

ANGEION CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(in thousands except per share amounts)

	Three Months Ended	
	January 31,	
	2009	2008
Revenues		
Equipment and supply sales	\$ 5,570	\$ 6,632
Service revenue	861	877
	6,431	7,509
Cost of revenues		
Cost of equipment and supplies	3,048	3,615
Cost of service revenue	81	116
	3,129	3,731
Gross margin	3,302	3,778
Operating expenses:		
Selling and marketing	1,798	2,371
General and administrative	1,154	1,318
Research and development	787	618
Amortization of intangibles	182	182
	3,921	4,489
Operating loss	(619)	(711)
Interest income	4	63
	(615)	(648)
Loss before taxes	(615)	(648)
Provision for taxes	7	27
	(622)	(675)
Net loss	\$ (622)	\$ (675)
Loss per share – basic		
Net loss per share	\$ (0.15)	\$ (0.17)
Loss per share – diluted		
Net loss per share	\$ (0.15)	\$ (0.17)
Weighted average common shares outstanding		
Basic	4,101	4,089
Diluted	4,101	4,089

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ANGEION CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
January 31, 2009 and October 31, 2008
(in thousands except share and per share data)

	<u>January 31, 2009</u>	<u>October 31, 2008</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,673	\$ 9,047
Accounts receivable, net of allowance for doubtful accounts of \$181 and \$283, respectively	5,500	5,446
Inventories, net of obsolescence reserve of \$704 and \$597, respectively	5,095	5,143
Prepaid expenses and other current assets	213	292
Total current assets	<u>19,481</u>	<u>19,928</u>
 Property and equipment, net of accumulated depreciation of \$3,009 and \$2,897, respectively	 849	 937
Intangible assets, net	<u>1,919</u>	<u>2,100</u>
Total Assets	<u>\$ 22,249</u>	<u>\$ 22,965</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,527	\$ 1,544
Employee compensation	1,123	1,288
Deferred income	1,425	1,531
Warranty reserve	155	157
Other current liabilities and accrued expenses	351	380
Total current liabilities	<u>4,581</u>	<u>4,900</u>
 Long-term liabilities:		
Long-term deferred income	<u>758</u>	<u>789</u>
Total Liabilities	<u>5,339</u>	<u>5,689</u>
 Shareholders' equity:		
Common stock, \$0.10 par value, authorized 25,000,000 shares, 4,195,078 and 4,166,457 shares issued and 4,120,411 and 4,091,790 shares outstanding in 2009 and 2008, respectively	412	409
Additional paid-in capital	21,209	20,956
Accumulated deficit	<u>(4,711)</u>	<u>(4,089)</u>
Total shareholders' equity	<u>16,910</u>	<u>17,276</u>
Total Liabilities and Shareholders' Equity	<u>\$ 22,249</u>	<u>\$ 22,965</u>

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ANGEION CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)

	Three months ended January 31,	
	2009	2008
Cash Flows From Operating Activities:		
Net loss	\$ (622)	\$ (675)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	293	306
Stock-based compensation	182	111
Increase in inventory obsolescence reserve	107	-
Decrease in allowance for doubtful accounts	(102)	(8)
Changes in operating assets and liabilities:		
Accounts receivable	48	1,706
Inventories	(59)	(435)
Prepaid expenses and other current assets	79	86
Accounts payable	(17)	(565)
Employee compensation	(165)	(691)
Deferred income	(137)	(132)
Warranty reserve	(2)	(47)
Other current liabilities and accrued expenses	(29)	4
Net cash used in operating activities	(424)	(340)
Cash Flows From Investing Activities:		
Purchase of property and equipment and intangible assets	(24)	(108)
Net cash used in investing activities	(24)	(108)
Cash Flows From Financing Activities:		
Proceeds from issuance of common stock under employee stock purchase plan	11	11
Proceeds from the exercise of stock options	63	-
Net cash provided by financing activities	74	11
Net decrease in cash and cash equivalents	(374)	(437)
Cash and cash equivalents at beginning of period	9,047	6,908
Cash and cash equivalents at end of period	\$ 8,673	\$ 6,471

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