SOLITRON DEVICES INC
Form 10QSB/A
July 13, 2004

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

FORM 10-QSB/A
AMENDMENT NO. 1

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 31, 2003

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT For the transition period from _________ to _________

Commission file number 001-04978

Solitron Devices, Inc.
(Exact name of small business issuer as specified in its charter)

Delaware	22-1684144
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

3301 Electronics Way, West Palm Beach, Florida 33407
(Address of principal executive offices)

(561) 848-4311
(Issuer's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [_]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of July 6, 2004: 2,076,351.

Transitional Small Business Disclosure Format (check one):

Yes [_] No [X]

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SOLITRON DEVICES, INC.

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Amendment No. 1 to the Form 10-QSB amends and restates certain items of the Quarterly Report of Solitron Devices, Inc. (the "Company") as previously filed for the three and six months ended August 31, 2003. The restatement of certain items of the Company's previously filed Form 10-QSB for the three and six months ended August 31, 2003 is being made in order to: (1) reflect the settlement of a debt obligation to an unsecured creditors and (2) revise related disclosures. Changes related to these items have been made in the following items of the Form 10-QSB.

PART 1 - FINANCIAL INFORMATION

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SOLITRON DEVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	August 31, 2003	February 28, 2003
	(Unaudited)	(Audited)
	(in thousands, except for share amounts)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,791	$ 1,448

Accounts receivable	952	1,052
Inventories	2,832	2,869
Prepaid expenses and other current assets	111	139
TOTAL CURRENT ASSETS	5,686	5,508
PROPERTY, PLANT AND EQUIPMENT, net	588	568
OTHER ASSETS	52	52
TOTAL ASSETS	$ 6,326	$ 6,128
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of accrued environmental expenses	$ 906	$ 846
Accounts payable - Post petition	448	549
Accounts payable-Pre-petition, current portion	664	800
Accrued expenses and other liabilities	1,181	1,119
TOTAL CURRENT LIABILITIES	3,199	3,314
LONG TERM LIABILITIES, net of current portion	304	364
TOTAL LIABILITIES	3,503	3,678
COMMITMENTS AND CONTINGENCIES	--	--
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, authorized 500,000 shares, none issued	-0-	-0-
Common stock, $.01 par value, authorized 10,000,000 shares, 2,070,821 shares issued and outstanding	21	21
Additional paid-in capital	2,617	2,617
Retained earnings (accumulated deficit)	185	(188)
TOTAL STOCKHOLDERS' EQUITY	2,823	2,450
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,326	$ 6,128

The accompanying notes are an integral part of the financial statements

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SOLITRON DEVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended August 31,		Six Months Ended August 31,	
	2003	2002	2003	2002

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in thousands, except for per share amounts)			
NET SALES	$ 2,009	$ 1,810	$ 4,009	$ 3,628
Cost of Sales	1,646	1,434	3,201	2,954
Gross Profit	363	376	808	674
Selling, general and administrative expenses	310	271	558	549
Operating Income	53	105	250	125
OTHER INCOME (EXPENSE)				
Other Income	113	15	134	31
Interest Expense	(6)	(13)	(11)	(26)
Other, net		(3)		(5)
Other Income (Expense), Net	107	(1)	123	--
Net Income	$ 160	$ 104	$ 373	$ 125
INCOME PER SHARE: Basic	$ 0.08	$ 0.05	$ 0.18	$ 0.06
Diluted	$ 0.08	$ 0.05	$ 0.18	$ 0.06
WEIGHTED AVERAGE SHARES OUTSTANDING: Basic	2,070,821	2,070,821	2,070,821	2,070,821
Diluted	2,129,388	2,129,388	2,129,388	2,129,388

The accompanying notes are an integral part of the financial statements

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SOLITRON DEVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED AUGUST 31,

	2003	2002
	(Unaudited)	(Unaudited)
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 373	$ 125
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	95	85

Cancellation of debt	(109)	0
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	99	205
Inventories	37	19
Prepaid expenses and other current assets	28	8
Increase (Decrease) in:		
Accounts payable	(100)	(30)
Accounts payable - Pre-Petition	(27)	(24)
Accrued expenses and other liabilities	62	56
Accrued environmental expenses	60	54
Other long term liabilities	(60)	(57)
NET CASH PROVIDED BY OPERATING ACTIVITIES	458	441
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(115)	(134)
NET CASH USED IN INVESTING ACTIVITIES	(115)	(134)
NET INCREASE IN CASH	343	307
CASH AT BEGINNING OF PERIOD	1,448	1,335
CASH AT END OF PERIOD	$ 1,791	$ 1,642

The accompanying notes are an integral part of the financial statements

SOLITRON DEVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General:

The Company has restated its consolidated financial statements for the three and six month periods ended August 31, 2003 to reflect the settlement of a debt obligation of $114,000 to an unsecured creditor. As a result, the Company recognized other income of $109,000. Consequently, there is an adjustment to reduce the amount of pre-petition accounts payable, current portion; current liabilities; and total liabilities by $109,000 respectively, and an adjustment to increase the amount of other income (expense), net; net income; accumulated earnings; and total stockholders equity by $109,000 respectively.

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for a fair statement of the results for the interim period.

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-QSB. Pursuant to such rules and regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

The information contained in this Form 10-QSB should be read in conjunction with the Notes to Consolidated Financial Statements appearing in the Company's Annual Report on Form 10-KSB for the year ended February 28, 2003.

2. ENVIRONMENTAL REGULATION:

While the Company believes that it has the environmental permits necessary to conduct its business and that its operations conform to present environmental regulations, increased public attention has been focused on the environmental impact of semiconductor operations. The Company, in the conduct of its manufacturing operations, has handled and does handle materials that are considered hazardous, toxic or volatile under federal, state, and local laws and, therefore, is subject to regulations related to their use, storage, discharge, and disposal. No assurance can be made that the risk of accidental release of such materials can be completely eliminated. In the event of a violation of environmental laws, the Company could be held liable for damages and the costs of remediation and, along with the rest of the semiconductor industry, is subject to variable interpretations and governmental priorities concerning environmental laws and regulations. Environmental statutes have been interpreted to provide for joint and several liability and strict liability regardless of actual fault. There can be no assurance that the Company and its subsidiaries will not be required to incur costs to comply with, or that the operations, business, or financial condition of the Company will not be materially adversely affected by, current or future environmental laws or regulations.

The information contained in this Form 10-QSB should be read in conjunction with the "Business - Environmental Liabilities" section appearing in the Company's Annual Report on Form 10-KSB for the year ended February 28, 2003.

3. INVENTORIES:

As of August 31, 2003 net inventories consist of the following:

Raw Materials	$ 1,522,731
Work-In-Process	1,297,505
Finished Goods	115,510
Gross Inventory	2,935,746
Reserve	(103,590)
Net Inventory	$ 2,832,156

SOLITRON DEVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. PRE-PETITION ACCOUNTS PAYABLE:

During the quarter ended August 31, 2003, the Company settled a debt obligation of $114,000 and recognized $109,000 of other income. As a result of this settlement, the current portion of pre-petition accounts payable has decreased as follows:

Pre-petition accounts payable, current portion,

before restatement	$ 773,000
Adjustment	(109,000)
Pre-petition accounts payable, current portion, as restated	$664,000

RECENT ACCOUNTING PRONOUNCEMENTS

In October 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 144, ("SFAS 144"), "Accounting for Impairment or Disposal of Long-Lived Assets," which is effective for fiscal years beginning after December 15, 2001 and interim periods within those fiscal periods. SFAS 144 addresses financial accounting and reporting for the impairment of certain Long-Lived Assets and for Long-Lived Assets to be disposed of. SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of," and Accounting Principles Board ("APB") Opinion No. 30; however, SFAS 144 retains the requirement of APB Opinion No. 30 to report discontinued operations separately from continuing operations and extends that reporting to a component of an entity that has either been disposed of (by sale, abandonment or in a distribution to owners) or is classified as held for sale. The Company has adopted SFAS 144, and the adoption did not have a material impact on its financial position and results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Exit or Disposal Activities" ("SFAS 146"). SFAS 146 addresses significant issues regarding the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are currently accounted for under Emerging Issues Task Force ("EITF") release No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" ("EITF No. 94-3"). The scope of SFAS 146 also includes costs related to terminating a contract that is not a capital lease and termination benefits that employees who are involuntarily terminated receive under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS 146 will be effective for exit or disposal activities that are initiated after December 31, 2002, and early application is encouraged. The Company adopted SFAS 146 during the second quarter of the last fiscal year. The provisions of EITF No. 94-3 shall continue to apply for an exit activity initiated under an exit plan that met the criteria of EITF No. 94-3 prior to the adoption of SFAS 146. SFAS 146 will change, on a prospective basis, the time when restructuring charges are recorded from a commitment date approach to when the liability is incurred. SFAS No. 146 has not had a material impact on its financial position and results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN 45 requires disclosures about the guarantees that an entity has issued, including a reconciliation of changes in the entity's product warranty liabilities. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002. FIN 45 is not anticipated to have a material impact on the Company's financial position or results of operations.

In November 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("EITF Issue No. 00-21"). EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The Company believes that the adoption of this standard will not have a material impact on its financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure" ("SFAS 148"). SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format.

Additionally, SFAS 148 requires disclosure of the pro forma effect in interim financial statements. The transition and annual disclosure requirements of SFAS 148 are effective for fiscal years ended after December 15, 2002. The interim disclosure requirements are effective for interim periods beginning after December 15, 2002. SFAS 148 is not anticipated to have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company believes that the adoption of this standard will not have a material impact on its financial statements.

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

Overview:

Solitron Devices, Inc., a Delaware corporation (the "Company" or "Solitron"), designs, develops, manufactures and markets solid-state semiconductor components and related devices primarily for the military and aerospace markets. The Company manufactures a large variety of bipolar and metal oxide semiconductor power transistors, power and control hybrids, junction and MOS field effect transistors and other related products. Most of the Company's products are custom made pursuant to contracts with customers whose end products are sold to the United States government. Other products, such as Joint Army Navy transistors, diodes and Standard Military Drawings voltage regulators, are sold as standard or catalog items.

The following discussion and analysis of factors which have affected the Company's financial position and operating results during the periods included in the accompanying condensed consolidated financial statements should be read in conjunction with the Consolidated Financial Statements and the related Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-KSB for the year ended February 28, 2003 and the Condensed Consolidated Financial Statements and the related Notes to Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-QSB.

Trends and Uncertainties:

During the six months ended August 31, 2003, the company's book-to-bill ratio was approximately 0.88, reflecting a decease in the volume of orders booked. The Company does not believe that the change in the book-to-bill ratio indicates a specific trend in the demand for the Company's products. Generally, the intake of orders over the last 2 years has varied greatly as a result of the fluctuations in the general economy and of variations in defense spending on programs the Company supports, which is expected to continue over the next twelve months. The Company continues to identify means intended to reduce its variable manufacturing costs to offset the potential impact of low volume of orders to be shipped should a slow down in the intake of orders continue. However, should order intake fall significantly below the level experienced in the last twelve months, the Company might be required to implement further cost cutting or other downsizing measures to continue its business operations.

Results of Operations-Three Months Ended August 31, 2003 Compared to Three Months Ended August 31, 2002:

Net sales for the three months ended August 31, 2003 increased approximately 11% to $2,009,000 as compared to $1,810,000 for the three months ended August 31, 2002. This increase was primarily attributable to a higher level of orders that were shipped in accordance with customers' orders.

Cost of sales for the three months ended August 31, 2003 increased to $1,646,000 from $1,434,000 for the comparable period in 2002. Expressed as a percentage of sales, Cost of sales increased to 82% from 79% for the same periods. This change was due mainly to increases in material and labor costs.

Gross profit for the three months ended August 31, 2003 decreased to $363,000 from $376,000 for the three months ended August 31, 2002. Accordingly, gross margins on the Company's sales decreased to 18% for the three months ended August 31, 2003 in comparison to 21% for the three months ended August 31, 2002. This change was due partly to a higher level of shipments and partly to increases in material and labor costs.

For the three months ended August 31, 2003, the Company shipped 76,026 units as compared with 130,055 units shipped during the same period of the prior year. It should be noted that since the Company manufactures a wide variety of products with an average sale price ranging from less than one dollar to several hundred dollars, such periodic variations in the Company's volume of units shipped should not be regarded as a reliable indicator of the Company's performance.

The Company's backlog of open orders decreased 14% for the three months ended August 31, 2003, as compared to a decrease of 17% for the three months ended August 31, 2002. The Company has experienced an increase in the level of bookings of approximately 2% for the quarter ended August 31, 2003 as compared to the same period for the previous year. Changes in the level of orders booked depend, in large extent, on the timing of issuance of orders from key customers. Changes in the backlog reflect the changes in the intake of orders and in the delivery dates required by customers.

Selling, general, and administrative expenses increased to $310,000 for the three months ended August 31, 2003 from $271,000 for the comparable period in 2002. During the three months ended August 31, 2003, selling, general, and administrative expenses as a percentage of sales remained at 15% as compared with 15% for the three months ended August 31, 2002.

Operating Income for the three months ended August 31, 2003 decreased to $53,000 from $105,000 for the three months ended August 31, 2002. This decrease is due to a lower gross profit and to an increase in selling, general and administrative expenses.

The Company recorded a net other income of $107,000 for the three months ended August 31, 2003 versus a net expense of $1,000 for the three months ended August 31, 2002. The variance was due primarily to other income from the settlement of a debt obligation to an unsecured creditor.

Net income for the three months ended August 31, 2003 increased to a profit of $160,000 from a profit of $104,000 for the same period in 2002. This increase is due to other income resulting from the settlement of a debt obligation to an unsecured creditor.

Results of Operations-Six Months Ended August 31, 2003 Compared to Six Months Ended August 31, 2002:

Net sales for the six months ended August 31, 2003 increased approximately 11% to $4,009,000 as compared to $3,628,000 for the six months ended August 31, 2002. This increase was primarily attributable to a higher level of orders that were shipped in accordance with customer requirements.

Cost of sales for the six months ended August 31, 2003 increased to $3,201,000 from $2,954,000 for the comparable period in 2002. However, expressed as a percentage of sales, cost of sales decreased to approximately 80% from approximately 81% for the same periods. This change was due partly to a higher level of shipments and offset by an increase in material and labor costs.

Gross profit for the six months ended August 31, 2003 increased to $808,000 from $674,000 for the six months ended August 31, 2002. Accordingly, gross margins on the Company's sales increased to approximately 20% for the six months ended August 31, 2003 in comparison to approximately 19% for the six months ended August 31, 2002. This change was due partly to a higher level of shipments.

For the six months ended August 31, 2003, the Company shipped 228,689 units as compared with 323,376 units shipped during the same period of the prior year. It should be noted that since the Company manufactures a wide variety of products with an average sales price ranging from less than one dollar to several hundred dollars, such periodic variations in the Company's volume of units shipped might not be a reliable indicator of the Company's performance.

The Company's backlog of open orders decreased approximately 9% for the six months ended August 31, 2003 as compared to an decrease of approximately 24% for the six months ended August 31, 2002. Changes in the backlog reflect the changes in the intake of orders and in the delivery dates required by customers.

The Company has experienced an increase in the level of bookings of approximately 35% for the six months ended August 31, 2003 as compared to the same period for the previous year principally as a result of a higher demand for its product in this period.

Selling, general, and administrative expenses increased to $558,000 for the six months ended August 31, 2003 from $549,000 for the comparable period in 2002. During the six months ended August 31, 2003, selling, general, and administrative expenses as a percentage of sales decreased to approximately 14% as compared with approximately 15% for the six months ended August 31, 2002. This decrease is due to lower sales department salaries.

Operating Income for the six months ended August 31, 2003 increased to $250,000 from $125,000 for the six months ended August 31, 2002. This increase is due to a higher gross profit and to a slight decrease in selling, general and administrative expenses.

The Company recorded a net other income of $123,000 for the six months ended August 31, 2003 versus a net other income of zero for the six months ended August 31, 2002. The variance was due primarily to other income resulting from the settlement of a debt obligation to an unsecured creditor.

Net income for the six months ended August 31, 2003 increased to $373,000 from $125,000 for the same period in 2002. This increase is mainly due to a higher sales volume and other income resulting from the settlement of a debt obligation to an unsecured creditor.

Liquidity and Capital Resources:

The Company's sole source of liquidity is cash generated by ongoing operations. The Company's liquidity is expected to be affected adversely in the short term due to the anticipated lower level of revenue in the next eighteen months to two years. The Company's liquidity is not expected to improve until the Company's revenue increases above its breakeven point.

Furthermore, the Company's liquidity continues to be affected adversely by significant non-recurring expenses associated with the Company's 1993 bankruptcy petition obligations and the Company's inability to obtain additional working capital through the sale of debt or equity securities. For a more complete discussion of the Company's bankruptcy obligations, see "Business - Bankruptcy Proceedings" in the Company's Form 10-KSB filed for the period ended February 28, 2003.

The Company is required to make quarterly payments to holders of unsecured claims until they receive 35 percent (35%) of their pre-petition claims. At August 31, 2003, the Company is currently scheduled to pay approximately $1,802,000 to holders of allowed unsecured claims in quarterly installments of approximately $62,000.

The Company reported a net income of $373,000 and an operating income of $250,000 for the six months ended August 31, 2003. The Company has significant obligations arising from settlements related to its bankruptcy proceeding which require it to make substantial cash payments, which cannot be supported by the Company's current level of operations.

At August 31, 2003, February 28, 2003 and August 31, 2002 respectively, the Company had cash of $1,791,000, $1,448,000 and $1,642,000. The increase during the last six months against February 28, 2003 was primarily attributable to higher revenues and to a lower level of cost of sales and expenses. Reduction in accounts receivable contributed $100,000 to the last six months' positive cash flow generated by ongoing operations.

At August 31, 2003, the Company had working capital of $2,487,000 as compared with a working capital at August 31, 2002 of $2,075,000. At February 28, 2003, the Company had a working capital of $2,194,000. The approximately $293,000 increase for the six months ended August 31, 2003 was due mainly to a decrease in accounts payable made possible by an improved cash inflow and to a decrease in pre-petition accounts payable which came about due to settlement of a debt obligation to an unsecured creditor.

Forward-Looking Statements:

Information in this Form 10-QSB, including any information incorporated by reference herein, includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, and is subject to the safe-harbor created by such sections. The Company's actual results may differ significantly from the results discussed in such forward-looking statements.

Statements regarding:

- sources and availability of liquidity;
- expectations regarding fluctuations in the general economy and variations in defense spending;
- the Company's belief regarding changes in its book-to-bill ratio;
- expectations regarding the impact of certain accounting pronouncements; and
- other statements contained in this report that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, and similar statements are forward-looking statements.

These statements are based upon assumptions and analyses made by the Company in light of current conditions, future developments and other factors the Company believes are appropriate in the circumstances, or information obtained from third parties and are subject to a number of assumptions, risks and uncertainties. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results might differ materially from those suggested or projected in the forward-looking statements. Factors that may cause actual future events to differ significantly from those predicted or assumed include, but are not limited to:

- the loss of certification or qualification of the Company's products or the inability of the Company to capitalize on such certifications and/or qualifications;
- unexpected rapid technological change;
- a misinterpretation of the Company's capital needs and sources and availability of liquidity;
- a change in government regulations which hinders the Company's ability to perform government contracts;
- a shift in or misinterpretation of industry trends;
- unforeseen factors which impair or delay the development of any or all of its products;
- inability to sustain or grow bookings and sales;
- inability to capitalize on competitive strengths or a misinterpretation of those strengths;
- the emergence of improved, patented technology by competitors;
- a misinterpretation of the nature of the competition, the Company's competitive strengths or its reputation in the industry;
- inability to respond quickly to customers' needs and to deliver products in a timely manner resulting from unforeseen circumstances;
- inability to generate sufficient cash to sustain operations;
- failure of price or volume recovery;

- failure to successfully implement cost-cutting or downsizing measures, strategic plans or the insufficiency of such measures and plans;
- changes in military or defense appropriations;
- inability to make or renegotiate payments under the Plan of Reorganization;
- inability to move into new market segments based on unforeseen factors;
- unexpected impediments affecting ability to fill backlog;
- inability to be released from environmental liabilities;
- an increase in the expected cost of environmental compliance based on factors unknown at this time;
- changes in law or industry regulation;
- inability to sell certain properties or to obtain expected prices for such properties;
- unexpected growth or stagnation of the business;
- the results of the SEC investigation;
- unforeseen changes that render the Company's headquarters and manufacturing facilities unsuitable or inadequate to meet the Company's current needs; and
- unforeseen effects of inflation; other unforeseen activities, events and developments that may occur in the future.

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SIGNATURES

In accordance with the requirements of the Exchange Act the registrant caused this report to be signed on its behalf by the undersigned, therein duly authorized.

SOLITRON DEVICES, INC.

Date: July 13, 2004

/s/ Shevach Saraf

By: Shevach Saraf
Title: Chairman, President,
Chief Executive Officer and
Chief Financial Officer

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EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
31	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.