

ARRHYTHMIA RESEARCH TECHNOLOGY INC /DE/  
Form 10-Q  
October 30, 2009

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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 September 30, 2009 or

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

001-09731

(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)

Indicate by check mark 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 October 23, 2009 there were 2,675,481 shares of the Company's common stock outstanding.

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Exhibit 31.1 Certification of Chief Executive Officer X-1  
pursuant to section 302 of the  
Sarbanes-Oxley Act of 2002

Exhibit 31.2 Certification of Chief Financial Officer X-2  
pursuant to section 302 of the  
Sarbanes-Oxley Act of 2002

Exhibit 32.1 Certification of Chief Executive Officer X-3  
pursuant to section 906 of the  
Sarbanes-Oxley Act of 2002

Exhibit 32.2 Certification of Chief Financial Officer X-4  
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	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Current assets:		
Cash and cash equivalents	\$ 2,519,865	\$ 2,320,467
Trade and other accounts receivable, net of allowance for doubtful accounts of \$47,082 and \$45,619	3,471,464	2,705,145
Inventories, net	3,262,414	3,727,492
Deferred income taxes, net	12,500	21,000
Prepaid tax	242,789	309,000
Deposits, prepaid expenses and other current assets	397,389	392,209
Total current assets	9,906,421	9,475,313
Property and equipment, net of accumulated depreciation of \$10,050,568 and \$9,111,067	7,112,443	7,305,278
Goodwill	1,564,966	1,564,966
Other intangible assets, net	107,668	143,010
Total assets	\$ 18,691,498	\$ 18,488,567

## LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 1,505,797	\$ 1,106,974
Accrued expenses	335,129	289,527
Short term loan payable	-	638,091
	1,840,926	2,034,592

Total current liabilities		
Long term liabilities:		
Long term deferred tax liability, net	421,000	315,500
Total long term liabilities	421,000	315,500
<b>Total liabilities</b>	<b>2,261,926</b>	<b>2,350,092</b>
Shareholders' equity:		
Preferred stock, \$1 par value; 2,000,000 shares authorized, none issued	-	-
Common stock, \$0.01 par value; 10,000,000 shares authorized, 3,926,491 shares issued, 2,675,481 and 2,688,291 outstanding	39,265	39,265
Additional paid-in-capital	10,299,828	10,243,568
Common stock held in treasury, 1,251,010 and 1,238,200 shares at cost	(3,413,742)	(3,380,554)
Retained earnings	9,504,221	9,236,196
Total shareholders' equity	16,429,572	16,138,475
<b>Total liabilities and shareholders' equity</b>	<b>\$ 18,691,498</b>	<b>\$ 18,488,567</b>

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 September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Revenue	\$ 5,457,377	\$ 5,838,390	\$ 15,512,270	\$ 17,724,252
Cost of sales	4,576,068	4,996,830	12,811,506	14,424,783
Gross profit	881,309	841,560	2,700,764	3,299,469
Selling and marketing	173,323	200,887	507,501	615,915
General and administrative	509,037	521,548	1,596,933	1,917,496
Research and development				