

**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 September 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)

☒ 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 September 30, 2002:

Class A Common Stock - 76,194,623 shares outstanding, 102,000,000 shares held in reserve

Class B Common Stock - 100,000 shares outstanding

Class A Preferred - 487,471 shares outstanding

Material Technologies, Inc.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Index

| | <u>Page Number</u> |
|---|------------------------|
| Item 1. Financial Statements | |
| Independent Accountant's Review Report | 3 |
| Balance Sheets | 4 |
| Statements of Operations Third Quarter Ended September 30, 2001 and 2002 and from the Company's inception (October 21, 1983) through September 30, 2002 | 6 |
| Statement of Cash Flows Third Quarter Ended September 30, 2001 and 2002 and from the Company's inception (October 21, 1983) through September 30, 2002 | 7 |
| Notes to Financial Statements | 9 |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations | 10 |
| Part II. OTHER INFORMATION | |
| Item 1. Legal Proceedings | 12 |
| Item 2. Change in Securities and Use of Proceeds | 12 |
| Item 3. Defaults Upon Senior Securities | 12 |
| Item 4. Submission of Matters to a Vote of Security Holders | 12 |
| Item 5. Other Information | 12 |
| Item 6. Exhibits and Reports on Form 8-K | 12 |
| SIGNATURES | 13 |

INDEPENDENT ACCOUNT'S REVIEW REPORT

To the Board of Directors
Material Technologies, Inc.

We have reviewed the accompanying balance sheet of Material Technologies, Inc.. (a development stage company) as of September 30, 2002, and the related statements of operations and cash flows for the three-month and nine-month periods ended September 30, 2001 and 2002 and from the Company's inception (October 21, 1983) through September 30, 2002. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to the financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles.

s/ Jonathon P. Reuben CPA

Jonathon P. Reuben,
Certified Public Accountant
October 31, 2002

Material Technologies, Inc.
(A Development Stage Company)

BALANCE SHEETS

| | <u>December 31, 2001</u> | <u>September 30, 2002</u> (Unaudited) |
|--|---------------------------------|---|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 174,469 | \$ 243,438 |
| Receivable due on research contract | 285,677 | 8,362 |
| Receivable from officer | 35,880 | - |
| Prepaid expenses | <u>-</u> | <u>-</u> |
| Total current assets | <u>496,026</u> | <u>251,800</u> |
| Fixed Assets | | |
| Property and equipment, net of accumulated depreciation | <u>2,708</u> | <u>28,816</u> |
| Other Assets | | |
| Intangible assets, net of accumulated amortization | 15,663 | 13,395 |
| Refundable deposit | <u>2,348</u> | <u>2,348</u> |
| Total other assets | <u>18,011</u> | <u>15,743</u> |
| Total Assets | <u><u>\$ 516,745</u></u> | <u><u>\$ 296,359</u></u> |

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

Material Technologies, Inc.
(A Development Stage Company)

BALANCE SHEETS

| | <u>December 31, 2001</u> | <u>September 30, 2002</u> (Unaudited) |
|---|--------------------------|--|
| Liabilities and Stockholders' (Deficit) | | |
| Current Liabilities | | |
| Legal fees payable | \$ 282,950 | \$ 1,758,113 |
| Fees payable to R&D subcontractor | 196,043 | - |
| Consulting fees payable | 5,525 | - |
| Accounting fees payable | 42,417 | 28,305 |
| Other accounts payable | 8,801 | 9,818 |
| Accrued expenses | 43,213 | 40,269 |
| Accrued officer wages | 70,000 | 36,115 |
| Notes payable - current portion | 25,688 | 25,688 |
| Payable on research and development sponsorship | 422,653 | 479,712 |
| Loans payable - others | <u>57,406</u> | <u>59,353</u> |
| Total Current Liabilities | 1,154,696 | 2,437,373 |
| Stockholders' Equity (Deficit) | | |
| 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 178,194,623 shares issued, 76,194,623 shares outstanding, and 102,000,000 shares held in reserve at September 30, 2002 | 42,433 | 76,195 |
| Class B Common Stock, \$.001 par value, authorized 100,000 shares, outstanding 100,000 shares at December 31, 2001 and September 30, 2002 | 100 | 100 |
| Class A Preferred, \$.001 par value, authorized 50,000,000 outstanding 337,471 shares at December 31, 2001, and 487,471 shares at September 30, 2002 | 337 | 487 |
| Additional paid-in capital | 6,995,412 | 8,364,504 |
| Less notes receivable - common stock | (731,549) | (764,413) |
| Deficit accumulated during development stage | <u>(6,944,684)</u> | <u>(9,817,887)</u> |
| Total Stockholders' (Deficit) | <u>(637,951)</u> | <u>(2,141,014)</u> |
| Total Liabilities and Stockholders' (Deficit) | <u>\$ 516,745</u> | <u>\$ 296,359</u> |

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

Material Technologies, Inc.
(A Development Stage Company)

STATEMENTS OF OPERATIONS

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | | From Inception (October 21, 1983) Through September 30, |
|--|---|-----------------------|--|-----------------------|--|
| | 2001 (Unaudited) | 2002 (Unaudited) | 2001 (Unaudited) | 2002 (Unaudited) | 2002 (Unaudited) |
| Revenues | | | | | |
| Sale of fatigue fuses | \$ - | \$ - | \$ - | \$ - | \$ 64,505 |
| Sale of royalty interests | - | - | - | - | 198,750 |
| Research and development revenue | 427,004 | - | 1,038,060 | 461,323 | 5,024,812 |
| Test services | - | - | - | - | 10,870 |
| Total Revenues | <u>427,004</u> | <u>0</u> | <u>1,038,060</u> | <u>461,323</u> | <u>5,298,937</u> |
| Costs and Expenses | | | | | |
| Research and development | 356,706 | 123,932 | 828,326 | 508,195 | 4,664,823 |
| General and administrative | 258,597 | 2,190,699 | 2,402,032 | 2,799,781 | 10,334,974 |
| Total Costs and Expenses | <u>615,303</u> | <u>2,314,631</u> | <u>3,230,358</u> | <u>3,307,976</u> | <u>14,999,797</u> |
| Income (Loss) From Operations | <u>(188,299)</u> | <u>(2,314,631)</u> | <u>(2,192,298)</u> | <u>(2,846,653)</u> | <u>(9,700,860)</u> |
| Other Income (Expense) | | | | | |
| Expense reimbursed | - | - | - | - | 4,510 |
| Interest income | 11,487 | 11,947 | 89,933 | 36,057 | 283,875 |
| Interest expense | (17,617) | (21,095) | (52,851) | (61,807) | (377,794) |
| 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 |
| Utilization of Operating Loss Carryforward | - | - | - | - | 7,000 |
| Total Other Income | <u>(6,130)</u> | <u>(9,148)</u> | <u>37,082</u> | <u>(25,750)</u> | <u>183,913</u> |
| Net Income (Loss) Before Extraordinary Items and Provision for Income Taxes | (194,429) | (2,323,779) | (2,155,216) | (2,872,403) | (9,516,947) |
| Provision for Income Taxes | - | (800) | (800) | (800) | (11,000) |
| Net Income (Loss) Before Extraordinary Items | (194,429) | (2,324,579) | (2,156,016) | (2,873,203) | (9,527,947) |
| Extraordinary Items | | | | | |
| Forgiveness of debt | - | - | - | - | (289,940) |
| Net (Loss) | <u>\$ (194,429)</u> | <u>\$ (2,324,579)</u> | <u>\$ (2,156,016)</u> | <u>\$ (2,873,203)</u> | <u>\$ (9,817,887)</u> |
| Per Share Data | | | | | |
| Income (Loss) Before Extraordinary Item | \$ (0.05) | \$ (0.06) | \$ (0.07) | \$ (0.05) | |
| Extraordinary Items | - | - | - | - | |
| Net Income (Loss) | <u>\$ (0.05)</u> | <u>\$ (0.06)</u> | <u>\$ (0.07)</u> | <u>\$ (0.05)</u> | |
| Weighted Average Common Shares Outstanding | | <u>39,032,997</u> | <u>31,272,062</u> | <u>54,377,617</u> | |

The accompanying notes are an integral part of the financial statements

Material Technologies, Inc.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30 | | From Inception (October 21, 1931) Through September 30, 2002 |
|--|---|------------------|---|------------------|--|
| | 2001 | 2002 | 2001 | 2002 | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Cash Flows From Operating Activities | | | | | |
| Net income (loss) | \$ (194,429) | \$ (2,324,579) | \$ (2,156,016) | \$ (2,873,203) | \$ (9,817,887) |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities | | | | | |
| Depreciation and amortization | 738 | 3,650 | 2,211 | 5,768 | 183,633 |
| Accrued interest income | (11,488) | (10,960) | (89,932) | (32,864) | (231,151) |
| 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 due to impairment | - | - | - | - | 92,919 |
| Loss on sale of equipment | - | - | - | - | 12,780 |
| Modification of royalty agreement | - | - | - | - | 7,332 |
| Issuance of common stock for services | 120,250 | 419,850 | 596,500 | 761,417 | 2,199,692 |
| Issuance of stock for agreement modification | - | - | - | - | 152 |
| Forgiveness of indebtedness | - | - | - | - | 215,000 |
| (Increase) decrease in accounts receivable | 81,108 | 57,244 | (152,251) | 277,315 | (58,690) |
| Charge off of investment in joint venture | - | - | - | - | 33,000 |
| Officers' and directors' compensation on stock subscriptions modification | - | - | 1,500,000 | - | 1,500,000 |
| (Increase) decrease in prepaid expenses | - | (109,166) | - | - | (159) |
| Increase (decrease) in accounts payable and accrued expenses | (85,145) | 1,445,505 | 184,928 | 1,283,944 | 2,471,558 |
| Interest accrued on notes payable | 811 | 649 | 2,434 | 642 | 273,397 |
| Increase in research and development sponsorship payable | 16,118 | 19,020 | - | 57,059 | 275,059 |
| (Increase) in note for litigation settlement | - | - | 48,354 | - | (25,753) |
| (Increase) in deposits | - | - | - | - | (2,189) |
| Total Adjustments | <u>122,392</u> | <u>2,044,124</u> | <u>2,092,244</u> | <u>2,353,281</u> | <u>6,767,767</u> |
| Net Cash Provided (Used) By Operating Activities | <u>(72,037)</u> | <u>(280,455)</u> | <u>(63,772)</u> | <u>(519,922)</u> | <u>(3,050,120)</u> |
| Cash Flows From Investing Activities | | | | | |
| Proceeds from sale of equipment | - | - | - | - | 10,250 |
| Purchase of property and equipment | (5,600) | - | (5,600) | (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) |
| Net Cash Provided (Used) By Investing Activities | <u>(5,600)</u> | <u>-</u> | <u>(5,600)</u> | <u>(29,608)</u> | <u>(126,495)</u> |

The accompanying notes are an integral part of the financial statements

Material Technologies, Inc.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

| | For the Three Months Ended September 30, | | For the Six Months Ended September 30, | | From Inception (October 21, 1983)) Through September 30, 2002 |
|---|---|-------------------|---|-------------------|---|
| | 2001 | 2002 | 2001 | 2002 | 2002 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Cash Flows From Financing Activities | | | | | |
| Issuance of common stock | \$ 230,309 | \$ 166,850 | \$ 230,309 | \$ 797,430 | \$ 2,545,163 |
| Costs incurred in Offering | (47,281) | (29,035) | (47,281) | (149,231) | (260,270) |
| Sale of common stock warrants | - | - | - | - | 18,250 |
| 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 | 500 | - | 14,800 | - | 778,805 |
| Repayments to officer | (10,000) | - | (28,800) | (29,700) | (538,532) |
| Increase (decrease) in loans - other | - | - | - | - | 172,069 |
| Cash Flows From Financing Activities | <u>173,528</u> | <u>137,815</u> | <u>169,028</u> | <u>618,499</u> | <u>3,420,053</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 95,891 | (142,640) | 99,656 | 68,969 | 243,438 |
| Beginning Balance Cash and Cash Equivalents | 5,719 | 386,078 | 1,954 | 174,469 | - |
| Ending Balance Cash and Cash Equivalents | <u>\$ 101,610</u> | <u>\$ 243,438</u> | <u>\$ 101,610</u> | <u>\$ 243,438</u> | <u>\$ 243,438</u> |

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 September 30, 2001 and 2002 and the results of operations and cash flows for the three-month and nine-month periods then ended. The operating results of the Company on a quarterly basis may not be indicative of operating results for the full year.
- Note 2. In July 2002, the Company settled its pending lawsuit with Stephen Beck. Under the terms of the settlement, Mr. Beck received 1,000,000 shares of the Company common stock. The shares issued are non-dilutive for a period of eighteen months. Pursuant to the terms of the settlement, the Company placed 2,000,000 shares of its common stock in escrow from which shares will be withdrawn and issued to him in order that his interest in the Company will remain constant during the eighteen-month period. Upon expiration of the eighteen month, the remaining shares held in escrow will be returned to the Company's treasury.
- 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 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.
- Note 3. In the third quarter of 2002, the Company issued 50,000 shares of preferred stock for \$47,500. These preferred shares are convertible into 100,000 shares of the Company's common stock.

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

Results of Operations

For the nine months ended September 30, 2001 and 2002

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

The Company generated \$461,323 under its research and development contracts during the first three-quarters of 2002, as compared to \$1,038,060 that was generated during the same period in 2001.

Interest earned during the first three quarters in 2002 totaled \$36,057, 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 \$89,933.

During the nine month period ended September 30, 2002, the Company incurred \$508,195 in development costs of which \$440,201 relates to subcontract costs. The Company earned the full amount of its grant from the U.S. Air Force in the prior quarter, but continued its product development during the third quarter.

During the same nine-month period in the prior year, the Company incurred \$828,326 in development costs of which \$744,659 related to subcontract costs.

General and administrative costs were \$2,799,781 and \$2,402,032, respectively, for the nine-month periods ended September 30, 2002 and 2001.

The major costs incurred during 2002, included officer's salary of \$90,000 of which \$33,000 was accrued, office salaries of \$29,597, professional fees of \$1,916,125, consulting fees of \$582,798, travel of \$38,290, telephone expense of \$18,919, rent of \$21,132, and office expense of \$25,343.

Of the \$1,916,125 in professional fees, \$1,481,895 is accrued and due to two attorneys in the settlement of the Beck matter. The Company's obligation to pay this fee is contingent upon the Company's earnings (See Note 2 to the financial statements). Also included are legal fees of \$367,110 that were paid through the issuance of 9,872,100 shares of the Company's common stock.

Of the \$582,798 incurred in consulting fees, \$363,147 was paid through the issuance of 7,998,918 shares of the Company's common stock. Also included in consulting fees were the 1,000,000 shares of the Company's common stock that were issued in full settlement to Stephen Beck. The 1,000,000 shares were valued at \$30,000.

The major expenses incurred during the nine-month period ended September 30, 2001, consisted of \$1,500,000 relating to the modification of the amount owed to the Company by its President and a Director on non-recourse stock subscriptions, \$420,000 of prior years' compensation due its President that was paid in stock in 2001, \$147,569 in consulting fees, \$90,000 in officer's salary, \$97,695 in professional fees, \$16,454 in rent, \$11,706 in telephone expense, \$26,200 in office salaries, office expense of \$16,454, and \$25,643 in travel costs.

Interest expense for the nine-months ended September 30, 2002 totaled \$61,807 as compared to \$52,851 incurred during the first nine-months of 2001.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(continuation)

For the three months ended September 30, 2002 and 2001

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

The Company received its full award through its grant with the U.S. Air Force during the quarter ended June 30, 2002 and had no revenue from the contract during the quarter ended September 30, 2002. During the quarter ended September 30, 2001 the Company generated \$427,004 from its research and development contracts.

During the three-month periods ended September 30, 2002 and 2001, the Company incurred approximately \$123,932, and \$356,706, respectively, in development costs. Of the \$123,932 incurred in 2002, \$54,580 was paid to subcontractors.

General and administration costs were \$2,190,699 and \$258,597, respectively, for the three-month periods ended September 30, 2002 and 2001. The major expenses incurred in 2002, consisted of officer's salaries of \$30,000, office salaries of \$10,618, consulting fees of \$351,858, professional fees of \$1,739,929, rent of \$6,411, office expense of \$6,246, telephone expense of \$5,236, and travel expense of \$3,672.

Of the \$1,739,929 in professional fees, \$1,481,895 is accrued and due to two attorneys in the settlement of the Beck matter. The Company's obligation to pay this fee is contingent upon the Company's earnings (See Note 2 to the financial statements). Also included are legal fees of \$234,150 that were paid through the issuance of 7,805,000 shares of the Company's common stock.

Of the \$351,858 incurred in consulting fees, \$155,700 was paid through the issuance of 5,190,000 shares of the Company's common stock. Also included in consulting fees were the 1,000,000 shares of the Company's common stock that was issued in full settlement to Stephen Beck. The 1,000,000 shares were valued at \$30,000.

The major expenses incurred in 2001, consisted of officer's salaries of \$30,000, office salaries of \$10,617, consulting fees of \$113,066, professional services of \$46,486, rent of \$6,833, office expense of \$13,129, telephone expense of \$6,875, and travel expense of \$16,674.

Interest expense for the three-months ended September 30, 2002 totaled \$21,095 as compared to \$17,617 incurred during the first nine-months of 2001.

Liquidity and Capital Resources

Cash and cash equivalents as of September 30, 2002 and 2001 were \$243,438, and \$101,610, respectively. During 2002, the Company received \$738,638 through its research contracts, \$797,430 through the issuance of Company's common stock, \$1,555 from interest earned on savings. Of the \$1,537,623 received, \$1,258,560 was used in operations, \$29,608 was used in the purchase of equipment, \$149,231 was used to pay offering expenses, and \$29,700 was repaid to its President.

During 2001, the Company received \$885,808 through its research contracts, \$14,800 through advances from its President, and \$230,309 through the issuance of Company's common stock. Of the \$1,130,917 received, \$949,580 was used in operations, \$5,600 was used in the development of the Company's website, \$47,281 was used in the selling of the stock and \$28,800 was advanced to its President.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Change in Securities and Use of Proceeds

During the third quarter of 2002, the Company issued a total of 21,766,640 shares of its common stock, of which 4,394,560 were sold through a Regulation S offering from which the Company received a total of \$166,850. 12,995,000 shares were issued to consultants, professionals and others for services rendered, valued at a total of \$419,850. 750,000 shares of common stock were returned to treasury from the grant issued to the Company's President, which were subsequently cancelled. Also during the quarter, 1,542,080 additional shares were issued in connection with the Regulation S offering and 1,000,000 shares were issued to Mr. Stephen Beck as settlement. In addition, 2,000,000 shares of the Company's common stock were placed in escrow pursuant to the terms of the settlement with Mr. Beck.

Also during the second quarter of 2002, the Company issued 50,000 shares of its preferred stock for \$47,500. 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

| <u>Number</u> | <u>Description</u> |
|---------------|---|
| 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.

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.

Date: October 31, 2002

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