

**Appendix 4D – Interim Financial  
Report for Half Year Ended  
31 December 2018**



ABN 54 079 845 855

Name of Entity: **ADVANCE NANOTEK LIMITED**  
 ABN: **54 079 845 855**  
 Current period: **1 July 2018 to 31 December 2018**  
 Previous corresponding period: **1 July 2017 to 31 December 2017**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**Key Information**

					\$'000
Revenue from ordinary activities	up by	84.86%	to		5,276
Profit after tax from continuing activities attributable to members	up by	186.74%	to		1,740
Net Profit attributable to members	up by	186.74%	to		1,740

**Dividends Paid and Proposed**

The Board considers that no interim dividend will be paid

**NET TANGIBLE ASSETS PER SHARE**

	Half-year Ended 31 December 2018	Half-year Ended 31 December 2017
Net tangible assets per share	11.61 cents	7.08 cents

**EARNINGS PER SHARE**

	Half-year Ended 31 December 2018	Half-year Ended 31 December 2017
Basic earnings per share	3.03 cents	1.05 cents
Weighted average number of ordinary shares	57,374,329	57,374,329

**CONTROL GAINED OR LOST OVER ENTITIES IN THE HALF YEAR**

**Subsidiaries**

No changes to control over subsidiaries during the half year

**Associates and joint venture entities**

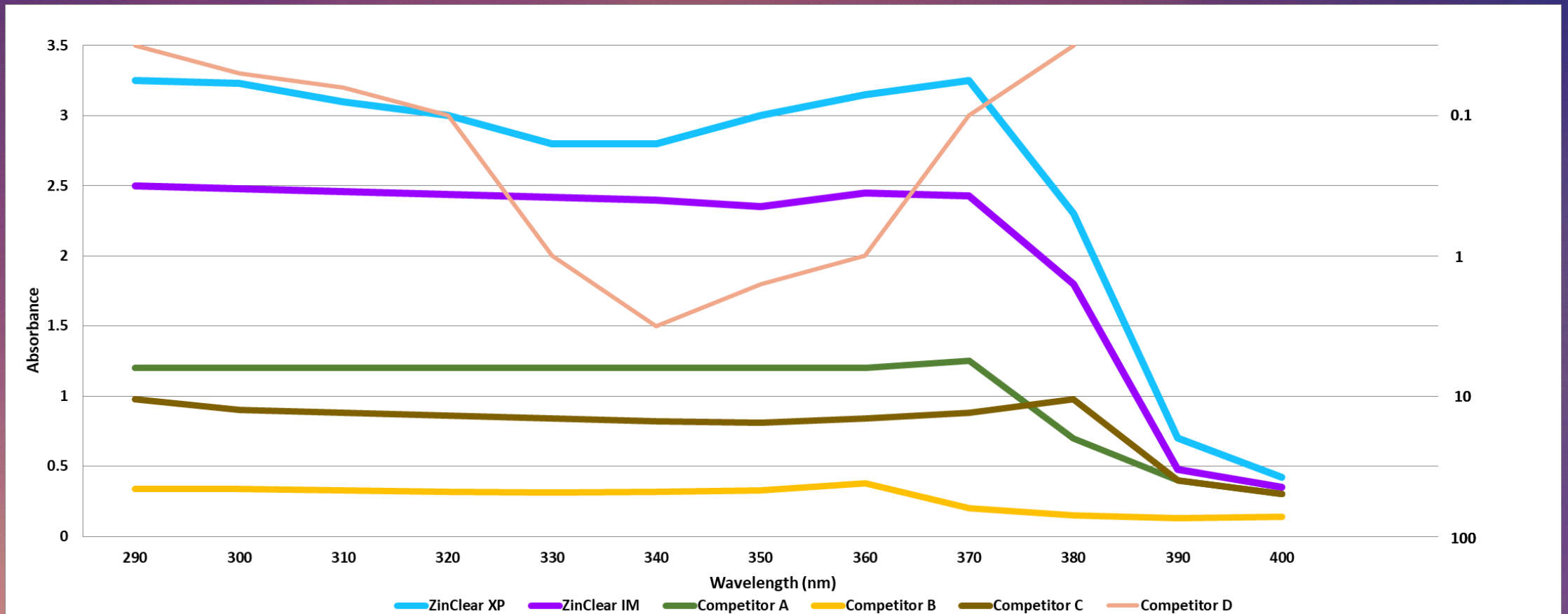
The Group has no associates or joint ventures



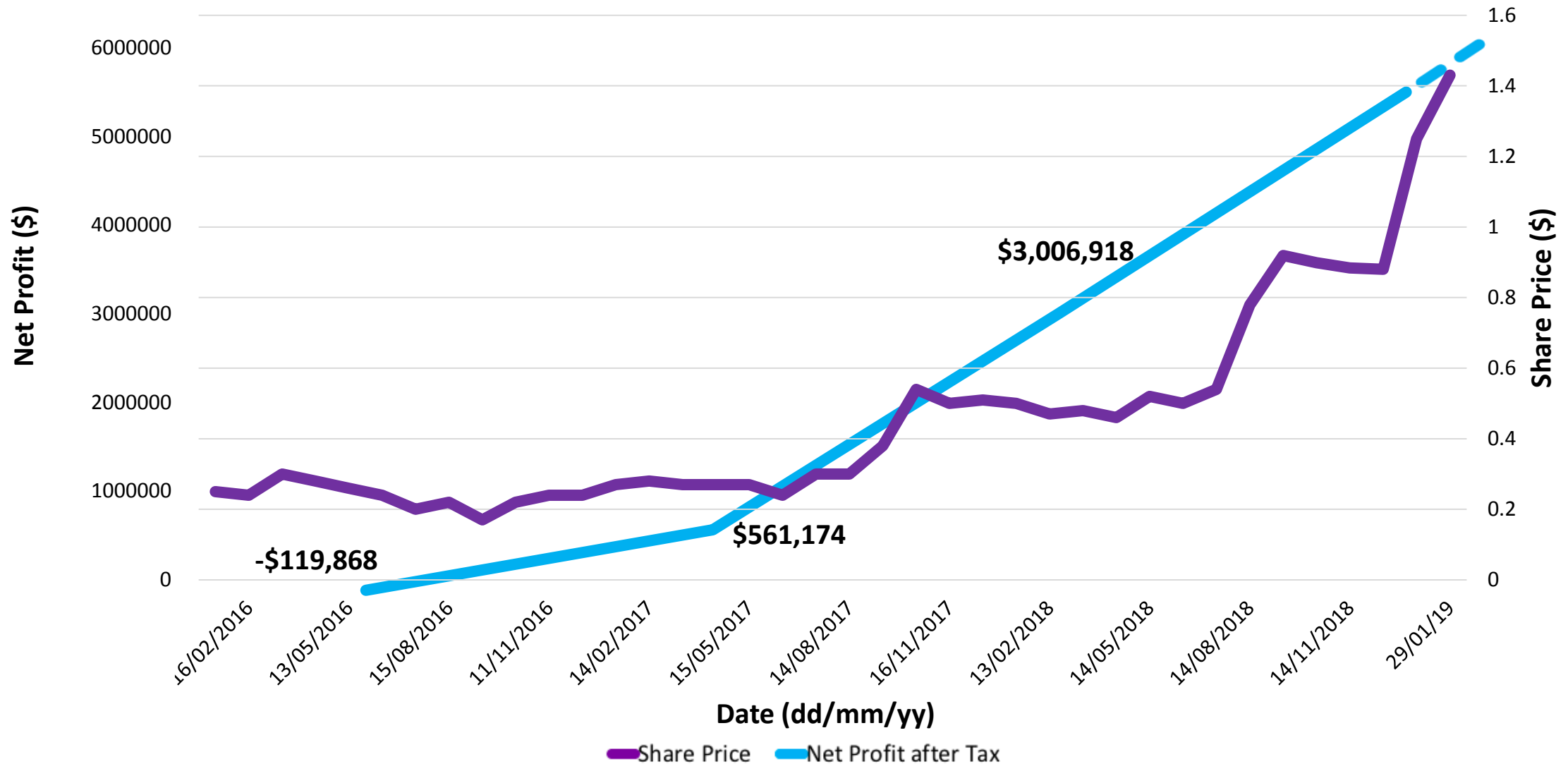
# ANO Investor Presentation

## February 2019

### ANO Powder Performance versus Competitors

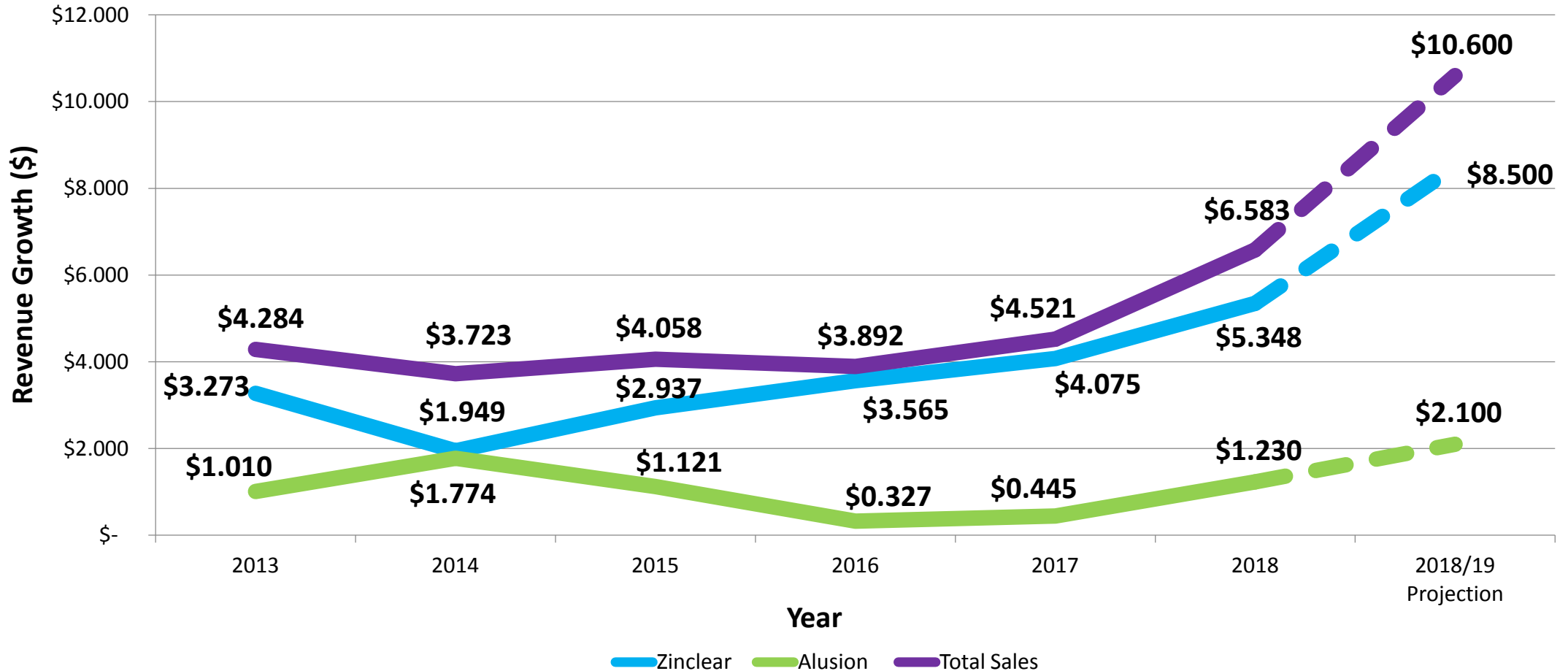


# ANO Share Price



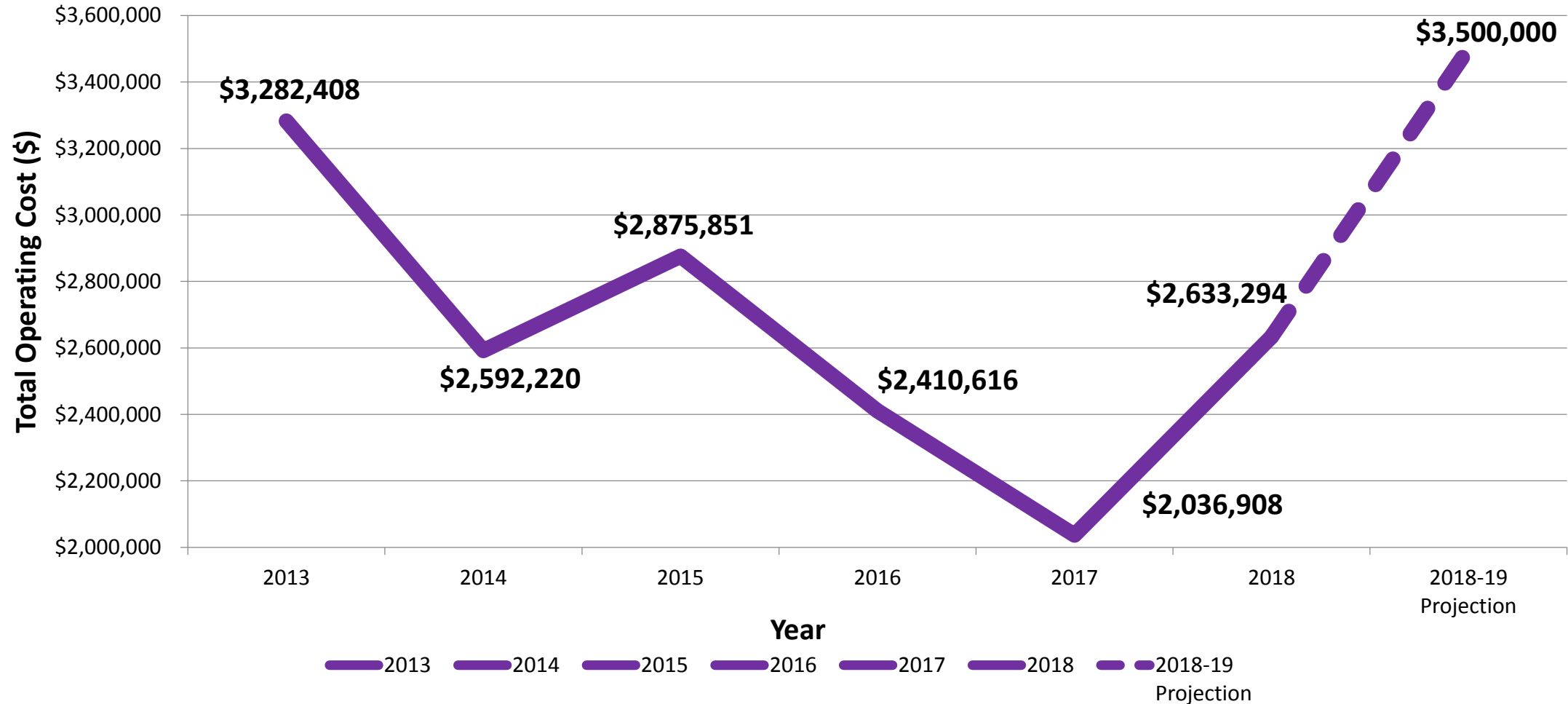
- Appointment of Geoff Acton Managing Director on 16<sup>th</sup> March 2016.

# Total Annual Sales Revenue by Product Category (\$ '000)



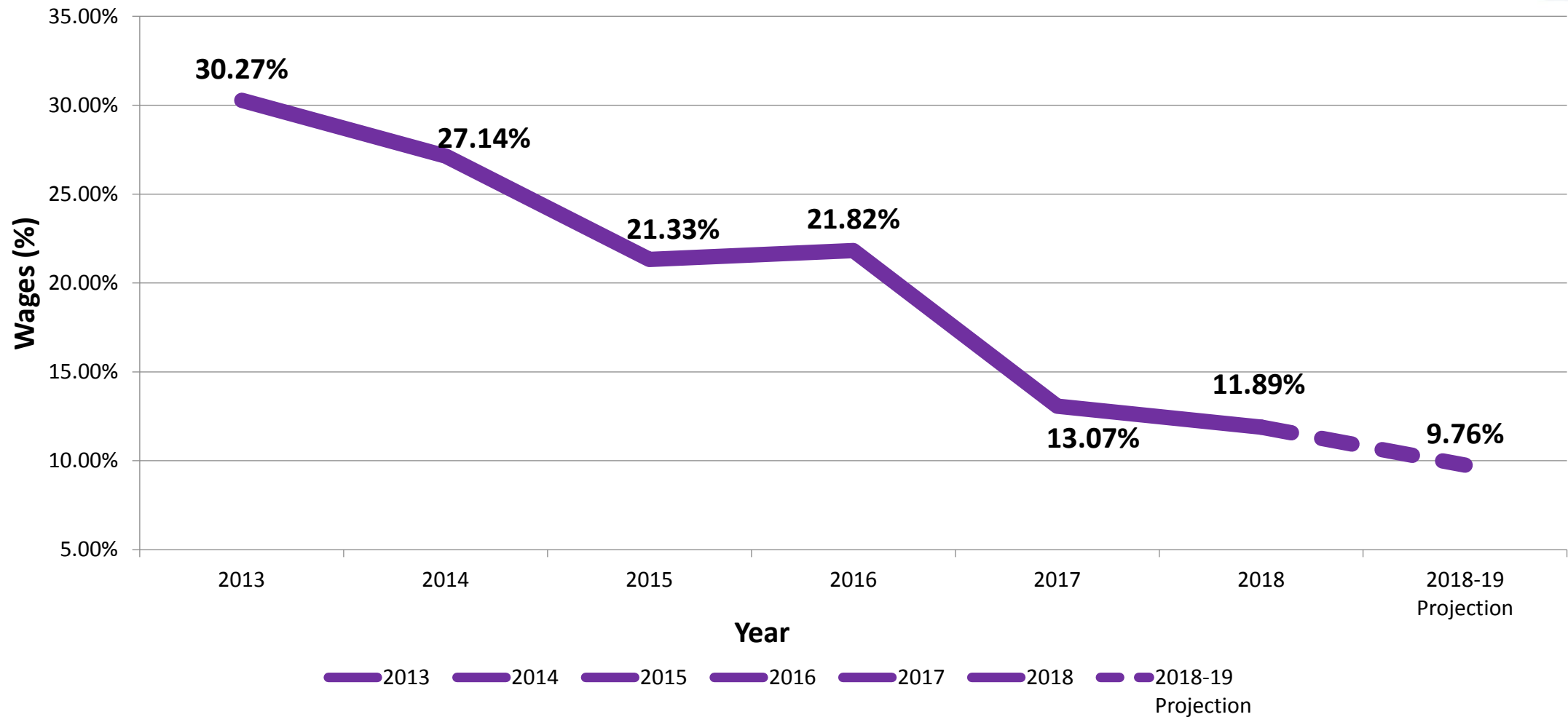
- Total sales increase of 84.6% compared to first half FY18.
- Further sales increases expected in FY19 and FY20 from MERCK.
- Increase manufacturing capacity of zinc powder to 2000 tones per annum from late 2019, well in excess of current order intake.

# ANO Total Operating Costs (Including Wages) (\$) Excluding Raw Materials and Consumables



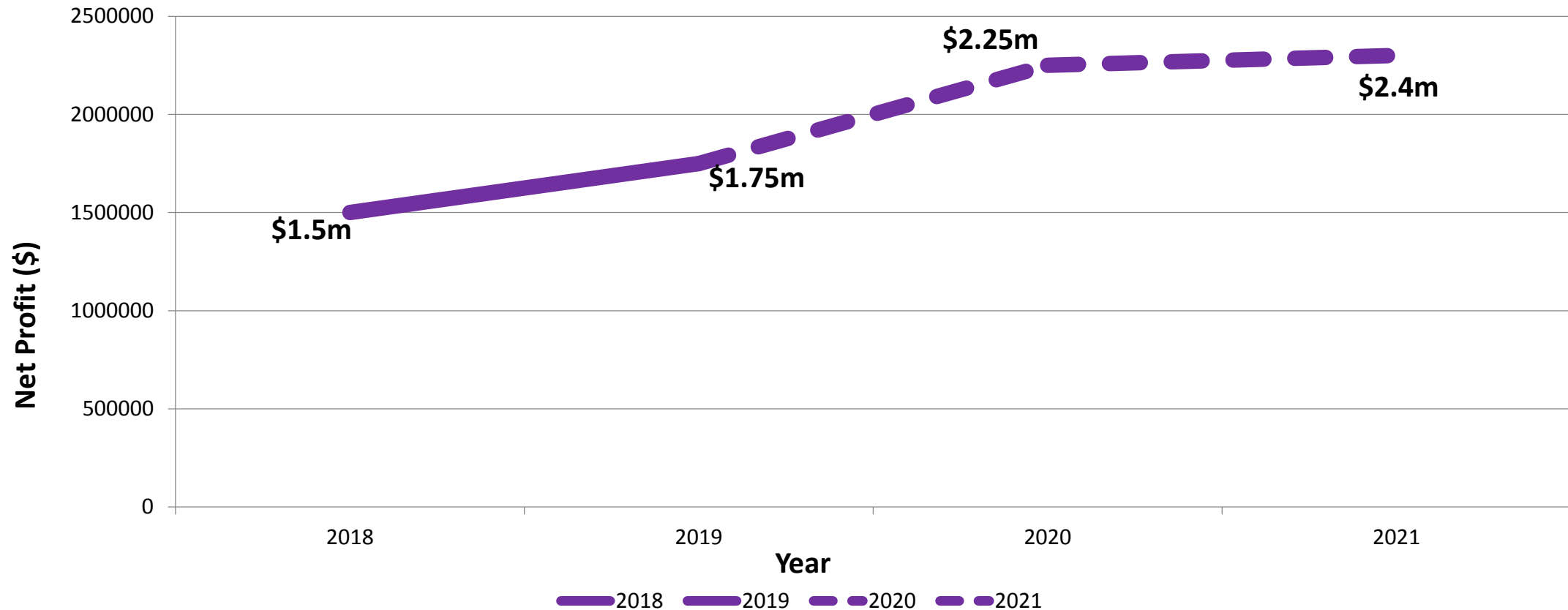
- The contract manufacturing arrangement in the US will increase significantly with the installation of the new bead mill from May 2019.

# Wages as a % of Sales Revenue



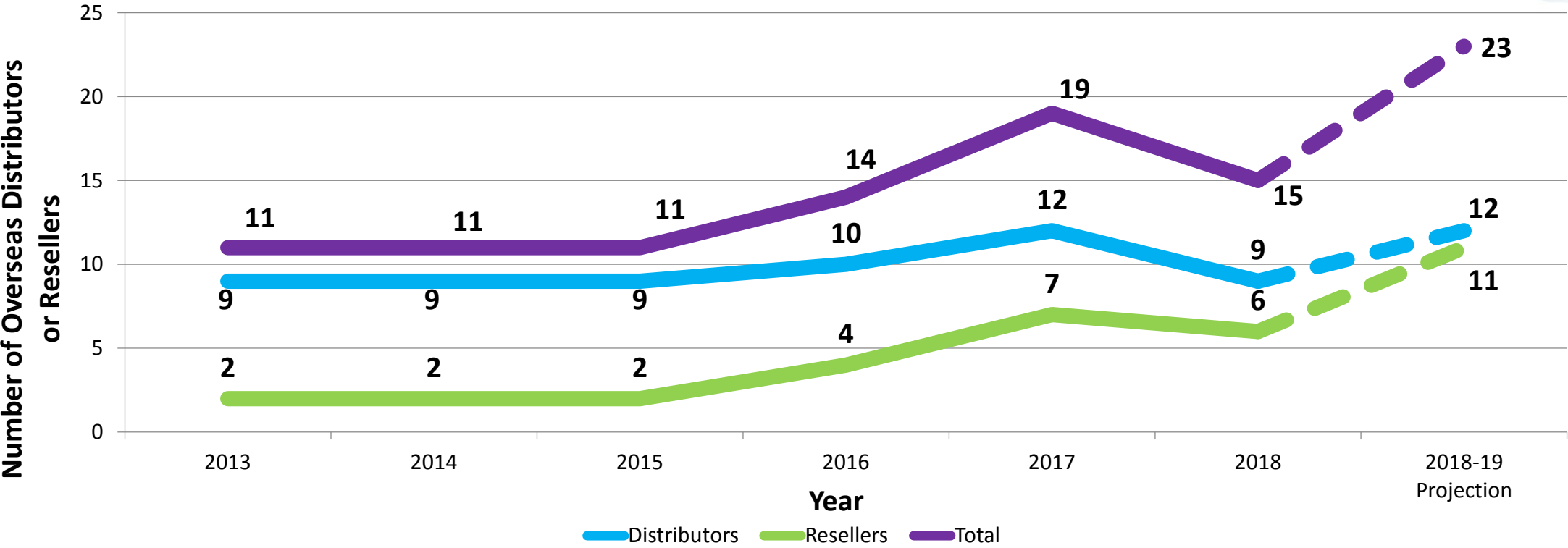
- Decrease in wages as a % of sales revenue despite the increase in production with 24hr shifts 7 days a week. Wages as a % of sales revenue is expected to fall further in FY20 when additional production equipment is installed and fully operational.

# Anticipated Reinstatement of Deferred Tax Asset (DTA) Balance



- Anticipated franked dividends to commence in FY22 or earlier.
- The Board will bring back the DTA in line with tax expense in the next two years until the Deferred Tax Asset Balance of \$6.4million is utilised. Further top up of the DTA balance of \$1.5million may be necessary based on profit growth trajectory.

# Number of Overseas Distributors and Resellers



**GLOBAL SALES NETWORK**

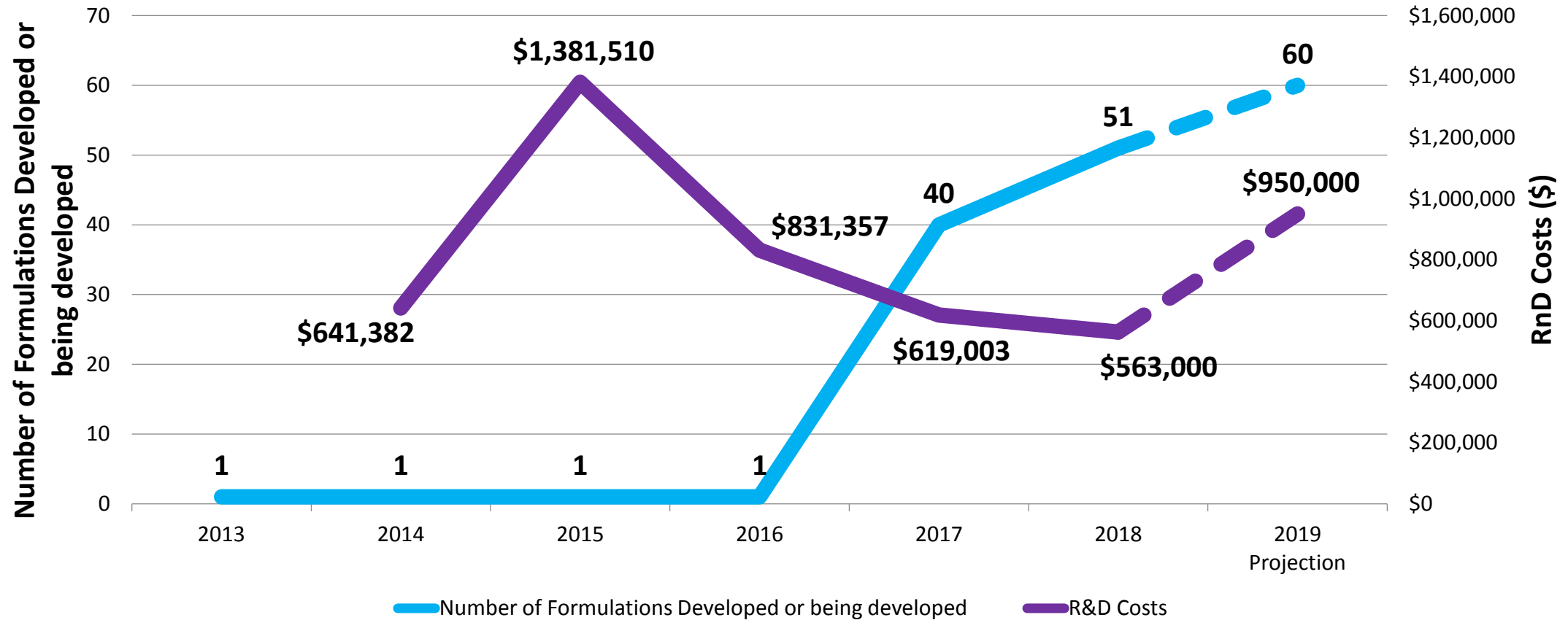
- Connell Brothers India – Mumbai
- Connell Brothers Malaysia – Malaysia
- Deveraux Specialties LLC – USA
- ENS Beauty Group – South Korea
- Heterochem – UK/Ireland
- Holstein – Japan
- Kosfarm – Taiwan
- Manuchar – Indonesia/Philippines
- Meganede – South Africa
- Polygun – Germany
- Pachem Distribution – Canada
- Pure Ingredients – New Zealand
- Unipex France/Belgium
- United Desuler – Delhi
- QSI - Peru

**TARGETS**

- Spain
- Portugal
- Italy
- Sweden
- Norway
- Denmark
- Finland
- Netherlands
- Greece
- Turkey
- Japan
- China
- Brazil
- Argentina



# ANO R&D Costs and Number of Formulations and Products Being Developed



- 51 end formulations in various stages of development including – sunscreens, lipsticks, after-shave lotions, day repair creams, foundations, anti-acne creams, and facial masks.
- Different plastic film compositions and ZNO material for 3D printing in ceramics (these are highly speculative).

# ANO R&D - Battery Testing Update

- UQ trials using on our patented material and process developed coin cell batteries that produced 3000 cycles versus 2000 cycles for the average life of batteries based on similar materials.
- Currently working with Custom Cells in Germany on one battery project.
- Will also be working on a composition using polymers (like the UQ coin cells) later this year.

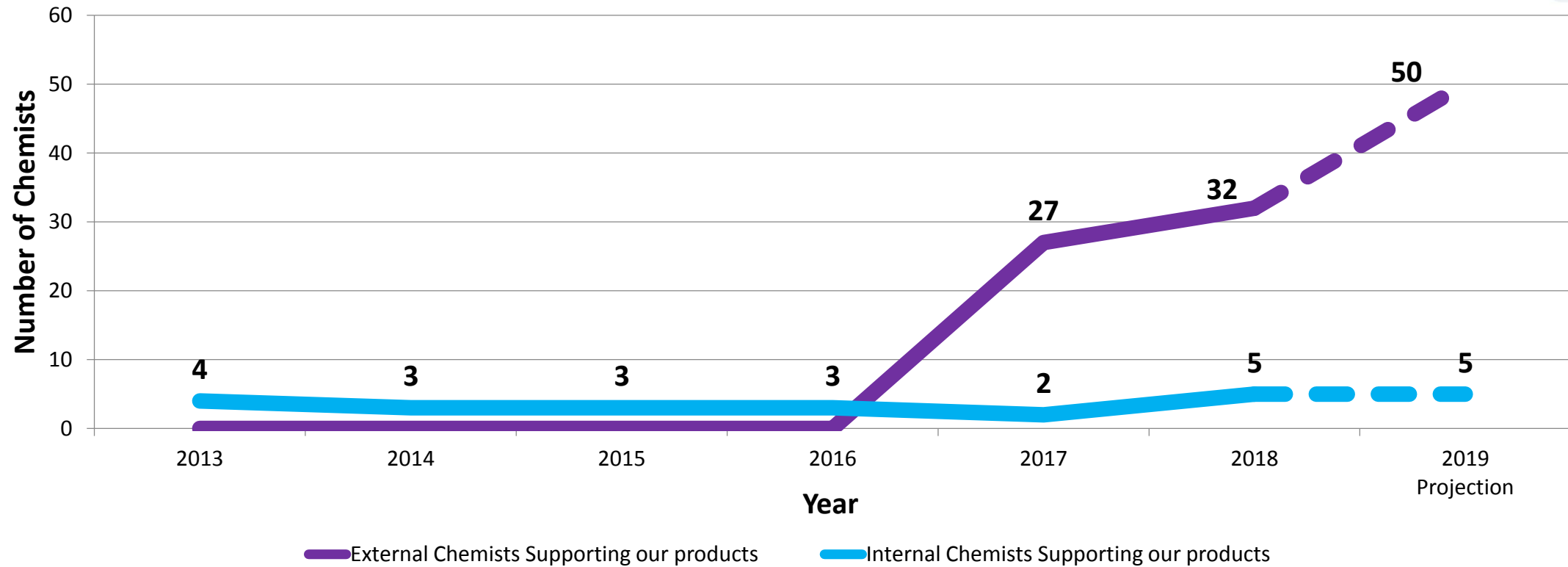
## **PILOT SCALE PRODUCTION FACILITY**

- The battery development project requires a new pilot scale facility to ramp up production to make significant quantities of material to test the batteries on a large scale. Our current lab based facility is too small to make the quantity of materials required.
- This requires significant investment in equipment and a new facility.

## **STATE GOVERNMENT ASSISTANCE / GRANTS**

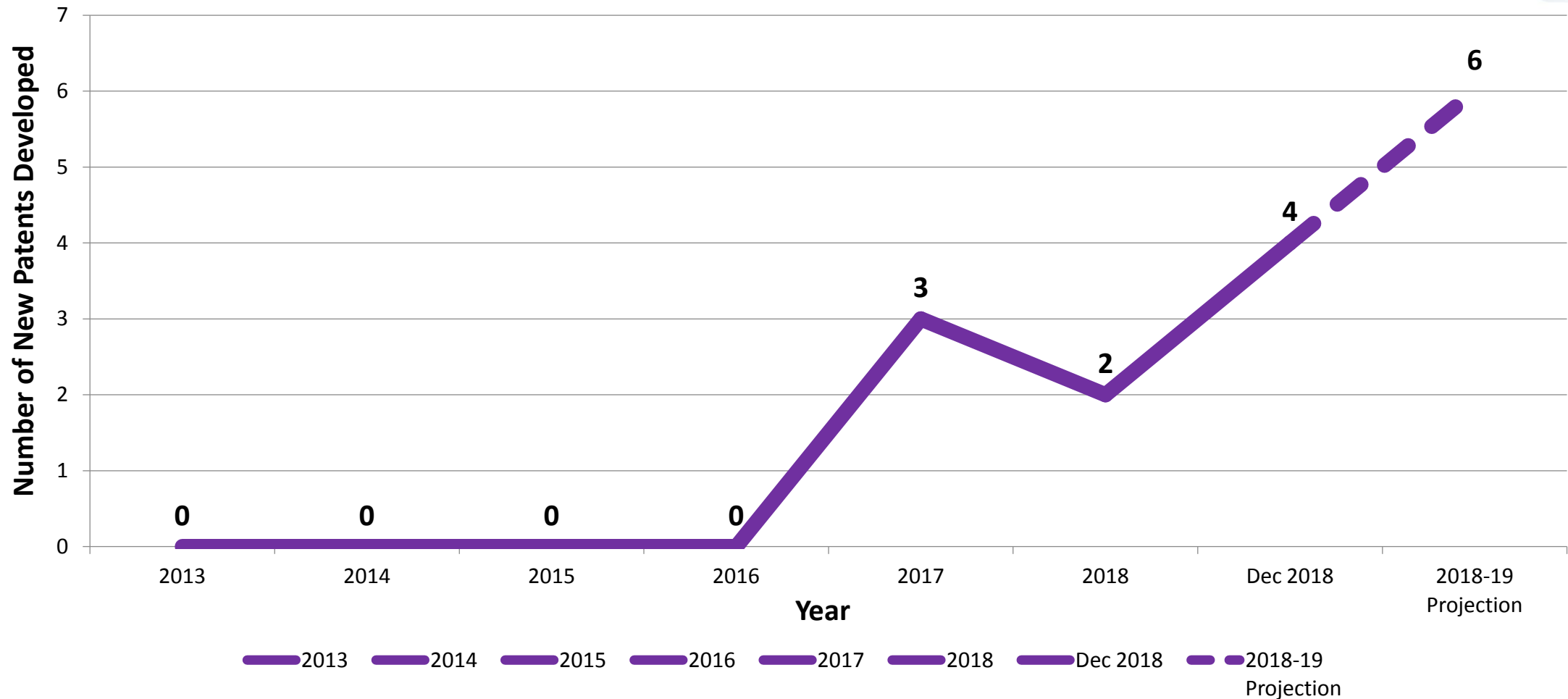
- We have approached the state government to support the program given the promotion of “smart technology”. Unfortunately, at this stage the response has been slow.
- It appears that there is focus on the support and assistance for mining companies (like Adani) in regional QLD. ANO will need to look at locating the pilot scale facility interstate or overseas later this year to continue with this promising technology.

# Number of Chemists Supporting our Products



- The unique nature of our product and difficulties in product development creates barriers to substitution.
- ANO is investing in product design and R&D to support our small customers who do not have the resources to develop end formulations.
- ANO releasing further ZinXation range of products directed to smaller brand owners in 2019/2020.
- Invisible zinc was developed by the company and transferred to a single brand owner, who later sold for an estimated \$40,000,000, without an agreement for our active ingredient to be used in the product.

# Number of New Patents Developed



- 4 new patents filed already in FY19. Further new patents expected.
- Patent renewals are not included as the process is ongoing and the number of renewals will vary depending on expiry dates.

# Reef Safe Sunscreen

- ANO has submitted a proposal to the Great Barrier Reef Foundation and the Cassowary Coast Council to discourage the use of reef harmful UV absorber chemical based sunscreens.
- Follows the lead of Hawaii who have banned the use of chemical sunscreens on their beaches.

## Hawaii Bans UV Chemical Sunscreens

### ARTICLES

- “State lawmakers passed legislation in May that would ban skin-care companies from selling and distributing sunscreens on the islands that contain two chemicals deemed damaging to coral reefs.”
- Hawaii just banned your favorite sunscreen to protect its coral reefs – Washington Post  
[https://www.washingtonpost.com/news/energy-environment/wp/2018/07/02/hawaii-is-about-to-ban-your-favorite-sunscreen-to-protect-its-coral-reefs/?utm\\_term=.8dc735076d81](https://www.washingtonpost.com/news/energy-environment/wp/2018/07/02/hawaii-is-about-to-ban-your-favorite-sunscreen-to-protect-its-coral-reefs/?utm_term=.8dc735076d81)
- Hawaii bans sunscreens with chemicals that damage coral reefs, but Australia reluctant to follow – ABC News  
<https://www.abc.net.au/news/2018-05-04/hawaii-bans-sunscreen-coral-bleaching/9728322>

# Reef Safe Statement References

Written by Mark Chandler, BA Chemistry

Reviewed by Professor Julian Hewitt

<https://www.ewg.org/sunscreen/report/nanoparticles-in-sunscreen/#.WuOKSMgvyUk>

<https://www.ncbi.nlm.nih.gov/pubmed/19902187>

[https://cdhc.noaa.gov/\\_docs/Site%20Bulletin\\_Sunscreen\\_final.pdf](https://cdhc.noaa.gov/_docs/Site%20Bulletin_Sunscreen_final.pdf)

<https://particleandfibretoxicology.biomedcentral.com/articles/10.1186/1743-8977-3-11>

<https://www.npr.org/sections/thetwo-way/2015/10/20/450276158/chemicals-in-sunscreen-are-harming-coral-reefs-says-new-study>

<https://www.ncbi.nlm.nih.gov/pubmed/26487337>

<https://onlinelibrary.wiley.com/doi/abs/10.1111/jocd.12449>

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2291018/>

<https://www.ewg.org/sunscreen/report/the-trouble-with-sunscreen-chemicals/#.WuN4pcgvyUk>

<http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0061800>

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<https://setac.onlinelibrary.wiley.com/doi/full/10.1002/etc.2560>

<https://link.springer.com/article/10.1007/s00128-017-2031-8>

[http://www.jaad.org/article/S0190-9622\(09\)00539-8/abstract](http://www.jaad.org/article/S0190-9622(09)00539-8/abstract)

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<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3781714/>

<https://academic.oup.com/toxsci/article/123/1/264/1644613>

<http://pubs.rsc.org/en/content/articlelanding/2010/pp/b9pp00180h/unauth#!divAbstract>

<https://books.google.com/books?id=hhcUJRSilwsC&pg=PA98#v=onepage&q&f=false>

<https://jamanetwork.com/journals/jamadermatology/fullarticle/1105240>

<https://www.karger.com/Article/Abstract/85861>

<https://www.cdc.gov/exposurereport/index.html>

# Diversification and Product Development 2019 / 2020

- Board and Management are very aware that we only have four (4) profitable product lines contributing to our current success.
- Zinxation sunscreen sales should positively impact sales in this half FY19.
- Every effort is being made to develop new end products using OEM Toll Manufacturers.
- A number of ingredients are being tested to develop new natural zinc based dispersions and powders.

## Zinxation 50+ Sunscreen

Filed patent # PCT/AU2018/050454





# Foundations Laid by Previous Board

- The current Board thanks the hard work and due diligence of Rade Dudurovic, Ron Higham, and Paul Pissale in 2014 / 2015 who, under Rade’s direction, plotted the strategic direction and initiated the start of the renewal process which now underpins the current success of ANO’s business operations.

## Contribution by the Main Shareholders of Ethical Zinc

- The Board thanks the contribution of the shareholders of Ethical Zinc for their significant contribution to ANO’s business by suggesting new products and providing ideas and articles.



Brian  
Kearney



Christopher  
Silvestro



Giovanni  
Diaz



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