FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-01-14** | Period of Report: **1993-11-30**
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FILER

AMERICAN MEDICAL INTERNATIONAL INC /DE/
CIK:**312655**| IRS No.: **952111054** | State of Incorp.:**DE** | Fiscal Year End: **0831**
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SIC: **8062** General medical & surgical hospitals, nec

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

FORM 10-Q

(Mark One)

/x/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 1993

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to ________

AMERICAN MEDICAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	1-10511	13-3527632
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. Employer Identification No.)

AMERICAN MEDICAL INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-7612	95-2111054
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. Employer Identification No.)

8201 PRESTON ROAD, DALLAS, TEXAS	75225
(Address of principal executive offices)	(Zip code)

(214) 360-6300
(Registrants' telephone number, including area code)

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. American Medical Holdings, Inc. Yes X No . American Medical International, Inc. Yes X No .

As of January 11, 1994 there were 77,070,804 shares of American Medical Holdings, Inc. Common Stock, $.01 par value, outstanding.

All shares of Common Stock, $.01 par value, of American Medical International, Inc. are held by American Medical Holdings, Inc.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTRODUCTION

American Medical Holdings, Inc. ("Holdings") was organized in July 1989 to acquire American Medical International, Inc. ("AMI" and, together with Holdings, the "Company"). As a result of this acquisition, Holdings is the owner of all of the outstanding shares of common stock of AMI. AMI's financial statements are the same as Holdings' financial statements except for the components of shareholders' equity and the impact of Holdings' common stock subject to repurchase obligations.

The Company is one of the leading hospital management companies in the United States. Founded in 1960 as the first investor-owned hospital company, AMI owns and operates 35 acute-care and one psychiatric hospital containing a total of 8,131 licensed beds. Throughout its history, AMI has focused on delivering value to its patients and its communities with a full range of quality inpatient and outpatient services including medical, surgical, obstetric, diagnostic, specialty and home health care. The Company also operates ancillary facilities at each of its hospitals, such as ambulatory, occupational and rural healthcare clinics. The Company's hospitals are principally located in the suburbs of major metropolitan areas in 12 states including Texas, Florida and California.

AMERICAN MEDICAL HOLDINGS, INC.
AMERICAN MEDICAL INTERNATIONAL, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands)

<TABLE>
<CAPTION>

	November 30, 1993		August 31, 1993	
	Holdings	AMI	Holdings	AMI
	(Unaudited)			
<S>	<C>	<C>	<C>	<C>
ASSETS				
Current Assets				
Cash and short-term cash investments	$ 13,639	$ 13,639	$ 44,335	$ 44,335
Accounts receivable, net	103,490	103,490	90,596	90,596
Income taxes receivable, net (including current portion of deferred income taxes)	13,031	13,031	24,641	24,641
Supply inventories and prepaid expenses	72,255	72,255	71,133	71,133
Total Current Assets	202,415	202,415	230,705	230,705
Property and Equipment	1,825,832	1,825,832	1,799,945	1,799,945
Less - Accumulated depreciation	423,586	423,586	395,736	395,736
Net Property and Equipment	1,402,246	1,402,246	1,404,209	1,404,209
Cost in Excess of Net Assets Acquired	1,159,261	1,159,261	1,165,435	1,165,435
Investments and Other Assets	64,868	64,868	68,021	68,021
	$2,828,790	$2,828,790	$2,868,370	$2,868,370
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities	$ 340,293	$ 340,293	$ 370,655	$ 370,655
Long-Term Debt	1,263,665	1,263,665	1,283,665	1,283,665
Convertible Subordinated Debt	10,539	10,539	10,487	10,487
Deferred Income Taxes	211,489	211,489	211,451	211,451
Other Deferred Credits and Liabilities	281,410	281,410	288,239	288,239
Commitments and Contingencies				
Common Stock Subject to Repurchase Obligations	7,234	-	6,046	-
Shareholders' Equity				
Common stock	769	725	768	725
Additional paid-in capital	596,442	588,068	596,623	587,060
Retained earnings	124,949	140,601	108,436	124,088
Adjustment for minimum pension liability	(8,000)	(8,000)	(8,000)	(8,000)
Total Shareholders' Equity	714,160	721,394	697,827	703,873

	$2,828,790	$2,828,790	$2,868,370	$2,868,370

</TABLE>

See accompanying notes to consolidated condensed financial statements.

AMERICAN MEDICAL HOLDINGS, INC.
AMERICAN MEDICAL INTERNATIONAL, INC.

CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended November 30,			
	1993		1992	
	Holdings	AMI	Holdings	AMI
<S>	<C>	<C>	<C>	<C>
Net Revenues	$ 558,217	$ 558,217	$ 541,893	$ 541,893
Operating Costs and Expenses:				
Salaries and benefits	205,414	205,414	200,075	200,075
Supplies	79,482	79,482	77,426	77,426
Provision for uncollectible accounts	39,036	39,036	39,021	39,021
Depreciation and amortization	38,273	38,273	36,108	36,108
Other operating costs	126,654	126,654	123,404	123,404
Total Operating Costs and Expenses	488,859	488,859	476,034	476,034
Operating Income	69,358	69,358	65,859	65,859
Interest expense, net	(38,848)	(38,848)	(45,073)	(45,073)
Income before taxes and minority equity interest	30,510	30,510	20,786	20,786
Provision for income taxes	(12,900)	(12,900)	(9,800)	(9,800)
Income before minority equity interest	17,610	17,610	10,986	10,986
Minority equity interest	(1,097)	(1,097)	(425)	(425)
Net Income	$ 16,513	$ 16,513	$ 10,561	$ 10,561
Per Share Data:				
Net Income Per Common and Common Equivalent Share	$ 0.21	N/A	$ 0.14	N/A
Shares Used for Computation of Net Income Per Share	76,938	N/A	76,662	N/A

</TABLE>

See accompanying notes to consolidated condensed financial statements.

AMERICAN MEDICAL HOLDINGS, INC.
AMERICAN MEDICAL INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended November 30,			
	1993		1992	
	Holdings	AMI	Holdings	AMI
<S>	<C>	<C>	<C>	<C>
Cash Flows from Operating Activities:				
Net income	$ 16,513	$ 16,513	$ 10,561	$ 10,561
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortization	38,273	38,273	36,108	36,108
Amortization of debt discount, deferred financing costs and non-cash interest	12,481	12,481	16,375	16,375
Decrease (increase) in accounts receivable, net	(12,808)	(12,808)	5,602	5,602
Increase in supply inventories and prepaid expenses	(1,122)	(1,122)	(2,373)	(2,373)
Decrease in accounts payable and accrued liabilities	(7,646)	(7,646)	(7,299)	(7,299)
Increase in accrued interest	7,775	7,775	12,524	12,524
Income taxes, net	11,610	11,610	(20,695)	(20,695)
Decrease in other liabilities	(9,734)	(9,734)	(1,901)	(1,901)
Other non-cash items	129	129	(515)	(515)
Net cash provided by operating activities	55,471	55,471	48,387	48,387
Cash Flows from Financing Activities:				
Payments on debt	(31,507)	(31,507)	(29,148)	(29,148)
Reducing revolving credit facility	(28,000)	(28,000)	-	-
Contribution to AMI by Holdings	-	1,008	-	371
Issuance of Holdings common stock	1,008	-	371	-
Net cash used in financing activities	(58,499)	(58,499)	(28,777)	(28,777)
Cash Flows from Investing Activities:				
Property and equipment additions	(27,093)	(27,093)	(24,918)	(24,918)
Increase in deferred costs	1,251	1,251	-	-
Additions to notes receivable and investments	(1,773)	(1,773)	(2,674)	(2,674)
Decrease in notes receivable and investments	1,453	1,453	3,953	3,953
Other	(1,506)	(1,506)	1,955	1,955
Net cash used in investing activities	(27,668)	(27,668)	(21,684)	(21,684)
Increase (Decrease) in Cash and Short-Term Cash Investments	(30,696)	(30,696)	(2,074)	(2,074)
Cash and Short-Term Cash Investments, Beginning of Period	44,335	44,335	70,536	70,536
Cash and Short-Term Investments, End of Period	$ 13,639	$ 13,639	$ 68,462	$ 68,462

</TABLE>

See accompanying notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

(1) BASIS OF PRESENTATION

American Medical Holdings, Inc. ("Holdings") was organized in July 1989 to acquire American Medical International, Inc. ("AMI" and, together with Holdings the "Company"). AMI's financial statements are the same as Holdings' financial statements except for the components of shareholders' equity and the impact of Holdings' common stock subject to repurchase obligations.

The accompanying unaudited consolidated condensed financial statements include the accounts of Holdings, AMI and all majority owned subsidiary companies and have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation, have been included in the accompanying interim financial statements. The consolidated condensed balance sheet as of August 31, 1993 was derived from the audited financial statements, but does not include all disclosures required by generally accepted accounting principles. All significant intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to the prior period's financial statements to be consistent with the fiscal 1994 presentation. For additional disclosure refer to Holdings' and AMI's Annual Report on Form 10-K for the year ended August 31, 1993.

(2) ACCOUNTS RECEIVABLE

As of November 30, 1993 and August 31, 1993, Holdings and AMI had reserves for uncollectible receivables of $100.0 million and $98.1 million, respectively.

(3) COST IN EXCESS OF NET ASSETS ACQUIRED

The cost in excess of net assets acquired is being amortized over 40 years from the original acquisition date. Holdings' and AMI's cumulative amortization of cost in excess of net assets acquired at November 30, 1993 and August 31, 1993 was $133.2 million and $125.2 million, respectively. Amortization of cost in excess of net assets acquired for Holdings and AMI was $8.0 million for the three months ended November 30, 1993 and 1992.

(4) LONG-TERM DEBT

As of November 30, 1993, $259 million was outstanding under the Company's $600 million revolving credit facility which accrued interest at 4.7%. Amounts outstanding under the revolving credit facility accrue interest, at the option of AMI, at (i) adjusted LIBOR plus 1.5% (subject to reduction upon the satisfaction of certain conditions) or (ii) the alternative base rate specified in the revolving credit facility. In addition, $35.5 million in letters of credit were issued thereunder.

On November 18, 1993, the remaining principal amount of the 6 3/4% Swiss franc/dollar dual currency senior notes due 1997 were redeemed. The redemption price of $28 million was financed by borrowings under the revolving credit facility.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENT
(Unaudited)

(5) COMMITMENTS AND CONTINGENCIES

Holdings and AMI are subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of all pending legal proceedings will not have a material adverse effect on the business or financial condition of Holdings or AMI.

(6) COMMON STOCK SUBJECT TO REPURCHASE OBLIGATIONS

Certain executive officers of AMI purchased shares of Holdings' common stock and in connection therewith were granted options to purchase additional shares of common stock. Under certain circumstances, these purchasers have the right to sell such shares to the Company at market value ($16.75 per share as of November 30, 1993) and therefore, such shares are classified separately from shareholders' equity at their repurchase price. As of November 30, 1993 and August 31, 1993, 431,858 shares of common stock were subject to repurchase obligations. These shares are subject to restrictions on transferability and Holdings generally has the right to repurchase such shares under certain circumstances.

(7) CAPITAL STOCK

As of November 30, 1993, Holdings had 200 million shares of $0.01 par value common stock authorized. Of such shares, 76,993,000 and 76,873,000 were outstanding as of November 30, 1993 and August 31, 1993, respectively. As of November 30, 1993, Holdings had five million shares of $0.01 par value of Preferred Stock authorized, of which none were outstanding.

Holdings is the owner of all the outstanding shares of common stock of AMI. As of November 30, 1993 and August 31, 1993, 72,481,000 shares of AMI common stock were outstanding.

(8) NET REVENUES

Revenues are presented net of reserves to recognize the difference between the established rates for covered services and the amount paid by third party or private payors. Patient revenues received under government and some privately sponsored insurance programs are based on cost as defined under the programs or at predetermined rates based upon the diagnosis, plus capital costs, return on equity, and other adjustments rather than customary charges. Adjustments are recorded based on estimated amounts and contract interpretations. Such adjustments are generally subject to final audit and settlement. Holdings' and AMI's net revenues reflect the impact of these adjustments for the three months ended November 30, 1993 and 1992 of $490.6 million and $446.6 million, respectively. In management's opinion, the reserves established are adequate to cover the ultimate liabilities that may result from final settlements.

Net revenues from government programs represented 42% and 37% of total net revenues for the three months ended November 30, 1993 and 1992, respectively. In addition, the Company has net revenues from other contracted business which represented 26% and 25% of total net revenues for the three months ended November 30, 1993 and 1992, respectively.

(9) INTEREST EXPENSE, NET

Interest expense, net consists of the following (in thousands):

<TABLE>
<CAPTION>

	Three Months Ended November 30,	
	1993	1992

	Holdings and AMI	Holdings and AMI
<S>	<C>	<C>
Interest costs	$ 27,743	$ 30,359
Amortization of debt discount, deferred financing costs and non-cash interest	12,481	16,375
Interest costs capitalized	(624)	(302)
	39,600	46,432
Interest income	(752)	(1,359)
Interest expense, net	$ 38,848	$ 45,073

</TABLE>

(10) MINORITY EQUITY INTEREST

Minority equity interest expense of $1.8 million and $0.6 million for the three months ended November 30, 1993 and 1992, respectively, is presented net of income taxes in the accompanying consolidated condensed statements of income.

(11) EARNINGS PER SHARE

Holdings' earnings per share for the three months ended November 30, 1993 and 1992 is based upon the weighted average number of shares of Holdings' common stock outstanding. In accordance with APB Opinion No. 15, the impact of common stock equivalents is not considered since they either have no dilutive effect or the effect on dilution is less than three percent.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

(12) SUPPLEMENTAL CASH FLOW INFORMATION

Holdings and AMI paid income taxes (net of refunds) of $0.6 million and $30.3 million for the three months ended November 30, 1993 and 1992, respectively. Holdings and AMI paid interest (net of capitalized costs) for the three months ended November 30, 1993 and 1992 of $19.3 million and $19.2 million, respectively.

For the three months ended November 30, 1993 and 1992 a non-cash increase in common stock subject to repurchase obligations of $1.2 million and $.6 million, respectively was recognized by Holdings due to market price changes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended November 30, 1993, the Company invested $27.1 million in capital expenditures and, as of November 30, 1993, had approximately $17.8 million of construction commitments outstanding. Such capital expenditures are for new construction and renovations to facilitate and accommodate new inpatient and outpatient programs and to develop and acquire new lines of business, including home health care, surgery centers, and physician practices. The Company intends to continue to invest in new and existing operations within the healthcare industry, however, the terms of the Company's revolving credit facility, its principal bank indebtedness, limit the Company's ability to make capital expenditures. Capital expenditure limitations excluding capitalized interest, are approximately $225 million in fiscal 1994, $225 million plus carryforwards for fiscal 1995 and $200 million plus carryforwards thereafter. The Company is also authorized to use up to an additional $150 million for acquisitions.

The Company decreased its debt outstanding (including the current portion of long-term debt) by approximately $50.5 million since August 31, 1993, resulting in $1.28 billion outstanding as of November 30, 1993. Cash provided by operating activities, short-term cash investments and borrowings under the revolving credit facility were the primary sources used to repay (excluding repayments on the revolving credit facility) $31.5 million of long-term debt during the three months ended November 30, 1993. Repayments of $28 million were for the redemption of the remaining principal amount of the 6 3/4% Swiss franc/dollar dual currency senior notes due 1997. The amount outstanding under the revolving credit facility decreased to $259 million as of November 30, 1993, from $287 million outstanding as of August 31, 1993.

For the three months ended November 30, 1993 the Company had $55.5 million in net cash provided by operating activities as compared to $48.4 million for the three months ended November 30,1992. Management believes that sufficient funds will be generated from operations, augmented by borrowings under the revolving credit facility, to finance operations, capital expenditures and service debt. Payments of interest and principal on the Company's $1.28 billion of consolidated long-term debt, including the current portion of such long-term debt, will continue to affect funds available to the Company to finance capital expenditures and operations. Scheduled principal payments, excluding amounts that may become due on the revolving credit facility, will be $9.4 million in the remainder of fiscal 1994, $155.1 million in fiscal 1995, $56.1 million in fiscal 1996, $178.3 million in fiscal 1997, $2.0 million in fiscal 1998 and $2.2 million in fiscal 1999.

The terms of certain indebtedness of the Company impose significant operating and financial restrictions (subject to certain exceptions) requiring the Company to maintain certain financial ratios and restrict the Company's ability to incur additional indebtedness and enter into leases and guarantees of debt; to make loans and investments; to pay dividends or repurchase shares of stock; to repurchase, retire or refinance indebtedness prior to maturity; and to purchase or sell assets. The Company has pledged the capital stock of certain direct (first tier) subsidiaries and certain patient receivables as security for the Company's obligations under the revolving credit facility and certain other senior indebtedness of the Company. Management believes that the Company is currently in compliance with all material covenants and restrictions contained in all financing agreements.

RESULTS OF OPERATIONS

GENERAL TRENDS

The Company's net revenues have increased as a result of the increased volume of outpatient and inpatient services and general price increases. Outpatient volume has increased, and is expected to continue to increase, due to (i) continued advances in medical technologies, thus allowing procedures previously performed on an inpatient basis to be available on an outpatient basis and (ii) the pressures from payors to control costs by directing those patients with less severe illnesses from inpatient care to outpatient care. As the increased utilization of outpatient services is expected to continue, several of the Company's hospitals are expanding or redesigning their outpatient facilities and services.

As an increasing portion of the Company's net revenues continue to be derived from Medicare/Medicaid programs, the Company's overall rate of revenue growth may decrease as a result of (i) this corresponding shift in payor mix and (ii) the disparity between the rate of increase of the Company's customary charges and the government's reimbursement rate. The Medicare program reimburses the Company's hospitals primarily based on established rates by a diagnosis related group for acute care hospitals and by a cost based formula for psychiatric hospitals. While Medicare payment rates are indexed for inflation annually, the increases have historically lagged behind actual inflation. The increase in the Company's revenues derived from Medicare/Medicaid programs is due to a larger portion of the population qualifying for coverage as a result of the general aging of the population and expanded state Medicaid programs.

In addition to the Medicare program, states and insurance companies continue to actively negotiate the amounts they will pay for services performed rather than simply paying healthcare providers their customary charges. The entrance of insurance companies into the managed care environment is accelerating the introduction of managed care in more localities. Current managed care conditions vary across the markets in which the Company operates. Hospitals that operate in mature managed care markets typically have contributed smaller profit margins than hospitals that operate in other markets. However, management believes that through continued cost-control efforts, the Company is positioned to have a competitive edge in pursuing market share growth in the managed care environment.

To offset factors which may limit net revenue growth, the Company continues to look at providing expanded healthcare services through the development of the Company's operations and through the integration of broad healthcare networks, including hospital/physician and physician contracting entities.

INFLATION

A significant portion of the Company's operating costs and expenses are subject to inflationary increases. Since the healthcare industry is labor intensive, salaries and benefits are continually affected by inflation. In addition, increasing supply costs are the result of vendors passing on rising costs through price increases. The Company's ability to pass on a certain portion of the increased costs associated with providing healthcare to Medicare/Medicaid patients may be limited by existing government reimbursement programs for healthcare services unless the federal and state governments correspondingly increase the rates of payment under these programs. Although the Company cannot predict its ability to continue to cover future cost increases, management believes that through the continued adherence to the cost reduction programs, labor management and reasonable price increases, the effects of inflation should not have a material adverse effect on operating margins.

HEALTHCARE REFORM

The Clinton Administration's proposed healthcare reform plan contains provisions which would impose among other things, cost controls on hospitals, insurance market reforms to increase the availability of group health insurance to small businesses, requirements that all businesses offer health insurance coverage to their employees and the creation of a single government health insurance plan (to reduce administrative costs) that would cover all citizens. The healthcare reform plan also proposes healthcare coverage for all citizens, a circumstance which may result in additional revenues for the Company; however this increase in revenues may be offset by lower levels of reimbursement from various payors. In addition, some states, including Florida, have already enacted reforms and continue to consider additional reforms. Management believes that some form of healthcare reform is imminent; however until such reform is finalized, management cannot predict the impact on the Company's results of operations. The type and impact of such reform continues to be debated at both the federal and state levels.

OPERATIONS OVERVIEW

The following table summarizes certain consolidated results of the Company. AMI's results of operations are the same as that of the Company's; therefore, separate results of operations and a discussion and analysis for AMI are not presented.

<TABLE>
<CAPTION>

	Three Months Ended November 30, (dollars in millions)				
	1993	% of Net Revenues	1992	% of Net Revenues	% of Dollar Increase (Decrease)
<S>	<C>	<C>	<C>	<C>	<C>
Net Revenues					
Medicare/Medicaid	$224.9	40.3%	$192.0	35.4%	17.1%
Contracted services	143.0	25.6	135.0	24.9	5.9
Non-contracted services	172.4	30.9	199.0	36.7	(13.4)
Other sources	17.9	3.2	15.9	3.0	12.6
Total Net Revenues	558.2	100.0	541.9	100.0	3.0
Operating Costs and Expenses					
Salaries and benefits	205.4	36.8	200.1	36.9	2.7
Supplies	79.5	14.2	77.4	14.3	2.7
Provision for uncollectible accounts	39.0	7.0	39.0	7.2	0.0
Depreciation and amortization	38.3	6.9	36.1	6.7	6.0
Other operating costs	126.7	22.7	123.4	22.8	2.6
Total Operating Costs and Expenses	488.9	87.6	476.0	87.9	2.7
Operating income	69.3	12.4	65.9	12.1	5.3
Interest expense, net	(38.8)	(6.9)	(45.1)	(8.3)	(13.8)
Income before taxes and minority equity interest	30.5	5.5	20.8	3.8	46.8
Provision for income taxes	(12.9)	(2.3)	(9.8)	(1.8)	31.6
Income before minority equity interest	17.6	3.2	11.0	2.0	60.3
Minority equity interest	(1.1)	(0.2)	(0.4)	0.0	175.0
Net Income	$ 16.5	3.0%	$ 10.6	2.0%	56.4

</TABLE>

The following table sets forth certain operating statistics of the Company's hospitals for the three months ended November 30, 1993 and 1992:

<TABLE>
<CAPTION>

OPERATING STATISTICS (1):	1993	1992
<S>	<C>	<C>
Admissions		
Medicare/Medicaid	30,144	27,225
Contracted	15,010	13,326
Non-contracted	11,495	14,313
Other	706	724
Total	57,355	55,588

Equivalent Admissions(2)	78,852	75,014
Outpatient		
Visits (3)	510,789	397,069
Surgeries	29,916	29,128
Total Outpatient Volume	540,705	426,197
Patient Days	331,827	335,236
Equivalent Patient Days(2)	449,966	448,118
Licensed Beds Occupancy Rate	44.8%	47.1%
Licensed Beds at End of Period	8,131	7,822

<FN>

(1) Represents statistics for hospitals only and has not been adjusted to include statistics for related healthcare entities.

(2) Represents actual admissions/patient days as adjusted to include outpatient and emergency room services by adding to actual admissions/patient days an amount derived by dividing outpatient and emergency room revenue by inpatient revenue per admission/patient days.

(3) Includes home health visits of 149,423 and 58,395 for the three months ended November 30, 1993 and 1992, respectively.

</TABLE>

Net revenues for the three months ended November 30, 1993 increased 3.0% or $16 million over the three months ended November 30, 1992. Such increase is primarily attributable to growth in both inpatient and outpatient revenues as a result of new patient care services, higher utilization of outpatient and ancillary services and higher third party reimbursement rates. Net revenues from inpatient services increased 1.6% to $385 million, or 70.1% of net patient revenues, for the three months ended November 30, 1993 from $379 million, or 70.8% of net patient revenues, for the three months ended November 30, 1992. Net revenues from outpatient services increased 5.1% to 164 million, or 29.9% of net patient revenues, for the three months ended November 30, 1993 from $156 million, or 29.2% of net patient revenues for the three months ended November 30, 1992. The addition of ancillary facilities associated with several of the Company's hospitals to accommodate the higher utilization of outpatient services has contributed to the increase in net revenues from outpatient services. The Company's growth of home health services resulted in an increase in the related net revenues.

For the three months ended November 30, 1993, the Medicare/Medicaid programs and contracted services accounted for a greater portion of the Company's business as compared to the three months ended November 30, 1992. The greater portion of the population qualifying for Medicare/Medicaid coverage and the increasing number of states and insurance companies which are negotiating contracted amounts paid for services rendered have contributed to this growth.

Expense management continues to be the significant factor in achieving the operating margin improvement experienced by the Company. Operating expenses (excluding depreciation and amortization) increased only 2.4% over the three months ended November 30, 1992. On a volume-adjusted, or per equivalent admission basis, operating costs declined 2.5% over the three months ended November 30, 1992.

The increased net revenues and continued control of operating costs increased the operating margin to 12.4% for the three months ended November 30, 1993 from 12.1% for the three months ended November 30, 1992.

Interest expense, net decreased 13.8% or $6 million for the three months ended November 30, 1993 as a result of debt refinancings and the use of cash from operations to reduce indebtedness.

The tax provision for the three months ended November 30, 1993 and 1992 is greater than that which would occur using the Company's marginal tax rate against its income before taxes and minority equity interest, due in large part to the amortization of cost in excess of net assets acquired not being deductible for tax provision purposes.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

No material developments in the Company's legal proceedings have occurred since August 31, 1993.

ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) EXHIBITS.

11 Computations of earnings per share.

(b) REPORTS ON FORM 8-K.

None.

SIGNATURES

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

AMERICAN MEDICAL HOLDINGS, INC.

Date: January 13, 1994

ALAN J. CHAMISON

By:_____________________________________

Alan J. Chamison
Executive Vice President and
Chief Financial Officer

Date: January 13, 1994

BARY G. BAILEY

By:____________________________________
Bary G. Bailey
Vice President and Controller

AMERICAN MEDICAL INTERNATIONAL, INC.

Date: January 13, 1994

ALAN J. CHAMISON
By:____________________________________
Alan J. Chamison
Executive Vice President and
Chief Financial Officer

Date: January 13, 1994

BARY G. BAILEY
By:____________________________________
Bary G. Bailey
Vice President and Controller

EXHIBIT 11

AMERICAN MEDICAL HOLDINGS, INC.
COMPUTATIONS OF EARNINGS PER SHARE
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

<S>	Three Months Ended November 30, 1993 <C>		Three Months Ended November 30, 1992 <C>	
SIMPLE				
Net income	$ 16,513		$ 10,561	
Average outstanding shares	76,938		76,662	
Simple net income per share	$ 0.21		$ 0.14	
PRIMARY				
Net income	$ 16,513		$ 10,561	
Adjustment for interest on debentures, net of tax	72		63	
Net income for primary	$ 16,585		$ 10,624	
Average outstanding shares	76,938		76,662	
Common stock equivalents assuming exercise of stock options	1,522		457	
Common stock equivalents assuming conversion of debentures	210		210	
Shares for primary	78,670		77,329	
Primary net income per share	$ 0.21	(1)	$ 0.14	(1)
FULLY-DILUTED				
Net income for primary	$ 16,585		$ 10,624	
Adjustment for interest on debentures, net of tax	132		123	

Net income for fully-diluted	$ 16,717	$ 10,747
Shares for primary	78,670	77,329
Common stock equivalents assuming additional conversion of debentures and exercise of stock options	514	721
Shares for fully-diluted	79,184	78,050
Fully-diluted net income per share	$ 0.21 (1)	$ 0.14 (1)

<FN>

(1) The calculations for primary net income per share and fully-diluted net income per share are submitted in accordance with Regulation S-K Item 601 (b) (11) although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces either no dilutive effect or the effect on dilution is less than 3%.

</TABLE>