

United American Healthcare Corporation Announces Fiscal 2010 First Quarter Results

DETROIT, Nov 16, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- United American Healthcare Corporation (Nasdaq: UAHC) today announced financial results for the Company's fiscal first quarter ended Sept. 30, 2009.

Revenues for the first quarter were \$1.8 million, down \$4.5 million, or 72 percent, compared with revenues of \$6.3 million for the first quarter of the prior fiscal year. The decline was primarily the result of the complete transfer of TennCare enrollees served by the Company's subsidiary, UAHC Health Plan of Tennessee (UAHC-TN), to other managed care organizations on Nov. 1, 2008, and the discontinuance of UAHC-TN's Medicaid managed care services as a TennCare contractor. The decrease in revenues was also attributable to the decrease in enrollment and associated revenue from the Company's Medicare Advantage Special Needs Plan (MA-SNP).

Total expenses decreased \$2.9 million, or 46 percent, to \$3.3 million in the fiscal 2010 first quarter, compared with total expenses \$6.2 million in the prior fiscal year's first quarter. The decrease was primarily related to reduced medical expenses, as well as lower marketing, general and administrative expenses in the quarter. For the first quarter of fiscal 2010, the Company reported a net loss of \$1.6 million, or (\$0.19) per share, compared with earnings of \$0.2 million, or \$0.02 per share, in the comparable quarter a year ago. The loss in the most recent quarter was primarily the result of the loss of TennCare revenue, partially offset by the reduction in expenses.

"United American Healthcare continues to move through a period of transition marked by the winding down of our MA-SNP business at the end of calendar 2009," said William C. Brooks, President and CEO of United American Healthcare. "Even as our revenues cease, we must still contend with the remaining medical expenses associated with our obligations as a CMS provider. Although we have limited flexibility in dealing with these expenses, we continue to maintain tight control on all remaining expenses in our current lean operational structure."

As of Sept. 30, 2009, United American Healthcare reported cash, cash equivalents, short-term marketable securities and restricted marketable securities of \$16.0 million, compared to \$19.9 million as of June 30, 2009. The decrease in cash was primarily the result of the payment of approximately \$3.3 million, in September 2009, in settlement of a lawsuit originally filed in 2005, as reported in the Company's fiscal 2009 fourth quarter results. The Company remains free of debt.

United American Healthcare continued to take actions to reduce expenses and conserve cash during the first quarter of fiscal 2010. The Company significantly reduced the number of employees to fit its lower level of operating activity. At Sept. 30, 2009, the total number of employees was reduced to 12 from 41 employees a year earlier, representing a year-over-year cost reduction of approximately \$1.1 million. Management expects a further substantial decrease in the total number of employees by the expiration of the MA-SNP contract on December 31, 2009.

Due to the expiration of the TennCare contract and the pending expiration of the Medicare contract, the Company's Board of Directors and management team have been engaged in a review of a variety of long-term strategic alternatives. The review process continues to be guided by the goal of pursuing a strategic alternative that satisfies three primary objectives: providing significant revenues, providing immediate positive EBITDA and having long-term growth opportunities. During this review, all feasible options are being considered, including pursuing a joint venture or other strategic partnership, completing a strategic acquisition or merger, or liquidating the Company's assets.

"As we manage through one of the sharpest economic downturns in more than half a century, our review of strategic alternatives has taken longer than we might have anticipated," concluded Brooks. "This should be understandable given the state of current markets and the challenges involved in establishing accurate valuations when markets cease to function effectively. While we realize that some of our shareholders may have grown impatient with this process, we remain committed to completing the hard work and effort required to identify the best possible alternative to benefit all shareholders. As we reach the conclusion of this process, we will communicate our decision to shareholders and provide a forum for them to address their questions and concerns."

Deficiency Notice Related to Nasdaq Minimum Closing Bid Price Rule

On November 12, 2009, the Company received a letter from The Nasdaq Stock Market advising that, for the previous 30 consecutive business days, the closing bid price of the Company's common stock was below the minimum \$1.00 per share requirement for continued listing on The Nasdaq Capital Market. This notification has no effect at this time on the listing of Company's common stock, which will continue to trade on The Nasdaq Capital Market under the symbol UAHC.

The Company has a grace period of 180 calendar days, or until May 11, 2010, in which to regain compliance. The Company will regain compliance if at any time before May 11, 2010, the bid price of its common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days. The Company also may be eligible for an additional 180-calendar day grace period if it satisfies the initial listing standards, with the exception of bid price, for The Nasdaq Capital Market. If the Company does not regain compliance within the required period, Nasdaq will provide it with written notification that the common stock is subject to delisting, which is subject to appeal and hearing.

The Company intends to actively monitor the bid price for its common stock and will consider available options to resolve the deficiency and regain compliance with the foregoing listing standards.

About United American Healthcare Corporation

United American Healthcare Corporation (UAHC) is a healthcare management company that has pioneered 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. 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 ongoing impact of the U.S. recession, the termination of the TennCare contract, the wind down of our CMS Medicare business, the review of strategic alternatives, the ongoing impact of the global credit and financial crisis and other changes in general economic conditions, 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 current 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	
	September 30,	
	-----	-----
	2009	2008
	----	----
Revenue		
Fixed administrative fees	\$-	\$3,423
Medical premiums	1,760	2,862
	-----	-----
Total revenue	1,760	6,285
Expenses		
Medical expenses	1,729	2,523
Marketing, general and administrative	1,594	3,639
Depreciation and amortization	40	61
	-----	-----
Total expenses	3,363	6,223
	-----	-----
Operating income (loss)	(1,603)	62
Interest and other income	40	208
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Income (loss) before income taxes	(1,563)	270
Income tax expense	-	80
	-----	-----
Net earnings (loss)	\$(1,563)	\$190
	=====	=====

Net earnings (loss) per common share - basic

Net earnings (loss) per common share	\$(0.19)	\$0.02
	=====	=====
Weighted average shares outstanding	8,138	8,734
	=====	=====
Net earnings (loss) per common share		
- diluted		
Net earnings (loss) per common share	\$(0.19)	\$0.02
	=====	=====
Weighted average shares outstanding	8,138	8,753
	=====	=====

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

	September 30, 2009 (Unaudited)	June 30, 2009
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Assets		
Current assets		
Cash and cash equivalents	\$9,747	\$13,100
Marketable securities	3,922	4,475
Accounts receivable - State of Tennessee, net	12	39
Interest receivable	57	42
Other receivables	708	1,377
Prepaid expenses and other	135	215
	-----	-----
Total current assets	14,581	19,248
Property and equipment, net	94	134
Marketable securities - restricted	2,370	2,370
Other assets	486	486
	-----	-----
Total assets	\$17,531	\$22,238
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities		
Medical claims payable	\$1,872	\$2,160
Accounts payable and accrued expenses	1,747	1,228
Reserve for legal settlement	-	3,250
Accrued compensation and related benefits	231	388
Other current liabilities	13	57
	-----	-----
Total current liabilities	3,863	7,083
Total liabilities	3,863	7,083
Commitments and contingencies		
Shareholders' equity		
Preferred stock, 5,000,000 shares authorized; none issued.	-	-
Common stock, no par, 15,000,000 shares authorized; 8,137,903 issued and outstanding		
at both September 30, 2009 and June 30, 2009	17,684	17,684
Additional paid in capital - stock options	1,551	1,480
Additional paid in capital - warrants	444	444
Accumulated deficit	(6,007)	(4,444)

Accumulated other comprehensive loss, net of tax	(4)	(9)
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Total shareholders' equity	13,668	15,155
	=====	=====
Total liabilities and shareholders' equity	\$17,531	\$22,238
	=====	=====

SOURCE United American Healthcare Corporation

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