

United American Healthcare Corporation Announces Fiscal 2008 Second Quarter Results

DETROIT, Feb 07, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- United American Healthcare Corporation (Nasdaq: UAHC), which owns and provides comprehensive management services to a full-service managed care organization in Tennessee, today announced financial results for its second fiscal quarter ended Dec. 31, 2007.

Revenues increased 67 percent to \$7.0 million for the second fiscal quarter ended Dec. 31, 2007, compared with revenues of \$4.2 million for the second quarter of the prior fiscal year. The Company reported net income of \$0.3 million, or \$0.03 per fully diluted share, for the fiscal 2008 second quarter, compared with net income of \$0.2 million, or \$0.03 per full diluted share, for the fiscal 2007 second quarter.

The increase in second fiscal quarter revenue is primarily attributable to medical premiums revenues of the Company's subsidiary, UAHC Health Plan of Tennessee (UAHC-TN), from its Medicare Advantage "Special Needs Plan" (MA-SNP), which comprised 38 percent of the Company's total revenue in the quarter. The increase in MA-SNP revenues during the second fiscal quarter helped offset a 7 percent decrease in TennCare-related fixed administrative fee revenue from the prior fiscal year's second quarter. That decrease is principally due to a decline in UAHC-TN's TennCare member enrollment. As of Dec. 31, 2007, UAHC-TN's total enrollment was approximately 105,189 members, down from approximately 112,000 members a year earlier.

"In UAHC-TN's first full year as a Medicare Advantage qualified organization, it continued to successfully grow enrollment in its Special Needs Plan, resulting in profitable growth for our Company," said William C. Brooks, president, chairman and CEO of United American Healthcare. "Importantly, our proven managed care model is designed to effectively address the needs of the populations we serve in western Tennessee, and has become increasingly disciplined over the years in managing costs, thereby positioning UAHC-TN to become a managed care organization of choice in the region."

"As of January 20th, UAHC-TN's MA-SNP enrollment included 815 members, partly as a result of our ongoing marketing efforts focused on the 'dual-eligible' population in Shelby County, Tennessee," continued Brooks.

Total expenses increased 68 percent to \$6.7 million in the fiscal 2008 second quarter, compared to \$4.0 million in the prior fiscal year's second quarter, principally due to medical expenses related to UAHC-TN's MA-SNP, which was launched in Jan. 2007. In addition, United American Healthcare reported cash, cash equivalents and short-term marketable securities of \$16.8 million as of Dec. 31, 2007, compared to \$13.0 million as of Dec. 31, 2006. The Company remains debt-free.

On Jan. 7, 2008, the State of Tennessee, Bureau of TennCare, issued a Request for Proposal (RFP) for managed care services to be provided in the West Grand Region of Tennessee. The RFP indicates TennCare's intent to secure two contracts for the provision of managed care services in that region, with services scheduled to begin Nov. 1, 2008. The Company's subsidiary, UAHC-TN, currently provides such services in that region under its existing TennCare contract. UAHC-TN has notified TennCare that UAHC-TN intends to submit a joint proposal with another party in response to this RFP to serve the population of the West Grand Region. At present, TennCare is scheduled to announce the bid winners on April 22, 2008.

Fiscal 2008 Second Quarter Conference Call

United American Healthcare Corporation will host a conference call at 4:30 p.m., Eastern time, today to discuss these results and current business trends. To access the live conference call, please dial (800) 273-4998 and provide the conference passcode 9267674. A replay of the call will be available through Feb. 28, 2008. To access the replay, please call (888) 203-1112 and provide conference passcode 9267674.

About United American Healthcare Corporation

United American Healthcare Corporation (UAHC) is a full-service healthcare management company, pioneering the delivery of healthcare services to Medicaid recipients since 1985. UAHC owns and manages UAHC Health Plan, which is based in western Tennessee and includes the Memphis market. UAHC provides access to more than 900 primary and specialty care physicians and more than 19 hospitals to the approximately 106,000 members of UAHC Health Plan. For more information, please visit the Company's web site at www.uahc.com.

United American Healthcare Corporation Safe Harbor Statement

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.

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

	Three months ended		Six months ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Revenues				
Fixed administrative fees	\$ 3,677	\$ 3,949	\$ 7,383	\$ 7,962
Variable administrative fees	280	-	280	-
Medical premiums	2,707	-	4,789	-
Interest and other income	384	274	784	435
Total revenues	7,048	4,223	13,236	8,397
Expenses				
Medical expenses	2,551	-	4,415	-
Marketing, general and administrative	4,089	3,950	8,280	7,709
Depreciation and amortization	51	27	91	59
Total expenses	6,691	3,977	12,786	7,768
Earnings from operations before income taxes	357	246	450	629
Income tax expense	101	18	121	69
Net earnings	\$ 256	\$ 228	\$ 329	\$ 560
Net earnings per common share - basic				
Net earnings per common share	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.07
Weighted average shares outstanding	8,612	7,728	8,636	7,629
Net earnings per common share - diluted				
Net earnings per common share	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.07
Weighted average shares outstanding	8,778	8,172	8,797	7,970

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

	December 31,	June 30,
	2007	2007
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 10,174	\$ 8,932
Marketable securities	6,666	5,296
Accounts receivable - State of Tennessee, net	1,705	1,455
Interest receivable	532	578
Other receivables	235	455

Prepaid expenses and other	323	511
Deferred income taxes	1,878	1,950
Total current assets	21,513	19,177
Property and equipment, net	451	357
Goodwill	3,452	3,452
Marketable securities	7,573	7,475
Restricted assets	421	2,721
Other assets	586	586
Total assets	\$ 33,996	\$ 33,768
Liabilities and Shareholders' Equity		
Current liabilities		
Medical claims payable	\$ 2,769	\$ 576
Accounts payable and accrued expenses	885	3,142
Accrued compensation and related benefits	626	896
Accrued rent	112	135
Unearned revenue	-	279
Other current liabilities	1,015	1,099
Total current liabilities	5,407	6,127
Commitments and contingencies		
Total liabilities	5,407	6,127
Shareholders' equity		
Preferred stock, 5,000,000 shares authorized; none issued	-	-
Common stock, no par, 15,000,000 shares authorized; 8,690,666 and 8,588,211 issued and outstanding at December 31, 2007 and June 30, 2007, respectively	18,450	18,327
Paid in capital - stock options	1,010	607
Warrants	444	444
Retained earnings	8,632	8,303
Accumulated other comprehensive income (loss), net of deferred federal income taxes	53	(40)
Total shareholders' equity	28,589	27,641
Total liabilities and shareholders' equity	\$ 33,996	\$ 33,768

SOURCE United American Healthcare Corporation

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