UNITED AMERICAN HEALTHCARE CORP
Form 10-Q
May 16, 2011

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United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

Or

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

For the transition period from __________ to __________

Commission File Number: 001-11638

United American Healthcare Corporation

(Exact name of registrant as specified in its charter)

Michigan	**38-2526913**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

303 East Wacker Drive, Suite 1200
Chicago, Illinois 60601

(Address of principal executive offices) (Zip code)

Registrant s telephone number, including area code: **(313) 393-4571**

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o	Smaller reporting company þ
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ.

The number of outstanding shares of registrant s common stock as of May 13, 2011 is 9,807,108.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2011	June 30, 2010
Assets		
Current assets		
Cash and cash equivalents	$ 716	$ 3,458
Accounts receivable, net	1,035	910
Inventories	284	209
Prepaid expenses and other	77	264
Total current assets	2,112	4,841
Property and equipment, net	907	895
Goodwill	10,228	10,088
Other intangibles, net	2,597	3,327
Other assets	480	486
Assets of discontinued operations	55	1,017
Total assets	$ 16,379	$ 20,654
Liabilities and Shareholders Equity		
Current liabilities		
Long-term debt, current portion and net of discount	$ 1,813	$ 2,710
Accounts payable	207	527
Accrued expenses	846	729
Accrued purchase price		1,255
Redeemable preferred member units of Pulse, current portion and net of discount	293	228
Other current liabilities	86	96
Total current liabilities	3,245	5,545
Long-term debt, less current portion	2,125	2,923
Redeemable preferred member units of Pulse, net of discount and current portion	1,404	1,622
Deferred tax liability	301	
Capital lease obligation	129	204
Interest rate swap obligation	58	95
Liabilities of discontinued operations	16	248
Total liabilities	7,278	10,637

Commitments and contingencies		
Shareholders equity		
Preferred stock, 5,000,000 shares authorized; none issued		
Common stock, no par, 15,000,000 shares authorized; 9,807,108 and 8,164,117 shares issued and outstanding at March 31, 2011 and June 30, 2010, respectively	18,631	17,711
Additional paid in capital stock options	1,750	1,703
Additional paid in capital warrants	444	444
Accumulated deficit	(11,720)	(9,838)
Accumulated other comprehensive loss, net of tax	(4)	(3)
Total shareholders equity	9,101	10,017
Total liabilities and shareholders equity	$ 16,379	$20,654

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Nine Months Ended March 31, 2011	Nine Months Ended March 31, 2010
Operating Revenues				
Contract manufacturing services	$2,164	$	$ 6,483	$
Total operating revenues	2,164		6,483	
Operating Expenses				
Cost of goods sold	1,260		3,433	
Marketing, general and administrative	778	1,242	4,608	3,551
Total operating expenses	2,038	1,242	8,041	3,551
Operating income (loss)	126	(1,242)	(1,558)	(3,551)
Interest and other income (expense), net	(164)	9	(565)	30
Loss from continuing operations, before income tax	(38)	(1,233)	(2,123)	(3,521)
Income tax expense (benefit)				
Loss from continuing operations	(38)	(1,233)	(2,123)	(3,521)
Discontinued Operations				
Income (loss) from discontinued operations	(14)	(168)	241	(570)
Income tax expense				
Income (loss) from discontinued operations	(14)	(168)	241	(570)
Net loss	$ (52)	$(1,401)	$(1,882)	$(4,091)
Continuing Operations:				
Net loss per common share basic and diluted				
Net loss per common share	$ (0.00)	$ (0.15)	$ (0.22)	$ (0.43)
Weighted average shares outstanding	9,807	8,149	9,723	8,142
Discontinued Operations:				
Net income (loss) per common share basic and diluted				

Net income (loss) per common share	$ (0.00)	$ (0.02)	$ 0.02	$ (0.07)
Weighted average shares outstanding	9,807	8,149	9,723	8,142
Net loss per common share basic and diluted				
Net loss per common share	$ (0.01)	$ (0.17)	$ (0.19)	$ (0.50)
Weighted average shares outstanding	9,807	8,149	9,723	8,142

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

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United American Healthcare Corporation and Subsidiaries
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended March 31, 2011	Nine Months Ended March 31, 2010
Operating activities		
Net loss	$ (1,882)	$ (4,091)
Less: Income (loss) from discontinued operations	241	(570)
Loss from continuing operations	(2,123)	(3,521)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	929	3
Amortization of debt discount	269	
Stock-based compensation	83	207
Net changes in other operating assets and liabilities	(265)	(3,842)
Net cash used in operating activities of continuing operations	(1,107)	(7,153)
Net cash provided by (used in) operating activities of discontinued operations	72	(986)
Net cash used in operating activities	(1,035)	(8,139)
Investing activities		
Purchase of equipment	(211)	
Purchase price adjustment	(210)	
Net cash used in investing activities by continuing operations	(421)	
Net cash provided by investing activities by discontinued operations	899	4,455
Net cash provided by investing activities	478	4,455
Financing activities		
Payments of long-term debt	(1,797)	
Redemption of preferred stock	(320)	
Payment on capital lease obligation	(68)	
Net cash used in financing activities by continuing operations	(2,185)	
Net cash used in financing activities by discontinued operations		
Net cash used in financing activities	(2,185)	
Net decrease in cash and cash equivalents	(2,742)	(3,684)
Cash and cash equivalents at beginning of period	3,458	13,100
Cash and cash equivalents at end of period	$ 716	$ 9,416

Supplemental disclosure of cash flow information			
Interest paid	$	616	$
Supplemental noncash financing activities			
Stock issued as part of acquisition	$	884	$

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

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United American Healthcare Corporation and Subsidiaries
Notes to the Unaudited Condensed Consolidated Financial Statements

NOTE 1 DESCRIPTION OF BUSINESS

United American Healthcare Corporation (the Company or UAHC) was incorporated in Michigan on December 1, 1983 and commenced operations in May 1985.

From November 1993 to June 2009, the Company s indirect, wholly owned subsidiary, UAHC Health Plan of Tennessee, Inc. (UAHC-TN), was a managed care organization in the TennCare program, a State of Tennessee program that provided medical benefits to Medicaid and working uninsured recipients. On April 22, 2008, the Company learned that UAHC-TN would no longer be authorized to provide managed care services as a TennCare contractor when its present TennCare contract expired on June 30, 2009. UAHC-TN s TennCare members transferred to other managed care organizations on November 1, 2008, after which UAHC-TN continued to perform its remaining contractual obligations through its TennCare contract expiration date of June 30, 2009.

From January 2007 to December 2009, UAHC-TN served as a Medicare Advantage qualified organization (the Medicare contract) pursuant to a contract with the Centers for Medicare & Medicaid Services (CMS). The contract authorized UAHC-TN to serve members enrolled in both the Tennessee Medicaid and Medicare programs, commonly referred to as dual-eligibles, specifically to offer a Special Needs Plan (SNP) to its eligible members in Shelby County, Tennessee (including the City of Memphis), and to operate a Voluntary Medicare Prescription Drug Plan. The Company did not seek renewal of the Medicare contract, which expired December 31, 2009. The Company wound down the Medicare business and continued to incur costs related to the Medicare business through December 31, 2010, including labor, claim processing and the differential costs related to Tennessee facility sublease.

As a result of an in-depth strategic review, on June 18, 2010, UAHC acquired Pulse Systems, LLC (referred to as Pulse Systems or Pulse) for consideration with a fair value of $9.0 million, net of cash acquired and subject to certain purchase price adjustments. With the acquisition of Pulse Systems on June 18, 2010, UAHC now provides contract manufacturing services to the medical device industry, with a focus on precision laser-cutting capabilities and the processing of thin-wall tubular metal components, sub-assemblies and implants, primarily in the cardiovascular market.

The Company s ability to maintain adequate amounts of cash to meet its future cash needs depends on a number of factors, particularly controlling corporate overhead costs. Market conditions may continue to limit our sources of funds for these activities and our ability to refinance our debt obligations at present interest rates and other terms. The Company expects that it will require additional capital within the next 6 months. Absent access to sources of external financial support, including accommodations and financing from affiliates, the Company expects to be at or below minimum levels of cash necessary to operate the business during fiscal 2011. The Company is exploring additional debt or equity financing and other accommodations, including from affiliates such as members of its board of directors. Any such equity financing may result in significant dilution of the Company s existing shareholders. See Note 6 for discussion of debt obligations.

United American Healthcare Corporation and Subsidiaries
Notes to the Unaudited Condensed Consolidated Financial Statements

NOTE 2 BASIS OF PREPARATION

The accompanying unaudited condensed consolidated financial statements include the accounts of United American Healthcare Corporation, its wholly owned subsidiary, United American of Tennessee, Inc. (UA-TN) and its wholly owned subsidiary Pulse Systems, LLC. UAHC Health Plan of Tennessee, Inc. (formerly called OmniCare Health Plan, Inc.) (UAHC-TN) is a wholly owned subsidiary of UA-TN. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and with the instructions for Form 10-Q and Article 10 of Regulation S-X as they apply to interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

For all periods presented in the accompanying unaudited condensed consolidated statements of operations, the Company s managed care business is classified as discontinued operations. At December 31, 2010, the Company reclassified the managed care services of UAHC-TN to discontinued operations based on the fact that the Company had performed substantially all of its contractual obligations.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations and cash flows have been included. The results of operations for the three months and nine months ended March 31, 2011 are not necessarily indicative of the results of operations expected for the full fiscal year ended June 30, 2011 (fiscal 2011) or for any other period. The accompanying interim unaudited condensed consolidated financial statements and related notes should be read in conjunction with our audited consolidated financial statements and related notes contained in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) on September 8, 2010.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Goodwill.** Goodwill resulting from business acquisitions is carried at cost. The carrying amount of goodwill is tested for impairment at least annually at the reporting unit level, as defined, and will only be reduced if it is found to be impaired or is associated with assets sold or otherwise disposed of. There were no goodwill impairment charges recorded during the nine months ended March 31, 2011 or 2010.

As a result of the acquisition of Pulse, the Company recorded Goodwill of $10.4 million. At June 30, 2010, goodwill was adjusted to $10.0 million to reflect the change in fair value of common stock payable at June 30, 2010. At September 30, 2010, goodwill was decreased by $161,000 to reflect the change in fair value of common stock issued to the Pulse shareholders and increased by $301,000 to record the deferred tax effect of the issuance of the common stock as part of the acquisition. The retroactive adjustment of the valuation of the other acquired intangible assets did not materially impact net income, retained earnings or earnings per share for any period presented. See Note 4 below for additional

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discussion of the Pulse transaction. The roll forward of goodwill is as follows, which includes the retroactive adjustment for the finalized valuation of acquired intangible assets (in thousands):

June 30, 2010 balance	$ 10,088
Fiscal 2011 changes	140
Fiscal 2011 impairment	
December 31, 2010 balance	$ 10,228

b. **Inventories**. Inventories are valued at the lower of cost, on a first-in, first-out method, or market. Work in process and finished goods include materials, labor and allocated overhead.
Inventories consist of the following at March 31, 2011 and June 30, 2010, (in thousands):

	March 31, 2011	June 30, 2010
Raw materials	$ 61	$ 61
Work in process	183	146
Finished goods	40	2
Inventories	$284	$209

c. **Other Intangibles.** Intangibles assets are amortized over their estimated useful lives using the straight-line method. The following is a summary of intangible assets subject to amortization as of March 31, 2011 and June 30, 2010, including the retroactive adjustments for final valuation of such intangible assets (in thousands):

	March 31, 2011	June 30, 2010
Customer list	$2,927	$2,927
Backlog	425	425
Total intangible assets	3,352	3,352
Less: accumulated amortization	(755)	(25)
Other intangible assets, net	$2,597	$3,327

The backlog is amortized over a six month period and the customer list is amortized over seven years. Amortization expense was $0.3 million and $0.7 million for the three months and nine months ended March 31, 2011, respectively. There was no amortization expense during the three months and nine months ended March 31, 2010.
d. **Fair Value Measurements.** To prioritize the inputs the Company uses in measuring fair value, the Company applies a three-tier fair value hierarchy. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, reflects management s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration was given to the

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risk inherent in the valuation technique and the risk inherent in the inputs to the model. Determining which hierarchical level an asset or liability falls within requires significant judgment. The Company evaluates its hierarchy disclosures each quarter. The following table summarizes the financial instruments measured at fair value in the Consolidated Balance Sheet as of March 31, 2011 and June 30, 2010:

2011	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Liabilities				
Interest rate swaps	$	$58	$	$58

2010	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable Securities- long-term	$ 900	$	$	$ 900
Liabilities				
Accrued purchase price	$1,045	$	$	$1,045
Interest rate swaps	$	$95	$	$ 95

The Company uses an interest swap to manage the risk associated with its floating long-term notes payable. As interest rates changes, the differential paid or received is recognized in interest expense for the period. In addition, the change in fair value of the swaps is recognized as interest expense or income during each reporting period. As of March 31, 2011, the fair value of the interest rate swap was determined to be $58,000 using valuation models rather than actual quotes. The Company has not designated these interest rate swaps for hedge accounting.

As of March 31, 2011, the aggregate notional amount of the swap agreements was $3.6 million, which will mature on March 31, 2014. The notional amount of the swap will decrease by $0.3 million each quarter or $1.2 million each year. The Company is exposed to credit loss in the event of nonperformance by the counterpart to the interest rate swap agreements. The interest rate swaps are classified within level 2 of the fair market measurements.

The total gain included in earnings for the year ended March 31, 2011 related to the change in fair value of the interest rate swap was $37,820.

NOTE 4 ACQUISITION

On June 18, 2010, the Company entered into a Securities Purchase Agreement and a Warrant Purchase Agreement to acquire 100% of the outstanding common units and warrants to purchase common units of Pulse. The consideration paid to acquire the common units and warrants of Pulse totaled approximately $9.46 million, which consisted of (a) cash paid at closing of $3.40 million, (b) a non-interest bearing note payable of $1.75 million (secured by a subordinated pledge of all the common units of Pulse), (c) 1,608,039 shares of UAHC common stock determined based on an initial value of $1.6 million, (d) an estimated purchase price adjustment of $210,364 based on targeted levels of net working capital, cash and debt of Pulse at the acquisition date, and (e) the funding of $2.5 million for certain obligations of Pulse as discussed below. The shares of UAHC common stock were issued on July 12, 2010, upon approval by the Company s board of

United American Healthcare Corporation and Subsidiaries
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directors on July 7, 2010 and, therefore, were revalued at June 30, 2010. The shares of UAHC common stock had a fair value of $1.05 million as of June 30, 2010, which was recorded as accrued purchase price at that date, and a fair value of $884,000 on July 12, 2010, the date the shares were issued and recorded. The decline in the value of the common stock was recorded as a reduction of goodwill. The Company also assumed Pulse s term loan from a bank of $4.25 million, after making a payment at closing as discussed below.

In connection with the acquisition of the Pulse common units, Pulse entered into a redemption agreement with the holders of its preferred units to redeem the preferred units for $3.99 million. Pulse is allowed to redeem the preferred units only if UAHC makes additional cash equity contributions to Pulse in an amount necessary to fully fund each such redemption. UAHC funded an initial payment of $1.75 million to the preferred unitholders on June 18, 2010. Pulse has agreed to redeem the remaining preferred units over a two-year period ending in June 2012. Finally, as an additional condition of closing, UAHC funded a $750,000 payment toward Pulse s outstanding term loan with a bank and pledged all of the common units of Pulse to the bank as additional security for the remaining $4.25 million outstanding under the loan. The initial payment of $1.75 million to the preferred unitholders and the $750,000 payment to the bank by UAHC are considered additional consideration for the acquisition of Pulse. The funding of the remaining redemption payments totaling $2.24 million and the assumption of Pulse s revolving and term loans are not included in the $9.46 million purchase price listed above.

The Company finalized its valuation of all assets acquired during the three months ended September 30, 2010, primarily related to long-lived tangible and intangible assets and restated the balance sheet at June 30, 2010 to reflect the final purchase price allocation.

The fair value of the consideration paid for the acquisition of the net assets was as follows (in thousands):

Cash at closing	$ 5,900
Note payable	1,649
UAHC common stock	884
Obligation for estimated purchase price adjustment	210
Total fair value of consideration	$ 8,643

The financial information in the table below summarizes the combined results of operations of UAHC and Pulse, on a pro forma basis, as though the companies had been combined as of July 1, 2009. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented. Such pro forma financial information is based on the historical financial statements of UAHC and Pulse. This pro forma financial information is based on estimates and assumptions, which have been made solely for purposes of developing such pro forma information, including, without limitation, purchase accounting adjustments.

	Three Months Ended March 31, 2010	Nine Months Ended March 31, 2010
Revenues	$ 1,736	$ 5,844
Loss from continuing operations	$ (920)	$ (2,740)

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Notes to the Unaudited Condensed Consolidated Financial Statements

NOTE 5 DISCONTINUED OPERATIONS

On April 22, 2008, the Company learned that UAHC-TN would no longer be authorized to provide managed care services as a TennCare contractor when its TennCare contract expired on June 30, 2009. UAHC-TN s TennCare members transferred to other managed care organizations on November 1, 2008, after which UAHC-TN continued to perform its remaining contractual obligations through its TennCare contract expiration date of June 30, 2009.

From January 2007 to December 2009, UAHC-TN served as a Medicare contractor with CMS. The contract authorized UAHC-TN to offer a SNP to its eligible members in Shelby County, Tennessee (including the City of Memphis), and to operate a Voluntary Medicare Prescription Drug Plan. The Company did not seek renewal of the Medicare contract, which expired December 31, 2009. The Company completed the wind down of the Medicare business during the three months ended December 31, 2010.

The Company recognized a liability for certain costs associated with an exit or disposal activity and measured the liability initially at its fair value in the period in which the liability was incurred. The costs recognized included employee termination benefits, lease termination and costs to relocate the Company s facility. The following table summarizes certain exit costs activity resulting from the TennCare contract expiration and the expiration of the Medicare contract (in thousands):

Item	Balance at July 1, 2010	Expense/ Adj.*	Payments	Balance at March 31, 2011
Lease abandonment, net	$6	$	$(6)	$

In connection with the discontinuance of the TennCare and CMS contracts, the Company reduced its workforce, subleased its leased Tennessee facility to a third party effective April 2009 and ending December 31, 2010, and relocated the Tennessee office. The discontinuance of the TennCare and CMS contracts has had a material adverse impact on the Company s operations and financial statements.

For all periods presented in the accompanying unaudited condensed consolidated statements of operations, the Companys managed care business is classified as discontinued operations. Starting December 31, 2010, the Company reclassified the managed care services of UAHC-TN to discontinued operations based on the fact that the Company had performed substantially all of its contractual obligations. The major classes of assets related to discontinued operations, were as follows (in thousands):

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United American Healthcare Corporation and Subsidiaries
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	March 31, 2011	June 30, 2010
Assets:		
Receivables	$	$ 43
Marketable Securities		901
Prepaid expenses and other	55	73
Total assets	$ 55	$ 1,017
Liabilities:		
Accounts payable	$	$ 148
Medical claims payable	16	84
Accrued liabilities		16
Total liabilities	$ 16	$ 248

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2011	**2010**	**2011**	**2010**
Revenues	$	$ 14	$357	$3,475
Income (loss) from discontinued operations, before income taxes	(14)	(168)	241	(570)

NOTE 6 NOTES PAYABLE

The Company s long-term borrowings consist of the following at March 31, 2011, and June 30, 2010, respectively (in thousands):

	March 31, 2011	June 30, 2010
Notes payable to bank	$ 3,188	$ 3,984
Notes payable to former common shareholders of Pulse, net of discount of $0 and $101	750	1,649
Total debt	3,938	5,633
Less: current portion	(1,813)	(2,710)
Total long-term debt	$ 2,125	$ 2,923

Following its acquisition by the Company, Pulse Systems remains party to the Loan and Security Agreement, as amended (the Loan Agreement), with Fifth Third Bank. The Loan Agreement currently relates to a revolving loan not to exceed $1.0 million, of which no amounts were outstanding as of the closing, June 30, 2010 or as of March 31, 2011, and a $5.0 million term loan, with a remaining balance of $4.25 million as of the closing and $3.2 million as of March 31, 2011. The revolving loan matures June 30, 2011 and bears interest at prime plus 4% or, at the option of

Pulse Systems, Adjusted LIBOR (the greater of LIBOR or 3%)

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United American Healthcare Corporation and Subsidiaries
Notes to the Unaudited Condensed Consolidated Financial Statements

plus 4%. The term loan effective interest rate is 9.75% as of both March 31, 2011 and June 30, 2010. For the three months and nine months ended March 31, 2011, total effective interest expense recorded in the condensed consolidated statement of operations was $0.2 million and $0.6 million, respectively. The revolving loan and term loan are secured by a lien on all of the assets of Pulse Systems.

The Loan Agreement contains financial covenants. In connection with the acquisition and the execution of the Second Amendment to the Loan and Security Agreement (the Amendment), the lender waived the existing defaults under the Loan Agreement arising from Pulse System s failure to satisfy (a) the Adjusted EBITDA (as defined therein) covenant as of December 31, 2009 and March 31, 2010, (b) the Funded Debt to Adjusted EBITDA covenant (as defined therein) as of March 31, 2010, (c) the Fixed Charge Coverage Ratio (as defined therein) as of December 31, 2009 and March 31, 2010, and (d) to timely deliver audited financial statements for the fiscal year ended December 31, 2009. In addition, the Amendment modified the definition of Adjusted EBITDA, to among other things, add $750,000 to the calculation to reflect the $750,000 contribution to capital made by UAHC to Pulse Systems at closing which was applied to reduce the amount of Pulse System s debt.

In addition, UAHC has pledged its membership interests in Pulse Systems to Fifth Third as additional security for the loans, as set forth in the Membership Interest Pledge Agreement (the Pledge Agreement). The Pledge Agreement restricts the ability of UAHC to incur additional indebtedness, other than the Seller Note and up to $1.0 million of unsecured working capital financing. The Pledge Agreement also generally restricts the payments of dividends or distributions on, and redemptions of, UAHC common stock.

The Company also has a promissory note made in favor of the sellers of the Pulse Systems common units (the Sellers) with a stated amount of $1.75 million payable on January 2, 2011. The recorded amount of the promissory note at March 31, 2011 was $0.75 million and at June 30, 2010 was $1.65 million, respectively, calculated using a discount rate of 12%. The promissory note is non-interest bearing and secured by a pledge of the common units of Pulse Systems acquired by UAHC. On January 2, 2011, the note became due. On January 13, 2011, the Company paid $1 million to Pulse Sellers, LLC in partial repayment of the note. In exchange, Pulse Sellers, LLC granted to the Company a forbearance with respect to payment of the remaining $750,000 until March 30, 2011. The March 30, 2011 payment was not made. See Note 15 Subsequent Events for further discussion.

NOTE 7 REDEEMABLE PREFERRED MEMBER UNITS

In connection with the acquisition of Pulse, Pulse Systems also entered into a Redemption Agreement, dated June 18, 2010 (the Redemption Agreement), with Pulse Systems Corporation, the holder of all of the outstanding preferred units in Pulse Systems. The aggregate redemption price is $3.99 million for the preferred units, including the accrued but unpaid return on such units, which reflects a $0.83 million reduction from the actual outstanding amount as of the date of the agreement. In addition, the 14% dividend rate on the preferred units is eliminated, subject to reinstatement if there is a default as explained in the next sentence. If Pulse Systems fails to pay the entire $3.99 million redemption price as required by the terms of the redemption agreement, the $0.83 million discount is eliminated and the preferred units will be entitled to a 14% per annum cumulative (but not compounded) return, consistent with the current terms of the preferred units. Pulse Systems Corporation has agreed to the redemption of its preferred units over a two-year period,

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commencing with a cash payment made at closing of $1.75 million. During the three months and nine months ended March 31, 2011, Pulse Systems redeemed $120,000 and $320,000, respectively, of the preferred units and has agreed to continue to redeem $40,000 each month for the next 14 months, with a final payment of $1.36 million in June 2012. The obligations of Pulse Systems under the redemption agreement are subordinate to its obligations under the Loan Agreement and Pledge Agreement. In addition, the redemption payments can be made only if UAHC makes additional cash equity contributions to Pulse Systems in an amount necessary to fully fund each such payment. The redeemable preferred units were recorded in the March 31, 2011 and June 30, 2010 consolidated balance sheets at a value of approximately $1.70 million and $1.85 million, respectively, discounted using an interest rate of 12%.

NOTE 8 INCOME TAXES

In accordance with GAAP, the Company periodically assesses whether valuation allowances against its deferred tax assets are adequate based on the consideration of all available evidence. The Company s effective tax rate for the three months and nine months ended March 31, 2011 and 2010 is 0% and differs from the statutory rate of 34%. The difference is primarily related to an increase in the valuation allowance against the future tax benefit of the current period losses as the Company does not believe that the realization of the benefit is more likely than not.

The Company recognizes the impact of a tax position if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company had no unrecognized tax benefits as of March 31, 2011 and June 30, 2010. The Company expects no significant increases or decreases in unrecognized tax benefits due to changes in tax positions within one year of March 31, 2011. The Company has no interest or penalties relating to income taxes recognized in the condensed consolidated statement of operations for the three months and nine months ended March 31, 2011 and 2010 or in the condensed consolidated balance sheet as of March 31, 2011 and June 30, 2010.

NOTE 9 NET LOSS PER COMMON SHARE

Basic net loss per share excluding dilution has been computed by dividing net loss by the weighted average number of common shares outstanding for the period. Diluted net loss per share is computed using the treasury stock method for outstanding stock options and warrants. For the three months ended March 31, 2011 and 2010 and nine months ended March 31, 2011 and 2010, the Company incurred a net loss. Accordingly, no common stock equivalents for outstanding stock options and warrants have been included in the computation of diluted net loss per share for such periods as the impact would be anti-dilutive.

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United American Healthcare Corporation and Subsidiaries
Notes to the Unaudited Condensed Consolidated Financial Statements

NOTE 10 COMPREHENSIVE LOSS

The components of comprehensive loss, net of related tax, are summarized as follows (in thousands):

	Three Months Ended March 31		Nine Months Ended March 31,	
	2011	**2010**	**2011**	**2010**
Net loss	$(52)	$(1,401)	$(1,882)	$(4,091)
Unrealized holding gain (loss), net of tax		29	(1)	(20)
Comprehensive loss	$(52)	$(1,372)	$(1,883)	$(4,111)

NOTE 11 SHARE BASED COMPENSATION

The Company recognizes the compensation cost relating to share-based payment transactions in the Company s consolidated financial statements. That cost is measured based on the fair value of the equity instruments issued on the date of grant. The Company recorded stock-based compensation expense of $9,000 and $70,000 for the three months ended March 31, 2011 and 2010, respectively, and $83,000 and $207,000 for the nine months ended March 31, 2011 and 2010, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

Approximately $0.5 million of the notes payable to former common shareholders of Pulse is payable to Chicago Venture Partners, L.P., an affiliate of John M. Fife, who is the Company s Chairman, President and Chief Executive Officer.

Approximately $0.1 million of the notes payable to former common shareholders of Pulse and $1.7 million in redeemable preferred units are payable to Pulse Systems Corporation as affiliate of Grayson Beck, who is on the Company s Board of Directors and serves as the Audit Committee Chair.

NOTE 13 COMMITMENT & CONTINGENCIES

Pending Litigation

From time to time, the Company may become involved in litigation relating to claims arising out of its operations in the normal course of business. We are not involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on the Company, except for the following:

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United American Healthcare Corporation and Subsidiaries
Notes to the Unaudited Condensed Consolidated Financial Statements

On August 17, 2010, Strategic Turnaround Equity Partners, L.P. (Cayman) (STEP) and Bruce Galloway filed suit against the Company, in the Wayne County (Michigan) Circuit Court, Case No. 10-009344-CZ, seeking, among other things, a rescission of the Pulse Systems, LLC acquisition. On August 27, 2010, STEP and Galloway filed a motion for preliminary injunction. On September 3, 2010, the Company filed motions for summary disposition. On September 24, 2010, the circuit court held a hearing on STEP s and Galloway s motion for preliminary injunction and the Company s motions for summary disposition and issued orders denying STEP s and Galloway s motion for preliminary injunction, granting the Company s motions for summary disposition, and dismissing their complaint with prejudice as to all defendants. On October 15, 2010, STEP and Galloway filed a Claim of Appeal with the State of Michigan Court of Appeals, challenging the circuit court s orders granting summary disposition in favor of the Company and dismissing the complaint. The appeal is now pending with the court of appeals.

On April 26, 2010, Legacy Commercial Flooring Ltd. (Legacy) filed an action against the Company in Franklin County Common Pleas Court in Columbus, Ohio. The action alleges that, in failing to close its acquisition of Legacy, the Company breached its duty to negotiate in good faith and the Company is therefore liable to Legacy for the amounts expended of approximately $350,000 in connection with the transaction. Upon the Company s motion, the case was removed to the U.S. District Court for the Southern District of Ohio. In the district court, the Company filed a motion to dismiss, and Legacy filed a motion to remand the case back to the Franklin County Common Pleas Court. The district court denied Legacy s motion to remand, and the parties are currently awaiting the district courts decision regarding the Company s motion to dismiss.

On November 30, 2010, Tony Vacca and his spouse, Antoinetta Paladino, shareholders of the Company, filed an action against the Company, John Fife, William Brooks and Tom Goss in Wayne County (Michigan) Circuit Court asserting claims based on shareholder oppression theory and seeking damages in an amount over $310,000. The Company and the other defendants filed a motion to dismiss this case. A hearing was held on the motion on May 13, 2011, and the Court dismissed the case. The plaintiffs have the right to appeal this decision, to the Michigan Court of Appeals, and may or may not do so.

St. George Agreement

In addition, the Company has incurred an obligation to St. George and others pursuant to a put right whereby St. George and others may put their holdings in Company stock back to the Company at a price of $1.26 per share, payable by the Company, pursuant to the Voting and Standstill Agreement dated March 19, 2010, attached as Exibit 10.1 to the Company s Current Report on Form 8-K filed on March 22, 2010. The put exercise period runs from October 1, 2011, through March 31, 2012. If St. George and others were to exercise their put right, assuming that at the time of exercise St. George and others with the put right own the same number of shares of the Company s stock that they currently own, then the amount of the Company s purchase obligation would be $2,372,055 as of March 31, 2011. St. George is an Illinois limited liability company that is controlled by Mr. John M. Fife, who is the Company s Chairman, CEO and President.

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NOTE 14 RECENTLY ENACTED ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that are adopted by the Company as of the effective dates. Unless otherwise discussed, management believes that the impact of recently issued standards that are not yet effective will not have a material impact on the Company s financial position or results of operations upon adoption.

NOTE 15 SUBSEQUENT EVENTS

The Company has performed a review of events subsequent to the balance sheet date.

On April 4, 2011, the Board of Directors of the Company approved a Forbearance Agreement under which Pulse Sellers, LLC will agree to temporarily forebear with respect to collection of the remaining balance of $750,000 plus interest under the Note as described in Note 6 Notes Payable. The principal terms of the forbearance are as follows:

1) the Company shall make an immediate cash payment of $150,000 of principal under the Note;

2) the Company shall bring interest charges current through March 31, 2011 at the 18% default rate of interest computed from the default date of January 3, 2011;

3) the Company shall make monthly principal payments of $50,000 plus accrued interest on the first day of each month, beginning on May 1, 2011, which was made, and continuing thereafter for the next 12 months; and

4) In the event the Company fails to make payment on the Note pursuant to this Forbearance Agreement, the holders of the Note retain all rights and remedies, none of which are waived, including the right to accelerate the entire outstanding balance on the Note, including all interest, default interest and fees, and to effect any and all remedies, including remedies with respect to their collateral, which is a lien on all of the membership units of Pulse Systems, LLC a wholly-owned subsidiary of the Company. This lien is subordinate to the lien on the membership units of Pulse Systems, LLC held by Fifth Third Bank, an Ohio banking corporation, pursuant to the Loan and Security Agreement dated March 31, 2009, as amended on September 23, 2009 and June 18, 2010. Mr. John M. Fife, who is the Chairman, Chief Executive Officer and President of the Company, is the representative for Pulse Sellers, LLC. Chicago Venture Partners, L.P., which is an entity controlled by Mr. Fife, is a significant beneficiary of the repayment of the note.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following Management s Discussion and Analysis of Financial Condition and Results of Operations and other sections of this report contains various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements represent our expectations or beliefs concerning future events, including statements regarding future plans and strategy for our business, earnings and the sufficiency of our cash balances and cash generated from operating, investing, and financing activities for our future liquidity and capital resource needs. We caution that although forward-looking statements reflect our good faith beliefs and reasonable judgment based upon current information, these statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, because of risks, uncertainties, and factors including, but not limited, to: the recent acquisition of Pulse and its integration into the Company; changes in the medical device and healthcare industry; the ongoing impacts of the U.S. recession; the continuing impacts of the global credit and financial crisis; and other changes in general economic conditions. Other risks and uncertainties are detailed from time to time in our reports filed with the SEC, and in particular those set forth under Risk Factors in our Annual Report on Form 10-K for fiscal 2010. Given such uncertainties, you should not place undue reliance on any such forward-looking statements. The forward-looking statements included in this report are made as of the date hereof. Except as required by law, we may not update these forward-looking statements, even if new information becomes available in the future.

Overview

This section discusses the Company s results of operations, financial position and liquidity. This discussion should be read in conjunction with the condensed consolidated financial statements and related notes thereto contained in Item 1 of this quarterly report on Form 10-Q.

History

From November 1993 to June 2009, the Company s indirect, wholly owned subsidiary, UAHC Health Plan of Tennessee, Inc. (UAHC-TN), was a managed care organization in the TennCare program, a State of Tennessee program that provided medical benefits to Medicaid and working uninsured recipients. On April 22, 2008, the Company learned that UAHC-TN would no longer be authorized to provide managed care services as a TennCare contractor when its TennCare contract expired on June 30, 2009. UAHC-TN s TennCare members transferred to other managed care organizations on November 1, 2008, after which UAHC-TN continued to perform its remaining contractual obligations through its TennCare

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contract expiration date of June 30, 2009. However, revenue under this contract was earned only through October 31, 2008.

From January 2007 to December 2009, UAHC-TN served as a Medicare Advantage qualified organization (the Medicare contract) pursuant to a contract with the Centers for Medicare & Medicaid Services (CMS). The contract authorized UAHC-TN to serve members enrolled in both the Tennessee Medicaid and Medicare programs, commonly referred to as dual-eligibles, specifically to offer a Special Needs Plan (SNP) to its eligible members in Shelby County, Tennessee (including the City of Memphis), and to operate a Voluntary Medicare Prescription Drug Plan. The Company did not seek renewal of the Medicare contract, which expired December 31, 2009. The discontinuance of the TennCare and Medicare contracts have had a material adverse effect on the Company s operations, earnings, financial condition and cash flows in fiscal 2009 and 2010.

For all periods presented in the accompanying unaudited condensed consolidated statements of operations, the Companys managed care business has been classified as discontinued operations. Starting at December 31, 2010, the Company reclassified the managed care services of UAHC-TN to discontinued operations based on the fact that the Company completed substantially all of its contractual obligations as of December 31, 2010.

Acquisition of Pulse Systems, LLC

On June 18, 2010, the Company entered into a Securities Purchase Agreement and a Warrant Purchase Agreement to acquire 100% of the outstanding common units and warrants to purchase common units of Pulse. See Note 4 to the Notes to the Unaudited Condensed Consolidated Financial Statements for additional discussion of the purchase terms.

Operating Results
For the Three Months Ended March 31, 2011 Compared
to the Three Months Ended March 31, 2011

Total operating revenues increased $2.2 million for the three months ended March 31, 2011, over the three months ended March 31, 2010. The operating revenues for the three months ended March 31, 2011 related to contract manufacturing services resulting from the Pulse acquisition. On a proforma basis, total revenues were $2.2 million for the three months ended March 31, 2011, compared to proforma revenue of $1.7 million for the three months ended March 31, 2010. As described in Note 5, the Medicare operations were reclassified to discontinued operations. There were no revenues from discontinued operations for the three months ended March 31, 2011 compared to $14,000 for the three months ended March 31, 2010.

Total operating expenses increased by $0.8 million (64%) to $2.0 million for the three months ended March 31, 2011 as compared to $1.2 million for the three months ended March 31, 2010. The increase in operating expenses is primarily the result of increased operational cost resulting from the newly acquired Pulse offset by a decrease in marketing, general and administrative expenses. Approximately 85% of total operating expenses relate to the Pulse operations.

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Cost of goods sold increased $1.3 million for the three months ended March 31, 2011 as a result of the acquisition of Pulse. There were no cost of goods sold for the three months ended March 31, 2010.

Marketing, general and administrative expenses decreased $0.5 million (37%) to $0.8 million for the three months ended March 31, 2011 from $1.2 million for the three months ended March 31, 2010. The decrease was principally due to decreases in legal and consulting expenses and operational costs related to the Medicare operations. Approximately 18% of the marketing, general and adminstrative expenses relate to the Pulse operations.

There was no income tax expense for the three months ended March 31, 2011 or March 31, 2010. The Company s effective tax rate for both periods of 0% differs from the statutory rate of 34%. This difference is primarily related to an increase in the valuation allowance against the future tax benefit of the current period losses as the Company does not believe that the realization of the benefit is more likely than not.

Loss from continuing operations before income taxes was $38,000 for the quarter ended March 31, 2011 compared to loss before income taxes of $1.2 million for the quarter ended March 31, 2010. Loss from continuing operations was $38,000, or $(0.00) per basic share, for the quarter ended March 31, 2011, compared to loss from continuing operations of $1.2 million, or $(0.15) per basic share, for the quarter ended March 31, 2010.

Loss from discontinued operations was $14,000, or $(0.00) per basic share for the quarter ended March 31, 2011, compared to loss from discontinued operations of $0.2 million, or $(0.02) per basic share for the quarter ended March 31, 2010.

Net loss was $52,000, or $(0.01) per basic share for the quarter ended March 31, 2011 compared to net loss of $1.4 million, or $(0.17) for the quarter ended March 31, 2010.

For the Nine Months Ended March 31, 2011 Compared to the Nine Months Ended March 31, 2010

Total operating revenues were $6.5 million for the nine months ended March 31, 2011. There were no operating revenues for the nine months ended March 31, 2010. The revenues for the nine months ended March 31, 2011 related to contract manufacturing services resulting from the Pulse acquisition. On a proforma basis, total operating revenues were $6.5 million compared proforma operating revenues of $5.8 million. Revenues attributable to discontinued operations were $0.4 million for the nine months ended March 31, 2011 compared to $3.5 million of the nine months ended March 31, 2010.

Total operating expenses increased $4.5 million (126%) to $8.0 million for the nine months ended March 31, 2011 as compared to $3.5 million for the nine months ended March 31, 2010. The increase is primarily the result of increase in costs of goods sold related to the newly acquired Pulse. Approximately 66% of total expenses relate to the Pulse operations.

Cost of goods sold increased to $3.4 million for the nine months ended March 31, 2011, as a result of the acquisition of Pulse. There were no cost of goods sold for the nine months ended March 31, 2010.

Marketing, general and administrative expenses increased $1.1 (30%) to $4.6 million for the nine months ended March 31, 2011 compared to $3.6 million for the nine months ended March 31, 2010. The increase was principally due to increases in operational costs related to

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the newly acquired Pulse, offset by decrease in legal and consulting fees. Approximately 16% of the marketing, general and adminstrative expenses relate to the Pulse operations.

There was no income tax expense for the nine months ended March 31, 2011 or 2010. The Company s effective tax rate for both periods of 0% differs from the statutory rate of 34%. This difference is primarily related to an increase in the valuation allowance against the future tax benefit of the current period losses as the Company does not believe that the realization of the benefit is more likely than not.

Loss from continuing operations before income taxes was $2.1 million for the nine months ended March 31, 2011 compared to loss from continuing operations before income taxes of $3.5 million for the nine months ended March 31, 2010.

Loss from continuing operations was $2.1 million, or $(0.22) per basic share, for the nine months ended March 31, 2011, compared to loss from continuing operations of $3.5 million, or $(0.43) per basic share, for the nine months ended March 31, 2010.

Income from discontinued operations was $0.2 million, or $0.02 per basic share, for the nine months ended March 31, 2011, compared to loss from discontinued operations of $0.6 million or $(0.07) per basic share, for the nine months ended March 31, 2010.

Net loss was $1.9 million, or $(0.19) per basic share, for the nine months ended March 31, 2011, compared to net loss of $4.1 million, or $(0.50) per basic share.

Liquidity and Capital Resources

Capital resources, which for us are primarily cash from operations and the Pulse debt facility, are required to maintain our current operations and to fund planned capital spending and other commitments and contingencies. The Company s ability to maintain adequate amounts of cash to meet its future cash needs depends on a number of factors, particularly including controlling corporate overhead costs. Market conditions may continue to limit our sources of funds for these activities and our ability to refinance our debt obligations at their present interest rates and other terms. The Company expects that it will require additional capital within the next 6 months. Absent access to sources of external financial support, including accommodations and financing from affiliates, the Company expects to be at or below minimum levels of cash necessary to operate the business during fiscal 2011. The Company is exploring additional debt or equity financing and other accommodations, including from affiliates such as members of its board of directors. Any such equity financing may result in significant dilution of the Company s existing shareholders.

As a result of the Pulse acquisition, the Company incurred and assumed certain debt obligations including, (a) a non-interest bearing note payable of $1.75 million (secured by a subordinated pledge of all the common units of Pulse) and (b) the funding of $2.5 million for certain obligations of Pulse. The Company also assumed Pulse s outstanding term loan. See Acquisition of Pulse Systems, LLC above for additional discussion.

At March 31, 2011, the Company had (i) cash and cash equivalents and short-term marketable securities of $0.7 million, compared to $3.5 million at June 30, 2010; (ii) negative

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working capital of $1.1 million, compared to negative working capital of $0.7 million at June 30, 2010; and (iii) a current assets-to-current liabilities ratio of 0.65-to-1, compared to 0.87-to-1 at June 30, 2010.

Net cash used in operating activities of $1.0 million in the nine months ended March 31, 2011 was primarily due to a net loss of $1.8 million. Net cash used in operating activities of continuing operations was $1.1 million. Net cash provided by operating operating activities of discontinued operations was $72,000.

Net cash provided by investing activities of $0.5 million for the nine months ended March 31, 2011 was primarily due to cash proceeds from the sale of marketable securities of $0.9 million, which was partially offset by the payment of the purchase price adjustment related to the Pulse transaction and purchase of equipment.

Cash used in financing activities of $2.2 million for the nine months ended March 31, 2011 was primarily attributable to payments made to the notes payable to a bank and redemption of the preferred stock.

Decrease in cash was $2.7 million and $3.7 million for the nine months ended March 31, 2011 and March 31, 2010, respectively.

In addition, the Company has incurred an obligation to St. George and others pursuant to a put right whereby St. George and others may put their holdings in Company stock back to the Company at a price of $1.26 per share, payable by the Company, pursuant to the Voting and Standstill Agreement dated March 19, 2010, attached as Exibit 10.1 to the Company s Current Report on Form 8-K filed on March 22, 2010. The put exercise period runs from October 1, 2011, through March 31, 2012. If St. George and others were to exercise their put right, assuming that at the time of exercise St. George and others with the put right own the same number of shares of the Company s stock that they currently own, then the amount of the Company s purchase obligation would be $2,372,055 as of March 31, 2011. St. George is an Illinois limited liability company that is controlled by Mr. John M. Fife, who is our Chairman, CEO and President.

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Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive and financial officers, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2011. Based upon that evaluation, our principal executive and financial officers have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

There was no change in our internal control over financial reporting during our third quarter ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Part II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 17, 2010, Strategic Turnaround Equity Partners, L.P. (Cayman) (STEP) and Bruce Galloway filed suit against the Company, in the Wayne County (Michigan) Circuit Court, Case No. 10-009344-CZ, seeking, among other things, a rescission of the Pulse Systems, LLC acquisition. On August 27, 2010, STEP and Galloway filed a motion for preliminary injunction. On September 3, 2010, the Company filed motions for summary disposition. On September 24, 2010, the circuit court held a hearing on STEP s and Galloway s motion for preliminary injunction and the Company s motions for summary disposition and issued orders denying STEP s and Galloway s motion for preliminary injunction, granting the Company s motions for summary disposition, and dismissing their complaint with prejudice as to all defendants. On October 15, 2010, STEP and Galloway filed a Claim of Appeal with the State of Michigan Court of Appeals, challenging the circuit court s orders granting summary disposition in favor of the Company and dismissing the complaint. The appeal is now pending with the court of appeals.

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Item 1A. Risk Factors

Other than discussed below, there are no material changes to the risk factors previously disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended June 30, 2010 and otherwise subsequently disclosed in our reports filed with the SEC. You should carefully consider the risks and uncertainties we describe in such report and in other reports filed or furnished thereafter with the SEC before deciding to invest in or retain shares of our common stock. If any of these risks or uncertainties actually occurs, our business, financial condition, operating results or liquidity could be materially and adversely affected.

We expect that we will require additional capital within the next 6 months.

Absent access to sources of external financial support, including accommodations and financing from affiliates, the Company expects to be at or below minimum levels of cash necessary to operate the business during fiscal 2011. The Company is exploring additional debt or equity financing and other accommodations, including from affiliates such as members of its board of directors. Any such equity financing may result in significant dilution of the Company s existing shareholders. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources elsewhere in this report.

Item 6. Exhibits

31.1* Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2* Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1* Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

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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.

	United American Healthcare Corporation
Dated: May 16, 2011	By: /s/ John M. Fife John M. Fife Chairman, President & Chief Executive Officer (Principal Executive Officer)
Dated: May 16, 2011	By: /s/ Robert Sullivan Robert Sullivan Chief Financial Officer & Treasurer (Principal Financial Officer)