UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended JUNE 30, 1994

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 1-11353

NATIONAL HEALTH LABORATORIES HOLDINGS INC.
(Exact name of registrant as specified in its charter)

DELAWARE	13-3757370
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4225 EXECUTIVE SQUARE, SUITE 805 LA JOLLA, CALIFORNIA 92037
(Address of principal executive offices) (Zip code)

619-550-0600
(Registrant's telephone number, including area code)

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 X No

The number of shares outstanding of the issuer's common stock is 84,753,192 shares as of July 31, 1994, of which 20,176,729 shares are held by an indirect wholly owned subsidiary of Mafco Holdings Inc.

NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Millions, except per share data)

	June 30, 1994 (Unaudited)	December 31, 1993
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27.1	$ 12.3
Accounts receivable, net	198.2	119.0
Prepaid expenses and other	56.9	21.7
Deferred income taxes	22.1	21.6
Income taxes receivable	1.0	8.7
Total current assets	305.3	183.3
Property, plant and equipment, net	133.6	100.1
Intangible assets, net	552.3	281.5
Other assets, net	25.5	20.6
	$1,016.7	$ 585.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 45.9	$ 36.9
Dividend payable	--	6.8
Accrued expenses and other	104.3	55.6
Current portion of long-term debt	30.0	--
Current portion of accrued settlement expenses	16.3	21.6
Total current liabilities	196.5	120.9
Revolving credit facility	183.0	278.0
Long-term debt, less current portion	370.0	--
Capital lease obligation	9.8	9.7
Accrued settlement expenses, less current portion	3.4	11.5
Deferred income taxes	15.5	3.1
Other liabilities	82.7	21.5
Stockholders' equity:		
Preferred stock, $0.10 par value; 10,000,000 shares authorized; none issued	--	--
Common stock, $0.01 par value; 220,000,000 shares authorized; 84,753,192 and 99,354,492 shares issued at June 30, 1994 and December 31, 1993, respectively	0.8	1.0
Additional paid-in capital	153.6	226.3
Retained earnings	3.8	202.0
Minimum pension liability adjustment	(2.4)	(2.4)
Treasury stock, at cost; 14,603,800 shares of common stock at December 31, 1993	--	(286.1)
Total stockholders' equity	155.8	140.8
	$1,016.7	$ 585.5

See notes to unaudited consolidated condensed financial statements.

/TABLE

NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(Dollars in Millions, except per share data)
(Unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	1994	1993	1994	1993
Net sales	$388.9	$ 396.8	$ 203.9	$ 197.0
Cost of sales	268.8	216.9	136.5	107.8
Gross profit	120.1	179.9	67.4	89.2
Selling, general and administrative expenses	64.5	61.1	33.5	29.8
Amortization of intangibles and other assets	6.5	4.2	3.4	2.1
Operating income	49.1	114.6	30.5	57.3
Other income (expenses):				
Investment income	0.5	0.7	0.3	0.3
Interest expense	(10.5)	(4.0)	(6.0)	(2.4)
	(10.0)	(3.3)	(5.7)	(2.1)
Earnings before income taxes	39.1	111.3	24.8	55.2
Provision for income taxes	16.9	44.5	10.7	22.0
Net earnings	$ 22.2	$ 66.8	$ 14.1	$ 33.2
Earnings per common share	$ 0.26	$ 0.73	$ 0.16	$ 0.37
Dividends per common share	$ 0.08	$ 0.16	$ --	$ 0.08

See notes to unaudited consolidated condensed financial statements.

NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Millions)
(Unaudited)

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 22.2	$ 66.8
Adjustments to reconcile net earnings to net cash flows provided by (used for) operating activities:		
Depreciation and amortization	19.4	17.7
Provision for doubtful accounts, net	0.2	0.9
Change in assets and liabilities, net of effects of acquisitions:		
Increase in accounts receivable	(42.5)	(20.3)
Increase in prepaid expenses and other	(1.0)	(0.8)
Decrease in deferred income taxes, net	6.3	12.7
Decrease in income taxes receivable	7.5	6.7
(Decrease) increase in accounts payable, accrued expenses and other	(1.1)	7.3
Payments for settlement and related expenses	(13.4)	(36.7)
Other, net	(2.5)	(4.7)
	(27.1)	(17.2)
Net cash (used for) provided by operating activities	(4.9)	49.6
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(24.7)	(10.8)
Acquisitions of businesses	(244.9)	(13.3)
Net cash used for investing activities	(269.6)	(24.1)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	273.0	90.0
Payments on revolving credit facilities	(368.0)	--
Proceeds from long-term debt	400.0	--
Deferred payments on acquisitions	(1.7)	(0.7)
Purchase of treasury stock	--	(94.7)
Dividends paid on common stock	(13.6)	(15.0)
Other	(0.4)	(0.9)
Net cash provided by (used for) financing activities	289.3	(21.3)
Net increase in cash and cash equivalents	14.8	4.2
Cash and cash equivalents at beginning of period	12.3	33.4
Cash and cash equivalents at end of period	$ 27.1	$ 37.6

See notes to unaudited consolidated condensed financial statements.

NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS, CONTINUED
(Dollars in Millions)
(Unaudited)

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$ 11.1	$ 2.8
Income taxes	7.8	33.1
Disclosure of non-cash financing and investing activities:		
Dividends declared and unpaid on common stock	$ --	$ 7.1
In connection with business acquisitions, liabilities were assumed as follows:		
Fair value of assets acquired	$ 366.9	$ 16.0
Cash paid, net of cash acquired	(244.9)	(13.3)
Liabilities assumed	$ 122.0	$ 2.7

See notes to unaudited consolidated condensed financial statements.

NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in Millions, except per share data)

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include the accounts of National Health Laboratories Holdings Inc. (the "Company") and its wholly owned subsidiaries after elimination of all material intercompany accounts and transactions. Approximately 24% of the outstanding common stock of the Company is owned by National Health Care Group, Inc. ("NHCG") which is an indirect wholly owned subsidiary of Mafco Holdings Inc. ("Mafco").

The accompanying consolidated condensed financial statements of the Company and its subsidiaries are unaudited. In the opinion of management, all adjustments (which include only normal recurring accruals) necessary for a fair statement of the results of operations have been made.

2. EARNINGS PER SHARE

Earnings per share are based upon the weighted average number of shares outstanding during the three and six months ended June 30, 1994 of 84,751,763 shares and 84,751,231 shares, respectively, and the weighted average number of shares outstanding during the three and six months ended June 30, 1993 of 90,568,622 shares and 92,038,732 shares, respectively. The change in the total number of shares outstanding resulted from the purchase by the Company of its outstanding shares of common stock, net of additional shares issued upon the exercise of options pursuant to the Company's stock option plans.

3. ACQUISITION OF ALLIED CLINICAL LABORATORIES, INC.

On May 3, 1994, the Company entered into a definitive agreement to acquire Allied Clinical Laboratories, Inc. ("Allied"). Pursuant to the agreement, on May 9, 1994, a subsidiary of the Company commenced a cash tender offer for all shares of Allied common stock for $23 per share. The agreement provided that any shares not tendered and purchased in the offer were to be exchanged for $23 per share in cash in a second-step merger. On June 7, 1994, the Company entered into an agreement whereby the price payable in such cash tender offer and such second-step merger was reduced to $21.50 per share. A subsidiary of the Company acquired Allied as a wholly owned subsidiary on June 23, 1994, for approximately $191.5 in cash plus the assumption of $24.0 of Allied indebtedness (the "Allied Acquisition"). The Allied Acquisition was accounted for using the purchase method of accounting; as such, Allied's assets and liabilities were recorded at their fair values on the date of acquisition. The purchase price exceeded the fair value of acquired net tangible assets by approximately $227.0, which amount is being amortized over 40 years on a straight-line basis. Allied's results of operations have been included in the Company's results of operations beginning June 23, 1994.

(Dollars in Millions, except per share data)

3. ACQUISITION OF ALLIED CLINICAL LABORATORIES, INC. - Continued

The following table provides unaudited pro forma operating results as if the Allied Acquisition had been completed at the beginning of the periods presented. The pro forma information has been prepared for comparative purposes only and does not purport to be indicative of future operating results.

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Net sales	$479.2	$471.4
Net earnings	20.3	62.8
Earnings per common share	$ 0.24	$ 0.68

4. CORPORATE REORGANIZATION

On June 7, 1994, the stockholders of National Health Laboratories Incorporated ("NHLI") approved a proposed corporate reorganization of NHLI, as a result of which National Health Laboratories Holdings Inc., a Delaware corporation, now owns, through NHL Intermediate Holdings Corp. I, a Delaware corporation and a wholly owned subsidiary of the Company ("Intermediate Holdings I"), and NHL Intermediate Holdings Corp. II, a Delaware corporation and a wholly owned subsidiary of Intermediate Holdings I ("Intermediate Holdings II"), all the outstanding capital stock of NHLI.

In connection with the corporate reorganization on June 7, 1994, all of the 14,603,800 treasury shares held by NHLI were cancelled. As a result, the $286.1 value assigned to such treasury shares was eliminated with corresponding decreases in the par value, additional paid-in capital and retained earnings accounts of $0.2, $72.3 and $213.6, respectively.

5. LONG-TERM DEBT

On June 21, 1994, Intermediate Holdings II entered into a credit agreement dated as of such date (the "Credit Agreement"), with the banks named therein (the "Banks"), Citicorp USA, Inc., as administrative agent (the "Bank Agent"), and certain co-agents named therein, which made available to Intermediate Holdings II a term loan facility of $400.0 (the "Term Facility") and a revolving credit facility of $350.0 (the "Revolving Credit Facility" and, together with the Term Facility, the "Bank Facility"). The Bank Facility provided funds for the acquisition of Allied, for the refinancing of certain existing debt of Allied and NHLI, to pay related fees and expenses and for general corporate purposes of Intermediate Holdings II and its subsidiaries, in each case subject to the terms and conditions set forth therein.

5. LONG-TERM DEBT - Continued

The Credit Agreement provides that the Banks and the Bank Agent will receive from Intermediate Holdings II customary facility and administrative agent fees, respectively. Intermediate Holdings II will pay a commitment fee on the average daily unused portion of the Bank Facility of 0.5% per annum, subject to a reduction to 0.375% per annum if certain financial tests are met. Availability of funds under the Bank Facility is conditioned on certain customary conditions, and the Credit Agreement contains customary representations, warranties, covenants and events of default.

The Revolving Credit Facility matures in June 1999, with semi-annual reductions of availability of $50.0, commencing in December 1997. The Term Facility matures in December 2000, with repayments in each quarter prior to maturity based on a specified amortization schedule. The Bank Facility bears interest, at the option of Intermediate Holdings II, at (i) Citibank, N.A.'s Base Rate (as defined in the Credit Agreement), plus a margin of up to 0.75% per annum, based upon the Company's financial performance or (ii) the Eurodollar rate for one, two, three or six month interest periods (as selected by Intermediate Holdings II), plus a margin varying between 1.25% and 2.00% per annum based upon the Company's financial performance.

The Bank Facility is guaranteed by Intermediate Holdings I and certain subsidiaries of Intermediate Holdings II and is secured by pledges of stock and other assets of Intermediate Holdings II and its subsidiaries.

On June 21, 1994, $400.0 available under the Term Facility was borrowed by Intermediate Holdings II and loaned to NHLI and was used by NHLI to repay in full its existing revolving credit facilities and for working capital and general corporate purposes. On June 23, 1994, Intermediate Holdings II borrowed $185.0 of the amount available under the Revolving Credit Facility to consummate the Allied Acquisition.

NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Dollars in Millions)

RESULTS OF OPERATIONS

Six Months Ended June 30, 1994 compared with Six Months Ended June 30, 1993.

Net sales for the six months ended June 30, 1994 were $388.9, a decrease of 2.0% from $396.8 reported in the comparable 1993 period. Net sales from the inclusion of Allied since June 23, 1994 increased net sales by approximately $4.4 or 1.1%. Growth in new accounts and numerous acquisitions of small clinical laboratory companies increased net sales by approximately 10.0% and 11.8%, respectively. A price increase, effective on April 1, 1994, increased net sales by approximately 1.2% for the six months ended June 30, 1994. A reduction in Medicare fee schedules from 88% to 84% of the national limitation amounts on January 1, 1994, plus changes in reimbursement policies of various third party payors, reduced net sales by approximately 4.3%. The impact of severe weather during the first three months of 1994 further decreased net sales by approximately 2.0% to 2.5%. Other factors, including declines in the level of HDL and ferritin testing, price erosion in the industry as a whole and lower utilization of laboratory testing during the first part of 1994 comprised the remaining reduction in net sales.

Cost of sales, which primarily includes laboratory and distribution costs, increased to $268.8 for the six months ended June 30, 1994 from $216.9 in the corresponding 1993 period. Of the $51.9 increase, approximately $32.9 was the result of higher testing volume, approximately $5.3 was due to an increase in phlebotomy staffing to improve client service and meet competitive demand and approximately $2.7 was due to the inclusion of the cost of sales of Allied. The remaining increase resulted mainly from higher compensation and insurance expenses. Cost of sales as a percent of net sales was 69.1% for the six months ended June 30, 1994 and 54.7% in the corresponding 1993 period. The increase in the cost of sales percentage primarily resulted from a reduction in net sales due to a reduction in Medicare fee schedules, pricing pressures and utilization declines, each of which provided little corresponding reduction in costs.

Selling, general and administrative expenses increased to $64.5 for the six months ended June 30, 1994 from $61.1 in the same period in 1993. This was primarily due to expansion of data processing and billing departments due to increased volume and to improve customer service. As a percentage of net sales, selling, general and administrative expenses was 16.6% and 15.4% for the six months ended June 30, 1994 and 1993, respectively. The increase in the selling, general and administrative percentage primarily resulted from a reduction in net sales due to a reduction in Medicare fee schedules, pricing pressures and utilization declines, each of which provided little corresponding reduction in costs.

RESULTS OF OPERATIONS - Continued

Six Months Ended June 30, 1994 compared with Six Months Ended June 30, 1993.

The increase in amortization of intangibles and other assets to $6.5 for the six months ended June 30, 1994 from $4.2 in the corresponding period in 1993 primarily resulted from the acquisition of numerous small laboratory companies during the second half of 1993 and 1994.

Interest expense was $10.5 for the six months ended June 30, 1994 compared with $4.0 for the same period in 1993. The change resulted from increased borrowings used primarily to finance repurchases by the Company of its common stock during 1993 and to finance the acquisition of numerous small laboratory companies during both 1993 and 1994.

The provision for income taxes as percentage of earnings before income taxes was 43.2% and 40.0% for the six months ended June 30, 1994 and 1993, respectively. The change was mainly due to the increase in the U.S. corporate tax rate during 1993 and also was the result of a higher effective rate for both federal and state income taxes.

RESULTS OF OPERATIONS - Continued

Three Months Ended June 30, 1994 compared with Three Months Ended June 30, 1993

Net sales for the three months ended June 30, 1994 were $203.9, an increase of 3.5% from $197.0 reported in the comparable 1993 period. Net sales from the inclusion of Allied since June 23, 1994 increased net sales by approximately $4.4 or 2.2%. Growth in new accounts and numerous acquisitions of small clinical laboratory companies increased net sales by approximately 8.0% and 12.7%, respectively. A price increase, effective on April 1, 1994, increased net sales by approximately 2.5% for the three months ended June 30, 1994. A reduction in Medicare fee schedules from 88% to 84% of the national limitation amounts on January 1, 1994, plus changes in reimbursement policies of various third party payors, reduced net sales by approximately 4.4%. Other factors, including declines in the level of HDL and ferritin testing, price erosion in the industry as a whole and lower utilization of laboratory testing during the first part of 1994 comprised the remaining reduction in net sales.

Cost of sales, which primarily includes laboratory and distribution costs, increased to $136.5 for the three months ended June 30, 1994 from $107.8 in the corresponding 1993 period. Of the $28.7 increase, approximately $18.7 was the result of higher testing volume, approximately $2.4 was due to an increase in phlebotomy staffing to improve client service and meet competitive demand and approximately $2.7 was due to the inclusion of the cost of sales of Allied. The remaining increase resulted mainly from higher compensation and insurance expenses. Cost of sales as a percent of net sales was 66.9% for the three months ended June 30, 1994 and 54.7% in the corresponding 1993 period. The increase in the cost of sales percentage primarily resulted from a reduction in net sales due to a reduction in Medicare fee schedules, pricing pressures and utilization declines, each of which provided little corresponding reduction in costs.

Selling, general and administrative expenses increased to $33.5 for the three months ended June 30, 1994 from $29.8 in the same period in 1993. This was primarily due to expansion of data processing and billing departments due to increased volume and to improve customer service. As a percentage of net sales, selling, general and administrative expenses was 16.4% and 15.1% for the three months ended June 30, 1994 and 1993, respectively. The increase in the selling, general and administrative percentage primarily resulted from a reduction in net sales due to a reduction in Medicare fee schedules, pricing pressures and utilization declines, each of which provided little corresponding reduction in costs.

RESULTS OF OPERATIONS - Continued

Three Months Ended June 30, 1994 compared with Three Months Ended June 30, 1993

The increase in amortization of intangibles and other assets to $3.4 for the three months ended June 30, 1994 from $2.1 in the corresponding period in 1993 primarily resulted from the acquisition of numerous small laboratory companies during the second half of 1993 and 1994.

Interest expense was $6.0 for the three months ended June 30, 1994 compared with $2.4 for the same period in 1993. The change resulted from increased borrowings used primarily to finance repurchases by the Company of its common stock during 1993 and to finance the acquisition of numerous small laboratory companies during both 1993 and 1994.

The provision for income taxes as percentage of earnings before income taxes was 43.1% and 39.9% for the three months ended June 30, 1994 and 1993, respectively. The change was mainly due to the increase in the U.S. corporate tax rate during 1993 and also was the result of a higher effective rate for both federal and state income taxes.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

For the six months ended June 30, 1994, net cash used for operating activities (after payment of settlement and related expenses of $13.4) was $4.9. For the corresponding period in 1993, net cash provided by operating activities (after payment of settlement and related expenses of $36.7) was $49.6. Net cash provided by operations has historically been adequate to provide the working capital necessary for the Company's ongoing operations; however, during the six months ended June 30, 1994, a portion of the Company's existing revolving credit facilities was used to finance its operating activities.

Cash used for capital expenditures was $24.7 and $10.8 for the six months ended June 30, 1994 and 1993, respectively. The Company expects capital expenditures to be approximately $30.0 to $40.0 in 1994 to accommodate expected growth, to further automate laboratory processes, improve efficiency and integrate the Company and Allied.

On May 3, 1994, the Company entered into a definitive agreement to acquire Allied. Pursuant to the agreement, on May 9, 1994, a subsidiary of the Company commenced a cash tender offer for all shares of Allied common stock for $23 per share. The agreement provided that any shares not tendered and purchased in the offer were to be exchanged for $23 per share in cash in a second-step merger. On June 7, 1994, the Company entered into an agreement whereby the price

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES - Continued

payable in such cash tender offer and such second-step merger was reduced to $21.50 per share. A subsidiary of the Company acquired Allied as a wholly owned subsidiary on June 23, 1994, for approximately $191.5 in cash plus the assumption of $24.0 of Allied indebtedness.

The Company acquired seven small laboratory companies during the six months ended June 30, 1994 for an aggregate amount of $36.5 in cash and the recognition of $14.7 of liabilities. During the corresponding period in 1993, the Company acquired five laboratory companies for a total of $13.3 in cash and the recognition of $2.7 of liabilities.

On June 21, 1994, Intermediate Holdings II entered into the Credit Agreement dated as of such date, with the banks named therein, Citicorp USA, Inc., as administrative agent, and certain co-agents named therein, which made available to Intermediate Holdings II the Term Facility of $400.0 and the Revolving Credit Facility of $350.0. The Bank Facility provided funds for the acquisition of Allied, for the refinancing of certain existing debt of Allied and NHLI, to pay related fees and expenses and for general corporate purposes of Intermediate Holdings II and its subsidiaries, in each case subject to the terms and conditions set forth therein.

The Credit Agreement provides that the Banks and the Bank Agent will receive from Intermediate Holdings II customary facility and administrative agent fees, respectively. Intermediate Holdings II will pay a commitment fee on the average daily unused portion of the Bank Facility of 0.5% per annum, subject to a reduction to 0.375% per annum if certain financial tests are met. Availability of funds under the Bank Facility is conditioned on certain customary conditions, and the Credit Agreement contains customary representations, warranties, covenants and events of default.

The Revolving Credit Facility matures in June 1999, with semi-annual reductions of availability of $50.0, commencing in December 1997. The Term Facility matures in December 2000, with repayments in each quarter prior to maturity based on a specified amortization schedule. The Bank Facility bears interest, at the option of Intermediate Holdings II, at (i) Citibank, N.A.'s Base Rate (as defined in the Credit Agreement), plus a margin of up to 0.75% per annum, based upon variations in certain financial tests or (ii) the Eurodollar rate for one, two, three or six month interest periods (as selected by Intermediate Holdings II), plus a margin varying between 1.25% and 2.00% per annum based upon the Company's financial performance.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES - Continued

The Bank Facility is guaranteed by Intermediate Holdings I and certain subsidiaries of Intermediate Holdings II and is secured by pledges of stock and other assets of Intermediate Holdings II and its subsidiaries.

On June 21, 1994, $400.0 available under the Term Facility was borrowed by Intermediate Holdings II and loaned to NHLI and was used by NHLI to repay in full its existing revolving credit facilities and for working capital and general corporate purposes. On June 23, 1994, Intermediate Holdings II borrowed $185.0 of the amount available under the Revolving Credit Facility to consummate the Allied acquisition.

In connection with the Allied Acquisition, the Company announced that it will terminate its current 10 million share repurchase program, under which 7,795,800 common shares have been repurchased, and will establish a new $50.0 stock repurchase program through which the Company will acquire additional shares of the Company's common stock from time to time in the open market.

During the six months ended June 30, 1993, the Company purchased 5,538,800 of its outstanding shares of common stock for an aggregate amount of $94.7. The purchase was financed by borrowings under the revolving credit facilities in existence at such time and cash on hand. In connection with the corporate reorganization on June 7, 1994, all of the 14,603,800 treasury shares held by NHLI were cancelled. As a result, the $286.1 value assigned to such treasury shares was eliminated with corresponding decreases in the par value, additional paid-in capital and retained earnings accounts of $0.2, $72.3 and $213.6, respectively.

The Company announced, also in connection with the Allied Acquisition, that it is discontinuing its dividend payments for the foreseeable future in order to increase its flexibility with respect to both its acquisition strategy and stock repurchase plan.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In September 1993, as discussed in the Company's most recent Annual Report on Form 10-K, the Company was served with a subpoena issued by the Office of Inspector General of the United States Department of Health and Human Services (the "OIG") concerning the Company's regulatory compliance procedures. The Company has provided documents to the OIG in response to the subpoena and continues to be in contact with the OIG through its outside attorneys.

The Company has learned of the existence of a qui tam suit which was recently unsealed regarding Allied's facility in Cincinnati. As previously disclosed, Allied was contacted in April 1994 by the federal government in connection with Medicare claims administration at its Ohio laboratory prior to the acquisition of Allied by the Company.

The Company has been cooperating fully with the government to resolve its concerns and will continue to do so.

PART II - OTHER INFORMATION, Continued

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of Shareholders was held on June 7, 1994.

(b) The matters voted upon were the election of directors, the approval and adoption of the 1994 Stock Option Plan, the proposed corporate reorganization (see "Note 4"), and the ratification of the selection of KPMG Peat Marwick as the Company's independent auditors for 1994.

All of the current and nominated directors of the Company were reelected, the corporate reorganization was approved, the 1994 Stock Option Plan was approved and adopted, and the selection of KPMG Peat Marwick was ratified. The results of the vote were as follows:

Topic	Votes For	Votes Against	Votes Abstained	Unvoted
Corporate reorganization:	71,888,434	139,985	105,102	1
Election of the members of the board of directors:				
Ronald O. Perelman	71,998,257	135,265	0	0
Saul J. Farber, M.D.	71,997,457	136,065	0	0
Howard Gittis	71,998,357	135,165	0	0
Ann Dibble Jordan	71,997,757	135,765	0	0
James R. Maher	71,998,357	135,165	0	0
David J. Mahoney	71,997,557	135,965	0	0
Paul A. Marks, M.D.	71,998,357	135,165	0	0
Linda Gosden Robinson	71,997,757	135,765	0	0
Samuel O. Thier, M.D.	71,997,757	135,765	0	0
Approval of the selection of KPMG Peat Marwick as the Company's independent auditors for the fiscal year 1994:	71,763,187	288,032	82,303	0
Approval and adoption of the 1994 Stock Option Plan:	68,779,312	2,784,201	399,932	170,077

PART II - OTHER INFORMATION, Continued

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27 - Financial Data Schedule (electronically filed version only)

(b) Reports on Form 8-K

A report on Form 8-K dated June 23, 1994 was filed on July 7, 1994 in connection with the Allied Acquisition. The Form 8-K incorporated by reference the historical financial statements included in Allied's Annual Report on Form 10-K for the year ended December 31, 1993 and Allied's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994. The Form 8-K also included unaudited pro forma financial data of the Company.

S I G N A T U R E S

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.

NATIONAL HEALTH LABORATORIES HOLDINGS INC.
Registrant

By:/s/ David C. Flaugh

David C. Flaugh
Senior Executive Vice President
and Chief Operating Officer
(Acting Principal Financial and
Accounting Officer)

Date: August 15, 1994

INDEX TO EXHIBITS

Exhibit No.	
27	Financial Data Schedule (electronically filed version only)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES CONSOLIDATED CONDENSED BALANCE SHEETS AND STATEMENT OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000920148
NATIONAL HEALTH LABORATORIES HOLDINGS INC. AND SUBSIDIARIES
1,000

6-MOS
DEC-31-1994
JUN-30-1994
27,100
0
215,700
17,500
0
305,300
217,600
84,000
1,016,700
196,500
0
800
0
0
155,000
1,016,700
388,900
388,900
268,800
268,800
71,000
0
10,500
39,100
16,900
22,200
0
0
0
22,200
.26
.26