U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)
|X| Quarterly report pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2002
|_| Transition report pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _______________ to _______________
Commission File Number: 0-24431

InkSure Technologies Inc.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada	84-1417774
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

9 West Railroad Avenue, Tenafly, NJ 07670

(Address of Principal Executive Offices, Including Zip Code)
(201) 894-9961
(Issuer's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

The number of shares outstanding of the Registrant's Common Stock, $.01 par value per share, as of September 30, 2002, was 2,668,666 shares.

Transitional Small Business Disclosure Format (check one):

Yes |_| No |X|

InkSure Technologies Inc.

INDEX TO FORM 10-QSB

		PAGE
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	1
	Balance Sheets as of September 30, 2002 (Unaudited) and December 31, 2001 (Restated)	1
	Statements of Operations (Unaudited) for the Nine Months Ended September 30, 2002 and 2001; the Three Months Ended September 30, 2002 and 2001; and from Inception through September 30, 2002	2
	Statements of Stockholders' Equity from Inception through September 30, 2002 (Unaudited after December 31, 2001)	3
	Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2002 and 2001 and from inception through September 30, 2002	4
	Notes to Financial Statements	5
Item 2.	Management's Discussion and Analysis or Plan of Operation	6
Item 3.	Controls and Procedures.	7
PART II.	OTHER INFORMATION	7
Item 2.	Changes in Securities and Use of Proceeds.	7
Item 4.	Submission of Matters to a Vote of Security Holders.	9
Item 6.	Exhibits and Reports on Form 8-K	9
SIGNATURES		11

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

InkSure Technologies Inc.
(A Development Stage Company)
BALANCE SHEETS

	September 30, 31, 2002 (Unaudited)	December 31, 2001 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 171,280	$ 223,681
Total current assets	$ 171,280	$ 223,681
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	$ 3,600	$ -0-
Accounts payable		
Total current assets	$ 3,600	$ -0-
Stockholders' equity:		
Common stock, $0.01 par value; 5,000,000 shares authorized; 2,668,666 shares issued and outstanding	26,686	26,686
Additional paid-in capital	288,803	288,803
Accumulated deficit during the development stage	(147,809)	(91,808)
	167,680	223,681
	$ 171,280	$ 223,681

See accompanying notes to financial statements.

InkSure Technologies Inc.

(A Development Stage Company)

STATEMENTS OF OPERATIONS

(UNAUDITED)

	Nine months ended September 30,		Three months ended September 30,		Period April 22, 1997 (inception) to September 30, 2002
	2002	2001	2002	2001	
Sales	$ --	$ --	$ --	$ --	$ 346
Cost of sales	--	--	--	--	--
Gross margin	--	--	--	--	346
Operating expenses:					
General and administrative	58,647	27,639	36,322	4,221	149,393
Amortization	--	--	--	--	17,191
	58,647	27,639	36,322	4,221	166,584
Loss from operations	(58,647)	(27,639)	(36,322)	(4,221)	(166,584)
Other income (expense)					
Interest expense	--	(3)	--	--	(900)
Interest income	2,646	8,015	725	2,005	19,329
	2,646	8,012	725	2,005	18,429
Net loss	$ (56,001)	$ (19,627)	$ (35,597)	$ (2,216)	$ (147,809)
Net loss per common share	$ (.02)	$ (.01)	$ (.01)	--	
Weighted average number of shares outstanding	2,668,666	2,668,666	2,668,666	2,668,666	

See accompanying notes to financial statements.

InkSure Technologies Inc.

(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY

NINE MONTHS ENDED SEPT. 30, 2002 AND PERIOD

APRIL 22, 1997 (INCEPTION) TO SEPTEMBER 30, 2002 (UNAUDITED)

	Treasury Stock		Treasury Stock		Additional	Accumulated deficit	Total
	Shares	Amount	Shares	Amount	paid-in capital	during the development stage	stockholders' equity
Balance, April 22, 1997	--	$ --	--	$ --	$ --	$ --	$ --
Common stock issued for cash at $0.00/ share	666,666	6,666	--	--	(1,666)	--	5,000
Issuance of shares to acquire patent rights recorded at predecessor cost of $0.00 per share	400,000	4,000	--	--	(1,000)	--	3,000
Issuance of 540,000 shares of common stock at $0.10 per share	540,000	5,400	--	--	48,600	--	54,000
Stock offering costs	--	--	--	--	(8,843)	--	--
Net loss, Dec. 31, 1997	--	--	--	--	--	(9,251)	--
Balance, Dec. 31, 1997	1,606,666	16,066	--	--	37,091	(9,251)	43,906
Issuance of 75,000 shares of common stock at $0.10 per share	75,000	750	--	--	6,750	--	7,500
Net loss, Dec. 31, 1998	--	--	--	--	--	(21,560)	(21,560)
Balance, Dec. 31, 1998	1,681,666	16,816	--	--	43,841	(30,811)	29,846
Issuance of 87,000 shares of common stock at $0.10 per share	87,000	870	--	--	7,830	--	8,700
Net loss, Dec. 31, 1999	--	--	--	--	--	(21,166)	(21,166)
Balance, Dec. 31, 1998	1,768,666	17,686	--	--	51,671	(51,977)	17,380
Repurchase of 100,000 shares of common stock at $0.25 per share	--	--	100,000	(25,000)	21,132	--	(3,868)
Cancellation of treasury stock	(100,000)	(1,000)	(100,000)	25,000	(24,000)	--	--
Common stock issued for cash at $0.25/share	1,000,000	10,000	--	--	240,000	--	250,000
Net loss, December 31, 2000, as restated	--	--	--	--	--	(19,087)	(19,087)
Balance, December 31, 2000, as restated	2,668,666	26,686	--	--	288,803	(71,064)	244,425
Net loss, Dec. 31, 2001	--	--	--	--	--	(20,744)	(20,744)

Balance, Dec. 31, 2001	2,668,666	26,686	--	--	288,803	(91,808)	223,681
Net loss, Nine Months Ended Sep. 30, 2002	--	--	--	--	--	(56,001)	(56,001)
Balance, Sep. 30, 2002	2,668,666	$ 26,686	--	$ --	$288,803	$(147,809)	$ 167,680

See accompanying notes to financial statements.

InkSure Technologies Inc.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine months ended September 30, 2002	Nine months ended September 30, 2001	Period April 22, 1997 (inception) to September 30, 2002
Cash flows from operating activities:			
Net loss	$ (56,001)	$ (19,627)	$ (147,809)
Adjustments to reconcile net loss to net cash used by operating activities:			
Amortization	--	--	17,191
Common stock issued for services	--	--	8,700
Changes in assets and liabilities:			
Increase (decrease) in accounts payable and accrued expenses	3,600	(792)	12,300
Net cash used by operating activities	(52,401)	(20,419)	(109,618)
Cash flows used by investing activities:			
Cash included pursuant to sale of subsidiary	--	--	(1,109)
Purchase of patent rights	--	--	(28,650)
Net cash used by investing activities	--	--	(29,759)
Cash flows from financing activities:			
Stock offering costs	--	--	(5,843)
Common stock issued for cash	--	--	316,500
Net cash provided by financing activities	--	--	310,657
Net increase (decrease) in cash and cash equivalents	(52,401)	(20,419)	171,280
Cash and cash equivalents, beginning of period	223,681	245,542	--
Cash and cash equivalents, end of period	$ 171,280	$ 225,123	$ 171,280
Supplemental cash flow information: Cash paid during the period for:			
Interest	$ --	$ 3	$ 900
Income taxes	939	701	1,743
Non-cash financing activities:			
Patent rights and deferred interest acquired for common stock and assumption of note payable	$ --	$ --	$ 30,000
Sale of non-cash net assets of subsidiary			
Book value of patent	$ --	$ --	$ 11,459
Accounts payable assumed	$ --	$ --	$ 8,700
Common stock acquired for treasury	$ --	$ --	$ 25,000
Treasury stock cancelled	$ --	$ --	$ 25,000
Increase in additional paid-in capital	$ --	$ --	$ 21,132

See accompanying notes to financial statements.

InkSure Technologies Inc.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002 AND 2001

1. The Company and basis of presentation:

The financial statements presented herein as of September 30, 2002 and for the nine months ended September 30, 2002 and 2001 and the period April 22, 1997 (inception) to Sept. 30, 2002 are unaudited and, in the opinion of management, include all adjustments (consisting only of normal and recurring adjustments) necessary for a fair presentation of financial position and results of operations. Such financial statements do not include all of the information and footnote disclosures normally included in audited financial statements prepared in accordance with generally accepted accounting principles of the United States of America. The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB. The results of operations for the nine months and three months ended September 30, 2002 are not necessarily indicative of the results that may be expected for any other interim period or the full year ending December 31, 2002.

2. Net loss per common share:

Net loss per common share for the nine months and three months ended September 30, 2002 and 2001 is based on 2,668,666 of weighted average common shares outstanding.

3. Restatement

The Company's financial statements had been restated as of December 31, 2000 to reflect the correction of an error in accounting for the sale of its wholly-owned subsidiary LILM, Inc. to one of its stockholders for 100,000 shares of that stockholder's common stock. These 100,000 shares of the Company's treasury stock were cancelled. The Company had previously recorded a gain on the sale of the wholly-owned subsidiary. In accordance with APB 9, the sale should have been reflected as a capital transaction.

The effect of this restatement for 2001 is as follows:

For the year ended December 31, 2001:

	As previously reported	As restated
Balance Sheet:		
Additional paid-in capital	$ 267,671	$ 288,803
Accumulated deficit	(70,676)	(91,808)

Accumulated deficit as of January 1, 2001 and 2002 has been increased by $21,132 for the effects of this restatement.

Item 4. Subsequent Event.

On October 28, 2002, the Company, LILM Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("LILM Acquisition"), and InkSure Technologies Inc. (now renamed IST Operating, Inc.) ("Inksure Delaware"), a Delaware corporation, consummated a merger (the "Merger") pursuant to the Agreement and Plan of Merger, dated as of July 5, 2002 (the "Merger Agreement"), among the Company, LILM Acquisition and InkSure Delaware. Pursuant to the Merger Agreement, LILM Acquisition merged with and into InkSure Delaware. InkSure Delaware was the surviving corporation in the Merger and became a wholly-owned subsidiary of the Company. In connection with the Merger, the Company has changed its name to "InkSure Technologies Inc." and, as of October 30, 2002, the OTC Bulletin Board stock symbol for the Company's common stock has changed to "INKS.OB". As stipulated in the Merger Agreement, InkSure Delaware's stockholders, together with those who hold options and warrants to acquire stock of InkSure, acquired or have the right to acquire approximately 90.3% of the Company's stock (as determined on a fully-diluted basis assuming the exercise of options and warrants). Upon consummation of the Merger, the Company's board of directors and management resigned and were replaced by InkSure Delaware's board of directors and management, and the Company will carry on InkSure Delaware's business activities.

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

This Quarterly Report on Form 10-QSB contains statements that may constitute "forward-looking statements" within the meaning, and made pursuant to the Safe Harbor provisions, of the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of risks and uncertainties, including, but not limited to, the difficulty inherent in operating an early-stage company in a new and rapidly evolving market, market and economic conditions, the impact of competitive products, product demand and market acceptance risks, changes in product mix, costs and availability of raw materials, fluctuations in operating results, delays in development of highly complex products, risk of customer contract or sales order cancellations and other risks detailed from time to time in the Registrant's filings with the Securities and Exchange Commission. These risks and uncertainties could cause the Registrant's actual results to differ materially from those described in the forward-looking statements. Any forward-looking statement represents the Registrant's expectations or forecasts only as of the date it was made and should not be relied upon as representing its expectations or forecasts as of any subsequent date. Except as required by law, the Registrant undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, even if its expectations or forecasts change.

The following discussion and analysis should be read in conjunction with the financial statements, related notes and other information included in this Quarterly Report on Form 10-QSB.

Overview

Pursuant to a Stock Purchase Agreement dated as of May 19, 2000 (the "Purchase Agreement") by and among ComVest Capital Partners, LLC ("ComVest") and the

Company, George I. Norman III, Laurie J. Norman, Alewine Limited Liability Company ("Alewine"), and Linda Bryson (the latter four parties, collectively the "Sellers"), on May 25, 2000 (the "Closing Date"), ComVest purchased 1,194,166 shares of the common stock of the Company (the "Common Stock") from the Sellers for an aggregate purchase price of $315,000. Also pursuant to the Purchase Agreement, ComVest purchased from the Company, for an aggregate purchase price of $250,000, (i) 1,000,000 newly issued shares of Common Stock and (ii) a warrant (the "Warrant") to purchase an additional 3,000,000 shares of Common Stock. In November 2001, the Warrant terminated without having been exercised.

Subsequent to the Closing Date, pursuant to a stock sale agreement between the Company and Alewine, the Company sold all of the issued and outstanding capital stock of its wholly-owned subsidiary, LILM, Inc., to Alewine in exchange for 100,000 shares of Common Stock. The 100,000 shares became treasury stock and subsequently were cancelled. As a result of such transactions, the Company has no further interest in the business of its former subsidiary (the development, manufacture, and marketing of the Lil Marc training urinal).

Subsequent to the above-referenced transactions, the Company's plan of operation had been to merge or effect a business combination with a domestic or foreign private operating entity. On October 28, 2002, the Company (now renamed InkSure Technologies Inc.), LILM Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("LILM Acquisition"), and InkSure Technologies Inc. (now renamed IST Operating, Inc.)("InkSure Delaware"), a Delaware corporation, consummated a merger (the "Merger") pursuant to the Agreement and Plan of Merger, dated as of July 5, 2002 (the "Merger Agreement"), among the Company, LILM Acquisition and InkSure Delaware. Pursuant to the Merger Agreement, LILM Acquisition merged with and into InkSure Delaware. InkSure Delaware was the surviving corporation in the Merger and became a wholly-owned subsidiary of the Company.

The Company intends to continue the business of InkSure Delaware and its subsidiaries. InkSure Delaware, which develops, markets and sells customized authentication systems designed to enhance the security of documents and branded products, operates within the "authentication industry". This industry includes a variety of firms providing technologies and services designed to prevent the counterfeiting and diversion of valuable documents and products. In this context, "counterfeit items" are imitation items that are offered as genuine with the intent to deceive or defraud. "Diversion" (also termed "parallel trading" or "gray market commerce") is the selling of goods (often genuine goods) in a geographic market where both wholesale and retail prices are high while falsely purchasing them for another market where wholesale prices are lower, thus taking advantage of the price difference between the two markets.

Comparative Operations

The Company did not generate any revenues from operations during the nine months ended September 30, 2002 or September 30, 2001. General and administrative expenses increased by 112% from 2001 to 2002. A significant portion of this increase was from legal fees and expenses incurred with respect to the Merger. Interest income decreased from 2001 to 2002 by 67% because of lower interest rates and lower cash balances. As a result of the increased general and administrative expenses, the Company's net loss during nine months ended September 30, 2002 increased by 185% as compared to the net loss during the nine months ended September 30, 2001.

Attached as Exhibit 99.2 is an unaudited pro forma balance sheet as of September 30, 2002 and consolidated statements of operations for the nine months ended September 30, 2002, which is based on the historical financial statements of the Company and InkSure Delaware and has been prepared on a pro forma basis to give effect to the Merger under the purchase method of accounting, as if the transaction had occurred at the beginning of the period presented. The pro forma information may not be indicative of results that actually would have occurred had the Merger occurred at the beginning of the period presented or of results that may occur in the future. The unaudited pro forma consolidated financial statements data should be read in conjunction with the annual financial statements and notes thereto of the Company and InkSure Delaware.

Liquidity and Capital Resources

At September 30, 2002, the Company had cash and cash equivalents of $171,280. As a consequence of the Merger, the Company's operations will be financed by the combined capital resources of the Company and InkSure Delaware. As September 30, 2002, InkSure Delaware had cash and cash equivalents and short time deposits of approximately $4,717,000. Since its inception, InkSure Delaware has incurred significant losses and negative cash flow (assuming the positive cash flow from capital transactions are excluded). As of September 30, 2002, InkSure Delaware had an accumulated deficit of approximately $4,000,000. InkSure Delaware had positive cash flow of approximately $700,000 for the nine months then ended September 30, 2002. The Company believes that the combined cash and cash equivalents of the Company and InkSure Delaware now available as a consequence of the Merger and cash, if any, generated from the continuation of InkSure Delaware's operations by the Company will provide sufficient cash resources to finance its operations for the next 24 months. However, if InkSure Delaware's operations, as continued by the Company, do not generate cash to the extent currently anticipated, or the Company grows more rapidly than currently anticipated, it is possible that the Company's current funds would be insufficient to finance the Company's operations for the next 24 months. However, the Company may require additional financing, and as a result the Company may need to raise additional capital during this time period.

Item 3. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. The Company's principal executive officer and principal financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c)) within 90 days of the date of this report on Form 10QSB, have concluded that, based on such evaluation, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company, including its consolidated subsidiaries, was made known to them by

others within those entities, particularly during the period in which this Quarterly Report on Form 10-QSB was being prepared.

(b) Changes in Internal Controls. 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. Since there were no significant deficiencies or material weaknesses in the Company's internal controls, no corrective actions were required or undertaken.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

Recent Sales of Unregistered Securities. The securities issued by the Company upon the consummation of the Merger were not registered under the Securities Act of 1933, as amended. At the effective time of the Merger, each outstanding share of InkSure Delaware common stock was converted into the right to receive one share of the Company's common stock. Pursuant to the Merger Agreement, all outstanding options and warrants (referred to in this paragraph as "exchanged options and warrants") to purchase shares of InkSure Delaware common stock are being exchanged or converted into options and warrants to purchase shares of the Company's common stock on the same terms and conditions as were in effect prior to the effective time of the Merger. The options and warrants issued with respect to such exchanged options and warrants are exercisable for such number of shares of the Company's common stock equal to the number of whole shares of InkSure Delaware common stock subject to each such exchanged option or warrant immediately prior to the effective time of the Merger. The per share exercise price of option and warrants issued by the Company with respect to the exchanged options and warrants remains unchanged from the per share exercise price of the exchanged options and warrants. At the effective time of the Merger, 10,541,086 shares of InkSure Delaware common stock were outstanding and options and warrants to purchase an additional 3,182,064 shares of InkSure Delaware common stock were outstanding.

Item 4. Submission of Matters to a Vote of Security Holders.

On July 3, 2002, ComVest, which, at such time, owned approximately 82.2% of the outstanding common stock of the Company, adopted, by written consent, resolutions approving: (i) the Merger Agreement and the transactions contemplated thereby; (ii) an amendment to the Company's Articles of Incorporation to change the Company's name to "InkSure Technologies Inc." and to amend the description of the Company's corporate purpose; (iii) an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of capital stock from five million (5,000,000) shares to forty-five million (45,000,000) shares consisting of thirty-five million (35,000,000) shares of Common Stock and ten million (10,000,000) shares of preferred stock, par value $.01 per share (the "Preferred Stock"); (iv) an amendment to the Company's Articles of Incorporation and By-laws to increase the maximum size of our Board of Directors to eight from seven; (v) to appoint Kost, Forer & Gabbay, a member of Ernst and Young International, as the independent auditors of the Company for the fiscal year ending December 31, 2002; (vi) approving the adoption of the Company's 2002 Employee, Director and Consultant Stock Option Plan; and (vii) electing eight persons to the Company's Board of Directors to serve until the next

annual general meeting of stockholders and until their respective successors are elected and qualify.

The Company's Information Statement on Schedule 14C, filed with the Commission on October 8, 2002, contains additional information regarding the foregoing matters.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

The following exhibits are being filed with this Report:

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated July 5, among the Company, LILM Acquisition, and InkSure Delaware (Incorporated by reference to the Company's Information Statement on Schedule 14C, filed with the Commission on October 8, 2002).
3.1	Certificate of Change in Number of Authorized Shares of Class and Series of the Company (Incorporated by reference to the Company's report filed on Form 8-K, filed with the Commission on November 8, 2002).
3.2	Certificate of Amendment of Articles of Incorporation of the Company (Incorporated by reference to the Company's report filed on Form 8-K, filed with the Commission on November 8, 2002).
3.3	Articles of Incorporation of the Company (Incorporated by reference to the Company's Form 10-SB, filed with the Commission on June 10, 1998).
3.4	Amendment to Bylaws of the Company.
3.5	By-Laws of the Company (Incorporated by reference to the Company's Form 10-SB, filed with the Commission on June 10, 1998).
10.1	2002 Employee, Director and Consultant Stock Option Plan.
10.2	Employment Agreement, dated as of February 6, 2002, by and between the Company and Elie Housman.
99.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Unaudited pro forma balance sheet dated September 30, 2002 and consolidated statements of operations giving effect to the Merger for the nine month period ended September 30, 2002.

b) Reports on Form 8-K

During the quarter ended September 30, 2002, the Company filed a report on Form 8-K on July 10, 2002. A subsequent Form 8-K was filed on November 8, 2002. The Form 8-K filed on July 10, 2002 disclosed, under Item 5, the execution by the

Company of the Merger Agreement. The Form 8-K filed on November 8, 2002 disclosed, under Items 1, 2 and 5, the change of control and acquisition of assets that occurred upon the consummation of the Merger contemplated by the Merger Agreement and included the following financial statements: (i) audited financial statements of InkSure Delaware for the fiscal years ended December 31, 2001 and 2000, and unaudited consolidated financial statements for InkSure Delaware for the six-month period ended June 30, 2002 (incorporated by reference to the Company's Information Statement on Schedule 14C, filed with the Commission on October 8, 2002); and (ii) an unaudited pro forma balance sheet giving effect to the Merger as of June 30, 2002 and unaudited pro forma statements of income for the fiscal year ended December 31, 2001 and for the six-month period ended June 30, 2002.

SIGNATURES

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

InkSure Technologies Inc.

Dated: As of November 14, 2002 *By: /s/ Eyal Bigon*

Chief Financial Officer, Secretary, and Treasurer (Principal Financial and Accounting Officer)

Dated: As of November 14, 2002 *By: /s/ Yaron Meerfeld*

Chief Executive Officer (Principal Executive Officer)

I, Eyal Bigon, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of InkSure Technologies 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; and

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. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we 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 us 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 our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons 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 weakness 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. The Registrant's other certifying officers and 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 our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: November 14, 2002 *By: /s/ EYAL BIGON*

Chief Financial

Officer,

Secretary, and

Treasurer

(Principal Financial

and

Accounting Officer)

I, Yaron Meerfeld, certify that:

5. I have reviewed this quarterly report on Form 10-QSB of InkSure Technologies Inc.;

6. 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; and

7. 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.

8. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we 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 us 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 our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons 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 weakness 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. The Registrant's other certifying officers and 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 our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: November 14, 2002 By: /s/ YARON MEERFELD

Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 3.4
AMENDMENT TO BYLAWS OF LIL MARC, INC.

Pursuant to the unanimous written consent of the Board of Directors of LIL MARC, INC. (the "Corporation") dated July 3, 2002, and the written consent of the Majority Stockholder dated July 3, 2002, the Bylaws are hereby amended as follows:

Amendment to ARTICLE III, SECTION 1. SECTION 1 of ARTICLE III of the Corporation's Bylaws is amended by deleting it in its entirety and substituting the following text in its place:

"Section 1. The business and affairs of this corporation shall be managed by its Board of Directors, which may be no less than two (2) nor more than eight (8) in number. The directors need not be residents of this state or stockholders in the corporation. They shall be elected by the stockholders at the annual meeting of stockholders of the corporation. Each director shall be elected for the term of one (1) year, and until his successor shall have been elected."

EXHIBIT 10.1
LIL MARC, INC.
2002 EMPLOYEE, DIRECTOR AND CONSULTANT STOCK OPTION PLAN

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Lil Marc, Inc. 2002 Employee, Director and Consultant Stock Option Plan, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the Committee.

Affiliate means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

Board of Directors means the Board of Directors of the Company.

Code means the United States Internal Revenue Code of 1986, as amended.

Committee means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan.

Common Stock means shares of the Company's common stock, $0.01 par value per share.

Company means Lil Marc, Inc., a Nevada corporation.

Disability or Disabled means permanent and total disability as defined in Section 22(e)(3) of the Code.

Employee means any employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Options under the Plan.

Fair Market Value of a Share of Common Stock means:

(1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or last price of the Common Stock on the Composite Tape or other comparable reporting system for the trading day immediately preceding the applicable date;

(2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the trading day on which Common Stock was traded immediately preceding the applicable date; and

(3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine.

ISO means an option meant to qualify as an incentive stock option under Section 422 of the Code.

Non-Qualified Option means an option which is not intended to qualify as an ISO.

Option means an ISO or Non-Qualified Option granted under the Plan.

Option Agreement means an agreement between the Company and a Participant delivered pursuant to the Plan, in such form as the Administrator shall approve.

Participant means an Employee, director or consultant of the Company or an Affiliate to whom one or more Options are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Plan means this Lil Marc, Inc. 2002 Employee, Director and Consultant Stock Option Plan.

Shares means shares of the Common Stock as to which Options have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued upon exercise of Options granted under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to an Option by will or by the laws of descent and distribution.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Employees and directors of and certain consultants to the Company in order to attract such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs and Non-Qualified Options.

3. SHARES SUBJECT TO THE PLAN.

The number of Shares which may be issued from time to time pursuant to this Plan shall be 3,500,000, or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 16 of the Plan.

If an Option ceases to be "outstanding", in whole or in part, the Shares which were subject to such Option shall be available for the granting of other Options under the Plan. Any Option shall be treated as "outstanding" until such Option is exercised in full, or terminates or expires under the provisions of the Plan, or by agreement of the parties to the pertinent Option Agreement.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

a. Interpret the provisions of the Plan or of any Option or Option Agreement and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

b. Determine which employees of the Company or of an Affiliate shall be designated as Employees and which of the Employees, directors and consultants shall be granted Options;

c. Specify the terms and conditions upon which an Option or Options may be granted; and

d. Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax laws applicable to the Company or to Plan Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Options or Shares acquired upon exercise of Options.

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of preserving the tax status under Section 422 of the Code of those Options which are designated as ISOs. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Option granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be an Employee, director or consultant of the Company or of an Affiliate at the time an Option is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of an Option to a person not then an employee, director or consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Option shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Option Agreement evidencing such Option. ISOs may be granted only to Employees. Non-Qualified Options may be granted to any Employee, director or consultant of the Company or an Affiliate. The granting of any Option to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Options.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto. The Option Agreements shall be subject to at least the following terms and conditions:

A. Non-Qualified Options: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

a. Option Price: Each Option Agreement shall state the option price (per share) of the Shares covered by each Option, which option price shall be determined by the Administrator but shall not be less than the par value of the Common Stock.

b. Each Option Agreement shall state the number of Shares to which it pertains;

c. Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or

years, or upon the occurrence of certain conditions or the attainment of stated goals or events; and

d. Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders, including requirements that:

i. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and

ii. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.

B. ISOs: Each Option intended to be an ISO shall be issued only to an Employee and be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 of the Code and relevant regulations and rulings of the Internal Revenue Service:

a. Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph
6(A) above, except clause (a) thereunder.

b. Option Price: Immediately before the ISO is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:

i. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than 100% of the Fair Market Value per share of the Shares on the date of the grant of the Option; or

ii. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than 110% of the said Fair Market Value on the date of grant.

c. Term of Option: For Participants who own:

i. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide; or

ii. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five years from the date of the grant or at such earlier time as the Option Agreement may provide.

d. Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of ISOs which may become exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined at the time each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed $100,000.

7. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company or its designee, together with provision for payment of the full purchase price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option, shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock having

a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option and held for at least six months, or (c) at the discretion of the Administrator, by delivery of the grantee's personal note, for full, partial or no recourse, bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, with or without the pledge of such Shares as collateral, or (d) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, or (e) at the discretion of the Administrator, by any combination of (a), (b), (c) and (d) above. Notwithstanding the foregoing, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the Code.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be evidenced by an appropriate certificate or certificates for fully paid, non-assessable Shares.

The Administrator shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Administrator shall not accelerate the exercise date of any installment of any Option granted to any Employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to Paragraph 19) if such acceleration would violate the annual vesting limitation contained in Section 422(d) of the Code, as described in Paragraph 6.B.d.

The Administrator may, in its discretion, amend any term or condition of an outstanding Option provided (i) such term or condition as amended is permitted by the Plan, (ii) any such amendment shall be made only with the consent of the Participant to whom the Option was granted, or in the event of the death of the Participant, the Participant's Survivors, if the amendment is adverse to the Participant, and (iii) any such amendment of any ISO shall be made only after the Administrator determines whether such amendment would constitute a "modification" of any Option which is an ISO (as that term is defined in Section
424(h) of the Code) or would cause any adverse tax consequences for the holder of such ISO.

8. RIGHTS AS A SHAREHOLDER.

No Participant to whom an Option has been granted shall have rights as a shareholder with respect to any Shares covered by such Option, except after due exercise of the Option and tender of the full purchase price for the Shares being purchased pursuant to such exercise and registration of the Shares in the Company's share register in the name of the Participant.

9. ASSIGNABILITY AND TRANSFERABILITY OF OPTIONS.

By its terms, an Option granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Option Agreement. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. The designation of a beneficiary of an Option by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, an Option shall be exercisable, during the Participant's lifetime, only by such Participant (or by his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Option or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon an Option, shall be null and void.

10. EFFECT OF TERMINATION OF SERVICE OTHER THAN "FOR CAUSE" OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement, in the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

a. A Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate (for any other reason than termination "for cause", Disability, or death for which events there are special rules in Paragraphs 11, 12, and 13, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.

b. Except as provided in Subparagraph (c) below, or Paragraph 12 or 13, in no event may an Option intended to be an ISO, be exercised later than ninety (90) days after the Participant's termination of employment.

c. The provisions of this Paragraph, and not the provisions of Paragraph 12 or 13, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, director status or consultancy, provided, however, in the case of a Participant's Disability or death within ninety (90) days after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.

d. Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Board of Directors determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute "cause", then such Participant shall forthwith cease to have any right to exercise any Option.

e. A Participant to whom an Option has been granted under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a permanent and total Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

f. Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate.

11. EFFECT OF TERMINATION OF SERVICE "FOR CAUSE".

Except as otherwise provided in a Participant's Option Agreement, the following rules apply if the Participant's service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated "for cause" prior to the time that all his or her outstanding Options have been exercised:

a. All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated "for cause" will immediately be forfeited.

b. For purposes of this Plan, "cause" shall include (and is not limited to) dishonesty with respect to the Company or any Affiliate, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any Affiliate, and conduct substantially prejudicial to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of "cause" will be conclusive on the Participant and the Company.

c. "Cause" is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of "cause" occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute "cause," then the right to exercise any Option is forfeited.

d. Any definition in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to that Participant.

12. EFFECT OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement, a Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant:

a. To the extent that the Option has become exercisable but has not been exercised on the date of Disability; and

b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.

A Disabled Participant may exercise such rights only within the period ending one year after the date of the Participant's termination of employment, directorship or consultancy, as the case may be, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not become Disabled and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

13. EFFECT OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Option Agreement, in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors:

a. To the extent that the Option has become exercisable but has not been exercised on the date of death; and

b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

14. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise of an Option shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

a. The person(s) who exercise(s) such Option shall warrant to the Company, prior to the receipt of such Shares, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing their Shares issued pursuant to such exercise or such grant:

"The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

b. At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise in compliance with the 1933 Act without registration thereunder.

15. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise any Option to the extent that the Option is exercisable as of the date immediately prior to such dissolution or liquidation.

16. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Option granted to him or her hereunder which has not previously been exercised in full shall be adjusted as hereinafter provided, unless otherwise specifically provided in the Participant's Option Agreement:

A. Stock Dividends and Stock Splits. If the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of such Option shall be appropriately increased or decreased proportionately and appropriate adjustments shall be made in the purchase price per share to reflect such events. If additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, the number of shares of Common Stock deliverable upon the

exercise of such Option may be appropriately increased or decreased proportionately and appropriate adjustments may be made in the purchase price per share to reflect such events.

B. Corporate Transactions. If the Company is to be consolidated with or acquired by another entity in a merger, sale of all or substantially all of the Company's assets other than a transaction to merely change the state of incorporation (a "Corporate Transaction"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or
(ii) upon written notice to the Participants, provide that all Options must be exercised (either to the extent then exercisable or, at the discretion of the Administrator or, upon a change of control of the Company, all Options being made fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate all Options in exchange for a cash payment equal to the excess of the Fair Market Value of the Shares subject to such Options (either to the extent then exercisable or, at the discretion of the Administrator, all Options being made fully exercisable for purposes of this Subparagraph) over the exercise price thereof.

C. Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option after the recapitalization or reorganization shall be entitled to receive for the purchase price paid upon such exercise the number of replacement securities which would have been received if such Option had been exercised prior to such recapitalization or reorganization.

D. Modification of ISOs. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph A, B or C above with respect to ISOs shall be made only after the Administrator determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Administrator determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments, unless the holder of an ISO specifically requests in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such "modification" on his or her income tax treatment with respect to the ISO.

17. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company.

18. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising such right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

19. CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOs.

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant's ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an employee of the Company or an Affiliate at the time of such conversion. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

20. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act ("F.I.C.A.") withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant's salary, wages or other remuneration in connection with the exercise of an Option or a Disqualifying Disposition (as defined in Paragraph 21), the Company may withhold from the Participant's compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the fair market value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

21. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Employee who receives an ISO must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is defined in Section 424(c) of the Code and includes any disposition (including any sale or gift) of such shares before the later of (a) two years after the date the Employee was granted the ISO, or (b) one year after the date the Employee acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the Code. If the Employee has

died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

22. TERMINATION OF THE PLAN.

The Plan will terminate on July 3, 2012, the date which is ten years from the earlier of the date of its adoption by the Board of Directors and the date of its approval by the shareholders. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Option Agreements executed prior to the effective date of such termination.

23. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Options granted under the Plan or Options to be granted under the Plan for favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code, and to the extent necessary to qualify the shares issuable upon exercise of any outstanding Options granted, or Options to be granted, under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under an Option previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Option Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Option Agreements may be amended by the Administrator in a manner which is not adverse to the Participant.

24. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Option Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

25. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Nevada.

EXHIBIT 10.2
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of February 6, 2002, is by and between InkSure Technologies Inc., a Delaware corporation (the "Company"), and Elie Housman ("Executive").

RECITAL

The Company desires to employ Executive, effective as of February 6, 2002 (the "Commencement Date"), on the terms and conditions set forth in this Agreement, and Executive desires to be so employed.

AGREEMENT

IN CONSIDERATION of the premises and the mutual covenants set forth below, the parties hereby agree as follows:

1. Employment. The Company hereby agrees to employ Executive as the Chairman of the Board of the Company, and Executive hereby accepts such employment, on the terms and conditions hereinafter set forth.

2. Term. The period of employment of Executive by the Company hereunder (the "Employment Period") shall commence at the Commencement Date and shall continue through February 6, 2004. The Employment Period may be sooner terminated by either party in accordance with Section 6 of this Agreement.

3. Position and Duties. During the Employment Period, Executive shall serve as Chairman of the Board of the Company. Executive shall have those powers and duties normally associated with the position of Chairman of the Board. In addition to following the reasonable directives of the Board of Directors, Executive shall be responsible for reviewing the Company's business plan and supervising its implementation, advising with respect to matters relating to mergers and acquisitions, financing and capital structure. Although such position shall not be full-time, Executive shall devote such business time, attention and energies to Company affairs as are necessary to fully perform his duties (other than absences due to illness) for the Company.

4. Place of Performance. Executive shall not be required to move his principal residence away from the New York City metropolitan area (including New Jersey) during the Employment Period.

5. Compensation and Related Matters.

(a) Salary. During the Employment Period, the Company shall pay Executive a base salary of $40,000 per year (the "Base Salary"); provided, however, that the Base Salary shall be automatically increased to the rate of $75,000 per year upon the Company receiving aggregate additional equity capital of $3.0 million (excluding for this purpose funds received upon the exercise of securities outstanding as of the date hereof) on or before September 6, 2002. Executive's Base Salary shall be paid in approximately equal installments in accordance with the Company's customary payroll schedule and practices.

(b) Stock Options:

(i) Grant of Stock Option. Effective as of the Commencement Date, Executive shall be awarded a stock option (the "Stock Option") to purchase 478,469 shares of the Company's Common Stock at an exercise price of $0.966 per share (the "Exercise Price").

(ii) Capitalization. The Company hereby represents and warrants to the Executive as follows: the Company's authorized capital stock consists of 10,000,000 shares of Common Stock. There are issued and outstanding 6,208,349 shares of Common Stock. The Company has reserved for issuance pursuant to its 2001 Stock Option Plan (the "Plan") 600,000 shares of Common Stock, and has granted options to purchase 169,350 shares of Common Stock pursuant to the Plan. Other than an option to purchase 300,480 shares of Common Stock at an aggregate exercise price of $150,000 and the options outstanding under the Plan, there are no outstanding or authorized rights, options, warrants, convertible securities, subscription rights, conversion rights, exchange rights or other agreements of any kind that could require the Company to issue or sell any shares of its capital stock (or securities convertible into or exchangeable for shares of its capital stock). There are no preemptive rights on the part of any holder of capital stock of the Company.

(iii) Vesting. Subject to Section 9 (and subject to Executive's remaining in continuous employment with the Company), the Stock Option shall be vested (A) as to 159,489 of the shares purchasable thereunder on the date hereof, (B) as to an additional 159,489 shares subject to the Stock Option immediately upon the consummation of a transaction or series of related transactions with the Tshuva group involving the issuance and sale of the Company's equity securities at a pre-financing valuation of the Company of at least $6.0 million resulting in aggregate gross proceeds of at least $1.0 million to Supercom Ltd. and $150,000 to the Company and (C) as to an additional 159,491 shares subject to the Stock Option immediately upon the consummation of a transaction or series of related transactions involving the issuance of the Company's equity securities at a pre-financing valuation of the Company of at least $12.0 million and resulting in aggregate gross proceeds to the Company of at least $5.0 million (a "Financing") if such Financing is consummated on or before September 6, 2002. The Stock Option shall vest as to the balance of the unvested shares on the 15th day after the third anniversary of the Commencement Date; provided, further, however, all of the shares subject to the Stock Option shall immediately vest (and subject to Executive's remaining in continuous employment with the Company): (A) immediately prior to the effectiveness of a Change of Control (as defined in Section 7 below) of the Company, or (B) upon the consummation of a plan relating to the liquidation or dissolution of the Company.

(iv) Exercise Period. The agreement evidencing the Stock Option will provide that Executive has ten (10) years from the Commencement Date to exercise the vested portions of the Stock Option; provided, however that Executive shall have five years to exercise any vested portion of the Stock Option following the expiration or termination of his employment with the Company, after which time the vested portion of the Stock Option shall be canceled in its entirety. The parties acknowledge that until an agreement evidencing the Stock Option is delivered to Executive, the provisions of this Section 5(b) represent the Company's obligation to issue the Stock Option to Executive and all other material terms and conditions relating to the Stock Option.

(c) Expenses. The Company shall promptly reimburse Executive for all reasonable business expenses upon the presentation of reasonably itemized statements of such expenses, together with corresponding receipts, in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

(d) Benefit Plans. Executive shall be entitled to participate, to the extent that he is eligible under the terms and conditions thereof, in any pension, retirement, hospitalization, health insurance, disability or medical service plan generally available to the United States executive officers or employees of the Company that may be in effect from time to time during the Employment Period. The Company represents to Executive that its health insurance plan generally permits the coverage of Executive's spouse and minor children, subject to the terms and conditions thereof. The Company shall be under no obligation to institute or continue the existence of any such employee benefit described in this paragraph.

6. Termination. Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

(a) Death. Executive's employment hereunder shall terminate upon his death.

(b) Disability. Executive's employment shall terminate ten (10) days after Notice of Termination (as defined below) is given due to Executive's Disability. Executive shall be deemed to have a "Disability" for purposes of this Agreement if he is unable with reasonable accommodation to perform the essential functions of his job, by reason of physical or mental incapacity, for a total period of ninety (90) days in any one-year period. The Company shall determine, according to the facts then available, whether and when the Disability of Executive has occurred, and such determination shall be made by the Company's Board of Directors in the exercise of reasonable discretion.

(c) Cause. The Company shall have the right to terminate Executive's employment for Cause (as defined). For purposes of this Agreement, the Company shall have "Cause" to terminate Executive's employment upon:

(i) the failure, neglect or refusal by Executive to substantially perform any material duty under this Agreement (other than Sections 10, 11 or 13, which shall be covered by clause (v) below) or to follow any reasonable directive of the Board of Directors that remains unremedied for a period of thirty (30) days after the Company gives written notice to Executive;

(ii) Executive's conviction of, or plea of guilty or nolo contendere to, any crime constituting a felony;

(iii) Executive's commission of an act of dishonesty, fraud, misrepresentation or other act of moral turpitude, which in the reasonable good faith judgment of the Board of Directors constitutes grounds for termination;

(iv) Executive's willful misconduct provided that the Board of Directors reasonably determines that such misconduct is injurious to the business or reputation of the Company or its subsidiaries; provided, however, that no act, or failure to act, by Executive shall be considered "willful" unless committed in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company; or

(v) a breach by Executive of Sections 10, 11 or 13 of this Agreement.

(d) Without Cause. Subject to its compliance with the terms of Section 8 and the other provisions of this Agreement, the Company shall have the right to terminate Executive without Cause and such termination shall not in and of itself be deemed to be a breach of this Agreement.

(e) Good Reason. Executive may terminate his employment for "Good Reason" within thirty (30) days after Executive has actual knowledge of the occurrence, without the written consent of Executive, if one of the following events that has not been cured within thirty (30) days after written notice thereof has been given by Executive to the Company:

(i) the assignment to Executive of duties materially and adversely inconsistent with Executive's status and position or a material and adverse alteration in the nature of Executive's duties and/or responsibilities, reporting obligations, titles or authority;

(ii) a reduction by the Company in Executive's Base Salary or a failure by the Company to pay any such amounts when due;

(iii) the Company's failure to provide the Stock Option or the Company's material breach of one or more of the stock option agreements pursuant to which the Stock Option was issued to Executive; or

(iv) the Company's failure to substantially provide any material employee benefits due to be provided to Executive.

Executive's continued employment during the thirty (30) day period referred to above in this paragraph (e) shall not constitute Executive's consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

(f) Without Good Reason. Executive shall have the right to terminate his employment hereunder without Good Reason (which shall be defined as any reason not listed in Section 6(e)) by providing the Company with a Notice of Termination, and such termination shall not in and of itself be deemed to be a breach of this Agreement.

---

7. Change of Control. For purposes of this Agreement, a "Change in Control" of the Company means at any time after the Commencement Date, other than pursuant to a Financing (as defined above), any person (as defined in
Section 3(a)(9) of the Securities Exchange Act of 1934, as amended ("the Exchange Act")), or group (as defined in Section 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Tshuva group and stockholders of the Company as of the Commencement Date becomes the Beneficial Owner (as defined below), directly or indirectly, of 50% or more of the total voting stock of the Company, including by way of merger, consolidation or otherwise.

The term "Beneficial Owner" means a beneficial owner as defined in Rules 13d-3 and 13d-5 under the Exchange Act (or any successor rules), other than the provisions of such rules that a person shall be deemed to have beneficial ownership of all securities that such person has a right to acquire within 60 days; provided, however, that a person will not be deemed a beneficial owner of, or to own beneficially, any securities if such beneficial ownership
(1) arises solely as a result of a revocable proxy delivered in response to a proxy or

consent solicitation made pursuant to, and in accordance with, the Exchange Act, and (2) is not also then reportable on Schedule 13D or Schedule 13G (or any successor schedule) under the Exchange Act.

8. Termination Procedure.

(a) Notice of Termination. Any termination of Executive's employment by the Company or by Executive during the Employment Period (other than termination pursuant to Section 6(a)) shall be communicated by written Notice of Termination (as defined below) to the other party hereto in accordance with Section 17 below. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

(b) Date of Termination. "Date of Termination" shall mean (i) if Executive's employment is terminated by his death, the date of his death, (ii) if Executive's employment is terminated pursuant to Section 6(b), ten (10) days after Notice of Termination and (iii) if Executive's employment is terminated for any other reason, the date on which a Notice of Termination is given or any later date set forth in such Notice of Termination.

9. Compensation Upon Termination. If Executive's employment terminates during the Employment Period, the Company shall provide Executive with the payments and benefits set forth below.

(a) Termination By the Company Without Cause or By Executive for Good Reason. If Executive's employment is terminated hereunder by the Company other than for Cause, Disability or Death (including, without limitation, if an arbitrator determines that Executive's employment was terminated hereunder by the Company other than for Cause or Disability), or by Executive for Good Reason:

(i) the Company shall pay to Executive in a lump sum a severance payment equal to the amount of Base Salary payable to Executive for a twelve (12) month period;

(ii) the Company shall reimburse Executive pursuant to Section
5(c) for reasonable expenses incurred, but not paid prior to such termination of employment;

(iii) Executive shall be entitled to any other rights, compensation and/or benefits as may be due to Executive in accordance with the terms and provisions of any agreements, plans or programs of the Company through and including the Date of Termination; and

(iv) the Stock Option shall become fully vested as of the Date of Termination.

If the Company concurrently executes a general release (in a form reasonably acceptable to the Executive) of all known and unknown claims that the Company and persons affiliated with the Company may then have against the Executive and the Company agrees not to prosecute any legal action or other proceeding based upon any of such claims, payment of the severance payment provided for in (a)(i) above will be conditional upon Executive's execution of a general release (in a form reasonably acceptable to the Company) of all known and unknown claims under this Agreement

(other than as a stockholder or option holder) that Executive may then have against the Company or persons affiliated with the Company and the Executive having agreed not to prosecute any legal action or other proceeding based upon any of such claims. The foregoing notwithstanding, upon the written election of Executive, in his sole discretion, the total of the benefits payable under this Section 9(a) shall be reduced to the maximum after tax payment (as determined by Executive and agreed to by the Board) to the extent the payment of such amounts would cause Executive's total termination benefits (as determined by Executive's tax advisor) to constitute an "excess" parachute payment under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and by reason of such excess parachute payment Executive would be subject to an excise tax under Section 4999(a) of the Code. If Executive fails to make the election described in this paragraph, no reduction in the termination benefits payable to Executive shall be made.

(b) Termination for Cause, Disability, Death or By Executive Without Good Reason. If Executive's employment hereunder is terminated by the Company prior to the expiration of the Employment Period for Cause, Disability or by Executive (other than for Good Reason) or due to Executive's death:

(i) the Company shall pay Executive (or his estate) his Base Salary through the Date of Termination, as soon as practicable following the Date of Termination;

(ii) the Company shall reimburse Executive pursuant to Section
5(c) for reasonable expenses incurred, but not paid prior to such termination of employment, unless such termination resulted from a misappropriation of Company funds;

(iii) Executive shall be entitled to any other rights, compensation and/or benefits as may be due to Executive in accordance with the terms and provisions of any agreements, plans or programs of the Company through and including the Date of Termination; and

(iv) the unvested portion of the Stock Option shall immediately cease to vest and be automatically terminated.

10. Confidentiality. Executive shall regard and retain as confidential, and will not divulge to any third party or use for any purpose other than for the benefit of the Company in connection with the fulfillment of the Executive's duties under this Agreement or with the prior written consent of the Board, any information concerning the Company, including without limitation, trade secrets, strategies, studies, know-how, techniques, marketing plans and opportunities, cost and pricing data, forecasts, customer lists, developments, improvements, discoveries, patents, patent applications, technologies, processes, research, methods, procedures, designs, models, testing systems, computer software and programs (including source code and related documentation), test and/or experimental data and results, laboratory notebooks, drawings, technical information or any proprietary materials or information that he has acquired while providing the services to the Company, or related to the services provided under this Agreement ("Confidential Information"), or any information identified by the Company or any of its affiliates as Confidential Information. Nothing in this Agreement is intended to grant any rights to Executive under any patent, mask work, or copyright of the Company, nor shall this Agreement grant Executive any right in or to Confidential Information except as expressly set forth herein. Like all Company employees, Executive will be required, as a condition to his

employment with the Company, to sign and comply with the Company's standard Proprietary Information and Inventions Assignment Agreement (in the form executed by the Executive concurrently with this Agreement).

11. Non-Solicitation/Non-Interference and Non-Competition.

(a) During the Employment Period and for a period of twelve (12) months thereafter, neither Executive nor any of his affiliates shall, whether for his own account or for the account of any other person (a) endeavor to entice away from the Company or any of its affiliates, or otherwise interfere with the relationship of the Company or any of its affiliates with (i) any person, entity, lessor, licensor, manufacturer, supplier or other business organization which is or becomes employed by or otherwise engaged to perform services for the Company or any of its affiliates, or (ii) any person or entity that is or becomes a customer, client or licensee of the Company or any of its affiliates on the date hereof or at any time during the Employment Period, or (b) interfere with or solicit with a view toward enticing from the Company any person who is or becomes an employee or consultant on the date hereof or at any time during the Employment Period.

(b) During the Employment Period and for a period of twelve (12) months thereafter, neither Executive nor any entity of which the Executive is the Beneficial Owner of 25% or more of such entity's total voting stock shall, whether for compensation or without compensation, directly or indirectly, as an owner, individual proprietor, principal, partner, employee, stockholder, director, officer, independent contractor, consultant, joint venturer, investor, licensor, lender or in any other capacity whatsoever, alone, or in association with any other person, carry on, be engaged or take part in, or render services or advice to, own, share in the earnings of, invest in the stocks, bonds or other securities of any person (other than the Company) engaged in the Restricted Activities in the Restricted Areas. "Restricted Activities" shall mean brand protection through RF tagging and the tracking and tracing of chemical solutions. "Restricted Areas" shall mean the United States, Europe and Israel. Notwithstanding the foregoing, Executive shall not be deemed to have breached his obligations under this Section 11(b): (i) through the record or beneficial ownership by Executive or his affiliates of any investment in any corporation having securities that are publicly traded on a national securities exchange or in the over-the-counter market or any entity that derives less than 10% of its revenues from the Restricted Activities in the Restricted Areas or
(ii) by serving as a director, employee, independent contractor, consultant, licensor, lender or other capacity to any entity that derives less that 10% of its revenues from the Restricted Activities in the Restricted Areas provided that Executive's capacity with such entity is not directly related to such Restricted Activities.

---

12. Remedies. Executive acknowledges and agrees that the covenants set forth in Sections 10 and 11 of this Agreement (collectively, the "Restrictive Covenants") are reasonable and necessary for the protection of the proprietary interests and other legitimate business interests of the Company and its affiliates, that irreparable injury will result to the Company and its affiliates if Executive breaches any of the Restrictive Covenants, and that in the event of Executive's actual or threatened breach of any such Restrictive Covenants, the Company and its affiliates will not have an adequate remedy at law. Executive accordingly agrees that in the event of any actual or threatened breach by Executive of any of the Restrictive Covenants, notwithstanding the obligation to seek arbitration under this Agreement pursuant to Section 15, the Company and its affiliates shall be entitled to injunctive relief, specific

performance and other equitable relief, without bond and without the necessity of showing actual monetary damages, subject to hearing as soon thereafter as possible. Nothing contained herein shall be construed as prohibiting the Company and its affiliates from pursuing any other remedies available to them for such breach or threatened breach, including but not limited to the recovery of damages. Any provision of Section 11 that is prohibited or declared unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. If any court determines that any of the noncompetition covenants, or any part thereof, contained in Section 11 are unenforceable because of the duration of such provision or the product area covered thereby, such court shall have the power, and the parties intend and desire that such court exercise such power, to reduce the duration or coverage of such provision to the minimum extent necessary to render such provision enforceable, and in its reduced form, such provision shall then be enforceable and shall be enforced.

13. No Conflicting Obligations. Executive represents that the services to be provided by him to the Company will not require him to violate or breach any obligation to or agreement or confidence with any previous employer or any other third party.Executive will not disclose to the Company any confidential information or material belonging to a third party, including that belonging to any prior or present employer or contractor, unless Executive has first received the written approval of that third party and presents such approval to the Company.

---

14. Indemnification. If Executive requests that the Company obtain a reasonable director's and officer's liability insurance policy from a reputable insurer with at least $5.0 million of coverage, or that the Company enter into reasonable directors and officers indemnification agreement with Executive, the Board of Directors will use its good faith efforts to do so.

15. Arbitration. Subject to Section 12, any controversy between Executive and the Company involving the construction or application of any of the terms, provisions or conditions of this Agreement, including, without limitation, the determination of whether a "Disability" or "Cause" existed under
Section 6(b) or 6(c) of this Agreement at the time of any termination, shall, on the written request of either party served on the other in accordance with
Section 17 below, be submitted to binding arbitration. EACH PARTY, BY SIGNING THIS AGREEMENT, VOLUNTARILY, KNOWINGLY AND INTELLIGENTLY WAIVES ANY RIGHTS SUCH PARTY MAY OTHERWISE HAVE TO SEEK REMEDIES IN COURT OR OTHER FORUMS, INCLUDING THE RIGHT TO A JURY TRIAL. The arbitration shall comply with and be governed in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"). The arbitration will be conducted only in New York, New York, before a single arbitrator selected by the parties or, if they are unable to agree on an arbitrator, before an arbitrator selected by the AAA. The arbitrator shall have full authority to order specific performance and award damages and other relief available under this Agreement or applicable law, but shall have no authority to add to, detract from, change or amend the terms of this Agreement or existing law. All arbitration proceedings, including settlements and awards, shall be confidential. The decision of the arbitrator will be final and binding, and judgment on the award by the arbitrator may be entered in any court of competent jurisdiction. THIS SUBMISSION AND AGREEMENT TO ARBITRATE WILL BE SPECIFICALLY ENFORCEABLE. The arbitrator will have no power to ignore or vary the terms of this Agreement and any

other agreement between Executive and the Company and will be bound to apply controlling law. The arbitrator shall award to the party which it views as prevailing in any such arbitration the costs of arbitration, including reasonable attorney's fees and costs, from the losing party.

16. Successors; Binding Agreement. No rights or obligations of the Company under this Agreement may be assigned or transferred except that, without limiting Executive's rights under this Agreement upon a Change of Control, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets (by merger, purchase or otherwise) which executes and delivers the agreement provided for in this Section 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. No rights or obligations of Executive under this Agreement may be assigned or transferred except that upon Executive's death, all rights of Executive hereunder shall inure to the benefit of Executive's estate in accordance with applicable laws of descent and distribution.

---

17. Notices. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered either personally or by United States certified or registered mail, return receipt requested, postage prepaid, or overnight courier addressed as follows:

If to Executive:
Elie Housman
600 West End Avenue
New York, New York 10024
Telecopy: (212) 724-6762

If to the Company:
InkSure Technologies Inc.
9 West Railroad Avenue
Tenafly, New Jersey 07670

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt. Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given
(i) when delivered if delivered personally, (ii) if sent by mail, at the earlier of its receipt or seven business days after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and postage prepaid as aforesaid, or (iii) if sent by overnight courier, one day after the same has been deposited with a nationally recognized courier service.

18. Waiver. No provisions of this Agreement may be amended, modified, or waived unless such amendment or modification is agreed to in writing signed by Executive and by a duly authorized officer of the Company (other than Executive), and such waiver is set forth in writing and signed by the party to be charged. No waiver by either party hereto at any time of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a

waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

19. Survival. Except as otherwise expressly set forth herein, the respective rights and obligations of the parties under this Agreement shall survive Executive's termination of employment and the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

20. Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of law principles.

---

21. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument. Facsimile signatures will be deemed to be effective originals hereunder.

23. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto in respect of such subject matter. Any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and canceled.

24. Withholding. All payments hereunder shall be subject to any required withholding of Federal, state and local taxes pursuant to any applicable law or regulation.

25. Section Headings. The section headings in this Agreement are for convenience of reference only, and they form no part of this Agreement and shall not affect its interpretation.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

INKSURE TECHNOLOGIES INC.

By:

Name:

Title:

By:

Name:

Title:

ELIE HOUSMAN

EXHIBIT 99.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of
Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United Stated Code), each of the undersigned officers of InkSure Technologies Inc., a Nevada corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-QSB for the period ended September 30, 2002 (the "Form 10-QSB") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-QSB fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2002 — */S/ YARON MEERFELD*
\-----------------------------------
Chief Executive Officer

Dated: November 14, 2002 — */S/ EYAL BIGON*
\-----------------------------------
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

EXHIBIT 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2002 U.S. dollars in thousands

	LIL MARC	INKSURE	PRO FORMA ADJUSTMENTS		PROFORMA COMBINED BALANCE
ASSETS:					
Current Assets:					
Cash and cash equivalents	171	699			870
Short-term deposits		4,018			4,018
Trade receivable		801			801
Other accounts receivable and prepaid expenses		115			115
Inventories		53			53
Total Current Assets	171	5,686			5,857
Severance Pay Fund		72			72
Property and Equipment, Net		358			358
Other Assets, Net		436			436
Total Assets	$ 171	$ 6,552			$ 6,723
LIABILITIES & SHAREHOLDERS' DEFICIENCY:					
Current Liabilities:					
Trade payable	-4	-189			-193
Employees and payroll liabilities		-105			-105
Accrued expenses and other liabilities		-349			-349
Total Current Liabilities	-4	-643			-647
Accrued Severance pay		-78			-78
Shareholders' Deficiency:					
Share capital:					
Ordinary shares of $ 0.01 par value -					
Authorized: 45,000,000 shares					
Issued and outstanding: 11,982,166 shares	-27	-105	12		-120
Additional paid-in capital	-288	-9,660	136		-9,812
Deferred stock compensation		61			61
Accumulated other comprehensive income		-118			-118
Accumulated deficit	148	3,991		148	3,991
Total Shareholders Equity (Deficiency)	-167	-5,831			-5,998
Total Liabilities and Shareholders' Equity (Deficiency)	-171	-6,552	148	148	-6,723

The accumulated deficit in the consolidated financial statements immediately after the merger will be the accounts of InkSure at that date. The accumulated deficit of Lil-Marc at the date of the merger will be eliminated.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
AS OF September 30, 2002

	LIL MARC	INKSURE	PRO FORMA ADJUSTMENTS	PROFORMA COMBINED STATEMENT OF OPERATIONS
Revenues		$ 2,687		$ 2,687
Cost of revenues		392		392
Gross profit		2,295		2,295
Operating expenses:				
Research and development		565		565
Selling and marketing		1,321		1,321
General and administrative	59	277		336
Total operating expenses	-59	132		73
Financial Income (expenses), net	3	-4		-1
Operating Income (loss)				
Net Income (loss)	$ -56	$ 136		$ 80
Basic and Diluted net earnings (loss) per share	$-0.02	0.02		0.01
Weighted average number of shares used to compute basic net earnings (loss) per share	2,668,666	6,737,499	1,227,586 *	8,178,579
Weighted average number of shares used to compute diluted net earnings (loss) per share	2,668,666	6,902,031	1,227,586 *	8,343,111

*Upon the merger, the current shareholders of Lil Marc will receive a total of 1,441,080 shares

End of Filing