

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

ADVANCE TECHNOLOGIES INC  
Form 10KSB  
January 18, 2006

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13  
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended September 30, 2005

TRANSITION REPORT UNDER SECTION 13  
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-27175

ADVANCE TECHNOLOGIES, INC.  
(Name of small business issuer in its charter)

Nevada  
(State of other jurisdiction of  
incorporation or organization)

95-4755369  
(I.R.S. Employer  
Identification Number)

15 N. Longspur Drive, The Woodlands, TX, 77380  
Issuer's telephone number: (310) 213-2143

Securities registered under Section 12(b) of the Exchange Act: None.

Securities registered under Section 12(g) of the Exchange Act: Common  
Stock, no par value.

Check whether the issuer (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for  
such shorter period that the registrant was required to file such reports),  
and (2) has been subject to such filing requirements for the past 90 days.  
Yes  No

Check if there is no disclosure of delinquent filers in response to Item  
405 of Regulation S-B contained in this form, and no disclosure will be  
contained, to the best of registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form  
10-KSB or any amendment to this Form 10-KSB.

Indicate by check mark whether the registrant is a shell company (as  
defined in Rule 12b-2 of the Exchange Act). Yes  No

State issuer's revenues for its most recent fiscal year. \$ 28,953

The aggregate market value of registrant's Common and Preferred Stock held  
by non-affiliates, based upon the average bid and asked sales price for  
September 2005 was \$ 2,948,000.

As of September 30, 2005, there were 39,498,217 shares of the registrant's  
Common Stock outstanding. On September 30, 2005, there were 26,017,157  
shares of Preferred Stock outstanding.

Transitional Small Business Disclosure Format Yes  No

# Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

INFORMATION REQUIRED IN ANNUAL REPORTS OF TRANSITIONAL SMALL BUSINESS ISSUERS

## PART I DESCRIPTION OF BUSINESS

### CORPORATION BUSINESS MODEL

The Advanced Technologies Inc.'s corporation business model is to develop Infrared imaging systems for commercial market applications. These markets fall into the areas of medical, security, and the largest, transportation. The commercial transportation market consists of air, land, and sea applications. These systems are designed to provide two basic benefits, operational safety and improved security. These goals are achieved by utilizing the inherent night vision capability, our core technology adapted to the specific needs of the market. Infrared technology is at the heart of these systems. Infrared technology is based upon advanced research developed for the US military. Infrared technology has been designated and approved for dual use (military and commercial) by the United States government.

All Military technology has inherent US Government restrictions. ATI's highest priority is to ensure we are compliant with restrictions imposed by the US government. The restrictions and methods of compliance are detailed in the United States International Traffic on Arms Regulation. The US Department of Commerce (DOC) is the US over-sight authority for our activities. When Department of Defense and/or Department of State (co-administrators of the technology) become involved, their activity is coordinated through our DOC administrative authoritative.

Advance Technologies marketing strategy is based upon principles that recognize both our strengths and our weaknesses. This strategy is embodied in a well-defined business model. Most of our projects require a strategic partner. The strategic partner needs to be a leader in the market field of our intended application. The strategic partner as a general rule provides the marketing, sales, and after sales support for the system. Our strategy minimizes start-up and infrastructure cost, our market investment, and the overall risk to ATI. Our primary role for each project is: (1) to ensure the technology is used properly in each application, (2) the system engineering necessary to achieve the desired functional capability is performed, and (3) the end product is compliant with ITAR. Production for each project is addressed on a case by case basis. The strategic partner has a key role in establishing the component suppliers, often preferring to use their own captive sources.

Our business model licenses intellectual property for a specific field and product to our strategic partner. It is essential that ATI retain core ownership over the basic technology and intellectual property. Our license agreements are for applications restricted to the licensed field. By utilizing our intellectual property in this way, the same technology is licensed to different fields of application on an exclusive or non-exclusive basis without creating a conflict between over-lapping markets and license rights.

### MAJOR ACTIVITY,

#### Enhanced Vision System (EVS)

Advance Technologies entered into a licensing agreement with Kollsman Inc. in 1995, which allowed the incorporation of the company's technology and intellectual property into an Enhanced Vision System for use on the

## Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

Gulfstream series of Aircraft. The EVS system entered production in early 2002. Kollsman has announced a new enhanced vision product in late 2002 for use at the low-end private aviation market. This product is expected to enjoy the same success as the Gulfstream product but with a far larger market. A redacted copy without competition sensitive data has been included under Exhibit 99.1.

2

### OTHER DEVELOPMENT ACTIVITIES

#### Recreational Vehicles Systems (RVS)

Advanced Technologies signed a licensing agreement with Recreational Vehicle Systems (RVS), a Nevada Corporation. Under terms of the agreement Adv-Tech will provide technical know-how and development support to RVS to develop an Infrared Imaging System for the license field of Recreational Vehicles. In consideration for our technical support and certain licensed technical property rights ATI will receive a royalty on each unit sold. No sales are projected before late 2006 or early 2007. The terms of the agreement specify \$300.00 per system sold for a period of ten years initiated by the first sale. This agreement is non-exclusive with RVS.

#### Medical Systems

The sale of 50 NVS cameras to United Integrated Services (UIS, a Taiwan Corporation) under an export license granted by the United States Commerce Department is still pending. UIS as indicated their desire to complete this sale before the export license expires in June 2006. We believe there is less than a 50% chance that UIS will be able to comply with the license requirements prior to the expiration date. Revenue impact is negligible.

#### Infrared Security System (ISS)

A provisional patent pending has been obtained for our Infrared Security System. This protection for our intellectual property rights will allow us to aggressively engage in discussion with potential partners and customers. Preliminary discussions have been initiated.

### OPERATIONS

In 2006 Advance Technologies will be establishing our headquarters in Woodland Texas. The Board of Directors has instructed the CEO to initiate a review of our operations to ascertain our future needs. Our primary source of future income will be through our licensing agreements. Our development activities are being conducted in concert with strategic partners, relying upon their capital resources. Recommendations on how to best optimize shareholder value will be formulated and presented to the Board in the near future.

The development activity at Adv-Tech has shifted from internal hardware based R&D activity to external technical marketing with potential partners. This shift has been created by Infrared Imaging Cameras and Systems moving from high technology to more of a commodity or production component. The system application and embedded application software represents most of the future opportunities for Advance Technologies.

### EMPLOYEES

Advance Technologies Inc. consists of one full time employee. All

## Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

additional services required are contracted for on an as needed basis.

### ENVIRONMENTAL IMPACT

Advance Technologies operations do not effect the environment and is fully compliant to Federal, State, and local laws.

### POTENTIAL IMPACT ON FINANCIAL PERFORMANCE

Advance Technologies Inc. under the terms of our exclusive license with Kollsman Inc. is in a position to receive royalties of \$22,640,000 over the initial 10,000 units sold under terms of this contract. The realization of these revenues is dependent upon Kollsman securing a major share of the Enhanced Vision Market. Advance Technologies Inc. may or may not achieve all or part of this royalty income based upon market performance by Kollsman. The performance of Kollsman is subject to external and internal factors at Kollsman which are outside of Advance Technologies Inc. ability to either control, affect, or to predict. As Kollsman progresses in the EVS market through the meeting of key performance and sales milestones, Advance Technologies will report those achievements as disclosed by Kollsman or reported in the public media.

3

### DESCRIPTION OF PROPERTY.

Advanced Technologies Inc has rented property at 716 Yarmouth Road, Palos Verde Estates, and Ca. for the last four years. The office consisted of approximately 1,800 sq. ft., with separate areas for entry, office, conference area, and a small laboratory. Advance Technologies has re-located to Texas. Suitable offices will be located in The Woodlands area of North Houston in early 2006. Until new facilities are obtained, business will be conducted from a separate office area at 15 N. Longspur Drive, The Woodlands, TX, 77380. This place of business is part of the residence of the President of Advance Technologies. The rent is \$ 0.00 per month.

### DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES.

#### (a) Directors and Executive Officers

----- Name -----	----- Age -----	----- Position -----
Gary E. Ball	68	CEO, President, and Director
Gary L. Bane	67	Director (1)
James Watson	57	Director (2)
Wendy S. Ball	n.a.	Note (3)

(1) Became a director on October 1, 2004.

(2) Became a director on January 1, 2005.

(3) Resigned as a director effective January 1, 2005. Wendy S. Ball is the spouse of Gary E. Ball.

## Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

### (b) Qualifications

Mr. James Watson has joined Advance Technologies Board of Directors. Mr. Watson's extensive experience as Director of Marketing for Western Airlines will provide valuable sight into marketing issues affecting the entry of EVS into the passenger segment of commercial aviation. Mr. Watson's term with the Board will begin January 1, 2005.

#### Mr. JAMES R. WATSON

Sales, Marketing and General Management Executive with over twenty-five years experience in managing a wide range of marketing, sales and operations functions designed to create or expand domestic and international sales opportunities.

CALIFORNIA MANUFACTURING TECHNOLOGY CONSULTING, Gardena, California, 1999-Present, Vice President Operations 2001-Present

Responsible for marketing, sales, consulting services and the development of delivery tools and services. Redirected the organization from a service to industry "Go to Market" strategy. Established Aerospace & Defense and Distribution industry teams.

ANCHOR AUDIO, INC., Los Angeles, California, 1994 to 1999

Vice President Sales & General Manager Europe 1994-1999

Responsible for domestic sales planning, field sales, government and OEM sales. Established and managed the day to day operation of a European distribution center and dealership. Developed and implemented the distribution strategy and the sales/marketing programs for offices in Europe, Mexico, and the South Pacific and for distributors worldwide.

WESTERN AIRLINES, Los Angeles, California, 1971 to 1985

Vice President Passenger & Cargo Sales, 1983 to 1985

Responsible for managing over 1100 people in sales programs, field sales, reservations and advertising with a budget in excess of \$150 million.

4

#### GARY E. BALL

Age 68, residing in The Woodlands, Texas is married. He attended California State University at Long Beach graduated with a BSEE and MSEE, went on to perform Graduate Studies at University of Southern California. He has specialized in product design, development, and management for North American Aviation. Was Technical Manager for the Pave Tack program for Ford Aerospace. Program Manager for Northrop Electro-Mechanical in charge of business development on several classified DOD programs. Was Program Manager for Hughes Aircraft where he developed the Infrared Enhanced Vision System reporting to the President of EDSG. Was a member of NATO NIAG study group on Aircraft Integration. He has authored several articles for trade publications, the last 9 years he has provided consulting services to 10 U.S. and foreign corporations in the field of IR technology.

On June 15, 2004 the Board of Directors extended an invitation to Gary L. Bane to re-join the Board of Directors of Advance Technologies Inc. Mr. Bane had been on ATI's BOD since our founding in 1992. Mr. Bane withdrew from the BOD in 2002 due to pressing demands from his many business commitments. We are pleased that Mr. Bane's schedule has abated, which permits him to re-join the BOD. Mr. Bane term on ATI's BOD will become effective on October 1, 2004. Mr. Bane has been employed as an independent consultant for the last five years.

Wendy S. Ball has resigned from the Board of Directors, effective

# Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

January 1, 2005.

Involvement in certain legal proceedings.  
-----

There has been no legal proceeding involving Advance Technologies Inc.

REMUNERATION OF DIRECTORS AND OFFICERS.

No cash or other remuneration was paid to any director or officer of the Company during the fiscal year ended September 30, 2005.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITY HOLDERS.

Title of class -----	Name and address of owner -----	Amount owned -----	Percent of class -----
Common -----	Gary Ball -----	7,800,000 -----	12% -----
Common -----	Wendy Ball -----	7,800,000 -----	12% -----
Common -----	Gary L. Bane -----	1,200,000 -----	2% -----
Preferred -----	Jim Watson -----	20,000 -----	~ -----

PERSONS HOLDING 10% OR MORE OF AVTX STOCK

None that have been reported.

PERSONS HOLDING WARRANTS, OPTIONS OR OTHER RIGHTS

None

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS.

None.

5

## PART II

MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS.

Advance Technologies Inc. is traded under the symbol of AVTX on the NASDAQ BB. The high and low share prices for the last two years by quarters are:

## Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

Quarter -----	Year -----	High -----	Low -----	Dividends -----
July-Sept	2005	.08	.04	0
Apr-June	2005	.09	.03	0
Jan-Mar	2005	.04	.02	0
Oct-Dec	2004	.03	.02	0
July-Sept	2004	.05	.03	0
Apr-June	2004	.08	.04	0
Jan-Mar	2004	.09	.02	0
Oct-Dec	2003	.04	.03	0

### SHAREHOLDERS OF AVTX

Common Stock, there was 1,029 shareholders listed by Pacific Stock Transfer Company, our agent of record on September 30, 2005.

Preferred Stock, there were 128 shareholders listed by Pacific Stock Transfer Company, our agent of record on September 30, 2005.

### DIVIDENDS

There have been no dividends paid to shareholders in the last two years.

### EQUITY COMPENSATION PLANS

There was no Equity Compensation paid to key employees, directors and/or Executive Officers in the last two years.

### DESCRIPTION OF EXHIBITS.

See Item 2 of Part III, below.

### CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS.

Not applicable.

### SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

### COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The Board of Directors, all Officers, and major shareholders of 10% or more of Advance Technologies Inc. are in compliance with all reporting requirements of the exchange act.

## PART III FINANCIAL STATEMENTS

# Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

/Letterhead/

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
of Advance Technologies, Inc.  
(A Development Stage Company)

We have audited the accompanying balance sheet of Advance Technologies, Inc. (a development stage company) as of September 30, 2005 and 2004 and the related statements of operations and cash flows for the years then ended and from the period October 1, 1985 (date of inception) through September 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 audit.

We conducted our audit in accordance with standards of the PCAOB (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. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advance Technologies, Inc. (a development stage company) as of September 30, 2005 and 2004 and the results of its operations and cash flows for the years then ended and from the period October 1, 1985 (date of inception) through September 30, 2005 in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company is dependent on financing to continue operations. This raises substantial doubt about its ability to continue as a going concern. Managements plans to resolve this uncertainty is also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ Chisholm, Bierwolf & Nilson, LLC

Chisholm, Bierwolf & Nilson, LLC  
Bountiful, Utah  
December 30, 2005

Advance Technologies, Inc.  
(A Development Stage Company)



# Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

## Consolidated Balance Sheets

ASSETS		
	2005	September 30, 2004
<b>CURRENT ASSETS</b>		
Cash	\$ 2,934	\$ 1,773
Total Current Assets	2,934	1,733
<b>PROPERTY &amp; EQUIPMENT, net</b>	851	6,562
<b>TOTAL ASSETS</b>	\$ 3,785	\$ 8,335
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,921	\$ 4,883
Accrued Interest	-	-
Notes payable-officer	71,000	59,300
Total Current Liabilities	87,921	64,183
<b>LONG-TERM DEBT</b>		
Line of Credit	-	-
TOTAL LIABILITIES	87,921	64,183
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, authorized 100,000,000 shares of \$0.001 par value, issued and outstanding 39,498,217 and 28,319,416 shares, respectively	39,498	28,319
Preferred Stock, Series A authorized 100,000,000 shares of \$0.001 par value, issued and outstanding 26,017,157 and 37,195,958 shares, respectively	26,017	37,196
Additional paid-in capital	558,389	550,889
Retained earnings (deficit)	(708,040)	(672,252)
Total Stockholders' Equity	(84,136)	(55,848)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$ 3,785	\$ 8,335

The accompanying notes are an integral part of these financial statements.

8

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

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

		For the Period of entering Development Stage on October 1, For the Year Ended September 30,		1985 Thro September
	2005	2004	2005	
	-----	-----	-----	
REVENUES				
Royalty Income	\$ 26,500	\$ 25,000	\$ 51,500	
Consulting Fees	2,453	5,366	67,843	
Product Sales	-	119,073	119,073	
	-----	-----	-----	
Total Sales	28,953	149,439	238,416	
COST OF GOODS SOLD				
Product Purchases	-	114,020	114,020	
	-----	-----	-----	
Gross Profit	28,953	35,419	124,396	
EXPENSES				
Depreciation & Amortization	5,711	7,877	51,034	
Organization Costs	-	-	11,301	
Research & Development	-	-	72,750	
General and administrative	59,030	19,473	772,084	
	-----	-----	-----	
Total Expenses	64,741	27,350	907,169	
	-----	-----	-----	
INCOME (LOSS) FROM OPERATIONS	(35,788)	8,069	(782,773)	
OTHER INCOME (EXPENSE)				
Interest Expense	-	-	(23,267)	
Miscellaneous Income	-	-	98,000	
	-----	-----	-----	
Total Other Income (Expense)	-	-	74,733	
	-----	-----	-----	
NET INCOME (LOSS)	\$ (35,788)	\$ 8,069	\$ (708,040)	
	=====	=====	=====	
NET LOSS PER SHARE				
Loss Per Share	\$ (0.00)	\$ 0.00	\$ (0.14)	
	=====	=====	=====	
Weighted average shares outstanding	35,255,995	25,219,406	4,928,892	
	=====	=====	=====	

The accompanying notes are an integral part of these financial statements.

9

Advance Technologies, Inc.  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity  
(For the period of entering development stage on October 1, 1985  
through September 30, 2005)

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

	Shares	Amount	Additional Common Stock Capital	Paid-In Shares	Amount	Deficit Accumulated During the Preferred Stock Stage	Developm
	-----	-----	-----	-----	-----	-----	
Balance, October 1, 1985 (beginning of the development stage)	6,487	\$ 7	\$ 58,161	-	\$ -	\$ (60,701)	
Shares issued for coal royalties at \$0.01	4,369	4	1,525	-	-	-	
Shares issued for services at \$0.25	554	1	4,849	-	-	-	
Shares issued for services at \$0.03	1,601	2	1,680	-	-	-	
Shares issued for services at \$0.25	1,274	1	11,145	-	-	-	
Shares issued for services at \$0.01	2,290	2	798	-	-	-	
Shares issued for services at \$0.25	37,203	37	325,487	-	-	-	
Preferred shares issued for services	-	-	-	10,048	1,004	-	
Preferred shares expire	-	-	1,004	(10,048)	(1,004)	-	
Net loss since the beginning of the development stage at October 1, 1985	-	-	-	-	-	(344,001)	
Balance, September 30, 1995	53,778	54	404,649	-	-	(404,702)	
Shares issued for services at \$0.25	5,714	6	49,994	-	-	-	
Share round up	(6)	(1)	-	-	-	-	
Net loss for the year ended September 30, 1996	-	-	-	-	-	(50,000)	
Balance, September 30, 1996	59,486	59	454,643	-	-	(454,702)	

The accompanying notes are an integral part of these financial statements.

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

Advance Technologies, Inc.  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity  
 (For the period of entering development stage on October 1, 1985  
 through September 30, 2004)

	Shares	Amount	Additional Common Stock Capital	Paid-In Shares	Amount	Deficit Accumulated During the Preferred Stock Stage	Developm
Balance Forward	59,486	59	454,643	-	-	(454,702)	
Shares issued for services at \$0.25	608	1	5,324	-	-	-	
Net loss for the year ended September 30, 1997	-	-	-	-	-	(5,325)	
Balance, September 30, 1997	60,094	60	459,967	-	-	(460,027)	
Shares issued for services at \$0.001	12,828	13	436	-	-	-	
Net loss for the year ended September 30, 1998	-	-	-	-	-	(447)	
Balance, September 30, 1998	72,922	73	460,403	-	-	(460,474)	
Shares issued for cash at \$0.01	2,500,000	2,500	22,500	-	-	-	
Shares issued for common stock of SeaCrest Industries Corp. at \$0.001	-	-	(36,457)	50,254,102	50,254	-	
Net loss for the year ended September 30, 1999	-	-	-	-	-	(90,126)	
Balance, September 30, 1999	2,572,922	2,573	446,446	50,254,102	50,254	(550,600)	
Net loss for							

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

the year ended  
September 30,  
2000

	-	-	-	-	-	(101,799)

Balance,  
September 30,  
2000

	2,572,922	2,573	446,496	50,254,102	50,254	(652,399)
--	-----------	-------	---------	------------	--------	-----------

The accompanying notes are an integral part of these financial statements.

11

Advance Technologies, Inc.  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity  
(For the period of entering development stage on October 1, 1985  
through September 30, 2004)

	Shares	Amount	Additional Common Stock Capital	Paid-In Shares	Amount	Deficit Accumulated During the Preferred Stock Stage	Developm
Balance Forward	2,572,922	2,573	446,446	50,254,102	50,254	(652,399)	
Net income (loss) for the year ended September 30, 2001	-	-	-	-	-	31,669	
Balance, September 30, 2001	2,572,922	2,573	446,446	50,254,102	50,254	(620,730)	
Shares issued for services at \$0.001	3,250,000	3,250	-	-	-	-	
Shares converted to common stock	11,396,045	11,396	-	(11,396,045)	(11,396)	-	
Net income (loss) for the year ended September 30, 2002	-	-	-	-	-	(27,774)	
Balance, September 30, 2002	17,218,967	17,219	446,446	38,858,057	38,858	(648,504)	
Shares issued for conversion of debt	5,438,350	5,438	103,334	-	-	-	
Shares issued for conversion of Preferred stock	109,200	109	-	(109,200)	(109)	-	
Net income (loss)							

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

for the year ended September 30, 2003	-	-	-	-	-	(31,817)	
-----							
Balance, September 30, 2003	22,766,517	22,766	549,780	38,748,857	38,749	(680,321)	
Shares issued for private placement	4,000,000	4,000	1,109	-	-	-	
Shares issued for conversion of Preferred stock	1,552,899	1,553	-	(1,552,899)	(1,553)	-	
Net income (loss) for the year ended September 30, 2004	-	-	-	-	-	8,069	
-----							
Balance, September 30, 2004	28,319,416	28,319	550,889	37,195,958	37,196	(672,252)	

The accompanying notes are an integral part of these financial statements.

12

Advance Technologies, Inc.  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity  
(For the period of entering development stage on October 1, 1985  
through September 30, 2004)

	Shares	Amount	Additional Common Stock Capital	Paid-In Shares	Amount	Deficit Accumulated During the Preferred Stock Stage	Developm
	-----	-----	-----	-----	-----	-----	
Shares issued for conversion of Preferred stock	11,178,801	11,179	-	(11,178,801)	(11,179)	-	
Capital contribution	-	-	7,500	-	-	-	
Net income (loss) for the year ended September 30, 2005	-	-	-	-	-	(35,788)	
-----							
Balance, September 30, 2005	39,498,217	\$39,498	\$558,389	26,017,157		\$ 26,017	\$ (708,0

The accompanying notes are an integral part of these financial statements.

16

Advance Technologies, Inc.  
 (A Development Stage Company)  
 Consolidated Statements of Cash Flows

	For the Period of entering Development Stage on October 1,			1985 Thro
	For the Year Ended September 30,			September
	2005	2004	2005	
	-----	-----	-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss	\$ (35,788)	\$ 8,069	\$ (708,040)	
Adjustments to reconcile net loss to net cash, provided by operations:				
Stock issued for services	-	-	403,025	
Depreciation & Amortization	5,711	7,877	51,034	
Organization Costs	-	-	11,331	
Decrease in prepaids	-	-	14,680	
Increase (Decrease) in accrued liabilities	12,038	(31,782)	75,895	
Net Cash Flows Used Operating Activities	(18,039)	(15,836)	(152,075)	
<b>CASH FLOWS USED IN INVESTMENT ACTIVITIES</b>				
Purchase of Equipment	-	-	(39,386)	

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

Investment in Subsidiary	-	-	286
	-----	-----	-----
Net Cash Used in Investment Activities	-	-	(39,100)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid on Loan from Officer	-	(7,000)	(48,200)
Proceeds from Loan from Officer	11,700	19,500	119,200
Proceeds from Line of Credit	-	-	85,500
Proceeds from Issuance of Stock	-	5,109	30,109
Capital contribution	7,500	-	7,500
	-----	-----	-----
Net Cash Flows from Financing Activities	19,200	17,609	194,109
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH	1,161	1,773	2,934
	-----	-----	-----
CASH, BEGINNING OF YEAR	1,773	-	-
	-----	-----	-----
CASH, END OF YEAR	\$ 2,934	\$ 1,773	\$ 2,934
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

14

Advance Technologies, Inc.  
(A Development Stage Company)  
Consolidated Statements of Cash Flows  
-Continued-

		For the Period of entering Development Stage on October 1,		
		For the Year Ended		1985 Thro
		September 30,		September
	2005	2004	2005	
	-----	-----	-----	

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Paid for:				
Interest	\$ -	\$ -	\$ -	-
Taxes	\$ -	\$ -	\$ -	-

SUPPLEMENTAL NON-CASH INFORMATION

In March 2003, the Company issued 5,438,350 shares for the satisfaction of a line of credit and accrued interest in the amount of \$108,772.

During the year ending September 30, 2003, a total of 109,200 shares of preferred stock were converted to common stock.

During December 2001, the Company issued 3,250,000 shares of common stock for services valued at \$3,250 (or \$.001 per share).

During the year ending September 30, 2002, a total of 11,396,045 shares of preferred stock were converted to common stock.



## Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

During the year ending September 30, 2004, a total of 1,552,869 shares of preferred stock were converted to common stock.

During the year ending September 30, 2005, a total of 11,178,801 shares of preferred stock were converted to common stock.

The accompanying notes are an integral part of these financial statements.

15

Advance Technologies, Inc.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
September 30, 2005 and 2004

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Organization

The Company was organized under the laws of the state of Delaware on June 16, 1969 as PWB Industries, Inc. On November 10, 1975, the Company changed its name to Sun Energy, Inc. At that time, the Company began operations in the oil and gas lease industry. By 1985, the Company discontinued its operations and became dormant. On March 6, 1996, the Company attempted a merger which failed. On August 23, 1997, the Company changed its name to Advance Technologies, Inc. and changed its place of domicile to from Delaware to Nevada.

On September 27, 1999, pursuant to a plan of acquisition, the Company exchanged 50,254,102 shares of its Series "A" preferred stock for 50,254,102 shares of SeaCrest Industries Corporation's common stock. This acquisition has been accounted for using the purchase method of a business combination.

The Company is currently engaged in the development of a night vision system with applications in the military as well as civil. The Company has an agreement with a Taiwan company wherein they are jointly developing the night vision system for use in Class A coaches. The Company is also involved in the development of other Electro-optical mechanical devices.

#### b. Accounting Method

The Company recognizes income and expenses on the accrual basis of accounting.

#### c. Consolidation

The consolidated financial statement include the accounts of Advanced Technologies, Inc. and SeaCrest Industries Corporation, a wholly owned subsidiary. Intercompany transactions have been eliminated.

#### d. Cash and Cash Equivalents

## Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

16

Advance Technologies, Inc.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Earnings (Loss) Per Share

The computation of earnings per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements.

	For the Years Ended September 30, 2005	2004	From Inception on October 1, 1985 Through September 30, 2005
	-----	-----	-----
Numerator - net loss	\$ (35,788)	\$ 8,069	\$ (708,040)
Denominator - weighted average number of shares outstanding	35,255,995	25,219,406	4,928,892
	=====	=====	=====
Loss per share	\$ (0.00)	\$ 0.00	\$ (0.14)
	=====	=====	=====

f. Provision for Income Taxes

No provision for income taxes has been recorded due to net operating loss carryforwards totaling approximately \$708,040 that will be offset against future taxable income. These NOL carryforwards begin to expire in the year 2006. No tax benefit has been reported in the financial statements because the Company believes there is a 50% or greater chance the carryforward will expire unused.

Accordingly, per FASB 109, the potential tax benefits of the loss carryforwards are offset by the valuation of the same amount.

Deferred tax assets and the valuation account are as follows at September 30, 2005 and 2004.

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

	September 30,	
	2005	2004
	-----	-----
Deferred tax asset:		
NOL carryforward	\$ 240,734	\$ 196,946
Valuation allowance	(240,734)	(196,946)
	-----	-----
Total	\$ -	\$ -
	=====	=====

17

Advance Technologies, Inc.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
September 30, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. In these financial statements assets and liabilities involve extensive reliance on management's estimates. Actual results could differ from those estimates.

h. Revenue Recognition

The Company receives revenues for consulting services performed and product sales. Consulting services are recorded as sales when services are complete. Product sales are recorded as revenue when the products are shipped to the buyer.

NOTE 2 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company is dependent upon raising capital to continue operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is management's plan to raise capital in order to define expand their business operations, thus creating necessary operating revenue.

NOTE 3 - DEVELOPMENT STAGE COMPANY

The Company is a development stage company as defined in Financial Accounting Standards Board Statement No. 7. It is concentrating substantially all of its efforts in raising capital and developing its business operations in order to generate significant revenues.

Advance Technologies, Inc.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 September 30, 2005 and 2004

NOTE 4 - PROPERTY & EQUIPMENT

Property & Equipment consists of the following at September 30, 2005 and 2004:

	September 30,	
	2005	2004
	-----	-----
Equipment	\$ 39,386	\$ 39,386
Less: Accumulated Depreciation	(38,535)	(32,824)
	-----	-----
Net Property & Equipment	\$ 851	\$ 6,562
	=====	=====

Expenditures for property and equipment and for renewals and betterments, which extend the originally estimated economic life of assets or convert the assets to a new use, are capitalized at cost. Expenditures for maintenance, repairs and other renewals of items are charged to expense. When items are disposed of the cost and accumulated depreciation are eliminated from the accounts, and a gain or loss is included in the results of operations.

The provision for depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The useful lives of equipment are 5 years. Depreciation expense for the years ended September 30, 2005 and 2004 are \$5,711 and \$7,877, respectively.

NOTE 5 - ADVANCED ROYALTIES

SeaCrest Industries Corporation, formerly Infrared Systems International, Inc., entered into a licensing agreement for marketing and distributing of infrared aircraft landing systems. Seacrest received \$25,000 in advances. These royalty revenues were deferred until revenue streams occur. During the fiscal 2004 year, the Company generated sales of the systems and claimed the royalty as income.

NOTE 6 - RELATED PARTY TRANSACTIONS

As of September 30, 2005 and 2004, the Company owes an officer the Company \$71,000 and \$66,300 for loans made. This note payable-officer is considered a current liability with no provision for interest.

## Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

Advance Technologies, Inc.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
September 30, 2005 and 2004

### NOTE 7 - COMMON STOCK

During December 2001, the Company issued 3,250,000 shares of previously authorized but unissued common stock for consulting services for \$3,250 (or \$.001 per share).

During the year ended September 30, 2002, 11,396,045 shares of preferred stock were converted to common stock.

In December 2002, the Company issued 5,438,350 shares of common stock in satisfaction of \$85,500 in debt and \$23,267 of accrued interest.

During the year ended September 30, 2003, preferred shareholders converted 109,200 shares of preferred stock for 109,200 shares of common stock.

During the year ended September 30, 2004, preferred shareholders converted 1,552,899 shares of preferred stock for 1,552,899 shares of common stock. There was also a private placement of common stock in the amount of 4,000,000 shares for cash of \$5,109.

During the year ended September 30, 2005, preferred shareholders converted 11,178,801 shares of preferred stock for 11,178,801 shares of common stock.

### Part III

#### Index to Exhibits.

Exhibit Number	Description
2.1	Articles of Incorporation (1)
2.2	Amendment to Articles of Incorporation (1)
2.3	Amendment to Articles of Incorporation (1)
2.4	Amended Bylaws (1)
3.1	See Articles of Incorporation, as Amended (1)
31.1	Certification of President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of President and Chief Executive Officer Pursuant to Rule 13-14 or Rule 15-14 of the Securities and Exchange Act of 1934 as adopted pursuant to Section 906 of The Sarbanes-Oxley act of 2002.
99.1	License Agreement with Infrared Enhanced Vision Sensor System

(1) Incorporated by reference to the exhibits to Registrant's Registration Statement on Form 10-SB filed on August 30, 1999, File Number 000-27175.

DESCRIPTION OF EXHIBITS.

Edgar Filing: ADVANCE TECHNOLOGIES INC - Form 10KSB

EXHIBIT 99.1: LICENSE AGREEMENT, INFRARED ENHANCED VISION SENSOR SYSTEM,  
JULY 15, 1997.

20

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADVANCE TECHNOLOGIES, INC.

By /S/ Gary E. Ball

\_\_\_\_\_  
Gary E. Ball, President and Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/S/ Gary E. Ball

\_\_\_\_\_  
Gary E. Ball, Principal Executive Officer

/S/ Gary E. Ball

\_\_\_\_\_  
Gary E. Ball, Principal Financial Officer

/S/ Gary E. Ball

\_\_\_\_\_  
Gary E. Ball, Controller or Principal Accounting Officer

/S/ Gary L. Bane

\_\_\_\_\_  
Gary L. Bane, Director

/S/ James Watson

\_\_\_\_\_  
James Watson, Director

[ATTACH EXHIBITS TO EXTENT NOT INCORPORATED BY REFERENCE]

