LAPIS TECHNOLOGIES INC
Form 10QSB
May 16, 2005

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 MARCH 31, 2005

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
FOR THE TRANSITION PERIOD FROM __________ TO __________
COMMISSION FILE NUMBER ________________________________

LAPIS TECHNOLOGIES, INC.
(Name of small business issuer in its charter)

DELAWARE	27-0016420
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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 [_]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of May 13, 2005, the issuer had 5,483,000 outstanding shares of Common Stock.

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

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

ASSETS

	March 31, 2005
Current Assets:	
Cash and cash equivalents	$ 43
Accounts receivable	2,393
Inventories	2,292
Prepaid expenses and other current assets	623
Due from stockholder	372
Total current assets	5,723
Property and equipment, net	385
Deferred income taxes	19
	$ 6,127

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Bank line of credit	$ 461
Short term bank loans	2,087
Current portion of term loans	151
Accounts payable and accrued expenses	1,577
Income taxes payable	233

Total current liabilities	4,509
Term loans, net of current portion	193
Severance payable	59
Total liabilities	4,761
Commitments and contingencies	
Minority interest	311
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	(68)
Retained Earnings	1,040
Total stockholders' equity	1,055
	$ 6,127

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

	Three Months Ended March 31,	
	2005	2004
Sales	$ 1,665	$ 1,121
Cost of sales	1,241	758
Gross profit	424	363
Operating expenses:		
Selling expenses	23	2
General and administrative	284	252
Total operating expenses	307	254
Income from operations	117	109
Other income (expense):		

Interest expense, net	(61)	(73)
Income before provision for income taxes and minority interest	56	36
Provision for income taxes	56	9
Minority interest	50	(9)
Net income	50	18
Other comprehensive (loss) income, net of taxes		
Foreign translation (loss) gain	(11)	(43)
Comprehensive (loss) income	$ 39	$ (25)
Basic net income (loss) per share	$ 0.01	$ 0.00
Basic weighted average common shares outstanding	5,483,000	5,483,000

The accompanying notes are an integral part of these financial statements.

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

	Three Months Ended March 31, 2005	2004
Cash flows from operating activities:		
Net income	$ 50	$ 18
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	30	31
Minority interest	(61)	15
Gain on sale of property and equipment	--	
Deferred income tax	(1)	(1)
Change in operating assets and liabilities:		
Accounts receivable	151	760
Inventories	(18)	(338)
Prepaid expenses and other current assets	(184)	(34)
Accounts payable and accrued expenses	2	(178)
Income tax payable	54	5
Customer deposits	54	--
Net cash provided by (used in) operating activities	77	278
Cash flows from investing activities:		

Purchase of property and equipment	--	--
Increase in due from stockholder	(13)	(140)
Net cash used in investing activities	(13)	(140)
Cash flows from financing activities:		
Increase in bank line of credit, net	(233)	204
Proceeds from long term debt	1,221	950
Repayment of long-term debt	(1,123)	(1,421)
Net cash (used in) provided by financing activities	(135)	(267)
Effects of exchange rates on cash	(10)	(4)
Increase (decrease) in cash	(81)	(133)
Cash, beginning of period	124	181
Cash, end of period	$ 43	$ 48
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 61	$ 65
Income taxes	$ 22	$ 12

LAPIS TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Per Share Amounts)
MARCH 31, 2005

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, 2004. The results of operations for the three-months ended March 31, 2005 are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2005.

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

Stock based compensation

The Company has adopted Statement of Financial Accounting Statement ("SFAS") No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148"). SFAS 148 amends SFAS No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"), and provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Company has adopted the fair value method of accounting as discussed in SFAS 123 as of January 1, 2003. Accordingly, stock options, when issued, will be recorded in accordance with the terms of that document.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Recent Accounting Pronouncements

In December 2003 the FASB issued SFAS No. 132 (revised) "Employers' Disclosures about Pensions and Other Post Retirement Benefits," that improves the financial statement disclosures for defined benefit plans. The revision changes the existing disclosure requirements for pensions by requiring company's to provide more details about their plan assets, benefit obligations, cash flows, benefit costs and other relevant information. The Company does not have a defined benefit pension plan so the adoption of this statement will have no effect on the Company's financial position or results of operations.

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.

NOTE 4 - PROVISION FOR INCOME TAXES -

The income tax expense for the three months ended March 31, 2005 is based upon the income tax laws of Israel. Israeli tax law does not allow a parent company to offset its' income with losses from any of its subsidiaries.

Item 2. Management's Discussion and Analysis or Plan of Operation.

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.

Liquidity and Capital Resources

Our cash balance has remained relatively constant since the quarter ended March 31, 2004, with cash and cash equivalents of $43,000 as of March 31, 2005 compared to $48,000 at March 31, 2004. Total current assets at March 31, 2005 were $5,723,000, as compared to $4,796,000 at March 31, 2004. The increase in current assets is mainly due to the increase in work in process inventory.

Our accounts receivable at March 31, 2005 was $2,393,000, as compared to$2,232,000 at March 31, 2004. This change in accounts receivable is primarily due to the increase in volume of sales partly offset by an increase of revenues from one of Lapis main customers that has much shorter payment terms.

As of March 31, 2005 our working capital was $1,214,000, as compared to $703,000 at March 31, 2004. The increase in the working capital is mainly due to an increase in work in process inventory as well as an increase in accounts receivable.

The current portion of our short term loans at March 31, 2005 totaled $151,000 compared to $140,000 at March 31, 2004. Our total short term loans amounted to $2,087,000 for the period ended March 31 2005.

As of March 31, 2005, our total bank debt was $2,892,000 as opposed to $2,834,000 at the end of March 31, 2004. These funds were borrowed as follows: $2,238,000 which includes the current portion of long term debt as various short term bank loans due through March 2006, $193,000 of long-term debt due through September 2007 and $461,000 borrowed using our bank lines of credit. We increased the amount borrowed for the quarter ended March 31, 2005 by $58,000 from $2,834,000 as of March 31, 2004. The increase in bank debt is mainly due to an increase in receivables and work in progress inventory. As sales increase the need for working capital increases along with it. As a result the source of financing which is the bank debt increased simultaneously.

7

There are no other lines of credit available to us to refinance our short-term bank loans. Additionally, we currently do not have any other sources of financing available to us for refinancing our short-term loans. As of March 31, 2005 we are current with all of our bank debt and compliant with all the terms of our bank debt.

At March 31, 2005, and at March 31, 2004, we had receivables from Harry Mund, our Chief Executive Officer and President, in the amounts of $372,000 and $315,000 respectively. The loan to Mr. Mund was extended as a salary advance. We believe that the current payment status will not affect our future cash flow or liquidity.

Financing Needs

Although we currently do not have any material commitments for capital expenditures, we expect our capital requirements to increase over the next several years as we continue to develop and test our suite of products, increase marketing and administration infrastructure, and embark on developing in-house business capabilities and facilities. Our future liquidity and capital funding requirements will depend on numerous factors, including, but not limited to, the levels and costs of our research and development initiatives, the cost of hiring and training additional sales and marketing personnel to promote our products and the cost and timing of the expansion of our marketing efforts.

Based on our current business plan, we anticipate that our existing cash balances and cash generated from future sales will be sufficient to permit us to conduct our operations and to carry out our contemplated business plans for the next twelve months. However, management may undertake additional debt or equity financings to better enable Lapis to grow and meet its future operating and capital requirements. We are currently in negotiations to obtain additional financing through an offering of equity securities to expand our operations. However, no definitive agreement has been reached with respect to the structure of any proposed financing and there is no assurance that any such financing will be consummated. Currently, the only external sources of liquidity are our banks, and we may seek additional financing from them or through securities offerings to expand our operations, using new capital to develop new products, enhance existing products or respond to competitive pressures.

Results of Operations

Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004

For the three months ended March 31, 2005 we had total revenue of $1,665,000 compared to revenue of $1,121,000 for the three months ended March 31, 2004. The increase in revenue of $544,000, or 48.5%, is a result of increase in volume of orders received during the last quarter of 2004. During the second half of 2004 the Israeli demand for both Lapis' military and non-military products increased substantially. The increase in revenues for the first quarter ended March 31, 2005 versus the same quarter for the prior year is due to the following reasons. During the fourth quarter of 2003, the Israeli Ministry of Defense cut their end of year budget which affected the first quarter revenues for 2004, however the same thing did not happen in the fourth quarter of 2004 therefore the first quarter 2005 revenues were significantly higher. In addition in the military arena we introduced several new products and increased our sales to several of our top military clients. On the commercial side, the fourth quarter of 2004 experienced an increased international demand for Israeli high tech products. Consequently we received a boost in revenues in the first quarter of 2005.

Gross profit totaled $424,000 for the three months ended March 31, 2005 as compared to $363,000 for the three months ended March 31, 2004, an increase of $61,000 or 16.8%. Gross profit as a percentage of sales for the three months ended March 31, 2005 was 25.5% as compared to 32.4% for the three months ended March 31, 2004. The increase in gross profits is primarily a result of higher revenues. The decrease in gross profits as a percentage of sales is a result of lower introductory prices for new product lines.

Total operating expenses in the three months ended March 31, 2005 and the three months ended March 31, 2004 were comprised of selling, general and administrative expenses. Operating expenses for the three months ended March 31, 2005 and 2004 were $307,000 and $254,000 respectively, an increase of $53,000, or 20.9%. The increase in operating expenses is attributable to an increase of $21,000 in selling expenses as a result of our efforts to introduce new product lines in the marketplace, $18,000 in professional services for legal and accounting costs associated with being a public company and a $14,000 increase in taxes and insurance.

Our net income was $50,000 in the three months ended March 31, 2005 compared to $18,000 in the three months ended March 31, 2004. This increase in net income by $32,000 or 178% was mainly due to an increase in gross profit of $61,000 and decreased interest expenses of $12,000 offset by an increase in operating expenses of $53,000, an increase in the provision for income tax of $47,000 and a decrease of $59,000 in the minority interest.

The provision for income tax was $56,000 versus $9,000 for the first quarter ended March 31 2005 and 2004 respectively. This increase in provision for income tax of $47,000 is due to higher percentage of profits being generated at Lapis from Enertec Electronics, whose tax rate is 34%, versus Enertec Systems which is tax exempt after initial revenues of $340,000 per year. The decrease in the minority interest of $59,000 in the quarter ended March 31, 2005 when compared to the same quarter in the prior year is due to the net loss of $ 111,000 in Enertec Systems as a result of aggressive pricing in order to gain market share and new client penetration as well as introduction of new products.

Enertec Electronics derives its revenues from the commercial arena and from standard military power supplies that it sells to the military industry as well as a few residual ATE orders for the military industry that were received in 2002 that have recurring revenues and delivery dates out into 2005. Going forward when we refer to commercial revenues we will be referring exclusively to Enertec Electronics' commercial business and when we refer to military business, we refer to Enertec Systems 2001 and the residual military orders referred to above within Enertec Electronics.

As of March 31, 2005, we had two customers that accounted for approximately 28% of accounts receivable. For the three months ended March 31, 2005 and 2004, approximately 41% and 48%, of our sales were to two and three customers, respectively.

Research and Development Costs

Research and development costs are charged to cost of sale expenses in the accompanying statement of income and consist of salaries. Research and development costs for the three months ended March 31, 2005 and 2004 were approximately $34,000 and $28,000, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

Critical Accounting Policies

Concentration of Credit Risk - Concentrations of credit risk with respect to trade receivables are limited to customers dispersed primarily across Israel. All trade receivables are concentrated in the manufacturing and distribution of electronic components segment of the economy; accordingly the Company is exposed to business and economic risk. Although the Company does not currently foresee a concentrated credit risk associated with these trade receivables, repayment is dependent upon the financial stability of this segment of the economy.

Revenue Recognition and Customer Deposits - Revenue is recorded as product is shipped, the price has been fixed or determined, collectibility is reasonably assured and all material specific performance obligations have been completed. The product sold by the Company is made to the specifications of each customer; sales returns and allowances are allowed on a case-by-case basis, are not material to the financial statements and are recorded as an adjustment to sales. Cash payments received in advance are recorded as customer deposits.

Revenue relating to service is recognized on the straight-line basis over the life of the agreement, generally one year. For the three months ended March 31, 2005 and 2005 revenue relating to service contracts was less than one percent of net sales.

Financial Instruments - The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, bank line of credit, short term bank loans and accounts payable and accrued expenses approximate fair value at March 31, 2005 because of the relatively short maturity of the instruments. The fair value of due from stockholder is not practical to estimate without incurring excessive cost and is carried at cost at March 31, 2005 The carrying value of the long-term debt approximate fair value at March 31, 2005 based upon debt terms available for companies under similar terms.

Foreign Currency Translation - Lapis Technologies, Inc. has one wholly owned subsidiary, Enertec Electronics Limited, an Israeli corporation, and one majority owned subsidiary, Enertec Systems 2001 Ltd., an Israeli corporation. The assets and liabilities of the foreign subsidiaries are translated at current exchange rates and related revenues and expenses at average exchange rates in effect during the year. Resulting translation adjustments, if material, are recorded as a separate component of accumulated other comprehensive income or loss.

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 chief executive officer and chief 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 chief executive officer and chief 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 change in our internal controls or in other factors that could affect these controls during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

Except as described below, we are not subject to any pending or threatened legal proceedings, nor is our property the subject of a pending or threatened legal proceeding. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

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. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon 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
31.1	Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer, required by Rule

	13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

LAPIS TECHNOLOGIES, INC.

Dated: May 16, 2005 By: /s/ Harry Mund

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

Dated: May 16, 2005 By: /s/ Miron Markovitz

Miron Markovitz
Chief Financial Officer, Chief Accounting
Officer and Director