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NANOPIERCE TECHNOLOGIES INC
Form 10QSB
May 18, 2004

FORM 10-QSB

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

(Mark One)

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

For the quarterly period ended March 31, 2004

OR

TRANSITION REPORT PURSUANT 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) (Zip Code)

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)

Indicate by check mark 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 preceding 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 May 14, 2004 there were 87,209,033 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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INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
NanoPierce Technologies, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of NanoPierce Technologies, Inc. and subsidiaries as of March 31, 2004, the related condensed consolidated statements of operations and comprehensive loss for the three-month and nine-month periods ended March 31, 2004 and 2003, the condensed consolidated statement of changes in shareholders' equity for the nine-month period ended March 31, 2004, and the condensed consolidated statements of cash flows for the nine-month periods ended March 31, 2004 and 2003. These interim condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the

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American Institute of Certified Public Accountants. 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 generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

GELFOND HOCHSTADT PANGBURN, P.C.

Denver, Colorado
May 13, 2004

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NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet
March 31, 2004
(Unaudited)

Assets

Current assets:	
Cash and cash equivalents	\$ 1,022,721
Prepaid expenses	2,000
Assets of discontinued operations (Note 2)	3,396

Total current assets	1,028,117

Property and equipment:	
Office equipment and furniture	66,356
Less accumulated depreciation	(40,836)

	25,520

Other assets:	
Deposits and other	19,806
Intellectual property rights, net of accumulated amortization of \$609,315	190,685
Patent and trademark applications, net of accumulated amortization of \$120,802	451,537
Investments in affiliates (Notes 4 and 5)	335,283

	997,311

Total assets	\$ 2,050,948
	=====

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Liabilities and Shareholders' Equity

Current liabilities:	
Accounts payable	\$ 199,350
Accrued liabilities	10,014
Liabilities of discontinued operations (Note 2)	363,057

Total liabilities (all current)	572,421

Commitments and contingencies (Notes 5 and 8)	
Shareholders' equity (Note 7):	
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 86,209,033 shares issued and outstanding	8,621
Additional paid-in capital	23,397,326
Accumulated other comprehensive income	194,986
Accumulated deficit	(22,122,406)

Total shareholders' equity	1,478,527

Total liabilities and shareholders' equity	\$ 2,050,948
	=====

See notes to condensed consolidated financial statements.

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NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March31,		Nine Months Ended March31,	
	2004	2003	2004	2003
	-----	-----	-----	-----
Revenues	\$ -	8,475	28,449	19,102
	-----	-----	-----	-----
Operating expenses:				
Research and development	-	88,792	46,863	273,579
General and administrative	295,212	643,865	998,416	1,821,255
Selling and marketing	-	68,833	37,033	203,244
	-----	-----	-----	-----
	295,212	801,490	1,082,312	2,298,078
	-----	-----	-----	-----
Loss from operations	(295,212)	(793,015)	(1,053,863)	(2,278,976)
	-----	-----	-----	-----

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Other income (expense):				
Interest income	3,188	4,760	11,387	19,716
Extinguishment of liabilities	52,500	-	52,500	-
Equity losses of affiliates	(48,539)	-	(68,372)	-
Interest expense	(909)	-	(3,699)	-
	-----	-----	-----	-----
	6,240	4,760	(8,184)	19,716
	-----	-----	-----	-----
Loss from continuing operations	(288,972)	(788,255)	(1,062,047)	(2,259,260)
	-----	-----	-----	-----
Discontinued operations; (loss) income from operations of subsidiary	(2,916)	(200,045)	13,261	(603,270)
	-----	-----	-----	-----
Net loss	\$ (291,888)	(988,300)	(1,048,786)	(2,862,530)
	=====	=====	=====	=====
Basic and diluted loss per share:				
Loss from continuing operations	*	(0.02)	(0.01)	(0.04)
(Loss) income from discontinued operations	*	*	*	(0.01)
	-----	-----	-----	-----
Net loss per share, basic and diluted	\$ *	(0.02)	(0.01)	(0.05)
	=====	=====	=====	=====
Weighted average number of common shares outstanding	81,663,563	63,464,958	71,139,776	60,548,492
	=====	=====	=====	=====