

Edgar Filing: HYDROMER INC - Form 10-Q

HYDROMER INC
Form 10-Q
November 16, 2009

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 September 30, 2009

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 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

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

Yes No

Class	Outstanding at September 30, 2009
-----	-----
Common	4,772,318

HYDROMER, INC.

Edgar Filing: HYDROMER INC - Form 10-Q

INDEX TO FORM 10-Q
September 30, 2009

	Page No.
Part I - Financial Information	
# 1 Consolidated Financial Statements	
Balance Sheets - September 30, 2009 & June 30, 2009	2
Statements of Income for the three months ended September 30, 2009 and 2008	3
Statements of Cash Flows for the three months ended September 30, 2009 and 2008	4
Notes to Financial Statements	5
# 2 Management's Discussion and Analysis of the Financial Condition and Results of Operations	7
# 3 Controls and Procedures	7
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

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

1

PART I - CONSOLIDATED FINANCIAL STATEMENTS
ITEM # 1

HYDROMER, INC. AND CONSOLIDATED SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

Edgar Filing: HYDROMER INC - Form 10-Q

	September 30, 2009 UNAUDITED		
ASSETS			
Current Assets:			
Cash and cash equivalents	\$	1,102,636	\$
Short-term investments		440,000	
Trade receivables less allowance for doubtful accounts of \$40,120 and \$57,741 as of September 30, 2009 and June 30, 2009, respectively		1,081,948	
Inventory		621,219	
Prepaid expenses		161,348	
Deferred tax asset		8,976	
Other		8,554	
Total Current Assets		3,424,681	

Property and equipment, net		3,140,451	
Deferred tax asset, non-current		698,195	
Intangible assets, net		778,170	
Total Assets		\$ 8,041,497	\$

LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	\$	474,723	\$
Accrued expenses		297,117	
Current portion of capital lease		14,473	
Current portion of deferred revenue		85,965	
Current portion of mortgage payable		46,371	
Income tax payable		15,891	
Total Current Liabilities		934,540	

Deferred tax liability		284,503	
Long-term portion of capital lease		46,646	
Long-term portion of deferred revenue		167,154	
Long-term portion of mortgage payable		2,808,104	
Total Liabilities		4,240,947	

Stockholders' Equity			
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 September 30, 2009 and June 30, 2009		3,721,815	
Contributed capital		633,150	
Accumulated deficit		(548,275)	
Treasury stock, 10,917 common shares at cost		(6,140)	
Total Stockholders' Equity		3,800,550	

Total Liabilities and Stockholders' Equity		\$ 8,041,497	\$

Edgar Filing: HYDROMER INC - Form 10-Q

2

HYDROMER, INC. AND CONSOLIDATED SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,	
	2009 UNAUDITED	2008 UNAUDITED

REVENUES		
Sale of products	\$ 1,181,704	\$ 1,118,068
Service revenues	299,792	514,326
Royalties and contract revenues	228,075	403,575

TOTAL REVENUES	1,709,571	2,035,969

EXPENSES		
Cost of Sales	840,194	792,318
Operating Expenses	1,266,360	1,153,014
Other Expenses	51,614	40,651
(Benefit from) Provision for Income Taxes	(176,209)	7,680

TOTAL EXPENSES	1,981,959	1,993,663

NET (LOSS) INCOME	\$ (272,388)	\$ 42,306

(Loss) Earnings Per Common Share	\$ (0.06)	\$ 0.01
Diluted (Loss) Earnings Per Common Share	(0.06)	0.01
Weighted Average Number of		
Common Shares Outstanding	4,772,318	4,772,318
Common Shares Outstanding assuming dilution	4,772,318	4,886,318

There was no impact to earnings per share from dilutive securities.
For the 2009 period, the resultant would have been anti-dilutive.

Edgar Filing: HYDROMER INC - Form 10-Q

3

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

	Three months Ended September 30, 2009 UNAUDITED	2008 UNAUDITED
<hr/>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss) Income	\$ (272,388)	\$ 42,300
Adjustments to reconcile net (loss) income to net cash used for operating activities		
Depreciation and amortization	101,428	107,400
Deferred income taxes	(177,564)	1,600
Changes in Assets and Liabilities:		
Trade receivables	(22,970)	(23,600)
Inventory	(5,370)	(21,500)
Prepaid expenses	42,932	(1,000)
Other assets	414	(1,500)
Accounts payable and accrued liabilities	49,914	(176,800)
Deferred income	9,968	27,100
Income taxes payable	(60,000)	6,000
	<hr/>	<hr/>
Net Cash Used for Operating Activities	(333,636)	(40,000)
<hr/>		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash purchases of property and equipment	(65,010)	(46,600)
Cash payments on patents and trademarks	(83,207)	(108,800)
Redemption of matured short-term investments	260,000	
Cash purchases of short-term investments	(250,000)	
	<hr/>	<hr/>
Net Cash Used for Investing Activities	(138,217)	(155,400)
<hr/>		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayments toward Line of Credit	-	(289,900)
Proceeds from long-term borrowings	-	2,900,000
Repayment of long-term borrowings	(11,276)	(1,880,300)
	<hr/>	<hr/>
Net Cash (Used for) Provided by Financing Activities	(11,276)	729,700
<hr/>		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS:	(483,129)	534,200
Cash and Cash Equivalents at Beginning of Period	1,585,765	108,400
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Period	\$ 1,102,636	\$ 642,600
<hr/>		

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.

New Accounting Pronouncements

Effective July 1, 2009, the Company adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, Generally Accepted Accounting Principles -- Overall ("ASC 105-10"). ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

Effective July 1, 2008, the Company adopted FASB ASC 820-10, Fair Value Measurements and Disclosures -- Overall ("ASC 820-10") with respect to its financial assets and liabilities. In February 2008, the FASB issued updated guidance related to fair value measurements, which is included in the Codification in ASC 820-10-55, Fair Value Measurements and Disclosures -- Overall -- Implementation Guidance and Illustrations. The updated guidance provided a one year deferral of the effective date of ASC 820-10 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company adopted the provisions of ASC 820-10 for non-financial assets and non-financial liabilities effective July 1, 2009, and such adoption did not have a material impact on the Company's results of operations or financial condition.

Effective July 1, 2009, the Company adopted FASB ASC 820-10-65, Fair Value Measurements and Disclosures -- Overall -- Transition and Open Effective Date Information ("ASC 820-10-65"). ASC 820-10-65 provides additional guidance for

Edgar Filing: HYDROMER INC - Form 10-Q

estimating fair value in accordance with ASC 820-10 when the volume and level of activity for an asset or liability have significantly decreased. ASC 820-10-65 also includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of ASC 820-10-65 did not have an impact on the Company's consolidated results of operations or financial condition.

Effective July 1, 2009, the Company adopted FASB ASC 825-10-65, Financial Instruments -- Overall -- Transition and Open Effective Date Information ("ASC 825-10-65"). ASC 825-10-65 amends ASC 825-10 to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements and also amends ASC 270-10 to require those disclosures in all interim financial statements. The adoption of ASC 825-10-65 did not have a material impact on the Company's results of operations or financial condition.

FAIR VALUE

In accordance with FASB ASC 820 "Fair Value Measurements and Disclosures", the following table represents the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2009:

5

	Level 1	Level 2	Level 3	Total
	-----	-----	-----	-----
ASSETS				
Investments	\$ 440,000			\$ 440,000
	-----			-----
Total Assets	\$ 440,000	-	-	\$ 440,000
	=====			=====
LIABILITIES - n/a				
	-	-	-	-
	-----	-----	-----	-----

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 is 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 three months ended September 30, by segment are:

Edgar Filing: HYDROMER INC - Form 10-Q

	Polymer Research	Medical Products	Corporate Overhead	Total
2009				
Revenues	962,136	747,435		1,709,571
Expenses	(966,814)	(788,962)	(402,392)	(2,158,168)
	-----	-----	-----	-----
Pre-tax Loss	(4,678)	(41,527)	(402,392)	(448,597)
	=====	=====	=====	=====
2008				
Revenues	1,211,423	824,546		2,035,969
Expenses	(796,297)	(783,640)	(406,046)	(1,985,983)
	-----	-----	-----	-----
Pre-tax Income (Loss)	415,126	40,906	(406,046)	49,986
	=====	=====	=====	=====

Geographic revenues were as follows for the three months ended September 30,

	2009	2008
	----	----
Domestic	76%	82%
Foreign	24%	18%

6

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 September 30, 2009 were \$1,709,571, 16.0% lower than the \$2,035,969 for the same period the previous year. Revenues are comprised of the sale of Products and Services and Royalty and Contract payments.

Product sales were \$1,181,704 for the quarter ended September 30, 2009 as compared to \$1,118,068 for the same period the year before, a \$63,636 increase or 5.7%. Sales during the quarter ended September 30, 2008 was negatively impacted by third party parts availability and sterilization issues. Although the Company was able to rebound from those issues during the months following, sales during the quarter ended September 30, 2009 was impacted by \$217,065 from the transfer price agreement with Merit Medical Systems, Inc ("Merit"). (The Company sold two of its medical device product lines to Merit in February 2009, and until October 2009 manufactured these products solely for Merit at a predetermined transfer rate which was lower than that the Company was previously able to sell such products for).

Services revenues for the three months ended September 30, 2009 was \$299,792 or \$214,534 lower (41.7%) than the \$514,326 the corresponding period the year before. The conversion of a customer from contract coatings servicing to product sales accounted for \$121,915 of lower services revenues this quarter. Also included in the prior year's period

Edgar Filing: HYDROMER INC - Form 10-Q

was \$52,500 in R&D services. That project was completed in the prior fiscal year.

Royalty and Contract revenues include royalties received and the periodic recurring payments from license, stand still and other agreements for other than 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 September 30, 2009, Royalty and Contract revenues were \$228,075, compared to \$403,575 the same period a year ago. The cancellation of a supply and support agreement of \$100,000 per month in January 2009, replaced by a similar agreement at \$35,000 per month, was the primary factor behind the difference.

As of September 30, 2009, our open sales order book was approximately \$793,000. Although some of the sales orders can be cancelled prior to production, the Company is of the opinion that no substantial cancellations will occur. This value is lower than previous reported periods due to the sale of product lines to Merit and the conclusion of the production transfer period.

Total Expenses for the quarter ended September 30, 2009 were \$1,981,959 as compared with \$1,993,663 the year before, a 0.6% decrease.

The Company's Cost of Goods Sold was \$840,194 for the quarter ended September 30, 2009 as compared with \$792,318 the year prior, higher by 6.0%. Higher product sales volume and higher sterilization volume were the primary reasons for the increase.

Operating expenses were \$1,266,360 for the quarter ended September 30, 2009 as compared with \$1,153,014 the year before, up \$113,346 or 9.8%. The increased international focus in our T-HEXX Animal Health business, including a dedicated product manager, added tradeshow promotions and marketing expenses added \$62,076 in higher costs in the current period. One time legal fees of \$30,668 relating to the freedom to market clearance review was incurred during the period. Such legal fees allows for a new Hydrogel product launch with legal clearance. In addition, during the quarter \$22,804 was spent on animal clinical studies on our soon to be launched Dragonhyde Hoof Bath concentrate. All of the incremental spends this quarter are directly in relation towards future revenue sources.

Interest expense, interest income and other income are included in Other Expenses. Interest expense for the three months ended September 30, 2009 and September 30, 2008 were \$53,035 and \$46,074, respectively, up due to the mortgage refinance in September 2008 which provided the Company an

7

additional \$1 million in cash, used in part to payoff and close the line-of-credit facility. Interest expense in 2008 included interest on the line-of-credit facility.

A net loss of \$272,388 (\$0.06 per share) is reported for the quarter ended September 30, 2009 as compared to net income of \$42,306 (\$0.01 per share) the year before.

The cancellation and subsequent entering of a lower valued supply and support agreement impacted operating income by \$195,000 as compared with the prior year. The transfer price agreement impacted operating income by another \$217,065. An income tax benefit of \$176,209 was recorded for the quarter.

Edgar Filing: HYDROMER INC - Form 10-Q

Re-investment expenditures of Research and Development and patents expenditures accounted for approximately \$234,218 or 18.5% of the operating expenses.

Financial Condition

Working capital decreased \$502,557 during the three months ended September 30, 2009.

Net operating activities used \$333,636 during the three month period ended September 30, 2009.

The net loss as adjusted for non-cash expenses, used \$348,524 in cash. Income taxes paid during the quarter was \$60,000.

Investing activities used \$138,217 and financing activities used \$11,276 during the three months ended September 30, 2009.

Investing activities for the three months ended September 30, 2009 included \$65,010 for capital expenditures and \$83,207 towards the Company's patent estate. \$260,000 in short-term investments matured and \$250,000 was reinvested. Under financing activities, the principal portion of debt servicing of the mortgage utilized \$11,276 in cash.

As previously reported, until replacement income is achieved, the cancellation of the \$100,000 per month Supply and Support Agreement and the sale of product lines to Merit, with the sales proceeds representing the future cash flows, pushes the Company into an operating loss position for the near future. The timing of new revenues, including that from its anti-microbial, anti-thrombogenic and cell mitosis technologies and new T-HEXX product lines and broaden T-HEXX market penetration, are in varying stages, though it is management's expectations that anything of significance, in the aggregate, are at least a year away. The Company has a strong balance sheet to meet its required debt servicing.

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.

Edgar Filing: HYDROMER INC - Form 10-Q

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

8

ITEM # 6. Exhibits

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

9

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 Y. Lee, VP

Robert Y. Lee
Chief Financial Officer

DATE: November 13, 2009

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;
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;

Edgar Filing: HYDROMER INC - Form 10-Q

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: November 13, 2009

/s/ Manfred F. Dyck

Manfred F. Dyck, President and CEO

Edgar Filing: HYDROMER INC - Form 10-Q

10

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

Edgar Filing: HYDROMER INC - Form 10-Q

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: November 13, 2009

/s/ Robert Y. Lee, VP

Robert Y. Lee, Vice President of Finance and CFO

11

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 three months ended September 30, 2009 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: November 13, 2009

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

Edgar Filing: HYDROMER INC - Form 10-Q

pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Hydromer, Inc. on Form 10-Q for the three months ended September 30, 2009 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: November 13, 2009

By: /s/ Robert Y. Lee, VP

Robert Y. Lee
Chief Financial Officer and Vice President of Fin