

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF KENTUCKY
LOUISVILLE DIVISION**

Debtor Name Advanced Chemtech, Inc. **For month ended** October 31,2004
 Advanced Syntech, LLC

Case Number 03-31381 **Date Bankruptcy Filed** March 3,2003
 03-31382

Robert W. Leasure , trustee for Advanced Chemtech and Advanced Syntech, Inc., hereby submits this Monthly Operating Report for the period commencing October 1,2004 and ending October 31,2004 for both estates as shown by the report and exhibits consisting of 15 pages and containing the following as indicated :

	Form	Attached
1 Trustee's Report		x
2 Monthly Operating Questionnaire		x
3 Comparative Balance Sheets	OPR-1 & OPR-2	x
4 Summary of Accounts Receivable	OPR-3	x
5 Schedule of Post Petition Liabilities	OPR-4	x
6 Statement of Income (Loss)	OPR-5	x
7 Footnotes to the Statement of Income (Loss)		x
8 Statement of Sources and Uses of Cash	OPR-6	x

Trustee files this Monthly Operating Report for the Consolidated bankruptcy estates of Advanced Chemtech Inc. ("ACT") and Advanced Syntech LLC ("AST"). On or about September 22,2004, an order was signed and entered consolidating the Advanced Chemtech, Inc case and the Advanced Syntech, LLC case and ordering the joint administration of the cases.

I declare under penalty of perjury that this report and all attachments are true and correct to the best of my knowledge and belief. I hereby also certify that the original Monthly Operating Report was filed with the Bankruptcy Court Clerk and a copy delivered to the U.S. Trustee.

Date: _____

By: _____

Name and Title: Robert W. Leasure, trustee

Address: 462 South 4th Ave, Suite 425
 Louisville , KY 40202

Telephone: (502) 583-1945

SIGNIFICANT EVENTS

SALE OF ASSETS

- On October 25, 2004, order was signed authorizing the hiring of Wardlow Auctions, Inc in connection with the proposed sale of the Debtors miscellaneous office equipment, furniture and ancillary equipment which is no longer needed or used in the day to day operations of the business. Wardlow has begun the set-up of the auction and expects auction to take place in the early part of December. This will be the third auction of excess equipment. The first two sales mainly consisted of chemical and pharmaceutical related items. This auction will be on site versus the web based auctions previously used for a majority of the excess chemical related equipment.

CONSOLIDATING OPERATIONS

- ACT has been actively consolidating some operations and activities into the chemical building at 5609 Fern Valley Road

CHEMICAL CLEAN-UP

- Ashland Chemical Company, with the assistance of ACT employees, has been performing the chemical clean-up. The clean-up was completed as expected the first week in November. This process has helped provide space for the operations of the 2 buildings to be consolidated. In addition , this clean-up was an anticipated requirement for a sale of the business to take place. It is estimated that the clean-up over September, October and November will cost approximately \$ 80,000 for services from Ashland Chemical and approximately \$ 20,000 in internal labor and cost. These expenses are included in the restructuring cost in October and November.

ACT EUROPE

- On September 8, a “ wind-up” petition was authorized in the UK against ACT Europe which was ACT’s wholly owned subsidiary acting as its sole distributorship in Europe. This was the result of an off balance sheet liability resulting from a contract between ACT and a prior partnership arrangement. After 2 months of settlement discussions, the issue could not be resolved.

During this period of a threatened shut-down, ACT experienced a significant reduction in sales to Europe. It appears to have been one of the factors impacting ACT sales for June through October of 2004.

- Since the wind-up of ACT Europe, ACT Inc has replaced its European distributorship with Activotec. Activotec now has some of ACT Europe's prior employees and will be capable of selling and servicing ACT Inc instruments throughout Europe.
- A liquidator has been appointed in the U.K. to liquidate assets of ACT Europe for the benefit of the creditors. ACT, Inc will be the largest creditor and as such will actively follow and support the activities of the liquidator to maximize the recovery for ACT, Inc.

OTHER EVENTS

- In August and September, two prior officers of ACT, Dr Saneii and Dr Flannigan, introduced a new company in the market. On September 29, 2004, Dr. Flannigan and the trustee entered an Agreed Order which ended Dr. Flannigan's relationship with the new competing company and eliminated Dr. Flannigan's ability to compete directly with ACT for a period of time.

In addition, in September the Judge issued a Temporary Restraining Order ("TRO") which temporarily has eliminated Dr. Saneii's ability to compete with ACT. This TRO is currently in effect until December 1, 2004 at which time we hope to have an Agreed Order or a hearing.

SALE OF BUSINESS

- As a result of the liquidation of the European wholly owned distributor, the reemergence of prior officers with a competing business and the reduction in sales from June to August 2004, on September 16, 2004, the "stalking horse" buyer for the business withdrew their offer. Since this withdraw, we have addressed the issues of concern as outlined above. October sales and orders saw a significant improvement as well as the largest month of new orders for ACT over the last year.
- The trustee has completed a draft of an asset purchase agreement along with a sale procedure motion. The motion to adopt the sale procedures was submitted on November 4, 2004.

Chapter 11
Monthly Operating Report
Monthly Reporting Questionnaire

CASE NAME: Advanced ChemTech, Inc.
CASE NUMBER: 03-31381
MONTH OF: Oct, 2004

1. Payroll State the amount of all executive wages paid and taxes withheld and paid.

Name and Title of Executive .	Wages Paid .		Taxes .	
	Gross .	Net .	Due .	Paid .

Total Executive Payroll: \$ 0.00 .

2. Insurance Is workers' compensation and other insurance in effect? Y. Are payments current? Y. If any policy has lapsed, been replaced or renewed, state so in the schedule below. Attach a copy of the new policy's binder or cover page.

Type	Name of Carrier	Coverage Amount .	Policy #	Expiration Date .	Premium Amounts	Date Coverage Pd. Thru
Casualty	<u>Chubb Group</u>	<u>by property</u>	<u>35340588</u>	<u>10/2/05</u>	<u>31,487.00</u>	<u>Dec. 2004</u>
Workers' Comp	<u>A1K</u>	<u>2,000,000</u>	<u>2803-16716</u>	<u>10/2/05</u>	<u>23,940.00</u>	<u>Nov. 2004</u>
General Liab.	<u>Chubb Group</u>	<u>2,000,000</u>	<u>35797588</u>	<u>10/2/05</u>	<u>-</u>	<u>Dec. 2004</u>
Vehicle	<u>Chubb Group</u>	<u>1,000,000</u>	<u>73222923</u>	<u>10/2/05</u>	<u>3,304.39</u>	<u>Dec. 2004</u>
Product Liab.	<u>Chubb Group</u>	<u>1,000,000</u>	<u>35797539</u>	<u>10/2/05</u>	<u>8,332.00</u>	<u>Dec. 2004</u>
Umbrella	<u>Chubb Group</u>	<u>1,000,000</u>	<u>79778950</u>	<u>10/2/05</u>	<u>1,258.00</u>	<u>Dec. 2004</u>

**Chapter 11
Monthly Operating Report
Monthly Reporting Questionnaire**

CASE NAME: Advanced ChemTech, Inc.
CASE NUMBER: 03-31381
MONTH OF: Oct, 2004

<u>Bank Accounts</u>	<u>Account Type</u>				<u>Total</u>
	<u>Operating</u>	<u>Funding</u>	<u>Payroll</u>	<u>Other</u>	
Bank Name	<u>Bank One</u>	<u>Bank One</u>	<u>Bank One</u>	<u>Bank One</u>	
Account Number	<u>642687552</u>	<u>623728375</u>	<u>626999759</u>	<u>636157158</u>	
Beginning Balance	<u>123,939.98</u>		<u>17,805.27</u>	<u>82,672.96</u>	<u>224,418.21</u>
Plus: Deposits	<u>59,512.96</u>			<u>378,175.20</u>	<u>437,688.16</u>
Less: Disbursements	<u>-225,877.00</u>		<u>-169,823.43</u>		<u>-395,700.43</u>
Transfers	<u>242,929.67</u>		<u>165,168.38</u>	<u>-408,098.05</u>	
Ending Balance	<u>200,505.61</u>		<u>13,150.22</u>	<u>52,750.11</u>	<u>266,405.94</u>

Postpetition Payments List any postpetition payments to professionals and payments on prepetition debts in the schedule below (attach a separate sheet if necessary).

<u>Payments To</u>	<u>Amount</u>	<u>Date</u>	<u>Check #</u>
Professionals (attorneys, Accountants, etc.):			
<u>LS Associates</u>	<u>10,000.00</u>	<u>10/8/04</u>	<u>92597</u>
<u>LS Associates</u>	<u>3,000.00</u>	<u>10/15/04</u>	<u>92650</u>
<u>Frost Brown Todd</u>	<u>5,000.00</u>	<u>10/15/04</u>	<u>92651</u>
<u>LS Associates</u>	<u>8,040.24</u>	<u>10/25/04</u>	<u>92693</u>
<u>Frost Brown Todd</u>	<u>5,000.00</u>	<u>10/27/04</u>	<u>92722</u>
<u>LS Associates</u>	<u>30,000.00</u>	<u>10/27/04</u>	<u>92723</u>

Prepetition Creditors:

**Chapter 11
Monthly Operating Report
Monthly Reporting Questionnaire**

CASE NAME: Advanced ChemTech, Inc.
CASE NUMBER: 03-31381
MONTH OF: Sep, 2004

Postpetition Payments Cont'd

Postpetition Payment List any postpetition payments to professionals and payments on prepetition debts
In the schedule below (attach a separate sheet if necessary).

<u>Payments To</u>	<u>Amount</u>	<u>Date</u>	<u>Check #</u>
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Professionals (attorneys,
Accountants, etc.):

Chapter 11
Monthly Operating Report
Monthly Reporting Questionnaire

CASE NAME: Advanced SynTech, Inc.
CASE NUMBER: 03-31382
MONTH OF: Aug, 2004

This business is closed, there is no payroll, Insurance, Bank Accounts, or Post-Petition payments to report.

CASE NAME: Advanced ChemTech, Inc.

FORM OPR-2
REV 2/90

CASE NUMBER: 03-31381

MONTH ENDED: October 31, 2004

	FILING DATE	Revised MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	5-Mar-03	31-Mar-03	30-Sep-03	31-Dec-03	29-Feb-04	31-Mar-04	30-Apr-04	31-May-04	30-Jun-04	31-Jul-04	31-Aug-04	30-Sep-04	31-Oct-04
LIABILITIES													
POST-PETITION LIABILITIES													
Trade Payable		56,455	231,362	230,980	96,009	147,225	62,861	53,460	37,476	78,976	91,665	64,213	109,172
All other Liabilities		283,807	631,120	845,350	1,093,011	1,085,593	1,101,136	1,291,994	1,211,619	1,160,285	1,182,062	1,375,743	1,386,926
TOTAL POST PETITION LIABILITIES		340,262	862,482	1,076,330	1,189,020	1,232,818	1,163,998	1,345,454	1,249,095	1,239,261	1,273,727	1,439,956	1,496,098
PRE PETITION LIABILITIES													
Priority debt	196,409	196,409	196,409	196,409	196,409	196,409	196,409	196,409	196,409	196,409	196,409	196,409	196,409
Secured debt	11,388,217	10,988,343	10,826,550	10,789,475	10,789,475	10,541,475	10,423,983	10,426,442	8,367,160	8,305,160	8,263,910	5,832,119	5,804,031
Unsecured debt	1,115,395	1,061,943	674,903	674,903	674,903	674,903	674,903	674,903	674,903	674,903	674,903	631,995	632,167
TOTAL PRE PETITION LIABILITIES	12,700,021	12,246,695	11,697,862	11,660,787	11,660,787	11,412,787	11,295,295	11,297,754	9,238,472	9,176,472	9,135,222	6,660,523	6,632,607
TOTAL LIABILITIES	12,700,021	12,586,957	12,560,344	12,737,117	12,849,807	12,645,605	12,459,293	12,643,208	10,487,567	10,415,733	10,408,949	8,100,479	8,128,705
SHAREHOLDERS' EQUITY (DEFICIT)													
NOTES PAYABLE H. SANEII	616,640	616,640	2,643,111	2,643,111	2,643,111	2,643,111	2,643,111	2,643,111	2,643,111	2,643,111	2,643,111	2,643,111	2,643,111
COMMON STOCK	50,351	50,351	50,350	50,350	50,350	50,350	50,350	50,350	50,350	50,350	50,350	50,350	50,350
PAID-IN CAPITAL	111,207	111,207	111,207	111,207	111,207	111,207	111,207	111,207	111,207	111,207	111,207	111,207	111,207
RETAINED EARNINGS													
Through filing date	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688	4,535,688
Post filing date		33,540	-14,345,088	-14,726,722	-14,527,887	-14,415,501	-14,468,940	-14,380,052	-12,711,136	-12,731,577	-12,809,179	-11,556,590	-11,616,736
HOLDERS' EQUITY	5,313,886	5,347,426	-7,004,732	-7,386,366	-7,187,531	-7,075,145	-7,128,584	-7,039,696	-5,370,780	-5,391,221	-5,468,823	-4,216,234	-4,276,380
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,013,907	17,934,383	5,555,612	5,350,751	5,662,276	5,570,460	5,330,709	5,603,512	5,116,787	5,024,512	4,940,126	3,884,245	3,852,325

CASE NAME: Advanced ChemTech, Inc.

CASE NUMBER: 03-31381

	FILING DATE	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	5-Mar-03	31-Mar-03	30-Sep-03	31-Dec-03	29-Feb-04	31-Mar-04	30-Apr-04	31-May-04	30-Jun-04	31-Jul-04	31-Aug-04	30-Sep-04	31-Oct-04
ASSETS													
CURRENT ASSETS													
Cash	865,324	697,097	170,244	282,244	546,194	299,235	303,901	259,016	169,265	242,964	157,667	212,977	113,451
Other negotiable instruments (i.e. CD's T-Bills)													
Accounts receivable (See OPR-3)	1,069,344	963,425	1,106,840	845,146	1,196,032	1,337,139	842,455	1,243,172	967,158	657,601	618,353	491,015	542,546
Less allowance for doubtful accounts	-32,274	-32,274	-330,605	-330,605 #	-330,605 #	-330,605 #	-14,211 #	-14,211 #	-13,931 #	-68,851 #	-62,154 #	-48,735 #	-27,201
Inventory, at lower of cost or market	5,803,553	5,755,189	2,385,723	2,357,802	2,053,083	2,041,751	2,054,167	1,989,343	1,977,687	1,946,014	2,012,114	2,009,579	1,977,147
Prepaid expenses and deposits	65,011	84,723	34,895	71,472	55,592	26,930	14,343	10,195	36,250	109,185	74,822	34,095	72,022
Investments													
Other Non-trade Receivables	54,049	18,073	95,966	69,755	103,753	171,641	121,109	122,477	2,263	2,148	4,206	1,978	2,681
Accts. Rec. ACT Europe (Net)										163,763	175,087	0	0
TOTAL CURRENT ASSETS	7,825,007	7,486,233	3,463,063	3,295,814 #	3,624,049	3,546,091	3,321,764	3,609,992	3,138,692	3,052,824	2,980,095	2,700,909	2,680,646
PROPERTY, PLANT AND EQUIPMENT, AT COST	5,936,949	5,936,949	5,945,887	5,953,387	5,967,550	5,969,116	5,969,116	5,969,116	5,969,116	5,978,133	5,978,133	2,012,525	2,012,525
Less accumulated depreciation	-3,735,493	-3,752,422	-3,853,338	-3,898,450	-3,929,323	-3,944,747	-3,960,172	-3,975,596	-3,991,021	-4,006,445	-4,018,102	-829,189	-840,846
NET PROPERTY, PLANT AND EQUIPMENTS	2,201,456	2,184,527	2,092,549	2,054,937	2,038,227	2,024,369	2,008,944	1,993,520	1,978,095	1,971,688	1,960,031	1,183,336	1,171,679
OTHER ASSETS													
Investment-A/R ACT Europe LTD	2,499,754	2,683,019	0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0
Investment Advanced Syntech LLC	5,487,690	5,580,604	0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0
TOTAL ASSETS	18,013,907	17,934,383	5,555,612	5,350,751 #	5,662,276	5,570,460	5,330,708	5,603,512	5,116,787	5,024,512	4,940,126	3,884,245	3,852,325

* Itemize if value of "Other Assets" exceeds 10% of "Total Assets".

0 0 0 0 0 0 0 0

CASE NUMBER: 03-31381MONTH ENDED October 31, 2004

	TOTAL	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS
DATE OF FILING: <u>March 5, 2003</u>	<u>897,227</u>	<u>326,238</u>	<u>146,825</u>	<u>116,274</u>	<u>307,890</u>
Allowance for doubtful accounts	(<u>32,274</u>)	(_____)	(_____)	(_____)	(<u>32,274</u>)
MONTH: <u>September 30, 2003</u>	<u>1,106,840</u>	<u>546,624</u>	<u>210,337</u>	<u>170,502</u>	<u>179,377</u>
Allowance for doubtful accounts	(<u>330,605</u>)	(_____)	(<u>6,687</u>)	(<u>6,846</u>)	(<u>317,072</u>)
MONTH: <u>October 31, 2003</u>	<u>1,120,397</u>	<u>396,879</u>	<u>307,062</u>	<u>143,631</u>	<u>272,825</u>
Allowance for doubtful accounts	(<u>330,605</u>)	(_____)	(<u>6,687</u>)	(<u>6,846</u>)	(<u>317,072</u>)
MONTH: <u>November 30, 2003</u>	<u>1,016,714</u>	<u>249,114</u>	<u>227,574</u>	<u>152,243</u>	<u>387,783</u>
Allowance for doubtful accounts	(<u>330,605</u>)	(_____)	(<u>6,687</u>)	(<u>6,846</u>)	(<u>317,072</u>)
MONTH: <u>December 31, 2003</u>	<u>845,145</u>	<u>317,462</u>	<u>93,956</u>	<u>24,892</u>	<u>408,835</u>
Allowance for doubtful accounts	(<u>330,605</u>)	(_____)	(<u>6,687</u>)	(<u>6,846</u>)	(<u>317,072</u>)
MONTH: <u>January 31, 2004</u>	<u>1,310,809</u>	<u>713,920</u>	<u>190,523</u>	<u>93,220</u>	<u>313,146</u>
Allowance for doubtful accounts	(<u>330,605</u>)	(_____)	(_____)	(<u>6,687</u>)	(<u>323,918</u>)
MONTH: <u>February 28, 2004</u>	<u>1,196,032</u>	<u>592,390</u>	<u>207,914</u>	<u>48,812</u>	<u>346,916</u>
Allowance for doubtful accounts	(<u>-330,605</u>)	(_____)	(_____)	(_____)	(<u>-330,605</u>)
MONTH: <u>March 31, 2004</u>	<u>1,337,139</u>	<u>539,944</u>	<u>345,000</u>	<u>73,732</u>	<u>378,463</u>
Allowance for doubtful accounts	(<u>-330,605</u>)	(_____)	(_____)	(_____)	(<u>-330,605</u>)
MONTH: <u>April 30, 2004</u>	<u>842,455</u>	<u>290,282</u>	<u>268,373</u>	<u>185,084</u>	<u>98,716</u>
Allowance for doubtful accounts	(<u>-14,211</u>)	(_____)	(_____)	(_____)	(<u>-14,211</u>)
MONTH: <u>May 31, 2004</u>	<u>1,243,172</u>	<u>739,552</u>	<u>189,379</u>	<u>93,580</u>	<u>220,661</u>
Allowance for doubtful accounts	(<u>-14,211</u>)	(_____)	(_____)	(_____)	(<u>-14,211</u>)
MONTH: <u>June 30, 2004</u>	<u>967,158</u>	<u>319,625</u>	<u>428,421</u>	<u>22,236</u>	<u>196,876</u>
Allowance for doubtful accounts	(<u>-13,931</u>)	(_____)	(_____)	(_____)	(<u>-13,931</u>)
MONTH: <u>July 31, 2004</u>	<u>657,601</u>	<u>402,421</u>	<u>145,770</u>	<u>51,506</u>	<u>57,904</u>
Allowance for doubtful accounts	(<u>-68,851</u>)	(_____)	(_____)	(_____)	(<u>-68,851</u>)
MONTH: <u>August 31, 2004</u>	<u>618,353</u>	<u>217,491</u>	<u>274,643</u>	<u>31,246</u>	<u>94,973</u>
Allowance for doubtful accounts	(<u>-62,154</u>)	(_____)	(_____)	(_____)	(<u>-62,154</u>)
MONTH: <u>September 30, 2004</u>	<u>491,015</u>	<u>278,346</u>	<u>111,908</u>	<u>21,029</u>	<u>79,732</u>
Allowance for doubtful accounts	(<u>-48,735</u>)	(_____)	(_____)	(_____)	(<u>-48,735</u>)
MONTH: <u>October 31, 2004</u>	<u>542,546</u>	<u>392,988</u>	<u>79,649</u>	<u>26,415</u>	<u>43,494</u>
Allowance for doubtful accounts	(<u>-27,201</u>)	(_____)	(_____)	(_____)	(<u>-27,201</u>)

NOTE: Total accounts receivable and total allowance for doubtful accounts shown here must agree with the same items as shown on Form OPR-1.

CASE NAME: Advanced ChemTech, Inc.

SCHEDULE OF POST PETITION LIABILITIES

FORM OPR-4

REV 2/90

CASE NUMBER: 03-31381

MONTH ENDED: October 31, 2004

	169929	DATE INCURRED	DATE DUE	TOTAL DUE	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS
TAXES PAYABLE								
Federal Income Tax				3,503	3,503			
FICA - Employer's Share				2,418	2,418			
FICA - Employee's Share				2,418	2,418			
State & Local Taxes				3,464	3,464			
Unemployment Tax					0			
Sales Tax				3,098	3,098			
Property Tax				57,721	57,721			
TOTAL TAXES PAYABLE				72,622	72,622			
POSTPETITION SECURED DEBT								
POSTPETITION UNSECURED DEBT								
ACCRUED INTEREST PAYABLE								
				459,971	459,971			
TRADE ACCOUNTS PAYABLE & OTHER: (list separately)								
<u>Trade Payables (Various Vendors)</u>		Various	Various	109,172	102,661	6,347	164	0
<u>Accrued Payroll, Vacation & EE Benefits</u>			Various	106,098	106,098			
<u>Accrued Distributor Commission</u>		Various	Various	660	660			
<u>Deferred Warranty & Service Contracts</u>		Various	Various	147,412	147,412			
<u>Customer Deposits</u>		Various	Various	33,590	33,590			
<u>Accrued Expenses</u>				566,573	566,573			
TOTALS				1,496,098	1,489,587	6,347	164	

Attach separate page if necessary.

Note: Total postpetition liabilities shown here must agree with the same item as shown on Form OPR-2.

CASE NAME: Advanced Chemtech, Inc

CASE NUMBER: 03-31381

	Total Accrued 10/31/04
Legal Fees	
Frost Brown Todd	217,497
Mapother	13,033
Stites Harbison	22,335
Seiller and Handmaker	1,948
European Counsel	5,000
<i>Total Legal Fee Accrual</i>	<u>259,813</u>
Trustee Fees	117,227
Management Fees	119,832
Tax Return Preparation Fees	16,000
Other - ENA, TRO , Chemical Clean-up	53,702
Total Accruals	<u><u>566,573</u></u>

CASE NAME: Advanced ChemTech, Inc.

STATEMENT OF INCOME (LOSS)

FORM OPR-5

REV 2/90

CASE NUMBER: 03-31381MONTH ENDED: October 31, 2004

	MONTH 30-Sep-03	MONTH 31-Dec-03	MONTH 29-Feb-04	MONTH 31-Mar-04	MONTH 30-Apr-04	MONTH 31-May-04	MONTH 30-Jun-04	MONTH 31-Jul-04	MONTH 31-Aug-04	MONTH 30-Sep-04	MONTH 31-Oct-04	FILING TO DATE
NET REVENUE (INCOME)	665,254	445,384	727,774	651,590	339,786	694,521	371,656	439,902	361,017	275,936	428,453	10,613,168
COST OF GOODS SOLD												
Inventory Purchase	216,218	57,247	51,550	127,346	38,324	129,185	64,177	64,586	108,269	33,940	91,311	1,954,481
Labor Incurred	203,173	152,944	131,301	140,888	120,458	124,392	126,074	118,355	130,558	116,436	108,403	3,033,615
Production Overhead Costs	86,995	43,342	48,330	46,864	46,926	40,341	51,450	53,030	50,810	54,756	51,026	1,303,284
Change in Inventory and Other Costs	3,178,879	1,280	170,611	24,491	(19,480)	73,461	(18,071)	22,760	(61,889)	(5,887)	33,123	3,546,403
TOTAL COST OF GOODS SOLD	3,685,265	254,813	401,792	339,589	186,228	367,379	223,630	258,731	227,748	199,245	283,863	10,016,682
GROSS PROFIT	(3,020,011)	190,571	325,982	312,001	153,558	327,142	148,026	181,171	133,269	76,691	144,590	596,486
OPERATING EXPENSES												
Selling and Marketing	128,325	55,506	44,074	52,518	46,980	46,637	46,302	16,443	48,212	49,101	45,405	1,143,338
General and Administrative	(52,153)	81,288	68,908	87,238	68,715	66,163	60,289	73,885	51,209	52,081	44,138	1,451,792
Other Exp:												
TOTAL OPERATING EXPENSES	76,172	136,794	112,982	139,756	115,695	112,800	106,591	90,328	99,421	101,182	89,543	2,595,130
INCOME BEFORE INTEREST, DEPRECIATION TAXES OR EXTRAORDINARY EXPENSES	(3,096,183)	53,777	213,000	172,245	37,863	214,342	41,435	90,843	33,848	(24,491)	55,047	(1,998,644)
INTEREST EXPENSE	32,303	39,387	38,205	39,199	36,987	36,988	35,857	34,364	31,367	31,956	23,572	670,933
DEPRECIATION	22,688	15,037	15,836	15,424	15,424	15,424	15,424	15,424	11,658	11,657	11,657	305,922
INCOME TAX EXPENSE (BENEFIT)	(5,663)											-6,071
EXTRAORDINARY INCOME (EXPENSE) *	(11,042,853)	(87,891)	(65,435)	(5,236)	(38,891)	(73,042)	1,678,763	(61,495)	(68,425)	1,320,694	(79,964)	-8,647,305
NET INCOME (LOSS)	(14,188,364)	(88,538)	93,524	112,386	(53,439)	88,888	1,668,917	(20,440)	(77,602)	1,252,590	(60,146)	(11,616,733)

* Requires Footnote

Gain/(Loss) on Sale of Assets/Other Income	-3,974	11,752	20	10,920	-1,800	1,748,134	2,864	-997	1,474,512	581		
Restructuring Expense/ External	-83,917	-71,737	-65,256	-64,920	-64,738	-64,468	-64,359	-64,446	-144,921	-75,221		
Restructuring Expense/ Internal	0	-5,729	0	0	-7,638	-6,030	0	-2,982	-8,897	-5,324		
Gain/(Loss) on Discontinued Operations	0	279	60,000	15,109	1,131	1,127	0	0	0	0		
	-87,891	-65,435	-5,236	-38,891	-73,045	1,678,763	-61,495	-68,425	1,320,694	-79,964		

CASE NAME: Advanced ChemTech, Inc.

Footnotes to Income Statement

CASE NUMBER: 03-31381

Notes to all months

Due to sizeable adjustments by prior management in September 2003, inventory value and subsequent cost of goods sold are difficult to estimate. We have taken a conservative approach to cost of sales by expensing purchases, labor and overhead expenses in the month in which they have been incurred. This was based on reviewing standard cost of sales and sales and overhead absorption entries in October, November and December. There appeared to be significant capitalization of overhead during these periods and this coupled with prior management's sizeable inventory write-off it was felt to be prudent to take a more conservative approach to costing.

April 2004

During April we have restated the reports to match the financial records of Advanced Chemtech Inc. When these reports were originally filed by previous management, they did not match the trial balance associated with the financial statements. We have made no attempt to change any of the entries as recorded by the previous management but only to accurately report that which has been recorded to the court.

September 2004

(Gain) /Loss on Sale of Assets - other Income

2,400,000	auction of 5501 Fern Valley Bldg and the resulting reduction in secured pre-petition debt
(765,038)	write-off of attributable buildings and leasehold improvements related to 5501 Fern Valley
(176,247)	write off remaining AR from ACT Europe in September
(5,282)	Reclass and adjust accrued vacation pre and post petition to actual
<u>21,079</u>	gain from auction of excess chemical related equipment in September
<u><u>1,474,512</u></u>	

Restructuring Expenses

80,000	Chemical Clean-up costs - see trustee's report for additional detail
<u>64,921</u>	Charges to Extraordinary items are for Consultants/Trustee fees for September as well as a provision for anticipated
<u><u>144,921</u></u>	Legal Fees associated with the bankruptcy

October 2004

Charges to Extraordinary items are for Consultants/Trustee fees for October as well as a provision for anticipated Legal Fees associated with the bankruptcy and internal costs for clean up matters and auction preparation. Approximately \$3,000 in costs were incurred to convert payroll from the shell ACST Management Company to ACT in preparation for the eventual sale of the company.

CASE NAME: Advanced ChemTech, Inc.

STATEMENT OF SOURCES AND USES OF CASH

CASE NUMBER: 03-31381

MONTH ENDED: October 31, 2004

	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	FILING
	30-Sep-03	31-Dec-03	31-Jan-04	29-Feb-04	31-Mar-04	30-Apr-04	31-May-04	30-Jun-04	31-Jul-04	31-Aug-04	30-Sep-04	31-Oct-04	TO DATE
SOURCES OF CASH													
Income (loss) from operations	(14,345,088)	(88,538)	105,311	93,524	112,386	(53,439)	88,888	1,668,916	(20,441)	(77,602)	1,252,589	(60,146)	(11,616,736)
Sept is Case to Date													
add: depreciation, amortization, & other non-cash items	117,845	15,038	15,037	15,836	15,424	15,425	15,424	15,425	15,424	11,657	11,657	11,657	305,923
CASH GENERATED FROM OPERATIONS	(14,227,243)	(73,500)	120,348	109,360	127,810	(38,014)	104,312	1,684,341	(5,017)	(65,945)	1,264,246	(48,489)	(11,310,813)
add: Decrease in Assets													
Accounts Receivable	260,835	171,568		114,778		178,290		275,734	364,477	32,551	113,919		1,615,835
Inventory	3,417,830	34,140	125,814	178,905	11,332		64,824	11,656	31,673		2,535	32,432	3,930,699
Prepaid Expenses & Deposits	30,116		7,942	7,938	28,662	12,587	4,148			34,363	40,727		182,834
Property, Plant, & Equipment													
Other - Non Trade Receivables		126				50,532		120,214	(163,648)		177,315		33,309
Other Investment in Subs	7,987,444												7,987,444
add: Increase in Liabilities													
Notes Payable H. Saneii	2,026,471												2,026,471
Pre-Petition Liabilities							2,459						2,459
Post-Petition Liabilities	862,482	179,561	92,993	19,697	43,798		181,456			34,466	166,229	56,142	1,499,476
TOTAL SOURCES OF CASH (A)	357,935	311,895	347,097	430,678	211,602	203,395	357,199	2,091,945	227,485	35,435	1,764,971	40,085	4,562,344
USES OF CASH													
Increase in assets:													
Accounts Receivable			(465,664)		(141,107)		(400,717)					(73,065)	(1,021,045)
Inventory						(12,416)				(66,100)			(104,293)
Prepaid Expenses & Deposits		(49,760)						(26,055)	(72,935)			(37,927)	(151,918)
Property, Plant, & Equipment	(8,938)		(10,418)	(3,745)	(1,566)				(9,017)		765,038		(41,184)
Other - Non Trade Receivables	(41,917)		(12,315)	(21,683)	(67,888)		(1,368)			(13,382)		(703)	(158,553)
Decrease in Liabilities													
Pre-Petition Liabilities	(1,002,159)				(248,000)	(117,492)		(2,059,282)	(62,000)	(41,250)	(2,474,699)	(27,916)	(3,567,258)
Post-Petition Liabilities						(68,820)		(96,359)	(9,834)				(225,749)
TOTAL USES OF CASH (B)	(1,053,014)	(49,760)	(488,397)	(25,428)	(458,561)	(198,728)	(402,085)	(2,181,696)	(153,786)	(120,732)	(1,709,661)	(139,611)	(5,270,000)
NET SOURCE/(USE) OF CASH (A-B)	(695,079)	262,135	(141,300)	405,250	(246,959)	4,667	(44,886)	(89,751)	73,699	(85,297)	55,310	(99,526)	(751,872)
BEGINNING CASH BALANCE (See OPR-1)	837,154	20,109	282,244	140,944	546,194	299,235	303,902	259,016	169,265	242,964	157,667	212,977	865,323
ENDING CASH BALANCE (See OPR-1)	142,075	282,244	140,944	546,194	299,235	303,902	259,016	169,265	242,964	157,667	212,977	113,451	113,451