

MATERIAL TECHNOLOGIES INC /CA/  
Form 10-Q  
August 13, 2002

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
**For the quarterly period ended June 30, 2002**

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

**33-23617**

(Commission file number)

**Material Technologies, Inc.**

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

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**95-4622822**

(IRS Employer  
Identification No.)

**11661 San Vicente Boulevard**

**Suite 707**

**Los Angeles, California 90049**

(Address of principal executive offices)

**(310) 208-5589**

(Issuer's telephone number)

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

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Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares outstanding of each of the issuer's classes of common equity; as of July 9, 2002 - 58,662,623 shares of common stock outstanding.

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**Material Technologies, Inc.**

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## PART I. FINANCIAL INFORMATION

### ITEM 1. Financial Statements

#### Material Technologies, Inc. (A Development Stage Company)

#### BALANCE SHEETS

|  | December 31, 2001 |                   | June 30, 2002<br>(Unaudited) |
|--|-------------------|-------------------|------------------------------|
| <b>Assets</b>  |                   |                   |                              |
| <b>Current Assets</b>                                      |                   |                   |                              |
| Cash and cash equivalents                                  | \$ 174,469        | \$                | 386,078                      |
| Receivable due on research contract                        | 285,677           |                   | 65,606                       |
| Receivable from officer                                    | 35,880            |                   | -                            |
| Prepaid expenses   | -                 | 109,166           |                              |
| <b>Total current assets</b>                                | <b>496,026</b>    | <b>560,850</b>    |                              |
| <b>Fixed Assets</b>  |                   |                   |                              |
| Property and equipment,<br>net of accumulated depreciation | 2,708             | 31,710            |                              |
| <b>Other Assets</b>  |                   |                   |                              |
| Intangible assets,<br>net of accumulated amortization      | 15,663            | 14,151            |                              |
| Refundable deposit   | 2,348             | 2,348             |                              |
| <b>Total other assets</b>                                  | <b>18,011</b>     | <b>16,499</b>     |                              |
| <b>Total Assets</b>  | <b>\$ 516,745</b> | <b>\$ 609,059</b> |                              |

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

**Material Technologies, Inc.**  
**(A Development Stage Company)**

**BALANCE SHEETS**

|  | <b>December 31, 2001</b> | <b>June 30, 2002</b><br><b>(Unaudited)</b> |
|--|--------------------------|--|
| <b>Liabilities and Stockholders' (Deficit)</b>   |                          |  |
| <b>Current Liabilities</b>   |                          |  |
| Legal fees payable   | \$ 282,950               | \$ 281,257                                 |
| Fees payable to R&D subcontractor  | 196,043                  | 35,100                                     |
| Consulting fees payable  | 5,525                    | -  |
| Accounting fees payable  | 42,417                   | 28,984                                     |
| Other accounts payable   | 8,801                    | 11,162                                     |
| Accrued expenses   | 43,213                   | 30,885                                     |
| Accrued officer wages  | 70,000                   | 33,115                                     |
| Notes payable - current portion  | 25,688                   | 25,688                                     |
| Loans payable - others   | 57,406                   | 58,704                                     |
| <b>Total Current Liabilities</b>   | <b>732,043</b>           | <b>504,895</b>                             |
| Payable on research and development sponsorship  | 422,653                  | 460,692                                    |
| <b>Total Liabilities</b>   | <b>1,154,696</b>         | <b>965,587</b>                             |
| <b>Stockholders' Equity (Deficit)</b>  |                          |  |
| Class A Common stock, \$.001 par value, authorized 200,000,000 shares; 102,433,378 shares issued, 42,433,378 shares outstanding, and 60,000,000 shares held in reserve at December 31, 2001, and 157,012,623 shares issued, 57,012,623 shares outstanding, and 100,000,000 shares held in reserve at June 30, 2002 | 42,433                   | 57,012                                     |
| Class B Common Stock, \$.001 par value, authorized 100,000 shares, outstanding 100,000 shares at December 31, 2001 and June 30, 2002   | 100                      | 100  |

Class A Preferred, \$.001 par value, authorized 50,000,000

outstanding 337,471 shares at December 31, 2001, and

387,471 shares at June 30, 2002

|  |                   |                   |
|--|-------------------|-------------------|
|  | 337               | 387               |
| Additional paid-in capital                           | 6,995,412         | 7,832,734         |
| Less notes receivable - common stock                 | (731,549)         | (753,453)         |
| Deficit accumulated during development stage         | (6,944,684)       | (7,493,308)       |
| <b>Total Stockholders' (Deficit)</b>                 | <b>(637,951)</b>  | <b>(356,528)</b>  |
| <b>Total Liabilities and Stockholders' (Deficit)</b> | <b>\$ 516,745</b> | <b>\$ 609,059</b> |

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

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**Material Technologies, Inc.**

(A Development Stage Company)

**STATEMENTS OF OPERATIONS**

|                                      | <b>For the Three Months<br/>Ended</b> |                          | <b>For the Six Months<br/>Ended</b> |                          | <b>From Inception<br/>(October 21,<br/>1983)<br/>Through</b> |
|--------------------------------------|---------------------------------------|--------------------------|-------------------------------------|--------------------------|--|
|                                      | <b>June 30,<br/>2001</b>              | <b>June 30,<br/>2002</b> | <b>June 30,<br/>2001</b>            | <b>June 30,<br/>2002</b> | <b>June 30, 2002</b>   |
|                                      | (Unaudited)                           | (Unaudited)              | (Unaudited)                         | (Unaudited)              | (Unaudited)  |
| <b>Revenues</b>                      |                                       |                          |                                     |                          |  |
| Sale of fatigue fuses                | \$ -                                  | \$ -                     | \$ -                                | \$ -                     | \$ 64,505  |
| Sale of royalty interests            | -                                     | -                        | -                                   | -                        | 198,750  |
| Research and development revenue     | 346,295                               | 130,513                  | 611,055                             | 461,323                  | 5,024,812  |
| Test services                        | -                                     | -                        | -                                   | -                        | 10,870   |
| <b>Total Revenues</b>                | <b>346,295</b>                        | <b>130,513</b>           | <b>611,055</b>                      | <b>461,323</b>           | <b>5,298,937</b>   |
| <b>Costs and Expenses</b>            |                                       |                          |                                     |                          |  |
| Research and development             | 261,003                               | 131,917                  | 471,619                             | 384,263                  | 4,540,891  |
| General and administrative           | 1,602,771                             | 276,701                  | 2,143,435                           | 608,282                  | 8,143,475  |
| <b>Total Costs and Expenses</b>      | <b>1,863,774</b>                      | <b>408,618</b>           | <b>2,615,054</b>                    | <b>992,545</b>           | <b>12,684,366</b>  |
| <b>Income (Loss) From Operations</b> | <b>(1,517,479)</b>                    | <b>(278,105)</b>         | <b>(2,003,999)</b>                  | <b>(531,222)</b>         | <b>(7,383,429)</b>   |

**Other Income (Expense)**

|                                      |               |                |               |                 |                |
|--------------------------------------|---------------|----------------|---------------|-----------------|----------------|
| Expense reimbursed                   | -             | -              | -             | -               | 4,510          |
| Interest income                      | 37,295        | 11,493         | 78,445        | 24,110          | 271,928        |
| Interest expense                     | (17,420)      | (20,356)       | (35,234)      | (40,712)        | (356,699)      |
| Gain on sale of stock                | -             | -              | -             | -               | 207,497        |
| Loss on abandonment of joint venture | -             | -              | -             | -               | (33,000)       |
| Miscellaneous income                 | -             | -              | -             | -               | 25,145         |
| Loss on sale of equipment            | -             | -              | -             | -               | (12,780)       |
| Gain on foreclosure                  | -             | -              | -             | -               | 18,697         |
| Modification of royalty agreement    | -             | -              | -             | -               | (7,332)        |
| Settlement of teaming agreement      | -             | -              | -             | -               | 50,000         |
| Litigation settlement                | -             | -              | -             | -               | 18,095         |
| <b>Total Other Income</b>            | <b>19,875</b> | <b>(8,863)</b> | <b>43,211</b> | <b>(16,602)</b> | <b>186,061</b> |

**Net Income (Loss) Before Extraordinary**

|   |                       |                     |                       |
|---|-----------------------|---------------------|-----------------------|
| <b>Items and Provision for Income (287,768)</b> | <b>\$ (1,961,588)</b> | <b>\$ (548,624)</b> | <b>\$ (7,493,308)</b> |
|---|-----------------------|---------------------|-----------------------|

**Per Share Data**

|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Income (Loss) Before Extraordinary Item | \$ (0.05)        | \$ (0.01)        | \$ (0.07)        | \$ (0.01)        |
| Extraordinary Items                     | -                | -                | -                | -                |
| <b>Net Income (Loss)</b>                | <b>\$ (0.05)</b> | <b>\$ (0.01)</b> | <b>\$ (0.07)</b> | <b>\$ (0.01)</b> |

**Weighted Average**

|                                  |                   |                   |                   |                   |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Common Shares Outstanding</b> | <b>32,010,475</b> | <b>52,922,922</b> | <b>29,412,366</b> | <b>48,895,806</b> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|

The accompanying notes are an integral part of the financial statements

**Material Technologies, Inc.**

(A Development Stage Company)

**STATEMENTS OF CASH FLOWS**

|  | <b>For the Three Months Ended</b> |                      | <b>For the Six Months Ended</b> |                      | <b>From Inception</b>      |
|--|-----------------------------------|----------------------|---------------------------------|----------------------|----------------------------|
|  | <b>June 30, 2001</b>              | <b>June 30, 2002</b> | <b>June 30, 2001</b>            | <b>June 30, 2002</b> | <b>(October 21, 1983))</b> |
|  | <b>(Unaudited)</b>                | <b>(Unaudited)</b>   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>   | <b>Through</b>             |
|  |                                   |                      |                                 |                      | <b>June 30, 2002</b>       |
|  |                                   |                      |                                 |                      | <b>(Unaudited)</b>         |
| <b>Cash Flows From Operating Activities</b>                        |                                   |                      |                                 |                      |                            |
| Net income (loss)  | \$ (1,497,604)                    | \$ (287,768)         | \$ (1,961,588)                  | \$ (548,624)         | \$ (7,493,308)             |
| Adjustments to reconcile net income<br>(loss) to net cash provided |                                   |                      |                                 |                      |                            |

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|  |           |          |           |           |             |
|--|-----------|----------|-----------|-----------|-------------|
| (used) by operating activities   |           |          |           |           |             |
| Depreciation and amortization  | 736       | 1,059    | 1,475     | 2,118     | 179,983     |
| Accrued interest income  | (37,294)  | (10,962) | (78,444)  | (23,209)  | (221,496)   |
| Gain on sale of stocks   | -         |          |           |           | (196,596)   |
| Gain on foreclosure  | -         |          |           |           | (18,697)    |
| Charge off of deferred offering costs  | -         |          |           |           | 36,480      |
| Charge off of long-lived assets<br>due to impairment                         | -         |          |           |           | 92,919      |
| Loss on sale of equipment  | -         |          |           |           | 12,780      |
| Modification of royalty agreement  | -         |          |           |           | 7,332       |
| Issuance of common stock for services  | 1,533,750 | 155,167  | 1,976,250 | 341,567   | 1,779,842   |
| Issuance of stock for agreement modification                                 | -         |          |           |           | 152         |
| Forgiveness of indebtedness  | -         |          |           |           | 215,000     |
| (Increase) decrease in accounts receivable                                   | (109,374) | 192,137  | (233,359) | 220,071   | (115,934)   |
| Charge off of investment in joint venture                                    | -         |          | -         |           | 33,000      |
| Officers' and directors' compensation<br>on stock subscriptions modification |           |          |           |           | 1,500,000   |
| (Increase) decrease in prepaid expenses                                      | -         | (30,000) | -         | (109,166) | (109,325)   |
| Increase (decrease) in accounts payable<br>and accrued expenses              | 96,792    | (83,649) | 270,072   | (161,561) | 1,026,053   |
| Interest accrued on notes payable  | 16,732    | 19,668   | 33,859    | 39,337    | 312,092     |
| Increase in research and development<br>sponsorship payable                  |           |          | -         |           | 218,000     |
| (Increase) in note for litigation settlement                                 |           |          | -         | -         | (25,753)    |
| (Increase) in deposits   |           |          | -         | -         | (2,189)     |
| <b>Total Adjustments</b>   | 1,501,342 | 243,420  | 1,969,853 | 309,157   | 4,723,643   |
| <b>Net Cash Provided (Used) By<br/>Operating Activities</b>                  | 3,738     | (44,348) | 8,265     | (239,467) | (2,769,665) |
| <b>Cash Flows From Investing Activities</b>                                  |           |          |           |           |             |
| Proceeds from sale of equipment  | -         | -        | -         | -         | 10,250      |
| Purchase of property and equipment   | -         | (29,608) | -         | (29,608)  | (266,472)   |
| Proceeds from sale of stocks   | -         | -        | -         | -         | 283,596     |
| Purchase of stocks   | -         | -        | -         | -         | (90,000)    |
| Investment in joint ventures   | -         | -        | -         | -         | (102,069)   |
| Proceeds from foreclosure  | -         | -        | -         | -         | 44,450      |
| Payment for license agreement  | -         | -        | -         | -         | (6,250)     |
| <b>Net Cash Provided (Used) By<br/>Investing Activities</b>                  | -         | (29,608) | -         | (29,608)  | (126,495)   |

The accompanying notes are an integral part of the financial statements

**Material Technologies, Inc.**  
**(A Development Stage Company)**

**STATEMENTS OF CASH FLOWS**

|   | <b>For the Three Months<br/>Ended</b> |                      | <b>For the Six Months Ended</b> |                      | <b>From<br/>Inception<br/>(October 21,<br/>1983))</b> |
|---|---------------------------------------|----------------------|---------------------------------|----------------------|---|
|   | <b>June 30, 2001</b>                  | <b>June 30, 2002</b> | <b>June 30, 2001</b>            | <b>June 30, 2002</b> | <b>Through<br/>June 30, 2002</b>                      |
|   | <b>(Unaudited)</b>                    | <b>(Unaudited)</b>   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>   | <b>(Unaudited)</b>                                    |
| <b>Cash Flows From Financing Activities</b>                 |                                       |                      |                                 |                      |   |
| Issuance of common stock                                    | \$ -                                  | \$ 147,129           | \$ -                            | \$ 581,830           | \$ 2,329,563  |
| Costs incurred in Offering                                  | -                                     | (31,861)             | -                               | (120,196)            | (231,235)   |
| Sale of common stock warrants                               | -                                     | 48,750               | -                               | 48,850               | 67,100  |
| Sale of preferred stocks                                    | -                                     | -                    | -                               | -                    | 258,500   |
| Sale of redeemable preferred stock                          | -                                     | -                    | -                               | -                    | 150,000   |
| Capital contributions                                       | -                                     | -                    | -                               | -                    | 301,068   |
| Payment on proposed reorganization                          | -                                     | -                    | -                               | -                    | (5,000)   |
| Loans from officers   | 12,700                                | -                    | 14,300                          | -                    | 778,805   |
| Repayments to officer                                       | (11,500)                              | (6,700)              | (18,800)                        | (29,700)             | (538,532)   |
| Increase (decrease) in loans - other                        | -                                     | -                    | -                               | -                    | 172,069   |
| <b>Cash Flows From Financing Activities</b>                 | <b>1,200</b>                          | <b>157,318</b>       | <b>(4,500)</b>                  | <b>480,784</b>       | <b>3,282,338</b>                                      |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b> | <b>4,938</b>                          | <b>83,362</b>        | <b>3,765</b>                    | <b>211,709</b>       | <b>386,178</b>  |
| <b>Beginning Balance Cash and Cash Equivalents</b>          | <b>781</b>                            | <b>302,716</b>       | <b>1,954</b>                    | <b>174,469</b>       | <b>-</b>  |
| <b>Ending Balance Cash and Cash Equivalents</b>             | <b>\$ 5,719</b>                       | <b>\$ 386,078</b>    | <b>\$ 5,719</b>                 | <b>\$ 386,178</b>    | <b>\$ 386,178</b>                                     |

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

**Material Technologies, Inc.**  
**(a Development Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

Note 1.

In the opinion of the Company's management, the accompanying unaudited financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position of the Company as of June 30, 2001 and 2002 and the results of operations and cash flows for the three month and six-month periods



then ended. The operating results of the Company on a quarterly or semi-annual basis may not be indicative of operating results for the full year.

Note 2.

In May 2000, 4,650,000 shares of the Company's common stock were issued to its President and 350,000 shares were issued to a director. In exchange for the 5,000,000 shares issued, the Company received \$5,000 cash and non-recourse promissory notes with face values totaling \$1,995,000. The notes mature in May 2005, and bear interest at an annual rate of 8%.

In June 2001, the Company's board of directors authorized the reduction in the amount owed by the President and the director on these promissory notes to \$460,350 and \$34,650, respectively. The reduction was due to continuing negative market conditions and the substantial reduction in the market value of the Company's common stock. The \$1,500,000 reduction in the notes was charged to general and administrative expenses.

Note 3.

In June 2002, the Company issued 50,000 shares of preferred stock for \$48,750. These preferred shares are convertible into 100,000 shares of the Company's common stock.

Note 4.

In July 2002, the Company settled its pending lawsuit with Stephen Beck. Under the terms of the settlement, Mr. Beck will receive 1,000,000 shares of the Company common stock. The shares to be issued are non-dilutive.

In addition, pursuant to the agreement that the Company had with the attorneys who represented it in this matter, a contingent fee of \$1,481,895 became due them upon the settlement of the case. This fee, however, is payable out of the Company's earnings derived before interest, taxes, depreciation and amortization (EBIDA), limited each year to 25% of EBIDA. Unpaid amounts owed towards the fee accrue interest at a rate of 6% per annum until paid in full.

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**Material Technologies, Inc.**

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

**Results of Operations**

**For the six months ended June 30, 2002 and 2001**

The Company had no sales during the six-month period ended June 30, 2002 or during the six month period ended June 30, 2001.

The Company generated \$461,323 under its research and development contracts during the first two quarters of 2002, as compared to \$611,055 that was generated during the same period in 2001.

Interest earned during the first two quarters in 2002 totaled \$24,110, which mostly consisted of accrued interest earned on promissory notes due from the Company's President and a director on stock purchased during the second quarter of 2000. Interest earned in 2001 amounted to \$78,445 (See Note 2 to the financial statements).

During the six month period ended June 30, 2002, the Company incurred \$384,263 in development costs of which \$345,621 relates to subcontract costs.

During the same six month period in the prior year, the Company incurred \$471,619 in development costs of which \$416,476 relates to subcontract costs.

General and administrative costs were \$608,282 and \$2,143,435, respectively, for the six-month periods ended June 30, 2002 and 2001.

The major costs incurred during 2002, included officer's salary of \$60,000 of which \$30,000 was accrued, office salaries of \$18,979, professional fees of \$176,197, consulting fees of \$260,940, travel of \$16,309, telephone expense of \$14,344, rent of \$14,088, and office expense of \$17,659.

Of the \$176,197 in professional fees, \$43,237 was paid in cash and the remaining \$132,960 was paid through the issuance of 2,067,100 shares of the Company's common stock. Of the \$260,940 incurred in consulting fees, \$53,493 was paid in cash and \$207,447 was paid through the

### **Material Technologies, Inc.**

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **(continuation)**

The major costs incurred during the three-month period in 2002, consisted of officer's compensation of \$30,000 of which \$20,000 was accrued. Other expenses incurred during the three-months ended June 30, 2002 included professional fees of \$133,853, consulting fees of \$62,655, travel expenses of \$7,686, telephone expense of \$5,672, office expense of \$9,084, and rent of \$7,044.

Of the \$133,853 in professional fees, \$18,393 was paid in cash and the remaining \$115,460 was paid through the issuance of 1,892,100 shares of the Company's common stock. Of the \$62,655 incurred in consulting fees, \$9,162 was paid in cash and \$38,547 was paid through the issuance of 1,119,918 shares of the Company's common stock.

The major costs incurred during the three-month period in 2001, consisted of officer's compensation of \$1,425,000 of which \$1,395,000 relates to the reduction on the amount due on a promissory note (see Note 2 to the financial statements) and \$30,000 of accrued wages. Other expenses incurred during the three-months ended June 30, 2001, included consulting fees of \$133,505, travel expenses of \$2,770, telephone expense of \$2,770, office expense of \$2,495, and rent of \$7,255.

Interest expense for the three-months ended June 30, 2002, totaled \$20,356 as compared to \$17,420 incurred during the same period in 2001.

### **Liquidity and Capital Resources**

Cash and cash equivalents as of June 30, 2002 and 2001 were \$386,078 and \$5,719, respectively. During the first two quarters of 2002, the Company received a total of \$1,312,816, which consisted of \$681,382 from its research and development contracts, \$581,830 through the sale of 8,100,484 shares of its common stock, \$48,750 through the issuance of 100,000 shares of convertible preferred stock, and \$854 in interest income. Of the \$1,312,816 received, \$920,849 was used in operations, \$120,196 was paid in the offering of the shares of common stock, \$29,608 was paid as partial payment towards the purchase of equipment used in the Company's development of the Electrochemical Fatigue Sensor, and \$29,700 was advanced to the Company's President. As of June 30, 2002, total amounts owed by the Company to its President for accrued wages of \$100,000 were charged against the loans due from him amounting

to \$66,885, leaving a balance due him in the amount of \$33,115.

During 2001, the Company generated net cash from operations of \$3,738, During the period, the Company made advances of \$18,800 to its officer and was repaid \$14,300.

As indicated, as of June 30, 2002, the Company has available funds of \$386,078. At its current rate of overhead, the Company has sufficient cash resources to fund approximately 7 months of current operating expenses. Without an infusion of capital through the sale of additional shares of its stock, the Company may not be able to continue operating after its current cash is depleted.

**Material Technologies, Inc.**

**Part II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

**Item 2. Change in Securities and Use of Proceeds**

During second quarter of 2002, the Company issued a total of 8,001,565 shares of its common stock, of which 3,761,804 were sold through a Regulation S offering from which the Company received a total of \$147,129. 3,291,018 shares were issued to consultants, professionals and others for services rendered, valued at a total of \$171,417. 250,000 shares of common stock were returned to treasury by a consultant, which were subsequently cancelled. 674,267 additional shares were issued in connection with the Regulation S offering. 524,476 shares were issued to the University of Pennsylvania pursuant to the terms of a prior agreement with the University. Also during the second quarter of 2002, the Company issued 50,000 shares of its preferred stock for \$48,750. These Preferred shares are convertible, at the option of the holder, into 100,000 shares of the Company's common stock.

**Item 3. Defaults Upon Senior Securities**

None

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

Not applicable

**Item 5. Other Information**

None

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

**Exhibits**

| Number | Description   |
|--------|---|
| 10.1   | Securities Subscription Agreement dated June 27, 2002 between the registrant and Gregory Bartko, Esq. |
| 99.1   | Certification of Chief Executive Officer and Principal Accounting Officer                             |

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**Reports on Form 8-K**

No filings were made during the period covered by this report.

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**Material Technologies, Inc.**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Material Technologies, Inc.**

By: /s/ Robert M. Bernstein  
Robert M. Bernstein, President and Chief Financial Officer

Date: July 31, 2002

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