ADM TRONICS UNLIMITED INC/DE
Form 10QSB
November 14, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2007

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.
(Name of Small Business Issuer in its Charter)

Delaware	22-1896032
(State or Other Jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification 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 [ ]

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

YES [ ] NO [X]

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

53,882,037 shares of Common Stock, $.0005 par value, as of October 31, 2007

ADM TRONICS UNLIMITED, INC.

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ADM TRONICS UNLIMITED, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2007
(Unaudited)

ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,291,738
Accounts receivable, net of allowance for doubtful accounts of $900	76,965
Inventories	283,560
Prepaid expenses and other current assets	98,015
Total current assets	2,750,278
Property and equipment, net of accumulated depreciation of $10,259	45,915

Inventory - long term portion	131,408
Investment in Ivivi	1,826,705
Loan receivable and accrued interest, officer	98,955
Other assets	85,839
Total assets	$ 4,939,100
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 187,871
Accrued expenses and other current liabilities	47,906
Customer deposits - affiliate	98,971
Total current liabilities	334,748
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, 53,882,037 shares issued and outstanding	26,941
Additional paid-in capital	30,566,522
Accumulated deficit	(25,989,111)
Total stockholders' equity	4,604,352
Total liabilities and stockholders' equity	$ 4,939,100

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

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(Unaudited)

	Three months ended September 30,		Six Months ended Sep	
	2007	2006	2007	

Revenues	$ 399,847	$ 570,582	$ 692,933	$
Costs and expenses:				
Cost of sales	249,170	128,096	419,229	
Research and development	1,057	166,313	3,550	
Selling, general and administrative	245,798	2,101,632	494,517	
Total operating expenses	496,025	2,396,041	917,296	
Operating loss	(96,178)	(1,825,459)	(224,363)	(
Interest and financing costs, net	25,647	(885,272)	50,790	(
Change in fair value of warrant and registration rights liabilities	--	198,158	--	
Equity in net loss of Ivivi	(610,817)	--	(1,080,424)	
Net loss	$ (681,348)	$ (2,512,573)	$ (1,253,997)	$ (
Net loss per share, basic and diluted	$ (0.01)	$ (0.05)	$ (0.02)	$
Weighted average shares outstanding, basic and diluted	53,882,037	53,882,037	53,882,037	5

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

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ADM TRONICS UNLIMITED, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(Unaudited)

	2007	200
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(1,253,997)	$(4,70
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	8,726	1
Loss from equity investment	1,080,424	
Stock based compensation	--	1,35
Amortization of loan costs and discount	--	43
Share based financing penalties	--	1,17

Bad debts	(4,059)	3
Change in fair value of warrant and registration rights liabilities	--	2
Amortization of deferred revenue	--	(
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	16,692	(2
Inventory	(127,878)	3
Prepaid expenses and other current assets	(62,885)	(11
Other assets	(6,022)	
Increase in:		
Accounts payable and accrued expenses	19,552	1,14
Customer deposit - affiliate	123,892	
Deferred revenue	--	29
Net cash used by operating activities	(205,555)	(34
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(12,719)	
Receivable from affiliate	11,736	
Net cash used by investing activities	(983)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable, net	--	24
Deferred offering costs	--	(50
Net cash used by financing activities	--	(25
Net decrease in cash	(206,538)	(60
Cash and cash equivalents, beginning of period	2,498,276	98
Cash and cash equivalents, end of period	$ 2,291,738	$ 37
Cash paid for:		
Interest	$ --	$ 11
Income taxes	--	

NONCASH FINANCING AND INVESTING ACTIVITIES:

During the six months ended September 30, 2007, Ivivi recorded an increase in additional paid-in capital as a result of the recognition of compensation expense related to option grants to employees and others. We have recorded a proportional increase in our investment in Ivivi in the amount of $269,365, with a related credit to additional paid-in capital. We have also recorded a change of ownership percentage adjustment of $798.

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

ADM TRONICS UNLIMITED, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

(Unaudited)

NOTE 1 - ORGANIZATIONAL MATTERS

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 authorized under our Certificate of Incorporation to issue 150,000,000 common shares, with $.0005 par value, and 5,000,000 preferred shares with $.01 par value.

The accompanying unaudited condensed consolidated financial statements as of September 30, 2007 and for the three and six month periods ended September 30, 2007 and 2006 have been prepared by ADM pursuant to the rules and regulations of the Securities and Exchange Commission, including Form 10-QSB and Regulation S-B. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments), which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. We believe that the disclosures provided are adequate to make the information presented not misleading. These financial statements and the information included under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the audited financial statements and explanatory notes for the year ended March 31, 2007 as disclosed in our 10-KSB for that year as filed with the SEC, as it may be amended.

The results of the three and six months ended September 30, 2007 are not necessarily indicative of the results to be expected for the pending full year ending March 31, 2008.

NATURE OF BUSINESS

We are a manufacturer and engineering concern whose principal lines of business are the production and sale of chemical products and the manufacture and sale of medical devices. Our chemical product line is principally comprised of water-based chemical products used in the food packaging and converting industries. These products are sold to customers located in the United States, Australia, and Europe. Medical equipment is manufactured in accordance with customer specification on a contract basis. Our medical device product line consists principally of proprietary devices used in the treatment of joint pain, postoperative edema, and tinnitus. These devices are FDA cleared medical devices known as "Electroceutical" units. These products are sold or rented to customers located principally in the United States.

IVIVI OPERATIONS

Our former majority owned subsidiary, Ivivi Technologies, Inc. ("Ivivi"), filed a Registration Statement with the Securities and Exchange Commission ("SEC") for the initial public offering of a portion of its common stock. The Registration Statement was declared effective by the SEC on October 18, 2006. As a result of the consummation of Ivivi's initial public offering, we no longer own a majority of the outstanding common stock of Ivivi. We do own approximately 34% of Ivivi's outstanding common stock at September 30, 2007 and can exert significant influence based upon the percentage of Ivivi's stock owned by us. As a result, our investment in Ivivi subsequent to October 18, 2006 is reported under the equity method of accounting, whereby we recognize our share of Ivivi's earnings or losses as they are incurred. For the three months ended September 30, 2006, Ivivi's revenues included in these consolidated financial statements were $368,533 and Ivivi's operating loss was $1,365,805. For the six months ended September 30, 2006, Ivivi's revenues included in these consolidated financial statements were $585,952 and Ivivi's operating loss was $2,365,332.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION

The consolidated financial statements include the accounts of ADM Tronics Unlimited, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States and, accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include expected economic life and value of our medical devices, deferred tax assets, option and warrant expenses related to compensation to employees and directors, consultants and investment banks, the value of warrants issued in conjunction with convertible debt, allowance for doubtful accounts, and warranty reserves. Actual results could differ from those estimates.

REVENUE RECOGNITION

CHEMICAL PRODUCTS:

Sales revenues are recognized when products are shipped to end users. Shipments to distributors are recognized as sales where no right of return exists.

MEDICAL DEVICES:

We recognized revenue primarily from the rental and to a lesser extent from the sale of our medical devices. Revenue from the rental and sales of medical devices was primarily generated by our former subsidiary Ivivi. The Ivivi operations have been consolidated in these financial statements through October 18, 2006.

After October 18, 2006, we recognize revenue from the sale of the medical devices we manufacture for Ivivi upon completion of the manufacturing process.

Rental revenue, resulting from the Ivivi operations, has been recognized as earned on either a monthly or pay-per-use basis in accordance with individual customer agreements.

Sales are recognized when our products are shipped to end users including medical facilities and distributors. Our products are principally shipped on a "freight collect" basis. Shipping and handling charges and costs are immaterial. We have no post shipment obligations, and sales returns have been immaterial.

We provide an allowance for doubtful accounts determined primarily through specific identification and evaluation of significant past due accounts, supplemented by an estimate applied to the remaining balance of past due accounts.

NET LOSS PER SHARE

We use SFAS No. 128, "Earnings Per Share" for calculating the basic and diluted loss per share. We compute basic loss per share by dividing net loss by the weighted average number of common shares outstanding. Diluted loss per share is computed similar to basic loss 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 loss per share if their effect is antidilutive.

Per share basic and diluted net loss amounted to $0.01 and $0.05 for the three months ended September 30, 2007 and 2006, respectively. Per share basic and diluted net loss amounted to $0.02 and $0.09 for the six months ended September 30, 2007 and 2006, respectively. The assumed exercise of common stock equivalents was not utilized for the three and six month periods ended September 30, 2007 and 2006 since the effect would be antidilutive. There were 11,626,854 common stock equivalents at September 30, 2007 and 53,682,342 at September 30, 2006.

NOTE 3 - INVENTORY

Inventory at September 30, 2007 consists of the following:

	Current	Long Term	Total
Raw materials	$212,063	$131,408	$343,471
Finished goods	71,497	--	71,497
	$283,560	$131,408	$414,968

NOTE 4 - INVESTMENT IN IVIVI AND RELATED CAPITAL TRANSACTIONS

On October 18, 2006, Ivivi's Registration Statement on Form SB-2 related to its initial public offering was declared effective by the SEC. Upon the consummation of Ivivi's initial public offering, we no longer own a majority of the outstanding common stock of Ivivi and do not control Ivivi's operations, but can exert significant influence based upon the percentage of Ivivi's stock owned by us. As a result, we have deconsolidated the operations of Ivivi subsequent to October 18, 2006. Any future change of percentage of interest gains or losses related to our investment in Ivivi will be recorded as a credit or charge to additional paid-in capital.

During the period from April 1, 2007 to September 30, 2007, Ivivi recorded an increase in additional paid-in capital as a result of the recognition of compensation expense related to option grants to employees and others. We have recorded a proportional increase in our investment in Ivivi in the amount of $269,365, with a related credit to additional paid-in capital. We have also recorded a change of ownership percentage adjustment of $798.

The market value of our investment in Ivivi at September 30, 2007 was $16,737,500. However, our common shares of Ivivi have not been registered with the SEC and are subject to restriction as a result of securities laws and a lock-up agreement for 12 months from Ivivi's IPO that has been executed by us.

The following table sets forth summarized results of operations of Ivivi for the three and six months ended September 30, 2007:

	Three Months Ended September 30, 2007	Six Months Ended September 30, 2007
Revenue	$ 225,732	$ 686,731
Costs and expenses, net	2,032,797	3,906,404
Net loss	$(1,807,065)	$(3,219,673)
Assets at September 30, 2007		$ 6,926,749
Liabilities at September 30, 2007		1,531,873
Equity at September 30, 2007		$ 5,394,876

NOTE 5 - CONCENTRATIONS

During the six month period ended September 30, 2007, Ivivi accounted for 31% of our revenue, and one other customer accounted for 13% of our revenue. As of September 30, 2007, two customers represented 50% of our accounts receivable.

NOTE 6 - SEGMENT INFORMATION

Information about segments is as follows:

	Chemical	Medical	Total
Six months ended September 30, 2007			
Revenues from external customers	$ 443,688	$ 249,245	$ 692,933
Segment loss (operating loss)	(258,850)	34,487	(224,363)
Six months ended September 30, 2006			
Revenues from external customers	400,707	634,854	1,035,561
Segment loss (operating loss)	(469,004)	(2,340,003)	(2,809,007)
Three months ended September 30, 2007			
Revenues from external customers	245,474	154,373	399,847
Segment loss (operating loss)	(119,599)	23,421	(96,178)
Three months ended September 30, 2006			
Revenues from external customers	201,172	369,410	570,582

Segment loss (operating loss)	(454,595)	(1,370,864)	(1,825,459)
Total assets at September 30, 2007	4,896,639	42,461	4,939,100

NOTE 7 - RELATED PARTY TRANSACTIONS

IVIVI

Ivivi had $56,125 and $115,865 in management services provided to it by ADM pursuant to the management services agreement during the three and six months ended September 30, 2007, respectively.

ADM has charged Ivivi $1,470 and $3,807 for the Company's manufacture of Ivivi's products pursuant to the manufacturing agreement during the three and six months ended September 30, 2007, respectively, and had total sales of $151,796 and $213,395 to Ivivi during the three and six months ended September 30, 2007, respectively.

As of September 30, 2007 we have received $98,971 from Ivivi for sales deposits.

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

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-QSB 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 report 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, the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 2007 and other filings with the Securities and Exchange Commission.

We maintain a website at www.admtronics.com. We make available free of charge on our website all electronic filings with the Securities and Exchange Commission (including proxy statements and reports on Forms 8-K, 10-KSB and 10-QSB and any amendments to these reports) as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. The Securities and Exchange Commission maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission.

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

CRITICAL ACCOUNTING POLICIES

REVENUE RECOGNITION:

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

We recognized medical device revenue primarily from the rental and, to a lesser extent, from the sale of our medical devices. Revenue from the rental and sales of medical devices was primarily generated by our former subsidiary Ivivi. The Ivivi operations have been consolidated in these financial statements through October 18, 2006.

After October 18, 2006, we recognize revenue from the sale of the medical devices we manufacture for Ivivi upon completion of the manufacturing process.

Rental revenue from medical devices, resulting from the Ivivi operations, has been recognized as earned on either a monthly or pay-per- use basis in accordance with individual customer agreements.

Sales of medical devices are recognized when our products are shipped to end users including medical facilities and distributors. Our products are principally shipped on a "freight collect" basis. Shipping and handling charges and costs are immaterial. We have no post shipment obligations and sales returns have been immaterial.

USE OF ESTIMATES:

Our discussion and analysis of our financial condition and results of operations are based upon our 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.

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, 2007 and 2006, our operations were conducted through ADM itself and its subsidiaries, Ivivi Technologies, Inc. (through October 18, 2006), Pegasus Laboratories, Inc. and Sonotron Medical Systems, Inc. Ivivi has been deconsolidated as of October 18, 2006 upon the consummation of Ivivi's initial public offering, as we no longer own a majority of the outstanding common stock of Ivivi and do not control Ivivi's operations, but can exert significant influence based on the percentage of Ivivi's stock owned by us. As a result, our investment in Ivivi subsequent to October 18, 2006 is reported under the equity method of accounting and Ivivi's results of operations and cash flows have not been consolidated with our results of operations and cash flows since that date.

We are a technology-based developer and manufacturer of diversified lines of products in the following three areas: (1) environmentally safe chemical products for industrial use, (2) therapeutic non-invasive electronic medical devices and (3) cosmetic and topical dermatological products. We have historically derived most of our revenues from the development, manufacture and sale of chemical products, and, to a lesser extent, from our therapeutic non-invasive electronic medical devices and topical dermatological products. However, during the three and six months ended September 30, 2006, we derived an increased amount of our revenue from the sale and rental of our therapeutic non-invasive medical devices, through Ivivi. With the consummation of Ivivi's IPO, our continuing revenues will once again be derived primarily from the development, manufacture and sale of chemical products, and, to a lesser extent, from our therapeutic non- invasive electronic medical devices and topical dermatological products. Our current medical segment includes our Sonotron subsidiary.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2007 AS COMPARED TO SEPTEMBER 30, 2006

We believe the following table, which compares the results of operations for the three and six month periods ended September 30, 2007 with the pro-forma results of operations for the three and six month periods ended September 30, 2006 as if Ivivi's operations were reported on one line, gives a more informative disclosure of our ongoing operations.

The pro forma financial information set forth below should be read in conjunction with a reading of our historical financial statements. The pro forma information is presented for illustrative purposes only and is not intended to be indicative of our results of operations that may be reported in the future.

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006 Pro Forma Ivivi Operations Reported on One Line	Six Months Ended September 30, 2007

Revenues	$ 399,847	$ 202,049	$ 692,933
Costs and expenses:			
Cost of sales	249,170	97,190	419,229
Research and development	1,057	(262)	3,550
Selling, general and administrative	245,798	589,336	494,517
Total operating expenses	496,025	686,264	917,296
Operating loss	(96,178)	(484,215)	(224,363)
Interest and financing costs, net	25,647	2,237	50,790
Equity in net loss of Ivivi	(610,817)	--	(1,080,424)
Loss from Ivivi operations	--	(2,030,595)	--
Net loss	$ (681,348)	$ (2,512,573)	$ (1,253,997)
Net loss per share, basic and diluted	$ (0.01)	$ (0.05)	$ (0.02)
Weighted average shares outstanding, basic and diluted	53,882,037	53,882,037	53,882,037

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 AS COMPARED TO SEPTEMBER 30, 2006

REVENUES

We have included the operations of our Ivivi subsidiary in our consolidated results of operations through October 18, 2006. For the three month period ended September 30, 2006, revenues from such operations were $368,533.

Revenues were $399,847 for the three months ended September 30, 2007 as compared to $202,049 for the three months ended September 30, 2006 (excluding Ivivi's operations), an increase of $197,798, or 98%. The increase resulted from an increase in sales of finished medical devices to Ivivi, along with increased sales to new and existing chemical customers. Gross profit was $150,677 and $104,859 (excluding Ivivi's operations) for the three months ended September 30, 2007 and 2006, respectively. Gross margins decreased as a result of margins on $151,796 of sales of medical devices of approximately 17% to Ivivi as compared to margins achieved from chemical products, which are generally higher.

NET LOSS

We have included the operations of our Ivivi subsidiary in our consolidated results of operations through October 18, 2006. For the three month period ended September 30, 2006, net loss attributable to the Ivivi operations was $2,030,595.

Net loss for the three months ended September 30, 2007 was $681,348 compared to a net loss for the three months ended September 30, 2006 of $2,512,573.

Selling, general and administrative expenses decreased by $343,538, or 58%, from $589,336, excluding Ivivi's operations, to $245,798, mainly due to a $116,473 decrease in consulting and professional fees and a $255,265 decrease in compensation expense, offset by increases in various other expenses. We also recorded an equity method investment loss of $610,817 in 2007 from our investment in Ivivi. Interest income increased $23,410, to $25,647 in the three months ended September 30, 2007 from $2,237 in the three months ended September 30, 2006, due to increased funds invested in a money market account.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007 AS COMPARED TO SEPTEMBER 30, 2006

REVENUES

We have included the operations of our Ivivi subsidiary in our consolidated results of operations through October 18, 2006. For the six month period ended September 30, 2006, revenues from such operations were $585,952.

Revenues were $692,933 for the six months ended September 30, 2007 as compared to $449,609 for the six months ended September 30, 2006 (excluding Ivivi's operations), an increase of $243,324, or 54%. The increase resulted from an increase in sales of finished medical devices to Ivivi, along with increased sales to new and existing chemical customers. Gross profit was $273,704 and $266,825 (excluding Ivivi's operations) for the six months ended September 30, 2007 and 2006, respectively. Gross margins decreased as a result of margins on $213,395 of sales of medical devices of approximately 17% to Ivivi as compared to margins achieved from chemical products, which are generally higher.

NET LOSS

We have included the operations of our Ivivi subsidiary in our consolidated results of operations through October 18, 2006. For the six month period ended September 30, 2006, net loss attributable to the Ivivi operations was $4,236,530.

Net loss for the six months ended September 30, 2007 was $1,253,997 compared to a net loss for the six months ended September 30, 2006 of $4,700,275.

Selling, general and administrative expenses decreased by $240,543, or 33%, from $735,060, excluding Ivivi's operations, to $494,517, mainly due to a $65,598 decrease in consulting and professional fees and a $218,658 decrease in compensation expense, offset by increases in various other expenses. We also recorded an equity method investment loss of $1,080,424 in 2007 from our investment in Ivivi. Interest income increased $46,300, to $50,790 in the six months ended September 30, 2007 from $4,490 in the six months ended September 30, 2006, due to increased funds invested in a money market account.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2007, we had cash and equivalents of $2,291,738 as compared to $2,498,276 at March 31, 2007. The $206,538 decrease was primarily the result of our loss from operations during the six month period. Our cash will be used for increased administrative and marketing costs in order to attempt to increase our revenue. The market value of our investment in Ivivi at September 30, 2007 was $16,737,500. However, our common shares of Ivivi have not been registered with the SEC and are subject to restriction as a result of securities laws and a lock-up agreement for 12 months from Ivivi's IPO that has been executed by us.

OPERATING ACTIVITIES

Net cash used by operating activities was $205,555 for the six months ended September 30, 2007 as compared to net cash used by operating activities of $347,815 for the six months ended September 30, 2006. The use of cash in 2007 was primarily due to a net loss of $1,253,997 and an increase in net operating assets of $36,649, partially offset by a non cash charge for the equity investment loss of $1,080,424.

The use of cash in the 2006 period was primarily due to a net loss of $4,700,275 of which $4,236,530 was related to Ivivi's operations, partially offset by non cash charges for the amortization of loan costs and amortization of discount of $431,774 on the convertible notes issued in the private placements, stock based compensation of $1,351,757, equity based penalty expense of $1,174,886 and the increase in the fair value of the liability for warrants issued with registration rights of $25,845. In addition, we recorded increases in accounts payable and deferred revenue of $1,433,790, offset by increases in operating assets of $109,032.

INVESTING ACTIVITIES

For the six months ended September 30, 2007, cash used in investing activities was $983. Of this amount, $12,719 was used for the purchase of office equipment and $11,736 was received from Ivivi as repayment of advances.

FINANCING ACTIVITIES

During the six months ended September 30, 2006, we paid $501,541 for deferred costs related to Ivivi's IPO and Ivivi had net proceeds from notes payable of $245,725. We had no comparable items during 2007.

Subsequent to the receipt of funds from Ivivi in repayment of Ivivi's indebtedness to the Company, management launched a sales and marketing initiative which included, among other things, the re-branding of its water-based industrial chemical products through the establishment of a new division, Aqua-Based Technologies. In addition, the Company hired a Director of Sales and Marketing for such division. This is part of a business plan to enhance Company operations and to increase sales and marketing efforts for its products. Such plan includes seeking to hire additional sales employees as well as pursuing strategic relationships to help market and promote certain product lines. 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.

ITEM 3. 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 Quarterly Report on Form 10- QSB, we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. Based on that evaluation as of September 30, 2007, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective, as of the date of their evaluation, to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

CHANGES IN INTERNAL CONTROLS 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 to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None

ITEM 6. EXHIBITS.

(a) Exhibit No.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

ADM TRONICS UNLIMITED, INC.
(Registrant)

By: /s/ Andre' DiMino

Andre' DiMino, Chief Executive
Officer and Chief Financial Officer

Dated: Northvale, New Jersey
November 14, 2007