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NANOPIERCE TECHNOLOGIES INC
Form 10QSB
November 15, 2004

FORM 10-QSB

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

(Mark One)

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

For the quarterly period ended September 30, 2004

OR

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

Commission file number 33-19598-D

NANOPIERCE TECHNOLOGIES, INC.

(Exact name of small business issuer as specified in its charter)

Nevada

84-0992908

(State or other jurisdiction of
incorporation or organization)

(I.R.S. employer
identification number)

370 17th Street, Suite 3640
Denver, Colorado 80202

(Address of principal executive offices)

Issuer's telephone number, including area code: (303) 592-1010

Not applicable

(Former name, former address or former fiscal year, if changed since last
report)

Check whether the issuer (1) has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 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

As of November 11, 2004 there were 91,259,033 shares of the registrant's sole
class of common shares outstanding.

Transitional Small Business Disclosure Format Yes No X

PART I - FINANCIAL INFORMATION

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| Item 1. Financial Statements | Page |
|---|------|
| | ---- |
| Report of Independent Registered Public Accounting Firm | F-1 |
| Condensed Consolidated Balance Sheet - September 30, 2004 | F-2 |
| Condensed Consolidated Statements of Operations - Three months ended September 30, 2004 and 2003 | F-3 |
| Condensed Consolidated Statements of Comprehensive Loss -Three months ended September 30, 2004 and 2003 | F-4 |
| Condensed Consolidated Statement of Changes in Shareholders' Equity -Three months ended September 30, 2004 | F-5 |
| Condensed Consolidated Statements of Cash Flows - Three months ended September 30, 2004 and 2003 | F-6 |
| Notes to Condensed Consolidated Financial Statements | F-7 |
| Item 2. Management's Discussion and Analysis | 1 |
| Item 3. Controls and Procedures | 3 |
| PART II - OTHER INFORMATION | |
| Item 1. Legal Proceedings - Not Applicable | |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds - Not Applicable | |
| Item 3. Defaults Upon Senior Securities - Not Applicable | |
| Item 4. Submission of Matters to a Vote of Security Holders - Not Applicable | |
| Item 5. Other Information - Not Applicable | |
| Item 6. Exhibits and Reports on Form 8-K | 4 |
| SIGNATURES | 5 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Nanopierce Technologies, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Nanopierce Technologies, Inc. and subsidiaries as of September 30, 2004, the related condensed consolidated statements of operations, comprehensive loss, and cash flows for the three-month periods ended September 30, 2004 and 2003, and the condensed consolidated statement of changes in shareholders' equity for the three-month period ended September 30, 2004. These interim condensed consolidated financial statements are the responsibility of the Company's

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management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the express 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 accompanying interim condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ GELFOND HOCHSTADT PANGBURN, P.C.

Denver, Colorado
November 8, 2004

F-1

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet
September 30, 2004
(Unaudited)

Assets

| | | |
|------------------------------------|----|-----------|
| Current assets: | | |
| Cash and cash equivalents | \$ | 847,718 |
| Accounts receivable, net | | 10,426 |
| Prepaid expenses | | 2,948 |
| | | ----- |
| Total current assets | | 861,092 |
| | | ----- |
| Property and equipment: | | |
| Office equipment and furniture | | 66,356 |
| Less accumulated depreciation | | 45,071 |
| | | ----- |
| | | 21,285 |
| | | ----- |
| Other assets: | | |
| Deposits and other | | 19,415 |
| Investments in affiliates (Note 3) | | 299,061 |
| | | ----- |
| | | 318,476 |
| | | ----- |
| Total assets | \$ | 1,200,853 |
| | | ===== |

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Liabilities and Shareholders' Equity

| | |
|---|--------------|
| Current liabilities: | |
| Accounts payable | \$ 124,191 |
| Note payable (Note 4) | 38,118 |
| | ----- |
| Total liabilities (all current) | 162,309 |
| | ----- |
| Commitments and contingencies (Notes 6 and 8) | |
| Shareholders' equity (Notes 5 and 6): | |
| Preferred stock; \$0.0001 par value; none issued and outstanding; 5,000,000 shares authorized | |
| Common stock; \$0.0001 par value; 200,000,000 shares authorized 90,059,033 shares issued and outstanding | 9,006 |
| Additional paid-in capital | 23,744,891 |
| Accumulated other comprehensive income | 122,976 |
| Accumulated deficit | (22,838,329) |
| | ----- |
| Total shareholders' equity | 1,038,544 |
| | ----- |
| Total liabilities and shareholders' equity | \$ 1,200,853 |
| | ===== |