

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000950134-94-000546**

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FILER

RAMSAY HEALTH CARE INC

CIK: **773136** | IRS No.: **630857352** | State of Incorpor.: **DE** | Fiscal Year End: **0630**
Type: **10-Q** | Act: **34** | File No.: **000-13849** | Film No.: **94527755**
SIC: **8060** Hospitals

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NEW ORLEANS LA 70113*

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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 March 31, 1994

OR

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

For the Transition period from _____ to _____

Commission file No. 0-13849

RAMSAY HEALTH CARE, INC.
(Exact name of registrant as specified in its charter)

Delaware 63-0857352
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification Number)

One Poydras Plaza
639 Loyola Avenue, Suite 1700
New Orleans, Louisiana 70113
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (504) 525-2505

Indicate by check mark whether the registrant (1) has 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
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No

The number of shares of the Registrant's Common Stock outstanding at May 10,
1994 follows:

Common Stock, par value \$0.01 per share - 7,779,509 shares

RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

FORM 10-Q

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PART I. FINANCIAL INFORMATION

RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	MARCH 31 1994	JUNE 30 1993
	-----	-----
	(UNAUDITED)	
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	\$ 4,538,000	\$ 10,682,000
Restricted cash	5,271,000	---
Patient accounts receivable, less allowances for doubtful accounts of \$3,423,000 and \$4,955,000 at March 31, 1994 and June 30, 1993, respectively	25,084,000	26,696,000
Amounts due from third-party contractual agencies	8,011,000	4,971,000
Other accounts receivable	2,718,000	1,356,000
Other current assets	1,984,000	3,385,000
	-----	-----
TOTAL CURRENT ASSETS	47,606,000	47,090,000
OTHER ASSETS		
Cash held in trust	1,813,000	2,611,000
Cost in excess of net asset value of purchased businesses	12,197,000	4,699,000
Unamortized preopening and loan costs	3,669,000	3,664,000
Real estate held for sale	1,150,000	1,150,000
Other non-current assets	5,309,000	4,141,000
	-----	-----
	24,138,000	16,265,000
PROPERTY AND EQUIPMENT		
Land	9,009,000	9,995,000
Building and improvements	118,366,000	134,468,000
Equipment, furniture and fixtures	19,444,000	18,419,000
	-----	-----
	146,819,000	162,882,000
Less accumulated depreciation	36,032,000	35,867,000
	-----	-----
	110,787,000	127,015,000
	-----	-----
	\$ 182,531,000	\$ 190,370,000
	=====	=====

</TABLE>

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RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<TABLE> <CAPTION>	MARCH 31 1994	JUNE 30 1993
	-----	-----
	(UNAUDITED)	
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 2,904,000	\$ 4,790,000
Accrued salaries and wages	3,283,000	3,760,000
Other accrued liabilities	3,242,000	1,467,000
Amounts due to third-party contractual agencies	5,956,000	6,114,000
Current portion of long-term debt	9,042,000	7,148,000
	-----	-----
TOTAL CURRENT LIABILITIES	24,427,000	23,279,000
DEFERRED INCOME TAXES	5,460,000	6,120,000
LIABILITIES FOR SELF-INSURANCE CLAIMS, less current portion	1,646,000	2,419,000
LONG-TERM DEBT, less current portion	67,165,000	77,429,000
MINORITY INTERESTS	2,377,000	1,126,000
STOCKHOLDERS' EQUITY		
Class A Convertible Preferred Stock, \$1 par value -- authorized 800,000 shares; issued 313,500 shares; outstanding 22,910 shares	23,000	23,000
Class B Convertible Preferred Stock, Series C, \$1 par value -- authorized 152,321 shares; issued 142,486 shares (liquidation value of \$7,244,000) including accrued dividends of \$91,000 at March 31, 1994	233,000	142,000
Common Stock, \$.01 par value--authorized 20,000,000 shares; issued 8,173,259 shares at March 31, 1994 and 8,087,926 shares at June 30, 1993	82,000	81,000
Additional paid-in capital	100,008,000	99,847,000
Retained earnings (deficit)	(16,055,000)	(17,805,000)
Treasury Stock, at cost--396,750 shares and 321,750 shares at March 31, 1994 and June 30, 1993, respectively	(2,835,000)	(2,291,000)
	-----	-----
	81,456,000	79,997,000
	-----	-----
	\$ 182,531,000	\$ 190,370,000
	=====	=====
</TABLE>		

See notes to consolidated financial statements.

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RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

<TABLE>
<CAPTION>

	Quarter Ended		Nine Months Ended	
	March 31		March 31	
	1994	1993	1994	1993
	-----	-----	-----	-----
		(Restated)		(Restated)
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
NET REVENUES	\$36,179,000	\$35,827,000	\$100,723,000	\$ 98,521,000
Operating Expenses:				
Salaries, wages and benefits	16,468,000	16,518,000	47,624,000	46,323,000
Other operating expenses	11,608,000	10,537,000	31,158,000	29,574,000
Provision for doubtful accounts	1,632,000	2,461,000	4,660,000	6,524,000
Depreciation and amortization	1,714,000	1,744,000	5,011,000	4,849,000
Interest and other financing charges	2,090,000	2,400,000	6,592,000	7,137,000
Loss on closure of facility	---	---	---	1,109,000
	-----	-----	-----	-----
TOTAL OPERATING EXPENSES	33,512,000	33,660,000	95,045,000	95,516,000
	-----	-----	-----	-----
INCOME BEFORE MINORITY INTERESTS, INCOME TAXES, CUMULATIVE EFFECT AND EXTRAORDINARY ITEM	2,667,000	2,167,000	5,678,000	3,005,000
Minority interests	1,504,000	---	3,108,000	---
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES, CUMULATIVE EFFECT AND EXTRAORDINARY ITEM	1,163,000	2,167,000	2,570,000	3,005,000
Provision for income taxes	341,000	402,000	665,000	525,000
	-----	-----	-----	-----
INCOME BEFORE CUMULATIVE EFFECT AND EXTRAORDINARY ITEM	822,000	1,765,000	1,905,000	2,480,000
Cumulative effect of change in accounting for income taxes	---	---	---	2,353,000
	-----	-----	-----	-----
INCOME BEFORE EXTRAORDINARY ITEM	822,000	1,765,000	1,905,000	4,833,000
Loss from early extinguishment of debt, net of applicable income taxes	(155,000)	---	(155,000)	---
	-----	-----	-----	-----
NET INCOME	\$ 667,000	\$ 1,765,000	\$ 1,750,000	\$ 4,833,000
	=====	=====	=====	=====
Income per common and dilutive common equivalent share:				
Primary:				
Before cumulative effect and extraordinary item	\$ 0.09	\$ 0.23	\$ 0.20	\$ 0.32
Cumulative effect	---	---	---	0.30
Extraordinary item	(0.02)	---	(0.02)	---
	-----	-----	-----	-----
	\$ 0.07	\$ 0.23	\$ 0.18	\$ 0.62
	=====	=====	=====	=====
Fully diluted:				
Before cumulative effect and extraordinary item	\$ 0.09	\$ 0.23	\$ 0.20	\$ 0.32
Cumulative effect	---	---	---	0.30
Extraordinary item	(0.02)	---	(0.02)	---
	-----	-----	-----	-----
	\$ 0.07	\$ 0.23	\$ 0.18	\$ 0.62
	=====	=====	=====	=====
Weighted average number of shares outstanding:				
Primary	9,661,000	7,864,000	9,660,000	7,881,000
Fully diluted	9,661,000	7,864,000	9,692,000	7,881,000

</TABLE>

See notes to consolidated financial statements.

RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

<TABLE>

<CAPTION>

	NINE MONTHS ENDED MARCH 31	
	1994	1993
	----	----
		(RESTATED)
<S>	<C>	<C>
Cash Flows from Operating Activities		
Net Income	\$ 1,750,000	\$ 4,833,000
	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of change in accounting for income taxes	---	(2,353,000)
Write-off of deferred loan costs	258,000	---
Gain on sales of facilities	(264,000)	---
Depreciation and amortization	5,625,000	5,229,000
Provision for doubtful accounts	4,660,000	6,524,000
Provision for deferred income taxes	(660,000)	251,000
Minority interests	1,251,000	---
Cash flows from (increase) decrease in operating assets:		
Accounts receivable	(3,048,000)	(7,912,000)
Other current assets	(3,001,000)	3,584,000
Other non-current assets	(1,168,000)	(437,000)
Cash flows from increase (decrease) in operating liabilities:		
Accounts payable	(1,886,000)	22,000
Accrued salaries, wages and other liabilities	1,298,000	532,000
Unpaid self-insurance claims	(773,000)	(632,000)
Amounts due to third-party contractual agencies	(158,000)	(443,000)
	-----	-----
Total adjustments	2,134,000	4,365,000
	-----	-----
Net cash provided by operating activities	3,884,000	9,198,000
	-----	-----
Cash Flows from Investing Activities		
Proceeds from sales of facilities	16,195,000	---
Acquisition of Florida Psychiatric Management, Inc.	(4,207,000)	---
Acquisition of South Texas Rehabilitation Center	(700,000)	---
Expenditures for property and equipment	(3,754,000)	(4,519,000)
Preopening costs	(1,217,000)	(1,084,000)
	-----	-----
Net cash provided by (used in) investing activities	6,317,000	(5,603,000)
	-----	-----
Cash Flows from Financing Activities		
Loan costs	(211,000)	(327,000)
Proceeds from sale/leaseback of equipment	---	1,857,000
Proceeds from exercise of options and warrants	437,000	---
Payments on debt	(11,370,000)	(3,812,000)
Payment of preferred stock dividends	(184,000)	(75,000)
Purchase of treasury stock	(544,000)	(309,000)
Restricted cash	(5,271,000)	---
Cash held in trust	798,000	(26,000)
	-----	-----
Net cash used in financing activities	(16,345,000)	(2,692,000)
	-----	-----
Net increase (decrease) in cash and cash equivalents	(6,144,000)	903,000
Cash and cash equivalents at beginning of period	10,682,000	8,628,000
	-----	-----
Cash and cash equivalents at end of period	\$ 4,538,000	\$ 9,531,000
	=====	=====
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	\$ 6,597,000	\$ 8,281,000

See notes to consolidated financial statements.

RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
MARCH 31, 1994

NOTE 1

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The Company's business is seasonal in nature and subject to general economic conditions and other factors. Accordingly, operating results for the quarter ended March 31, 1994 are not necessarily indicative of the results that may be expected for the year. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 1993.

NOTE 2

At March 31, 1994, the Company's credit facilities included \$48.0 million in senior secured notes, approximately \$22.0 million in letters of credit (to support the Company's variable rate revenue bonds), \$2.8 million in subordinated secured notes and \$4.0 million in a working capital facility. The senior secured notes bear interest at 11.6% and are due in semi-annual installments that began on March 31, 1993 and end on March 31, 2000. The subordinated secured notes bear interest at 15.6% and are due in semi-annual installments that began on March 31, 1994 and end on March 31, 2000. Amounts outstanding under the working capital facility bear interest at a variable rate. There were no amounts outstanding under the working capital facility at June 30, 1993 or March 31, 1994. Proceeds from the sale of Atlantic Shores Hospital on February 10, 1994 were used to redeem the outstanding balance of \$4.3 million on the variable rate revenue bonds associated with that facility. As part of the acquisition of Florida Psychiatric Management, Inc. (FPM), a managed mental health company, the Company issued an aggregate of \$2.5 million of three-year 7% debentures, secured by shares of FPM. Restricted cash in the accompanying balance sheet represents amounts from the sale of Cumberland Hospital in August 1993 that are held in trust for the repayment of the senior secured and subordinated secured notes. The Company has pledged as collateral substantially all of its real property, plus restricted cash.

The Company's long-term debt is as follows:

<TABLE>
<CAPTION>

	MARCH 31 1994 ----	JUNE 30 1993 ----
<S>	<C>	<C>
11.6% Senior secured notes due March 31, 2000	\$ 48,025,000	\$ 53,675,000
Variable rate revenue bonds through 2015	21,000,000	26,200,000
15.6% Subordinated secured notes due March 31, 2000	2,769,000	3,000,000
7% three-year debentures	2,500,000	---
Capital lease obligation	1,413,000	1,700,000
Secured notes payable	500,000	2,000
	-----	-----
	76,207,000	84,577,000
Less amounts due within one year	9,042,000	7,148,000
	-----	-----
	\$ 67,165,000	\$ 77,429,000
	=====	=====

</TABLE>

RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED) - (CONTINUED)

NOTE 3

The provision for income taxes included in the consolidated statements of income differs from the amounts computed by applying the normal statutory rates to income before income taxes because such provision includes amounts deducted for financial reporting purposes that are not allowable deductions for federal and state income tax purposes and amounts for state income taxes applicable to profitable subsidiaries which do not utilize the operating losses generated by unprofitable subsidiaries to offset taxable income. At March 31, 1994, the Company has estimated operating loss carryforwards available to reduce future taxable income of approximately \$18.0 million subject to significant annual limitations pursuant to Section 382 of the Internal Revenue Code of 1986, as amended.

NOTE 4

During the fourth quarter of fiscal 1993, effective July 1, 1992, the Company changed its method of accounting for income taxes from the deferred method to the liability method required by FASB Statement No. 109, "Accounting for Income Taxes". As permitted under the new rules, the previously presented quarterly results for fiscal year 1993 have been restated. The cumulative effect of adopting FASB Statement No. 109 was to increase net income by \$2.4 million in the nine month period ended March 31, 1993.

RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

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

The psychiatric health care industry continues to experience intense pressure from governmental and private reimbursement sources to shorten patients' lengths of stay and otherwise to reduce the cost of delivery of psychiatric health care services. While the Company is expanding its services through outpatient programs and partial hospitalization treatment at inpatient facilities, it expects these pressures to continue to impact psychiatric health care providers' revenues and net income.

The Company is now firmly focused on developing its outpatient business, both alongside the inpatient facilities in a further expansion of the continuum of care, and in freestanding outpatient centers. This expansion may include the acquisition and creation of multi-specialty practices in geographic markets which the Company considers to be important. In addition, the Company is actively pursuing expansion of its managed care operations.

In August 1993, the Company sold its Cumberland Hospital in Fayetteville, North Carolina, with net cash proceeds of approximately \$12.0 million. Proceeds from this sale have been earmarked for principal repayment of the senior secured and subordinated secured notes. A provision for loss on this transaction of approximately \$3.6 million had been recorded as of June 30, 1993.

In October 1993, the Company purchased Florida Psychiatric Management, Inc. (FPM), a managed mental health company, for \$6.5 million in cash and debentures, plus contingent consideration based on the attainment of certain earnings and revenue levels over the ensuing two years.

The Company entered into a joint venture arrangement with an

independent entity whereby the joint venture would operate medical subacute units within certain of the Company's inpatient facilities. In January 1994, the joint venture opened its first subacute unit and acquired South Texas Rehabilitation Center, an outpatient rehabilitation company, for \$200,000 in cash and a 3 year \$500,000 note payable.

In February 1994, the Company sold its Atlantic Shores Hospital in Daytona Beach, Florida for \$4.8 million. The Company recognized a gain of approximately \$264,000 on the sale. Primarily all of the net proceeds from the sale were used principally to redeem the variable rate revenue bonds associated with that facility.

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RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

LIQUIDITY

CURRENT STATUS

The Company's credit facilities include \$48.0 million in senior secured notes, approximately \$22.0 million in letters of credit, \$2.8 million in subordinated secured notes and \$4.0 million in a working capital facility. The senior secured notes bear interest of 11.6% and are due in semi-annual installments that began on March 31, 1993 and end on March 31, 2000. The subordinated secured notes bear interest at 15.6% and are due in semi-annual installments that began on March 31, 1994 and end on March 31, 2000. Amounts outstanding under the working capital facility bear interest at a variable rate. There were no amounts outstanding under the working capital facility at March 31, 1994. Proceeds from the sale of Atlantic Shores Hospital on February 10, 1994 were used to redeem the \$4.3 million outstanding balance of the variable rate revenue bonds associated with that facility. The Company also issued an aggregate of \$2.5 million of 7% three-year debentures as part of the acquisition of FPM. At March 31, 1994, restricted cash included \$5.3 million held in trust for repayment of the senior secured and subordinated secured notes.

CASH REQUIREMENTS

The Company's primary cash requirements relate to its normal operating expenses and debt service payments, routine capital improvements at its facilities and the specific development projects outlined below.

DEVELOPMENT PROJECTS

The Company's specific development projects include the expansion of its outpatient and partial hospitalization programs (including possible acquisitions of physician and other outpatient practices), its managed mental health care operations, its subacute ventures and ongoing discussions with university-affiliated hospitals with a view toward establishing psychiatric care facilities in association with these universities. In addition, on October 29, 1993, the Company purchased FPM, a managed mental health company, for \$4.0 million in cash, \$2.5 million in 3-year debentures, plus contingent consideration based on the achievement of certain earnings and revenue levels (such consideration not to exceed \$2.0 million). The Company anticipates utilizing this acquisition as a base for future expansion into the managed mental health field. On the basis of its historical experience and projected cash needs, the Company believes that its existing \$4.0 million working capital facility, together with internally generated funds from operations, will be sufficient to fund its current cash requirements and development projects. Over the long-term, the Company believes that its internally generated funds from operations and its working capital facility will be sufficient to fund its identifiable working capital, development and other cash needs. (See Note 2 to Consolidated Financial Statements).

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FINANCIAL CONDITION

On June 30, 1993, the interests in the Company controlled by Paul J. Ramsay, the Company's chairman, were recapitalized. The Company issued 142,486 shares of Class B Preferred Stock, Series C (the "Series C Preferred Stock") in exchange for all outstanding shares of the Company's Class B Convertible Preferred Stock, Series 1987, the Company's \$2.0 million 16.1% Subordinated Promissory Note and \$500,000 in cash.

In August 1993, the Company sold its Cumberland Hospital to Cape Fear Valley Medical Center, with net cash proceeds of approximately \$12.0 million. The proceeds from this sale are earmarked for the payment of debt.

On October 29, 1993, the Company purchased the assets of Florida Psychiatric Management, Inc. for \$6.5 million, which included a cash payment of \$4.0 million and the issuance of an aggregate of \$2.5 million of three-year 7% debentures. Approximately \$6.7 million of cost in excess of net asset value of purchased businesses was recorded as a result of the transaction.

On February 10, 1994, the Company sold its Atlantic Shores Hospital to Halifax Medical Center, with the net proceeds being used principally to repay the \$4.3 million balance of the Industrial Revenue Bonds associated with that hospital.

RESULTS OF OPERATIONS

The following table sets forth, for the period indicated, certain items of the Company's Consolidated Statements of Income as a percentage of the Company's net revenues. The discussion which follows should be read in conjunction with the Consolidated Financial Statements and the notes thereto contained elsewhere herein.

<TABLE>

<CAPTION>

	PERCENTAGE OF NET REVENUES			
	QUARTER ENDED		NINE MONTHS ENDED	
	MARCH 31		MARCH 31	
	1994	1993	1994	1993
	----	----	----	----
<S>	<C>	<C>	<C>	<C>
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
	-----	-----	-----	-----
Operating expenses:				
Salaries, wages and benefits	45.5	46.1	47.3	47.0
Other operating expenses	32.1	29.4	31.0	30.0
Provision for doubtful accounts	4.5	6.8	4.6	6.6
Depreciation and amortization	4.7	4.9	5.0	4.9
Interest and other financing charges	5.8	6.7	6.6	7.3
Loss on closure of facility	---	---	---	1.2
	-----	-----	-----	-----
Total operating expenses	92.6	93.9	94.5	97.0
	-----	-----	-----	-----
Income before minority interests, income taxes, cumulative effect and extraordinary item	7.4 %	6.1 %	5.5 %	3.0 %
	===	===	===	===
Net income	1.8 %	4.9 %	1.7 %	4.9 %
	===	===	===	===

</TABLE>

Net revenues were \$36.2 million and \$100.7 million for the quarter and nine months ended March 31, 1994, respectively, compared to \$35.8 million and

\$98.5 million for the comparable prior year periods. Net outpatient revenues increased to \$4.9 million and \$12.9 million for the quarter and nine months ended March 31, 1994, respectively, increases of 39% and 52%, respectively, over the comparable prior year periods, offsetting declines in inpatient revenues of 9% and 6%, respectively, from the prior year quarterly and nine month levels. Also, revenues from the managed care operations (acquired in October 1993) offset the revenues lost from those facilities that were sold during this fiscal year. Net outpatient revenues comprised 17% and 15% of total net revenues for the quarter and nine months ended March 31, 1994, respectively, compared to 10% and 9%, respectively, for the prior year periods. Same store admissions increased 1% and 5% over the prior year quarter and nine month levels while inpatient average length of stay declined to 17.3 days for the nine months ended March 31, 1994. A contractual adjustment benefit of approximately \$1.3 million was recognized in the nine month period ended March 31, 1993 to reflect the combined effects of intermediary audits and the routine evaluation of prior year estimated settlements. There can be no assurances that any future adjustments will be favorable or of a comparable magnitude.

Salaries, wages and benefits and other operating expenses were 77.6% and 78.3% of net revenues for the quarter and nine months ended March 31, 1994, respectively, compared to 75.5% and 77.0% for the comparable prior year periods. Additional costs associated with the managed care operations and the start-up phase of the subacute ventures exceeded the cost savings derived from the containment measures at the Company's inpatient facilities.

The provision for doubtful accounts was 4.5% and 4.6% of net revenues for the quarter and nine months ended March 31, 1994, respectively, as compared to 6.8% and 6.6% during the same periods in fiscal 1993. The decrease reflects the shift in payor base toward more Medicaid, fixed rate, negotiated rate and cost-based contracts, as well as the increase in managed care revenues which are not susceptible to uncollectibility.

Depreciation and amortization was 4.7% and 5.0% of net revenues for the quarter and nine months ended March 31, 1994, respectively, as compared to 4.9% for both the same periods in fiscal 1993. The decrease between the quarterly periods relates primarily to the depreciation of fixed assets at the facilities sold during the first nine months of fiscal 1994, offsetting the additional amortization of the cost in excess of net asset value of FPM. The increase for the comparable nine months periods relates primarily to amortization of the preopening costs of the facility opened in January 1993, plus the effects of the matters noted for the quarter fluctuation.

Interest expense decreased from 6.7% and 7.3% of net revenues for the quarter and nine months ended March 31, 1993, respectively, to 5.8% and 6.6%, respectively, of net revenues for the comparable 1994 periods. The decrease is attributable to reduced levels of debt during the fiscal 1994 periods.

At March 31, 1994, the Company has estimated net operating loss carryforwards available to reduce future taxable income of approximately \$18.0 million subject to significant annual limitations pursuant to Section 382 of the Internal Revenue Code of 1986, as amended.

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PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The exhibits required to be filed as part of this Quarterly Report on Form 10-Q are as follows:

Exhibit 11 Computation of net income per share

(b) Current Reports on Form 8-K

There were no Current Reports on Form 8-K filed with the Commission during the quarter ended March 31, 1994.

SIGNATURES

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

RAMSAY HEALTH CARE, INC.
Registrant

/s/ Jack V. Eumont, Jr.
Jack V. Eumont, Jr.
Vice President and
Chief Financial Officer

Date: May 12, 1994

RAMSAY HEALTH CARE, INC. AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER SHARE
(unaudited)<TABLE>
<CAPTION>

	QUARTER ENDED MARCH 31	
	1994	1993
		(RESTATED)
<S>	<C>	<C>
PRIMARY		
Weighted average common shares outstanding	8,213,407	7,841,565
Class A convertible preferred stock	22,910	22,910
Class B convertible preferred stock, Series C	1,424,860	---
	-----	-----
TOTAL COMMON AND DILUTIVE COMMON EQUIVALENT SHARES	9,661,177	7,864,475
	=====	=====
Net Income Available to Common Shareholders	\$ 667,000	\$ 1,765,000
	=====	=====
NET INCOME PER SHARE	\$0.07	\$0.23
	=====	=====
FULLY DILUTED		
Weighted average common shares outstanding	8,213,407	7,841,565
Class A convertible preferred stock	22,910	22,910
Class B convertible preferred stock, Series C	1,424,860	---
	-----	-----
TOTAL COMMON AND DILUTIVE COMMON EQUIVALENT SHARES	9,661,177	7,864,475
	=====	=====
Net Income Available to Common Shareholders	\$ 667,000	\$ 1,765,000
	=====	=====
NET INCOME PER SHARE	\$0.07	\$0.23
	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	NINE MONTHS ENDED MARCH 31	
	1994	1993
		(RESTATED)
<S>	<C>	<C>
PRIMARY		
Weighted average common shares outstanding	8,211,906	7,858,156
Class A convertible preferred stock	22,910	22,910
Class B convertible preferred stock, Series C	1,424,860	---
	-----	-----
TOTAL COMMON AND DILUTIVE COMMON EQUIVALENT SHARES	9,659,676	7,858,066
	=====	=====
Net Income Available to Common Shareholders	\$ 1,750,000	\$ 4,833,000
	=====	=====

NET INCOME PER SHARE		\$0.18		\$0.62
		=====		=====
FULLY DILUTED				
Weighted average common shares outstanding		8,243,842		7,851,066
Class A convertible preferred stock		22,910		22,910
Class B convertible preferred stock, Series C		1,424,860		---
		-----		-----
TOTAL COMMON AND DILUTIVE				
COMMON EQUIVALENT SHARES		9,691,612		7,881,156
		=====		=====
Net Income Available to Common Shareholders	\$	1,750,000	\$	4,833,000
		=====		=====
NET INCOME PER SHARE		\$0.18		\$0.62
		=====		=====

</TABLE>