SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2005-05-02** | Period of Report: **2005-03-31**
SEC Accession No. 0000950137-05-005268

(HTML Version on secdatabase.com)

FILER

ALLIED HEALTHCARE PRODUCTS INC

CIK:**874710**| IRS No.: **231370721** | State of Incorp.:**DE** | Fiscal Year End: **0630**
Type: **10-Q** | Act: **34** | File No.: **000-19266** | Film No.: **05792034**
SIC: **3842** Orthopedic, prosthetic & surgical appliances & supplies

Mailing Address
1720 SUBLETTE AVENUE
ST LOUIS MO 63110

Business Address
1720 SUBLETTE AVE
ST LOUIS MI 63110
3147712400

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2005

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Action of 1934

For the transition period from ___________________ to ___________________

Commission File Number 0-19266

ALLIED HEALTHCARE PRODUCTS, INC.

1720 Sublette Avenue

St. Louis, Missouri 63110
314/771-2400

IRS Employment ID 25-1370721

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 twelve months (or for such shorter periods that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past ninety days.

Yes [X]   No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]   No [X]

The number of shares of common stock outstanding at May 2, 2005 is 7,829,577 shares.

INDEX

<TABLE>
<CAPTION>

<S>	Page Number <C>
Part I - Financial Information	
Item 1. Financial Statements	
Consolidated Statement of Operations - three months and nine months ended March 31, 2005 and 2004 (Unaudited)	3
Consolidated Balance Sheet - March 31, 2005 (Unaudited) and June 30, 2004 (Audited)	4 - 5
Consolidated Statement of Cash Flows - Nine months ended March 31, 2005 and 2004	

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

	(Unaudited)	6
	Notes to Consolidated Financial Statements	7 - 14
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14 - 20
Item 3.	Quantitative and Qualitative Disclosure about Market Risk	20
Item 4.	Controls and Procedures	20-21
Part II -	Other Information	
Item 6.	Exhibits	22
	Signature	23

</TABLE>

SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements contained in this Report, which are not historical facts or information, are "forward-looking statements." Words such as "believe," "expect," "intend," "will," "should," and other expressions that indicate future events and trends identify such forward-looking statements. These forward-looking statements involve risks and uncertainties, which could cause the outcome and future results of operations, and financial condition to be materially different than stated or anticipated based on the forward-looking statements. Such risks and uncertainties include both general economic risks and uncertainties, risks and uncertainties affecting the demand for and economic factors affecting the delivery of health care services, and specific matters which relate directly to the Company's operations and properties as discussed in the Company's annual report on Form 10-K for the year ended June 30, 2004. The Company cautions that any forward-looking statements contained in this report reflects only the belief of the Company or its management at the time the statement was made. Although the Company believes such forward-looking statements are based upon reasonable assumptions, such assumptions may ultimately prove inaccurate or incomplete. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement was made.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	Three months ended March 31,		Nine months ended March 31,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Net sales	$14,328,443	$14,956,873	$41,935,731	$43,841,734
Cost of sales	10,596,050	10,745,206	31,383,741	32,125,005
Gross profit	3,732,393	4,211,667	10,551,990	11,716,729
Selling, general and administrative expenses	3,013,159	3,054,399	8,998,802	9,568,968
Income from operations	719,234	1,157,268	1,553,188	2,147,761

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Other expenses:				
Interest	15,416	111,570	118,227	453,285
Other, net	13,791	7,748	32,563	2,066
	29,207	119,318	150,790	455,351
Income before provision for income taxes	690,027	1,037,950	1,402,398	1,692,410
Provision for income taxes	281,739	410,115	574,423	677,595
Net income	$ 408,288	$ 627,835	$ 827,975	$ 1,014,815
Basic earnings per share	$ 0.05	$ 0.08	$ 0.11	$ 0.13
Diluted earnings per share	$ 0.05	$ 0.08	$ 0.10	$ 0.13
Weighted average shares outstanding - basic	7,821,404	7,818,432	7,819,408	7,815,748
Weighted average shares outstanding - diluted	8,083,671	8,005,365	8,081,925	7,957,881

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED BALANCE SHEET
ASSETS
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	March 31, 2005 <C>	June 30, 2004 <C>
Current assets:		
Cash	$ 800	$ 8,256
Accounts receivable, net of allowance for doubtful accounts of $475,000 and $475,000, respectively	7,987,383	7,708,969
Inventories, net	10,635,740	11,095,171
Income tax receivable	-	130,548
Other current assets	328,942	127,127
Total current assets	18,952,865	19,070,071
Property, plant and equipment, net	11,403,838	11,999,927
Goodwill	15,979,830	15,979,830
Other assets, net	64,493	88,867
Total assets	$46,401,026	$47,138,695

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

(CONTINUED)

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED BALANCE SHEET
(CONTINUED)
LIABILITIES AND STOCKHOLDERS' EQUITY
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	March 31, 2005 <C>	June 30, 2004 <C>
Current liabilities:		
Accounts payable	$ 3,339,988	$ 3,125,593
Current portion of long-term debt	970,754	1,245,484
Deferred income taxes	389,644	389,644
Deferred revenue	465,000	-
Other current liabilities	3,498,559	3,316,603
Total current liabilities	8,663,945	8,077,324
Deferred income taxes	242,478	242,478
Deferred revenue	193,750	-
Long-term debt	-	2,366,076
Commitments and contingencies (note 5)		
Stockholders' equity:		
Preferred stock; $0.01 par value; 1,500,000 shares authorized; no shares issued and outstanding; which includes Series A preferred stock; $0.01 par value; 200,000 shares authorized; no shares issued and outstanding	-	-
Common stock; $0.01 par value; 30,000,000 shares authorized; 7,829,577 and 7,818,432 shares issued and outstanding at March 31, 2005 and June 30, 2004	101,331	101,220
Additional paid-in capital	47,061,441	47,041,493
Common stock in treasury, at cost	(20,731,428)	(20,731,428)
Retained earnings	10,869,509	10,041,532
Total stockholders' equity	37,300,853	36,452,817
Total liabilities and stockholders' equity	$ 46,401,026	$ 47,138,695

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

	Nine months ended March 31,	
	2005	2004
Cash flows from operating activities:		
Net income	$ 827,975	$ 1,014,815
Depreciation and amortization	963,054	970,169
Stock Based Compensation	20,060	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(278,414)	430,416
Inventories, net	459,431	1,270,069
Income tax receivable	130,548	(219,403)
Other current assets	(201,815)	(33,609)
Accounts payable	214,395	560,296
Deferred revenue	658,750	-
Income tax payable	(51,102)	654,363
Other current liabilities	233,059	499,428
Net cash provided by operating activities	2,975,941	5,146,544
Cash flows from investing activities:		
Capital expenditures	(342,591)	(437,453)
Net cash used in investing activities	(342,591)	(437,453)
Cash flows from financing activities:		
Payments of long-term debt	(3,174,646)	(844,867)
Borrowings under revolving credit agreement	44,067,252	42,497,132
Payments under revolving credit agreement	(43,533,412)	(46,373,129)
Proceeds from exercise of stock options	-	10,987
Net cash used in financing activities	(2,640,806)	(4,709,877)
Net decrease in cash	(7,456)	(786)
Cash at beginning of period	8,256	12,016
Cash at end of period	$ 800	$ 11,230

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

ALLIED HEALTHCARE PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Unaudited Consolidated Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation, have been included. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year. These statements should be read in conjunction with the consolidated financial statements and

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

notes to the consolidated financial statements thereto included in the Company's Form 10-K for the year ended June 30, 2004.

2. Significant Accounting Policies

Stock Options

The Company accounts for employee stock options in accordance with Accounting Principles Board No. (APB) 25, "Accounting for Stock Issued to Employees". Under APB 25, the Company applies the intrinsic value method of accounting. The Company has not recognized compensation expense at the grant date for options granted because the Company grants options at a price equal to market value at the time of grant. Financial Accounting Standard No. 123 (SFAS 123), "Accounting for Stock-Based Compensation," prescribes the recognition of compensation expense based on the fair value of options determined on the grant date. However, SFAS 123 grants an exception that allows companies currently applying APB 25 to continue using that method. The Company has elected to continue applying the intrinsic value method under APB 25. In March 2005, the Company recognized $20,060 of compensation expense related to the modification of stock options held by a member of the Company's board of directors.

The fair value of options granted (which is amortized over the option vesting period in determining the pro forma impact) is estimated on the date of grant using the Black-Scholes multiple option-pricing model. The following table shows stock-based compensation expense included in net income, pro forma stock-based compensation expense, net income, and earnings per share had the Company elected to record compensation expense based on the fair value of options at the grant date for the three and nine months ended March 31, 2005 and 2004.

<TABLE>
<CAPTION>

	Three Months Ended March 31st,		Nine Months Ended March 31st,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Net income, as reported	$ 408,288	$ 627,835	$ 827,975	$ 1,014,815
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	$ 12,036	-	$ 12,036	-
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards granted since July 1, 1994, net of related tax effects	($ 14,221)	($ 11,918)	($ 39,700)	($ 53,326)
Proforma net income	$ 406,103	$ 615,917	$ 800,311	$ 961,489
Earnings per share:				
Basic-as reported	$ 0.05	0.08	$ 0.11	0.13
Basic-pro forma	$ 0.05	0.08	$ 0.11	0.12
Diluted -as reported	$ 0.05	0.08	$ 0.10	0.13
Diluted -pro forma	$ 0.05	0.08	$ 0.10	0.12

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

The effects of applying SFAS 123 in this proforma disclosure are not necessarily indicative of future amounts.

Impact of Recently Issued Accounting Standards

In November 2004, the FASB issued SFAS 151, "Inventory Costs." SFAS 151 requires the allocation of fixed production overhead costs be based on the normal capacity of the production facilities and unallocated overhead costs recognized as an expense in the period incurred. In addition, other items such as abnormal freight, handling costs and wasted materials require treatment as current period charges rather than a portion of the inventory cost. SFAS 151 is effective for inventory costs incurred during periods beginning after June 15, 2005. The Company is currently assessing the impact of the adoption of SFAS 151 on its results of operations and financial condition.

In December 2004, the FASB issued SFAS 123R, "Share-Based Payment." SFAS 123R requires measurement of all employee stock-based compensation awards using a fair value method and the recording of such expense in the consolidated financial statements. In addition, the adoption of SFAS 123R will require additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share-based payment arrangements. SFAS 123R is effective beginning in

the first quarter of fiscal 2006. The Company is currently assessing the impact of the adoption of SFAS 123R on its results of operations and financial condition.

3. Inventories

Inventories are comprised of the following (unaudited):

	March 31, 2005	June 30, 2004
Work-in progress	$ 923,190	$ 722,894
Raw materials and component parts	8,515,514	9,170,682
Finished goods	2,517,966	2,944,085
Reserve for obsolete and excess inventory	(1,320,930)	(1,742,490)
	$ 10,635,740	$ 11,095,171

4. Earnings per share

Basic earnings per share are based on the weighted average number of shares of all common stock outstanding during the period. Diluted earnings per share are based on the sum of the weighted average number of shares of common stock and common stock equivalents (consisting of employee stock options) outstanding during the year. The weighted number of basic shares outstanding for the three months ended March 31, 2005 and 2004 was 7,821,404 and 7,818,432, respectively. The weighted number of diluted shares outstanding for the three months ended March 31, 2005 and 2004 was 8,083,671 and 8,005,365 shares, respectively. The weighted number of basic shares outstanding for the nine months ended March 31, 2005 and 2004 was 7,819,408 and 7,815,748, respectively. The number of diluted shares outstanding for the nine months ended March 31, 2005 and 2004 was 8,081,925 and 7,957,881 shares, respectively.

5. Commitments and Contingencies

The Company is subject to various investigations, claims and legal

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

proceedings covering a wide range of matters that arise in the ordinary course of its business activities. The Company has recognized the costs and associated liabilities only for those investigations, claims and legal proceedings for which, in its view, it is probable that liabilities have been incurred and the related amounts are estimable. Based upon information currently available, management believes that existing accrued liabilities are sufficient and that it is not reasonably possible at this time to believe that any additional liabilities will result from the resolution of these matters that would have a material adverse effect on the Company's consolidated results of operations, financial position or cash flows.

6. Financing Agreement Amendment

On April 24, 2002, the Company entered into a credit facility arrangement with LaSalle Bank National Association (the "Bank"), which was subsequently amended on September 26, 2002, and September 26, 2003. The credit facility provided for total borrowings up to $19.0 million; consisting of up to $15.0 million through a revolving credit facility and up to $4.0 million under a term loan.

On August 27, 2004, the Bank and the Company agreed to a further amendment of the credit facility (the amended credit facility). In conjunction with these amendments to the Company's credit facility, the Bank extended the maturity on the Company's term loan on real estate, the Company's revolving credit facility, and term loan on capital expenditures from April 24, 2005 to April 24, 2007. The entire credit facility was amended to accrue interest at the Bank's prime rate. The Prime rate was 5.75% on March 31, 2005. The interest rate on Prime rate loans may increase from Prime to Prime plus 0.75% if the ratio of the Company's funded debt to EBITDA exceeds 1.5. The amended credit facility also provides the Company with a rate of LIBOR plus 2.25%, at the Company's option. The optional LIBOR rate may increase from LIBOR plus 2.25% to LIBOR plus 3.00% based on the Company's fixed charge coverage ratio. The 90-day LIBOR rate was 3.12% at March 31, 2005. Amortization on the capital expenditure term loan shall continue on a five-year schedule with equal monthly payments of $50,772. Amortization on the real estate term loan was to continue on a five-year schedule with equal monthly payments of $49,685. The real estate term loan was retired on September 30, 2004.

At March 31, 2005, the Company was in compliance with its financial covenants under the amended credit facility. Although the Company was in compliance with its financial covenants under the amended credit facility at March 31, 2005, the ability of the Company to remain in compliance with these ratios for the remainder of the current fiscal year depends on the cumulative operating results and related fixed charges, and is subject to achieving satisfactory revenue and expense levels sufficient to enable the Company to meet heightened performance standards. At March 31, 2005, the Company realized a Fixed Charge Coverage Ratio, as defined, of approximately 2.03 to 1.0 based on the prior twelve months. During year ending June 30, 2005, the Company must realize a Fixed Charge Coverage Ratio of at least 1.0 to 1.0, as defined in the amended credit agreement. The Company believes such performance results are attainable, however, there can be no assurance that they will be achieved.

The Company's credit facility requires a lockbox arrangement, which provides for all receipts to be swept daily to reduce borrowings outstanding under the credit facility. This arrangement, combined with the existence of a Material Adverse Effect (MAE) clause in the credit facility, cause the revolving credit facility to be classified as a current liability, per guidance in the FASB's EITF Issue No. 95-22, "Balance Sheet Classification of Borrowings Outstanding under Revolving Credit Agreements that Include Both a Subjective Acceleration Clause and a Lock-Box Arrangement." However, the Company does not expect to repay, or be required to repay, within one year, the balance of the

revolving credit facility classified as a current liability. The MAE clause,

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

which is a typical requirement in commercial credit agreements, allows the lender to require the loan to become due if it determines there has been a material adverse effect on the Company's operations, business, properties, assets, liabilities, condition or prospects. The classification of the revolving credit facility as a current liability is a result only of the combination of the two aforementioned factors: the lockbox arrangement and the MAE clause. However, the revolving credit facility does not expire or have a maturity date within one year, but rather has a final expiration date of April 25, 2007. Additionally, the Bank has not notified the Company of any indication of a MAE at March 31, 2005.

7. Agreement with Abbott Laboratories

On August 27, 2004, Allied Healthcare Products, Inc. ("Allied") entered into an agreement with Abbott Laboratories ("Abbott") pursuant to which Allied agreed to cease production of its product Baralyme(R), and to affect the withdrawal of Baralyme(R) product held by distributors. The agreement permits Allied to pursue the development of a new carbon dioxide absorbent product. Baralyme(R), a carbon dioxide absorbent product, has been used safely and effectively in connection with inhalation anesthetics since its introduction in the 1920s. In recent years, the number of inhalation anesthetics has increased, giving rise to concerns regarding the use of Baralyme(R) in conjunction with these newer inhalation anesthetics if Baralyme(R) has been allowed, contrary to recommended practice, to become desiccated. The agreement also provides that, for a period of eight years, Allied will not manufacture, distribute, promote, market, sell, commercialize or donate any Baralyme(R) product or similar product based upon potassium hydroxide and will not develop or license any new carbon dioxide absorbent product containing potassium hydroxide.

In consideration of the foregoing, Abbott agreed to pay Allied an aggregate of $5,250,000 of which $1,530,000 which was paid on September 30, 2004, and the remainder payable in 4 equal annual installments of $930,000 due on July 1, 2005 through July 1, 2008. Allied has agreed with Abbott that in the event that it receives approval from the U.S. Food & Drug Administration for the commercial sale of a new carbon dioxide absorbent product not based upon potassium hydroxide prior to January 1, 2008, that Abbott will be relieved of any obligation to fund the $930,000 installment due July 1, 2008.

The initial payment of $1,530,000 from Abbott Laboratories was received on September 30, 2004. The agreement required Abbott Laboratories to pay Allied $600,000 for reimbursement of Allied's cost incurred in connection with withdrawal of Baralyme(R) from the market, the disposal of such product, and severance payments payable as a result of such withdrawal. This payment by Abbott Laboratories of $600,000 has been included in net sales during the nine months ended March 31, 2005, in accordance with the FASB's EITF Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." The Company is the primary obligor in the arrangement. It has sole authority to determine the method of withdrawal of Baralyme(R) and discretion in such matters as employee layoffs, disposal methods, and customer

communications regarding the sale of replacement products. The costs of executing the withdrawal are the sole responsibility of the Company.

The remaining $4,650,000 of the payments to be received from Abbott, including the remaining $930,000 received on September 30, 2004, will be recognized into income, as net sales, over the eight-year term of the agreement. Allied has no further obligations under this agreement which would require the Company to repay these amounts or otherwise impact this accounting treatment. During the three and nine months ended March 31, 2005, $116,250 and $271,250 was recognized as net sales, respectively.

A reconciliation of deferred revenue resulting from the agreement with Abbott Laboratories, with the amounts received under the agreement, and amounts recognized as net sales is as follows:

Deferred Revenue

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<TABLE>
<CAPTION>

	Three Months ended March 31, 2005	Three Months ended March 31, 2004	Nine Months ended March 31, 2005	Nine Months ended March 31, 2004
Beginning balance	$ 775,000	$ -	$ -	$ -
Payment Received from Abbott Laboratories	-	-	1,530,000	-
Revenue recognized as net sales	(116,250)	-	(871,250)	-
	658,750	-	658,750	-
Less - Current portion of deferred revenue	(465,000)	-	(465,000)	-
	$ 193,750	$ -	$ 193,750	$ -

</TABLE>

Allied has suspended manufacturing operations at its Stuyvesant Falls, New York, facility. Costs associated with the withdrawal and suspension of operations at that location, including severance and benefit payments due union employees, have been and will be recorded in accordance with SFAS 146, "Accounting for the Costs Associated with Exit or Disposal Activities".

On September 9, 2004 Allied entered into a Closedown Agreement with the International Chemical Union representing the employees at the Stuyvesant Falls, New York facility. The Company had advised the Union that the plant will be closed and all bargaining unit employees related to such operation will be permanently laid off, no later than October 15, 2004. The collective bargaining agreement expired and was terminated

as of the closing date. The Company paid severance to those 12 bargaining unit employees on the active payroll as of August 27, 2004.

During the first quarter of fiscal 2005, the Company recorded a charge to Cost of Sales of $600,000. This charge included $216,000 for severance payments and fringe benefits for the 12 bargaining unit employees. The charge included $200,000 for the value of Baralyme(R) inventory in stock and the time of the withdrawal, and associated disposal cost. The charge also included $184,000 for replacement of Baralyme(R) inventory which was returned by our customers as a result of the withdrawal. The Company has replaced Baralyme(R) returned by its customers with Carbolime(R), a carbon dioxide absorption product which continues to be offered for sale by Allied.

During the second quarter of fiscal 2005, the Company recorded an adjustment of $127,912 to reflect an increase in the estimated product withdrawal cost and disposal cost, as more inventory was returned by customers than originally estimated. The remaining cash expenditures are expected to be paid over the next three quarters. The amounts accrued represent management's best estimate of the obligations we expect to incur with this plan, and could be subject to change. Adjustments may be required as conditions and facts change throughout the implementation period.

The following table reflects the activities related to the withdrawal of Baralyme(R) and subsequent suspension of operations at the Stuyvesant Falls, New York facility, and the accrued liabilities in the consolidated balance sheets at March 31, 2005. Changes to previous estimates have been reflected as "Provision

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

adjustments" on the table below in the period the changes in estimates were made.

COST ASSOCIATED WITH WITHDRAWAL OF BARALYME

<TABLE>
<CAPTION>

<S>	INVENTORY TO BE DISPOSED OF <C>	SEVERANCE PAY AND BENEFITS <C>	PRODUCT WITHDRAWAL <C>	TOTAL <C>
PROVISION	$ 200,000	$ 216,000	$ 184,000	$ 600,000
CASH EXPENDITURES	($ 149,677)	($ 85,431)	($ 119,798)	($ 354,906)
BALANCE AT SEPTEMBER 30, 2004	$ 50,323	$ 130,569	$ 64,202	$ 245,094
CASH EXPENDITURES	($ 66,079)	($ 87,171)	($ 128,479)	($ 281,729)
PROVISION ADJUSTMENTS	$ 55,756	($ 2,852)	$ 75,008	$ 127,912
BALANCE AT DECEMBER 31, 2004	$ 40,000	$ 40,546	$ 10,731	$ 91,277
CASH EXPENDITURES	($ 35,732)	($ 15,205)	($ 10,731)	($ 61,668)
PROVISION ADJUSTMENTS	-	-	-	-
BALANCE AT MARCH 31, 2005	$ 4,268	$ 25,341	$ 0	$ 29,609

</TABLE>

In addition to the provisions of the agreement relating to the withdrawal of the Baralyme(R) product, Abbott has agreed to pay Allied up to $2,150,000 in product development costs to pursue development of a new carbon dioxide absorption product for use in connection with inhalation anesthetics that does not contain potassium hydroxide and does not produce a significant exothermic reaction with currently available inhalation agents. As of March 31, 2005 no amounts have been received, or are receivable, as a result of product development activities.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2005 COMPARED TO THREE MONTHS ENDED MARCH 31, 2004.

Allied had net sales of $14.3 million for the three months ended March 31, 2005, down $0.7 million, or 4.7%, from net sales of $15.0 million in the prior year same quarter. The overall decrease in net sales for the quarter is primarily the result of lower customer purchase order releases than in the prior year. Sales for the three months ended March 31, 2005 include $116,250 for the recognition into sales of payments resulting from the agreement with Abbott Laboratories to cease the production and distribution of Baralyme(R) as discussed below. For the three months ended March 31, 2005 the Company had Carbolime(R) sales of $0.3 million dollars, compared to combined sales of Carbolime(R) and Baralyme(R) of $0.3 million for the three months ended March 31, 2004.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Orders for the Company's products for the three months and nine months ended March 31, 2005 were level with orders for the same periods ended March 31, 2004. However, customer purchase order releases were $1.5 lower than in the prior year third quarter, leading to the decrease in sales in the third quarter. Purchase order release lead times depend on the scheduling practices of the individual customers.

Orders for the Company's Emergency Products are higher than in the prior year. The Company believes that orders for these products have been favorably impacted by Federal Homeland Security funding for emergency responders. In addition, the Company has reorganized this area replacing a sales manager and two of the three sales specialists. This increase in demand has been offset by decreased demand for the Company's respiratory care products and medical gas equipment. The Company continues to believe that the market for construction products remains weaker than in the prior year. In addition, the demand for respiratory care products continues to be adversely affected by increased foreign competition. The Company is continuing its active efforts to further reduce the cost to produce its products.

As discussed more fully in note 7 to the financial statements included elsewhere in this report, the Company ceased the sale of Baralyme(R) on August 27th, 2004 upon completion of the agreement with Abbott, and recognized three months of sales during the three months ended March 31, 2005. Sales from the agreement will continue to be recognized over eight years, the term of the agreement, at $38,750 per month. Allied continues to sell Carbolime(R), a carbon dioxide absorbent with a different formulation than Baralyme(R).

Gross profit for the three months ended March 31, 2005 was $3.7 million, or 26.0% of net sales, compared to $4.2 million, or 28.2% of net sales, for the three months ended March 31, 2004. The variance in gross profit percentages from prior year periods is primarily attributable to lower absorption rates for fixed cost due to the lower sales and production in fiscal 2005. The Company continues to control cost and actively pursue methods to reduce its cost.

Selling, general and administrative expenses for the three months ended March 31, 2005 were $3.0 million, a net decrease of $0.1 million, or 3.2%, from $3.1 million for the three months ended March 31, 2004. This decrease includes an approximately $0.1

million decrease in compensation expense and fringe benefits resulting from staff reductions in the prior year.

Income from operations was $0.7 million for the three months ended March 31, 2005 compared to $1.2 million for the three months ended March 31, 2004. Interest expense was $15,416 for the three months ended March 31, 2005, down from $111,570 for the three months ended March 31, 2004. The reduction in interest expense is the result of the lower level of debt than in the prior year. Allied had income before provision for income taxes in the third quarter of fiscal 2005 of $0.7 million, compared to income before provision for income taxes of $1.0 million for the third quarter of fiscal 2004. The Company recorded a tax provision of $0.3 million for the three-month period ended March 31, 2005 compared to a tax provision of $0.4 million for the three-month period ended March 31, 2004.

In fiscal 2005, the net income for the third quarter was $0.4 million or $0.05 per basic and diluted share compared to net income of $0.6 million or $0.08 per basic and diluted share for the third quarter of fiscal 2004. The weighted average number of common shares outstanding used in the calculation of basic earnings per share for the third quarters of fiscal 2005 and 2004 was 7,821,404 and 7,818,432 shares, respectively. The weighted average number of common shares outstanding used in the calculation of diluted earnings per share for the third quarters of fiscal 2005 and fiscal 2004 was 8,083,671 and 8,005,365 shares, respectively.

NINE MONTHS ENDED MARCH 31, 2005 COMPARED TO NINE MONTHS ENDED MARCH 31, 2004.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Allied had net sales of $41.9 million for the nine months ended March 31, 2005, down $1.9 million, or 4.3%, from net sales of $43.8 million in the prior year same period. The overall sales decrease is primarily due to the timing of customer purchase order releases. Sales were also impacted by approximately $0.5 million due to capacity constraints which negatively impacted production and shipments. The Company believes these constraints will be remedied in the fourth quarter of the fiscal year.

Sales for the nine months ended March 31, 2005 include $271,250 for the recognition into sales of payments resulting from the agreement with Abbott Laboratories to cease the production and distribution of Baralyme(R). Allied continues to sell Carbolime(R), a carbon dioxide absorbent with a different formulation than Baralyme(R). For the nine months ended March 31, 2005 the Company had carbon dioxide absorbent sales, including Baralyme(R) and Carbolime(R), of $1.2 million dollars, compared with $1.5 million for the nine months ended March 31, 2004. Sales for the nine months ended March 31, 2005 also included recognition as sales of a one-time $600,000 payment from Abbott Laboratories for cost incurred in connection with the withdrawal of Baralyme(R) from the market, the disposal of such product, and severance payments payable of such withdrawal.

Orders for the Company's products for the nine months ended March 31, 2005 were level with orders for the nine months ended March 31, 2004. However, customer purchase order releases were approximately $2.9 million lower than in the prior year. Purchase order release lead times depend on the scheduling practices of the individual customers, and do vary over time.

Orders for the Company's Emergency Products are higher than in the prior year. The Company believes that orders for these products have been favorably impacted by Federal Homeland Security funding for emergency responders. In addition, the Company has reorganized this area replacing a sales manager and two of the three sales specialists. This increase in demand has been offset by decreased demand for the Company's respiratory care products and medical gas equipment. The Company continues to believe that the market for construction products remains weaker than in the prior year. In addition, the demand for respiratory care products continues to be adversely affected by increased foreign competition. The Company is continuing its active efforts to further reduce the cost to produce its products.

Gross profit for the nine months ended March 31, 2005 was $10.6 million, or 25.2% of net sales, down from $11.7 million, or 26.7% of net sales, for the nine months ended March 31, 2004. The change in gross profit percentage is primarily the result of two factors. Cost of sales for the nine months ended March 31, 2005 does include approximately $0.7 million in cost incurred in connection with the withdrawal of Baralyme(R), including related severance costs. Gross profit for the nine months ended March 31, 2004 benefited by a $0.2 million one-time distribution representing the Company's membership interest in the liquidation of the General American Mutual Holding Company, the Company's former health care benefit provider.

Selling, general and administrative expenses for the nine months ended March 31, 2005 were $9.0 million, a net decrease of $0.6 million, or 6.3%, from $9.6 million for the nine months ended March 31, 2004. This decrease includes an approximately $0.3 million decrease in compensation expense and fringe benefits resulting from staff reductions in the prior year. Insurance costs are approximately $0.2 million lower than in the prior year as a result of lower negotiated insurance rates on product liability insurance. In addition, bad debt expense is approximately $0.1 million lower than in the prior year.

On July 28th, 2003 the Company announced a workforce reduction of 14 positions from its managerial and administrative staff and 5 positions from its production group. This reduction resulted in severance pay of approximately $73,000, which was paid in the first quarter of fiscal 2004. These payments are reflected in selling, general, and administrative expenses for the nine months ended March 31, 2004.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Income from operations was $1.6 million for the nine months ended March 31, 2005 compared to $2.1 million income from operations for the nine months ended March 31, 2004. Interest expense was $0.1 million for the nine months ended March 31, 2005, down from $0.5 million for the nine months ended March 31, 2004. The decrease in interest cost is the result of lower debt levels in the current year than in prior years.

Allied had income before provision for income taxes in the first nine months of fiscal 2005 of $1.4 million, compared to $1.7 million, for the first nine months of fiscal 2004. The Company recorded a tax provision of $0.6 million for the nine-month period ended March 31, 2005 compared to a tax provision of $0.7 million for the nine-month period ended March 31, 2004.

In fiscal 2005, the net income for the first nine months was $0.8 million, or $0.11 per basic and $0.10 per diluted share compared to net income of $1.0 million or $0.13 per basic and diluted share for the first nine months of fiscal 2004. The weighted average number of common shares outstanding used in the calculation of basic earnings per share for the first nine months of fiscal 2005 and 2004 was 7,819,408 and 7,815,748 shares, respectively. The weighted average number of common shares outstanding used in the calculation of diluted earnings per share for the first nine months of fiscal 2005 and fiscal 2004 was 8,081,925 and 7,957,881 shares, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company believes that available resources and anticipated cash flows from operations are sufficient to meet operating requirements in the coming year.

Working capital decreased to $10.3 million at March 31, 2005 compared to $11.0 million at June 30, 2004. This is primarily due to a $0.5 million reduction in inventories, a $0.1 million reduction in income tax receivable, a $0.2 million increase in accounts payable, a $0.2 million increase in other accrued liabilities, and a $0.5 million dollar increase in deferred revenue as result of the agreement with Abbott Laboratories to cease production of Baralyme(R). These changes have been offset, by a $0.3 million increase in accounts receivable, $0.2 million increase in other current assets, and a $0.3 million decrease in current portion of long-term debt.

On April 24, 2002, the Company entered into a credit facility arrangement with LaSalle Bank National Association (the "Bank"), which was subsequently amended on September 26, 2002, and September 26, 2003. The credit facility provided for total borrowings up to $19.0 million; consisting of up to $15.0 million through a revolving credit facility and up to $4.0 million under a term loan.

On August 27, 2004, the Bank and the Company agreed to a further amendment of the credit facility (the amended credit facility). In conjunction with these amendments to the Company's credit facility, the Bank extended the maturity on the Company's term loan on real estate, the Company's revolving credit facility, and term loan on capital expenditures from April 24, 2005 to April 24, 2007. The entire credit facility was amended to accrue interest at the Bank's prime rate. The Prime rate was 5.75% on March 31, 2005. The interest rate on Prime rate loans may increase from Prime to Prime plus 0.75% if the ratio of the Company's funded debt to EBITDA exceeds 1.5. The amended credit facility also provides the Company with a rate of LIBOR plus 2.25%, at the Company's option. The optional LIBOR rate may increase from LIBOR plus 2.25% to LIBOR plus 3.00% based on the Company's fixed charge coverage ratio. The 90-day

LIBOR rate was 3.12% at March 31, 2005. Amortization on the capital expenditure term loan shall continue on a five-year schedule with equal monthly payments of $50,772. Amortization on the real estate term loan was to continue on a five-year schedule with equal monthly payments of $49,685. The real estate term

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

loan was retired on September 30, 2004.

At March 31, 2005, the Company was in compliance with its financial covenants under the amended credit facility. Although the Company was in compliance with its financial covenants under the amended credit facility at March 31, 2005, the ability of the Company to remain in compliance with these ratios for the remainder of the current fiscal year depends on the cumulative operating results and related fixed charges, and is subject to achieving satisfactory revenue and expense levels sufficient to enable the Company to meet heightened performance standards. At March 31, 2005, the Company realized a Fixed Charge Coverage Ratio, as defined, of approximately 2.03 to 1.0 based on the prior twelve months. During year ending June 30, 2005, the Company must realize a Fixed Charge Coverage Ratio of 1.0 to 1.0, as defined in the amended credit agreement. The Company believes such performance results are attainable, however, there can be no assurance that they will be achieved.

The Company's credit facility requires a lockbox arrangement, which provides for all receipts to be swept daily to reduce borrowings outstanding under the credit facility. This arrangement, combined with the existence of a Material Adverse Effect (MAE) clause in the new credit facility, cause the revolving credit facility to be classified as a current liability, per guidance in the Fast's EITF Issue No. 95-22, "Balance Sheet Classification of Borrowings Outstanding under Revolving Credit Agreements that Include Both a Subjective Acceleration Clause and a Lock-Box Arrangement." However, the Company does not expect to repay, or be required to repay, within one year, the balance of the revolving credit facility classified as a current liability. The MAE clause, which is a typical requirement in commercial credit agreements, allows the lender to require the loan to become due if it determines there has been a material adverse effect on the Company's operations, business, properties, assets, liabilities, condition or prospects. The classification of the revolving credit facility as a current liability is a result only of the combination of the two aforementioned factors: the lockbox arrangement and the MAE clause. However, the revolving credit facility does not expire or have a maturity date within one year, but rather has a final expiration date of April 25, 2007. Additionally, the Bank has not notified the Company of any indication of a MAE at March 31, 2005.

At March 31, 2005, the company had $0.6 million outstanding against this facility and $9.3 million available to borrow from the line based on collateral requirements.

Inflation has not had a material effect on the Company's business or results of operations.

LITIGATION AND CONTINGENCIES

The Company becomes, from time to time, a party to personal injury litigation

arising out of incidents involving the use of its products. The Company believes that any potential judgements resulting from these claims over its self-insured retention will be covered by the Company's product liability insurance.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the FASB issued SFAS 151, "Inventory Costs." SFAS 151 requires the allocation of fixed production overhead costs be based on the normal capacity of the production facilities and unallocated overhead costs recognized as an expense in the period incurred. In addition, other items such as abnormal freight, handling costs and wasted materials require treatment as current period charges rather than a portion of the inventory cost. SFAS 151 is effective for inventory costs incurred during periods beginning after June 15, 2005. The Company is currently assessing the impact of the adoption of SFAS 151 on its results of operations and financial condition.

In December 2004, the FASB issued SFAS 123R, "Share-Based Payment." SFAS

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

123R requires measurement of all employee stock-based compensation awards using a fair value method and the recording of such expense in the consolidated financial statements. In addition, the adoption of SFAS 123R will require additional accounting related to the income tax effects and additional disclosure regarding the cash flow effects resulting from share-based payment arrangements. SFAS 123R is effective beginning in our first quarter of fiscal 2006. The Company is currently assessing the impact of the adoption of SFAS 123R on its results of operations and financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

At March 31, 2005, the Company had $1.0 million in debt outstanding. This balance includes an amount outstanding under the Company's capital expenditure loan for $0.4 million. The revolving credit facility, and the capital expenditure loan bear an interest rate using the commercial bank's "floating reference rate" as the basis, as defined in the loan agreement, and therefore is subject to additional expense should there be an increase in market interest rates.

The Company had no holdings of derivative financial or commodity instruments at March 31, 2005. Allied Healthcare Products has international sales; however these sales are denominated in U.S. dollars, mitigating foreign exchange rate fluctuation risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

(a) As of March 31, 2005, the Company, under the supervision, and with the participation, of its management, including its principal executive officer and principal financial officer, performed an evaluation of the Company's disclosure controls and

procedures, as contemplated by Securities Exchange Act Rule 13a-15. Based on that evaluation, the Company's principal executive officer and principal financial officer concluded that such disclosure controls and procedures were effective as of March 31, 2005.

(b) There has been no change in our internal controls over financial reporting during the quarter ended March 31, 2005, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

ITEM 6. EXHIBITS

(a) Exhibits:

31.1 Certification by Chief Executive Officer pursuant to Rule 13a-14(a).

31.2 Certification by Chief Financial Officer pursuant to Rule 13a-14(a).

32.1 Certification by Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

32.2 Certification by Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

99.1 Press Release dated May 2, 2005 announcing third quarter earnings.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SIGNATURE

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

ALLIED HEALTHCARE PRODUCTS, INC.

/s/ Daniel C. Dunn

Daniel C. Dunn
Chief Financial Officer

Date: May 2, 2005

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
31.1	Certification by Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification by Chief Financial Officer pursuant to Rule 13a-14(a).
32.1	Certification by Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
99.1	Press Release dated May 2, 2005 announcing third quarter earnings.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)
CHIEF EXECUTIVE OFFICER

I, Earl R. Refsland, President and Chief Executive Officer of Allied Healthcare Products, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allied Healthcare Products, 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-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 report is being prepared;

b) [not applicable to this reporting period since registrant is not an accelerated filer];

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; 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 quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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 over financial reporting.

Date: April 29, 2005

/s/ Earl R. Refsland

Earl R. Refsland,
President and Chief Executive Officer

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)
CHIEF FINANCIAL OFFICER

I, Daniel C. Dunn, Vice President-Finance and Chief Financial Officer of Allied Healthcare Products, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allied Healthcare Products, 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-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 report is being prepared;

b) [not applicable to this reporting period since registrant is not an accelerated filer];

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; 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 quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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 over financial reporting.

Date: April 29, 2005

/s/ Daniel C. Dunn

Daniel C. Dunn,
Vice President and Chief Financial Officer

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 32.1

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

Chief Executive Officer

The undersigned, as the chief executive officer of Allied Healthcare Products, Inc. (the "Company") does hereby certify for purposes of 18 U.S.C. Section 1350 that (i) the Company's Quarterly Report on Form 10-Q for the Company's fiscal quarter ending March 31, 2005 (the "Report"), as filed with the Securities and Exchange Commission on April the 29th, 2005, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Earl R. Refsland

Earl R. Refsland, Chief Executive Officer

April 29, 2005

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 32.2

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

Chief Financial Officer

The undersigned, as the chief financial officer of Allied Healthcare Products, Inc. (the "Company") does hereby certify for purposes of 18 U.S.C. Section.1350 that (i) the Company's Quarterly Report on Form 10-Q for the Company's fiscal quarter ending March 31, 2005 (the "Report"), as filed with the Securities and Exchange Commission on April the 29th, 2005, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Daniel C. Dunn

Daniel C. Dunn, Chief Financial Officer

April 29, 2005

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 99.1

[ALLIED HEALTHCARE PRODUCTS LOGO]

CONTACT: DANIEL C. DUNN
CHIEF FINANCIAL OFFICER
314/771-2400

ALLIED HEALTHCARE REPORTS CONSISTENT ORDERS
BUT DIP IN SALES, NET INCOME

- ORDERS REMAIN CONSISTENT FOR FIRST THREE QUARTERS FY 2005

- SALES FALL, BACKLOGS INCREASE BECAUSE OF CUSTOMER RELEASE ISSUES

- DEBT REDUCTION AND COST CONTROLS CONTINUE PROGRESS

ST. LOUIS, May 2, 2005 - Allied Healthcare Products, Inc. (NASDAQ: AHPI) reported net income of $408,000, or 5 cents per share, during its third quarter ended March 31, 2005, compared to $628,000, or 8 cents per share, for the third quarter of 2004.

For the first three quarters of fiscal 2005, Allied earned a net income of $828,000, or 10 cents per share, compared to $1,015,000, or 13 cents per share, for the first three quarters of 2004.

Allied's customer orders in fiscal 2005 have been consistent over the three quarter period with those of 2004. However, sales fell about $1.9 million, primarily because orders received were not released for shipment at the same rate as the prior year.

About 25 percent of the $1.9 million in sales shortfall can be attributed to production capacity issues at Allied, primarily in product testing, according to Earl R. Refsland, Chief Executive Officer. "Internal production issues we can and will fix," Refsland said. "However, as a practical matter, there is little we can do about the product release backlog other than to respond as soon as we receive a customer's approval to ship."

Refsland said that Allied offset some of the negative effects of the sales shortfall through continuing cost control efforts and debt reduction that reduced interest expense.

The company has cut debt from $3.6 to about $1.0 million in fiscal 2005. In fiscal 2004, Allied reduced its debt from $10.0 to $3.6 million.

Allied also continued progress in cost control by cutting operating expense $570,000 in fiscal 2005 versus 2004.

Refsland said that the company would resolve capacity constraints and focus on new product releases and sales growth in the next few quarters. The company plans to release at least three new products during calendar 2005, he said.

Allied Healthcare Products, Inc. is a leading manufacturer of respiratory care products, medical gas equipment and emergency medical products used in a wide range of hospital and alternate care settings.

"SAFE HARBOR" STATEMENT: Statements contained in this release that are not historical facts or information are "forward-looking statements." Words such as "believe," "expect," "intend," "will," "should," and other expressions that indicate future events and trends identify such forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause the outcome and future results of operations and financial condition to be materially different than stated or anticipated based on the forward-looking statements. Such risks and uncertainties include both general economic risks and uncertainties, risks and uncertainties affecting the demand for and economic factors affecting the delivery of health care services, and specific matters which relate directly to the Company's operations and properties as discussed in its periodic filings with the Securities and Exchange Commission. The Company cautions that any forward-looking statement contained in this report reflects only the belief of the Company or its management at the time the statement was made. Although the Company believes such forward-looking statements are based upon reasonable assumptions, such assumptions may ultimately prove inaccurate or

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

incomplete. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement was made.

##

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	Three months ended, March 31, 2005	Three months ended, March 31, 2004	Nine months ended, March 31, 2005	Nine months ended, March 31, 2004
Net sales	$ 14,328,443	$ 14,956,873	$ 41,935,731	$ 43,841,734
Cost of sales	10,596,050	10,745,206	31,383,741	32,125,005
Gross profit	3,732,393	4,211,667	10,551,990	11,716,729
Selling General and administrative expenses	3,013,159	3,054,399	8,998,802	9,568,968
Income from operations	719,234	1,157,268	1,553,188	2,147,761
Interest expense	15,416	111,570	118,227	453,285
Other expense	13,791	7,748	32,563	2,066
Other, net	29,207	119,318	150,790	455,351
Income before provision for income taxes	690,027	1,037,950	1,402,398	1,692,410
Provision for income taxes	281,739	410,115	574,423	677,595
Net income	$ 408,288	$ 627,835	$ 827,975	$ 1,014,815
Net income per share - Basic	$ 0.05	$ 0.08	$ 0.11	$ 0.13
Net income per share - Diluted	$ 0.05	$ 0.08	$ 0.10	$ 0.13
Weighted average common shares Outstanding - Basic	7,821,404	7,818,432	7,819,408	7,815,748
Weighted average common shares Outstanding - Diluted	8,083,671	8,005,365	8,081,925	7,957,881

</TABLE>

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	March 31, 2005	June 30, 2004
ASSETS		
Current assets:		
Cash	$ 800	$ 8,256
Accounts receivable, net of allowance for doubtful accounts of $475,000 and $475,000, respectively	7,987,383	7,708,969
Inventories, net	10,635,740	11,095,171
Income tax receivable	-	130,548

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Other current assets	328,942	127,127
Total current assets	18,952,865	19,070,071
Property, plant and equipment, net	11,403,838	11,999,927
Goodwill	15,979,830	15,979,830
Other assets, net	64,493	88,867
Total assets	$ 46,401,026	$ 47,138,695
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,339,988	$ 3,125,593
Current portion of long-term debt	970,754	1,245,484
Deferred income taxes	389,644	389,644
Deferred revenue	465,000	-
Other accrued liabilities	3,498,559	3,316,603
Total current liabilities	8,663,945	8,077,324
Deferred income taxes	242,478	242,478
Deferred revenue	193,750	-
Long-term debt	-	2,366,076
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; $0.01 par value; 1,500,000 shares authorized; no shares issued and outstanding	-	-
Series A preferred stock; $0.01 par value; 200,000 shares authorized; no shares issued and outstanding	-	-
Common stock; $0.01 par value; 30,000,000 shares authorized; 7,829,577 and 7,818,432 shares issued and outstanding at March 31, 2005 and June 30, 2004, respectively	101,331	101,220
Additional paid-in capital	47,061,441	47,041,493
Common stock in treasury, at cost	(20,731,428)	(20,731,428)
Retained earnings	10,869,509	10,041,532
Total stockholders' equity	37,300,853	36,452,817
Total liabilities and stockholders' equity	$ 46,401,026	$ 47,138,695

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document