

CardioNet, Inc.  
Form 10-Q  
May 10, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

## CardioNet, Inc.

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**33-0604557**

(I.R.S. Employer Identification Number)

**227 Washington Street  
Conshohocken, Pennsylvania**  
(Address of Principal Executive Offices)

**19428**  
(Zip Code)

**(610) 729-7000**

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 2, 2012, 24,942,944 shares of the registrant's common stock, \$0.001 par value per share, were outstanding.



Table of Contents

**CARDIONET, INC.**

**QUARTERLY REPORT ON FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 2012**

**TABLE OF CONTENTS**

	<b>Page No.</b>
<b><u>PART I.</u></b>	
<b><u>FINANCIAL INFORMATION</u></b>	
<u>Item 1.</u>	4
<u>Item 2.</u>	15
<u>Item 3.</u>	18
<u>Item 4.</u>	18
<b><u>PART II.</u></b>	
<b><u>OTHER INFORMATION</u></b>	
<u>Item 1.</u>	19
<u>Item 1A.</u>	19
<u>Item 2.</u>	19
<u>Item 3.</u>	19
<u>Item 4.</u>	19
<u>Item 5.</u>	19
<u>Item 6.</u>	20
<u>SIGNATURES</u>	21

Table of Contents

**FORWARD-LOOKING STATEMENTS**

This document includes certain forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995 regarding, among other things, our growth prospects, the prospects for our products and our confidence in the Company's future. These statements may be identified by words such as expect, anticipate, estimate, intend, plan, believe, promises and other words or terms of similar meaning. Such forward-looking statements are based on current expectations and involve inherent risks and uncertainties, including important factors that could delay, divert, or change any of them, and could cause actual outcomes and results to differ materially from current expectations. These factors include, among other things, the national rate set by the Centers for Medicare and Medicaid Services ( CMS ) for our mobile cardiovascular telemetry service, effectiveness of our cost savings initiatives, changes to insurance coverage and reimbursement levels for our products, the success of our sales and marketing initiatives, our ability to attract and retain talented executive management and sales personnel, our ability to identify acquisition candidates, acquire them on attractive terms and integrate their operations into our business, the commercialization of new products, market factors, internal research and development initiatives, partnered research and development initiatives, competitive product development, changes in governmental regulations and legislation, the continued consolidation of payors, acceptance of our new products and services and patent protection and litigation. For further details and a discussion of these and other risks and uncertainties, please see our public filings with the Securities and Exchange Commission, including our latest periodic reports on Form 10-K and 10-Q. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****CARDIONET, INC.****CONSOLIDATED BALANCE SHEETS***(In thousands, except share and per share amounts)*

	(Unaudited) March 31, 2012	December 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 13,322	\$ 18,531
Short-term available-for-sale-investments	23,631	27,953
Accounts receivable, net of allowance for doubtful accounts of \$10,897 and \$9,889, at March 31, 2012 and December 31, 2011, respectively	21,419	21,028
Other receivables	2,388	1,564
Inventory	1,457	2,009
Prepaid expenses and other current assets	1,767	1,511
Total current assets	63,984	72,596
Property and equipment, net	17,221	15,041
Intangible assets, net	3,910	2,545
Goodwill	4,497	3,363
Other assets	1,466	1,430
Total assets	\$ 91,078	\$ 94,975
<b>Liabilities and stockholders equity</b>		
Current liabilities:		
Accounts payable	\$ 3,944	\$ 4,094
Accrued liabilities	8,887	10,453
Deferred revenue	1,129	872
Total current liabilities	13,960	15,419
Other liabilities	1,549	1,559
Total liabilities	15,509	16,978
Stockholders equity:		
Common stock, \$.001 par value; 200,000,000 shares authorized as of March 31, 2012 and December 31, 2011; 24,641,252 and 24,534,601 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	25	25
Paid-in capital	253,356	252,261
Accumulated other comprehensive loss	(6)	(16)
Accumulated deficit	(177,806)	(174,273)

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Total stockholders' equity	75,569	77,997
Total liabilities and stockholders' equity	\$ 91,078	\$ 94,975

See accompanying notes.

Table of Contents**CARDIONET, INC.****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****(Unaudited)***(In thousands, except share and per share amounts)*

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>		
Patient service revenue	\$ 23,663	\$ 30,432
Product revenue	3,382	3,567
<b>Total revenues</b>	<b>27,045</b>	<b>33,999</b>
<b>Cost of revenues:</b>		
Patient service cost of revenue	9,471	11,706
Product cost of revenue	1,964	1,946
<b>Total cost of revenues</b>	<b>11,435</b>	<b>13,652</b>
<b>Gross profit</b>	<b>15,610</b>	<b>20,347</b>
<b>Operating expenses:</b>		
General and administrative	8,673	9,675
Sales and marketing	6,152	