

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**

**FORM 10-Q**

☒ 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 SECURITIES  
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_ TO \_\_\_\_

Commission File Number: 0-12254

**SCIENTIFIC TECHNOLOGIES INCORPORATED**

(Issuer)

\_\_\_\_\_  
Oregon  
(State of incorporation)

\_\_\_\_\_  
77-0170363  
(I.R.S. Employer Identification Number)

\_\_\_\_\_  
6550 Dumbarton Circle, Fremont, California  
(Address of principal executive offices)

\_\_\_\_\_  
94544  
(Zip Code)

\_\_\_\_\_  
(510) 608-3400  
(Issuers telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or 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 \_\_\_\_

Common stock outstanding as of October 31, 2002 was 9,681,600 shares.

## PART 1 - FINANCIAL INFORMATION

### ITEM 1 - FINANCIAL STATEMENTS

#### SCIENTIFIC TECHNOLOGIES INCORPORATED

#### CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited, in thousands, except for per share data)

<u>Assets</u>	<u>Sep. 30, 2002</u>	<u>Dec. 31, 2001</u>
Current assets:		
Cash and cash equivalents	\$ 1,794	\$ 1,033
Accounts and notes receivable, net	7,307	6,454
Inventories	8,342	9,125
Deferred income taxes	2,081	2,081
Other current assets	<u>772</u>	<u>531</u>
Total current assets	20,296	19,224
Intangible assets	10,413	11,389
Property and equipment, net	3,710	3,537
Other assets	<u>303</u>	<u>50</u>
Total assets	<u>\$34,722</u>	<u>\$34,200</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 1,793	\$ 1,886
Accrued expenses	<u>2,984</u>	<u>2,648</u>
Total current liabilities	4,777	4,534
Long-term liability	<u>432</u>	<u>432</u>
Total liabilities	<u>5,209</u>	<u>4,966</u>
Shareholders' equity:		
Common stock; \$.001 par value; 100,000 shares authorized; 9,681 and 9,676 shares issued and outstanding	10	10
Capital in excess of par value	5,631	5,637
Retained earnings	<u>23,872</u>	<u>23,587</u>
Total shareholders' equity	<u>29,513</u>	<u>29,234</u>
Total liabilities and shareholders' equity	<u>\$34,722</u>	<u>\$34,200</u>

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

SCIENTIFIC TECHNOLOGIES INCORPORATED

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, in thousands, except per share data)

	For the three months ended	
	<u>Sep. 30, 2002</u>	<u>Sep. 30, 2001</u>
Sales	\$12,836	\$11,821
Cost of goods sold	<u>7,053</u>	<u>6,520</u>
Gross profit	<u>5,783</u>	<u>5,301</u>
Operating expenses:		
Selling, general and administrative	3,986	3,622
Research and development	1,058	1,235
Amortization of intangible assets	<u>177</u>	<u>195</u>
Total operating expenses	<u>5,221</u>	<u>5,052</u>
Income from operations	562	249
Interest and other income, net	<u>(1)</u>	<u>21</u>
Income before income taxes	561	270
Provision for income taxes	<u>213</u>	<u>103</u>
Net income	\$ <u>348</u>	\$ <u>167</u>
Net income per common share:		
Basic and diluted	\$ <u>0.04</u>	\$ <u>0.02</u>
Shares used to compute net income per common share:		
Basic and diluted	<u>9,672</u>	<u>9,663</u>

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

SCIENTIFIC TECHNOLOGIES INCORPORATED

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, in thousands, except per share data)

	For the nine months ended <u>Sep. 30, 2002</u>	<u>Sep. 30, 2001</u>
Sales	\$36,538	\$37,725
Cost of goods sold	<u>20,294</u>	<u>21,864</u>
Gross profit	<u>16,244</u>	<u>15,861</u>
Operating expenses:		
Selling, general and administrative	11,716	11,859
Research and development	3,548	4,015
Amortization of intangible assets	<u>530</u>	<u>498</u>
Total operating expenses	<u>15,794</u>	<u>16,372</u>
Income (loss) from operations	450	(511)
Interest and other income, net	<u>8</u>	<u>171</u>
Income (loss) before income taxes	458	(340)
Provision for (benefit from) income taxes	<u>174</u>	<u>(129)</u>
Net income (loss)	\$ <u>284</u>	\$ <u>(211)</u>
Net income (loss) per common share:		
Basic and diluted	\$ <u>0.03</u>	\$ <u>(0.02)</u>
Shares used to compute net income (loss) per common share:		
Basic and diluted	<u>9,675</u>	<u>9,655</u>

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

SCIENTIFIC TECHNOLOGIES INCORPORATED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, in thousands)

	For the nine months ended	
	<u>Sep. 30, 2002</u>	<u>Sep. 30, 2001</u>
Cash flows from operating activities		
Net income (loss)	\$ 284	\$ (211)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	1,977	1,489
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	(853)	1,634
Decrease in inventories	783	138
Increase in other assets	(494)	(184)
Decrease in accounts payable	(93)	(1,270)
Increase in payable to Parent	--	831
Increase (decrease) in accrued liabilities	<u>336</u>	<u>(388)</u>
Cash flows provided by operating activities	<u>1,940</u>	<u>2,039</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,173)	(686)
Net cash used in connection with the acquisition of Dunn Sales, Inc.	--	(4,130)
Purchase of short-term investments	<u>--</u>	<u>(207)</u>
Cash flows used in investing activities	<u>(1,173)</u>	<u>(5,023)</u>
Cash flows from financing activities		
Dividends	--	(142)
Repurchase of common stock	<u>(6)</u>	<u>--</u>
Cash flows used in financing activities	<u>(6)</u>	<u>(142)</u>
Change in cash and cash equivalents	761	(3,126)
Cash and cash equivalents at beginning of period	<u>1,033</u>	<u>4,048</u>
Cash and cash equivalents at end of period	<u>\$ 1,794</u>	<u>\$ 922</u>

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

SCIENTIFIC TECHNOLOGIES INCORPORATED  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

The accompanying condensed consolidated financial statements for the three and nine months ended September 30, 2002 and 2001 are unaudited. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States of America for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, considered necessary to present fairly the financial position, results of operations and cash flows of Scientific Technologies, Inc. (the "Company") and its subsidiaries for all periods presented.

To prepare these condensed consolidated financial statements in conformity with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

The results of operations are not necessarily indicative of the results to be expected in the future or for the full fiscal year. It is recommended that these condensed consolidated financial statements be read in conjunction with the Company's consolidated financial statements and the notes thereto included in its 2001 Annual Report on Form 10-K.

1. INVENTORIES

Inventories consist of the following:	(In thousands)	
	<u>Sep. 30, 2002</u>	<u>Dec. 31, 2001</u>
Raw materials	\$4,703	\$5,665
Subassemblies	1,123	1,042
Work in process	733	475
Finished goods	<u>1,783</u>	<u>1,943</u>
	<u>\$8,342</u>	<u>\$9,125</u>

2. NET INCOME (LOSS) PER SHARE

A reconciliation of the numerators and denominators used to compute basic and diluted income (loss) per common share is provided below.

	(In thousands)		(Per share)
<u>Three months ended September 30, 2002</u>	<u>Income (loss)</u>	<u>Shares</u>	<u>Amount</u>
Basic earnings per share calculation	\$ <u>348</u>	9,671	\$ <u>0.04</u>
Effect of dilutive securities			
Stock options		<u>1</u>	
Diluted earnings per share calculation	\$ <u>348</u>	<u>9,672</u>	\$ <u>0.04</u>
<u>Three months ended September 30, 2001</u>			
Basic earnings per share calculation	\$ <u>167</u>	9,660	\$ <u>0.02</u>
Effect of dilutive securities			
Stock options		<u>3</u>	
Diluted earnings per share calculation	\$ <u>167</u>	<u>9,663</u>	\$ <u>0.02</u>
	(In thousands)		(Per share)

<u>Nine months ended September 30, 2002</u>	<u>Income (loss)</u>	<u>Shares</u>	<u>Amount</u>
Basic earnings per share calculation	\$ <u>284</u>	9,673	\$ <u>0.03</u>
Effect of dilutive securities			
Stock options		<u>2</u>	
Diluted earnings per share calculation	\$ <u>284</u>	<u>9,675</u>	\$ <u>0.03</u>
<u>Nine months ended September 30, 2001</u>			
Basic and diluted loss per share calculation	\$ <u>(211)</u>	<u>9,655</u>	\$ <u>(0.02)</u>

### 3. COMPREHENSIVE INCOME (LOSS)

For the three and nine months ended September 30, 2002 and 2001, there is no significant difference between net income (loss) and comprehensive income (loss).

### 4. SEGMENT REPORTING AND OTHER INFORMATION

Financial information for each product group is as follows: (in thousands)

	Three months ended September 30,	
	2002	2001
<u>Safety Products</u>		
Sales	\$10,818	\$ 9,609
Group operating profit	925	491
<u>Automation Products</u>		
Sales	\$ 2,018	\$ 2,212
Group operating loss	(363)	(242)
	Nine months ended September 30,	
	2002	2001
<u>Safety Products</u>		
Sales	\$30,715	\$30,680
Group operating profit	1,536	148
<u>Automation Products</u>		
Sales	\$ 5,823	\$ 7,045
Group operating loss	(1,086)	(659)
	At	
	Sep. 30	Dec. 31
	2002	2001
<u>Total Assets</u>		
Safety Products	\$12,711	\$12,335
Automation Products	<u>22,011</u>	<u>21,865</u>
Total	<u>\$34,722</u>	<u>\$34,200</u>

The Company operates principally in the United States. The Company's operations in Germany are less than 10% of total operations. Sales to foreign customers represented less than 10% of total sales in the three and nine month periods ended September 30, 2002.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This interim report on Form 10-Q contains trend analysis and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. Such statements include expectations, beliefs, intentions or strategies regarding future operating results, future expenditures, future cash requirements, future impact of relocation the relocation of the PSI-Tronix division and future industry conditions that involve risks and uncertainties. The Company's actual results could differ materially from those projected in such forward-looking statements as a result of many factors, including, without limitation, those set forth under this section, the section entitled "Business Factors" below and elsewhere in this report on Form 10-Q.

### Results of Operations

(Amounts in thousands, except percentages)

Scientific Technologies Incorporated designs, manufactures and distributes automation safeguarding and specialty sensor products for the industrial control market. The Company's products include safety light guards, profiling scanners, factory automation sensors, controls, components, microcomputers, fiber optics, power monitoring devices, safety mats, pressure, displacement and velocity transducers, digital pressure gauges and comparators and other electronic equipment supplied to industrial automation, commercial and defense customers.

Sales for the three months ended September 30, 2002 increased 9% to \$12,836 from \$11,821 in the comparable period in 2001. This was primarily the result of increased unit sales by the Safety Products Group, specifically light curtains and vehicle scanners, offsetting lower sales by the PSI-Tronix operation of the Automation Products Group, which continues to be negatively impacted by slow semiconductor manufacturing markets. Sales for the nine months ended September 30, 2002 declined 3% to \$36,538 from \$37,725 in the same period in 2001. This was the result of the softness of all our markets in the first quarter of 2002 and the continuing slowness at PSI-Tronix.

Gross margin as a percentage of sales for the three and nine months ended September 30, 2002 was 45% in both periods compared to 45% and 42% for the comparable periods in 2001. The improved margin for the nine months ended September 30, 2002 was generally the result of cost reductions begun in the second quarter of 2001, an improvement in the mix of products sold in the second quarter to products with a lower relative cost of sales, when compared to the comparable period in 2001.

Selling, general and administrative expenses for the three months ended September 30, 2002 increased 10% to \$3,986 from \$3,622, somewhat consistent with the sales growth. Selling, general and administrative expenses, which declined 1% to \$11,716 for the first nine months of 2002 compared to \$11,859 for the comparable 2001 period, was positively impacted by the continuing cost reduction measures initiated in April 2001. These reductions offset increased selling, general and administrative expenses associated with the DSI operations, acquired in the second quarter of 2001. In addition, nine-month selling, general and administrative expenses were negatively impacted in 2001 by a non-recurring adjustment to the reserve for doubtful accounts. As a percent of sales for the three and nine month periods ended September 30, 2002, selling, general and administrative expenses were 31% and 32% respectively compared to 31% for the comparable 2001 periods.

Research and development expenses for the third quarter and first nine months of 2002 were reduced 14% and 12% to \$1,058 and \$3,548 from \$1,235 and \$4,015 in the 2001 comparable periods. This also was the result of continuing cost reductions. As a percent of sales for the three and nine months ended September 30, 2002, research and development expenses were 8% and 10%



compared to 10% and 11% in the same periods in 2001. We do not expect that research and development expenses as a percent of sales will continue to decline.

### Liquidity and Capital Resources

At September 30, 2002, our working capital increased 6% to \$15,519 compared to \$14,690 reported at December 31, 2001. This was primarily due to the improved operating results for the first nine months of 2002.

Available bank credit lines were \$6,100, all of which were unused at September 30, 2002. The Company believes that cash from operations, together with its cash resources and available bank borrowings, will be sufficient to fund its working capital requirements for the next twelve months.

### Subsequent Event

In a continuing effort to improve the efficiency and profitability of the Automation Products Group (APG), the Company has decided to relocate its Tulare, California operations to the new facility in Logan, Utah and combine the PSI-Tronix division with the Automation Sensors Division. We anticipate that this relocation will result in improved margins for the Automation Products Group, and will be completed in the second quarter of 2003. In addition, we expect the move will improve the overall responsiveness of APG to its customer base. While still in the planning stages, we anticipate that the costs associated with this move will be principally expensed in the first six months of 2003.

### Critical Accounting Policies

A discussion of our critical accounting policies is set forth in our 2001 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on April 1, 2002, as amended. There were no material changes in any of our critical accounting estimates or judgments during the three and nine months ended September 30, 2002.

### Business Factors

Because of the variety of factors and uncertainties affecting our operating results, past financial performance and historic trends may not be a reliable indicator of future performance. These factors, as well as other factors affecting our operating performance, may result in significant volatility in our common stock price. Among the factors which could affect our future business, financial condition or operating results are the following:

#### Our operating results may fluctuate.

We have experienced fluctuations in annual and quarterly operating results and anticipate that these fluctuations will continue. These fluctuations are caused by a number of factors, including the level and timing of customer orders, fluctuations in purchases of complementary third party products with which our products are sold, the mix of products sold and the timing of operating expenditures. Our operating results have been, and could continue to be negatively impacted by generally adverse economic conditions throughout the high technology sector. In particular, the relocation of our PSI-Tronix subsidiary may prove to be more costly than anticipated or may not result in the expected benefits, and its continuing decreases in sales due to the current market conditions in the semiconductor industry could negatively effect our operating results.

#### The seasonality inherent in our business could cause our operating results to fluctuate.

The industrial manufacturing equipment industry in which we compete has historically been subject to seasonality. This is also true with respect to European markets in which we compete where business activity declines due to vacations taken in the summer months. This seasonality, combined with other factors such as the variability in our operating results described above, renders

quarter-to-quarter comparisons of our results of operations unreliable as indicators of our overall performance.

The market for our products is highly competitive.

The market for industrial sensors is highly competitive. Many competitors have substantially greater name recognition and technical, marketing and financial resources than we have. Competitive pressures could reduce market acceptance of our products and result in price reductions, decreased revenues and increases in expenses.

Our business could suffer if we do not respond to technological change and new product development demands of our customers.

The market for our products is characterized by changing technology, evolving industry standards, changes in customer needs and new product introductions. Our future success will depend on our ability to enhance current products, develop new products and respond to emerging industry standards, all on a timely and cost-effective basis. The introduction of new products also requires that we manage the transition from older products in order to minimize disruption of customer orders, avoid excessive levels of older product inventories and ensure that adequate supplies of new products can be delivered to meet customer demands.

Our sales are dependent on indirect distribution channels.

A majority of our sales are through third party distributors, system integrators and original equipment manufacturers. These resellers are not required to offer our products exclusively. We cannot be assured that a reseller will continue to offer our products. In addition many of our resellers are privately owned firms which may not be well capitalized. If our ability to sell products through these third parties is impaired, our results of operations would likely suffer.

Our international sales are subject to risks.

Our international sales may be disrupted by currency fluctuations or other events beyond our control, including political or regulatory changes. If our international sales were disrupted for any reason, our revenue levels would decline.

Our business could suffer if we are unable to protect and enforce our intellectual property rights.

We rely on a combination of patent, trademark and trade secret laws and contractual restrictions to establish and protect proprietary rights in our products and services. There can be no assurance that our patents, trademarks, or contractual arrangements or other steps taken by us to protect our intellectual property will prove sufficient to prevent misappropriation of our technology or defer independent third party development of similar technologies. Moreover, there can be no assurance that the technology licenses granted to us from our parent company will continue to be available. The loss of any of our proprietary technology could require us to obtain technology of lower quality or performance standards or at greater cost, which could materially adversely affect our business, results of operations and financial condition. Furthermore, the laws of certain foreign countries may not protect our products, services or intellectual property rights to the same extent as do the laws of the United States.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The market risk inherent in our investments represents the potential loss arising from adverse changes in interest rates. We are exposed to market risk in the area of interest rate changes impacting the fair value of our investment securities. Our policy is to invest primarily in money market accounts and short-term investments held at financial institutions. We do not have any derivative instruments in our investment portfolio. Due to their highly liquid nature, our investments are subject to minimal credit and market risk.

#### Item 4. CONTROLS AND PROCEDURES.

(a) Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of senior management, including the Company's officers performing the functions of Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation, the Company's officers performing the functions Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures are effective for gathering, analyzing and disclosing the information that the Company is required to disclose in reports filed under the Securities Exchange Act of 1934.

(b) There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date the Company carried out this evaluation.

### **PART II - OTHER INFORMATION**

Items 1- 5 are not applicable for this reporting period.

#### Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The following documents are filed as a part of this Report:

Exhibit 3.1 - Articles of Incorporation, as amended, are incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 1988, Exhibit 3.1.

Exhibit 3.3 - By-Laws are incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 1985, Exhibit 3.

Exhibit 4.1 - 1997 Employee Stock Purchase Plan is incorporated by reference to the Registrant's Registration Statement on Form S-8 dated October 2, 1998.

Exhibit 4.2 - 1997 Stock Plan is incorporated by reference to the Registrant's Registration Statement on Form S-8 dated October 2, 1998.

Exhibit 21.1 - Subsidiaries of the Registrant is incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 2001, Exhibit 21.1.

Exhibit 24.1 - Power of Attorney is incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 2001, Exhibit 24.1.

Exhibit 99.1 - Certification of Chief Executive and Chief Financial Officers

(b) No Reports on Form 8-K were filed during the first nine months of 2002.

## 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.

### SCIENTIFIC TECHNOLOGIES INCORPORATED

Registrant

Date: November 13, 2002

/s/ Joseph J. Lazzara  
Joseph J. Lazzara  
President and Chief Executive  
Officer  
(Principal Executive and  
Financial officer)

Date: November 13, 2002

/s/ Richard O. Faria  
Richard O. Faria  
Vice-President, Finance &  
Administration  
(Principal Accounting Officer)

I, Joseph J. Lazzara certify that:

1. I have reviewed this quarterly report on Form 10-Q of Scientific Technologies Incorporated;
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;
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 registrant's board of directors (or persons performing the equivalent functions):
  - 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 weaknesses 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.

Date: November 13, 2002

/s/ Joseph J. Lazzara  
President and Chief Executive

Officer

I, Richard O. Faria certify that:

1. I have reviewed this quarterly report on Form 10-Q of Scientific Technologies Incorporated;
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;
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 registrant's board of directors (or persons performing the equivalent functions):
  - 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 weaknesses 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.

Date: November 13, 2002

/s/ Richard O. Faria  
Vice President Finance and

Administration

**Exhibit 99.1**

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph J. Lazzara, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Scientific Technologies Incorporated for the quarterly period ended September 30, 2002 fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly represents in all material respects the financial condition and results of operations of Scientific Technologies Incorporated.

By: /s/Joseph J. Lazzara

Name: Joseph J. Lazzara

Title: President and Chief Executive and Financial Officer

I, Richard O. Faria, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Scientific Technologies Incorporated for the quarterly period ended September 30, 2002 fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly represents in all material respects the financial condition and results of operations of Scientific Technologies Incorporated.

By: /s/Richard O. Faria

Name: Richard O. Faria

Title: Vice President, Finance and Administration