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OTES PAYABLE AND NOTES PAYABLE The Company had the following obligations as of June 30, 2007 2006
 ----- Obligations to AirWorks Funding LLLP (1) \$ 2,480,000 \$ - Obligations to RS Properties
 LP (1) 920,000 - Discount for Beneficial Conversion Feature (2) (3,365,845) - Obligations to Sands Brothers (3)
 859,000 - Obligations to Gumbinner and Sun (1) 200,000 - Obligation to current employees (4) 202,307 256,544
 Obligations to Cornell Capital(5) - 1,815,000 Obligation to HoMedics (6) - 2,575,000 -----
 1,295,462 4,646,544 Less: Current portion 1,061,307 2,071,544 ----- Total long term obligations
 net of current portion \$ 234,155 \$ 2,575,000 ===== (1) These notes bear interest
 at the rate of 12% are secured by the assets of the Company and convert into shares of Kronos Common Stock at
 \$0.0028 or are payable in full on June 19, 2010. (2) Under Generally Accepted Account Principles, the Company
 recorded a discount for the Beneficial Conversion Feature ("BCF") on the convertible debt issued to AirWorks and RS
 Properties. The amount of the BCF discount was calculated using the Black-Scholes model. Because the maximum
 value of the BCF discount can not exceed the full value of the issued debt, the Company recorded the discount at the
 full value of the debt of \$3,400,000. The Company is amortizing the BCF discount over the three year life of the debt.
 For the fiscal year ended June 30, 2007, the Company recorded eleven days of discount amortization (\$34,155). (3)
 These notes bear interest at the rate of 12% are secured by the assets of the Company and are payable in full on
 December 31, 2007. (4) These notes bear interest at the rate of 12%. They represent obligation to current employees of
 the Company, which are due in full. F-11 (5) These notes had a one year term and interest at 12% with weekly
 payments. This obligation was paid in full on June 19, 2007. (6) This note had a 5 year term and interest at 6%. The
 obligation was settled in full on June 19, 2007 under the terms of the Settlement Agreement and General Release.
 Payout of the Company's Notes Payable obligations listed above consist of the following for the fiscal years ending
 June 30, 2008 2009 2010 2011 ----- Obligations to AirWorks Funding LLLP \$ - \$ -
 \$1,825,000 \$ - Obligations to RS Properties LLP - - 920,000 - Obligation to Sands Brothers 859,000 - - Obligation to
 current employees - - - - Obligations to Gumbinner and Sun - - 200,000 - ----- \$ 859,000
 \$ - \$2,945,000 \$ - ===== NOTE 9 - LEASES The Company has
 entered into a non-cancelable operating lease for facilities. Rental expense was approximately \$73,128 and \$66,600
 for years ended June 30, 2007 and 2006 respectively. Effective October 1, 2005, Kronos is committed through
 September 30, 2009 to annual lease payments on operating leases for 6,000 square feet of office/research and product
 development premises of the following for fiscal years ending June 30, 2008 2009 2010 -----
 Lease payments \$ 62,388 \$64,260 \$ - ===== NOTE 10 - NET LOSS PER SHARE
 As of June 30, 2007, there were outstanding options to purchase 89,075,771 shares of the Company's common stock
 and outstanding warrants to purchase 15,792,342 shares of the Company's common stock. These options and warrants
 have been excluded from the loss per share calculation as their effect is anti-dilutive. As of June 30, 2006 there were
 outstanding options to purchase 22,783,112 shares of Kronos common stock and outstanding warrants to purchase
 42,300,000 shares of Kronos common stock. These options and warrants have been excluded from the loss per share
 calculation as their effect is anti-dilutive. NOTE 11 - INCOME TAXES The composition of deferred tax assets and
 the related tax effects are as follows at June 30, 2007 2006 ----- Benefit from carryforward of
 capital and net operating losses \$ (7,698,000) \$ (7,209,000) Other temporary differences (157,000) (157,000) Options
 issued for services (551,000) (218,000) Less: Valuation allowance 8,406,000 7,584,000 ----- Net
 deferred tax asset \$ - \$ - ===== F-12 The other temporary differences shown
 above relate primarily to impairment reserves for intangible assets, and accrued and deferred compensation. The
 difference between the income tax benefit in the accompanying statements of operations and the amount that would
 result if the U.S. Federal statutory rate of 34% were applied to pre-tax loss is as follows: June 30,
 ----- 2007 2006
 ----- Amount % of pre-tax Loss Amount % of pre-tax
 Loss ----- Benefit for income tax at: Federal statutory
 rate \$ (799,000) (34.0)% \$ (1,360,000) (34.0)% State statutory rate (47,000) (2.0)% (80,000) (2.0)% Non-deductible
 expenses 24,000 1.4 % 105,000 2.6 % Increase in valuation allowance 822,000 34.6 % 1,335,000 33.4 %
 ----- \$ - 0.0 % \$ - 0.0 %

===== The non-deductible expenses shown above related primarily to the amortization of intangible assets and to the accrual of stock options for compensation using different valuation methods for financial and tax reporting purposes. At June 30, 2007, the Company has approximately \$18.2 million of unused Federal net operating losses, \$2.3 million capital losses and \$14.0 million state net operating losses available for carryforward to future years. The benefit from carryforward of such losses will expire in various years through 2026 and could be subject to limitations if significant ownership changes occur in the Company. NOTE 12 - STOCK OPTIONS AND WARRANTS On February 12, 2002, the Board of Directors approved the TSET, Inc. Stock Option Plan under which Kronos' key employees, consultants, independent contractors, officers and directors are eligible to receive grants of stock options. Kronos has reserved and issued a total of 6,250,000 shares of common stock under the Stock Option Plan. Prior to that, the Company had no formal stock option plan but offered as special compensation to certain officers, directors and third party consultants the granting of non-qualified options to purchase Company shares at the market price of such shares as of the option grant date. The options generally have terms of three to ten years. On June 15, 2007, the Board of Directors approved the Kronos Advanced Technologies Stock Option Plan under which Kronos' key employees, consultants, independent contractors, officers and directors are eligible to receive grants of stock options. Kronos has reserved and issued a total of 100,000,000 shares of common stock under the Stock Option Plan. The options generally have terms of up to ten years. The Company granted non-qualified stock options totaling 85,426,320 and 8,585,571 shares in the years ended June 30, 2007 and 2006, respectively. As of July 1, 2004, the Company elected to follow Statement of Financial Accounting Standards No. 123R, Share-Based Payment ("SFAS No. 123R") to recognize stock compensation expense for awards of equity instruments to employees based on the grant-date fair value of those awards (with limited exceptions). The fair value of the options is based on the Black - Scholes Model using the following assumptions: Exercise price: \$0.02-\$0.06 Market price at date of grant: \$0.02-\$0.06 Volatility: 168.28% -233.57% Expected dividend rate: 0% Risk-free interest rate: 4.44%-4.55% F-13 A summary of the Company's stock option activity and related information for the years ended June 30, 2007 and 2006 is as follows (in thousands, except per share amounts):

Weighted Average Shares	Exercise Price	Outstanding at June 30, 2005	Granted	Exercised	Cancelled (852)	Outstanding as June 30, 2006	Granted	Exercised	Cancelled (19,144)	Outstanding as June 30, 2007
15,050	0.370	8,585	0.070	0.840	22,783	0.240	89,065	0.063		

===== A summary of options outstanding and exercisable at June 30, 2007 and 2006 is follows (in thousands, except per share amounts and years):

Options Outstanding	Options Exercisable	Weighted Average Remaining	Weighted Range of Life (in Average Range of Exercise Prices Options years)	Exercise Price	Exercise Prices	Options
June 30, 2007	\$0.71 - \$1.12	648	3.8	\$0.82	\$0.71 - \$1.12	648
June 30, 2006	\$0.21 - \$0.70	1,157	4.0	\$0.43	\$0.21 - \$0.70	1,290
June 30, 2007	\$0.00 - \$0.20	87,260	9.4	\$0.02	\$0.00 - \$0.20	20,845
June 30, 2006	\$0.71 - \$1.12	648	4.8	\$0.82	\$0.71 - \$1.12	648
June 30, 2007	\$0.21 - \$0.70	1,290	4.5	\$0.42	\$0.21 - \$0.70	1,290
June 30, 2006	\$0.00 - \$0.20	20,845	7.6	\$0.08	\$0.00 - \$0.20	20,845

A summary of the Company's stock warrant activity and related information for the years ended June 30, 2007 and 2006 is as follows (in thousands, except per share amounts):

Weighted Average Warrants	Exercise Price	Outstanding at June 30, 2005	Granted	Exercised	Cancelled	Outstanding as June 30, 2006	Granted	Exercised	Cancelled (26,508)	Outstanding as June 30, 2007
43,300	\$0.12	42,300	\$0.12			15,792	\$0.15			

===== F-14 NOTE 13 - COMMITMENTS AND CONTINGENCIES In June 2007, Kronos entered into a Funding Agreement with a group of lenders providing for a loan, at the discretion of the lenders, in the aggregate amount of up to \$18,159,000. At the initial closing, the Company received an initial advance of \$4,259,000. After payment in full of the amounts due under an outstanding convertible debenture issued to Cornell Capital Partners and settlement agreement obligation to HoMedics and the expenses of the transaction, the remainder of \$1,069,000 was used for working capital purposes. The initial new lenders were: (i) AirWorks Funding LLLP, a newly-formed limited partnership; (ii) Critical Capital Growth Fund, L.P. and various Sands Brothers Venture Funds, all of which are affiliates of Laidlaw and Co. (UK) Ltd. and (iii) RS Properties I LLC, a New York-based private investment company. RS Properties assigned to Hilltop Holding Company, LP, a Delaware limited partnership, ("Hilltop") its promissory note together with certain other rights and agreements relating thereto, including, without limitation, its rights and obligations under the Funding Agreement. The loan is secured by all of the Company's assets and is convertible into shares of the Company's common stock at a conversion price of \$0.0028 per share, subject to

adjustment under certain circumstances. Future installments under the Funding Agreement, up to \$13,900,000, may be advanced at the discretion of the lenders, even if not requested by the Company. Under the Funding Agreement and related notes, the Company pays interest at the rate of 12% per annum. Of the total amount of the initial advance, interest is paid monthly starting July 1, 2007 on \$859,000, which principal amount is due and payable December 31, 2007. Such amount may be converted into Kronos common stock at the option of the holder at the \$0.0028 conversion price only if not paid in full by December 31, 2007. With respect to all other loan amounts, interest is paid quarterly starting January 1, 2008 and outstanding principal is due and payable June 19, 2010, unless earlier converted at the option of the lenders. Assuming the payment when due of the \$859,000, the maximum loan amount is advanced under the Funding Agreement and related notes and the lenders convert the entire amount of the loan into Kronos common stock at the noted conversion price, the lenders would own approximately 93.3% of the Company's total equity on a fully diluted, as converted basis. In May 2003, Kronos entered into an agreement with FKA Distributing Co. d/b/a HoMedics, Inc., ("HoMedics") for \$2,500,000 in financing, including \$2,400,000 in secured debt financing and \$100,000 for the purchase of warrants. \$2,500,000 was paid to Kronos upon execution of the agreement. In October 2004, Kronos and HoMedics agreed to extend repayment of Kronos debt and to provide an additional \$1,000,000 in funding consisting of \$925,000 in secured debt financing and \$75,000 for the purchase of additional warrants. In December 2005, \$175,000 of the \$925,000 was funded. The balance of \$750,000 was not funded. In addition, quarterly debt payments and the maturity date for existing debt were extended. Quarterly payments due on the outstanding \$2,400,000 in secured debt financing, which had been scheduled to begin in August 2004, were due in February 2007. The maturity date of the \$2,400,000 in debt had been extended from May 2008 to October of 2009; the maturity date on the \$175,000 was extended to October 2009. The interest rate was at 6% for the \$2,400,000 in debt; the rate was also 6% on the additional debt. HoMedics increased their potential equity position in Kronos to 30% of Kronos common stock on a fully diluted basis. In connection with the October 2004 agreements, Kronos issued HoMedics a warrant to buy 26.5 million shares of Kronos common stock. In February 2007, HoMedics and Kronos executed a Settlement Agreement and General Release whereby among other things HoMedics agreed to receive \$1,000,000 in a cash payment to cancel the loan agreements, including all principal and accrued interest, and to cancel the warrants to purchase 26.5 million shares of the Company's common stock and the anti-dilution provisions of the warrants. In June 2007, Kronos made the \$1,000,000 payment under the terms of the Settlement Agreement and General Release. In October 2004, Kronos entered into agreements for up to \$20,500,000 in equity and equity backed debt financing from Cornell Capital Partners. Cornell Capital Partners provided \$4,000,000 pursuant to two Promissory Notes, which were funded as follows: \$2,000,000 upon filing a Registration Statement and \$2,000,000 upon the SEC declaring the Registration Statement effective. Kronos executed a Standby Equity Distribution Agreement for \$20,000,000 of funding which Kronos had the option to drawdown against. As of June 30, 2006, Kronos had repaid the first Promissory Note in full and as of June 30, 2007 had repaid the second Promissory Note in full. On June 19, 2007, the Company cancelled the Standby Equity Distribution Agreement. Daniel R. Dwight, President and Chief Executive Officer, and the Company entered into an employment agreement effective as of November 15, 2001. The initial term of Mr. Dwight's Employment Agreement was for 2 years and will automatically renew for successive 1 year terms unless Kronos or Mr. Dwight provide the other party with written notice within 3 months of the end of the initial term or any subsequent renewal term. Mr. Dwight's Employment Agreement was renewed on August 13, 2003 and again on August 15, 2004, August 15, 2005, August 15, 2006 and August 15, 2007. In April 2006, the Board of Directors increased Mr. Dwight's base cash compensation to \$225,000 per year effective April 15, 2006. Mr. Dwight is eligible for annual incentive bonus compensation in an amount equal to Mr. Dwight's annual salary based on the achievement of certain bonus objectives. In addition, Kronos granted Mr. Dwight 1,000,000 immediately vested and exercisable, ten-year stock options at various exercise prices. Mr. Dwight is entitled to fully participate in any and all 401(k), stock option, stock bonus, savings, profit-sharing, insurance, and other similar plans and benefits of employment. Richard F. Tusing, Chief Operating Officer, and the Company entered into an employment agreement effective as of January 1, 2003. The initial term of Mr. Tusing's Employment Agreement was for 2 years and will automatically renew for successive 1 year terms unless Kronos or Mr. Tusing provide the other party with written notice within 3 months of the end of the initial term or any subsequent renewal term. Mr. Tusing's Employment Agreement was renewed on October 1, 2004, October 1, 2005 and October 1, 2006. Mr. Tusing's Employment Agreement provides for base cash compensation of \$160,000 per year. Mr. Tusing will be entitled to fully participate in any and all 401(k), stock option, stock bonus, savings, profit-sharing, insurance, and

other similar plans and benefits of employment. F-15 NOTE 14 - LEGAL PROCEEDINGS Thompson E. Fehr has filed a complaint in the state of Utah against Kronos with respect to prior services rendered to High Voltage Integrated, Inc. totaling \$47,130. The Company believes this complaint is without merit and is rigorously defending itself. Allstate Insurance Company, as subrogee of David Buell, filed a complaint in the state of Michigan against HoMedics, Inc. and Kronos with respect to damages related to a fire in the home of Mr. Buell which resulted in \$244,155 in damages. Under the terms of the Company's General Liability insurance policy, this matter is currently being addressed by the Company's insurance carrier, Argonaut Group. NOTE 15 - MAJOR CUSTOMERS As of June 30, 2007 the Company had four major customers: EOL, Bosch, DESA and GE. Of the \$160,478 in revenue recorded in the year ended June 30, 2007, \$160,478 or 100% was derived from these four customers. As of June 30, 2006, the Company had six major customers: DESA, EOL, HoMedics, leading automotive manufacturer, the U.S. Navy and the U.S. Army. Of the \$219,369 in revenue recorded in the year ended June 30, 2007, \$219,369 or 100% was derived from these six customers. NOTE 16 - SEGMENTS OF BUSINESS The Company operates principally in one segment of business: The Kronos segment licenses, manufactures and distributes air movement and purification devices utilizing the Kronos technology. In the year ended June 30, 2007, the Company operated only in the United States of America. NOTE 17 - RELATED PARTIES As of June 30, 2007, the Company has outstanding obligations for past compensation to management of \$202,307. As of June 30, 2006, the Company has outstanding obligations for past compensation management of \$256,544. These unpaid amounts currently accrue interest at the rate of 12% per annum. NOTE 18 - STOCKHOLDERS' EQUITY/(DEFICIT) During the fiscal ended June 30, 2007, we issued 97,843,146 shares of Kronos common stock to Cornell Capital Partners under our Standby Equity Distribution Agreement. The proceeds from the issuance of these shares were used for working capital purposes (\$801,438) and to repay debt (\$578,500). On June 18, 2007, we issued 80 million stock options to employees and directors. The ten year options vest two thirds upon issuance and one third over the following twelve months and convert into shares of Kronos common stock at \$0.016 per share. On June 19, 2007, we cancelled 26,508,658 warrants issued to HoMedics. On June 19, 2007, we issued \$3,400,000 in convertible debt. The beneficial conversion feature was valued at the full face value of the debt and recorded to the Company's paid in capital. NOTE 19 - SIGNIFICANT FOURTH QUARTER ADJUSTMENTS During the fourth quarter, the Company entered into a Funding Agreement with a group of lenders providing for a loan, at the discretion of the lenders, in the aggregate amount of up to \$18,159,000. At the initial closing, the Company received an initial advance of \$4,259,000. Use of proceeds included payment in full of the amounts due under an outstanding convertible debenture issued to Cornell Capital Partners and settlement agreement obligation to HoMedics. F-16 The loan is secured by all of the Company's assets and is convertible into shares of the Company's common stock at a conversion price of \$0.0028 per share, subject to adjustment under certain circumstances. Future installments under the Funding Agreement, up to \$13,900,000, may be advanced at the discretion of the lenders, even if not requested by the Company. Under the Funding Agreement and related notes, the Company pays interest at the rate of 12% per annum. Of the total amount of the initial advance, interest is paid monthly starting July 1, 2007 on \$859,000, which principal amount is due and payable December 31, 2007. Such amount may be converted into Kronos common stock at the option of the holder at the \$0.0028 conversion price only if not paid in full by December 31, 2007. With respect to all other loan amounts, interest is paid quarterly starting January 1, 2008 and outstanding principal is due and payable June 19, 2010, unless earlier converted at the option of the lenders. Assuming payment when due of the \$859,000, that the maximum loan amount is advanced under the Funding Agreement and related notes and that the lenders convert the entire amount of the loan into Kronos common stock at the noted conversion price, the lenders would own approximately 93.3% of the Company's total equity on a fully diluted, as converted basis. The initial advance due and payable on June 19, 2010 of \$3,400,000 contains a beneficial conversion feature ("BCF") that allows the note holders to convert into shares of the Company's common stock at a conversion price of \$0.0028 per share. The accounting treatment related to the BCF was a discount in long term notes payable and an increase in stockholders equity for the full face amount of the notes. The discount in long term debt is being amortized over the three year life of the notes. For the fiscal year ended June 30, 2007, the Company recorded eleven days of discount amortization of \$34,155. During the fourth quarter of 2007, the Company recorded a gain on the retirement of debt and the cancellation of 26.6 million warrants of \$2,856,194. In May 2003, Kronos entered into an agreement with FKA Distributing Co. d/b/a HoMedics, Inc., ("HoMedics") for \$2,400,000 in secured debt financing. In October 2004, Kronos and HoMedics agreed to extend repayment of Kronos debt and to provide an additional \$1,000,000 in funding consisting of \$925,000 in secured debt financing and \$75,000 for the

purchase of additional warrants. In December 2005, \$175,000 of the \$925,000 was funded. The balance of \$750,000 was not funded. In connection with the October 2004 agreements, Kronos issued HoMedics a warrant to buy 26.5 million shares of Kronos common stock. In February 2007, HoMedics and Kronos executed a Settlement Agreement and General Release whereby among other things HoMedics agreed to receive \$1,000,000 in a cash payment to cancel the loan agreements, including all principal and accrued interest, and to cancel the warrants to purchase 26.5 million shares of the Company's common stock and the anti-dilution provisions of the warrants. In June 2007, Kronos made the \$1,000,000 payment under the terms of the Settlement Agreement and General Release. As a result of the \$1,000,000 payment, the Company (i) extinguished \$2,575,000 in debt and \$753,692 in accrued interest, which resulted in a \$2,328,692 gain; and (ii) cancelled 26.5 million warrants, which resulted in a \$527,502 gain.

NOTE 20 - SUBSEQUENT EVENTS (Unaudited) In August 2007, RS Properties assigned to Hilltop Holding Company, LP, a Delaware limited partnership, ("Hilltop") its promissory note together with certain other rights and agreements relating thereto, including, without limitation, its rights and obligations under the Funding Agreement. In August 2007, we received additional aggregate advances of \$650,466 from AirWorks and Hilltop under the terms of the Funding Agreement and related notes. In September 2007, we issued 1,470,588 shares of Kronos common stock to Cornell Capital Partners under our Standby Equity Distribution Agreement in payment of a past due commitment fee.

F-17 ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE None. **ITEM 8A. CONTROLS AND PROCEDURES** There were no policy reviews, improvements of documentation or general improvement in the state of internal controls that led to any change during the fiscal year ended June 30, 2007, or subsequent to the end of the fiscal year through the date this Form 10-KSB, that materially affected or were reasonably likely materially affect, internal controls over financial reporting. **Evaluation of Disclosure Controls and Procedures.** As of June 30, 2007, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Officer/Principal Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to Rule 13a-15 of the Exchange Act. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. Based on that evaluation, the Company's management, including the Company's Principal Executive Officer/Principal Financial Officer, concluded that the Company's disclosure controls and procedures were ineffective at this reasonable assurance level as of June 30, 2007. **Changes in Internal Controls over Financial Reporting.** In connection with the evaluation of the Company's internal controls over financial reporting during the Company's fiscal year ended June 30, 2007, the Company's Principal Executive Officer/Principal Financial Officer has determined that there were no changes to the Company's internal controls over financial reporting during the fourth quarter that have materially affected or is reasonably likely to affect the Company's internal control over financial reporting..

21 PART III ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT Our directors and executive officers and their ages as of September 26, 2007 are as follows:

NAME	AGE	POSITION
Daniel R. Dwight	47	Director; President and Chief Executive Officer
Richard F. Tusing	49	Director; Chief Operating Officer
James P. McDermott	45	Director
M. J. Segal	62	Director

Daniel R. Dwight, 47, has served as a Director of Kronos since November 2000, and as a Director and Chief Executive Officer of Kronos Air Technologies since January 2001. Effective October 16, 2001, Mr. Dwight was appointed President and Chief Executive Officer of Kronos. Effective January 1, 2004, Mr. Dwight was appointed Chief Financial Officer of Kronos. He has extensive experience in private equity and operations in a wide variety of high growth and core industrial businesses. Mr. Dwight spent 17 years with General Electric including 10 years of operations, manufacturing, and business development experience with GE's industrial businesses, and seven years of international investment and private equity experience with GE Capital. He has had responsibility for over a \$1 billion in merger and acquisition and private equity transactions at GE. Mr. Dwight initiated GE Capital's entry in the Asia private equity market. Between 1995 and 1999, the Asian equity portfolio grew to include consolidations, leveraged buyouts, growth capital and minority investments in diverse industries, including information technology, telecommunications services, consumer products, services and distribution, and contract manufacturing. Since 1982, Mr. Dwight has held other leadership positions domestically and internationally with GE Capital, as well as senior positions with GE Corporate Business Development (1989-1992) and GE Corporate Audit Staff (1984-1987). Mr. Dwight holds an MBA in Finance and Marketing with Honors from The University of Chicago Graduate School of Business and a B.S. in Accounting with Honors from the University of Vermont and is a member

of the Association of Heating, Ventilation, Air conditioning and Refrigeration Engineers, Inc. (ASHRAE) and a member of the SatCon Technology Corporation Board of Directors. Richard F. Tusing, 49, has served as a Director of Kronos since October 2000 and as a Director of Kronos Air Technologies since January 2001 and was appointed Chief Operating Officer on January 1, 2002. Mr. Tusing has had extensive experience in developing new enterprises, negotiating the licensing of intellectual property rights, and managing technical and financial organizations, and has more than 20 years of business development, operations, and consulting experience in the technology and telecommunications industries. Prior to his services to Kronos, Mr. Tusing spent four years in executive management with several emerging technology companies, 14 years in various managerial and executive positions with MCI Communications Corporation, and three additional years in managerial consulting. From 1982-1996, Mr. Tusing held multiple managerial and executive positions with MCI Communications Corporation. From 1994-1996, he served as MCI's Director of Strategy and Technology, managing MCI's emerging technologies division (having primary responsibility for evaluating, licensing, investing in, and acquiring third-party technologies deemed of strategic importance to MCI), and also oversaw the development of several early-stage and venture-backed software and hardware companies; in this capacity, Mr. Tusing managed more than 100 scientists and engineers developing state-of-the-art technologies. From 1992-1994, Mr. Tusing founded MCI Metro, MCI's entree into the local telephone services business and, as MCI Metro's Managing Director, managed telecommunications operations, developed financial and ordering systems, and led efforts in designing its marketing campaigns. From 1990-1992, he served as Director of Finance and Business Development for MCI's western region. From 1982-1990, Mr. Tusing held other management and leadership positions within MCI, including service as MCI's Pacific Division's Regional Financial Controller, Manager of MCI's Western Region's Information Technology Division, and led MCI's National Corporate Financial Systems Development Organization. Mr. Tusing received B.S. degrees in business management and psychology from the University of Maryland in 1979. James P. McDermott, 45, became a Director of Kronos in July 2001. Mr. McDermott has over 25 years of financial and operational problem-solving experience. Mr. McDermott is a Managing Director at Alvarez & Marsal North American, LLC. From 2000 until joining Alvarez & Marsal, Mr. McDermott was Managing Director of Eagle Rock Group, LLC, a business advisory firm he co-founded. Mr. McDermott was also President and CEO of AF&L, Inc. and its subsidiaries. AF&L is a Senior Markets Insurer. From 1992 through 2000, Mr. McDermott held various managerial and executive positions with PennCorp Financial Group, Inc. and its affiliates. From 1998 through 2000, Mr. McDermott was Executive Vice-President and Chief Financial Officer of PennCorp Financial Group. While serving in this position, Mr. McDermott was one-third of the executive management team that was responsible for developing and implementing operational stabilization, debt reduction and recapitalization plans for the company. From 1995 through 1998, Mr. McDermott served as Senior Vice-President of PennCorp Financial Group. Mr. McDermott worked closely with the Audit Committee of the Board of Directors on evaluating the PennCorp's accounting and actuarial practices. In addition, Mr. McDermott was responsible for developing a corporate-wide technology management program resulting in technology convergence and cost savings to the company's technology budget. From 1994 through 1998, Mr. McDermott was a principal in Knightsbridge Capital Fund I, LP, a \$92 million investment fund specializing in leverage-equity acquisitions of insurance and insurance-related businesses. Mr. McDermott was also the founding Chairman of the e-business Internet service provider, Kivex.com, and a senior manager of one of the world's leading public accounting firms, KPMG. Mr. McDermott received a B.S. Degree in Business Administration from the University of Wisconsin, Madison. 22 M. J. Segal, 62, became a Director of Kronos in September 2003. Mr. Segal has over 35 years of corporate governance, entrepreneurial and investment banking expertise. Mr. Segal founded the investment banking firm of M.J. Segal Associates in 1987. Since 1992, the firm has specialized in researching private equity opportunities in both private and emerging growth public companies. The Segal group caters primarily to institutional clients, private investment partnerships and professional money managers. After starting his career as a stockbroker and financial planner in 1966 with Philadelphia based New York Stock Exchange firm, Robinson & Company, Mr. Segal joined Josephthal & Co. Inc., a leading full-service investment banking and brokerage firm in New York. Mr. Segal has served as senior vice president of the congressionally chartered National Corporation for Housing Partnerships in Washington, D. C. and president of its investment banking subsidiary and has qualified as a NASD broker/dealer financial principal. Originally from Philadelphia, Mr. Segal attended the Wharton School of the University of Pennsylvania and is a graduate of The New York Institute of Finance. DIRECTORS Our Board of Directors consists of eight seats. Directors serve for a term of one year and stand for election at our annual meeting of stockholders. All our current

directors were elected at our annual meeting of stockholders held on December 20, 2005. Four vacancies currently exist on the Board of Directors as of the date of this filing. Pursuant to our Bylaws, a majority of directors may appoint a successor to fill any vacancy on the Board of Directors. **ADVISORY BOARD** We established an Advisory Board in July 2001 to assist management in the development of long-range business plans for our Company. Currently, William Poster and Charles Strang are the only Advisory Board Members. Mr. Poster is a seasoned entrepreneur with a successful track record as a founder of several businesses spanning five continents. Mr. Poster has experience in developing business opportunities in the United States, Europe, Asia and the Middle East. Mr. Poster recently stepped down as President of Computer Systems & Communications Corporation, a wholly-owned subsidiary of General Dynamics. Computer Systems & Communications Corporation is a cutting-edge communications and technology company that Mr. Poster founded and later sold to General Dynamics. Mr. Poster is currently a principal with Eagle Rock Advisors, LLC. Mr. Strang is a former Kronos Director from January 2001 through December 2002. Mr. Strang was named National Commissioner of NASCAR (National Association for Stock Car Auto Racing, Inc.) in 1998 and continues to serve in that capacity. In 1989 Mr. Strang received President Bush's American Vocation Success Award; in 1992 was elected to the Hall of Fame of the National Marine Manufacturers Association; in 1990 was awarded the Medal of Honor of the Union for International Motorboating; and is a life member of the Society of Automotive Engineers. He also currently serves as a Director of the American Power Boat Association (the U.S. governing body for powerboat racing) and Senior Vice-President of the Union for International Motorboating (the world governing body for powerboat racing, with approximately 60 member nations). We will continue to evaluate additional potential candidates for our Advisory Board. **COMMITTEES** On September 11, 2001, the Board of Directors established a Compensation Committee consisting of at least two independent members of the Board of Directors. The Compensation Committee is charged with reviewing and making recommendations concerning Kronos' general compensation strategy, reviewing salaries for officers, reviewing employee benefit plans, and administering Kronos' stock incentive plans, once adopted and implemented. Messrs. McDermott and Segal are the current members of the Compensation Committee. During the year the Compensation Committee held two meetings. Each member attended at least 75% of the meetings. On September 4, 2003, the Board of Directors established an Executive Committee. The purpose of the Executive Committee is to exercise all the powers and authority of the Board of Directors in the management of the property, affairs and business of the Company. The Committee shall consist of no fewer than three members, including the Chief Executive Officer of the Company. Messrs. Dwight, McDermott, Segal and Tusing are the current members of the Executive Committee. **23** On September 10, 2003, the Board of Directors established an Audit Committee consisting of at least two independent members of the Board of Directors. The Audit Committee is charged with providing independent and objective oversight of the accounting functions and internal controls of the Company and its subsidiaries to ensure the objectivity of the Company's financial statements. Messrs. McDermott and Segal are the current members of the Audit Committee. During the year the Audit Committee held four meetings. Each member attended at least 75% of the meetings. Board of Directors has detain has that Mr. McDermott is an audit commit financial expert as defined by Item 407(d)(5)(ii) of Regulation S-B. **COMPENSATION OF DIRECTORS** **Cash Compensation.** Our Bylaws provide that, by resolution of the Board of Directors, each director may be reimbursed his expenses of attendance at meetings of the Board of Directors; likewise, each director may be paid a fixed sum or receive a stated salary as a director. Effective July 1, 2006, non-executive directors are entitled to receive \$4,500 per quarter as compensation for their services as members of our Board of Directors. **Share Based Compensation.** During the fiscal year ended June 30, 2007, each non-executive director is entitled to receive annually 70,000 fully-vested stock option grants, 7,000 stock option grants per meeting attended via conference call, 14,000 option grants per meeting attended in person, 3,500 option grants per meeting for participation on a committee or 5,000 stock option grants per meeting for chairing a committee, as compensation for their services as members of our Board of Directors. Effective July 1, 2006, non-executive directors are entitled to receive quarterly \$4,500 and annually 200,000 fully-vested stock option grants, 2,500 stock option grants per meeting attended via conference call, 5,000 option grants per meeting attended in person, or 1,250 option grants per meeting for participation on a committee, as compensation for their services as members of our Board of Directors. For the twelve month period ending June 30, 2007, Messrs. McDermott and Segal earned 2,000,000 and 1,500,000 stock options each as compensation for their services as members of our Board of Directors, including their time and effort in securing funding from AirWorks, Hilltop and Sands, and in exchange for cancellation of 688,459 and 573,500 stock options, respectively, previously granted for Board services. **DIRECTOR COMPENSATION Fees Non-Equity**

Non-Qualified Earned or Incentive Deferred Paid in Stock Option Plan Compensation All Cash Awards Awards
 Compensation Earnings Other Total Name (\$) (\$) (\$) (\$) (\$) Compensation (\$) (\$) (a) (b) (c) (d) (e) (f) (g) (j) -----
 ----- James P. McDermott (1) \$18,000 -- \$40,000 -- -- -- \$58,000

Milton J. Segal (2) \$18,000 -- \$30,000 -- -- -- \$48,000 (1) For the twelve months ended June 30, 2007, Mr. McDermott earned \$18,000 as cash compensation and 2,000,000 million stock options for his services as a member of our Board of Directors. (2) For the twelve months ended June 30, 2007, Mr. Segal earned \$18,000 as cash compensation and 1,500,000 million stock options for his services as a member of our Board of Directors.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES ACT OF 1934 Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities to file with the Securities and Exchange commission initial reports of ownership and reports of changes in ownership of Common Stock and other of our equity securities. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required during the fiscal year ended June 30, 2007, all Section 16(a) filing requirements applicable to our officers and directors were complied with. CODE OF ETHICS The Company has not adopted a Code of Ethics at this time. 24 ITEM 10. EXECUTIVE COMPENSATION The following table sets forth compensation for the fiscal year ended June 30, 2007 for our executive officers: SUMMARY COMPENSATION TABLE Annual Compensation Long-Term Compensation -----

----- Non-Equity Name and Stock Option Deferred All Other Total
 Principal Salary Bonus Awards Awards Compensation Compensation Compensation Position Year (\$) (\$) (\$) (\$) (\$) (\$)
 (\$) (\$) (a) (b) (c) (d) (e) (f) (g) (h) (i) -----
 ----- Daniel R. 2007 \$225,000 -- -- \$520,000 -- \$16,344 \$761,344 Dwight, President and Chief Executive Officer(1) Richard F. 2007 \$160,000 -- -- \$300,000 -- -- \$460,000 Tusing, Chief Operating Officer(2) Igor 2007 \$150,000 -- -- \$356,000 -- -- \$506,000 Krichtafovitch Chief Technology Officer - Kronos Air Technologies Karl Winkler 2007 \$135,000 -- -- \$166,000 -- -- \$301,000 VP & General Manager - Kronos Air Technologies (1) Mr. Dwight became President and Chief Executive Officer of Kronos effective October 16, 2001. He executed a two year employment contract on November 15, 2001. His contract renewed on August 13, 2003 and again on August 15, 2004, August 15, 2005, August 15, 2006 and August 15, 2007. Effective April 15, 2006, his annual salary is \$225,000. (2) Mr. Tusing became Chief Operating Officer of Kronos effective January 1, 2002. Mr. Tusing executed an employment contract effective January 1, 2003. Mr. Tusing's Employment Agreement renewed on October 1, 2004 and again on October 1, 2005 and October 1, 2006. His annual salary is \$160,000. 25 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END OPTION AWARDS STOCK AWARDS

----- Equity Equity
 Incentive Incentive Plan Awards: Number Plan Awards: Market or Equity of Market Number of Payout Value
 Number of Number of Incentive Plan Shares Value of Unearned of Unearned Securities Securities Awards: Number
 or Units Shares or Shares, Units Shares, Units Underlying Underlying of Securities of Stock Units of or Other or
 Other Unexercised Unexercised Underlying Option That Stock Rights That Rights That Options Options Unexercised
 Exercise Have Not That Have Have Not Have Not (#) (#) Unearned Options Price Option Vested Not Vested Vested
 Vested Name Exercisable Unexercisable (#) (\$) Expiration Date (#) (\$) (#) (#) (a) (b) (c) (d) (e) (f) (g) (h) (i) (j) -----

----- Daniel R. Dwight 17,333,333
 8,666,667 -- \$0.016 06/18/2017 -- -- -- Richard F. Tusing 10,000,000 5,000,000 -- \$0.016 06/18/2017 -- -- --
 STOCK OPTION PLAN On February 12, 2002, the Board of Directors approved the TSET, Inc. Stock Option Plan under which Kronos' key employees, consultants, independent contractors, officers and directors are eligible to receive grants of stock options. Kronos has reserved and issued a total of 6,250,000 shares of common stock under the Stock Option Plan. It is presently administered by Kronos' Board of Directors. Subject to the provisions of the Stock Option Plan, the Board of Directors has full and final authority to select the individuals to whom options will be granted, to grant the options and to determine the terms and conditions and the number of shares issued pursuant thereto. On June 15, 2007, he Board of Directors approved the Kronos Advanced Technologies Stock Option Plan under which Kronos' key employees, consultants, independent contractors, officers and directors are eligible to receive grants of stock options. Kronos has reserved and issued a total of 100,000,000 shares of common stock under the Stock Option Plan. It is presently administered by Kronos' Board of Directors. Subject to the provisions of the Stock Option Plan, the

Board of Directors has full and final authority to select the individuals to whom options will be granted, to grant the options and to determine the terms and conditions and the number of shares issued pursuant thereto. Equity Compensation Plan Information

	Number of securities remaining available for issuance under equity compensation upon exercise of outstanding options, warrants and rights	Number of securities to be issued upon exercise of outstanding plans (excluding securities reflected in category (a))	Weighted-average exercise price of outstanding options, warrants and rights	Future issuance price of outstanding plans
(a)	79,700,000	20,300,000	\$0.016	not approved by security holders
(b)				
(c)				
Equity compensation plans approved by security holders	79,700,000	20,300,000	\$0.016	not approved by security holders
Equity compensation plans not approved by security holders				
Total	79,700,000	20,300,000		

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 EMPLOYMENT AGREEMENTS Daniel R. Dwight, our President and Chief Executive Officer, and our Company entered into an Employment agreement effective as of November 15, 2001. The initial term of Mr. Dwight's Employment Agreement was for 2 years and will automatically renew for successive 1 year terms unless Kronos or Mr. Dwight provide the other party with written notice within 3 months of the end of the initial term or any subsequent renewal term. Mr. Dwight's Employment Agreement renewed on August 13, 2003 and again on August 15, 2004, August 15, 2005, August 15, 2006 and August 15, 2007. In April 2006, the Board of Directors increased Mr. Dwight's base cash compensation to \$225,000 per year effective April 15, 2006. Mr. Dwight is eligible for annual incentive bonus compensation in an amount equal to Mr. Dwight's annual salary based on the achievement of certain bonus objectives. In addition, Kronos granted Mr. Dwight 1,000,000 immediately vested and exercisable, ten-year stock options at various exercise prices. Mr. Dwight will be entitled to fully participate in any and all 401(k), stock option, stock bonus, savings, profit-sharing, insurance, and other similar plans and benefits of employment. Richard F. Tusing, our Chief Operating Officer, and our Company entered into an Employment agreement effective as of January 1, 2003. The initial term of Mr. Tusing's Employment Agreement was for 2 years and will automatically renew for successive 1 year terms unless Kronos or Mr. Tusing provide the other party with written notice within 3 months of the end of the initial term or any subsequent renewal term. Mr. Tusing's Employment Agreement renewed on October 1, 2004 and again on October 1, 2005 and October 1, 2006. Mr. Tusing's Employment Agreement provides for base cash compensation of \$160,000 per year. Mr. Tusing will be entitled to fully participate in any and all 401(k), stock option, stock bonus, savings, profit-sharing, insurance, and other similar plans and benefits of employment.

EXECUTIVE SEVERANCE AGREEMENTS The Employment Agreement of Daniel R. Dwight, our Chief Executive Officer, provides that, upon the occurrence of any transaction as defined as a "change of control" of Kronos, Mr. Dwight shall receive his salary and benefits for a period of time that is the greater of (i) one year or (ii) the remainder of Mr. Dwight's current employment term. The Employment Agreement of Richard F. Tusing, our Chief Operating Officer, provides that, upon the occurrence of any transaction as defined as a "change of control" of Kronos that is not approved by the Board of Directors, Mr. Tusing shall receive his salary, pro-rata bonus and benefits for a period of time that is the greater of (i) one year or (ii) the remainder of Mr. Tusing's current employment term. As of the date of this filing, we have not adopted any other executive severance agreements.

27 ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT PRINCIPAL STOCKHOLDERS

The following table presents certain information regarding the beneficial ownership of all shares of common stock at September 26, 2006 for each executive officer and director of our Company and for each person known to us who owns beneficially more than 5% of the outstanding shares of our common stock. The percentage ownership shown in such table is based upon the 243,813,391 common shares issued and outstanding at September 26, 2006 and ownership by these persons of options or warrants exercisable within 60 days of such date. Also included is beneficial ownership on a fully diluted basis showing all authorized, but unissued, shares of our common stock at September 26, 2007 as issued and outstanding. Unless otherwise indicated, each person has sole voting and investment power over such shares.

COMMON STOCK BENEFICIALLY OWNED	NAME AND ADDRESS	NUMBER	PERCENT
	AirWorks Funding LLLP	253,807,563(1)	51.0% 655

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Madison Avenue New York, NY 10021 Hilltop Holding LP 253,807,563(2) 51.0% 111 Broadway New York, NY 10021 Daniel R. Dwight 27,201,926(3) 10.0% 464 Common Street Suite 301 Belmont, MA 02478 Richard F. Tusing 15,852,758(4) 6.1% 464 Common Street Suite 301 Belmont, MA 02478 James P. McDermott 2,294,118(5) 0.9% 464 Common Street Suite 301 Belmont, MA 02478 Milton M. Segal 1,500,000(6) 0.6% 464 Common Street Suite 301 Belmont, MA 02478 All officers, and directors of Kronos as a group 46,848,802(7) 16.1% (1) Includes a convertible note to purchase 256,186,609 shares of common stock that can be acquired within sixty days of September 26, 2007 pursuant to a Side Letter Agreement agreed to between the Company and AirWorks, Airworks has agreed not to convert such note prior to December 31, 2007 into more shares than the Company has authorized and available. (2) Includes a convertible note to purchase 256,186,609 shares of common stock that can be acquired within sixty days of September 26, 2007 pursuant to a Side Letter Agreement agreed to between the Company and Hilltop, Hilltop has agreed not to convert such note prior to December 31, 2007 into more shares than the Company has authorized and available. (3) Includes options to purchase 26,000,000 shares of common stock that can be acquired within sixty days of September 26, 2007. (4) Includes options to purchase 15,000,000 shares of common stock that can be acquired within sixty days of September 26, 2007 (5) Includes options to purchase 2,000,000 shares of common stock that can be acquired within sixty days of September 26, 2007. (6) Includes options to purchase 1,500,000 shares of common stock that can be acquired within sixty days of September 26, 2007. (7) Includes the rights to purchase 552,115,126 shares of common stock that can be acquired within sixty days of September 26, 2007. ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS We believe that all prior related party transactions have been entered into upon terms no less favorable to us than those that could be obtained from unaffiliated third parties. Our reasonable belief of fair value is based upon proximate similar transactions with third parties or attempts to obtain the consideration from third parties. All ongoing and future transactions with such persons, including any loans or compensation to such persons, will be approved by a majority of disinterested members of the Board of Directors. On March 31, 2004, we entered into Promissory Notes with Daniel R. Dwight and Richard F. Tusing in exchange for past due compensation, expenses and interest due and payable for \$363,139 and \$485,883. The Notes bear a simple interest rate of 1% per month and call for aggregate monthly principal and interest payments of \$6,718 and \$8,989, respectively, for each month in which the Company's beginning cash balance equals or exceeds \$200,000. Subject to certain conditions, including default, these notes become payable in full. In the event of a debt or equity financing, 20% of the proceeds derived from the financing will be used to pay down the outstanding interest and principal obligations. The Notes are due and payable in full. 29 ITEM 13. EXHIBITS EXHIBIT NO. DESCRIPTION LOCATION ----- 2.1 Articles of Merger for Technology Incorporated by reference to Selection, Inc. with the Nevada Exhibit 2.1 to the Registrant's Secretary of State Registration Statement on Form S-1 filed on August 7, 2001 (the "Registration Statement") 3.1 Articles of Incorporation Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 filed on August 7, 2001 3.2 Bylaws Incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-1 filed on August 7, 2001 4.1 2001 TSET Stock Option Plan Incorporated by reference to Exhibit 4.1 to Registrant's Form 10-Q for the quarterly period ended March 31, 2002 filed on May 15, 2002 10.21 Indemnification Agreement, dated May 1, Incorporated by reference to 2001, by and between TSET, Inc. and Exhibit 10.38 to the Daniel R. Dwight Registration Statement on Form S-1 filed on August 7, 2001 10.22 Indemnification Agreement, dated May 1, Incorporated by reference to 2001, by and between TSET, Inc. and Exhibit 10.39 to the Richard F. Tusing Registration Statement on Form S-1 filed on August 7, 2001 10.23 Employment Agreement, effective Incorporated by reference to February 11, 2001 by and between Exhibit 10.55 to the Registrant's TSET, Inc. and Daniel R. Dwight Form 10-Q for the quarterly period ended March 31, 2002 filed on May 15, 2002 10.24 Master Loan and Investment Incorporated by reference to Agreement, dated May 9, 2003, the Registrant's 8-K filed on by and among Kronos Advanced May 15, 2003 Technologies, Inc., Kronos Air Technologies, Inc. and FKA Distributing Co. d/b/a HoMedics, Inc., a Michigan corporation ("HoMedics") 10.25 Secured Promissory Note, dated Incorporated by reference to May 9, 2003, in the principal Exhibit 99.2 to the Registrant's amount of \$2,400,000 payable to 8-K filed on May 15, 2003 HoMedics 10.26 Secured Promissory Note, dated Incorporated by reference to May 9, 2003, in the principal Exhibit 99.4 to the Registrant's amount of \$1,000,000 payable to 8-K filed on May 15, 2003 HoMedics 10.27 Security Agreement dated May 9, Incorporated by reference to 2003, by and among Kronos Air Exhibit 99.4 to the Registrant's Technologies, Inc. and HoMedics 8-K filed on May 15, 2003 10.28 Registration Rights Agreement, Incorporated by reference to dated May 9, 2003, by and between Exhibit 99.5 to the Registrant's Kronos and HoMedics 8-K filed on May 15, 2003

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10.29 Warrant No. 1 dated May 9, 2003, Incorporated by reference to issued to HoMedics Exhibit 99.7 to the Registrant's 8-K filed on May 15, 2003 10.30 Warrant No. 2 dated May 9, 2003, Incorporated by reference to issued to HoMedics Exhibit 99.7 to the Registrant's 8-K filed on May 15, 2003 2002 30 10.31 Promissory Note by and among Kronos Incorporated by reference to Advanced Technologies, Inc., and Exhibit 10.67 to the Registrant's Daniel R. Dwight Form 10-Q for the quarterly period ended March 31, 2004 filed on May 17, 2004 10.32 Promissory Note by and among Kronos Incorporated by reference to Advanced Technologies, Inc., and Exhibit 10.67 to the Registrant's Richard F. Tusing Form 10-Q for the quarterly period ended March 31, 2004 filed on May 17, 2004 10.33 Promissory Note by and among Kronos Incorporated by reference to Advanced Technologies, Inc., and Exhibit 10.67 to the Registrant's Igor Krichtafovitch Form 10-Q for the quarterly period ended March 31, 2004 filed on May 17, 2004 10.34 Securities Purchase Agreement, dated Incorporated by reference to October 15, 2004, by and between Kronos Exhibit 99.5 to the Registrant's Advanced Technologies, Inc. and Cornell Form 8-K filed on November 12, 2004 Capital Partners, LP 10.35 Investor Registration Rights Agreement, Incorporated by reference to dated October 15, 2004, by and between Exhibit 99.6 to the Registrant's Kronos Advanced Technologies, Inc. and Form 8-K filed on November 12, 2004 Cornell Capital Partners, LP 10.36 Escrow Agreement, dated October 15, 2004, Incorporated by reference to by and between Kronos Advanced Exhibit 99.7 to the Registrant's Technologies, Inc. and Cornell Capital Form 8-K filed on November 12, 2004 Partners, LP 10.37 Amended and Restated Warrant No. 1, Incorporated by reference to dated October 25, 2004, issued to FKA Exhibit 99.11 to the Registrant's Distributing Co. d/b/a HoMedics, Inc. Form 8-K filed on November 12, 2004 10.38 Amended and Restated Warrant No. 2, Incorporated by reference to dated October 25, 2004, issued to FKA Exhibit 99.12 to the Registrant's Distributing Co. d/b/a HoMedics, Inc. Form 8-K filed on November 12, 2004 10.39 Warrant No. 3, dated October 25, 2004, Incorporated by reference to issued to FKA Distributing Co. d/b/a Exhibit 99.13 to the Registrant's HoMedics, Inc. Form 8-K filed on November 12, 2004 10.40 Amended and Restated Registration Rights Incorporated by reference to Agreement, dated October 25, 2004, by Exhibit 99.14 to the Registrant's And between Kronos Advanced Form 8-K filed on November 12, 2004 Technologies Inc., a Nevada corporation and FKA Distributing Co. d/b/a HoMedics, a Michigan corporation 10.41 Termination Agreement dated March 28, Incorporated by reference to 2005, by and between Kronos Advanced Exhibit 10.63 to the Registrant's Technologies, Inc. and Cornell Capital Form SB-2 filed on April 19, 2005 Partners, LP 10.42 Standby Equity Distribution Agreement, Incorporated by reference to dated April 13, 2005, by and between Exhibit 10.64 to the Registrant's Kronos Advanced Technologies, Inc. and Form SB-2 filed on April 19, 2005 Cornell Capital Partners, LP 10.43 Registration Rights Agreement, dated Incorporated by reference to April 13, 2005, by and between Kronos Exhibit 10.65 to the Registrant's Advanced Technologies, Inc. and Cornell Form SB-2 filed on April 19, 2005 Capital Partners, LP 10.44 Escrow Agreement, dated April 13, 2005, Incorporated by reference to by and between Kronos Advanced Exhibit 10.66 to the Registrant's Technologies, Inc. and Cornell Capital Form SB-2 filed on April 19, 2005 Partners, LP 10.45 Placement Agent Agreement, dated April Incorporated by reference to 13, 2005, by and between Kronos Advanced Exhibit 10.67 to the Registrant's Technologies, Inc. and Cornell Capital Form SB-2 filed on April 19, 2005 Partners, LP 10.46 Form of Equity-Back Promissory Note in Incorporated by reference to the principal amount of \$2,000,000 dated Exhibit 10.68 to the Registrant's March 7, 2005 between Kronos Advanced Form SB-2 filed on April 19, 2005 Technologies, Inc. and Cornell Capital Partners, LP 31 10.47 Form of Equity-Back Promissory Note in Incorporated by reference to the principal amount of \$2,000,000 dated Exhibit 10.59 to the Registrant's June 22, 2005 between Kronos Advanced Form 10-KSB filed on September Technologies, Inc. and Cornell Capital 28, 2005 Partners, LP 10.48 Form of Convertible Debenture in the Incorporated by reference to principal amount of \$1,645,476 dated Exhibit 10.1 to the Registrant's December 13, 2006 between Kronos Advanced Form 8-K filed on December 15, 200 Technologies, Inc. and Cornell Capital Partners, LP 10.49 Kronos Advanced Technologies, Inc. Stock Incorporated by reference to Incentive Plan Exhibit 3.1 to the Registrant's Form 8-K filed on June 22, 2007 10.50 Voting Agreement dated June 19, 2007 by Incorporated by reference to and between the Company and Daniel Dwight, Exhibit 3.1 to the Registrant's James McDermott, Milton Segal, Rich Tusing Form 8-K filed on June 22, 2007 And Igor Krichtafovitch 10.51 Voting Agreement dated June 19, 2007 by Incorporated by reference to and between the Company and Richard Sun Exhibit 9.1 to the Registrant's and Frederic Gumbinner Form 8-K filed on June 22, 2007 10.53 Funding Agreement dated June 19, 2007 by Incorporated by reference to and between the Company and Sand Brothers Exhibit 10.1 to the Registrant's Venture Capital LLC, Sands Brothers Form 8-K filed on June 22, 2007 Venture Capital II LLC, , Sands Brothers Venture Capital III LLC, and Sands Brothers Venture Capital IV LLC, (collectively, "Sands"); Critical Capital Growth Fund, L.P., ("CCGF"); Airworks Funding LLLP, ("AirWorks") and

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RS Properties I LLC, ("RSP", and together with Sands, CCGF and AirWorks, the "Lenders") 10.54 Registration Rights Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.2 to the Registrant's and the Lenders Form 8-K filed on June 22, 2007 10.55 Security Agreement dated June 19, 2007 Incorporated by reference to by and among the Company and the Lenders Exhibit 10.3 to the Registrant's Form 8-K filed on June 22, 2007 10.56 Patent Security Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.4 to the Registrant's and the Lenders Form 8-K filed on June 22, 2007 10.57 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.5 to the Registrant's and Daniel Dwight Form 8-K filed on June 22, 2007 10.58 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.6 to the Registrant's and Richard Tusing Form 8-K filed on June 22, 2007 10.59 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.7 to the Registrant's and James McDermott Form 8-K filed on June 22, 2007 10.60 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.8 to the Registrant's and Eagle Rock Group LLC Form 8-K filed on June 22, 2007 10.61 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.9 to the Registrant's and Milton Segal Form 8-K filed on June 22, 2007 10.62 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.10 to the Registrant's and J. Alexander Chriss Form 8-K filed on June 22, 2007 10.63 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.11 to the Registrant's and Igor Krichtafovitch Form 8-K filed on June 22, 2007 10.64 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.12 to the Registrant's and Karl Winkler Form 8-K filed on June 22, 2007 32 10.65 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.13 to the Registrant's 6 and Maciej Ziolkowski Form 8-K filed on June 22, 2007 10.66 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.14 to the Registrant's and Vladimir Gorobets Form 8-K filed on June 22, 2007 10.67 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.15 to the Registrant's and Vladimir Bibikov Form 8-K filed on June 22, 2007 10.68 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.16 to the Registrant's and Sergey Karpov Form 8-K filed on June 22, 2007 10.69 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.17 to the Registrant's and Vladislav Korolyov Form 8-K filed on June 22, 2007 10.60 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.18 to the Registrant's and Terence Tam Form 8-K filed on June 22, 2007 10.61 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.19 to the Registrant's and Jacob Oharah Form 8-K filed on June 22, 2007 10.62 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.20 to the Registrant's and Nels Jewell-Larsen Form 8-K filed on June 22, 2007 10.63 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.21 to the Registrant's and Richard Sun Form 8-K filed on June 22, 2007 10.64 Standstill Letter Agreement dated Incorporated by reference to June 19, 2007 by and among the Company Exhibit 10.22 to the Registrant's and Frederic R. Gumbinner Form 8-K filed on June 22, 2007 10.65 US\$859,000 SCCGF Note dated June 19, 2007 Incorporated by reference to issued by the Company to Sands and CCGF Exhibit 10.23 to the Registrant's Form 8-K filed on June 22, 2007 10.66 US\$10,820,000 Note dated June 19, 2007 Incorporated by reference to issued by the Company to AirWorks Exhibit 10.24 to the Registrant's Form 8-K filed on June 22, 2007 10.67 US\$6,480,000 Note dated June 19, 2007 Incorporated by reference to issued by the Company to RSP Exhibit 10.25 to the Registrant's Form 8-K filed on June 22, 2007 10.68 Proxy date June 19, 2007 by and among Incorporated by reference to the Company, Daniel R. Dwight, James Exhibit 10.25 to the Registrant's McDermott, Milton Segal, Richard Tusing Form 8-K filed on June 22, 2007 Igor Krichtafovitch, Richard A. Sun and Richard A. Sun, as attorney-in-fact for Fredric R. Gumbinner 10.69 Settlement Agreement and General Release Incorporated by reference to Dated February 20, 2007 by and between Exhibit 99.1 to the Registrants Kronos Advanced Technologies, Inc. and Form 8-K Filed on February 22, FKA Distributing Co. d/b/a HoMedics, Inc. 2007 And HoMedics U.S.A., Inc. 21 Subsidiaries of the Registrant Provided herewith 31 Certification of Chief Executive Provided herewith Officer pursuant to U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 32 Certification by Chief Executive Officer Provided herewith and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the

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Sarbanes-Oxley Act of 2002 33 ITEM 14. PRINCIPAL ACCOUNTANT AND SERVICES The firm Sherb & Co. LLP, independent registered public accounting firm, has audited our financial statements for the year ended June 30, 2007. The Board of Directors has appointed Sherb & Co. LLP to serve as our independent registered public accounting firm for the 2007 year-end audit and to review our quarterly financial reports for filing with the Securities and Exchange Commission during fiscal year 2008. The following table shows the fees paid or accrued by us for the audit and other services provided by Sherb & Co. LLP for fiscal year 2007 and 2006. June 30, 2007 June 30, 2006

Audit Fees(1)	\$ 70,000	\$ 67,000	Audit-Related Fees	14,670	2,310	Tax Fees	- -	All Other Fees	- -
Total		\$ 84,670	\$ 69,310						

(1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings

34 SIGNATURES Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized. Date: September 28, 2007. KRONOS ADVANCED TECHNOLOGIES, INC. By: /s/ Daniel R. Dwight

----- Daniel R. Dwight President, Chief Executive Officer and Director By: /s/ Daniel R. Dwight ----- Daniel R. Dwight Chief Financial Officer and Director Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. SIGNATURE TITLE DATE -----

/s/ Daniel R. Dwight Director, President, September 28, 2007 ----- Chief Executive Daniel R. Dwight Officer and Chief Financial Officer /s/ James P. McDermott Director September 28, 2007 ----- James P. McDermott /s/ M. J. Segal Director September 28, 2007 ----- M. J. Segal /s/ Richard F. Tusing Director and Chief September 28, 2007 ----- Operating Officer Richard F. Tusing
