U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

August 24, 1998
Date of Report (Date of earliest event reported)

MIM CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	0-28740	05-0489664
(State of Organization)	(Commission File Number)	(IRS Employer Identification No.)

One Blue Hill Plaza
Pearl River, New York 10965
(Address of Registrant's Principal Executive Office) (Zip Code)

(914) 735-3555
(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets.

On August 24, 1998, CMP Acquisition Corp. ("CMP"), an Ohio corporation and a wholly-owned subsidiary of MIM Corporation (the "Company"), was merged (the "Merger") with and into Continental Managed Pharmacy Services, Inc. ("Continental"), pursuant to the terms of an Agreement and Plan of Merger, dated as of January 27, 1998, by and among CMP, the Company, Continental and certain principal shareholders of Continental (as amended, the "Merger Agreement"), whereby Continental became a wholly-owned subsidiary of the Company. As a result of the Merger, the former shareholders of Continental received 3,912,448 shares of common stock of the Company (representing approximately 21% of the total outstanding shares after the Merger). Information regarding Continental and the Merger is incorporated herein by reference to the Company's Registration Statement on Form S-4 (File No. 333-60647) filed with the Securities and Exchange Commission (the "Commission") on August 4, 1998, as amended by Amendment No. 1 thereto filed with the Commission on August 5, 1998 (the "Registration Statement"). A copy of the Company's press release dated August 25, 1998 announcing the consummation of the Merger, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

Financial Statements.

The historical consolidated financial statements (including Notes thereto) of Continental for the fiscal years ended December 31, 1995, 1996 and 1997 are incorporated herein by reference to pages F-25 through F-36 of the Registration Statement, which are attached hereto as Exhibit 99.2. The historical consolidated financial statements (including Notes thereto) of Continental for the six months ended June 30, 1998 are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

Pro Forma Financial Information.

The unaudited combined condensed pro forma financial statements (including Notes thereto) for the fiscal year ended December 31, 1997 and the six months ended June 30, 1998 are attached hereto as Exhibit 99.4 and are incorporated herein by reference.

Exhibits.

2.1 Merger Agreement (incorporated by reference to Exhibit 2.1 to the Registration Statement).

99.1 Press release dated August 25, 1998.

99.2 Consolidated financial statements (including Notes thereto) of Continental for the fiscal years ended December 31, 1995, 1996 and 1997 (incorporated by reference to pages F-25 through F-36 of the Registration Statement).

99.3 Consolidated financial statements (including Notes thereto) of Continental for the six months ended June 30, 1998.

99.4 Unaudited combined condensed pro forma financial statements (including Notes thereto) for the fiscal year ended December 31, 1997 and the six months ended June 30, 1998.

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 hereunto duly authorized.

MIM CORPORATION

By: /s/ Barry A. Posner

Barry A. Posner
Vice President and General Counsel

Date: September 8, 1998

EXHIBIT INDEX

Exhibit No.	Exhibit
2.1	Merger Agreement (incorporated by reference to Exhibit 2.1 to the Registration Statement).
99.1	Press Release, dated August 25, 1998.
99.2	Consolidated financial statements (including Notes thereto) of Continental for the fiscal years ended December 31, 1995, 1996 and 1997 (incorporated by reference to pages F-25 through F-36 of the Registration Statement).
99.3	Consolidated financial statements (including Notes thereto) of Continental for the six months ended June 30, 1998.
99.4	Unaudited combined condensed pro forma financial statements (including Notes thereto) for the fiscal year ended December 31, 1997 and the six months ended June 30, 1998.

MIM News Exhibit 99.1

For Release: August 25, 1998

Contact: Mr. Scott M. Kates
Tel 212-614-4872
Fax 212-598-5368

Mr. Richard H. Friedman
MIM Corporation
Tel 914-735-3555
Fax 914-735-3599

MIM CORPORATION COMPLETES ACQUISITION OF CONTINENTAL MANAGED PHARMACY SERVICES

-- Broadens services by acquiring pharmacy benefit management company: gains mail order fulfillment capability--

PEARL RIVER, NY - August 25, 1998 - MIM Corporation (NASDAQ: MIMS), a pharmacy benefit management company, today announced the completion of its acquisition of Continental Managed Pharmacy Services, Inc., a Cleveland-based pharmacy benefit management company and institutional mail order pharmacy, for 3.9 million shares of MIM's Common Stock. Continental's gross profit was $6.3 million on revenues totaling $30.8 million in the first half of 1998. The acquisition was structured as a merger, whereby Continental becomes a wholly-owned subsidiary of MIM. The acquisition will be treated as a purchase for accounting and financial reporting purposes.

The acquisition enables MIM to expand into the mail order, drug distribution and physician services businesses. Continental targets small and mid-sized corporations as well as specific groups of individuals affected with diseases, particularly diabetes and AIDS, which require long-term maintenance medication on a more frequent basis than the average patient. The Company also has registered sales in the Attention Deficit Disorder and Infertility areas. Continental currently provides benefits to over 640,000 lives.

Mr. Richard H. Friedman, Chairman and Chief Executive Officer of MIM Corporation said, "Continental's lines of businesses are a natural fit for MIM Corporation. Continental's outstanding mail order facility and distribution capabilities will add a new dimension to MIM. There are a number of synergies that we will take advantage of in the coming months."

MIM Corporation is an independent pharmacy benefit management corporation that partners with managed care organizations and healthcare providers to control prescription drug costs. MIM provides its customers with innovative pharmacy benefit products and services utilizing clinically sound guidelines to ensure cost control and quality care. MIM encourages improved quality of care, increased patient accessibility and medical cost effectiveness.

This press release may contain statements which constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the intent, belief of current expectations of the company, its directors, or its officers with respect to the future operating performance of the Company (including Continental and their respective or consolidated results). Investors are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward looking statements as a result of various factors. Important factors that could cause such differences are described in the Company's periodic filings with the Securities and Exchange Commission, including the Company's most recent Form 10-K, and quarterly reports on Form 10-Q, each as amended, and the Company's Prospectus/Proxy Statement on Form S-4 relating to matters described in this press release.

# # #

CONTINENTAL MANAGED PHARMACY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 1997	June 30, 1998 (unaudited)
ASSETS		
Current Assets		
Cash & equivalents	$ 166	$ 628
Receivables	9,911	9,402
Inventories	779	902
Prepaid expenses	95	336
Deferred income taxes	239	235
Total current assets	11,190	11,503
Property & equipment, net	704	552
Goodwill, net	4,364	4,260
Deferred income taxes	35	35
Other assets	15	30
Other intangible assets, net	937	1,190
Total assets	$ 17,245	$ 17,570
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current portion of capital lease obligations	$ 26	$ 15
Current portion of long term debt	340	288
Accounts payable	4,295	5,054
Claims payable	1,171	1,029
Accrued expenses	1,429	1,065
Income taxes payable	510	782
Total current liabilities	7,771	8,233
Other non-current liabilities	199	54
Capital lease obligations, less current portion	21	17
Long-term debt, less current portion	4,069	3,152
Shareholders' Equity		
Common stock	12	12
Additional paid-in capital	4,309	4,584
Retained earnings	864	1,518
Total shareholders' equity	5,185	6,114
Total liabilities & shareholders' equity	$ 17,245	$ 17,570

See notes to unaudited consolidated financial statements

CONTINENTAL MANAGED PHARMACY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except share and per share amounts)

	Six months ended June 30, 1997	Six months ended June 30, 1998
Revenues	$ 18,064	$ 30,764
Cost of revenues	13,410	24,477
Gross profit	4,654	6,287
Selling, general & administrative expenses	4,377	4,824
Operating profit	277	1,463
Interest expense	(139)	(163)
Income before provision for income taxes	138	1,300
Income taxes	111	646

Net income	$ 27	$ 654
Basic and diluted earnings per share	$ 2.33	$ 56.14
Weighted average shares used to compute earnings per share	11,600	11,649

See notes to unaudited consolidated financial statements

CONTINENTAL MANAGED PHARMACY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(In thousands)

	Six Months ended June 30, 1997	Six Months ended June 30, 1998
Operating activities		
Net income	$ 27	$ 654
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	306	346
Changes in operating assets and liabilities:		
Accounts receivable	(475)	509
Inventory	(199)	(123)
Prepaid expenses and other assets	20	(257)
Accounts payable	588	759
Claims payable	(42)	(142)
Accrued commissions, wages and payroll related items	1	(363)
Income taxes	(54)	272
Other liabilities	75	(145)
Net cash provided by operating activities	247	1,510
Investing activities		
Purchases of property and equipment, net	(64)	(28)
Purchase of SRX pharmacy	(1)	(311)
Net cash used in investing activities	(65)	(339)
Financing activities		
Proceeds on line of credit	11,382	21,515
Payments on line of credit	(11,475)	(22,315)
Proceeds on note receivable	95	0
Payments on capital leases	(23)	(14)
Payments on notes payable	(166)	(169)
Proceeds from stock issuance	0	274
Net cash used in financing activities	(187)	(709)
Increase (decrease) in cash	(5)	462
Cash at beginning of period	244	166
Cash at end of period	$ (239)	$ 628

See notes to unaudited consolidated financial statements

CONTINENTAL MANAGED PHARMACY SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 1997 (Audited) and the
Six months ended June 30, 1998 and 1997 (Unaudited)
(In thousands, except share and per share amounts)

A. Description of Business

Continental Managed Pharmacy Services, Inc. (CMPS or the Company) is a national provider of pharmaceutical benefits management services, plan design and consultation, and physician billing. Through its subsidiaries, the Company markets prescription drug programs and provides mail order and network pharmacy services and billing and administrative services for customers that provide medical and health care cost containment services.

On January 28, 1998, the Company announced the signing of a merger agreement with MIM Corporation under which all of the shares of the Company's common stock would be exchanged for shares of common stock of MIM Corporation (the "Merger"). The Merger was consummated on August 24, 1998.

B. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of CMPS and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Net Revenue and Accounts Receivable

Net revenue and the related accounts receivable for services rendered are reported at the estimated net realizable amounts from customers and third-party payors. The allowance for uncollectible accounts receivable was approximately $639 at December 31, 1997 and $690 at June 30, 1998.

Inventory

Inventory is stated at the lower of cost or market. The cost of the inventory is determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are stated on the basis of cost. Depreciation on furniture and equipment is computed on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements and leased assets are amortized on a straight-line basis over the lesser of the related lease term or estimated useful life of the asset. Amortization of capital leased assets is included in depreciation expense. The estimated useful lives of the assets are as follows:

Machinery and equipment..................................	5 years
Computer equipment.......................................	3-5 years
Furniture, fixtures and leasehold improvements............	7 years

Depreciation expense was $155 and $181 for the six months ended June 30, 1997 and 1998, respectively.

Intangible Assets

Goodwill, less accumulated amortization of $831 at December 31, 1997 and $935 on June 30, 1998, represents the cost in excess of the fair value of net assets acquired and is amortized using the straight-line method over a period of 15 to 25 years. Other intangible assets, less accumulated amortization of $238 at December 31, 1997 and $296 on June 30, 1998, consist of customer records and files and organizational costs which are amortized using the straight-line method over 5 to 15 years, and a five year non-compete agreement which is being amortized over the term of the agreement.

B. Summary of Significant Accounting Policies - Continued

Income Taxes

The Company accounts for income taxes using the liability method. Deferred taxes are recognized based on temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities.

Financial Instruments

The fair value of long-term debt is estimated based on the present value of the underlying cash flows discounted at the Company's estimated borrowing rate. At December 31, 1997 and June 30, 1998, the fair value of long-term debt approximates its carrying value.

Stock Options

CMPS applies the intrinsic value based method in accordance with Accounting Principles Board Opinion No. 25 (APB 25), Accounting for Stock Issued to Employees, to account for options granted to employees and directors to purchase common shares. Accordingly, no compensation expense is recognized on the grant date since at that date the option price is equal to the estimated fair market value of the underlying common shares.

Earnings Per Share

Earnings per Common Share are calculated in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share." issued by the Financial Accounting Standards Board during 1997. Basic earnings per share are computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities to issue common shares were converted into common shares. Such common shares consist of shares issuable upon exercise of stock options computed by using the treasury stock method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

C. Long-Term Debt

In March 1997, the Company extended its Revolving Note Agreement (the Agreement) with a bank (the "Bank") through May 1999. The Company can borrow up to $6.5 million under the Agreement. Advances are limited to 85% of eligible receivables, as defined, and outstanding amounts bear interest at the bank's prime rate plus .75% through August 24, 1998 and the Bank's prime rate thereafter (9.25% at December 31, 1997 and 9.25% at June 30, 1998). At December 31, 1997, $2,994 was available and on June 30, 1998, $3,794 was available for borrowing under the Agreement.

The Company has two Installment Notes (Installment Notes I and II). Installment Note I bears interest at the Bank's prime rate plus 1.25% (9.75% at December 31, 1997 and 9.75% at June 30, 1998). Payments are due in monthly installments of $9 plus interest, with the final payment due February 1, 2000. Installment Note II bears interest at the same rate as Installment Note I. Payments of principal of $14 plus interest are made monthly on Installment Note II with the final payment due February 28, 1999.

The Agreement and Installment Notes I and II are secured by accounts receivable and furniture and equipment of the Company and until August 24, 1998 were personally guaranteed by a shareholder up to $1 million. From and after August 24, 1998, the personal guaranty was released and replaced with an unlimited guaranty by MIM Corporation, the Company's parent company following the Merger. The Company has also granted a security interest in the inventory, accounts receivable and furniture and equipment to a vendor (the "Supplier").

For the Year Ended December 31, 1997 (Audited) and the
Six months ended June 30, 1998 and 1997 (Unaudited)
(In thousands, except share and per share amounts)

Long-Term Debt - Continued

Under the terms of an Inter Creditor Agreement among the Company, the Bank and the Supplier, the Supplier will not exercise any right or remedy it may have with respect to the Bank's collateral, until the amounts owed to the Bank are fully paid and satisfied and the Bank's security interests have been terminated in writing. The Inter Creditor Agreement does not preclude the Supplier from taking such action to enforce payment of indebtedness to the Supplier not involving collateral of the Bank. Under the terms of the Agreement and Installment Notes, the Company is required to comply with certain financial covenants which among other matters require the Company to maintain a specified level of net worth.

The Company has notes payable outstanding to a former shareholder (now a stockholder of MIM as a result of the Merger). The notes bear interest at the greater of 9% or prime plus 1% (9.5% at December 31, 1997 and 9.25% at June 30, 1998) and are payable in monthly installments of principal and interest of $7 through June 30, 2001.

Long-term debt consists of the following at:

	December 31, 1997	June 30, 1998
Master revolving note	$ 3,506	$ 2,706
Variable rate Installment Notes I and II ...	641	504
Notes payable--shareholder	262	230
	4,409	3,440
Less current portion	340	288
	$ 4,069	$ 3,152

After December 31, 1997, future maturities of long-term debt for the next five years are as follows: 1998--$340; 1999--$3,714; 2000--$312; 2001--$43; and 2002--$0.

D. Leases

The Company is obligated under various capital leases for certain equipment that expire at various dates during the next 5 years. The carrying amount of equipment and the related accumulated amortization recorded under capital leases is as follows:

	December 31, 1997	June 30, 1998
Equipment	$ 115	$ 115
Less accumulated amortization	61	83
	$ 54	$ 32

The Company also has several operating leases, primarily for office space and equipment, that expire at various times through 1998. Rent expense was $54 and $54 for the six months ending June 30, 1997 and 1998, respectively.

(In thousands, except share and per share amounts)

D. Leases--Continued

Future minimum lease payments under noncancelable leases as of December 31, 1997 are:

	Capital Leases	Operating Leases
At December 31:		
1998	$ 29	$ 84
1999	8	
2000	8	
2001	8	
Total minimum lease payments	53	$ 84
Less amount representing interest	6	
Present value of minimum capital lease payments	$ 47	

During the six months ending June 30, 1998, the Company did not enter into any noncash investing activities related to capital lease obligations.

E. Other Liabilities

Accrued wages, commissions and other liabilities consist of the following:

	December 31, 1997	June 30, 1998
Commissions	$ 725	$ 429
Wages	420	350
Other	284	286
	$ 1,429	$ 1,065

Other noncurrent liabilities primarily consist of a customer advance.

F. Stock Options

The Company maintains an Employee and Director Stock Option Plan (the "Plan"). The Plan authorizes the granting of options to qualified individuals, as defined, to purchase up to 400 shares of common stock. Options granted under the Plan are exercisable at not less than the fair market value at the date of grant and expire five years from the date of grant. All options granted under the Plan vest six months after the date of grant.

The following is a summary of stock option activity during the year ended December 31:

	1995	1996	1997
Outstanding at beginning of year ($800 per share)	66.875	195.625	256.250
Granted ($800 per share)	128.750	90.625	86.875
Forfeited		(30.000)	
Outstanding at end of year ($800 per share)	195.625	256.250	343.125
Exercisable at end of year	151.250	211.250	300.625

(In thousands, except share and per share amounts)

F. Stock Options - Continued

The Company applies APB 25 in accounting for stock options. Accordingly, no compensation cost has been recognized for its stock options because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant. Had compensation cost for the stock options granted been determined based on the fair value at grant date, consistent with the fair value method of Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, the Company's net income would have been reduced by $2, $5 and $8 in 1995, 1996 and 1997, respectively. The fair value of the stock option at the grant date was determined using the minimum value method with an assumed risk free interest rate of 5.38% in 1995, 7.41% in 1996, and 6.50% in 1997. A five year average life was used for all years. The pro forma results are not necessarily indicative of what would have occurred had the Company adopted SFAS No. 123.

All outstanding stock options were exercised on June 22, 1998 in anticipation of the Merger. No additional stock options will be granted under the Plan.

G. Income Taxes

A summary of income tax expense for the six months ending June 30, 1997 and 1998 is as follows:

	June 30, 1997	June 30, 1998
Current:		
Federal	$ 81	$ 527
State and local	19	104
	110	631
Deferred:		
Federal	1	14
State and local	0	1
	1	15
	$ 111	$ 646

The income tax rate for financial reporting purposes for the six months ending June 30, 1997 and 1998 varied from the Federal statutory rate as follows:

	June 30, 1997	June 30, 1998
Federal statutory income tax rate	34.0%	34.0%
Increase (decrease):		
State and local taxes, net of Federal benefit	18.9	4.5
Goodwill amortization	31.8	4.9
Other, net	(4.3)	6.3
Effective income tax rate	80.4%	49.7%

(In thousands, except share and per share amounts)

G. Income Taxes - Continued

Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31, 1997	June 30, 1998
Deferred tax liabilities:		
Tax over book depreciation	$ 3	$ 3
Deferred tax assets:		
Allowance for doubtful accounts	174	174
State taxes	29	29
Accrued expenses	74	70
Total deferred tax assets	277	273
Net deferred tax assets	$ 274	$ 270

H. Employee Benefit Plans

The Company maintains a defined contribution 401(k) plan covering substantially all employees who have completed three months of service. Contributions by the Company are discretionary. Costs related to the 401(k) totaled $34 for the six months ending June 30, 1997 and $26 for the six months ending June 30, 1998.

I. Related Party Transactions

Preferred Rx., Inc. (Preferred) had an agreement with an entity owned by a shareholder of CMPS whereby the entity provided various marketing related services to Preferred. Preferred agreed to pay 1.5% of the monthly cash receipts collected from its non-corporate customers for such services. Commission expense was $97 for the six months ending June 30, 1997 and $102 for the six months ending June 30, 1998. This agreement was terminated in connection with the Merger.

J. Acquisitions and 1994 Reorganization

On July 25, 1997, the Company acquired certain assets of Rx Advantage, Inc., a provider of pharmaceutical benefits management services, for $150 plus direct acquisition costs. The excess of the purchase price paid over the fair value of the net assets acquired has been recorded as goodwill and is being amortized over 15 years. The acquisition has been accounted for under the purchase method of accounting, and the consolidated results of operations include the results of the business from the date of acquisition. The terms of the purchase agreement require the Company to make additional payments through 1999 based on prescription volume. During 1997, the Company has paid or accrued approximately $250 of additional amounts under the purchase agreement which have increased the recorded amount of goodwill. Unaudited pro forma financial information for the six months ending June 30, 1997 as though the Company had completed the acquisition at the beginning of 1997 is as follows:

	Six Months ending June 30, 1997
Pro forma net revenue..............................	$ 26,358
Pro forma net income...............................	$ 29

The pro forma operating results are not necessarily indicative of what would have occurred had the transactions taken place on January 1, 1997.

J. Acquisitions and 1994 Reorganization - Continued

On December 15, 1995, the Company acquired the customer records and files of a mail order pharmacy organization and obtained noncompete agreements from the principal shareholders for $405 and $90, respectively. The terms of the purchase agreement provide for the Company to make additional payments through 1998 contingent upon sales volume. During the first six months of 1997 and 1998, the Company made contingent payments of $0 and $0, respectively. The acquisition was accounted for using the purchase method of accounting; accordingly, the purchase price was allocated to the assets acquired based on their estimated fair values as set forth in the purchase agreement. The recorded values of customer records and files (goodwill), have been increased by the amount of contingent cash payments made in 1996 and 1997, and are being amortized over 15 years.

Goodwill also relates to the Company's plan of reorganization which took place in 1994. Under the plan, Continental Pharmacy, Inc., Preferred, Automated Scripts, Inc., and Valley Physician Services, Inc. became wholly-owned subsidiaries of the Company through a series of business acquisitions accounted for using the purchase method of accounting. The total cost in excess of net assets acquired was recorded as goodwill and is being amortized over 25 years.

There was no acquisition or reorganization activity in the six months ending June 30, 1998.

Exhibit 99.4

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed financial statements give effect to the Merger of the Company and Continental using the purchase method of accounting. The unaudited pro forma combined condensed financial statements are based on the respective historical financial statements of the Company and Continental and the notes thereto. The unaudited pro forma combined condensed balance sheet assumes that the Merger took place on June 30, 1998. The unaudited pro forma combined condensed statements of operations assume that the Merger took place as of January 1, 1997.

The unaudited pro forma combined condensed financial statements are based on the estimates and assumptions set forth in the notes to such statements. The pro forma adjustments made in connection with the development of the pro forma information are preliminary and have been made solely for purposes of developing such pro forma information for illustrative purposes. The amount of the purchase price in excess of Continental's net assets acquired has been allocated to goodwill and other intangible assets based on management estimates and the allocation will be finalized based on an appraisal. Although the Company does not expect that the final allocation will be materially different from these estimates, there can be no assurance that such differences, if any, will not be material. The unaudited pro forma combined condensed financial statements do not purport to be indicative of the results of operations for future periods or the combined financial position or results of operations that actually would have resulted had the entities been a single entity during these periods.

The Company incurred direct transaction costs of approximately $0.9 million associated with the Merger and Continental incurred related costs of approximately $1.0 million which were expensed prior to the Merger. These amounts are preliminary estimates only and therefore are subject to change. In addition, the Company may incur cash and non-cash restructuring charges to operations in the third quarter of 1998. However, the amounts of such charges cannot be estimated at this time. There can be no assurance that the Company will not incur additional charges in subsequent periods to reflect costs associated with the Merger.

Unaudited Pro Forma Combined Condensed Statement of Operations

(in thousands, except per share data)
(unaudited)

		Six months ended June 30, 1998			
		MIM (Historical)	Continental (Historical)	Pro Forma Adjustments	MIM Pro Forma
Revenues		$ 207,841	$ 30,764		$ 238,605
Cost of revenues		196,044	24,477		220,521
Gross profit		11,797	6,287		18,084
Selling, general and administrative expenses		9,261	4,824	564 (1)	14,487
				(104)(1)	
				(58)(1)	
Operating profit		2,536	1,463	(402)	3,597
Interest income (expense)		990	(163)		827
Minority interest		(1)	--		(1)
Profit before taxes		3,525	1,300	(402)	4,423
Taxes		--	646	(646)(2)	--
Net income		$ 3,525	$ 654	$ 244	$ 4,423
Basic income per share	(7)	$ 0.26	$ 56.14		$ 0.25
Diluted income per share	(7)	$ 0.23	$ 56.14		$ 0.23
Weighted average common shares used in computing basic income per share	(7)	13,471	12	3,900	17,383
Weighted average common shares used in computing diluted income per share	(3)(7)	15,467	12	3,900	19,379

		Year ended December 31, 1997			
		MIM (Historical)	Continental (Historical)	Pro Forma Adjustments	MIM Pro Forma
Revenues		$ 242,291	$ 47,280		$ 289,571
Cost of revenues		239,002	36,320		275,322
Gross profit		3,289	10,960		14,249
Selling, general and administrative expenses		19,098	9,503	1,128 (1)	29,439
				(208)(1)	
				(82)(1)	
Operating profit		(15,809)	1,457	(838)	(15,190)
Interest income (expense)		2,295	(291)		2,004
Minority interest		17	--		17
Profit (loss) before taxes		(13,497)	1,166	(838)	(13,169)
Taxes		--	632	(632)(2)	--
Net income (loss)		$ (13,497)	$ 534	$ (206)	$ (13,169)
Basic and diluted income (loss) per share	(7)	$ (1.07)	$ 46.03		$ (0.80)
Weighted average common shares used in computing basic and diluted income (loss) per share	(4)(7)	12,620	12	3,900	16,532

See accompanying notes to the unaudited pro forma combined condensed financial statements.

Unaudited Pro Forma Combined Condensed Balance Sheet

(in thousands)
(unaudited)

	Six Months Ended June 30, 1998			
	MIM (Historical)	Continental (Historical)	Pro Forma Adjustments	MIM Pro Forma
Assets				
Cash & cash equivalents	$ 2,583	$ 628	$ (1,900)(5)	$ 1,311
Investment securities	20,715	--		20,715
Receivables	41,005	9,402		50,407
Inventory	--	902		902
Prepaid expense	1,222	336		1,558
Deferred income taxes	--	235		235
Total current assets	65,525	11,503	(1,900)	75,128
Investment securities	351	--		351
Investments	2,300	--		2,300
Property & equipment, net	3,832	552		4,384
Goodwill and other intangible assets, net	--	5,450	17,333(6) 1,900(5) (5,450)(6)	19,233
Deferred income taxes	--	35		35
Other assets	353	30		383
Total assets	$ 72,361	$ 17,570	$ 11,883	$101,814
Liabilities & stockholders equity				
Current portion of capital lease obligations	$ 231	$ 15		$ 246
Current portion of long term debt	--	288		288
Accounts payable	1,042	5,054		6,096
Claims payable	31,829	1,029		32,858
Payables to plan sponsors and others	13,073	--		13,073
Accrued expenses	4,105	1,065		5,170
Income taxes payable	--	782		782
Total current liabilities	50,280	8,233		58,513
Other non-current liabilities	--	54		54
Capital lease obligations, less current portion	639	17		656
Minority interest	1,112	--		1,112
Long-term debt, less current portion	--	3,152		3,152
Liabilities & stockholders' equity				
Common stock	1	12	(12)(6)(7) 1(6)(7)	2
Additional paid-in capital	73,603	4,584	(4,584)(6)(7) (1)(6)(7) 17,997(5)(6)(7)	91,599
Retained earnings	(51,536)	1,518	(1,518)(6)	(51,536)
Stockholder notes receivable	(1,738)	--		(1,738)
Total stockholders' equity	20,330	6,114	10,883	38,327
Total liabilities & stockholders' equity	$ 72,361	$ 17,570	$ 11,883	$101,814

See accompanying notes to the unaudited pro forma combined condensed financial statements.

NOTES TO UNAUDITED PRO FORMA
COMBINED CONDENSED FINANCIAL STATEMENTS

(1) To record amortization of goodwill (over 25 years) and other intangibles (over an estimated 7.5 years) and elimination of prior amortization of goodwill and other intangibles.

(2) Elimination of income taxes as a result of consolidated losses or utilization of operating loss carryforwards.

(3) The unaudited pro forma diluted income per common share is based on the weighted average number of common shares and common share equivalents of the Company and Continental outstanding for each period, at an exchange ratio of 327.59 shares of Common Stock for each Continental share.

(4) The unaudited pro forma basic and diluted income per common share is based on the weighted average number of common shares of the Company and Continental outstanding for each period, at an exchange ratio of 327.59 shares of Common Stock for each Continental share. Diluted loss per common share is the same as basic loss per common share which excludes common share equivalents since they would be antidilutive.

(5) To record direct transaction costs of approximately $0.9 million associated with the Merger, consisting primarily of fees for investment banking, legal, accounting and other related costs to be paid by the Company. Continental incurred approximately $1.0 million of costs related to the Merger, including transaction fees payable to former officers of Continental. As these costs are non-recurring, they are not reflected in the pro forma combined condensed statement of operations.

(6) To record the issuance of 3,912,448 shares of Common Stock in exchange for the 11,943.125 Continental Shares (see Note 7) in connection with the Merger. The Common Stock has been valued at $4.60 per share (the average price per share of the Common Stock several days before and after the date of the Merger Agreement). The amount of the purchase price (including $1.9 million of transaction costs) in excess of Continental's net assets acquired has been allocated to goodwill ($14.6 million) and other intangible assets ($3.6 million) based on management estimates and the allocation will be finalized based on an appraisal. Other intangible assets primarily consist of customer lists and non-compete agreements.

(7) In June 1998, all holders of Continental stock options exercised all outstanding options to purchase 343.125 Continental shares. These Continental shares have been reflected in the unaudited pro forma combined condensed financial statements as if they were exercised as of the beginning of the respective period presented. These Continental shares have been included in the determination of the purchase price.