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ADVANCE TECHNOLOGIES INC  
Form 10QSB  
February 17, 2004

FORM 10 QSB

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Quarterly report pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the quarterly period ended December 31, 2003

Or

Transition report pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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

Commission file number 0-27175

ADVANCE TECHNOLOGIES, INC.

\_\_\_\_\_  
(Exact name or registrant as specified in its charter)

Nevada

95-4755369

\_\_\_\_\_  
(State or other jurisdiction  
Incorporation or organization)

\_\_\_\_\_  
(I.R.S. Employer  
Identification No.)

716 Yarmouth Rd Suite 215  
Palos Verdes Estates, CA 90274

\_\_\_\_\_  
(Address of principal executive offices)

Registrant's telephone number, including area code: (310) 265-7776

Indicate by check mark whether the registrant (1) has filed all reports Required to be filed by Section 13 or 15(d) of the Securities Exchange Act Of 1934 during the preceding 12 months (or for such that the registrant was Required to file such reports), and (2) has shorter period been subject to Such filing requirements for the past 90 days. Yes  No

APPLICABLE ONLY TO ISSUES INVOLVED IN BANKRUPTCY.

Indicate by check whether the registrant has filed all documents And report required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities Under a plan confirmed by a

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court. Yes { } No { }

## APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of December 31, 2003, approximately 22,833,717 shares of the Registrant's Common Stock, \$0.001 par value were outstanding. As of December 31, 2003, approximately 38,681,657 shares of the Registrant's Class A Preferred Stock par value \$0.001 were outstanding.

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ITEM 1. FINANCIAL STATEMENTS

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ADVANCE TECHNOLOGIES, INC.  
(A Development Stage Company)  
Consolidated Financial Statements  
December 31, 2003

Chisholm & Associates, CPA  
PO Box 540216  
North Salt Lake, UT 84054  
Tel: (801) 292-8756

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ADVANCE TECHNOLOGIES, INC.  
(a Development Stage Company)  
Consolidated Balance Sheets

	December 31, 2003	Septem 2
	(Unaudited)	
ASSETS		
Current Assets		
Cash	\$ 51,581	\$ (
Total Current Assets	51,581	(
Property & Equipment, Net	12,476	1

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Total Assets	\$ 64,057	\$ 1
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ -	\$
Accrued Interest	-	
Note Payable - Officer	46,800	4
Advance Royalties	25,000	2
	-----	-----
Total Current Liabilities	71,800	8
	-----	-----
Long Term Liabilities		
Line of Credit	-	
	-----	-----
Total Long Term Liabilities	-	
	-----	-----
Total Liabilities	71,800	8
	-----	-----
Stockholders' Equity		
Common Stock, Authorized 100,000,000 Shares of \$.001 Par Value, Issued and Outstanding 17,218,967 shares	22,766	2
Preferred Stock, Series A Authorized 100,000,000 Shares of \$.001 Par Value, Issued and Outstanding 38,858,057 Shares	38,748	3
Additional Paid in Capital	549,780	54
Deficit Accumulated During the Development Stage	(619,037)	(68)
	-----	-----
Total Stockholders' Equity	(7,743)	(6)
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 64,057	\$ 1
	=====	=====

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Advance Technologies, Inc.  
(a Development Stage Company)  
Consolidated Statements of Operations

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(Unaudited)

	For the three months ended December 31, 2003	For the three months ended December 31, 2002	From the beginning of Development stage October 1, 1985 thru December 31, 2003
Revenues	\$ 122,205	\$ 1,648	\$ 182,229
Operating Expenses			
Depreciation & Amortization	1,964	1,964	39,410
Organization Costs	-	-	11,331
Research & Development	-	-	72,750
General & Administrative	58,957	4,605	691,809
Total Operating Expenses	60,921	6,569	815,300
Operating Income (Loss)	61,284	(4,921)	(633,071)
Other Income (Expense)			
Miscellaneous Income	-	-	98,000
Interest Expense	-	(2,565)	(23,267)
Total Other Income (Expense)	-	(2,565)	74,733
Net Income (Loss)	\$ 61,284	\$ (7,486)	\$ (558,338)
Net Income (Loss) Per Share	\$ 0.00	\$ (0.00)	\$ (0.23)
Weighted Average Shares Outstanding	22,766,317	17,218,967	2,424,076

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## Consolidated Statements of Cash Flows (Unaudited)

	For the three months ended December 31,	
	2003	2002
<b>Cash Flows from Operating Activities</b>		
Net Income (Loss)	\$61,284	\$(7,284)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operations:		
Depreciation & Amortization	1,963	1,963
Stock Issued for Services	-	-
Organization Costs	-	-
Decrease in Prepaids	-	-
Change in Assets and Liabilities	-	-
Increase in Deferred Income	-	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	(9,637)	2,963
	53,610	(2,358)
<b>Net Cash Provided(Used) by Operating Activities</b>	<b>53,610</b>	<b>(2,358)</b>
<b>Cash Flows from Investing Activities</b>		
Investment in Subsidiary	-	-
Purchase of Equipment	-	-
	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>		
Payments for Officer Loan	-	-
Proceeds from Officer Loan	-	-
Proceeds from Line of Credit	-	4,000
Proceeds from Issuance of Stock	-	-
	-	4,000
<b>Net Cash Provided(Used) by Financing Activities</b>	<b>-</b>	<b>4,000</b>
<b>Increase (Decrease) in Cash</b>	<b>53,610</b>	<b>1,642</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>(2,029)</b>	<b>1,000</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>51,581</b>	<b>2,642</b>
<b>Cash Paid For:</b>		
Interest	\$ -	\$15,000
Income Taxes	\$ -	\$ -

ADVANCE TECHNOLOGIES, INC.  
(A Development Stage Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2003

GENERAL

Advance Technologies, Inc. (the Company) has elected to omit substantially all footnotes to the financial statements for the three and nine months ended December 31, 2003 since there have been no material changes (other than indicated in other footnotes) to the information previously reported by the Company in their Annual Report filed on Form 10-KSB for the fiscal year ended September 31, 2003.

UNAUDITED INFORMATION

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments which are, in the opinion of management, necessary to properly reflect the results of the interim period presented. The information presented is not necessarily indicative of the results from operations expected for the full fiscal year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

Advance Technologies Inc. ("AVTX") is a developer of infrared (IR) Enhanced Vision technology for commercial solutions and applications. The Company engages in advance development activities and through strategic business arrangements AVTX utilizes OEM suppliers and major system corporations to form strategic business associations. This unique business model combines the strength of our organization with the prior capital investment of the OEMs and the in place established marketing and sales organization of the System Integrator. Our ability to bridge IR technology into application-specific markets shortens the development-to-market cycle and the investment risk.

Advance Technologies has entered into a licensing agreement with Kollsman, Inc in 1997. which has incorporated the Company's technology into an Enhanced Vision System ("EVS") for use with Gulfstream Aerospace aircraft and other aircraft. The Kollsman EVS License has board applicability to commercial aviation.

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## BUSINESS OVERVIEW

The tragic events of September 11, 2001 have produced economic and bureaucratic shock waves that have had a direct effect on AVTX and our strategic plans. The effect has been most notable in the decline of the price of our common stock in the past two years reflecting the general slow down of our markets.

The acquisition of Telesis Technologies Inc., a privately held Taiwanese corporation was officially completed this fall by United Integrated Services (UIS), a publicly traded Taiwan Corporation. Our agent agreement and joint projects are expected to continue without substantial change.

In December 2003 ATI delivered 15 Nightview camera to UIS for their Spectrum 9000 medical system sold in the far east. These units were exported under the terms of our agent agreement and in compliance with the terms and conditions of Department of Commerce License No. D293324 issued October 26, 2002.

A second shipment of 15 units is scheduled for export in January 2004 under the terms of the same export provisions. This export will complete the number of authorized units under the Department of Commerce license D293324.

UIS has asked ATI to apply for another export license for 50 additional IR Cameras. This will be the third license ATI has obtained for UIS (Telesis).

ATI was contacted by a medical service facility in the USA. The medical company is interested in conducting clinical trials on the Spectrum 9000 produced by UIS to investigate potential benefits in the treatment of diabetes, varicose veins, and other circulatory diseases. UIS has asked ATI to submit a peer review study proposal.

## ENHANCED VISION ACTIVITIES

Enhance Vision System, our first project; has entered production. Advance Technologies benefits through a license agreement with Kollsman Inc.

Kollsman has issued a year end 2002 total program to date deliveries and sales.

### ANNUAL UNITS DELIVERED & SOLD

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	INITIAL DELIVERY	UNITS SOLD	TOTAL
	_____	_____	_____
Year 2002	47	29	29
Year 2003	108	107	107
TOTAL	155	136	136



NITEAGLE

Telesis Technologies provided two pre-production units for market evaluation. Tests are completed. The baseline configuration is up to date with the latest advancements. The rapid pace of the technology as it enters production has been an impediment to finalizing the system. Price reductions of 30% per year have been typical. We believe that 2003 will bring price and source stability to the market.

We are currently waiting on price and delivery information from our USA supplier. This information has been delayed; we now expect information in the first quarter of 2004.

SPECTRUM 9000, MEDICAL EQUIPMENT

Advanced Technologies is working with a US medical service company to provide a clinical study, peer group review proposal to study and evaluate potential benefits to the treatment of circulatory diseases such as varicose veins, diabetes, and other potential applications. This study will be conducted under the direction of well recognized Surgeon.

DEVELOPMENT PROJECTS

Advance Technologies Inc. continues development activities on new Infrared systems for commercial markets. These projects cannot be forecast with any degree of certainty and all strategic partnerships or business arrangements remain confidential until such time as a formal announcement is appropriate without compromising the development plan and/or the application market.

CAPITAL RESOURCES

No commitment for capital resources has been made during this reporting period.

FINANCIAL ANALYSIS

The results on the operation represent projects of likely future events that cannot be guaranteed. Therefore, the financial analysis does not include projects, and no quantitative assessment has been provided based upon the future discussion of potential events in section 3.

No material changes have been provided; therefore impact of unforeseeable events cannot be assessed.

Present financial plans are adequate to meet our cash flow needs with our current project schedule.

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### ADVANCE TECHNOLOGIES INC. BOARD OF DIRECTOR ACTIONS

The maturity of the Enhanced Vision Project has provided the need to make adjustments to prepare for our transition from a "development company" to a mature self-sustaining company. We anticipate a full transition by mid-2004. Accordingly, the following actions have been authorized by the AVTX Board of Directors to smooth the transition of AVTX.

December 14, 2003 the Board of Directors directed the Corporate attorney to file for authorization to issue 4,000,000 shares of AVTX common stock for the purpose of generating operating capitol for 2004. The proceeds of sales will be used to cover operating expense as AVTX completes their transition from a development company, dependent upon investments to an on-going profitable enterprise.

### SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ADVANCE TECHNOLOGIES, INC.  
(Registrant)

Date: January 23, 2004

By: /s/ GARY E. BALL

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Gary E. Ball  
President and Director