KRONOS ADVANCED TECHNOLOGIES INC
Form SB-2/A
June 10, 2005

As filed with the Securities and Exchange Commission on June 10, 2005
Registration No. 333-124167

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3 TO FORM SB-2
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

KRONOS ADVANCED TECHNOLOGIES, INC.

(Name of registrant as specified in its charter)

Nevada	6799	87-0440410
(State or Other Jurisdiction of Incorporation or Organization)	Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Incorporation or Organization Identification No.)

464 Common Street, Suite 301 Belmont, Massachusetts 02478 (617) 993-9965 (Name, address, and telephone of principal executive offices)	Daniel R. Dwight 464 Common Street, Suite 301 Belmont, Massachusetts 02478 (617) 993-9965 (Address and telephone number of agent for service)

Copies to:

Clayton E. Parker, Esq. Kirkpatrick & Lockhart Nicholson Graham LLP 201 South Biscayne Boulevard Suite 2000 Miami, Florida 33131 Telephone: (305) 539-3300 Telecopier: (305) 358-7095	Ronald S. Haligman, Esq. Kirkpatrick & Lockhart Nicholson Graham LLP 201 South Biscayne Boulevard Suite 2000 Miami, Florida 33131 Telephone: (305) 539-3300 Telecopier: (305) 358-7095

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. [x] If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier of the effective registration statement for the offering. [ ] If this is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and

list the Securities Act registration statement number of the earlier effective registration statement for the same offering.
[ ] If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximu Aggregate Offering Price(
Common stock, par value $0.001 per share	164,848,371 (2)	$0.08	$13,187,86
TOTAL	164,848,371 (2)	$0.08	$13,187,86

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. For the purposes of this table, we have used the average of the closing bid and asked prices as of April 18, 2005.

(2) Of these shares, 156,985,871 shares are being registered under a Standby Equity Distribution Agreement, 62,500 shares were issued as a placement agent fee pursuant to the Standby Equity Distribution Agreement and 5,000,000 shares were issued pursuant to a private placement. The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

(3) The registration fee was previously paid on April 18, 2005.

Preliminary Prospectus subject to completion, dated June 10, 2005.

PROSPECTUS

KRONOS ADVANCED TECHNOLOGIES INC.

164,848,371 Shares of Common Stock

This prospectus relates to the sale of up to 164,848,371 shares of Kronos Advanced Technologies, Inc.'s common stock by certain persons who are, or will become, stockholders of Kronos. The selling stockholders consist of:

o Cornell Capital Partners, which intends to sell up to an aggregate amount of 161,985,871 shares of common stock, which includes 156,985,871 shares of common stock pursuant to a Standby Equity Distribution Agreement and 5,000,000 shares of common stock previously purchased in a private placement.

o Newbridge Securities Corporation, an unaffiliated registered broker-dealer retained by Kronos in connection with the Standby Equity Distribution Agreement, which intends to sell 62,500 shares of common stock issued as a placement agent fee.

o A group of accredited investors, which intends to sell 2,800,000 shares of common stock previously purchased in a private placement.

Please refer to "Selling Stockholders" beginning on page 14.

Kronos is not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. Kronos will, however, receive proceeds from the sale of common stock under the Standby Equity Distribution Agreement. All costs associated with this registration will be borne by Kronos.

The shares of common stock are being offered for sale by the selling stockholders at prices established on the Over-the-Counter Bulletin Board during the term of this offering. These prices will fluctuate based on the demand for the shares of our common stock. On May 26, 2005, the last reported sale price of our common stock was $0.08 per share.

Cornell Capital Partners is an "underwriter" within the meaning of the Securities Act of 1933 in connection with the sale of common stock under the Standby Equity Distribution Agreement. Pursuant to the Standby Equity Distribution Agreement, Cornell Capital Partners will purchase shares of Kronos' common stock for a total discount of 7% of the common stock's market price. In addition, Kronos will pay Cornell Capital Partners a one-time commitment fee of 2,941,175 shares of our common stock, of which 1,470,587 shares will be issued to Cornell Capital Partners on the six (6) month anniversary of the Standby Equity Distribution Agreement and 1,470,588 shares will be issued to Cornell Capital Partners on the twelve (12) month anniversary of the Standby Equity Distribution Agreement. The 7% discount on the purchase of the common stock to be received by Cornell Capital Partners and the commitment fee are underwriting discounts.

Kronos engaged Newbridge Securities Corporation, an unaffiliated registered broker-deal, to advise us in connection with the Standby Equity Distribution Agreement. Newbridge Securities Corporation was paid a fee of $10,000 by the issuance of 62,500 shares of Kronos' common stock.

Kronos' common stock is deemed to be "penny stock" as that term is defined in Rule 3a51-1 promulgated under the Securities Act of 1934. Brokers/Dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, brokers/dealers are required to determine whether an investment in a penny stock is suitable investment for a prospective investor.

Our common stock is quoted on the Over-the-Counter- Bulletin Board under the symbol "KNOS.OB."

These securities are speculative and involve a high degree of risk. Please refer to "Risk Factors" beginning on page 6.

With the exception of Cornell Capital Partners, which is an "underwriter" within the meaning of the Securities Act of 1933, no other underwriter or person has been engaged to facilitate the sale of shares of common stock in this offering. This offering will terminate 24 months after the accompanying registration statement is declared effective by the Securities and Exchange Commission. None of the proceeds from the sale of stock by the selling stockholders will be placed in escrow, trust or any similar account.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _________, 2005.

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Our audited financial statements for the fiscal year ended June 30, 2004, were contained in our Annual Report on Form 10-KSB.

PROSPECTUS SUMMARY

Kronos Advanced Technologies, Inc. is an application development and licensing company that has developed and patented technology that fundamentally changes the way air is moved, filtered and sterilized. Kronos is pursuing commercialization of its proprietary technology in a limited number of markets; and if we are successful, we intend to enter additional markets in the future.

To date, our ability to execute our strategy has been restricted by our limited amount of capital.

The Kronos(TM) technology combines high voltage electronics and electrodes. By combining these technologies, a Kronos(TM)-based device can both move and clean air without any moving parts. Kronos(TM) devices are versatile, energy- and cost-efficient and capable of multiple design forms. As a result, Kronos(TM) devices have the potential to be used as a standalone product or to replace a range of heating, ventilation and air conditioning products for residential usage to high efficiency particulate air filtration systems for operating and manufacturing clean rooms.

The proprietary Kronos(TM) technology involves the application of high voltage management across paired electrical grids to create an ion exchange that moves and purifies air. Kronos(TM) technology has numerous valuable characteristics. It moves air and gases at high velocities while removing odors, smoke and particulates and killing pathogens, including bacteria, mold and spores. The technology is cost-effective and is more energy efficient than current alternative fan and filter (including HEPA filter and ultraviolet light based) technologies. Although no commercial products using the Kronos(TM) technology have been sold to date, in August 2004, the Company and its strategic consumer products partner, HoMedics, initiated the transition to mass production of the Kronos-based consumer standalone product line.

A number of the scientific claims of the Kronos(TM) technology have been tested by the U. S. government and a few multi-national companies, including the U. S. Department of Energy, the U. S. Department of Defense, General Dynamics, Underwriters Laboratory, and Intel. Independent laboratory testing has verified the purification capability of the Kronos(TM) technology. Tests conducted at MicroTest Laboratories, LMS Industries and New Hampshire Materials Laboratory demonstrated HEPA Clean Room Class 1000 quality particulate reduction, removal of over 99.97% of 0.1 micron and above size particles, and up to 95% reduction of hazardous gases, including numerous contaminants found in cigarette smoke. Intertek, one of the global leaders for testing electrical and electronic products, performed tobacco smoke elimination tests in accordance with ANSI/AHAM AC-1-1988 standard entitled "American National Standard Method for Measuring Performance of Portable Household Electric Cord-Connected Room Air Cleaners." The test demonstrated a Clean Air Delivery Rate (CADR) for the Kronos air purifier of over 300. These results place the Kronos(TM) device in one of the highest categories of particulate cleaning for standalone devices.

Kronos` business development strategy is to sell and license the Kronos(TM) technology to six distinct market segments: (1) air movement and purification (residential, health care, hospitality, and commercial facilities); (2) air purification for unique spaces (cleanrooms, airplanes, automotive, and cruise ships); (3) specialized military (naval vessels, closed vehicles and mobile facilities); (4) embedded cooling and cleaning (electronic devices and medical equipment); (5) industrial scrubbing (produce storage and diesel and other emissions); and (6) hazardous gas destruction (incineration and chemical facilities).

Kronos` focus is on the first four of these market segments which are described in more detail below. Kronos is currently developing products for the air movement and purification, air purification for unique spaces, and specialized military markets through specific customer contracts. Kronos is currently undertaking research and development in the embedded micro cooling market using Company funds and a third party grant. These contracts and grant are described in more detail in the Technology Application and Product Development section of this filing.

o Air Movement and Purification. Indoor air pollution, including "sick building syndrome" and "building related illness," is primarily caused by inadequate ventilation, chemical contaminants from indoor and outdoor sources and biological contaminants. There is also a demand for smaller devices that move, heat and deodorize the indoor air stream. The addressable air movement and purification segment is made up of four target markets: (1) residential, (2) health care, (3) hospitality and (4) commercial.

o Air Purification for Unique Spaces. Electronics, semiconductor, pharmaceutical, aerospace, medical and many other producers depend on cleanroom technology. As products such as electronic devices become smaller, the chance of contamination in manufacturing becomes higher. For pharmaceutical companies, clean, safe and contaminant-free products are imperative to manufacturing and distributing a viable product. Other potential applications for the Kronos(TM) technology include closed environments such as aircraft, cruise ships and other transportation modes that require people to breathe contaminated, re-circulated air for extended periods. Kronos is building on its product development effort with its strategic partner in the business jet market and the U.S. military to serve other closed environment applications.

o Specialized Military. Military personnel face the worst of all possible worlds: indoor air pollution, often in very confined spaces for extended periods, combined with the threat of biological warfare, nuclear fallout, and other foreign elements. We believe that the military market segment offers Kronos a unique opportunity to leverage the technical and funding resources of the U. S. military to expand Kronos` ability to develop and produce Kronos(TM)-based air movers and purifiers for applications that require these products to be embedded into ventilation systems to address the needs of military personnel.

o Embedded Cooling. Heat generation is becoming a major bottleneck in high density electronics. We believe that the embedded cooling market segment offers Kronos a near term opportunity to develop an alternative to fans for air movement and cooling inside of personal computers , servers and medical diagnostic equipment and a long term opportunity to develop micro channel cooling solutions for next generation microchips.

To best serve Kronos` targeted market segments, our Company is developing specific product applications across two distinct product application platforms. A Kronos(TM) device can be either used as a standalone product or can be embedded. Standalone products are self-contained and only require the user to plug the Kronos(TM) device into a wall outlet to obtain air filtration for their home, office or hotel room. Embedded applications of the Kronos(TM) technology require the technology be added into another system such as a building ventilation system for more efficient air movement and filtration or into an electrical device such as computer or medical equipment to replace the cooling fan.

Kronos' common stock is deemed to be "penny stock" as that term is defined in Rule 3a51-1 promulgated under the Securities Act of 1934. Brokers/Dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, brokers/dealers are required to determine whether an investment in a penny stock is suitable investment for a prospective investor.

We cannot predict the actual number of shares of common stock that will be issued pursuant to the Standby Equity Distribution Agreement, in part, because the purchase price of the shares will fluctuate based on prevailing market conditions and we have not determined the total amount of advances we intend to draw. Nonetheless, we can estimate the number of shares of our common stock that will be issued using certain assumptions. The sale of shares pursuant to the Standby Equity Distribution Agreement will have a dilutive impact on our stockholders. For each share of common stock purchased under the Standby Equity Distribution Agreement, Cornell Capital Partners will pay us 98% of the lowest volume weighted average price of our common stock on the Over-The-Counter Bulletin Board or other principal market on which our common stock is traded for the 5 days immediately following the notice date. Based on a recent stock price of $0.08 per share, Cornell Capital Partners would pay us $0.0784 per share and we would issue 255,102,041 shares of common stock to Cornell Capital Partners to receive net proceeds to $18,915,000 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses). The sale of shares of our common stock under the Standby Equity Distribution Agreement will cause the market price of our common stock to decline.

We are registering 156,985,871 shares of common stock to be resold by Cornell Capital Partners pursuant to the Standby Equity Distribution Agreement. The 156,985,871 shares of common stock we are registering under the Standby Equity Distribution Agreement would represent approximately 69% of our outstanding common stock upon issuance. In the event we desire to draw down any available amounts remaining under the Standby Equity Distribution Agreement after we have issued the 156,985,871 shares being registered in the accompanying registration statement, we will have to file a new registration statement to cover such additional shares being registered that we would issue for additional draw downs on the Standby Equity Distribution Agreement. Further, our Articles of Incorporation currently authorize Kronos to issue 500 million shares of common stock and as of May 26, 2005, we had 71,186,345 shares of common stock issued and outstanding. In the event we desire to draw down any available amounts remaining under the Standby Equity Distribution Agreement after we have issued the 156,985,871 shares being registered in the accompanying registration statement, we may need to obtain shareholder approval to amend our Articles of Incorporation to increase our authorized common stock. Obtaining shareholder approval to increase our authorized common stock is uncertain due to the dilutive effect of our Standby Equity Distribution Agreement.

Assuming we issue the number of shares of our common stock being registered in the accompanying registration statement to be available under the Standby Equity Distribution Agreement, at a recent stock price of $0.08 per share, Cornell Capital Partners would pay us $0.0784 per share and we would issue 156,985,871 shares of common stock to Cornell Capital Partners to receive net proceeds equal to $11,607,307 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses). These shares would represent approximately 69% of our outstanding common stock upon issuance. In no event will the number of shares issuable to Cornell Capital Partners pursuant to an advance under the Standby Equity Distribution Agreement cause it to own in excess of 9.9% of the then outstanding common stock of Kronos. Because of this beneficial ownership limitation and depending on Cornell Capital Partner's ability to sell sufficient shares to reduce its holdings, we may not be able to exercise an advance notice in the maximum amount of $1.5 million and our ability to draw down on the Standby Equity Distribution Agreement could be significantly impaired.

We anticipate that achievement of our business plan will require approximately $4,000,000 over the next 12 months. On March 7, 2005, we executed an equity-backed promissory note in favor of Cornell Capital Partners in the principal amount of $2,000,000. The note accrues interest at 12% per year and is payable in equal weekly installments of $50,000 commencing on the earlier to occur of (i) accompanying registration statement being declared effective by the

Securities and Exchange Commission, or (ii) twelve (12) weeks from the date of the note. Upon an event of default under the note, the holder may convert any unpaid principal and accrued interest into shares of Kronos' common stock at a price per share equal to 70% of the lowest closing bid price of the common stock for the thirty (30) trading days immediately preceding the conversion date. If shares of Kronos' common stock are issued pursuant to conversion of the note, the shares will not be issued under our Standby Equity Distribution Agreement. Any conversion shares will not be registered with the Securities and Exchange Commission and, therefore, will be restricted shares that may not be resold without registration under the Securities Act of 1933, as amended, or a valid exemption from the registration requirements of the Securities Act.

The significant downward pressure on our stock price caused by the sale of a significant number of shares under the Standby Equity Distribution Agreement could cause our stock price to decline, thus allowing short sellers of our stock an opportunity to take advantage of any decrease in the value of our stock. Short selling is where a person sells shares of stock not yet owned by that person in the anticipation of being able to buy the stock at a later date at a lower price per share. The presence of short sellers in our common stock may further depress the price of our common stock. Pursuant to the terms of the Standby Equity Distribution Agreement, Cornell Capital Partners will not engage in short selling our common stock. Pursuant to the terms of our Standby Equity Distribution Agreement, Cornell Capital Partners is not permitted to sell the shares of our common stock to be issued to it pursuant to an advance notice during the applicable pricing period and Cornell Capital Partners is not permitted to sell the shares relating to a particular advance notice until it has actually received those shares.

We are registering 166,748,371 shares of common stock in this offering. These shares represent approximately 34% of our authorized capital stock and would upon issuance represent approximately 70% of the then issued and outstanding common stock and we anticipate all such shares will be sold in this offering. If all or a significant block of these shares are held by one or more shareholders working together, then such shareholder or shareholders would have enough shares to exert significant influence on Kronos in an election of directors.

ABOUT US

Our principal place of business is located at 464 Common Street, Suite 301, Belmont, Massachusetts 02478. Our telephone number is (617)993-9965.

THE OFFERING

This offering relates to the sale of common stock by certain persons who are, or will become, our stockholders. The selling stockholders consist of:

o Cornell Capital Partners, which intends to sell up to an aggregate amount of 161,985,871 shares of common stock, which includes 156,985,871 pursuant to a Standby Equity Distribution Agreement and 5,000,000 shares of common stock previously purchased in a private placement.

o Various accredited investors, which intend to sell up to an aggregate amount of 2,800,000 shares of common stock pursuant to a private placement.

o Newbridge Securities Corporation, an unaffiliated broker-dealer retained by Kronos in connection with the Standby Equity Distribution Agreement, which intends to sell up to 62,500 shares of common stock issued as a placement agent fee.

Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically issue and sell to Cornell Capital Partners shares for a total purchase price of $20 million. Cornell Capital Partners will purchase the shares of common stock for a total discount of 7% of the common stock's market. Cornell Capital Partners intends to sell any shares purchased under the Standby Equity Distribution Agreement at the then prevailing market price. In the event we issued advance notices in the aggregate amount of $20 million, our net proceeds would be approximately $18,915,000.00. In no event will the number of shares issuable to Cornell Capital Partners pursuant to an advance under the Standby Equity Distribution Agreement cause it to own in excess of 9.9% of the then outstanding common stock of Kronos. Because of this beneficial ownership limitation and depending on Cornell Capital Partner's ability to sell sufficient shares to reduce its holdings, we may not be able to exercise an advance notice in the maximum amount of $1.5 million and our ability to draw down on the Standby Equity Distribution Agreement could be significantly impaired.

You should be aware that there is an inverse relationship between our stock price and the number of shares to be issued under the Standby Equity Distribution Agreement. That is, as our stock price declines, we would be required to issue a greater number of shares under the Standby Equity Distribution Agreement for a given advance. This inverse relationship is demonstrated by the following table, which shows the number of shares to be issued under the Standby Equity Distribution Agreement at a recent price of $0.08 per share and 25%, 50% and 75% discounts to the recent price. This table does not take into account any shares of our common stock that would be issued upon exercise or conversion of outstanding options, warrants or debentures. In connection with the First Amendment to Master Loan and Investment Agreement with HoMedics, we amended two (2) warrants previously issued by us, and issued an additional warrant and agreed to include anti-dilution protection for HoMedics. HoMedics is entitled, under certain circumstances, to anti-dilution protection in order to maintain beneficial ownership of Kronos equal to 30%. The table below shows how many additional warrants we would be required to issue to HoMedics depending on the number of shares to be issued to Cornell Capital Partners under the Standby Equity Distribution Agreement. The new warrants would have an exercise price equal to $0.10 per share as previously agreed upon by Kronos and HoMedics and as stated in the amended warrants.

Market Price:	$0.08	$0.06	$0.04	$0.02
Purchase Price:	$0.0784	$0.0588	$0.0392	$0.0196
No. of Shares Issued to Cornell Capital Partners:	255,102,041(1)	340,136,054(1)	510,204,082(1)	1,020,408,163(1)
Net Proceeds to Kronos	$18,915,000	$18,915,000	$18,915,000	$18,915,000
No. of Additional Warrants To Be Issued to HoMedics:	78,957,705	108,112,224	166,421,262	341,348,375

(1) Kronos is registering 156,985,871 shares of common stock under the Standby Equity Distribution Agreement.

Based on our recent stock price of $0.08, Cornell Capital Partners would pay us $0.0784 per share and we would have to issue to Cornell Capital Partners 255,102,041 shares of our common stock in order to receive net proceeds equal to $18,915,000 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses) under the Standby Equity Distribution Agreement. We are registering 156,985,871 shares of common stock to be resold by Cornell Capital Partners pursuant to the Standby Equity Distribution Agreement. Assuming we issue the 156,985,871 shares of common stock being registered in the accompanying registration statement to be available under the Standby Equity Distribution Agreement, at a recent stock price of $0.08 per share, Cornell Capital Partners would pay us $0.0784 per share and we would issue 156,985,871 shares of common stock to Cornell Capital Partners to receive net proceeds equal to $11,607,307 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses). As of May 26, 2005, we had 71,186,345 shares of common stock issued and outstanding.

Common Stock Offered	164,848,371 shares by selling stockholders
Offering Price	Market price
Common Stock Outstanding Before the Offering	71,186,345 shares
Use of Proceeds	We will not receive any proceeds from the shares offered by the selling stockholders. Any proceeds we receive from the sale of common stock under the Standby Equity Distribution Agreement will be used for general corporate and working capital purposes. See "Use of Proceeds."
Risk Factors	The securities offered hereby involve a high degree of risk and immediate substantial dilution. See "Risk Factors" and "Dilution."
Over-the-Counter Bulletin Board Symbol	KNOS.OB

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our Financial Statements, which are included elsewhere in this prospectus. You should read the following data together with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus as well as with our Financial Statements and the notes therewith.

KRONOS ADVANCED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

STATEMENT OF OPERATION DATA:	FOR THE NINE MONTHS ENDED MARCH 31, 2005 (UNAUDITED)	FOR THE NINE MONTHS ENDED MARCH 31, 2004 (UNAUDITED)	FOR J (AU
Sales	$ 430,379	$ 341,653	$
Cost of sales	375,397	227,550	
Gross Profit	54,982	114.103	
Selling, General and Administrative expense:			
Compensation and benefits	889,415	626,352	
Professional services	78,207	65,728	
Research and development	95,119	203,039	
Depreciation and amortization	297,206	213,090	
Insurance	138,361	110.813	
Facilities	67,792	68,607	
Other selling general and administrative expenses	166,356	162,372	
Selling, General and Administrative expenses	1,732,456	1,450,001	2,
Net Operating Loss	(1,677,474)	(1,335,898)	(1,
Loss on Debt Restructuring	(3,857,467)	--	
Other Income	1,415	22,000	
Interest Expense	(411,324)	(421,020)	(
Net Loss	$ (5,944,850)	$ (1,734,918)	$ (2,
Basic Loss Per Share	$ (0.09)	$ (0.03)	$
Diluted Loss Per Share	$ (0.09)	$ (0.03)	$
Weighted average shares outstanding	67,612,904	56,627,368	57,

KRONOS ADVANCED TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

BALANCE SHEET DATA:	MARCH 31, 2005 (UNAUDITED)	FOR J (A
Assets		
Current Assets		
Cash	$ 187,774	$
Accounts receivable, net	48,929	
Prepaids	222,865	
Total Current Assets	459,568	
Net Property and Equipment	4,181	
Other Assets		
Intangibles	2,012,067	
Total Other Assets	2,012,067	
Total Assets	$ 2,475,816	$
Liabilities and Shareholders' Deficit		
Current Liabilities		
Accrued expenses and payables to directors and officers	$ 16,837	$
Accounts payable	98,102	
Accrued expenses	438,945	
Deferred revenue	--	
Notes payable, to directors and officers, current portion	278,221	
Other notes payable, current portion	2,031,417	
Total Current Liabilities	2,863,522	
Redeemable Warrants	--	
Long Term Liabilities		
Notes payable to directors & officers	145,693	
Notes payable	2,403,638	
Discounts on notes payable	--	
Total Long Term Liabilities	2,549,331	
Total Liabilities	5,412,853	
Shareholders' Deficit		
Common stock, authorized 500,000,000 shares of $0.001 par value, 71,186,345 shares outstanding at March 31, 2005, 61,323,845 outstanding at June 30, 2004, and 53,836,907 outstanding at June 30, 2003	71,186	

Capital in excess of par value	22,959,327	1
Accumulated deficit	(25,967,550)	(2
Total Shareholders' Deficit	(2,937,038)	(
Total Liabilities and Shareholders' Deficit	$ 2,475,816	$

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RISK FACTORS

WE ARE SUBJECT TO VARIOUS RISKS THAT MAY MATERIALLY HARM OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW AND THE OTHER INFORMATION IN THIS FILING BEFORE DECIDING TO PURCHASE OUR COMMON STOCK. IF ANY OF THESE RISKS OR UNCERTAINTIES ACTUALLY OCCURS, OUR BUSINESS, FINANCIAL CONDITION OR OPERATING RESULTS COULD BE MATERIALLY HARMED. IN THAT CASE, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE AND YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT.

RISKS RELATED TO OUR BUSINESS

We Have A Limited Operating History With Significant Losses And Expect Losses To Continue For The Foreseeable Future

We have only recently begun implementing our plan to prioritize and concentrate our management and financial resources to fully capitalize on our investment in Kronos Air Technologies and have yet to establish any history of profitable operations. We incurred a net loss of $5.9 million for the nine months ended March 31, 2005. We incurred a net loss of $2.5 million for the fiscal year ended June 30, 2004. As a result, at March 31, 2005 and June 30, 2004, we had an accumulated deficit of $26.0 million and $20.0 million, respectively. Our revenues and cash flows from operations have not been sufficient to sustain our operations. We have sustained our operations through the issuance of our common stock and the incurrence of debt. We expect that our revenues and cash flows from operations may not be sufficient to sustain our operations for the foreseeable future. Our profitability will require the successful commercialization of our Kronos(TM) technologies. No assurances can be given that we will be able to successfully commercialize our Kronos(TM) technologies or that we will ever be profitable. If we are not successful in reaching and maintaining profitable operations we may not be able to attract sufficient capital to continue our operations.

Our ability to continue as a going concern will be dependent upon our ability to draw down on the Standby Equity Distribution Agreement which we have entered into with Cornell Capital Partners. If we incur any problems in drawing down the Standby Equity Distribution Agreement, we may experience significant liquidity and cash flow problems. In no event will the number of shares issuable to Cornell Capital Partners pursuant to an advance under the Standby Equity Distribution Agreement cause it to own in excess of 9.9% of the then outstanding common stock of Kronos. Because of this beneficial ownership limitation and depending on Cornell Capital Partner's ability to sell sufficient shares to reduce its holdings, we may not be able to exercise an advance notice in the maximum amount of $1.5 million and our ability to draw down on the Standby Equity Distribution Agreement could be significantly impaired. Our inability to obtain adequate financing will result in the need to curtail business operations and will likely result in a lower stock price.

There Is Substantial Doubt About Our Ability To Continue As A Going Concern Due To Insufficient Revenues To Cover Our Operating Costs, Which Means That We May Not Be Able To Continue Operations Unless We Obtain Additional Funding

Our independent auditors have added an explanatory paragraph to their audit opinion issued in connection with the financial statements for the years ended June 30, 2004 and June 30, 2003, relative to our ability to continue as a going concern. There is substantial doubt about our ability to continue as a going concern due to our Company's losses from operations and current liabilities exceed current assets. We anticipate that we will incur net losses for the immediate future. We expect our operating expenses to increase significantly, and, as a result, we will need to generate monthly revenue if we are to continue as a going concern. To the extent that we do not generate revenue at anticipated rates, we do not obtain additional funding, or that increases in our operating expenses precede or are not subsequently followed by commensurate increases in revenue, or that we are unable to adjust operating expense levels accordingly, we may not have the ability to continue on as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We Will Require Significant Additional Financing To Sustain Our Operations And Without It We Will Not Be Able To Continue Operations

At March 31, 2005 and June 30, 2004, we had a working capital deficit of $2.4 million and $1.2 million, respectively. The Report of our Independent Registered Public Accounting Firm for the year ended June 30, 2004, includes an explanatory paragraph to their audit opinion stating that our recurring losses from operations and working capital deficiency raise substantial doubt about our ability to continue as a going concern. For the six months ended March 31, 2005 and March 31, 2004, we had an operating cash flow deficit of $1.7 million and $1.3 million, respectively. We currently do not have sufficient financial resources to fund our operations or pay certain existing obligations or those of our subsidiary. Therefore, we need substantial additional funds to continue these operations and pay certain existing obligations.

If obtaining sufficient financing from the U. S. Navy, U. S. Army, HoMedics and/or Cornell Capital Partners were to be unavailable and if we are unable to commercialize and sell our products or technologies, we will need to secure another source of funding in order to satisfy our working capital needs. Even if we are able to access the funds available under the U. S. Navy and U.S. Army SBIR contracts, HoMedics senior debt agreement and/or the Cornell Capital, Equity Backed Promissory Notes and Standby Equity Distribution Agreement, we may still need additional capital to fully implement our business, operating and development plans. At March 31, 2005 and June 30, 2004, we had a cash balance of $188,000 and $69,000, respectively. Should the financing we require to sustain our working capital needs be unavailable, or prohibitively expensive when we require it, we would be forced to curtail our business operations.

Existing Shareholders will Experience Significant Dilution from Our Sale of Shares under the Standby Equity Distribution Agreement and Any Other Equity Financing

The sale of shares pursuant to the Standby Equity Distribution Agreement with Cornell Capital Partners, the exercise of HoMedics stock warrants or any other future equity financing transaction will have a dilutive impact on our stockholders. At a recent stock price of $0.08, we would have to issue 255,102,041 shares of common stock to draw down the entire $20 million available to us under the Standby Equity Distribution Agreement. We are registering 156,985,871 shares of our common stock under the Standby Equity Distribution Agreement in the accompanying registration statement. The 156,985,871 shares we are registering under the Standby Equity Distribution Agreement would represent approximately 69% of our outstanding common stock upon issuance. In addition, we will pay Cornell Capital Partners a commitment fee under the Standby Equity Distribution Agreement in the form of 2,941,175 shares of common stock, of which 1,470,587 shares will be issued to Cornell Capital Partners on the six (6) month anniversary of the Standby Equity Distribution Agreement and 1,470,588 shares will be issued to Cornell Capital Partners on the twelve (12) month anniversary of the Standby Equity Distribution Agreement. As a result, our net income per share could decrease in future periods, and the market price of our common stock could decline. In addition, the lower our stock price is, the more shares of common stock we will have to issue under the Equity Investment Agreement and Standby Equity Distribution Agreement with Cornell Capital. If our stock price is lower, then our existing stockholders would experience greater dilution. We cannot predict the actual number of shares of common stock that will be issued pursuant to the Standby Equity Distribution Agreement with Cornell Capital or any other future equity financing transaction, in part, because the purchase price of the shares will fluctuate based on prevailing market conditions and we do not know the exact amount of funds we will need.

We May Have To Issue Additional Warrants To HoMedics If We Receive Advances Under The Standby Equity Distribution Agreement

In connection with the First Amendment to Master Loan and Investment Agreement with HoMedics, we amended two (2) warrants previously issued by us, issued an additional warrant and agreed to include anti-dilution protection for HoMedics. HoMedics is entitled, under certain circumstances, to anti-dilution protection in order to maintain beneficial ownership of Kronos equal to 30%. The table below shows how many additional warrants we would be required to issue to HoMedics depending on the number of shares to be issued to Cornell Capital Partners under the Standby Equity Distribution Agreement. The new warrants would have an exercise price equal to $0.10 per share as previously agreed upon by Kronos and HoMedics and as stated in the amended warrants.

Market Price:	$0.08	$0.06	
Purchase Price by Cornell Capital Partners:	$0.0784	$0.0588	
No. of shares issued to Cornell Capital partners under the Standby Equity Distribution Agreement:	255,102,041	340,136,054	51
No. of Additional Warrants to be issued to HoMedics:	78,959,705	108,112,224	16

Competition In The Market For Air Movement And Purification Devices May Result In The Failure Of The Kronos(TM) Products To Achieve Market Acceptance

Kronos presently faces competition from other companies that are developing or that currently sell air movement and purification devices. Many of these competitors have substantially greater financial, research and development, manufacturing, and sales and marketing resources than we do. Many of the products sold by Kronos' competitors already have brand recognition and established positions in the markets that we have targeted for penetration. In the event that the Kronos(TM) products do not favorably compete with the products sold by our competitors, we would be forced to curtail our business operations.

Our Failure To Enforce Protection Of Our Intellectual Property Would Have A Material Adverse Effect On Our Business

A significant part of our success depends in part on our ability to obtain and defend our intellectual property, including patent protection for our products and processes, preserve our trade secrets, defend and enforce our rights against infringement and operate without infringing the proprietary rights of third parties, both in the United States and in other countries. Our limited amount of capital impedes our current ability to protect and defend our intellectual property.

The validity and breadth of our intellectual property claims in ion wind generation and electrostatic fluid acceleration and control technology involve complex legal and factual questions and, therefore, may be highly uncertain. Despite our efforts to protect our intellectual proprietary rights, existing copyright, trademark and trade secret laws afford only limited protection.

Our industry is characterized by frequent intellectual property litigation based on allegations of infringement of intellectual property rights. Although we are not aware of any intellectual property claims against us, we may be a party to litigation in the future.

Possible Future Impairment Of Intangible Assets Would Have A Material Adverse Effect On Our Financial Condition

Our net intangible assets of approximately $2.0 million as of March 31, 2005 consist principally of purchased patent technology and marketing intangibles, which relate to the acquisition of Kronos Air Technologies, Inc. in March 2000 and to the acquisition of license rights to fuel cell, computer and microprocessor applications of the Kronos(TM) technology not included in the original acquisition of Kronos Air Technologies, Inc. in May 2003. Intangible assets comprise approximately 81% of our total assets as of March 31, 2005. Intangible assets are subject to periodic review and consideration for potential impairment of value. Among the factors that could give rise to impairment include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, and projections or forecasts that demonstrate continuing losses associated with these assets. In the case of our intangible assets, specific factors that could give rise to impairment would be, but are not limited to, an inability to obtain patents, the untimely death or other loss of Dr. Igor Krichtafovitch, the lead inventor of the Kronos(TM) technology and Kronos Air Technologies Chief Technology Officer, or the ability to create a customer base for the sale or licensing of the Kronos(TM) technology. Should an impairment occur, we would be required to recognize it in our financial statements. A write-down of these intangible assets could have a material adverse impact on our total assets, net worth and results of operations.

Our Common Stock Is Deemed To Be "Penny Stock," Subject To Special Requirement And Conditions And May Not Be A Suitable Investment

Our common stock is deemed to be "penny stock" as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934. Penny stocks are stocks:

o With a price of less than $5.00 per share;

o That are not traded on a "recognized" national exchange;

o Whose prices are not quoted on the Nasdaq automated quotation system (Nasdaq listed stock must still have a price of not less than $5.00 per share); or

o In issuers with net tangible assets less than $2.0 million (if the issuer has been in continuous operation for at least three years) or $5.0 million (if in continuous operation for less than three years), or with average revenues of less than $6.0 million for the last three years.

Broker/dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker/dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. These requirements may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to resell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline.

We Rely On Management And Research Personnel, The Loss Of Whose Services Could Have A Material Adverse Effect Upon Our Business

We rely principally upon the services of our senior executive management, and certain key employees, including the Kronos research team, the loss of whose services could have a material adverse effect upon our business and prospects. Competition for appropriately qualified personnel is intense. Our ability to attract and retain highly qualified senior management and technical research and development personnel are believed to be an important element of our future success. Our failure to attract and retain such personnel may, among other things, limit the rate at which we can expand operations and achieve profitability. There can be no assurance that we will be able to attract and retain senior management and key employees having competency in those substantive areas deemed important to the successful implementation of our plans to fully capitalize on our investment in the Kronos(TM) technology, and the inability to do so or any difficulties encountered by management in establishing effective working relationships among them may adversely affect our business and prospects. Currently, we do not carry key person life insurance for any of our executive management, or key employees.

We May Not Be Able To Access Sufficient Funds When Needed Under The Standby Equity Distribution Agreement And The Price Of Our Common Stock Will Affect Our Ability To Draw Down On The Standby Equity Distribution Agreement

Currently, we are dependent upon external financing to fund our operations. Our financing needs are expected to be provided, in large part, by our Standby Equity Distribution Agreement. The amount of each advance under the Standby Equity Distribution Agreement is subject to a maximum amount equal to $1,500,000 and Cornell Capital Partners will retain a fee of 5% of each advance. Because of this maximum advance restriction, we may not be able to access sufficient funds when needed. If the market price of our shares of common stock declines, we would be required to issue more shares of common stock in order to draw down the same dollar amount of an advance than if our stock price were higher. Our Articles of Incorporation currently authorize Kronos to issue 500 million shares. In the event that we do not obtain shareholder approval to amend our Articles of Incorporation and increase our authorized common stock, we will obtain lower net proceeds from the Standby Equity Distribution if the price of our common stock declines.

In addition, there is an inverse relationship between the price of our common stock and the number of shares of common stock, which will be issued under the Standby Equity Distribution Agreement. Based on our recent stock price of $0.08, Cornell Capital Partners would pay us $0.0784 per share and we would have to issue to Cornell Capital Partners 255,102,041 shares of our common stock in order to receive net proceeds equal to $18,915,000 (after the 5% retainiage fee to Cornell Capital Partners and $85,000 in offering expenses) under the Standby Equity Distribution Agreement. If we drew down the entire $20 million under the Standby Equity Distribution Agreement, Cornell Capital Partners would retain a fee equal to $1 million, or 5% of our advances. Pursuant to the Standby Equity Distribution Agreement, Cornell Capital Partners will purchase shares of Kronos common stock for a total discount of 7% of the common stock's market price. We are registering 156,985,871 shares of our common stock under the Standby Equity Distribution Agreement in the accompanying registration

statement. Our Articles of Incorporation currently authorize Kronos to issue 500 million shares and, as of May 26, 2005, we had 71,186,345 shares of common stock issued and outstanding. In the event we desire to draw down any available amounts remaining under the Standby Equity Distribution Agreement after we have issued the 156,985,871 shares being registered in the accompanying registration statement, we will have to file a new registration statement to cover such additional shares that we would issue for additional draw downs on the Standby Equity Distribution Agreement. Unless we obtain profitable operations, it is unlikely that we will be able to secure additional financing from external sources other than our Standby Equity Distribution Agreement. Therefore, if we are unable to draw down on our Standby Equity Distribution Agreement, we may be forced to curtail or cease our business operations.

In addition, pursuant to the terms of the Standby Equity Distribution Agreement, Cornell Capital Partners may not own more than 9.9% of our outstanding shares of common stock. In the event Cornell Capital Partners is unable to sell the shares of our common stock that are issued after we receive an advance in order to keep them below 9.9% beneficial ownership, we might not be able to draw down additional funds when needed under the Standby Equity Distribution Agreement. Therefore, if we are unable to draw down on our Standby Equity Distribution Agreement, we may be forced to curtail or cease our business operations.

Our Common Stock May Be Affected By Limited Trading Volume And May Fluctuate Significantly

Our common stock is currently traded on the Over-the-Counter Bulletin Board. Prior to this offering, there has been a limited public market for our common stock and there can be no assurance that an active trading market for our common stock will develop. As a result, this could adversely affect our shareholders' ability to sell our common stock in short time periods, or possibly at all. Our common stock is thinly traded compared to larger, more widely known companies in our industry. Thinly traded common stock can be more volatile than common stock traded in an active public market. The average daily trading volume of our common stock in December 2004 was 165,555 shares. The high and low bid price of our common stock for the last two years has been $0.450 and $0.085, respectively. Our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations, which could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets could cause the price of our common stock to fluctuate substantially.

We May Be Unable To Manage Growth

Successful implementation of our business strategy requires us to manage our growth. Growth could place an increasing strain on our management and financial resources. To manage growth effectively, we will need to:

o Establish definitive business strategies, goals and objectives.

o Maintain a system of management controls.

o Attract and retain qualified personnel, as well as, develop, train and manage management-level and other employees.

If we fail to manage our growth effectively, our business, financial condition or operating results could be materially harmed, and our stock price may decline.

RISKS RELATED TO THIS OFFERING

Future Sales By Our Stockholders May Adversely Affect Our Stock Price And Our Ability To Raise Funds In New Stock Offerings

Sales of our common stock in the public market following this offering could lower the market price of our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all. Some of our shareholders, including officers and directors are the holders of "restricted securities". These restricted securities may be resold in the public market only if registered or pursuant to an exemption from registration. Some of these shares may be resold under Rule 144. As of May 26, 2005, approximately 18,843,310 shares of our common stock are deemed restricted.

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Upon completion of this offering, and assuming all shares registered in this offering are resold in the public market, there will be an additional 156,985,871 shares of common stock outstanding. All of these shares of common stock may be immediately resold in the public market upon effectiveness of the accompanying registration statement.

The Selling Stockholders Intend To Sell Their Shares Of Common Stock In The Market, Which Sales May Cause Our Stock Price To Decline

The selling stockholders intend to sell in the public market the shares of common stock being registered in this offering. That means that up to 164,848,371 shares of common stock, the number of shares being registered in this offering may be sold. Such sales may cause our stock price to decline.

Cornell Capital Partners Will Pay Less Than The Then-Prevailing Market Price And Will Have An Incentive To Sell Its Shares

Cornell Capital Partners will purchase shares of our common stock pursuant to the Standby Equity Distribution Agreement at a purchase price that is less than the then-prevailing market price of our common stock. Cornell Capital Partners will have an incentive to sell any shares of Kronos common stock that it purchases pursuant to the Standby Equity Distribution Agreement to realize a gain on the difference between the purchase price and the then-prevailing market price of our common stock. The terms of the Standby Equity Distribution

Agreement do not provide Cornell Capital Partners the ability to sell shares of our common stock corresponding to a particular put if those shares have not been delivered by Kronos to Cornell Capital Partners. To the extent Cornell Capital Partners sells its common stock, the common stock price may decrease due to the additional shares in the market. This could allow Cornell Capital Partners to sell greater amounts of common stock, the sales of which would further depress the stock price.

In addition, pursuant to the Standby Equity Distribution Agreement, Cornell Capital Partners has the ability to sell shares of Kronos common stock corresponding to a particular advance notice by Kronos even if such shares of common stock have not yet been delivered to Cornell Capital Partners. Such sales may cause our stock price to decline.

The Sale Of Material Amounts Of Common Stock Under The Accompanying Registration Statement Could Encourage Short Sales By Third Parties

The significant downward pressure on our stock price caused by the sale of a significant number of shares under the Standby Equity Distribution Agreement could cause our stock price to decline, thus allowing short sellers of our stock an opportunity to take advantage of any decrease in the value of our stock. Short selling is where a person sells shares of stock not yet owned by that person in the anticipation of being able to buy the stock at a later date at a lower price per share. The presence of short sellers in our common stock may further depress the price of our common stock.

The Price You Pay In This Offering Will Fluctuate

The price in this offering will fluctuate based on the prevailing market price of the common stock on the Over-the-Counter Bulletin Board. Accordingly, the price you pay in this offering may be higher or lower than the prices paid by other people participating in this offering.

The Issuance Of Shares Of Common Stock Under This Offering Could Result In A Change Of Control

We are registering 164,848,371 shares of common stock in this offering. These shares represent approximately 33% of our authorized capital stock and would upon issuance represent approximately 72% of the then issued and outstanding common stock and we anticipate all such shares will be sold in this offering. If all or a significant block of these shares are held by one or more shareholders working together, then such shareholder or shareholders would have enough shares to exert significant influence on Kronos in an election of directors.

FORWARD-LOOKING STATEMENTS

Information included or incorporated by reference in this prospectus may contain forward-looking statements. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology.

This prospectus contains forward-looking statements, including statements regarding, among other things, (a) our projected sales and profitability, (b) our growth strategies, (c) anticipated trends in our industry, (d) our future financing plans and (e) our anticipated needs for working capital. These statements may be found under "Management's Discussion and Analysis or Plan of Operations" and "Business," as well as in this prospectus generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors" and matters described in this prospectus generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this prospectus will in fact occur.

SELLING STOCKHOLDERS

The following table presents information regarding the selling stockholders. A description of each selling stockholder's relationship to Kronos and how each selling stockholder acquired or will acquire the shares to be sold in this offering is detailed in the information immediately following this table.

Selling Stockholder	Shares Beneficially Owned Before Offering	Percentage of Outstanding Shares Beneficially Owned Before Offering (1)	Shares to be Acquired under the Standby Equity Distribution Agreement	Share Sold Off
Cornell Capital Partners, L.P.	5,000,000 (2)	7.02%	156,985,871 (3)	161,985,
Richard Sun	1,425,000	2.00%	--	1,
Fred Gumbinner	400,000	*	--	
James Hunt	237,500	*	--	
Walter Mazan	190,000	*	--	
Sheldon Katz	142,500	*	--	
James Cheng	142,500	*	--	
Robert Balcerak	142,500	*	--	
New Vantage Group (4)	120,000	*	--	
Newbridge Securities Corporation	62,500	*	--	
Total	7,862,500	11.04%	156,985,781	164,

* Less than 1%.

(1) Applicable percentage of ownership is based on 71,186,345 shares of common stock outstanding as of May 26, 2005, together with securities exercisable or convertible into shares of common stock within 60 days of May 26, 2005. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities

exercisable or convertible into shares of common stock that are currently exercisable or exercisable within 60 days of May 26, 2005 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) Represents 5,000,000 shares of common stock purchased in a private placement.

(3) We are registering 156,985,871 shares of common stock to be resold by Cornell Capital Partners under the Standby Equity Distribution Agreement. In the event we desire to draw down any available amounts remaining under the Standby Equity Distribution Agreement after we have issued the 156,985,871 shares being registered in the accompanying registration statement, we will have to file a new registration statement to cover such additional shares that we would issue for additional draw downs under the Standby Equity Distribution Agreement.

(4) Mr. Bruster Crosby makes the investment decisions for New Vantage Group.

The following information contains a description of the selling stockholder's relationship to Kronos and how the selling stockholder acquired the shares to be sold in this offering. The selling stockholders have not held a position or office, or had any other material relationship, with Kronos, except as follows:

Shares Acquired In Financing Transaction With Kronos

o Cornell Capital Partners, L.P. Cornell Capital Partners is the investor under an equity investment agreement, Equity-Backed Promissory Notes and the Standby Equity Distribution Agreement. All investment decisions of Cornell Capital Partners are made by its general partner, Yorkville Advisors, LLC. Mark Angelo, the managing member of Yorkville Advisors, makes the investment decisions on behalf of Yorkville Advisors. Cornell Capital Partners acquired all shares being registered in this offering in financing transactions with Kronos. That transaction is explained below:

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o Standby Equity Distribution Agreement. On October 15, 2004, we entered into a prior Standby Equity Distribution Agreement with Cornell Capital Partners. On January 28, 2005, we mutually agreed to terminate the prior Standby Equity Distribution Agreement. On January 28, 2005, we entered into a new Standby Equity Distribution Agreement with Cornell Capital Partners. On March 28, 2005, we mutually agreed to terminate the January 28, 2005 Standby Equity Distribution Agreement with Cornell Capital Partners. On April 13, 2005, we entered into a new Standby Equity Distribution Agreement with Cornell Capital Partners. Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically sell to Cornell Capital Partners shares of our common stock for a total purchase price of up to $20 million. Pursuant to the Standby Equity Distribution Agreement, Cornell Capital Partners will receive a total underwriting discount on the purchase of our common stock equal to 7%, which consists of the two (2) discounts described below. For each share of common stock purchased under the Standby Equity Distribution Agreement, Cornell Capital Partners will pay Kronos 98% of the lowest volume weighted average price of our common stock on the Over-the-Counter Bulletin Board or other principal market on which our common stock is traded for the 5 trading days immediately following the notice date. Further, Cornell Capital Partners will retain a fee of 5% of each advance under the Standby Equity Distribution Agreement. In connection with the Standby Equity Distribution Agreement, Cornell Capital Partners will receive a commitment fee in the form of 2,941,175 shares of our common stock. Pursuant to the Standby Equity Distribution Agreement, of which 1,470,587 shares will be issued to Cornell Capital Partners on the six (6) month anniversary of the Standby Equity Distribution Agreement and 1,470,588 shares will be issued to

Cornell Capital Partners on the twelve (12) month anniversary of the Standby Equity Distribution Agreement. The 2% discount on the purchase of the common stock to be received by Cornell Capital Partners, the commitment fee and the 5% retainage fee are underwriting discounts.

We are registering 156,985,871 shares in this offering that may be resold by Cornell Capital Partners pursuant to the Standby Equity Distribution Agreement in addition to the shares registered in this offering in connection with the commitment fee under the Standby Equity Distribution Agreement.

o $500,000 Equity Investment. On October 15, 2004, Kronos entered into a Securities Purchase Agreement with Cornell Capital Partners. Pursuant to the Securities Purchase Agreement, Kronos sold 5,000,000 shares of Kronos' restricted common stock to Cornell Capital Partners. In connection with the sale of shares of common stock to Cornell Capital Partners, LP, Kronos and Cornell Capital Partners entered into an Investor Registration Rights Agreement, dated October 15, 2004, whereby Kronos is obligated to file a registration statement with the United States Securities and Exchange Commission covering such shares of common stock sold to Cornell Capital Partners.

o $280,000 Equity Investment. On November 16, 2004, Kronos entered into a Securities Purchase Agreement with a group of accredited investors. Pursuant to the Securities Purchase Agreement, Kronos sold 2,800,000 shares of Kronos' restricted common stock to these accredited investors. In connection with the sale of shares of common stock to accredited investors, Kronos and the investors entered into an Investor Registration Rights Agreements, dated November 16, 2004.

There Are Certain Risks Related To Sales By Cornell Capital Partners

There are certain risks related to sales by Cornell Capital Partners, including:

o The outstanding shares are issued based on discount to the market rate. As a result, the lower the stock price around the time Cornell Capital Partners is issued shares, the greater chance that Cornell Capital Partners gets more shares. This could result in substantial dilution to the interests of other holders of common stock.

o To the extent Cornell Capital Partners sells its common stock, the common stock price may decrease due to the additional shares in the market. This could allow Cornell Capital Partners to sell greater amounts of common stock, the sales of which would further depress the stock price.

o The significant downward pressure on the price of the common stock as Cornell Capital Partners sells material amounts of common stock could encourage short sales by third parties. This could place further downward pressure on the price of the common stock.

Newbridge Securities Corporation is a registered broker-dealer that we engaged to advise us in connection with the Standby Equity Distribution Agreement. Guy Amico makes the investment decisions on behalf of Newbridge Securities Corporation. We paid Newbridge Securities Corporation a fee of $10,000 payable in 62,500 shares of our common stock. Kronos is registering these shares in this offering. Newbridge Securities Corporation received these shares in the ordinary course of business and at the time of the issuance of the shares to be resold, Newbridge Securities Corporation had no agreements or understandings, directly or indirectly, with any person to distribute these shares.

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USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and resold from time to time by the selling stockholders. There will be no proceeds to us from the resale of shares of common stock in this offering. However, we will receive the proceeds from the sale of shares of common stock to Cornell Capital Partners under the Standby Equity Distribution Agreement. Cornell Capital Partners will purchase shares of Kronos' common stock for a total discount of 7% of the common stock's market price.

Kronos is registering 156,985,871 shares of common stock for issuance under the Standby Equity Distribution Agreement. At a recent price of $0.08 per share, Cornell Capital Partners will pay us $0.0784 per share and Kronos would receive net proceeds equal to $11,607,307 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses).

For illustrative purposes, we have set forth below our intended use of proceeds for the range of net proceeds indicated below to be received under the Standby Equity Distribution Agreement. The table assumes estimated offering expenses of $85,000 plus 5% retainage payable to Cornell Capital Partners.

Gross Proceeds	$ 4,000,000	$ 10,000,000	$ 15,000,000	$ 20,000,000
5% Retainage	200,000	500,000	750,000	1,000,000
Offering Expenses	85,000	85,000	85,000	85,000
Net Proceeds	$ 3,715,000	$ 9,415,000	$ 14,165,000	$ 18,915,000
Use of Proceeds:				
Corporate and Working Capital	3,715,000	9,415,000	14,165,000	18,915,000
Total	$ 3,715,000	$ 9,415,000	$ 14,165,000	$ 18,915,000

Kronos has represented to Cornell Capital Partners that the net proceeds we receive under the Standby Equity Distribution Agreement will be used for general corporate purposes. The principal reason for us entering into the Standby Equity Distribution Agreement and this offering is that we estimate that achievement of our business plan will require substantial additional funding, including approximately $4,000,000 over the next 12 months. In no event will the net proceeds we receive under the Standby Equity Distribution Agreement be used by Kronos for the payment (or loaned to any such person for the payment) of any judgment, or other liability, incurred by any executive officer, officer, director or employee of Kronos, except for any liability owed to such person for services rendered, or if any judgment or other liability is incurred by such person originating from services rendered to Kronos or Kronos has indemnified such person from liability.

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DILUTION

The net tangible book value of our Company as of March 31, 2005 was ($4,949,104) or ($0.0695) per share of common stock outstanding at May 31, 2005. Net tangible book value per share is determined by dividing the tangible book value of our Company (total tangible assets less total liabilities) by the number of outstanding shares of our common stock. Since this offering is being made solely by the selling stockholders and none of the proceeds will be paid to our Company, our net tangible book value will be unaffected by this offering. Our net tangible book value, however, will be impacted by the common stock to be issued under the Standby Equity Distribution Agreement. The amount of dilution will depend on the offering price and number of shares to be issued under the standby equity distribution agreement. The following example shows the dilution to new investors at an offering price of $0.0784 per share, which is 98% of a recent share price of $0.08.

If we assume that our Company had issued 255,102,041 shares of common stock under the Standby Equity Distribution Agreement at a recent stock price of $0.08 per share, Cornell Capital Partners would have paid us $0.0784 per share and we would receive net proceeds equal to $18,915,000 (after a retention fee of

$1,000,000 retained by Cornell Capital Partners and offering expenses of $85,000), our net tangible book value as of March 31, 2005 would have been $13,965,896 or $0.0428 per share. Such an offering would represent an immediate increase in net tangible book value to existing stockholders of $0.1123 per share and an immediate dilution to new stockholders of $0.0325 per share. The following table illustrates the per share dilution:

Assumed public offering price per share		$0.0784
Net tangible book value per share before this offering	$(0.0695)	
Increase attributable to new investors	$0.1123	
Net tangible book value per share after this offering		$0.0428
Dilution per share to new stockholders		$0.0356

The offering price of our common stock is based on the then-existing market price. In order to give prospective investors an idea of the dilution per share they may experience, we have prepared the following table showing the dilution per share at various assumed offering prices:

Assumed Offering Price	No. of Shares to be Issued (1)	Dilution Per Share to New Investors
$0.0784	255,102,041	$0.0356
$0.0588	340,136,054	$0.0248
$0.0392	540,204,082	$0.0152
$0.0196	1,020,408,163	$0.0068

(1) Kronos is registering 156,985,871 shares of common stock for issuance under the Standby Equity Distribution Agreement.

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STANDBY EQUITY DISTRIBUTION AGREEMENT

Summary. On October 15, 2004, we entered into a Standby Equity Distribution Agreement with Cornell Capital Partners. On January 28, 2005, we mutually agreed to terminate the Standby Equity Distribution Agreement. On January 28, 2005, we entered into a new Standby Equity Distribution Agreement with Cornell Capital Partners. On March 28, 2005, we mutually agreed to terminate the January 28, 2005 Standby Equity Distribution Agreement with Cornell Capital Partners. On April 13, 2005, we entered into a new Standby Equity Distribution Agreement with Cornell Capital Partners. Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically sell to Cornell Capital Partners shares of our common stock for a total purchase price of up to $20 million. Pursuant to the Standby Equity Distribution Agreement, Cornell Capital Partners will receive a total underwriting discount on the purchase of our common stock equal to 7%, which consists of the two (2) discounts described below. For each share of common stock purchased under the Standby Equity Distribution Agreement, Cornell Capital Partners will pay us 98% of the lowest volume weighted average price of our common stock on the Over-the-Counter Bulletin Board or other principal market on which our common stock is traded for the 5 days immediately following the notice date.

Cornell Capital Partners is a private limited partnership whose business operations are conducted through its general partner, Yorkville Advisors, LLC. Further, Cornell Capital Partners will retain a fee of 5% of each advance under the Standby Equity Distribution Agreement. In addition, we will pay Cornell Capital Partners a commitment fee under the Standby Equity Distribution Agreement in the form of 2,941,175 shares of common stock, of which 1,470,587 shares will be issued to Cornell Capital Partners on the six (6) month anniversary of the Standby Equity Distribution Agreement and 1,470,588 shares will be issued to Cornell Capital Partners on the twelve (12) month anniversary of the Standby Equity Distribution Agreement. The 2% discount on the purchase of the common stock to be received by Cornell Capital Partners, the commitment fee and the 5% retainage fee are underwriting discounts. In the event the Standby Equity Distribution Agreement is terminated in accordance with the terms of the agreement, or Kronos does not forward any advance notices during the term of the agreement, Cornell Capital Partners will return 2,500,000 shares of common stock issued previously as a commitment fee. We also paid Cornell Capital Partners a non-refundable due-diligence fee equal to $2,500 to defray the costs of performing due diligence on us.

In addition, we engaged Newbridge Securities Corporation, a registered broker-dealer, to advise us in connection with the Standby Equity Distribution Agreement. For its services, Newbridge Securities Corporation received a fee of $10,000 paid in 62,500 shares of our common stock. We paid counsel to Cornell Capital Partners $15,000 for their legal, administrative and escrow fees. In addition, on each advance date, we will pay counsel to Cornell Capital Partners the sum of $500 for additional legal, administrative and escrow fees. Kronos is registering 156,985,871 shares of common stock for the Standby Equity Distribution Agreement pursuant to the accompanying registration statement. The costs associated with this registration will be borne by us. There are no other significant closing conditions to draws under the Standby Equity Distribution Agreement.

Standby Equity Distribution Agreement Explained. Pursuant to the Standby Equity Distribution Agreement, we may periodically sell shares of common stock to Cornell Capital Partners to raise capital to fund our working capital needs. The periodic sale of shares is known as an advance. We may request an advance every 7 trading days with a maximum of $1,500,000 per advance. A closing will be held 6 trading days after such written notice at which time we will deliver shares of common stock and Cornell Capital Partners will pay the advance amount. Pursuant to the Standby Equity Distribution Agreement, within two (2) business days after an advance notice date, Kronos will credit shares of common stock to the balance account with the Depository Trust Company of Cornell Capital Partners' counsel in an amount equal to the amount of the requested advance divided by the closing bid price of the common stock as of the advance notice date multiplied by one point one (1.1). Any excess shares will be credited to the next advance. In no event will the number of shares issuable to Cornell Capital Partners pursuant to an advance cause it to own in excess of 9.9% of the then outstanding common stock of Kronos.

We may request advances under the Standby Equity Distribution Agreement once the underlying shares are registered with the Securities and Exchange Commission. Thereafter, we may continue to request advances until Cornell Capital Partners has advanced $20 million or 24 months after the effective date of the accompanying registration statement, whichever occurs first.

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The amount of each advance is limited to a maximum draw down of $1,500,000 every

7 trading days and Cornell Capital Partners will retain a fee of 5% of each advance in addition to purchasing our stock for 98% of the market price. At a recent stock price of $0.08, Cornell Capital Partners would pay us $0.0784 per share and we would have to issue 19,132,653 shares of common stock to Cornell Capital Partners to draw down the maximum advance amount of $1,500,000, of which Cornell Capital Partners will retain $75,000 as a retainage fee. The amount available under the Standby Equity Distribution Agreement is not dependent on the price or volume of our common stock. Our ability to request advances are conditioned upon us registering the shares of common stock with the Securities and Exchange Commission. In addition, we may not request advances if the shares to be issued in connection with such advances would result in Cornell Capital Partners owning more than 9.9% of our outstanding common stock.

We do not have any agreements with Cornell Capital Partners regarding the distribution of such stock, although Cornell Capital Partners has indicated that it intends to promptly sell any stock received under the Standby Equity Distribution Agreement. In no event will the number of shares issuable to Cornell Capital Partners pursuant to an advance under the Standby Equity Distribution Agreement cause it to own in excess of 9.9% of the then outstanding common stock of Kronos. Because of this beneficial ownership limitation and depending on Cornell Capital Partner's ability to sell sufficient shares to reduce its holdings, we may not be able to exercise an advance notice in the maximum amount of $1.5 million and our ability to draw down on the Standby Equity Distribution Agreement could be significantly impaired.

We cannot predict the actual number of shares of common stock that will be issued pursuant to the Standby Equity Distribution Agreement, in part, because the purchase price of the shares will fluctuate based on prevailing market conditions and we have not determined the total amount of advances we intend to draw. Nonetheless, we can estimate the number of shares of our common stock that will be issued using certain assumptions. Based on a recent stock price of $0.08 per share, Cornell Capital Partners would pay us $0.0784 per share and we would issue 255,102,041 shares of common stock to Cornell Capital Partners for net proceeds equal to $18,915,000 (after the 5% retainage fee to Cornell Capital Partners and offering expenses of $85,000). We are registering 156,985,871 shares of common stock to be resold by Cornell Capital Partners pursuant to Standby Equity Distribution Agreement. Assuming we issue the 156,985,871 shares of common stock being registered in the accompanying registration statement under the Standby Equity Distribution Agreement, at a recent stock price of $0.08 per share, Cornell Capital Partners would pay us $0.0784 per share and we would issue 156,985,871 shares to Cornell Capital Partners to receive net proceeds equal to $11,607,307 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses. The 156,985,871 shares we are registering under the Standby Equity Distribution Agreement would represent approximately 69% of our outstanding common stock upon issuance.

You should be aware that there is an inverse relationship between our stock price and the number of shares to be issued under the Standby Equity Distribution Agreement. That is, as our stock price declines, we would be required to issue a greater number of shares under the Standby Equity Distribution Agreement for a given advance. The issuance of a larger number of shares under the Standby Equity Distribution Agreement may result in a change of control. That is, if all or a significant block of such shares are held by one or more shareholders working together, then such shareholder or shareholders would have enough shares to assume control of Kronos by electing its or their own directors.

You should also be aware that in order for us to utilize the full $20 million available under the Standby Equity Distribution Agreement, it may be necessary for our shareholders to approve an increase in our authorized common stock and for us to register additional shares of common stock. Kronos is authorized in its Articles of Incorporation to issue up to 500,000,000 shares of common stock. As of May 26, 2005, Kronos had 71,186,345 shares of common stock outstanding. Kronos is registering 156,985,871 shares of common stock hereunder to be issued under the Standby Equity Distribution Agreement. You should be aware that there is an inverse relationship between our stock price and the number of shares to be issued under the Standby Equity Distribution Agreement. That is, as our stock price declines, we would be required to issue a greater number of shares under the Standby Equity Distribution Agreement for a given advance. This inverse relationship is demonstrated by the following table, which shows the number of shares to be issued under the Standby Equity Distribution Agreement at a recent price of $0.08 per share and 25%, 50% and 75% discounts to the recent price. In addition, in connection with the First Amendment to Master Loan and Investment Agreement with HoMedics (as described more completely in the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis"), we amended two (2) warrants previously issued by us and agreed to include anti-dilution protection for HoMedics. HoMedics is entitled, under certain circumstances, to anti-dilution protection in order to maintain beneficial ownership of Kronos equal to 30%. The table below also shows how many additional warrants Kronos would have to issue to HoMedics pursuant to the anti-dilution provisions in the warrants issued to HoMedics. The new warrants would have an exercise price equal to $0.10 per share as previously agreed upon by Kronos and HoMedics and as stated in the amended warrants.

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Market Price:	$0.08	$0.06	$0.04	$0.02
Purchase Price:	$0.0784	$0.0588	$0.0392	$0.0196
No. of Shares Issued to Cornell Capital Partners:	255,102,041(1)	340,136,054(1)	510,204,082(1)	1,020,408,163(1)
Net Proceeds to Kronos	$18,915,000	$18,915,000	$18,915,000	$18,915,000
No. of Additional Warrants To Be Issued to HoMedics:	78,957,705	108,112,224	166,421,262	341,348,375

(1) Kronos is registering 156,985,871 shares of common stock under the Standby Equity Distribution Agreement.

Based on our recent stock price of $0.08, Cornell Capital Partners would pay us $0.0784 per share and we would have to issue to Cornell Capital Partners 255,102,041 shares of our common stock in order to receive net proceeds equal to $18,915,000 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses) under the Standby Equity Distribution Agreement. If we drew down all amounts available to us under the Standby Equity Distribution Agreement, Cornell Capital Partners would retain a fee equal to $1 million, or

5% of our advances. We are registering 156,985,871 shares of common stock to be resold by Cornell Capital Partners pursuant to the Standby Equity Distribution Agreement. Assuming we issue the number of shares of common stock being registered in the accompanying registration statement to be available under the Standby Equity Distribution agreement, at a recent stock price of $0.08 per share, Cornell Capital Partners would pay us $0.0784 per share and we would issue 156,985,871 shares of common stock to Cornell Capital Partners to receive net proceeds equal to $11,607,307 (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses). As of May 26, 2005, we had 71,186,345 shares of common stock issued and outstanding.

Proceeds used under the Standby Equity Distribution Agreement will be used in the manner set forth in the "Use of Proceeds" section of this prospectus. We cannot predict the total amount of proceeds to be raised in this transaction because we have not determined the total amount of the advances we intend to draw.

Pursuant to the Standby Equity Distribution Agreement, we have agreed that during the commitment period of the Standby Equity Distribution Agreement, and except as set forth in our previously filed documents with the Securities and Exchange Commission and as set forth in our loan transaction documents with HoMedics, Inc., we will not (i) issue or sell any of our common stock or preferred stock without consideration or for a consideration per share less than the bid price of our common stock on the date of issuance or (ii) issue or sell any warrant, option, right, contract, call, or other security or instrument granting the holder the right to acquire our common stock without consideration or for a consideration per share less than the bid price of our common stock on the date of issuance.

We expect to incur expenses of approximately $85,000 in connection with this registration, consisting primarily of professional fees. In connection with the Standby Equity Distribution Agreement, we will pay to Cornell Capital Partners a one-time commitment fee of in the form of 2,941,175 shares of Kronos common stock, of which, 1,470,587 shares will be issued to Cornell Capital Partners on the six (6) month anniversary of the Standby Equity Distribution Agreement and 1,470,588 shares will be issued on the twelve (12) month anniversary of the Standby Equity Distribution Agreement. In addition, we issued 62,500 shares of common stock to Newbridge Securities Corporation, a registered broker-dealer, as a placement agent fee.

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PLAN OF DISTRIBUTION

The selling stockholders have advised us that the sale or distribution of our common stock owned by the selling stockholders may be effected to purchasers by the selling stockholders, (after the 5% retainage fee to Cornell Capital Partners and $85,000 in offering expenses) as principals or through one or more underwriters, brokers, dealers or agents from time to time in one or more transactions (which may involve crosses or block transactions) on the over-the-counter market. In the event our stock is traded on any market other than the over-the-counter market, we will file a post-effective amendment to the accompanying registration statement. Any of such transactions may be effected at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale or at negotiated or fixed prices, in each case as determined by the selling stockholders or by agreement between the selling stockholders and underwriters, brokers, dealers or agents, or purchasers. If the selling stockholders effect such transactions by selling their shares of common stock to or through underwriters, brokers, dealers or agents, such underwriters, brokers, dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of common stock for whom they may act as agent (which discounts, concessions or commissions as to particular underwriters, brokers, dealers or agents may be in excess of those customary in the types of transactions involved). The selling stockholders and any brokers, dealers or agents that participate in the distribution of the common stock may be deemed to be underwriters, and any profit on the sale of common stock by them and any discounts, concessions or commissions received by any such underwriters, brokers, dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act.

Cornell Capital Partners is an "underwriter" within the meaning of the Securities Act of 1933 in connection with the sale of common stock under the Standby Equity Distribution Agreement. Cornell Capital Partners will receive a total underwriting discount of 7% in connection with its purchase of shares under the Standby Equity Distribution Agreement, which consists of two (2) discounts described below. Cornell Capital Partners will pay us 98% of the lowest volume weighted average price of our common stock on the Over-the-Counter Bulletin Board or other principal trading market on which our common stock is traded for the 5 days immediately following the advance date. In addition, Cornell Capital Partners will retain 5% of each advance under the Standby Equity Distribution Agreement. The 2% discount, the 5% retention and the one-time commitment fee are underwriting discounts. We engaged Newbridge Securities Corporation, a registered broker-dealer, to advise us in connection with the Standby Equity Distribution Agreement. For its services, Newbridge Securities Corporation received $10,000, which was paid by the issuance of 62,500 shares of our common stock. Pursuant to a Placement Agent Agreement, Newbridge Securities Corporation provided services consisting of reviewing the terms of the Standby Equity Distribution Agreement and advising us with respect to those terms. The Placement Agent Agreement is co-terminus with and will terminate upon the same terms as the Standby Equity Distribution Agreement. Newbridge Securities Corporation is not participating in the distribution of our common stock. Pursuant to the terms of the Placement Agent Agreement, Kronos agreed to advise Newbridge Securities Corporation of any material adverse change in Kronos and to use commercially reasonable efforts to cause a registration statement connection with the Standby Equity Distribution Agreement to be declared effective. In addition, Kronos agreed to indemnify Newbridge Securities Corporation against any and all claims arising out of or based upon any untrue statement of a material fact by Kronos contained in the Placement Agent Agreement and/or any offering materials with respect to the Standby Equity Distribution Agreement.

Cornell Capital Partners was formed in February 2000 as a Delaware limited partnership. Cornell Capital Partners is a domestic hedge fund in the business of investing in and financing public companies. Cornell Capital Partners does not intend to make a market in our stock or to otherwise engage in stabilizing or other transactions intended to help support the stock price. Prospective investors should take these factors into consideration before purchasing our common stock.

In consideration of Cornell Capital Partners' execution and delivery of the Standby Equity Distribution Agreement, Kronos will indemnify Cornell Capital Partners, and all of its officers, directors, partners, employees and agents, from and against any and all actions, causes of actions, suits, claims, losses, costs, penalties, fees, liabilities and damages incurred by the indemnified party as a result of, or relating to: (i) any misrepresentation or breach of any representation or warranty made by Kronos in the Standby Equity Distribution Agreement or Registration Rights Agreement in connection therewith or any other document contemplated thereby; (ii) any breach of any covenant, agreement or obligation of Kronos contained in the Standby Equity Distribution or the Registration Rights Agreement in connection therewith or any other document contemplated thereby; or (iii) any cause of action, suit or claim brought against such indemnified party and arising out of or resulting from the execution, delivery, performance or enforcement of the Standby Equity Distribution Agreement or any document in connection therewith.

Under the securities laws of certain states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. The selling stockholders are advised to ensure that any underwriters, brokers, dealers or agents effecting transactions on behalf of the selling stockholders are registered to sell securities in all fifty states. In addition, in certain states the shares of common stock may not be sold unless the shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

We will pay all the expenses incident to the registration, offering and sale of the shares of common stock to the public hereunder other than commissions, fees and discounts of underwriters, brokers, dealers and agents. We have agreed to indemnify Cornell Capital Partners and its controlling persons against certain liabilities, including liabilities under the Securities Act. We estimate that the expenses of the offering to be borne by us will be approximately $85,000. The offering expenses consist of: a SEC registration fee of $1,550, printing expenses of $2,500, accounting fees of $20,000, legal fees of $50,000 and miscellaneous expenses of $10,950. We will not receive any proceeds from the sale of any of the shares of common stock by the selling stockholders. We will, however, receive proceeds from the sale of common stock under the Standby Equity Distribution Agreement.

The selling stockholders are subject to the applicable provisions of the Securities Exchange Act of 1934, as amended, and its regulations, including Regulation M. The anti-manipulation provisions of Regulation M under the Exchange Act will apply to purchases and sales of shares of common stock by the selling stockholders and there are restrictions on market-making activities by persons engaged in the distribution of the shares. Under Registration M, the selling stockholders or their agents may not bid for, purchase, or attempt to induce any person to bid for or purchase, shares of our common stock while such selling stockholders are distributing shares covered by this prospectus. The selling stockholders are advised that if a particular offer of common stock is to be made on terms constituting a material change from the information set forth above with respect to the Plan of Distribution, then, to the extent required, a post-effective amendment to the accompanying registration statement must be filed with the Securities and Exchange Commission.

Cornell Capital Partners is prohibited from short selling and/or other hedging activity pursuant to the terms of the Standby Equity Distribution Agreement. Kronos is not aware of any other selling stockholders' intentions regarding short selling and/or other hedging activity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information should be read in conjunction with the consolidated financial statements of Kronos and the notes thereto appearing elsewhere in this filing. Statements in this Management's Discussion and Analysis and elsewhere in this prospectus that are not statements of historical or current fact constitute "forward-looking statements." For an overview of Kronos please see the section entitled Description of the Business which follows this section.

General

Kronos Advanced Technologies, Inc. is is an application development and licensing company that has developed and patented technology that fundamentally changes the way air is moved, filtered and sterilized. Kronos is pursuing commercialization of its proprietary technology in a limited number of markets; and if we are successful, we intend to enter additional markets in the future. To date, our ability to execute our strategy has been restricted by our limited amount of capital.

Technology Description and Benefits

The Kronos(TM) technology combines high voltage electronics and electrodes. By combining these technologies, a Kronos(TM)-based device can both move and clean air without any moving parts. Kronos(TM) devices are versatile, energy- and cost-efficient and capable of multiple design forms. As a result, Kronos(TM) devices have the potential to be used as a standalone product or to replace a range of heating, ventilation and air conditioning products for residential usage to high efficiency particulate air filtration systems for operating and manufacturing clean rooms.

The proprietary Kronos(TM) technology involves the application of high voltage management across paired electrical grids to create an ion exchange that moves and purifies air. Kronos(TM) technology has numerous valuable characteristics. It moves air and gases at high velocities while removing odors, smoke and particulates and killing pathogens, including bacteria, mold and spores. The technology is cost-effective and is more energy efficient than current alternative fan and filter (including HEPA filter and ultraviolet light based) technologies. Although no commercial products using the Kronos(TM) technology have been sold to date, in August 2004, the Company and its strategic consumer products partner, HoMedics, initiated the transition to mass production of the Kronos-based consumer standalone product line.

A number of the scientific claims of the Kronos(TM) technology have been tested by the U. S. government and a few multi-national companies, including the U. S. Department of Energy, the U. S. Department of Defense, General Dynamics, Underwriters Laboratory, and Intel. Independent laboratory testing has verified the purification capability of the Kronos(TM) technology. Tests conducted at MicroTest Laboratories, LMS Industries and New Hampshire Materials Laboratory demonstrated HEPA Clean Room Class 1000 quality particulate reduction, removal of over 99.97% of 0.1 micron and above size particles, and up to 95% reduction of hazardous gases, including numerous contaminants found in cigarette smoke. Intertek, one of the global leaders for testing electrical and electronic products, performed tobacco smoke elimination tests in accordance with ANSI/AHAM AC-1-1988 standard entitled "American National Standard Method for Measuring Performance of Portable Household Electric Cord-Connected Room Air Cleaners." The test demonstrated a Clean Air Delivery Rate (CADR) for the Kronos air purifier of over 300. These results place the Kronos(TM) device in one of the highest categories of particulate cleaning for standalone devices.

Market Segmentation

Kronos` business development strategy is to sell and license the Kronos(TM) technology to six distinct market segments: (1) air movement and purification (residential, health care, hospitality, and commercial facilities); (2) air purification for unique spaces (cleanrooms, airplanes, automotive, and cruise ships); (3) specialized military (naval vessels, closed vehicles and mobile facilities); (4) embedded cooling and cleaning (electronic devices and medical equipment); (5) industrial scrubbing (produce storage and diesel and other emissions); and (6) hazardous gas destruction (incineration and chemical facilities).

Kronos` focus is on the first four of these market segments which are described in more detail below. Kronos is currently developing products for the air movement and purification, air purification for unique spaces, and specialized military markets through specific customer contracts. Kronos is currently undertaking research and development in the embedded micro cooling market using Company funds and a third party grant. These contracts and grant are described in more detail in the Technology Application and Product Development section of this filing.

o Air Movement and Purification. Indoor air pollution, including "sick building syndrome" and "building related illness," is primarily caused by inadequate ventilation, chemical contaminants from indoor and outdoor sources and biological contaminants. There is also a demand for smaller devices that move, heat and deodorize the indoor air stream. The addressable air movement and purification segment is made up of four target markets: (1) residential, (2) health care, (3) hospitality and (4) commercial.

o Air Purification for Unique Spaces. Electronics, semiconductor, pharmaceutical, aerospace, medical and many other producers depend on cleanroom technology. As products such as electronic devices become smaller, the chance of contamination in manufacturing becomes higher. For pharmaceutical companies, clean, safe and contaminant-free products are imperative to manufacturing and distributing a viable product. Other potential applications for the Kronos(TM) technology include closed environments such as aircraft, cruise ships and other transportation modes that require people to breathe contaminated, re-circulated air for extended periods. Kronos is building on its product development effort with its strategic partner in the business jet market and the U.S. military to serve other closed environment applications.

o Specialized Military. Military personnel face the worst of all possible worlds: indoor air pollution, often in very confined spaces for extended periods, combined with the threat of biological warfare, nuclear fallout, and other foreign elements. We believe that the military market segment offers Kronos a unique opportunity to leverage the technical and funding resources of the U. S. military to expand Kronos` ability to develop and produce Kronos(TM)-based air movers and purifiers for applications that require these products to be embedded into ventilation systems to address the needs of military personnel.

o Embedded Cooling. Heat generation is becoming a major bottleneck in high density electronics. We believe that the embedded cooling market segment offers Kronos a near term opportunity to develop an alternative to fans for air movement and cooling inside of personal computers , servers and medical diagnostic equipment and a long term opportunity to develop micro channel cooling solutions for next generation microchips.

Technology Application And Product Development

To best serve Kronos` targeted market segments, our Company is developing specific product applications across two distinct product application platforms. A Kronos(TM) device can be either used as a standalone product or can be embedded. Standalone products are self-contained and only require the user to plug the Kronos(TM) device into a wall outlet to obtain air filtration for their home, office or hotel room. Embedded applications of the Kronos(TM) technology require the technology be added into another system such as a building ventilation system for more efficient air movement and filtration or into an electrical device such as computer or medical equipment to replace the cooling fan.

Critical Accounting Policies

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts. We provide a reserve against our receivables for estimated losses that may result from our customers' inability to pay. These reserves are based on potential uncollectible accounts, aged receivables, historical losses and our customers' credit-worthiness. Should a customer's account become past due, we generally will place a hold on the account and discontinue further shipments and/or services provided to that customer, minimizing further risk of loss.

Valuation of Goodwill, Intangible and Other Long Lived Assets. We use assumptions in establishing the carrying value, fair value and estimated lives of our long-lived assets and goodwill. The criteria used for these evaluations include management's estimate of the asset's ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, the strategic significance of any identifiable intangible asset in our business objectives, as well as the market capitalization of Kronos. We have used certain key assumptions in building the cash flow projections required for evaluating the recoverability of our intangible assets. We have assumed revenues from the following applications of the Kronos technology: consumer stand-alone devices, assisted care/skilled nursing stand-alone devices, embedded devices in the hospitality industry and in specialized military applications. Expenses/cash out flows in our projections include sales and marketing, production, distribution, general and administrative expenses, research and development expenses and capital expenditures. These expenses are based on management estimates and have been compared with industry norms (