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

________ ________

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1999

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission file number 1-12694

SOLIGEN TECHNOLOGIES, INC.
(Exact name of small business issuer as specified in its charter)

WYOMING **(State or other jurisdiction of incorporation or organization)**	**95-4440838** **(I.R.S. Employer Identification No.)**

19408 Londelius Street
Northridge, California 91324
(Address of principal executive offices, including zip code)

(818) 718-1221
(Issuer'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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Number of shares of issuer's Common Stock outstanding as of February 9, 2000: 35,459,423

Transitional Small Business Disclosure Format: Yes [ ] No [X]

SOLIGEN TECHNOLOGIES, INC.
FORM 10-QSB

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PART I: FINANCIAL INFORMATION

Item 1: Consolidated Financial Statements

SOLIGEN TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 1999 (unaudited)	March 31, 1999
ASSETS		
Current assets:		
Cash	$ 1,287,000	$ 429,000
Accounts receivable	1,514,000	817,000
Inventories	73,000	121,000
Prepaid expenses	38,000	63,000
Total current assets	2,912,000	1,430,000
Property, plant and equipment	2,504,000	2,369,000
Less: allowance for depreciation and amortization	2,053,000	1,817,000
Net property, plant and equipment	451,000	552,000
Other assets	56,000	37,000
Total assets	$ 3,419,000	$ 2,019,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 954,000	$ 628,000
Trade accounts payable	337,000	309,000
Payroll and related expenses	359,000	170,000
Accrued expenses	206,000	345,000
Deferred revenue	96,000	33,000
Total current liabilities	1,952,000	1,485,000
Notes payable, net of current portion	12,000	10,000
Series B redeemable preferred stock, no par value: Authorized – 8,425,000 shares Issued and outstanding 8,425,000 and 0 shares, respectively	1,538,000	—
Stockholders' equity:		
Series A preferred stock, no par value: Authorized — 10,000,000 shares Issued and outstanding — 0 and 2,000 shares, respectively	—	1,000,000
Common stock, no par value: Authorized — 90,000,000 shares Issued and outstanding 35,459,423 and 32,682,338 shares, respectively	11,632,000	10,500,000
Accumulated deficit	(11,715,000)	(10,976,000)
Total stockholders' equity	(83,000)	524,000
Total liabilities and stockholders' equity	$ 3,419,000	$ 2,019,000

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

SOLIGEN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	Nine Months Ended December 31, 1999	Nine Months Ended December 31, 1998
Revenues	$ 1,862,000	$ 1,317,000	$ 5,230,000	$ 4,124,000
Cost of revenues	1,313,000	1,025,000	3,712,000	3,189,000
Gross profit	549,000	292,000	1,518,000	935,000
Operating expenses:				
Research and development	309,000	251,000	904,000	758,000
Selling	140,000	179,000	513,000	551,000
General and administrative	254,000	233,000	657,000	739,000
Non-cash compensation	18,000	38,000	55,000	114,000
Total operating expenses	721,000	701,000	2,129,000	2,162,000
Loss from operations	(172,000)	(409,000)	(611,000)	(1,227,000)
Other income (expense):				
Interest income	6,000	5,000	24,000	10,000
Interest expense	(50,000)	(49,000)	(153,000)	(160,000)
Other income	—	—	3,000	8,000
Total other income (expense)	(44,000)	44,000	(126,000)	(142,000)
Loss before provision for income taxes	(216,000)	(453,000)	(737,000)	(1,369,000)
Provision for state income taxes	2,000	2,000	2,000	4,000
Net loss	$ (218,000)	$ (455,000)	$ (739,000)	$(1,373,000)
Basic and diluted net loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.04)

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

SOLIGEN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Nine Months Ended December 31, 1999	Nine Months Ended December 31, 1998
Cash flows from operating activities:		
Net loss	$ (739,000)	$ (1,373,000)
Depreciation and amortization	236,000	294,000
Non-cash interest expense	77,000	105,000
Non-cash compensation expense	55,000	114,000
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(697,000)	398,000
Decrease in inventories	48,000	19,000
Decrease in prepaid expenses	25,000	26,000
Increase (decrease) in trade accounts payable	28,000	(290,000)
Increase in payroll and related expenses	189,000	29,000
Increase (decrease) in accrued expenses	(139,000)	180,000
Increase in deferred revenues	63,000	57,000
(Increase) decrease in other assets	(19,000)	15,000
Net cash used for operating activities	(873,000)	(426,000)
Cash flows from investing activities:		
Additions in property, plant and equipment	(135,000)	(82,000)
Net cash used for investing activities	(135,000)	(82,000)
Cash flows from financing activities:		
Principal payments under capital lease obligations	(29,000)	(42,000)
Payments on notes payable	(251,000)	(187,000)
Proceeds from issuance of notes payable	127,000	30,000
Net borrowings under revolving line of credit	481,000	179,000
Preferred stock issuance, net of issuance costs	1,538,000	957,000
Net cash provided by financing activities	1,866,000	937,000
Net increase in cash	858,000	429,000
Cash – beginning of period	429,000	215,000
Cash – end of period	$ 1,287,000	$ 644,000

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

SOLIGEN TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The financial information included herein for the nine month period ended December 31, 1999 and 1998 is unaudited; however, such information reflects all adjustments consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The financial information as of March 31, 1999, is derived from Soligen Technologies, Inc.'s Annual Report on Form 10-KSB for the fiscal year ended March 31, 1999. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's 1999 Form 10-KSB.

The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Accounting Policies

Reference is made to Note 1 of Notes to Financial Statements in the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 1999 for the summary of significant accounting policies.

Inventories

Inventories are stated at the lower of cost or market on a first-in, first-out basis. Inventories consist of the following:

	December 31, 1999
Raw materials and parts	$ 28,000
Work in process	38,000
Finished goods	7,000
Total inventories	$ 73,000

Deferred Revenue

Deferred revenue relates to the DSPC technology profit center. The deferred revenue related to machine revenues resulting mainly from the Company's issuance of licenses for the use of the machines, or to support the machines in the form of maintenance, rather than the outright sale of machines.

Debt

Notes Payable and Capital Leases

Notes payable and capital leases consists of the following at December 31, 1999:

Notes to insurance company, bearing interest at 9.84 percent, due in January 2000	2,000
Revolving line of credit, secured by certain assets bearing interest at the bank's prime rate (8 ¼ percent at December 31, 1999) plus 3 percent	876,000
Notes to four Company officers and its Controller, bearing interest at 12 percent, due in January 2000	60,000
Note to finance companies, bearing interest ranging from 0.9 percent to 10.0 percent, due at various dates through October 2003	28,000
	966,000
Less – current portion	(954,000)
	$ 12,000

In December 1997, the Company's Board of Directors approved a short-term subordinated promissory note and warrant financing. The offering was completed in a private placement transaction to accredited investors only pursuant to Regulation D and Rule 506 thereunder. A total of six investors loaned a total of $220,000 to the Company in December 1997, and one investor loaned an additional $40,000 to the Company in January 1998. Each investor received a promissory note in the principal amount of the amount loaned, bearing interest at the rate of 12% per annum and due six months from the date of the promissory note. In addition, for each dollar loaned to the Company the investors received a common stock purchase warrant exercisable for two shares of the Company's common stock (resulting in the issuance of warrants exercisable for a cumulative total of 520,000 shares of the Company's common stock). The warrants are exercisable for a period of five years at $0.50 per share. A finder's fee in the amount of $17,000 was paid to a non-employee member of the Company's Board of Directors in consideration of services provided in connection with the financing. One of the investors was a non-employee member of the Company's Board of Directors, one investor was an employee member of the Company's Board of Directors, and the remaining five investors were unaffiliated private investors. On June 12, 1998, the Company extended $220,000 notes payable under the same terms and conditions for an additional 45 days. In connection with this extension, warrants exercisable for 110,000 shares of the Company's common stock were issued to the investors. On July 27, 1998, the Company extended $210,000 notes payable under the same terms and conditions for an additional 90 days. In connection with this extension, warrants exercisable for 210,000 shares of the Company's common stock were issued to the investors. On October 25, 1998, the Company extended $140,000 of the notes payable for an additional six months under the same terms and conditions except for a change in the exercise price of the issued warrants. In connection with this extension, warrants exercisable for 330,000 shares of the Company's common stock exercisable at $0.375 per share were issued to the investors.

In December 1998, the Company's Board of Directors approved an additional subordinated promissory note and warrant financing in the principal amount of up to $500,000. The offering is for accredited investors only pursuant to Regulation D and Rule 506 thereunder. Such notes are to bear interest at 12% per annum and to be due April 25, 1999 and each such note purchaser to receive warrants to purchase four shares of the Company's Common Stock exercisable at $0.375 per share for each dollar of principal loaned to the Company per year of the term of the note, pro-rated to the stated term of the note. Pursuant to this financing, one investor loaned $30,000 to the Company in November 1998, resulting in the issuance of warrants exercisable for a total of 50,000 shares of the Company's common stock. The warrants are exercisable for a period of five years. On April 25, 1999, the Company extended $170,000 notes payable for an additional six months and to be due October 24, 1999 under the same terms and conditions except for a change in the exercise price of the issued warrants. In connection with this extension, warrants exercisable for 340,000 shares of the Company's common stock exercisable at $0.1875 per share were issued to the investors. On October 24, 1999, the Company extended $170,000 notes payable for an additional 36 days under the same terms and conditions except for a change in the exercise price of the issued warrants. In connection with this extension, warrants exercisable for 68,000 shares of the Company's common stock exercisable at $0.28125 were issued to the investors. The Company repaid the notes in November 1999 from proceeds of the Series B Preferred stock financing.

Commencing in October 1998, the Company's officers and its Controller (a total of five persons) elected to voluntarily defer a portion of their salaries. These deferrals continued until October 1999, and the total amount deferred was $108,039. In October 1999 the Company's Board of Directors determined that the deferral should be discontinued and that the employees should be accorded the same treatment as that given to the lenders under the debt financing described in the preceding paragraph. Accordingly, in October 1999 the Company issued promissory notes to each of the employees in the principal amount of the amount deferred and bearing interest at the rate of 12% per annum. In addition, the employees were issued warrants exercisable for the purchase of a cumulative total of 108,039 shares of the Company's common stock. The warrants re exercisable for a period of five years at an exercise price of $0.28125 per share. In December 1999 a total of $48,328 was paid on these notes and the entire remaining balance was repaid in January 2000.

Preferred Stock

Series B Redeemable Convertible Preferred Stock

On November 24, 1999, the Company entered into a Series B Convertible Preferred Stock Purchase Agreement providing for the private placement of 8,425,000 shares of a newly authorized series of preferred stock ("Series B Preferred"). The Company received gross proceeds of $1,685,000 from the sale of 8,425,000 shares of Series B Preferred to thirty-three (33) private investors (all of whom were accredited investors as defined in Regulation D) pursuant to the Stock Purchase Agreement. The purchasers of Series B Preferred also received Common

Stock purchase warrants exercisable for a cumulative total of 3,622,750 shares of the Company's Common Stock at an exercise price of $0.20 per share. These warrants are exercisable for a period of one year, commencing November 24, 1999. The financing was completed in accordance with the exemption provided by Rule 506 of Regulation D.

In connection with the Series B financing, the Company paid a cash finder's fee in the approximate amount of $100,000. In addition, the finders received warrants exercisable for 498,750 shares of common stock at a price of $0.20 per share. These warrants are exercisable for a period of one year, commencing November 24, 1999.

At a special stockholders meeting held on April 20, 1998, the Company's stockholders approved an amendment to the Company's Articles of Incorporation authorizing the issuance of up to 10,000,000 shares of preferred stock. This amendment authorizes the Company's Board of Directors to issue preferred stock in one or more series on terms approved by the Board of Directors without the necessity of further action or approval by the stockholders. Pursuant to this authority, the Company's Board of Directors has authorized the issuance of up to 8,425,000 shares of Series B Preferred Stock having rights and preferences as set forth in a Statement of Rights and Preferences filed with the Secretary of State of Wyoming on November 23, 1999. The following is a summary of certain terms of the Series B Preferred, and reference is made to the Statement for a complete description of the rights and preferences of the Series B Preferred.

The Series B Preferred is not entitled to any fixed or guaranteed dividend. Upon a liquidation of the Company, the Series B Preferred is entitled to receive a distribution of $0.20 per share in preference to any distribution to holders of common stock or junior preferred stock. The approval of the holders of at least two-thirds of the outstanding shares of Series B Preferred is required for certain significant corporate actions, including mergers and sales of substantially all of the Company's assets.

Each share of Series B Preferred is initially convertible into one share of the Company's Common Stock, subject to adjustment for recapitalizations, stock splits and similar events. Subject to certain exceptions, the Series B conversion ratio is subject to adjustment in the event the Company issues shares of Common Stock for no consideration or for a consideration less than the fair market value of the Common Stock as of the date of such issuance. The Series B Preferred automatically converts into common stock in the event the average trading price of the Company's common stock over 60 consecutive trading days is greater than $1.00 per share and the cumulative trading volume during such 60 day period is at least 1,000,000 shares, if traded on a national securities exchange, or 1,500,000 shares if traded on NASDAQ or over-the-counter. The Series B Preferred also automatically converts into common stock in the event the Company completes an underwritten public offering in which the Company receives gross proceeds of at least $10,000,000 and at a per share price of at least $1.00 per share (subject to adjustment for stock splits, recapitalizations, etc.).

The holders of Series B Preferred may tender their shares for redemption at a per share price equal to 150% of the liquidation preference in the event of a Change of Control (as defined in the Statement). In addition, the Company may, at its option, redeem the Series B Preferred at a per share price equal to 150% of the liquidation preference in the event that, from and after

November 24, 2000, the common stock trades above $0.75 per share for sixty (60) consecutive trading days.

Purchasers of Series B Preferred are also parties to an Investor Rights Agreement which grants certain demand and “piggyback” registration rights. The holders of Series B Preferred, voting as a separate class, are entitled to elect one member of the Company’s Board of Directors.

Series A Convertible Preferred Stock

In conjunction with a Series B Preferred financing completed on November 24, 1999, the Company entered into a Conversion Agreement with the holders of the Company’s Series A Convertible Preferred Stock (“Series A Preferred”). Pursuant to this Agreement, all outstanding shares of Series A Preferred were converted into 2,023,874 shares of the Company’s Common Stock in accordance with the Company’s Articles of Incorporation. In consideration of the agreement of holders of Series A Preferred to make such conversion, the Company issued a cumulative total of 404,697 additional shares of Common Stock to the holders of Series A Preferred. These additional shares are entitled to the same registration rights granted to the holders of Series B Preferred.

Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements and Associated Risks

This Quarterly Report on Form 10-QSB contains certain forward-looking statements. These forward-looking statements are based largely on the Company's current expectations and are subject to a number of risks and uncertainties including, among others (i) customer acceptance of the Company's "one stop shop" Parts Now program; (ii) the possible emergence of competing technologies; and (iii) the uncertainly as to the Company establishing profitability. Actual results could differ materially from these forward-looking statements. In view of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this Quarterly Report on Form 10-QSB will in fact transpire.

The following discussion should be read in conjunction with the accompanying Financial Statements of Soligen Technologies, Inc (“STI”) and its wholly-owned subsidiary Soligen, Inc. (“Soligen”) (collectively referred to herein as the “Company”) including the notes thereto, included elsewhere in this Quarterly Report. On December 31, 1998, Altop, Inc., a wholly-owned subsidiary of Soligen Technologies, Inc., was merged into Soligen, Inc. and will operate as Soligen – Santa Ana Division.

Overview

The Company has developed a proprietary technology known as Direct Shell Production Casting (“DSPC®”). This technology is embodied in the Company’s DSPC 300 System (the “DSPC System”), which produces ceramic casting molds directly from Computer Aided Design (“CAD”) files. These ceramic molds are used to cast metal parts, which conform to the CAD design. This unique capability distinguishes the DSPC System from typical rapid prototyping technologies that are characterized by the ability to produce non-functional, three-dimensional representations of parts from CAD files.

The Company's DSPC System is based upon proprietary technology developed by the Company and certain patent and other proprietary rights licensed to Soligen, a wholly-owned subsidiary of the Company, by the Massachusetts Institute of Technology ("MIT") pursuant to a license agreement (the "License") dated October 18, 1991, as amended. Pursuant to the License, MIT granted Soligen an exclusive, world-wide license until October 1, 2006 to develop, manufacture, market and sell products utilizing certain technology and processes for the production of ceramic casting molds for casting metal parts. The license continues on a non-exclusive basis thereafter until the expiration of the last patent relating to the licensed technology. The exclusive period may be extended by mutual agreement of both parties.

The Company believes that the rapid mold production capabilities of the DSPC System provide a substantial competitive advantage over existing producers of cast metal parts. Use of the DSPC System eliminates the need to produce tooling (patterns and core boxes) for limited runs of metal parts, thereby reducing both the time and the labor otherwise required to produce ceramic casting molds for casting the metal parts. It provides for a paradigm shift by enabling engineers to postpone the design or the fabrication of production casting tooling until after the designed part has been functionally tested. This ability, in addition to expediting the design verification and testing, enables manufacturers to save time and money by designing production casting tools with very little chance for error on the first attempt.

The DSPC System can also be used to produce the production tooling (usually made of steel), required to cast the parts in larger production runs. To capitalize on this advantage, the Company plans to form a network of rapid response production facilities owned either by the Company or by licensed third parties. This network will operate under the trade name Parts Now® service. These facilities will include DSPC production facilities and foundries with in-house machine shops. The Company intends to establish itself as a leading manufacturer of cast metal parts by providing a seamless transition from CAD file to finished part.

The Company operates the following four major revenue-generating production centers:

1. **Parts Now Center:** Oversees the "one stop shop" production services from receipt of the customer's CAD file through production. Parts Now is responsible for any contract which requires a combination of the DSPC production center and conventional casting and CNC machining expertise. The Parts Now Center consists of program managers who oversee the transition from CAD to first article, to tooling, to conventional casting and later to mass production. The center acquires services from the DSPC Production Center and the Production Parts Center.

2. **DSPC Production Center:** Revenues result from using the DSPC process in the production and sale of first article and short run quantities of cast metal parts made directly from the

customer's CAD file. This center also provides DSPC parts and tool making services to the Parts Now Center

3. **Production Parts Center:** Revenues result from the production, and sale of production quantities of cast and machined aluminum parts for industrial customers. The Company generates revenues in this area through its aluminum foundry and machine shop division in Santa Ana, CA. This center is limited to conventional casting of aluminum parts that do not utilize DSPC made tooling.

4. **DSPC Technology Center:** Revenues result from the sale, lease, license or maintenance of DSPC machines and from participation in research and development projects wherein the Company provides technological expertise.

Results of Operations

Revenues for the three months ended September 30, 1999 and the three and nine months ended December 31, 1999 and 1998 were as follows:

	Three Months Ended September 30,	Three Months Ended December 31,		Nine Months Ended December 31,	
	1999	1999	1998	1999	1998
Parts Now®	$ 1,160,000	$ 1,520,000	$ 601,000	$ 3,582,000	$ 1,783,000
DSPC® Production	336,000	173,000	482,000	932,000	1,501,000
Production Parts	239,000	169,000	204,000	665,000	723,000
DSPC® Technology	26,000	—	30,000	51,000	117,000
Total revenues	$ 1,761,000	$ 1,862,000	$ 1,317,000	$ 5,230,000	$ 4,124,000

Revenues for the quarter ended December 31, 1999 were $1,862,000, an increase of 41% compared to $1,317,000 in the quarter ended December 31, 1998, and an increase of 6% compared to $1,761,000 in the quarter ended September 30, 1999. Compared to the comparable nine month period a year ago, combined revenues for Parts Now and DSPC Production increased to $4,514,000 from $3,284,000 and increased from $1,496,000 in the quarter ended September 30, 1999 to $1,703,000 in the quarter ended December 31, 1999. Production Parts decreased to $169,000 in the quarter ended December 31, 1999 from $204,000 in the similar quarter last year and decreased from $239,000 in the quarter ended September 30, 1999. There were no DSPC Technologies revenues for the quarter ended December 31, 1999 compared to $30,000 in the similar quarter last year and $26,000 in the quarter ended September 30, 1999.

Gross profit increased to $549,000 for the quarter ended December 31, 1999 from $292,000 in the similar quarter last year. For the nine months ended December 31, 1999, gross profit increased to $1,518,000 from $935,000 for the similar period last year. Gross margin for the quarter ended December 31, 1999 increased to 29% from 22% for the quarter ended December 31, 1998 and for the nine months ended December 31, 1999 increased to 29% from 23% for the similar period last year. The increase in gross margin was primarily the result of increased

revenues.
Research and development expenses were $309,000 and $251,000 for the quarters ended December 31, 1999 and 1998, respectively. For the nine months ended December 31, 1999 and 1998, research and development expenses were $904,000 and $758,000, respectively. The Company intends to continue the advancement of DSPC technology and its applications in the market place.

Selling expenses decreased to $140,000 for the quarter ended December 31, 1999 from $179,000 in the similar quarter last year and decreased to $513,000 for the nine months ended December 31, 1999 from $551,000 for the similar period last year. The decrease in selling expenses for the quarter and nine months ended December 31, 1999 compared to the similar periods last year was the result of the recovery of a bad debt.

General and administrative expenses increased to $254,000 for the quarter ended December 31, 1999 from $233,000 in the similar quarter last year and decreased 11% to $657,000 for the quarter ended December 31, 1999 from $739,000 for the similar period last year. The increase for the quarter ended December 31, 1999 was the result of larger office expenses and adjustment for year-end payroll taxes and decrease for year to date was the result of lower wages and professional fees.

The Company issued stock options to non-employees in fiscal 1996 and, according to SFAS No. 123 (Accounting for Stock-Based Compensation), non-cash compensation expense is to be recognized over the expected period of benefit. As a result, the Company recognized $18,000 and $55,000 non-cash compensation expense in the quarter and nine months ended December 31, 1999 and $38,000 and $114,000 in quarter and nine months ended for the similar period last year.
Interest expense increased to $50,000 in the quarter ended December 31, 1999 from $49,000 in the similar quarter ended last year. For the nine months ended December 31, 1999 and 1998, interest expense decreased to $153,000 from $160,000. The Company issued warrants to the short-term debt investors and, according to SFAS No. 123, non-cash interest expense related to the warrants is to be recognized over the expected period of the loan. As a result, the Company recognized $26,000 non cash interest expense in the quarter ended December 31, 1999 and $35,000 in the similar quarter ended last year and for the nine months ended December 31, 1999 and 1998, the Company recognized $77,000 and $105,000, respectively. The increase in interest expense to $24,000 from $14,000 for the quarters ended December 31, 1999 and 1998, respectively, and to $76,000 from $55,000 for the nine months ended December 31, 1999 and 1998, respectively, was the result of payments made for capital leases, other notes payable, short-term debt investors and the commercial lender associated with the revolving line of credit.

Cash and Sources of Liquidity

At December 31, 1999, working capital increased to $960,000 compared to working capital of $161,000 at December 31, 1998, and $(55,000) at March 31, 1999. At December 31, 1999, the Company had $2,801,000 in cash and accounts receivable, compared to cash and accounts receivable of $1,504,000 at December 31, 1998 and $1,246,000 at March 31, 1999.

The Company's accounts receivable increased from $817,000 and 42 days of sales at March 31, 1999 to $1,514,000 and 56 days of sales at December 31, 1999. The increase in days of sales was the result of customers either by policy or unofficial practice of delaying payments as well as the Company incurring most of its revenues in the later part of the quarter ended December 31, 1999 compared to the quarter ended March 31, 1999.

In November 1999, the Company received net proceeds of $1,538,000 from the sale of 8,425,000 shares of Series B Convertible Preferred Stock to thirty-three (33) private investors

In August 1999, the Company entered into an agreement for one year with a new commercial lender for up to $1 million revolving line of credit, collateralized by accounts receivable, inventory and fixed assets. The credit facility provides for an advance rate of 80% of eligible accounts receivable. At December 31, 1999, the Company had $130,000 available to borrow.

Year 2000 Disclosure

The Company reviewed its hardware and related software used for operations and financial management and made necessary changes to become Year 2000 compliant. The incremental costs to become compliant did not have a material effect on the Company's consolidated financial statements. The Company contacted major vendors and other third parties that did business with the Company to check on the status of their efforts to resolve any Year 2000 issues but was not aware of any substantial issues.

To date, the Company has not encountered any Year 2000 problems with its internal computer systems nor with its major vendors and other third parties. The Company will continue to monitor its internal systems, major vendors and third parties to insure the Company will promptly react should a Year 2000 issue subsequently arise.

PART II: OTHER INFORMATION

Item 2. Changes in Securities

In December 1997, the Company's Board of Directors approved a short-term subordinated promissory note and warrant financing. The offering was completed in a private placement transaction to accredited investors only pursuant to Regulation D and Rule 506 thereunder. A total of six investors loaned a total of $220,000 to the Company in December 1997, and one investor loaned an additional $40,000 to the Company in January 1998. Each investor received a promissory note in the principal amount of the amount loaned, bearing interest at the rate of 12% per annum and due six months from the date of the promissory note. In addition, for each dollar loaned to the Company the investors received a common stock purchase warrant exercisable for two shares of the Company's common stock (resulting in the issuance of warrants exercisable for a cumulative total of 520,000 shares of the Company's common stock). The warrants are exercisable for a period of five years at $0.50 per share. A finder's fee in the amount of $17,000 was paid to a non-employee member of the Company's Board of Directors in consideration of services provided in connection with the financing. One of the investors was a non-employee member of the Company's Board of Directors, one investor was an employee member of the Company's Board of Directors, and the remaining five investors were unaffiliated private investors. On June 12, 1998, the Company extended $220,000 notes payable under the same terms and conditions for an additional 45 days. In connection with this extension, warrants exercisable for 110,000 shares of the Company's common stock were issued to the investors. On July 27, 1998, the Company extended $210,000 notes payable under the same terms and conditions for an additional 90 days. In connection with this extension, warrants exercisable for 210,000 shares of the Company's common stock were issued to the investors. On October 25, 1998, the Company extended $140,000 of the notes payable for an additional six months under the same terms and conditions except for a change in the exercise price of the issued warrants. In connection with this extension, warrants exercisable for 330,000 shares of the Company's common stock exercisable at $0.375 per share were issued to the investors.

In December 1998, the Company's Board of Directors approved an additional subordinated promissory note and warrant financing in the principal amount of up to $500,000. The offering is for accredited investors only pursuant to Regulation D and Rule 506 thereunder. Such notes are to bear interest at 12% per annum and to be due April 25, 1999 and each such note purchaser to receive warrants to purchase four shares of the Company's Common Stock exercisable at $0.375 per share for each dollar of principal loaned to the Company per year of the term of the note, pro-rated to the stated term of the note. Pursuant to this financing, one investor loaned $30,000 to the Company in November 1998, resulting in the issuance of warrants exercisable for a total of 50,000 shares of the Company's common stock. The warrants are exercisable for a period of five years. On April 25, 1999, the Company extended $170,000 notes payable for an additional six months and to be due October 24, 1999 under the same terms and conditions except for a change in the exercise price of the issued warrants. In connection with this extension, warrants exercisable for 340,000 shares of the Company's common stock exercisable at $0.1875 per share were issued to the investors. On October 24, 1999, the Company extended $170,000 notes payable for an additional 36 days under the same terms and conditions except for a change in the exercise price of the issued warrants. In connection with this extension, warrants exercisable for 68,000 shares of the Company's common stock exercisable at $0.28125 were issued to the investors. The Company repaid the notes in November 1999 from proceeds of the Series B Preferred stock financing.

Commencing in October 1998, the Company's officers and its Controller (a total of five persons) elected to voluntarily defer a portion of their salaries. These deferrals continued until October 1999, and the total amount deferred was $108,039. In October 1999 the Company's Board of Directors determined that the deferral should be discontinued and that the employees should be accorded the same treatment as that given to the lenders under the debt financing described in the preceding paragraph. Accordingly, in October 1999 the Company issued promissory notes to each of the employees in the principal amount of the amount deferred and bearing interest at the rate of 12% per annum. In addition, the employees were issued warrants exercisable for the purchase of a cumulative total of 108,039 shares of the Company's common stock. The warrants re exercisable for a period of five years at an exercise price of $0.28125 per share. In December 1999 a total of $48,328 was paid on these notes and the entire remaining balance was repaid in January 2000.

Series B Redeemable Preferred Stock

On November 24, 1999, the Company entered into a Series B Convertible Preferred Stock Purchase Agreement providing for the private placement of 8,425,000 shares of a newly authorized series of preferred stock ("Series B Preferred"). The Company received gross proceeds of $1,685,000 from the sale of 8,425,000 shares of Series B Preferred to thirty-three (33) private investors (all of whom were accredited investors as defined in Regulation D) pursuant to the Stock Purchase Agreement. The purchasers of Series B Preferred also received Common Stock purchase warrants exercisable for a cumulative total of 3,622,750 shares of the Company's Common Stock at an exercise price of $0.20 per share. These warrants are exercisable for a period of one year, commencing November 24, 1999. The financing was completed in accordance with the exemption provided by Rule 506 of Regulation D.

In connection with the Series B financing, the Company paid a cash finder's fee in the approximate amount of $100,000. In addition, the finders received warrants exercisable for 498,750 shares of common stock at a price of $0.20 per share. These warrants are exercisable for a period of one year, commencing November 24, 1999.

At a special stockholders meeting held on April 20, 1998, the Company's stockholders approved an amendment to the Company's Articles of Incorporation authorizing the issuance of up to 10,000,000 shares of preferred stock. This amendment authorizes the Company's Board of Directors to issue preferred stock in one or more series on terms approved by the Board of Directors without the necessity of further action or approval by the stockholders. Pursuant to this authority, the Company's Board of Directors has authorized the issuance of up to 8,425,000 shares of Series B Preferred Stock having rights and preferences as set forth in a Statement of Rights and Preferences filed with the Secretary of State of Wyoming on November 23, 1999. The following is a summary of certain terms of the Series B Preferred, and reference is made to the Statement for a complete description of the rights and preferences of the Series B Preferred.

The Series B Preferred is not entitled to any fixed or guaranteed dividend. Upon a liquidation of the Company, the Series B Preferred is entitled to receive a distribution of $0.20 per share in preference to any distribution to holders of common stock or junior preferred stock. The approval of the holders of at least two-thirds of the outstanding shares of Series B Preferred is required for certain significant corporate actions, including mergers and sales of substantially all of the Company's assets.

Each share of Series B Preferred is initially convertible into one share of the Company's Common Stock, subject to adjustment for recapitalizations, stock splits and similar events. Subject to certain exceptions, the Series B conversion ratio is subject to adjustment in the event the Company issues shares of Common Stock for no consideration or for a consideration less than the fair market value of the Common Stock as of the date of such issuance. The Series B Preferred automatically converts into common stock in the event the average trading price of the Company's common stock over 60 consecutive trading days is greater than $1.00 per share and the cumulative trading volume during such 60 day period is at least 1,000,000 shares, if traded on a national securities exchange, or 1,500,000 shares if traded on NASDAQ or over-the-counter. The Series B Preferred also automatically converts into common stock in the event the Company completes an underwritten public offering in which the Company receives gross proceeds of at least $10,000,000 and at a per share price of at least $1.00 per share (subject to adjustment for stock splits, recapitalizations, etc.).

The holders of Series B Preferred may tender their shares for redemption at a per share price equal to 150% of the liquidation preference in the event of a Change of Control (as defined in the Statement). In addition, the Company may, at its option, redeem the Series B Preferred at a per share price equal to 150% of the liquidation preference in the event that, from and after November 24, 2000, the common stock trades above $0.75 per share for sixty (60) consecutive trading days.

Purchasers of Series B Preferred are also parties to an Investor Rights Agreement which grants certain demand and "piggyback" registration rights. The holders of Series B Preferred, voting as a separate class, are entitled to elect one member of the Company's Board of Directors.

Series A Convertible Preferred Stock

In conjunction with a Series B Preferred financing completed on November 24, 1999, the Company entered into a Conversion Agreement with the holders of the Company's Series A Convertible Preferred Stock ("Series A Preferred"). Pursuant to this Agreement, all outstanding shares of Series A Preferred were converted into 2,023,874 shares of the Company's Common Stock in accordance with the Company's Articles of Incorporation. In consideration of the agreement of holders of Series A Preferred to make such conversion, the Company issued a cumulative total of 404,697 additional shares of Common Stock to the holders of Series A Preferred. These additional shares are entitled to the same registration rights granted to the holders of Series B Preferred.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: The following exhibits are filed as part of this report:

Exhibit Number	Description
11.1	Computation of Net Loss Per Share
27	Financial Data Schedule for the Quarter Ended December 31, 1999

(b) Reports on Form 8-K.

The Company filed a current report on Form 8-K on December 16, 1999 reporting that the Company completed a private placement on November 24, 1999 in the amount of $1,685,000 for 8,225,000 shares of a newly authorized Series B Preferred Stock.

SIGNATURES

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

SOLIGEN TECHNOLOGIES, INC.

Date: February 10, 2000

By: /s/ Yehoram Uziel
Yehoram Uziel
President, CEO and Chairman of the Board
(Principal executive officer)

Date: February 10, 2000

By: /s/ Robert Kassel
Robert Kassel
Chief Financial Officer
(Principal financial officer)

Exhibit 11.1

SOLIGEN TECHNOLOGIES, INC.

Computation of Net Loss Per Share

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	Nine Months Ended December 31, 1999	Nine Months Ended December 31, 1998
Weighted average number of shares outstanding	33,984,000	32,682,000	33,205,000	32,682,000
Net loss	$ (218,000)	$ (455,000)	$ (739,000)	$ (1,373,000)
Net loss per share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.04)