
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): November 8, 2011

ELECTROMED, INC.

(Exact Name of Registrant as Specified in Its Charter)

Minnesota
(State or Other Jurisdiction of
Incorporation)

001-34839
(Commission File Number)

41-1732920
(I.R.S. Employer Identification
Number)

500 Sixth Avenue NW
New Prague, MN 56071
Address of Principal Executive Offices)(Zip Code)

(952) 758-9299
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into a Material Definitive Agreement

On November 8, 2011, Electromed, Inc. (the "Company") entered into an Amended and Restated Credit Agreement (the "Agreement") with U.S. Bank National Association (the "Bank"). The Agreement amends and restates that certain Credit Agreement dated December 9, 2009 by and between the Company and the Bank (the "Original Agreement"). The Original Agreement would have expired on November 30, 2011 had it not been extended by the parties. The Agreement provides for a \$6,000,000 revolving line of credit, an increase of \$2,500,000 from the revolving line of credit in the Original Agreement, which is renewable annually, and is evidenced by a single amended and restated revolving promissory note (the "Note"). In addition, a \$1,520,000 Term Loan bears interest at 5.79% ("Term Loan A"), and another \$1,000,000 term loan bears interest at 4.28% ("Term Loan B"), both as originally set forth in the Original Agreement. The Agreement provides that amounts under Term Loan A and Term Loan B have been disbursed in full and the Bank will make no further term loan advances under the Agreement or the Original Agreement. Finally, the Agreement provides for letters of credit to be issued to the Company from time to time, up to a limit of \$250,000.

Interest on the revolving line of credit accrues at one-month LIBOR plus 2.75% and is payable monthly. The amount eligible for borrowing on the line of credit is limited to 60% of eligible accounts receivable less the outstanding principal balance on the Company's Term Loan B. The line of credit is scheduled to expire on December 31, 2012, if not renewed. Term Loan A requires monthly payments of principal and interest of approximately \$10,706 and has a maturity date of December 9, 2014. Term Loan B requires monthly payments of principal and interest of approximately \$29,649 and has a maturity date of December 9, 2012. The Company is required to pay a fee of 0.125% per annum on unused portions of the revolving line of credit.

The Agreement contains certain covenants that restricts the Company's ability to, among other things, pay cash dividends, make certain investments, incur indebtedness or liens, change its Chief Executive Officer, merge or consolidate with any person, or sell, lease, assign, transfer or otherwise dispose of any assets other than in the ordinary course of business or at a price below a certain threshold. The agreement also contains financial covenants that require maintenance of certain fixed charge and total cash flow leverage ratios.

The foregoing description of the material terms of the Agreement and Note does not purport to be a complete description of the rights and obligations of the parties thereunder and is qualified in its entirety by reference to the full text of the Agreement and Note, which will be filed as an exhibit to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2011.

Item 2.02 Results of Operations and Financial Condition

On November 8, 2011, the Company issued a press release announcing its financial results for the three months ended September 30, 2011. The full text of the press release is set forth in Exhibit 99.1 attached hereto and is incorporated by reference in this Current Report on Form 8-K as if fully set forth herein.

The Company will conduct a conference call to discuss its financial results for the 2012 fiscal first quarter at 8:30 a.m. central time on November 9, 2011.

The information contained in this Item 2.02 to Current Report on Form 8-K, including the Exhibit 99.1 attached hereto and incorporated herein, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, and shall not be incorporated by reference into any registration statement pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in response to Item 1.01 of this Form 8-K is incorporated by reference in response to this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

- (a) Financial statements: None.
 - (b) Pro forma financial information: None.
 - (c) Shell company transactions: None.
 - (d) Exhibits:
 - 99.1 Press release dated November 8, 2011
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SIGNATURES

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

Date: November 8, 2011

Electromed, Inc.

By: /s/ Jeremy Brock
Name: Jeremy Brock
Title: Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ELECTROMED, INC.
EXHIBIT INDEX TO FORM 8-K

Date of Report:
November 8, 2011

Commission File No.:
001-34839

**Exhibit
Number**
99.1

Press Release dated November 8, 2011

Description



FOR IMMEDIATE RELEASE

Contact:

Robert D. Hansen
Chairman and Chief Executive Officer
Electromed, Inc.
952-758-9299
bhansen@electromed.com

Pankti Shah
Director of Strategic Marketing
The Event Group, Incorporated
763-548-1304
pankti.shah@eventshows.com

ELECTROMED, INC. REPORTS 2012 FIRST QUARTER RESULTS
29.1% Increase in First Quarter Net Revenues Compared to Prior Year

New Prague, Minnesota – November 8, 2011 – Electromed, Inc. (NYSE Amex: ELMD) today announced financial results for the three-month period ended September 30, 2011. Net Revenues for the three months ended September 30, 2011 were approximately \$5,379,000, a 29.1% increase compared to Net Revenues of approximately \$4,165,000 for the same period last year. The Company also announced Net Income of approximately \$246,000, or \$0.03 per basic and diluted share, for the three months ended September 30, 2011, compared to Net Income of approximately \$112,000, or \$0.02 per basic and diluted share, for the same period last year. Net Revenues increased in correlation with the expansion of the sales force. Net Income results were attributable to higher Net Revenues, offset by increased expenses related to increases in sales force. Research investments, additions to senior management, and additional facilities have all added to expenses in the first quarter.

Robert Hansen, Chairman and CEO, commented on the Company, saying,

“In very uncertain times, Electromed, Inc. continues to execute successfully on its business plans. The Company is committed to building a platform in sales, product innovation, and patient services sufficient to assure its expanding position in airway clearance therapy.”

Electromed, Inc.
Results for the Three-Months Ended September 30, 2011
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Gross Profit increased to approximately \$4,058,000, or 75.4% of Net Revenues, for the three months ended September 30, 2011, compared to \$2,934,000, or 70.4% for the same period in Fiscal 2011. The increase in Gross Profit dollars resulted primarily from the increase in Sales volume. The change in Gross Profit percentage for the three-month period ended September 30, 2011, was primarily the result of higher reimbursement from the mix of referrals and approvals compared to the three-month period ended September 30, 2010. Factors such as diagnoses that are not assured of reimbursement, along with insurance programs which present lower allowable reimbursement amounts (for example, state Medicaid programs) affect average reimbursement received on a short-term basis and tend to cause margins to fluctuate on a quarterly basis.

Operating Expenses, which consist of Selling, General, and Administrative Expenses and Research and Development expenses, were approximately \$3,605,000 for the three months ended September 30, 2011, an increase of approximately 34.2% over total Operating Expenses for the same period last year. These planned increases resulted from higher payroll and marketing expenses related to increasing the size of the sales team, increases in reimbursement, administration, patient services staff, and patient training costs related to the higher Sales volume, increased expenses relating to being a new public Company, and increased Research and Development expenses.

Total cash was approximately \$2,946,000 as of September 30, 2011. For the three months ended September 30, 2011, cash used in financing activities was approximately \$86,000, consisting of primarily \$110,000 on payments of Long-term Debt and capital lease obligations offset by proceeds from a warrant exercise and subscription notes receivable of approximately \$24,000. An aggregate of \$237,000 was used for investing activities during the three months ended September 30, 2011, including \$22,000 in payments for patent-related costs and \$215,000 in expenditures for property and equipment. The Company used approximately \$823,000 in operating activities composed primarily of an increase in the Company's receivable position, which increased approximately \$807,000, or 8.4% to approximately \$10,400,000 during the three months ended September 30, 2011.

About Electromed, Inc.

Electromed, Inc., founded in 1992 and headquartered in New Prague, Minnesota, manufactures, markets, and sells products that provide airway clearance therapy, including the SmartVest® Airway Clearance System and related products, to patients with compromised pulmonary function. Further information about the Company can be found at www.electromed.com.

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Results for the Three-Months Ended September 30, 2011

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Cautionary Statements

Certain statements found in this release may constitute forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect the speaker's current views with respect to future events and financial performance and include any statement that does not directly relate to a current or historical fact. Forward-looking statements can generally be identified by the words "believe," "expect," "anticipate" or "intend" or similar words. Forward-looking statements made in this release include the Company's plans and expectations regarding sales growth and product innovation. Forward-looking statements cannot be guaranteed and actual results may vary materially due to the uncertainties and risks, known and unknown, associated with such statements. Examples of risks and uncertainties for Electromed include, but are not limited to, the impact of emerging and existing competitors, the effectiveness of our sales and marketing initiatives, changes to reimbursement programs, as well as other factors described from time to time in our reports to the Securities and Exchange Commission (including our Annual Report on Form 10-K). Investors should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties or potentially inaccurate assumptions investors should take into account when making investment decisions. Shareholders and other readers should not place undue reliance on "forward-looking statements," as such statements speak only as of the date of this release.

Financial Tables Follow:

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Electromed, Inc. and Subsidiary
Condensed Consolidated Balance Sheets

	September 30 2011 (Unaudited)	June 30 2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,946,173	\$ 4,091,739
Accounts receivable (net of allowances for doubtful accounts of \$45,000)	10,400,466	9,593,105
Inventories	2,163,802	1,855,957
Prepaid expenses and other current assets	419,203	371,257
Deferred income taxes	722,000	722,000
Total current assets	16,651,644	16,634,058
Property and equipment, net	3,070,662	2,807,082
Finite-life intangible assets, net assets, net assets	1,227,572	1,235,828
Other assets	217,907	191,964
Total assets	\$ 21,167,785	\$ 20,868,932
Liabilities and Shareholders' Equity		
Current Liabilities		
Revolving line of credit	\$ 1,768,128	\$ 1,768,128
Current maturities of long-term debt	403,745	438,267
Accounts payable	758,986	733,621
Accrued compensation	906,425	868,229
Warranty reserve	475,019	444,096
Other accrued liabilities	174,613	161,166
Total current liabilities	4,486,916	4,413,507
Long-term debt, less current maturities	1,506,654	1,582,102
Deferred income taxes	167,000	167,000
Total liabilities	6,160,570	6,162,609
Commitments and Contingencies (Note 8)		
Shareholders' Equity		
Common stock, \$0.01 par value; authorized: 13,000,000; shares; issued and outstanding: 8,101,085 and 8,100,485 shares respectively	81,011	81,005
Additional paid-in capital	12,827,215	12,794,368
Retained earnings	2,098,989	1,853,450
Common stock subscriptions receivable for 15,000 shares outstanding as of June 30, 2011	—	(22,500)
Total shareholders' equity	15,007,215	14,706,323
Total liabilities and shareholders' equity	\$ 21,167,785	\$ 20,868,932

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Electromed, Inc. and Subsidiary
Condensed Consolidated Statements of Income
(Unaudited)

	For the Three Months Ended September 30,	
	2011	2010
Net revenues	\$ 5,378,918	\$ 4,165,429
Cost of revenues	1,321,318	1,231,690
Gross profit	4,057,600	2,933,739
Operating expenses		
Selling, general and administrative	3,397,553	2,487,595
Research and development	207,585	198,386
Total operating expenses	3,605,138	2,685,981
Operating income	452,462	247,758
Interest expense, net of interest income of \$2,027 and \$1,971 respectively	43,923	59,688
Net income before income taxes	408,539	188,070
Income tax expense	(163,000)	(76,000)
Net income	\$ 245,539	\$ 112,070
Earnings per share attributable to Electromed, Inc. common shareholders:		
Basic	\$ 0.03	\$ 0.02
Diluted	\$ 0.03	\$ 0.02
Weighted-average Electromed, Inc. common shares outstanding:		
Basic	8,100,915	6,986,798
Diluted	8,119,190	7,002,904

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Electromed, Inc. and Subsidiary
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended September 30,	
	2011	2010
Cash Flows From Operating Activities		
Net income	\$ 245,539	\$ 112,070
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	90,552	78,684
Amortization of finite-life intangible assets	30,006	25,721
Amortization of debt issuance costs	3,297	13,408
Share-based compensation expense	31,053	42,900
Loss on disposal of property and equipment	9,864	2,385
Changes in operating assets and liabilities:		
Accounts receivable	(807,361)	(470,716)
Inventories	(307,845)	35,730
Prepaid expenses and other assets	(77,186)	(96,234)
Accounts payable and accrued liabilities	(40,754)	194,943
Net cash used in operating activities	(822,835)	(61,109)
Cash Flows From Investing Activities		
Expenditures for property and equipment	(215,311)	(97,544)
Expenditures for finite-life intangible assets	(21,750)	(196,332)
Net cash used in investing activities	(237,061)	(293,876)
Cash Flows From Financing Activities		
Net borrowings on revolving line of credit	—	(500,000)
Principal payments on long-term debt including capital lease obligations	(109,970)	(105,428)
Payments of deferred financing fees	—	(4,659)
Proceeds from warrant exercises	1,800	—
Proceeds from sales of 1.9 million shares of common stock, net of offering costs of \$1,229,882	—	6,370,118
Proceeds from subscription notes receivable	22,500	—
Net cash provided by (used in) financing activities	(85,670)	5,760,031
Net increase (decrease) in cash and cash equivalents	(1,145,566)	5,405,046
Cash and cash equivalents		
Beginning of period	4,091,739	610,727
End of period	<u>\$ 2,946,173</u>	<u>\$ 6,015,773</u>

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