

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

ADM TRONICS UNLIMITED INC/DE
Form 10QSB
November 12, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2003

OR

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

For the transition period from _____ to _____

Commission File No. 0-17629

ADM TRONICS UNLIMITED, INC.

(Exact name of registrant as specified in its Charter)

| | |
|---|--|
| Delaware | 22-1896032 |
| (State or Other Jurisdiction of Incorporation or organization) | (I.R.S. Employer Identifi- cation Number) |

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

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

Check whether the Issuer (1) has filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for
Such shorter period that the Issuer was required to file such reports),
And (2) has been subject to the filing requirements for the past 90 days:

YES X NO _____

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

50,382,037 shares of Common Stock, \$.0005 par value,
as of October 22, 2003

ADM TRONICS UNLIMITED, INC.

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

INDEX

Page Number

Part I. Financial Information

Item 1. Consolidated Financial Statements:

Consolidated Balance Sheets - September 30, 2003
and March 31, 2003 2

Consolidated Statements of Operations - For the
three months and six months ended September
30, 2003 and 2002 3

Consolidated Statement of Changes in Stockholders'
Equity - For the six months ended September 30, 2003 3

Consolidated Statements of Cash Flows - For the
six months ended September 30, 2003 and 2002 4

Notes to Consolidated Financial Statements 5

Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations 6-7

ADM TRONICS UNLIMITED, INC.
CONSOLIDATED BALANCE SHEETS

| | | (UNAUDITED) SEPTEMBER 30, 2003 | MARCH 31, 2003 |
|-----------------|--------|--------------------------------------|-------------------|
| Current assets: | ASSETS | | |

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

| | | |
|---|-------------|-------------|
| Cash and equivalents | \$ 75,719 | \$ 49,765 |
| Accounts receivable - trade, less allowance for doubtful accounts of \$4,593 | 87,323 | 75,622 |
| Inventories: | | |
| Raw materials and supplies | 142,069 | 201,409 |
| Finished goods | 45,101 | 46,928 |
| Equipment held for sale | 390,831 | 404,771 |
| Other current assets | 57,948 | 57,348 |
| Total current assets | 798,991 | 835,843 |
| Property and equipment | 10,151 | 24,155 |
| Equipment in use and under lease agreements - At cost net of accumulated depreciation of \$587,207 and \$631,365 respectively | 243,359 | 306,860 |
| Loan receivable from officer, bearing interest at 3% per annum, unsecured | 49,188 | 49,891 |
| Other assets | 92,817 | 95,621 |
| Total assets | 1,194,506 | 1,312,370 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable - trade | 184,335 | 200,631 |
| Accrued expenses | 38,890 | 59,579 |
| Total current liabilities | 223,225 | 260,210 |
| Note payable, long-term portion | 135,000 | 135,000 |
| Stockholders' equity | 836,281 | 917,160 |
| Total liabilities and stockholders' equity | \$1,194,506 | \$1,312,370 |

2

ADM TRONICS UNLIMITED, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | THREE MONTHS ENDED | | SIX MONTHS ENDED | |
|---------------------|--------------------|-----------|------------------|------------|
| | SEPTEMBER 30, | | SEPTEMBER 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| Revenues | \$321,475 | \$175,131 | \$593,783 | \$ 428,741 |
| Costs and expenses: | | | | |
| Cost of sales | 172,321 | 75,592 | 331,574 | 154,227 |

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

| | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Selling, general and Administrative | 182,621 | 274,589 | 343,254 | 523,566 |
| Total costs and expenses | 354,942 | 350,181 | 674,828 | 677,793 |
| Operating loss | (33,467) | (175,050) | (81,045) | (249,052) |
| Other income: | | | | |
| Interest and other income | 77 | 63,550 | 166 | 69,443 |
| Net loss | (33,390) | (111,500) | (80,879) | (179,609) |
| Net loss per share | \$(0.001) | \$(0.002) | \$(0.002) | \$(0.004) |

ADM TRONICS UNLIMITED, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2003
(UNAUDITED)

| | Preferred Shares 5,000,000 Authorized \$.01 Par Value | Common Shares 150,000,000 Authorized \$.0005 Par Value | Par Value | Capital in excess of Par Value | Accumulated Deficit | Total |
|--|--|---|--------------|--|------------------------|-----------|
| Balances - March 31, 2003 | - | 50,382,037 | \$25,191 | \$6,792,118 | \$(5,900,149) | \$917,160 |
| Net loss for the period ended September 30, 2003 | | | | | (80,879) | (80,879) |
| Balances - September 30, 2003 | - | 50,382,037 | \$25,191 | \$6,792,118 | \$(5,981,028) | \$836,281 |

3
ADM TRONICS UNLIMITED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | SIX MONTHS ENDED SEPTEMBER 30, | |
|--|-----------------------------------|-------------|
| | 2003 | 2002 |
| Cash flows from Operating activities: | | |
| Net loss | \$(80,881) | \$(179,609) |
| Adjustments to reconcile net income (loss) to net cash from operating activities: | | |
| Depreciation and amortization | 14,003 | 84,761 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable - trade | (10,405) | 82,476 |
| Inventories | 62,049 | 48,272 |
| Other current assets | (600) | 5,009 |
| Equipment in use or under lease | 63,502 | (18,195) |
| Equipment held for sale | 13,940 | 64,200 |

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

| | | |
|--|---------------|-----------------|
| Other assets | 3,469 | (4,324) |
| Accounts payable - trade | (22,980) | (7,134) |
| Accrued expenses and other | (16,143) | (21,314) |
| Net cash flows provided by operating activities | 25,954 | 54,142 |
| Cash flows from Investing activities: | | |
| Purchases of property and equipment | - | (68,843) |
| Repayments of loan to officer | - | 2,600 |
| Net cash flows provided by (used in) investing activities | - | (66,243) |
| Cash flows from Financing activities: | | |
| Payments on notes payable | - | - |
| Net change in cash and cash equivalents | \$ 25,954 | \$ (12,101) |
| Cash and cash equivalents--beginning of year | \$ 49,765 | \$ 51,565 |
| Cash and cash equivalents--end of period | \$ 75,719 | \$ 39,464 |
| Supplemental disclosure of cash flow activities: | | |
| Interest paid | - | - |

4

ADM TRONICS UNLIMITED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1-Basis of Presentation:

The consolidated balance sheet at the end of the preceding fiscal year has been derived from the audited consolidated balance sheet contained in the Company's annual report on Form 10-KSB for the fiscal year ended March 31, 2003 (the "Form 10-KSB") and is presented for comparative purposes. All other financial statements are unaudited. In the opinion of management, all adjustments which include only normal recurring adjustments necessary to present fairly the financial position, results of operations and changes in financial positions for all periods presented have been made. The results of operations for interim periods are not necessarily indicative of the operating results for the full year.

Footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted in accordance with the published rules and regulations of the Securities and Exchange Commission. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

the Form 10-KSB.

Note 2. Segment Information

Information about segment information is as follows:

| Six Months Ended September 30, 2003: | CHEMICAL | MEDICAL | TOTAL |
|--|----------|-----------|-----------|
| Revenues from external customers | 466,747 | 127,036 | 593,783 |
| Segment profit (loss) | (58,317) | (22,502) | (80,879) |
| Six Months Ended September 30, 2002: | | | |
| Revenues from external customers | 385,644 | 43,097 | 428,741 |
| Segment profit (loss) | 94,576 | (274,185) | (179,609) |
| Three Months Ended September 30, 2003: | | | |
| Revenues from external customers | 225,530 | 95,945 | 175,132 |
| Segment profit (loss) | (35,222) | 1,832 | (33,390) |
| Three Months Ended September 30, 2002: | | | |
| Revenues from external customers | 149,589 | 25,543 | 321,475 |
| Segment profit (loss) | (97,359) | (208,859) | (111,500) |

5

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

At September 30, 2003 the Company had cash and equivalents of \$75,719 as compared to \$49,765 at March 31, 2003. This increase was the result of net cash flows provided by operating activities of \$25,954.

Operating Activities

Net cash flows provided by operating activities decreased \$28,188 to \$25,954 for the six months ended September 30, 2003 as compared to net cash flow of \$54,142 for the six months ended September 30, 2002. This decrease was primarily the result of a net decrease in operating assets offset primarily by a reduced loss for the six months ended September 30, 2003 of \$80,879 as compared to a net loss of \$179,609 for the six months ended September 30, 2002.

Investing Activities

There were no investing activities during the period.

Financing Activities

There were no financing activities during the period.

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

The Company does not have any material external sources of liquidity or unused sources of funds.

Results of Operations Quarter Ended September 30, 2003

Revenues

Revenues were \$321,475 in 2003 as compared to \$175,131 in 2002 representing an increase of \$146,344 or 84%. This increase was the result of an increase in revenues from the Company's medical electronic activities of \$70,403 and an increase in chemical revenues of \$75,941.

Gross Profit

Gross profit of \$149,154 in 2003 was \$49,615 or 50% above the gross profit of 99,539 in 2002. Gross profit was 46% of revenues in 2003 as compared with 57% of revenues in 2002. The decrease in gross profit margin was primarily due to the product mix of sales with higher sales of products with a lower gross margin.

Operating Loss

Operating loss in 2003 was \$33,467 compared to \$175,050 in 2002. Selling, general and administrative expenses decreased by \$91,968 or 50% in 2003 primarily due to decreases in personnel and overhead expenses offset by legal and professional fees incurred in the period due to litigation.

6

Other Income

Other income in 2003 was \$77 as compared to \$63,550 in 2002. The decrease was primarily due to reduced income from a joint venture and reduced interest income.

Results of Operations Six Months Ended September 30, 2003

Revenues

Revenues were \$593,783 in 2003 as compared to \$428,741 in 2002 representing an increase of \$165,042 or 39%. Revenues from the Company's medical electronics activities increased \$83,939 and chemical revenues increased \$81,103.

Gross Profit

Gross profit of \$262,209 in 2003 was \$12,305 or 4% lower than the gross profit of \$274,514 in 2002. Gross profit was 44% of revenues in 2003 and 64% in 2002. The decrease in gross profit margin is due to the mix in product sales with higher sales of products with a lower gross margin.

Operating Income (Loss)

Operating loss was \$81,045 in 2003 compared to \$249,052 in 2002. Selling, general and administrative expenses decreased by \$180,312 or 53% in 2003 primarily due to a reduction in personnel and overhead expenses offset by increases in legal and professional fees incurred in the period due to litigation.

Edgar Filing: ADM TRONICS UNLIMITED INC/DE - Form 10QSB

Other Income

Other income of \$166 in 2003 decreased \$69,277 from \$69,443 in 2002 primarily due to reduced income from a joint venture and reduced interest income.

SIGNATURES

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

ADM Tronics Unlimited, Inc.

By:\s\ Andre' DiMino
Andre' DiMino
Principal Financial Officer

Dated: Northvale, New Jersey
November 11, 2003