

ALLIED HEALTHCARE PRODUCTS INC
Form DEFA14A
October 07, 2014

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- o Definitive Proxy Statement
- b Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Allied Healthcare Products, Inc.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

October 6, 2014

To our shareholders:

Domestic medical equipment markets began to weaken with the 2008 recession and have continued their downturn, evidenced by a fiscal 2014 slump of more than 30 percent in the domestic construction market. As a result, Allied Healthcare Products domestic sales in fiscal 2014 were depressed.

International sales also fell. The world area hit hardest was Europe, where our sales dropped by more than 50 percent. Russia caused almost all that decline as it dramatically cut spending on medical infrastructure during 2013 and 2014.

The result is that Allied sales for fiscal 2014 declined almost 6 percent, from about \$38.6 million to about \$36.4 million. That caused Allied to record a net loss for the year of \$2.8 million, or a negative 35 cents per basic and diluted share. In the prior year, Allied had a loss of almost \$1.3 million, for a negative 16 cents per basic and diluted share.

Here are challenges and opportunities we see for 2015.

We believe that our growth products of recent years – carbon dioxide absorbents used in surgical procedures – will continue to increase sales domestically and in international markets in 2015 as their favorable pricing and performance become better known.

In 2015, a new Allied product – the AHP300 Ventilator – will advance beyond its initial launch. Designed for everyday transport or evacuation of ventilator patients from extreme environments, the AHP300 is unique in offering broad capabilities, ease of use, rugged construction and low cost of ownership. Early feedback has been positive.

We believe domestic markets will continue to be sluggish. However, Allied should benefit from a 2014 imbalance in orders vs. sales. In 2015, unfilled 2014 orders will be recorded as sales.

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In response to the market slump, we were forced to reduce our workforce in 2014. Those cost savings will be fully realized in fiscal 2015. Also, Allied incurred significant legal expenses from a competitor's lawsuit in 2014. That action is substantially completed, and our legal expenses for 2015 should be reduced accordingly.

We thank Allied shareholders for their support.

Sincerely,

/s/ Earl R. Refsland

/s/ John D. Weil

Earl R. Refsland
President and Chief Executive Officer

John D. Weil