

Emergency Medical Services CORP  
Form 10-Q  
August 04, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

\_\_\_\_\_  
**FORM 10-Q**  
\_\_\_\_\_

(Mark one)

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

For the quarterly period ended June 30, 2006

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 numbers:

001-32701

333-127115

\_\_\_\_\_  
**EMERGENCY MEDICAL SERVICES CORPORATION**

**EMERGENCY MEDICAL SERVICES L.P.**

(Exact name of Registrants as Specified in their Charters)

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20-3738384

Delaware  
(State or other jurisdiction of

20-2076535  
(IRS Employer

incorporation or organization)

Identification Numbers)

6200 S. Syracuse Way, Suite 200

Greenwood Village, CO  
(Address of principal executive offices)

80111  
(Zip Code)

Registrants telephone number, including area code: 303-495-1200

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

Not applicable

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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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange act). Yes  No

Shares of class A common stock outstanding at August 1, 2006 9,252,824; shares of class B common stock outstanding at August 1, 2006 142,545; LP exchangeable units outstanding at August 1, 2006 32,107,500.

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**EMERGENCY MEDICAL SERVICES CORPORATION**

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**ON FORM 10-Q**

**FOR THE THREE AND SIX MONTHS ENDED**

**JUNE 30, 2006**

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**Table of Contents****ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)****Emergency Medical Services Corporation****Statements of Operations and Comprehensive Income (Loss)**

(unaudited)

(in thousands, except share and per share data)

	Consolidated				Predecessor combined one month ended
	three months ended June 30,	Consolidated three months ended June 30,	Consolidated six months ended June 30,	Consolidated five months ended June 30,	January 31,
	2006	2005	2006	2005	2005
Net revenue	\$ 478,451	\$ 445,019	\$ 947,575	\$ 731,408	\$ 143,069
Compensation and benefits	330,927	307,613	656,974	503,303	103,191
Operating expenses	69,203	63,374	135,657	102,544	18,469
Insurance expense	19,204	22,427	42,111	39,334	7,768
Selling, general and administrative expenses	13,170	13,915	28,009	22,594	4,283
Depreciation and amortization expense	16,360	15,072	32,204	23,968	3,894
Restructuring charges	919		919		
Laidlaw compensation charges					14,440
Income (loss) from operations	28,668	22,618	51,701	39,665	(8,976)
Interest expense	(11,445)	(11,759)	(22,737)	(21,583)	(1,169)
Realized (loss) gain on investments	(306)	33	(525)	(6)	13
Interest and other income	780	85	1,132	98	(4)
Loss on early debt extinguishment	(193)		(193)		
Income (loss) before income taxes and equity in earnings of unconsolidated subsidiary	17,504	10,977	29,378	18,174	(10,136)
Income tax (expense) benefit	(6,788)	(4,516)	(11,416)	(7,178)	4,060
Income (loss) before equity in earnings of unconsolidated subsidiary	10,716	6,461	17,962	10,996	(6,076)
Equity in earnings of unconsolidated subsidiary	2		17		
Net income (loss)	10,718	6,461	17,979	10,996	(6,076)
Other comprehensive income (loss), net of tax:					
Unrealized holding gains (losses) during the period	111	682	(459)	364	321

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Comprehensive income (loss)	\$	10,829	\$	7,143	\$	17,520	\$	11,360	\$	(5,755)
Basic net income per common share	\$	0.26	\$	0.14	\$	0.43	\$	0.28		
Diluted net income per common share	\$	0.25	\$	0.14	\$	0.42	\$	0.27		
Average common shares outstanding, basic		41,497,245		33,119,626		41,497,238		33,080,530		
Average common shares outstanding, diluted		42,356,192		33,643,365		42,377,804		33,393,730		

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

**Table of Contents****Emergency Medical Services Corporation****Consolidated Balance Sheets**

(in thousands, except share and per share data)

	Unaudited June 30, 2006	December 31, 2005
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 69,660	\$ 18,048
Insurance collateral	33,785	29,766
Trade and other accounts receivable, net	377,822	411,184
Parts and supplies inventory	18,613	18,449
Prepays and other current assets	20,490	14,413
Current deferred tax assets	11,358	23,436
<b>Total current assets</b>	<b>531,728</b>	<b>515,296</b>
Non-current assets:		
Property, plant and equipment, net	142,404	138,037
Intangible assets, net	72,023	78,183
Non-current deferred tax assets	119,453	118,408
Insurance collateral	150,076	131,907
Goodwill	251,583	251,168
Other long-term assets	29,010	34,029
<b>Total assets</b>	<b>\$ 1,296,277</b>	<b>\$ 1,267,028</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	\$ 55,029	\$ 56,290
Accrued liabilities	230,673	214,481
Current portion of long-term debt	2,857	6,664
<b>Total current liabilities</b>	<b>288,559</b>	<b>277,435</b>
Long-term debt	485,404	495,520
Insurance reserves and other long-term liabilities	159,181	149,089
<b>Total liabilities</b>	<b>933,144</b>	<b>922,044</b>
<b>Equity</b>		
Preferred stock (\$0.01 par value; 20,000,000 shares authorized, none issued and outstanding)		
Class A common stock (\$0.01 par value; 100,000,000 shares authorized, 9,247,200 issued and outstanding)	92	92
Class B common stock (\$0.01 par value; 40,000,000 shares authorized, 142,545 issued and outstanding)	1	1
Class B special voting stock (\$0.01 par value; 1 share authorized, issued and outstanding)		
LP exchangeable units (32,107,500 shares issued and outstanding)	212,361	212,361
Additional paid-in capital	113,566	112,937
Retained earnings	38,046	20,067
Accumulated other comprehensive loss	(933)	(474)
<b>Total equity</b>	<b>363,133</b>	<b>344,984</b>

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Total liabilities and equity	\$ 1,296,277	\$ 1,267,028
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The accompanying notes are an integral part of these financial statements.

**Table of Contents****Emergency Medical Services Corporation****Statements of Cash Flows****(unaudited)****(in thousands)**

	Consolidated six months ended June 30,	Consolidated five months ended June 30,	Predecessor combined one month ended January 31,
	2006	2005	2005
<b>Cash Flows from Operating Activities</b>			
Net income (loss)	\$ 17,979	\$ 10,996	\$ (6,076)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	33,270	24,947	3,876
Gain on disposal of property, plant and equipment	(717)	(400)	(25)
Stock compensation expense	629	300	
Equity in earnings of unconsolidated subsidiary	(17)		
Loss on early debt extinguishment	193		
Non-cash Laidlaw allocated compensation expense			14,440
Deferred income taxes	11,033	(456)	(4,060)
Changes in operating assets/liabilities, net of acquisitions:			
Trade and other accounts receivable	31,881	23,276	(20,771)
Parts and supplies inventory	(164)	95	
Prepays and other current assets	(6,077)	(71)	(6,194)
Accounts payable and accrued liabilities	15,418	23,897	12,358
Insurance accruals	8,987	8,226	1,772
Net cash provided by (used in) operating activities	112,415	90,810	