LAPIS TECHNOLOGIES INC
Form 10QSB
November 15, 2004

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

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED: September 30, 2004

OR

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

For the transition period from ________ to __________

Commission file number ______________________

LAPIS TECHNOLOGIES, INC.

(Exact name of small business issuer
as specified in its charter)

DELAWARE	27-0016420
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

19 W. 34th Street, Suite 1008
New York, NY, 10001
(Address of principal executive offices)

Issuer's telephone number (212) 937-3580

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 [ ]

As of November 12, 2004 there were 5,483,000 shares of the registrant's common stock, par value $0.001, issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes [ ]   No [X]

LAPIS TECHNOLOGIES, INC.
SEPTEMBER 30, 2004 QUARTERLY REPORT ON FORM 10-QSB

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In Thousands, Except Share Amounts)

ASSETS	September 30, 2004
Current Assets:	
Cash and cash equivalents	$ 56
Accounts receivable	2,373
Inventories	2,122
Prepaid expenses and other current assets	260
Due from stockholder	333
Total current assets	5,144
Property and equipment, net	439

Due from affiliates		22
Deferred income taxes		20
	$	5,625

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Bank line of credit	$	679
Short term bank loans		1,996
Current portion of term loans		151
Accounts payable and accrued expenses		1,116
Income taxes payable		162
Total current liabilities		4,104
Term loans, net of current portion		258
Severance payable		58
Total liabilities		4,420
Commitments and contingencies		
Minority interest		307
Stockholders' Equity:		
Preferred stock; $.001 par value, 5,000,000 shares authorized, none issued		-
Common stock; $.001 par value, 100,000,000 shares authorized, 5,483,000 shares issued and outstanding		5
Additional paid-in capital		78
Accumulated other comprehensive loss		(99)
Retained Earnings		914
Total stockholders' equity		898
	$	5,625

LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Earnings Per Share and Share Amounts)

	Nine Months Ended September 30,	
	2004	2003
Sales	$ 4,084	$ 4,257
Cost of sales	2,475	2,677
Gross profit	1,609	1,580
Operating expenses:		
Selling expenses	31	24
General and administrative	913	846

Total operating expenses	944	870
Income from operations	665	710
Other income (expense):		
Interest expense, net	(180)	(258)
Income before provision for income taxes and minority interest	485	452
Provision for income taxes	71	113
Minority interest	147	90
Net income	267	249
Other comprehensive (loss) income, net of taxes		
Foreign translation (loss) gain	(36)	15
Comprehensive (loss) income	$ 231	$ 264
Basic net loss per share	$ 0.05	$ 0.05
Basic weighted average common shares outstanding	5,483,000	5,483,000

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LAPIS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND
COMPREHENSIVE INCOME (LOSS)
YEAR ENDED DECEMBER 31, 2002 AND 2003
(In Thousands, Except Share Amounts)

	Common Stock				Accu
	Shares	Amount	Additional Paid-in Capital	Comprehensive Loss	Oth Reta Earn
Balance, January 1, 2002	4,750,000	$ 5	$ (5)	$ (76)	$ 47
Common stock issued for services	500,000	--	50	--	-
Sale of common stock under a private placement, net of expenses of $45	233,000	--	(11)	--	-
Recapitalization on acquisition of subsidiary	--	--	44	--	-

Dividend paid	--	--	--	--	(40
Foreign currency translation adjustment	--	--	--	(28)	-
Net income	--	--	--	--	33
Balance, December 31, 2002	5,483,000	5	78	(104)	39
Foreign currency translation adjustment				41	
Net income	--	--	--	--	25
Balance, December 31, 2003	5,483,000	5	78	(63)	64
Foreign currency translation adjustment				(36)	
Net income	--	--	--	--	26
Balance, September 30, 2004	5,483,000	$ 5	$ 78	$ (99)	$ 91

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LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Nine Mont Septembe 2004
Cash flows from operating activities:	
Net income	$ 267
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	105
Capital gain from dispostion of fixed assets	(9)
Minority interest	153
Deferred income tax	--
Change in operating assets and liabilities:	
Accounts receivable	635
Inventories	(499)
Prepaid expenses and other current assets	(36)
Accounts payable and accrued expenses	(515)
Income tax payable	(48)
Customer deposits	--
Severance payable	(1)
Net cash provided by (used in) operating activities	52

Cash flows from investing activities:	
Proceeds from the sale of property & equipment	14
Purchase of property and equipment	(17)
Increase (decrease) in due from stockholder	(158)
Increase (decrease) in due from affiliates	48
Net cash used in investing activities	(113)
Cash flows from financing activities:	
Increase (decrease) in bank line of credit, net	(254)
Proceeds from long term debt	3,403
Repayment of long-term debt	(3,198)
Net cash (used in) provided by financing activities	(49)
Effects of exchange rates on cash and cash equivalents	(15)
Increase (decrease) in cash	(125)
Cash, beginning of period	181
Cash, end of period	$ 56
Supplemental disclosure of cash flow information: Cash paid during the period for:	
Interest	$ --
Income taxes	$ --

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LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Per Share Amounts)
SEPTEMBER 30, 2004

NOTE 1 - DESCRIPTION OF BUSINESS

Lapis Technologies, Inc. (the "Company") was incorporated in the State of Delaware on January 31, 2002. The Company was originally named Enertec Electronics, Inc. and on April 23, 2002 changed its name to Opal Technologies, Inc. which changed its name to Lapis Technologies, Inc. on October 3, 2002. The Company's operations are conducted through its wholly-owned Israeli Subsidiary, Enertec Electronics Ltd. ("Enertec") and its majority owned Israeli subsidiary Enertec Systems 2001 LTD ("Systems"). Enertec is engaged in the manufacturing, distribution and marketing of electronic components and products relating to power supplies, converters and related power conversion products, automatic test equipment, simulators and various military and airborne systems, within the State of Israel.

NOTE 2 - BASIS OF PRESENTATION AND CONSOLIDATION

The accompanying unaudited consolidated financial statements and related footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information read the financial statements and footnotes thereto included in the Company's Annual Report to be filed in accordance with the rules and regulations of the Securities and Exchange Commission on Form 10-KSB for the year ended December 31, 2003. The results of operations for the six-months ended June 30, 2004 are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2004.

The accompanying financial statements include the accounts of the Company and their ownership interest in its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if currently adopted, would have a material effect on the accompanying consolidated financial statements.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms, or other comparable terminology. These statements are only predictions. Actual events or results may differ materially from those in the forward-looking statements as a result of various important factors. Although we believe that the expectations reflected in the forward-looking statements are reasonable, such should not be regarded as a representation by Lapis Technologies, Inc., or any other person, that such forward-looking statements will be achieved. The business and operations of Lapis Technologies, Inc. and its subsidiaries are subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained in this Report. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including our plans, objectives, expectations and intentions and other factors discussed under "Risk Factors," included in our Registration Statement on Form 10-SB filed with the Securities and Exchange Commission on March 26, 2004.

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related notes included elsewhere in this Report.

Overview

We were formed in Delaware on January 31, 2002 under the name Enertec Electronics, Inc. and have filed two certificates of amendment changing our name to Opal Technologies, Inc. and then to Lapis Technologies, Inc. We conduct operations in Israel through our wholly owned subsidiary, Enertec Electronics Limited ("Enertec Electronics"), an Israeli corporation formed on December 31, 1991, and Enertec Systems 2001 LTD ("Enertec Systems"), an Israeli corporation formed on August 28, 2001, of which we own a 55% equity interest. Enertec Electronics is a manufacturer and distributor of electronic components and products relating to power supplies, converters and related power conversion products, automatic test equipment (ATE), simulators and various military and airborne systems. Enertec Electronics maintains two divisions, the Systems Division and the Electronics Division. The Systems Division designs, develops and manufactures test systems for electronics manufacturers in accordance with their specifications. The Electronics Division markets and distributes the test systems, power supplies and other electronic components manufactured by us, and by other manufacturers who engage us to distribute their products.

We had seven distribution agreements as of September 30, 2004. In the second quarter of 2004, we received several large orders in the commercial and military domains. Within the commercial arena we received a preliminary order for 6,200 units of a customized ATX power supply for a total value of $210,000, as of September 30, 2004 revenues of $100,000 have already been received. We have received an order for 200 customized compact PCI power supplies which should generate revenues of approximately $56,000 of which so far $26,000 has been received. We have also received an order for 1,100 power supplies for Voice Over IP products which generated revenues of $44,000, with an additional $16,000 expected over the next quarter. Our management believes that this has been a successful first entry into the IP Telephony industry, a burgeoning and fast growing sector of the technology industry, and one in which we have begun to take a position in the market.

During the third quarter, 250 redundant power supplies were delivered generating revenues of approximately $55,000. There is an outstanding order of 400 units of standard military converters to be delivered partly during the last quarter of 2004 and partly during the first quarter of 2005. This order should generate revenues of approximately $75,000.

During the third quarter of 2004 we received several new orders in the commercial and military domains:

- Redundant power supplies, 1050 units, which is expected to generate $143,000 in revenues with delivery expected during the 4th quarter of 2004 and the 1st quarter of 2005.
- 100 Compact PCI power supplies, which is expected to generate revenues totaling $23,000, delivery projected during the 4th quarter of 2004.
- 3Aircraft Battery chargers, for expected revenues of $26,000, with delivery expected in the 4th quarter of 2004.

-Miniature standard military converters, 3000 units, which is expected to generate sales of $337,000, with delivery during the 4th quarter of 2004 and the 1st quarter of 2005.

New product launch

During the first three quarters of 2004 we entered a new field of military technologies, in addition to our "classic" ATE field of expertise. We believe that we have successfully marketed a new line of ruggedized Command and Control mobile stations of modular architecture, allowing adaptation/customization to various applications. We have already received an order of $155,000, representing the first batch of a potentially much larger order of about 200 units, to be delivered over the next 3-4 years.

- External Power Supplies for a Network Security Product. The first order of 1000 units was received during the third quarter of 2004 generating revenues of about $16,000.
- We have successfully completed the UL safety approvals for a new custom-made power supply. It is implemented in a series of modems for fast network access of data and voice over the IP network.
- We have already received the first order of 1000 units totaling $16,000 in revenue which we expect to deliver in the first quarter of 2005.
- DC/DC converters for military CDU (Command Display Units). The first samples are expected to be delivered during the fourth quarter of 2004. We have already received a 1500 unit order with revenue of $80,000 for delivery during 2005.

Within the military arena, we received an order for 113 Power Distribution Units, of military grade, to be delivered over the next four years, generating revenues of approximately $420,000. $187,000 worth of ATE equipment has been ordered for the maintenance of the infrared payload delivery expected to be delivered during the 4th quarter of 2004 and the 1st quarter of 2005. Three ATE's for air-to-air missiles, at a cost of $67,000 per unit, to be delivered by the 4th quarter of 2004 and the 1st quarter of 2005. An ATE for avionics at a unit price of $53,000 delivery expected in the second quarter of 2005. 20 Power Distribution Units, totaling $235,000 in revenues with delivery expected for 2005 and 2006. Two ATE's for the DataLink, generating $160,000 in revenue with delivery expected in the last quarter of 2005.

The following presents certain historical financial information of relating to our operations. This financial information includes our results of operations for the three and nine months ended September 30, 2003 compared with our results of operations for the three and nine months ended September 30, 2004.

Results of Operations

Revenues

Revenues for the three and nine months ended September 30, 2004 were $1,396,000 and $4,084,000, respectively, as compared to $1,272,000 and $4,257,000 for the three and nine months ended September 30, 2003, respectively. This represents an increase of $124,000, or 9.75%, for the three months ended September 30, 2004 and a decrease of $173,000, or 4.06%, for the nine months ended September 30, 2004 when compared to the same period of 2003. The increase in revenue for the three months ended September 30, 2004 when compared to the same period of 2003 was a result of the impact of increase in sales in the commercial market which finally felt its impact by the third quarter of 2004. The decrease in revenue for the nine months ended September 30, 2004 when compared to the same period of 2003 was a result of a lower number of orders for military systems received due to end-of-year budget cuts of the Israeli Ministry of Defense. The impact of the government cuts at the end of the year usually lasts two to three quarters since the average lead-time for a military ATE is 6-10 months.

Gross Profit

Gross profit totaled approximately $453,000 for the three months ended September 30, 2004 and $1,609,000 for the nine months ended September 30, 2004. For the three and nine months ended September 30, 2003, gross profit totaled $400,000 and $1,580,000, respectively. Comparing the three-month period ended September 30, 2004 to the same period of 2003, gross profit increased approximately $53,000, or 13.25%. For the nine-month period ended September 30, 2004, gross profit increased approximately $29,000, or 1.84%, compared to the same period of 2003. The increase in gross profit for the three months and nine months ended September 30, 2004 is primarily the result of a few orders with lower cost of sales. In the second and third quarter of 2004 we focused on those projects with higher profit margins, resulting in slightly lower revenues, but higher net income and profit margin.

Selling, General and Administrative Expenses

For the three months and nine months ended September 30, 2004, selling, general and administrative expenses totaled $288,000 and $944,000, respectively versus selling, general and administrative expenses for the same periods for 2003 of $255,000 and $870,000. This was an increase in SG and A of $33,000 (13%) for the 3 month period ending September 3 2004 versus the same prior period in 2003 due to an increase of $9,000 in depreciation and amortization and approximately $24,000 due to the increase of the cost of the professional services legal and accounting associated with being a public company. For the nine month periods ended Sept 30,2004 versus the nine month period in the prior year you have an increase of $74,000 (8.5%) in SG and A. The increase in selling, general and administrative expenses for the nine months ended September 2004 versus the same period in the previous year is attributable to an increase of $24,000 in depreciation and amortization and approximately $50,000 due to the increase of the cost of the professional services as previously detailed.

Other Income and Expenses

Net interest expense was approximately $62,000 and $180,000 for the three and nine months ended September 30, 2004, respectively. For the three months ended September 30, 2003, net interest income was $85,000. For the nine months ended September 30, 2003, net interest expense was $258,000. This represents a decrease of $147,000 and a decrease of $78,000 in interest expense, when comparing the three and nine months ended September 30, 2004 with the same periods of 2003, respectively. The lower interest expense comparing the three months ended September 30, 2004 to the three months ended September 30, 2003 and the nine month ended September 30, 2004 with the nine months ended September 30, 2003 is due to the combination of a decrease in the total debt by 9% to the banks (by $308,000) because of the slightly lower revenues for the comparative period and the lower interest rates in Israel during the nine months period ending Sept 2004 as compared with the prior year period. The monetary prime rate in Israel was 6% average for the first nine months of 2004 as compared to 9% average for the first nine months of 2003,and 5.5% during the three months period ending Sept 2004 as compared to 8% average with the prior year period.

Provision for income taxes

For the three and nine months ended September 30, 2004, our provision for income taxes was $29,000 and $71,000. This represents a nominal increase of $5,000 for the third quarter ending September 30, 2004, versus the same period in the year prior, and a decrease of $42,000 for the nine months ending September 30, 2004 versus the same nine-month period for the prior year. The provision for income taxes for the three and nine months ended Sept 30, 2003 was $24,000, and $113,000 respectively. The increase in the provision for the third quarter ended September 2004 versus the third quarter ending September 2003 was due to slightly higher income before taxes for that period. The decreased adjustment for the nine-month period comparison ending September 2004 versus the same period in the year prior reflects the actual updated income taxes. At the end of September 2003 the provision for taxes of Enertec Systems did not take in consideration the tax exempt status that allowed tax free income above approx $330,000. As of Dec 2003 the financials have been adjusted to reflect this tax-exempt status.

Liquidity and Capital Resources Cash and Working Capital

As of September 30, 2004, we had approximately $56,000 of cash and cash equivalents on hand and $1,040,000 of working capital as compared to $119,000 of cash and cash equivalents on hand and $792,000 of working capital as of September 30, 2003. The increase in working capital is due to a decrease of current liabilities.

We currently plan to use the cash balance and cash generated from operations for increasing our working capital reserves and, along with additional debt financing, for new product development and building up inventory, hiring more sales staff and funding advertising and marketing. Management believes that the current cash on hand and additional cash expected from operations in fiscal 2004 will be sufficient to cover our working capital requirements for fiscal 2004.

Capital Expenditures

We did not incur any expenditures for capital improvements as of September 30, 2004 and management does not currently anticipate any significant capital expenditures during the next six to twelve months.

Financing Transactions

As of September 30, 2004, our total bank debt was approximately $3,084,000 as compared with approximately $3,392,000 as of September 30, 2003. This decrease of approximately $308,000(9.1%) was due to a lowered financing need since the volume of new orders and the accounts receivables for the nine month period ended September 30, 2004 were lower than the same comparative period for the prior year. These funds were borrowed as follows: $1,996,000 as various short-term loans due through February 2005; $258,000 of long term debt due through December 2007, and $ 679,000 borrowed as lines of credit. The current portion of long-term debt at September 30, 2004 consisted of $151,000 due February 2005.

Cash Flows

Net cash provided by operating activities was approximately $52,000 for the nine months ended September 30, 2004 compared to net cash used in operating activities of $750,000 for the same period of 2003. The net cash provided by operating activities for the nine months ended September 30, 2004 was primarily a result of a $635,000 net cash receipt from accounts receivable offset by additional purchase of inventory of approximately $499,000.

Net cash used in investing activities was $113,000 for the nine months ended September 30, 2004 compared with net cash provided by investing activities of $38,000 for the nine months ended September 30, 2004. is due to a decrease in due from stockholders.

Net cash used in financing activities for the nine months ended September 30, 2004 was approximately $49,000, as compared with net cash provided by financing activities of approximately $504,000 for the same period of 2003. This decrease is due to a reduction in our total debt as compared to the nine months ended September 30, 2003 when we incurred additional debt.

ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. There was no significant change in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not subject to any pending or threatened legal proceedings, except as described below.

On April 16, 2002, Orckit Communications brought an action in the Tel Aviv District Court against Gaia Converter, a French company and Alcyon Production Systems, also a French company and a subcontractor of Gaia Converter, seeking $1,627,966, alleging that the DC converters supplied to it by Gaia Converter were defective and caused Orckit to replace the converters at a substantial financial expense. Enertec Electronics was joined in the action as a local Israeli distributor of the Gaia Converter products. Gaia Converter has advised us that the converters in issue were free from any and all defects and were in good working order and that it was the faulty performance of Orckit's product into which the converters were incorporated that caused them to fail at a greater rate than anticipated by Orckit. Enertec Electronics filed a response to this claim that there is no cause of action against it, as among other things, Enertec Electronics is merely the local Israeli sales representative of Gaia Converter and did not make any implied or express representations or warranties to Orckit regarding the suitability of the converters or otherwise, nor was Enertec Electronics required to do so by law. Technical specifications required by Orckit for the converters were determined and communicated directly by Orckit to Gaia Converter and all other communications regarding the converters were directly between Orckit and Gaia Converter. Moreover, Orckit conducted a qualification test of the converters and confirmed to Gaia Converter that the converters complied with their requirements subsequent to such testing. Neither Gaia Converter nor Alcyon Production Systems have filed a response to this action, and consequently Orkit Communications requested and obtained default judgments from the Tel Aviv District Court against both Gaia Converter and Alcyon Production Systems. Enertec Electronics is defending and is continuing to defend this action vigorously and we do not believe that it will have a material adverse impact on our business. Orkit has filed affidavits setting out the evidence supporting their allegations and Enertec will file answering affidavits in response.

ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS IN SENIOR SECURITIES

Not applicable.

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

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Certificate of Incorporation of Enertec Electronics, Inc. filed January 31,
3.2	Certificate of Amendment of Enertec Electronics, Inc. filed April 23, 2002*
3.3	Certificate of Amendment of Opal Technologies, Inc. filed October 17, 2002*
3.4	By-Laws of Lapis Technologies, Inc.*
4.1	Specimen Common Stock Certificate**
10.1	Stock Option Plan of 2002*
10.2	An Agreement for an Unprotected Tenancy, dated in June 2002 between Amnoni Transporters Ltd. and Enertec Systems Ltd.**
10.3	Lease Agreement dated October 31, 2002 between Mund Holdings Ltd., and Ener Ltd.**
10.4	Manufacturer's Representative Agreement dated December 20, 1988 between Cyt Enertec International.**
10.5	Exclusive Distribution Agreement dated June 26, 2002 between Gaia Converter Enertec (Israel) Gaia Converter Sa and Enertec Electronics Ltd.**
10.6	Annual Agreement dated February 05, 2001 between BigBand Networks Ltd. and Ltd.**
10.7	Supply Agreement between Enertec Ltd. and The Israeli Aeronautical Industr
10.8	Distributor Agreement dated January 1, 1998 between Christie Electric Corp. Electronics Ltd.**
10.9	Sale Representative Agreement dated July 6, 1998 between EMCO High Voltage International.**
31.1	Certification by Harry Mund, Chief Executive Officer, pursuant to Section 3 Sarbanes-Oxley Act of 2002.***
31.2	Certification by Miron Markovitz, Chief Financial Officer, pursuant to Sect Sarbanes-Oxley Act of 2002.***
32.1	Certification by Harry Mund, Chief Executive Officer, pursuant to Section 9 Sarbanes-Oxley Act of 2002.***
32.2	Certification by Miron Markovitz, Chief Financial Officer, pursuant to Sect Sarbanes-Oxley Act of 2002.***

* Previously filed with Amendment No. 2 to the Form SB-2 registration statement filed with the Securities and Exchange Commission on May 14, 2003, and incorporated herein by reference. ** Previously filed with Amendment No. 1 to the Form SB-2 registration statement filed with the Securities and Exchange Commission on February 11, 2003, and incorporated herein by reference.
*** Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 14th day of November 2004.

Lapis Technologies, Inc.

By: /s/ Harry Mund

Harry Mund, Chief Executive Officer,
President and Chairman of the Board

By: /s/ Miron Markovitz

Miron Markovitz, Chief Financial Officer,
Chief Accounting Officer and Director