred rent	50.6	50.6	50.6	50.6	50.6	50.6	50.6
Other liabilities	-	-	4.9	9.7	14.6	14.6	(58.5)
Total Long-Term Liabilities	**50.6**	**50.6**	**55.5**	**60.3**	**65.2**	**65.2**	**(7.9)**
Stockholders' Equity							
Common stock							
Issued shares	18,796.2	18,971.2	18,971.2	18,971.2	18,971.2	18,971.2	18,971.2
Additional paid-in capital	211.7	211.7	211.7	211.7	211.7	211.7	211.7
Accumulated deficit	(16,528.6)	(16,935.1)	(17,100.0)	(17,279.7)	(17,436.7)	(17,436.7)	(17,896.4)
Total Stockholders' Equity (deficit)	**2,479.3**	**2,247.8**	**2,082.9**	**1,903.2**	**1,746.2**	**1,746.2**	**1,286.5**
Total Liabilities and Stockholders' Equity	**$ 2,760.7**	**$ 2,578.8**	**$ 2,366.2**	**$ 2,345.5**	**$ 2,322.3**	**$ 2,322.3**	**$ 2,082.4**
Ratios							
Liquidity							
Current Ratio	6.3x	4.4x	6.1x	3.7x	2.9x	2.9x	2.1x
Quick Ratio	2.1x	0.8x	1.4x	0.8x	0.7x	0.7x	0.7x
Working Capital	$1,214.7	$955.4	$1,156.7	$1,040.3	$950.4	$950.4	$894.0
Leverage							
Debt To Equity	0.0%	0.0%	0.0%	7.1%	14.3%	14.3%	39.3%
Debt To Capital	0.0%	0.0%	0.0%	6.6%	12.5%	12.5%	28.2%
Capital Usage -Annualized							
A/R Turns	8.2x	5.7x	10.5x	7.3x	7.6x	7.4x	8.1x
Inv Turns	1.1x	0.5x	0.7x	0.9x	1.0x	0.8x	1.4x
A/P Turns	13.3x	4.2x	6.4x	9.1x	9.1x	8.1x	10.9x

Source: Company Reports, Stonegate Securities

Income Statements

Logic Devices Inc. (OTCQB: LOGC)
Consolidated Statements of Income (in thousands $, except per share amounts)
Fiscal Year: September

	FY 2009	Q1 Dec-09	Q2 Mar-10	Q3 Jun-10	Q4 Sep-10	FY 2010	Q1 Dec-10	Q2 E Mar-11	Q3 E Jun-11	Q4 E Sep-11	FY 2011 E	Q1 E Dec-11	Q2 E Mar-12	Q3 E Jun-12	Q4 E Sep-12	FY 2012 E
Revenues																
Revenues	$3,013.2	$1,102.2	$ 553.2	$ 272.1	$ 265.8	$ 2,193.3	$ 204.8	$ 510.0	$ 505.0	$ 555.0	$ 1,774.8	$ 700.0	$ 750.0	$ 800.0	$ 850.0	$3,100.0
Total revenue	**3,013.2**	**1,102.2**	**553.2**	**272.1**	**265.8**	**2,193.3**	**204.8**	**510.0**	**505.0**	**555.0**	**1,774.8**	**700.0**	**750.0**	**800.0**	**850.0**	**3,100.0**
Cost of revenues																
Cost of sales	1,268.8	434.1	243.4	233.4	199.1	1,110.0	118.2	194.0	252.0	277.0	841.2	350.0	375.0	400.0	425.0	1,550.0
Gross (loss) profit	**1,744.4**	**668.1**	**309.8**	**38.7**	**66.7**	**1,083.3**	**86.6**	**316.0**	**253.0**	**278.0**	**933.6**	**350.0**	**375.0**	**400.0**	**425.0**	**1,550.0**
Operating expenses																
R&D	1,159.3	271.6	370.3	172.3	183.5	997.7	195.8	185.0	190.0	185.0	755.8	190.0	190.0	200.0	200.0	780.0
SG&A	1,399.8	318.6	355.6	270.6	266.7	1,211.5	297.3	295.9	240.0	245.0	1,078.2	363.0	327.5	312.0	316.5	1,319.0
Total operating expenses	2,559.1	590.2	725.9	442.9	450.2	2,209.2	493.1	480.9	430.0	430.0	1,834.0	553.0	517.5	512.0	516.5	2,099.0
Income (loss) from operations	**(814.7)**	**77.9**	**(416.1)**	**(404.2)**	**(383.5)**	**(1,125.9)**	**(406.5)**	**(164.9)**	**(177.0)**	**(152.0)**	**(900.4)**	**(203.0)**	**(142.5)**	**(112.0)**	**(91.5)**	**(549.0)**
Other income (expense):																
Interest income	10.3	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Interest expense	(1.9)	-	-	-	-	-	-	-	(2.7)	(5.0)	(7.7)	(5.0)	(7.6)	(10.1)	(10.1)	(32.8)
Other income/(expense)	(4.1)	5.6	-	-	-	5.6	-	-	-	-	-	-	-	-	-	-
Total other income (expense):	4.3	5.7	-	-	-	5.7	-	-	(2.7)	(5.0)	(7.7)	(5.0)	(7.6)	(10.1)	(10.1)	(32.8)
Pre-tax income (loss)	**(810.4)**	**83.6**	**(416.1)**	**(404.2)**	**(383.5)**	**(1,120.2)**	**(406.5)**	**(164.9)**	**(179.7)**	**(157.0)**	**(908.1)**	**(208.0)**	**(150.1)**	**(122.1)**	**(101.6)**	**(581.8)**
Provision for taxes (benefit)	0.9	-	2.3	0.6	-	2.9	-	-	-	-	-	-	-	-	-	-
Net income (loss)	**$ (811.3)**	**$ 83.6**	**$ (418.4)**	**$ (404.8)**	**$ (383.5)**	**$(1,123.1)**	**$(406.5)**	**$(164.9)**	**$(179.7)**	**$(157.0)**	**$ (908.1)**	**$(208.0)**	**$ (150.1)**	**$(122.1)**	**$(101.6)**	**$ (581.8)**
Diluted EPS (loss)	**$ (0.12)**	**$ 0.01**	**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.16)**	**$ (0.06)**	**$ (0.02)**	**$ (0.02)**	**$ (0.02)**	**$ (0.12)**	**$ (0.03)**	**$ (0.02)**	**$ (0.02)**	**$ (0.01)**	**$ (0.08)**
Diluted shares outstanding	6,814.4	6,869.7	6,814.4	6,817.8	6,764.1	6,816.5	7,284.3	7,287.9	7,291.6	7,295.2	7,289.8	7,298.9	7,302.5	7,306.2	7,309.8	7,304.4
Margin Analysis																
Gross margin	57.9%	60.6%	56.0%	14.2%	25.1%	49.4%	42.3%	62.0%	50.1%	50.1%	52.6%	50.0%	50.0%	50.0%	50.0%	50.0%
R&D	38.5%	24.6%	66.9%	63.3%	69.0%	45.5%	95.6%	36.3%	37.6%	33.3%	42.6%	27.1%	25.3%	25.0%	23.5%	25.2%
SG&A	46.5%	28.9%	64.3%	99.4%	100.3%	55.2%	145.2%	58.0%	47.5%	44.1%	60.8%	51.9%	43.7%	39.0%	37.2%	42.5%
Operating margin	-27.0%	7.1%	-75.2%	-148.5%	-144.3%	-51.3%	-198.5%	-32.3%	-35.0%	-27.4%	-50.7%	-29.0%	-19.0%	-14.0%	-10.8%	-17.7%
Pre-tax margin	-26.9%	7.6%	-75.2%	-148.5%	-144.3%	-51.1%	-198.5%	-32.3%	-35.6%	-28.3%	-51.2%	-29.7%	-20.0%	-15.3%	-12.0%	-18.8%
Net income margin	-26.9%	7.6%	-75.6%	-148.8%	-144.3%	-51.2%	-198.5%	-32.3%	-35.6%	-28.3%	-51.2%	-29.7%	-20.0%	-15.3%	-12.0%	-18.8%
Tax rate	-0.1%	0.0%	-0.6%	-0.1%	0.0%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Growth Rate Analysis Y/Y																
Total revenue	-10.1%	147.5%	-0.4%	-66.1%	-78.0%	-27.2%	-81.4%	-7.8%	85.6%	108.8%	-19.1%	241.8%	47.1%	58.4%	53.2%	74.7%
Total cost of revenues	-69.8%	4.9%	-12.4%	39.3%	-51.4%	-12.5%	-72.8%	-20.3%	8.0%	39.1%	-24.2%	196.1%	93.3%	58.7%	53.4%	84.3%
R&D	-25.8%	-9.8%	20.1%	-38.3%	-32.2%	-13.9%	-27.9%	-50.0%	10.3%	0.8%	-24.2%	-3.0%	2.7%	5.3%	8.1%	3.2%
SG&A	-5.6%	-11.1%	-8.0%	-17.0%	-18.9%	-13.5%	-6.7%	-16.8%	-11.3%	-8.1%	-11.0%	22.1%	10.7%	30.0%	29.2%	22.3%
Operating income	79.1%	112.4%	0.3%	-1416.6%	-292.0%	-38.2%	-621.8%	60.4%	56.2%	60.4%	20.0%	50.1%	13.6%	36.7%	39.8%	39.0%
Pre-tax income	79.6%	113.5%	0.9%	-1416.6%	-292.0%	-38.2%	-586.2%	60.4%	55.5%	59.1%	18.9%	48.8%	9.0%	32.1%	35.3%	35.9%
Net income	79.5%	113.5%	0.6%	-1418.6%	-292.0%	-38.4%	-586.2%	60.6%	55.6%	59.1%	19.1%	48.8%	9.0%	32.1%	35.3%	35.9%
EPS - fully diluted	79.5%	113.4%	0.6%	-1419.1%	-293.3%	-38.4%	-558.6%	63.1%	58.5%	62.0%	24.4%	48.9%	9.2%	32.2%	35.4%	36.1%
Share count - fully diluted	0.0%	0.8%	0.0%	0.0%	-0.6%	0.0%	6.0%	6.9%	6.9%	7.9%	6.9%	0.2%	0.2%	0.2%	0.2%	0.2%

Source: Company Reports, Stonegate Securities estimates

Cash Flow Statements

Logic Devices Inc. (OTCQB: LOGC)
Consolidated Statements of Cash Flows (cumulative)
Fiscal Year: September

Cash Flow from Operations	**FY 2010**	**Q1 Dec-10**	**Q2 E Mar-11**	**Q3 E Jun-11**	**FY 2011 E**	**FY 2012 E**
Net income (loss)	(1,084.5)	(406.5)	(571.4)	(751.1)	(908.1)	(581.8)
Non controlling interest						
Adjustments to reconcile net income to net cash :						
Depreciation and amortization	296.4	68.3	180.6	284.4	393.8	498.0
Gain/loss on disposal of capital equipment	-	-	-	-	-	-
Write-off of capitalized software development cost	-	-	-	-	-	-
Stock options	49.6	-	5.0	10.0	15.0	20.0
Write down of inventories	-	-	-	-	-	-
Provision for inventory write-down & reserves	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Deferred rents	7.9	-	-	-	-	-
Changes in operating assets and liabilities:						
Accounts receivable	182.7	66.4	(102.9)	(100.1)	(127.5)	(161.6)
Inventories	114.1	(45.9)	(99.4)	(141.1)	(129.2)	(71.6)
Prepaid expenses & other assets	6.0	-	20.1	25.5	22.5	(17.7)
Accounts payable	4.2	56.7	14.9	35.3	36.8	123.3
Accrued expenses	(53.1)	0.8	(10.0)	(11.3)	1.2	141.8
Net cash provided by operating activities	**(476.7)**	**(260.2)**	**(563.1)**	**(648.3)**	**(695.5)**	**(49.6)**
Cash Flow from Investing						
Capital expenditures	(421.6)	(37.4)	(88.4)	(133.9)	(181.0)	(219.5)
Capitalized test software	(351.5)	(58.7)	(58.8)	(58.9)	(59.0)	(0.3)
Sales of available for sale securities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Net cash used by investing activities	**(773.1)**	**(96.1)**	**(147.2)**	**(192.7)**	**(240.0)**	**(219.8)**
Cash Flow from Financing						
Proceeds from bank borrowings	-	-	-	135.0	250.0	255.0
Payment for bank borrowings	-	-	-	-	-	-
Proceeds from common stock	250.0	175.0	475.0	475.0	475.0	-
Proceeds from stock options	3.0	-	-	-	-	-
Net cash provided (used) by financing activities	**253.0**	**175.0**	**475.0**	**610.0**	**725.0**	**255.0**
Net increase (decrease) in cash	(996.8)	(181.3)	(235.3)	(231.1)	(210.5)	(14.4)
Cash and cash equivalents, beginning of year	1,238.4	241.6	241.6	241.6	241.6	31.1
Cash and cash equivalents, end of period	241.6	60.3	6.3	10.5	31.1	16.6

Source: Company Reports, Stonegate Securities

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