FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year June 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 0-19266

ALLIED HEALTHCARE PRODUCTS, INC.
[EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER]

DELAWARE	25-1370721
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
1720 SUBLETTE AVENUE ST. LOUIS, MISSOURI	63110
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (314) 771-2400

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of each class	Name of each exchange on which registered
None	

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
Common Stock
Preferred Stock
Preferred Stock Purchase Rights
(Title of class)

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 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. X No.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of September 19, 2001, the aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $12,800,000.

As of September 19, 2001, there were 7,806,682 shares of common stock, $0.01 par value (the "Common Stock"), outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement dated October 5, 2001 (portion) (Part III)

ALLIED HEALTHCARE PRODUCTS, INC.
INDEX TO FORM 10-K

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 Items 1, 3 and 7 in this Report. 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

ITEM 1. BUSINESS

GENERAL

Allied Healthcare Products, Inc. ("Allied" or the "Company") manufactures a variety of respiratory products used in the health care industry in a wide range of hospital and alternate site settings, including sub-acute care facilities, home health care and emergency medical care. The Company's product lines include respiratory care products, medical gas equipment and emergency medical products. The Company believes that it maintains significant market shares in selected product lines.

The Company's products are marketed under well-recognized and respected brand names to hospitals, hospital equipment dealers, hospital construction contractors, home health care dealers, emergency medical products dealers and others. Allied's product lines include:

RESPIRATORY CARE PRODUCTS

- respiratory care/anesthesia products

- home respiratory care products

MEDICAL GAS EQUIPMENT

- medical gas system construction products

- medical gas system regulation devices

- disposable oxygen and specialty gas cylinders

- portable suction equipment

EMERGENCY MEDICAL PRODUCTS

- respiratory/resuscitation products

- trauma and patient handling products

The Company's principal executive offices are located at 1720 Sublette Avenue, St. Louis, Missouri 63110, and its telephone number is (314) 771-2400.

MARKETS AND PRODUCTS

In fiscal 2001, respiratory care products, medical gas equipment and emergency medical products represented approximately 28%, 57% and 15%, respectively, of the Company's net sales. The Company operates in a single industry segment and its principal products are described in the following table:

Product	Description	Principal Brand Names	Primary Users
RESPIRATORY CARE PRODUCTS			
Respiratory Care/ Anesthesia Products	Large volume compressors; ventilator calibrators; humidifiers and mist tents	Timeter	Hospitals and sub-acute facilities
Home Respiratory Care Products	O2 cylinders; pressure regulators; nebulizers; portable large volume compressors; portable suction equipment and disposable respiratory products	Timeter; B&F; Schuco	Patients at home
MEDICAL GAS EQUIPMENT			
Construction Products	In-wall medical gas system components; central suction pumps and compressors and headwalls	Chemetron; Oxequip	Hospitals and sub-acute facilities
Regulation Devices	Flowmeters; vacuum regulators; pressure regulators and related products	Chemetron; Oxequip; Timeter	Hospitals and sub-acute facilities
Disposable Cylinders	Disposable oxygen and gas cylinders	Lif-O-Gen	First aid providers and specialty gas distributors
Suction Equipment	Portable suction equipment and disposable suction canisters	Gomco; Allied; Schuco	Hospitals; sub-acute facilities and home care products
EMERGENCY MEDICAL PRODUCTS			
Respiratory/Resuscitation	Demand resuscitation valves; bag mask resuscitators; emergency transport ventilators and oxygen regulators	LSP; Omni- Tech	Emergency service providers
Trauma and Patient Handling Products	Spine immobilization products; pneumatic anti-shock garments and trauma burn kits	LSP	Emergency service providers

RESPIRATORY CARE PRODUCTS

MARKET. Respiratory care products are used in the treatment of acute and chronic respiratory disorders such as asthma, emphysema, bronchitis and pneumonia. Respiratory care products are used in both hospitals and alternate care settings. Sales of respiratory care products are made through distribution channels focusing on hospitals and other sub-acute facilities. Sales of home respiratory care products are made through durable medical equipment dealers through telemarketing, and by contract sales with national chains.

RESPIRATORY CARE/ANESTHESIA PRODUCTS. The Company manufactures and sells a broad range of products for use in respiratory care and anesthesia delivery. These products include large volume air compressors,

calibration equipment, humidifiers, croup tents, equipment dryers, CO2 absorbent and a complete line of respiratory disposable products such as oxygen tubing, face masks, cannulas and ventilator circuits.

HOME RESPIRATORY CARE PRODUCTS. Home respiratory care products represent one of Allied's potential growth areas. Allied's broad line of home respiratory care products include aluminum oxygen cylinders, oxygen regulators, pneumatic nebulizers, portable suction equipment and the full line of respiratory disposable products.

MEDICAL GAS EQUIPMENT

MARKET. The market for medical gas equipment consists of hospitals, alternate care settings and surgery centers. The medical gas equipment group is broken down into three separate categories: construction products, regulation devices and suction equipment, and disposable cylinders.

CONSTRUCTION PRODUCTS. Allied's medical gas system construction products consist of in-wall medical system components, central station pumps and compressors, and headwalls. These products are typically installed during construction or renovation of a health care facility and are built in as an integral part of the facility's physical plant. Typically, the contractor for the facility's construction or renovation purchases medical gas system components from manufacturers and ensures that the design specifications of the health care facility are met.

Allied's in-wall components, including outlets, manifolds, alarms, ceiling columns and zone valves, serve a fundamental role in medical gas delivery systems.

Central station pumps and compressors are individually engineered systems consisting of compressors, reservoirs, valves and controls designed to drive a hospital's medical gas and suction systems. Each system is designed specifically for a given hospital or facility, which purchases pumps and compressors from suppliers. The Company's sales of pumps and compressors are driven, in large part, by its share of the in-wall components market.

The Company's construction products are sold primarily to hospitals, alternate care settings and hospital construction contractors. The Company believes that it holds a major share of the U.S. market for its construction products, that these products are installed in more than three thousand hospitals in the United States and that its installed base of equipment in this market will continue to generate follow-on sales. The Company believes that most hospitals and sub-acute care facility construction spending is for expansion or renovation of existing facilities. Many hospital systems and individual hospitals undertake major renovations to upgrade their operations to improve the quality of care they provide, reduce costs and attract patients and personnel.

While Allied sold the assets of its headwall manufacturing division, Hospital Systems, Inc. on May 28, 1999, the Company continues to sell headwall products in the construction product market. Allied's participation in this market includes the distribution of headwall components utilized by various headwall manufacturers, as well as the distribution of complete headwall systems purchased from outside manufacturers that are utilized in hospital construction and renovation.

REGULATION DEVICES AND SUCTION EQUIPMENT. The Company's medical gas system regulation products include flowmeters, vacuum regulators and pressure regulators, as well as related adapters, fittings and hoses which measure, regulate, monitor and help transfer medical gases from walled piping or equipment to patients in hospital rooms, operating theaters or intensive care areas. The Company's leadership position in the in-wall components market provides a competitive advantage in marketing medical gas system regulation devices that are compatible with those components.

Portable suction equipment is typically used when in-wall suction is not available or when medical protocol specifically requires portable suction. The Company also manufactures disposable suction canisters, which are clear containers used to collect the fluids suctioned by in-wall or portable suction systems. The containers have volume calibrations which allow the medical practitioner to measure the volume of fluids suctioned.

The market for regulation devices and suction equipment includes hospital and sub-acute care facilities. Sales of these products are made through the same distribution channel as our respiratory care products. The Company believes that it holds a significant share of the U.S. market in both regulation devices and suction equipment.

DISPOSABLE CYLINDERS. Disposable oxygen cylinders are designed to provide oxygen for short periods of time in emergency situations. Since they are not subjected to the same pressurization as standard containers, they are much lighter and less expensive than standard gas cylinders. The Company markets filled disposable oxygen cylinders through industrial safety distributors and similar customers, principally to first aid providers, restaurants, industrial plants and other customers that require oxygen for infrequent emergencies.

EMERGENCY MEDICAL PRODUCTS

MARKET. Emergency medical products are used in the treatment of trauma-induced injuries. The Company's emergency medical products provide patients resuscitation or ventilation during cardiopulmonary resuscitation or respiratory distress as well as immobilization and treatment for burns. The Company believes that the trauma care venue for health care services is positioned for growth in light of the continuing trend towards providing health care outside the traditional hospital setting. The Company also expects that other countries will develop trauma care systems in the future, although no assurance can be given that such systems will develop or that they will have a favorable impact on the Company. Sales of emergency medical products are made through specialized emergency medical products distributors to ambulance companies, fire departments and emergency medical systems volunteer organizations.

The emergency medical products are broken down into two account groups: respiratory/resuscitator products and trauma patient handling products.

RESPIRATORY/RESUSCITATION PRODUCTS. The Company's respiratory/resuscitation products include demand resuscitation valves, portable resuscitation systems, bag masks and related products, emergency transport ventilators, precision oxygen regulators, minilators, multilators and humidifiers.

Demand resuscitation valves are designed to provide 100% oxygen to breathing or non-breathing patients. In an emergency situation, they can be used with a mask or tracheotomy tubes and operate from a standard regulated oxygen system. The Company's portable resuscitation systems provide fast, simple and effective means of ventilating a non-breathing patient during cardiopulmonary resuscitation and 100% oxygen to breathing patients on demand with minimal inspiratory effort. The Company also markets a full line of disposable and reusable bag mask resuscitators, which are available in a variety of adult and child-size configurations. Disposable mouth-to-mask resuscitation systems have the added advantage of reducing the risk of transmission of communicable diseases.

The Company's autovent transport ventilator can meet a variety of needs in different applications ranging from typical emergency medical situations to more sophisticated air and ground transport. Each autovent is accompanied by a patient valve which provides effective ventilation during cardiopulmonary resuscitation or respiratory distress. When administration of oxygen is required at the scene of a disaster, in military field hospitals or in a multiple-victim incident, Allied's minilators and multilators are capable of providing oxygen to one or a large number of patients.

To complement the family of respiratory/resuscitation products, the Company offers a full line of oxygen product accessories. This line of accessory products includes reusable aspirators, tru-fit masks, disposable cuffed masks and related accessories.

TRAUMA AND PATIENT HANDLING PRODUCTS. The Company's trauma and patient handling products include spine immobilization products, pneumatic anti-shock garments and trauma burn kits. Spine immobilization products include a backboard that is designed for safe immobilization of injury victims and provides a durable and cost effective means of emergency patient transportation and extrication. The infant/pediatric immobilization board is durable and scaled for children. The half back extractor/rescue vest is useful for both suspected cervical/spinal injuries and for mountain and air rescues. The Company's pneumatic anti-shock

garments are used to treat victims experiencing hypovolemic shock. Allied's trauma burn kits contain a comprehensive line of products for the treatment of trauma and burns.

SALES AND MARKETING

Allied sells its products primarily to respiratory care/anesthesia product distributors, hospital construction contractors, emergency medical equipment dealers and directly to hospitals. The Company maintains a sales force of 37 sales professionals, all of whom are full-time employees of the Company.

The sales force includes 25 medical gas specialists, 5 emergency specialists and 7 international sales representatives. Four product managers are responsible for the marketing activities of our product lines.

The 25 medical gas specialists are responsible for sales of all Allied products with the exception of emergency products within their territory. Sales of products are accomplished through respiratory care/ anesthesia distributors for the regulation devices, suction equipment, respiratory care/anesthesia products and disposable cylinders. The homecare products are sold primarily through our own in house telemarketing. Construction products are sold direct to hospital construction contractors and through distributors.

Emergency medical specialists are responsible for sales of respiratory/resuscitation products, trauma and patient handling products. These products are principally sold to ambulance companies, fire departments and emergency medical systems volunteer organizations through specialized emergency medical products distributors.

INTERNATIONAL

Allied's international business represents a potential growth area that the Company has been pursuing. Allied's net sales to foreign markets totaled 21% of the Company's net sales in fiscal 2001. International sales are made through a network of doctors, agents and U.S. exporters who distribute the Company's products throughout the world. Allied has market presence in Canada, Mexico, Central and South America, Europe, the Middle East and the Far East.

MANUFACTURING

Allied's manufacturing processes include fabrication, electro-mechanical assembly operations and plastics manufacturing. A significant part of Allied's manufacturing operations involves electro-mechanical assembly of proprietary products and the Company is vertically integrated in most elements of metal machining and fabrication. Most of Allied's hourly employees are involved in machining, metal fabrication, plastics manufacturing and product assembly.

Allied manufactures small metal components from bar stock in a machine shop which includes automatic screw machines, horizontal lathes and drill presses and six computer controlled machining centers. The Company makes larger metal components from sheet metal using computerized punch presses, brake presses and shears. In its plastics manufacturing processes, the Company utilizes both extrusion and injection molding. The Company believes that its production facilities and equipment are in good condition and sufficient to meet planned increases in volume over the next few years and that conditions in local labor markets should permit the implementation of additional shifts and days operated.

In August 1998, Allied announced the closing of its Toledo, Ohio facility and subsequent consolidation of the production of its B&F disposable product line into the St. Louis facility. This move was completed during the second quarter of fiscal 1999. See further discussion of the closure of the Toledo operation in the following MDA section of this Form 10-K.

RESEARCH AND DEVELOPMENT

Allied's research and development group is responsible for the development of new products. This group is staffed with mechanical and electrical engineers. During the 2000 fiscal year this group was segregated from the product support function to allow the group to focus on the introduction of new products.

During fiscal 2001 the Company released several new products as a result of research and development programs. These products include a new B & F Oxygen regulator that now has a body made of brass, as well as a new articulating arm which allows gas and electrical connections to be positioned closer to the patient in operating rooms. The group also engaged in several research projects, one leading to a patent application.

GOVERNMENT REGULATION

The Company's products and its manufacturing activities are subject to extensive and rigorous government regulation by federal and state authorities in the United States and other countries. In the United States, medical devices for human use are subject to comprehensive review by the United States Food and Drug Administration (the "FDA"). The Federal Food, Drug, and Cosmetic Act ("FDC Act"), and other federal statutes and regulations, govern or influence the research, testing, manufacture, safety, labeling, storage, record keeping, approval, advertising and promotion of such products. Noncompliance with applicable requirements can result in warning letters, fines, recall or seizure of products, injunction, refusal to permit products to be imported into or exported out of the United States, refusal of the government to clear or approve marketing applications or to allow the Company to enter into government supply contracts, or withdrawal of previously approved marketing applications and criminal prosecution.

The Company is required to file a premarket notification in the form of a premarket approval ("PMA") with the FDA before it begins marketing a new medical device that offers new technology that is currently not on the market. The Company also must file a premarket notification in the form of a 510(k) with the FDA before it begins marketing a new medical device that utilizes existing technology for devices that are currently on the market. The 510(k) submission process is also required when the Company makes a change or modifies an existing device in a manner that could significantly affect the device's safety or effectiveness.

Compliance with the regulatory approval process in order to market a new or modified medical device can be uncertain, lengthy and, in some cases, expensive. There can be no assurance that necessary regulatory approvals will be obtained on a timely basis, or at all. Delays in receipt or failure to receive such approvals, the loss of previously received approvals, or failure to comply with existing or future regulatory requirements could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company manufactures and distributes a broad spectrum of respiratory therapy equipment, emergency medical equipment and medical gas equipment. To date, all of the Company's FDA clearances have been obtained through the 510(k) clearance process. These determinations are very fact specific and the FDA has stated that, initially, the manufacturer is best qualified to make these determinations, which should be based on adequate supporting data and documentation. The FDA however, may disagree with a manufacturer's determination not to file a 510(k) and require the submission of a new 510(k) notification for the changed or modified device. Where the FDA believes that the change or modification raises significant new questions of safety or effectiveness, the agency may require a manufacturer to cease distribution of the device pending clearance of a new 510(k) notification. Certain of the Company's medical devices have been changed or modified subsequent to 510(k) marketing clearance of the original device by the FDA. Certain of the Company's medical devices, which were first marketed prior to May 28, 1976, and therefore, grandfathered and exempt from the 510(k) notification process, also have been subsequently changed or modified. The Company believes that these changes or modifications do not significantly affect the device's safety or effectiveness or make a major change or modification in the device's intended uses and, accordingly, submission of new 510(k) notification to FDA is not required. There can be no assurance, however, that FDA would agree with the Company's determinations.

In addition, commercial distribution in certain foreign countries is subject to additional regulatory requirements and receipt of approvals that vary widely from country to country. The Company believes it is in compliance with regulatory requirements of the countries in which it sells its products.

The Medical Device Reporting regulation requires that the Company provide information to FDA on deaths or serious injuries alleged to have been associated with the use of its devices, as well as product malfunctions that would likely cause or contribute to death or serious injury if the malfunction were to recur. The Medical Device Tracking regulation requires the Company to adopt a method of device tracking of

certain devices, such as ventilators, which are life-supporting or life-sustaining devices used outside of a device user facility, some of which are permanently implantable devices. The regulation requires that the method adopted by the Company ensures that the tracked device can be traced from the device manufacturer to the person for whom the device is indicated (i.e., the patient). In addition, FDA prohibits a company from promoting an approved device for unapproved applications and reviews a company's labeling for accuracy. Labeling and promotional activities also are in certain instances, subject to scrutiny by the Federal Trade Commission.

The Company's medical device manufacturing facilities are registered with the FDA, and have received ISO 9001 Certification for the St. Louis facility and certification per the Medical Device Directive (MDD -- European) for certain products in 1998. As such, the Company will be audited by FDA, ISO, and European auditors for compliance with the Good Manufacturing Practices ("GMP"), ISO and MDD regulations for medical devices. These regulations require the Company to manufacture its products and maintain its products and documentation in a prescribed manner with respect to design, manufacturing, testing and control activities. The Company also is subject to the registration and inspection requirements of state regulatory agencies.

In March through June 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report, known as an "FDA Form 483" or simply a "483," citing FDA observations concerning GMP compliance and quality control issues applicable to demand valves, emergency ventilators, circumcision clamps, and regulators. The Company provided a written response to the FDA and in August 2000, the FDA issued a warning letter and requested that the Company clarify and supplement its responses to the 483 observations. As a result, the Company has submitted to the FDA a written supplemental response and is in the process of implementing actions to address the FDA concerns. The Company met with the FDA at their Kansas City field office in March 2001 to discuss the responses and actions. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing or to require any recall or modification of products.

There can be no assurance that any required FDA or other governmental approval will be granted, or, if granted, will not be withdrawn. Governmental regulation may prevent or substantially delay the marketing of the Company's proposed products and cause the Company to undertake costly procedures. In addition, the extent of potentially adverse government regulation that might arise from future administrative action or legislation cannot be predicted. Any failure to obtain, or delay in obtaining, such approvals could adversely affect the Company's ability to market its proposed products.

Sales of medical devices outside the United States are subject to foreign regulatory requirements that vary widely from country to country. Medical products shipped to the European Community require CE certification. Whether or not FDA approval has been obtained, approval of a device by a comparable regulatory authority of a foreign country generally must be obtained prior to the commencement of marketing in those countries. The time required to obtain such approvals may be longer or shorter than that required for FDA approval. In addition, FDA approval may be required under certain circumstances to export certain medical devices.

The Company is also subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protections, fire hazard control and disposal of hazardous or potentially hazardous substances.

THIRD PARTY REIMBURSEMENT

The cost of a majority of medical care in the United States is funded by the U.S. Government through the Medicare and Medicaid programs and by private insurance programs, such as corporate health insurance plans. Although the Company does not receive payments for its products directly from these programs, home respiratory care providers and durable medical equipment suppliers, who are the primary customers for several of the Company's products, depend heavily on payments from Medicare, Medicaid and private insurers as a major source of revenues. In addition, sales of certain of the Company's products are affected by the extent of hospital and health care facility construction and renovation at any given time. The federal government

indirectly funds a significant percentage of such construction and renovation costs through Medicare and Medicaid reimbursements. In recent years, governmentally imposed limits on reimbursement to hospitals and other health care providers have impacted spending for services, consumables and capital goods. In addition the Balanced Budget Act of 1997 reduced reimbursements by 25% for oxygen and oxygen equipment. A material decrease from current reimbursement levels or a material change in the method or basis of reimbursing health care providers is likely to adversely affect future sales of the Company's products.

PATENTS, TRADEMARKS AND PROPRIETARY TECHNOLOGY

The Company owns and maintains patents on several products that it believes are useful to the business and provides the Company with an advantage over its competitors. During fiscal 2001 the Company applied for one patent.

The Company owns and maintains U.S. trademark registrations for Chemetron, Gomco, Oxequip, Lif-O-Gen, Life Support Products, Timeter, Vacutron and Schuco, its principal trademarks. Registrations for these trademarks are also owned and maintained in countries where such products are sold and such registrations are considered necessary to preserve the Company's proprietary rights therein.

COMPETITION

The Company has different competitors within each of its product lines. Many of the Company's principal competitors are larger than Allied and the Company believes that most of these competitors have greater financial and other resources. The Company competes primarily on the basis of price, quality and service. The Company believes that it is well positioned with respect to product cost, brand recognition, product reliability, and customer service to compete effectively in each of its markets.

EMPLOYEES

At June 30, 2001, the Company had approximately 465 full-time employees. Approximately 281 employees in the Company's principal manufacturing facility located in St. Louis, Missouri, are covered by a collective bargaining agreement that will expire on May 31, 2003. Approximately 13 employees at the Company's facility in Stuyvesant Falls, New York are also covered by a collective bargaining agreement that will expire on April 15, 2004.

ENVIRONMENTAL AND SAFETY REGULATION

The Company is subject to federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the environment and establish standards for the treatment, storage and disposal of toxic and hazardous wastes. The Company is also subject to the federal Occupational Safety and Health Act and similar state statutes. From time to time the Company has been involved in environmental proceedings involving clean up of hazardous waste. There are no such material proceedings currently pending. Costs of compliance with environmental, health and safety requirements have not been material to the Company. The Company believes it is in material compliance with all applicable environmental laws and regulations.

ITEM 2. PROPERTIES

The Company's headquarters are located in St. Louis, Missouri and the Company maintains manufacturing facilities in Missouri and New York. Set forth below is certain information with respect to the Company's manufacturing facilities.

LOCATION	SQUARE FOOTAGE (APPROXIMATE)	OWNED/ LEASED	ACTIVITIES/PRODUCTS
St. Louis, Missouri	270,000	Owned	Headquarters; medical gas equipment; respiratory care products; emergency medical products
Stuyvesant Falls, New York	30,000	Owned	CO2 absorbent

In addition, the Company owns a 16.8-acre parcel of undeveloped land in Stuyvesant Falls, New York. As indicated elsewhere in this Form 10-K, Allied's former manufacturing facility in Toledo was shut down and the operations consolidated into St. Louis during the second quarter of fiscal 1999.

ITEM 3. LEGAL PROCEEDINGS

Product liability lawsuits are filed against the Company from time to time for various injuries alleged to have resulted from defects in the manufacture and/or design of the Company's products. Several such proceedings are currently pending, which are not expected to have a material adverse effect on the Company. The Company maintains comprehensive general liability insurance coverage which it believes to be adequate for the continued operation of its business, including coverage of product liability claims.

In addition, from time to time the Company's products may be subject to product recalls in order to correct design or manufacturing flaws in such products. The Company has voluntarily effectuated the recall of its aluminum body regulators manufactured under the Life Supports Products, Inc. brand name in cooperation with the U.S. Food and Drug Administration ("FDA") under Product Recall No. Z-693/698-9 to conform with the industry wide recommendation to cease use of aluminum parts in oxygen regulators. The recall is complete and a final audit of the results thereof was completed on December 22, 2000 by the FDA.

In March through June 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report, known as an "FDA Form 483" or simply a "483," citing FDA observations concerning GMP compliance and quality control issues applicable to demand valves, emergency ventilators, circumcision clamps, and regulators. The Company provided a written response to the FDA and in August 2000, the FDA issued a warning letter and requested that the Company clarify and supplement its responses to the 483 observations. As a result, the Company has submitted to the FDA a written supplemental response and is in the process of implementing actions to address the FDA concerns. The Company met with the FDA at their Kansas City field office in March 2001 to discuss the responses and actions. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing or to require any recall or modification of products.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Allied Healthcare Products, Inc. began trading on the NASDAQ National market under the symbol AHPI on January 14, 1992, following its initial public offering. As of September 19, 2001, there were 234 record owners of the Company's Common Stock. The following tables summarize information with respect to the high and low closing prices for the Company's Common Stock as listed on the NASDAQ National market for each quarter of fiscal 2001 and 2000, respectively. The Company currently does not pay any dividend on its Common Stock.

COMMON STOCK INFORMATION

2001	HIGH	LOW	2000	HIGH	LOW
September quarter	$3.38	$2.69	September quarter	$2.94	$1.66
December quarter	$3.25	$2.58	December quarter	$2.94	$2.13
March quarter	$3.69	$2.97	March quarter	$3.63	$2.50
June quarter	$3.50	$3.10	June quarter	$3.77	$3.06

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands, except per share data) Year ended June 30,	2001	2000	1999	1998	1997
STATEMENT OF OPERATIONS DATA					
Net sales	$64,928	$65,995	$74,666	$98,619	$120,582
Cost of sales	48,265	50,511	58,440	72,076	85,887
Gross profit	16,663	15,484	16,226	26,543	34,695
Selling, general and administrative expenses	14,573	16,097	18,024	23,074	32,852
Provision for restructuring and consolidation (1)	--	--	758	--	--
Provision for product recall(2)	80	(18)	1,500	--	--
Gain on sale of business(3)	--	--	(27)	(12,813)	--
Non-recurring impairment losses(4)	--	--	--	9,779	--
Income (loss) from operations	2,010	(595)	(4,029)	6,503	1,843
Interest expense	1,530	1,664	1,926	4,152	7,606
Other, net	74	149	36	198	186
Income (loss) before provision (benefit) for income taxes and extraordinary loss	406	(2,408)	(5,991)	2,153	(5,949)
Provision (benefit) for income taxes(5)	172	(695)	(1,873)	9,019	(1,428)
Income (loss) before extraordinary loss	234	(1,713)	(4,118)	(6,866)	(4,521)
Extraordinary loss on early extinguishment of debt, Net of income tax benefit	--	--	--	530	--
Net income (loss)	$ 234	$(1,713)	$(4,118)	$(7,396)	$ (4,521)
Basic and diluted earnings (loss) per share	$ 0.03	$ (0.22)	$ (0.53)	$ (0.95)	$ (0.58)
Basic weighted average common shares outstanding	7,807	7,807	7,807	7,805	7,797
Diluted weighted average common shares outstanding	8,126	7,807	7,807	7,805	7,797

(In thousands) June 30,	2001	2000	1999	1998	1997
CONSOLIDATED BALANCE SHEET DATA					
Working capital	$20,682	$20,261	$22,619	$21,308	$ 18,743
Total assets	65,993	67,212	74,275	80,180	126,343
Short-term debt	1,169	1,017	908	3,443	12,891
Long-term debt (net of current portion)	11,019	13,056	16,330	14,972	34,041
Stockholders' equity	46,440	46,206	47,919	52,037	59,365

(1) See Note 5 to the June 30, 2001 Consolidated Financial Statements for further discussion.

(2) See Note 3 to the June 30, 2001 Consolidated Financial Statements for further discussion.

(3) Gain on sale of Hospital Systems, Inc. in 1999 & Bear Medical Systems, Inc. in 1998.

(4) Non-recurring impairment loss on goodwill recorded during fiscal 1998.

(5) See Note 8 to the June 30, 2001 Consolidated Financial Statements for further discussion of the Company's effective tax rate.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained herein are forward-looking statements. Actual results could differ materially from those anticipated as a result of various factors, including cyclical and other industry downturns, the effects of federal and state legislation on health care reform, including Medicare and Medicaid financing, the inability to realize the full benefit of recent capital expenditures or consolidation and rationalization activities, difficulties or delays in the introduction of new products or disruptions in selling, manufacturing and/or shipping efforts.

OVERVIEW

The following discussion summarizes the significant factors affecting the consolidated operating results and financial condition of the Company for the three fiscal years ended June 30, 2001. This discussion should be read in conjunction with the consolidated financial statements, notes to the consolidated financial statements and selected consolidated financial data included elsewhere herein.

The results of operations for fiscal 2001 were affected by several unusual items, which are discussed further below. In the first quarter , on July 31, 2000 , the Company reached agreement with District No. 9 of the International Association of Machinist and Aerospace Workers. The strike had adversely affected shipments, revenue and income in the first quarter of fiscal 2001. Past due backlog increased while orders and shipments were missed. Additionally, the Company continued to benefit from the 15% workforce reduction initiated in the second quarter of fiscal 2000. Results for fiscal 2001 also benefited from the elimination of the valuation allowance for $0.3 million in state net operating loss carryforwards. This valuation allowance was previously established for the carryforwards due to uncertainty as to their eventual utilization.

The results of operations for fiscal 2000 were affected by several unusual items, which are discussed further below. In the first quarter of fiscal 2000 the Company recorded a $0.4 million charge for legal costs associated with defending product liability litigation. In addition, due to the resignation of the Company's President, Chief Executive Officer and Director, Uma Nandan Aggarwal on July 28, 1999, the Company recorded a $0.2 million charge for severance costs. In the second quarter the Company recorded a $0.2 million charge to operations for severance and related expenses to cover the cost of the previously announced 15% work force reduction estimated to yield $2.6 million annualized savings in payroll and benefit costs. In the fourth quarter the Company was impacted by a labor strike at the Company's St. Louis facility that was initiated on June 1, 2000 and settled on July 31, 2000. The strike adversely affected shipments, revenue and income in the quarter. Past due backlog increased while orders and shipments were missed. Additionally, in the fourth quarter the Company took a $0.9 million charge to provide for excess and slow moving inventory purchased in prior years, recorded a $0.2 million charge related to the resolution of a vendor contract entered into in a prior year, and recorded an additional $.1 million charge related to product liability legal expenses.

The results of operations for fiscal 1999 were affected by several non-recurring or unusual items, which are discussed further below. During the second quarter of fiscal 1999 the Company closed the Toledo, Ohio facility of its disposable products division and consolidated production of the B&F line of home care products into its manufacturing facility in St. Louis, Missouri. As a result of this shutdown the Company recorded a $0.8 million net provision, $0.5 million after tax, for restructuring and consolidation. The Company also recorded a $1.5 million provision, $0.9 million after tax, in connection with a product recall of aluminum oxygen regulators during the third quarter of fiscal 1999. Also, on May 28, 1999 the Company sold the assets of its headwall products division for a gain of $0.03 million before tax, with the proceeds being used to pay down debt.

RESULTS OF OPERATIONS

Allied manufactures and markets respiratory products, including respiratory care products, medical gas equipment and emergency medical products. Set forth below is certain information with respect to amounts and percentages of net sales attributable to respiratory care products, medical gas equipment and emergency medical products for the fiscal years ended June 30, 2001, 2000, and 1999.

Year ended June 30,	Dollars in thousands 2001 Net Sales	2001 % of Total Net Sales
Respiratory care products	$18,042	27.8%
Medical gas equipment	36,916	56.9%
Emergency medical products	9,970	15.3%
Total	$64,928	100.0%

Year ended June 30,	2000 Net Sales	2000 % of Total Net Sales
Respiratory care products	$19,550	29.6%
Medical gas equipment	35,406	53.7%
Emergency medical products	11,039	16.7%
Total	$65,995	100.0%

Year ended June 30,	1999 Net Sales	1999 % of Total Net Sales
Respiratory care products	$23,869	32.0%
Medical gas equipment	40,201	53.8%
Emergency medical products	10,596	14.2%
Total	$74,666	100.0%

The following table sets forth, for the fiscal periods indicated, the percentage of net sales represented by certain items reflected in the Company's consolidated statement of operations.

YEAR ENDED JUNE 30,	2001	2000	1999
Net sales	100.0%	100.0%	100.0%
Cost of sales	74.3	76.5	78.3
Gross profit	25.7	23.5	21.7
Selling, general and administrative expenses	22.4	24.4	24.1
Provision for product recall	0.1	--	2.0
Provision for restructuring and consolidation	--	--	(1.0)
Income (loss) from operations	3.2	(0.9)	(5.4)
Interest expense	2.4	2.5	2.6
Other, net	0.1	0.2	--
Income (loss) before provision (benefit) for income taxes	0.7	(3.6)	(8.0)
Provision (benefit) for income taxes	0.3	(1.1)	(2.5)
Net income (loss)	0.4%	(2.6)%	(5.5)%

FISCAL 2001 COMPARED TO FISCAL 2000

Net sales for fiscal 2001 of $65.0 million were $1.0 million, or 1.6% less than net sales of $66.0 million in fiscal 2000. The $1.0 million decline in product sales is discussed below.

Respiratory care product sales in fiscal 2001 of $18.0 million were $1.6 million, or 8.2%, less than sales of $19.6 million in the prior year. The majority of this decline can be attributed to the delays we have experienced in our B & F disposable production.

Medical gas equipment sales of $37.0 million in fiscal 2001 were $1.6 million, or 4.5%, above prior year sales of $35.4 million. Medical gas equipment sales experienced a $2.0 million increase resulting from growth achieved with our vacuum regulator line. The intermittent mini-vacutron was introduced in the second half of fiscal 2000. It was the final unit needed to complete the full offering for the mini-vacutron line. This increase is offset by a $0.5 million decline in construction products resulting from the continued decline in the hospital construction market.

Emergency medical product sales in fiscal 2001 of $10.0 million were $1.0 million, or 9.1%, less than fiscal 2000 sales of $11.0 million. The decline in emergency medical product sales is a result of higher sales of oxygen regulators during fiscal 2000 as a result of a trade-in program offered in connection with the LSP regulator recall. These sales did not recur in fiscal 2001.

International sales, which are included in the product lines discussed above increased $1.1 million, or 11.3%, to $13.7 million in fiscal 2001 compared to sales of $12.6 million in fiscal 2000. Export sales are affected by international economic conditions and the relative value of foreign currencies.

Gross profit in fiscal 2001 was $16.7 million, or 25.7% of net sales, compared to a gross profit of $15.5 million, or 23.5% of net sales in fiscal 2000. Fiscal 2000 gross profit was adversely effected by a $0.9 million charge to write off excess and slow moving inventory purchased in prior years, and a $0.2 million charge related to the resolution of a vendor contract entered into in a prior year. Although the gross margin percentage continued to improve in fiscal 2001, the Company is continuing its efforts for further improvements in manufacturing efficiency.

Selling, General and Administrative ("SG&A") expenses for fiscal 2001 were $14.6 million, a decrease of $1.5 million over SG&A expenses of $16.1 million in fiscal 2000. The decrease in fiscal 2001 SG&A costs can be attributed to cost reduction efforts initiated during the second quarter of fiscal 2000, primarily the 15% salary staff reduction. As a percentage of net sales, fiscal 2001 SG&A expenses were 22.4% compared to 24.4% in fiscal 2000. Interest expense decreased $0.2 million, or 10.5%, to $1.5 million in fiscal 2001 from

$1.7 million in fiscal 2000. Interest expense has been reduced due to the reduction in debt, and a reduction in interest rates.

The Company had income before taxes of $0.4 million in fiscal 2001, compared to loss before taxes of $2.4 million in fiscal 2000. The Company recorded income tax expense of $0.2 million in fiscal 2001 compared to a benefit for income taxes of $0.7 million in fiscal 2000. Results for fiscal 2001 benefited from the release of the valuation allowance for $0.3 million in state net operating loss carryforwards. This valuation allowance was previously established for the carryforwards due to uncertainty as to their eventual utilization. For further discussion of the Company's income taxes please refer to the "Notes to Consolidated Financial Statements" section included in this Form 10-K.

Net income in fiscal 2001 was $0.2 million, or $0.03 per diluted share, an improvement of $1.9 million from the net loss of $1.7 million, or $0.22 per diluted share, in fiscal 2000. Earnings per share amounts are diluted earnings per share, which are substantially the same as basic earnings per share. The weighted number of shares used in the calculation of the diluted per share loss was 8,125,699 in fiscal 2001 and 7,806,682 in fiscal 2000.

FISCAL 2000 COMPARED TO FISCAL 1999

Net sales for fiscal 2000 of $66.0 million were $8.7 million, or 11.6% less than net sales of $74.7 million in fiscal 1999. Of the $8.7 million decline, $3.2 million is related to the divested headwall products division. The remaining $5.5 million decline in product sales was due to various internal and external factors including:

- There was a strike initiated on June 1, 2000 by union workers at the Company's St. Louis facility. Although the Company continued to ship product, shipments were at a reduced rate and the strike had an adverse affect on shipments, revenues and income in the fourth quarter of fiscal 2000. The strike was settled on July 31, 2000.

- Home care product sales, mainly the B&F line, continue to be lower due to customer shipment disruptions caused by the relocation of the Company's Toledo operations in 1999. The Company continues efforts to improve efficiency and increase stocking levels of the B&F disposable products and has the goal of increasing the sale of these products.

- The hospital construction market showed a decline in fiscal 2000 due primarily to reduced construction.

- Certain external issues have continued to impact the Company's operations in fiscal 2000. The emphasis on cost containment by health care providers has resulted in significant consolidation in the health care environment and pricing pressures for the past several years. Home care sales have also been adversely affected by reductions in Medicare reimbursements.

While the Company is unable to predict when these issues will be resolved, management believes that over a long-term horizon, Allied is well positioned to capitalize on the demands for its products caused by an aging population, an increase in the occurrence of lung disease, advances in treatment of other respiratory illnesses in the home, hospital, and sub-acute care facilities and upgrading of medical treatment around the world.

Respiratory care product sales in fiscal 2000 of $19.6 million were $4.3 million, or 18.0%, less than sales of $23.9 million in the prior year. This was primarily due to lower home care product sales, mainly the B&F line, due to customer shipment disruptions caused by the relocation of the Company's Toledo operations in 1999. The Company continues efforts to improve efficiency and increase stocking levels of the B&F disposable products and has the goal of increasing the sale of these products. Other causes included the fourth quarter fiscal 2000 strike by union workers at the Company's St. Louis plant and continued pricing pressures caused by the consolidation of home health care dealers.

Medical gas equipment sales of $35.4 million in fiscal 2000 were $4.8 million, or 11.9%, below prior year sales of $40.2 million. Of the decline, $3.2 million is related to the divested headwall products division. Medical gas construction product sales are affected by large bid orders on new hospital construction and renovation of medical facilities. Hospital consolidation and budget constraints have resulted in decreased

orders for these products. The strike in the fourth quarter of fiscal 2000 and late product introductions were also contributing factors.

Emergency medical product sales in fiscal 2000 of $11.0 million were $0.4 million, or 3.8%, more than fiscal 1999 sales of $10.6 million.

International sales, which are included in the product lines discussed above decreased $0.9 million, or 6.4%, to $12.6 million in fiscal 2000 compared to sales of $13.5 million in fiscal 1999. Export sales are affected by international economic conditions and the relative value of foreign currencies.

Gross profit in fiscal 2000 was $15.5 million, or 23.5% of net sales, compared to a gross profit of $16.2 million, or 21.7% of net sales in fiscal 1999. The increased percentage was due to the Company's successful steps to reduce manufacturing overhead, focusing on selling higher margin products, and modest price increases during fiscal 2000. Although the gross margin percentage improved in fiscal 2000, the Company is continuing its efforts for further improvements in manufacturing efficiency. The improvements in fiscal 2000 were achieved despite the fourth quarter fiscal 2000 strike and continued pricing pressures brought on by the consolidations and cost containment initiatives of health care providers.

Selling, General and Administrative ("SG&A") expenses for fiscal 2000 were $16.1 million, a decrease of $1.9 million over SG&A expenses of $18.0 million in fiscal 1999. The decrease in fiscal 2000 SG&A costs can be attributed to cost reduction efforts initiated during the second quarter, primarily the 15% salary staff reduction. As a percentage of net sales, fiscal 2000 SG&A expenses were 24.4% compared to 24.1% in fiscal 1999. This increase was attributable to lower sales in fiscal 2000, as discussed above.

As discussed in the preceding Overview section, financial results for fiscal 2000 were impacted by certain unusual transactions and events which make meaningful comparisons to prior years more difficult. These specific transactions and events include the following items:

In the first quarter of fiscal 2000 the Company recorded a $0.4 million charge for legal costs associated with defending product liability litigation. In addition, due to the resignation of the Company's President, Chief Executive Officer and Director, Uma Nandan Aggarwal on July 28, 1999, the Company recorded a $0.2 million charge for severance related costs.

In the second quarter of fiscal 2000 the Company recorded a $0.2 million charge to operations for severance and related expenses to cover the cost of the previously announced 15% work force reduction estimated to yield $2.6 million annualized savings in payroll and benefit costs.

In the fourth quarter of fiscal 2000 the Company was affected by a labor strike at the Company's St. Louis facility that was initiated on June 1, 2000 and settled July 31, 2000. The strike adversely affected shipments, revenue and income in the quarter. Also, in the fourth quarter, the Company took a $0.9 million charge to write off excess and slow moving inventory purchased in prior years, recorded a $0.2 million charge related to the settlement of a vendor contract entered into in a prior year, and recorded an additional $0.1 million charge related to product liability legal expenses.

Loss from operations in fiscal 2000 was $0.6 million compared to a loss from operations of $4.0 million in fiscal 1999. Fiscal 2000 loss from operations includes charges for the unusual items discussed above which have an unfavorable impact of $2.0 million.

Interest expense decreased $0.2 million, or 10.5%, to $1.7 million in fiscal 2000 from $1.9 million in fiscal 1999. Interest expense has been reduced due to the reduction in debt.

The Company had a loss before taxes of $2.4 million in fiscal 2000, compared to loss before taxes of $6.0 million in fiscal 1999. The Company recorded an income tax benefit of $0.7 million in fiscal 2000 compared to a benefit for income taxes of $1.9 million in fiscal 1999. For further discussion of the Company's income tax calculation please refer to the "Notes to Consolidated Financial Statements" section included in this Form 10-K.

Net loss in fiscal 2000 was $1.7 million, or $0.22 per diluted share, a decrease of $2.4 million from the net loss of $4.1 million, or $0.53 per diluted share, in fiscal 1999. Earnings per share amounts are diluted earnings

per share, which are substantially the same as basic earnings per share. The weighted number of shares used in the calculation of the diluted per share loss was 7,806,682 in both fiscal 2000 and fiscal 1999.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth selected information concerning Allied's financial condition:

Dollars in thousands	2001	2000	1999
Cash	$ 20	$ 568	$ 587
Working Capital	$20,682	$20,261	$22,619
Total Debt	$12,188	$14,073	$17,238
Current Ratio	3.44:1	3.55:1	3.30:1

The Company's working capital was $20.7 million at June 30, 2001 compared to $20.3 million at June 30, 2000. The increase in working capital is primarily attributable to the factors discussed below. Accounts receivable increased to $11.4 million at June 30, 2001, up $0.9 million from $10.5 million at June 30, 2000. The increase in accounts receivable is a result of increased sales in the fourth quarter of fiscal 2001 compared to the fourth quarter of fiscal 2000. Accounts receivable as measured in days sales outstanding ("DSO") decreased to 65 DSO at June 30, 2001 from 68 DSO at June 30, 2000, as collection efforts have improved the average time that is needed to collect from a customer. Collection efforts at the end of fiscal 2000 were hampered by the temporary reassignment of the collection staff to production and shipping assignments during the work stoppage by the union work force at the St. Louis production facility. Inventories increased to $17.1 million at June 30, 2001 from $16.7 million at June 30, 2000. Programs and policies were implemented during fiscal 2001 to reduce inventories, however, the effect of these programs have not been realized at June 30, 2001. Accounts payable decreased to $3.8 million at June 30, 2001, down $0.3 million from $4.1 million at June 30, 2000. Accrued liabilities increased by $0.6 million due to increases in accrued income tax and accrued compensation expense.

The Company's working capital was $20.3 million at June 30, 2000 compared to $22.6 million at June 30, 1999. The decrease in working capital is primarily attributable to the factors discussed below. Accounts receivable declined to $10.5 million at June 30, 2000, down $2.1 million from $12.6 million at June 30, 1999. Accounts receivable as measured in days sales outstanding ("DSO") increased to 68 DSO at June 30, 2000 from 62 DSO at June 30, 1999. As discussed previously, collection efforts at the end of fiscal 2000 were hampered by the temporary reassignment of the collection staff to production and shipping assignments during the work stoppage by the union work force at the St. Louis production facility. Inventories declined to $16.7 million at June 30, 2000 from $17.5 million at June 30, 1999. The majority of this $0.8 million decline is attributable to an increase in the reserve for obsolete and slow moving inventory as previously discussed. Income taxes receivable decreased $1.6 million from June 30, 1999 to June 30, 2000. Accounts payable decreased to $4.1 million at June 30, 2000, down $1.3 million from $5.4 million at June 30, 1999.

The net decrease in cash for the fiscal years ended June 30, 2001, 2000, and 1999 was $0.5 million, $0.02 million, and $0.6 million, respectively. Net cash provided by (used) operating activities was $2.1 million, $3.4 million, and $(0.2) million for the same periods.

Cash flows provided by operating activities for the fiscal year ended June 30, 2001 consisted of a net income of $0.2 million, and $3.0 million in non-cash charges to operations for amortization and depreciation. Changes in working capital and deferred tax accounts unfavorably impacted cash flow from operations by $1.1 million. Cash flow was used to reduce debt and capital lease obligations by $1.9 million and make capital expenditures of $0.8 million.

Cash flows provided by operating activities for the fiscal year ended June 30, 2000 consisted of a net loss of $1.7 million, which was offset by $3.3 million in non-cash charges to operations for amortization and depreciation. The provision for product recall was reduced and used $0.4 million. Changes in working capital and deferred tax accounts favorably impacted cash flow from operations by $2.2 million. Cash flow was used to reduce debt and capital lease obligations by $3.2 million and make capital expenditures of $0.3 million.

Cash flows used in operating activities for the fiscal year ended June 30, 1999 consisted of a net loss of $4.1 million, which was offset by $3.8 million in non-cash charges to operations for amortization and depreciation, restructuring and consolidation of $0.2 million and product recall of $0.6 million. Changes in working capital and deferred tax accounts unfavorably impacted cash flow from operations by $0.7 million. Cash provided by investing activities, consisting of $1.4 million from the proceeds on the sale of the Toledo, Ohio facilities and $0.5 million of proceeds from the sale of the headwall products division, was used to fund capital expenditures of $1.1 million and reduce debt and capital lease obligations by $1.2 million.

At June 30, 2001 the Company had aggregate indebtedness of $12.2 million, including $1.2 million of short-term debt and $11.0 million of long-term debt. At June 30, 2000 the Company had aggregate indebtedness of $14.1 million, including $1.0 million of short-term debt and $13.1 million of long-term debt.

On August 7, 1998, the Company obtained a $5.0 million mortgage loan on its principal facility in St. Louis, Missouri with LaSalle National Bank. Under terms of this agreement the Company makes monthly principal and interest payments, with a balloon payment in 2003. Proceeds of the loan were used to reduce the obligation under the revolving credit agreement with Foothill Capital Corporation. The mortgage loan carries a fixed rate of interest of 7.75%, compared to the then current rate of 9.0% under the revolving credit agreement. The LaSalle credit facility was amended in the second quarter of fiscal 1999 and the first quarter of fiscal 2000 resulting in changes to certain debt covenants.

On September 8, 1998, the Company's credit facilities with Foothill Capital Corporation were amended. The Company's existing term loan was eliminated and replaced with an amended revolving credit facility. As amended, the revolving credit facility remained at $25.0 million. The interest rate on the facility was reduced from the floating reference rate (6.75% at June 30, 2001) plus 0.50% to the floating reference rate plus 0.25%. The reference rate as defined in the credit agreement, is the variable rate of interest, per annum, most recently announced by Wells Fargo Bank, National Association, or any successor thereto, as its "base rate". This amendment also provides the Company with a rate of LIBOR +2.5%. Amounts outstanding under this revolving credit facility, which expires on January 6, 2003, totaled $7.5 million at June 30, 2001. At June 30, 2001, $5.0 million was available under the revolving facility for additional borrowings based on working capital requirements under the terms of the agreement.

Capital expenditures, net of capital leases, were $0.8 million, $0.3 million and $1.1 million in fiscal 2001, 2000, and 1999, respectively. The Company believes that cash flow from operations and available borrowings under its credit facilities will be sufficient to finance fixed payments and planned capital expenditures in 2002.

Inflation has not had a material effect on the Company's business or results of operations. The Company makes its foreign sales in dollars and, accordingly, sales proceeds are not affected by exchange rate fluctuations, although the effect on its customers does impact the pace of incoming orders.

SEASONALITY AND QUARTERLY RESULTS

In past fiscal years, the Company has experienced seasonal increases in net sales during its second and third fiscal quarter (October 1 through March 31) which in turn have affected net income. Such seasonal variations were likely attributable to an increase in hospital equipment purchases at the beginning of each calendar year (which coincides with many hospitals' fiscal years) and an increase in the severity of influenza during winter months.

The following table sets forth selected operating results for the eight quarters ended June 30, 2001. The information for each of these quarters is unaudited, but includes all normal recurring adjustments which the Company considers necessary for a fair presentation thereof. These operating results, however, are not necessarily indicative of results for any future period. Further, operating results may fluctuate as a result of the timing of orders, the Company's product and customer mix, the introduction of new products by the Company and its competitors, and overall trends in the health care industry and the economy. While these patterns have

an impact on the Company's quarterly operations, the Company is unable to predict the extent of this impact in any particular period.

Three months ended,	June 30, 2001	March 31, 2001	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000	Dec. 31, 1999	Sept. 30, 1999
Net sales	$16,556	$16,643	$16,709	$15,020	$15,174	$17,218	$17,160	$16,443
Gross profit	4,705	4,175	4,176	3,607	2,813	4,481	4,362	3,829
Income (loss) from operations	1,014	598	418	(20)	(956)	919	359	(917)
Net income (loss)	631	40	(90)	(347)	(894)	210	(126)	(903)
Basic and diluted earnings (loss) per share	0.08	0.01	(0.01)	(0.04)	(0.11)	.03	(0.02)	(0.12)

Dollars in thousands, except per share data

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. More specifically, there have been a number of lawsuits filed against the Company alleging that its aluminum oxygen pressure regulator, marketed under its Life Support Products label, has caused fires that have led to personal injury. The Company believes, based on preliminary findings, that its products did not cause the fires. The Company intends to defend these claims in cooperation with its insurers. Based on the progression of certain cases the Company recorded additional charges to operations during fiscal 2001 for amounts estimated to be payable by the Company under its self-insurance retention for legal costs associated with defending these claims. The Company believes that any potential judgments resulting from these claims over its self-insured retention will be covered by the Company's product liability insurance.

In March through June 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report, known as an "FDA Form 483" or simply a "483," citing FDA observations concerning GMP compliance and quality control issues applicable to demand valves, emergency ventilators, circumcision clamps, and regulators. The Company provided a written response to the FDA and in August 2000, the FDA issued a warning letter and requested that the Company clarify and supplement its responses to the 483 observations. As a result, the Company has submitted to the FDA a written supplemental response and is in the process of implementing actions to address the FDA concerns. The Company met with the FDA at their Kansas City field office in March 2001 to discuss the responses and actions. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing or to require any recall or modification of products.

LSP OXYGEN REGULATOR RECALL

On February 4, 1999, Allied announced a voluntary recall of aluminum oxygen regulators marketed under its Life Support Products label. These products are used to regulate pressure of bottled oxygen for administration to patients under emergency situations. Following reports of regulator fires, the Company instituted the voluntary recall in May 1997, under which it provided retrofit kits to prevent contaminants from entering the regulators. The Company has also been testing regulator design with the help of the National Aeronautical and Space Administration's White Sands National Laboratories. While findings led the Company to believe the Company's products did not cause those fires, there was enough concern among the users that the Company, in cooperation with the U. S. Food and Drug Administration ("FDA"), agreed to institute a voluntary recall to replace aluminum components in the high pressure chamber of the regulators with brass components. The FDA has recommended that all regulator manufacturers cease use of aluminum in regulators. Accordingly, the Company has introduced new brass regulators. As a result of the recall, the Company recorded a charge of $1.5 million pre-tax, $0.9 million after tax, or $0.12 per share in the second quarter of fiscal 1999. The recall is complete and a final audit of the results thereof was completed on December 22, 2000 by the FDA. The Company continues to experience minor expenditures relative to the recall and expects these expenditures to be substantially completed during fiscal 2002. As of June 30, 2001 the

Company has incurred $1.4 million for costs associated with the recall and has a remaining accrual balance of $0.1 million for future expected costs which management estimates to be appropriate.

SALE OF HEADWALL PRODUCTS DIVISION

On May 28, 1999, the Company sold the assets of Hospital Systems, Inc. ("HSI") to David Miller (former General Manager-Hospital Systems, Inc.) for $0.5 million. The net proceeds of $0.5 million were utilized to repay a portion of its revolving credit facility. The sale of HSI, located in Oakland, California, resulted in a gain before taxes for financial reporting purposes of $0.03 million.

B&F CONSOLIDATION PROVISION

On August 5, 1998 the Company's Board of Directors voted to close the Toledo facility of its disposable products division and consolidate production of the B&F line of home care products into its manufacturing facility in St. Louis, Missouri. This move was announced on August 10, 1998. The move was substantially completed during the second quarter of fiscal 1999. In connection with the shutdown of the facility, Allied recorded a provision of approximately $1.0 million pre-tax, $0.6 million after tax, or $0.07 per share, in the first quarter of fiscal 1999 to cover the cost of closing the facility. The provision reflects costs of certain fixed asset impairments, employee severance benefits and other related exit costs. Subsequently, during the second quarter of fiscal 1999, the company negotiated and received a $0.2 million cash payment from the City of Toledo as partial reimbursement for closure costs. Accordingly, Allied recorded this cash payment, in the second quarter of fiscal 1999, as a reduction to the aforementioned provision resulting in a net charge of $0.8 million pre-tax, $0.5 million after tax, or $0.06 per share for the fiscal year ended June 30, 1999

RECENT ACCOUNTING PRONOUNCEMENTS

As required, Allied adopted Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), effective for the fourth quarter of fiscal 2001. The adoption of SAB 101 did not result in a change to the Company's revenue recognition policy.

Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities", establishes new accounting and reporting standards for derivative financial instruments. The Company adopted SFAS 133 during the first quarter of fiscal 2001. The adoption of SFAS 133 did not have a material impact on the consolidated financial position, or results of operations of the Company

Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations", and Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets", establish new accounting and reporting standards for purchase business combinations and goodwill. The Company is currently in the process of evaluating the impact of the adoption of SFAS 141 and SFAS 142 and presently plans to adopt these pronouncements for the fiscal year ending June 30, 2002. Management has not assessed the impact that the adoption of SFAS 141 and SFAS 142 will have on the consolidated financial position, or results of operation of the Company.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At June 30, 2001, the Company had $11.4 million in debt outstanding, of which $3.9 million is a term loan with a fixed interest rate of 7.75%. The remaining balance of $7.5 million represents amounts outstanding under the Company's revolving credit facility. The revolving credit facility bears an interest rate using the commercial bank's "floating reference rate" or LIBOR 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. With respect to the Company's fixed-rate debt outstanding at June 30, 2001, a 10% increase in interest rates would have resulted in approximately $0.05 million decrease in the market value of the debt and a 10% decrease in interest rates would have resulted in approximately $0.05 increase in the fair value of the debt respect to the Company's variable-debt.

The Company had no holdings of derivative financial or commodity instruments at June 30, 2001. Allied Healthcare Products has international sales, however these sales are denominated in U.S. dollars, mitigating foreign exchange rate fluctuation risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following described consolidated financial statements of Allied Healthcare Products, Inc. are included in response to this item:

Report of Independent Accountants.

Consolidated Statement of Operations for the fiscal years ended June 30, 2001, 2000 and 1999.

Consolidated Balance Sheet for the fiscal years ended June 30, 2001 and 2000

Consolidated Statement of Changes in Stockholders' Equity for the fiscal years ended June 30, 2001, 2000 and 1999.

Consolidated Statement of Cash Flows for the fiscal years ended June 30, 2001, 2000 and 1999.

Notes to Consolidated Financial Statements.

Schedule of Valuation and Qualifying Accounts and Reserves.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
of Allied Healthcare Products, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Allied Healthcare Products, Inc. and its subsidiaries at June 30, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2001, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

St. Louis, Missouri
August 17, 2001

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS

Year ended June 30,	2001	2000	1999
Net sales	$64,927,678	$65,994,968	$74,666,513
Cost of sales	48,265,110	50,510,411	58,440,766
Gross profit	16,662,568	15,484,557	16,225,747
Selling, general and administrative expenses	14,572,963	16,096,687	18,024,156
Provision for product recall	79,303	(17,600)	1,500,000
Gain on sale of business	--	--	(27,246)
Provision for restructuring and consolidation	--	--	758,467
Income (loss) from operations	2,010,302	(594,530)	(4,029,630)
Other expenses:			
Interest expense	1,530,481	1,664,477	1,925,757
Other, net	73,793	149,433	35,984
	1,604,274	1,813,910	1,961,741
Income (loss) before provision (benefit) for income taxes	406,028	(2,408,440)	(5,991,371)
Provision (benefit) for income taxes	171,892	(694,963)	(1,872,976)
Net income (loss)	$ 234,136	$(1,713,477)	$(4,118,395)
Basic and diluted income (loss) per share:			
Income (loss) per share	$ 0.03	$ (0.22)	$ (0.53)
Weighted average shares outstanding -- Basic	7,806,682	7,806,682	7,806,682
Weighted average common shares outstanding -- Diluted	8,125,699	7,806,682	7,806,682

See accompanying Notes to Consolidated Financial Statements

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED BALANCE SHEET

June 30,	2001	2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,365	$ 568,197
Accounts receivable, net of allowance for doubtful accounts of $605,714 and $882,874, respectively	11,395,224	10,542,264
Inventories, net	17,079,033	16,742,178
Deferred income taxes -- current	369,453	--
Other current assets	292,596	358,407
Total current assets	29,156,671	28,211,046
Property, plant and equipment, net	10,892,268	12,176,616
Deferred income taxes	197,008	218,671
Goodwill, net	25,579,830	26,395,241
Other assets, net	107,377	210,503
Total assets	$ 65,933,154	$ 67,212,077
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,843,092	$ 4,055,739
Current portion of long-term debt	1,169,044	1,016,611
Accrual for product recall	146,181	185,241
Other accrued liabilities	3,316,015	2,692,901
Total current liabilities	8,474,332	7,950,492
Long-term debt	11,019,081	13,055,980
Commitments and contingencies (Notes 7 and 13)	--	--
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; 7,806,682 shares issued and outstanding at June 30, 2001 and 2000	101,102	101,102
Additional paid-in capital	47,014,621	47,014,621
Retained earnings	20,055,446	19,821,310
Common stock in treasury, at cost	(20,731,428)	(20,731,428)
Total stockholders' equity	46,439,741	46,205,605
Total liabilities and stockholders' equity	$ 65,933,154	$ 67,212,077

See accompanying Notes to Consolidated Financial Statements

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Preferred Stock	Common stock	Additional paid-in capital	Retained Earnings	Treasury stock
Balance, June 30, 1998	$ --	$101,102	$47,014,621	$25,653,182	$(20,731,428)
Net loss for the year ended June 30, 1999	--	--	--	(4,118,395)	--
Balance, June 30, 1999	--	101,102	47,014,621	21,534,787	(20,731,428)
Net loss for the year ended June 30, 2000	--	--	--	(1,713,477)	--
Balance, June 30, 2000	--	101,102	47,014,621	19,821,310	(20,731,428)
Net income for the year ended June 30, 2001	--	--	--	234,136	--
Balance, June 30, 2001	$ --	$101,102	$47,014,621	$20,055,446	$(20,731,428)

See accompanying Notes to Consolidated Financial Statements

ALLIED HEALTHCARE PRODUCTS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended June 30,	2001	2000	1999
Cash flows from operating activities:			
Net income (loss)	$ 234,136	$ (1,713,477)	$ (4,118,395)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,954,090	3,332,350	3,781,063
Provision for restructuring and consolidation	--	--	217,926
Provision for product recall	(39,060)	(409,484)	594,725
Gain on sale of Hospital Systems, Inc.	--	--	(27,246)
Deferred income taxes	(356,668)	(645,048)	(375,435)
Changes in operating assets and liabilities:			
Accounts receivable, net	(852,960)	2,058,901	1,626,149
Inventories, net	(336,855)	757,644	407,134
Income taxes receivable	--	1,635,866	(1,635,866)
Other current assets	65,811	(220,047)	133,307
Accounts payable	(212,647)	(1,378,564)	(373,046)
Other accrued liabilities	631,992	(30,034)	(455,986)
Net cash provided by (used in) operating activities	2,087,839	3,448,175	(225,670)
Cash flows from investing activities:			
Capital expenditures	(751,205)	(298,040)	(1,061,309)
Proceeds on sale of Toledo, Ohio facilities	--	--	1,393,287
Proceeds on sale of Hospital Systems, Inc. -- Net of disposal costs	--	--	495,178
Net cash provided by (used in) investing activities	(751,205)	(298,040)	827,156
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	--	--	5,000,000
Payment of long-term debt	(413,313)	(367,206)	(6,783,646)
Payment of capital lease obligations	(565,751)	(569,679)	(627,812)
Borrowings under revolving credit agreement	63,807,625	69,661,053	88,063,847
Payments under revolving credit agreement	(64,713,027)	(71,893,563)	(86,829,127)
Debt issuance costs	--	--	(32,104)
Net cash used in financing activities	(1,884,466)	(3,169,395)	(1,208,842)
Net decrease in cash and equivalents	(547,832)	(19,260)	(607,356)
Cash and equivalents at beginning of year	568,197	587,457	1,194,813
Cash and equivalents at end of year	$ 20,365	$ 568,197	$ 587,457
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 1,431,750	$ 1,662,150	$ 2,046,103
Income taxes	$ 154,892	$ 252,869	$ 541,756

See accompanying Notes to Consolidated Financial Statements

ALLIED HEALTHCARE PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Allied Healthcare Products, Inc. (the "Company" or "Allied") is a manufacturer of respiratory products used in the health care industry in a wide range of hospital and alternate site settings, including post-acute care facilities, home health care and trauma care. The Company's product lines include respiratory care products, medical gas equipment and emergency medical products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Allied are described below.

USE OF ESTIMATES

The policies utilized by the Company in the preparation of the financial statements conform to accounting principles generally accepted in the United States of America, and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and intercompany balances are eliminated.

RECLASSIFICATIONS

Certain financial statement amounts have been reclassified to conform with the current year presentation.

REVENUE RECOGNITION

Revenue is recognized for all sales, including sales to agents and distributors, at the time products are shipped and title has transferred to the customer, provided that a purchase order has been received or a contract has been executed, there are no uncertainties regarding customer acceptance, the sales price is fixed and determinable and collectibility is deemed probable. The Company's standard shipping terms are FOB shipping point. Sales discounts, returns and allowances are included in net sales, and the provision for doubtful accounts is included in selling, general and administrative expenses. Additionally, it is the Company's practice to include revenues generated from freight billed to customers in net sales with corresponding freight expense included in cost of sales in the Consolidated Statement of Operations.

Allied adopted Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), in the fourth quarter of fiscal 2001. The adoption of SAB 101 did not result in a change to the Company's revenue recognition policy.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. Book cash overdrafts on the Company's disbursement accounts totaling $1,053,134 and $1,290,277 at June 30, 2001 and 2000, respectively, are included in accounts payable.

FOREIGN CURRENCY TRANSACTIONS

Allied Healthcare Products has international sales, however, these sales are denominated in U.S. dollars mitigating the foreign exchange rate fluctuation risk.

CONCENTRATIONS OF CREDIT RISK

The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company maintains reserves for potential credit losses and historically such losses have been within management's expectations. The Company's customers can be grouped into three main categories: medical equipment distributors, construction contractors and health care institutions. At June 30, 2001 the Company believes that it has no significant concentration of credit risk.

INVENTORIES

Inventories are stated at the lower of cost, determined using the last-in, first-out ("LIFO") method, or market. If the first-in, first-out method (which approximates replacement cost) had been used in determining cost, inventories would have been $758,770 and $842,770 higher at June 30, 2001 and 2000, respectively. Changes in the LIFO reserve are included in cost of sales. In fiscal 2001, the cost of sales was reduced by $84,000 as a result of a LIFO liquidation. Costs in inventory include raw materials, direct labor and manufacturing overhead.

Inventory is recorded net of a reserve for obsolete and excess inventory of $2,572,967 and $2,894,610 at June 30, 2001 and 2000, respectively.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets which range from 3 to 36 years. Properties held under capital leases are recorded at the present value of the non-cancelable lease payments over the term of the lease and are amortized over the shorter of the lease term or the estimated useful lives of the assets. Expenditures for repairs, maintenance and renewals are charged to income as incurred. Expenditures which improve an asset or extend its estimated useful life are capitalized. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

GOODWILL

The excess of the purchase price over the fair value of net assets acquired in business combinations is capitalized and amortized on a straight-line basis over the estimated period benefited, not to exceed 40 years. The amortization period for all acquisitions to date ranges from 37 to 40 years. Amortization expense for the years ended June 30, 2001, 2000 and 1999 was $815,411. Accumulated amortization at June 30, 2001 and 2000 was $7,946,509 and $7,131,098, respectively.

OTHER ASSETS

Other assets are primarily comprised of debt issuance costs. These costs are amortized using the effective interest rate method over the life of the related obligations.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates impairment of long-lived assets under the provisions of Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets to be Disposed Of." SFAS 121 requires that long-lived assets, identifiable intangibles and goodwill related to those assets to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of the assets may not be recoverable. Under SFAS 121, if the sum of the expected future cash flows (undiscounted and without interest charges) of the long-lived assets is less than the carrying amount of such assets, an impairment loss will be recognized. No impairment losses were recorded by the Company for fiscal years ended June 30, 2001, 2000 and 1999.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and debt. The carrying amounts for cash, accounts receivable and accounts payable approximate their value due to the short maturity of these instruments. The fair value of long-term debt, excluding capital leases was $11.5 million and $12.6 million at June 30, 2001 and 2000, respectively, and the related carrying amounts were $11.4 million and $12.8 million, respectively. The Company estimated the fair value of its long-term, fixed-rate debt using discounted cash flow analysis based on the Company's current borrowing rates for debt with similar maturities.

INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under SFAS 109, the deferred tax provision is determined using the liability method, whereby deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and income tax bases of assets and liabilities using presently enacted tax rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and are included in selling, general and administrative expenses. Research and development expense for the years ended June 30, 2001, 2000 and 1999 was $592,815, $726,315 and $1,315,593, respectively.

EARNINGS PER SHARE

Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share are based on the sum of the weighted averaged number of shares of common stock and common stock equivalents outstanding during the year. The number of basic shares outstanding for the years ended June 30, 2001, 2000 and 1999 was 7,806,682. The number of diluted shares outstanding for the years ended June 30, 2001, 2000 and 1999 was 8,125,699, 7,806,682, and 7,806,682 shares, respectively. The dilutive effect of Company's employee's and director's stock option plans are determined by use of the treasury stock method. Employee and director stock option plans are not included as common stock equivalents for earnings per share purposes in fiscal 2000 and 1999 as the impact on the number of shares outstanding would have been anti-dilutive.

EMPLOYEE STOCK-BASED COMPENSATION

The Company accounts for employee stock options and variable stock awards in accordance with Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and its related interpretations. Under APB 25, the Company applies the intrinsic value method of accounting. For employee stock options accounted for using the intrinsic value method, no compensation expense is recognized because the options are granted with an exercise price equal to the market value of the stock on the date of grant.

During fiscal 1996, Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), became effective for the Company and prescribes the recognition of compensation expense based on the fair value of options or stock awards determined on the date of grant. Companies that elect to account for stock-based compensation plans in accordance with APB 25 are required to make certain pro forma disclosures as if the fair value method had been utilized. See Note 10 for additional disclosure.

NEW ACCOUNTING STANDARDS

Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities", establishes new accounting and reporting standards for derivative financial instruments. The Company adopted SFAS 133 during the first quarter of fiscal 2001. The adoption of SFAS 133 did not have a material impact on the consolidated financial position, or results of operations of the Company.

Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations," and Statement of Financial Accounting Standards No. 142 ("SFAS 142"),"Goodwill and Other Intangible Assets," establish new accounting and reporting standards for purchase business combinations and goodwill. The Company is currently in the process of evaluating the impact of the adoption of SFAS 141 and SFAS 142 and presently plans to adopt these pronouncements for the fiscal year ending June 30, 2002. Management has not assessed the impact that the adoption of SFAS 141 and SFAS 142 will have on the consolidated financial position, or results of operations.

3. LSP OXYGEN REGULATOR RECALL

On February 4, 1999, Allied announced a voluntary recall of aluminum oxygen regulators marketed under its Life Support Products ("LSP") label. These products are used to regulate pressure of bottled oxygen for administration to patients under emergency situations. Following reports of regulator fires, the Company instituted a recall in May 1997, under which it provided retrofit kits to prevent contaminants from entering the regulators. The Company has also been testing regulator design with the help of the National Aeronautical and Space Administration's White Sands National Laboratories. While preliminary findings led the Company to believe the Company's products did not cause those fires, there was enough concern among the users that the Company, in cooperation with the U. S. Food and Drug Administration ("FDA"), agreed to institute a voluntary recall to replace aluminum components in the high pressure chamber of the regulators with brass components. The FDA has recommended that all regulator manufacturers cease use of aluminum in regulators. Accordingly, the Company introduced new brass regulators and also offered a trade-in program to the existing users. As a result of the recall, the Company recorded a charge of $1.5 million pre-tax, $0.9 million after tax, or $0.12 per share in the second quarter of fiscal 1999. The original provision for regulator recall included estimated costs of $1.3 million for aluminum regulator retrofitting and replacement, as well as $0.2 million for certain communications and legal costs expected to be incurred by the Company under the terms of the recall.

A reconciliation of activity with respect to the Company's product recall is as follows:

	2001	2000	1999
Balance, beginning of year	$185,241	$594,725	$ --
Provision for recall established	--	--	1,500,000
Addition to provision for recall	79,303	300,000	--
Reduction to provision for recall	--	(317,600)	--
Costs incurred related to product retrofitting and replacement	118,363	391,885	905,275
Balance, end of year	$146,181	$185,241	$ 594,725

During the first quarter of fiscal 2000, the Company recorded an additional provision of $0.3 million relative to the regulator recall. The addition represented a provision for additional aluminum regulator inventory not identified as part of the original $1.5 million estimate. The $0.3 million reduction to the provision in fiscal 2000 represented the subsequent disposal of the aluminum regulator inventory on a basis more favorable than originally estimated. During fiscal 2001 the Company recorded an additional provision of $0.1 million for the estimated additional cost to be incurred for product retrofitting and replacement.

The Company has incurred various legal expenses related to claims associated with the LSP regulator recall. Accordingly, the Company recorded an additional provision for product liability litigation during fiscal 2001 for amounts estimated to be payable by the company under its self-insurance retention for legal costs

associated with defending these claims. These amounts are included along with other legal expenses of the Company as selling, general and administrative expenses. At June 30, 2001, the Company has a litigation cost accrual balance of $0.1 million for legal expense associated to the LSP regulator recall. The Company received notification from the FDA that the recall was complete in December 2000. The Company continues to experience minor expenditures relative to the recall and expects these expenditures to be substantially completed during fiscal 2002.

4. SALE OF HEADWALL PRODUCTS DIVISION

On May 28, 1999, the Company sold the assets of Hospital Systems, Inc. ("HSI") to David Miller (former General Manager-Hospital Systems, Inc.) for $0.5 million. The net proceeds of $0.5 million were utilized to repay a portion of its revolving credit facility. The sale of HSI, located in Oakland, California, resulted in a gain before taxes for financial reporting purposes of $0.03 million.

5. B&F CONSOLIDATION PROVISION

In the first quarter of fiscal 1999, the city of Toledo, Ohio exercised the right of eminent domain on the B&F manufacturing facility. Pursuant to the pending sale of the B&F facility to the city of Toledo, Allied's board of directors voted to close the facility and consolidate production of the B&F line of home care products into its manufacturing facility in St. Louis, Missouri. The consolidation of the B&F facility eliminated excess capacity at the St. Louis facility and reduced manufacturing and overhead costs associated with the B&F facility. In connection with the shutdown of the facility, Allied recorded a provision of approximately $1.0 million pre-tax, $0.6 million after tax, or $0.07 per share, in the first quarter of fiscal 1999 to cover the cost of closing the facility. The original provision included a $0.4 million provision for severance liabilities associated with the closure of the Toledo facility. The severance liabilities related to the 140 hourly production employees and 29 production management and administrative employees at the Toledo facility. The severance payments were substantially complete in the second quarter of fiscal 1999. Approximately $0.2 million was included in the original provision for impaired assets to be disposed of in connection with the facility shutdown representing the excess of book value of land, building, machinery and equipment to be disposed of pursuant to the closure of the facility over estimated sales proceeds. The building was subsequently sold at its net realizable value and no further gain or loss was recorded. The remaining $0.4 million included in the original provision related to other exit costs including costs incurred to prepare the building for sale, travel and legal costs associated with the closure of the Toledo facility.

Subsequent to the recording of the original $1.0 million provision, during the second quarter of fiscal 1999, the Company negotiated and received a $0.2 million cash payment from the City of Toledo as a partial reimbursement for closure costs. Accordingly, Allied recorded this cash payment as a reduction to the aforementioned provision resulting in a net provision of $0.8 million pre-tax, $0.5 million after tax, or $0.06 per share for the fiscal year ended June 30, 1999. The relocation of the Toledo facility was substantially complete during the second quarter of fiscal 1999.

6. FINANCING

Long-term debt consisted of the following at June 30, 2001 and 2000:

	2001	2000
UNSUBORDINATED DEBT		
Notes payable to bank or other financial lending institution		
Term loan -- principal due in varying monthly maturities ranging from $27,714 to $40,518 with remaining balance due August 1, 2003	$ 3,950,049	$ 4,347,118
Revolving credit facility -- aggregate revolving commitment of $25,000,000; principal due at maturity on January 6, 2003	7,493,505	8,398,907
Other	--	16,244
	11,443,554	12,762,269
SUBORDINATED DEBT		
Capital lease obligations	744,571	1,310,322
	12,188,125	14,072,591
Less -- Current portion of long-term debt, including $744,571 and $603,297 of capital lease obligations at June 30, 2001 and June 30, 2000, respectively	(1,169,044)	(1,016,611)
	$11,019,081	$13,055,980

On August 7, 1998, the Company borrowed approximately $5.0 million from a bank. The term loan is collateralized by the Company's St. Louis facility. The term loan requires monthly principal and interest payments of $0.06 million, with a final payment of all principal and interest remaining unpaid due at maturity on August 1, 2003. Interest is fixed at 7.75% annum. Proceeds from the borrowing were used to pay down existing debt, which bore a higher interest rate. The term loan was amended on March 24 and September 1, 1999 resulting in changes to certain debt covenants for which the Company was in compliance at June 30, 2001 and 2000.

On September 8, 1998, the Company's revolving credit facility with a bank was amended. As amended, the revolving credit facility provides for borrowings up to $25.0 million. The revolving credit facility provides a borrowing base of the lesser of 85% of eligible accounts receivable or $8.0 million plus the lesser of 45% of eligible inventory or $10.0 million, adjusted as deemed appropriate by the bank. At June 30, 2001 and 2000, $5.0 million and $5.5 million , respectively, was available under the revolving credit facility for additional borrowings. The revolving credit facility accrues interest at the floating reference rate (6.75% and 9.25% at June 30, 2001 and 2000, respectively) plus 0.25%, as defined in the agreement. The amended revolving credit facility also provides the Company with a rate of LIBOR + 2.50%. At June 30, 2001 and 2000 no portion of the revolving credit facility was subject to the LIBOR provision. The amended revolving credit facility is collateralized by substantially all of the assets of the company. On June 28, 1999, the Company's credit facilities with a bank were further amended. The amendment provided for favorable interest rate reduction, based upon annual profitability, for fiscal years 2001 and 2002. The amendment also extended the maturity date to January 6, 2003 along with a favorable change to certain debt covenants for which the Company was in compliance at June 30, 2001 and 2000.

The revolving credit facility also provides for a commitment guarantee up to a maximum of $3.0 million for letters of credit and requires a per annum fee of 0.75% on unused letters of credit. At June 30, 2001 and 2000, the Company had no letters of credit outstanding.

Aggregate maturities of long-term debt, excluding capital leases, for each of the five fiscal years subsequent to June 30, 2001 are as follows:

Fiscal Year	Revolving Credit Facility	Term Loan	Total
2002	--	$ 424,473	$ 424,473
2003	$7,493,505	463,411	7,956,916
2004	--	3,062,165	3,062,165
	$7,493,505	$3,950,049	$11,443,554

7. LEASE COMMITMENTS

The Company leases certain of its electronic data processing and manufacturing equipment under non-cancelable lease agreements. These agreements extend for a period of up to 60 months and contain purchase or renewal options on a month-to-month basis. The leases are reflected in the consolidated financial statements as capitalized leases in accordance with the requirements of Statement of Financial Accounting Standards No. 13 ("SFAS 13"), "Accounting for Leases". In addition, the Company leases certain office equipment under noncancelable operating leases.

Minimum lease payments under long-term capital leases and operating leases at June 30, 2001 are as follows:

Fiscal Year	Capital Leases	Operating Leases
2002	$779,851	$235,085
2003	--	154,030
2004	--	83,378
Total minimum lease payments	779,851	$472,493
Less amount representing interest	(35,280)	
Present value of future net minimum lease payments, including current portion of $744,571	$744,571	

Rental expense incurred on operating leases in fiscal 2001, 2000, and 1999 totaled $538,426, $678,888 and $647,550, respectively.

8. INCOME TAXES

The provision (benefit) for income taxes consists of the following:

	2001	2000	1999
Current:			
Federal	$528,560	$ (49,915)	$(1,497,541)
State	--	--	--
Total current	528,560	(49,915)	(1,497,541)
Deferred:			
Federal	(110,410)	(561,137)	(113,472)
State	(246,258)	(83,911)	(261,963)
Total Deferred	(356,668)	(645,048)	(375,435)
	$171,892	$(694,963)	$(1,872,976)

Income taxes were 42.3%, 28.9%, and 31.3% of pre-tax earnings (losses) in 2001, 2000, and 1999, respectively. The Company reversed $0.3 million in deferred tax valuation allowances during fiscal 2001 pursuant to the Company's reassessment of the underlying deferred tax assets and determination that it is more likely than not that the deferred tax assets will be fully utilized. The valuation allowance was previously established for state tax net operating tax carryforwards due to uncertainty as to their eventual utilization. The Company now believes that these carryforwards will be fully utilized. A reconciliation of income taxes, with the amounts computed at the statutory federal rate is as follows:

	2001	2000	1999
Computed tax at federal statutory rate	$138,050	$(818,869)	$(2,037,066)
State income taxes, net of federal tax benefit	(43,799)	(55,381)	(172,876)
Non deductible goodwill	277,240	277,240	277,240
Change in valuation allowance	(325,391)	--	--
Other, net	38,214	(97,953)	59,726
Total	$171,892	$(694,963)	$(1,872,976)

The deferred tax assets and deferred tax liabilities recorded on the balance sheet as of June 30, 2001 and 2000 are as follows:

	2001		2000	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Current:				
Bad debts	$ 236,228	$ --	$ 344,321	$ --
Accrued liabilities	328,817	--	208,515	--
Inventory	--	646,275	--	561,714
Other property basis	450,683	--	--	--
	1,015,728	646,275	552,836	561,714
Non Current:				
Depreciation	107,753	--	--	(5,407)
Other property basis	--	147,192	--	(97,665)
Intangible assets	176,737	--	530,163	--
Net operating loss carryforward	170,998	--	264,274	--
Other	--	111,288	--	353,447
	455,488	258,480	794,437	250,375
Valuation allowance	--	--	(325,391)	--
Total deferred taxes	$1,471,216	$904,755	$1,021,882	$812,089

9. RETIREMENT PLAN

The Company offers a retirement savings plan under Section 401(k) of the Internal Revenue Code to certain eligible salaried employees. Each employee may elect to enter a written salary deferral agreement under which a portion of such employee's pre-tax earnings may be contributed to the plan.

During the fiscal years ended June 30, 2001, 2000 and 1999, the Company made contributions of $234,472, $296,134, and $359,087 respectively.

10. STOCKHOLDERS' EQUITY

The Company has established a 1991 Employee Non-Qualified Stock Option Plan, a 1994 Employee Stock Option Plan, and a 1999 Incentive Stock Plan (collectively the"Employee Plans"). The Employee Plans provide for the granting of options to the Company's executive officers and key employees to purchase

shares of common stock at prices equal to the fair market value of the stock on the date of grant. Options to purchase up to 1,800,000 shares of common stock may be granted under the Employee Plans. Options generally become exercisable ratably over a four year period or one-fourth of the shares covered thereby on each anniversary of the date of grant, commencing on the first or second anniversary of the date granted, except certain options granted under the 1994 Employee Stock Option Plan which become exercisable when the fair market value of the common stock exceeds required levels. The right to exercise the options expires in ten years, from the date of grant, or earlier if an option holder ceases to be employed by the Company.

In addition, the Company has established a 1991 Directors Non-Qualified Stock Option Plan and a 1995 Directors Non-Qualified Stock Option Plan (collectively the"Directors Plans"). The Directors Plans provide for the granting of options to the Company's directors who are not employees of the Company to purchase shares of common stock at prices equal to the fair market value of the stock on the date of grant. Options to purchase up to 250,000 shares of common stock may be granted under the Directors Plans. Options shall become exercisable with respect to one-fourth of the shares covered thereby on each anniversary of the date of grant, commencing on the second anniversary of the date granted, except for certain options granted under the 1995 Directors Non-Qualified Stock Option Plan which become exercisable with respect to all of the shares covered thereby one year after the grant date. The right to exercise the options expires in ten years from the date of grant, or earlier if an option holder ceases to be a director of the Company.

A summary of stock option transactions in 2001, 2000 and 1999, respectively, pursuant to the Employee Plans and the Directors Plans is as follows:

	Weighted Average Price	Shares Subject To Option
June 30, 1998	$8.39	625,450
Options granted	1.97	54,000
Options exercised	--	--
Options canceled	10.54	(149,700)
June 30, 1999	$7.13	529,750
Exercisable at June 30, 1999		148,500
June 30, 1999	$7.13	529,750
Options granted	2.00	567,500
Options exercised		--
Options canceled	7.89	(329,500)
June 30, 2000	$3.50	767,750
Exercisable at June 30, 2000		227,000
June 30, 2000	$3.50	767,750
Options granted	3.17	95,500
Options exercised		--
Options canceled	3.04	(67,850)
June 30, 2001	$3.50	795,400
Exercisable at June 30, 2001		369,025

The following table provides additional information for options outstanding and exercisable at June 30, 2001.

OPTIONS OUTSTANDING

Range of Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$ 1.00-1.99	25,500	8.0 years	$1.90
2.00	542,000	8.3 years	2.00
2.01-6.99	99,000	8.5 years	4.05
7.00-7.99	71,000	6.4 years	7.52
8.00-18.50	57,900	3.4 years	12.40
	795,400		
$1.00-18.50		7.8 years	$3.50

OPTIONS EXERCISABLE

Range of Prices	Number	Weighted Average Exercise Price
$ 1.00-1.99	10,500	$1.89
2.00	237,125	2.00
2.01-6.99	27,500	5.24
7.00-7.99	39,750	7.50
8.00-18.50	54,150	12.67
$1.00-18.50	369,025	$5.31

The Company has elected to follow the provisions prescribed by APB 25 and its related interpretations, for financial reporting purposes, whereby the difference between the exercise price and the fair value at the date of grant is recognized as compensation expense.

The Company has elected to follow the disclosure provisions of SFAS No. 123. Accordingly, no compensation expense has been recognized for the plans under the provisions of SFAS No. 123. Had compensation cost for the plans been determined based upon the fair value at the grant date for employee awards under the Plan consistent with the methodology prescribed under SFAS No. 123, the Company's net loss would have been increased or decreased, respectively, to the following pro forma amount (in thousands, except per share).

	2001	2000	1999
Reported net income/(loss)	$ 234	$(1,713)	$(4,118)
Pro forma net income/(loss)	$ 45	$(1,918)	$(4,374)
Basic and diluted earnings per share -- as reported	$0.03	$ (0.22)	$ (0.53)
Basic and diluted earnings per share -- pro forma	$0.01	$ (0.25)	$ (0.56)

The fair value of options granted, which is amortized to expense over the option vesting period in determining the pro forma impact, has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2001	2000	1999
Expected life of option	10 years	10 years	10 years
Risk-free interest rate	5.0%	5.9%	5.2%
Expected volatility	49%	50%	37%
Expected dividend yield	0%	0%	0%

The weighted-average fair value of options granted during fiscal 2001 and 2000 determined using the Black-Scholes options pricing model is as follows:

	2001	2000	1999
Per share value	$2.20	$1.38	$1.27
Aggregate value (in thousands)	$ 210	$ 780	$ 70

In conjunction with a refinancing, 28,124 warrants were issued to the holders of the subordinated notes payable and 50,000 warrants were issued to the commercial lender providing the revolving credit facilities and the term loan facilities on August 7, 1997. Each warrant entitles the holder to purchase one share of common stock at $7.025 per share through August 7, 2002. The fair value of the warrants using the Black-Scholes option pricing model was not significant.

STOCKHOLDER RIGHTS PLAN

The Board of Directors adopted a Stockholder Rights Plan in 1996 that would permit stockholders to purchase common stock at prices substantially below market value under certain change-in-control scenarios. At June 30, 2001, no common stock has been purchased under this plan.

11. EXPORT SALES

Export sales for the years ended June 30, 2001, 2000, and 1999 are approximately as follows (in thousands):

	2001	2000	1999
Europe	$ 1,500	$ 2,100	$ 2,600
Canada	1,500	1,800	1,900
Latin America	3,200	3,900	3,500
Middle East	1,200	1,300	1,300
Far East	4,200	2,600	2,700
Other	2,100	900	1,500
	$13,700	$12,600	$13,500

12. SUPPLEMENTAL BALANCE SHEET INFORMATION

	Estimated Useful Life (years)	June 30, 2001	2000
INVENTORIES			
Work in progress		$ 801,965	$ 1,237,534
Component parts		12,018,928	11,209,463
Finished goods		4,258,140	4,295,181
		$ 17,079,033	$ 16,742,178
PROPERTY, PLANT AND EQUIPMENT			
Machinery and equipment	5-10	$ 15,670,224	$ 15,096,250
Buildings	28-35	11,928,686	11,751,455
Land and land improvements	5-7	934,216	934,216
Property held under capital leases	5	4,518,761	4,518,761
Total property, plant and equipment at cost		33,051,887	32,300,682
Less accumulated depreciation and amortization, including $4,260,952 and $3,526,799, respectively, related to property held under capital leases		(22,159,619)	(20,124,066)
		$ 10,892,268	$ 12,176,616
OTHER ACCRUED LIABILITIES			
Accrued compensation expense		$ 1,114,128	$ 756,328
Accrued interest expense		89,468	101,142
Accrued income tax		1,621,785	1,247,546
Other		490,634	587,885
		$ 3,316,015	$ 2,692,901

13. COMMITMENTS AND CONTINGENCIES

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. In March through June 2000, the FDA conducted an inspection of the Company's St. Louis facility and provided a written report, known as an "FDA Form 483" or simply a "483," citing FDA observations concerning GMP compliance and quality control issues applicable to demand valves, emergency ventilators, circumcision clamps, and regulators. The Company provided a written response to the FDA and in August 2000, the FDA issued a warning letter and requested that the Company clarify and supplement its responses to the 483 observations. As a result, the Company has submitted to the FDA a written supplemental response and is in the process of implementing actions to address the FDA concerns. The Company met with the FDA at their Kansas City field office in March 2001 to discuss the responses and actions. The Company believes that its responses to date and its continuing attention to the matters raised by the FDA will avert any FDA action seeking to interrupt or suspend manufacturing or to require any recall or modification of products.

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 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 or financial position.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for fiscal 2001 and 2000 appears below (all amounts in thousands except per share data):

Three months ended,	June 30, 2001	March 31, 2001	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000	Dec. 31, 1999	Sept. 30, 1999
Net sales	$16,556	$16,643	$16,709	$15,020	$15,174	$17,218	$17,160	$16,443
Gross profit	4,705	4,175	4,176	3,607	2,813	4,481	4,362	3,829
Income (loss) from operations	1,014	598	418	(20)	(956)	919	359	(917)
Net income (loss)	631	40	(90)	(347)	(894)	210	(126)	(903)
Basic and diluted earnings (loss) per share	0.08	0.01	(0.01)	(0.04)	(0.11)	.03	(0.02)	(0.12)

15. SEGMENT INFORMATION

The Company operates in one segment consisting of the manufacturing, marketing and distribution of a variety of respiratory products used in the health care industry to hospitals, hospital equipment dealers, hospital construction contractors, home health care dealers and emergency medical product dealers. The Company's product lines include respiratory care products, medical gas equipment and emergency medical products. The Company does not have any one single customer that represents more than 10 percent of total sales.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A definitive proxy statement is expected to be filed with the Securities and Exchange Commission on or about October 3, 2001. The information required by this item is set forth under the caption "Election of Directors" on pages 2 through 3, under the caption "Executive Officers" on page 6 and under the caption Section 16(a) Beneficial Ownership Reporting Compliance on page 14 of the definitive proxy statement, which information is incorporated herein by reference thereto.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under the caption "Executive Compensation" on pages 7 through 8 of the definitive proxy statement, which information is incorporated herein by reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" on pages 4 through 5 of the definitive proxy statement, which information is incorporated herein by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

1. FINANCIAL STATEMENTS

The following consolidated financial statements of the Company and its subsidiaries are included in response to Item 8:

Consolidated Statement of Operations for the years ended June 30, 2001, 2000, and 1999

Consolidated Balance Sheet at June 30, 2001 and 2000

Consolidated Statement of Changes in Stockholders' Equity for the years ended June 30, 2001, 2000 and 1999

Consolidated Statement of Cash Flows for the years ended June 30, 2001, 2000 and 1999

Notes to Consolidated Financial Statements

Report of Independent Accountants

2. FINANCIAL STATEMENT SCHEDULE

Valuation and Qualifying Accounts and Reserves for the Years Ended June 30, 2001, 2000 and 1999

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. EXHIBITS

The exhibits listed on the accompanying Index to Exhibits are filed as part of this Report.

4. REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.
By:

/s/ EARL R. REFSLAND

Earl R. Refsland
President and Chief Executive Officer

/s/ DANIEL C. DUNN

Daniel C. Dunn
Vice President, Chief Financial Officer, and Secretary

Dated: September 27, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on September 27, 2001.

SIGNATURES	TITLE
*	Chairman of the Board
John D. Weil	
*	President, Chief Executive Officer and Director (principal Executive Officer)
Earl R. Refsland	
*	Director
William A. Peck	
*	Director
Brent D. Baird	
*	Director
James B. Hickey, Jr.	

*By: /s/ EARL R. REFSLAND

Earl R. Refsland
Attorney-in-Fact

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* Such signature has been affixed pursuant to the following Power of Attorney.

REPORT OF INDEPENDENT ACCOUNTANTS ON

FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of
Allied Healthcare Products, Inc.

Our audits of the consolidated financial statements referred to in our report dated August 9, 2000, appearing in the 2000 Annual Report to Shareholders of Allied Healthcare Products, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in item 14(a)(2) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material aspects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
August 17, 2001

ALLIED HEALTHCARE PRODUCTS, INC.
RULE 12-09 VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

COLUMN A	COLUMN B	COLUMN C		COLUMN D		COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS - DESCRIBE	DEDUCTIONS - DESCRIBE		BALANCE AT END OF PERIOD
		FOR THE YEAR ENDED JUNE 30, 2001				
Reserve For Doubtful Accounts	$(882,874)	$(259,997)		$537,157	(1)	$(605,714)
Inventory Allowance For Obsolescence And Excess Quantities	$(2,894,610)	$(149,000)		$470,643	(2)	$(2,572,967)
		FOR THE YEAR ENDED JUNE 30, 2000				
Reserve For Doubtful Accounts	$(834,883)	$(68,667)		$20,676	(1)	$(882,874)
Inventory Allowance For Obsolescence And Excess Quantities	$(1,936,402)	$(958,208)		--		$(2,894,610)
		FOR THE YEAR ENDED JUNE 30, 1999				
Reserve For Doubtful Accounts	$ (1,035,833)	$ (175,496)		$ 376,446	(1)	$ (834,883)
Inventory Allowance For Obsolescence And Excess Quantities	$ (2,189,000)	$(200,000)		$452,598	(3)	$(1,936,402)

(1) Decrease due to bad debt write-offs and recoveries.

(2) Decrease due to disposal of obsolete inventory.

(3) Decrease due to disposal of obsolete inventory and a decrease of $228,928 due to the sale of the Headwall Products Division.

INDEX TO EXHIBITS

EXHIBIT NO.	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3(1) to the Company's Registration Statement on Form S-1, as amended, Registration No. 33-40128, filed with the Commission on May 8, 1991 (the "Registration Statement") and incorporated herein by reference)
3.2	By-Laws of the Registrant (filed as Exhibit 3(2) to the Registration Statement and incorporated herein by reference)
4.1	Certificate of Designations, Preferences and Rights of Series A Preferred Stock of Allied Healthcare Products, Inc. dated August 21, 1996 (filed with the Commission as Exhibit 4(1) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 (the "1997 Form 10-K") and incorporated herein by reference)
10.1	NCG Trademark License Agreement, dated April 16, 1982, between Liquid Air Corporation and Allied Healthcare Products, Inc. (filed as Exhibit 10(24) to the Registration Statement and incorporated herein by reference)
10.2	Allied Healthcare Products, Inc. 1991 Employee Non-Qualified Stock Option Plan (filed as Exhibit 10(26) to the Registration Statement and incorporated herein by reference)
10.3	Employee Stock Purchase Plan (filed as Exhibit 10(3) to the Company's Annual Report on Form 10-K for the year ended June 30, 1998 (the "1998 Form 10-K") and incorporated by reference)
10.4	Allied Healthcare Products, Inc. 1994 Employee Stock Option Plan (filed with the Commission as Exhibit 10(39) to the Company's Annual Report on Form 10-K for the year ended June 30, 1994 (the "1994 Form 10-K") and incorporated herein by reference)
10.5	Allied Healthcare Products, Inc. 1995 Directors Non-Qualified Stock Option Plan (filed with the Commission as Exhibit 10(25) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1995 (the "1995 Form 10-K") and incorporated herein by reference)
10.6	Allied Healthcare Products, Inc. Amended 1994 Employee Stock Option Plan (filed with the Commission as Exhibit 10(28) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 (the "1996 Form 10-K") and incorporated herein by reference)
10.7	Employment Agreement dated November 19, 1996 by and between Allied Healthcare Products, Inc. and Uma N. Aggarwal (filed as Exhibit 10(1) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996 and incorporated herein by reference)
10.8	Option Agreement dated November 19, 1996 by and between Allied Healthcare Products, Inc. and Uma N. Aggarwal (filed as Exhibit 10(2) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996 and incorporated herein by reference)
10.9	Option Agreement dated November 19, 1996 between Allied Healthcare Products, Inc. and Uma N. Aggarwal (filed as Exhibit 10(3) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996 and incorporated herein by reference)

10.11	Loan and Security Agreement, dated as of August 7, 1997 by and among Allied Healthcare Products, Inc., B&F Medical Products, Inc., Bear Medical Systems, Inc., Hospital Systems, Inc., Life Support Products, Inc., and BiCore Monitoring Systems, Inc., as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10(31) to the Company's Annual Report on Form 10-K for the fiscal year ended June 20, 1997 (the "1997 Form 10-K") and incorporated herein by reference)
10.12	Warrant dated August 7, 1997 issued by Allied Healthcare Products, Inc. in favor of Woodbourne Partners, L.P. (filed with the Commission as Exhibit 10(36) to the 1997 Form 10-K and incorporated herein by reference)
10.13	Warrant dated August 7, 1997 issued by Allied Healthcare Products, Inc. in favor of Donald E. Nickelson (filed with the Commission as Exhibit 10(37) to the 1997 Form 10-K and incorporated herein by reference)
10.14	Warrant dated August 7, 1997 issued by Allied Healthcare Products, Inc. in favor of Dennis W. Sheehan (filed with the Commission as Exhibit 10(38) to the 1997 form 10-K and incorporated herein by reference)
10.15	Agreement effective as of June 1, 1997 between Allied Healthcare Products, Inc. and District No. 9 International Association of Machinists and Aerospace Workers (filed with the Commission as Exhibit 10(39) to the 1997 Form 10-K and incorporated herein by reference)
10.16	Asset Purchase Agreement by and between BM Acquisition Corp., ThermoElectron Corporation, Bear Medical Systems, Inc., BiCore Monitoring Systems, Inc., Allied Healthcare Products AG, Bear Medical Systems Foreign Sales Corporation and Allied Healthcare Products, Inc. (filed with the Commission as Exhibit 2.1 to the Form 8-K filed on November 14, 1997 and incorporated herein by reference)
10.17	Amendment Number One to Loan and Security Agreement dated as of March 3, 1998 among Allied Healthcare Products, Inc., B&F Medical Products, Inc., Hospital Systems, Inc. and Life Support Products, Inc. as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference)
10.18	Loan and Security Agreement, dated as of August 7, 1998 by and between Allied Healthcare Products, Inc. and LaSalle National Bank (filed with the Commission as Exhibit 10(24) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1998 (the "1998 Form 10-K") and incorporated herein by reference)
10.19	Amendment Number Two to Loan and Security Agreement dated as of September 10, 1998 among Allied Healthcare Products, Inc., B&F Medical Products, Inc., Hospital Systems, Inc. and Life Support Products, Inc. as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10(25) to the 1998 Form 10-K and incorporated herein by reference)
10.20	Letter Agreement dated February 11, 1999 between Allied Healthcare Products, Inc. and Gabriel S. Kohn (filed with the Commission as Exhibit 10(20) to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1999 (the "1999 Form 10-K") and incorporated herein by reference)
10.22	Form of Indemnification Agreement with officers and directors (filed herewith).
10.23	Amendment Number One to Amended and Restated Loan and Security Agreement dated as of June 28, 1999 among Allied Healthcare Products, Inc., B&F Medical Products, Inc. and Life Support Products, Inc. as Borrowers, and Foothill Capital Corporation (filed with the Commission as Exhibit 10(23) to the 1999 Form 10-K and incorporated herein by reference)

10.24	Asset Purchase Agreement dated May 28, 1999 by and between Allied Healthcare Products, Inc. and Hospital Systems, Inc. and David Miller (filed with the Commission as Exhibit 10(24) to the 1999 Form 10-K and incorporated herein by reference)
10.25	Employment Agreement dated August 24, 1999 by and between Allied Healthcare Products, Inc. and Earl Refsland (filed with the Commission as Exhibit 10(25) to the 1999 Form 10-K and incorporated herein by reference)
10.26	Allied Healthcare Products, Inc. 1999 Incentive Stock Plan (filed with the Commission as Exhibit 10(26) to the 1999 Form 10-K and incorporated herein by reference)
10.27	Letter of Second Amendment to the $5,000,000 Promissory Note dated August 7, 1998 made by Allied Healthcare Products, Inc. to the order of LaSalle Bank National Association (filed on Exhibit 10.27 to the 1999 Form 10-K and incorporated by reference)
10.28	Agreement between Allied Healthcare Products, Inc. Medical Products Division and District No. 9 International Association of Machinists and Aerospace Workers dated August 1, 2000 through May 31, 2003 (filed on Exhibit 10.28 to the 2000 Form 10-K and incorporated by reference)
10.29	Letter Agreement dated July 2, 2001 between Allied Healthcare Products, Inc. and Daniel C. Dunn
21	Subsidiaries of the Registrant (filed on Exhibit 21 to the 2000 Form 10-K)
24	Powers of Attorney

EXHIBIT 10.22

INDEMNIFICATION AGREEMENT

AGREEMENT, effective as of the _____ day of _____, 20__, between Allied Healthcare Products, Inc., a Delaware corporation (the "Company"), and _____ (the "Indemnitee").

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available; and

WHEREAS, Indemnitee is a director or officer of the Company; and

WHEREAS, both the Company and Indemnitee recognize the risk of litigation and other claims being asserted against directors and officers of public companies; and

WHEREAS, the Bylaws of the Company require the Company to indemnify and advance expenses to its directors and officers to the fullest extent now or hereafter authorized or permitted by law and authorize the Company to enter into agreements providing for such indemnification and advancement of expenses; and

WHEREAS, in recognition of the fact that the Indemnitee agrees to serve as director or officer of the Company, in part in reliance on the aforesaid Bylaws, and of the fact of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, and in part to provide Indemnitee with specific contractual assurance that the protection promised by such Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Bylaws or any change in the composition of the Company's Board of Directors or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancing of expenses, to Indemnitee to the fullest extent (whether partial or complete) now or hereafter authorized or permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies;

NOW, THEREFORE, in consideration of the premises and of Indemnitee continuing to serve the Company directly or, at its request, another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions:

(a) Approved Law Firm shall mean any law firm (i) located in St. Louis, (ii) having 25 or more attorneys, (iii) rated "av" by Martindale-Hubbell Law Directory and (iv) recognized as having a significant corporate law practice representing publicly-owned corporations; provided, however, that such law firm shall not, for a five-year period prior to the Indemnifiable Event, have been engaged by the Company, an Acquiring Person or the Indemnitee.

(b) Board of Directors shall mean the Board of Directors of the Company.

(c) Change in Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended [the "Act"]), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 30% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company's assets.

(d) Claim shall mean any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation, whether instituted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil, criminal, administrative, investigative or other.

(e) Expenses shall include attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Claim relating to any indemnifiable Event, together with interest, computed at the Company's average cost of funds for short-term borrowings, accrued from the date of

payment of such expense to the date Indemnitee received reimbursement therefor.

(f) Indemnitee shall include, in addition to the Indemnitee named herein, such person's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Indemnitee should die while any amounts would still be payable to Indemnitee hereunder if Indemnitee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Indemnitee's devisee, legatee or other designee or, if there be no such designee, to Indemnitee's estate.

(g) Indemnifiable Event shall mean any event or occurrence related to the fact that Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation of any type or kind, domestic or foreign, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity. Without limitation of any indemnification provided hereunder, an Indemnitee serving (i) another corporation, partnership, joint venture or trust of which 20 percent or more of the voting power or residual economic interest is held, directly or indirectly, by the Company, or (ii) any employee benefit plan of the Company or any entity referred to in clause (i), in any capacity, shall be deemed to be doing so at the request of the Company.

(h) Potential Change in Control shall be deemed to have occurred if after the date of this Agreement (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; (iii) any person, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding Voting Securities, increases his beneficial ownership of such securities by five percentage points or more over the percentage so owned by such person; or (iv) the Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(i) Reviewing Party shall be (i) the Board of Directors acting by a majority vote of a quorum consisting of directors who are not parties to the

particular Claim with respect to which Indemnitee is seeking indemnification, or (ii) if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested directors so directs, (A) an Approved Law Firm or (B) the stockholders.

(j) Voting Securities shall mean any securities of the Company which vote generally in the election of directors.

2. Basic Indemnification Arrangement. If the Indemnitee was, is or becomes at any time a party to or a witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent now or hereafter authorized or permitted by law as soon as practicable but in any event no later than 30 days after written demand is presented to the Company, against any and all Expenses, judgments, fines (including excise taxes assessed against an Indemnitee with respect to an employee benefit plan), penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim; provided that such indemnification shall not apply to any Claim if a judgment or other final adjudication adverse to the Indemnitee establishes that his acts were committed in bad faith, or were the result of active and deliberate dishonesty, or the Indemnitee personally gained in fact a financial profit or other advantage to which he was not legally entitled. If so requested by Indemnitee, the Company shall advance (within two business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"). Notwithstanding anything in this Agreement to the contrary, prior to a Change in Control Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee unless the Board of Directors has authorized or consented to the initiation of such Claim.

3. Payment. Notwithstanding the provisions of Section 2, the obligations of the Company under Section 2 (which shall in no event be deemed to preclude any right to indemnification to which the Indemnitee may be entitled under Section 145 of the General Corporation Law of the State of Delaware (the "DGCL")) shall be subject to the condition that the Reviewing Party shall have authorized such indemnification in the specific case (in a written opinion in any case in which the special, independent counsel referred to in Section 4 hereof is involved or in an appropriate resolution in any case in which the stockholders are involved) by having determined that the Indemnitee is permitted to be indemnified under the applicable standard of conduct set forth in the DGCL. The Company shall promptly call a meeting of the Board of Directors with respect to a Claim and agrees to use its best efforts to facilitate a prompt determination by the Reviewing Party with respect to the Claim. Indemnitee shall be afforded the opportunity to make submissions to the Reviewing Party with respect to the Claim. The obligation of the Company to make an Expense Advance pursuant to Section 2 shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees and undertakes to the full extent required by the DGCL to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced legal proceedings in a court of competent jurisdiction to

secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. The Company agrees that any litigation permitted under the preceding sentence may be brought in any court having general jurisdiction and in which venue is proper in the State of Delaware or in any such court in the State of Missouri in which the Indemnitee is resident or in which the Company maintains facilities, since, notwithstanding provisions relating to jurisdiction under Section 145 of the DGCL, jurisdiction to resolve indemnification under this Agreement is not reserved to Delaware courts. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

4. Notification and Defense of Claim. Promptly after receipt by Indemnitee of notice of the commencement of any action, suit, proceeding, inquiry or investigation, Indemnitee will, if a Claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission to notify the Company will not relieve it from any liability which it may have to Indemnitee otherwise than under this Agreement. With respect to any such Claim as to which Indemnitee notifies the Company of the commencement thereof:

(a) The Company will be entitled to participate therein at its own expense; and

(b) Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any legal or other Expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its counsel in matters giving rise to such Claim, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of matters giving rise to such Claim or (iii) the Company shall not in fact have employed counsel to assume the defense of action, suit, proceeding, inquiry or investigation, in each of which cases the fees and expenses of counsel for the Indemnitee shall be at the expense of the Company. The Company shall

not be entitled to assume the defense of any action, suit, proceeding, inquiry or investigation brought by or on behalf of the Company, or as to which Indemnitee shall have made the conclusion provided in (ii) above; and

(c) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Action effected without its written consent. The Company shall not settle any Action in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee will unreasonably withhold their consent to any proposed settlement.

5. Continuation of Indemnity. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is a director or officer of the Company (or is or was serving at the request of the Company as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a director of the Company or serving in any other capacity referred to herein.

6. Change in Control. If there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control) then (i) all determinations by the Company pursuant to the first sentence of Section 3 hereof and Section 145 of the DCGL shall be made pursuant to subparagraph (d)(1) or (d)(2) of Section 145 and (ii) with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or Company Bylaws now or hereafter in effect relating to Claims for Indemnifiable Events (including, but not limited to, any opinion to be rendered pursuant to subparagraph (d)(2) of Section 145 of the DCGL), the Company (including the Board of Directors) shall seek legal advice from (and only from) special, independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company (or any subsidiary of the Company) or an Acquiring Person (or any affiliate or associate of such Acquiring Person) or Indemnitee within the last five years (other than in connection with such matters). Unless Indemnitee has theretofore selected counsel pursuant to this Section 6 and such counsel has been approved by the Company, any Approved Law Firm selected by Indemnitee shall be deemed to be approved by the Company. Such counsel, among other things, shall render its written opinion to the Company, the Board of Directors and Indemnitee as to whether and to what the extent the Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the special, independent counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. As used in this Agreement, the terms "affiliate" and "associate" shall have the respective meanings ascribed to such terms in rule 12b-2 of the General Rules and Regulations under the Act and in effect on the date of this Agreement.

7. Establishment of Trust. In the event of a Potential Change in Control, the Company shall, upon written request by Indemnitee, create a trust for the benefit of Indemnitee and from time to time upon written request of Indemnitee shall fund such trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for and defending any Claim relating to an Indemnifiable Event, and any and all judgments, fines, penalties and settlement amounts of any and all Claims relating to an Indemnifiable Event from time to time actually paid or claimed, reasonably anticipated or proposed to be paid. The amount or amounts to be deposited in the trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party, in any case in which the special, independent counsel referred to above is involved. The terms of the trust shall provide that upon a Change in Control (i) the trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the trustee shall advance, within two business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the trust under the circumstances under which the Indemnitee would be required to reimburse the Company under Section 3 hereof), (iii) the trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in such trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The trustee shall be institutional trustee with a highly regarded, national reputation chosen by Indemnitee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement.

8. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within two business days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any claim asserted or action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or Company Bylaw now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

9. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified, to the extent permitted by law, against all Expenses incurred in connection with such Indemnifiable Event.

10. Burden of Proof. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

11. No Presumptions. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, whether civil or criminal, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not crate a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

12. Nonexclusivity, Etc. The rights of the Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Bylaws or the DCGL or otherwise. To the extent that a change in the DCGL (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

13. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any director or officer of the Company.

14. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company or any affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

15. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be effective unless in writing and no written waiver shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar nor shall such waiver constitute a continuing waiver).

16. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

17. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the

extent Indemnitee has otherwise actually received payment (under any insurance policy, Bylaw or otherwise) of the amounts otherwise indemnifiable hereunder. To the extent that Indemnitee is entitled to indemnification in respect of a Claim from another party, the Indemnitee shall assign such right to the Company.

18. Specific Performance. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, the Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Binding, Effect, Etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, assigns, spouses, heirs, executors, and personal and legal representatives.

20. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired and shall remain enforceable to the fullest extent permitted by law.

21. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Missouri applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the Company and Indemnitee have executed this Agreement this 6th day of November, 2000.

ALLIED HEALTHCARE PRODUCTS, INC.

INDEMNITEE:

By: _____
Name: _____
Title: _____

_____

Exhibit 10.29

May 30, 2001

Mr. Daniel C. Dunn
1221 Newport Landing
Fenton, MO 63026

Dear Dan:

It is my pleasure to formally offer you the position of Allied's Vice President Finance, Secretary and Chief Financial Officer.

We would like to offer you the starting salary at the rate of $120,000 per annum, payable ratably at the normal payroll intervals of Allied.

In addition, you will receive an initial stock option grant of 30,000 shares under the Allied Healthcare Products, Inc. 1994 Stock Option Plan, subject to the vesting requirements stated below. The options will be granted pursuant to Allied's standard form Non-Qualified Stock Option Agreement, which will provide that 25% of your options will be exercisable after one year of continuous employment with the Company, 50% after two years of continuous employment with the Company, 75% after three years of continuous employment with the Company and 100% after four years of continuous employment with the Company. In addition, your options will entirely vest upon the occurrence of a Change of Control (i.e., the sale in one transaction of a majority of the common stock of the Company). These terms will require Board ratification at the next Board meeting on August 21, 2001. The option exercise price will be the closing stock price as of that day.

You will be eligible for four weeks vacation.

In the event that your employment is terminated within one year of and as the result of a Change of Control of the Company, you will be entitled to severance pay equal to one year of your regular salary.

This offer is contingent upon successful completion of a drug screen and pre-employment physical. Human Resources will contact you to schedule an appointment. Upon acceptance of this offer and successful completion of the required screening, we anticipate you to begin full time employment on or before July 2, 2001.

I would like to welcome you back to Allied Healthcare Products, Inc. and wish you much success. If you need any assistance, please feel free to contact me at (314) 268-1675. Please indicate your acceptance of the terms in this letter by signing one copy and returning it to me.

Sincerely,

Earl R. Refsland
President and CEO

I ACCEPT THE TERMS OF EMPLOYMENT SET FORTH IN THIS LETTER.

DANIEL C. DUNN

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Earl R. Refsland as his true and lawful attorney-in fact and agent, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign the 2001 Annual Report on Form 10-K of Allied Healthcare Products, Inc., and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite as fully to all intents and purposes as he might or could do in person, and ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.