



REPORT FOR SECOND QUARTER FY17

Advance NanoTek Limited is a specialist developer, manufacturer and supplier of nano materials used in personal care, cosmetic and other sectors.

Advance NanoTeks' two primary products are ZinClear™ a transparent zinc oxide based broad spectrum UV photostable UVA & UVB filter for use in the sun care and cosmetics sector and Alusion™ an aluminium oxide pigment with applications in cosmetics products.

ANO services its international customer-base via a global network of distributors covering 31 countries.

ASX: ANO

Directors

Lev Mizikovsky (Chairman)

Rade Dudurovic

Geoff Acton (Managing Director)

Company Secretary

Geoff Acton

For further information, please contact:

Geoff Acton

Managing Director

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Quarterly Overview

- Cash flow from operations for the quarter ended 31 December 2017 was a negative \$908,212.
- The negative operating cash flow for the quarter was reflected by:
 - The payment to the University of Western Australia for the buyback (and subsequent cancellation) of shares in the amount of \$677,085 as approved at the 2017 Annual General Meeting and announced in the previous Appendix 4C.
 - Debtors increase by \$176,914 compared to the previous quarter.
 - Investment in product development and trademarks of \$100,413 in the quarter.
 - Capital costs associated with the transition to 112 Radium Street Welshpool of \$41,208 for the quarter.
 - We are holding increases in inventory raw materials to cater for the growth in sales of \$132,879 for the quarter.
- Debtors as at 31 December 2017 totalled \$1,629,559.
- Cash balance (unaudited) as at 31 December 2017 was \$818,783 compared to \$1,726,995 as at 30 September 2017.

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

ADVANCE NANOTEK LIMITED

ABN

54 079 845 855

Quarter ended ("current quarter")

31 DECEMBER 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,054	2,913
1.2 Payments for			
(a) research and development		47	(15)
(b) product manufacturing and operating costs		(639)	(1,186)
(c) advertising and marketing		(1)	(2)
(d) leased assets		(4)	(8)
(e) staff costs		(240)	(416)
(f) administration and corporate costs		(127)	(397)
(g) rent		(85)	(148)
(h) insurance		(2)	(86)
(i) legal fees & patent renewals		(54)	(82)
(j) corporate costs – ASX, share registry & accounting		(38)	(70)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	248
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(89)	751

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(41)	(56)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(101)	(108)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(142)	(163)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Repayment due to share buy-back & cancellation of shares	(677)	(677)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(677)	(677)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,727	908
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-	-
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	819	819

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	813	1,721
5.2	Call deposits	6	6
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	819	1,727

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	44
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	44
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	


8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(15)
9.2 Product manufacturing and operating costs	(600)
9.3 Advertising and marketing	(5)
9.4 Leased assets	(5)
9.5 Staff costs	(180)
9.6 Administration costs	(100)
9.7 Other rent & legal fees & corporate costs	(63)
9.8 Total estimated cash outflows	(968)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30 January 2018
(Director/Company secretary)

Print name: GEOFFREY ACTON

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.