OMB APPROVAL
OMB Number: 3235-0416 Expires: February 28, 2006 Estimated average burden hours per response 182.00

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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
[X] For the quarterly period ended June 30, 2004

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from ______________ to _______________
Commission file number _______________________________________

Universal Ice Blast, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada	88-0360067
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

533 6th Street South, Kirkland, WA 98033
(Address of principal executive offices)

(425) 893-8424
(Issuer's telephone number)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section l2, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [__] No [_]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 86,891,430 at August 2, 2004.

Traditional Small Business Disclosure format (check one): Yes [ ] No [X]

Universal Ice Blast, Inc.
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(a) There are no issues requiring disclosure for these items and they have therefore been omitted

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

UNIVERSAL ICE BLAST, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2004 (Unaudited)	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,373	$ 35,529
Accounts receivable - trade	115,851	5,500
Interest receivable on shareholder notes	50,029	56,844
Inventory	64,434	2,386
Prepaid expenses and other	5,904	-
Total current assets	237,591	100,259
EQUIPMENT, net	106,292	136,625
OTHER ASSETS	9,872	9,825
	$ 353,755	$ 246,709
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 322,727	$ 346,627
Notes payable	138,310	183,832
Accrued liabilities	388,227	352,291
Customer deposits	5,000	-
Advances from officers	-	69,867
Deferred revenue	206,827	-
Current portion of capital lease obligations and long-term debt	101,584	114,532
Total current liabilities	1,162,675	1,067,149
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	36,059	48,827
Deferred gains from sale/leasebacks	49,500	3,431
Deferred officers' compensation	237,606	327,019
Commitments and contingencies	-	-
Total long-term liabilities	323,165	379,277
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, none issued.	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized, 86,192,672 and 74,528,773 shares issued and outstanding in 2004 and 2003, respectively	86,193	74,529
Additional paid-in capital	7,006,898	6,885,563
Shareholder notes receivable	(514,050)	(1,169,650)
Stock options and warrants	148,577	148,577
Accumulated deficit	(7,859,703)	(7,138,736)
Total stockholders' deficit	(1,132,085)	(1,199,717)
	$ 353,755	$ 246,709

The accompanying condensed notes are an integral part of these consolidated financial statements

UNIVERSAL ICE BLAST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
REVENUE				
Sales of machines and accessories	$ 5,078	$ 13,592	$ 124,830	$ 21,493
Service and rental income	35,810	88,853	59,960	113,931
License fees	2,750	-	5,500	-
TOTAL REVENUE	43,638	102,445	190,290	135,424
COST OF REVENUE				
Machines and accessories	3,288	606	18,418	5,008
Service and rental	10,082	38,329	22,688	61,493
	13,370	38,935	41,106	66,501
GROSS PROFIT	30,268	63,510	149,184	68,923
OPERATING EXPENSES				
Professional fees	123,062	(157,696)	163,231	555,794
General and administrative	36,319	219,303	240,444	443,697
Research and development	77,472	47,818	95,649	88,893
Selling and marketing	30,300	57,090	33,485	96,091
TOTAL EXPENSES	267,153	166,515	532,809	1,184,475
LOSS FROM OPERATIONS	(236,885)	(103,005)	(383,625)	(1,115,552)
OTHER INCOME (EXPENSE)				
Interest income	25,037	18,954	25,037	37,854
Interest expense	(6,318)	(21,109)	(14,149)	(38,664)
Impairment of shareholder note receivable	3,643	-	(354,239)	-
Gain on sale of assets	-	-	6,009	-
TOTAL OTHER INCOME (EXPENSE)	22,362	(2,155)	(337,342)	(810)
LOSS BEFORE PROVISION FOR INCOME TAXES	(214,523)	(105,160)	(720,967)	(1,116,362)
PROVISION FOR INCOME TAXES	-	-	-	-
NET LOSS	$ (214,523)	$ (105,160)	$ (720,967)	$ (1,116,362)
BASIC AND DILUTED NET LOSS PER SHARE	$ nil	$ nil	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE SHARES OUTSTANDING USED IN BASIC AND DILUTED PER-SHARE CALCULATION	78,483,439	52,657,079	77,874,773	49,637,200

The accompanying condensed notes are an integral part of these consolidated financial statements

UNIVERSAL ICE BLAST, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
Six Months Ended June 30, 2004
(Unaudited)

	Common Stock		Additional Paid-in	Shareholder Notes	Stock Options and	Accumulated	
	Shares	Amount	Capital	Receivable	Warrants	Deficit	Total
BALANCE, December 31, 2003	74,528,773	$ 74,529	$ 6,885,563	$ (1,169,650)	$ 148,577	$ (7,138,736)	$ (1,199,717)
Common stock issued for cash	2,350,000	2,350	53,250	-	-	-	55,600
Shares and warrants issued to consultants providing services to the company	4,302,899	4,303	102,671	-	-	-	106,974
Note receivable transferred to other asset	-	-	-	514,050	-	-	514,050
Shares returned and cancelled upon cancellation of shareholder notes receivable	(950,000)	(950)	(140,600)	141,550	-	-	-
Common stock issued to employees as compensation	5,961,000	5,961	106,014	-	-	-	111,975
Net loss	-	-	-	-	-	(720,967)	(720,967)
BALANCE, June 30, 2004	86,192,672	$ 86,193	$ 7,006,898	$ (514,050)	$ 148,577	$ (7,859,703)	$ (1,132,085)

The accompanying condensed notes are an integral part of these consolidated financial statements

UNIVERSAL ICE BLAST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (720,967)	$ (1,116,362)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	24,324	46,371
Common stock and warrants issued for goods and services	106,974	545,343
Stock options issued as compensation	-	232,830
Common stock issued to employees as compensation	111,975	-
Amortization of deferred gain on sale/leaseback transactions	(3,431)	(6,366)
Accrued interest on shareholder notes receivable	(18,176)	(34,776)
Impairment of shareholder note receivable	354,239	-
Gain on sale of assets	6,009	-
Changes in operating assets and liabilities:		
Accounts receivable - trade	(110,351)	(3,004)
Inventory	(62,048)	(11,180)
Prepaid expenses and other	(5,951)	(13,873)
Accounts payable	(20,257)	(41,240)
Accrued liabilities	25,936	131,896
Deferred revenue	256,327	(6,700)
Deferred officers' compensation	32,087	33,134
Customer deposits	5,000	15,261
Net cash used by operating activities	(18,310)	(228,666)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	-	(23,747)
Net cash used by investing activities	-	(23,747)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligations	(25,716)	(27,966)
Proceeds from issuance of common stock	55,600	299,462
Advances from officers	-	42,884
Payments on advances from officers	(208)	(33,794)
Payments on long-term debt	-	(9,692)
Payments of notes payable	(45,522)	(20,874)
Net cash provided (used) by financing activities	(15,846)	250,020
DECREASE IN CASH AND CASH EQUIVALENTS	(34,156)	(2,393)
CASH AND CASH EQUIVALENTS		
Beginning of period	35,529	3,677
End of period	$ 1,373	$ 1,284

The accompanying condensed notes are an integral part of these consolidated financial statements

UNIVERSAL ICE BLAST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(UNAUDITED)

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid	$ 9,997	$ 26,003
Income taxes paid	$ -	$ -
NON-CASH INVESTING AND FINANCING TRANSACTIONS		
Stock options issued as compensation	$ -	$ 232,830
Shareholder notes receivable to be cancelled and shares to be returned	$ 141,550	$ -
Common stock and warrants issued for goods and services	$ -	$ 545,353
Equipment contributed in exchange for reduction of officer advances	$ -	$ 34,825
Equipment transferred to inventory (net)	$ 6,009	$ -

The accompanying condensed notes are an integral part of these consolidated financial statements

UNIVERSAL ICE BLAST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 3004
(Unaudited)

Note 1 - Basis of Presentation of Unaudited Interim Financial Information

The accompanying unaudited consolidated financial statements of Universal Ice Blast, Inc. (together with its wholly-owned subsidiary, the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and with instructions to Form 10-QSB pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of the Company included in the Company's December 31, 2003 Annual Report on Form 10-KSB.

In the opinion of management, all adjustments, consisting only of normal recurring accruals, considered necessary for a fair presentation, have been included. The results of operations for the six-month period ended June 30, 2004 are not necessarily representative of operating results to be expected for the entire fiscal year.

The Company has developed a line of machines that utilize ice (plain H\\2\\O) as a blast cleaning/stripping medium. The Company's patented Ice Blast technology has a wide range of potential applications in precision cleaning, industrial cleaning and environmental cleaning. The Company rents ice-blasting equipment and performs ice-blasting services for customers throughout the United States, and in 2004 began licensing distribution and manufacturing rights of Ice Blast technology and know-how. The Company markets and sells ice-blasting equipment to North America, Europe Asia and Australia.

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business for the foreseeable future. Since inception in 1995, the Company has accumulated losses aggregating approximately $7,860,000. The Company had a working capital deficit of $925,000 and a stockholders' deficit of $1,132,000 at June 30, 2004.

The Company is actively pursuing marketing arrangements for its products in the precision, environmental and industrial cleaning markets. The Company has changed its business strategy from that of manufacturer of ice blast systems to that of licensor, thereby licensing the rights to build and sell ice blast products to others, including competitors of the Company. The result of this change in the business model is to reduce the requirement for working capital and improve cash flows and profitability through reduction of administrative, indirect manufacturing costs and marketing costs.

The Company's future success is dependent upon its ability to achieve profitable operations and generate cash from operating activities and upon obtaining additional financing. There is no assurance that the Company will be able to generate sufficient cash from operations or through the sale of additional shares of common stock or from additional borrowings. In the event the Company is unable to raise additional capital or to obtain it on acceptable terms or in sufficient amounts, the impact would have a material adverse effect on its financial position, results of operations and its ability to continue in existence. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 –Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. Critical accounting policies include revenue recognition, accounting for research and development costs, and accounting for stock compensation expense, as well as preparation of the financial statements on a going concern basis.

Use of Estimates - 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition - Revenue from the sale of stand alone Ice Blast machines and accessories to end users and distributors is recognized at the time goods are shipped or when title passes. Where customers require installation services and operational acceptance, shipment is FOB destination and revenue is recognized upon acceptance by the customer. Revenue from services is recognized as the services are provided. Revenue from the rental of Ice Blast machines is recognized over the rental period based on the terms of the rental agreements.

Research and Development Costs - Research and development costs are charged to expense as incurred. These costs primarily consist of salaries, development materials, consultant fees, supplies and related costs of personnel directly involved in the research and development of new technology.

Cash and Cash Equivalents - The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Stock-Based Compensation – The Company applies Accounting Principles Board Opinion No. 25, “Accounting for Stock Options Issued to Employees,” and related interpretations including Financial Accounting Standards Board Interpretation No. 44, “Accounting for Certain Transactions Involving Stock Compensation.” The Company accounts for stock-based compensation to employees using the intrinsic value method, whereby compensation cost is recognized when the exercise price at the date of grant is less than the fair market value of the Company's common stock. The Company discloses the proforma effect of compensation cost based on the fair value method for determining compensation cost. The value of stock-based compensation awarded to non-employees is determined using the fair value method. Compensation cost is recognized over the service or vesting period. If the compensation cost for stock options granted to employees had been determined using the fair value method, the proforma net loss and proforma net loss per share would not have differed from amounts reported.

Computation of Net Loss per Share - Basic earnings per share is computed by dividing the net earnings available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing the net earnings for the period by the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of the incremental common shares issuable upon the exercise of stock options, and warrants and have been excluded from the diluted net loss per share calculations, as their effect is anti-dilutive. Shares omitted from the computation of net loss per share due to their anti-dilutive effect approximated 672,000 and 3,148,000 for the six months ended June 30, 2004 and 2003, respectively. A summary of the shares used to compute net loss per share is as follows:

	Six Months Ended June 30,	
	2004	2003
Weighted average common shares used to compute basic net loss per share	77,874,773	49,637,200
Effect of dilutive securities	-	-
Weighted average common shares used to compute Diluted net loss per share	77,874,773	49,637,200

Segment Information - Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosure about Segments of an Enterprise and Related Information," establishes annual and interim reporting standards for an enterprise's operating segments and related disclosures about its products, services, geographic areas and major customers. The Company has determined that it operates in one segment. The Company attributes sales to customers in individual foreign countries based on the location where the product was shipped. Sales for the six month periods ended June 30, 2004 and 2003 included approximately $103,000 and $17,000 respectively, to customers located outside the United States.

Income taxes – No provision or benefit for income taxes has been recorded for periods presented due to losses incurred. A valuation allowance has been recorded against deferred tax assets primarily relating to operating loss carryforwards, as it has not been determined that it is more likely than not that these deferred tax assets will be realized.

Note 3 –Equipment

During the six months ended June 30, 2004, the Company sold four Ice Blast machines previously included in equipment in the Company's consolidated balance sheet. The cost of $175,348 and accumulated depreciation of $169,339 having a net book value for these machines of $6,009, which was removed from equipment accounts and recognized as cost of sales for machines sold. Originally, as of March 31, 2004, the Company had over reported gain by $33,402 which was subsequently corrected to the March 31, 2004 period.

Note 4 - Common Stock and Stock Options

During the six months ended June 30, 2004, the Company issued 5,961,000 shares of common stock to five employees for services received. An additional 4,303,000 shares were issued to two consultants in exchange for research and development and financial advisory services. The Company computed the number of common shares issued in these transactions based on the fair value of services received and the estimated fair value of the Company's common stock on the dates of issuance. Such prices averaged $0.019 for shares issue to employees and $0.025 for shares issued to consultants. These shares were registered in a form S-8 registration statement filed by the Company.

The Company has a stock option plan ("the 1999 Stock Plan") under which employees, consultants and others may be awarded incentive or non-statutory stock options. At December 31, 2003, options outstanding, all of which were non-statutory, totaled 821,667. No new options were granted to employees during the six months ended June 30, 2004.

The Company has also implemented a stock compensation plan ("the 2002 Stock Compensation Plan") in order to provide the Company with a means of compensating selected key employees, officers, directors and consultants for their services rendered to the Company. No options were outstanding under this plan at December 31, 2003. During the six months ended June 30, 2004, the Company issued options to purchase 2,000,000 shares of its common stock to one consultant. All options granted during this period were exercised in exchange for cash proceeds of $47,550.

Note 5 – Shareholder Notes Receivable

During 2001, the Company's board of directors approved and the Company made loans to officers and employees to assist them in purchasing the Company's common stock. These loans bear interest at an annual rate of 6.5% and are collateralized by a pledge of the purchased shares of Company common stock. In connection with these notes, the Company retained as collateral a security interest in 7.85 million shares of common stock issued. The principal is repayable five years from the date of the loans, with interest only payments required annually on or before December 31 of each year. Shareholder notes receivable are presented in the accompanying consolidated balance sheet as a reduction in stockholders' equity.

Effective March 31, 2004, the Company cancelled $141,550 of shareholders notes receivable, and related accrued interest income, from six employees or former employees in consideration for the return of the underlying 950,000 shares of Company common stock in which the Company had a security interest.

The Company has a $514,050 note receivable from its former President, which was collateralized by the Company having an interest in the 3,450,000 shares purchased with the note receivable. Management of the Company became aware that the underlying stock had been sold. The note receivable was transferred to other assets from the stockholders' deficit section of the consolidated balance sheet as it is no longer collateralized by Company common stock. The Company is pursuing collection of the note receivable and anticipates that a settlement arrangement will be agreed to and that such agreement will include, among other things, an offset of advances payable and deferred officers compensation. In July 2004, management of the Company became aware that the former President had filed for protection under Chapter 7 of the US federal bankruptcy statutes. Included in other assets at June 30, 2004, are notes receivable of $514,050 and interest receivable of approximately $25,000, net of advances payable of approximately $70,000 and deferred officer compensation of $121,500, together having a total of approximately $348,000, before reduction for impairment. On the basis of forecast cash flows considered probable of collection of this note receivable, the Company recorded a provision for impairment of notes receivable of approximately $354,000 during the six months ended June 30, 2004.

Note 6 – License Agreement

In January 2004, the Company entered into a five-year Marketing/Integration license agreement with a machine building company located on Ontario, Canada to exclusively market the Company's products in Ontario to its customers and to utilize the Company's technology and know-how to integrate the Company's products with other products they offer. The Company received $55,000 upon execution of the agreement and the agreement requires the Licensee to purchase an Ice Blast machine as part of the License Fee. In addition, the agreement requires the licensee to make certain minimum future annual purchases of Ice Blast products. Pursuant to terms of the agreement, License Fees are subject to return in the event of early termination on a prorated basis. Accordingly, amounts received for License Fees, which totaled $55,000 during the six months ended June 30, 2004, are recorded as deferred revenue and are recognized on a straight-line basis over the five year term.

Note 7 – Commitments and Contingencies

In October, 2002, a lawsuit was brought against the Company by Systems Interface, Inc. ("Systems Interface") which is one of the Company's vendors, in King County Superior Court. Systems Interface sought judgment for amounts payable by the Company for goods and services the plaintiff provided to the Company in 2001. A judgment was entered against the Company in the amount of $75,454. The Company entered into an agreement with the plaintiff under which the judgment is paid in monthly installments. At December 31, 2003, the Company owed approximately $12,300 to this vendor, which was paid during the six months ended June 30, 2004.

In August of 2003 a lawsuit was brought against the Company and its founders in the Superior Court of Washington for King County by one of its Note holders for amounts due of $38,000 and for the 144 restrictions to be released on 575,000 shares that was previously issued to the Note Holder so as to allow these shares to become freely tradeable. In the first six months of 2004, a judgment was entered against the Company for $38,000, due to the Note Holder. The Company has reached a settlement plan with the Note Holder wherein the obligation should be repaid by December 2004. The unregistered shares issue is subject to an ongoing lawsuit.

Other vendors of the Company have threatened to bring legal action and some have filed lawsuits for payment of overdue amounts, in addition to the Systems Interface lawsuit. The company has settled some of these suits, worked out payment plans, or is negotiating payment plans. Of the amounts settled, all were settled for the liability previously recorded by the Company. The Company is working to resolve these issues. In the opinion of management, all reasonable amounts relating to these past due and disputed liabilities have been accrued in the Company's June 30, 2004 consolidated financial statements.

Note 8 – Subsequent Events

Subsequent to June 30, 2004, the Company issued approximately 699,000 shares of its common stock through private placements under Section 4(2) of the Securities Act in the aggregate amount of $22,500 to a consultant. All shares were issued by the exercise of options granted through the Company's 2002 Stock Compensation Plan.

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

The following discussion and analysis should be read in conjunction with the Company's interim consolidated financial statements included elsewhere in this Quarterly Report on Form 10-QSB (the "Quarterly Report") and with the Company's consolidated annual financial statements and management's discussion and analysis included in the Company's December 31, 2003 Annual report on Form 10-KSB (the "Annual Report").

Cautionary Statement - Certain forward-looking statements contained herein regarding the Company's business and prospects are based upon numerous assumptions about future conditions, which may ultimately prove to be inaccurate and actual events, and results may materially differ from anticipated results described in such statements. The Company's ability to achieve such results is subject to certain risks and uncertainties, such as the impact of competition and pricing, changing market conditions, general economic conditions, the Company's history of losses and need for additional capital and other risks. Forward-looking statements are identified by words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may", "confident" and other similar expressions. Any forward-looking statements contained herein represent the Company's judgment as of the date hereof. The Company disclaims, however, any intent or obligation to update such forward-looking statements. As a result, the reader is cautioned not to place undue reliance on any forward-looking statements contained herein.

Overview - The Company reports its revenues as sales of machines and accessories, or product sales, and as services and rental income. Services and rental income includes primarily cleaning services and income from the renting of equipment to customers who have not yet purchased Company equipment. Typically, the Company performs services at customer locations and receives rental income for equipment use and fees for time incurred. As the cost of monthly rental is significantly less than the purchase price of a machine, rentals have a much lower customer pricing hurdle to overcome and accordingly may be closed with a relatively higher frequency. Further, follow-on rentals are similarly more common and provide the basis for expectation of future revenues from the same customers. The Company has customers in industries including precision cleaning (automotive deburring applications), environmental cleaning (lead paint or asbestos removal), and industrial cleaning (marine cleaning), which are located in various locations throughout the United States (including New York, Ohio, Hawaii and Washington) and the world (including Canada, Holland, Japan and Australia).

The Company reports its costs and expenses as cost of revenues, research and development, selling and marketing, and general and administrative. Research and development costs consist primarily of compensation and related costs of personnel engaged in product design and enhancements and patent related costs. Selling and marketing costs relate to product sales and promotion and costs associated with responding to requests for proposals, including on-site demonstrations. General and administrative costs are comprised primarily of compensation and related expenses, occupancy and professional, legal, and accounting fees.

The Company has changed its business model during 2004 to a licensing strategy in the form of Marketing/Integration licenses and Manufacturing Licenses. The Company entered into five-year Market/Integration license agreement in January 2004 with a machine building company located in Ontario Canada to exclusively market the Company's products in Ontario to its customers and to utilize the Company's technology and know-how to integrate the Company's products with other products they offer. The Company received approximately $55,000 upon execution of the agreement and is to receive an additional $70,000 upon the sale of an ice blast machine. In addition, the agreement requires the company to make certain minimum future annual purchases of Ice Blast products. The benefits of licensing to marketing/integrators, includes relying on their core competency of machine building and total system integration with all automotive companies and their marketing and other relationships with these clients. The benefits of obtaining licensees to manufacture the Company's proprietary equipment are a reduction in cost and improvement in build quality. It is expected that the benefits will improve margins and provide a faster sales cycle.

Critical Accounting Policies - The Company's financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for Universal Ice Blast include revenue recognition, accounting for research and development costs, and accounting for stock compensation expense, as well as the preparation of the financial statements on a going concern basis.

Revenue Recognition - Revenue from the sale of stand alone Ice Blast machines and accessories to end users and distributors are shipped FOB shipping point at which time the title passes and revenue is recognized. Where customers require installation services and operational acceptance, shipment is FOB destination and revenue is recognized upon acceptance by the customer. Revenue from services is recognized as the services are provided. Revenue from the rental of Ice Blast machines is recognized over the rental period based on the terms of the rental agreements.

Research and Development Costs - Research and development costs are charged to expense as incurred. These costs primarily consist of salaries, development materials, supplies and related costs of personnel directly involved in the research and development of new technology.

Stock-Based Compensation - The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Options Issued to Employees," and related interpretations including Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation." The Company accounts for stock-based compensation to employees using the intrinsic value method, whereby compensation cost is recognized when the exercise price at the date of grant is less than the fair market value of the Company's common stock. The Company discloses the proforma effect of compensation cost based on the fair value method for determining compensation cost. The value of stock-based compensation awarded to non-employees is determined using the fair value method. Compensation cost is recognized over the service or vesting period.

Results of Operations

Three months ended June 30, 2004 compared to three months ended June 30,, 2003

During the three months ended June 30, 2004, revenues decreased to $44,000 as compared to $102,000 for the three months ended June 30, 2003. Second quarter 2004 sales of machines and accessories decreased to $5,000 from $14,000 during the comparable prior year period. Service and rental income decreased approximately $53,000 to $36,000 compared to $89,000 in the second quarter of 2003. No machines were sold during either period and revenues represent sales of miscellaneous accessories and rental revenue.

Gross profit decreased to $30,000 for the three months ended June 30, 2004 from $64,000 for the comparable 2003 period due primarily to the reduction in service and rental income. During the second quarter of 2004, the Company revised its estimate of the cost of goods sold for four machines sold during the quarter ended March 31, 2004 such that cost of goods sold for the six months ended June 30, 2004 included a reduction of approximately $33,000 for the correction of assets assigned to these sales as of March 31, 2004. Gross profits from services and rental income decreased to $26,000 or 72% of revenue during the three months ended June 30, 2004 as compared to $50,000 or 57% during comparable period of 2003. Service and rental volumes were reduced in 2004, however a higher mark-up was achieved on the services provided.

Professional fees increased to $123,000 for the three months ended June 30, 2004 from a credit of $158,000 for the comparative prior year period. Approximately $88,000 of the 2004 expense consisted of stock-based compensation expense recorded in connection with issuances of equity securities to financial advisors. During the second quarter of 2003, the Company's Board of Directors cancelled approximately 4.4 million shares of common stock previously issued to consultants. As a result, approximately $239,000 of expense recorded in the first quarter of 2003 was reversed in the second quarter, thereby generating a net credit in second quarter 2003 professional fees.

For the three months ended June 30, 2004, general and administrative expense decreased 84% to $36,000 from $219,000 during the comparable period of 2003, primarily due to reduced compensation costs.

Research and development expenses increased 64% to $77,000 during the three months ended June 30, 2004 as compared to $48,000 during the comparable period of 2003, primarily as a result of the Company's increased use of research consultants during 2004.

Selling and marketing expenses decreased to $30,000 for the three months ended June 30, 2004 as compared to $57,000 for the comparable 2003 period. The decrease in selling and marketing expenses is attributable primarily to reduction in travel related to work with Ford in 2003.

The Company’s operating losses increased to $203,000 for the three months ended June 30, 2004 as compared to $103,000 for the comparable 2003 period. The increase was primarily the result of the effect of the reversal of professional fees un the second quarter of 2003 which reduced the 2003 operating loss by approximately $239,000. Management anticipates incurring additional future operating losses through the remainder of 2004.

During the quarters ended June 30, 2004, and 2003, the Company recorded interest income in the amount of $25,000 and $19,000, respectively in connection with Shareholder notes receivable. The 2004 interest relates only to interest receivable from the Company’s Chief executive Officer in the aggregate amount of approximately $514,000.

Interest expense decreased to $6,000 for the three months ended June 30, 2004 as compared to $21,000 for the comparable prior year period. This decrease is primarily the result of repayments on debt and leases.

Six months ended June 30, 2004 compared to six months ended June 30, 2003

During the six months ended June 30, 2004, revenues increased to $190,000 as compared to $135,000 for the six months ended June 30, 2003. The increase relates to the sale of four machines during 2004 as opposed to the comparable 2003 period when no machines were sold, offset by a decrease in service and rental income.

Gross profit increased to 125% to $155,000 for the six months ended June 30, 2004 from $69,000 in 2003. As a percent of sales, gross profit increased to 82% during the six months ended June 30, 2004 as compared to 51% during the comparable period of 2003. Gross profits on machine and accessory sales were $112,000 or 90% of revenues during 2004 to compared to $16,000 or 77% in 2003. The increase relates to the fact that the four machines sold in 2004 were transferred from fixed assets and carried a net book value of approximately $6,000, thereby generating a profit of over $100,000. Gross profits from services and rental income decreased to $37,000 or 62% of revenue during the six months ended June 30, 2004 as compared to $52,000 or 46% during comparable period of 2003. Service and rental volumes were reduced in 2004, however a higher mark-up was achieved on the services provided

Professional fees decreased 71% to $163,000 for the six months ended June 30, 2004 from $556,000 for the comparative prior year period. Substantially all of the 2003 expense consisted of stock-based compensation expense recorded in connection with the issuance of equity securities to financial advisers. The Company employed fewer consulting services during 2004.

For the three months ended June 30, 2004, general and administrative expense decreased 46% to $240,000 from $444,000 during the comparable period of 2003, primarily due to reduced compensation costs.

Research and development expenses increased 8% to $96,000 during the six months ended June 30, 2004 as compared to $89,000 during the comparable period of 2003, primarily the result of the Company’s increased use of research consultants during 2004.

Selling and marketing expenses decreased to $33,000 for the six months ended June 30, 2004 as compared to $96,000 for the comparable 2003 period. The decrease in selling and marketing expenses is attributable primarily to reduction in travel related to work with Ford in 2003.

The Company’s operating losses decreased to $378,000 for the six months ended June 30, 2004 as compared to $1,115,000 for the comparable 2003 period. The decrease was primarily the result of the $87,000 increase in gross profits due to the 2004 machine sales offset by reductions in professional fees and general and administrative costs. Management anticipates incurring additional future operating losses through the remainder of 2004.

During the six month periods ended June 30, 2004, and 2003, the Company recorded interest income in the amount of $25,000 and $38,000, respectively in connection with Shareholder notes receivable. The 2004 interest relates only to interest receivable from the Company’s Chief executive Officer in the aggregate amount of approximately $514,000.

The Company has a $514,050 note receivable from its former President, which was collateralized by the Company having an interest in the 3,450,000 shares purchased with the note receivable. Management of the Company became aware that the underlying stock had been sold. The Company is pursuing collection of the note receivable and anticipates that a settlement arrangement will be agreed to in 2004, and that such agreement will include, among other things, an offset of advances payable and deferred officers compensation. Included in other assets at June 30, 2004, are notes receivable of $514,050 and interest receivable of approximately $25,000, net of advances payable of approximately $70,000 and deferred officer compensation of $121,500, together having a total of approximately $348,000, before reduction for impairment. On the basis of forecast cash flows considered probable of collection of this note receivable, the Company recorded a provision for impairment of notes receivable of approximately $354,000 during the six months ended June 30, 2004.

Interest expense decreased to $14,000 for the six months ended June 30,, 2004 as compared to $39,000 for the comparable prior year period. This decrease is primarily the result of repayments on debt and leases.

Financial Condition, Liquidity and Capital Resources

The Company's working capital deficit was $ 925,000 and its stockholders' deficit was $ 1,132,000 at June 30, 2004. As of June 30, 2004, the Company had cash and cash equivalents of $1,373. During the six months ended June 30, 2004, operating activities used cash of $18,000 as compared using cash of $229,000 during the comparative 2003 period. Cash used by operating activities resulted primarily from the Company's net loss reduced by working capital movements, as well as depreciation, amortization and other non-cash charges, such as the issuance of stock in exchange for goods and services. The Company used cash of $24,000 for capital expenditures during the six months ended June 30, 2003 as compared to no capital expenditures for 2004. The Company has no significant commitments for future purchases of capital assets.

Financing activities used cash of $16,000 during the six months ended June 30, 2004 as compared to providing cash of $250,000 during the comparable period of 2003. Cash has been provided primarily from sale of Company Common Stock and the issuance of notes payable to lenders. Sales of Common Stock provided $56,000 and $299,000 during the six months ended June 30, 2004 and 2003, respectively. Repayments on notes payable for 2004 was $45,000 and $21,000 in 2003. Payments on capital lease obligations used cash of $26,000 and $28,000 in 2004 and 2003, respectively. Long-term debt repayments were $0 and $10,000 in 2004 as compared to 2003. The Company used to borrow and repay, on a revolving basis, cash advances from its two founders and officers. Repayments were $34,000 during 2003.

The Company is actively pursuing marketing arrangements for their products in the precision, environmental and industrial cleaning markets. The Company intends to change its commercial arrangements from that of manufacturer of ice blast systems to that of licensor, licensing the rights to build and sell Ice Blast products to others, including competitors of the Company. Additionally, the Company's business plans to include long-term rental income into the industrial markets, would reduce the reliance on the automotive markets. The intended result of this change in business model is to reduce the requirement for working capital and improve cash flows and profitability through reduction of administrative and selling costs.

The Company's future existence is dependent upon its ability to achieve profitable operations and generate cash from operating activities, and upon obtaining additional financing. There is no assurance that the Company will be able to generate sufficient cash from operations or through the sale of additional shares of common stock or additional borrowings.

The revised business strategies reduces the cash demands that was required in prior years, however, it is still necessary that the Company raises sufficient capital to fund working capital needs, debt service and the cash flow deficits expected to be generated by future operating losses. Current cash balances, the realization of accounts receivable, cash received from the sale of common stock, and cash received from licensees upon entering into license agreements will not be sufficient to fund the Company's current business plan beyond the third quarter of 2004. Consequently, the Company is currently seeking convertible debt and/or additional equity financing in the aggregate amount of at least $300,000, to fund the Company's immediate liquidity needs. Management is currently negotiating with existing shareholders as well as other individuals and organizations in order to obtain the working capital necessary to meet both current and future obligations and commitments. There can be no assurance that the Company will be able to raise additional capital on satisfactory terms or at all. In the event that the Company is unable to obtain such additional capital or to obtain it on acceptable terms or in sufficient amounts, the impact thereof would have a material adverse effect on the Company's business, operating results and financial condition as well as its ability to service debt requirements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As disclosed in an explanatory paragraph in the Report of Independent Accountants on the Company's consolidated financial statements included in this Annual Report, the foregoing liquidity and financial conditions raise substantial doubt about the Company's ability to continue as a going concern.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

The Company believes that it does not have any material exposure to interest or commodity risks. The Company does not own any derivative instruments and does not engage in any hedging transactions.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On October, 2002, a lawsuit was brought against Universal Ice Blast, Inc. by Systems Interface, Inc. ("Systems Interface") one of its vendors, in the King County, Washington Superior Court. Systems Interface sought judgment for amounts payable by the Company for goods and services the plaintiff provided to the Company in 2001. A judgment was entered against the Company in the amount of $75,454. UIBI has entered into an agreement with the plaintiff under which the judgment is to be paid in monthly installments. At December 31, 2003, the Company owed approximately $12,300 to this vendor. The obligation was fully paid in March 2004.

Certain other vendors have threatened to bring legal action for payment of overdue amounts. In addition to the Systems Interface lawsuit, four additional suits have been filed, two of which were settled during the year ended December 31, 2003 for the amount of the liability previously recorded by the Company. The Company is working to resolve these issues. All reasonable amounts relating to these past due and disputed liabilities have been accrued in the Company's June 30, 2004 financial statements.

In August of 2003 a lawsuit was brought against the Company, Rory Clarke, Barbara Clarke, Sam Visaisouk and Marlene Visaisouk in the Superior Court of Washington for King County by National Tradex and Raymond Cox for amounts due on a Note for approximately $38,000 and for the 144 restrictions to be released on 575,000 shares that was previously issued to Mr. Cox so as to allow these shares to become freely tradeable. In the first quarter of 2004, a judgment was entered against the Company for $38,000, due to National Tradex Limited and Raymond Cox of Burnaby BC Canada. The Company has reached a settlement plan with Mr. Cox which requires a down payment and monthly payments thereafter until the amount is repaid. The unregistered shares issue is subject to an ongoing lawsuit.

In November 2003, a lawsuit was brought against the Company and Sam Visaisouk by Patriot Commercial Leasing Company (Patriot Leasing) in the Superior Court of Washington For King County. Patriot Leasing sought a judgment for amounts payable by the Company for equipment leases provided to the Company. A judgment was entered against the Company for $23,240 on December 11, 2003 and a Writ of Garnishment was entered against the Company on March 17, 2004 claiming additional interest for the period of December 11 2003 until April 16, 2004, against the Company for a total judgment amount of $25,005. During the six months ended June 30, 2004, the Company made the final payment required under this judgment .

Item 2. Changes in Securities

During the six months ended June 30, 2004, the Company issued 5,961,000 shares of common stock to five employees for services received. An additional 4,303,000 shares were issued to two consultants in exchange for research and development and financial advisory services.

Item 6. Exhibits and Reports on From 8K.

(a) Exhibits –

31 Certification of Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).

32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8K. No reports on Form 8-K were filed by the Company during the six months ended June 30, 2004.

SIGNATURE

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIVERSAL ICE BLAST, INC.

By: /S/ RORY CLARKE

Rory Clarke, Chief Executive Officer and Chief Financial Officer

August 16, 2004

Exhibit 31

Certification

I, Rory Clarke, certify that:

(1) I have reviewed this June 30, 2004 Quarterly Report on Form 10-QSB of Universal Ice Blast, Inc.

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

(4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

> (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
>
> (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
>
> (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

(5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

> (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
>
> (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Rory Clarke
By ___________________________________
Rory Clarke
Director, Chief Executive Officer and Chief Financial Officer

Date: August 16, 2004

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Universal Ice Blast Inc., (the "Company") on Form 10-QSB for the period ended June 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rory Clarke, Director, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rory Clarke
By ___________________________________
Rory Clarke
Director, Chief Executive Officer and Chief Financial Officer

Date: August 16, 2004