

ASX ANNOUNCEMENT  
(ASX: ANO)

26 APRIL 2005

## APPENDIX 4C – QUARTERLY REPORT FOR ENTITIES ADMITTED ON THE BASIS OF COMMITMENTS

<b>Name of entity</b>	Advanced Nanotechnology Limited
<b>ABN</b>	54 079 845 855
<b>Quarter ended</b>	31 March 2005 (“Current Quarter”)

### CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Current Quarter \$A</b>	<b>Year to date (9 months) \$A</b>
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	469,954	839,307
1.2 Payments for (a) staff costs (excluding R&D staff)	(453,507)	(1,157,562)
(b) advertising and marketing	(7,090)	(18,518)
(c) R&D (including R&D staff costs)	(124,872)	(339,435)
(d) leased assets	(2,909)	(30,947)
(e) other working capital	(415,566)	(1,889,836)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	83,955	155,285
1.5 Interest and other costs of finance paid	(7,548)	(21,620)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>1.8 Net operating cash flows</b>	<b>\$ (457,583)</b>	<b>\$ (2,463,326)</b>
<b>Cash flows related to investing activities</b>		
1.10 Payments for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(5,153)	(50,784)
(d) physical non-current assets	(193,218)	(673,703)
(e) other non-current assets	(33,370)	(33,370)
1.11 Loans to other entities	(120,000)	(120,000)
1.12 Loans repaid by other entities	-	-
1.13 Other (a) cash from subsidiary	10,177	10,177
<b>Net investing cash flows</b>	<b>\$ (341,564)</b>	<b>\$ (867,680)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>\$ (799,147)</b>	<b>\$ (3,331,006)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS cont.**

	<b>Current Quarter \$A</b>	<b>Year to date (9 months) \$A</b>
<b>Total operating and investing cash flows b/fwd</b>	\$ (799,147)	\$ (3,331,006)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	9,500,000	11,500,721
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(14,254)	(42,761)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
1.20 Other (a) security deposit for bank guarantee	-	(95,000)
(b) share issue costs	(896,294)	(996,331)
<b>Net financing cash flows</b>	\$ 8,589,452	\$ 10,366,629
<b>Net increase (decrease) in cash held</b>	7,790,305	7,035,623
1.21 Cash at beginning of quarter/year to date	1,655,456	2,435,518
1.22 Exchange rate adjustments to item 1.20	2,830	(22,550)
1.23 <b>Cash at end of quarter</b>	\$ 9,448,591	\$ 9,448,591

**PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS**

**PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES**

	<b>Current Quarter \$A</b>
1.24 Aggregate amount of payments to the parties included in item 1.2	(21,641)
1.25 Aggregate amount of loans to the parties included in item 1.11	(120,000)

1.26 Explanation necessary for an understanding of the transactions

Watson Mangioni is a director related entity and bills Advanced Nanotechnology Limited at normal commercial terms. During the year Watson Mangioni acted as:

- 1) Commercial Lawyer for Advanced Nanotechnology Limited. Fees related to these activities totalled \$21,641 for the quarter and \$30,669 for the year to date. This is disclosed at items 1.2(e) and 1.24; and
- 2) Solicitor for the Offers of 10 January 2005 and 1 March 2005. Total fees relating to these activities are \$60,499 for the quarter and \$151,258 for the year to date. These fees are disclosed at item 1.20.

A loan of \$120,000 was paid to the related entity Advanced Nano Technologies Pty Ltd (ANT). This loan was provided to ensure that ANT had sufficient funds to undergo a selective share buy back. At the time of the loan Advanced Nanotechnology Limited held 50% of the shares in ANT. Immediately after the selective share buy back, Advanced Nanotechnology Limited held 100% of the shares in ANT.

## NON-CASH FINANCING AND INVESTING ACTIVITIES

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 24 January 2005, the Company's 50% owned joint venture entity, Advanced Nano Technologies Pty Ltd (ANT), underwent a selective buy back in relation to Samsung Corning Co. Ltd's 50% interest in the joint venture entity. Total consideration for the buy back was \$3,285,902, satisfied by the payment of \$1,035,902 in cash and the transfer of a 50% interest in certain intellectual property rights. Upon completion of this transaction ANT became a wholly owned subsidiary of Advanced Nanotechnology Limited.

The cash impact of the ANT buy back on the consolidated group (as disclosed in the above Consolidated Statement of Cash Flows) is as follows:

- 1) An outflow of \$33,370 in relation to the payment of professional fees associated with the buy back (item 1.10(e));
- 2) An outflow of \$120,000 in the form of a loan to ANT to ensure that ANT had sufficient funds to undergo the buy back (item 1.11); and
- 3) An inflow of \$10,177 being ANT's cash at bank following the conclusion of the buy back (item 1.13(a)).

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

## FINANCING FACILITIES AVAILABLE

	Amount Available \$A	Amount Used \$A
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## RECONCILIATION OF CASH

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A	Year to date (9 months) \$A
4.1 Cash on hand and at bank	9,448,591	9,448,591
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	\$ 9,448,591	\$ 9,448,591

## ACQUISITIONS AND DISPOSALS OF BUSINESS ENTITIES

	<b>Acquisitions</b> (Item 1.9(a))	<b>Disposals</b> (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

## COMPLIANCE STATEMENT

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here: *D. Cesari*  
Company Secretary

Date: 26 April 2005

Print name: Deana Cesari