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SOLITRON DEVICES INC  
Form 10QSB  
July 10, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended May 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  No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of June 30, 2003: 2,070,821.

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Transitional Small Business Disclosure Format (check one):

Yes [X] No [ ]

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SOLITRON DEVICES, INC.

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(in thousands, e

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		\$ 1,564
Accounts receivable		938
Inventories		2,898
Prepaid expenses and other current assets		118
		-----
TOTAL CURRENT ASSETS		5,518
PROPERTY, PLANT AND EQUIPMENT, net		612
OTHER ASSETS		52
		-----
TOTAL ASSETS		\$ 6,182
		=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of accrued environmental expenses		\$ 876
Accounts payable - Post petition		387
Accounts payable-Pre-petition, current portion		788
Accrued expenses and other liabilities		1,135
		-----
TOTAL CURRENT LIABILITIES		3,186
LONG TERM LIABILITIES, net of current portion		334
		-----
TOTAL LIABILITIES		3,520
		-----
COMMITMENTS AND CONTINGENCIES		--
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value, authorized 500,000 shares, none issued		-0-
Common stock, \$.01 par value, authorized 10,000,000 shares, 2,070,821 shares issued and outstanding		21
Additional paid-in capital		2,617
Retained earnings (accumulated deficit)		24
		-----
TOTAL STOCKHOLDERS' EQUITY		2,662
		-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 6,182
		=====

The accompanying notes are an integral part of the financial statements

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	----- (Unaudited) (in thousands, except for per share amount)	----- (Unaudited)
Net sales	\$ 2,000	\$ 1,818
Cost of sales	1,555	1,520
Gross profit	----- 445	----- 298
Selling, general and administrative expenses	248	278
Operating income	----- 197	----- 20
Other income (expense)		
Other income	21	16
Interest expense	(5)	(13)
Other	--	(2)
Net other income	----- 16	----- 1
Net income	----- \$ 213 =====	----- \$ 21 =====
INCOME PER SHARE OF COMMON STOCK:		
Basic	\$ 0.10	\$ 0.01
Diluted	----- \$ 0.10	----- \$ 0.01
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	2,070,821	2,070,821
Diluted	===== 2,070,821 =====	===== 2,089,816 =====

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  
THREE MONTHS ENDED MAY 31,

	2003 ----- (Unaudited)	(Unaudited)
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 213	\$
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	15	
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	114	
Inventories	(29)	

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Prepaid expenses and other current assets	21	
Increase (Decrease) in:		
Accounts payable	(174)	
Accrued expenses and other liabilities	15	
Accrued environmental expenses	30	
Other long term liabilities	(30)	
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	175	
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(59)	
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(59)	
	-----	-----
NET INCREASE IN CASH	116	
CASH AT BEGINNING OF PERIOD	1,448	
	-----	-----
CASH AT END OF PERIOD	\$ 1,564	\$
	=====	=====

The accompanying notes are an integral part of the financial statements

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

1. GENERAL:

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.

The results of operations for the three-month period ended May 31, 2003 are not necessarily indicative of the results to be expected for the year ending February 28, 2004.

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

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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 May 31, 2003 net inventories consist of the following:

Raw Materials	\$ 1,554,000
Work-In-Process and Finished Goods	1,344,000
	-----
	\$ 2,898,000

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

#### 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

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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.

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

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

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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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### SOLITRON DEVICES, INC. AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### 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.

##### Critical Accounting Policies



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Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Our critical accounting policies include inventories, valuation of plant, equipment and intangible assets, revenue recognition, accounting for legal contingencies, accounting for income taxes and accounting for non-recurring engineering work. A discussion of all of these critical accounting policies except for non-recurring engineering work can be found in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the fiscal year ended February 28, 2003 and a discussion of the critical accounting policy relating to non-recurring engineering work can be found in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002.

Trends and Uncertainties:  
-----

During the three months ended May 31, 2003, the company's book-to-bill ratio was approximately 1.13, reflecting an increase 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 eighteen months 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 reoccur. 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.

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RESULTS OF OPERATIONS-THREE MONTHS ENDED MAY 31, 2003 COMPARED TO THREE MONTHS  
-----  
ENDED MAY 31, 2002:  
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Net sales for the three months ended May 31, 2003 increased approximately 10% to \$2,000,000 as compared to \$1,818,000 for the three months ended May 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 three months ended May 31, 2003 increased to \$1,555,000 from \$1,520,000 for the comparable period in 2002. However, expressed as a percentage of sales, Cost of sales decreased to approximately 78% from approximately 84% for the same periods. This change was due partly to a higher level of shipments and partly to reductions in material and labor costs expressed as a percentage of sales.

Gross profit for the three months ended May 31, 2003 increased to \$445,000 from \$298,000 for the three months ended May 31, 2002. Accordingly, gross margins on the Company's sales increased to approximately 22% for the three months ended May 31, 2003 in comparison to approximately 16% for the three months ended May 31, 2002. This change was due partly to a higher level of shipments and partly

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to reductions in material and labor costs expressed as a percentage of sales.

For the three months ending May 31, 2003, the Company shipped 154,722 units as compared with 193,321 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 might not be a reliable indicator of the Company's performance.

The Company's backlog of open orders increased approximately 5% for the three months ended May 31, 2003 as compared to an increase of approximately 7% for the three months ended May 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 50% for the quarter ended May 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 decreased to \$248,000 for the three months ended May 31, 2003 from \$278,000 for the comparable period in 2002. During the three months ending May 31, 2003, selling, general, and administrative expenses as a percentage of sales decreased to approximately 12% as compared with approximately 15% for the three months ending May 31, 2002. This decrease is due to lower sales department salaries.

Operating Income for the three months ended May 31, 2003 increased to \$197,000 from \$20,000 for the three months ended May 31, 2002. This increase is due to a higher gross profit and to a decrease in selling, general and administrative expenses.

The Company recorded a net other income of \$16,000 for the three months ended May 31, 2003 versus a net other income of \$1,000 for the three months ended May 31, 2002. The variance was due primarily to a decrease in the Company's interest expense.

Net income for the three months ended May 31, 2003 increased to \$213,000 from \$21,000 for the same period in 2002. This increase is mainly due to a higher sales volume and to decreases in material cost and in selling, general and administrative expenses.

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### 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 adversely affected in the short term due to the anticipated lower level of revenue in the next six to nine months. 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 adversely affected 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

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claims until they receive 35 percent (35%) of their pre-petition claims. At May 30, 2003, the Company is currently scheduled to pay approximately \$1,811,000 to holders of allowed unsecured claims in quarterly installments of approximately \$62,000.

The Company reported a net income of \$213,000 and an operating income of \$197,000 for the three months ended May 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 May 31, 2003, February 28, 2003 and May 31, 2002 respectively, the Company had cash of \$1,564,000, \$1,448,000 and \$1,616,000. The increase during the last three 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 \$114,000 to the last three months' positive cash flow generated by ongoing operations.

At May 31, 2003, the Company had working capital of \$2,332,000 as compared with a working capital at May 31, 2002 of \$2,111,000. At February 28, 2003, the Company had a working capital of \$2,194,000. The approximately \$138,000 increase for the three months ended May 31, 2003 was due mainly to a decrease in accounts payable made possible by an improved cash inflow.

### Forward-Looking Statements

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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:

- o sources and availability of liquidity;
- o expectations regarding fluctuations in the general economy and variations in defense spending;
- o the Company's belief regarding changes in its book-to-bill ratio;
- o expectations regarding the impact of certain accounting pronouncements; and
- o 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:

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- o 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;
- o unexpected rapid technological change;
- o a misinterpretation of the Company's capital needs and sources and availability of liquidity;
- o a change in government regulations which hinders the Company's ability to perform government contracts;
- o a shift in or misinterpretation of industry trends;
- o unforeseen factors which impair or delay the development of any or all of its products if such decision is later determined to be in the best interests of the Company;
- o inability to sustain or grow bookings and sales;
- o inability to capitalize on competitive strengths or a misinterpretation of those strengths;
- o the emergence of improved, patented technology by competitors;
- o a misinterpretation of the nature of the competition, the Company's competitive strengths or its reputation in the industry;
- o inability to respond quickly to customers' needs and to deliver products in a timely manner resulting from unforeseen circumstances;
- o inability to generate sufficient cash to sustain operations;
- o failure of price or volume recovery;
- o failure to successfully implement cost-cutting or downsizing measures, strategic plans or the insufficiency of such measures and plans;
- o changes in military or defense appropriations;
- o inability to make or renegotiate payments under the Plan of Reorganization;
- o inability to move into new market segments based on unforeseen factors;
- o unexpected impediments affecting ability to fill backlog;
- o inability to be released from environmental liabilities;
- o an increase in the expected cost of environmental compliance based on factors unknown at this time;
- o changes in law or industry regulation;
- o the results of the informal inquiry being conducted by the Securities and Exchange Commission;
- o inability to sell certain properties or to obtain expected prices for such properties;
- o unexpected growth or stagnation of the business; and
- o unforeseen changes that render the Company's headquarters and manufacturing facilities unsuitable or inadequate to meet the Company's current needs;
- o unforeseen effects of inflation; other unforeseen activities, events and developments that may occur in the future.

### ITEM 3. CONTROLS AND PROCEDURES

Based on the evaluation of the Company's disclosure controls and procedures as of a date within 90 days of the filing date of this quarterly report, Shevach Saraf, Chairman, President, Chief Executive Officer, Treasurer and Chief Financial Officer of the Company, has concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time period specified by the Securities and Exchange Commission's rules and forms.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS:

On June 23, 2003, the Southeast Regional Officer of the Securities and Exchange Commission notified us that it is conducting an informal inquiry concerning the Company. The Securities and Exchange Commission has requested that we provide them with certain documents and other information. We are cooperating fully with the Securities and Exchange Commission in connection with this informal inquiry. Management has no knowledge or belief that the Company is in violation of any SEC regulations. Currently, we are unable to determine whether this informal inquiry may lead to a formal investigation or the commencement of proceedings against the Company by the Securities and Exchange Commission.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS:

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES:

See "Management's Discussion and Analysis - Liquidity and Capital Resources" in this Form 10-QSB and "Business - Bankruptcy Proceedings" in the Company's Form 10-KSB for the period ended February 28, 2003, for a discussion of the status of payments pursuant to the Company's 1993 bankruptcy reorganization.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

None

ITEM 5. OTHER INFORMATION:

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K:

a) Exhibits

- 99.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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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.

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SOLITRON DEVICES, INC.

Date: July 8, 2003

/s/ Shevach Saraf

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

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CERTIFICATION

I, Shevach Saraf, Chairman, President, Chief Executive Officer, Treasurer and Chief Financial Officer of Solitron Devices, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Solitron Devices, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;
5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons

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performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 8, 2003

/s/ Shevach Saraf

-----  
Shevach Saraf  
Chairman, President,  
Chief Executive Officer,  
Treasurer and  
Chief Financial Officer

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EXHIBIT INDEX

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

\*Filed herewith.

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