

FORM 10-Q/A

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

AMENDMENT NO. 2 TO QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

OR

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

For the transition period from _____ to _____

Commission file number 0-28740

MIM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

05-0489664

(I.R.S. Employer
Identification No.)

One Blue Hill Plaza, Pearl River, New York 10965
(Address of principal executive offices)

(914) 735-3555

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year
if changed since last report)

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 No

APPLICABLE ONLY TO CORPORATE ISSUERS:

On July 30, 1998, there were outstanding 13,822,000 shares of the Company's \$0.0001 per value per share common stock ("Common Stock").

MIM Corporation's ("MIM" or the "Company") Quarterly Report on Form 10-Q for the period ended March 31, 1998, as amended by Amendment No. 1 thereto on Form 10-Q/A filed with the Securities and Exchange Commission on August 5, 1998 (as amended, the "Quarterly Report"), is hereby amended as follows:

Item 1, "Financial Statements," in the Quarterly Report is hereby amended and restated and replaced in its entirety as follows:

PART 1
FINANCIAL INFORMATION

Item 1. Financial Statements

MIM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except for share amounts)

	March 31, 1998 ----- (Unaudited)	December 31, 1997 -----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,816	\$ 9,593
Investment securities	15,243	19,235
Receivables, less allowance for doubtful accounts of \$1,386, in 1998 and 1997	34,742	23,666
Prepaid expenses and other current assets	832	888
	-----	-----
Total current assets	56,633	53,382
Investment securities, net of current portion	1,100	3,401
Other investments	2,300	2,300
Property and equipment, net	3,626	3,499
Due from affiliates, less allowance for doubtful accounts of \$2,360, in 1998 and 1997	--	--
Other assets, net	187	145
	-----	-----
Total assets	\$ 63,846 =====	\$ 62,727 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of capital lease obligations	\$ 226	\$ 222
Accounts payable	367	931
Deferred revenue	--	2,799
Claims payable	29,462	26,979
Payables to plan sponsors and others	11,949	10,839
Accrued expenses	1,589	2,279
	-----	-----
Total current liabilities	43,593	44,049
Capital lease obligations, net of current portion	699	756
Commitments and contingencies		
Minority interest	1,112	1,112
Stockholders' equity		
Preferred stock, \$.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	--	--
Common stock, \$.0001 par value; 40,000,000 shares authorized, 13,421,850 and 13,335,120 shares issued and outstanding at March 31, 1998 and December 31, 1997, respectively	1	1
Additional paid-in capital	73,593	73,585
Accumulated deficit	(53,425)	(55,061)
Stockholder notes receivable	(1,727)	(1,715)
	-----	-----
Total stockholders' equity	18,442	16,810
	-----	-----
Total liabilities and stockholders' equity	\$ 63,846 =====	\$ 62,727 =====

The accompanying notes are an integral part of these consolidated financial statements.

MIM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for per share amounts)

	Three months ended March 31,	
	1998	1997
	----- (Unaudited)	
Revenue	\$97,963	\$70,811
Cost of revenue	92,384	66,829
	-----	-----
Gross profit	5,579	3,982
Selling, general and administrative expenses	4,450	3,909
	-----	-----
Income from operations	1,129	73
Interest income, net	507	623
	-----	-----
Income before minority interest	1,636	696
Minority interest	--	2
	-----	-----
Net income	\$ 1,636	\$ 698
	=====	=====
Basic earnings per share	\$ 0.12	\$ 0.06
	=====	=====
Diluted earnings per share	\$ 0.11	\$ 0.05
	=====	=====
Weighted average shares outstanding used in computing basic earnings per share	13,369	12,068
	=====	=====
Weighted average shares outstanding used in computing diluted earnings per share	15,132	15,121
	=====	=====

The accompanying notes are an integral part of these
consolidated financial statements.

MIM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31,	
	1998	1997
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 1,636	\$ 698
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net loss allocated to minority interest	--	(2)
Depreciation and amortization	361	239
Stock option charges	7	7
Provision for losses on receivables and loans to affiliates	--	579
Changes in assets and liabilities:		
Receivables	(11,076)	(1,318)
Prepaid expenses and other assets	56	(7)
Accounts payable	(564)	(826)
Deferred revenue	(2,799)	--
Claims payable	2,483	3,014
Payables to plan sponsors and others	1,110	(2,180)
Accrued expenses	(690)	(454)
Net cash provided by (used in) operating activities	(9,476)	(250)
Cash flows from investing activities:		
Purchase of property and equipment	(487)	(312)
Purchase of investment securities	(4,000)	(14,832)
Proceeds from maturities of investment securities	10,293	21,239
Increase in other assets	(43)	(11)
Stockholder loans, net	(12)	(35)
Loans to affiliates, net	--	359
Net cash provided by (used in) investing activities	5,751	6,408
Cash flows from financing activities:		
Principal payments on capital lease obligations	(53)	(53)
Proceeds from exercise of stock options	1	--
Net cash provided by (used in) financing activities	(52)	(53)
Net increase (decrease) in cash and cash equivalents	(3,777)	6,105
Cash and cash equivalents--beginning of period	9,593	1,834
Cash and cash equivalents--end of period	\$ 5,816	\$ 7,939
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 19	\$ 12
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Equipment acquired under capital lease obligations	\$ --	\$ --
Distribution to stockholder through the cancellation of stockholder notes receivable	\$ --	\$ --

The accompanying notes are an integral part of these consolidated financial statements.

MIM CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In thousands, except for share and per share amounts)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "Commission"). Pursuant to such rules and regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements, primarily consisting of normal recurring adjustments, have been included. The results of operations and cash flows for the three months ended March 31, 1998 are not necessarily indicative of the results of operations or cash flows which may be reported for the remainder of 1998.

These consolidated financial statements should be read in conjunction with the consolidated financial statements, notes and information included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, as amended by amendments thereto on Form 10-K/A, filed with the Commission (the "Form 10-K").

The accounting policies following for interim financial reporting are the same as those disclosed in Note 2 to the consolidated financial statements included in Form 10K.

NOTE 2 - EARNINGS PER SHARE

The following table sets forth the computation of Basic Earnings per Share and Diluted Earnings per Share:

(In thousands except per share share amounts)	Three Months Ended March 31,	
-----	1998	1997
-----	-----	-----
Net income less preferred dividends	1,636	698
Denominator:		
Average number of common shares outstanding	13,369	12,068
	-----	-----
Basic Earnings per Share	\$.12	\$.06
	=====	=====
Denominator:		
Average number of common shares outstanding	13,369	12,068
Common share equivalents of outstanding stock	1,763	3,053
options and deferred contingent common stock		
awards		
Total shares	15,132	15,121
	-----	-----
Diluted Earnings per Share	\$.11	\$.05
	=====	=====

NOTE 3- OTHER COMPREHENSIVE INCOME

The Company adopted Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income" ("SFAS 130") for the three months ended March 31, 1998. There were no transactions during this period that would be required to be reported as a component of other comprehensive income.

NOTE 4- SUBSEQUENT EVENTS

On April 14, 1998, the Company resolved its dispute with certain subsidiaries of Sierra Health Services, Inc., a Nevada corporation ("Sierra"), a party to a PBM Services Agreement (the "Sierra Agreement") with the Company. As disclosed in the Company's Form 10-K, this dispute related to the parties' divergent interpretations of certain provisions of the Sierra Agreement, which led to Sierra's dispute of certain amounts which the Company claimed were owed to it. Under the terms of the settlement, both parties dismissed their respective claims pending in the United States District Court, District of Nevada and the American Arbitration Association. In addition, the parties

modified a number of provisions of the Sierra Agreement, including the addition of a provision permitting any party to terminate the Sierra Agreement at any time and for any reason upon 90 days' prior written notice. On May 8, 1998, the Company notified Sierra of its intention to terminate the Sierra Agreement 90 days after notice thereof in accordance with the terms of Agreement. The Company continues to provide pharmacy benefit management services to Sierra under the Sierra Agreement during the 90-day period ending August 6, 1998.

Effective May 15, 1998, Mr. John H. Klein, then the Company's Chief Executive Officer, Chairman of the Board of Directors and a director, resigned from such positions with the Company. Effective on that date, Mr. Richard H. Friedman, the Company's Chief Operating Officer, Chief Financial Officer and a director through May 15, 1998, succeeded Mr. Klein as the Company's Chief Executive Officer. Mr. Scott R. Yablon, then a director of the Company, joined the Company as an employee on May 1, 1998, and effective May 15, 1998, assumed the titles of President, Chief Financial Officer and Chief Operating Officer of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. 2 to Quarterly Report on Form 10-Q/A to be signed on its behalf by the undersigned thereunto duly authorized.

MIM Corporation

Date: August 5, 1998

/s/ Barry A. Posner

Barry A. Posner
Vice President