

United American Healthcare Corporation Reports Fiscal Third Quarter Financial Results

Fiscal Third Quarter Net Earnings Increased 9% to \$1.5 Million or \$0.20 Per Share; Net Earnings for the Nine Months Increased 35% to \$4.9 Million or \$0.66 Per Share; Cash, Cash Equivalents & Short Term Securities for the Nine Months Increased 34% to \$11.8 Million

DETROIT, April 28, 2005 /PRNewswire-FirstCall via COMTEX/ -- United American Healthcare Corporation (Nasdaq: UAHC), a pioneer in health care services for Medicaid recipients, announced today its financial results for its 2005 fiscal third quarter ended March 31, 2005.

Net earnings for the third quarter ended March 31, 2005 increased 9% to approximately \$1.5 million, or \$0.20 per share, from approximately \$1.4 million, or \$0.19 per share, reported for the three months ended March 31, 2004. The Company continued to focus on increasing profitability, as total expenses in the quarter ended March 31, 2005 declined slightly to \$3.7 million from the third quarter a year ago. Total revenues for the third quarter ended March 31, 2005 were \$5.6 million, up slightly from revenues of \$5.5 million reported for the third quarter of fiscal 2004.

For the nine months ended March 31, 2005, net earnings increased 35% to \$4.9 million, or \$0.66 per basic share, when compared to net earnings of \$3.6 million, or \$0.51 per basic share, for the nine months ended March 31, 2004. For the nine months ended March 31, 2005, revenues were \$16.4 million, compared to \$16.8 million reported for the comparable period in the prior year. The decline in revenues for the nine months was primarily due to a September 2002 contractual risk amendment for fiscal 2002 claims with TennCare, the State of Tennessee healthcare program, for which revenues are recognized as such claims are processed.

At March 31, 2005, the Company had cash and cash equivalents and short-term marketable securities of \$11.8 million, a 34% increase compared to the \$8.8 million reported as of June 30, 2004 and a 15% increase compared to \$10.2 million at December 31, 2004.

William C. Brooks, President, CEO and Chairman commented, "With all of the current news on the Company's Tennessee business, I wanted to take this opportunity to address these issues. Of course, we face some uncertainties. We hope they soon will be resolved favorably. Despite being under administrative supervision, our subsidiary, UAHC Health Plan of Tennessee, Inc., continues to deliver quality service to our more than 130,000 TennCare enrollees, and our providers will continue to receive the timely payments they are accustomed to. Also, UAHC Health Plan of Tennessee will continue to receive payments from the State of Tennessee, pursuant to its TennCare contract, for the services it provides to its enrollees. We believe that UAHC Health Plan of Tennessee will continue to meet the regulatory requirements of the State of Tennessee. In the meantime, we will continue to cooperate with the Commissioner of the State of Tennessee Department of Commerce and Insurance, during the period of administrative supervision, while they review the operations of the Health Plan.

Mr. Brooks continued, "These have been unusual and difficult times for UAHC, its employees, and shareholders, and we want to reassure everyone of our commitment to our business and to our TennCare enrollees. We are pleased that a long anticipated TennCare reform plan is progressing toward a mid-2005 implementation, as we believe we have positioned United American Healthcare and our subsidiary, UAHC Health Plan of Tennessee, to deliver profitable results under this new TennCare environment."

Fiscal Year 2005 Guidance

The following statements are based on the Company's current expectations. These statements are forward-looking, and actual results may differ materially. Except as expressly set forth below, these statements do not include the potential impact of any mergers, acquisitions or other business combinations that may be closed or entered into after March 31, 2005.

UAHC is reiterating its previously stated FY 2005 revenue guidance range of \$21 - \$23 million and is revising its FY 2005 earnings guidance range from \$0.85 - \$0.90 to \$0.80 - \$0.85 per basic share, due to an anticipated increase in legal and other administrative expenses associated with the administrative supervision order.

Corporate Conference Call

The Company will host a conference call today at 4:30 p.m. EDT (1:30 p.m. PDT) to review the fiscal third quarter financial results and other corporate events. William Brooks, UAHC's President and CEO, and Stephen Harris, UAHC's CFO, will be on-line to discuss these results and take part in a Q&A session.

The call can be accessed by dialing 866-250-3615 and giving the company name, "United American Healthcare." Participants are asked to call the assigned number approximately 10 minutes before the conference call begins. A replay of the conference call will be available two hours after the call for the following five business days by dialing 800-405-2236 and entering the following pass code: 11028855. Also, an instant replay of the conference call will be available over the Internet at <http://www.uahc.com> in the Investor Relations area of the site or by going to <http://www.mkr-group.com>.

About United American Healthcare

United American Healthcare is a full-service healthcare management company, pioneering in the delivery of healthcare services to the Medicaid population since 1985. The Company owns and manages UAHC Health Plan (formerly known as OmniCare) in west Tennessee, including Memphis. UAHC currently serves 130,000 enrollees in Tennessee. For more information on the company, please visit the Company's website at www.uahc.com.

Forward looking statements by United American Healthcare Corporation, including those in this announcement, involve known and unknown risks, which may cause actual results and corporate developments to differ materially from those expected. Factors that could cause results and developments to differ materially from expectations include, without limitation, the effects of state and federal regulations, the effects of acquisitions and divestitures, and other risks described from time to time in each of United American Healthcare's SEC reports, including quarterly reports on Form 10-Q, annual reports on Form 10-K, and reports on Form 8-K.

Unaudited Condensed Consolidated Financial Statements

United American Healthcare Corporation and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31, 2005	June 30, 2004
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 8,150	\$ 7,767
Marketable securities	3,605	1,000
Accounts receivable - State of Tennessee	1,279	1,230
Other receivables	1,500	1,206
Prepaid expenses and other	159	147
Deferred income taxes	2,050	1,939
Total current assets	16,743	13,289
Assets held for sale	--	100
Property and equipment, net	185	323
Goodwill	3,452	3,452
Marketable securities	2,312	2,331
Other assets	586	586
Total assets	\$ 23,278	\$ 20,081
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ --	\$ 847
Medical claims payable	226	406
Accounts payable and accrued expenses	557	1,140
Accrued compensation and related benefits	452	582
Accrued rent	627	837
Other current liabilities	1,387	1,384
Total current liabilities	3,249	5,196
Total liabilities	3,249	5,196
Shareholders' equity		
Preferred stock, 5,000,000 shares authorized; none issued	--	--
Common stock, no par, 15,000,000 shares	12,476	12,226

authorized; 7,457,042 and 7,418,519 shares issued and outstanding at March 31, 2005 and June 30, 2004, respectively

Retained earnings	7,612	2,702
Accumulated other comprehensive loss, net of income taxes	(59)	(43)
Total shareholders' equity	20,029	14,885
	\$ 23,278	\$ 20,081

United American Healthcare Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except per share data)

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2005	2004	2005	2004
Revenues				
Fixed administrative fees	\$ 5,201	\$ 5,095	\$ 15,582	\$ 15,261
Medical premiums	--	56	22	502
Interest and other income	372	396	776	991
Total revenues	5,573	5,547	16,380	16,754
Expenses				
Medical services	--	56	22	502
Marketing, general and administrative	3,705	3,627	10,863	11,457
Depreciation and amortization	40	56	134	176
Interest expense	--	13	8	51
Total expenses	3,745	3,752	11,027	12,186
Earnings from continuing operations before income taxes	1,828	1,795	5,353	4,568
Income tax expense	312	398	312	930
Earnings from continuing operations	1,516	1,397	5,041	3,638
Discontinued operations				
Loss from discontinued operations	--	--	(129)	--
Net earnings	\$ 1,516	\$ 1,397	\$ 4,912	\$ 3,638
Net earnings per common share - basic				
Earnings from continuing operations	\$ 0.20	\$ 0.19	\$ 0.68	\$ 0.51
Discontinued operations	0.00	--	(0.02)	--
Net earnings per common share	\$ 0.20	\$ 0.19	\$ 0.66	\$ 0.51
Weighted average shares outstanding	7,435	7,222	7,412	7,158
Net earnings per common share - diluted				
Earnings from continuing operations	\$ 0.20	\$ 0.19	\$ 0.67	\$ 0.50
Discontinued operations	0.00	--	(0.02)	--
Net earnings per common share	\$ 0.20	\$ 0.19	\$ 0.65	\$ 0.50
Weighted average shares outstanding	7,512	7,290	7,488	7,225

SOURCE United American Healthcare Corporation

Stephen D. Harris, Chief Financial Officer of United American Healthcare Corp.,

+1-313-393-4571, investor_relations@uahc.com; or Investor Relations, Charles Messman or Todd Kehrli, both of MKR Group, LLC, +1-818-556- 3700, ir@mkr-group.com, for United American Healthcare Corp.

<http://www.prnewswire.com>

Copyright (C) 2005 PR Newswire. All rights reserved.

News Provided by COMTEX