

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10KSB/A

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]  
[amend]

Filing Date: **1999-03-26** | Period of Report: **1998-07-31**  
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### FILER

#### AMERICAN TECHNOLOGIES GROUP INC

CIK: **878547** | IRS No.: **954307525** | State of Incorpor.: **NV** | Fiscal Year End: **0731**  
Type: **10KSB/A** | Act: **34** | File No.: **000-23268** | Film No.: **99575002**  
SIC: **5010** Motor vehicles & motor vehicle parts & supplies

Mailing Address  
425 EAST HUNTINGTON DR  
MONROVIA CA 91016

Business Address  
1017 S MOUNTAIN AVE  
MONROVIA CA 91016  
6263575000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Amendment No. 3 to  
FORM 10-KSB/A

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended July 31, 1998

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-23268  
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AMERICAN TECHNOLOGIES GROUP, INC.  
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(Name of small business issuer in its charter)

NEVADA  
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(State or other jurisdiction of  
incorporation or organization)

95-4307525  
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(IRS. Employer  
Identification No.)

1017 SOUTH MOUNTAIN AVENUE, MONROVIA, CA. 91016  
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(Address of principal executive offices) (zip code)

Issuer's telephone number: (626) 357-5000

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of exchange on which registered
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None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock  
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(Title of Class)

Check whether the issuer (1) filed all reports to be filed by Section 13 or  
15(d) of the Exchange Act during the past 12 months (or for such shorter period

that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

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Check if there is no disclosure of delinquent filers in response to Item 405 of Regulations S-B not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

The registrant's revenues for its most recent fiscal year were \$916,736. As of October 31, 1998, the registrant had 23,725,587 shares of Common Stock outstanding. The aggregate market value of the voting stock held by non-affiliates was \$15,033,743 computed by reference to the average of the low bid and high ask prices on October 30, 1998.

#### DOCUMENTS INCORPORATED BY REFERENCE

None.

Explanatory Note: This Amendment No 3. to Form 10-KSB amends Item 1. Description of Business, Core Technologies, IE-TM- Technology. Amended portions are italicized.

#### FORWARD-LOOKING STATEMENTS

IN ADDITION TO HISTORICAL INFORMATION, THIS ANNUAL REPORT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND THE COMPANY DESIRES TO TAKE ADVANTAGE OF THE "SAFE HARBOR" PROVISIONS THEREOF. THEREFORE THE COMPANY IS INCLUDING THIS STATEMENT FOR THE EXPRESS PURPOSE OF SUCH SAFE HARBOR WITH RESPECT TO ALL SUCH FORWARD-LOOKING STATEMENTS. THE FORWARD-LOOKING STATEMENTS IN THIS REPORT REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL PERFORMANCE. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES, INCLUDING THOSE DISCUSSED HEREIN, THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL RESULTS OR THOSE ANTICIPATED. IN THIS REPORT, THE WORDS "ANTICIPATES," "BELIEVES," "INTENDS," "FUTURE" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN, WHICH SPEAK ONLY AS OF THE DATE HEREOF. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY REVISE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE HEREOF.

#### PART I

#### ITEM 1. DESCRIPTION OF BUSINESS

##### GENERAL

American Technologies Group, Inc., a Nevada corporation (the "Company" or "ATG")

formed September 27, 1988, is engaged in the development, commercialization and sale of products and systems using its patented and proprietary technologies. The Company concentrates its technology discovery and development processes in three core technology areas: 1. IE-TM- Technology, 2. Water Purification, and 3. High Energy Particle Beams. The resulting products are intended to offer cost-effective solutions to reduce, and in some cases eliminate, hazardous chemical by-products or emissions resulting from industrial and combustion processes. Additionally, many commercial products may be improved through IE Technology including detergents, cosmetics and nutritional supplements.

The Company's efforts with IE Technology have yielded commercial applications including household cleaning products and combustion enhancers. ATG anticipates a coke formation suppresser and a descaler will be commercialized in fiscal 1999, although there can be no assurance to this affect. In the water purification area, the Company's low pressure vacuum distillation system is undergoing tooling design for a home use version for introduction to the marketplace in mid-1999.

The third core technology is the high energy particle beam which is proposed to produce a beam of heavy particles. This beam functions in much the same way as the

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common laser. The important difference is that the high energy particle beam is composed of particles rather than light. By accelerating the beam, extremely high energy levels are possible. The development of the high energy particle beam is being conducted through an ATG sponsored research program with the California Institute of Technology.

To maintain its focus on the Company's core technologies, the Company decided to sell its wholly-owned subsidiary, ATG Media, Inc., a Minnesota corporation ("ATG Media"), and to dispose of the mining property and equipment of New Concept Mining, Inc., a Nevada corporation ("New Concept"). New Concept has entered into a lease/purchase agreement for its Manhattan, Nevada gold properties and a letter of intent for the sale of its Manhattan, Nevada gold mill. Negotiations are on-going for the sale of its Tempiute, Nevada tungsten and garnet properties. The Company has entered into an agreement for the sale of ATG Media which transaction is anticipated to close prior to MARCH 31, 1999.

## BUSINESS STRATEGY

ATG's focus is on research, new technology, and product development. ATG pursues technologies at a rate that is consistent with the Company's available economic and human resources. Once a technology is nearing commercialization, the Company determines if the marketing, production and operational responsibility for the product should be borne by the Company or shifted to a marketing and manufacturing partner. As a result, ATG explores licensing

strategies or joint venture opportunities to commercialize its developed technologies with existing companies that have the sales, marketing, production and distribution expertise in the product industries to determine the best strategy for long-term growth and value.

## CORE TECHNOLOGIES

### IE TECHNOLOGY

After more than five years of self-funded research utilizing ATG's own laboratory along with facilities at the University of California, Los Angeles, and Zhongshan University in China, among others, ATG's scientists have developed new commercial and industrial products from what their scientists have named IE Technology.

IE Technology refers to the Company's proprietary process which produces water solutions containing water clusters that are stable at room temperature. ATG can produce different kinds of water solutions for different applications.

Independent researchers observe these water clusters by different standard research tools including:

- laser autocorrelation
- electron microscope

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- atomic force microscope
- UV spectroscopy

These instruments confirm the presence in our prepared water solutions of the water clusters which are the basis of our IE Technology.

The clusters are groups of water molecules configured in such a way so as to produce relatively large plus/minus polarity. We believe this polarity is what gives the clusters their catalytic properties. Tests indicate that these water clusters improve the performance of various chemical, physical and biological processes, including combustion enhancement, descaling, enzyme processes and de-coking. For example, in internal combustion engines the clusters attracts hydrocarbons and oxygen resulting in a more complete burning of the fuel. This results in improved efficiency and reduced carbon deposits in the combustion chamber. In certain biological applications related to enzyme production, the clusters have been shown to significantly improve enzyme yield OR RATE OF ENZYME PRODUCTION. IN ONE INSTANCE ENZYME CULTURES UTILIZING IE TECHNOLOGY WATER SOLUTIONS REQUIRED 97 FEWER HOURS TO

ACHIEVE THE SAME GROWTH LEVEL AS COMPARABLE CULTURES UTILIZING DISTILLED WATER. THE INCREASED ENZYME PRODUCTION RATE THAT MAY BE ACHIEVED UTILIZING IE TECHNOLOGY WATER SOLUTIONS MAY RESULT IN COST SAVINGS TO THE ENZYME PRODUCTION INDUSTRY.

ATG, through its own research projects and those conducted at various universities on its behalf, continues to identify IE Technology variants and define potential commercial applications. Current projects cover commercial applications in numerous fields. For example, initial studies by the Company indicate that certain bacterial activities may be increased as much as 200% through use of the IE Technology. Professors at UCLA are working with ATG on applications for the enhancement of chemical processes and on medical applications.

Dr. Benjamin Bonavida a UCLA Professor of Immunology, studied the effects of IE solutions on the human immune system. His research showed possible IE solutions applications in the area of immunotherapy for treatment of cancer and infectious diseases. Research to date has shown that the clusters exert a positive influence on the human immune system. Dr. Bonavida has shown that the catalyst significantly increases the production of cytokines which stimulate the response of the human immune system. Further research, which is currently being carried on by Dr. Bonavida, is required to refine the preliminary findings, but we believe that the catalyst will be shown to have applications in the treatment of certain human immune system deficiency disorders. THE ESTIMATED COST FOR THE PREPARATORY RESEARCH AND VALIDATION NECESSARY BEFORE STARTING CLINICAL TRIALS IS \$300,000. ATG INTENDS TO SEEK GRANTS FROM THE NUMEROUS SOURCES SUPPORTING RESEARCH INTO IMMUNE SYSTEM DISORDERS AND THEIR TREATMENT. GENERALLY IT TAKES APPROXIMATELY 7 YEARS TO COMPLETE THE US FOOD AND DRUG ADMINISTRATION PRODUCT APPROVAL CYCLE. HOWEVER, WITH TREATMENTS FOR IMMUNE DEFICIENCY DISORDERS ACCELERATED TESTING AND REVIEW IS POSSIBLE. THERE CAN BE NO ASSURANCE THAT ATG WILL OBTAIN ANY GRANTS OR WILL BE SUCCESSFUL IN OBTAINING THE APPROVALS NECESSARY FOR MARKETING A PRODUCT.

Dr. Selim Senkan, Chairman of the UCLA Department of Chemical Engineering, studied the effects of IE solutions on carbon reduction in internal combustion engines. His efforts identified an application of IE solutions as a fuel additive for carbon reduction.

Substantial research is still required to develop marketable products, and it is ATG's present marketing strategy to apply the technology to existing products with expectations of improving those products to competitive advantage. There can be no assurance that IE Technology has applications as indicated, or other applications, and even if there are such applications, that these will be accepted in the marketplace or become commercially viable.

ATG focuses its marketing for IE Technology products on existing commercial

product lines and industrial processes that can be improved through their use. The Company targets industries for which consumers demand new and improved methods and products that are environmentally safe. Such industries and products include enzyme production, petrochemicals and fuels, plastics production and detergents.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this Amendment No. 3 to its report on Form 10-KSB for the fiscal year ended July 31, 1998 to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN TECHNOLOGIES GROUP, INC.

By: /s/ Lawrence J. Brady  
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Lawrence J. Brady  
Chairman of the Board and  
Chief Executive Officer

Date: March 24, 1999

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Lawrence J. Brady ----- Lawrence J. Brady	Chairman of the Board, Chief Executive Officer	March 24, 1999
/s/ Harold Rapp ----- Harold Rapp	Chief Financial Officer, Chief Accounting Officer	March 24, 1999

/s/ William Odom

Director

March 24, 1999

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William Odom

/s/ Shui-Yin Lo

Director and Director of  
Research and Development

March 24, 1999

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Shui-Yin Lo

Director

March 24, 1999

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Terry Wachsner

/s/ Charles McCarthy

Director

March 24, 1999

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Charles McCarthy