

ANGEION CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(in thousands except per share amounts)

	Three Months Ended		Year Ended	
	October 31,		October 31,	
	2009	2008	2009	2008
Revenues				
Equipment and supply sales	\$ 5,792	\$ 6,609	\$ 22,173	\$ 26,154
Service revenue	817	978	3,306	3,857
	<u>6,609</u>	<u>7,587</u>	<u>25,479</u>	<u>30,011</u>
Cost of revenues				
Cost of equipment and supplies	3,222	3,534	11,832	14,064
Cost of service revenue	121	130	385	493
	<u>3,343</u>	<u>3,664</u>	<u>12,217</u>	<u>14,557</u>
Gross margin	<u>3,266</u>	<u>3,923</u>	<u>13,262</u>	<u>15,454</u>
Operating expenses:				
Selling and marketing	1,863	1,986	6,964	8,646
General and administrative	865	1,078	3,996	4,390
Research and development	925	546	3,151	2,437
Amortization of intangibles	182	182	728	728
	<u>3,835</u>	<u>3,792</u>	<u>14,839</u>	<u>16,201</u>
Operating income / (loss)	(569)	131	(1,577)	(747)
Interest income	6	26	16	163
Income / (loss) before taxes	(563)	157	(1,561)	(584)
Provision for taxes	10	54	32	102
Net income / (loss)	<u>\$ (573)</u>	<u>\$ 103</u>	<u>\$ (1,593)</u>	<u>\$ (686)</u>
Earnings / (loss) per share - basic				
Net income (loss) per share	<u>\$ (0.14)</u>	<u>\$ 0.03</u>	<u>\$ (0.39)</u>	<u>\$ (0.17)</u>
Earnings / (loss) per share - diluted				
Net income (loss) per share	<u>\$ (0.14)</u>	<u>\$ 0.02</u>	<u>\$ (0.39)</u>	<u>\$ (0.17)</u>
Weighted average common shares outstanding				
Basic	<u>4,140</u>	<u>4,092</u>	<u>4,121</u>	<u>4,090</u>
Diluted	<u>4,140</u>	<u>4,134</u>	<u>4,121</u>	<u>4,090</u>

(more)

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

	<u>October 31, 2009</u>	<u>October 31, 2008</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,219	\$ 9,047
Accounts receivable, net of allowance for doubtful accounts of \$110 and \$283, respectively	4,510	5,446
Inventories, net of obsolescence reserve of \$645 and \$597, respectively	4,371	5,143
Prepaid expenses and other current assets	243	292
Total current assets	<u>20,343</u>	<u>19,928</u>
Property and equipment, net of accumulated depreciation of \$3,305 and \$2,897, respectively	698	937
Intangible assets, net	1,422	2,100
Total Assets	<u><u>\$ 22,463</u></u>	<u><u>\$ 22,965</u></u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,771	\$ 1,544
Employee compensation	1,375	1,288
Deferred income	1,579	1,531
Warranty reserve	143	157
Other current liabilities and accrued expenses	323	380
Total current liabilities	5,191	4,900
Long-term liabilities:		
Long-term deferred income	718	789
Total Liabilities	<u>5,909</u>	<u>5,689</u>
Shareholders' equity:		
Common stock, \$0.10 par value, authorized 25,000,000 shares, 4,380,817 and 4,166,457 shares issued and 4,150,371 and 4,091,790 shares outstanding in 2009 and 2008, respectively	415	409
Additional paid-in capital	21,821	20,956
Accumulated deficit	(5,682)	(4,089)
Total shareholders' equity	<u>16,554</u>	<u>17,276</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 22,463</u></u>	<u><u>\$ 22,965</u></u>

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

	Year Ended October 31,	
	2009	2008
Cash Flows From Operating Activities:		
Net loss	\$ (1,593)	\$ (686)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	410	456
Amortization	728	728
Stock-based compensation	790	513
Increase in inventory obsolescence reserve	48	499
Increase / (decrease) in allowance for doubtful accounts	(173)	198
Loss on disposal of equipment	13	-
Changes in operating assets and liabilities:		
Accounts receivable	1,109	2,306
Inventories	724	(332)
Prepaid expenses and other current assets	49	55
Accounts payable	227	(314)
Employee compensation	87	(753)
Deferred income	(23)	(262)
Warranty reserve	(14)	(96)
Other current liabilities and accrued expenses	(57)	10
Net cash provided by operating activities	<u>2,325</u>	<u>2,322</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment and intangible assets	(234)	(203)
Net cash used in investing activities	<u>(234)</u>	<u>(203)</u>
Cash Flows From Financing Activities:		
Proceeds from issuance of common stock under employee stock purchase plan	20	20
Proceeds from the exercise of stock options	88	-
Repurchase of common stock upon vesting of restricted common shares	(27)	-
Net cash provided by financing activities	<u>81</u>	<u>20</u>
Net increase in cash and cash equivalents	2,172	2,139
Cash and cash equivalents at beginning of year	9,047	6,908
Cash and cash equivalents at end of year	<u>\$ 11,219</u>	<u>\$ 9,047</u>

###