

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

ADM TRONICS UNLIMITED, INC.

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

COMMISSION FILE NO. 0-17629

ADM TRONICS UNLIMITED, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation or organization)

22-1896032
(I.R.S. Employer
Identification Number)

224-S Pegasus Ave., Northvale, New Jersey 07647
(Address of Principal Executive Offices)

Registrant's Telephone Number, including area code: (201) 767-6040

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

67,588,492 shares of Common Stock, \$.0005 par value, as of November 19, 2018.

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY

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PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	March 31, 2018 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,671,904	\$ 1,693,532
Accounts receivable, net of allowance for doubtful accounts of \$125,000	1,220,945	1,207,493
Inventories	380,330	201,023
Prepaid expenses and other current assets	41,794	12,156
Total current assets	3,314,973	3,114,204
Property and equipment, net of accumulated depreciation of \$89,347 and \$70,440, at September 30, 2018 and March 31, 2018, respectively	114,213	133,120
Inventories - long-term portion	111,051	111,051
Intangible assets, net of accumulated amortization of \$11,337 and \$10,639, at September 30, 2018 and March 31, 2018, respectively	9,597	10,295
Other assets	90,864	91,464
Deferred tax asset	1,124,000	1,092,000
Total other assets	1,449,725	1,437,930
Total assets	\$ 4,764,698	\$ 4,552,134
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Capital lease payable	\$ 31,196	\$ 31,196
Line of credit	55,105	-
Accounts payable	245,770	286,964
Accrued expenses and other current liabilities	208,233	149,382
Customer deposits	133,573	122,167
Due to stockholder	134,016	130,551
Total current liabilities	807,893	720,260
Long-term liabilities		
Capital lease payable, net of current portion	38,544	54,637
Total liabilities	846,437	774,897
Stockholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.0005 par value; 150,000,000 shares authorized, 67,588,492 shares issued and outstanding	33,794	33,794
Additional paid-in capital	33,294,069	33,294,069
Accumulated deficit	(29,409,602)	(29,550,626)
Total stockholders' equity	3,918,261	3,777,237
Total liabilities and stockholders' equity	\$ 4,764,698	\$ 4,552,134

The accompanying notes are an integral part of these condensed consolidated financial statements.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Net revenues	\$ 854,696	\$ 931,139	\$ 1,611,663	\$ 2,077,494
Cost of sales	<u>332,617</u>	<u>351,894</u>	<u>637,038</u>	<u>972,689</u>
Gross profit	<u>522,079</u>	<u>579,245</u>	<u>974,625</u>	<u>1,104,805</u>
Operating expenses:				
Research and development	106,715	139,227	216,583	289,184
Selling, general and administrative	328,909	363,183	654,491	735,045
Total operating expenses	<u>435,624</u>	<u>502,410</u>	<u>871,074</u>	<u>1,024,229</u>
Income from operations	<u>86,455</u>	<u>76,835</u>	<u>103,551</u>	<u>80,576</u>
Other income (expense):				
Interest income	7,197	4,928	13,446	6,548
Interest and finance expenses	<u>(1,245)</u>	<u>(727)</u>	<u>(1,973)</u>	<u>(1,455)</u>
Total other income (expense)	<u>5,952</u>	<u>4,201</u>	<u>11,473</u>	<u>5,093</u>
Income before provision for (benefit from) income taxes	<u>92,407</u>	<u>81,036</u>	<u>115,024</u>	<u>85,669</u>
Provision for (benefit from) income taxes:				
Current	6,000	2,000	6,000	4,000
Deferred	<u>(32,000)</u>	<u>79,000</u>	<u>(32,000)</u>	<u>154,000</u>
Total provision for (benefit from) income taxes	<u>(26,000)</u>	<u>81,000</u>	<u>(26,000)</u>	<u>158,000</u>
Net income (loss)	<u>\$ 118,407</u>	<u>\$ 36</u>	<u>\$ 141,024</u>	<u>\$ (72,331)</u>
Basic and diluted earnings per common share:	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Weighted average shares of common stock outstanding - basic and diluted	<u>67,588,492</u>	<u>67,588,492</u>	<u>67,588,492</u>	<u>67,588,492</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited)

	2018	2017
Cash flows from operating activities:		
Net income (loss)	\$ 141,024	\$ (72,331)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	19,605	19,869
Deferred taxes	(32,000)	154,000
(Increase) decrease in operating assets:		
Accounts receivable	(13,452)	(434,277)
Inventories	(179,307)	185,146
Prepaid expenses and other current assets	(29,038)	26,234
(Increase) decrease in operating liabilities:		
Accounts payable	(41,194)	19,799
Customer deposits	11,406	-
Accrued expenses and other current liabilities	58,851	14,315
Due to shareholder	3,465	(82,950)
Net cash (used in) operating activities	(60,640)	(170,195)
Cash flows from investing activities:		
Net cash provided by (used in) investing activities	-	-
Cash flows from financing activities:		
Proceeds from line of credit	80,518	-
Repayments of line of credit	(25,413)	-
Repayments on capital lease payable	(16,093)	(12,781)
Net cash provided by (used in) financing activities	39,012	(12,781)
Net (decrease) in cash and cash equivalents	(21,628)	(182,976)
Cash and cash equivalents - beginning of period	1,693,532	1,982,276
Cash and cash equivalents - end of period	\$ 1,671,904	\$ 1,799,300
Cash paid for:		
Interest	\$ 1,973	\$ 1,455

The accompanying notes are an integral part of these condensed consolidated financial statements.

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
SEPTEMBER 30, 2018 AND MARCH 31, 2018

NOTE 1 - NATURE OF BUSINESS

ADM Tronics Unlimited, Inc., incorporated under the laws of the state of Delaware on November 24, 1969, and subsidiary (collectively, "we", "us", the "Company" or "ADM"), is a technology-based developer and manufacturer of diversified lines of products and derive revenues from the production and sale of electronics for medical devices and other applications; environmentally safe chemical products for industrial, medical and cosmetic uses; and, research, development, regulatory and engineering services.

The accompanying unaudited condensed consolidated financial statements have been prepared by ADM pursuant to generally accepted accounting principles in the United States and the rules and regulations of the Securities and Exchange Commission ("SEC") including Form 10-Q and Regulation S-X. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the condensed financial position and operating results for the respective periods. Certain information and footnote disclosures normally present in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and explanatory notes for the year ended March 31, 2018 as disclosed in our annual report on Form 10-K for that year. The operating results and cash flows for the three and six months ended September 30, 2018 (unaudited) are not necessarily indicative of the results to be expected for the pending full year ending March 31, 2019.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The condensed consolidated financial statements include the accounts of ADM Tronics Unlimited, Inc. and its wholly owned subsidiary Sonotron Medical Systems, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and, accordingly, require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. Significant estimates made by management include expected economic life and value of our medical devices, reserves, deferred tax assets, valuation allowance, impairment of long lived assets, fair value of equity instruments issued to consultants for services and fair value of equity instruments issued to others, option and warrant expenses related to compensation to employees and directors, consultants and investment banks, allowance for doubtful accounts, and warranty reserves. Actual results could differ from those estimates.

REVENUE RECOGNITION

In May 2014, the FASB issued guidance codified in ASC 606 which amends the guidance in former ASC 605, "Revenue Recognition." The core principle of the standard is to recognize revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The standard also requires additional disclosures around the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

We typically extend credit terms to our customers based on their credit worthiness and generally do not receive advance payments. As such, we record accounts receivable at the time of shipment, when our right to the consideration becomes unconditional. Accounts receivable from our customers are typically due within 30 days of invoicing. An allowance for doubtful accounts is provided based on a periodic analysis of individual account balances, including an evaluation of days outstanding, payment history, recent payment trends, and our assessment of our customers' creditworthiness.

CHEMICAL PRODUCTS:

Revenues are recognized upon shipment to a customer because that is when the customer obtains control of the promised good.

ELECTRONICS:

We recognize revenue from the sale of our electronic products upon shipment to a customer because that is when the customer obtains control of the promised good. We offer a limited 90-day warranty on our electronics products. We have no other post shipment obligations. Based on prior experience, no amounts have been accrued for potential warranty costs and actual costs were less than \$2,000, for each of the three and six months ended September 30, 2018 and 2017. For contract manufacturing, revenues are recognized after shipment of the completed products.

ENGINEERING SERVICES:

We provide certain engineering services, including research, development, quality control, and quality assurance services along with regulatory compliance services. We recognize revenue from engineering services as the services are provided.

EARNINGS PER SHARE

Basic earnings per share is calculated based on the weighted average number of common shares outstanding during the periods. Diluted earnings per share is computed similar to basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential shares had been issued and if the additional shares were dilutive.

Per share basic and diluted earnings amounted to \$0.00 for both the three and six months ended September 30, 2018 and September 30, 2017, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

Effective April 1, 2018 the Company adopted ASC Topic 606 "Revenue from Contracts with Customers", using the modified retrospective method. This guidance supersedes nearly all existing revenue recognition guidance under US GAAP. The core principle of the guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company has drafted its accounting policy for the new standard based on a detailed review of its business and contracts. Based on the new guidance, the Company will continue recognizing revenue at the time its products are shipped, and therefore adoption of the standard did not have a material impact on its consolidated financial statements and is not expected to have a material impact in the future.

In July 2015, the FASB issued ASU 2015 - 11, "Inventory. Simplifying the Measurement of Inventory." This amendment requires companies to measure inventory at the lower of cost and net realizable value. The Company adopted this amendment in April 2017, and the implementation did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases", which is intended to improve financial reporting for lease transactions. This ASU will require organizations that lease assets, such as real estate and manufacturing equipment, to recognize both assets and liabilities on their balance sheet for the rights to use those assets for the lease term and obligations to make the lease payments created by those leases that have terms of greater than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as finance or operating lease. This ASU will also require disclosures to help investors and other financial statement users better understand the amount and timing of cash flows arising from leases. These disclosures will include qualitative and quantitative requirements, providing additional information about the amounts recorded in the consolidated financial statements. This ASU will be adopted by the Company in April 2019. We do not believe that this ASU will have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU-2016-13 "Financial Instruments – Credit Losses". This guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income. The guidance requires organizations to measure all expected credit losses for financial instruments at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. It is effective for fiscal years beginning after December 15, 2019. The Company is evaluating the potential impact on the Company's consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, "Income Statement- Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." This guidance gives businesses the option of reclassifying to retained earnings the so-called "stranded tax effects" left in accumulated other comprehensive income due to the reduction in the corporate income tax rate resulting from the 2017 Tax Cuts and Jobs Act. This amendment is effective for all organizations for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is allowed. We do not believe that this ASU will have a material impact on our consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, "Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." This guidance intends to reduce cost and complexity and to improve financial reporting for share-based payments issued to nonemployees. This amendment is effective for public companies with fiscal years beginning after December 15, 2018, include interim period within that fiscal year. Early adoption is permitted. This ASU does not apply to the company at this time.

Management does not believe that any other recently issued, but not yet effective accounting pronouncement, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 3 - INVENTORIES

Inventories at September 30, 2018 consisted of the following:

	Current	Long Term	Total
Raw materials	\$ 343,871	\$ 110,433	\$ 454,304
Finished goods	36,459	618	37,077
	<u>\$ 380,330</u>	<u>\$ 111,051</u>	<u>\$ 491,381</u>

Inventories at March 31, 2018 consisted of the following:

	Current	Long Term	Total
Raw materials	\$ 168,640	\$ 110,433	\$ 279,073
Finished goods	32,383	618.00	33,001
	<u>\$ 201,023</u>	<u>\$ 111,051</u>	<u>\$ 312,074</u>

The Company values its inventories at the lower of cost and net realizable value using the first in, first out ("FIFO") method.

NOTE 4 – CONCENTRATIONS

During the three months ended September 30, 2018 one customer accounted for 39% of our net revenue. During the six months ended September 30, 2018 two customers accounted for 49% of our net revenue.

As of September 30, 2018, three customers represented 97% of our accounts receivable.

During the three months ended September 30, 2017 three customers accounted for 49% of our revenue. During the six months ended September 30, 2017 three customers accounted for 47% of our revenue.

As of March 31, 2018, two customers represented 93% of our accounts receivable.

The Company's customer base is comprised of foreign and domestic entities with diverse demographics. Net revenues from foreign customers for the three and six months ended September 30, 2018 was \$144,977 or 17% and \$247,539 or 15%, respectively.

Revenues from foreign customers for the three and six months ended September 30, 2017 was \$90,625 or 8% and \$158,657 or 7%, respectively.

As of September 30, 2018, and March 31, 2018, accounts receivable included \$37,801 and \$39,995, respectively, from foreign customers.

NOTE 5 - DISAGGREGATED REVENUES AND SEGMENT INFORMATION

The following tables show the Company's revenues disaggregated by reportable segment and by product and service type:

	Six Months Ended September 30,	
	2018	2017
Net Revenue in the US		
Chemical	564,317	472,325
Electronics	223,718	824,887
Engineering	578,089	621,625
	<u>1,364,124</u>	<u>1,918,837</u>
Net Revenue outside the US		
Chemical	222,551	146,787
Electronics	24,988	11,870
Engineering	-	-
	<u>247,539</u>	<u>158,657</u>
Total Revenues	<u>\$ 1,611,663</u>	<u>\$ 2,077,494</u>

	Three Months Ended September 30,	
	2018	2017
Net Revenue in the US		
Chemical	307,708	232,002
Electronics	74,752	331,295
Engineering	327,259	277,217
	<u>709,719</u>	<u>840,514</u>
Net Revenue outside the US		
Chemical	119,989	78,755
Electronics	24,988	11,870
Engineering	-	-
	<u>144,977</u>	<u>90,625</u>
Total Revenues	<u>\$ 854,696</u>	<u>\$ 931,139</u>

Information about segments is as follows:

	Chemical	Electronics	Engineering	Total
Three months ended September 30, 2018				
Revenue from external customers	\$ 427,697	\$ 99,740	\$ 327,259	\$ 854,696
Segment operating income	\$ 119,155	\$ (84,067)	\$ 51,367	\$ 86,455
Six months ended September 30, 2018				
Revenue from external customers	\$ 786,868	\$ 248,706	\$ 576,089	\$ 1,611,663
Segment operating income	\$ 159,730	\$ (146,909)	\$ 90,730	\$ 103,551
Three months ended September 30, 2017				
Revenue from external customers	\$ 310,757	\$ 343,165	\$ 277,217	\$ 931,139
Segment operating income	\$ 21,109	\$ 63,195	\$ (7,469)	\$ 76,835
Six months ended September 30, 2017				
Revenue from external customers	\$ 619,112	\$ 836,757	\$ 621,625	\$ 2,077,494
Segment operating income	\$ 86,555	\$ (77,076)	\$ 71,097	\$ 80,576
Total assets at September 30, 2018				
	<u>\$ 2,384,295</u>	<u>\$ 556,023</u>	<u>\$ 1,824,380</u>	<u>\$ 4,764,698</u>
Total assets at March 31, 2018				
	<u>\$ 1,687,276</u>	<u>\$ 1,280,908</u>	<u>\$ 1,583,950</u>	<u>\$ 4,552,134</u>

NOTE 6 - OPTIONS OUTSTANDING

On September 2, 2015, ADM granted 3,000,000 stock options to employees at an exercise price of \$0.20 per option and with a term of three years. The options were valued at \$598,699 using the Black Scholes option pricing model with the following assumptions: risk free interest rate of 2.03%, volatility of 353%, estimated useful life of 3 years and dividend rate of 0%. The options expired on September 30, 2018.

The following table summarizes information on all common share purchase options issued by us for the six-month period ended September 30, 2018 and the year ended March 31, 2018.

	September 30, 2018		March 31, 2018	
	# of Shares	Weighted Average Exercise Price	# of Shares	Weighted Average Exercise Price
Outstanding, beginning of period/year	3,000,000	\$ 0.20	3,000,000	\$ 0.20
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	(3,000,000)	\$ 0.20	-	-
Outstanding, end of period/year	-		3,000,000	\$ 0.20
Exercisable, end of period/year	-		3,000,000	\$ 0.20

NOTE 7 - COMMITMENTS AND CONTINGENCIES

We lease our office and manufacturing facility under a non-cancelable operating lease, which expires on June 30, 2028. The Company's future minimum lease commitment at September 30, 2018 is as follows:

For the twelve-month period ended September 30,	Amount
2019	\$ 101,875
2020	101,875
2021	101,875
2022	101,875
2023	103,125
Thereafter	507,656
	<u>\$ 1,018,281</u>

Rent and real estate tax expense for all facilities for the three and six months ended September 30, 2018 and 2017 was approximately \$19,000 and \$36,000 and \$32,000 and \$60,000, respectively.

On December 2, 2016, the Company entered into a capital lease agreement with a commercial bank in the amount of \$85,680, including \$6,930 in deferred interest, for the purchase of certain property and equipment. The lease has a term of forty-eight (48) months and is payable in forty-eight equal installments of \$1,785. The balance of this obligation as of September 30, 2018, was \$42,656.

On December 2, 2016, the Company entered into a capital lease agreement with a commercial bank in the amount of \$54,710, including \$4,710 in deferred interest, for the purchase of certain property and equipment. The lease has a term of forty-eight (48) months and is payable in forty-eight equal installments of \$1,139. The balance of this obligation as of September 30, 2018, was \$27,083.

NOTE 8 – LINE OF CREDIT

On June 15, 2018, the Company obtained an unsecured revolving line of credit, with a limit of \$400,000. The line expires May 16, 2019, renewing automatically every year. The Company is required to make monthly interest payments, at a rate of 5.37%. Any unpaid principal will be due upon maturity. At September 30, 2018, the outstanding balance was \$55,105.

NOTE 9 - INCOME TAXES

At September 30, 2018, the Company had federal net operating loss carry-forwards ("NOL")s of approximately \$2,103,000. These NOLs may be used to offset future taxable income and thereby reduce or eliminate our federal income taxes otherwise payable. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Ultimate utilization of such NOLs and research and development credits is dependent upon the Company's ability to generate taxable income in future periods and may be significantly curtailed if a significant change in ownership occurs.

During the six months ended September 30, 2018, the Company utilized approximately \$115,000 in net operating losses and expects to utilize the entire \$2,103,000 before expiration.

The effective rates were approximately (23%) and 184% for the six months ended September 30, 2018 and 2017, respectively.

NOTE 10 – DUE TO STOCKHOLDER

The Company's President has been deferring his salary and bonuses periodically to assist the Company's cash flow. There are no repayment terms or interest accruing on this liability.

NOTE 11 – RESTATEMENTS

During the audit of March 31, 2018, it was discovered that there were certain inventory and segment allocation errors during the previous quarters. The September 2017 condensed consolidated statements of income and cash flows reflects these restatements.

NOTE 12 – SUBSEQUENT EVENTS

We evaluated all subsequent events from the date of the condensed consolidated balance sheet through the issuance date and determined that there are no events or transactions occurring during the subsequent event reporting period which require recognition or disclosure in the condensed consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our operations and financial condition should be read in conjunction with the condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the "safe harbor" provisions under section 21E of the Securities and Exchange Act of 1934 and the Private Securities Litigation Act of 1995. We use forward-looking statements in our description of our plans and objectives for future operations and assumptions underlying these plans and objectives. Forward-looking terminology includes the words "may", "expects", "believes", "anticipates", "intends", "forecasts", "projects", or similar terms, variations of such terms or the negative of such terms. These forward-looking statements are based on management's current expectations and are subject to factors and uncertainties which could cause actual results to differ materially from those described in such forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Form 10-Q to reflect any change in our expectations or any changes in events, conditions or circumstances on which any forward-looking statement is based. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth under "Item. 1 Description of Business – Risk Factors" and elsewhere in or incorporated by reference into our Annual Report on Form 10-K for the year ended March 31, 2017.

CRITICAL ACCOUNTING POLICIES

REVENUE RECOGNITION

We recognize revenue from engineering services on a project or monthly basis and contract manufacturing revenues are recognized after shipment of completed products. For the sale of our electronic products, revenues are recognized when they are shipped to the purchaser. Shipping and handling charges and costs are de minimis. We offer a limited 90-day warranty on our electronics products and a limited 5-year warranty on our electronic controllers for spas and hot tubs. Historically, the amount of warranty revenue included in the sales of our electronic products have been de minimis. We have no other post shipment obligations and sales returns have been de minimis.

Revenues from sales of chemical products are recognized when products are shipped to end users. Shipments to distributors are recognized as sales where no right of return exists.

USE OF ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to reserves, deferred tax assets and valuation allowance, impairment of long-lived assets, fair value of equity instruments issued to consultants for services and fair value of equity instruments issued to others. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above described items, are reasonable.

BUSINESS OVERVIEW

The Company is a technology-based developer and manufacturer of diversified lines of products and derives revenue from the production and sale of electronics for medical devices and other applications; environmentally safe chemical products for industrial, medical and cosmetic uses; and, research, development, regulatory and engineering services.

The Company is a corporation that was organized under the laws of the State of Delaware on November 24, 1969. Our operations are conducted through ADM Tronics Unlimited, Inc. ("ADM") and its subsidiary Sonotron Medical Systems, Inc. ("SMI").

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AS COMPARED TO SEPTEMBER 30, 2017

Revenues for the three months ended September 30, 2018 decreased by \$76,443. The decrease is a result of reduced sales of \$243,424 in the electronics segment, partially offset by increased revenues in the chemical segment of \$116,940 and engineering of \$50,041. The decrease in the electronics segment and increase in the chemical segment is primarily the result of the changes in customer ordering patterns.

Gross profit for the three months ended September 30, 2018 decreased by \$57,166. The decrease in gross profit resulted from a write-off of inventory during the quarter.

Revenues for the six months ended September 30, 2018 decreased by \$465,831. The decrease is a result of reduced sales of \$588,051 and \$45,537 in the electronics and engineering segments, respectively, partially offset by an increase of \$167,756 in the chemical segment. The decrease in the electronics segment is primarily due to project completion in the prior year for one customer.

Gross profit for the six months ended September 30, 2018 decreased by \$130,180.

We are highly dependent upon certain customers. During the three months ended September 30, 2018, one customer accounted for 39% of our net revenue. During the three months ended September 30, 2017, three customers accounted for 49% of our net revenue. During the six months ended September 30, 2018, two customers accounted for 49% of our net revenue. During the six months ended September 30, 2017, three customers accounted for 47% of our net revenue.

The complete loss of or significant reduction in business from, or a material adverse change in the financial condition of any of our customers could cause a material and adverse change in our revenues and operating results.

Income from operations for the three and six months ended September 30, 2018 increased by \$9,620 and \$22,975, respectively. The increase in operating income for the three and six-month periods is from reduced operating expenses.

Interest income increased \$2,269 and \$6,898 for the three and six months ended September 30, 2018, respectively. The increase is due to increased funds invested in a money market account.

The foregoing resulted in net income before provision for income taxes for the three and six months ended September 30, 2018 of \$92,407 and \$115,024, respectively. Earnings per share were \$0.00 for the three and six months ended September 30, 2018 and 2017, respectively.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2018, we had cash and cash equivalents of \$1,671,904 as compared to \$1,693,532 at March 31, 2018. The \$21,628 decrease was primarily the result of cash used in operations during the six-month period in the amount of \$60,640, coupled by cash provided in financing activities of \$39,012. Our cash will continue to be used for increased marketing costs, and the related administrative expenses all in an attempt to increase our revenue, as well as increased expenditures for our internal R&D. We expect to have enough cash to fund operations for the next twelve months.

Future Sources of Liquidity:

We expect that growth in profitable revenues and continued focus on new customers will enable us to continue to generate cash flows from operating activities during fiscal 2019.

If we do not generate sufficient cash from operations, face unanticipated cash needs or do not otherwise have sufficient cash, we may need to consider the sale of certain intellectual property which does not support the Company's operations. In addition, we have the ability to reduce certain expenses depending on the level of business operation.

Based on current expectations, we believe that our existing cash of \$1,671,904 as of September 30, 2018, and other potential sources of cash will be sufficient to meet our cash requirements. Our ability to meet these requirements will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

OPERATING ACTIVITIES

Net cash used in operating activities was \$60,640 for the six months ended September 30, 2018, as compared to net cash used by operating activities of \$170,195 for the six months ended September 30, 2017. The cash used during the six months ended September 30, 2018 was primarily due to net income of \$141,024 plus depreciation and amortization of \$19,605 off-set by deferred tax assets of \$32,000 coupled with an increase in net operating liabilities of \$32,534, coupled with a decrease in net operating assets of \$221,797.

In addition, we have increased our internal R&D expenditures as we are now devoting more of our engineering resources to advance our own proprietary medical device technologies.

INVESTING ACTIVITIES

No cash was provided for or used in investing activities for the six months ended September 30, 2018.

FINANCING ACTIVITIES

For the six months ended September 30, 2018, net cash provided by financing activities was \$39,012. Cash provided by was from proceeds of \$80,518 from the line of credit, partially off-set by repayments on capital lease obligations and the line of credit.

OFF BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements that have had or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Concentration of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and our investment in ITI. We have no control over the market value of our investment in ITI.

Cash and cash equivalents – For financial statement purposes, the Company considers as cash equivalents all highly liquid investments with an original maturity of three months or less at inception. The Company deposits cash and cash equivalents with high credit quality financial institutions and believes that any amounts in excess of insurance limitations to be at minimal risk. Cash and cash equivalents held at these accounts are current insured by the Federal Deposit Insurance Corporation ("FDIC") up to a maximum of \$250,000. At September 30, 2018, approximately \$1,362,000 exceeded the FDIC limit.

Our sales are materially dependent on a small group of customers, as noted in Note 4 of our condensed consolidated financial statements. We monitor our credit risk associated with our receivables on a routine basis. We also maintain credit controls for evaluating and granting customer credit.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, including the Company's principal executive officer and principal financial officer, have evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Based upon their evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were not effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the "SEC") (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. During the quarterly period ended September 30, 2018, there were no changes in the Company's internal control over financial reporting which materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The determination that our disclosure controls and procedures were not effective as of September 30, 2018, is a result of:

- a. *Deficiencies in Internal Control Structure Environment.* During the current year, the Company's focus was on expanding their customer base to initiate revenue production.
- b. *Inadequate staffing and supervision within the accounting operations of our company.* The relatively small number of employees who are responsible for accounting functions prevents the Company from segregating duties within its internal control system. The inadequate segregation of duties is a weakness because it could lead to the untimely identification and resolution of accounting and disclosure matters or could lead to a failure to perform timely and effective reviews. The Company's plan is to expand its accounting operations as the business of the Company expands.

The Company believes that the financial statements present fairly, in all material respects, the Company's condensed consolidated balance sheets as of September 30, 2018, and March 31, 2018 and the related condensed consolidated statements of operations, and cash flows for the six months ended September 30, 2018 and 2017, in conformity with generally accepted accounting principles, notwithstanding the material weaknesses we identified.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

During September 2017, a suit was filed by a vendor for \$33,000 claiming non-payment for services regarding investor relations and marketing. The Company has filed a countersuit for \$12,000 and 300,000 shares of its common stock, paid to the vendor due to lack of performance and other factors. The Company believes the suit is without merit and intends to vigorously pursue its counterclaims. As the lawsuit is in the initial stages, additional detail is not available at this time.

In July, the Company filed a complaint for damages, attorney's fees, costs and a declaratory judgement against Securities Transfer Corporation (STC) to compel STC to release the Company's stock transfer records to a new transfer agent. STC refused to do so unless a termination fee of \$10,578.76 was paid by the Company, although the agreement between STC and the Company provides for a termination fee of \$500. STC filed a counterclaim for damages in the above amount plus approximately \$4,000 in unpaid fees. The Company believes the counterclaim is without merit. As the lawsuit is in the early stages, additional detail is not available at this time.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended March 31, 2018.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS.

(a) Exhibit No.

31.1 [Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

32.1 [Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

101.INS**	XBRL Instance
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation
101.DEF**	XBRL Taxonomy Extension Definition
101.LAB**	XBRL Taxonomy Extension Labels
101.PRE**	XBRL Taxonomy Extension Presentation

** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADM TRONICS UNLIMITED, INC.

(Registrant)

By: /s/ Andre' DiMino

Andre' DiMino, Chief Executive
Officer and Chief Financial Officer

Dated: Northvale, New Jersey
November 19, 2018

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES - OXLEY ACT OF 2002 AND
SECURITIES AND EXCHANGE COMMISSION RELEASE 34-46427

I, Andre' DiMino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ADM Tronics Unlimited, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am the registrant's only certifying officer and am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 19, 2018

/s/ Andre' DiMino

Andre' DiMino
Chief Executive Officer and Chief Financial Officer

A signed original of this written statement required by Section 302 has been provided to ADM Tronics Unlimited, Inc. and will be retained by ADM Tronics Unlimited, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly Report of ADM Tronics Unlimited, Inc. (the "Company") on Form 10-Q for the six months ended September 30, 2018, (the "Report"), filed with the Securities and Exchange Commission, Andre' DiMino, Chief Executive Officer and Chief Financial Officer, of the Company hereby certifies pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of the dates presented and the result of operations of the Company for the periods presented.

Date: November 19, 2018

/s/ Andre' DiMino
Chief Executive Officer and
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to ADM Tronics Unlimited, Inc. and will be retained by ADM Tronics Unlimited, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.