(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	YEAR ENDED DECEMBER 31, 2003	2002	2001
Net income, as reported	$ 5,057	$ 2,589	$ 9,754
Deduct: Total stock-based employee compensation expense determined under fair value-based methods for all awards, net of tax effects	(526)	(691)	(275)
Pro forma net income	$ 4,531	$ 1,898	$ 9,479
Income per share:			
Basic — as reported	$ 2.96	$ 1.51	$ 4.80
Basic — pro forma	$ 2.65	$ 1.11	$ 4.66
Diluted — as reported	$ 2.75	$ 1.39	$ 4.30
Diluted — pro forma	$ 2.46	$ 1.02	$ 4.17

NEW ACCOUNTING PRONOUNCEMENTS

In December 2003, the Financial Accounting Standards Board issued a revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 132 (as revised) revises employers' disclosures about pension plans and other postretirement benefit plans. It does not change the measurement or recognition of those plans required by SFAS Nos. 87, 88 and 106. SFAS No. 132 (as revised) requires additional disclosures to those in the original SFAS No. 132 and it also amends APB Opinion 28, "Interim Financial Reporting," to require certain disclosures about pension and other postretirement benefit plans in interim financial statements. SFAS No. 132 (as revised) is generally effective for financial statements with fiscal years ending after December 15, 2003. The Company has revised its disclosures in Note 11 to conform to this new pronouncement.

2 GOODWILL AND INTANGIBLE ASSETS

The Company adopted SFAS No. 142 effective January 1, 2002, and has identified three reporting units where goodwill was recorded for purposes of testing goodwill impairment: (1) Atrion Medical Products (2) Halkey-Roberts and (3) Quest Medical. The Company completed an impairment analysis that revealed that the Quest Medical reporting unit was impaired, resulting in a write-down of goodwill in the first quarter of 2002 of $1.6 million, net of an income tax benefit of $845,000. The charge reflected a $2.5 million reduction in the goodwill resulting from the acquisition of Quest Medical in February 1998. The remaining goodwill asset balance for the Company totaled $9.7 million at December 31, 2003. The impairment loss was recorded as a cumulative effect of a change in accounting principle. Net income from continuing operations for the year 2001 adjusted as though the non-amortization provisions of SFAS No. 142 had been in effect at January 1, 2001, are as follows:

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	YEAR ENDED DECEMBER 31, 2003	2002	2001
Income from continuing operations	$ 4,892	$ 4,065	$ 4,262
Add back: Goodwill amortization, net of tax	—	—	425
Adjusted income from continuing operations	$ 4,892	$ 4,065	$ 4,687
ADJUSTED INCOME PER BASIC SHARE:			
Income from continuing operations	$ 2.86	$ 2.37	$ 2.10
Add back: Goodwill amortization, net of tax	—	—	.21
Adjusted income from continuing operations	$ 2.86	$ 2.37	$ 2.31
ADJUSTED INCOME PER DILUTED SHARE:			
Income from continuing operations	$ 2.66	$ 2.18	$ 1.88
Add back: Goodwill amortization, net of tax	—	—	.19
Adjusted income from continuing operations	$ 2.66	$ 2.18	$ 2.07