

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

America Service Group Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) and our first question comes from the line of Kevin Campbell from Avondale Partners. Please proceed with your questions.

Kevin Campbell - Avondale Partners

Good morning. I wanted to ask first you had mentioned for your 2008 guidance and expectation for medical malpractices reserves to come back down to a more normalized level. What do you think that will be? I guess that was 4.1 or so in the third quarter and 2.6 here in the fourth. What might we expect going forward on a quarterly basis?

Michael Catalano

Well Kevin, we expect to see a reduced impact from what we had seen in the full years of prior years, if you look back in '04, '05, '06, we were running a little bit over \$4 million of adverse impact on that line item. It was certainly much more than that in '07, so the goal would bring in this in-house is to see a reduction from that 4 million level that we had seen and thought was unacceptable previously, so certainly there could be some but we would expect it to be much reduced from the 4 million level that we've seen in the past for the full year of '08.

Kevin Campbell - Avondale Partners

Okay and are you seeing that thus far and I mean I don't know how you actually go about doing this. Whether it's done monthly or not but are you seeing any sort of reduction in the first part of -- this first quarter?

Michael Catalano

I can say a couple of months into this year, but I don't see anything that changes my view of that expectation for '08.

Kevin Campbell - Avondale Partners

Okay excellent. Moving on to acquisition that was something you guys had talked about a couple of quarters ago after your stock repurchase plan expired. Can you give us some thoughts there? Is that something that still you are considering or did you not really see anything out there that you liked and therefore decided your stock offered the best value here?

Michael Catalano

We've always said that we have a two strong strategy for growth the most efficient and effective obviously is the growth through the award of new contracts consolidation and within the industry is another opportunity and diversification of revenue stream is also an opportunity. Throughout the year really until the time of the loss of the Alabama contract we were much more actively engaged in annualizing acquisitions. The loss of the Alabama contract caused us to focus internally, rebase the Company in terms of its corporate overhead and revitalize our strategy for our core business which is Correctional Healthcare and that is our -- will be our focus for the immediate term. Acquisitions are not out of the question, but they are not our top priority at this point.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.