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

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTON 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

[ ] TRANSITIONAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required)

Commission file No. 0-15113

VERITEC INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

95-3954373
(IRS Employer Identification Number)

2445 Winnetka Avenue North, Golden Valley, MN 55427
(Address of principal executive offices, zip code)

763-253-2670
(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes X No

[Please check appropriate response]

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date. As of May 10, 2004 the Company had:

Number of Shares of Common Stock
7,141,849

Transition Small Business Disclosure Format (check one): Yes ___ No X___

Table of Contents

FORM 10-QSB
VERITEC INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

VERITEC INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2004 (Unaudited)	June 30, 2003
ASSETS		
Current Assets:		
Cash	$ 459,833	$ 325,193
Accounts receivable, net	284,551	185,174
Inventories	40,379	11,585
Prepaid expenses	22,001	32,791
Total current assets	806,764	554,743
Fixed assets, net	11,173	14,669
Technology and software costs, net	84,154	119,874
Other	28,418	7,827
Total assets	$ 930,509	$ 697,113

Note: The balance sheet as of June 30, 2003, has been condensed from the audited financial statements.

See Notes to Consolidated Financial Statements.

VERITEC INC.
CONSOLIDATED BALANCE SHEETS

(Continued)

	March 31, 2004 (Unaudited)	June 30, 2003
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Notes payable - related parties	$ 640,000	$ 340,000
Convertible notes - related party	497,374	497,374
Current maturities of long-term debt	117,569	109,878
Accounts payable and accrued expenses	1,272,046	1,038,019
Customer deposits	3,884	2,912
Total current liabilities	2,530,873	1,988,183
Long-term debt	202,955	256,720
Prepayment on stock subscription receivable	75,367	242,033
Stockholders' equity (deficit):		
Preferred stock, par value $1.00, authorized 10,000,000 shares, 275,000 shares of Series H authorized, 76,000 shares outstanding, each share convertible to 10 shares of common stock	366,007	366,007
Common stock, par value $.01, authorized 20,000,000 shares, 7,141,849 and 7,126,849 shares outstanding	71,418	71,268
Subscription receivable	(754,712)	(860,326)
Additional paid in capital	11,986,793	11,922,440
Accumulated deficit	(13,562,025)	(13,288,631)
Accumulated other comprehensive income (loss)	13,833	(581)
Stockholders' equity (deficit)	(1,878,686)	(1,789,823)
Total liabilities and stockholders' equity	$ 930,509	$ 697,113

Note: The balance sheet as of June 30, 2003, has been condensed from the audited financial statements.

See Notes to Consolidated Financial Statements.

VERITEC INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31, 2004	Three months ended March 31, 2003
Revenues	$ 678,701	$ 523,936
Cost of sales	53,473	196,885
Gross profit	625,228	327,051
Operating expenses		
Selling, general and administrative	398,590	565,824
Research and development	42,745	79,407
Depreciation and amortization	11,857	11,650
Total operating expenses	453,192	656,881
Income (loss) from operations	172,036	(329,830)
Other income (expense):		
Interest expense, net	(33,711)	(73,691)
Other income, net	3,200	23,276
Minority interest in Veritec Iconix Ventures, Inc.	--	35,937
Total other income (expense)	(30,511)	(14,478)
Income before income taxes	141,525	(344,308)
Income tax expense	477	370
Net income (loss)	$ 141,048	$ (344,678)
Net income (loss) per common share:		
Basic	$ 0.02	$ (0.05)
Diluted	$ 0.01	$ (0.05)

See Notes to Consolidated Financial Statements.

VERITEC INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

Nine months ended March 31,

	2004	2003
Revenues	$ 1,631,068	$ 1,843,166
Cost of sales	224,952	639,814
Gross profit	1,406,116	1,203,352
Operating expenses		
Selling, general and administrative	1,450,021	1,483,675
Research and development	153,683	277,403
Depreciation and amortization	35,567	35,169
Total operating expenses	1,639,271	1,796,247
Loss from operations	(233,155)	(592,895)
Other income (expense):		
Interest expense	(96,701)	(114,295)
Other income, net	57,848	70,497
Minority interest in Veritec Iconix Ventures, Inc.	--	12,413
Total other expense	(38,853)	(31,385)
Loss before income taxes	(272,008)	(624,280)
Income tax expense	1,384	1,113
Net loss	$ (273,392)	$ (625,393)
Net income (loss) per common share:		
Basic	$ (0.04)	$ (0.09)
Diluted	$ (0.04)	$ (0.09)

See Notes to Consolidated Financial Statements.

VERITEC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended March 31,	
	2004	2003

Cash flows from operating activities:		
Net loss	$ (273,392)	$ (625,393)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	35,567	35,562
Changes in operating assets and liabilities:		
Accounts receivable	(99,378)	220
Inventories	(28,794)	66,287
Prepaid expenses	28,655	(133,749)
Accounts payable and accrued expenses	234,030	341,656
Customer deposits	972	7,682
Net cash used by operating activities	(102,340)	(307,735)
Cash flows from investing activities:		
Minority interest in Veritec Iconix Venture, Inc.	--	(14,725)
Cash flows from financing activities:		
Proceeds from stock issuance, subscription receivable, and prepayment on stock	3,451	75,000
Proceeds from notes payable - related parties	300,000	187,527
Proceeds from (payments on) long-term debt,net	(46,075)	80,721
Net cash provided by financing activities	257,376	343,248
Effect of exchange rate changes	(20,396)	33,252
Increase in cash	134,640	54,040
Cash at beginning of period	325,193	158,760
Cash at end of period	$ 459,833	$ 212,800

See Notes to Consolidated Financial Statements.

8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with United States of America generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by United States of

America generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended March 31, 2004 are not necessarily indicative of the results that may be expected for the year ended June 30, 2004. For further information, refer to the financial statements and footnotes thereto included in our Form 10-KSB for the year ended June 30, 2003.

Certain amounts presented in the 2003 financial statements, as previously reported, have been reclassified to conform to the 2004 presentation.

Net Income (Loss) Per Common Share

Basic net income (loss) per common share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings (loss) per common share, in addition to the weighted average determined for basic earnings per share, includes potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Potentially dilutive instruments include stock options and warrants, Series H Preferred stock, and convertible notes payable. For the three months ended March 31, 2003, and the nine months ended March 31, 2004 and 2003, the stock options and warrants, Series H Preferred stock, and convertible notes were antidilutive, and therefore, were not included in the computations of diluted loss per common share.

Basic and diluted net income per common share for the three months ended March 31, 2004, was as follows:

	Basic	Diluted
Net Income	$ 141,048	$ 141,048
Interest expense on convertible debt	--	18,428
Net income for per share computation	$ 141,048	$ 159,476
Weighted average shares outstanding	7,141,849	7,141,849
Incremental shares from assumed exercise or		

conversation of dilutive instruments:

Options and warrants	--	76,216
Series H Preferred Stock	--	2,750,000
Convertible notes	--	5,373,740
Shares outstanding	7,141,849	15,431,805
Net income per common share	$ 0.02	$ 0.01

Cash

Cash balances are maintained in financial institutions in the United States and Japan. The balances from time to time exceed the insured limits. We have experienced no losses in these accounts and believe that we are not exposed to any significant risk of loss on our cash balances. The cost approximates the fair market value of the financial instruments.

Accounts Receivable

The Company sells to domestic and foreign companies. The Company grants uncollateralized credit to customers, but requires deposits on unique orders. Management periodically reviews its accounts receivable and provides an allowance for doubtful accounts after analyzing the age of the receivable, payment history and prior experience with the customer. The estimated loss that management believes is probable is included in the allowance for doubtful accounts. While the ultimate loss may differ, management believes that any additional loss will not have a material impact on the Company's financial position.

Revenues

The Company accounts for revenue in accordance with Staff Accounting Bulletin (SAB) 101 "Revenue Recognition in Financial Statements." Revenues from software sales, product sales and engineering are recognized when products are shipped or services performed. License fees are recognized upon completion of all required

10

terms under the agreement. The process begins with a customer purchase order detailing its hardware specifications so the Company can customize its software to the customer's hardware. Once customization is completed, the Company typically transmits the software to the customer via the Internet. Once the software is transmitted, the customers do not have a right to refuse or return. Revenue is recognized at that point. Under some agreements the customers remit payment prior to the Company having completed customization or completion of any other required services. In these instances the Company delays revenue recognition and instead reflects the prepayments as customer deposits in the financial statements.

Research and Development

Research and development costs are charged to expense as incurred.

Intangible Assets

In fiscal 2000, the Company purchased certain software, source code, documentation, manuals and other written material for $50,000 and 187,500 shares of restricted common stock valued at $.80 per share. The Company has recorded this purchased software at cost, $200,000, and is amortizing it over five years using the straight-line method.

In fiscal 2003, the Company, through VIVI (as defined below) acquired technology rights for the Delphi scanner for $85,243 ($80,000 cash; 25,000 shares of the Company's common stock at $.20 per share; and $243 in incidental costs). These technology rights are recorded at cost in the accompanying financial statements and are being amortized on a straight-line basis over their estimated useful life of three years.

Stock-Based Consideration

The Company has applied the fair value-based method of accounting for employee and nonemployee stock-based consideration and/or compensation in accordance with FASB Statement 123.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company recorded net income of $141,048 during the quarter ended March 31, 2004, but incurred a net loss of $273,392 for the nine-month period ended March 31, 2004, and has lost $13,562,025 from inception to March 31, 2004. At March 31, 2004, the Company had a $1,724,109 working capital deficiency and a stockholders' deficit of $1,878,686. Those conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company has relied on receiving financing from The Matthews Group LLC (see subscription receivable below).

11

Investment: Veritec Iconix Ventures, Inc. (VIVI)

On January 30, 2002, Veritec Inc. and The Matthews Group LLC formed Veritec Iconix Ventures, Inc. (VIVI), a Delaware corporation. Each owned 50% of the outstanding shares of common stock of VIVI. In April 2002, The Matthews Group LLC loaned the Company $100,000, of which $50,000 was subsequently used to make the Company's initial capital contribution to VIVI. The promissory note to The Matthews Group LLC bears interest at 10% per annum and is due December 31, 2004. Additionally, the promissory note is convertible into common stock of the Company at $0.25 per share.

On February 13, 2002, VIVI entered into an agreement to purchase 100% of the outstanding equity securities of Iconix, Inc., a Japanese corporation, pursuant to a Stock Purchase Agreement dated February 13, 2002, by and among VIVI, Iconix, Inc., Masayuki Kuriyama and Yoshihiro Tasaka. The total consideration for the purchase consisted of 300,000 shares of the Company's common stock and $100,000 in U.S. dollars. The 150,000 shares contributed by the Company represented newly issued shares of the Company's common stock. The 150,000 shares contributed by The Matthews Group LLC represented a portion of the shares already owned by The Matthews Group LLC.

On June 25, 2003, Veritec entered into an agreement with The Matthews Group LLC to purchase The Matthews Group's 50% ownership of VIVI at the acquisition price of $50,000 and 150,000 shares of stock, the original price paid by The Matthews Group LLC on February 13, 2002. The Company issued 150,000 shares to The Matthews Group LLC and a promissory note of $50,000. At the same time, the Company agreed to sell VIVI's software developed for the textile industry and certain intangible assets of its textile industry business to Com Techno Alpha Inc., a Japanese corporation. As a part of the textile sale, Yoshihiro Tasaka, the principal of Com Techno and a former employee and officer of VIVI, agreed to return to the Company 120,000 shares of the Company's common stock. This stock has been returned and was subsequently cancelled. In November 2003, the Company finalized the agreement with Com Techno under which Com Techno will pay the Company 8,100,000 yen at a rate of 225,000 yen per month for thirty-six months ($67,782 and $1,883 respectively in U.S. dollars). The agreement provides for acceleration of payments to be received for each sale of a Tuft Controller by COM Techno. The textile software business accounted for 33% of the Company's sales in 2003 and 25% in 2002 (64% of VIVI's sales in 2003 and 69% in 2002).

Subscription Receivable

In September 1999, the Company accepted a commitment from The Matthews Group LLC to fund the $2,000,000 required under the Company's bankruptcy plan of reorganization. This funding is in the form of a promissory note that requires 108 monthly payments of $18,519. These payments are non-interest bearing and were to be collateralized by a pledge of properties controlled by principals of The Matthews Group LLC. In July 2001, the principals of The Matthews Group LLC granted to the Company a security interest in certain California and Minnesota properties to partially collateralize the subscription. Imputed interest on the subscription is excluded from operating results and is instead credited directly to additional paid-in capital.

12

The Matthews Group LLC is scheduled to fund the subscription receivable with monthly payments of $18,519. As the Company experienced cash shortfalls, The Matthews Group LLC made payments on the subscription receivable in advance of the due dates. Such advance payments are reflected as a liability in the financial statements in the Prepayment on Stock Subscription Receivable account. At March 31, 2004, The Matthews Group LLC had made prepayments of $75,367 towards scheduled payments on the subscription receivable. At The Matthews Group LLC's discretion, the balance in this account may be used to satisfy any scheduled payment due on the subscription receivable. When The Matthews Group LLC does so, the Company reduces the Prepayment on Stock Subscription Receivable account and credits the subscription receivable and additional paid-in-capital. Historically, when the Company has experienced a cash shortfall, The Matthews Group LLC has continued to make its monthly payments due on the subscription receivable. However, there is no contractual obligation for it to do so as long as prepayments exist to satisfy its scheduled payments. The Company has no advance knowledge of whether, in any given month, The Matthews Group LLC may make a scheduled payment on the subscription receivable or utilize the balance in the Prepayment on Stock Subscription Receivable account. The Company also has no assurance of The Matthews Group LLC's ability to continue to provide this funding. Failure of The Matthews Group LLC to continue to make scheduled payments on the subscription receivable could negatively impact the Company's ability to meet its cash flow requirements.

The Matthews Group LLC's prepayments against the subscription receivable are unsecured and non-interest bearing. The Company assumes that the prepayment existing at March 31, 2004 will ultimately be applied against the subscription receivable.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General

Veritec Inc. (the "Company") was incorporated in Nevada on September 8, 1982. The Company is primarily engaged in developing, marketing and selling a line of microprocessor-based encoding and decoding system products that utilize its patented Vericode Symbol technology. The Company's readers and scanners enable a manufacturer or distributor to attach unique identifiers or coded symbols containing binary encoded data to a product that enables automatic identification and collection of data. The Company has also developed its Secured Identification System with its VSCode that enables the storage of biometric information of the two-dimensional VSCode for subsequent verification of its authenticity.

The Company has incurred losses from operations since inception and has an accumulated deficit of $13,562,025 as of March 31, 2004.

In the Company's Form 10-KSB filed with the Securities and Exchange Commission for the year ended June 30, 2003, the Company identified critical accounting policies and estimates for its business. The Company has not amended or changed any of its critical accounting policies and estimates since the filing of its Form 10-KSB.

Results of Operations - March 31, 2004 compared to March 31, 2003

Revenues

Revenues of $678,701 for the quarter ended March 31, 2004 were $154,765, or 30%, higher than the quarter ended March 31, 2003. Revenues of $1,631,068 for the nine months ended March 31, 2004, were $212,098, or 12%, lower than the nine months ended March 31, 2003. The decrease in sales for the nine-months ended March 31, 2004, compared to the nine-months ended March 31, 2003 is related to the June 2003 sale of VIVI's textile software business to Com Techno Alpha, as after the sale, the textile revenues ceased. For the quarter ended March 31, 2004, the Company's revenues consisted of $120,447 from VIVI (Japan) and

$558,254 from United States operations. Revenues from the United States operation for the quarter increased 136% from 2003 and 2004 of $236,660 and $558,254, respectively. Revenues from the United States operations for the nine-months ended March 31, 2004 increased $499,668, or 67%, from the same period ended March 31, 2003. The increase for the three months ended March 31, 2004 primarily relates to sales by the Company's major distributor Sun Jin Neotech and new orders from the Liquid Crystal Display (LCD) manufacturers in Asia.

The Company continues to concentrate its efforts in the Asian market where the Company believes it has the best opportunities to grow revenue.

Gross Profit

Gross profit of $625,228 for the quarter ended March 31, 2004 was $298,177, or 91%, higher than the quarter ended March 31, 2003. Gross profit of $1,406,116 for the nine months ended March 31, 2004 was $202,764, or 17%, higher than the nine months ended March 31, 2003. Gross profit percentage was 92% and 62% for the quarters ended March 31, 2004 and 2003, respectively. Gross profit percentage was 86% and 65% for the nine months ended March 31, 2004 and 2003, respectively. The increase in gross profit percentage is due to the higher margin of our software products revenues in 2004. The prior period included VIVI's sales of software to customers in the textile business that provided the Company with lower margin. VIVI's textile business was sold to Com Techno Alpha in June 2003.

Operating Expense

Selling, general and administrative expenses for the quarter ended March 31, 2004 were $167,234, or 30%, lower than the quarter ended March 31, 2003. Selling, general and administrative expenses for nine months ended March 31,

2004 were $33,654, or 2% lower than the nine months ended March 31, 2003. The decrease in the third quarter is largely due to a reduction in legal expenses slightly offset by additional staffing and marketing campaigns to promote public awareness about the Company and to market the Company's new VSCode technology.

Research and development expenses for the quarter ended March 31, 2004 were $36,662, or 46%, lower than research and development expense for the quarter ended March 31, 2003. Research and development expenses for the nine months ended March 31, 2004 were $123,720, or 45%, lower than the nine months ended March 31, 2003. The reduction in research and development expenses relates to reduced staffing and contract labor expenses for engineering projects in 2003 that have been completed or are near completion. These research and development expense savings have shifted to the sales and marketing department to market the new VSCode technology.

Capital Expenditures and Future Commitments

No capital expenditures for equipment were made during either period.

On January 30, 2002, Veritec Inc. and The Matthews Group LLC formed Veritec Iconix Ventures, Inc. ("VIVI"), a Delaware corporation. Each company owned 50% of the outstanding shares of common stock of VIVI. In April 2002, The Matthews

Group LLC loaned Veritec $100,000, and Veritec subsequently used $50,000 of this amount to make its initial capital contribution to VIVI. The promissory note to The Matthews Group LLC bears interest at 10% per annum and is due December 31, 2004. Additionally, the promissory note is convertible into the Company's common stock at $0.25 per share.

Subsequent to the formation of VIVI, on February 13, 2002, VIVI entered into an agreement to purchase 100% of the outstanding equity securities of Iconix, Inc., a Japanese corporation, pursuant to a Stock Purchase Agreement, dated February 13, 2002, by and among VIVI, Iconix, Inc., Masayuki Kuriyama and Yoshihiro Tasaka. The total consideration for the purchase consisted of 300,000 shares of Veritec common stock and $100,000 in U.S. dollars. The 150,000 shares contributed by Veritec represented newly issued shares of its common stock. The 150,000 shares contributed by The Matthews Group LLC represented a portion of the shares of the Company's common stock already owned by it.

Although the Company continues to minimize spending for capital expenditures, it believes its need for additional capital equipment will continue because of the need to develop and expand its business. The amount of such additional capital is uncertain and may be beyond that generated from operations.

Liquidity and Capital Resources

A number of uncertainties exist that may affect the Company's future operating results. These uncertainties include general economic conditions, market acceptance of the Company's products and the Company's ability to manage expense growth. The Company has sustained significant losses and expects the losses to continue through fiscal year 2004. The Company's cash on hand is not sufficient to fund current operating needs. Therefore, the continued operation of the Company will continue to be dependent on cash flows from The Matthews Group LLC.

There is no assurance that The Matthews Group LLC will complete the obligations or that the payments required to be made by The Matthews Group LLC will be adequate. The Company is seeking additional debt or equity financing, but there is no assurance that additional financing will be obtained, or that any such financing will be sufficient for the Company's needs.

Although uncertainties exist, management believes that cash flows from operations will at least partially fund cash needs in 2004. Sales leads continue to be strong. Based on past success rates, management believes a percentage of these leads will purchase product. It is expected that cash from these new sales will be more towards the second half of calendar 2004 through fiscal 2005 because of the long cycle in the selling process. For 2004, the Company will continue to utilize distributors to help market its products. The Company intends to generate cash by requiring distributors to pay a license fee that will offer the distributors discounted software prices and allow each distributor to be more competitive in its marketing region.

Continued competition may drive down the price at which the Company can sell its products, and reduced capital expenditures by the Company's customers may also have a negative impact.

Net cash used in operating activities totaled $102,340 for the nine months ended March 31, 2004 as compared to $307,735 of cash used for operating activities in the nine months ended March 31, 2003. Cash used by operating activities for the nine months ended March 31, 2004 consisted primarily of net losses of $273,392, increases in account receivable of $99,378 and inventories purchases of $28,794, offset by increases in account payable and accrued expenses of $234,030 and a decrease in prepaid expenses of $28,655. The Company made no capital expenditures for the quarter and paid down long-term debt of $46,075. The operating and investing cash flow deficits in nine months ended March 31, 2004 were funded through proceeds from scheduled payments on the subscription receivable of $166,671, all of which was received from prior prepayment, and borrowing of $300,000 from the Company's Chief Executive Officer, The Matthews Group and an investor. No additional monies were received from The Matthews Group LLC on the subscription agreement for the nine months ended March 31, 2004. As of March 31, 2004, the prepayment balance from The Matthews Group LLC was $75,367. This prepayment could be used by The Matthews Group LLC to cover four future payments under the subscription receivable agreement or the remaining scheduled payments for fiscal year 2004. From July 1, 2003 through the date of this report, The Matthews Group LLC had used this prepayment to satisfy all of its scheduled payments under the agreement.

Item 3. Controls and Procedures

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer/Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended)

as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer/Chief Financial Officer has concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including its Chief Executive Officer/Chief Financial Officer, does not expect that its disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

On June 30, 2000 the Company was served as a defendant in the matter of Wolodymyr M. Starosolsky vs. Veritec, Inc., et al., in the United States District Court for the Central District of California (Case Number CV-00-7516DT (Wx). This suit was brought by a shareholder and former director of the Company and named the Company and various individuals as defendants, claiming that certain corporate actions were taken without proper authority of the Company's board of directors and/or contrary to the plan of reorganization the Company filed and completed under Chapter 11 of the U.S. Bankruptcy Act. The Company denied all allegations and in December 2000, forced the case to be transferred to the United States District Court for the District of Minnesota. The Company expects discovery in this case to conclude by late 2004, and any trial would not occur until early 2005.

On January 10, 2002, the Company initiated arbitration against Mitsubishi, Inc. in Los Angeles, California alleging five causes of action arising out of various contracts and business dealings. Mitsubishi asserted several counterclaims. Pursuant to various motions in "Phase I" of the arbitration, the arbitration

panel dismissed three of the Company's five claims. On January 5, 2004, Phase II of the arbitration, on the Company's remaining two claims (tortious interference with prospective business opportunities and termination of a licensing agreement) and on Mitsubishi's counterclaims, commenced. After three days, the hearing was suspended due to procedural irregularities that may have contaminated the entire arbitration. The parties are currently in discovery with respect to this matter. No opinion can be given at this time as to the outcome of this issue or of the arbitration proceeding as a whole.

The Company filed a lawsuit against Robotic Vision Systems, Inc. (RVSI) on March 20, 2003, in the United States District Court for the District of Massachusetts for breach of a confidentiality agreement, seeking damages in excess of $75,000. By agreement of both parties, this case has been dismissed without prejudice.

Item 5. Other Information.

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the securities laws. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control. All statements other than statements of historical facts included in this report regarding the Company's strategy, future operations, financial position, estimated revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this report, the words "will," "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this report. The Company does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Although the Company believes that its plans, intentions and expectations reflected in or suggested by the forward-looking statements that it makes in this report are reasonable, the Company can give no assurance that such plans, intentions or expectations will be achieved. The cautionary statements qualify all forward-looking statements attributable to the Company or persons acting on its behalf.

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

a. Exhibits

31. CEO/CFO Certification required by Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934.

32. Veritec Inc. Certification of CEO/CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. ss.1350).

b. Reports on Form 8-K.

None.

SIGNATURES

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

Veritec Inc.

Date: May 17, 2004

/s/ Van Thuy Tran

Van Thuy Tran
Chief Executive Officer
and Chief Financial Officer