

ADM TRONICS UNLIMITED INC/DE
Form 10-K
July 14, 2015
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, 2015

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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer []	Accelerated filer []	Non-accelerated filer []	Smaller reporting company [X]
		(Do not check if a smaller reporting company)	

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, 2014, the last business day of the registrant’s most recently completed second fiscal quarter was \$4,687,038.

The number of shares of the Common Stock outstanding as of July 14, 2015 was 64,939,537.

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 environmentally safe chemical products for industrial, medical and cosmetic uses; electronics for non-invasive medical and other applications; 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"). In addition, the Company owns a minority interest in Montvale Technologies, Inc. (formerly known as Ivivi Technologies, Inc.) ("ITI"), which until October 18, 2006 was operated as a subsidiary of the Company. ITI was deconsolidated as of October 18, 2006 upon the consummation of ITI's initial public offering, as we no longer owned a majority of the outstanding common stock of ITI and do not control ITI's operations, but can exert significant influence based on the percentage of ITI's stock owned by us. As a result, our investment in ITI from October 18, 2006 through March 31, 2008 was reported under the equity method of accounting. Since April 1, 2008, we report our investment in ITI at fair value. We owned approximately 28.9% of the outstanding capital stock of ITI. On February 12, 2010 substantially all of the assets of ITI were sold to Ivivi Health Sciences, LLC ("IHS") an unaffiliated entity controlled by ITI's former Chairman of the Board. Concurrent with such asset sale, the Company entered into agreements with IHS for services related to engineering and regulatory matters, and the previous manufacturing agreement with ITI was assigned to IHS. On October 1, 2013 the Company entered into an exclusive distribution agreement for the IHS products manufactured by the Company and sold for human medical applications pursuant to the FDA 510(k) clearance for such products and the previous engineering, regulatory and manufacturing agreements were terminated and replaced with an engineering and regulatory agreement in support of IHS's research and development activities in neurological applications of its technology.

COMPANY PRODUCTS AND SERVICES

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.

On July 17, 2009, we purchased substantially all of the assets of Anti-static Industries of Delaware, Inc., which is now a division of the Company. Antistatic Industries of Delaware, Inc. was a company involved in the research, development and manufacture of water-based and proprietary electrically conductive paints, coatings and other products and accessories. 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, 2015, 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.

CONTRACT MANUFACTURING

The Company derives revenues from contract manufacturing of electronic medical and other devices from its previous affiliate ITI, IHS and other customers. During the years ended March 31, 2015 and 2014, revenues from ITI and IHS contract manufacturing were approximately \$-0- and \$52,648, respectively, or 0% and 2.9% of total revenues, respectively.

SONOTRON TECHNOLOGY

SMI, a majority-owned subsidiary of ADM, has developed a technology, known as the Sonotron Technology, to treat subjects suffering from the pain of inflammatory joint conditions. Although some of the devices utilizing this technology are commercially available for the treatment of animals, none of such devices have received clearance from the U.S. Food and Drug Administration (the "FDA") for human application in the United States. Pursuant to a manufacturing agreement, the Company is the exclusive manufacturer of the Sonotron devices. The Sonotron Technology is the subject of a United States patent (the "Sonotron Patent"), which expires in April 2016.

ACTION

Prior to ceasing operations on April 1, 2013, Action, our wholly-owned subsidiary, was a manufacturer of electronic controllers for spas and hot tubs. As of April 1, 2013 the assets of Action were acquired by the Company and Action ceased operations. The Company now manufactures and sells the electronic controllers for spas and hot tubs.

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, 2015, two customers accounted for 38% of our net revenue. During the year ended March 31, 2014, two customers accounted for 19% of our net revenue. As of March 31, 2015, one customer represented 43% of our accounts receivable. As of March 31, 2014, two customers represented 33% 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 ADM's product sales are distributed to customers directly from ADM's headquarters. Customers place purchase orders with the Company and products are then shipped via common carrier delivery on an "FOB shipping point" basis. A portion of the sales are accomplished through distributors who place purchase orders with ADM for certain quantities of its products which are shipped by common carrier to their respective warehouses. These stocking distributors then ship product to the ultimate customer via common carrier from their inventory of ADM's products. 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 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. The Company 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, 2015 and 2014, research and development expenses with respect to company-sponsored research and development activities were approximately \$38,055 and \$34,859 respectively, of which \$35,676 and \$34,859 was incurred in our chemical business. During such fiscal years, we did not expend any funds on customer-sponsored research and development activities with respect thereto.

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 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 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, 2015, we had 15 full-time employees and 5 part-time employees. As of such date, we had one salaried employee in an executive or managerial position. As of March 31, 2014, we had 13 full-time employees and 3 part-time employees. As of such date, we had one salaried employee in an executive or managerial position.

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.

WE RELY SIGNIFICANTLY ON RAW MATERIALS IN THE PRODUCTION OF OUR PRODUCTS AND FLUCTUATIONS IN COSTS OF SUCH RAW MATERIALS WOULD INCREASE OUR OPERATING EXPENSES.

Our manufacturing operations depend upon obtaining adequate supplies of our raw materials on a timely basis. The loss of a key source of supply or a delay in shipments could have an adverse effect on our business. We are exposed to price risks associated with these raw material purchases. The availability and prices of raw materials may be subject to curtailment or change due to, among other things, new laws or regulations, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates, cost components of raw materials and worldwide price levels. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of raw materials in a timely manner or if the costs of raw materials increased significantly.

WE FACE COMPETITION FROM OTHER COMPANIES, WHICH COULD ADVERSELY AFFECT OUR REVENUE AND FINANCIAL CONDITION.

We actively compete with companies producing the same or similar products and, in some instances, with companies producing different products designed for the same uses. We encounter competition in price, delivery, service, performance, product innovation and product recognition and quality, depending on the product involved. For some of our products, our competitors are larger and have greater financial resources. As a result, these competitors may be better able to withstand a change in conditions within the industries in which we operate, a change in the prices of raw materials or a change in the economy as a whole. Our competitors can be expected to continue to develop and introduce new and enhanced products, which could cause a decline in market acceptance of our products. Current and future consolidation among our competitors and customers may also cause a loss of market share as well as put downward pressure on pricing. Our competitors could cause a reduction in the prices for some of our products as a result of intensified price competition. Competitive pressures can also result in the loss of major customers. If we cannot compete successfully, our business, financial condition and results of operations could be adversely affected.

WE FACE COMPETITION FROM OTHER COMPANIES, WHICH COULD FORCE US TO LOWER OUR PRICES THEREBY ADVERSELY AFFECTING OUR OPERATING MARGINS, FINANCIAL CONDITION, CASH FLOWS AND PROFITABILITY.

The markets in which we operate are highly competitive, and this competition could harm our business, results of operations, cash flow and financial condition. Our competitors include major international producers as well as smaller regional competitors. We believe that a significant competitive factor for our products is selling price. We could be subject to adverse results caused by our competitors' pricing decisions. In addition, current and possible 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 toward relocation of manufacturing facilities to lower-cost regions. Such relocation may permit some of our competitors to lower their costs and improve their competitive position. Some of our competitors are larger, have greater financial resources and have less debt than we do. As a result, those competitors may be better able to withstand a change in conditions and throughout the economy as a whole. If we do not compete successfully, our business, operating margins, financial condition, cash flows and profitability could be adversely affected.

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. See "Item 1. Business - Manufacturer and Suppliers."

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. See "Item 1. Business - Manufacturers and Suppliers."

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 act;
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 are 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

WE HAVE A HISTORY OF SIGNIFICANT AND CONTINUED OPERATING LOSSES AND A SUBSTANTIAL ACCUMULATED EARNINGS DEFICIT AND WE MAY CONTINUE TO INCUR SIGNIFICANT LOSSES.

We have incurred net income of \$398,790 and a net loss of \$225,214 for the fiscal years ended March 31, 2015 and 2014, respectively. At March 31, 2015, we had an accumulated deficit of approximately \$32 million. We may incur additional operating losses, as well as negative cash flows from operations, for the foreseeable future.

The loss or significant reduction in business of any of our key customers could materially and adversely affect our revenues and earnings.

We are highly dependent upon certain customers to generate our revenues. For the fiscal year ended March 31, 2015, two customers accounted for 38% of revenue. For the fiscal year ended March 31, 2014, two customers accounted for 19% of 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 46% 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.

Our common stock is subject to penny stock rules, which 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 Over-the-Counter Bulletin Board (the "OTC Bulletin Board"). Trading volume of OTC Bulletin Board stocks have been historically lower and more volatile than 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 \$8,073 subject to annual increases. The lease expires in June 2019. 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

In August 2012, the Company filed a civil suit in the Superior Court of New Jersey against defendants Wellington Scientific LLC (“Wellington”) and Peter F. Lordi, demanding payment of the convertible note receivable from Wellington in the amount of \$50,000 (plus accrued interest). The Company sued for breach of contract, fraud in the inducement, and other claims. A counterclaim was filed by the defendants. In February 2015 the suit was settled and the claims and counterclaims were dismissed with prejudice including the forgiveness of the convertible note receivable and accrued interest. In accordance with the settlement agreement for the seven years subsequent to the settlement date the Company has agreed to pay Wellington no royalties on the first \$500,000 of any future sales of electronic uroflowmetry diagnostic medical device technology; 1% on future sales from \$500,000 to \$1,000,000; 2% from \$1,000,000 to \$2,000,000; 4% from \$2,000,000 to \$10,000,000 and, then a reduced royalty of 2% on any future sales above \$10,000,000. In addition Lordi and Wellington have disclaimed any future right, title or interest in the electronic uroflowmetry diagnostic medical device technology and any intellectual property related thereto or any related or successor devices that the Company may develop.

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 OTC Bulletin Board under the symbol "ADMT." For the periods indicated, the following table sets forth the high and low bid quotations for the Company's common stock, as reported by the National Quotation Bureau, Inc. The quotations represent inter-dealer quotations without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Quarter Ended	High Bid	Low Bid
Fiscal 2015		
31-Mar-15	\$0.21	\$0.14
31-Dec-14	\$0.25	\$0.20
30-Sep-14	\$0.13	\$0.09
30-Jun-14	\$0.06	\$0.03
Fiscal 2014		
31-Mar-14	\$0.04	\$0.01
31-Dec-13	\$0.03	\$0.02
30-Sep-13	\$0.03	\$0.01
30-Jun-13	\$0.03	\$0.01

HOLDERS OF RECORD

As of March 31, 2015, 64,939,537 shares of the Company's common stock were issued and outstanding. On March 31, 2015, there were 1,324 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, 2015, 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

On May 14, 2014, FASB and IASB issued a new joint revenue recognition standard that supersedes nearly all US GAAP guidance on revenue recognition. The core principal of the standard is that revenue recognition should depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The new standard is effective for the Company for the fiscal year beginning April 1, 2017 and the effects of the standard on the Company's consolidated financial statements are not known at this time.

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

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, 2015 and 2014, 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: environmentally safe chemical products for industrial, cosmetic and topical uses; electronics for non-invasive medical and other applications; and, research, development, regulatory and engineering services.

RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2015 AS COMPARED TO MARCH 31, 2014

For the Year Ended March 31, 2015

	Chemical	Electronics	Engineering	Total
Revenue	\$ 1,077,946	\$ 839,306	\$ 933,296	\$ 2,850,548
Cost of Sales	538,486	546,780	400,324	1,485,590
Gross Profit	539,460	292,526	532,972	1,364,958
Gross Profit Percentage	50%	35%	57%	48%
Operating Expenses	412,553	345,653	356,803	1,115,009
Operating Income (Loss)	126,907	(53,127)	176,169	249,949
Other income (expenses)	40,271	33,740	34,830	108,841
Net Income (Loss)	\$ 167,178	\$ (19,387)	\$ 210,999	\$ 358,790

For the Year Ended March 31, 2014

	Chemical	Electronics	Engineering	Total
Revenue	\$1,099,977	\$457,829	\$251,817	\$1,809,623
Cost of Sales	487,427	387,583	178,920	1,053,930
Gross Profit	612,550	70,246	72,897	755,693
Gross Profit Percentage	56%	15%	29%	42%
Operating Expenses	611,081	264,495	103,909	979,485
Operating Income (Loss)	1,469	(194,249)	(31,012)	(223,792)
Other income (expenses)	(867)	(398)	(156)	(1,421)
Net Income (Loss)	\$602	\$(194,647)	\$(31,168)	\$(225,213)

Variance

	Chemical	Electronics	Engineering	Total
Revenue	\$(22,031)	\$381,477	\$681,479	\$1,040,925
Cost of Sales	51,059	159,197	221,404	431,660
Gross Profit	(73,090)	222,280	460,075	609,265
Gross Profit Percentage	-6%	20%	28%	6%