

ARRHYTHMIA RESEARCH TECHNOLOGY INC /DE/
Form 10-Q
May 11, 2009

UNITED STATES 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 quarterly period ended March 31, 2009 or

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

001-9731
(Commission file No.)

ARRHYTHMIA RESEARCH TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation
or organization)

72-0925679
(I.R.S. employer identification no.)

25 Sawyer Passway
Fitchburg, Massachusetts 01420
(Address of principal executive offices)

(978) 345-5000
(Issuer's telephone number, including area code)

Check whether the registrant (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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

As of May 10, 2009 there were 2,688,291 shares of the Company's common stock outstanding.

ARRHYTHMIA RESEARCH TECHNOLOGY, INC.

TABLE OF CONTENTS

FORM 10-Q

March 31, 2009

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

PART II - OTHER INFORMATION

Item 5. Other Information

Item 6. Exhibits

SIGNATURES

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

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

Exhibit 32.1 Certification of Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32.2 Certification of Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ARRHYTHMIA RESEARCH TECHNOLOGY, INC. AND SUBSIDIARY

Consolidated Balance Sheets

ASSETS	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
Current assets:		
Cash and cash equivalents	\$ 2,501,971	\$ 2,320,467
Trade and other accounts receivable, net of allowance for doubtful accounts of \$51,619 and \$45,619	3,215,112	2,705,145
Inventories, net	3,818,900	3,727,492
Deferred income taxes, net	16,000	21,000
Prepaid tax	239,500	309,000
Deposits, prepaid expenses and other current assets	217,624	392,209
Total current assets	10,009,107	9,475,313
Property and equipment, net of accumulated depreciation of \$9,435,604 and \$9,111,067	7,164,363	7,305,278
Goodwill	1,564,966	1,564,966
Other intangible assets, net	131,229	143,010
Total assets	\$ 18,869,665	\$ 18,488,567
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,383,663	\$ 1,106,974
Accrued expenses	323,940	289,527
Short term loan payable	614,543	638,091
Total current liabilities	2,322,146	2,034,592
Long term liabilities:		
Long term deferred tax liability, net	295,000	315,500
Total long term liabilities	295,000	315,500
Total liabilities	2,617,146	2,350,092
Shareholders' equity:		
Preferred stock, \$1 par value; 2,000,000 shares authorized, none issued	-	-
	39,265	39,265

Common stock, \$0.01 par value; 10,000,000 shares authorized, 3,926,491 shares issued, 2,688,291 outstanding		
Additional paid-in-capital	10,275,838	10,243,568
Common stock held in treasury, 1,238,200 shares at cost	(3,380,554)	(3,380,554)
Retained earnings	9,317,970	9,236,196
Total shareholders' equity	16,252,519	16,138,475
Total liabilities and shareholders' equity	\$ 18,869,665	\$ 18,488,567

The accompanying notes are an integral part of the consolidated financial statements.

ARRHYTHMIA RESEARCH TECHNOLOGY, INC. AND SUBSIDIARY

Consolidated Statements of Income

(Unaudited)

	Three months ended	
	March 31,	
	2009	2008
Revenue	\$ 4,683,454	\$ 5,459,742
Cost of sales	3,739,132	4,348,304
Gross profit	944,322	1,111,438
Selling and marketing	150,449	190,374
General and administrative	575,505	616,864
Research and development	68,758	83,622
Total expense	794,712	890,860
Income from operations	149,610	220,578
Other income (expense), net	(13,836)	4,794
Income before income taxes	135,774	225,372
Income tax provision	54,000	76,000
Net income	\$ 81,774	\$ 149,372
Net income per share – basic	\$ 0.03	\$ 0.06