

Edgar Filing: HYDROMER INC - Form 10-Q

HYDROMER INC  
Form 10-Q  
May 23, 2011

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON D.C. 20549

FORM 10-Q

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

For the quarter ended March 31, 2011

Commission File Number 0-10683

HYDROMER, INC.  
-----

(Exact name of registrant as specified in its charter)

New Jersey

22-2303576  
-----

(State of incorporation)

(I.R.S. Employer  
Identification No.)

35 Industrial Pkwy, Branchburg, New Jersey  
-----

08876-3424  
-----

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(908) 722-5000  
-----

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act:

Common Stock Without Par Value  
(Title of class)

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 report(s), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company X

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

Yes No X

Class

Outstanding at March 31, 2011  
-----

Common

4,772,318

FORWARD-LOOKING STATEMENTS

## Edgar Filing: HYDROMER INC - Form 10-Q

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include, among other things, business strategy and expectations concerning industry conditions, market position, future operations, margins, profitability, liquidity and capital resources. Forward-looking statements generally can be identified by the use of terminology such as "may," "will," "expect," "intend," "estimate," "anticipate" or "believe" or similar expressions or the negatives thereof. These expectations are based on management's assumptions and current beliefs based on currently available information. Although the Company believes that the expectations reflected in such statements are reasonable, it can give no assurance that such expectations will be correct. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report on Form 10-Q and the Company does not have any obligation to update the forward looking statements. The Company's operations are subject to a number of uncertainties, risks and other influences, many of which are outside its control, and any one of which, or a combination of which, could cause its actual results of operations to differ materially from the forward-looking statements.

HYDROMER, INC.

INDEX TO FORM 10-Q  
March 31, 2011

	Page No.
Part I - Financial Information	
# 1 Consolidated Financial Statements	
Balance Sheets - March 31, 2011 & June 30, 2010	3
Statements of Operations for the three months and nine months ended March 31, 2011 and 2010	4
Statements of Cash Flows for the nine months ended March 31, 2011 and 2010	5
Notes to Financial Statements	6
# 2 Management's Discussion and Analysis of the Financial Condition and Results of Operations	7
# 3 Controls and Procedures	9
Part II - Other Information	
# 1 Legal Proceedings	N/A
# 2 Change in Securities	N/A
# 3 Default of Senior Securities	N/A
# 4 Submission of Motion to Vote of Security Holders	N/A
# 5 Other Information	N/A
# 6 Exhibits	9

# Edgar Filing: HYDROMER INC - Form 10-Q

## EXHIBIT INDEX

Exhibit No.	Description of Exhibit	
31.1	SEC Section 302 Certification - CEO certification	10
31.2	SEC Section 302 Certification - CFO certification	11
32.1	Certification of Manfred F. Dyck, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350	12
32.2	Certification of Robert Y. Lee, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350	12

## PART I - CONSOLIDATED FINANCIAL STATEMENTS ITEM # 1

### HYDROMER, INC. AND CONSOLIDATED SUBSIDIARY CONSOLIDATED BALANCE SHEETS

#### ASSETS

##### Current Assets:

Cash and cash equivalents

Short-term investments

Trade receivables less allowance for doubtful accounts of \$28,565 and \$33,276 as of  
March 31, 2011 and June 30, 2010, respectively

Inventory

Prepaid expenses

Other

---

Total Current Assets

Edgar Filing: HYDROMER INC - Form 10-Q

Property and equipment, net	2
Deferred tax asset, non-current	1
Intangible assets, net	
<b>Total Assets</b>	<b>\$ 7</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>Current Liabilities:</b>	
Accounts payable	\$
Accrued expenses	
Current portion of capital lease	
Current portion of deferred revenue	
Current portion of mortgage payable	
<b>Total Current Liabilities</b>	
Deferred tax liability	
Long-term portion of capital lease	
Long-term portion of deferred revenue	
Long-term portion of mortgage payable	2
<b>Total Liabilities</b>	<b>4</b>
<b>Stockholders' Equity</b>	
Preferred stock - no par value, authorized 1,000,000 shares, no shares issued and outstanding	
Common stock - no par value, authorized 15,000,000 shares; 4,783,235 shares issued and 4,772,318 shares outstanding as of March 31, 2011 and June 30, 2010	3
Contributed capital	
Accumulated deficit	(1)
Treasury stock, 10,917 common shares at cost	
<b>Total Stockholders' Equity</b>	<b>3</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 7</b>

See accompanying notes

HYDROMER, INC. AND CONSOLIDATED SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS

Edgar Filing: HYDROMER INC - Form 10-Q

	Three Months Ended March 31,		
	2011 UNAUDITED	2010 UNAUDITED	
<b>REVENUES</b>			
Sale of Products	\$ 1,070,400	\$ 845,734	\$ 2,
Service Revenues	274,326	402,766	1,
Royalties and Contract Revenues	206,316	226,668	
<b>TOTAL REVENUES</b>	<b>1,551,042</b>	<b>1,475,168</b>	<b>4,</b>
<b>EXPENSES</b>			
Cost of Sales	483,068	526,601	1,
Operating Expenses	1,101,305	1,316,952	3,
Other Expenses	58,961	56,973	
Gain from Sale of Assets	-	-	
(Benefit) from Income Taxes	(34,424)	(218,942)	
<b>Total Expenses</b>	<b>1,608,910</b>	<b>1,681,584</b>	<b>4,</b>
<b>NET LOSS</b>	<b>\$ (57,868)</b>	<b>\$ (206,416)</b>	<b>\$ (</b>
<b>Loss Per Common Share</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>4,772,318</b>	<b>4,772,318</b>	<b>4,</b>

See accompanying notes.

There was no impact to earnings per share from dilutive securities as the resultant would have been anti-dilutive.

Edgar Filing: HYDROMER INC - Form 10-Q

HYDROMER, INC. AND CONSOLIDATED SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months March 2011 UNAUDITED	
-----		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (510,774)	\$
Adjustments to reconcile net loss to net cash used for		
operating activities		
Gain on sale of product lines	-	
Depreciation and amortization	303,122	
Deferred income taxes	(243,856)	
Changes in Assets and Liabilities:		
Trade receivables	210,790	
Inventory	(53,416)	
Prepaid expenses	600	
Other assets	6,400	
Accounts payable and accrued liabilities	69,511	
Deferred income	94,864	
Income taxes payable	-	
	-----	
Net Cash Used in Operating Activities	(122,759)	
-----		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash purchases of property and equipment	(110,254)	
Cash payments on patents and trademarks	(140,010)	
Redemption of matured short-term investments	440,000	
Cash purchases of short-term investments	-	
Proceeds Received from the sale of Product Lines	-	
	-----	
Net Cash Provided by Investing Activities	189,736	
-----		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term borrowings	(38,526)	
	-----	
Net Cash Used in Financing Activities	(38,526)	
-----		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	28,451	
Cash and Cash Equivalents at Beginning of Period	843,610	
-----		

## Edgar Filing: HYDROMER INC - Form 10-Q

Cash and Cash Equivalents at End of Period	\$	872,061	\$
--	----	---------	----

---

### Non-Cash Investing and Financing Activities:

Note Receivable in exchange for Sale of Product Lines			\$
---	--	--	----

See accompanying notes.

### HYDROMER, INC. AND CONSOLIDATED SUBSIDIARY

#### Notes to Consolidated Financial Statements

In the opinion of management, the accompanying unaudited financial statements include all adjustments (consisting of only normal adjustments) necessary for a fair presentation of the results for the interim periods. Certain reclassifications have been made to the previous year's results to present comparable financial statements.

#### Foreign Currency Translations:

The Company accounts for foreign currency translation pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 830-20, "Foreign Currency Transaction". The Company's functional currency is the United States Dollar. All assets and liabilities are translated into United States dollars using the rates prevailing at the end of the period. Revenues and expenses are translated using the average exchange rates prevailing throughout the period. Unrealized foreign exchange amounts resulting from transactions at different rates according to their nature are included in accumulated other comprehensive income or loss. Recognized foreign currency transaction gains and losses are recognized in the operations.

#### Comprehensive Income (Loss):

The Company applies the provision of FASB's ASC 220-10, "Reporting Comprehensive Income." Unrealized gains and losses from foreign exchange translations are reported in the consolidated statements of shareholders' deficit as comprehensive income (loss). As of March 31, 2011, there was no comprehensive income (loss).

#### Subsequent Events:

Due to the net loss for the nine months ended March 31, 2011, the Company did not meet two mortgage covenants. A waiver has been granted by the lender for the

## Edgar Filing: HYDROMER INC - Form 10-Q

period. Although a waiver was granted by the lender, there is no certainty that future waivers would be granted.

### Significant Events:

On November 25, 2009, the Company's wholly owned subsidiary, Biosearch Medical Products, Inc. ("BMPI") sold its Private Label Jejunostomy Catheter and Nasogastric Feeding Catheter business to Forefront Medical Technologies ("Forefront"), a wholly owned subsidiary of Vicplas International Limited - a company registered in the Republic of Singapore, for \$800,000 in cash, half received upon closing in November 2009 with the balance received in March 2010. This sale included inventory and equipment related to that business and also called for the assignment of certain customer supply agreements to Forefront and a three year non-compete provision. A separate supply agreement for Hydromer(R) hydrophilic coating solution used on those products was also entered between the parties. BMPI continued manufacturing the products, at an agreed upon transfer price, until Forefront completed the transition in April 2010. Accordingly, this transaction does not meet the criteria of Discontinued Operations of ASC 205-20. These product lines sold were part of the "Medical Products" segment (see following Segment Reporting section).

### Fair Value:

Some of the Company's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature, such as cash and cash equivalents, receivables and payables. The carrying amount of the Company's note obligation approximates its fair value, as the terms of the note is consistent with terms available in the market for instruments with similar risk.

### Segment Reporting:

The Company operates two primary business segments. The Company evaluates the segments by revenues, total expenses and earnings before taxes. Corporate Overhead (primarily the salaries and benefits of senior management, support services (Accounting, Legal, Human Resources and Purchasing) and other shared services (building maintenance and warehousing) are excluded from the business segments as to not distort the contribution of each segment. These segments are the lowest levels for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

The results for the nine months ended March 31, by segment are:

	Polymer Research	Medical Products	Corporate Overhead
2011			
Revenues	\$ 3,027,098	\$ 985,961	
Expenses	(2,614,565)	(932,786)	\$ (1,220,338)
	-----	-----	-----
Pre-tax Income (Loss)	\$ 412,533	\$ 53,175	\$ (1,220,338)
	=====	=====	=====
-----			
2010*			
Revenues	\$ 2,936,347	\$ 1,664,506	
Expenses	(3,000,632)	(1,746,469)	\$ (1,190,373)
	-----	-----	-----
Pre-tax Income (Loss)	\$ (64,285)	\$ (81,963)	\$ (1,190,373)



Edgar Filing: HYDROMER INC - Form 10-Q

=====

\* includes the results of operations of the sold Product Lines but excludes the actual Sales transaction.

Geographic revenues were as follows for the nine months ended March 31,

	2011	2010
	----	----
Domestic	59%	72%
Foreign	41%	28%

ITEM #2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

-----

Results of Operations

-----

The Company's revenues for the quarter ended March 31, 2011 were \$1,551,042, \$75,874 or 5.1% higher than the \$1,475,168 for the same period the previous year. For the nine month period ended March 31, revenues were \$4,013,059 during the 2011 year, as compared with \$4,600,853 the year before or \$587,794 lower (12.8%). Revenues are comprised of the sale of Products and Services and Royalty and Contract payments.

Product sales were \$1,070,400 for the quarter ended March 31, 2011 as compared to \$845,734 for the same period the year before, a \$224,666 (26.6%) increase: higher due to an increase in Dragonhyde(R) Hoof Bath Concentrate sales of \$232,636, primarily in Europe. The quarter ended March 31, 2010 included \$99,181 in transitional sales from the medical device product lines sold in November 2009. For the nine month period ended March 31, 2011, product sales were \$2,281,134 as compared with \$2,856,840 or \$575,706 (20.2%) lower than the same period the year before. Sales from the divested product lines (including of the product lines sold in April 2009 with its transition period carrying operations into October 2010) accounted for approximately \$798,074 of the difference, offset by \$311,856 in higher Dragonhyde Hoof Bath Concentrates sales. The 2011 results would have been better had it not been for toll manufacturing delays that prevented over \$132,000 of additional sales from occurring in March.

Services revenues, primarily contract coating services, for the three months ended March 31, 2011 was \$274,326 or \$128,440 lower (31.9%) than the \$402,766 the corresponding period the year before, primarily timing differences as overall, Services revenues for the nine months ended March 31, 2011 was \$1,044,715 or \$17,334 lower (1.6%) than the \$1,062,049 the corresponding period the year before.

Royalty and Contract revenues include royalties received and the periodic recurring payments from license, stand still and other agreements other

## Edgar Filing: HYDROMER INC - Form 10-Q

than for product and services. Included in Royalty and Contract revenues are revenues from support and supply agreements. Some of the royalties and support fees are based on the net sales of the final item (to which the Hydromer technology is applied to) and are subject to the reporting of our customers. For the quarter ended March 31, 2011, Royalty and Contract revenues were \$206,316, compared to \$226,668 the same period a year ago. For the nine months ended March 31, 2011, Royalty and Contract revenues were \$687,210, compared with the previous year's \$681,964. We continue entering into new Royalty and Contract revenue agreements, some which begin with our customer's first commercial sale of their product. Once online, including with the commercialization of one of our hydrogel technologies, we anticipate a doubling of this revenue line within the next few years.

When excluding the revenues from the divested product lines, we are reporting a 5.5% gain in total revenues this year's period; a 9.0% gain had they not been any toll manufacturing delays in March 2011. We expect continued revenue growth, particularly in our T-HEXX(R) Animal Health business where a majority of our research and development during the past two years has been focused upon.

Total Expenses for the quarter ended March 31, 2011 were \$1,608,910 as compared with \$1,681,584 the year before, a 4.3% decrease. For the nine months ended March 31, 2011, total expenses were \$4,523,833 as compared with \$5,156,794 the same period the year before, or an improvement of 12.3%. Reducing expenses for the nine months ended March 31, 2010 was the gain from the sale of product lines of \$335,629. When excluding the gain from sale of product lines, total expenses for the nine months ended March 31, 2010 would have been \$5,492,423 or with the current period \$968,590 (17.6%) better.

For the quarter ended March 31, 2011, the Company's Cost of Goods Sold was \$483,068 as compared with \$526,601 the year prior, lower by \$43,533 or 8.3%. The Cost of Goods Sold attributed to the sold product lines approximated \$5,171 in the March 2011 quarter as compared with approximately \$137,511 in the March 2010 quarter with the cost reduction offset by the higher material Cost of Goods Sold from the increase in [Dragonhyde] product sales revenues. The Cost of Goods Sold for the nine month period was \$1,231,650 or \$762,408 better (38.2%) than the prior year's \$1,994,058, which included approximately \$836,744 relating to the divested product lines.

Operating expenses were \$1,101,305 for the quarter ended March 31, 2011 as compared with \$1,316,952 the year before, lower by \$215,647 or 16.4%. For the nine month period, Operating expenses were \$3,378,516 this year compared with \$3,804,805 the year before, an improvement of \$426,289 (11.2%). Most of the reduction to Operating expenses related to a lower staffing level, including in part due to the divestiture of the medical device product lines, as offset by increases in marketing and sales expenses in our T-HEXX Animal Health business (added tradeshow promotions and related travel and marketing expenditures).

Interest expense, interest income and other income are included in Other Expenses. Interest expense (on the mortgage) for the nine months ended March 31, 2011 and March 31, 2010 were \$149,037 and \$152,823, respectively. Included in Other Income for the 2010 period was the gain from the sale of product lines of \$335,629.

A net loss of \$57,868 (\$0.01 per share) is reported for the quarter ended March 31, 2011 as compared to a net loss of \$206,416 (\$0.04 per share) the year before. For the nine months ended March 31, 2011, a net loss of \$510,774 (\$0.11 per share) is reported compared against a net loss of \$555,941 (\$0.12 per share) for the same period year before.

## Edgar Filing: HYDROMER INC - Form 10-Q

Despite sales being \$587,794 lower this year-to-date, of which approximately \$798,074 was attributable to the sale of the medical device product lines, expense reductions, including that beyond relating to the sold product lines, totaled \$632,961. When excluding the \$335,629 gain on the sale of product lines and its related tax expense, total expenses were approximately \$837,695 lower this year. The Company expects to continue improvements to its results coming from increasing revenues with modest increases to its expense base, primarily in expanded sales and marketing costs, including that of new sales representatives.

### Financial Condition

Working capital decreased \$61,338 during the three months ended March 31, 2011 and \$753,449 during the nine months then ended.

For the three months ended March 31, 2011, operating activities provided \$366,853 in net cash. For the nine month period ended March 31, 2011 net cash of \$122,759 was used.

The net loss, as adjusted for non-cash expenses of depreciation and amortization and deferred income taxes, used \$451,508 in cash. The net change in other operating assets and liabilities provided \$328,749 in cash, with the primarily activities being the collection of trade receivables and customer prepayments and increased accounts payable and accrued expenses as offset by higher inventories, in part due to the toll manufacturer delays.

Investing activities provided \$189,736 and financing activities used \$38,526 during the nine months ended March 31, 2011.

Investing activities for the nine months ended March 31, 2011 included \$110,254 for capital expenditures and \$140,010 towards the Company's patent estate. \$440,000 in short-term investments matured and was converted into cash. Reported under Financing activities was the repayment of the principal portion of the mortgage.

For the quarter ended March 31, 2011, we were near break-even. This is a tremendous turnaround following a \$780,000 annual loss in support fees/cash effective January 1, 2009 and an annualized \$2 million+ loss in revenues (an approximate loss of \$400,000+ in pre-tax profits) related to the medical device product lines sold in 2009. With a continued market penetration from our recently introduced products and the medical coatings introduced years prior, completing their [clinical] evaluations by our customers, we expect a return to profitability soon.

ITEM # 3

Disclosure Controls and Procedures

As of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and President and the Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, our disclosure controls and procedures were effective and that there were no changes to our Company's internal control over financial reporting that have materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting during the period covered by the Company's quarterly report.

PART II - OTHER INFORMATION

The Company operates entirely from its sole location at 35 Industrial Parkway in Branchburg, New Jersey, an owned facility secured by a mortgage through a bank.

The existing facility will be adequate for the Company's operations for the foreseeable future.

ITEM # 6. Exhibits

Exhibit No.	Description
-------------	-------------

## Edgar Filing: HYDROMER INC - Form 10-Q

- 31.1 Rule 13a-14(a) Certification of Chief Executive Officer and President
- 31.2 Rule 13a-14(a) Certification of Vice President of Finance and Chief Financial Officer
- 32.1 Section 1350 Certification of Chief Executive Officer and Chairman, President
- 32.2 Section 1350 Certification of Chief Financial Officer and Vice President of Finance

### SIGNATURES

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

HYDROMER, INC.

/s/ Robert Lee, VP  
Robert Y. Lee  
Principal Accounting Officer & Chief Financial Officer

DATE: May 23, 2011

### EXHIBIT 31.1

I, Manfred F. Dyck, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hydromer, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

## Edgar Filing: HYDROMER INC - Form 10-Q

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer, Mr. Robert Y. Lee and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer, Mr. Robert Y. Lee and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer, Mr. Robert Y. Lee and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 23, 2011

## Edgar Filing: HYDROMER INC - Form 10-Q

/s/ Manfred F. Dyck

-----  
Manfred F. Dyck, President and CEO

### EXHIBIT 31.2

I, Robert Y. Lee, certify that:

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

Edgar Filing: HYDROMER INC - Form 10-Q

identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer, Mr. Manfred F. Dyck and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 23, 2011

/s/ Robert Lee, VP  
-----

Robert Y. Lee, Vice President of Finance and CFO

EXHIBIT 32.1

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

I, Manfred F. Dyck, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Hydromer, Inc. on Form 10-Q for the nine months ended March 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents in all material respects the financial condition and results of operations of Hydromer, Inc.

Date: May 23, 2011

By: /s/ Manfred F. Dyck  
Manfred F. Dyck  
Chairman, President and Chief Executive Officer  
-----

EXHIBIT 32.2

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

I, Robert Y. Lee, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Hydromer, Inc. on Form 10-Q for the nine months ended March 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents in all material respects the financial condition and results of operations of Hydromer, Inc.



Edgar Filing: HYDROMER INC - Form 10-Q

Date: May 23, 2011

By: /s/ Robert Lee, VP

Robert Y. Lee

Chief Financial Officer and Vice President of Finance