Vyta Corp
Form SB-2/A
May 09, 2006

As filed with the Securities and Exchange Commission on May 9, 2006

Registration No. 333-132797

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

PRE EFFECTIVE AMENDMENT NO. 1 TO
FORM SB-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

VYTA CORP
(FORMERLY KNOWN AS 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 No.)

370 17TH STREET, SUITE 3640
DENVER, COLORADO 80202
(303) 592-1010
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

PAUL H. METZINGER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
VYTA CORP
370 17TH STREET, SUITE 3640
DENVER, COLORADO
(303) 592-1010
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

With copies sent to:
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Approximate date of commencement of the proposed sale to the public: From time to time after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under

the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [_]

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. OUR SELLING STOCKHOLDERS MAY NOT SELL THESE SECURITIES UNTIL THAT REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED MAY 9, 2006

PROSPECTUS

VYTA CORP

370 17th Street, Suite 3640
Denver, Colorado 80202

17,092,184 SHARES OF COMMON STOCK, INCLUDING:
16,345,467 SHARES CURRENTLY OUTSTANDING
746,717 SHARES ISSUABLE UPON EXERCISE OF WARRANTS

THE SELLERS: All of our common stock offered by this prospectus is offered from time to time by the selling stockholders identified in this prospectus. These shares of common stock may be sold at fixed prices, prevailing market prices determined at the time of sale, varying prices determined at the time of sale or at negotiated prices. We will not receive any proceeds from the sale of our common stock offered by the selling stockholders. Some of the shares of common stock that are being offered by this prospectus are issuable upon exercise of warrants owned by the stockholders identified later in this prospectus. We will receive proceeds from the exercise of these warrants. See "USE OF PROCEEDS" for more information.

MARKET FOR SECURITIES: Our common stock is presently quoted on the over-the-counter bulletin board under the symbol "VYTC." Our common stock also is traded on the Berlin Stock Exchange, the Frankfurt Stock Exchange, the Munich Stock Exchange and the Xetra Stock Exchange. On May 5, 2006, the last reported sale price of our common stock on the over-the-counter bulletin board was $1.20 per share (rounded to the nearest penny). See "DESCRIPTION OF COMMON STOCK-Common Stock."

RISK FACTORS: INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK.

SEE "RISK FACTORS" BEGINNING ON PAGE 5.

As of May 1, 2006, we had 22,493,512 shares of our common stock issued and outstanding. The shares of common stock offered by this prospectus represent about 76% of our issued and outstanding common stock as of that date, assuming that, as of that date, all of our outstanding warrants and options were exercised and all of our reserved shares of common stock were issued.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED ANY OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is May __, 2006.

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existing holders of our common stock by decreasing the price of our common stock . . . .
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FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We base these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties, and assumptions about our company, including:

- the rate of market development and acceptance of AgraStim(TM) (trademark pending) (formerly marketed as YBG-2000), a beta glucan feed additive, in the animal feed industry within which BioAgra, LLC is now concentrating its business activities;

- the operations and potential profitability of BioAgra, LLC, a company in which we have only a 50% interest which holds the license for AgraStim;

- the operations and potential profitability of ExypnoTech, Gmbh, a company in which we have only a 49% interest that is manufacturing and developing inlay components used in the manufacturing of, among other things, smart labels (often referred to as radio frequency identification tags);

- the limited revenues and significant operating losses generated by us to date;

- the possibility of significant ongoing capital requirements and our ability to secure financing as and when necessary;

- BioAgra's ability to compete successfully with artificial antibiotic providers and other providers of feed additives;

- our ability to retain the services of our key management, and to attract new members to the management team;

- BioAgra's ability to maintain and protect the license for AgraStim held by BioAgra, LLC;

- our ability to obtain and retain appropriate patent, copyright and trademark protection of our intellectual properties and any of our products.

You should only rely on the information contained in this prospectus. We have not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The selling stockholders are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

The following summary highlights certain information contained throughout this prospectus. It is not complete and may not contain all of the information that you should consider before investing in the securities offered by this prospectus. To understand this offering fully, you should read this entire prospectus carefully, including the risk factors.

THE COMPANY

GENERAL

We were incorporated on June 22, 1996 as a Nevada corporation. Our corporate offices are located at 370 - 17th Street, Suite 3640, Denver, Colorado 80202, and our telephone number is (303) 592-1010. We maintain a website at www.nanopierce.com, and are in the process of constructing a new website at www.vytacorp.com. Information on our website is not part of this prospectus and you should not rely on it in deciding whether to invest in our common stock.

DESCRIPTION OF BUSINESS

In 2004, we instituted steps to change our principal business from semiconductor technology to biotechnology. In August 2005, we purchased a 50% equity interest in BioAgra, LLC, a Georgia limited liability company ("BioAgra"). The remaining 50% was purchased by Xact Resources International and later assigned to Justin Holdings, Inc. BioAgra holds a license for the production of AgraStim(TM) (trademark pending) (formerly marketed as YBG-2000), a natural, all organic, non-toxic beta glucan feed additive used to replace artificial antibiotics which are currently in use in the animal feed industry. In early 2006, management of BioAgra decided to market YBG-2000 as AgraStim. The license, dated April 18, 2005, has a term expiring October 18, 2024. Under the license, BioAgra was granted the right and license to produce, process, make or

otherwise manufacture and sell the licensed products in the United States. BioAgra plans to manufacture and market AgraStim, initially in the poultry industry. See "THE COMPANY."

Prior to our acquisition of an interest in BioAgra, we were primarily involved in semiconductor technology. On February 26, 1998, we acquired the intellectual property rights related to our patented Particle Interconnect Technology (the "particle technology") from Particle Interconnect Corporation, a Colorado corporation, a wholly owned subsidiary of Intercell Corporation (now known as Intercell International Corporation), a Nevada corporation that was our affiliate at the time of the acquisition. We acquired the particle technology to pursue a more focused, strategic application and development of the particle technology. We were commercializing our particle technology as the NanoPierce Connection System (NCS(TM)) and focused on providing the electronics industry with possible solutions to their "connection" problems. The Company does not plan, at this time, to continue efforts to manufacture or develop products that utilize the Company's particle technology. To date, the Company has not successfully manufactured, marketed, sold products or licensed companies to manufacture, develop and market products using the Company's particle technology. As described later in this prospectus, we continue to own a minority interest in ExypnoTech, Gmbh ("ExypnoTech"), a company that is manufacturing and developing inlay components used in the manufacturing of, among other things, smart labels (often referred to as radio frequency identification tags or "RFID").

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RECENT DEVELOPMENTS

In connection with our change in business, we recently completed a corporate restructuring consisting of a private placement of a new series of convertible preferred stock, which also resulted in a change of who controls us, a reverse stock split of our common stock, a subsequent increase in our authorized capital and we changed our name from NanoPierce Technologies, Inc. to Vyta Corp.

THE OFFERING

This offering includes 17,092,184 shares of our common stock, including:

- 16,345,467 shares outstanding as of the date of this prospectus
- 746,717 shares issuable upon the exercise of warrants owned by the stockholders identified later in this prospectus

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares of our common stock offered by this prospectus. Some of the shares of common stock that are being offered by this prospectus are issuable upon exercise of warrants owned by the stockholders identified later in this prospectus. We will receive proceeds from the exercise of these warrants. See "USE OF PROCEEDS" for more information.

RISK FACTORS

Your investment in our common stock offered by this prospectus involves a high degree of risk. See "RISK FACTORS" beginning on page 5.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table presents our summary consolidated historical financial information for the periods indicated (after giving effect to the reverse stock split of our common stock that occurred on January 31, 2006 that is described elsewhere in this prospectus). You should read this information together with the consolidated financial statements for the fiscal year ended June 30, 2005, our unaudited quarterly financial statements for the six months ended December 31, 2005 and related notes and the information under "FINANCIAL STATEMENTS" and "MANAGEMENT'S DISCUSSION AND ANALYSIS" included elsewhere in this prospectus.

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	SIX MONTHS ENDED DECEMBER 31,		YEAR END
	2005 (UNAUDITED)	2004 (UNAUDITED)	2005
Revenues	$ -	$ -	$ -
Operating expenses:			
Research and development	-	-	-
General and administrative	441,027	391,260	872,203
Selling and marketing	-	-	-
Impairment of intellectual property(1)	-	-	-
	(441,027)	(391,260)	(872,203)
Loss from operations	(441,027)	(391,260)	(872,203)
Other income (expense):			
Other income	28,585	10,508	10,618
Interest income	8,350	6,187	17,672
Extinguishment of liabilities (2)	-	-	-
Equity losses of affiliates (3)	(389,654)	(49,297)	(144,323)
Loss on revaluation of derivative warrant liability(4)	(4,158)	-	-
Interest expense	(235,131)	-	(9,301)
Interest expense, related party	(219)	-	(79)
	(592,227)	(32,602)	(125,413)
Loss from continuing operations	(1,033,254)	(423,862)	(997,616)
Discontinued operations, income from operations of subsidiary (5)	-	-	-
Net loss	$(1,033,254)	$ (423,862)	$ (997,616)
Basic and diluted loss per share:			
Loss from continuing operations	$ (0.16)	$ (0.09)	$ (0.22)
Income from discontinued operations	$ -	$ -	$ -

Net loss per share, basic and diluted(6)	$ (0.16)	$ (0.09)	$ (0.22)
Weighted average number of common shares outstanding (6)	6,327,884	4,525,670	4,544,980

1 See Note 1 to our consolidated financial statements for the fiscal year ended June 30, 2005 in "FINANCIAL STATEMENTS."
2 See Note 7 to our consolidated financial statements for the fiscal year ended June 30, 2005 in "FINANCIAL STATEMENTS."
3 See Notes 3 and 6 to our consolidated financial statements for the fiscal year ended June 30, 2005 and our unaudited quarterly financial statements for the six months ended December 31, 2005 in "FINANCIAL STATEMENTS."
4 See Note 5 to our unaudited quarterly financial statements for the six months ended December 31, 2005 in "FINANCIAL STATEMENTS."
5 See Note 3 to our consolidated financial statements for the fiscal year ended June 30, 2005 in "FINANCIAL STATEMENTS."
6 Rounded to the nearest share. See Note 1 to our consolidated financial statements for the fiscal year ended June 30, 2005 and our unaudited quarterly financial statements for the six months ended December 31, 2005 in "FINANCIAL STATEMENTS."

RISK FACTORS

An investment in our common stock involves a number of risks. Before making an investment decision, you should carefully consider all of the risks described in this prospectus and the documents that are incorporated by reference into this prospectus. The risks discussed in this prospectus could materially adversely affect our business, financial condition and results of operations and cause the trading price of our common stock to decline significantly. If this occurs, you may lose all or part of your investment.

Risks Relating to Our Business

We have a history of losses

We expect that developing and marketing beta-glucan for feed in the poultry industry will be expensive. We recently have incurred increased operating expenses without any increase in revenues. We reported a net loss of $997,616, $1,558,083 and $4,017,785 for our fiscal years ended June 30, 2005, 2004 and 2003, respectively, and a net loss of $1,033,254 for the six-month period ended December 31, 2005.

We may not be able to continue as a going concern

Our independent auditors' report on our consolidated financial statements as of June 30, 2005 includes an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. As a result of this going concern modification in our auditor's report on our financial statements, we may have a difficult time obtaining significant additional financing. If we are unable to secure significant additional financing, we may be obligated to seek protection under the bankruptcy laws and our shareholders may lose their investment.

Our joint venture investments could be adversely affected by our lack of sole-decision-making authority, our reliance on co-venturers' financial condition and disputes between our co-venturers and us

Our primary business is our 50% interest in BioAgra, LLC and our 49% interest in Exypnotech. Investments in joint ventures may involve risks not present were a third party not involved, including the possibility that our co-venturer Justin Holdings, Inc. (as assignee of Xact Resources International which assigned its interest in BioAgra in February 2006) with respect to BioAgra, LLC and TagStar Systems, GmbH with respect to Exypnotech (each of which an entity over which we have no control) might become bankrupt, fail to fund their share of required capital contributions or fail to perform their responsibilities under our agreements with them. Our co-venturers also may have economic or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to make decisions or to take actions that are contrary to our preferences, policies, or objectives. We do not have sole-decision making control regarding either the BioAgra or the Exypnotech joint ventures. With respect to BioAgra, in which we have a 50% interest, we have the potential risk of impasses on decisions, such as the use and enforcement of the license to produce AgraStim held by BioAgra or a sale of the joint venture, because neither we nor Justin Holdings, Inc. would have full control over the joint venture. In the Exypnotech joint venture, in which we have a minority interest, decisions may be made or actions taken contrary to our objections. Disputes between us and our co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort exclusively on our business. Consequently, actions by or disputes with our co-venturers might result in subjecting properties owned by the joint ventures to additional risk. In addition, we may in certain circumstances be liable for the actions of our co-venturers.

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License to Agrastim is limited

BioAgra has a license agreement with Progressive Bioactives, Inc. for AgraStim, the license is limited in geographic area and function. Under the license, BioAgra was granted the right and license to produce, process, make or otherwise manufacture and sell the licensed products in the United States and holds a right of first refusal to build and operate any new plant intended to manufacture the licensed product in the United States. The license is also limited in function to the consumption of animal products, which limits BioAgra's ability to expand into new areas, such as the production of beta glucan for human consumption.

Bioagra may lose the license to Agrastim or have its rights under the license limited if it fails to satisfy the minimum production standards required by the license

The license requires BioAgra to meet certain minimum production standards, which will begin on the first year anniversary after BioAgra produces its first successful batch of the licensed product, which yields a sufficient quantity of product made available for sale. If BioAgra fails to satisfy the minimum production standards provided in the license, BioAgra may lose its right of first refusal to build and operate any new manufacturing plants in the United States, and may be deemed in material breach of the license causing the licensor to terminate the license.

If Agrastim does not satisfy certain governmental regulations, Bioagra may be unable to obtain regulatory approval or may be required to obtain multiple licenses to sell Agrastim

BioAgra is in the process of applying for a "generally recognized as safe" (GRAS) designation from the U.S. Food and Drug Administration for the AgraStim

beta-glucan product to be produced by BioAgra. A GRAS designation would exempt AgraStim from the regulations of the U.S. Department of Agriculture and the U.S. Department of Agriculture and would permit the sale of AgriStim anywhere in the United States without obtaining a license. BioAgra believes that it will receive GRAS designation for AgraStim based, in part, upon the fact that the GRAS designation has been given to other products whose main ingredients are also based upon all organic, natural, non-toxic substances such as the yeast from which beta-glucan is derived. If a GRAS designation is not obtained, AgraStim would be required to be sold as a food additive by obtaining a license to sell from each individual state in which sales would occur. At this time, BioAgra has applied and obtained licenses from the States of Georgia and North Carolina and is preparing licenses in other states. There is no assurance that BioAgra will be able to successfully obtain or maintain licenses in all states in which sales are expected to be made or that the costs of obtaining and maintaining these licenses will not limit BioAgra's ability to sell AgraStim.

Operations of Bioagra may be delayed or cost more than we anticipate

It was previously anticipated that the plant would commence operations in January 2006, however operations did not commence until March 2006. There can be no assurances that there will not be further delays in operations, including the time before we are able start operating on a full-scale capacity or that the average cost to operate the plant will not be higher than anticipated.

We cannot guarantee the quality, performance or reliability of Bioagra's products

We have no prior experience in taking AgraStim or any other product to the manufacturing or production stage. We are relying upon the skill and experience of BioAgra's managers and our co-joint venturer to timely and cost effectively manufacture AgraStim. We expect that the customers of BioAgra will demand quality, performance and reliability. We cannot assure you that we or our co-joint venturer will be able to meet the quality control standards that may be established by the poultry industry within

which we are currently concentrating our business activities. BioAgra intends to assure their customers that AgraStim will contain at least 80% pure beta glucan.

There may be insufficient demand for Agrastim

The market acceptance of fairly new products and technologies, including AgraStim, is subject to a number of factors, including the ability of the product to meet potential customers' needs more effectively or more efficiently than current products. Antibiotics and growth hormone supplements are widely used in animal, poultry and other feeds. BioAgra must convince their potential customers that their beta-glucan product is safe and effective as a feed additive and can be manufactured efficiently and cost-effectively before the poultry industry, or other animal producers will be willing to use their product rather than existing products such as antibiotics and growth hormone supplements. To create this consumer demand, BioAgra will have to successfully market and sell their product. Even after these efforts, their beta-glucan product may not be viewed by consumers as an improvement over existing products and may not achieve commercial acceptance.

We may be unable to meet our ongoing needs for additional capital

We cannot accurately predict how much funding we will need to implement our strategic business plan or to continue operations. Our future capital

requirements, the likelihood that we can obtain money and the terms of any financing will be influenced by many different factors, including:

- our revenues and the revenues of our joint venture;
- the status of competing products in the marketplace;
- our performance in the marketplace;
- our overall financial condition;
- our business prospects;
- the perception of our growth potential by the public, including potential lenders;
- our ability to enter into joint venture or licensing relationships to achieve a market presence; and
- the progress of BioAgra in developing, marketing and selling AgraStram.

If we cannot obtain adequate financing or if the terms on which we are able to acquire financing are unfavorable, our business and financial condition could be negatively affected. We may have to delay, scale back or eliminate some or all of our development and marketing programs, if any. We may also have to go to third parties to seek financing, and in exchange, we may have to give up rights to some of our technologies, patents, patent applications, potential products or other assets.

We may be unable to hire and retain key personnel

Our future success depends on our ability to attract qualified personnel. We may be unable to attract or retain these necessary personnel. If we fail to attract or retain skilled employees, or if a key employee fails to perform in his or her current position, we may be unable to bring AgraStim to the marketplace and to generate sufficient revenues to offset our operating costs.

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We may be unable to obtain and retain appropriate patent, copyright and trademark protection of our products or manufacturing process

We protect our intellectual property rights through patents, trademarks, trade names, trade secrets and a variety of other measures. However, these measures may be inadequate to protect our intellectual property or other proprietary information.

- TRADE SECRETS MAY BECOME KNOWN BY THIRD PARTIES. Our trade secrets or proprietary information may become known or be independently developed by competitors.
- RIGHTS TO PATENTS AND TRADE SECRETS MAY BE INVALIDATED. Disputes may arise with third parties over the ownership of our intellectual property rights. Our patents may be invalidated, circumvented or challenged, and the rights granted under those patents that provide us with a competitive advantage may be nullified.
- PROBLEMS WITH FUTURE PATENT APPLICATIONS. Our pending or future patent applications may not be approved, or the scope of the granted patent may be less than the coverage sought.

- INFRINGEMENT CLAIMS BY THIRD PARTIES. Infringement, invalidity, right to use or ownership claims by third parties or claims for indemnification may be asserted by third parties in the future. If any claims or actions are asserted against us, we can attempt to obtain a license for that third party's intellectual property rights. However, the third party may not provide a license under reasonable terms, or may not provide us with a license at all.

- THIRD PARTIES MAY DEVELOP SIMILAR PRODUCTS OR MANUFACTURING PROCESS. Competitors may develop similar products, duplicate our products or may design around the patents that are owned by us. Competitors may develop a similar manufacturing process, duplicate our manufacturing process or may design around any patents that are owned by us in relation to the manufacturing process.

- LAWS IN OTHER COUNTRIES MAY INSUFFICIENTLY PROTECT INTELLECTUAL PROPERTY RIGHTS ABROAD. Foreign intellectual property laws may not adequately protect our intellectual property rights abroad. Our failure to protect these rights could adversely affect our business and financial condition.

- LITIGATION MAY BE REQUIRED TO PROTECT INTELLECTUAL PROPERTY RIGHTS. Litigation may be necessary to protect our intellectual property rights and trade secrets, to determine the validity of and scope of the rights of third parties or to defend against claims of infringement or invalidity by third parties. This litigation could be expensive, would divert resources and management's time from our sales and marketing efforts, and could have a materially adverse effect on our business, financial condition and results of operations and on our ability to enter into joint ventures or partnerships with others.

Economic factors outside our control may have an adverse affect on Bioagra's revenues and our income

Our income may be impacted by economic factors that are beyond our control such as fluctuations in price of poultry feed, outbreaks of poultry diseases, and demand for poultry products. Because Bio Agra's initial focus for AgraStim is the poultry industry, the poultry industry will be a significant component of their revenues. Rising poultry feed prices, increase production costs of commercial poultry producers may cause them to reduce production, which, in turn, could adversely

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impact BioAgra's revenues. An outbreak of disease, such as avian influenza, could result in increased government regulation of the poultry industry, a serious drop in demand for poultry products, and adverse publicity materially affecting the poultry industry for a significant period of time, which could adversely impact BioAgra's business, revenues, prospects, financial condition, and results of operation. In general, reduced demand for poultry products could adversely impact BioAgra's revenues and therefore our income.

The market for feed additives is competitive

The feed additive market is competitive. BioAgra will compete with producers of artificial antibiotic and growth hormone products, many of which are large companies with vast resources allocated to the protection of brand recognition and market share of their products. BioAgra may also compete with companies producing beta-glucan for other purposes, and companies that produce existing alternatives to antibiotic and growth hormone products, such as organic

acids, plant extracts, and mannoproteins. BioAgra is disadvantaged competing against some of these competitors in several different areas, including:

- financial resources;
- manufacturing capabilities;
- diversity of revenue sources and business opportunities;
- personnel and human resources; and
- research and development capabilities.

Larger companies have long term advantages over BioAgra in research and new product development and have a greater ability to withstand periodic downturns in the feed additive market because they have diverse product lines that can provide revenue even when there is a downturn in the feed additive market.

If Bioagra was unable to use their manufacturing facility, they may not be able to manufacture Agrastim for an extended period of time

BioAgra manufactures at a single location in Georgia with a single production line. Manufacturing products at a single site presents risks because a disaster, such as a fire or hurricane, may interrupt our manufacturing capability. In such an event, they will have to resort to alternative sources of manufacturing that could increase their costs as well as result in significant delays. Any increase in costs, slowdowns or shutdowns could have a material adverse affect on our future business, financial condition and results of operations.

Bioagra's use of a single manufacturing facility may restrict their ability to attract customers

Poultry farms require a steady source of feed additives. BioAgra's use of a single manufacturing plant and a single production line may restrict their ability to attract large customers who require certainty in the production process. If BioAgra is successful, they expect to expand manufacturing operations, but there is no assurance that BioAgra will have the financial resources required to expand their production facilities.

Manufacturing capacity restraints and limited experience may have an adverse affect on Bioagra

BioAgra has limited manufacturing capacity and experience. We may encounter some difficulties, such as significant unexpected costs and delays, in scaling up the manufacturing operations of BioAgra to produce quantities required for us to achieve profitability. The failure to scale-up manufacturing operations in a timely and cost-effective way may adversely affect our income. We believe that BioAgra has adequate capacity to meet anticipated demand for 2006. However, in the event the demand for AgraStim rapidly increases or spikes in a certain period, BioAgra may not have the manufacturing ability to fulfill demand, either in their our own facilities or through agreements with third parties. This lack of manufacturing capacity may materially affect BioAgra's and our reputation, prospects, revenue, income and results of operation.

Replacing Bioagra's sole source of suppliers for key materials could result in unexpected delays and expenses

BioAgra obtains some key materials and services for AgraStim from sole

source suppliers, primarily with respect to spent brewer's or baker's yeast. All of these materials are commercially available elsewhere. If these materials or services were no longer available at a reasonable cost from existing suppliers, BioAgra would need to purchase substitute materials from new suppliers. If BioAgra needed to locate a new supplier, the substitute or replacement materials may need to be tested for equivalency. The process of locating a new supplier and any testing of materials, if necessary, may cause a delay in production of the product and may cause BioAgra to incur additional expense.

Risks Relating to This Offering and Ownership of Our Common Stock

This offering and the sale of securities by current stockholders could cause dilution of existing holders of our common stock by decreasing the price of our common stock

The market price of our common stock could be adversely affected by sales of substantial amounts of common stock in the public market as a result of this offering, by the perception that those types of sales could occur or by the fact or perception of events which would have a dilutive effect on the market for our common stock. As of May 1, 2006, we had 22,493,512 shares of our common stock outstanding, including shares of our common stock issued as described under "THE COMPANY." If all of our outstanding options and warrants were exercised and all of our reserved shares of common stock were issued, we could have up to 29,353,494 shares of common stock outstanding. Future transactions with other investors could further depress the price of our common stock because of additional dilution. See "DESCRIPTION OF COMMON STOCK."

Common stock price could be effected by the ability of holders of our common stock to sell their stock

The market price of our common stock will be influenced by the ability of common stock holders to sell their stock. As of May 1, 2006, approximately 5,718,859 shares of our common stock were freely transferable and constitute the "float" in the public market for our common stock. If all of our outstanding options and warrants were exercised and all of our reserved shares were issued, the "float" for our common stock could increase to a total of 24,039,683 shares (including the shares of our common stock registered under the registration statement to which this prospectus relates). As of May 1, 2006, approximately 16,774,653 shares of our common stock were "restricted" or "control" securities within the meaning of Rule 144 under the Securities Act of 1933. These restricted securities cannot be sold unless they are registered under the Securities Act of 1933, or unless an exemption from registration is otherwise available, including the exemption that is contained in Rule 144. If all of our outstanding options and warrants were exercised and all of our reserved shares were issued, the number of "restricted" or

"control" shares of our common stock could increase to a total of 5,313,811 shares (excluding the shares of our common stock registered under the registration statement to which this prospectus relates that would otherwise be restricted or control shares).

We could issue preferred stock that could adversely effect the rights of our common stockholders

We are authorized to issue up to 5,000,000 shares of our preferred stock, $.0001 par value per share. Our articles of incorporation gives our board of directors the authority to issue preferred stock without approval of our common stockholders. We may issue preferred stock to finance our operations. We may

authorize the issuance of our preferred stock in one or more series. In addition, we may set several of the terms of the preferred stock, including:

- dividend and liquidation preferences,
- voting rights,
- conversion privileges,
- redemption terms, and
- other privileges and rights of the shares of each authorized series.

The issuance of large blocks of preferred stock could have a dilutive effect on our existing shareholders and it can negatively impact our existing stockholders' liquidation preferences. In addition, while we include preferred stock in our capitalization to improve our financial flexibility, we could possibly issue our preferred stock to third parties as a method of discouraging, delaying or preventing a change in control in our present management.

The resale of our common stock by you may be limited because of its low price which could make it more difficult for broker/dealers to sell our common stock

The Securities Enforcement and Penny Stock Reform Act of 1990, as amended, requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. Regulations enacted by the SEC generally define a penny stock as an equity security that has a market price of less than $5.00 per share, subject to some exceptions. Unless an exception applies, a disclosure schedule explaining the penny stock market and the risks associated with investing in penny stocks must be delivered before any transaction in penny stock can occur.

Our common stock is not a reported security and is currently subject to the Securities and Exchange Commission's "penny stock" rules and it is anticipated that trading in our common stock will continue to be subject to the penny stock rules for the foreseeable future.

Until such time as our common stock meets an exception to the penny stock regulations cited above, trading in our securities is covered by Rule 15g-2 and Rule 15g-9 promulgated under the Securities Exchange Act of 1934. Under Rule 15g-2, before a broker/dealer can consummate a trade in penny stock, the broker/dealer must send an additional disclosure, receive a written acknowledgement of such disclosure from the purchaser of the penny stock, and wait two business days from the date the additional disclosure was sent. Under Rule 15g-9, broker/dealers who recommend penny stocks to persons who are not established customers or accredited investors must make a special determination in writing for the purchaser that the investment is suitable, and must also obtain the purchaser's written agreement to a transaction before the sale.

The regulations could limit the ability of broker/dealers to sell our securities and thus the ability of purchasers of our securities to sell their securities in the secondary market for so long as our common stock has a market price of less than $5.00 per share.

We do not expect to pay dividends in the foreseeable future

We have never paid cash dividends on our common stock. We do not expect to pay cash dividends on our common stock at any time in the foreseeable future. The future payment of dividends directly depends upon our future earnings,

capital requirements, financial requirements and other factors that our board of directors will consider. Since we do not anticipate paying cash dividends on our common stock, return on your investment, if any, will depend solely on an increase, if any, in the market value of our common stock.

USE OF PROCEEDS

The shares of our common stock offered by this prospectus are being registered for the account of the selling stockholders named in this prospectus. Therefore, any proceeds from the sale of our common stock will be received by the related selling stockholders for their own account, and we will not receive any proceeds from the sale of our common stock offered by this prospectus.

With respect to the shares of our common stock offered by this prospectus, we previously received $1,500,000 ($400,000 in cash and an unsecured promissory note for the remaining $1,100,000) from the sale of series A preferred stock described in "THE COMPANY." All of these shares were converted into shares of our common stock and we did not receive any additional proceeds upon conversion.

We are registering shares of our common stock that will be issued to investors upon exercise of warrants issued to a number of selling stockholders described in "SELLING STOCKHOLDERS." Assuming that all of these warrants were exercised, we expect to receive an additional $746,717, substantially all of which we expect to use for general working capital purposes, to acquire a revenue generating company or to acquire technology complimentary to our current technology, our ownership interests in ExypnoTech and any other licensing agreements or joint venture agreements that we may enter in the future. However, no assurance can be given that any of these warrants will be exercised.

We will incur all of the costs associated with the registration of the shares of our common stock offered by this prospectus other than underwriting discounts and selling commissions, if any. See "PLAN OF DISTRIBUTION."

DETERMINATION OF OFFERING PRICE

The selling stockholders may sell all or a portion of their shares of our stock in the over-the-counter market at prices prevailing at the time of sale, or related to the market price at the time of sale, or at other negotiated prices. See "PLAN OF DISTRIBUTION."

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION AND HOLDERS OF OUR COMMON STOCK

Our common stock is presently quoted on the over-the-counter bulletin board maintained by the National Association of Securities Dealers, Inc. (the "NASD") under the symbol "VYTC." Our common stock is also traded on the Berlin Stock Exchange, the Frankfurt Stock Exchange, the Munich Stock Exchange and the Xetra Stock Exchange under the symbols indicated in the table below:

FOREIGN EXCHANGE	TRADING SYMBOL
Berlin Stock Exchange	NPI1.BE
Frankfurt Stock Exchange	NPI1.F
Munich Stock Exchange	NPI1.MU

Xetra Stock Exchange NPI1.DE

The following table sets forth the range of high and low quotations for the common stock of each full quarterly period during the fiscal year or equivalent period for the fiscal periods indicated below (after giving effect to the reverse stock split of our common stock that occurred on January 31, 2006 that is described elsewhere in this prospectus). The quotations were obtained from information published by the NASD and reflect interdealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

2004 FISCAL YEAR	HIGH	LOW
September 30, 2003	$5.40	$4.20
December 31, 2003	5.80	5.00
March 31, 2004	6.80	6.20
June 30, 2004	3.40	3.00
2005 FISCAL YEAR		
September 30, 2004	2.40	2.20
December 31, 2004	3.40	3.20
March 31, 2005	2.20	2.00
June 30, 2005	2.00	1.80
2006 FISCAL YEAR		
September 30, 2005	1.60	1.20
December 31, 2005	1.20	1.20
March 31, 2006	1.05	1.05

As of May 1, 2006, there were approximately 399 holders of record of the Company's common stock.

DIVIDENDS

Our board of directors determines any payment of dividends. We have not paid any cash dividends on our common stock in the past and we do not anticipate paying any dividends in the

foreseeable future. Earnings, if any, are expected to be retained to fund our future operations. There can be no assurance that we will pay dividends at any time in the future.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of June 30, 2005 (after giving effect to the reverse stock split of our common stock that occurred on January 31, 2006 that is described elsewhere in this prospectus) regarding compensation plans (including individual compensation arrangements) under which shares of our

common stock are authorized for issuance. No class of our securities other than our common stock or options to purchase our common stock is authorized for issuance under any of our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securi remaining availabl future issuance u equity compensation (excluding securi reflected in colum
	(a)	(b)	(c)
Equity compensation plans approved by security holders	0	-	0
Equity compensation plans not approved by security holders (1)	396,350	$ 20.00	3,712,476
Total	396,350	$ 20.00	3,712,476

(1) The material features of the plans not approved by the security holders are described herein under "MANAGEMENT-Compensation of Executive Officers-Stock Option Plans."

THE COMPANY

We were incorporated on June 22, 1996 as a Nevada corporation. Our corporate offices are located at 370 - 17th Street, Suite 3640, Denver, Colorado 80202, and our telephone number is (303) 592-1010. We maintain a website at www.nanopierce.com, and are in the process of constructing a new website at www.vytacorp.com, which is not incorporated in and is not a part of this prospectus.

BUSINESS

GENERAL

In 2004, we instituted steps to change our business from semiconductor technology to biotechnology. In August 2005, we purchased a 50% equity interest in BioAgra, LLC, a Georgia limited liability company ("BioAgra") for approximately $905,000 in cash and a note payable of $595,000, which was paid in full on September 15, 2005. BioAgra is located in Hinesville, Georgia. The remaining 50% was purchased by Xact Resources International (now Justin Holdings, Inc. as a result of a subsequent assignment by Xact Resources) for the contribution of rights, a license, intellectual properties, purchase orders and similar items. BioAgra holds a license for the production of AgraStim, a natural, all organic, non-toxic beta glucan feed additive used to replace artificial antibiotics which are currently in use. The

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license is described in more detail later in this prospectus. BioAgra plans to initially manufacture, market and sell AgraStim in the poultry industry.

We also continue to own a minority interest in ExypnoTech, Gmbh ("ExypnoTech"), a company that is manufacturing and developing inlay components used in the manufacturing of, among other things, smart labels (often referred to as radio frequency identification tags or "RFID"). ExypnoTech, in addition to the inlay components, plans to manufacture and sell other types of RFID components. In December 2003 ExypnoTech sold a controlling 51% interest in ExypnoTech to TagStar Systems, GmbH for $98,000 in cash. As a result of this sale, we have only a 49% interest in ExypnoTech and are entitled to 49% of any net income generated by ExypnoTech or any dividends paid and share 49% of any net losses.

As a result of our acquisition of an interest in BioAgra, we have largely discontinued our involvement in semiconductor technology. On February 26, 1998, we acquired the intellectual property rights related to our patented Particle Interconnect Technology (the "particle technology") from Particle Interconnect Corporation, a Colorado corporation, a wholly owned subsidiary of Intercell Corporation (now known as Intercell International Corporation), a Nevada corporation that was our affiliate at the time of the acquisition. We acquired the particle technology to pursue a more focused, strategic application and development of the particle technology, subsequently referred to as the NanoPierce Connection System ("NCS(TM)"). NCS is an alternative method of providing temporary or permanent electrical connections between different flexible, rigid, metallic and non-metallic surfaces. Through the use of the particle technology, we can also attach semi-conductors directly to various surfaces. We have trademarked this process as WaferPierce(TM). We were commercializing our particle technology as NCS(TM) and focused on providing the electronics industry with possible solutions to their "connection" problems. At this time we do not plan to continue efforts to manufacture or develop products that utilize our particle technology. To date, we have not successfully manufactured, marketed, sold products or licensed companies to manufacture, develop and market products using our particle technology.

As a result of our change in business, we have several inactive or discontinued subsidiaries and investments, including:

- EXYPNOTECH, LLC ("ExypnoTech, LLC"). On June 18, 2004, we organized ExypnoTech, LLC for the purpose of marketing, primarily in the United States of America, the RFID components manufactured by ExypnoTech. ExypnoTech, LLC during the calendar year ended December 31, 2005, did not have active operations.

- NANOPIERCE CARD TECHNOLOGIES, GMBH ("NanoPierce Card"). Established in January 2000, NanoPierce Card was located in Hohenbrunn, Germany. NanoPierce Card was responsible for the marketing of the Company's technology, services and products on an international basis. On April 1, 2003, NanoPierce Card filed for insolvency with the Courts of Munich, Germany. The insolvency was necessary in order to comply with specific German legal requirements. The Company completed a plan of self-liquidation and the German court legally dissolved NanoPierce Card on June 8, 2004.

- NANOPIERCE CONNECTION SYSTEMS, INC. ("NanoPierce Connection"). NanoPierce Connection, a Nevada corporation, was located in Colorado Springs, Colorado, USA. Beginning business in January 2002, NanoPierce Connection was the center for research and development activities. In September 2003, the Company entered into a joint venture with Scimaxx, LLC in order to further the marketing of the services previously offered by NanoPierce Connection. During the fiscal year ended June 30, 2005, NanoPierce Connection had no operations.

- SCIMAXX SOLUTIONS, LLC ("Scimaxx Solutions"). On September 15, 2003, the Company entered into a joint venture with Scimaxx, LLC (Dr. Neuhaus, a director of the Company is a part owner of Scimaxx, LLC - See "RELATIONSHIPS AND RELATED TRANSACTIONS"). In April 2005, Scimaxx Solutions ceased operations. The purpose of the joint venture was to provide the electronics industry with technical solutions to manufacturing problems based on the need for electrical connectivity. The Company received a 50% interest in the joint venture in exchange for a contribution of the equipment owned by NanoPierce Connection. The Company also granted Scimaxx Solutions a ten-year, non-exclusive, non-royalty bearing worldwide license to use the Company's intellectual property. The Company and Scimaxx, LLC have formally terminated Scimaxx Solutions, and the license has terminated.

BIOAGRA

Business Strategy

Governments are currently urging or directing, and consumers are demanding producers to remove artificial antibiotics from the human food chain supply to reduce the development in humans of increasingly powerful and virulent strains of antibiotic resistant bacteria, which makes treatment for illnesses and diseases more difficult and expensive. In addition, food service providers are demanding natural, organic, antibiotic free foods.

Animals in the cattle, poultry, swine and seafood industries are currently fed artificial antibiotics, in order to prevent the spread of bacterial and viral infections and steroids to promote growth. BioAgra holds a license for the production of AgraStim (formerly marketed as YBG-2000), a natural, all organic, non-toxic beta glucan feed additive used to replace artificial antibiotics that are currently in use. BioAgra is initially targeting customers in the poultry processing industry as an alternative to artificial antibiotics. BioAgra is initially targeting the poultry industry because of the size of the poultry industry inside and outside of the United States as described later in this section of the prospectus. AgraStim, in the poultry industry, is designed to enhance the avian immune system to fight bacterial and viral infections more effectively and efficiently, and to promote accelerated growth.

Assuming BioAgra can successfully sell to the poultry producing industry, BioAgra intends to market and sell to other industries such as the swine and seafood processing industries. While BioAgra may switch markets or enter into new markets for AgraStim, BioAgra cannot guarantee that it will be successful or earn a profit in any market in which it enters.

Background on AgraStim and Need for Alternatives to Antibiotics and Steroids

AgraStim is a beta glucan feed additive produced from spent brewer's or baker's yeast. The additive is a combination of bioactive nutrients and B-glucans that are extracted from the cell walls of the yeast using steam injection and a centrifuging extraction process. The beta glucan additive is a natural, all organic, non-toxic product that has been shown by an independent test the results of which were published in an article titled "The Influence of B-Glucan on Immune Responses in Broiler Chicks" (Immunopharmacology and Immunotoxicology, Volume 25, 2003 (Marcel Dekker)), to stimulate immune systems, thereby eliminating the usage of antibiotics and growth hormone supplements in animal, poultry and other feeds. AgraStim is designed to enhance the immune system and to promote accelerated growth.

Antibiotics have been added to animal feed in an effort to produce healthier animals. Scientists, however, now believe that this practice may lead

to unforeseen and unwanted effects. Some studies and

articles indicate that the antibiotics that are contained in feeds may accumulate in the animal body and can cause harm to humans, including causing allergic and abnormal reactions.

The excessive use of antibiotics in animal feed may convert some bacteria into antibiotic resistant strains of bacteria that can infect humans through the consumption of meat products. When a human becomes infected with a resistant strain of bacteria, it becomes difficult and expensive to treat due to the bacteria's resistance to antibiotics. The use of antibiotics in animal feed has already affected many countries in Europe, which have banned the use of certain antibiotics in animal feed. It is expected that the United States may also begin to ban or discourage the use of certain antibiotics in animal feed.

Alternatives to antibiotics, including AgraStim are increasing in demand by animal farmers and other producers because they lack the drawbacks of antibiotics and other chemical compounds. AgraStim is a natural, all organic, non-toxic product that has been proven to stimulate immune systems, thereby eliminating the usage of antibiotics and growth hormone supplements in animal, poultry and other feeds. AgraStim is designed to enhance the immune system and to promote accelerated growth. AgraStim, we believe, can resolve the harmful effects of antibiotics that could be toxic to humans, and can produce safe and healthy animal foods that may be claimed as "drug-free."

Poultry Industry

The poultry industry has been initially targeted because of the size of the market inside and outside of the United States. Poultry is the largest worldwide source of protein food for human consumption. Poultry is depended upon by humans for eggs, meat and other products. In addition, poultry can be raised in small geographical areas. In the United States, approximately 8 billion chickens and 275 million turkeys are farmed for "broiler" production and processing each year. Each broiler chicken consumes approximately an average of 10 pounds of feed during their life of approximately 42 days for a total of approximately 40 million tons for all the broiler chickens in the United States. Each turkey consumes approximately 50 kilograms of feed for a total of 13.75 million tons of feed. In addition, there are approximately 450 million egg producing chickens grown in the United States each year, which consume approximately 60 kilograms of feed over a period of 1.5 years for a total of 27 million tons of feed.

Manufacturing of AgraStim

Raw Materials. Production of AgraStim requires spent brewer's or baker's yeast. Brewer's yeast is used in the production of alcoholic beverages. Currently, yeast and other raw materials utilized in the production of AgraStim are purchased from Biorigin in Brazil, South America pursuant to invoices documenting each separate purchase that will be consistent with BioAgra's production needs and such arrangements are not subject to any volume limitations or import restrictions. Arrangements are being made with additional commercial firms that purchase and distribute these types of yeast. We believe that there is an adequate supply of these raw materials for the foreseeable future for BioAgra's proposed activities. We intend to purchase these raw materials from any other available worldwide suppliers that provide us with a cost efficient source of high quality raw materials that permit us to produce AgraStim that is at least 80% pure beta glucan.

Production Plant. BioAgra's production plant is located at 103 Technology

Drive, Hinesville, Georgia 31313. BioAgra has leased the facility from the Liberty County Industrial Authority pursuant to an Industrial Lease Agreement, dated March 1, 2005 for a period of 120 calendar months at a price of $12,000 per month. At the expiration of the lease term BioAgra has the option to purchase the leased premises (real estate and improvement) for $500,000. The facility is approximately 30,000 square feet which consists of both office space and a production area and is also expected to include a research and

development laboratory. The production area has enough space to hold three separate production lines in its current configuration, although as of this date, we only have the equipment for a single production line. The facility is located on approximately 7.29 acres.

The plant commenced operations in March of 2006. It is anticipated that the plant will go through a shakedown period in which we will begin to evaluate and understand the controls and efficiencies of the plant. It is expected that by the quarter ended June 30, 2006, we will be able to start operating on a full-scale capacity. The average cost for production and operations of the plant on a month-to-month basis is expected to be approximately $200,000.

Production Process. In manufacturing AgraStim, the cell walls of the bakers or brewers yeast is exposed to high temperatures using steam injection. The mixture is then separated into solid and liquid portions by a centrifuge, and the liquid portion is discarded. The solid portion is thoroughly washed with water and then exposed to elevated temperatures using stream injection extracting a residue. The residue is separated again into solid and liquid portions by a centrifuge and the liquid portion is discarded. Finally, the solid portion is thoroughly washed with water and the residue is spray dried, which results in the AgraStim product.

Pure AgraStim is a concentrate in which many animal farmers or producers will not have the ability to mix with the feed in the required proportions. Therefore, BioAgra expects to produce specialized pre-mixes and mixes containing AgraStim and vitamins and/or mannoproteins. Mannoproteins are purified from the yeast during the manufacturing process. This will enable BioAgra to sell to a broader array of customers.

Employees. BioAgra intends to hire administrative staff and production staff. It expects to initially hire 12 production employees for a two-shift production cycle beginning April 2006.

Marketing and Distribution

BioAgra intends to initially market AgraStim and other AgraStim products to the poultry industry. BioAgra is initially targeting their efforts inside the United States in the State of Georgia and the surrounding four-state area in which the vast majority of poultry producers in the United States are located. BioAgra is developing marketing plans and strategies for AgraStim. The initial marketing strategy is to penetrate the poultry producing industry by utilizing existing industry distributors or direct sales on a national and international basis. BioAgra has begun to market its presence in the industry by attendance at various poultry related conventions and expects to continue to be represented at future conventions. BioAgra has begun to make contact with potential customers, though no formal agreements have been signed.

Customers

BioAgra is in the initial stages of marketing and contacting potential customers for the purchase of AgraStim. Initial customers are expected to be

poultry producers located in the United States and abroad. BioAgra is targeting a broad range of customers consisting of both small and large poultry producers both nationally and internationally to avoid dependency on one or a small number of customers. BioAgra currently has no formal commitments from producers to purchase AgraStim.

Management

Managers and Officers. BioAgra is a manager-managed Georgia limited liability company. The managers and officers of BioAgra are as follows:

NAME	POSITION
Neal Bartoletta (59)	Manager, President and Chief Executive Officer
Paul H. Metzinger (66)	Manager and Executive Vice President
Kristi J. Kampmann (33)	Chief Financial Officer, Secretary

Biographical Information. Biographical information regarding Mr. Metzinger and Ms. Kampmann is set forth in "MANAGEMENT-Biographical Information on Officers, Directors and Significant Employees." The following is biographical information about Mr. Bartoletta:

Mr. Bartoletta serves as the President and a Manager of BioAgra since December 2004. From 1980 to 1991, Mr. Bartoletta served as the President of Bart Warehousing Corp in South Kearny, New Jersey. From 1978 to 1999, as the President of N.J. Bart Corp, Elizabeth, New Jersey. From 1998 to present he has served as the President of Xact Resource International, Inc. of Boca Raton, Florida. In 2006, Mr. Bartoletta was appointed the President of Justin Holdings, Inc. of Boca Raton, Florida. Justin Holdings in the owner of the other 50% equity interest in BioAgra. Mr. Bartolleta is a gradate of the Academy of Advanced Traffic.

Joint Venture Partner

As described elsewhere in this prospectus, we own a 50% interest in BioAgra. The remaining 50% of BioAgra is owned by Justin Holdings, Inc., a Florida corporation. Justin Holdings, Inc. is a holding company that currently has no other investments and no other substantial business activities other its ownership interest in BioAgra. All of the outstanding capital stock of Justin Holdings is owned by Neal Bartoletta, who also is the sole officer and director of Justin Holdings and holds the positions in BioAgra set forth above under the heading "-Management." Justin Holdings acquired a 50% ownership interest in BioAgra as the result of the assignment by Xact Resources of its membership interest in BioAgra in February of 2006.

EXYPNOTECH

ExypnoTech is involved in manufacturing and developing inlay components

used in the manufacturing of, among other things, smart labels (often referred to as radio frequency identification tags or "RFID").

RFID Components. RFID components are used to identify objects, by short-range radio over a few millimeters to distances as great as a meter. RFID inlays consist of a small transponder chip bonded onto a metal foil antenna on an exceptionally thin and small plastic or paper sheet. NCS or Ultrasonic bondingcan be used to provide the connection between the transponder chip and the antenna. In addition, NCS can be used to connect the chip to the chip module in contact smart cards or the chip module to the antenna in the case of contactless smart cards. There are many different applications for RFID components, but the application being focused on by ExypnoTech is smart labels. ExypnoTech currently offers RFID components using a method of ultrasonic bonding originally developed by us.

Raw Materials. Production of RFID components requires computer chips, antennas and laminates. ExypnoTech current obtains its supply of chips from Phillips, Infineon and other suppliers and its antennas and laminates from many sources.

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Production Process. The production process for a smart label is a form of "welding" at the molecular level, bonding a chip to the antenna using ultrasonic energy and applying the assembled circuitry into laminates printed with customer designed information. A continuous feed high speed die bonder extracts a chip from the wafer, flips the chip, applies a high speed non conductive adhesive to the antenna contact pads, which are fed into the die bonder on a tape, presses the chip down onto the antenna pads. Customers can then print designated information to the laminate enveloping the assembled circuitry.

Distribution Methods. Smart labels will be sold directly by ExypnoTech and through selected industry distributors and partners.

Customers. There are a wide range of potential customers for RFID components. ExypnoTech has two recent customer contracts in the gaming and transportation industry.

Management. The managers of ExypnoTech are Bernhard Maier, Michael Kober and Peter Hahn.

RESEARCH AND DEVELOPMENT

The Company anticipates that a substantial level of research and development activities will occur at BioAgra. The expected activities include testing AgraStim for quality control and the development of new products. BioAgra expects to build an extensive research and development laboratory at its main facility and has adequate space at the facility to build such a laboratory. The laboratory is currently in the design stages. The research and development laboratory is expected to be funded by BioAgra.

The Company's research and development activities were formerly conducted through NanoPierce Connection, with additional activities occurring at ExypnoTech. During the last year, minimal research and development activities were conducted at Scimaxx Solutions. For the fiscal years ended June 30, 2005 and June 30, 2004, the Company incurred $0 and $41,849, respectively, in research and development expenses.

COMPETITION

BioAgra. Competition for beta glucan products in the market targeted by

BioAgra is currently limited. The United States and many other countries in the world are in the process of eliminating or plan to eliminate the usage of antibiotics in the feed of animals in the human food chain supply. There are a limited number of alternatives to antibiotics. Such alternatives include organic acids, plant extracts (ex. oregano oil), and mannoproteins. These alternatives have not experienced a great success rate to date.

Other potential competitors include those already producing beta glucan for human consumption. This type of "purified" beta glucan is considered too expensive to use in markets other than for direct human consumption. Other competitors are those producing beta glucan with a 60% or less purity level for the markets addressed by BioAgra. Based upon data provided to the Company beta glucan having less than 80% purity is not effective in the markets chosen by BioAgra. BioAgra intends to produce beta glucan with at least 80% purity and expects to make representations as to this percentage to its customers.

Competition will also consist of established producers of artificial antibiotic growth promotion products. These are large companies with vast resources allocated to the protection of the brand recognition and market share of their products. Success will require people switching from the artificial antibiotic growth products to AgraStim.

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We are also aware of one company, Fibona Health Products GmbH, that is promoting yeast beta-glucan products in Europe and the United Kingdom. We do not believe their products will compete with AgraStim.

Exypnotech. Competition in the electronic connector market is fierce. The principal competitive factors are product quality, performance, price and service. The Company and its licensees face competition from well-established firms with other interconnect technologies. We will face competition from the development of existing and future competing technologies. There currently exists approximately 28 different technologies that can be used to create interconnect solutions, including dendrite crystals, gold dot technology, anisotropic technology (technologies using materials whose behavior differs in the up/down and left/right directions), elastomerics (rubber-like synthetic materials) and Z-axis conductive adhesives. These technologies currently are produced by materials and chemical suppliers, flexible and rigid printed circuit board manufacturers, as well as electronics manufacturers who produce their own materials and interconnect systems.

INTELLECTUAL PROPERTY

AGRASTIM LICENSE

BioAgra holds a license for the production of AgraStim, which is a natural beta glucan feed additive used to replace artificial antibiotics currently in use. Under the license, BioAgra was granted the right and license to produce, process, make or otherwise manufacture and sell the licensed beta glucan product for consumption by animal livestock in the United States and has the right of first refusal to build and operate any new plant in the United States intended to manufacture the licensed product. The license also grants BioAgra the right to use any other technologies or information held by the licensor necessary to manufacture and sell the licensed product, and to use certain trademarks of the licensor in marketing and promotional materials. The licensor will further provide BioAgra with specific services, such as a basic engineering package and support and training for the start-up of the initial and any new manufacturing plants.

For each manufacturing plant, including the initial plant, BioAgra pays a

flat license fee of $100,000. BioAgra also pays a royalty fee of 7 % of gross sales on a quarterly basis, and pays the taxes, tariffs and fees, except income taxes, imposed on the licensor as a result of the royalty fee received by the licensor.

The license, dated April 18, 2005, has a term expiring October 18, 2024, and may be terminated prior to expiration by mutual consent, for an uncured material breach of the license, or for a change in control of BioAgra. Under the license, BioAgra must build a production plant that, within 10 months of April 18, 2005, is capable of producing a specified amount of the licensed product. The production plant commenced operations and the current status of the plant is described under the section of this "THE COMPANY-Business-BioAgra-Manufacturing of AgraStim-Production Plant." BioAgra must also meet certain minimum production standards, which will begin on the first year anniversary after BioAgra produces its first successful batch of the licensed product, which yields a sufficient quantity of product made available for sale. If BioAgra fails to satisfy the minimum production standards for a certain period of time, BioAgra will lose the right of first refusal for new manufacturing plants in the United States, and may be deemed to be in material breach of the license.

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THE NCS(TM) TECHNOLOGY

NCS(TM) is a method where metallized, hard, microscopic particles are deposited onto one of two contact surfaces, through electrolytic or electro-less plating methods or other methods. When the two surfaces are pressed together, the conductive particles penetrate the second contact surface and create an electrical connection. Bonding of the contact surfaces can be achieved using nonconductive adhesives or ultrasonic welding.

NCS can be used with many different substrates (flexible, rigid, metallic and non-metallic), allowing NCS to replace more conventional methods of making electrical contacts, such as soldering, spring-loading, pin-in-hole connections and conventional "flip chip" attachment. In addition, NCS can be used to form either temporary or permanent connections.

NCS provides advantages to potential users among which are; lower costs through the usage of less expensive materials; the elimination of manufacturing steps; improved thermal and electrical properties; elimination of special environments for application; decreased production time; easy integration into existing production lines; increased design miniaturization; adaptability for specific applications and RF (radio frequency) performance.

The Company has extended NCS to permit the direct attachment of semiconductor chips to a substrate, a process called WaferPierce(TM). WaferPierce is comprised of two parts: (1) the electroless application of NCS to the contact pads of chips while still in wafer form; and (2) a proprietary chip attachment process in which chips are bonded to a substrate face down using the core NCS method.

OTHER INTELLECTUAL PROPERTY

The Company currently holds 13 patents with the U.S. Patent and Trademark Office. Further, the Company has filed several patent applications both in the United States and internationally in order to continue to protect its intellectual property. To reduce expenses, during the fiscal years ended June 30, 2005 and 2004, the Company abandoned several of its patent applications. The Company also holds several trademarks with the U.S. Patent and Trademark Office, in connection with the Company's former name, logo and services.

GOVERNMENT REGULATION

The Company believes that it is in compliance with all federal and state laws and regulations governing its limited operations. Further, the Company believes that it is in compliance with all German laws and regulations governing its limited operations in Germany. Compliance with federal and state environmental laws and regulations did not have a material effect on the Company's capital expenditures, earnings or competitive position during the fiscal year ended June 30, 2005 or the six months ended December 31, 2005.

BioAgra has applied for a "generally recognized as safe" (GRAS) designation from the U.S. Food and Drug Administration for the AgraStim beta-glucan product to be produced by BioAgra. A GRAS designation would exempt AgraStim from the regulations of the U.S. Department of Agriculture and the U.S. Department of Agriculture and would permit the sale of AgriStim anywhere in the United States without obtaining a license. BioAgra believes that it will receive GRAS designation for AgraStim based, in part, upon the fact that the GRAS designation has been given to other products whose main ingredients are also based upon all organic, natural, non-toxic substances such as the yeast from which beta-glucan is derived. If a GRAS designation is not obtained, AgraStim would be required to be sold as a food additive by obtaining a license to sell from each individual state in which sales would occur. At this time, Bioagra

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has applied and obtained licenses from the States of Georgia and North Carolina and is preparing licenses in other states. There is no assurance that BioAgra will be able to successfully obtain or maintain licenses in all states in which sales are expected to be made or that the costs of obtaining and maintaining these licenses will not limit BioAgra's ability to sell AgraStim.

EMPLOYEES

On March 31, 2006, the Company and its subsidiaries had three employees. Mr. Metzinger and Ms. Kampmann, key officers of the Company and the only two key employees of the Company, have signed employment agreements with the Company. See "MANAGEMENT - Executive Officers and Directors." None of the Company's employees are represented by a labor union or are subject to a collective bargaining agreement. The Company believes that its relations with its employees are excellent.

PROPERTIES

The Company's corporate headquarters are located at 370 17th Street, Suite 3640, Denver, Colorado 80202. The Company moved into its current office space on June 27, 2001 and has a 5-year lease on the property, expiring in September 2006. The base rent is $4,850 per month for the remaining term of the lease, plus certain occupancy costs.

NanoPierce Connection was located at 4180 Center Park Drive, Colorado Springs, Colorado 80916. NanoPierce Connection had a 3-year lease on the property, which expired in March 2006. As of March 2006, we had no further obligation under this lease.

LEGAL PROCEEDINGS

HARVEST COURT LITIGATION

In connection with a financing obtained in October 2000, the Company filed various actions in the United States District Court for the District of Colorado

against, among others, Harvest Court, LLC, Southridge Capital Investments, LLC, Daniel Pickett, Patricia Singer and Thomson Kernaghan, Ltd. for violations of federal and state securities laws, conspiracy, aiding and abetting and common law fraud among other claims. As a result of various procedural rulings, in January 2002, the United States District Court for the District of Colorado transferred the case to the United States District Court for the Southern District of New York, New York City, New York.

In this litigation, Harvest Court, LLC filed counterclaims against the Company, Mr. Metzinger, Ms. Kampmann, Dr. Neuhaus, Dr. Shaw and a number of unrelated third parties. The counterclaims allege violations of federal securities laws and other laws. Harvest Court, LLC is seeking various forms of relief including compensatory and punitive damages. Responsive pleadings have been filed and the litigation is currently in the discovery stage.

In May 2001, Harvest Court, LLC filed suit against the Company in the Supreme Court of the State of New York, County of New York. The suit alleges that the Company breached an October 20, 2000 Stock Purchase Agreement, by not issuing 370,945 free trading shares of the Company's common stock in connection with the reset provisions of the Purchase Agreement due on the second reset date and approximately 227,265 shares due in connection with the third reset date. Harvest Court, LLC is seeking the delivery of such shares or damages in the alternative. In August 2001, the Supreme Court of the State of New York, County of New York issued a preliminary injunction ordering the Company to reserve and not transfer the shares allegedly due to Harvest Court, LLC. In February 2006, in connection with the

reverse stock split of our common stock of the Company described elsewhere in this prospectus, the Supreme Court of the State of New York, County of New York issued an injunction ordering the Company to reserve 3.7% of the Company's issued and outstanding common stock (832,290 shares at February 13, 2006). The Company has set aside these shares. The Company has filed counterclaims seeking various forms of relief against Harvest Court, LLC.

DEPOSITORY TRUST LAWSUIT

In May 2004, the Company filed suit against the Depository Trust and Clearing Corporation ("DTCC"), the Depository Trust Company ("DTC"), and the National Securities Clearing Corporation ("NSCC") in the Second Judicial District Court of the County of Washoe, State of Nevada. The suit alleges multiple claims under the Nevada Revised Statutes 90.570, 90.580, 90.660 and 598A.060 and on other legal bases. The complaint alleges, among other things, that the DTCC, DTC and NSCC acted in concert to operate the "Stock Borrow Program," originally created to address short term delivery failures by sellers of securities in the stock market. According to the complaint, the DTCC, NSCC and DTC conspired to maintain significant open fail deliver positions of millions of shares of the Company's common stock for extended periods of time by using the Stock Borrow Program to cover these open and unsettled positions. The Company was seeking damages in the amount of $25,000,000 and treble damages. On April 27, 2005, the court granted a motion to dismiss the lawsuit. The Company has filed an appeal to overturn the motion to dismiss the lawsuit.

The Company intends to vigorously prosecute all litigation and does not believe the outcome of the litigation will have a material adverse effect on the financial condition, results of operations or liquidity of the Company. However, it is too early at this time to determine the ultimate outcome of these matters.

OTHER LITIGATION

Other than the above mentioned lawsuits, to the knowledge of the management of the Company, there are no material legal proceedings pending or threatened (other than routine litigation incidental to business) to which the Company (or any officer, director, affiliate of beneficial owner of more than 5% of the Company's voting securities) is party, or to which property of the Company is subject.

CORPORATE RESTRUCTURING

In connection with our change in business described above, we recently completed a corporate restructuring consisting of a private placement of a new series of convertible preferred stock, which also resulted in a change of who controls us, a reverse stock split of our common stock, a subsequent increase in our authorized capital and a we changed our name from NanoPierce Technologies, Inc. to Vyta Corp.

PRIVATE PLACEMENT

On January 17, 2006, in a private placement transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act of 1933"), pursuant to Section 4(2) of the Securities Act of 1933 and Regulation D promulgated thereunder, we issued to Arizcan Properties, Ltd. a total of 200,000 shares of our newly designated series A convertible preferred stock, par value $0.0001 per share (the "series A preferred stock") for a purchase price of $1,500,000. For purposes of acquiring the shares of our series A preferred stock, Arizcan Properties paid us $400,000 in cash and executed and delivered an unsecured promissory note bearing interest at 7% for the remaining $1,100,000 payable on or before one year from the date the series A preferred stock was issued. As of May 1, 2006, the note receivable had an outstanding principal balance of $101,929. Arizcan Properties is wholly owned by Triumphant Partners, LLC, a Colorado limited liability company, that is owned by Stan Richards.

Each share of series A preferred stock is convertible into 1,500 shares of our common stock, votes as a single class with our common stock and each share is entitled to 1,200 votes. As a result of this private placement, Arizcan Properties acquired approximately 55% of our voting power. Arizcan Properties converted all of the shares of series A preferred stock into 15,000,000 shares of our common stock on February 2, 2006 (the number of shares of our common stock issued upon conversion of each share of series A preferred stock was adjusted downward from 1,500 to 75 as a result of the reverse split described below) and, as a result, holds approximately 51% of our voting power on a fully diluted basis.

REVERSE SPLIT

On January 31, 2006, we effected a reverse stock split of our common stock, whereby each twenty (20) shares of our common stock, either issued and outstanding or held as treasury stock was reclassified and changed into one (1) fully-paid and nonassessable share of our common stock. Our authorized capital with respect to our common stock was reduced in like manner from 200,000,000 shares to 10,000,000 shares. Our authorized capital with respect to our preferred stock remained unchanged at 5,000,000 shares. No fractional shares were issued as a result of the reverse split, and any fractional share interests were rounded up to the nearest whole share. The reverse split was approved by our board of directors without shareholder approval in accordance with the requirements of Nevada law.

INCREASE OF AUTHORIZED CAPITAL

On January 31, 2006 following the reverse split, our authorized capital with respect to our common stock was increased from 10,000,000 shares to 200,000,000 shares. Our authorized capital with respect to our preferred stock remained unchanged. The increase to our authorized capital was recommended by our board of directors to our shareholders for approval and the shareholders representing at least a majority of the voting power of the Company approved the increase to our authorized capital by written consent in lieu of a special meeting in accordance with the requirements of Nevada law.

NAME CHANGE.

Concurrently with the increase to our authorized capital, we changed our name from NanoPierce Technologies, Inc. to Vyta Corp. The name change was approved by the shareholders in the same manner as the increase to our authorized capital. As a result of the name change, our trading symbol changed to "VYTC."

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements for the fiscal year ended June 30, 2005, our unaudited quarterly financial statements for the six months ended December 31, 2005 and the related notes included elsewhere in this prospectus. The discussions in this section contain forward-looking statements that involve risks and uncertainties, and actual results could differ materially from those discussed below. See "Risk Factors" and "Forward-Looking Statements" for a discussion of these risks and uncertainties.

RECENT EVENTS

On January 19, 2006, the Company's Board approved an amendment to our Articles of Incorporation to change the name of the Company effective January 31, 2006 from NanoPierce Technologies, Inc. to Vyta Corp.

On January 19, 2006 the Company's Board of Directors (the "Board") approved an amendment to our Articles of Incorporation to affect a one-for-twenty reverse stock split of our common stock effective January 31, 2006. All references to shares, options, warrants, exercise and conversion prices in the three and six months ended December 31, 2005 and in prior periods, have been adjusted to reflect the post-reverse split amounts. The Company's common stock now trades on the Over-the-Counter Bulletin Board under the trading symbol "VYTC."

On January 19, 2006, the Company's Board approved an amendment to the Articles of Incorporation to increase the authorized capital of 10,000,000 common shares to 200,000,000 common shares. The increase to our authorized capital was effective January 31, 2006.

RESULTS OF OPERATIONS

SIX MONTHS ENDED DECEMBER 31, 2005

The Company had no revenues during the three and six months ended December 31, 2005 and 2004.

The Company recognized $28,585 of other income, of which $28,250 represented a gain on the extinguishment of liabilities. The Company recognized $8,350 in interest income during the six months ended December 31, 2005 compared

to $6,187 during the six months ended December 31, 2004 ($4,419 and $4,687 for the three months ended December 31, 2005 and 2004, respectively).

Total general and administrative expenses during the six months ended December 31, 2005 were $441,027 compared to $391,260 for the six months ended December 31, 2004 ($216,188 and $178,186 for the three months ended December 31, 2005 and 2004, respectively). The increase of $49,767 is primarily attributable to a $68,210 increase in commission fees, a $22,720 increase in consulting fees, offset by a $24,581 decrease in public relations expense.

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The Company recognized interest expense of $235,350 for the six months ended December 31, 2005 (no interest expense was recognized in the three months ended December 31, 2005). No interest expense was recorded during the three and six months ended December 31, 2004. Of the $235,350 in interest expense, $219 represented related party interest. The remaining $235,131 was incurred in connection with the issuance of promissory notes, which were discounted at the time of issuance. The resulting discounts ($213,760) were amortized over the term of the promissory notes. The promissory notes were paid in full in August 2005, and at that time the discounts were fully amortized.

During the six months ended December 31, 2005, the Company recognized a net loss of $1,033,254 compared to a net loss of $423,862 during the six months ended December 31, 2004 ($345,674 and $217,568 for the three months ended December 31, 2005 and 2004, respectively). The increase of $609,392, during the six months ended December 31, 2005, is primarily attributable to the increase of $235,350 in interest expense, as explained above and the increase of $389,654 in losses of equity investments.

FISCAL YEAR ENDED JUNE 30, 2005

On April 1, 2003, NanoPierce Card filed insolvency with the Courts of Munich, Germany. On June 8, 2004, NanoPierce Card was dissolved by the Courts of Munich, Germany. NanoPierce Card is presented as discontinued operations in the Company's consolidated financial statements for the fiscal year ended June 30, 2005. The Company recognized a gain of $454,882 on the disposal of NanoPierce Card during the year ended June 30, 2004. During the year ended June 30, 2005, the Company did not have any income or loss from discontinued operations.

During the year ended June 30, 2005, the Company did not recognize any revenues from continuing operations. The Company recognized $34,258 of revenues from continuing operations during the fiscal year ended June 30, 2004. The revenue generated from continuing operations was from the sale of inlays by ExypnoTech ($28,449 through December 2003), and $5,809 from services provided by the Company.

The Company recognized $17,672 in interest income during the fiscal year ended June 30, 2005 compared to $2,550 during the fiscal year ended June 30, 2004. The increase of $15,122 is due primarily to the interest earned on funds loaned to an unrelated third party.

Total operating expenses from continuing operations during the fiscal year ended June 30, 2005 were $872,203, compared to $1,999,462 for the fiscal year ended June 30, 2004. The decrease of $1,127,259 is attributable to a decrease in operational activities and spending over the year, as described below.

General and administrative expenses during the fiscal year ended June 30, 2005 were $872,203 compared to $1,312,519 for the fiscal year ended June 30, 2004. The decrease of $440,316 is mainly attributable to decreases in

amortization expenses, consulting expenses, legal expenses and accounting expenses. Selling and marketing expenses during the fiscal year ended June 30, 2005 were $0 compared to $37,033 during the fiscal year ended June 30, 2004. The decrease of $37,033 was due to a decrease in marketing activities. Research and development expenses during the fiscal year ended June 30, 2005 were $0 compared to $41,849 for the fiscal year ended June 30, 2004. The decrease of $41,849 was primarily attributable to the reduction in research and development activities over the previous fiscal year.

During the fiscal year ended June 30, 2004, the Company incurred an expense of $608,061 in connection with the impairment of the intellectual property, patent applications and trademarks owned by the Company. The decision to record an impairment of the intellectual property was based primarily on

the overall age of the patents and patent applications underlying the intellectual property combined with the Company's current inactive operational status. After the impairment to the intellectual property, patent applications and trademarks, the book value of the aforementioned items was $0.

During the fiscal year ended June 30, 2005, the Company recognized a net loss of $997,616 compared to a net loss of $1,558,083 during the fiscal year ended June 30, 2005. The decrease of $560,467 mostly resulted from the decrease of $1,127,259 in operating expenses offset by the gain of $454,882 on the disposal of NanoPierce Card during the fiscal year ended June 30, 2004.

LIQUIDITY AND FINANCIAL CONDITION

SIX MONTHS ENDED DECEMBER 31, 2005

During the six months ended December 31, 2005, the Company was able to raise $537,500 cash through the sale of 671,875 shares of its restricted common stock and warrants to purchase 628,125 shares of its restricted common stock.

In August 2005, the Company was able to raise $1,535,000 cash through the exercise of 1,535,000 warrants with an exercise price of $1.00 per share.

In August 2005, the Company purchased a 50% equity interest in BioAgra for $905,000 cash (which includes the $405,000 advanced to Xact Resources during the fiscal year ended June 30, 2005) and a note payable of $595,000 which was paid in full in September 2005. BioAgra plans to manufacture and sell a beta glucan product, AgraStim to be marketed as AgraStim(TM), to be used as a replacement for hormone growth steroids and antibiotics in products such as poultry feed. BioAgra anticipates beginning production and sale of the beta glucan product AgraStim during the quarter ended June 30, 2006.

Additionally, the Company entered into an agreement with Arizcan Properties, Ltd. ("Arizcan") on August 10, 2005, whereby the Company agreed to pay to Arizcan, 20% of any cash distributions paid to the Company by BioAgra, until such time as Arizcan shall be paid $800,000. On March 10, 2006, Arizcan and the Company terminated this agreement without any such payments being made by the Company.

In September 2005, the Company executed a subscription agreement ("Subscription Agreement") to sell shares of the Company's preferred stock to Arizcan. The Subscription Agreement provides for the sale of 200,000 shares of a Class A 8% cumulative and participating preferred shares with a sales price of $7.50 per share. The preferred shares are convertible into 60% of the Company's issued and outstanding post-split shares of the Company's common stock on the date of conversion. In December 2005, the Company received an advance payment

of $200,000 in connection with the purchase of the Preferred Shares. On January 19, 2006, the Company completed the sale of 200,000 Preferred Shares for $400,000 cash ($200,000 of which was received in December 2005) and an unsecured corporate promissory note of $1,100,000. The promissory note is due on January 18, 2007. In February 2006, Arizcan converted the 200,000 shares of preferred stock into 15,000,000 shares of the Company's restricted common stock. Upon conversion, Arizcan held approximately 67% of the issued and outstanding common stock of the Company.

During the six months ended December 31, 2005, the Company used $427,379 in operating activities. Net cash provided by financing activities was $1,459,337; $960,663 was used to pay notes payable, $2,070,500 was received from the exercise of warrants and the issuance of common stock and warrants and $150,000 was received from notes payable. Net cash used in investing activities was $810,881; $500,000 was used to purchase the 51% equity interest in the BioAgra joint venture. The

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Company had $247,412 of cash and cash equivalents at December 31, 2005, which is being used to support operations and activities of BioAgra, in which the Company owns a 50% equity interest. During the six months ended December 31, 2004, the Company used $314,126 in operating activities from continuing operations. During the six months ended December 31, 2004, the Company used $46,052 to pay a note payable.

As of December 31, 2005, if all existing outstanding warrants issued in a January 2004 private placement were exercised, the Company will be required to issue an additional 1,342,500 shares of common stock, and the Company, on a fully diluted basis (including the reservation of 832,029 shares as required by the court in the Harvest Court, LLC litigation), would have 29,353,494 shares of common stock issued and outstanding.

If the warrants issued to investors in the private placement described above are all exercised, the Company would receive approximately an additional $2,842,500. However, no assurance can be given that any of these warrants will be exercised. If the warrants are exercised, the Company has decided that it may use the additional funds received from the exercise of these warrants to acquire a revenue generating company or to acquire technology complementary to the current technology of the Company, its ownership interests in ExypnoTech and BioAgra and any other licensing agreements or joint venture agreements that the Company may enter in the future.

FISCAL YEAR ENDED JUNE 30, 2005

Net cash used in operating activities from continuing operations in 2005 was $544,194, compared to net cash used in operating activities from continuing operations in 2004 of $1,199,214. In 2005, the net cash used represented a net loss of $997,616, adjusted for the depreciation expense of $7,258, equity in losses of affiliates of $144,323, provision for losses on notes receivable of $35,000, and amortization of discount on note payable of $7,272.

In 2004, the net cash used represented a net loss of $1,558,083, adjusted for the income from discontinued operations of $454,882, amortization and depreciation expense of $169,331, impairment charges of $608,061, equity in losses of affiliates of $99,922, gain on extinguishment of liabilities of $52,500, and provision for a doubtful receivable of $58,074.

During the fiscal year ended June 30, 2005, the Company loaned $314,000 to an unrelated third party and received a payment of $50,000, which included interest of $11,442 during the same period. The loan was paid in full on

February 21, 2006. During the fiscal year ended June 30, 2005, the Company loaned Intercell $35,000. In March 2005, Intercell filed for protection under Chapter 11 of the US Bankruptcy Code. The Company has recorded a provision for this note receivable of $35,000.

During the fiscal year ended June 30, 2005, in connection with an investment in BioAgra, the Company advanced Xact Resources International $405,000 to be used for the purchase of a 50% equity interest in BioAgra, LLC for $1.5 million cash. The purchase was completed in August 2005.

During the fiscal year ended June 30, 2004, the Company advanced $50,000 to Scimaxx, which was fully reserved for.

During the fiscal year ended June 30, 2004, the Company made investments in machinery and equipment of $1,575. During the fiscal year ended June 30, 2004, the Company contributed fixed assets with a book value of $132,000 to the Scimaxx Solutions, LLC as part of the terms of the joint venture.

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During the fiscal year ended June 30, 2005, the Company received $112,800 (net of $7,200 of offering costs) in connection with the exercise of warrants for 60,000 shares of the Company's common stock.

During the fiscal year ended June 30, 2005, the Company received $41,000 in exchange for an unsecured 5% note payable from Mr. Metzinger, an officer and director of the Company. In August 2005, the note was paid in full.

During the fiscal year ended June 30, 2005, the Company received $150,000 in exchange for an unsecured 15% per quarter, note payable from an unrelated third party. In connection with the note the Company issued 100,000 shares of its restricted common stock (50,000 shares were issued in June 2005 and the remaining 50,000 shares were issued in July 2005) with a relative fair value of $81,718, to be amortized over the term of the note. The note was repaid in full in September 2005.

During the fiscal year ended June 30, 2005, the Company received $25,000 in exchange for an unsecured 8% per annum note payable, from an unrelated third party. In connection with the note the Company issued 75,000 shares of its restricted common stock (issued in July 2005) with a relative value of $21,428, to be amortized over the term of the note. The note was paid in full in August 2005.

During the fiscal year ended June 30, 2004 the Company sold 1,038,462 shares of common stock and granted warrants to purchase 30,000 shares of its common stock at exercise prices ranging from $2.00 to $5.00 for net proceeds of $1,828,000 (net of offering costs of $272,000). The warrants are exercisable through 2008 and contain a cashless exercise provision. The funds were raised to support operations. In addition, the Company issued 192,500 shares of common stock upon the exercise of 192,500 warrants for $347,950 (net of offering costs of $37,050).

In June 2003, Mr. Metzinger loaned $10,000 to the Company in exchange for an unsecured 7% note payable due in December 2003, the proceeds of which were utilized for operational purposes. In January 2004, the Company paid Mr. Metzinger the outstanding principal balance of this note, together with all accrued interest.

In September 2003, Mr. Metzinger, the President, Chief Executive Officer and director of the Company loaned the Company $30,000, in exchange for an unsecured 7% note payable due in September 2004. In January, 2004 the Company

paid Mr. Metzinger the outstanding principal balance of this note, together with all accrued interest, in full.

In September 2003, Intercell, an affiliate of the Company at the time, loaned the Company $35,000 in exchange for an unsecured, 7% promissory note due in September 2004. In November 2003, Intercell loaned the Company $100,000 in exchange for a 7% promissory note due in November 2004. This promissory note was collateralized by an assignment of a 51% interest in the proceeds, if any, the Company may have received in connection with the Harvest Court, LLC litigation. In January 2004, the Company paid the $135,000 note plus accrued interest of $2,493.

In 2004, the Company converted accounts payable of $92,100 into an unsecured non-interest bearing note payable due in March 2005. During the fiscal year ended June 30, 2005, the Company paid the note in full, $61,737 in 2005 and $30,363 in 2004.

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PLAN OF OPERATIONS

SIX MONTHS ENDED DECEMBER 31, 2005

The Company intends to use the funds raised through recent sales of shares of its restricted common stock and the preferred shares to support the operations of the Company over the next 12 months. Operational plans include a corporate restructuring that occurred in January 2006, as discussed above, and administrative support provided to BioAgra. The Company expects to receive funds from BioAgra in the form of payment of outstanding promissory notes and through payments as specified in the operating agreement for BioAgra. The Company initially plans to use such funds to support administrative activities. The Company continues to evaluate additional merger and acquisition opportunities.

In addition, in August 2005 the Company entered into an agreement with Arizcan, pursuant to which the Company agreed to pay Arizcan 20% of any cash distributions received by the Company from BioAgra until such time as Arizcan has been paid $800,000. On March 10, 2006, Arizcan and the Company terminated this agreement without any such payments being made or future payments required to be made by the Company.

FISCAL YEAR ENDED JUNE 30, 2005

During the year ended June 30, 2005, the Company did not recognize any revenues or income from its equity investment. The Company did not have operations and management of the Company spent a majority of the fiscal year securing funds to purchase a 50% ownership in BioAgra.

In August 2005, the Company was able to raise $1,535,000 cash through the exercise of 1,535,000 warrants with an exercise price of $1.00 per share. The Company subsequently completed its purchase of a 50% equity investment in the BioAgra, LLC joint venture for $1.5 Million in cash.

In August 2005, the Company purchased a 50% equity interest in BioAgra (a Georgia limited liability company) for $905,000 cash (which includes the $405,000 advanced to Xact Resources as of June 30, 2005) and a note payable of $595,000 which was paid in full in September 2005. BioAgra plans to manufacture and sell a beta glucan product, AgraStim, to be used as a replacement for hormone growth steroids and antibiotics in products such as poultry feed. BioAgra is currently constructing a production line and expects to finish such construction by the end of December 2005. BioAgra anticipates beginning

production and sale of the beta glucan product AgraStim in January 2006. The Company anticipates, but cannot be sure, that prior to the end of the fiscal year 2006 it will receive cash disbursements from BioAgra.

Additionally, in August 2005 the Company entered into an agreement with Arizcan Properties by which the Company agreed to pay to Arizcan 20% of the cash distributions paid to the Company by BioAgra, until such time as Arizcan shall be paid $800,000. On March 10, 2006, Arizcan and the Company terminated this agreement without any such payments being made or any future payments required to be paid by the Company.

In September 2005, the Company executed a Subscription Agreement to sell shares of the Company's Preferred Stock with Arizcan Properties. The Subscription Agreement provides for the sale of 200,000 shares of a Class A 8% cumulative and participating preferred shares with a sales price of $7.50 per share. The Preferred Shares are convertible into 60% of the Company's issued and outstanding post-split shares of the Company's common stock on the date of conversion.

In September 2003, the Company formed a joint venture with Scimaxx, LLC. The joint venture, Scimaxx Solutions, LLC was entered into for the purpose of marketing the Company's technology. Scimaxx LLC, is owned by an officer and director of the Company and two former employees of the Company. In return for 50% ownership of the Scimaxx Solutions, LLC, the Company contributed a license to utilize its technology and the facilities and equipment of NanoPierce Connections. In April 2005, Scimaxx ceased operations and during the third quarter of the fiscal year ended June 30, 2005, the Company impaired the value of its investment to $0. The Company recognized an impairment charge of $63,544 in equity losses from affiliates.

On December 11, 2003, TagStar Systems, GmbH, a German entity unrelated to the Company, purchased a controlling 51% equity interest in ExypnoTech in exchange for a capital contribution of $98,000, of which $62,787 has been received as of June 30, 2005. As a result of this transaction, the Company does not have a controlling interest in ExypnoTech and the Company is only entitled to 49% of the revenues generated by ExypnoTech (and 49% of the dividends, if any, paid by ExypnoTech). As a result of the Company's reduced ownership interest and loss of control of ExypnoTech, the Company deconsolidated ExypnoTech as of December 11, 2003, and began accounting for its investment in ExypnoTech under the equity method of accounting. Under the equity method of accounting, the carrying amount of the Company's investment in ExypnoTech ($159,642 at June 30, 2005) is adjusted to recognize the Company's proportionate share of ExypnoTech's income (loss) each period.

The Company intends to raise additional funds to support operations of the Company during the 2006 fiscal year. Such funds are to be raised through an offering of convertible preferred stock, the terms of which are in the process of being finalized. Additionally, the Company intends to change its corporate name and most likely to institute a reverse split in connection with recent business events.

To the extent the Company's operations are not sufficient to fund the Company's capital requirements the Company may enter into a revolving loan agreement with financial institutions or attempt to raise capital through the sale of additional capital stock or through the issuance of debt. At the present time the Company does not have a revolving loan agreement with any financial institution nor can the Company provide any assurance that it will be able to enter into any such agreement in the future or be able to raise funds through the further issuance of debt or equity in the Company.

CRITICAL ACCOUNTING POLICIES

SIX MONTHS ENDED DECEMBER 31, 2005

THE COMPANY'S CRITICAL ACCOUNTING POLICIES DURING THIS PERIOD ALSO INCLUDE THOSE OUTLINED BELOW FOR THE FISCAL YEAR ENDED JUNE 30, 2005.

ACCOUNTING FOR OBLIGATIONS AND INSTRUMENTS POTENTIALLY SETTLED IN THE COMPANY'S COMMON STOCK:

The Company accounts for obligations and instruments potentially to be settled in the Company's own stock in accordance with EITF Issue No. 00-19, ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS INDEXED TO, AND POTENTIALLY SETTLED IN A COMPANY'S OWN STOCK. This issue addresses the initial balance sheet classification and measurement of contracts that are indexed to, and potentially settled in, the Company's own stock.

Under EITF 00-19 contracts are initially classified as equity or as either assets or liabilities, depending on the situation. All contracts are initially measured at fair value and subsequently accounted for based on the then current classification. Contracts initially classified as equity do not recognize

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subsequent changes in fair value as long as the contracts continue to be classified as equity. For contracts classified as assets or liabilities, the Company reports changes in fair value in earnings and disclose these changes in the financial statements as long as the contracts remain classified as assets or liabilities. If contracts classified as assets or liabilities are ultimately settled in shares, any previously reported gains or losses on those contracts continue to be included in earnings. The classification of a contract is reassessed at each balance sheet date.

The Company's critical accounting policies during this period also include those outlined below for the fiscal year ended June 30, 2005.

FISCAL YEAR ENDED JUNE 30, 2005

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements for the fiscal year ended June 30, 2005, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to deferred revenues; depreciation or fixed assets, valuation of intangible assets such as our intellectual property, financing operations, currency valuations and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes that the following are some of the more significant accounting policies and methods used by the Company:

- stock based compensation;

- valuation of intellectual property, patent and trademark applications and other long-lived assets;

- equity method investments;

- international operations;

- revenue recognition and deferred revenue;

- litigation; and

- contractual obligations.

STOCK-BASED COMPENSATION

SFAS No. 123, Accounting for Stock Based Compensation, defines a fair-value-based method of accounting for stock-based employee compensation plans and transactions in which an entity issues its equity instruments to acquire goods or services from non-employees, and encourages but does not require companies to record compensation cost for stock-based employee compensation plans at fair value.

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The Company has chosen to account for employee stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 (APB No. 25), Accounting for Stock Issued to Employees, and related interpretations. Accordingly, employee compensation cost for stock options is measured as the excess, if any, of the estimated fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), Share-Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for share-based compensation transactions using APB 25, and generally requires instead that such transactions be accounted and recognized in the statement of operations based on their fair value. SFAS No. 123(R) will be effective for public companies that file as small business issuers as of the first interim or annual reporting period that begins after December 15, 2005. The Company is currently evaluating the provisions of this standard. Depending upon the number of and terms of options that may be granted in future periods, the implementation of this standard could have a significant impact on the Company's financial position and results of operations in future periods.

VALUATION OF INTELLECTUAL PROPERTY, PATENT AND TRADEMARK APPLICATIONS AND OTHER LONG-LIVED ASSETS

The Company assesses the impairment of long-lived assets and intangible assets such as intellectual property and patent and trademark applications whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important which could trigger an impairment review include negative projected operating performance by the Company and significant negative industry or economic trends. At June 30, 2004, management assessed the carrying value of intellectual and other long-lived assets for impairment, and based on this assessment the Company believed that impairment was necessary in the case of the original intellectual property, the patent applications and the trademarks.

During 2004, the Company recognized an impairment charge of $608,061 on the intellectual property, patent applications and trademarks. The Company does not

believe that there has been any other impairment to long-lived assets as of June 30, 2005.

EQUITY METHOD INVESTMENTS

Entities where the Company can exercise significant influence, but not control, are accounted for under the equity method of accounting. Whether or not the Company exercises significant influence with respect to a company depends on an evaluation of several factors including, among others, representation on the company's board of directors and ownership level, generally 20% to 50% interest in the voting securities of the company including voting rights associated with the Company's holdings in common, preferred and other convertible instruments in the company. Under the equity method of accounting, the Company's share of the earnings or losses of these companies is included in the equity income (loss) section of the consolidated statements of operations.

A loss in value of an investment that is other than a temporary decline is recognized as a charge to operations. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. During the year ended June 30, 2005, the Company recorded an impairment charge of approximately $64,000 related to one of its equity method investments (Note 6 to our consolidated financial statements for the fiscal year ended June 30, 2005). No impairments were recorded during the six months ended December 31, 2005.

INTERNATIONAL OPERATIONS

The Company's foreign equity investee (ExypnoTech) operations are located in Germany. ExypnoTech transactions are conducted in currencies other than the U.S. dollar, (the currency into which the subsidiaries' historical financial statements have been translated) primarily the Euro. As a result, the Company is exposed to adverse movements in foreign currency exchange rates. In addition, foreign political and economic environment, trade barriers, managing foreign operations and potentially adverse tax consequences. Any of these factors could have a material adverse effect on the Company's financial condition or results of operations in the future.

REVENUE RECOGNITION AND DEFERRED REVENUE

The Company's revenue recognition policy is significant because future revenue could be a key component of its results or operations. Revenue results are difficult to predict, and any shortfall in revenue or delay in recognizing revenue could cause operating results to vary significantly.

LITIGATION

The Company is involved in certain legal proceedings, as described in "THE COMPANY-Litigation" and Note 9 to the consolidated financial statements for the fiscal year ended June 30, 2005 included elsewhere in this prospectus.

The Company intends to vigorously prosecute these legal proceedings and does not believe the outcome of these proceedings will have a material adverse effect on the financial condition, results of operations or liquidity of the Company. However, it is too early at this time to determine the ultimate outcome of these matters.

CONTRACTUAL OBLIGATIONS

For more information on the Company's contractual obligations on operating leases, refer to Note 9 of the consolidated financial statements for the fiscal year ended June 30, 2005 included elsewhere in this prospectus. At June 30, 2005, the Company's commitments under these obligations were as follows:

OPERATING LEASES

YEAR ENDING JUNE 30,	
2006	$83,401
2007	14,550
	$97,951

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

FISCAL YEAR ENDED JUNE 30, 2005

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), Share-Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for share-based compensation transactions using APB 25, and generally requires instead that such transactions be accounted and recognized in the statement of operations based on their fair value. SFAS No. 123(R) will be effective for public companies that file as small business issuers as of the first interim or annual reporting period that begins after December 15, 2005. The Company is currently evaluating the provisions of this standard. Depending upon the number

of and terms of options that may be granted in future periods, the implementation of this standard could have a significant impact on the Company's financial position and results of operations in future periods.

In December 2003, the FASB issued Interpretation No. 46R ("FIN 46R"), a revision to SFAS Interpretation No. 46, Consolidation of Variable Interest Entities. FIN 46R clarifies some of the provisions of FIN 46 and exempts certain entities from its requirements. FIN 46R requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN 46R also requires disclosures about variable interest entities that a company is not required to consolidate but in which it has a significant variable interest. FIN 46R became effective for variable interest entities or potential variable interest entities for periods ending after December 15, 2003 for public companies (other than small business issuers), and became effective by the end of the first annual reporting period ending after December 15, 2004 for companies that are small business issuers. FIN 46R did not have an impact on the Company's financial position or results of operations.

SELLING STOCKHOLDERS

BACKGROUND

We are registering the shares of our common stock offered for resale by this prospectus in order to satisfy our obligations to the selling stockholders named below under "-Selling Stockholders Table." The background for the registration for each selling stockholder is set forth below.

- In January 2006, we sold 200,000 shares of our series A preferred stock to Arizcan Properties as described in "THE COMPANY-Corporate Restructuring." Based on the subscription agreement between us and Arizcan Properties, we are obligated to register for resale under the Securities Act of 1933, a total of 15,000,000 shares of our common stock that were issued to Arizcan Properties upon conversion of all 200,000 shares of our series A preferred stock.

- Between June 2005 and August 2005, we issued 505,000 shares of our common stock to various business associates as additional consideration for lending us $325,000 in the form of notes payable and we agreed to register these shares for resale by this prospectus.

- Between October 2005 and December 31, 2005, we issued 43,751 shares of our common stock to various business associates for $35,000 and we agreed to register these shares for resale by this prospectus.

- Between November 2005 and January 31, 2006, we issued 746,716 shares of our common stock, together with warrants to purchase 746,716 shares of our common stock to various business associates for a total of $572,373 and we agreed to register the shares of our common stock that will be held by each of these stockholders assuming they exercise all of these warrants.

- In June 2005, we agreed to issue 50,000 shares of our common stock to business associates for a commission on efforts in aiding our capital raising efforts and we agreed to register the shares for resale by this prospectus.

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SELLING STOCKHOLDERS TABLE

The shares of our common stock offered by this prospectus are being sold for the account of the selling stockholders identified in the following table. The information in the following table and footnotes is based solely on information furnished to us by the selling stockholders which, for each selling stockholder, includes:

(a) the name and address of the selling stockholder,

(b) any position, office or other material relationship, if any, which the selling stockholder has had with us, our predecessors or our affiliates within the past three years,

(c) the number of shares of our common stock currently beneficially owned by the selling stockholder and the percentage that those shares of our common stock represent of all of our outstanding common stock as of May 1, 2006 (on a fully-diluted basis),

(d) the number of shares of our common stock offered by the selling stockholder, and

(e) the amount and, if 1% or more, the percentage of shares of our common stock that will be beneficially owned by the selling stockholder after completion of the offering, assuming the sale of all of the shares of our common stock as shown in (d) above.

Except as indicated in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them. Each selling stockholder has represented to us that it is not a broker-dealer nor is affiliated with a broker-dealer.

(a) NAME AND ADDRESS OF SELLING STOCKHOLDER	(b) MATERIAL RELATIONSHIP WITH VYTA CORP WITHIN THE LAST 3 YEARS	(c) AMOUNT OF COMMON STOCK/PERCENTAGE OF OUR COMMON STOCK OWNED BEFORE OFFERING	(d) AMOUNT OF COMMON STOCK OFFERED	AM COMM OWN OFF
Arizcan Properties, Ltd.(2) 77 South Adams, Suite 906 Denver, CO 80209	(2)	15,007,770/51.13%	15,000,000	
Terry Allen 10414 Ashcroft Way Fairfax, VA 22032	None	30,000(3)/0.10%	30,000(3)	
Steve Anderson 6770 E. Exposition Avenue Denver, CO 80224	None	250,000(3)/0.85%	250,000(3)	
Dr. Robert Belihar 912 Saddleview Court Franklin, TN 37067	None	12,500(3)/0.04%	12,500(3)	
Bottom Line Advisors Inc. (4) 13314 Lost Key Place Bradenton, FL 34202-5002	None	62,500(3)/0.21%	62,500(3)	
Dennis Cionetti and Jeanette Cionetti, JTTEN	None	25,000(3)/0.09%	25,000(3)	

(a) NAME AND ADDRESS OF SELLING STOCKHOLDER	(b) MATERIAL RELATIONSHIP WITH VYTA CORP WITHIN THE LAST 3 YEARS	(c) AMOUNT OF COMMON STOCK/PERCENTAGE OF OUR COMMON STOCK OWNED BEFORE OFFERING	(d) AMOUNT OF COMMON STOCK OFFERED	AM COMM OWN OFF
334 Clermont Street Parkway Denver, CO 80220				
Vic Cionetti 94 South Rosemary Street Denver, CO 80230	None	25,000(3)/0.09%	25,000(3)	
Zuni Kitchen LLC (5)				

450 Dahlia Street Denver, CO 80220	None	12,500(3)/0.04%	12,500(3)	
Jose Davila 2183 Pamplona Court Escondido, CA 92025	None	25,000/0.09%	25,000	
Marty Estes 6753 Norris Farm Road Trussville, AL 35173	None	25,000/0.09%	25,000	
Gerald Dooher PO Box 2408 Edwards, CO 81635	None	29,167(3)/0.10%	25,000(3)	
Terrence Dooher 5939 S. Franklin Street Littleton, CO 80121	None	26,250(3)/0.09%	25,000(3)	
Dennis Ferraro 11643 Shoshone Way Denver, CO 80294-2630	None	69,600(3)/0.24%	62,500(3)	
Christopher Gilbert 2963 Albion Street Denver, CO 80207	None	12,500(3)/0.04%	12,500(3)	
Marty Ida 8776 N. 107th Street, PO Box 94 Longmont, CO 80502-0094	None	194,000(3)/0.66%	187,500(3)	
Robert Ida 1615 W. 113th Avenue Denver, CO 80234-2603	None	187,500(3)/0.64%	187,500(3)	
Leigh Kalin 541 High Street Denver, CO 80218	None	25,000(3)/0.09%	25,000(3)	
Kent Kloock 82 Glenwood Terrace Ext. Stuart, VA 24171	None	131,384(3)/0.45%	118,434(3)	1
John Krupa c/o Mallory Smith 11211 E. Arapahoe Road, Ste. 116 Centennial, CO 80112	None	112,500/0.38%	100,000	1

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(a) NAME AND ADDRESS OF SELLING STOCKHOLDER	(b) MATERIAL RELATIONSHIP WITH VYTA CORP WITHIN THE LAST 3 YEARS	(c) AMOUNT OF COMMON STOCK/PERCENTAGE OF OUR COMMON STOCK OWNED BEFORE OFFERING	(d) AMOUNT OF COMMON STOCK OFFERED	AM COMM OWN OFF
LZF, LLC (6) c/o Robert S. Hoover Krabacher & Sanders, P.C. 201 N. Mill Street, Ste. 201				

Aspen, CO 81611-1557	None	50,000(3)/0.17%	50,000(3)	
James T. McDonnell 801 Garfield Street Denver, CO 80206	None	12,500(3)/0.04%	12,500(3)	
Jeff Ploen 6590 E. Lake Place Centennial, CO 80111	None	107,500(3)/0.37%	107,500(3)	
John Provazek 6510 50th Avenue Dr. NE Marysville, WA 98270	None	126,107/0.43%	50,000	7
Blanche Richards 14001 E. Marina Drive Aurora, CO 80014	None	78,112(3)/0.27%	57,500(3)	2
Irrevocable Trust of Blanche Richards (7) PO Box 388 Hudson, CO 80642	None	60,000/0.20%	60,000	
Ralph Riggs 1520 Wazee Street Denver, CO 80202	None	93,750(3)/0.32%	93,750(3)	
Dan Rudden 5200 S. Ulster Street, Unit 1319 Englewood, CO 80111	None	62,500(3)/0.21%	62,500(3)	
Dr. Ben Sandoval PO Box 6295 Santa Fe, NM 87502-6295	None	20,000(3)/0.07%	20,000(3)	
Allen G. Schroeder PO Box 1646 Janesville, WI 53547	None	8,375(3)/0.03%	6,250(3)	
Stephen G. Schroeder PO Box 1646 Janesville, WI 53547	None	35,625(3)/0.12%	18,750(3)	1
Stephen Seitz 1117 County Highway 5 Otega, NY 13825	None	129,535/0.44%	62,500	6
Michael Sheppard 4229 Warren Road Franklin, Tennessee 37067	None	272,500/0.93%	100,000	1

(a) NAME AND ADDRESS OF SELLING STOCKHOLDER	(b) MATERIAL RELATIONSHIP WITH VYTA CORP WITHIN THE LAST 3 YEARS	(c) AMOUNT OF COMMON STOCK/PERCENTAGE OF OUR COMMON STOCK OWNED BEFORE OFFERING	(d) AMOUNT OF COMMON STOCK OFFERED	AM COMM OWN OFF
Leslie G. Smith and Randy Smith,				

JTTEN 3004 N.E. 47th Avenue Portland, OR 97213	None	25,000(3)/0.09%	25,000(3)	
Beverly Sweeney 2400 E. Alameda Avenue Denver, CO 80209	None	5,000(3)/0.02%	5,000(3)	
David Weilage 285 Potato Patch Circle Evergreen, CO 80439	None	271,339(3)/0.92%	150,000(3)	1

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(1) There is no assurance that the selling stockholders will exercise all or any of their warrants or that they will sell any or all of their shares of common stock offered by this prospectus.

(2) Arizcan Properties is wholly owned by Triumphant Partners, LLC, a Colorado limited liability company that is owned by Stan Richards. Mr. Richards has voting and dispositive power over the shares of common stock being offered. As a result of the acquisition of our series A preferred stock on January 17, 2006 described in the section of the prospectus titled "THE COMPANY-Corporate Restructuring-Private Placement," which shares of series A preferred stock were all converted into shares of our common stock on February 2, 2006, Arizcan Properties is now our controlling shareholder. The transactions between Arizcan Properties, its principals and us are described elsewhere in this prospectus. See "RELATIONSHIPS AND RELATED TRANSACTIONS," "MANAGEMENT'S DISCUSSION AND ANALYSIS" and "FINANCIAL STATEMENTS."

(3) Assumes the exercise of all of the warrants to purchase shares of our common stock at an exercise price of $1.00 per share expiring on February 2, 2009 issued to the named selling stockholder.

(4) Bottom Line Advisors Inc. is beneficially owned by Bobbi A. Norris. David L. Norris and Bobbi A. Norris have voting and dispositive power over the shares of common stock being offered.

(5) Zuni Kitchen LLC is beneficially owned by Todd Coleman, who has voting and dispositive power over the shares of common stock being offered.

(6) LZF, LLC is beneficially owned by Robert S. Hoover, who has voting and dispositive power over the shares of common stock being offered.

(7) The beneficiaries of the Irrevocable Trust of Blanche Richards include Rochelle M. Richards, Danielle Richards, Ethan Smith and Jasper Smith. R. Mark Richards, Trustee, has voting and dispositive power over the shares of common stock being offered.

PLAN OF DISTRIBUTION

The selling stockholders may, from time to time, use this prospectus to sell all or a portion of the shares of our common stock offered by this prospectus. These sales and transfers of our common stock may be effected from time to time in one or more transactions on the over-the-counter bulletin board, in the over-the-counter market, in negotiated transactions or otherwise, at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at negotiated prices, or without consideration, or by any other legally available means.

These transfers or sales may occur directly or by or through brokers,

dealers, agents or underwriters, who may receive compensation in the form of underwriting discounts, concessions or

commissions from the selling holders and/or from purchasers of the common stock for whom they may act as agent. Any or all of the shares of common stock may be sold or transferred from time to time by means of:

- a block trade in which the broker or dealer so engaged will attempt to sell the common stock as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by a broker or dealer as principal and resale by that broker or dealer for its account based on this prospectus;

- ordinary brokerage transactions and transactions in which the broker solicits purchasers;

- the writing of options on the common stock;

- pledges as collateral to secure loans, credit or other financing arrangements and any subsequent foreclosure, if any, under those arrangements;

- gifts, donations and contributions; and

- any other legally available means.

To the extent required by the Securities Act of 1933, the number of shares of common stock to be sold or transferred, the purchase price, the name of any agent, broker, dealer or underwriter and any applicable discounts or commissions and any other required information with respect to a particular offer will be shown in an accompanying prospectus supplement or post-effective amendment.

In the event of the transfer by any selling stockholder of shares of our common stock offered by this prospectus to any pledge, donee or other transferee, we will supplement or amend this prospectus (as required by the Securities Act of 1933) and the registration statement of which this prospectus forms a part in order to have the pledge, donee or other transferee included as a selling stockholder.

If necessary to comply with state securities laws, the common stock will be sold only through registered or licensed brokers or dealers. In addition, the common stock may not be sold unless it has been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The selling stockholders and any brokers, dealers, agents or underwriters that participate in the distribution of the common stock may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, in which event any discounts, concessions and commissions received by those brokers, dealers, agents or underwriters and any profit on the resale of the common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

No underwriter, broker, dealer or agent has been engaged by us or, to our knowledge, any of the selling stockholders, in connection with the distribution of the common stock.

We and the selling stockholders will be subject to the applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations under it, including, without limitation, Rule 10b-5 and, insofar as the selling stockholders are distributors and we, under certain circumstances, may be a distribution participant, under Regulation M.

The anti-manipulation provisions of Regulation M under the Securities Exchange Act of 1934 will apply to purchases and sales of shares of our common stock by the selling stockholders, and there are

restrictions on market-making activities by persons engaged in the distribution of the shares of our common stock. Under Regulation M, a selling stockholder or its agents may not bid for, purchase, or attempt to induce any person to bid for or purchase, shares of our common stock while they are distributing shares of our common stock covered by this prospectus. Accordingly, the selling stockholders are not permitted to cover short sales by purchasing shares of our common stock while the distribution is taking place.

Any common stock covered by this prospectus which also qualify for sale based on Rule 144 under the Securities Act of 1933 may be sold under Rule 144 rather than based on this prospectus. There is no assurance that the selling stockholders identified in this prospectus will sell any or all of the common stock. The selling stockholders may transfer, devise or gift common stock by other means not described in this prospectus.

We will pay all of the expenses incident to the registration of the common stock, other than underwriting discounts and selling commissions, if any. The aggregate proceeds to the selling holders from the sale of the common stock will be the purchase price of that common stock less any of these discounts or commissions.

DESCRIPTION OF COMMON STOCK

GENERAL

Our authorized capital stock consists of 200,000,000 shares of common stock, $.0001 par value per share, and 5,000,000 shares of preferred stock, $.0001 par value per share. As of May 1, 2006 we had 22,493,512 shares of common stock and no shares of preferred stock issued and outstanding (as a result of the conversion of the outstanding shares of our series A preferred stock to common stock in February 2006 described in "THE COMPANY-Corporate Restructuring"). We have outstanding warrants, options, and convertible privileges which, if exercised, would total 6,027,692 shares of common stock. We have also reserved 832,290 shares of our common stock in connection with our ongoing litigation with Harvest Court, LLC described above under "THE COMPANY-Legal Proceedings." Overall, we would have a total of 29,353,494 shares of common stock issued and outstanding if all of our outstanding warrants and options were exercised and all of our reserved shares of common stock were issued.

COMMON STOCK

Each share of our common stock is entitled to one vote on each matter submitted to a vote of the stockholders and is equal to each other share of our common stock with respect to voting, liquidation and dividend rights. Holders of our common stock are entitled to receive the dividends, if any, as may be declared by our board of directors out of assets legally available therefor and to receive net assets in liquidation after payment of all amounts due to

creditors and any liquidation preference due to preferred stockholders. Holders of our common stock have no conversion rights and are not entitled to any preemptive or subscription rights. Our common stock is not subject to redemption or any further calls or assessments. Our common stock does not have cumulative voting rights in the election of directors.

DIVIDEND POLICY

While there currently are no restrictions prohibiting us from paying dividends to our stockholders, we have not paid any cash dividends on our common stock in the past and we do not anticipate paying any dividends in the foreseeable future. Earnings, if any, are expected to be retained to fund our future operations. There can be no assurance that we will pay dividends at any time in the future.

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TRADING OF OUR COMMON STOCK

Our common stock presently is quoted on the over-the-counter bulletin board maintained by the National Association of Securities Dealers, Inc. under the symbol "VYTC." Our common stock also is traded on the Berlin Stock Exchange, the Frankfurt Stock Exchange, the Munich Stock Exchange and the Xetra Stock Exchange under the symbols indicated under "MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS."

TRANSFER AGENT

The transfer agent for our common stock is Corporate Stock Transfer, Inc., 3200 South Cherry Creek Drive, Suite 430, Denver, Colorado 80209.

ANTI-TAKEOVER PROVISIONS OF CHARTER PROVISIONS

One of the effects of the existence of authorized but unissued shares of our common stock or preferred stock may be to enable our board of directors to render it more difficult or to discourage an attempt to obtain control of the Company and thereby protect the continuity of or entrench our management, which may adversely effect the market price of our common stock. If in the due exercise of its fiduciary obligations, for example, our board of directors were to determine that a takeover proposal were not in the best interests of the Company, such shares could be issued by the board of directors without stockholder approval in one or more private placements or other transactions that might prevent or render more difficult or make more costly the completion of any attempted takeover transaction by diluting voting or other rights of the proposed acquirer or insurgent stockholder group, by creating a substantial voting block in institutional or other hands that might support the position of the incumbent board of directors, by effecting an acquisition that might complicate or preclude the takeover, or otherwise. See "RISK FACTORS-We could issue preferred stock that could adversely effect the rights of our common stockholders."

MANAGEMENT

FINANCIAL EXPERT

Our board of directors has not designated a Financial Expert, as defined by the SEC, due to factors including but not limited to our operational status and the limited number of transactions, accounts and balances that we maintain. Our board of directors has determined that it is not in the best interests of the Company at this time to incur the costs associated with identifying and designating a Financial Expert.

EXECUTIVE OFFICERS AND DIRECTORS

Our executive officers, directors and significant employees are as follows:

NAME AND AGE	POSITION	PERIOD
Paul H. Metzinger (67)	Director, President, and Chief Executive Officer,	December 1998 to present
	General Manager of NanoPierce Card	January 2000 to June 2003
Dr. Herbert J. Neuhaus (44)	Director, Former Executive Vice President of Technology & Marketing,	January 1999 to present
	President & Chief Executive Officer of NanoPierce Connection	January 2002 to September 2003

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NAME AND AGE	POSITION	PERIOD
Kristi J. Kampmann (33)	Chief Financial Officer,	October 1999 to present
	Secretary	February 1998 to present
Dr. Robert Shaw (65)	Director	October 2000 to present
John Hoback (65)	Director	April 2002 to present

Our directors hold office until the next annual meeting of shareholders and until their successors have been duly elected and qualified. Our board of directors elects the officers at its annual meeting immediately following the shareholders annual meeting and hold office until they resign or are removed from office. There are no family relationships that exist between any director, executive officer, significant employee or person nominated or chosen by the Company to become a director of executive officer.

BIOGRAPHICAL INFORMATION ON OFFICERS, DIRECTORS AND SIGNIFICANT EMPLOYEES

PAUL H. METZINGER. Mr. Metzinger was President and Chief Executive Officer of the Company from February 26, 1998 to May 6, 1998 and has served in that same capacity from December 1, 1998 to present. He has been a director of the Company since February 26, 1998. He has served as a Manager and Vice President of BioAgra since August 2005. He served as the General Manager of NanoPierce Card from January 2000 to June 2003. In addition, he served as the President, Chief Executive Officer and a Director of Intercell International Corporation from June 1996 to October 2003 and from September 30, 2004 to March 16, 2005. In March 2005, Intercell International Corporation filed for protection under Chapter 11 of the United States Bankruptcy Code. Prior to becoming a director and officer of the Company and Intercell International Corporation, Mr. Metzinger served as Intercell's General Counsel and practiced securities law in Denver, Colorado for over 32 years. Mr. Metzinger received his J.D. degree in 1967 from Creighton University Law School and his L.L.M. from Georgetown University in 1969.

HERBERT J. NEUHAUS, PH.D. Dr. Neuhaus has been the Executive Vice President of Marketing and Technology and a Director of the Company since January 1, 1999. He has been the President and Chief Executive Officer of NanoPierce Connection since January 2002. Dr. Neuhaus previously served as the Managing Director of Particle Interconnect Corporation from August 18, 1997 to

November 1, 1997. From August 1989 to August 1997, he was associated with the Electronic Material Venture Group in the New Business Development Department of Amoco Chemical Company, Naperville, Illinois. While associated with Amoco Chemical Company he held among other positions: Business Development Manger/Team Leader; Project Manager --High Density Interconnect; Product Manager MCM Products and as a research scientist.

Dr. Neuhaus received his Ph.D. degree in Physics from the Massachusetts Institute of Technology, Cambridge, Massachusetts in 1989 and his BS in Physics from Clemson University, Clemson, South Carolina in 1980.

KRISTI J. KAMPMANN. Ms. Kampmann was appointed the Chief Financial Officer of the Company on October 15, 1999. Ms. Kampmann has been Secretary of the Company since February 1998. Ms. Kampmann has served as the Chief Financial Officer of BioAgra since August 2005. Ms. Kampmann has served as a manager of ExypnoTech, LLC since June 2004. She has served as the Chief Financial Officer of Intercell International Corporation since October 1, 2003 and as Secretary of Intercell International Corporation since July 28, 1999. In March 2005, Intercell International Corporation filed

for protection under Chapter 11 of the United States Bankruptcy Code. Since June 1997, she has been the administrative assistant to the Chief Executive Officer and Chief Financial Officer; in addition, during the same period she served in the same capacity to the Chief Executive Officer of Intercell. From April 1996 to June 1997, she served as a paralegal and administrative assistant for Paul H. Metzinger, P.C. Ms. Kampmann received an MBA from the University of Colorado, Denver in December 2001. Ms. Kampmann graduated from the Denver Paralegal Institute in 1996 and received a B.A. from the University of Minnesota in Morris in 1995, majoring in Political Science with a minor in Business Management.

DR. ROBERT SHAW. Dr. Shaw has been a director of the Company since October 31, 2000. Dr. Shaw currently is a Tenured Professor of Physics at Farleigh Dickinson University with joint appointments in the Departments of Math and Computer Science, where he has served on the faculty since September 1988. Dr. Shaw also performs professional research in his academic areas of specialty, and has held, among others, the positions of Research Chemist at the American Cyanamid Research Laboratories, Stamford; Senior Research Physicist at Exxon Research and Engineering Company; Manager of New Business Development at Exxon Enterprises, Exxon Corporation, New York, NY; and President of Robert Shaw Associates, Inc., Chatham, NJ.

Dr. Shaw received his Ph.D. in Solid State Physics from Cambridge University, Cambridge, England. He was among the first to conduct academic research on electronic conduction mechanisms in amorphous semiconductors. He received a B.S. in Inorganic Chemistry with a minor in Nuclear Physics from North Carolina State University, Raleigh, NC.

JOHN HOBACK. Mr. Hoback has been a director of the Company since April 2002. Mr. Hoback currently serves as the President of Z&H Enterprises Solutions, Ltd., which position he has held since September 1999. Z&H Enterprise Solutions is a consulting firm specializing in assisting small entrepreneurial companies in business plans, product development and securing financing. Among other positions, Mr. Hoback was the Director of Marketing and Sales of CTS from 1999 to 2000 and was the Venture Manager of Electronics with Amoco Chemical from 1988 to 1999.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has established audit, incentive compensation and nominating committees, consisting of the independent directors.

CODE OF ETHICS

The Company in January 2004 adopted a Code of Ethics that applies to the Chief Executive Officer, Chief Financial Officer, Controller, Principal Accounting Officer and those employees performing similar functions.

COMPENSATION OF DIRECTORS

The Company holds quarterly meetings of the board of directors. Although we do not have any standard arrangements pursuant to which our directors are compensated for any services provided as a director or for attendance at meetings of the board of directors, if the financial situation of the Company is adequate, we compensate directors $1,000 per meeting, plus reasonable travel expenses. During the fiscal year ended June 30, 2005, the officers and directors were not compensated for attendance at board meetings.

COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth certain information concerning compensation paid by the Company to the Chief Executive Officer and the Company's three most highly compensated executive officers for the fiscal years ended June 30, 2005, 2004 and 2003 (the "Named Executive Officers") (after giving effect to the reverse stock split of our common stock that occurred on January 31, 2006 that is described elsewhere in this prospectus):

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION				LONG TERM COMPENSATIO		
						AWARDS		
NAME & PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	OTHER ANNUAL COMPENSA-TION	RESTRICTED STOCK AWARDS ($)	SECURITIES UNDERLYING OPTIONS/ SARS (#)	LTIP PAYOUTS ($)	A C
Paul H. Metzinger, Director, President & CEO (1)	2005	$ 136,785	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
	2004	$ 114,583	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
	2003	$ 132,500	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
Dr. Herbert J. Neuhaus, Director, Ex. VP of Technology & Marketing, Pre & CEO of NanoPierce Connection (2)	2005	$ -0-	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
	2004	$ 16,668	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
	2003	$ 148,333	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
Dr. Michael E. Wernle, Director, Ex. VP	2005	$ -0-	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$

of Strategic	2004	$ -0-	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
Business Dvlpmt,	2003	$ 128,000	$ -0-	$ -0-	$ -0-	18,250	$ -0-	$
Pres & CEO of ExypnoTech (3)								
Kristi J. Kampmann, Chief Financial	2005	$ 80,625	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
Officer &	2004	$ 37,492	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$
Secretary (4)	2003	$ 58,125	$ -0-	$ -0-	$ -0-	-0-	$ -0-	$

(1) Paul Metzinger has served as President & CEO since December 1998. He is compensated pursuant to a written Employment Agreement, dated March 15, 2004 at an annual salary of $150,000. Over the three year period Mr. Metzinger has taken salary cuts when necessary.
(2) Dr. Neuhaus has served as the Executive Vice President of Technology and Marketing since January 1999. He served as the President and CEO of NanoPierce Connection from January 2002 to September 2003. He was compensated pursuant to a written Employment Agreement, dated January 2002 at an annual salary of $200,000. This employment agreement was terminated in September 2003 and Dr. Neuhaus is no longer a paid employee of the Company and/or its subsidiaries.
(3) Dr. Wernle served as the Executive Vice President of Strategic Business Development until September 2003. He served as the

President & CEO of NanoPierce Card from January 2000 until May 2003. He served as the President & CEO of ExypnoTech, from February 2002 to August 2003. He was compensated pursuant to a written Employment Agreement with NanoPierce Card, dated February 1, 2000, at an annual salary of $160,000 (181,000 Euros). As of August 2003, Dr. Wernle no longer is a paid employee of the Company and/or its subsidiaries.
(4) Kristi Kampmann has served as the Chief Financial Officer since October 1999. She is compensated pursuant to a written Employment Agreement, dated March 15, 2004. During the year ended June 30, 2005, Ms. Kampmann received a gross monthly salary of $7,500 for 7 months, in March 2005 it was reduced to $6,250 per month.

The foregoing compensation table does not include certain fringe benefits made available on a nondiscriminatory basis to all Company employees such as group health insurance, dental insurance, long-term disability insurance, vacation and sick leave. In addition, the Company makes available certain non-monetary benefits to its executive officers with a view to acquiring and retaining qualified personnel and facilitating job performance. The Company considers such benefits to be ordinary and incidental business costs and expenses. The aggregate value of such benefits in the case of each executive officer listed in the above table, which cannot be precisely ascertained but which is less than 10% of the cash compensation paid to each such executive officer, is not included in such table.

OPTION/SAR GRANTS TABLE

There were no grants of stock options to the Company's executive officers during the fiscal year ended June 30, 2005.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION/SAR VALUES

The following table provides information relating to the exercise of stock options during the fiscal year ended June 30, 2005 by the Company's executive officers and the 2005 fiscal year-end value of unexercised options (after giving effect to the reverse stock split of our common stock that occurred on January 31, 2006 that is described elsewhere in this prospectus).

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ($)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT FY-END	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SAR AT FY-END ($)
			EXERCISABLE/UNEXERCISABLE	EXERCISABLE/UNEXERCISABLE
Paul H. Metzinger	0	0	125,000/0	$237,500/0
Dr. Herbert J. Neuhaus	0	0	67,500/0	$128,250/0
Kristi J. Kampmann	0	0	16,250/0	$30,875/0

(1) The average of the closing bid and asked price of our common stock on June 30, 2005 (after giving effect to the reverse stock split of our common stock that occurred on January 31, 2006) ($1.90) was used to calculate the option value.
(2) In December 2005 and January 2006, Mr. Metzinger agreed to cancel options exercisable for 40,000 shares of our common stock. On January 2006, Mr. Metzinger owned options exercisable for 85,000 shares.
(3) In December 2005, Ms. Kampmann agreed to cancel options exercisable for 6,250 shares of our common stock.

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STOCK OPTION PLANS

The Company has two Stock Option Plans. As of June 30, 2005, 352,376 options are outstanding under the 1998 Compensatory Stock Option Plan and 87,000 options are outstanding under the 2000 Compensatory Stock Option Plan, for a total of 439,377 options outstanding. A total of 431,877 options are exercisable at June 30, 2005, under these plans. During the fiscal year ended June 30, 2005, the Company did not grant any options. The Company has reserved 375,000 shares of common stock for issuance under the 1998 Compensatory Stock Option Plan. In January 2002, the Company's Board of Directors passed a resolution closing the 1998 Compensatory Stock Option Plan for issuance of new options. The Company has reserved 5,000,000 shares of common stock for issuance under the 2000 Compensatory Stock Option Plan.

During the fiscal year ended June 30, 2005, there was no action taken to reprice any options held by any officers, directors or employees.

In December 2005, officers and a director of the Company agreed to cancel options under the Company's 1998 Compensatory Stock Option Plan exercisable for 31,250 shares of the Company's common stock. In January 2006, an officer and director of the Company agreed to cancel options under the Company's 1998 Compensatory Stock Option Plan exercisable for 15,000 shares of the Company's

common stock. The officers and director did not receive any consideration in return for the cancellations.

EMPLOYMENT AGREEMENTS

On March 15, 2004, the Company entered into an employment agreement with Paul H. Metzinger to serve as President and Chief Executive Officer of the Company. The employment agreement with Mr. Metzinger expires March 14, 2008. Pursuant to his employment agreement, the Company agreed to pay Mr. Metzinger an annual salary of $150,000. In March 2005, Mr. Metzinger took a salary cut to receive an annual salary of $105,000.

On March 15, 2004, the Company entered into an employment agreement with Kristi J. Kampmann to serve as the Chief Financial Officer of the Company. The employment agreement with Ms. Kampmann expires on March 14, 2008. Pursuant to her employment agreement, the Company agreed to pay Ms. Kampmann an annual salary of $30,000. During the year ended June 30, 2005, Ms. Kampmann received a salary increase for an annual salary of $90,000, but in March 2005 took a salary cut to receive an annual salary of $75,000.

In connection with the Employment Agreements, generally, the Company or the employee may terminate the Employment Agreement at any time with or without cause. In the event the Company terminates an Employment Agreement for cause or the employee terminates his or her Employee Agreement without cause, all of such employee's rights to compensation would cease upon the date of such termination. If the Company terminates an Employment Agreement without cause, then such employee terminates his or her Employment Agreement for cause, or in the event of a change in control, the Company is required to pay to such employee all compensation and other benefits that would have accrued and/or been payable to that employee during the full term of the Employment Agreement.

A change of control is considered to have occurred when, as a result of any type of corporate reorganization, execution of proxies, voting trusts or similar arrangements, a person or group of persons (other than incumbent officers, directors and principal shareholders of the Company) acquires sufficient control to elect more than a majority of the Company's Board of Directors, acquires 50% or more of the voting shares of the Company, or the Company adopts a plan of dissolution of liquidation. The Employment Agreement also include a non-compete and nondisclosure provisions in which each

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employee agrees not to compete with or disclose confidential information regarding the Company and its business during the term of the Employment Agreement and for a period of one year thereafter.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of outstanding shares of the Company's common stock as of May 1, 2006 on a fully diluted basis, by (a) each person known by the Company to own beneficially 5% or more of the outstanding shares of common stock, (b) the Company's directors, Chief Executive Officer and executive officers named in "MANAGEMENT - Compensation of Executive Officers," and (c) all directors and executive officers of the Company as a group (in each case after giving effect to the reverse stock split of our common stock that occurred on January 31, 2006 that is described elsewhere in this prospectus).

NAME, ADDRESS & NATURE OF

BENEFICIAL OWNER	TITLE OF CLASS	AMOUNT	PERCENT OF CLASS(8)
Arizcan Properties, Ltd. 77 South Adams, Suite 906 Denver, CO 80209	Common Stock	15,007,700 (1)	51.00%
The Paul H. Metzinger Trust Paul H. Metzinger, President & CEO, Director 370 17th Street, Suite 3640 Denver, CO 80202	Common Stock	186,585 (2)	0.64%
The Cheri L. Metzinger Trust Cheri L. Metzinger, Wife of Paul H. Metzinger 3236 Jellison Street Wheatridge, CO 80033	Common Stock	186,585 (3)	0.64%
Dr. Herbert J. Neuhaus, Director, 770 Maroonglen Court Colorado Springs, CO 80906	Common Stock	67,500 (4)	0.23%
Kristi J. Kampmann, Chief Financial Officer & Secretary 370 17th Street, Suite 3640 Denver, CO 80202	Common Stock	10,955 (5)	0.04%
Dr. Robert E. Shaw, Director 8 Nicklaus Court Florham Park, NJ 07932	Options to purchase Common Stock	20,000 (6)	0.07%
John Hoback, Director 20 White Heron Lake East Stroudsburg, PA 18301	Options to purchase Common Stock	20,000 (7)	0.07%
All Officers & Directors as a Group (5 persons)	Common Stock	305,616	1.04%

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(1) Arizcan Properties is wholly owned by Triumphant Partners, LLC, a Colorado limited liability company, that is owned by Stan Richards. Includes 15,000,000 common shares held directly and beneficially and 7,770 common shares that are held by Stan Richards.
(2) Includes 53,697 common shares held directly and beneficially; 47,888 common shares that Mr. Metzinger owns

beneficially though his wife and options held by Mr. Metzinger consisting of options to purchase 10,000 shares exercisable at $10.40 per share and options to purchase 75,000 shares exercisable at $6.50 per share.
(3) Cheri L. Metzinger is the wife of Mr. Paul H. Metzinger, the Chief Executive Officer and President of the Company. This includes 47,888 shares held directly and beneficially and 53,697 common shares and 85,000 common shares subject to options owned beneficially by her husband.
(4) Based on options to purchase 25,000 shares exercisable at $42.50 per share, options to purchase 5,000 shares exercisable at $55.00 per share, options to purchase 12,500 shares exercisable at $10.40 per share and options to purchase 25,000 shares exercisable at $4.00 per share.

(5) Based on 954 common shares and options to purchase 5,000 shares exercisable at $16.80 per share, options to purchase 2,500 shares exercisable at $10.40 per share and options to purchase 2,500 shares exercisable at $6.50 per share.
(6) Based on options to purchase 12,500 shares exercisable at $19.40 per share, options to purchase 2,500 shares exercisable at $13.40 per share, and options to purchase 5,000 shares exercisable at $40.00 per share.
(7) Based on options to purchase 15,000 shares exercisable at $14.00 per share and options to purchase 5,000 shares exercisable at $14.00 per share.
(8) Based on 22,493,512 shares of common stock issued and outstanding on May 1, 2006, assuming exercise of all 396,350 presently exercisable options and exercise of 5,631,342 outstanding warrants, and the issuance of 832,290 shares of common stock reserved for the Harvest Court litigation there would be 29,353,494 shares outstanding. Mr. Metzinger's and Mrs. Metzinger's stock ownership are not duplicated in this computation.

RELATIONSHIPS AND RELATED TRANSACTIONS

In September 2005, the Company executed a subscription agreement with Arizcan to sell shares of the Company's preferred stock. The subscription agreement provides for the sale of 200,000 shares of Class A 8% cumulative and participating preferred shares for $7.50 per share. In January 2006, Arizcan purchased 200,000 shares of the Company's Series A Convertible Preferred Stock for $400,000 cash and an unsecured promissory note for $1,100,000. The promissory note bears interest at 8% per annum and is due in January 2007. In February 2006, Arizcan converted the 200,000 shares of preferred stock into 15,000,000 shares of the Company's restricted common stock. In February 2006, Arizcan made a payment of $11,281.90, of which $7,956 was applied to accrued interest and $3,326 was applied to the outstanding principal. At May 1, 2006, the outstanding balance of the note was $101,929.

In November 2004, the Company loaned $314,000 to Arizcan. In exchange for the loan, the Company received an unsecured, 7% promissory note, which was due on October 31, 2005. The funds were loaned to facilitate Arizcan's purchase of an option from certain of the Company's warrant holders, to initiate the exercise of certain existing warrants to purchase up to 785,000 shares of the Company's common stock. The note was paid in full in February 2006.

The Company entered into an agreement with Arizcan on August 10, 2005, whereby the Company agreed to pay to Arizcan, 20% of any cash distributions paid to the Company by BioAgra, until such time as Arizcan shall be paid $800,000. On March 10, 2006, Arizcan and the Company terminated this agreement without any such payments being made by the Company.

In July 2005, the Company entered into an agreement with Mr. Richards to engage his services as a financial consultant for a monthly fee of $3,000. Mr. Richards is the sole officer and director of Arizcan, the Company's controlling shareholder. The agreement has a term of 12 months and will expire in June 2006. The Company has paid Mr. Richards $27,000.

In December 2005, Mr. Metzinger, agreed to cancel options under the Company's 1998 Compensatory Stock Option Plan exercisable for 25,000 shares of the Company's common stock. Mr. Metzinger did not receive any consideration in return for the cancellations.

In December 2005, Ms. Kampmann agreed to cancel options under the Company's 1998 Compensatory Stock Option Plan exercisable for 5,000 shares of the Company's stock. Ms. Kampmann did not receive any consideration in return for the cancellations.

In January 2006, Mr. Metzinger, agreed to cancel options under the Company's Compensatory Stock Option Plan exercisable for 15,000 shares of the Company's stock. Mr. Metzinger did not receive any consideration in return for the cancellations.

In June 2005, Mr. Metzinger loaned the Company $41,000, in exchange for an unsecured 5% note payable due December 31, 2005. In August 2005, the Company paid the outstanding principal balance of this note and all accrued interest thereon in full.

In March 2004, the Company entered into employment agreements, as previously discussed, with Mr. Metzinger, the President and Chief Executive Officer and a Director of the Company, and with Ms. Kampmann, the Chief Financial Officer and Secretary of the Company.

In September 2003, the Company entered into a joint venture agreement with Scimaxx, LLC to support the marketing of the Company's technology. The owners of Scimaxx, LLC include Dr. Neuhaus, a director and a former officer of the Company and several former employees of the Company.

In June 2003, Mr. Metzinger loaned the Company $10,000, in exchange for an unsecured 7% note payable due in December 2003. In January 2004, the Company paid Mr. Metzinger the outstanding principal balance of this note and all accrued interest thereon in full.

In September 2003, Mr. Metzinger, the President, Chief Executive Officer and director of the Company loaned the Company $30,000, in exchange for an unsecured 7% note payable due in September 2004. In January, 2004 the Company paid Mr. Metzinger the outstanding principal balance of this note, together with all accrued interest, in full.

DISCLOSURE OF SEC POSITION ON INDEMNIFICATION

The General Corporation Law of the State of Nevada and our articles of incorporation provide for indemnification of our directors for liabilities and expenses that they may incur in such capacities. In general, our directors and officers are indemnified with respect to actions taken in good faith and in a manner such person believed to be in our best interests, and with respect to any criminal action or proceedings, actions that such person has no reasonable cause to believe were unlawful. Furthermore, the personal liability of our directors is limited as provided in our articles of incorporation.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

EXPERTS

Our consolidated financial statements for the two year period ended June 30, 2005 included in this prospectus and registration statement have been audited by GHP Horwath, P.C., an independent registered public accounting firm ("GHP"), for the periods and to the extent set forth in their report, which describes an uncertainty related to our ability to continue as a going concern, appearing herein and elsewhere in the Registration Statement. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in auditing and accounting.

With respect to the unaudited financial information for the periods ended December 31, 2005 and 2004, GHP has applied limited procedures in accordance with the standards of the Public Company Accounting Oversight Board (United States). However, as stated in their separate report included in the Company's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2005 they did not audit and they do not express an opinion on that interim financial information. Because of the limited nature of the review procedures applied, the degree of reliance on their report on such information should be restricted. GHP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited interim financial information because that report in not a "report" or a "part" of the Registration Statement prepared or certified by GHP within the meaning of Section 7 and 11 of the 1933 Act.

AVAILABLE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934 and, in compliance with this act, file periodic reports and other information with the Securities and Exchange Commission ("SEC"). These reports and the other information we file with the SEC can be inspected and copied at the public reference room facilities maintained by the SEC in Washington, D.C. at 100 F Street, N.E., Washington, D.C. 20549. The SEC's telephone number to obtain information on the operation of the public reference room is (800) SEC-0330. In addition, the SEC maintains a World Wide Web site that contains reports, proxy statements and other information regarding registrants like the company that file electronically with the SEC at the following Internet address: (http://www.sec.gov). The SEC's telephone number is (800) SEC-0330.

We have filed with the SEC in Washington, D.C. a registration statement on Form SB-2 under the Securities Act of 1933 with respect to the shares of our common stock offered by this prospectus.

ADDITIONAL INFORMATION

We file annual, quarterly and other reports, and other information with the SEC. You may read and copy the materials we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the Commission at 1 800 SEC 0330 for further information on the operation of the Public Reference Rooms. Our SEC filings are also available to the public from the SEC's World Wide Web site on the Internet at http://www.sec.gov. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Our commission file number is 033-19598-D.

We maintain a site on the World Wide Web at www.nanopierce.com, and are in the process of constructing a new website at www.vytacorp.com. The information contained in our website is not part of this prospectus and you should not rely on it in deciding whether to invest in our common stock.

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FINANCIAL STATEMENTS

VYTA CORP AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

On January 19, 2006 the Company's Board of Directors approved an amendment

to our Articles of Incorporation to affect a one-for-twenty reverse stock split of our common stock effective January 31, 2006. All references to shares, options, warrants and conversion and exercise prices in the three and six months ended December 31, 2005 and in prior periods in the Financial Statements have been adjusted to reflect the post-reverse split amounts.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Nanopierce Technologies, Inc.
Denver, Colorado

We have audited the accompanying consolidated balance sheet of Nanopierce Technologies, Inc. and subsidiaries as of June 30, 2005, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for each of the years in the two-year period ended June 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether

the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nanopierce Technologies, Inc. and subsidiaries as of June 30, 2005, and the results of their operations and their cash flows for each of the years in the two-year period ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company reported a net loss of $997,616 for the year ended June 30, 2005, and an accumulated deficit of $23,629,319 as of June 30, 2005. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ GHP HORWATH, P.C.

Denver, Colorado
September 26, 2005, except for the second paragraph of Note 1, as to which the date is February 11, 2006

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
JUNE 30, 2005

ASSETS

Current Assets:	
Cash and Cash Equivalents	$ 25,835
Interest Receivable	3,823
Notes Receivable, Net (Note 5)	275,442
Prepaid Expenses	91,306
Total Current Assets	396,406
Property and Equipment:	
Office Equipment and Furniture	66,356
Less Accumulated Depreciation	(50,514)
Other Assets:	15,842
Advances Receivable (Note 5)	405,000
Deposits and Other	19,285
Investments in Affiliates (Note 6)	159,642
	583,927

Total Assets	$ 996,175

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:	
Accounts Payable	$ 214,891
Accrued Liabilities	18,227
Other Liability(Note 8)	90,000
Notes Payable, Net of Discount of $95,874 (Note 7)	119,690
Total Liabilities (All Current)	442,808
Commitments and Contingencies (Notes 4, 7 and 9)	
Shareholders' Equity (Notes 7 and 8):	
Preferred Stock; $0.0001 Par Value; 5,000,000 Shares Authorized; None Issued and Outstanding	
Common Stock; $0.0001 Par Value; 200,000,000 Shares Authorized; 4,662,952 Shares Issued and Outstanding	466
Additional Paid-In Capital	24,059,377
Accumulated Other Comprehensive Income	122,843
Accumulated Deficit	(23,629,319)
Total Shareholders' Equity	553,367
Total Liabilities and Shareholders' Equity	$ 996,175

See notes to consolidated financial statements for the fiscal year ended June 30, 2005.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Revenues	$ -	$ 34,258
Operating Expenses:		
General and Administrative	872,203	1,312,519
Research and Development	-	41,849
Selling and Marketing	-	37,033
Impairment of Intellectual Property (Note 1)	-	608,061
	872,203	1,999,462
Loss from operations	(872,203)	(1,965,204)
Other Income (Expense):		
Other Income	10,618	-

Interest Income	17,672	2,550
Extinguishment of Liabilities (Note 7)	-	52,500
Equity Losses of Affiliates (Note 6)	(144,323)	(99,922)
Interest Expense	(9,301)	(1,683)
Interest Expense, Related Party	(79)	(1,206)
	(125,413)	(47,761)
Loss From Continuing Operations	(997,616)	(2,012,965)
Discontinued Operations; Income From Operations of Subsidiary (Note 3)	-	454,882
Net Loss	$ (997,616)	$(1,558,083)
Basic and diluted loss per share:		
Loss from continuing operations	$ (0.22)	$ (0.54)
Income from Discontinued Operations	$ -	$ 0.12
Net Loss Per Share, Basic and Diluted	$ (0.22)	$ (0.42)
Weighted Average Number of Common Shares Outstanding	4,544,980	3,755,836

See notes to consolidated financial statements for the fiscal year ended June 30, 2005.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Net Loss	$(997,616)	$(1,558,083)
Change in Unrealized Loss on Securities	(379)	(141)
Change in Foreign Currency Translation Adjustments	-	(66,727)
Comprehensive Loss	$(997,995)	$(1,624,951)

See notes to consolidated financial statements for the fiscal year ended June 30, 2005.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED JUNE 30, 2005 AND 2004

	COMMON STOCK			
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balances, July 1, 2003	3,252,737	$ 325	$21,573,987	$ 190,090
Common Stock and Warrants Issued for Cash (Net of offering Costs of $272,000)	1,038,462	104	1,827,896	-
Common Stock Issued In Satisfaction of Payable	10,000	1	3,634	-
Common Stock Issued Upon Exercise of Warrants (Net of offering Costs of $37,050)	192,500	19	347,931	-
Common Stock Issued Upon Cashless Exercise of Warrants	9,253	1	(1)	-
Net Loss	-	-	-	-
Other Comprehensive Loss				
Change in Unrealized Gain on Securities	-	-	-	(141)
Foreign Currency Translation Adjustments	-	-	-	(66,727)
Balances, June 30, 2004	4,502,952	$ 450	$23,753,447	$ 123,222

See notes to consolidated financial statements for the fiscal year ended June 30, 2005.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED JUNE 30, 2005 AND 2004

	COMMON STOCK				
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	ACCUMULATED DEFICIT
Balances, July 1, 2004	4,502,952	$ 450	$23,753,447	$ 123,222	$(22,631,703
Common Stock Issued Upon Exercise of Warrants (Net of offering Costs of $7,200)	60,000	6	112,794	-	-
Common Stock Issued for Deferred Consulting Costs	50,000	5	89,995	-	-
Common Stock Issued Upon Issuance of Note Payable	50,000	5	102,891	-	-
Common Stock to be Issued	-	-	250	-	-
Net Loss		-	-	-	(997,616
Other Comprehensive Loss:					

Change in Unrealized Gain on Securities	-	-	-	(379)	-
Balances, June 30, 2005	4,662,952	$ 466	$24,059,377	$ 122,843	$(23,629,319

See notes to consolidated financial statements for the fiscal year ended June 30, 2005.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004

	2005	
Cash Flows From Operating Activities:		
Net Loss	$ (997,616)	$(1
Adjustments To Reconcile Net Loss to Net Cash Used in Operating Activities From Continuing Operations:		
Income From Discontinued Operations	-	
Amortization Expense	7,500	
Depreciation Expense	7,258	
Equity Losses of Affiliates	144,323	
Gain On Extinguishment of Liabilities	-	
Provision for Losses On Receivables	35,000	
Amortization of Discount On Note Payable	7,272	
Amortization of Deferred Consulting Costs	-	
Impairment of Intellectual Property and Equipment	-	
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	1,986	
Decrease in Prepaid Expenses	35,921	
Increase (Decrease) in Accounts Payable	105,935	
Increase in Accrued Liabilities	18,227	
Increase in Other Liability	90,000	
Total Adjustments	453,422	
Net Cash Used in Operating Activities From Continuing Operations	(544,194)	(1
Cash Flows From Investing Activities:		
Advances to Equity Investee	-	
Increase in Notes Receivable	(349,000)	
Repayment of Note Receivable	38,558	
Increase in Advances Receivable	(405,000)	
Increase in Patent and Trademark Applications	-	
Purchases of Property and Equipment	-	
Cash Effect of Exypnotech Deconsolidation	-	
Net Cash Used in Investing Activities From Continuing Operations	(715,442)	
Cash Flows From Financing Activities:		
Exercise of Warrants and Common Stock Issued for Cash	112,800	2
Payment of Notes Payable	(61,737)	

Proceeds From Issuance of Notes Payable and Common Stock	216,000	
Net Cash Provided by Financing Activities From Continuing Operations	267,063	2
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	
Net Cash Used in Discontinued Operations	-	
Net (Decrease) Increase in Cash and Cash Equivalents	(992,573)	
Cash and Cash Equivalents, Beginning	1,018,408	
Cash and Cash Equivalents, Ending	25,835	1

Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	17	
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Issuance of Common Stock and Common Stock To Be Issued in Connection with Notes Payable	$ 103,146	$
Issuance of Common Stock in Exchange for deferred Consulting Costs	$ 90,000	$
Offering Costs Recorded in Accounts Payable	$ 7,200	$
Issuance of Common Stock in Satisfaction of Payable	$ -	$
Investment in Joint Venture in Exchange for Equipment	$ -	$
Issuance of Note Payable in Exchange for Accounts Payable	$ -	$
Patent Costs Incurred on Behalf of Equity Investee in Exchange for Receivable	$ -	$

See notes to consolidated financial statements for the fiscal year ended June 30, 2005.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

1. BASIS OF PRESENTATION, BUSINESS, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements for the fiscal year ended June 30, 2005 include the accounts of NanoPierce Technologies, Inc., a Nevada corporation (the Company), its wholly-owned subsidiaries, NanoPierce Connection Systems, Inc., a Nevada corporation (NCOS) which was incorporated in November 2001, ExypnoTech, LLC (ET LLC), a Colorado limited liability company, which was formed in June 2004, and through December 11, 2003, ExypnoTech, GmbH (EPT, formed in February 2002) (Note 6). Through June 30, 2004, the consolidated financial statements for the fiscal year ended June 30, 2005 also

included the wholly-owned foreign subsidiary, NanoPierce Card Technologies GmbH, (NCT). NCT was dissolved in June 2004, and is presented as discontinued operations (Note 3). All significant intercompany accounts and transactions have been eliminated in consolidation.

On January 19, 2006, the Company's Board of Directors (the "Board") approved an amendment to the Company's Articles of Incorporation to effect a one-for-twenty reverse stock split of the Company's common stock effective January 31, 2006. All references to shares, options, warrants, exercise and conversion prices as of June 30, 2005 and for each of the years ended June 30, 2005 and 2004, have been adjusted to reflect the post-reverse split amounts. As a result of the reverse split, the Company's authorized capital was reduced from 200,000,000 shares to 10,000,000 shares. As part of the reverse split, the Company amended and restated its Articles of Incorporation to increase the authorized capital of the Company to 200,000,000 shares.

BUSINESS

The Company was engaged in the design, development and licensing of products using its intellectual property, the PI Technology through its subsidiaries and joint venture arrangements. The PI Technology consists of patents, pending patent applications, patent applications in preparation, trade secrets, trade names, and trademarks. The Company has designated its PI Technology as the NanoPierce Connection System (NCS(TM)) and marketed the PI Technology to companies in various industries for a wide range of applications, specifically RFID applications. As discussed below, the Company made a decision to abandon its PI Technology during the year ended June 30, 2004.

Through June 30, 2005, NCOS had no operational activities. Through June 30, 2005, EPT, an equity investment, had activities primarily consisting of manufacturing inlay components used in, among other things, Smart Labels, which is a paper sheet holding a chip-containing module that is capable of memory storage and/or processing. Scimaxx Solutions, LLC, which is an equity investment (Note 6), was primarily involved in research and development and marketing functions through April 2005, at which time it ceased operations. ET LLC business activities included the marketing and sales of RFID (Radio Frequency Identification) products in North America. ET LLC had no revenues or operations through June 30, 2005.

In August 2005, the Company entered into a joint venture with Xact Resources International, Inc. ("Xact Resources"), a privately held company. The Company purchased a 50% equity interest in the joint venture, BioAgra, LLC ("BioAgra") (a Georgia limited liability company) for $905,000 in cash (which includes the $405,000 advanced to Xact Resources as of June 30, 2005) and a note payable of $595,000, which was paid in full on September 15, 2005. BioAgra is to manufacture and sell a beta glucan product, AgraStim, to be used as a replacement for hormone growth steroids and antibiotics in products such as poultry feed.

Additionally, in August 2005, the Company entered into an agreement with Arizcan Properties, Ltd. ("Arizcan") by which the Company agreed to pay to Arizcan 20% of the cash distributions paid to the Company by and from BioAgra, until such time as Arizcan shall be paid $800,000. On March 10, 2006, Arizcan and the Company terminated this agreement without any such payments being made by the Company.

Currently, BioAgra is in the process of constructing the production line. BioAgra expects to begin producing and shipping product at the beginning of 2006. As the production line is being completed, management of BioAgra is developing marketing plans for the sale and distribution of the product, marketing strategies and hiring administrative and manufacturing staff.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, notes receivable, accounts payable, other liabilities and notes payable approximate their carrying amounts due to the short maturities of these instruments.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less and money market instruments to be cash equivalents.

DEFERRED CONSULTING COSTS

In June 2005, the Company entered into a twelve-month consulting services agreement with a third party, in which this party agreed to provide public and investor relation services and general business services for the twelve-month term of the agreement. Compensation consisted of 50,000 shares of the Company's restricted common stock with a market value of approximately $90,000 (based on the closing market price of $1.80 per share at the date the transaction was entered into). The deferred cost is being amortized on a straight-line basis over the twelve-month period from the date of the agreement. During the year ended June 30, 2005, $7,500 was expensed.

AVAILABLE FOR SALE SECURITIES

Available for sale securities consist of 1,180 shares of common stock of Intercell International Corporation ("Intercell"). These securities are carried at estimated fair value ($12 at June 30, 2005) based upon quoted market prices, and are included in other long-term assets in the Company's June 30, 2005 consolidated balance sheet.

Unrealized gains and losses are computed on the basis of specific identification and are reported as a separate component of comprehensive income (loss), included as a separate item in shareholders'

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NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

equity. The Company reported a decrease in the unrealized loss on available for sale securities of $379 in 2005 and $141 in 2004.

At June 30, 2005, the unrealized loss on available for sale securities was $12. Realized gains, realized losses, and declines in value, judged to be other-than-temporary, are included in other income (expense). During the years ended June 30, 2005 and 2004, the Company did not sell any available for sale securities.

IMPAIRMENT OF INTELLECTUAL PROPERTY RIGHTS
AND PATENT AND TRADEMARK APPLICATIONS

During the year ended June 30, 2004, the Company had recorded intellectual property rights and patent and trademark applications. During the year ended June 30, 2004, the intellectual property was amortized using a useful life of 2.5 years, which was consistent with the remaining average patent protection period of the remaining intellectual property.

During the fourth quarter ended June 30, 2004, the Company made a decision to abandon its intellectual property rights, patents and patent applications, and trademarks. This decision was based on factors including the Company's evaluation of past and current operating results, and potential changes in the Company's business plan, which involve investigating potential acquisition candidates outside of the technology industry (Note 2). As a result of this decision, the Company recorded an impairment charge of $608,061 in the fourth quarter ended June 30, 2004.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation expense is provided by use of accelerated and straight-line methods over the estimated useful lives of the assets, which range from five to seven years.

REVENUE RECOGNITION

Revenues from the sales of product are recognized at time of shipment. Revenues are deferred if significant future obligations are to be fulfilled or if collection is not probable. At June 30, 2005, there were no deferred revenues related to contract services in progress.

The Company grants credit, without collateral, to its customers. Management reviews trade receivables on an ongoing basis to determine if any receivables will potentially be uncollectible. The Company includes trade receivable balances that are determined to be uncollectible in an overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

RESEARCH AND DEVELOPMENT

The Company includes in research and development expense: payroll, facility rent, lab supplies and other expense items directly attributable to research and development. The Company does not contract its research and development work, nor does it, at this time, perform research and development work for others.

STOCK-BASED COMPENSATION

Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for

Stock Based Compensation, allows companies to choose whether to account for employee stock-based compensation on a fair value method, or to continue accounting for such compensation under the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). The Company has chosen to continue to account for employee stock-based compensation using APB 25.

Had compensation cost for the Company's stock plans been determined based on fair value at the grant dates for awards under the plans consistent with the method prescribed under SFAS No. 123, the Company's net loss and net loss per share would have changed to the pro forma amounts indicated below:

	2005	2004
Net Loss, as Reported	$(997,616)	$(1,558,083)
Total Stock-Based Employee Compensation Expense Determined Under Fair Value Based Method for all Awards	-	-
Net Loss, Pro Forma	$(997,616)	$(1,558,083)
Net Loss Per Share as Reported	$ (0.22)	$ (0.42)
Net Loss Per Share Pro Forma	$ (0.22)	$ (0.42)

No options were granted during the years ended June 30, 2005 and 2004.

FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's foreign equity investments (subsidiaries in 2004) are measured using the local currency (the Euro) as the functional currency. Assets and liabilities of the entities are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average rates of exchange in effect during the period. The resulting cumulative translation adjustments have been recorded as a component of comprehensive income (loss), included as a separate item in shareholders' equity.

The cumulative translation adjustment was approximately $123,000 at June 30, 2005 and 2004. In June 2004, a $74,814 reduction of other comprehensive income to net income was recorded and recognized as a component of gain on discontinued operations as a result of the liquidation of NCT.

FOREIGN CURRENCY TRANSACTIONS

Gains and losses from foreign currency transactions are included in net income (loss). Foreign currency transaction gains and losses were not significant during the years ended June 30, 2005 and 2004.

COMPREHENSIVE INCOME (LOSS)

SFAS No. 130, Reporting Comprehensive Income, requires the reporting and display of comprehensive income and its components. SFAS No. 130 requires unrealized gains and losses on the Company's foreign currency translation adjustments to be included in comprehensive income (loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

LOSS PER SHARE

SFAS No. 128, Earnings per Share, requires dual presentation of basic and diluted earnings or loss per share (EPS) with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Loss per share of common stock is computed based on the average number of common shares outstanding during the year. Stock options and warrants are not considered in the calculation, as the impact of the potential common shares (3,809,089 shares at June 30, 2005 and 3,869,089 shares at June 30, 2004) would be to decrease loss per share. Therefore, diluted loss per share is equivalent to basic loss per share.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), Share-Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for share-based compensation transactions using APB 25, and generally requires instead that such transactions be accounted and recognized in the statement of operations based on their fair value. SFAS No. 123(R) will be effective for public companies that file as small business issuers as of the first interim or annual reporting period that begins after December 15, 2005. The Company is currently evaluating the provisions of this standard. Depending upon the number and terms of options that may be granted in future periods, the implementation of this standard could have a significant impact on the Company's financial position and results of operations in future periods.

In December 2003, the FASB issued Interpretation No. 46R ("FIN 46R"), a revision to SFAS Interpretation No. 46, Consolidation of Variable Interest Entities. FIN 46R clarifies some of the provisions of FIN 46 and exempts certain entities from its requirements. FIN 46R requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. FIN 46R also requires disclosures about variable interest entities that a company is not required to consolidate but in which it has a significant variable interest. FIN 46R became effective for variable interest entities or potential variable interest entities for periods ending after December 15, 2003 for public companies (other than small business issuers), and became effective by the end of the first annual reporting period ending after December 15, 2004 for companies that are small business issuers. FIN 46R did not have an impact on the Company's financial position or results of operations.

2. GOING CONCERN AND MANAGEMENT'S PLANS

The Company's financial statements for the year ended June 30, 2005 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company reported a net loss of $997,616 for the year ended June 30, 2005, and an accumulated deficit of $23,629,319 as of June 30, 2005. The Company did not recognize revenues from its PI technology during the year ended June 30, 2005. The Company's subsidiary NCT was dissolved in June 2004 and in December 2003, the Company sold a controlling 51% interest in EPT. In addition, the Company has abandoned and recorded an impairment to its intellectual

property.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In August 2005, the Company was able to raise $1,535,000 through the exercise of 1,535,000 warrants with an exercise price of $1.00 per share. The Company subsequently purchased a 50% equity investment in the BioAgra joint venture for $905,000 cash (which includes the $405,000 advanced to Xact Resources as of June 30, 2005) and a note payable of $595,000, which was paid in full in September 2005. The Company also entered into an agreement with Arizcan by which the Company agreed to pay to Arizcan 20% of the cash distributions paid to the Company by and from BioAgra, until such time as Arizcan shall be paid $800,000. On March 10, 2006, Arizcan and the Company terminated this agreement without any such payments being made by the Company.

In September 2005, the Company executed a subscription agreement to sell shares of the Company's preferred stock with Arizcan. The sole director of Arizcan is related to a board member of Intercell. The Subscription Agreement provides for the sale of 200,000 shares of a Class A 8% cumulative and participating preferred shares with a sale's price of $7.50 per share. The preferred shares are convertible into 60% of the Company's issued and outstanding post-split shares of the Company's common stock on the date of conversion.

Additionally, the Company intends to change its corporate name and most likely to institute a reverse split in connection with recent business events.

Currently, the Company does not have a revolving loan agreement with any financial institution, nor can the Company provide any assurance it will be able to enter into any such agreement in the future, or be able to raise funds through a further issuance of debt or equity in the Company.

3. DISCONTINUED OPERATIONS

On April 1, 2003, NCT filed insolvency with the Courts of Munich, Germany. The insolvency filing was necessary in order to comply with specific German legal requirements. In June 2004, NCT completed its plan of self-liquidation, and the German court legally dissolved NCT.

At June 30, 2005, NCT has no remaining assets or liabilities. NCT's revenues for the years ended June 30, 2005 and 2004 as reported in discontinued operations, were $0. The Company recorded a $454,882 gain on the disposal of NCT in 2004, which was primarily due to the extinguishment of NCT liabilities and gains recognized from the sales of equipment. NCT did not incur any income taxes during the periods presented.

4. RISK CONSIDERATIONS

BUSINESS RISK

The Company is subject to risks and uncertainties common to

technology-based companies, including rapid technological change, dependence on principal products and third party technology, new product introductions and other activities of competitors, dependence on key personnel, and limited operating history.

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

INTERNATIONAL OPERATIONS

The Company's foreign equity investment (EPT) operations are located in Germany. EPT transactions are conducted in currencies other than the U.S. dollar (the currency into which EPT's historical financial statements have been translated) primarily the Euro. As a result, the Company is exposed to adverse movements in foreign currency exchange rates.

In addition, the Company is subject to risks including adverse developments in the foreign political and economic environment, trade barriers, managing foreign operations and potentially adverse tax consequences. There can be no assurance that any of these factors will not have a material adverse effect on the Company's financial condition or results of operations in the future.

5. NOTES AND ADVANCES RECEIVABLE

Through June 30, 2005, the Company advanced a total of $405,000 to Xact Resources, which was applied to the August 2005 purchase of the 50% equity interest in the joint venture, BioAgra with Xact Resources.

In December 2004, the Company loaned $35,000 to Intercell in return for an unsecured, 7% promissory note, due in December 2005. The loan was made in order to assist Intercell in its efforts to support operations. From September 30, 2004 to March 17, 2005, Mr. Metzinger, the President and Chief Executive Officer of the Company, served as the Chief Executive Officer of Intercell. The Company's Chief Financial Officer also serves as the Chief Financial Officer of Intercell. On March 16, 2005, Intercell filed for protection under Chapter 11 of the U.S. Bankruptcy Laws. The Company does not believe that it will be able to fully collect this receivable and during the third quarter of the year ended June 30, 2005, recorded an allowance of $35,000 in connection with the note receivable.

In November 2004, the Company loaned $314,000 to Arizcan. In exchange for the loan, the Company received an unsecured, 7% promissory note, due on October 31, 2005. The funds were loaned to facilitate Arizcan's purchase of an option from certain of the Company's warrant holders, to initiate the exercise of certain existing warrants to purchase up to 785,000 shares of the Company's common stock. The warrants were initially issued as part of a January 2004 equity placement (Note 8). In June 2005, the Company received a payment of $50,000, which included interest of $11,442. In August 2005, Arizcan exercised its option on all 785,000 shares (Note 8). The note was paid in full in February 2006.

6. INVESTMENTS IN AFFILIATES

INVESTMENT IN EPT

On December 11, 2003, a German entity, formed by former employees of EPT, purchased a controlling 51% equity interest in EPT in exchange for $98,000, of which $62,787 has been received through June 30, 2005. No gain or loss was

incurred by the Company as a result of this transaction. As a result of the Company's reduced ownership interest and loss of control of EPT, the Company deconsolidated EPT as of December 11, 2003, and began accounting for its investment in EPT under the equity method of accounting at that time. Under the equity method of accounting, the carrying amount of the Company's investment in EPT ($159,642 at June 30, 2005) is adjusted to recognize the Company's proportionate share of EPT's income (loss) each period.

Financial information of EPT as of June 30, 2005, and for the year ended June 30, 2005 and the period from December 11, 2003 through June 30, 2004 is as follows:

	JUNE 30, 2005
Assets:	
Current Assets (1)	$ 302,189
Equipment	188,622
Total Assets	$ 490,811
Liabilities and Members' Equity:	
Current Liabilities (2)	$ 362,496
Members' Equity	128,315
Total Liabilities and Members' Equity	$ 490,811

(1) Current assets include receivables in the amount of $177,372 due from the 51% owner of EPT.
(2) Current liabilities include a payable of $60,723 to the 51% owner of EPT.

	YEAR ENDED JUNE 30, 2005	DECEMBER 11, 2003 THROUGH JUNE 30, 2004
Revenues (1)	$ 586,480	$ 42,143
Expenses (2)	(676,222)	(144,094)
Net loss	$ (89,742)	$ (101,951)

(1) Revenues include $570,584 and $32,180, respectively, of sales to the 51% owner of EPT for each period presented.
(2) Expenses include $60,723 and $0, respectively, of charges paid to the 51% owner of EPT for each period presented.

Pro forma results of the Company's operations for the fiscal year ended

June 30, 2004, assuming the deconsolidation of EPT occurred as of July 1, 2003, are as follows:

Revenues	$ 5,809
Operating expenses	$(1,869,029)
Net loss	$(1,427,650)

INVESTMENT IN JOINT VENTURE INTEREST

On September 15, 2003, the Company entered into a joint venture agreement with Scimaxx, LLC, an entity related to the Company in that a member of Scimaxx, LLC is a director of the Company. The name of the joint venture was Scimaxx Solutions, LLC (Scimaxx Solutions, a Colorado Limited Liability company formed in September 2003). The purpose of the joint venture was to provide the electronics industry with technical solutions to manufacturing problems based on the need for electrical connectivity.

The Company received a 50% interest in the joint venture in exchange for a contribution of NCOS equipment with a carrying value of approximately $132,000 at September 15, 2003. The Company also granted Scimaxx Solutions a ten-year, non-exclusive, non-royalty bearing worldwide license to use the Company's intellectual property. Scimaxx, LLC was to invest $50,000 cash, of which $22,900 was received. The Company has a 49% voting interest in the joint venture. The Company determined that Scimaxx LLC was the controlling financial interest holder and therefore, the Company has accounted for its investment in Scimaxx Solutions as an equity method investment.

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NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

During the third quarter of the fiscal year ended June 30, 2005, the Company made the decision to impair the value of its investment in Scimaxx Solutions to $0. In performing the quarterly assessment, management considered the operational history and status of the joint venture, combined with cash flow projections and other operating information. As a result of this decision, the Company recorded an impairment charge of $63,544, which is included in equity losses of affiliates.

Unaudited financial information of Scimaxx Solutions as of June 30, 2005, and for the year ended June 30, 2005 and the period from September 15, 2003 (inception) through June 30, 2004, is as follows:

	JUNE 30, 2005
Assets:	
Current assets	$ 76
Equipment	70,455
Total Assets	$ 70,531
Liabilities and Members' Deficit:	

Current Liabilities	$ 73,295
Members' Deficit	(2,764)
Total Liabilities and Members' Deficit	$ 70,531

	YEAR ENDED JUNE 30, 2005	SEPTEMBER 15, 2003 THROUGH JUNE 30, 2004
Revenues	$ 5,773	$ 17,458
Expenses	(80,781)	(245,850)
Net loss	$ (75,008)	$ (228,392)

7. NOTES PAYABLE

RELATED PARTIES

In June 2005, an officer/director of the Company loaned $41,000 to the Company in exchange for an unsecured, 5% note payable due in December 2005. In June 2005, the Company paid $336 plus accrued interest of $17. In August 2005, the Company paid the remaining $40,664 plus accrued interest of $298.

In June 2003, an officer/director of the Company loaned $10,000 to the Company in exchange for an unsecured, 7% note payable due in December 2003. In September 2003, the same officer/director loaned the Company $30,000 in exchange for an unsecured, 7% promissory note, due in September 2004. In January 2004, the Company paid the $40,000 plus accrued interest of $1,247.

In September 2003, Intercell, an affiliate of the Company at the time, loaned the Company $35,000 in exchange for an unsecured, 7% promissory note due in September 2004. In November 2003, Intercell loaned the Company $100,000 in exchange for a 7%, promissory note due in November 2004. This promissory note was collateralized by an assignment of a 51% interest in the proceeds, if any, the Company may have received in connection with the Financing Agreement litigation (Note 9). In January 2004, the Company paid the $135,000, plus accrued interest of $2,493.

OTHER

In June 2005, an unrelated third party loaned the Company $150,000 in exchange for an unsecured, promissory note due in September 2005 with interest at 15% per quarter and 100,000 shares of the Company's restricted common stock (50,000 shares were issued in June 2005 and the remaining 50,000 shares were issued in July 2005). At the date of issuance, the common stock had a market value of $180,000 (based on the closing market price of $1.80 per share on the date of the transaction). The relative fair value of the common stock, ($81,718)

was accounted for as a discount applied against the face amount of the note. The discount is being amortized over the term of the promissory note. The effective interest rate on this note is 54%. On June 30, 2005, the Company recognized $2,000 of accrued interest and amortized $7,272 of the discount as additional interest expense. On September 8, 2005, the Company paid the $150,000, plus accrued interest of $22,500. At that time the remaining discount of $74,446 was fully amortized to interest expense.

On June 30, 2005, an unrelated third party loaned the Company $25,000 in exchange for an unsecured, 8% promissory note due in December 2005 and 75,000 shares of the Company's restricted common stock which were issued in July 2005. At the date of issuance, the common stock had a market value of $150,000 (based on the closing market price of $2.00 per share on the date of the transaction). The relative fair value of the common stock ($21,428) was accounted for as a discount against the face amount of the note. The discount is being amortized over the term of the promissory note as additional interest expense. The effective interest rate on this note is 85%. As the promissory note was issued on June 30, 2005, the Company did not recognize any interest expense. On August 8, 2005, the Company paid the $25,000, plus accrued interest of $208. At that time the discount of $21,428 was fully amortized to interest expense.

In July and August 2005, unrelated parties loaned the Company a total of $150,000 in exchange for unsecured, 8% promissory notes due in December 2005 and 330,000 shares of the Company's restricted common stock. The common stock had an aggregate market value of $574,000 (based on the closing market prices which ranged from $1.60 to $1.80 per share at the date of the transaction). The relative fair value of the common stock ($117,786) was accounted for as a discount applied against the amount of the over the promissory notes and is to be amortized over the terms of the notes. On August 8, 2005, the Company paid the $150,000 plus accrued interest of $1,132. At that time the discounts totaling $117,786 were fully amortized to interest expense. The approximate effective interest rates on these notes is 79%.

In 2004, the Company converted vendor payables of $92,100 into an unsecured, non-interest bearing note payable which was repaid in March 2005. This vendor along with one other vendor agreed to forgive $52,500 of the liabilities owed, and as a result the Company recognized a gain on the extinguishment of liabilities in 2004.

8. SHAREHOLDERS' EQUITY

COMMON STOCK

2005 TRANSACTIONS

In November 2004, the Company issued 60,000 shares of common stock upon the exercise of warrants. The Company received cash proceeds of $112,800 (net of $7,200 of offering costs).

In June 2005, the Company issued 50,000 shares of its restricted common stock as consideration for a twelve-month consulting agreement. These shares of common stock had a market value of $90,000.

In June 2005, in connection with the issuance of a $150,000 promissory note, the Company agreed to issue 100,000 shares of its restricted common stock,

valued at $81,718, of which 50,000 shares were issued in June 2005, and 50,000 shares were issued in July 2005.

In June 2005, in connection with the issuance of a $25,000 promissory note, the Company agreed to issue 75,000 shares of its restricted common stock, which were issued in July 2005. The shares were valued at $21,428.

In June 2005, in connection with the Company's financing efforts, the Company committed to issuing 50,000 shares of its restricted common stock to an unrelated third party. The market value of the shares was $90,000 (based on a closing market price of $1.80 per share at the date of the transaction). The Company recognized $90,000 of expense in June 2005 and recorded a liability of $90,000 at June 30, 2005. The shares were issue din July 2005.

In July and August 2005, the Company issued a total of 330,000 shares of its restricted common stock in connection with the issuance of promissory notes totaling $150,000. These shares were valued at $117,786.

In August 2005, the Company issued 1,535,000 shares of its common stock in connection with the exercise of warrants for $1,535,000 in cash. (Note 8 - Warrants).

2004 TRANSACTIONS

On January 20, 2004, the Company sold 1,000,000 units at a price of $2.00 per unit for $1.8 million in cash, pursuant to a Securities Purchase Agreement (net of $272,000 of offering costs, discussed below). A unit consists of (i) one share of the Company's common stock, (ii) a warrant to purchase one share of common stock at an exercise price of $2.00 per share, and (iii) a warrant to purchase two shares of the Company's common stock at an exercise price of $5.00 per share. All warrants have an expiration date of January 20, 2009. As a result of the sale, the Company issued 1,000,000 shares of its common stock, warrants to purchase 1,000,000 shares of common stock at an exercise price of $2.00 per share, and warrants to purchase 2,000,000 shares of common stock at an exercise price of $5.00 per share.

In connection with the sale of the units, the placement agent received a fee consisting of a cash payment equal to 3% of the gross proceeds from the transaction ($60,000) and warrants to purchase 3% of the total number of shares of common stock issued to the investors on the closing date. The Company issued to the placement agent warrants to purchase 30,000 shares of common stock with an exercise price of $2.00 per share. The warrants expire on January 20, 2009. The placement agent is also entitled to receive an additional cash payment equal to 3% of the gross proceeds, if any, received by the Company as a result of the exercise of the $2.00 warrants and additional warrants to purchase 3% of the total number of shares issued as a result of the exercise of the $2.00 warrants. The Company also paid a $200,000 finders fee to a third party (the "finder") and issued warrants to purchase 100,000 shares of common stock with an exercise price of $2.00 per share. The warrants expire on January 20, 2009. This third party is also entitled to receive an additional cash payment of 10% of the gross proceeds, if any, received by the Company as a result of the exercise of the $2.00 warrants and additional warrants to purchase 10% of the total number of shares issued as a result of the exercise of the $2.00 warrants. The Company also incurred an additional $12,000 of offering costs, primarily legal costs.

During the year ended June 30, 2004, the Company issued 192,500 shares of its common stock upon the exercise of 192,500 warrants, which included 50,000 of the warrants issued to the finder as described above. The Company received $347,950 cash (net of $37,050 of offering costs, of which $11,050 is accrued at June 30, 2004) for the exercise. As described above, the Company granted to the placement agent and finder, warrants purchasing an additional 18,525 shares. The warrants are exercisable at $2.00 per share and expire January 20, 2009. The Company also issued 9,254 of its common stock upon the cashless exercise of 20,167 warrants.

During the year ended June 30, 2004, the Company also sold 38,462 shares of restricted common stock for cash of $100,000, and the Company issued 10,000 shares of restricted common stock in satisfaction of a $3,635 payable.

STOCK OPTIONS AND WARRANTS

STOCK OPTIONS

The Company has established two Compensatory Stock Option Plans (the "Option Plans") and has reserved 625,000 shares of common stock for issuance under the Option Plans. Vesting provisions are determined by the Board of Directors. All stock options expire 10 years from the date of grant.

A summary of the Option Plans is as follows:

	2005		2004	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding, Beginning of Year	439,377	$ 20.00	439,377	$ 20.00
Granted	-	-	-	-
Expired	-	-	-	-
Exercised	-	-	-	-
Outstanding, End of Year	439,377	20.00	439,377	20.00
Options Exercisable at End of Year	431,377	20.00	426,877	20.00

The following table summarizes information about stock options outstanding as of June 30, 2005:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OF OPTIONS	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
4.00-10.00	162,750	3.37	$ 6.40	162,750	$ 6.40
10.20-20.00	124,777	7.11	13.40	127,777	12.80
20.20-40.00	43,000	5.45	30.60	32,500	31.60
40.20-60.00	108,350	3.74	45.60	108,350	45.60
100.20-120.00	500	4.67	120.00	500	120.00
	439,377	5.67	$ 20.00	431,877	$ 20.00

WARRANTS

At June 30, 2005, the following warrants to purchase common stock were outstanding:

NUMBER OF COMMON SHARES COVERED BY WARRANTS	EXERCISE PRICE	EXPIRATION DATE
1,000	$ 25.00	August to September 2005
76,301	6.00-51.60	October to December 2005
3,750	6.00-7.20	January 2006
10,000	13.00	May 2006
10,000	25.00	January 2007
172,000	10.00-12.00	October to November 2007
66,667	3.00	April 2008
877,500	2.00	January 2009
2,000,000	3.00	January 2009
22,500	12.00	January 2010
3,239,718 *		

* Does not include 130,000 of warrants that are issuable pursuant to the securities purchase agreement described above.

No warrants were issued during the year ended June 30, 2005.

During the year ended June 30, 2005, warrants to purchase 60,000 shares of common stock were exercised for net cash proceeds of $112,800 (net of commission of $7,200).

In August 2005, warrants to purchase 1,535,000 shares of common stock were exercised for cash proceeds of $1,535,000 in exchange for 1,535,000 shares of common stock. The proceeds were used to purchase a 50% equity interest in the BioAgra joint venture. The warrants exercise price was lowered from $2.00 and $3.00 per share to $1.00 per share in connection with the exercise.

In August and September 2005, warrants to purchase 1,000 shares of common stock expired.

During the year ended June 30, 2004, warrants to purchase 192,500 shares of common stock were exercised for net cash proceeds of $347,950 (net of commission of $37,050) in exchange for 192,500 shares of common stock. In addition, warrants to purchase 20,167 shares of common stock were exercised on a cashless basis in exchange for 9,254 shares of common stock.

During the year ended June 30, 2004, warrants to purchase 36,625 shares of common stock with exercise prices ranging from $6.00 to $56.20 per share expired.

9. COMMITMENTS AND CONTINGENCIES

LITIGATION

DEPOSITORY TRUST SUIT

In May 2004, the Company filed suit against the Depository Trust and Clearing Corporation ("DTCC"), the Depository Trust Company ("DTC"), and the National Securities Clearing Corporation

("NSCC") in the Second Judicial District Court of the County of Washoe, State of Nevada. The suit alleges multiple claims under the Nevada Revised Statutes 90.570, 90.580, 90.660 and 598A.060 and on other legal bases. The complaint alleges, among other things, that the DTCC, DTC and NSCC acted in concert to operate the "Stock Borrow Program," originally created to address short term delivery failures by sellers of securities in the stock market. According to the complaint, the DTCC, NSCC and DTC conspired to maintain significant open fail deliver positions of millions of shares of the Company's common stock for extended periods of time by using the Stock Borrow Program to cover these open and unsettled positions. The Company was seeking damages in the amount of $25,000,000 and treble damages. Responsive pleadings were filed by the defendants. On April 27, 2005, the court granted a motion to dismiss the lawsuit. The Company has filed an appeal to overturn the motion to dismiss the lawsuit.

FINANCING AGREEMENT SUIT

In connection with a financing obtained in October 2000, the Company filed various actions in the United States District Court for the District of Colorado against, among others, Harvest Court, LLC, Southridge Capital Investments, LLC, Daniel Pickett, Patricia Singer and Thomson Kernaghan, Ltd. for violations of federal and state securities laws, conspiracy, aiding and abetting and common law fraud among other claims. As a result of various procedural rulings, in January 2002, the United States District Court for the District of Colorado transferred the case to the United States District Court for the Southern District of New York, New York City, New York. In this litigation, Harvest Court, LLC filed counterclaims against the Company and certain officers and former board members of the Company, and a number of unrelated third parties. The counterclaims allege violations of federal securities laws and other laws. Harvest Court, LLC is seeking various forms of relief including compensatory and punitive damages. Responsive pleadings have been filed and the litigation is currently in the discovery stage.

In May 2001, Harvest Court, LLC filed suit against the Company in the Supreme Court of the State of New York, County of New York. The suit alleges that the Company breached an October 20, 2000 Stock Purchase Agreement, by not issuing 370,945 free trading shares of the Company's common stock in connection with the reset provisions of the Purchase Agreement due on the second reset date and approximately 225,012 shares due in connection with the third reset date. Harvest Court, LLC is seeking the delivery of such shares or damages in the alternative. In August 2001, the Supreme Court of the State of New York, County of New York issued a preliminary injunction ordering the Company to reserve and not transfer the shares allegedly due to Harvest Court, LLC. The Company has filed counterclaims seeking various forms of relief against Harvest Court, LLC.

The Company intends to vigorously prosecute all litigation and does not believe the outcome of the litigation will have a material adverse effect on the financial condition, results of operations or liquidity of the Company.

However, it is too early at this time to determine the ultimate outcome of these matters.

LEASES

The Company has entered into certain facilities and equipment leases. The leases are non-cancelable operating leases that expire through September 30, 2006. Future minimum lease payments under these operating leases are as follows:

YEAR ENDING JUNE 30,	AMOUNT
2006	$83,401
2007	14,550
	$97,951

Aggrgate rental expense in continuing operations under operating leases was $113,380 and $96,969 for the years ended June 30, 2005 and 2004, respectively.

10. INCOME TAXES

The Company and its subsidiaries did not incur income tax expense for the years ended June 30, 2005 and 2004. The reconciliation between taxes computed at the statutory federal tax rate of 34% applied to the loss from continuing operations and the effective tax rate for the years ended June 30, 2004 and 2003 is as follows:

	2005	2004
Expected Income Tax Benefit	$(339,000)	$(684,000)
Increase in Valuation Allowance	339,000	684,000
	$ -	$ -

The tax effects of temporary differences that give rise to substantially all deferred tax assets at June 30, 2005 are as follows:

Deferred Tax Assets:	
Net Operating Loss	$ 4,623,000
Intangible Assets	207,000
Allowance for Receivables	32,000
Less Valuation Allowance	(4,862,000)

Net Deferred Tax Assets	$ -

As of June 30, 2005, the Company has net operating loss carry forwards of approximately $14,300,000, which expire between 2013 and 2025. The Company's net operating loss carry forwards may be subject to annual limitations, which could reduce or defer the utilization of the losses as a result of an ownership change as defined in Section 382 of the Internal Revenue Code.

11. FOREIGN AND DOMESTIC OPERATIONS

Operating results and long-lived assets of continuing operations as of June 30, 2005 and for the years ended June 30, 2005 and 2004, by geographic area, are presented in the table below. There were no revenues in 2005 from continuing operations and no significant amounts of transfers between geographic areas in 2005 or 2004.

	UNITED STATES	GERMANY	TOTAL
Revenues for year ended June 30, 2004	$ 5,809	28,449	34,258
Long-lived assets at June 30, 2005	$ 15,842	-	15,842

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Vyta Corp

We have reviewed the accompanying condensed consolidated balance sheet of Vyta Corp (formerly known as NanoPierce Technologies, Inc.) and subsidiaries as of December 31, 2005, the related condensed consolidated statements of operations and comprehensive loss for the three-month and six-month periods ended December 31, 2005 and 2004, the condensed consolidated statements of cash flows for the six-month periods ended December 31, 2005 and 2004, and the condensed consolidated statement of changes in shareholders' equity for the six-month period ended December 31, 2005. These interim condensed consolidated financial statements are the responsibility of the Company's 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 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.

/s/ GHP HORWATH, P.C.

Denver, Colorado
February 11, 2006

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VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
CONDENSED CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2005
(UNAUDITED)

Assets

Current assets:	
Cash and cash equivalents	$ 247,412
Interest receivable	929
Note receivable, net (Note 2)	186,323
Prepaid expenses	44,976
Total current assets	479,640
Property and equipment:	
Office equipment and furniture	66,357
Less accumulated depreciation	(53,367)
	12,990
Other assets:	
Deposits and other	19,285
Notes receivable, affiliate (Note 2)	400,000
Investments in affiliates (Note 3)	1,269,988
	1,689,273
Total assets	$ 2,181,903

Liabilities and Shareholders' Equity

Current liabilities:	
Accounts payable	$ 160,054
Accrued liabilities	10,427
Derivative warrant liability (Note 5)	154,098
Other liabilities (Note 6)	1,000,000

Total liabilities (all current)	1,324,579
Commitments and contingencies (Notes 4 and 8)	
Shareholders' equity (Note 7):	
Preferred stock; $0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	
Common stock; $0.0001 par value; 200,000,000 shares authorized; 7,247,327 shares issued and outstanding	725
Additional paid-in capital	25,396,315
Accumulated other comprehensive income	122,857
Accumulated deficit	(24,662,573)
Total shareholders' equity	857,324
Total liabilities and shareholders' equity	$ 2,181,903

See notes to condensed consolidated financial statements for six months ended December 31, 2005.

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ende December 31,	
	2005	2004	2005	2
Revenues	$ -	-	-	
General and administrative expense	(216,188)	(178,186)	(441,027)	(
Loss from operations	(216,188)	(178,186)	(441,027)	(
Other income (expense):				
Other income	-	322	28,585	
Interest income	4,419	4,687	8,350	
Equity losses of affiliates (Note 3)	(129,747)	(44,391)	(389,654)	
Loss on revaluation of derivative warrant liability (Note 5)	(4,158)	-	(4,158)	
Interest expense	-	-	(235,131)	
Interest expense, related party	-	-	(219)	
	(129,486)	(39,382)	(592,227)	
Net loss	$ (345,674)	(217,568)	(1,033,254)	(
Net loss per share, basic and diluted (Note 1)	$ (0.05)	(0.05)	(0.16)	

Weighted average number of common shares outstanding (Note 1)	6,855,418	4,548,386	6,327,884	4,

See notes to condensed consolidated financial statements for six months ended December 31, 2005.

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2005	2004	2005	2004
Net loss	$ (345,674)	(217,568)	(1,033,254)	(423,862)
Change in unrealized loss on securities	-	(47)	(14)	(295)
Comprehensive loss	$ (345,674)	(217,615)	(1,033,268)	(424,157)

See notes to condensed consolidated financial statements for six months ended December 31, 2005.

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED DECEMBER 31, 2005
(UNAUDITED)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit
	Shares	Amount			
Balances, July 1, 2005 (Note 1)	4,662,952	$ 466	24,059,377	122,843	(23,629,319
Common stock issued upon exercise of warrants, net of offering costs (Notes 6 and 7)	1,535,000	154	734,846	-	-

Common stock issued upon issuance of notes payable (Notes 4 and 7)	455,000	46	117,840	-	-
Common stock and warrants issued for cash (Notes 5 and 7)	544,375	54	316,107	-	-
Common stock and warrants to be issued	-	-	71,400	-	-
Common stock issued as payment of commission	50,000	5	89,995	-	-
Forgiveness of accrued payroll owed to officer/shareholder	-	-	8,750	-	-
Receivable for issuance of common stock (Note 7)	-	-	(2,000)	-	-
Net loss	-	-	-	-	(1,033,254
Other comprehensive loss: Change in unrealized gain on securities	-	-	-	14	-
Balances, December 31, 2005	7,247,327	$ 725	25,396,315	122,857	(24,662,573

See notes to condensed consolidated financial statements for six months ended December 31, 2005.

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months December
	2005
Cash flows from operating activities:	
Net loss	$ (1,033,254)
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization expense	45,370
Depreciation expense	2,853
Equity losses of affiliates	389,654
Amortization of discounts on notes payable	213,760
Loss on revaluation of derivative warrant liability (Note 5)	4,158
Changes in operating assets and liabilities:	
Decrease in interest receivable	2,894
Decrease in prepaid expenses	960
(Decrease) increase in accounts payable and accrued liabilities	(53,774)
Total adjustments	605,875
Net cash used in operating activities	(427,379)

Cash flows from investing activities:	
Increase in notes receivable	(400,000)
Increase in advance receivable	-
Payment on note receivable	89,119
Investment in joint venture (Note 3)	(500,000)
Net cash used in investing activities	(810,881)
Cash flows from financing activities:	
Exercise of warrants and common stock and warrants issued for cash	2,070,500
Proceeds to be applied to preferred stock purchase (Note 6)	200,000
Payment of notes payable	(960,663)
Proceeds from issuance of notes payable and common stock	150,000
Net cash provided by financing activities	1,459,837
Net increase (decrease) in cash and cash equivalents	221,577
Cash and cash equivalents, beginning	25,835
Cash and cash equivalents, ending	$ 247,412

(Continued)

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
CONTINUED

	Six Months December
	2005
Supplemental disclosure of cash flow information:	
Cash paid for interest	$ 1,069
Supplemental disclosure of non-cash investing and financing activities:	
Issuance of common stock in connection with notes payable	$ 117,886
Issuance of common stock in exchange for accrued commissions	$ 90,000
Advances receivable applied to equity investment	$ 405,000
Equity investment acquired in exchange for note payable	$ 595,000
Liability recorded for offering costs of common stock issuance	$ 800,000
Forgiveness of accrued payroll owed to officer/shareholder	$ 8,750
Issuance of common stock in exchange for receivable	$ 2,000

See notes to condensed consolidated financial statements for six months ended December 31, 2005.

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2005 AND 2004
(UNAUDITED)

1. BUSINESS, ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Presentation of Interim Information:

The accompanying condensed consolidated financial statements for six months ended December 31, 2005 include the accounts of NanoPierce Technologies, Inc., a Nevada corporation, which on January 31, 2006 changed its name to Vyta Corp (the Company), its wholly-owned subsidiaries, NanoPierce Connection Systems, Inc., a Nevada corporation (NCOS), and ExypnoTech, LLC (ET LLC), a Colorado limited liability company, which was formed in June 2004. All significant intercompany accounts and transactions have been eliminated in consolidation.

On January 19, 2006, the Company's Board of Directors (the "Board") approved an amendment to the Company's Articles of Incorporation to effect a one-for-twenty reverse stock split of our common stock effective January 31, 2006. All references to shares, options, warrants, exercise and conversion prices in the three and six months ended December 31, 2005 and in prior periods, have been adjusted to reflect the post-reverse split amounts. The Company's common stock now trades on the Over-the-Counter Bulletin Board under the trading symbol "VYTC."

As a result of the reverse split, the Company's authorized capital was reduced from 200,000,000 shares to 10,000,000 shares. As part of the reverse split, the Company amended and restated its Articles of Incorporation to increase the authorized capital of the Company to 200,000,000 shares.

In the opinion of the management of the Company, the accompanying unaudited condensed consolidated financial statements for six months ended December 31, 2005 include all material adjustments, including all normal and recurring adjustments, considered necessary to present fairly the financial position and operating results of the Company for the periods presented. The financial statements and notes are presented as permitted by Form 10-QSB, and do not contain certain information included in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2005. It is the Company's opinion that when the interim financial statements are read in conjunction with the June 30, 2005 Annual Report on Form 10-KSB, the disclosures are adequate to make the information presented not misleading. Interim results are not necessarily indicative of results for a full year or any future period.

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2005 AND 2004
(UNAUDITED)

MANAGEMENT'S PLANS:

In the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2005, the Report of the Independent Registered Public Accounting Firm includes an explanatory paragraph that describes substantial doubt about the Company's ability to continue as a going concern. The Company's interim financial statements for the six and three months ended December 31, 2005 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company reported a net loss of $1,033,254 for the six months ended December 31, 2005, and an accumulated deficit of $24,662,573 as of December 31, 2005. The Company has not recognized any revenues from its business operations.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not contain any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Currently, the Company does not have a revolving loan agreement with any financial institution, nor can the Company provide any assurance it will be able to enter into any such agreement in the future, or be able to raise funds through a further issuance of debt or equity in the Company.

RECENT EVENTS:

In August 2005, the Company was able to raise $1,535,000 through the exercise of 1,535,000 warrants with an exercise price of $1.00 per share. The Company used $1,095,000 of the funds to complete its purchase of a 50% equity investment in a joint venture, BioAgra, LLC, a Georgia limited liability company ("BioAgra")(Note 3), and the Company used approximately $366,000 to pay outstanding notes payable (Note 4). The remaining $75,000 was used to support operations.

In September 2005, the Company executed a subscription agreement with Arizcan Properties, Ltd. ("Arizcan") to sell shares of the Company's preferred stock. The sole director of Arizcan is related to a board member and officer of Intercell International Corporation ("Intercell"), in which the Company has a nominal interest. Ms. Kampmann, the Company's Chief Financial Officer, has served as the Chief Financial Officer of Intercell since October 2003 and Mr. Metzinger, the Company's Chief Executive Officer, served as the Chief Executive Officer of Intercell from September 2004 until March 2005.

The subscription agreement provides for the sale of 200,000 shares of Class A 8% cumulative and participating preferred shares for $7.50 per share. In January 2006, Arizcan purchased 200,000 shares of the Company's Series A Convertible Preferred Stock ("Preferred Stock") for $400,000 cash and an unsecured promissory note for $1,100,000. The promissory note bears interest at 8% per annum and is due in January 2007. In February 2006, Arizcan converted the 200,000 shares of preferred stock into 15,000,000 shares of the Company's restricted common stock. Upon the conversion, Arizcan held approximately 67% of the issued and outstanding common stock of the Company. The conversion feature

was deemed beneficial and accordingly resulted in a beneficial conversion feature of $1,500,000. The intrinsic value of the beneficial conversion feature is limited to the total amount of the proceeds received.

DEFERRED CONSULTING COSTS:

In June 2005, the Company entered into a twelve-month consulting services agreement with a third party, in which this party agreed to provide public and investor relation services and general business services for the twelve-month term of the agreement. Compensation consisted of 50,000 shares of the Company's restricted common stock with a market value of approximately $90,000 (based on the closing market price of $1.80 per share at the date of the transaction). The deferred cost is being amortized on a straight-line basis over the twelve-month period from the date of the agreement. During the six months ended December 31, 2005, $45,370 was expensed.

LOSS PER SHARE:

Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share, requires dual presentation of basic and diluted earnings or loss per share (EPS) with a reconciliation of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Loss per share of common stock is computed based on the weighted average number of common shares outstanding during the period. Stock options and warrants are not considered in the calculation, as the impact of the potential common shares (1,926,877 shares at December 31, 2005 and 3,809,094 shares at December 31, 2004) would be to decrease loss per share. Therefore, diluted loss per share is equivalent to basic loss per share.

ACCOUNTING FOR OBLIGATIONS AND INSTRUMENTS POTENTIALLY SETTLED IN THE COMPANY'S COMMON STOCK:

The Company accounts for obligations and instruments potentially to be settled in the Company's stock in accordance with EITF Issue No. 00-19, ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS INDEXED TO, AND POTENTIALLY SETTLED IN A COMPANY'S OWN STOCK. This issue addresses the initial balance sheet classification and measurement of contracts that are indexed to, and potentially settled in, the Company's stock.

Under EITF 00-19, contracts are initially classified as equity or as either assets or liabilities, depending on the situation. All contracts are initially measured at fair value and subsequently accounted for based on the then current classification. Contracts initially classified as equity do not recognize subsequent changes in fair value as long as the contracts continue to be classified as equity. For contracts classified as assets or liabilities, the Company reports changes in fair value in earnings and disclose these changes in the financial statements as long as the contracts remain classified as assets or liabilities. If contracts classified as assets or liabilities are ultimately settled in shares, any previously reported gains or losses on those contracts continue to be included in earnings. The classification of a contract is

reassessed at each balance sheet date.

STOCK-BASED COMPENSATION:

SFAS No. 123, Accounting for Stock Based Compensation, allows companies to choose whether to account for employee stock-based compensation on a fair value method, or to continue accounting for such compensation under the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). The Company has chosen to continue to account for employee stock-based compensation using APB 25.

No options were granted to employees during the six months ended December 31, 2005 or 2004.

RECENTLY ISSUED ACCOUNTING STANDARD:

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), Share Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for share-based compensation transactions using APB 25, and generally requires instead that such transactions be accounted and recognized in the statement of operations based on their fair value. SFAS No. 123(R) will be effective for public companies that file as small business issuers as of the beginning of the next annual reporting period that begins after December 15, 2005. Management is currently evaluating the provisions of this standard. Depending upon the number of and terms of options that may be granted in future periods, the implementation of this standard could have a significant impact on the Company's financial position and results of operations in future periods.

2. NOTES AND ADVANCES RECEIVABLE:

In December 2005, the Company loaned $400,000 to BioAgra (Note 3). In exchange for the loan, the Company received a secured, 7.5% promissory note, due on June 30, 2006. The funds were loaned to facilitate BioAgra's completion of its first production line and the purchase of inventory for production. The promissory notes are collateralized by all equipment, furnishings, present and future accounts, collateral securing such accounts, tangible and intangible personal property and any proceeds from any of the foregoing located on BioAgra's premises. Additionally, the promissory notes are to be paid in full prior to any disbursements being made to the members of the joint venture. During January 2006, the Company loaned an additional $200,000 to BioAgra with the same terms as the original promissory notes. During February 2006, the Company loaned BioAgra an additional $100,000, with the same terms as the original promissory notes.

In November 2004, the Company loaned $314,000 to Arizcan. In exchange for the loan, the Company received an unsecured, 7% promissory note, which was due on October 31, 2005. The funds were loaned to facilitate Arizcan's purchase of an option from certain of the Company's warrant holders, to initiate the exercise of certain existing warrants to purchase up to 785,000 shares of the Company's common stock (Note 6). In June 2005, the Company received a payment of $50,000, which included interest of $11,442. In December 2005, the Company received a payment of $100,000, which included interest of $10,881. During

February 2006, the Company received a payment of $100,000, which included interest of $2,073. The note was paid in full in February 2006.

In October and November 2004, the Company advanced a total of $150,000 to Xact Resources International, Inc. ("Xact Resources"), which was applied to the purchase of a 50% equity interest in BioAgra on August 15, 2005 (Note 3).

In December 2004, the Company loaned $35,000 to Intercell in return for an unsecured, 7% promissory note, due in December 2005. The loan was made in order to assist Intercell in its efforts to support operations. In March 2005, Intercell filed for protection under Chapter 11 of the U.S. Bankruptcy Code. During the fiscal year ended June 30, 2005, the Company deemed the debt uncollectible and created an allowance for the receivable of $35,000.

3. INVESTMENTS IN AFFILIATES:

INVESTMENT IN EXYPNOTECH, GMBH:

In December 2003, TagStar Sytems, Gmbh, a German entity formed by former employees of ExypnoTech, Gmbh ("EPT"), purchased a controlling 51% equity interest in EPT in exchange for $98,000, of which $62,787 has been received through December 31, 2005. The Company accounts for its investment in EPT under the equity method of accounting. Under the equity method of accounting, the carrying amount of the Company's investment in EPT ($112,404 at December 31, 2005) is adjusted to recognize the Company's proportionate share of EPT's income (loss) each period.

Unaudited financial information of EPT as of December 31, 2005, and for the six and three-month periods ended December 31, 2005 and 2004 are as follows:

	December 31, 2005
Assets:	
Current assets(1)	$ 381,042
Equipment	135,336
Total assets	$ 516,378
Liabilities and members' equity:	
Current liabilities(2)	$ 438,301
Members' equity	78,077
Total liabilities and members' equity	$ 516,378

(1) Current assets include receivables of $44,117 due from the 51% owner of EPT.

(2) Current liabilities include a payable of $14,412 due to the 51% owner of EPT.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2005	2004	2005	2004
Revenues(1)	$ 645,460	60,434	1,045,196	144,859
Expenses(2)	(707,287)	(121,487)	(1,141,600)	(197,839)
Net loss	$ (61,827)	(61,053)	(96,404)	(52,980)

(1) Revenues include $1,045,122 and $9,562 of sales to the 51% owner of EPT for the six months ended December 31, 2005 and 2004, respectively ($272,327 and $9,562 for the three months ended December 31, 2005 and 2004, respectively).

(2) Expenses include $45,671 and $19,070, respectively of charges paid to the 51% owner of EPT for the six months ended December 31, 2005 and 2004, respectively ($37,756 and $19,070 for the three months ended December 31, 2005 and 2004, respectively).

EPT operations are located in Germany. EPT transactions are conducted in currencies other than the U.S. dollar, (the currency into which the subsidiaries' historical financial statements have been translated) primarily the Euro. As a result, the Company is exposed to adverse movements in foreign currency exchange rates.

In addition, the Company is subject to risks including adverse developments in the foreign political and economic environments, trade barriers, managing foreign operations and potentially adverse tax consequences. There can be no assurance that any of these factors will not have a material adverse effect on the Company's financial condition or results of operations in the future.

INVESTMENT IN BIOAGRA:

On August 15, 2005, the Company entered into a joint venture with Xact Resources, a privately held company. The Company purchased a 50% equity interest in the joint venture, BioAgra, for $905,000 in cash (which includes $405,000 previously advanced to Xact Resources as of June 30, 2005) and a note payable of $595,000, which was paid in full on September 15, 2005. BioAgra is to manufacture and sell a beta glucan product, AgraStim also known as AgraStimTM, to be used as a replacement for hormone growth steroids and antibiotics in products such as poultry feed.

BioAgra (a development stage company) is in the process of constructing a production line. BioAgra expects to begin producing and shipping product during the quarter ending March 31, 2006.

As consideration for Arizcan's efforts to assist the Company with its efforts to obtain equity financing, the Company entered into an agreement with Arizcan, in which the Company is to pay to Arizcan 20% of any cash distributions paid to the Company by and from BioAgra, until such time as Arizcan shall be paid $800,000 (Note 6).

The terms of the joint venture provide for the Company to share in 50% of joint venture net income, if any, or net losses. The Company is accounting for its investment in BioAgra as an equity method investment. At December 31, 2005, the Company's investment in BioAgra is $1,157,584.

Unaudited financial information of BioAgra as of December 31, 2005 and for the three month period ended December 31, 2005 and the period from August 15, 2005 through December 31, 2005, is as follows:

	December 31, 2005
Assets:	
Current assets	$ 137,417
Equipment, net	1,222,047
Land and building under capital lease, net	1,135,742
Total assets	$ 2,495,206
Liabilities and members' equity:	
Current liabilities(1)	$ 653,390
Obligation under capital lease(2)	1,026,648
Total Liability	1,680,038
Members' equity	815,168
Total liabilities and members' equity	$ 2,495,206

(1) Includes $400,000 owed to the Company.
(2) BioAgra leases land and a building under a ten-year lease expiring in February 2015, which requires a monthly lease payment of $12,000.

	Three Months Ended December 31, 2005	August 15, 2005 Through December 31, 2005

Revenues	$ -	$ -
Expenses	(198,902)	(684,832)
Net loss	$ (198,902)	$ (684,832)

INVESTMENT IN SCIMAXX SOLUTIONS, LLC:

On September 15, 2003, the Company entered into an agreement to receive a 50% interest in a joint venture agreement with Scimaxx, LLC. The name of the joint venture was Scimaxx Solutions, LLC (Scimaxx Solutions). The purpose of the joint venture was to provide the electronics industry with technical solutions to manufacturing problems based on the need for electrical connectivity.

At December 31, 2004, Scimaxx Solutions had total assets of $79,664 of which $607 were current assets and $79,057 were equipment, total liabilities of $61,619 and members' equity of $18,045.

For the three and six months ended December 31, 2004, Scimaxx Solutions recorded revenues of $0 and $5,721, respectively, and expenses of $21,623 and $53,320, respectively, resulting in a net loss of $21,623 and $47,599, respectively. Scimaxx Solutions ceased operations in April 2005.

4. NOTES AND ADVANCES PAYABLE:

RELATED PARTIES:

In June 2005, an officer/director of the Company loaned $41,000 to the Company in exchange for an unsecured, 5% note payable due in December 2005. In June 2005, the Company paid $337 plus accrued interest of $17. In August 2005, the Company paid the remaining $40,663 plus accrued interest of $298.

OTHER:

In June 2005, an unrelated party loaned the Company $25,000 in exchange for an unsecured, 8% promissory note due in December 2005 and 75,000 shares of the Company's restricted common stock, which were issued in July 2005. The common stock had a market value of $150,000 (based on the closing market price of $2.00 per share on the date of the transaction). The relative fair value of the common stock ($21,428) was accounted for as a discount against the face amount of the note. The effective interest rate on this note was 85%. On August 8, 2005, the Company paid the $25,000, plus accrued interest of $208. Through that date, the discount of $21,428 was fully amortized to interest expense.

In June 2005, an unrelated third party loaned the Company $150,000 in exchange for an unsecured, promissory note due in September 2005 with interest at 15% per quarter and 100,000 shares of the Company's restricted common stock (50,000 shares were issued in June 2005 and the remaining 50,000 shares were issued in July 2005). At the date of issuance, the common stock had a market

value of $180,000 (based on the closing market price of $1.80 per share on the date of the transaction). The relative fair value of the common stock ($81,718) was accounted for as a discount applied against the face amount of the note. The effective interest rate on this note was 54%. As of June 30, 2005, $7,272 of the discount had been amortized to interest expense. On September 8, 2005, the Company paid the $150,000, plus accrued interest of $22,500. Through that date, the remaining discount of $74,446 was fully amortized to interest expense.

During July and August 2005, six unrelated third parties loaned the Company a total of $150,000 in exchange for unsecured, 8% promissory notes due in December 2005 and a total of 330,000 shares of the Company's restricted common stock. The common stock had a total market value of $574,000 (based on the closing market prices which ranged from $1.60 to $1.80 per share at the date of each transaction). The relative fair value of the common stock ($117,886) was accounted for as a discount applied against the face amount of the notes. The discount was amortized over the terms of the promissory notes as additional interest expense. The effective interest rate on these notes is 85%. On August 8, 2005, the Company paid the $150,000, plus accrued interest of $642. Through that date, the discount of $117,886 was fully amortized to interest expense.

5. DERIVATIVE WARRANT LIABILITY:

During November and December 2005, the Company sold 500,625 shares of its restricted common stock for $400,500. In connection with the sale of the restricted common shares, the Company agreed to issue warrants exercisable into 500,625 shares of the Company's common stock. The common stock had a total market value of $714,125 (based on the closing market prices which ranged from $1.00 to $1.60 per share at the date of each transaction). The warrants had an aggregate estimated fair value of $312,167 (using the Black-Scholes model). The relative fair value of the warrants ($119,339) was accounted for as a liability in accordance with EITF 00-19, as the Company's authorized and unissued shares available to settle the warrants (after considering all other commitments that may require the issuance of stock during the maximum period the warrant could remain outstanding) were determined to be insufficient.

During December 2005, the Company sold 127,500 shares of its restricted common stock for $102,000. These shares of common stock were not issued until January 2006. In connection with the sale of the restricted common shares, the Company agreed to issue warrants exercisable for 127,500 shares of the Company's common stock. The common stock had a total market value of $178,000 (based on the closing market prices which ranged from $1.20 to $1.60 per share at the date of each transaction). The warrants had an aggregate estimated fair value of $76,657 (using the Black-Scholes model). The relative fair value of the warrants ($30,600) was accounted for as a liability in accordance with EITF 00-19, as the Company's authorized and unissued shares available to settle the warrants (after considering all other commitments that may require the issuance of stock during the maximum period the warrant could remain outstanding) were determined to be insufficient.

In February 2006, after the effectiveness of the reverse split and the increase in authorized shares, the fair value of the warrants was reclassified to equity in accordance with EITF 00-19.

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
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The fair value of the warrants are evaluated at each reporting period with any resulting change in fair value being reflected in the condensed consolidated statement of operations. The Company recognized a loss of $4,158 for the six months ended December 31, 2005, due to the change in the fair value of the warrants from the date of issuance. At December 31, 2005, the warrants fair value is estimated to be $154,098.

6. OTHER LIABILITIES

The Company has recorded an $800,000 payable to Arizcan, which represents the costs incurred in connection with a $1.5 million offering of equity securities.

In December 2005, the Company received an advance payment of $200,000 on the purchase of 200,000 shares of its Series A Convertible Preferred Shares from Arizcan. The Company recorded the advance as a liability and agreed to apply the advance to the final purchase of the Preferred Shares. In January 2006, Arizcan completed the purchase of the Preferred Shares.

7. SHAREHOLDERS' EQUITY:

COMMON STOCK:

Current Year Transactions

In connection with the issuance of a $150,000 promissory note in June 2005, the Company agreed to issue 100,000 shares of its restricted common stock, valued at $81,718, of which 50,000 shares were issued in June 2005, and 50,000 shares were issued in July 2005.

In connection with the issuance of a $25,000 promissory note in June 2005, the Company agreed to issue 75,000 shares of its restricted common stock, valued at $21,428, which were issued in July 2005.

During July and August 2005, in connection with the issuance of promissory notes totaling $150,000, the Company issued 330,000 shares of its restricted common stock, valued at $117,886.

In August 2005, warrants to purchase 1,535,000 shares of common stock were exercised for cash proceeds of $1,535,000 in exchange for 1,535,000 shares of common stock. The exercise price of these warrants was lowered from $2.00 and $3.00 per share to $1.00 per share in connection with the exercise.

In October 2005, the Company issued 50,000 shares of its restricted common stock, valued at $90,000, in satisfaction of a $90,000 liability incurred in connection with the Company's financing efforts.

SIX MONTHS ENDED DECEMBER 31, 2005 AND 2004
(UNAUDITED)

During October 2005, the Company issued 43,750 shares of its restricted common stock in exchange for $35,000. The shares had a purchase price of $0.80 per share (based on a 50% discount from the closing market price, $1.60 per share, on the date of each transaction).

During November and December 2005, the Company issued 500,625 shares of its restricted common stock and warrants to purchase 500,625 shares of its restricted common stock for $400,500, of which $2,000 was recorded as a receivable for the issuance of common stock at December 31, 2005. The warrants have an exercise price of $1.00 per share and a term of 3 years. The shares of common stock had a purchase price of $0.80 share and are to be registered by the Company with the Securities and Exchange Commission (SEC).

During December 2005, the Company sold 127,500 shares of its restricted common stock for $102,000. These shares of common stock were not issued until January 2006. In connection with the sale of the restricted common shares, the Company agreed to issue three-year warrants to purchase 127,500 shares of the Company's common stock at $1.00 per share. The shares of common stock had a purchase price of $0.80 share and are to be registered by the Company with the SEC.

In January 2006, the Company issued 118,592 shares of its restricted common stock and warrants to purchase 118,592 shares of its restricted common stock for $94,873. The warrants have an exercise price of $1.00 per share and a term of three years. The shares of common stock had a purchase price of $0.80 per share and are to be registered by the Company with the SEC.

Six Months Ended December 31, 2004

During the six months ended December 31, 2004, the Company issued 60,000 shares of common stock upon the exercise of warrants. The Company received net cash proceeds of $112,801 (net of $7,200 of offering costs).

WARRANTS:

During the six months ended December 31, 2005, warrants to purchase 117,709 shares of common stock expired.

In December 2005 warrants to purchase 238,667 shares of common stock were canceled by their holders. The warrants were cancelled to reduce the total dilutive securities below the authorized share limit, to allow the Company to enter into additional equity financing in December 2005. In return for the cancellation of such warrants, the Company agreed to issue warrants to purchase 3,500,000 common shares. The warrants have an exercise price of $1.00 and have a term of 3 years. These warrants were issued in February 2006.

OPTIONS:

In December 2005, officers and a director of the Company agreed to cancel options under the Company's 1998 Compensatory Stock Option Plan exercisable for

31,250 shares of the Company's stock.

In January 2006, an officer and director of the Company agreed to cancel options under the Company's 1998 Compensatory Stock Option Plan exercisable for 15,000 shares of the Company's stock.

The officers and director did not receive any consideration in return for the cancellations.

CAPITAL TRANSACTION:

In August 2005, an officer/shareholder of the Company forgave $8,750 of accrued salary, which has been accounted for as a capital transaction and has resulted in an increase in additional paid in capital.

8. COMMITMENTS AND CONTINGENCIES

LITIGATION:

Depository Trust Suit:

In May 2004, the Company filed suit against the Depository Trust and Clearing Corporation ("DTCC"), the Depository Trust Company ("DTC"), and the National Securities Clearing Corporation ("NSCC") in the Second Judicial District Court of the County of Washoe, State of Nevada. The suit alleges multiple claims under the Nevada Revised Statutes 90.570, 90.580, 90.660 and 598A.060 and on other legal bases. The complaint alleges, among other things, that the DTCC, DTC and NSCC acted in concert to operate the "Stock Borrow Program," originally created to address short term delivery failures by sellers of securities in the stock market. According to the complaint, the DTCC, NSCC and DTC conspired to maintain significant open fail deliver positions of millions of shares of the Company's common stock for extended periods of time by using the Stock Borrow Program to cover these open and unsettled positions. The Company was seeking damages in the amount of $25,000,000 and treble damages. Responsive pleadings have been filed by the defendants. On April 27, 2005, the court granted a motion to dismiss the lawsuit. The Company has filed an appeal to overturn the motion to dismiss the lawsuit.

Financing Agreement Suit:

In connection with a financing obtained in October 2000, the Company filed various actions in the United States District Court for the District of Colorado against, among others, Harvest Court, LLC, Southridge Capital Investments, LLC, Daniel Pickett, Patricia Singer and Thomson Kernaghan, Ltd. for violations of federal and state securities laws, conspiracy, aiding and abetting and common law fraud among other claims. As a result of various procedural rulings, in January 2002, the United States District Court for the District of Colorado transferred the case to the United States District Court for the Southern District of New York, New York City, New York. In this litigation, Harvest Court, LLC filed counterclaims against the Company and certain officers and former board members of the Company, and a number of unrelated third parties. The counterclaims allege violations of federal securities laws and other laws. Harvest Court, LLC is seeking various forms of relief including compensatory and

punitive damages. Responsive pleadings have been filed and the litigation is currently in the discovery stage.

In May 2001, Harvest Court, LLC filed suit against the Company in the Supreme Court of the State of New York, County of New York. The suit alleges that the Company breached an October 20, 2000 Stock Purchase Agreement, by not issuing 370,945 free trading shares of the Company's common stock in connection with the reset provisions of the Purchase Agreement due on the second reset date and approximately 225,012 shares due in connection with the third reset date. Harvest Court, LLC is seeking the delivery of such shares or damages in the alternative. In August 2001, the Supreme Court of the State of New York, County of New York issued a preliminary injunction ordering the Company to reserve and not transfer the shares allegedly due to Harvest Court, LLC. In February 2006, the Supreme Court of the State of New York, County of New York issued an injunction ordering the Company to reserve 3.7% of the Company's issued and outstanding common stock (832,029 shares at February 13, 2006). The Company has set aside these shares. The Company has filed counterclaims seeking various forms of relief against Harvest Court, LLC.

The Company intends to vigorously prosecute this litigation and does not believe the outcome of this litigation will have a material adverse effect on the financial condition, results of operations or liquidity of the Company. However, it is too early at this time to determine the ultimate outcome of these matters.

THE ONLY SOURCES OF INFORMATION GIVEN TO YOU BY US ABOUT YOUR INVESTMENT DECISION ARE THIS PROSPECTUS AND ANY DOCUMENTS REFERRED TO IN THIS PROSPECTUS. WE DID NOT AUTHORIZE ANYONE TO GIVE YOU ANY OTHER INFORMATION ABOUT YOUR INVESTMENT DECISION.

THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES AND IS NOT MEANT TO INDUCE THE SALE OF SECURITIES IF IT WOULD VIOLATE STATE LAW. IF THE PERSONS WHO ARE TRYING TO OFFER THE SECURITIES FOR SALE, OR THE PERSONS WHO RECEIVE THOSE OFFERS FOR. SALE ARE PROHIBITED FROM DOING SO UNDER STATE LAW, THIS PROSPECTUS IS NOT MEANT TO INDUCE SALE OF THE SECURITIES DESCRIBED IN THIS PROSPECTUS.

17,092,184 SHARES OF COMMON STOCK

VYTA CORP

COMMON STOCK

PROSPECTUS

May __, 2006

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24 INDEMNIFICATION. OF DIRECTORS AND OFFICERS.

Article VII of the registrant's Articles of Incorporation, as amended, provides that the registrant shall indemnify its directors, officers, employees agents to the maximum extent and in accordance with the provisions of the Nevad General Corporation Law, as in effect from time to time. Sections 78.7502 and 78.751 of the Nevada General Corporation Law provide generally and in pertinent part that a Nevada corporation may indemnify its directors and officers against expenses, judgments, fines and settlements actually and reasonably incurred by them in connection with any civil suit or action or any administrative or investigative proceeding, except actions by or in the right of the corporation, if, in connection with the matters in issue, they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation, and in connection with any criminal suit or proceeding, if in connection with the matters in issue, they had no reasonable cause to believ their conduct was unlawful. Section 78.7502 further provides that in connection with the defense or settlement of any action by or in the right of the corporation, a Nevada corporation may indemnify its directors and officers against expenses actually and reasonably incurred by them in connection therewith, provided that they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation. Section 78.751 permits a Nevada corporation to grant its directors and officers additional rights of indemnification through bylaw provisions and otherwise and Section 78.752 permits a Nevada corporation to purchase indemnity insurance or make other financial arrangements on behalf of its directors and officers.

Article VIII of the registrant's Articles of Incorporation provides that directors shall not be liable to the registrant or its stockholders for monetar damages for breach of fiduciary duty as a director, except for liability arisin from (a) any breach of the director's loyalty to the registrant or its stockholders, (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) any transaction from which the director receives an improper personal benefit, or (d) any other act expressly proscribed or for which directors are otherwise liable under the Nevada General Corporation Law. See Item 28 "Undertakings" herein.

Item 25. OTHER. EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following are the estimated expenses in connection with the registrati distribution of the shares of the registrant's common stock:

Securities and Exchange Commission Registration Fee	$ 2,076
Printing and Engraving Expenses	2,000
Accounting Fees and Expenses	15,000
Legal Fees and Expenses	75,000
Miscellaneous	1,000
Total	$95,076

All the expenses will be incurred by the registrant and not by the selling stockholders.

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Item 26. RECENT SALES OF UNREGISTERED SECURITIES

The following table sets forth unregistered sales of the Company's securities for the three fiscal years ended June 30, 2003, 2004 and 2005 and the period from July 1, 2005 to February 1, 2006 (all share numbers prior to January 31, 2006 do not reflect the 1 for 20 reverse split of our common stock that occurred on January 31, 2006):

Date	Title	Number of Shares	Purchase/Holder	Consideration
8/1/2002	Common Stock	7,000	DJI Partners, LLC	Inv Banking Services
9/4/2002	Common Stock	7,000	DJI Partners, LLC	Inv Banking Services
10/2/2002	Common Stock	50,000	Neptune Investments, Ltd.	$24,960
10/10/2002	Common Stock	220,000	Neptune Investments, Ltd.	$100,000
10/17/2002	Common Stock	83,333	David Weilage	$25,000
10/17/2002	Common Stock	383,333	Martin Ida	$115,000
10/17/2002	Common Stock	383,333	Robert Ida	$115,000
10/28/2002	Common Stock	18,796	John Krupa	Exercise Warrant
10/28/2002	Common Stock	18,796	Mallory Smith	Exercise Warrant
10/28/2002	Common Stock	18,796	Robert Lovell	Exercise Warrant
11/18/2002	Common Stock	70,000	Patricia Shonebaum	$21,000
11/20/2002	Common Stock	50,000	Dennis Ferraro	$15,000
11/20/2002	Common Stock	166,667	Gerald Dooher	$50,000
11/20/2002	Common Stock	50,000	Paul Demott	$15,000
11/20/2002	Common Stock	50,000	Rodney Hock	$15,000
11/20/2002	Common Stock	50,000	Dennis McGuire	$15,000
11/20/2002	Common Stock	83,333	Larry S. Pisciotta	$25,000
11/20/2002	Common Stock	33,333	Vail Valley Emergency Phys Profit	$10,000
11/21/2002	Common Stock	3,750,000	GrunesSchild, LLC	$1 Million
11/26/2002	Common Stock	142,858	David Schulze	$50,000
12/11/2002	Common Stock	125,000	John Provazek	$50,000
1/10/2003	Common Stock	41,667	John Krupa	$15,000
1/28/2003	Common Stock	33,333	William Fritz	$10,000
4/3/2003	Common Stock	1,333,334	Neptune Investments	$200,000
6/20/2003	Common Stock	240,824	John Provazek	$31,307
7/21/2003	Common Stock	769,231	Neptune Investments	$100,000
7/22/2003	Common Stock	100,000	Gary Thompson	Outstanding Invoice
7/22/2003	Common Stock	100,000	Charles Lowe	Outstanding Invoice
1/16/2004	Common Stock	16,565	Patricia Schonebaum	Cashless Exercise of Warrant
2/2/2004	Common Stock	17,901	Vail Valley Emergency Physicians	Cashless Exercise of Warrant
6/27/2005	Common Stock	1,000,000	Lyons Capital	Consulting Agreement
6/27/2005	Common Stock	1,000,000	Davila Marketing & Capital Group	$150,000 promissory note
7/8/2005	Common Stock	1,000,000	Business Associate	Additional Consideration fo Promissory Note for $150,000

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7/11/2005	Common Stock	1,500,000	Business Associate	Additional Consideration fo Promissory Note for $25,000
7/11/2005	Common Stock	1,000,000	Business Associate	Additional Consideration fo Promissory Note for $25,000
7/15/2005	Common Stock	1,200,000	Business Associate	Additional Consideration fo Promissory Note for $15,000
7/22/2005	Common Stock	400,000	Business Associate	Additional Consideration fo Promissory Note for $10,000
7/25/2005	Common Stock	1,000,000	Business Associate	Additional Consideration fo Promissory Note for $25,000
8/4/2005	Common Stock	2,000,000	Business Associate	Additional Consideration fo Promissory Note for $50,000
8/12/2005	Common Stock	1,000,000	Business Associate	Additional Consideration fo Promissory Note for $25,000
10/28/2005	Common Stock	625,000	Business Associate	$25,000
10/31/2005	Common Stock	250,000	Business Associate	$10,000
11/2/2005	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and warrant for 12,500 shares
11/10/2005	Common Stock Warrant	125,000 6,250	Business Associate	$5,000 for 125,000 shares o common stock and warrant for 6,250 shares
11/30/2005	Common Stock Warrant	1,250,000 62,500	Business Associate	$50,000 for 1,250,000 shares of common stock and warrant for 62,500 shares
12/2/2005	Common Stock Warrant	625,000 31,250	Business Associate	$25,000 for 625,000 shares of common stock and warrant for 31,250 shares
12/2/2005	Common Stock Warrant	625,000 31,250	Business Associate	$25,000 for 625,000 shares of common stock and warrant for 31,250 shares
12/2/2005	Common Stock Warrant	625,000 31,250	Business Associate	$25,000 for 625,000 shares of common stock and warrant for 31,250 shares
12/6/2005	Common Stock Warrant	1,875,000 93,750	Business Associate	$75,000 for 1,875,000 shares of common stock and warrant for 93,750 shares
12/6/2005	Common Stock Warrant	1,875,000 93,750	Business Associate	$75,000 for 1,875,000 shares of common stock and warrant for 93,750 shares
12/7/2005	Common Stock Warrant	625,000 31,250	Business Associate	$25,000 for 625,000 shares of common stock and warrant for 31,250 shares

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12/7/2005	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and warrant for 12,500 shares
12/12/2005	Common Stock Warrant	200,000 10,000	Business Associate	$8,000 for 200,000 shares o common stock and warrant

				for 10,000 shares
12/20/2005	Common Stock Warrant	375,000 18,750	Business Associate	$15,000 for 375,000 shares of common stock and warrant for 18,750 shares
12/22/2005	Common Stock Warrant	125,000 6,250	Business Associate	$5,000 for 125,000 shares o common stock and warrant for 6,250 shares
12/22/2005	Common Stock Warrant	937,500 46,875	Business Associate	$37,500 for 937,500 shares of common stock and warrant for 46,875 shares
12/22/2005	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and warrant for 12,500 shares
1/3/2006	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and warrant for 12,500 shares
1/3/2006	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and warrant for 12,500 shares
1/3/2006	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and warrant for 12,500 shares
1/3/2006	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and a warrant for 12,500 shares
1/3/2006	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and a warrant for 12,500 shares
1/3/2006	Common Stock Warrant	1,250,000 62,500	Business Associate	$50,000 for 1,250,000 shares of common stock and a warrant for 62,500 share
1/5/2006	Common Stock Warrant	450,000 22,500	Business Associate	$18,000 for 450,000 shares of common stock and a warrant for 22,500 shares
1/5/2006	Common Stock Warrant	625,000 31,250	Business Associate	$25,000 for 625,000 shares of common stock and a warrant for 31,250 shares
1/5/2006	Common Stock Warrant	187,500 9,375	Business Associate	$7,500 for 187,500 shares o common stock and a warrant for 9,375 shares
1/10/2006	Common Stock Warrant	300,000 15,000	Business Associate	$12,000 for 300,000 shares of common stock and a warrant for 15,000 shares
1/13/2006	Common Stock Warrant	62,500 3,125	Business Associate	$2,500 for 62,500 shares o common stock and a warrant for 3,125 shares

1/17/2006	Common Stock Warrant	371,823 18,592	Business Associate	$14,873 for 371,823 shares of common stock and a warrant for 18,592 shares
1/17/2006	Preferred Stock(1)	200,000	Arizcan Properties, Ltd.	$400,000 and a note payabl for $1,100,000
1/26/2006	Common Stock Warrant	250,000 12,500	Business Associate	$10,000 for 250,000 shares of common stock and a warrant for 12,500 shares

amount of $387,437 that included the $144,000 liquidated damages.

On October 10, 2006 the Company amended the exercise price of the 1,600,000 Class A Warrants relating to the above referenced Private Placement from $1.75 to $1.00.

On September 21, 2006, the Company issued Jay Pitlake 50,000 shares of its common stock valued at $65,000 as a finder's fee in connection with the sale of the convertible debentures.

The Company entered into a Securities Purchase Agreement dated as of December 28, 2006, with three investors relating to the issuance and sale, in a private placement ("Private Placement") exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), of units (the "Units") consisting of Senior Convertible Debentures in the principal amount of $1,500,000 ("Debentures"), 1,500,000 Series A Common Stock Purchase Warrants ("A Warrants") and 750,000 Series B Common Stock Purchase Warrants ("B Warrants"). The closing occurred on January 5, 2007.

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 8 - Convertible Notes (Continued)

The Debentures mature on June 29, 2008. The Debentures are convertible at the option of the holder into the Company's common stock at the rate of $1.00 per share. The Debentures are convertible at the option of the Company into the Company's common stock if the closing bid price of the Company's common stock is above $2.50 per share for ten (10) consecutive trading days and if the shares underlying the Debentures are registered. The Company may redeem the Debentures for 125% of the principal amount of the Debenture together with all accrued and unpaid interest provided that (i) an event of default has not occurred, (ii) the price of the Company's common stock exceeds $1.50 and (ii) an effective registration statement covering the shares underlying the Debentures exists.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of $1.00 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of $.10 per share at any time after July 1, 2007 and expiring at the close of business on the fifth anniversary of the initial issuance date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement on or before June 30, 2007 that the Company has both received and booked revenues for its products totaling $1,000,000, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

The Company recorded a combined debt discount in the amount of $1,500,000 to reflect the beneficial conversion feature of the convertible debt and the value of the warrants. The beneficial conversion feature, was recorded pursuant to Emerging Issues Task Force ("EITF") 00-27: Application of EITF No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios," to certain convertible instruments. In accordance with EITF 00-27, the Company evaluated the value of the beneficial conversion feature and recorded this amount ($284,307) as a reduction of the carrying amount of the convertible debt and as an addition to paid-in capital. Additionally, the fair value of the warrants ($1,215,693) was calculated and recorded as a further reduction to the carrying amount of the convertible debt and as addition to paid-in capital.

The Company is amortizing the discount over the term of the debt. Amortization of the debt discount for the quarter ended September 30, 2007 was $228,505, and this amortization is recorded as interest expense for the value of the warrants and the value of the beneficial conversion feature.

Pursuant to the Selling Agent Letter Agreement between the Company and First Montauk Securities Corporation ("Selling Agent"), the Selling Agent was paid a cash fee of $150,000 (10% of the aggregate purchase price of the Units sold to the subscribers). The Company also issued the Selling Agent a warrant to purchase 150,000 shares of its common stock on the same terms as the A Warrants.

As part of the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Debentures, Warrants and Selling Agent Warrant.

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 8 - Convertible Notes (Continued)

As a condition to closing, the Company obtained consents and waivers from the investors of its private placement of $1,600,000 principal amount of Convertible Notes ("Notes") issued on June 29, 2006, pursuant to which each of the prior investors agreed to waive any and all existing defaults relating to the Notes and agreed to forebear from exercising any rights accruing upon default until June 30, 2007. In connection therewith, the Company issued to the investors Convertible Notes ("Forebearance Notes") in the aggregate principal amount of $387,437, representing liquidated damages due under the Notes. The Forebearance Notes are convertible into the Company's common stock at $1.00 per share.

The Company recorded a debt discount in the amount of $387,437 to reflect the beneficial conversion feature of the forbearance convertible debt. The beneficial conversion fature, was recorded pursuant to Emerging Issues Task Force ("EITF")00-27 Application of EITF No. 98-5. "Accounting for Convertible Securities with Benefical Conversion Features or Contingently Adjustable Conversion Ratios," to certain convertible instruments. In accordance with EITF 00-27, the Company evaluated the value of the benefical conversion feature and recorded this amount as a reduction of the carrying amount of the convertible debt and as an addition to paid-in capital.

The Company is amortizing the discount over the term of the debt. Amortization of the debt discount for the quarter ended September 30, 2007 was $64,573.

During the three months ended September 30, 2007 noteholders converted $469,500 of notes and $28,323 of interest into 497,823 shares of common stock.

Note 9 - Stockholders' Deficit

Preferred Stock

Our certificate of incorporation authorizes the issuance of up to 10,000,000 shares of $.01 par value preferred stock, with such designation rights and preferences as may be determined from time to time by the Board of Directors. Our Board of Directors is empowered to, without shareholder approval, issue these shares of preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of our common stock. In the event of such issuances, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our company.

Common Stock

On January 2, 2007, the Company issued 40,000 shares of its common stock valued at $130,000 to Brad Schwab pursuant to a consulting agreement between the Company and Mr. Schwab.

On January 10, 2007, Ms. Yarde exercised 250,000 stock options at $.40 per share. Ms. Yarde exercised the options via "cash-less exercise" and was issued 217,213 shares of common stock.

On January 15, 2007 the Company issued 20,000 restricted shares of its common stock valued at $58,000 to ICR LLC for services.

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 9 - Stockholders' Deficit (Continued)

Common Stock (Continued)

On January 16, 2007, the Company issued an aggregate of 4,000 shares of its common stock valued at $11,600 to the owners of Vintage Filings, Inc. (Seth Farbman 2,000 and Shai Stern 2,000) for services rendered to the Company in connection with its SEC filings. These shares were issued under the Company's 2005 Equity Incentive Plan.

On January 22, 2007, the Company issued 50,000 shares of its common stock valued at $167,500 to Mark Basile as consideration for Mr. Basile providing the Company his personal guarantee in connection with the opening of a Letter of Credit in the amount of $1,040,400.

On January 23, 2007, the Company issued 70,000 shares of its common stock to Mark Basile in exchange for Mr. Basile foregoing $140,000 of his 2007 salary. In addition, the Company issued Mr. Basile 10,000 shares of its common stock as a bonus. These shares were valued at $248,000.

On February 8, 2007, the Company issued an aggregate of 7,000 shares of its common stock valued at $18,900 to the owners of Vintage Filings, Inc. (Seth Farbman 3,500 and Shai Stern 3,500) in exchange for Vintage providing one (1) year of filing the Company's reports with the SEC via the Edgar filing system. These shares were issued under the Company's 2005 Equity Incentive plan.

On February 14, 2007, the Company issued 25,000 restricted shares of its common stock to Barry and Marci Mainzer upon the exercise of a warrant for a like number of shares. The exercise price of the warrant was $1.00 per share and was paid for by forgiving the principal payment of a $25,000 promissory note due to the Mainzers.

On February 14, 2007 the Company issued 25,000 restricted shares of its common stock valued at $62,500 to Dorothy Christofides upon conversion of a promissory note in the principal amount of $30,000. As additional consideration for Ms. Christofides converting her promissory note, the Company issued her 20,000 common stock purchase warrants exercisable for a period of five years at $2.00 per share.

On March 1, 2007, the Company issued 75,000 restricted shares of its common stock valued at $153,750 to Interactive Resources Group, Inc. ("IRG") pursuant to a consulting agreement between the Company and IRG.

On March 6, 2007, the Company issued Robert Jacobs 150,000 restricted shares of its common stock valued at $334,500 as consideration for the purchase of a patent.

On March 9, 2007, the Company issued The Incredible Card Company 150,000 restricted shares of its common stock valued at $330,000 as consideration for the purchase of a patent the Company acquired in January 2007. Mr. Basile, the Company's Chairman and CEO, was a former officer and director of The Incredible Card Company.

On April 11, 2007, the Company's Chief Operating Officer cashlessly exercised 200,000 warrants exercisable at $1.00. The market value of the Company's common stock on that date was $2.00. Accordingly, the Company issued 100,000 shares to Ms. Yarde pursuant to such cashless exercise. The stock was issued under the Company's Employee Stock Plan.

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 9 - Stockholders' Deficit (Continued)

Common Stock (Continued)

On April 11, 2007, the Company's Chief Financial Officer cashlessly exercised 200,000 warrants exercisable at $1.05. The market value of the Company's common stock on that date was $2.00. Accordingly, the Company issued 95,000 shares to Mr. Iler pursuant to such cashless exercise. The stock was issued under the Company's Stock Incentive Plan

On April 24, 2007, the Company issued 1,750 shares valued at $3,150 to the partners of its legal counsel, in consideration for legal services rendered in the ordinary course of business. The stock was issued under the Company's Stock Incentive Plan.

On April 24, 2007, the Company issued 140,000 shares of its common stock valued at $252,000 and 140,000 warrants exercisable at $1.00 per share expiring in five years to Mark Basile, the Company's President and CEO as consideration for providing the Company a loan in the amount of $140,000.

On May 21, 2007, the Company issued 50,000 shares of its common stock valued at $70,000 and 50,000 warrants exercisable at $1 per share to Lorraine Yarde, the Company's Chief Operating Officer as consideration for providing the Company a loan in the amount of $50,000.

On June 1, 2007, the Company issued 300,000 shares of its common stock valued at $258,750 and 200,000 warrants exercisable at $1.50 per share to IRG as consideration for performing shareholder relations and other financial advisory services for a six month period. The aggregate value of such services based upon valuations of the Company's stock at this time was $340,550.

On June 11, 2007, the Company received notification from Nite Capital to convert $100,000 of its convertible note into 100,000 shares of common stock. Nite Capital also notified the Company of its intent to exercise 75,000 Series B warrants exercisable at $.10. The company received $7,500 from proceeds from this exercise.

On June 15, 2007, the Company issued 45,000 shares of its common stock valued at $74,250 and 45,000 warrants exercisable at $1 per share to Lorraine Yarde, the Company's Chief Operating Officer as consideration for providing the Company a loan in the amount of $45,000.

On June 18, 2007, the Company awarded Lorraine Yarde 150,000 shares of its common stock valued at $240,000 as a bonus for securing an increased purchase order from Home Depot and an additional purchase order from MasterLOCK.

On June 18, 2007, the Company issued 20,000 shares valued at $32,000 to an independent certified public accountant as consideration for accounting services in connection to the Company's upgrading its accounting system and electronic data interchange.

On June 18, 2007, the Company issued 75,000 shares of its common stock valued at $120,000 and 75,000 warrants exercisable at $1 per share to The Naples Trust, of which the Company's Chief Executive Officer is a related party as consideration for proving the Company a loan in the amount of $75,000.

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 9 - Stockholders' Deficit (Continued)

Common Stock (Continued)

On June 21, 2007, the Company issued 20,000 shares of its common stock valued at $40,000 to Black Dog Communications as consideration for public relations services to the Company.

On June 25, 2007, the Company received notification from Linden Growth Partners of its intent to convert $300,000 of its convertible note into 300,000 shares of common stock.

On June 25, 2007, the Company received notification from Linden Growth Partners Master Fund of its intent to convert $450,000 of its convertible note into 450,000 shares of common stock.

On June 27, 2007, the Company issued the Company's legal counsel 5,000 shares of common stock valued at $6,500 under the Company's Employee Incentive Plan in consideration for $6,000 of legal services performed.

On June 28, 2007, the Company issued 75,000 shares of its common stock valued at $75,000 and 75,000 warrants exercisable at $1 per share to J. Richard Iler, the Company's Chief Financial Officer as consideration for providing the Company a loan in the amount of $75,000. $50,000 was advanced during June 2007 and $25,000 was advanced in July 2007.

On July 11, 2007 the Company granted 375,000 warrants exercisable at $1.00 to Alpha Capital in consideration of its loan to the Company to be expressly used for manufacturing of the Company's MasterLOCK™ smartTouch Garage Door Opener. The proceeds from receivable financing will be used to repay this loan.

On July 13, 2007, the Company issued 50,000 shares of its common stock to Bridgepointe Master Fund Ltd. upon the conversion of $50,000 principal amount of a convertible debenture issued to Bridgepointe Master Fund in the aggregate principal amount of $1,000,000. The convertible debenture converts into the Company's common stock at $1.00 per share.

On July 13, 2007, the Company issued 25,000 shares of its common stock to Alpha Capital AG. upon the conversion of $25,000 principal amount of a convertible note issued to Alpha Capital in the aggregate principal amount of $400,000. The convertible note converts into the Company's common stock at $1.00 per share.

On July 13, 2007, the Company issued Nite Capital 75,000 shares of its common stock upon the exercise of warrants at $0.10 per share.

On July 24th, 2007, the Company issued 20,222 shares of common stock as payment in kind for interest payment due to Bridgepointe Master Fund, Ltd. on a $1,000,000 convertible note issued to the Company. on January 5, 2007.

On July 25th, 2007, the Company issued 50,000 shares of common stock as payment in kind for fees related to a factoring commitment to BLX, Funding.

On July 25th, 2007, the Company issued 25,000 shares of its common stock and 25,000 warrants exercisable at $1.00 per share to Mark Basile, the Company's Chief Executive Officer as consideration for providing the Company a loan in the amount of $25,000.

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BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 9 - Stockholders' Deficit (Continued)

Common Stock (Continued)

On July 25th, 2007, the Company issued 150,000 shares of its common stock to Mark Basile as consideration for Mr. Basile providing the Company his personal guarantee in connection with the opening of an escrow agreement in the amount of $750,000.

On August 1, 2007, the Company issued 8,365 of its common stock to A2E Technologies as payment of $9,535.75 due A2E Technologies pursuant to a Service Level Agreement dated March 16, 2007.

On August 15, 2007, the Company issued 150,000 shares of its common stock to Linden Growth Partners L.P. upon the exercise of warrants exercisable at $0.10 per share.

On August 15, 2007, the Company issued 225,000 shares of its common stock to Linden Growth Partners Master Fund L.P. upon the exercise of warrants exercisable at $0.10 per share.

On August 16, 2007 the Company issued 22,269 shares of its common stock to Osher Capital Partners LLC upon the cashless exercise of 25,000 warrants exercisable at $0.10 per share.

On August 24, 2007 the Company issued 178,152 shares of its common stock to Alpha Capital AG upon the cashless conversion of 200,000 warrants exercisable at $0.10 per share.

On August 30, 2007 the Company issued 87,500 shares of its common stock and 87,500 warrants exercisable at $1.00 each to Joe Panico and Jane Petri respectively as an inducement to renew with an extension to maturity to May 15th, 2008 and increase a loan to the Company in the amount of $800,000.

On August 31, 2007 the Company issued 62,500 shares of its common stock upon the exercise of 62,500 warrants exercisable at $0.10 to Lighthouse Capital Insurance Company.

On August 31, 2007 the Company issued 62,500 shares of its common stock upon the exercise of 62,500 warrants exercisable at $0.10 to Peter Thomson.

On September 7, 2007, the Company issued to Bridgepointe Master Fund, Ltd. 435,342 shares of its common stock upon the cashless exercise of 500,000 warrants exercisable at $0.10 per share.

On September 7, 2007, the Company issued 6,647 shares as payment in kind for interest payment due to Bridgepointe Master Fund, Ltd. on a $1,000,000 convertible note issued to the Company. on January 5, 2007.

On September 11, 2007, the Company issued an aggregate of 50,000 shares of its common stock to Bridgepointe Master Fund, Ltd. upon the conversion of $50,000 principal amount of a convertible note issued to Bridgepointe Master Fund, Ltd. in that amount. The convertible note converted into the Company's common stock at $1.00 per share

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 9 - Stockholders' Deficit (Continued)

Common Stock (Continued)

On September 12, 2007, the Company issued an aggregate of 81,193 shares of its common stock to Whalehaven Capital Fund Limited upon the conversion of $81,193 of principal and interest amount of a convertible note issued to Whalehaven Capital Fund Ltd. The convertible note converted into the Company's common stock at $1.00 per share.

On September 12, 2007 the Company issued 250,000 shares of its common stock upon the exercise of 250,000 warrants exercisable at $0.10 to Whalehaven Capital Fund, Ltd.

2005 Equity Incentive Plan

Effective December 20, 2005, the Board of Directors approved the formation of the 2005 Equity Incentive Plan ("the Plan") to benefit the Company's key employees (including its directors, officers and employees) as well as consultants of the Company and its affiliates.

On January 5, 2006 the Company amended its 2005 Equity Incentive Plan by allowing for a "cashless exercise" of stock options. When this provision is utilized, the shareholder will return the cost of the exercise of the option in shares back to the Company.

The aggregate number of shares that may be issued under the Plan is 1,250,000. The Plan permits the Company to make awards of stock options, stock appreciations rights, warrants, stock awards and other equity awards.

Stock option share activity and weighted average exercise price under these plans for the six months ended September 30, 2007 are as follows:

	2007		2006	
2005 Equity Incentive Plan	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance - January 1,	287,500	$ 1.65	375,000	$ 2.00
Options Granted	-	-	350,000	$ 1.00
Options Exercised	(100,000)	1.00	(250,000)	$ 1.00
Balance - September 30, 2007	187,500	$ 2.00	475,000	$ 1.79

	2007		2006	
Other Options	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance - January 1,	2,150,000	$ 2.66	25,000	$ .40
Options Granted 2007	-	-	1,600,000	$ .2.66
Options Exercised 2007	(550,000)	0.75	(25,000)	$ .40
Balance - September 30,	1,600,000	$ 2.00	1,600,000	$ 2.66

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 9 - Stockholders' Deficit (Continued)

The following table summarized information about stock options at September 30, 2007:

	Options Outstanding				Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)		Weighted Average Exercise Price	Number Exercisable		Weighted Average Price
$1.00 - $1.99	**600,000**	**3.95**	**$**	**1.28**	**600,000**	**$**	**1.28**
$2.00	**250,000**	**2.75**	**$**	**2.00**	**250,000**	**$**	**2.00**
$3.00	**250,000**	**2.75**	**$**	**3.00**	**250,000**	**$**	**3.00**
$4.00	**250,000**	**2.75**	**$**	**4.00**	**250,000**	**$**	**4.00**
$5.00	**250,000**	**2.75**	**$**	**5.00**	**250,000**	**$**	**5.00**
$1.00 - $5.00	**1,600,000**	**3.20**	**$**	**2.67**	**1,600,000**	**$**	**2.67**

Warrants

	2007			2006		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance - January 1,	3,626,495-	$	1.17-	475,495	$	2.62
Warrants Granted	3,670,000		0.70	3,015,000		1.20
Warrants Exercised	(1,550,000)		0.10	(281,250)		.80
Balance - September 30,	5,746,495	$	1.16	3,209,245	$	1.30

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 9 - Stockholders' Deficit (Continued)

	Warrants Outstanding			Warrants Exercisable	
Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contracted Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ .01-.99	43,250	4.06	$.06	43,250	$ .06
$1.00-1.99	5,289,000	4.07	$1.04	5,289,000	$ 1.04
$2.00-2.99	235,198	4.01	$2.13	235,198	$ 2.13
$3.00-3.99	52,698	2.75	$3.40	52,698	$ 3.40
$4.00	126,349	3.24	$4.00	126,349	$ 4.00
	5,746,495	4.02	$1.16	5,746,495	$ 1.16

Note 10 - Commitments and Contingencies

Lease Obligations

The Company operates its business in leased facilities. The Company currently leases approximately 3719 square feet for its corporate office facilities located at 500 North Broadway, Jericho, New York for $8,523 with increases annually on January 31. The lease expires January 31, 2010.

Approximate future minimum commitments under these leases are as follows:

April 1, 2007 - December 31, 2007	$ 52,927
January 1, 2008 - December 31, 2008	109,249
January 1, 2009 - December 31, 2009	113,073
January 1, 2010 - January 31, 2010	9,449
	$ 284,698

Rent expense under the office leases was approximately $96,000 and $79,000 for the nine months ended September 30, 2007 and 2006, respectively.

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 10 - Commitments and Contingencies (Continued)

Engineering Contract

On March 16, 2007 The Company entered into a Service Level Agreement with A2E Technologies ("A2E"), (the "Agreement"). Pursuant to the Agreement, A2E will provide engineering and development services to be utilized in bioMETRX' products. Under the terms of the Agreement, bioMETRX has committed to pay A2E a minimum two hundred thousand dollars ($200,000) annually for its services, payable fifty thousand dollars ($50,000) every three calendar months. In return for this commitment, A2E will provide its services to bioMETRX at a discounted rate. In addition to the cash payments, bioMETRX will also pay A2E $25 an hour in restricted common stock, payable no later than 30 days following each three calendar month period. The number of shares will be determined by multiplying the number of hours billed by A2E during the three month period by twenty-five (25) and divided by the current market price of bioMETRX' common stock. The term of the Agreement is one (1) calendar year from the date of the Agreement

Legal Proceedings

On March 7, 2007 the Company's subsidiary, bioMETRX Technologies Inc. became the subject of a complaint, by two individuals, a former employee/officer and consultant with whom it had previously had severed its business relationship. The complaint was filed in the Supreme Court of the State of New York, County of Nassau. The plaintiffs allege damages arising from certain inducements which were relied upon to their detriment.

The Company considers these complaints to be baseless and without merit and expects to file a Motion to Dismiss both claims of both plaintiffs and intends to vigorously pursue damages in the course of its defense of this complaint and other previous acts of the plaintiffs.

Note 11- Subsequent Events
Common Stock

On July 6, 2007, Bridgepointe Master Fund, Ltd. converted $50,000 of its convertible note into 50,000 shares of common stock.

On July 10, 2007, Alpha Capital AG converted $25,000 of its convertible note into 25,000 shares of common stock.

On July 11, 2007 the Company granted 375,000 warrants exercisable at $1.00 to Alpha Capital in consideration of its loan to the Company to be expressly used for manufacturing of the Company's MasterLOCK™ smartTouch Garage Door Opener. The warrant is exercisable for a period of 5 years.

On July 12, 2007, Peter Thompsen converted $125,000 of its convertible note into 125,000 shares of common stock.

On July 12, 2007, Lighthouse Capital converted $125,000 of its convertible note into 125,000 shares of common stock.

BIOMETRX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STSTEMENTS

Note 11- Subsequent Events (Continued)

Common Stock (Continued)

On July 24, 2007, the Company issued 20,222 shares of common stock for interest due to Bridgepointe Master Fund, Ltd. on a $1,000,000 convertible note issued to the Company. On January 5, 2007.

During July 2007, the Company issued 50,000 shares as payment for fees related to a factoring commitment to BLX, Funding.

On July 25, 2007, the Company issued 25,000 shares of its common stock and 25,000 warrants exercisable at $1.00 per share to Mark Basile, the Company's Chief Executive Officer as consideration for providing the Company a loan in the amount of $25,000.

On July 25, 2007, the Company issued 150,000 shares of its common stock to Mark Basile as consideration for Mr. Basile providing the Company his personal guarantee in connection with the opening of an escrow agreement in the amount of $750,000.

On August 1, 2007, the Company issued 8,365 shares of its common stock to A2E Technologies as payment of $9,535.75 due A2E Technologies pursuant to a Service Level Agreement dated March 16, 2007.

On October 10, 2007, the Company issued 16,823 shares of common stock to Whalehaven Capital Fund Limited pursuant to the conversion of $16,448 in principal of it's Convertible Note and $375 of accrued interest.

On October 11, 2007, the Company issued 218,500 restricted shares to various employees of the Company of which 150,000 restricted shares were issued to officers of the Company.

On October 15, 2007 the Company issued 100,000 restricted shares of common stock in aggregate to Richard Quintana and Michael Niccole pursuant to the Companies acquisition of a patent.

On October 17, 2007 the Company issued 10,000 restricted shares of common stock to it legal counsel Sommer and Schneider for legal services rendered on behalf of the Company.

On November 6th, 2007 the Company issued 114,545 restricted shares of common stock pursuant to the cashless exercise of 150,000 warrants exercisable at $.10.

On November 6, 2007 the Company issued 20,000 restricted shares of common stock to its legal counsel, Sommer and Schneider for legal services rendered on behalf of the Company.

On November 6, 2007 the Company issued 150,000 restricted shares of common stock each respectively to Board members, Mark Basile, Lorraine Yarde and Richard Iler as consideration for services rendered in the performance of their duties as directors of the Company.

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

Operations

The Company designs, develops, engineers and markets biometrics-based products for the consumer home security and consumer electronics markets. The Company's executive offices are located in Jericho, New York.

Originally founded in 2001, bioMETRX is focused on developing simple-to-use, cost-efficient, finger-activated, consumer lifestyle products under the trade name smartTOUCH™. The Company's current and future product lines includes biometrically enabled residential door locks, alarm keypads, thermostats, garage/gate openers, padlocks, automobile access and ignition systems, medical crash carts and industrial medicine cabinets. Our products utilize finger recognition technology designed to augment or replace conventional security methods such as keys, keypads, and PIN numbers.

The Company operates its business through three (3) wholly owned subsidiaries, bioMETRX Technologies Inc., which conducts the product design and engineering, smartTOUCH Consumer Products, Inc., the consumer-based marketing and sales group, and smartTOUCH Medical, Inc. which is designing and will market medical industry products.

The home security industry consists of garage door manufacturers, key and lock manufacturers and central station alarm monitoring companies, representing a $25 billion global market. bioMETRX develops market-specific products in this area which are being sold through retailers, dealers and directly to consumers in the United States. The Company's first product, the garage door opener, also known as the SmartTOUCH™ GDO, available at Home Depot stores.

The Company has also developed, and is further developing several additional finger-activated products including thermostats, doorlocks and other computer peripheral and home security products. These products are, and are expected to be, marketed directly to the consumers as well as small box retailers, restaurant chains and small business owners. These products do, and will provide consumers and small business owners increased control over various aspects that effect energy as well as securing their homes and digital information.

At this point we cannot offer a specific date or assurances that the release of these other products will result in any meaningful revenues, but the Company continues to develop and engineer new products that it expects to add to its product line over the next 24 months.

bioMETRX, to date, has introduced its products and services commercially and is considered an entry level market vendor of consumer-based biometric products. bioMETRX has limited assets, significant liabilities and limited business operations, though it has realized meaningful revenues from its initial product, the Company continues to realize losses from operations and has no assurances that further revenues from this initial product will create positive cashflow to support operations.

Management's plan of operations for the next twelve months is to raise additional capital, complete further development of its product line and continue marketing the Company's products and services through its disparate distribution channels. The Company has recently executed a licensing agreement as well as a co-marketing/co-development agreement with MasterLock™ for its garage door opener and other products whereby the garage door opener will be marketed under the MasterLock™ brand and the companies will jointly undertake development of new products. The Company expects it will require $8,000,000 - $10,000,000 over the next 12 months to accomplish these goals, though it is anticipated that this will incrementally be raised in stages,and expects to be financed by the private sale of its securities and lines of credit with commercial banks for continuous manufacturing output of its products.. Home Depot has increased its unit orders to above 20,600 and the Company has received a further order of 5,000 units for its garage door opener from MasterLOCK. The Company has shipped its initial products to the Home Depot and will realize revenues of nearly $1,500,000 during the fourth quarter. The Company has received funding by one of its institutional investors for advance purchase of components in the amount of $750,000. Further as the Company replenishes orders and maintain inventories, it will require additional financing until it is internally generating positive cash flow. There are no firm commitments on anyone's part to invest in the Company and if it is unable to obtain financing through the sale of its securities or other financing, the Company's products and services may never be commercially sold. The Company's balance sheet continues to reflect negative shareholder equity, though it has been reduced through the conversion of debt to equity. For the foreseeable year, the Company will be solely reliant on the attraction of additional equity in order for it to reflect shareholder equity unless revenues should exceed expectations for the current market ready products or other products planned for release during this fiscal year 2007. Should the Company prevail in its efforts to attract capital and fulfill its delivery requirements of its initial orders, it will require strict budget adherence in order to manage the many demands for capital.

Our corporate address is 500 North Broadway, Suite 204, Jericho, New York 11753, our telephone number is (516) 937-2828 and our facsimile number is (516) 937-2880.

Current Market Outlook - Target Markets/Applications

Management believes that there is a unique opportunity in the consumer electronics market for the incorporation of biometrics technology in multiple devices, requiring personal identification or key access. Prospective home/office security and electronics devices includes the introduction of "biometric" access controls on anything that presently requires a key, keypad or Personal Identification Number ("PIN"). bioMETRX is the first company to offer biometric security and electronics products for the home consumer market at any significant level.

We are focused on developing simple to use, cost efficient, finger activated consumer electronics products principally under the trade name "smartTOUCH Ô". Our current and prospective consumer products include biometrically enabled and secure residential garage/gate door openers/locks, central station alarm pads, padlocks, door locks and thermostats.

Although market data on the use of automatic garage door openers is limited, management estimates that there are 30 million homes in the United States equipped with automatic garage doors. For many families, the automatic garage door opener has made the garage door the most frequently used door for entering and exiting the home. Consequently, there is a large potential market for the smartTOUCH™ Garage Door Opener which meets the consumer need for security and convenience combined. We have been awarded a patent for this device with the United States Patents and Trademark Office in January, 2007.

During the quarter ended March 31, 2006 we received initial purchase orders for the smartTOUCH™ Garage Door Opener and purchase orders were subsequently modified in January 2007 in the amount of 17,340 units from The Home Depot. The Home Depot has also contracted to purchase a minimum quantity per annum from the company. The Company has been suffering from undercapitalization which has caused substantial delays in manufacturing this product in the quantities needed to fulfill orders. A recent re-issuance of the purchase order has increased the order to 20,464 units and allows for early fall delivery which has substantially been fulfilled and further deliveries are forthcoming. Management has secured some manufacturing financing facilities with a prior investor in the Company, and is continuing its efforts to further secure additional financing to keep up with the demand for the product.

As a result of its exclusive co-marketing agreement with MasterLock™, the GDO will be marketed under the co-brand name MasterLock™ smartTOUCH™ which the Company expects to accelerate product sell-through.

To date, in addition to the retail orders, the Company has received approximately 1,600 direct consumer on-line orders for the GDO unit and has shipped a portion of these orders to customers in the last 60 days representing nearly $50,000 in revenues.

We have initiated large scale manufacturing of the garage door opener with a third party contract manufacturer located in the United States with manufacturing operations in China. An existing investor has provided financing that assures the manufacturer of payment upon delivery and the Company is in discussions with other investors, as well as more conventional financing groups, to finance future purchase orders and set up credit facilities to provide funding for continuing manufacturing volumes based upon current demand for the product. However, the Company cannot guarantee that any financing will be secured. The Company has also established limited credit facilities with our major component suppliers.

The Company has also acquired a patent protecting the biometric security application of an electronic thermostat and biometric application to a padlock.

Management estimates that approximately 40 million thermostats are sold in the United States annually, 45% of which are electronic models, either programmable or non-programmable. Management expects that there will be an increase in the sale of electronic thermostats as several states enact laws addressing the sale and disposal of mercury-based thermostats, some are even offering rebate programs to consumers that replace mercury thermostats with new energy-efficient programmable models.

Other smartTOUCH Ô Consumer Products

The smartTOUCH Ô line of products under development includes products that can be used to secure lockers, gates, automobiles, trailers and other household and computerized electronic products.

While the Company's main current focus is to bring to market consumer-based products through our relationship with MasterLock, we also expect to dedicate additional focus on the healthcare industry over the next 12 months. Government legislation surrounding the integrity, confidentiality and privacy of patient data was enacted under HIPAA. HIPAA requires the healthcare industry to restructure current information technology ("IT") infrastructures and methods. We are identifying opportunities to develop biometric products and solutions for end users in the healthcare fields, as well as enabling biometric technology for original equipment manufacturers ("OEMs") and application developers to incorporate into their offerings to assist healthcare organizations working towards meeting legislative demands, while increasing efficiencies and user convenience and lowering overall administrative costs and risks associated with passwords, PINs and keys. To that end, the Company is exploring a number of prospective medical products, some of which may become available by late 2008. The Company acquired a patent for the biometric storage and retrieval of an electronic medical record in January, 2007.

Results of Operations

For the three months ended September 30, 2007 and 2006

For quarter ended September 30, 2007, bioMetrx did not generate any revenues. During the quarter ended September 30, 2007, bioMetrx had net losses before other income (expense) totaling $ 653,717. For the quarter ending September 30, 2007, bioMetrx' general and administrative expenses totaled **$** 645,743 or 98.8% of total expenses, while for the three months ended September 30, 2006 general and administrative expenses totaled **$** 1,528,678 or 98.7 % of total expenses. For quarter ended September 30, 2007, bioMetrx incurred stock-based compensation of $105,436 or 16.1% of expenses, as compared to $283,701 or 15.3% of expenses during the three months ended September 30, 2006. Research and development costs were $ 7,974 or 1.2 % of total expenses incurred in the period for quarter ending September 30, 2007, while research and development costs during the three months ended September 30, 2006 totaled $ 19,622 or 1.3% of total expenses.

For the nine months ended September 30, 2007 and 2006

During the nine months ended September 30, 2007, the Company generated a nominal $11,425 in revenues. However, beginning October 1, 2007, the Company began shipping orders of its GDO to The Home Depot and directly to customers from on-line orders, the Company expects to generate approximately $1,450,000 in revenues from these shipments.

During the nine months ended September 30, 2007, net losses before other income (expense) totaled $ 3,389,384.. For the nine months ending September 30, 2007, bioMETRX' general and administrative expenses totaled $3,159,825, or 93.2 % of total operating expenses. During the same nine month period in 2006, general and administrative expenses totaled $10,271,895,or 93.9 % of total operating expenses. The decrease was mostly attributable to an decrease in professional expenses relating to general corporate matters. For the nine months ending September 30, 2007 we incurred salaries of $715,905 or 21.1% of total operating expenses as compared to the nine months ended September 30, 2006 of $786,333 or 7.2% of total operating expenses.

For the nine months ending September 30, 2007, interest expense and finance costs were $4,535,748 as compared to $455,107 for the nine months ending September 30, 2006.

Research and development expenses for the nine months ending September 30, 2007 was $ 231,974 compared to $ 662,066 for the same period in 2006.

Liquidity and Capital Resources

As of September 30, 2007 bioMETRX had total assets of $2,916,152 and total current assets of $ 1,885,361. At September 30, 2007 bioMETRX had total liabilities of $4,842,024 and total current liabilities of $4,842,024 bioMETRX's had negative working capital at September 30, 2007 of $2,956,663 and an equity deficit of $1,925,872. Because of these factors, the Company's ability to continue to operate and its future remains in question as a going concern unless additional capital is contributed or until such time as it generates revenues and become cash flow positive.

In July 2005, the Company sold 233,334 shares of its common stock and 46,667 warrants for an aggregate purchase price of $700,000 or $3.00 per share without allocating any part of the purchase price for the warrants.

On October 28, 2005 the Company sold 562,500 shares and 562,500 warrants for an aggregate purchase price of $450,000 or $.80 per share without allocating any part of the purchase price for the warrants.

The warrants entitle the holder to purchase shares of the Company's common stock for a period commencing on the date of issuance and expiring on December 15, 2005 at an exercise price of $.80 per share.

From December 2005 to February 2006, the Company sold an aggregate of 746,250 shares to Kuhn for an aggregate purchase price of $597,000 or $.80 per share. As part of this transaction, Kuhn exercised 562,500 warrants, which were issued to him on October 28, 2005 in connection with a previously reported financing. In addition to the exercise of the warrants, Kuhn provided the Company with an additional $147,000 and the Company agreed to issue him the shares at the same purchase price ($.80 per share) as the warrants.

On March 21, 2006, the Company received debt financing in the aggregate amount of $100,000 from Jane Petri and Joseph Panico. The principal and interest of 12% per annum was due on June 21, 2006. The note carried a default rate of 18% per annum. In addition, the Company issued 25,000 restricted shares of common stock to Petri and Panico as debt issuance costs at a cost of $71,250.

On June 29, 2006, the Company entered into a Securities Purchase Agreement dated as of June 29, 2006, with four investors relating to the issuance and sale, in a private placement (“Private Placement”) exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), of units (the “Units”) consisting of 8% Convertible Notes in the principal amount of $950,000 (“Notes”), Series A Common Stock Purchase Warrants (“A Warrants”) and Series B Common Stock Purchase Warrants (“B Warrants”). In addition, the company entered into an Exchange Agreement with the two investors who purchased $650,000 of the Preferred Stock Units, previously reported on Form 8-K dated April 28, 2006 whereby the Company agreed to issue the Units in exchange for the return and cancellation of the previously issued Preferred Stock Units. Accordingly, at closing the Company issued its 8% Convertible Notes in the aggregate principal amount of $1,600,000, 1,600,000 A Warrants and 800,000 B Warrants to the Investors. The Company also issued an aggregate of 128,000 shares of its common stock to the investors representing one year’s of prepaid interest on the Notes.

The Notes mature 24 months from the closing. The Notes are convertible at the option of the holder into the Company’s common stock at the rate of $1.00 per share. The Notes are mandatorily convertible into the Company’s common stock if the closing bid price of the Company’s common stock is above $2.50 per share for ten (10) consecutive trading days and if the daily volume for the same period exceeds 100,000 shares per day. The Company may redeem the Notes for 125% of the principal amount of the Note together with all accrued and unpaid interest provided that (i) an event of default has not occurred, and (ii) an effective registration statement covering the shares underlying the Note exists.

Each A Warrant entitles the holder to purchase one share of the Company’s common stock at an exercise price of $1.75 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company’s common stock at an exercise price of $.10 per share commencing 181 days after issuance and expiring at the close of business on the fifth anniversary of the initial exercise date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement, in the form of bona fide purchase order demonstrating that at least $1,000,000 of the Company’s products have been ordered, other than its initial order from a national retailer in the amount of approximately 23,000 garage door opening units, within 181 days after the date of the Securities Purchase Agreement, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

Pursuant to the Selling Agent Letter Agreement between the Company and the Selling Agent, the Selling Agent was paid a cash fee of $95,000 (10% of the aggregate purchase price of the Units sold to the subscribers) in addition to the $75,000 it received on April 28, 2006, inclusive of $10,000 in expenses. The Company also issued the Selling Agent a warrant to purchase 160,000 shares of its common stock on the same terms as the A Warrants. In addition, the Company paid $15,000 to the Selling Agent’s counsel and $32,500 to its counsel.

As part of the Private Placement, the Company entered into a registration rights agreement (the “Registration Rights Agreement”) with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the “Registration Statement”) on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Notes, Warrants and Selling Agent Warrant. If such Registration Statement was not filed by July 14, 2006, or does not become effective within 90 days after closing, the Company has agreed to pay to the investors 1.5% of the gross proceeds of the offering for each month in which the Company fails to comply with such requirements. The Company did not file the Registration Statement by July 14, 2006 and therefore is accruing 1.5% ($24,000) of the gross proceeds for each month the Company fails to file the Registration Statement. For the period ended December 31, 2006 a total of $72,000 has been accrued as finance costs to reflect these provisions.

The Company entered into a Securities Purchase Agreement dated September 18, 2006, with Jane Petri and Joseph Panico relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of the Company's 10% Promissory Notes due March 15, 2007 in the aggregate principal amount of $400,000, 400,000 Common Stock Purchase Warrants and 160,000 Shares of the Company's Common Stock. In connection with this transaction the two investors provided the Company with $300,000 and exchanged $100,000 in Notes, described above, that were previously issued by the Company to the investors.

Each Warrant entitles the holder to purchase one share of the Company's Common Stock at an exercise price of $1.00 per share commencing on the date of issuance and expiring at the close of business on September 15, 2011.

As part of the Private Placement, the Company agreed to register the 400,000 shares of Common Stock underlying the Warrants and the 160,000 shares of the Common Stock issued as part of this Private Placement.

The Company entered into a Securities Purchase Agreement dated September 30, 2006, with two investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of the Company's 10% Promissory Notes due March 30, 2007 in the aggregate principal amount of $55,000, 55,000 Common Stock Purchase Warrants and 22,000 Shares of the Company's Common Stock.

Each Warrant entitles the holder to purchase one share of the Company's Common Stock at an exercise price of $1.00 per share commencing on the date of issuance and expiring at the close of business on September 15, 2011.

As part of the Private Placement, the Company agreed to register the 55,000 shares of Common Stock underlying the Warrants and the 22,000 shares of the Common Stock issued as part of this Private Placement.

The Company entered into a Securities Purchase Agreement dated as of December 28, 2006, with three investors relating to the issuance and sale, in a private placement ("Private Placement") exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), of units (the "Units") consisting of Senior Convertible Debentures in the principal amount of $1,500,000 ("Debentures"), 1,500,000 Series A Common Stock Purchase Warrants ("A Warrants") and 750,000 Series B Common Stock Purchase Warrants ("B Warrants"). The closing occurred on January 5, 2007.

The Debentures mature on June 29, 2008. The Debentures are convertible at the option of the holder into the Company's common stock at the rate of $1.00 per hare. The Debentures are convertible at the option of the Company into the Company's common stock if the closing bid price of the Company's common stock is above $2.50 per share for ten (10) consecutive trading days and if the shares underlying the Debentures are registered. The Company may redeem the Debentures for 125% of the principal amount of the Debenture together with all accrued and unpaid interest provided that (i) an event of default has not occurred, (ii) the price of the Company's common stock exceeds $1.50 and (ii) an effective registration statement covering the shares underlying the Debentures exists.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of $1.00 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of $.10 per share at any time after July 1, 2007 and expiring at the close of business on the fifth anniversary of the initial issuance date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement on or before June 30, 2007 that the Company has both received and booked revenues for its products totaling $1,000,000, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

Pursuant to the Selling Agent Letter Agreement between the Company and First Montauk Securities Corporation ("Selling Agent"), the Selling Agent was paid a cash fee of $150,000 (10% of the aggregate purchase price of the Units sold to the subscribers). The Company also issued the Selling Agent a warrant to purchase 150,000 shares of its common stock on the same terms as the A Warrants.

As part of the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Debentures, Warrants and Selling Agent Warrant.

As a condition to closing, the Company obtained consents and waivers from the investors of its private placement of $1,600,000 principal amount of Convertible Notes ("Notes") issued on June 29, 2006, pursuant to which each of the prior investors agreed to waive any and all existing defaults relating to the Notes and agreed to forebear from exercising any rights accruing upon default until September 30,2007. In connection therewith, the Company issued to the investors Convertible Notes ("Forbearance Notes") in the aggregate principal amount of $387,437.39, representing liquidated damages due under the Notes. The Forbearance Notes are convertible into the Company's common stock at $1.00 per share.

On January 17, 2007, the Company entered into several agreements with BLX Funding LLC ("BLX") whereby BLX will purchase the Company's accounts receivable in factoring transactions.

Pursuant to the agreements, BLX will purchase accounts receivables from the Company and varying discounts from the face value of the individual accounts receivable dependent upon the age of the receivable. The discounts range from 2.5% for receivables 30 days or less to 15% for receivables that are older than 90 days. BLX will advance to the Company 80% of the face amount of each of the accounts receivable it elects to purchase. To date, BLX has advanced $786,268.00.

As a condition precedent to the obligation of BLX entering into the various agreements and arrangements with the Company, its CEO was required to provide BLX a Performance Guaranty guarantying (a) the due and punctual performance by the Company of the representations contained in the agreements (b) the payment (and not merely the collectibility) of any loss, liability or expense incurred by BLX in the event any one or more of the representations is untrue in any respect or fail to be performed and (c) the payment (and not merely the collectibility) of any other obligation owed by the Company to BLX of any nature. The Company has agreed to issue the CEO 50,000 shares of its common stock as consideration for providing the Company his guarantee and the Company has agreed to make additional financial accommodations to the CEO in the event there is a demand or claim against Mr. Basile arising out of the personal guarantee.

On February 7, 2007, the Company deposited $200,000 into an escrow account with its counsel. The funds were utilized in connection with the manufacture of the Company's garage door openers. All funds had been expended to the Company's manufacturer and there remains no balance in the account at this time.

On August 27, 2007 the Company issued two Convertible Notes each in the principal amount of $400,000 (the "Notes") to Jane Petri and Joseph Panico. The Notes were issued in consideration of new loans from the Lenders in the principal amount of $87,500 each and the rollover and retirement of previously issued notes to each Lender in the principal amount of $312,500. In consideration of providing the new loan, the Company issued to each Lender 87,500 shares of its common stock, 87,500 common stock purchase warrants (the "Warrants"). The Company also amended warrants that were previously issued to the Lenders between September 2006 and November 2006 so as to extend the exercise date of these warrants to August 27, 2011 and amended an aggregate of 125,000 warrants that were issued to the Lenders in December 2006 so as to reduce the exercise price of these warrants from $3.00 to $1.00 and extend the exercise date of these warrants to August 27, 2011. In addition, the Company issued each Lender 57,500 additional Warrants for failing to pay off the old notes held by the Lenders which became due in March 2007.

The Notes mature on May 27, 2008. The Notes bear interest at the rate of 10%, with the first interest payment due four (4) months from the date the Note is issued. The Lenders have the option to accept a prepayment of interest in shares of the Company's common stock based on the market value of the Company's common stock as defined in the Note. The Notes are convertible at the Option of the Lenders into the Company's common stock at the rate of $1.00 per share.

Each Warrant entitles the Lender to purchase one share of the Company's common stock at an exercise price of $1.00 per share commencing on the date of issuance and expiring at the close of business on the fourth anniversary of the issuance date. The Company may redeem the Warrants at a call premium equal to 120% of the exercise price of the Warrants in effect in such redemption date, provided however, that the Company provides the Lenders with ten (10) days prior written notice of the Company's election to redeem all or a portion of the Warrants. The Warrants contain provisions that protect the Lenders against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

As collateral for providing the loan the Company entered into a Pledge and Escrow Agreement, whereby the Company through its wholly owned subsidiary bioMETRX Technologies, Inc., pledged 500,000 shares of the Company's common stock, such shares will be deposited into escrow with the Lenders counsel.

In addition, as part of the transaction, the Company entered into a piggy-back registration rights agreement with both Lenders. Under the registration rights agreement the Company agreed to register no later than April 15, 2008 all shares and underlying securities owned by the Lenders when it files its next registration statement with the SEC.

Lastly, the Company entered into a Royalty Agreement, whereby the Company agreed to pay the Lenders $0.13 on each biometric padlock sold, licensed, sublicensed or otherwise distributed for cash utilizing the technology contained in Patent # 7,043,060. The term of this agreement continue for the life of the patent or until August 31, 2017, whichever is later.

bioMETRX is dependent on raising additional funding necessary to implement its business plan. bioMETRX' auditors have issued a "going concern" opinion on the financial statement for the year ended December 31, 2006, indicating bioMETRX is in the early commercial stage of operations, has a working capital and net equity deficiency. These factors raise substantial doubt in bioMETRX' ability to continue as a going concern. If bioMETRX is unable to raise the funds necessary or if revenues are insufficient to complete the development of its products and fund its operations, it is unlikely that bioMETRX will remain as a viable going concern.

Critical Accounting Policies and Estimates:

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policy, among others; involve the more significant judgments and estimates used in the preparation of our consolidated financial statements:

The Company accounts for compensation costs associated with stock options and warrants issued to non-employees using the fair-value based method prescribed by Financial Accounting Standard No. 123 - Accounting for Stock-Based Compensation. The Company uses the Black-Scholes options-pricing model to determine the fair value of these instruments as well as to determine the values of options granted to certain lenders by the principal stockholder. The following estimates are used for grants in 2005: Expected future volatility over the expected lives of these instruments is estimated to mirror historical experience, measured by a weighted average of closing share prices prior to each measurement date. Expected lives are estimated based on management's judgment of the time period by which these instruments will be exercised.

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement No. 123R ("SFAS 123R) "Share Based Payment, "a revision of statement No. 123, "Accounting for Stock Based Compensation." This standard requires the Company to measure the cost of employee services received in exchange for equity awards based on grant date fair value of the awards. The Company adopted SFAS 123R effective January 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation of or all new or modified grants after the date of adoption.

Information Relating To Forward-Looking Statements

When used in this Report on Form 10-QSB, the words "may," "will," "expect," "anticipate," "continue," "estimate," "intend," and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 regarding events, conditions and financial trends which may affect the Company's future plans of operations, business strategy, operating results and financial position. Such statements are not guarantees of future performance and are subject to risks and uncertainties and actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such factors include, among others: (i) the Company's ability to obtain additional sources of capital to fund continuing operations; in the event it is unable to timely generate revenues (ii) the Company's ability to retain existing or obtain additional licensees who will act as distributors of its products; (iii) the Company's ability to obtain additional patent protection for its technology; and (iv) other economic, competitive and governmental factors affecting the Company's operations, market, products and services. Additional factors are described in the Company's other public reports and filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publicly release the result of any revision of these forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", SFAS No. 147, "Acquisitions of Certain Financial Institutions - an Amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9", SFAS No. 148, " Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123", SFAS No. 149, "Amendment of Statement 33 on Derivative Instruments and Hedging Activities", and SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", were recently issued. SFAS No. 146, 147, 148, 149 and 150 have no current applicability to the Company or their effect on the financial statements would not have been significant.

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement No. 123R ("SFAS 123R") "Share Based Payment, "a revision of Statement No. 123, "Accounting for Stock Based Compensation." This standard requires the Company to measure the cost of employee services received in exchange for equity awards based on grant date fair value of the awards. The Company is required to adopt SFAS 123R effective January 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation for all new or modified grants after the date of adoption.

In addition, the Company will recognize the unvested portion of the grant date fair value of awards issued prior to the adoption based on the fair values previously calculated for disclosure purposes.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Non-monetary Assets," ("SFAS 153"). SFAS 153 amends Accounting Principles Board ("APB") Opinion No. 29, Accounting for Non-monetary Transactions," to require exchanges of non-monetary assets are accounted for at fair value, rather than carryover basis. Non-monetary exchanges that lack commercial substance are exempt from this requirement.

Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", SFAS No. 147, "Acquisitions of Certain Financial Institutions - an Amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9", SFAS No. 148, " Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123", SFAS No. 149, "Amendment of Statement 33 on Derivative Instruments and Hedging Activities", and SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", were recently issued. SFAS No. 146, 147, 148, 149 and 150 have no current applicability to the Company or their effect on the financial statements would not have been significant.

SFAS 153 is effective for non-monetary exchanges entered into in fiscal years beginning after September 15, 2005. The Company does not routinely enter into exchanges that could be considered non-monetary; accordingly the Company does not expect adoption of SFAS 153 to have a material impact on the Company’s financial statements.

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, (“FIN No. 46”), “Consolidation of Variable Interest Entities” (VIEs), which is an interpretation of Accounting Research Bulletin (ARB) No. 51, “Consolidated Financial Statement”. FIN 46, as revised by FIN 46R in December 2003, addresses the application of ARB No. 51 to VIEs, and generally would require assets, liabilities and result of activity of a VIE be consolidated into the financial statements of the enterprise that is considered the primary beneficiary. FIN 46R shall be applied to all VIEs by the end of the first reporting period ending after December 15, 2004. The Company has determined that FIN 46R has no material impact on its financial statements.

COMMITMENTS

We do not have any commitments that are required to be disclosed in tabular form as of September 30, 2006 and as of September 30,2007.

OFF BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements.

Item 3: Controls and Procedures

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as amended. Based on that evaluation, we concluded that as of the date of the evaluation our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company’s periodic filings under the Securities Exchange Act of 1934 is accumulated, to allow timely decisions regarding required disclosure.

As a result of reviewing the Company’s consolidated financial statements for the year ended December 31, 2005, the Company’s CFO and its independent auditor determined that treatment of stock-based compensation under FASB 123-R was improperly applied to agreements under which the Company granted stock under agreements containing no forfeiture clauses. The Company discovered that penalty shares issued and valued at $629,000 that were originally charged to additional paid-in capital should have been charged to operations. Compensation-based stock options and warrants that were originally deferred have been charged to operations for a net charge of $222,500 and a settlement of a threatened legal action has been accrued and charged to operation in the amount of $368,750. As a result, the Company reported an additional loss of $1,220,250 for the year ended December 31, 2005.

The Company's former Chief Financial Officer was responsible for properly recording the Company's issuances of its securities. However, he improperly recorded such issuances which directly led to the errors discussed above and in the explanatory notes. In addition, the Company did not have a system in place to check the recordation of the issuances of the Company's securities. During the third and fourth quarter of 2006, the Company's new Chief Financial Officer discovered these errors which led to the revisions to the financial statements for those periods. To address this material weakness, the Company has recently hired a Certified Public Accountant to manage and to assist the CFO with our internal accounting of the Company's books and records. In addition, each issuance of securities is evaluated and discussed between such internal accountant and the Chief Financial Officer to insure these issuances are properly recorded. We have completed a full review of our accounting practices and we intend on implementing additional process improvements in the future and hiring additional personnel in our accounting department to ensure that our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

PART II - OTHER INFORMATION

Item 1: **Legal Proceedings**

On November 16, 2006, the Company was the subject of a complaint filed in the Supreme Court of New York State, County of Nassau (Index No. 019475-06) by Intellicon seeking final payment of $20,000 plus accrued interest for engineering design services performed for the Company. The Company answered and counter-claimed on January 5, 2007 asserting damages of $25,000 incurred then and continuing to incur to remedy design defects performed by Intellicon. The Company intends to vigorously defend its position in this claim.

On March 7, 2007 the Company's subsidiary, bioMETRX Technologies Inc. became the subject of a complaint filed by Frank Giannuzzi, the former Chief Financial Officer and Sante Santopadre, a former consultant with whom it had previously had severed its business relationship. The complaint was filed in the Supreme Court of the State of New York, County of Nassau (Index No. 07-004088). The plaintiffs allege damages arising from certain inducements which were relied upon to their detriment.

Item 2: **Changes in Securities and Use of Proceeds**

(a) None

(b) None

On July 11, 2007 the Company granted 375,000 warrants exercisable at $1.00 to Alpha Capital in consideration of its loan to the Company to be expressly used for manufacturing of the Company's MasterLOCK™ smartTouch Garage Door Opener. The proceeds from receivable financing will be used to repay this loan.

On July 13, 2007, the Company issued 50,000 shares of its common stock to BridgePointe Master Fund Ltd. upon the conversion of $50,000 principal amount of a convertible debenture issued to BridgePointe Master Fund in the aggregate principal amount of $1,000,000. The convertible debenture converts into the Company's common stock at $1.00 per share. These shares were registered pursuant to a Registration Statement on Form SB-2 (SEC File No. 333-140628) which was declared effective by the SEC on June 25, 2007.

On July 13, 2007, the Company issued 50,000 shares of its common stock to Alpha Capital AG. upon the conversion of $25,000 principal amount of a convertible note issued to Alpha Capital in the aggregate principal amount of $400,000. The convertible note converts into the Company's common stock at $1.00 per share. These shares were registered pursuant to a Registration Statement on Form SB-2 (SEC File No. 333-140628) which was declared effective by the SEC on June 25, 2007.

On July 13, 2007, the Company issued Nite Capital 75,000 shares of its common stock issuable upon the exercise of a like number of warrants exercisable at $0.10 per share.

On July 24th, 2007, the Company issued 20,222 shares as payment in kind for interest payment due to BRIDGEPOINTE MASTER FUND, LTD on a $1,000,000 convertible note issued to the Company. on January 5, 2007.

On July 25th, 2007, the Company issued 50,000 shares as payment in kind for fees related to a factoring commitment to BLX, Funding.

On July 25th, 2007, the Company issued 25,000 shares of its common stock and 25,000 warrants exercisable at $1.00 per share to Mark Basile, the Company's Chief Executive Officer as consideration for providing the Company a loan in the amount of $25,000.

On July 25th, 2007, the Company issued 150,000 shares of its common stock to Mark Basile as consideration for Mr. Basile providing the Company his personal guarantee in connection with the opening of an escrow agreement in the amount of $750,000.

On August 1, 2007, the Company issued 8,365 of its common stock to A2E Technologies as payment of $9,535.75 due A2E Technologies pursuant to a Service Level Agreement dated March 16, 2007.

On August 15, 2007, the Company issued 150,000 shares of its common stock to Linden Growth Partners L.P. upon the exercise of a like number of warrants exercisable at $0.10 per share.

On August 15, 2007, the Company issued 225,000 shares of its common stock to Linden Growth Partners Master Fund L.P. upon the exercise of a like number of warrants exercisable at $0.10 per share.

On August 16, 2007 the Company issued 22,269 shares of its common stock to Osher Capital Partners LLC upon the cashless exercise of 25,000 warrants exercisable at $0.10 per share.

On August 24, 2007 the Company issued 178,152 shares of its common stock to Alpha Capital AG upon the cashless conversion of 200,000 warrants exercisable at $0.10 per share.

On August 30, 2007 the Company issued 87,500 shares of its common stock and 87,500 warrants exercisable at $1.00 each to Joe Panico and Jane Petri respectively as an inducement to renew with an extension to maturity to May 15th, 2008 and increase a loan to the Company in the amount of $800,000.

On August 31, 2007 the Company issued 62,500 shares of its common stock upon the exercise of 62,500 warrants exercisable at $0.10 to Lighthouse Capital Insurance Company.

On August 31, 2007 the Company issued 62,500 shares of its common stock upon the exercise of 62,500 warrants exercisable at $0.10 to Peter Thomson.

On September 7th, 2007, the Company issued 435,342 shares of its common stock upon the cashless exercise of 500,000 warrants exercisable at $0.10 per share to Bridgepointe Master Fund, Ltd.

On September 7th, 2007, the Company issued 6,647 shares as payment in kind for interest payment due to Bridgepointe Master Fund, Ltd. on a $1,000,000 convertible note issued by the Company on January 5, 2007. These shares were registered pursuant to a Registration Statement on Form SB-2 (SEC File No. 333-140628) which was declared effective by the SEC on June 25, 2007.

On September 11th, 2007, the Company issued an aggregate of 50,000 shares of its common stock to Bridgepointe Master Fund, Ltd. upon the conversion of $50,000 principal amount of a convertible note issued to Bridgepointe Master Fund, Ltd.. The convertible note is convertible into the Company's common stock at the rate of $1.00 per share. These shares were registered pursuant to a Registration Statement on Form SB-2 (SEC File No. 333-140628) which was declared effective by the SEC on June 25, 2007.

On September 12th, 2007, the Company issued an aggregate of 81,193 shares of its common stock to Whalehaven Capital Fund Limited upon the conversion of $81,193 of principal and interest due under a convertible note issued to Whalehaven Capital Fund Ltd. The convertible note is convertible into the Company's common stock at the rate of $1.00 per share. These shares were registered pursuant to a Registration Statement on Form SB-2 (SEC File No. 333-140628) which was declared effective by the SEC on June 25, 2007.

On September 12th, 2007 the Company issued 250,000 shares of its common stock upon the exercise of 250,000 warrants exercisable at $0.10 to Whalehaven Capital Fund, Ltd.

On September 27th, 2007, the Company issued an aggregate of 14,761 shares of its common stock to Whalehaven Capital Fund Limited upon the conversion of $14,761 of principal and interest due under a convertible note issued to Whalehaven Capital Fund Ltd. The convertible note is convertible into the Company's common stock at the rate of $1.00 per share. These shares were registered pursuant to a Registration Statement on Form SB-2 (SEC File No. 333-140628) which was declared effective by the SEC on June 25, 2007.

On October 10, 2007, the Company issued 16,823 shares of its common stock to Whalehaven Capital Fund Ltd. upon the conversion of $16,823 of principal and interest due under a convertible note issued to Whalehaven Capital Fund Ltd. The convertible note is convertible into the Company's common stock at the rate of $1.00 per share. These shares were registered pursuant to a Registration Statement on Form SB-2 (SEC File No. 333-140628) which was declared effective by the SEC on June 25, 2007.

On October 11, 2007, the Company issued an aggregate of 218,500 shares of its common stock to employees and executive officers including 50,000 shares each to Mark Basile, the Company's CEO, Lorraine Yarde, the Company's COO and J. Richard Iler the Company's CFO.

On October 15, 2007, the Company issued an aggregate of 100,000 shares of its common stock to Richard Quintana (50,000 shares) and Michael Niccole (50,000) in connection with the acquisition of a Patent.

On October 17, 2007, the Company issued 10,000 shares of its common stock to the partners of Sommer & Schneider LLP, the Company's securities counsel as partial payment of legal services rendered to the Company.

On November 6, 2007, the Company issued 114,545 shares of its common stock to Mark Basile, the Company's CEO upon the cashless exercise of 140,000 warrants, exercisable at $.10 per share.

On November 6, 2007, the Company issued 20,000 shares of its common stock to the partners of Sommer & Schneider LLP.

On November 6, 2007, the Company issued an aggregate of 150,000 shares of its common stock to the members of its board of directors Mark Basile (50,000) Lorraine Yarde (50,000) and J. Richard Iler (50,000) as consideration for services rendered in the performance of their duties as directors of the Company.

Unless otherwise indicated, the securities discussed above were offered and sold in reliance upon exemptions from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "Act"), pursuant to Section 4(2) of the Act and Rule 506 promulgated thereunder. Such securities were sold exclusively to accredited investors as defined by Rule 501(a) under the Act.

d) Not Applicable

Item 3.: Defaults upon Senior Securities

None

Item 4.: Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6.: Exhibits

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

31.1 Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

31.2 Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350

SIGNATURES

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

Dated: November 14, 2007

BIOMETRX, INC.

By: /s/ Mark Basile

Mark Basile
Chief Executive Officer

By: /s/ J. Richard Iler

J. Richard Iler
Chief Financial Officer