

ADM TRONICS UNLIMITED, INC.

Form 10-K

July 16, 2018

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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

For the fiscal year ended March 31, 2018

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER 0-17629

ADM TRONICS UNLIMITED, INC.

(Name of registrant as specified in its charter)

Delaware 22-1896032
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

224 Pegasus Avenue, Northvale, New Jersey 07647

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number (201) 767-6040

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

COMMON STOCK, \$.0005 PAR VALUE

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 (§ 229.405 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[X]

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 Act).

Yes [] No [X]

The aggregate market value of voting stock held by non-affiliates of the registrant as of September 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter was \$10,678,894.

The number of shares of the Common Stock outstanding as of July 16, 2018 was 67,588,504.

DOCUMENTS INCORPORATED BY REFERENCE

Not applicable.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains various forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and information that is based on management's beliefs as well as assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. When used in this report, the words "anticipate," "believe," "estimate," "expect," "predict," "project" and similar expressions are intended to identify forward-looking statements. We cannot guarantee the accuracy of the forward-looking statements, and you should be aware that our actual results could differ materially from those contained in the forward-looking statements due to a number of factors, including the statements under "Risk Factors" set forth in "Item 1 - Description of Business" and the statements under "Critical Accounting Policies" set forth in "Item 6 - Management's Discussion and Analysis or Plan of Operation." Due to these uncertainties and risks, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K.

Unless otherwise indicated in this prospectus, references to "we," "us," "our" or the "Company" refer to ADM Tronics Unlimited, Inc. and its subsidiaries.

PART I

ITEM 1. BUSINESS

COMPANY 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").

COMPANY PRODUCTS AND SERVICES

ELECTRONICS FOR MEDICAL DEVICES AND OTHER APPLICATIONS

We develop and manufacture electronic technologies for non-invasive, electrotherapeutic and diagnostic medical devices as well as for veterinary and other applications. The products are manufactured at our Northvale facility which is an FDA-Registered Medical Device Manufacturing facility. We develop and manufacture our own proprietary products as well as on a contract basis for other companies.

CONTRACT MANUFACTURING

The Company derives revenues from contract manufacturing of electronic medical and other devices from non-affiliated customers. As of March 31, 2018, we had approximately \$320,000 of back-log for electronic products.

ENVIRONMENTALLY SAFE CHEMICAL PRODUCTS FOR INDUSTRIAL USES

We develop, manufacture and sell chemical products to industrial users. Such products consist primarily of the following:

- Water-based primers and adhesives;
- Water-based coatings and resins;
- Water-based chemical additives; and
- Anti-static conductive paints, coating and other products.

Water-based primers and adhesives are chemical compounds used to bind different plastic films, metal foils and papers. Examples are the binding of polyethylene to polyester, nylon, vinyl, aluminum, polypropylene, paper and cellophane. Our water-based primers and adhesives are similar in function to solvent-based primers that are widely used to bind plastic films, papers and foils. Solvent-based systems have come under criticism since they have been found to be highly pollutant, dangerous to health and generally caustic in nature. Based upon our experience since 1969, including information furnished to us by certain of our customers, we believe that water-based systems have no known polluting effects and pose no known health hazards. There can, of course, be no assurance that any governmental restrictions will not be imposed on our water-based products or that such products will be accepted as replacements for solvent based products.

Water-based coatings and resins for the printing industry are used to impart properties to the printed substrate. Our coatings and resins can be used to coat printed material for glossy or aesthetic appeal to make such material virtually impervious to certain types of grease and to impart other characteristics required or desired for various products and specifications.

Certain of our water-based chemical additives are used to impart properties to inks and other chemical products used in the food packaging and printing industries. These additives are used for their ability to improve the performance of such products.

Through Anti-Static Industries, the assets of which were acquired in July 2009, we now develop and manufacture a full-line of anti-static products for commercial and industrial use through a division of our company that we refer to as “Antistatic Industries”. Antistatic Industries develops and distributes proprietary conductive paints, coatings and other products and accessories which can be used by electronics, computer, pharmaceutical and chemical companies to prevent, reduce or eliminate static electricity. Many industries are concerned with static electricity as it can be hazardous to personnel and damage corporate facilities, computers, electronic equipment and valuable parts. Antistatic Industries has a wide range of products including paints, hoses, garments, floor mats, rugs, strapping, tapes, hook-and-loop, adhesive products and many other specialized items, all with conductive properties. Antistatic Industries has also pioneered low volatile organic compound conductive and antistatic paint and coating formulations that can be used as replacements for paints and coatings made from hazardous solvents. Antistatic Industries seeks to continually develop new products through research and development for new and current customers to aid in their quest for maximum protection with less waste and rejects in their manufacturing processes by reducing or eliminating static electricity.

None of our chemical products are protected by patents, although the names of some of such products have been protected by trademarks. We do not believe that any such trademarks are material to our business. As of March 31, 2018, the dollar amount of backlog orders for our chemical products believed by us to be firm was not material.

MEDICAL AND COSMETIC PRODUCTS

The Company has developed several medical and cosmetic topical products. The Company’s proprietary water-based, adhesive and related topical formulations are used for maxillofacial prosthetic medical applications and for professional makeup applications primarily for special makeup effects for film, TV and theatrical productions.

RESEARCH, DEVELOPMENT, REGULATORY AND ENGINEERING SERVICES

The Company provides research, development, regulatory and engineering services to unaffiliated customers for the design, development and manufacturing of medical devices, electronics and other technologies and products (the “Engineering Services”). The Engineering Services are provided by the Company to customers both on a fee-for-services basis and on a project basis.

CUSTOMERS

During the year ended March 31, 2018, three customers accounted for 58% of our net revenue. During the year ended March 31, 2017, one customer accounted for 59% of our net revenue. As of March 31, 2018, three customers accounted for 93% of our accounts receivable. As of March 31, 2017 one customer represented 83% of our accounts receivable. The loss of these major customers could have a material impact on our operations and cash flow.

MARKETING AND DISTRIBUTION

A majority of our product sales are distributed to customers directly from our headquarters in Northvale, NJ. Customers place purchase orders with us and products are then shipped via common carrier delivery on a "FOB shipping point" basis. A portion of the sales are accomplished through distributors who place purchase orders with us for certain quantities of our products which are shipped by common carrier to the distributor's respective warehouses. These stocking distributors then ship product to the ultimate customer via common carrier from their inventory of our products. Our contract manufacturing customers place orders with us for certain quantities of their products they desire to have us manufacture, typically providing a deposit with each order. Engineering Services are provided through written agreements with customers both on a fee-for-services basis and a project basis.

MANUFACTURER AND SUPPLIERS

MANUFACTURER

ADM manufactures its electronic and chemical products and SMI and other customers' electronic products at its facilities located in Northvale, New Jersey.

ADM warrants the products it manufactures for SMI against defects in material and workmanship for a period of 90 days after the completion of manufacture. After such 90-day period, ADM has agreed to provide repair services for the products at its customary hourly repair rate plus the cost of any parts, components or items necessary to repair the products.

Under contract manufacturing agreements, all inventions, patentable or otherwise, trade secrets, discoveries, ideas, writings, technology, know-how, improvements or other advances or findings relating to the entities' products and technologies shall be and become the exclusive proprietary and confidential information of such entity or any person to whom such entity may have assigned rights therein. ADM has no rights in any such proprietary or confidential information and is prohibited from using or disclosing any of such proprietary or confidential information for its own benefit or purposes, or for the benefit or purpose of any other person other than the entity without such entity's prior written consent. ADM has also agreed to cooperate with each entity in securing for it any patents, copyrights, trademarks or the like which it may seek to obtain in connection therewith. If ADM breaches any of the confidentiality agreements contained in the manufacturing agreement, or if these agreements are not sufficient to protect the entity's technology or are found to be unenforceable, the entity's competitors could acquire and use information that it considers to be our trade secrets and the entity may not be able to compete effectively.

Since ADM is the exclusive manufacturer of all of SMI's current and future products under the manufacturing agreement, if the operations of ADM are interrupted or if orders or orders of other customers of the Company exceed our manufacturing capabilities, we may not be able to deliver products on time and the entities may not be able to deliver their respective products to their respective customers on time. Under the terms of the manufacturing agreement, if ADM is unable to perform its obligations thereunder or is otherwise in breach of any provision thereof, SMI has the right, without penalty, to engage third parties to manufacture some or all of its products. In addition, if SMI elects to utilize a third-party manufacturer to supplement the manufacturing being completed by ADM, SMI has the right to require us to accept delivery of the products from these third-party manufacturers, finalize the manufacture of the products to the extent necessary to comply with FDA regulations and ensure that the design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process have been met.

As a manufacturer of medical devices, ADM is required to comply with quality requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process. In addition, our manufacturing facility is required to be registered as a medical device manufacturing facility with the FDA and is subject to inspection by the FDA. The Company has been registered by the FDA as a Registered Medical Device Establishment since 1988 allowing it to manufacture medical devices in accordance with procedures outlined in FDA regulations, which include quality control and related activities. Such registration is renewable annually and although we do not believe that the registration will fail to be renewed by the FDA, there can be no assurance of such renewal.

SUPPLIERS

We purchase the raw materials, parts, components and other items required to manufacture our products. We rely on a limited number of suppliers for such raw materials, parts, components and other items. Although there are many suppliers for each of these raw materials, parts, components and other items, we are dependent on a limited number of suppliers for many of the significant raw materials and components due to our customers' requirements. We do not have any long-term or exclusive purchase commitments with any of our suppliers. The failure to maintain existing relationships with suppliers or to establish new relationships in the future could also negatively affect our ability to obtain raw materials and components used in the products in a timely manner. If we are unable to obtain ample supply of product from our existing suppliers or alternative sources of supply, we may be unable to satisfy orders which could reduce our revenues and adversely affect relationships with our customers. Accordingly, in order to satisfy its customers' needs, we have maintained an inventory ranging, in dollar amounts, from 15% to 30% of sales of chemical products in the form of either raw materials or finished goods.

RESEARCH AND DEVELOPMENT

During our fiscal years ended March 31, 2018 and 2017, research and development expenses with respect to company-sponsored research and development activities were approximately \$527,659 and \$168,812 respectively. During such fiscal years, we did not expend any funds on customer-sponsored research and development activities with respect thereto, other than contracted research and development from engineering services customers.

COMPETITION

Our businesses are highly competitive and substantially all of our competitors possess greater experience, financial resources, operating history and marketing capabilities than us. Although we do not believe that there are one or more dominant competitors in such industries, there can be no assurance that we will be able to effectively compete with any or all of our competitors on the basis of price, service or otherwise. Competitors may be better able to withstand a change in conditions and throughout the economy as a whole. In addition, current and anticipated future consolidation among our competitors and customers may cause us to lose market share as well as put downward pressure on pricing. Furthermore, there is a trend in industry toward relocation of manufacturing facilities to lower-cost regions such as Asia. Such relocation may permit some of our competitors to lower their costs and improve their competitive position. If we do not compete successfully, our business, operating margins, financial condition, cash flows and profitability could be adversely affected.

Our results of operations depend, in part, on our ability to expand our product offerings. We are committed to remaining a competitive producer and believe that our portfolio of new or re-engineered products is strong. However,

we may not be able to develop new products, re-engineer existing products successfully or bring them to be competitive, we may not be able to continue to attract and retain customers to which we sell our products.

INSURANCE

The Company may be exposed to potential product liability claims by those who use our products. Therefore, we maintain a general liability insurance policy, which includes aggregate product liability coverage of \$3,000,000 for certain of our products. We believe that our present insurance coverage is adequate for the types of products we currently market. There can be no assurance, however, that such insurance will be sufficient to cover potential claims or that the present level of coverage will be available in the future at a reasonable cost.

EMPLOYEES

As of March 31, 2018, we had 19 full-time employees and 3 part-time employees. As of such date, we had one salaried employee in an executive or managerial position. We believe our relationship with our employees is good.

ITEM 1A. RISK FACTORS

An investment in our stock involves a high degree of risk. You should carefully consider the following information, together with other information in this annual report, before buying shares of our stock. If any of the following risks or uncertainties occur, our business, financial condition and results of operations could be materially and adversely affected, the trading price of our stock could decline and you may lose all or a part of the money you paid to buy our stock.

RISKS RELATING TO OUR OPERATIONS

NEW ENVIRONMENTAL OR OTHER REGULATIONS COULD INCREASE THE COMPANY'S OPERATING COSTS.

Like other manufacturers, the Company is subject to a broad range of Federal, state and local laws and requirements, including those governing discharges in the air and water, the handling and disposal of solid and hazardous substances and wastes, the remediation of contamination associated with the release of hazardous substances, work place safety and equal employment opportunities. We have made expenditures to comply with such laws and requirements. We believe, based on information currently available to management, that we are in compliance with applicable environmental and other legal requirements and that we will not require material capital expenditures to maintain compliance with such requirements in the foreseeable future. Governmental authorities have the power to enforce compliance with such laws and regulations, and violators may be subject to penalties, injunctions or both. Third parties may also have the right to enforce compliance with such laws and regulations. As ADM develops new products, those products may become subject to additional review and approval requirements governing the sale and use of its products. Although our manufacturing processes do not currently result in the generation of hazardous wastes, this may not always be the case and material costs or liabilities may be incurred by us in the future as a result of the manufacturing operations. It is also possible that other developments, such as additional or increasingly strict requirements of laws and regulations of these types, or enforcement policies there under, could significantly increase our costs of operations.

BECAUSE WE USE VARIOUS MATERIALS AND SUBSTANCES IN MANUFACTURING OUR CHEMICAL PRODUCTS, OUR PRODUCTION FACILITIES ARE SUBJECT TO OPERATING HAZARDS THAT COULD CAUSE PERSONAL INJURY AND LOSS OF LIFE, SEVERE DAMAGE TO, OR DESTRUCTION OF, PROPERTY AND EQUIPMENT AND ENVIRONMENTAL CONTAMINATION.

We are dependent on the continued operation of our production and distribution facility. This facility is subject to hazards associated with the manufacture, handling, storage and transportation of chemical materials and products, including natural disasters, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, and environmental hazards, such as spills, discharges or releases of toxic or hazardous substances and remediation complications. These hazards can cause personal injury and loss of life, severe damage to, or destruction of, property and equipment and environmental contamination and other environmental damage and could have a material adverse effect on our financial condition. In addition, due to the nature of our business operations, we could become subject to scrutiny from environmental action groups.

FAILURE TO DEVELOP NEW CHEMICAL PRODUCTS AND/OR IMPROVE OUR EXISTING PRODUCTS WILL MAKE US LESS COMPETITIVE.

Our results of operations depend, in part, on our ability to expand our product offerings. We are committed to remaining a competitive producer and believe that our portfolio of new or re-engineered products is strong. However, we may not be able to continue to develop new products, re-engineer our existing products successfully or bring them to market in a timely manner. While we believe that the products, pricing and services we offer customers are competitive, we may not be able to continue to attract and retain customers to whom we sell our products.

FAILURE TO MAKE CONTINUED IMPROVEMENTS IN OUR PRODUCTIVITY COULD HURT OUR COMPETITIVE POSITION.

In order to obtain and maintain a competitive position, we believe that we must continue to make improvements in our productivity. When we invest in new technologies or processes, we face risks related to cost overruns and unanticipated technical difficulties. Our inability to anticipate, respond to or utilize changing technologies could have a material adverse effect on our business and our results of operations.

CHANGES IN OUR CUSTOMERS' PRODUCTS COULD REDUCE THE DEMAND FOR OUR CHEMICAL PRODUCTS, WHICH MAY DECREASE OUR NET SALES AND OPERATING MARGINS.

Our chemical products are used for a broad range of applications by our customers. Changes, including technological changes, in our customers' products or processes may make our chemical products unnecessary, which would reduce the demand for those products. Other customers may find alternative materials or processes that no longer require our products. If the demand for our chemical products is reduced, our net sales and operating margins may be reduced as well.

WE HAVE FEW PROPRIETARY RIGHTS WITH RESPECT TO OUR CHEMICAL PRODUCTS, THE LACK OF WHICH MAY MAKE IT EASIER FOR OUR COMPETITORS TO COMPETE AGAINST US.

None of our chemical products are protected by patents. We do attempt to protect the names of some of our chemical products through trademarks and some of our other limited proprietary property through trade secret, nondisclosure and confidentiality measures; however, such protections may not preclude competitors from developing similar technologies.

CUSTOMERS OUTSOURCE THE MANUFACTURING OF THEIR PRODUCTS TO US AND IF OUR OPERATIONS ARE INTERRUPTED OR IF OUR ORDERS EXCEED OUR MANUFACTURING CAPABILITIES, THEY MAY NOT BE ABLE TO DELIVER THEIR PRODUCTS TO CUSTOMERS ON TIME.

We operate a single facility and have limited capacity that may be inadequate if customers place orders for unexpectedly large quantities of products, or if our other customers place large orders of products. In addition, if our operations were halted or restricted, even temporarily, or we are unable to fulfill large orders, our customers could experience business interruption, increased costs, damage to their reputations and loss of their customers. Although customers have the right to utilize other manufacturers, such manufacturers of their products need to be licensed with the FDA, and identifying and qualifying a new manufacturer to replace us as the manufacturer of their products could take several months during which time, they would likely lose customers and our revenues could be materially delayed and/or reduced. In addition, our failure to produce such products could result in claims against us.

WE DEPEND ON A LIMITED NUMBER OF SUPPLIERS FOR THE COMPONENTS AND RAW MATERIALS USED IN OUR PRODUCTS AND THE PRODUCTS MANUFACTURED FOR THIRD PARTIES, AND ANY INTERRUPTION IN THE AVAILABILITY OF THESE COMPONENTS AND RAW MATERIALS COULD REDUCE OUR REVENUE.

We rely on a limited number of suppliers for the components and raw materials used in the products that we manufacture for others. Although there are many suppliers for each of the component parts and raw materials, we are dependent on a single or limited number of suppliers for many of the significant components and raw materials due to our customers' specifications. This reliance involves a number of significant risks, including:

unavailability of materials and interruptions in delivery of components and raw materials from suppliers; manufacturing delays caused by such unavailability or interruptions in delivery; and fluctuations in the quality and the price of components and raw materials.

We do not have any long-term or exclusive purchase commitments with any of our suppliers. Failure to maintain existing relationships with suppliers or to establish new relationships in the future could also negatively affect our ability to obtain components and raw materials used in these products in a timely manner. If we are unable to obtain ample supply of product from existing suppliers or alternative sources of supply, we may be unable to satisfy our customers' orders which could reduce our revenues and adversely affect our relationships with these customers.

OUR ABILITY TO EXECUTE OUR BUSINESS PLAN DEPENDS ON THE SCOPE OF OUR INTELLECTUAL PROPERTY RIGHTS AND NOT INFRINGING THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS. THE VALIDITY, ENFORCEABILITY AND COMMERCIAL VALUE OF THESE RIGHTS ARE HIGHLY UNCERTAIN.

Our ability to compete effectively with other companies is materially dependent upon the proprietary nature of our technologies. We rely primarily on patents and trade secrets to protect our products.

Third parties may seek to challenge, invalidate, circumvent or render unenforceable any patents or proprietary rights owned by us based on, among other things:

subsequently discovered prior art;
lack of entitlement to the priority of an earlier, related application; or
failure to comply with the written description, best mode, enablement or other applicable requirements.

In general, the patent position of medical device companies is highly uncertain, still evolving and involve complex legal, scientific and factual questions. We are at risk that:

other patents may be granted with respect to the patent applications filed by us; and
any patents issued to us may not provide commercial benefit to us or will be infringed, invalidated or circumvented by others.

The United States Patent and Trademark Office currently has a significant backlog of patent applications, and the approval or rejection of patents may take several years. Prior to actual issuance, the contents of United States patent applications are generally published 18 months after filing. Once issued, such a patent would constitute prior art from its filing date, which might predate the date of a patent application on which we rely. Conceivably, the issuance of such a prior art patent, or the discovery of "prior art" of which we are currently unaware, could invalidate a patent of ours or prevent commercialization of a product claimed thereby.

Although we generally conduct a cursory review of issued patents prior to engaging in research or development activities, we may be required to obtain a license from others to commercialize any of our new products under development. If patents that cover our existing or new products are issued to other companies, there can be no assurance that any necessary license could be obtained on favorable terms or at all.

There can be no assurance that we will not be required to resort to litigation to protect our patented technologies and other proprietary rights or that we will not be the subject of additional patent litigation to defend our existing and proposed products and processes against claims of patent infringement or any other intellectual property claims. Such litigation could result in substantial costs, diversion of management's attention, and diversion of our resources.

We also have applied for patent protection in several foreign countries. Because of the differences in patent laws and laws concerning proprietary rights between the United States and foreign countries, the extent of protection provided by patents and proprietary rights granted to us by the United States may differ from the protection provided by patents and proprietary rights granted to us by foreign countries.

We attempt to protect our trade secrets, including the processes, concepts, ideas and documentation associated with our technologies, through the use of confidentiality agreements and non-competition agreements with our current employees, and with other parties to whom we have divulged such trade secrets. If our employees or other parties breach our confidentiality agreements and non-competition agreements or if these agreements are not sufficient to protect our technology or are found to be unenforceable, our competitors could acquire and use information that we consider to be our trade secrets and we may not be able to compete effectively. Most of our competitors have substantially greater financial, marketing, technical and manufacturing resources than we have and we may not be profitable if our competitors are also able to take advantage of our trade secrets.

We may decide for business reasons to retain certain knowledge that we consider proprietary as confidential and elect to protect such information as a trade secret, as business confidential information or as know-how. In that event, we must rely upon trade secrets, know-how, confidentiality and non-disclosure agreements and continuing technological innovation to maintain our competitive position. There can be no assurance that others will not independently develop substantially equivalent proprietary information or otherwise gain access to or disclose such information.

IF THE FDA OR OTHER STATE OR FOREIGN AGENCIES IMPOSE REGULATIONS THAT AFFECT OUR MEDICAL DEVICE PRODUCTS, OUR DEVELOPMENT, MANUFACTURING AND MARKETING COSTS WILL BE INCREASED.

The testing and production of medical devices are subject to regulation by the FDA as devices under the 1976 Medical Device Amendments to the Federal Food, Drug and Cosmetic Act. In the United States, medical devices must be:

manufactured in registered and quality approved establishments by the FDA; and produced in accordance with the FDA Quality System Regulation ("QSR") for medical devices.

As a result, we, as the manufacturer of other parties' devices, are required to comply with QSR requirements and if we fail to comply with these requirements, these other third parties will need to find another company to manufacture its devices. In addition, the Company's manufacturing facility:

is required to be registered as a medical device manufacturing facility with the FDA; and is subject to inspection by the FDA.

The FDA can impose civil and criminal enforcement actions and other penalties on us if we fail to comply with stringent FDA regulations.

Medical device manufacturing facilities must maintain records, which are available for FDA inspectors documenting that the appropriate manufacturing procedures were followed. The FDA has authority to conduct inspections of our facility. Labeling and promotional activities are also subject to scrutiny by the FDA and, in certain instances, by the Federal Trade Commission. Any failure by us to take satisfactory corrective action in response to an adverse inspection or to comply with applicable FDA regulations could result in enforcement action against us, including a public warning letter, a shutdown of manufacturing operations, a recall of our products, civil or criminal penalties or other sanctions. From time to time, the FDA may modify such requirements, imposing additional or different requirements which may require us to alter our business methods which could result in increased expenses.

RISKS RELATED TO OUR COMPANY

At March 31, 2018, we had an accumulated deficit of approximately nearly \$30 million. We may incur additional operating losses, as well as negative cash flows from operations, in the future.

We are highly dependent upon certain customers to generate our revenues. For the fiscal year ended March 31, 2018, three customers accounted for 58% of our net revenue. For the fiscal year ended March 31, 2017, one customer accounted for 59% of our net revenue. All customer purchases are made through purchase orders and we do not have any long-term contracts with customers. The complete loss of, or significant reduction in business from, or a material adverse change in the financial condition of, any of such customers will cause a material and adverse change in our revenues and operating results.

WE MAY BE EXPOSED TO POTENTIAL RISKS RELATING TO OUR INTERNAL CONTROL OVER FINANCIAL REPORTING AND OUR ABILITY TO HAVE THE OPERATING EFFECTIVENESS OF OUR INTERNAL CONTROLS ATTESTED TO BY OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002 (“Section 404”) the Securities and Exchange Commission (“SEC”) adopted rules requiring public companies to include a report of management on the company’s internal control over financial reporting in their annual reports on Form 10-K. A report of our management is included in our Annual Report on Form 10-K. We can provide no assurance that we will be able to comply with all of the requirements imposed thereby. In the event we identify significant deficiencies or material weaknesses in our internal control over financial reporting that we cannot remediate in a timely manner, investors and others may lose confidence in the reliability of our financial statements.

WE MAY BE EXPOSED TO PRODUCT LIABILITY CLAIMS FOR WHICH OUR INSURANCE MAY BE INADEQUATE.

Our business exposes us to potential product liability risks, which are inherent in the testing, manufacturing and marketing of chemical products and electronic devices. Although we maintain a general liability insurance policy, which includes aggregate product liability coverage of \$3,000,000 for certain of our products, there can be no assurance, that such insurance will be sufficient to cover potential claims or that the present level of coverage will be available in the future at a reasonable cost.

While we are not aware of side-effects resulting from the use of any of our products, there may be unknown long-term effects of their use that may result in product liability claims in the future. Further, we cannot provide any assurance that:

our insurance will provide adequate coverage against potential liabilities if a product causes harm or fails to perform as promised;
adequate product liability insurance will continue to be available in the future; or
our insurance can be maintained on acceptable terms.

The obligation to pay any product liability claim in excess of whatever insurance we are able to obtain would increase our expenses and could greatly reduce our assets. See "Item 1. Business - Insurance."

THE LOSS OF ANY OF OUR EXECUTIVE OFFICER OR KEY PERSONNEL MAY ADVERSELY AFFECT OUR OPERATIONS AND OUR ABILITY TO EXECUTE OUR GROWTH STRATEGY.

Our ability to execute our business plan depends upon the continued services of Andre' DiMino, our President and Chief Executive Officer, as well as our key technology, marketing, sales and support personnel. In January 2013, the Company entered into an employment agreement with Mr. DiMino containing non-compete, confidentiality and other provisions for the benefit of the Company. However, such agreement has provisions for early termination by the Company and/or Mr. DiMino. We do not have employment or consulting agreements containing non-compete agreements with certain of our key personnel, and we may not be able to retain these individuals. If we lost the services of Mr. DiMino or our key personnel, our business may be adversely affected and our stock price may decline. In addition, our ability to execute our business plan is dependent on our ability to attract and retain additional highly skilled personnel.

OUR EXECUTIVE OFFICER AND ENTITIES AFFILIATED WITH HIM HAVE SUBSTANTIAL CONTROL OVER US, WHICH COULD DELAY OR PREVENT A CHANGE IN OUR CORPORATE CONTROL FAVORED BY OUR OTHER SHAREHOLDERS.

Our executive officer and director, Mr. DiMino, together with members of the DiMino family, and entities affiliated with them may be deemed to beneficially own, in the aggregate, approximately 38% of our outstanding common stock. The interests of our current officer and director shareholder may differ from the interests of our other shareholders. As a result, the current officer and director would have the ability to exercise substantial control over all corporate actions requiring shareholder approval, irrespective of how our other shareholders may vote, including the following actions:

the election of directors;
adoption of stock option plans;
the amendment of charter documents; or
the approval of certain mergers and other significant corporate transactions, including a sale of substantially all of our assets.

PENNY STOCK REGULATIONS MAY IMPOSE CERTAIN RESTRICTIONS ON MARKETABILITY OF OUR SECURITIES.

As of March 31, 2018 our common stock was exempt from the definition of a Penny Stock under SEC under Rule 240.3a51-1 because it meets one of the following tests: 1) A price of over \$5 per share, 2) the issuer has Average Revenue of at least \$6 million for the last 3 years, or 3) the issuer has Net Tangible Assets in excess of \$2 million if the issuer has been in continuous operations for at least 3 years or \$5 million if less than 3 years. Should we not meet one of the aforementioned requirements in the future, our common stock would be subject to penny stock rules. Penny stock rules, may discourage broker-dealers from effecting transactions in our common stock or affect their ability to sell our securities. As a result, purchasers and current holders of our securities could find it more difficult to sell their securities. Our stock is traded on the OTC Marketplace Venture Market referred to as the OTCQB. Trading volume of OTCQB stocks have been historically lower and more volatile then stocks traded on an exchange or the Nasdaq Stock Market. In addition, we may be subject to rules of the SEC that impose additional requirements on broker-dealers when selling penny stocks to persons other than established customers and accredited investors. In general, an accredited investor is a person with assets in excess of \$1,000,000 or annual income exceeding \$200,000 individually, or \$300,000 together with his or her spouse. The relevant SEC regulations generally define penny stocks to include any equity security not traded on an exchange or the Nasdaq Stock Market with a market price (as defined in the regulations) of less than \$5 per share. Under the penny stock regulations, a broker-dealer must make a special suitability determination as to the purchaser and must have the purchaser's prior written consent to the transaction. Prior to any transaction in a penny stock covered by these rules, a broker-dealer must deliver a disclosure schedule about the penny stock market prepared by the SEC. Broker-dealers must also make disclosure concerning commissions payable to both the broker-dealer and any registered representative and provide current quotations for the securities. Finally, broker-dealers are required to send monthly statements disclosing recent price information for the penny stock held in an account and information on the limited market in penny stocks.

OUR STOCK PRICE, LIKE THAT OF MANY SMALL COMPANIES, HAS BEEN AND MAY CONTINUE TO BE VOLATILE.

We expect that the market price of our common stock will fluctuate as a result of variations in our quarterly operating results and other factors beyond our control. These fluctuations may be exaggerated if the trading volume of our common stock is low.

WE HAVE NOT PAID DIVIDENDS IN THE PAST AND DO NOT EXPECT TO PAY DIVIDENDS IN THE FUTURE, AND ANY RETURN ON INVESTMENT MAY BE LIMITED TO THE VALUE OF YOUR STOCK.

We have never paid any cash dividends on our common stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future and any return on investment may be limited to the value of your stock. We plan to retain any future earnings to finance growth.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 2. PROPERTIES

We are headquartered at 224 Pegasus Avenue, Northvale, New Jersey. We lease approximately 16,000 square feet of combined office and warehouse space from an unaffiliated third party with a monthly rent of \$8,478 subject to certain increases. The lease expires in June 2028. The Company and its subsidiary utilize portions of the leased space.

We believe that our existing facilities are suitable as office, storage, laboratory and manufacturing space, and are adequate to meet our current needs. We further believe that such properties are adequately covered by insurance.

We do not own any real property for use in our operations or otherwise.

ITEM 3. LEGAL PROCEEDINGS

NONE

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

MARKET INFORMATION

The Company's common stock trades on the OTCQB Marketplace, operated by OTC Markets Group, Inc. under the symbol "ADMT."

The table below sets forth the high and low bid information for our common stock on the OTCQB Marketplace for the indicated periods and reflects inter-dealer prices, without retail mark-up, mark-down, or commission, and may not necessarily represent actual transactions.

Quarter Ended	High Bid	Low Bid
Fiscal 2018		
31-Mar-18	\$0.20	\$0.18
31-Dec-17	\$0.18	\$0.14
30-Sep-17	\$0.16	\$0.15
30-Jun-17	\$0.20	\$0.17
Fiscal 2017		
31-Mar-17	\$0.19	\$0.18
31-Dec-16	\$0.19	\$0.16
30-Sep-16	\$0.17	\$0.15
30-Jun-16	\$0.18	\$0.18

HOLDERS OF RECORD

As of March 31, 2018, 67,588,504 shares of the Company's common stock were issued and outstanding. On March 31, 2018, there were 1,323 shareholders of record.

DIVIDENDS

The Company has never paid any cash dividends on its common stock and has no intention of paying cash dividends in the foreseeable future. The Company intends to retain all earnings, if any, for use in the operation and expansion of its business.

EQUITY COMPENSATION PLAN

As of March 31, 2018, we did not have any compensation plans (including individual compensation arrangements) under which our equity securities were authorized for issuance.

ITEM 6. SELECTED FINANCIAL DATA.

Not Applicable

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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-K 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 this Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenues are recognized when products are shipped to end users. Shipments to distributors are recognized as sales where no right of return exists. Shipping and handling charges and costs are immaterial. 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. We have no other post shipment obligations and sales returns have been immaterial. To date warranty expense has been less than \$2,000 annually and accordingly, due to the immaterial amount, no accrual for future warranty costs were recognized at delivery of the product.

USE OF ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally

accepted in the United States of America. The preparation of these 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.

RECENTLY ISSUED 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 expects to continue recognizing revenue at the time it’s products are shipped, and therefore adoption of the standard did not have a material impact on its financial statements and is not expected to have a material impact in the future. The Company anticipates it will expand its financial statement disclosures in order to comply with the disclosure requirements of the ASU beginning in the first quarter of fiscal 2018.

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 of 2017, and the implementation did not have a material impact on the Company's 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 financial statements. This ASU will be adopted by the Company in April of 2018. We do not believe that this ASU will have a material impact on our 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 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 financial statements.

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.

BUSINESS OVERVIEW

ADM is a corporation that was organized under the laws of the State of Delaware on November 24, 1969. During the years ended March 31, 2018 and 2017, our operations were conducted through ADM itself and its subsidiary, Sonotron.

We are a technology-based developer and manufacturer of diversified lines of products and services in the following areas: electronics for non-invasive medical and other applications; research, development, regulatory and engineering services; and, environmentally safe chemical products for industrial, cosmetic and topical uses.

RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2018 AS COMPARED TO MARCH 31, 2017.

For the Year Ended March 31, 2018

	Chemical	Electronics	Engineering	Total
Revenue	\$1,391,522	\$1,056,384	\$1,306,306	\$3,754,212
Cost of Sales	632,467	809,805	423,636	1,865,908
Gross Profit	759,055	246,579	882,670	1,888,304
Gross Profit Percentage	55 %	23 %	68 %	50.3 %
Operating Expenses	724,444	549,967	680,081	1,954,492
Operating Income (Loss)	34,611	(303,388)	202,589	(66,188)
Other income (expenses)	3,905	2,965	4,055	10,925
Income (loss) before (provision) benefit from income taxes	\$38,576	\$(300,423)	\$206,644	\$(55,263)

For the Year Ended March 31, 2017

	Chemical	Electronics	Engineering	Total
Revenue	\$1,285,353	\$1,820,490	\$2,165,388	\$5,271,231
Cost of Sales	695,435	936,265	979,793	2,611,493
Gross Profit	589,918	884,225	1,185,595	2,659,738
Gross Profit Percentage	46 %	49 %	55 %	50.5 %
Operating Expenses	373,547	522,741	624,889	1,521,177
Operating Income (Loss)	216,371	361,484	560,706	1,138,561
Other income (expenses)	(439)	(623)	(739)	(1,801)
Income (loss) before (provision) benefit from income taxes	\$215,932	\$360,861	\$559,967	\$1,136,760

Variance

	Chemical	Electronics	Engineering	Total
Revenue	\$ 106,169	\$ (764,106)	\$ (859,082)	\$ (1,517,019)
Cost of Sales	(62,968)	(126,460)	(556,157)	(745,585)
Gross Profit	169,137	(637,646)	(302,925)	(771,434)
Gross Profit Percentage	9 %	-25 %	13 %	0.3 %
Operating Expenses	350,897	27,226	55,192	433,315
Operating Income (Loss)	(181,760)	(664,872)	(358,117)	(1,204,749)
Other income (expenses)	4,344	3,588	4,794	12,726
Income (loss) before benefit from income taxes	\$(177,416)	\$(661,284)	\$(353,323)	\$(1,192,023)

REVENUES AND GROSS MARGINS

Revenues decreased \$1,517,019, or 29% from the prior year, which resulted from decreases of \$859,082 in the engineering segment and \$764,106 in the electronics segment offset by an increase of \$106,169 in the chemicals segment. The decrease in engineering services and electronics was primarily the result of a reduction of several projects for one customer.

Engineering services revenues were also primarily reduced due to the Company's decision to expend increased engineering resources on research and development activities of its proprietary medical devices in accordance with management's plan to expedite the commercialization of these technologies.

OPERATING INCOME (LOSS)

Loss from operations for the year ended March 31, 2018 was \$66,188 and 2017 showed income from operations of \$1,138,561, a decrease of \$1,204,749 or 106%.

Selling, general and administrative expenses increased by \$162,613 or 13%, from \$1,241,991 to 1,404,604, mainly due to increases in salaries of \$78,325, increase in advertising and promotion of \$16,168, increases in professional fees of \$26,026, increases in insurance of \$24,873, and increases in royalties and commissions of \$209,725 off-set by decreases in Engineering and Regulatory expenses of \$160,695.

INCOME TAXES

During the fourth quarter, the Company calculated that it is entitled to federal and state research and development credits totaling approximately \$495,000. This offset the increase in deferred income taxes due to the decrease in the federal corporate tax rates.

NET INCOME AND NET LOSS PER SHARE

Net income for the fiscal years ended March 31, 2018 and 2017 was \$109,737 and \$1,205,760 or \$0.00 and \$0.02 per share, respectively.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2018, we had cash and cash equivalents of \$1,693,532 as compared to \$1,982,276 at March 31, 2017. The decrease of \$288,744 was primarily the result of cash used in operations in the amount of \$259,870 offset by cash from financing activities of \$28,874. We expect to have enough cash to fund operations for the next twelve months.

Future Sources of Liquidity:

We expect our primary source of cash during fiscal 2019 to be net cash provided by operating activities. 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.

If we do not generate sufficient cash from operations, face unanticipated cash needs or do not otherwise have sufficient cash, 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 \$1,693,532 as of March 31, 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.

Although we expect available funds and funds generated from our operations to be sufficient to meet our anticipated needs for a minimum of 12 months, we may need to obtain additional capital to continue to operate and grow our business. Our cash requirements may vary materially from those currently anticipated due to changes in our operations, including our marketing and sales activities, product development, and the timing of our receipt of revenues. We do not have any material external sources of liquidity or unused sources of funds. Our ability to obtain additional financing in the future will depend in part upon the prevailing capital market conditions, as well as our business performance. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us or at all. Additionally, we will continue to reduce certain of our expenses in order to assist in meeting our capital needs.

OPERATING ACTIVITIES

Net cash used by operating activities was \$259,870 for the fiscal year ended March 31, 2018. Cash provided during the year ended March 31, 2018 was primarily due to net income of \$109,737, write-off of inventories of \$312,830 and an increase in reserve of bad debt of \$100,000 and off-set by decreases in deferred taxes of \$166,000, a decrease in operating liabilities of \$49,378, depreciation and amortization of \$39,273 and increases in net operating assets of \$672,332.

Net cash provided by operating activities was \$492,918 for the fiscal year ended March 31, 2017. Cash provided during the year ended March 31, 2017 was primarily due to a net income of \$1,205,760, stock-based compensation of

\$98,600 and a decrease in operating liabilities of \$16,800, depreciation and amortization of \$17,538 offset by an increase in net operating assets of \$785,123.

INVESTING ACTIVITIES

For the fiscal year ended March 31, 2018, there was no net cash used or provided by investing activities.

For the fiscal year ended March 31, 2017, net cash provided by investing activities was \$201,576. The primary increase in cash was from the release of restrictions in the restricted cash account of \$233,050 offset by payments in the amount of \$31,474 for the purchase of equipment.

FINANCING ACTIVITIES

For the fiscal year ended March 31, 2018, net cash used in financing activities was \$28,874 due to repayment of the capital lease.

For the fiscal year ended March 31, 2017, net cash used in financing activities was \$111,066 due to the payment of \$96,966 for the repayment of the secured loan and \$14,100 for capital lease payments

INFLATION

We believe our operations have not been and, in the foreseeable future, will not be materially and adversely affected by inflation or changing prices.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ITEM 7A. QUANTATATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY

MARCH 31, 2018 AND 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of ADM Tronics Unlimited, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ADM Tronics Unlimited, Inc. and Subsidiary (the Company) as of March 31, 2018 and 2017, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the two year period ended March 31, 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2018 and 2017, and the results of its consolidated operations and its cash flows for each of the years in the two-year period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Raich Ende Malter & Co. LLP

We have served as the Company's auditor since 2005.

Melville, New York

July 16, 2018

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PART I. FINANCIAL INFORMATION**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS****ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

	March 31, 2018	March 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,693,532	\$1,982,276
Accounts receivable, net of allowance for doubtful accounts of \$125,000 and \$25,000, at March 31, 2018 and 2017 respectively	1,207,493	862,619
Inventories	201,023	369,796
Prepaid expenses and other current assets	12,156	35,752
Total current assets	3,114,204	3,250,443
Property and equipment, net of accumulated depreciation of \$70,440 and \$32,562, at March 31, 2018 and 2017 respectively	133,120	170,998
Inventories - long-term portion	111,051	56,611
Intangible assets, net of accumulated amortization of \$10,639 and \$9,244, at March 31, 2018 and 2017 respectively	10,295	11,690
Other assets	91,464	104,907
Deferred tax asset	1,092,000	926,000
Total other assets	1,437,930	1,270,206
Total assets	\$4,552,134	\$4,520,649
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Capital lease payable	\$31,196	\$30,895
Accounts payable	286,964	269,007
Accrued expenses and other current liabilities	149,382	148,731
Customer deposits	122,167	125,142

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Due to stockholder	<i>130,551</i>	<i>195,562</i>
Total current liabilities	<i>720,260</i>	<i>769,337</i>
Long-term liabilities		
Capital lease payable, net of current portion	<i>54,637</i>	<i>83,812</i>
Total liabilities	<i>774,897</i>	<i>853,149</i>
Stockholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$.0005 par value; 150,000,000 shares authorized, 67,588,504 shares issued and outstanding	<i>33,794</i>	<i>33,794</i>
Additional paid-in capital	<i>33,294,069</i>	<i>33,294,069</i>
Accumulated deficit	<i>(29,550,626)</i>	<i>(29,660,363)</i>
Total stockholders' equity	<i>3,777,237</i>	<i>3,667,500</i>
Total liabilities and stockholders' equity	<i>\$4,552,134</i>	<i>\$4,520,649</i>

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

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Net revenues	\$3,754,212	\$5,271,231
Cost of sales	1,865,908	2,611,493
Gross profit	1,888,304	2,659,738
Operating expenses:		
Research and development	527,659	168,812
Selling, general and administrative	1,404,604	1,241,991
Stock based compensation	-	98,600
Depreciation and amortization	22,229	11,774
Total operating expenses	1,954,492	1,521,177
Income (loss) from operations	(66,188)	1,138,561
Other income (expense):		
Interest income	17,632	3,146
Interest expense	(6,707)	(4,947)
Total other income (expense)	10,925	(1,801)
Income (loss) before (provision) benefit for income taxes	(55,263)	1,136,760
(Provision) benefit for income taxes:		
Current	(1,000)	-
Deferred	166,000	69,000
Total benefit for income taxes	165,000	69,000
Net income	\$109,737	\$1,205,760
Basic and diluted earnings per common share:	\$0.00	\$0.02
Weighted average shares of common stock outstanding - basic	67,588,504	67,145,150

Weighted average shares of common stock outstanding - diluted *67,588,504* *67,145,150*

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

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ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at March 31, 2016	67,008,504	\$33,504	\$33,195,759	\$(30,866,123)	\$2,363,140
Stock based compensation	580,000	290	98,310	-	98,600
Net income	-	-	-	1,205,760	1,205,760
Balance at March 31, 2017	67,588,504	33,794	33,294,069	(29,660,363)	3,667,500
Net income	-	-	-	109,737	109,737
Balance at March 31, 2018	67,588,504	\$33,794	\$33,294,069	\$(29,550,626)	\$3,777,237

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

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Net income	\$ 109,737	\$ 1,205,760
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	39,273	17,538
Stock based compensation	-	98,600
Write-off of inventories	312,830	8,343
Bad debt	100,000	-
Deferred taxes	(166,000)	(69,000)
Changes in operating assets and liabilities balances:		
Accounts receivable	(444,874)	(273,744)
Inventories	(198,497)	(165,985)
Prepaid expenses and other current assets	37,039	(104,596)
Accounts payable	17,957	(7,164)
Customer deposits	(2,975)	16,800
Accrued expenses and other current liabilities	651	(182,500)
Due to stockholder	(65,011)	(51,134)
Net cash provided by (used in) operating activities	(259,870)	492,918
Cash flows from investing activities:		
Purchase of equipment	-	(31,474)
Restricted cash	-	233,050
Net cash provided by investing activities	-	201,576
Cash flows from financing activities:		
Repayments of notes payable	-	(96,966)
Repayments of capital lease payable	(28,874)	(14,100)
Net cash (used in) financing activities	(28,874)	(111,066)
Net increase (decrease) in cash and cash equivalents	(288,744)	583,428
Cash and cash equivalents - beginning of year	1,982,276	1,398,848
Cash and cash equivalents - end of year	\$ 1,693,532	\$ 1,982,276

Cash paid for:		
Interest	\$6,707	\$4,947
Taxes	\$-	\$31,604
Non-cash investing activities		
Purchase of equipment with the assumption of capital lease obligation	\$-	\$128,807

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

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ADM TRONICS UNLIMITED, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE 1 – NATURE OF BUSINESS

ADM Tronics Unlimited, Inc. ("we", "us", "the Company" or "ADM"), was incorporated under the laws of the state of Delaware on *November 24, 1969*. We are a manufacturing and engineering concern whose principal lines of business are the design, manufacture and sale of electronics of our own products or on a contract manufacturing basis; the production and sale of chemical and antistatic products; and, research, development and engineering services.

Electronic equipment is manufactured in accordance with customer specifications on a contract basis. Our electronic device product line consists principally of proprietary devices used in diagnostics and therapeutics of humans and animals and electronic controllers for spas and hot tubs. These products are sold to customers located principally in the United States. We are registered with the FDA as a contract manufacturing facility and we manufacture medical devices for customers in accordance with their designs and specifications. Our chemical product line is principally comprised of water-based chemical products used in the food packaging and converting industries, and anti-static conductive paints, coatings and other products. These products are sold to customers located in the United States, Australia, Asia and Europe. We also provide research, development, regulatory and engineering services to customers. Our Sonotron Medical Systems, Inc. subsidiary ("Sonotron") is involved in medical electronic therapeutic technology.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of ADM Tronics Unlimited, Inc. and its subsidiary Sonotron (the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 deferred tax assets, valuation allowance, impairment of long lived assets, fair value of equity instruments for services, allowance for doubtful accounts, and warranty reserves. Actual amounts could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

For certain of our financial instruments, including accounts receivable, accounts payable, and accrued expenses, the carrying amounts approximate fair value due to their relatively short maturities.

CASH AND CASH EQUIVALENTS

Cash equivalents are comprised of certain highly liquid investments with maturities of *three* months or less when purchased. We maintain our cash in bank deposit accounts, which at times, *may* exceed federally insured limits. We have *not* experienced any losses to date as a result of this policy. Cash and cash equivalents held in these accounts are currently insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a maximum of \$250,000 per institution. At *March 31, 2018*, approximately \$1,438,000 exceeded the FDIC limit.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The carrying amounts of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will *not* be collected. Management individually reviews all accounts receivable balances that exceed the due date and estimates the portion, if any, of the balance that will *not* be collected. Management provides for probable uncollectible amounts through a charge to expenses and a credit to a valuation allowance, based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowance for doubtful accounts was increased for the fiscal year ended *March 31, 2018* to \$125,000, up from \$25,000 for the fiscal year ended *March 31, 2017*.

REVENUE RECOGNITION

ELECTRONICS:

We recognize revenue from the sale of our electronic products when they are shipped to the purchaser. We offer a limited 90-day warranty on our electronics products and contract manufacturing and a limited 5-year warranty on our electronic controllers for spas and hot tubs. 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 fiscal years ended *March 31, 2018* and *2017*. For contract manufacturing, revenues are recognized after shipment of the completed products.

CHEMICAL PRODUCTS:

Revenues are recognized when products are shipped to end users. Shipments to distributors are recognized as revenue when *no* right of return exists.

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.

WARRANTY LIABILITIES

The Company's provision for estimated future warranty costs is based upon historical relationship of warranty claims to sales. Based upon historical experience, the Company has concluded that *no* warranty liability is required as of the consolidated balance sheet dates. However, the Company periodically reviews the adequacy of its product warranties and will record an accrued warranty reserve if necessary.

INVENTORIES

Inventories are stated at the lower of cost (*first-in, first-out* method) and net realizable value. Inventories that are expected to be sold within *one* operating cycle (*1* year) are classified as a current asset. Inventories that are *not* expected to be sold within *1* year, based on historical trends, are classified as Inventories - long term portion. Obsolete inventory is written off annually.

PROPERTY AND EQUIPMENT

We record our property and equipment at historical cost. We expense maintenance and repairs as incurred. Depreciation is provided for by the straight-line method over *five* to *seven* years, the estimated useful lives of the property and equipment.

INTANGIBLE ASSETS

Intangible assets are reviewed for impairment whenever changes in circumstances indicate that the carrying amount *may not* be recoverable. In reviewing for impairment, the Company compares the carrying value of the relevant asset to the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. When the estimated undiscounted future cash flows are less than their carrying amount, an impairment loss is recognized equal to the difference between the assets' fair value and its carrying value.

ADVERTISING COSTS

Advertising costs are expensed as incurred and amounted to \$62,297 and \$46,129 for the fiscal years ended *March 31, 2018* and *2017*, respectively.

SHIPPING AND HANDLING COSTS

Shipping and handling costs incurred for the years ended *March 31, 2018* and *2017* were approximately \$2,904 and \$6,092, respectively. Such costs are included in selling, general, and administrative expenses in the accompanying consolidated statements of income.

INCOME TAXES

We report the results of our operations as part of a consolidated Federal tax return with our subsidiary. Deferred income taxes result primarily from temporary differences between financial and tax reporting. Deferred tax assets and liabilities are determined based on the difference between the financial statement bases and tax bases of assets and liabilities using enacted tax rates. A valuation allowance is recorded to reduce a deferred tax asset to that portion that is expected to more likely than *not* be realized.

The Company has adopted the authoritative accounting guidance with respect to accounting for uncertainty in income taxes, which clarified the accounting and disclosures for uncertain tax positions related to income taxes recognized in the consolidated financial statements and addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than *not* sustain the position following an audit. For tax positions meeting the more-likely-than-*not* threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Company files income tax returns in several jurisdictions. The Company's tax returns remain subject to examination, by major jurisdiction, for the years ended *March 31*, as follows:

Jurisdiction Fiscal Year

Federal 2014 and beyond
New Jersey 2013 and beyond

There are currently *no* tax years under examination by any major tax jurisdictions.

The Company will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of *March 31, 2018* and *2017*, the Company has *no* accrued interest or penalties related to uncertain tax positions.

NET EARNINGS PER SHARE

We compute basic earnings per share by dividing net income/loss by the weighted average number of common shares outstanding. 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. Common equivalent shares are excluded from the computation of net earnings per share if their effect is anti-dilutive.

Per share basic and diluted net income amounted to $\$(0.00)$ and $\$0.02$ for the fiscal years ended *March 31, 2018* and *2017*, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

Effective *April 1, 2018*, the Company adopted ASC Topic 606 “Revenue from Contracts with Customers” (“ASC 606”), using the modified retrospective method. This guidance supersedes nearly all existing revenue recognition guidance under 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 expects to continue recognizing revenue at the time it’s 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. The Company anticipates it will expand its financial statement disclosures in order to comply with the disclosure requirements of the ASC 606 beginning in the *first* quarter of fiscal *2018*.

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 of 2017*, and the implementation did *not* have a material impact on the Company's

consolidated financial statements.

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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 financial statements. This ASU was adopted by the Company in *April of 2018* and is not expected to have a material impact on our 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.

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 *March 31, 2018* consisted of the following:

Current	Long Term	Total
---------	--------------	-------

Raw materials	\$168,640	\$110,433	\$279,073
Finished goods	32,383	618	33,001
	\$201,023	\$111,051	\$312,074

Inventories at *March 31, 2017* consisted of the following:

	Current	Long Term	Total
Raw materials	\$338,443	\$56,611	\$395,054
Finished goods	31,353	-	31,353
	\$369,796	\$56,611	\$426,407

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

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of *March 31, 2018* and *2017* is as follows:

	2018	2017
Computer equipment	\$-	\$-
Machinery and equipment	199,810	199,810
Leasehold improvements	3,750	3,750
	203,560	203,560
Accumulated depreciation and amortization	(70,440)	(32,562)
Property and equipment, net	\$133,120	\$170,998

Depreciation and amortization expense related to property and equipment amounted to \$37,878 and \$16,142 for the years ended *March 31, 2018* and *2017*, respectively.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets are being amortized using the straight line method over periods ranging from 3-15 years with a weighted average remaining life of approximately 7 years.

	March 31, 2018			March 31, 2017				
	Cost	Average Amortization Period (years)	Weighted Accumulated Amortization	Net Carrying Amount	Cost	Average Amortization Period (years)	Weighted Accumulated Amortization	Net Carrying Amount
Patents & Trademarks	\$20,934	15	\$ (10,639)	\$ 10,295	\$20,934	15	\$ (9,244)	\$ 11,690

Amortization expense was \$1,395 for each of the years ended *March 31, 2018* and *2017*.

Estimated aggregate future amortization expense related to intangible assets is as follows:

For the fiscal years ended March 31,:	
2019	\$ 1,395
2020	1,395
2021	1,395
2022	1,395
2023	1,395
Thereafter	3,320
	\$ 10,295

NOTE 6 – NOTE PAYABLE, BANK

On *August 21, 2008*, the Company entered into a note payable with a commercial bank in the amount of *\$200,000*. This note bears interest at a rate of *2%* above the interest rate for the Company's savings account at this bank. Interest rate at *March 31, 2016* was *2.15%*. The note was secured by cash on deposit with the institution, which was classified as restricted cash. Amounts outstanding under the note were payable on demand, and interest is payable monthly. During the year ended *March 31, 2017*, the Note was paid-off and the restrictions were lifted from the cash account.

NOTE 7 – CAPITAL LEASES

During *September 2016* the Company leased equipment with a cost of approximately *\$129,000*, under provisions of various long-term capital leases whereby the minimum lease payments have been capitalized. Accumulated depreciation at *March 31, 2018* is approximately *\$35,000*. The leases expire over various years through *2021*. Depreciation of the leased assets is included in depreciation and amortization expense. The lease obligations are secured by the leased assets.

Future minimum lease payments under the above capital leases, as of *March 31, 2018*, are approximately as follows:

**For the Years
Ending**

March 31,	
2019	<i>35,000</i>
2020	<i>35,000</i>
2021	<i>18,000</i>
	<i>88,000</i>
<i>Less: Amount</i>	
<i>attributable to</i>	
<i>imputed interest</i>	<i>2,000</i>
Present value of	
minimum lease	<i>86,000</i>
payments	
<i>Less: Current</i>	
<i>maturities</i>	<i>31,000</i>

\$ 55,000

NOTE 8 – CONCENTRATIONS

During the year ended *March 31, 2018*, *three* customers accounted for *58%* of our net revenues. During the year ended *March 31, 2017*, *one* customer accounted for *59%* of our net revenue. As of *March 31, 2018*, *two* customers accounted for *93%* of our accounts receivable. As of *March 31, 2017*, *one* customer represented *83%* of our accounts receivable. The loss of these major customers could have a material impact on our operations and cash flow.

The Company's customer base is comprised of foreign and domestic entities with diverse demographics. Revenues from foreign customers represented \$341,415 of net revenues or 8.8% for the year ended *March 31, 2018*. Revenues from foreign customers represented \$332,693 of net revenues or 6.3% for the year ended *March 31, 2017*.

NOTE 9 - SEGMENT INFORMATION

Information about segments is as follows:

	Chemical	Electronics	Engineering	Total
Year ended March 31, 2018				
Revenues	\$1,391,522	\$1,056,384	\$1,306,306	\$3,754,212
Segment operating income (loss)	\$34,611	\$(303,388)	\$202,589	\$(66,188)
Year ended March 31, 2017				
Revenues	\$1,285,353	\$1,820,490	\$2,165,388	\$5,271,231
Segment operating income	\$216,371	\$361,484	\$560,706	\$1,138,561
Total assets at March 31, 2018	\$1,687,276	\$1,280,908	\$1,583,950	\$4,552,134
Total assets at March 31, 2017	\$1,110,111	\$1,553,484	\$1,857,054	\$4,520,649

NOTE 10 - INCOME TAXES

At *March 31, 2018*, the Company had federal and state net operating loss carry-forwards, (NOL's) of approximately *\$1,973,000*, which are due to expire through fiscal 2033. These NOLs *may* be used to offset future taxable income through their respective expiration dates and thereby reduce or eliminate our federal and state 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 NOL's and 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.

Significant components of deferred tax assets are as follows as of *March 31, 2018* and *2017*:

	2018	2017
Deferred tax assets (liabilities):		
Net operating loss carry-forward	\$554,000	\$915,000
Stock based compensation	196,000	279,000
Research & development tax credit carry-forward	495,000	-
Other	43,000	11,000
Deferred tax assets	1,288,000	1,205,000
Valuation allowance	(196,000)	(279,000)
Deferred tax asset, net	\$1,092,000	\$926,000

The change in the valuation allowance for the year ended *March 31, 2017* increased by *\$521,000*.

The benefit from income taxes for the years ended at *March 31, 2018* and *2017* differs from that amount using the statutory federal income tax rate as follows:

	2018	2017
Statutory federal income tax rate	31%	34%
Change in valuation allowance	263%	(40%)
Effective income tax rate	294%	(6%)

NOTE 11 - 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 *March 31, 2018* is as follows:

For the years ended <i>March 31</i> ,	Amount
2019	\$102,562
2020	101,875
2021	101,875
2022	101,875
2023	101,875
Thereafter	559,844
	\$1,069,906

Rent and real estate tax expense for all facilities for the years ended *March 31, 2018* and *2017* was approximately \$128,000 and \$127,000, respectively.

NOTE 12 – STOCK BASED COMPENSATION

On *September 2, 2015*, ADM granted an additional *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 following table summarizes information on all common share purchase options issued by us as of *March 31, 2018* and *2017*.

	2018 # of Shares	Weighted Average Exercise Price	2017 # of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	<i>3,000,000</i>	<i>\$ 0.20</i>	<i>3,000,000</i>	<i>\$ 0.20</i>
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, end of year	<i>3,000,000</i>	<i>\$ 0.20</i>	<i>3,000,000</i>	<i>\$ 0.20</i>
Exercisable, end of year	<i>3,000,000</i>	<i>\$ 0.20</i>	<i>3,000,000</i>	<i>\$ 0.20</i>

On October 26, 2016, ADM issued 290,000 shares of common stock at par value of \$.0005 to two privately held companies for consulting and public relation services. On March 15, 2017, ADM issued an additional 290,000 shares at a par value of \$.0005 to the same companies for additional services. During the year ended March 31, 2017, ADM issued a total of 580,000 shares of common stock. We estimated the value of these services to be \$98,600 based on the quoted market price of a share of common stock on the date of issuance.

NOTE 13 - RESTATEMENTS

During the audit of March 31, 2018, it was discovered that there were certain inventory and allocation errors during the quarters.

The following summarizes these adjustments:

	Quarter 1	Quarter 2	Quarter 3			
<u>As originally reported:</u>						
Revenue						
Chemical	\$308,355	\$310,757	\$432,803			
Electronics	493,592	343,165	123,685			
Engineering	344,408	415,784	464,554			
	1,146,355	1,069,706	1,021,042			
Cost of revenue						
Chemical	107,995	138,418	232,553			
Electronics	214,723	118,317	90,021			
Engineering	133,827	99,203	216,610			
	456,545	355,938	539,184			
Gross Profit						
Chemical	200,360	172,339	200,250			
Electronics	278,869	224,848	33,664			
Engineering	210,581	316,581	247,944			
	689,810	713,768	481,858			
Gross Profit %						
Chemical	65	% 55	% 46	%		
Electronics	56	% 66	% 27	%		
Engineering	61	% 76	% 53	%		
	60	% 67	% 47	%		
Operating Income						
Chemical	65,446	21,109	2,068			
Electronics	42,646	74,335	(21,809)			
Engineering	59,899	115,914	35,394			
	167,991	211,358	15,653			
Net Income (Loss)	\$91,883	\$134,559	\$(215,817)			
<i>Adjustments:</i>						
Engineering Revenue	\$-	\$138,567	\$-			
Engineering Cost of Sales	(18,667)	(15,184)	(81,101)			
Electronics Inventory Write Off	182,917	11,140	12,979			
<u>As adjusted</u>						
Revenue						
Chemical	\$308,355	\$310,757	\$432,803			

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Electronics	493,592	343,165	123,685		
Engineering	344,408	277,217	464,554		
	1,146,355	931,139	1,021,042		
Cost of revenue					
Chemical	107,995	138,418	232,553		
Electronics	397,640	129,457	103,000		
Engineering	115,160	84,019	135,509		
	620,795	351,894	471,062		
Gross Profit					
Chemical	200,360	172,339	200,250		
Electronics	95,952	213,708	20,685		
Engineering	229,248	193,198	329,045		
	525,560	579,245	549,980		
Gross Profit %					
Chemical	65	% 55	% 46	%	
Electronics	19	% 62	% 17	%	
Engineering	67	% 70	% 71	%	
	46	% 62	% 54	%	
Operating Income					
Chemical	65,446	21,109	2,068		
Electronics	(140,271)	63,195	(34,788)		
Engineering	78,566	(7,469)	116,495		
	3,741	76,835	83,775		
Net Income (Loss)	\$(72,367)	\$36	\$(147,695)		

Note 14 – Legal Proceedings

The Company is involved in a lawsuit with a private company that was hired for advertising and consulting services. The plaintiff filed a lawsuit against the Company, alleging a breach of contract. The Company filed a counterclaim, alleging failure to provide services rendered under the contract. Total damages alleged by the plaintiff is \$41,250. The matter is ongoing and the likelihood of an unfavorable outcome is not known at this time.

NOTE 15 – SUBSEQUENT EVENTS

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

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d - 15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives.

As of the end of the period covered by this Annual Report on Form 10-K, we carried out an evaluation, with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based on that evaluation as of March 31, 2016, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) over our company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal control over financial reporting as of March 31, 2018, based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on its assessment, management has concluded that our internal control over financial reporting was not effective as of March 31, 2018.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

The determination that our disclosure controls and procedures were not effective as of March 31, 2018 are 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 fairly present, in all material respects, the Company's consolidated balance sheets as of March 31, 2018 and 2017 and the related consolidated statements of income, stockholders' equity (deficiency), and cash flows for the years ended March 31, 2018 and 2017, in conformity with generally accepted accounting principles, notwithstanding the material weaknesses we identified.

INTERNAL CONTROL OVER FINANCIAL REPORTING.

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following table sets forth the name, position and age of the Company's sole executive officer and director. The Company's director serves until the next annual meeting of stockholders or until no successors is elected and qualified. Officers are elected by the board of directors and their terms of offices are, except to the extent governed by employment contracts, at the discretion of the board of directors.

Name	Age	Position
Andre' DiMino	62	President, Chief Executive Officer Chief Financial Officer, Director

Andre' DiMino has served as President of the Company since December 2001 and a director and Chief Financial Officer of the Company since 1987. Prior thereto, Mr. DiMino served as Executive Vice President and Chief Operating Officer since 1991 and Secretary and Treasurer of the Company since 1978. Mr. DiMino also served as the Technical Director of ADM Tronics from 1982 to 1991. Mr. DiMino served as Vice Chairman, Executive Vice President and Chief Technology officer of ITI from August 2008 to February 2010. He also served as Vice Chairman and Co-Chief Executive Officer of ITI from October 2006 to August 2008, and as Chairman and Chief Financial

Officer from January 2004 until October 2006 and served as President of ITI from 1989 to January 2004. Since February 12, 2010, Mr. DiMino has served as Vice President-Engineering, Manufacturing and Regulatory for IHS.

AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT

Although the Company is engaged in ongoing efforts to engage qualified board members, the Company does not have a separately designated audit committee or compensation committee at this time. Accordingly, the Company's Board of Directors also has determined that the Company does not have an audit committee financial expert. The Company continues to seek new board members in order to appoint a separately designated audit committee. The functions which would be performed by an audit committee are performed by the Board of Directors as a whole.

DIRECTOR INDEPENDENCE

We currently do not have any independent directors.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act, and the rules and regulations of the Securities and Exchange Commission promulgated there under, requires the Company's directors, executive officers and persons who own beneficially more than 10% of the Company's common stock to file reports of ownership and changes in ownership of such stock with the SEC. Based solely upon a review of such reports, the Company believes that all of its directors, executive officers and 10% stockholders complied with all applicable Section 16(a) filing requirements during the Company's last fiscal year.

CODE OF ETHICS

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of such Code of Ethics has been filed as Exhibit 14.1 to the Annual Report on Form 10-KSB for the fiscal year ended March 31, 2005.

ITEM 11. EXECUTIVE COMPENSATION

Name and Principal Position	Year	Salary	Bonus	Option	Other	Total
Andre' DiMino, Chief Executive Officer	2018	\$ 142,513.00	\$ 14,251.30	\$ -	\$ -	\$ 156,764.30
	2017	\$ 138,972.00	\$ 13,897.00	\$ -	\$ -	\$ 152,869.00

EMPLOYMENT AGREEMENT

On January 10, 2013, we entered into an employment agreement with Andre' DiMino to secure his continued service as President, and Chief Executive Officer (the "Employment Agreement"). The Employment Agreement has a ten-year term which will be automatically extended prior to the end of the then current term for successive one-year periods until either the Company or Mr. DiMino notifies the other at least 120 days prior to the end of the term that such party does not wish to further extend it. The Employment Agreement provides for a minimum annual salary of \$125,000 and a fixed annual bonus equal to 10% of such annual salary, discretionary annual cash bonuses and participation on generally applicable terms and conditions in other compensation and fringe benefit plans. Mr. DiMino's employment agreement requires Mr. DiMino to devote at least a majority of his work-time toward the Company. The Employment Agreement provides that Mr. DiMino will be entitled to severance benefits in the amount of his base salary for a period of 12 months following the date of termination if his employment is terminated without cause or if he resigns for good reason, or 18 months following the date of termination if his employment is terminated without cause or if he resigns for good reason within 12 months following a change in control, in each case subject to the execution and delivery to the Company by Mr. DiMino of a general release.

During the term of the Employment Agreement and for a period of 12 months thereafter, subject to applicable law, Mr. DiMino will be subject to restrictions on competition with the Company and restrictions on the solicitation of the Company's customers and employees. For all periods during and after the term, Mr. DiMino will be subject to nondisclosure and confidentiality restrictions relating to the Company's confidential information and trade secrets and is obligated to assign all developments, related to the Company's business, research and development activities, to the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED

DIRECTORS' COMPENSATION

The Company does not pay fees to its directors, nor does it reimburse its directors for expenses incurred.

STOCKHOLDER MATTERS:

The following table sets forth information regarding ownership of shares of Company's common stock, as of March 31, 2017, by (i) each person known to ADM to be the owner of 5% or more of ADM's common stock (ii) each director and director nominee of ADM, (iii) the Named Officer, and (iv) all directors and officers of ADM as a group. Except as otherwise indicated, each person and each group shown in the table has sole voting and investment power with respect to the shares of the Company's common stock indicated. For purposes of the table below, in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, a person is deemed to be the beneficial owner, for purposes of any shares of Common Stock over which he or she has or shares, directly or indirectly, voting or investment power; or of which he or she has the right to acquire beneficial ownership at any time within 60 days after March 31, 2018. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" includes the power to dispose or direct the disposition of shares. Common Stock beneficially owned and percentage ownership is based on 67,588,504 shares of Common Stock outstanding as of March 31, 2018.

Name and Address	Number of		Percentage
	Shares	Beneficially	
	Owned		
Andre' DiMino c/o ADM Tronics Unlimited, Inc. 224 Pegasus Avenue Northvale, NJ 07647	25,880,883	(1)	39 %
The Estate of Eugene Stricker c/o Fifth Avenue Venture Capital Partners 42 Barrett Road Lawrence, NY 11559	4,188,700	(2)	6 %
All Executive Officers and Directors as a group	25,880,883	(3)	39 %

(1) Includes 18,691,223 shares of the Company's common stock directly owned by Andre' DiMino; 960 shares owned by Jenny DiMino, the spouse of Andre' DiMino; 4,188,700 and 3,000,000 shares of the Company's common stock held

by the estate of Eugene Stricker, of which Andre' DiMino may be deemed to be a beneficial owner by reason of his power to vote such shares pursuant to an agreement.

(2) Andre' DiMino may be deemed to be a beneficial owner of such shares by reason of his power to vote such shares pursuant to an agreement. Reference is also made to Footnote No. 1.

(3) Reference is made to Footnote Nos. 1 and 2.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Voting Agreement

Andre' DiMino has a voting agreement with respect to 3,000,000 shares of the Company's common stock held by the estate of Eugene Stricker.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

The aggregate fees billed for professional services rendered by Raich Ende Malter & Co. LLP ("Raich") for the audit of the Company's annual consolidated financial statements for the fiscal years ended March 31, 2018 and 2017, and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for the fiscal years ended March 31, 2018 and 2017, were approximately \$69,000 for each year.

AUDIT-RELATED FEES

The aggregate fees billed in each of the fiscal years ended March 31, 2018 and 2016 for assurance and related services by Raich that are reasonably related to the performance of the audit or review of the Company's financial statements and not reported above under "Audit Fees" were \$0 for each year.

TAX FEES

The aggregate fees billed in each of the fiscal years ended March 31, 2018 and 2017 for professional services rendered by Raich for tax compliance, tax advice and tax planning were \$10,000 for each year.

ALL OTHER FEES

The aggregate fees billed in each of the fiscal years ended March 31, 2018 and March 31, 2017 for products and services provided by Raich other than the services reported above under “Audit Fees”, “Audit Related Fees” and “Tax Fees” were \$0.

AUDIT COMMITTEE ADMINISTRATION OF THE ENGAGEMENT

The Company does not have an audit committee.

PART III, ITEM 15. EXHIBITS

Exhibit

No. Description

- 3.1 Certificate of Incorporation and amendments thereto filed on August 9, 1976 and May 15, 1978 is incorporated by reference to Exhibit 3(a) to the Company's Registration Statement Form 10 (File No. 0-17629) (the "Form 10").
- 3.2 Certificate of Amendment to Certificate of Incorporation filed December 9, 1996 is incorporated by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 1997.
- 3.3 By-Laws are incorporated by reference to Exhibit 3(b) to the Form 10.
- 10.1 Memorandum of Lease by and between the Company and Cresskill Industrial Park III dated as of August 26, 1993 is hereby incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-KSB for the fiscal year March 31, 1994.
- 10.5 Agreement of January 17, 2003 by and between the Company and Fifth Avenue Venture Capital Partners is hereby incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 2003.
- 10.6 Amended and Restated Manufacturing Agreement, dated February 10, 2005, among the Company, Ivivi Technologies, Inc. and Sonotron Medical Systems, Inc. is incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 2005.
- 10.7 Management Services Agreement, dated August 15, 2001, among the Company, Ivivi Technologies, Inc., Sonotron Medical Systems, Inc. and Pegasus Laboratories, Inc., as amended is incorporated by reference to the Company's Annual Report on Form 10-KSB form the fiscal year ended March 31, 2005.
- 10.8* Master Services Agreement dated February 12, 2010 by and between ADM Tronics Unlimited Inc. and Ivivi Health Sciences LLC.

* Filed as an exhibit to the Company's annual report on Form 10K, as filed with the SEC on June 29, 2010, and incorporated herein by this reference.

- 14.1 Code of Ethics is incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 2005.
- 21.1 Subsidiaries of the Company.
- 31.1 Certification of the Chief Executive Officer and Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Chief Executive Officer and Chief Financial Officer of the Company 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 Section 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, thereunto duly authorized this 16th day of July, 2018.

ADM TRONICS UNLIMITED, INC.

By: /s/ Andre' DiMino
Andre' Di Mino
Chief Executive Officer

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.

	Title	Date
/s/ Andre' DiMino	Chief Executive Officer (Principal	July 16, 2018
Andre' DiMino	Executive Officer, Principal Financial Officer and Principal Accounting Officer) and Director	