UNITED STATES
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

Date of Report (Date of earliest event reported): **August 25, 2014**

MEDICAL TRANSCRIPTION BILLING, CORP.
(Exact name of registrant as specified in its charter)

Delaware	333-192989	22-3832302
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

7 Clyde Road, Somerset, New Jersey, 08873
(Address of principal executive offices, zip code)

(732) 873-5133
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired

The financial statements of Omni Medical Billing Services, LLC which was acquired on July 28, 2014 is filed as Exhibit 99.1 to this Form 8-K and incorporated herein by this reference.

The financial statements of Practicare Medical Management, Inc. which was acquired on July 28, 2014 is filed as Exhibit 99.2 to this Form 8-K and incorporated herein by this reference.

The financial statements of Tekhealth Services, Inc., Professional Accounts Management, Inc.,
and Practice Development Strategies, Inc. which was acquired on July 28, 2014 is filed as Exhibit 99.3 to this Form 8-K and incorporated herein by this reference.

(b) Pro forma financial information

The pro forma financial information, with respect to the acquisitions of Metro Medical Management Services, Inc., Omni Medical Billing Services, LLC,Practicare Medical Management, Inc. and the subsidiaries of CastleRock Solutions, Inc., is filed as Exhibit 99.4 to this Form 8-K and incorporated herein by this reference.

(d) Exhibits.

Exhibit No.	*Description*
99.1	Financial statements of Omni Medical Billing Services, LLC, filed herewith.
99.2	Financial statements of Practicare Medical Management, Inc., filed herewith.
99.3	Financial statements of Tekhealth Services, Inc., Professional Accounts Management, Inc. and Practice Development Strategies, Inc., filed herewith.
99.4	Pro forma financial information, with respect to the acquisitions of Metro Medical Management Services, Inc., Omni Medical Billing Services, LLC, Practicare Medical Management, Inc. and the subsidiaries of CastleRock Solutions, Inc., filed herewith

SIGNATURE(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, hereunto duly authorized.

Medical Transcription Billing, Corp.
(Registrant)

Date: August 28, 2014

By: /s/ Mahmud Haq
Mahmud Haq
Chairman of the Board and Chief Executive Officer

Exhibit 99.1

Omni Medical Billing Services, LLC
Consolidated Balance Sheet (Unaudited)

		June 30, 2014
Assets		
Current Assets		
Cash	$	265,971
Accounts receivable, net of allowance for doubtful accounts of $394,307		1,364,483
Prepaid expenses		29,437
Other current assets		370
Total Current Assets		1,660,261
Buildings and other depreciable assets		751,986
Accumulated depreciation		(626,363)
Net Fixed Assets		125,623
Other Assets		
Security Deposit		23,731
Goodwill		1,689,513
Intangibles, net of amortization		1,278,835
Total Other Assets		2,992,079
Total Assets	$	4,777,963
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable-current	$	526,069
Credit cards and accounts payable		223,572
Other current liabilities		200,897
Total Current Liabilities		950,538
Long Term Liabilities		
Notes payable		50,000
Total Long Term Liabilities		50,000
Total Liabilities		1,000,538
Members' Equity		3,777,425
Total Members' Equity		3,777,425
Total Liabilities and Members' Equity	$	4,777,963

See notes to the consolidated financial statements.

Omni Medical Billing Services, LLC
Consolidated Statements of Operations and Members' Equity (Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014		2013		2014		2013	
Net Revenue	$	2,878,584	$	2,930,719	$	5,599,872	$	5,639,618
Operating Expenses								
Direct operating costs		1,441,901		1,465,480		2,970,497		3,187,047
Direct operating costs-related parties		282,337		431,306		559,422		650,234
Selling, general and administrative		617,225		701,719		1,263,495		1,266,781
Depreciation and amortization		224,870		236,846		448,616		473,693
Operating Income		312,251		95,368		357,842		61,863
Other Income (Expense)								
Other income		9,278		6,939		21,784		20,327
Interest expense		(4,281)		(4,590)		(7,079)		(18,413)
Total Other Income		4,997		2,349		14,705		1,914
Income Before Income Taxes		317,248		97,717		372,547		63,777
Income Tax Expense		-		-		-		-
Net Income	$	317,248	$	97,717	$	372,547	$	63,777
Members' Equity, Beginning of Period	$	3,723,845	$	3,786,553	$	3,727,184	$	3,879,766
Net Income		317,248		97,717		372,547		63,777
Contributions		31,301		8,823		289,816		52,453
Distributions		(294,969)		(122,853)		(612,122)		(225,756)
Members' Equity, End of Period	$	3,777,425	$	3,770,240	$	3,777,425	$	3,770,240

See notes to the consolidated financial statements.

Omni Medical Billing Services, LLC
Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash Flows from Operating Activities		
Net Income	$ 372,547	$ 63,777
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	448,616	473,693
Allowance for doubtful accounts	(308)	-
(Increase) Decrease in Assets:		
Accounts receivable	23,178	61,299
Other assets	509	(20,907)
(Decrease) Increase in Liabilities:		
Accounts payable and accrued expenses	33,869	(117,125)
Net Cash Provided by Operating Activities	878,411	460,737
Cash Flows from Investing Activities		
Capital expenditures	(20,218)	-
Net cash used in investing activities	(20,218)	-
Cash Flows from Financing Activities		
Principle payments on notes payable	(417,058)	(412,152)
Proceeds from Members' contributions	289,816	52,453
Capital distributions	(612,122)	(225,756)
Net Cash Used In Financing Activities	(739,364)	(585,455)
Net (Decrease) Increase in Cash and Cash Equivalents	118,829	(124,718)
Cash and Cash Equivalents at Beginning of Period	147,142	291,286
Cash and Cash Equivalents at End of Period	$ 265,971	$ 166,568
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest	$ 7,079	$ 18,413

See notes to the consolidated financial statements.

Omni Medical Billing Services, LLC
Notes to the Consolidated Financial Statements (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Omni Medical Billing Services, LLC, (the ‘‘Company’’) through its wholly owned subsidiaries provide medical billing services for health care providers.

During 2012, the Company’s subsidiaries were originally owned by Customer Focus, LLC, a commonly controlled entity, and then restructured on March 4, 2012 into a Delaware limited liability company. The Company’s subsidiaries are located in Maine, New York, Georgia, and California.

Principles of Consolidation

The consolidated financial statements include the accounts of Laboratory Billing Service Providers, LLC, (LBSP) a Maine limited liability company and a wholly owned subsidiary of the Company, Medical Data Resources Providers, LLC, (MDRP) a New York limited liability company and a wholly owned subsidiary of the Company, Medical Billing Resources Providers, LLC, (MBRP) a Georgia limited liability company and a wholly owned subsidiary of the Company, and Primary Billing Services Providers, Inc., (PBSP) a California S corporation and a wholly owned subsidiary of the Company. The Company has no intercompany accounts requiring elimination in consolidation. The Company operates exclusively through its wholly owned subsidiaries.

Use of Estimates

The preparation of the Company’s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Company sells its services to customers on an open credit basis. Accounts receivable are uncollateralized, non-interest bearing customer obligations. Accounts receivable are due within 30 days unless specifically negotiated in the customers contract. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible or establishes an allowance for doubtful accounts, based on factors surrounding the credit risk of specific customers, historical trends and other information. This estimate is based on reviews of all balances in excess of 90 days from the invoice date.

Direct Operating Costs

Direct operating costs consist primarily of salaries and benefits related to personnel who provide services to clients, claims processing costs, and other direct costs related to the Company’s services. Costs associated with the implementation of new clients are expensed as incurred. The reported amounts of direct operating expenses do not include allocated amounts for rent and overhead costs, which have been included within general and administrative costs, and depreciation and amortization, which are broken out separately in the consolidated statements of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost. It is the Company's policy to capitalize property and equipment over $5,000. Lesser amounts are expensed. Property and equipment is capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs that do not improve or extend the lives of furniture and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of operations and retained earnings.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. If the sum of expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, the Company will recognize an impairment loss based on the fair value of the asset. Assets to be disposed of are not expected to provide any future service potential to the Company and are recorded at the lower of the carrying amount or fair value, less cost to sell. There was no impairment of long-lived assets for the period ended June 30, 2014 and 2013.

Intangible Assets

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. The Company did not recognize any impairment to intangible assets during the period ended June 30, 2014 and 2013.

Revenue Recognition

The Company recognizes revenue as its services are rendered. The Company generally renders billings to its client healthcare providers upon collection of the related client accounts receivable. The Company has arrangements with certain clients to bill per procedure as claims are submitted for reimbursement from patients or third-party payers. For collection-based contracts, revenue is recognized based on the collections from billings rendered for physician clients. The collections are then multiplied by the percentage fee that the Company charges for its services to compute the appropriate revenue. For per-procedure contracts, revenue is recognized upon submission of clients' claims.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the six months ended June 30, 2014 and 2013 was $2,633 and $7,857, respectively.

Income Taxes

The Company is a limited liability company. Accordingly, under the Internal Revenue Code, all taxable income or loss flows through to its members. Therefore, no income tax expense or liability is recorded in the accompanying financial statements.

Uncertain Tax Positions

The Company is a limited liability company. Accordingly, under the Internal Revenue Code, all taxable income or loss flows through to its members. Therefore, no income tax expense or liability is recorded in the accompanying financial statements.

Uncertain Tax Positions — Open Tax

Per FASB ASC 740-10, disclosure is not required of an uncertain tax position unless it is considered probable that a claim will be asserted and there is a more-likely-than-not possibility that the outcome will be unfavorable. Using this guidance, as of June 30, 2014 and 2013, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company's 2013, 2012, 2011 and 2010 Federal and State tax returns remain subject to examination by their respective taxing authorities. Neither of the Company's Federal or State tax returns are currently under examination.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Combinations

The Company accounts for business combinations under the provisions of Accounting Standards Codification 805-10, Business Combinations (ASC 805-10), which requires that the acquisition method of accounting be used for all business combinations. Assets acquired and liabilities assumed, including non-controlling interests, are recorded at the date of acquisition at their respective fair values. ASC 805-10 also specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported apart from goodwill. Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. Acquisition-related expenses are recognized separately from the business combinations and are expensed as incurred.

Subsequent Events Evaluation Date

The Company evaluated the events and transactions subsequent to its June 30, 2014 balance sheet date and, in accordance with FASB ASC 855-10-50, "*Subsequent Events*," determined there were significant events to report through August 20, 2014, which is the date the financial statements were issued. See Note 11 – Subsequent Event footnote for further details.

NOTE 2 - CONCENTRATIONS OF BUSINESS AND CREDIT RISK

At times throughout the year, the Company may maintain certain bank accounts in excess of FDIC insured limits.

NOTE 3 - INTANGIBLE ASSETS.

Following is a summary of non-goodwill intangibles as of June 30, 2014:

	June 30, 2014	
	Gross Amount	Accumulated Amortization
Customer Lists	$ 4,533,757	3,353,496
Non-compete Covenants	1,039,197	940,623
Total	$ 5,572,954	$ 4,294,119

Amortization expense was $408,326 and $434,526 for the period ended June 30, 2014 and 2013, respectively.

Future amortization expense is as follows:

	Estimated Amortization Expense
2014 (Remaining)	$ 378,260
2015	467,495
2016	273,524
2017	159,556
	$ 1,278,835

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

As of June 30, 2014 and 2013, the carrying amounts of cash, receivables, and account payable and accrued expenses approximated their estimated fair values because of their short-term nature of these financial instruments.

Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt which approximates its carrying value.

Omni Medical Billing Services, LLC
Notes to the Consolidated Financial Statements (Unaudited)

NOTE 5 - FIXED ASSETS

Fixed assets as of June 30, 2014 consist of the following:

		2014
Furniture & Equipment	$	751,986
Less accumulated depreciation		(626,363)
Total	$	125,623

Depreciation expense was $40,290 and $39,167 for the six months ended June 30, 2014 and 2013, respectively.

NOTE 6 - NOTES PAYABLE

Notes payable debt consisted of the following as of June 30, 2014:

		2014
Promissory Note, Seller Financing interest at 6% per annum payable in 84 monthly installments of $14,609 through October 1, 2014.	$	43,391
Promissory Note, Seller Financing interest at 2.5% per annum payable in 48 monthly installments of $15,310 through December 15, 2014.		91,339
Promissory Note, Seller Financing interest at 2.5% per annum payable in 48 monthly installments of $15,310 through December 15, 2014.		91,339
Promissory Note, Seller Financing non-interest bearing payable in 36 monthly installments of $25,000 through September 30, 2015.		350,000
		576,069
Less current maturities		(526,069)
Long Term Debt	$	50,000

Notes payable are personally guaranteed by the CEO of Customer Focus, LLC.

Maturities of notes payable are as follows:

2014 (Remaining)	$	376,069
2015		200,000
	$	576,069

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company utilizes a medical billing outsourcing division of Customer Focus, LLC is under common control by the same members of the Company. Related party expenses were $559,422 and $650,234 during the six months ended June 30, 2014 and 2013, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Company has entered into non-cancellable operating leases for office space in New York, NY, Torrance, CA, Macon, GA, Nesconset, NY and Saco ME. Rental expense under operating lease agreements was $190,841 and $256,631 for the six months ended June 30, 2014 and 2013.

The following is a schedule of future minimum rental payments (exclusive of common area charges) required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2014.

2014 (Remaining)	$	123,492
2015		178,000
2016		150,000
	$	451,492

NOTE 10- LEGAL PROCEEDINGS

In the normal course of operations, the Company is periodically involved in litigation. In the opinion of management, the resolution of such matters would not have a material effect on the Company' consolidated financial position or results of operations.

NOTE 11- SUBSEQUENT EVENTS

In August 2013, the Company signed Asset Purchase Agreements to sell customer list, furniture, office equipment and other current assets to Medical Transcription Billing, CORP. This sale was closed concurrently with the IPO of Medical Transcription Billing, CORP on July 28, 2014.

The selling price of these assets was $10.5 million, of which approximately $6.6million was paid in cash and approximately $4.0 million was paid through the issuance of the Company's common stock, less a fair value adjustment of approximately $106,000 to account for possible sale price adjustments after one year of IPO.

Exhibit 99.2

Practicare Medical Management, Inc.
Balance Sheet
(Unaudited)

	June 30, 2014
Assets	
Current Assets	
Cash and equivalents	$ 166,715
Accounts receivable, net of allowance for doubtful accounts of $96,054	608,799
Other receivable, related party	1,428
Other current assets	42,287
Total Current Assets	819,229
Fixed Assets	
Software	878,107
Computer and office equipment	1,511,564
Furniture and fixtures	210,099
Leasehold improvements	42,434
Vehicles	91,775
Less: accumulated depreciation and amortization	(2,664,023)
Net Property and Equipment	69,956
Other Assets	
Intangible assets net of accumulated amortization of $150,000	-
Other assets	23,985
Total Other Assets	23,985
Total Assets	$ 913,170
Liabilities and Stockholders' Equity	
Current Liabilities	
Line of credit	$ 61,794
Accounts payable	176,094
Accrued expenses	126,454
Total Current Liabilities	364,342
Commitments & contingencies	
Stockholders' Equity	
Common Stock (no par value, 200 shares authorized, 134.68 issued, 134.68 outstanding)	538,619
Retained earnings	10,209
Total Stockholders' Equity	548,828
Total Liabilities and Stockholders' Equity	$ 913,170

See notes to the financial statements.

Practicare Medical Management, Inc.
Statements of Operations and Retained Earnings
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenue	$ 1,071,179	$ 1,222,392	$ 2,062,565	$ 2,485,957
Operating Expenses				
Direct operating costs	821,226	944,266	1,659,824	2,039,493
Direct operating costs, related parties	49,045	49,871	98,739	102,754
Selling, general and administrative	181,042	145,947	367,499	354,516
Selling, general and administrative, related parties	87,545	111,881	197,646	217,379
Operating Loss	(67,679)	(29,573)	(261,143)	(228,185)
Other Income (Expense)				
Other income	45	231	82	385
Interest expense	(457)	(474)	(874)	(999)
Total Other Income	(412)	(243)	(792)	(614)
Net Loss	$ (68,091)	$ (29,816)	$ (261,935)	$ (228,799)
Retained Earnings, Beginning of Period	78,300	490,813	272,144	689,796
Retained Earnings, End of Period	$ 10,209	$ 460,997	$ 10,209	$ 460,997

See notes to the financial statements.

Practicare Medical Management, Inc.
Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash Flows from Operating Activities		
Net Loss	$ (261,935)	$ (228,799)
Adjustment to Reconcile Net Loss to Net Cash Used In Operating Activities:		
Depreciation and amortization	16,196	37,693
Allowance for doubtful accounts	4,630	(24,115)
(Increase) Decrease in Assets:		
Accounts receivable	(36,593)	132,939
Other current assets	(3,500)	-
Increase (Decrease) in Liabilities:		
Accounts payable	158,344	31,773
Accrued expenses	2,744	(56,260)
Net Cash Used In Operating Activities	(120,114)	(106,769)
Cash Flows from Investing Activities		
Cash paid for fixed assets	(2,894)	-
Net Cash Used In Investing Activities	(2,894)	-
Cash Flows from Financing Activities		
Payments on line of credit	(5,500)	(11,000)
Net Cash Used In Financing Activities	(5,500)	(11,000)
Net Decrease in Cash and Cash Equivalents	(128,508)	(117,769)
Cash and Cash Equivalents at Beginning of Period	295,223	440,074
Cash and Cash Equivalents at End of Period	$ 166,715	$ 322,305
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest	$ 874	$ 999
Income taxes	$ -	$ -

See notes to the financial statements.

Practicare Medical Management, Inc.
Notes to the Financial Statements
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Practicare Medical Management, Inc. ("Company") is a New York corporation engaged in the business of providing medical billing and practice management services to physicians and physician groups. The Company operates in various locations throughout New York State. The Company is a wholly owned subsidiary of Ultimate Medical Management, Inc.

Use of Estimates

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company sells its services to customers on an open credit basis. Accounts receivable are uncollateralized, non-interest-bearing customer obligations. Accounts receivable are due within 30 days unless specifically negotiated in the customers contract. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible or establishes an allowance for doubtful accounts, based on factors surrounding the credit risk of specific customers, historical trends and other information. This estimate is based on reviews of all balances in excess of 90 days from the invoice date.

Fixed Assets

The cost of fixed assets is depreciated using the straight-line method based on the useful lives of the assets: three years for software, three to five years for computer and office equipment, five years for vehicles, seven years for furniture and fixtures and the remaining lease life for leasehold improvements.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses approximate fair value because of the current maturity of these items.

Impairment of Long-Lived Assets

We review our long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset might not be recoverable. An impairment loss, measured as the amount by which the carrying value exceeds the fair value, is triggered if the carrying amount exceeds estimated undiscounted future cash flows. Actual results could differ significantly from these estimates, which would result in additional impairment losses or losses on disposal of the assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Company recognizes revenue as its services are rendered. The Company generally renders billings to its client healthcare providers upon collection of the related client accounts receivable. The Company has arrangements with certain clients to bill per procedure as claims are submitted for reimbursement from patients or third-party payers. For collection-based contracts, revenue is recognized based on the collections from billings rendered for physician clients. The collections are then multiplied by the percentage fee that the Company charges for its services to compute the appropriate revenue. For per-procedure contracts, revenue is recognized upon submission of clients' claims.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the three months ended June 30, 2014 and 2013 was $1,575 and $2,572, respectively. Advertising expense for the six months ended June 30, 2014 and 2013 was $5,810 and $2,824, respectively.

Income Taxes

The Company has elected with Federal and New York State taxing authorities to be treated as an S corporation. As such, all taxable income or loss of the Company is reportable on the individual income tax returns of the Company's stockholders.

Uncertain Tax Positions

Per FASB ASC 740-10, disclosure is not required of an uncertain tax position unless it is considered probable that a claim will be asserted and there is a more-likely-than-not possibility that the outcome will be unfavorable. Using this guidance, as of June 30, 2014, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company's 2011, 2012 and 2013 Federal and State tax returns remain subject to examination by their respective taxing authorities. Neither of the Company's Federal or State tax returns are currently under examination.

Subsequent Events Evaluation Date

The Company evaluated the events and transactions subsequent to its June 30, 2014 balance sheet date and, in accordance with FASB ASC 855-10-50, "*Subsequent Events*," determined there were significant events to report through August 20, 2014, which is the date the financial statements were issued. See Note 9 – Subsequent Event footnote for further details.

NOTE 2- GOING CONCERN AND MANAGEMENT'S PLANS

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles which contemplate continuation of the Company as a going concern. However, the Company has suffered the loss of significant customers and was unable to meet the debt covenants required by the bank pertaining to the Company's line of credit. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its ability to substantially reduce costs and obtain a purchaser to acquire its current contracts. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - CONCENTRATIONS OF BUSINESS AND CREDIT RISK

At times throughout the year, the Company may maintain certain bank accounts in excess of FDIC insured limits of $250,000.

For the three months ended June 30, 2014 and 2013 the Company had three and two customers that represented approximately 37% and 16% of sales, respectively. For the six months ended June 30, 2014 and 2013 the Company had three and two customers that represented approximately 34% and 16% of sales, respectively. The Company had a total of $136,857 and $68,957 in accounts receivable from these customers as of June 30, 2014 and 2013, respectively.

NOTE 4 - INTANGIBLE ASSETS

Intangible assets consist of the following:

	Weighted Average Amortization Period (Years)	June 30, 2014	Accumulated Amortization
Non-compete agreement	3	$ 15,000	$ (15,000)
Customer lists	3	135,000	(135,000)
		150,000	$ (150,000)
Less accumulated amortization		(150,000)	
		$ -	

NOTE 5 - LINE OF CREDIT

The Company and its parent have an unsecured $400,000 line of credit available with a bank collateralized by the assets of the Company. The annual interest rate for the line of credit is the bank's prime rate. The Bank requires the Company to meet certain financial performance covenants annually. For the period ended June 30, 2014, the Company had not met its debt covenants. The lenders may demand repayment of the line of credit, but no such demand has been made.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company leases office space to a company owned partially by its President. Income under this agreement totaled $750 and $750 for three months ended June 30, 2014 and 2013, respectively, and $1,500 and $1,500 for six months ended June 30, 2014 and 2013, respectively.

The Company outsources services to Practicare International ("International"), an affiliate organized in Poland. International is engaged in the business of data entry on behalf of the Company. For the three months ended June 30, 2014 and 2013 the Company paid International $51,500 and $52,500, respectively. For the six months ended June 30, 2014 and 2013 the Company paid International $103,500 and $109,000, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company leases certain office space and equipment under leases which have been classified as operating leases.

The Company leases its principal office space in Liverpool, New York from 1914 Teall Avenue Associates under an agreement expiring in June 2017. The Partnership is partially owned by certain stockholders of the parent Company. The current monthly base rent is $28,438.

The Company leases office space in Vestal, New York from WSKG Public Telecommunications Council. Beginning September 1, 2010 the lease automatically renews annually for five terms unless cancelled. The current monthly base rent is $4,780.

The Company leases office space in Clifton Springs, New York from Clifton Springs Hospital & Clinic. The lease term is for one year, expiring on January 31, 2011. Beginning February 1, 2011 the lease automatically renews annually unless cancelled. The current monthly base rent is $297.

The Company leases office space in Bayshore, New York from Global Team L.I. II, LLC. The lease term is for three years, expiring on January 31, 2014. The base rent is $19,980 in year one and increases 3% in years two and three.

The Company has month-to-month lease agreements for office space in various satellite locations.

The Company leases equipment in Clifton Springs, New York from Pitney Bowes. The lease term is for 51 months, expiring on August 9, 2015. The base rent is $254 per quarter.

The Company leases equipment in Liverpool, New York from Pitney Bowes. The lease term is for 63 months, expiring on February 28, 2018. The base rent is $1,377 per month.

Rental lease payments for the three months ended June 30, 2014 and 2013 were $106,070 and $113,225, respectively, and the six months ended June 30, 2014 and 2013 were $214,250 and $225,829, respectively.

The following is a schedule of future minimum rental payments (exclusive of common area charges) required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014.

Future Minimum Lease Payments		
Year Ending December 31,		
2014	$	208,639
2015		400,676
2016		367,149
2017		192,774
2018		2,754
	$	1,171,992

Practicare Medical Management, Inc.
Notes to the Financial Statements
(Unaudited)

NOTE 8 - RETIREMENT PLAN

The Company offers substantially all employees the opportunity to participate in a 401(k) profit sharing plan ("the Plan"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Employees may elect to defer the maximum percentage of their compensation allowed by law and may select a number of available investment options. All contributions by the Company are at the discretion of management. Management elected to match 66-2/3% of participant elected deferrals up to a maximum of 4% of participant compensation for 2014 and 2013. The Company's contributions totaled $16,849 and $17,394 for the three months ended June 30, 2014 and 2013, respectively and $32,994 and $38,147 for the six months ended June 30, 2014 and 2013, respectively.

NOTE 9 – SUBSEQUENT EVENT

In August 2013, the Company signed an Asset Purchase Agreement to sell its customer list, software, computer and office equipment, furniture and fixtures, vehicles and other current assets to Medical Transcription Billing, Corp. This sale was closed concurrently with the IPO of Medical Transcription Billing, Corp. on July 28, 2014.

The selling price of these assets was $3.4 million, of which approximately $2.4 million was paid in cash and approximately $1.1 million was paid through the issuance of the Company's common stock, less a fair value adjustment of approximately $177,000 to account for possible sale price adjustments after one year of IPO.

Exhibit 99.3

Tekhealth Services, Inc., Professional Accounts Management, Inc.,
and Practice Development Strategies, Inc.
Combined Balance Sheet

	Unaudited June 30 2014
Assets	
Current Assets	
Cash and equivalents	$ 330,810
Accounts receivable, net of allowance for doubtful accounts of $90,600	808,948
Other current assets	13,100
Total Current Assets	1,152,858
Fixed Assets	
Computer and office equipment	368,063
Furniture and fixtures	1,500
Less: accumulated depreciation and amortization	359,753
Net Property and Equipment	9,810
Other Assets	
Intangible assets net of accumulated amortization of $590,996	251,766
Goodwill	329,065
Other assets	21,233
Total Other Assets	602,064
Total Assets	$ 1,764,732
Liabilities and Stockholders' Equity	
Current Liabilities	
Notes payable	$ 34,648
Related party loans	330,000
Accounts payable and accrued expenses	427,207
Total Current Liabilities	791,855
Long Term Liabilities	
Notes payable	2,052
Total Long Term Liabilities	2,052
Total Liabilities	793,907
Commitments and Contingencies	
Stockholders' Equity	
Common Stock	10,150
Additional paid-in-capital	1,125,460
Retained earnings (Deficit)	(155,788)
Total equity of combined company	979,822
Noncontrolling Interest in Combined Subsidiary	(8,997)
Total Equity	970,825
Total Liabilities and Equity	$ 1,764,732

See notes to the combined financial statements.

Tekhealth Services, Inc., Professional Accounts Management, Inc., and Practice Development Strategies, Inc.
Combined Statements of Operations and Retained Earnings (Unaudited)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months ended June 30, 2014	Six Months ended June 30, 2013
Net Revenue	$ 1,198,817	$ 1,024,710	$ 2,401,926	$ 2,150,944
Operating Expenses				
Direct operating costs	367,594	317,626	619,065	675,314
Selling general and administrative	802,497	724,341	1,642,885	1,544,451
Depreciation and amortization	45,914	47,016	91,827	94,989
Operating Income (Loss)	(17,188)	(64,273)	48,149	(163,810)
Other Income (Expense)				
Other income - related party	-	-	20,000	-
Interest expense	(8,188)	(9,551)	(18,338)	(22,521)
Total Other Expense	(8,188)	(9,551)	1,662	(22,521)
Income (Loss) Before Income Taxes	(25,376)	(73,824)	49,811	(186,331)
Provision for Income Tax Expense	-	-	-	-
Net Income (Loss)	(25,376)	(73,824)	49,811	(186,331)
(Income) Loss attributable to Noncontrolling Interest - Physicians Development Strategies, Inc.	(45,000)	2,000	(41,000)	24,000
Net Income (Loss) Attributable to Combined Company	(70,376)	(71,824)	8,811	(162,331)
Retained Earnings (Deficit), Beginning of Period	(85,412)	(303,357)	(164,599)	(216,850)
Retained Earnings (Deficit), End of Period	$ (155,788)	$ (379,181)	$ (155,788)	$ (379,181)

See notes to the combined financial statements.

Tekhealth Services, Inc., Professional Accounts Management, Inc.,
and Practice Development Strategies, Inc
Combined Statements of Cash Flows (Unaudited)

	Six Months Ended	
	June 30, 2014	June 30, 2013
Cash Flows from Operating Activities		
Net Income (Loss)	$ 49,811	$ (186,331)
Adjustment to Reconcile Net Income (Loss) to Net Cash Provided by By Operating Activities:		
Depreciation and amortization	91,827	94,989
Bad debt expense	-	-
(Increase) Decrease in Assets:		
Accounts receivable	(57,940)	(85,553)
Other current assets	-	(36,349)
Increase (Decrease) in Liabilities:		
Accounts payable and accrued expenses	(339,945)	(160,377)
Net Cash Used in Operating Activities	(256,247)	(373,621)
Cash Flows from Investing Activities		
Cash paid for fixed assets	(647)	(2,230)
Net Cash Used in investing Activities	(647)	(2,230)
Cash Flows from Financing Activities		
Payments on notes payable	(32,428)	(109,023)
Repayment on related party loans	(42,000)	-
Capital contributions	-	62,500
Net Cash Used in Financing Activities	(74,428)	(46,523)
Net Increase in Cash and Cash Equivalents	(331,322)	(422,374)
Cash and Cash Equivalents at Beginning of Period	662,132	527,069
Cash and Cash Equivalents at End of Period	$ 330,810	$ 104,695
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest	$ 18,338	$ 22,501
Income taxes	$ -	$ -

See notes to the combined financial statements.

Tekhealth Services, Inc., Professional Accounts Management, Inc.,
and Practice Development Strategies, Inc
Notes to the Combined Financial Statements (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Tekhealth Services, Inc., Professional Accounts Management, Inc., and Practice Development Strategies, Inc ("Company") are California based corporations owned by CastleRock Solutions, Inc., a holding company ("Parent Company"). The Company is engaged in the business of providing medical billing and practice management services to physicians and physician groups. The Company operates in various locations throughout California.

Principles of Consolidation

The Combined financial statements include the accounts of TekHealth Services, Inc., Professional Accounts Management, Inc., and Practice Development Strategies, Inc. (“Company”). Noncontrolling interest amounts relating to Practice Development Strategies, Inc., are included within the "Noncontrolling interest in the combined subsidiary" captions in its Combined Balance Sheet and within the "Noncontrolling interests" caption in its Combined Statements of Operations. All intercompany balances have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Company sells its services to customers on an open credit basis. Accounts receivable are uncollateralized, non-interest-bearing customer obligations. Accounts receivable are due within 30 days unless specifically negotiated in the customers contract. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible or establishes an allowance for doubtful accounts, based on factors surrounding the credit risk of specific customers, historical trends and other information. This estimate is based on reviews of all balances in excess of 90 days from the invoice date.

Fixed Assets

The cost of fixed assets is depreciated using the straight-line method based on the useful lives of the assets: three years for software, three to five years for computer and office equipment, five years for vehicles, seven years for furniture and fixtures and the remaining lease life for leasehold improvements.

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses approximate fair value because of the current maturity of these items.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable, we compare the carrying amount of the asset group to future undiscounted net cash flows expected to be generated by the asset group and their ultimate disposition. If the sum of the undiscounted cash flows is less than the carrying value, the impairment to be recognized is measured by the amount by which the carrying amount of the asset group exceeds the fair value of the asset group.

Goodwill

Goodwill represents the excess of the cost of the Company's investment in the net assets of acquired companies over the fair value of the underlying identifiable net assets at the dates of acquisition. The Company attributes all goodwill associated with the acquisitions of Physician Development Strategies, Inc. and Professional Accounts Management, Inc., which share similar economic characteristics, to one reporting unit. Goodwill is not amortized but is tested annually for impairment in the fourth quarter of each fiscal year by comparing the fair value of the reporting units to the carrying amounts, including goodwill. No goodwill impairments were recognized as of June 30, 2014.

Intangible Assets

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. The Company did not recognize any impairment to intangible assets during the six months ended June 30, 2014 and 2013.

Revenue and Unbilled Services

The Company recognizes revenue as its services are rendered. The Company generally renders billings to its client healthcare providers upon collection of the related client accounts receivable. The Company has arrangements with certain clients to bill per procedure as claims are submitted for reimbursement from patients or third-party payers. For collection-based contracts, revenue is recognized based on the collections from billings rendered for physician clients. The collections are then multiplied by the percentage fee that the Company charges for its services to compute the appropriate revenue. For per-procedure contracts, revenue is recognized upon submission of clients' claims. The Company also serves certain customers as an Application Service Provider (‘ASP”). ASP services are generally provided for a monthly fee or per-transaction fee, and revenue for such services is recognized as the services are provided.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the three months ended June 30, 2014 and 2013 was $1,120 and $125, respectively. For the six months ended June 30, 2014 and 2013, advertising expenses were $1,320 and $250, respectively.

Income Taxes

The Company utilizes the asset and liability approach to accounting for income taxes. Deferred income tax assets and liabilities arise from differences between the tax basis of an asset or liability and its reported amount in the combined financial statements. Deferred tax balances are determined by using tax rates expected to be in effect when the taxes will actually be paid. A valuation allowance is recognized to reduce deferred tax assets to the amount that is more likely than not to be realized. In assessing the likelihood of realization management considered estimates of future taxable income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Company files income tax returns with the U.S. federal government and various states and local jurisdictions. The Company is no longer subject to tax examination by tax authorities for years prior to 2011.

Uncertain Tax Positions

Per FASB ASC 740-10, disclosure is not required of an uncertain tax position unless it is considered probable that a claim will be asserted and there is a more-likely-than-not possibility that the outcome will be unfavorable. Using this guidance, as of June 30, 2014 and 2013, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Subsequent Events Evaluation Date

The Company evaluated the events and transactions subsequent to its June 30, 2014 balance sheet date and, in accordance with FASB ASC 855-10-50, "Subsequent Events," determined there were significant events to report through August 20, 2014, which is the date the financial statements were issued. See Note 9 – Subsequent Event footnote for further details.

NOTE 2 - CONCENTRATIONS OF BUSINESS AND CREDIT RISK

At times throughout the year, the Company may maintain certain bank accounts in excess of FDIC insured limits of $250,000.

NOTE 3 - INTANGIBLE ASSETS

As part of the purchases of Practice Development Strategies, Inc. and Professional Accounts Management, Inc. during 2011, CastleRock solutions, Inc. acquired intangible assets of $842,762. Of that amount, $688,382 has been assigned to customer lists which are subject to periodic amortization over the estimated useful life of 5 years and $154,380 has been assigned to non-compete covenants which are subject to periodic amortization over the estimated life of 4 years. Goodwill of $329,065 which is not subject to amortization arose in connection with the acquisitions.

Following is a summary of non-goodwill intangibles as of June 30, 2014

	June 30,2014	
	Gross Amount	Accumulated Amortization
Customer Lists	$ 688,382	$ 463,966
Non - compete Covenants	154,380	127,030
Total	$ 842,762	$ 590,996

Amortization expense was $44,067 and $44,067 for the three months ended June 30, 2014 and 2013, respectively. For the six months ended June 30, 2014 and 2013, amortization expenses was $88,136 and $88,136,respectively.

NOTE 3 - INTANGIBLE ASSETS (continued)

Future amortization expense is as follows:

	Estimated Amortization Expense	
2014 (Remaining)	$	88,137
2015		145,728
2016		17,901
	$	251,766

NOTE 4 - NOTES PAYABLE

The Company entered into a term loan on June 7, 2012 with California Bank & Trust for $132,057. Monthly payments are $4,019 with an annual interest rate of the bank's prime rate plus 2.75 percentage points and have a maturity date of June 1, 2015. The loan is guaranteed by the CastleRock Solutions, Inc. Upon the Bank's reasonable request, the Company must provide reporting covenants. As of June 30, 2014 the Company has not had to provide any financial performance statements to the bank. At June 30, 2014, there was $36,700 outstanding on this loan.

Maturities of notes payable as of June 30, 2014, are as follows:

2014 (Remaining)	$	22,888
2015		13,812
	$	36,700

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company entered into a loan on January 1, 2011 with the Parent company for $120,000. The annual interest rate for the loan is a fixed rate of 10% and is due in 36 months or can be extended with written consent of all the parties concerned. At June 30, 2014, this loan is past due and $78,000 remains outstanding on this loan.

On September 15, 2011, the Company entered into a loan with the Parent company for $252,000. The annual interest rate for the loan is a fixed rate of 10% and is due in 36 months or can be extended with written consent of all the parties concerned. At June 30, 2014, $252,000 remains outstanding on this loan.

During the six months ended June 30, 2014, Tekhealth Services, Inc,earned $20,000 in consulting revenues from the parent company. This is shown as other income.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Company leases certain office space under leases which have been classified as operating leases.

The Company leases office space in Milpitas, California from ANB Property Corporation. The lease term is month to month. The current monthly base rent is $2,800.

NOTE 6 - COMMITMENTS AND CONTINGENCIES (continued)

The Company leases office space in Brea, California from Third Avenue Investments, LLC. Beginning September 13, 2011 the lease was extended to end on August 31, 2016. The current monthly base rent is $4,901.

The Company leases office space in San Diego, California from Columbia, LLC. The lease term is month to month. The current monthly base rent is $11,670.

Rental expense for the three months ended June 30, 2014 and 2013 were $49,712 and $44,439, respectively. Rental expense for the six months ended June 30, 2014 and 2013 were $99,424 and $92,277, respectively.

The following is a schedule of future minimum rental payments (exclusive of common area charges) required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014.

Six months Ending June 30,

2014 (Remaining)	$	30,017
2015		61,260
2016		41,657
	$	132,934

NOTE 7 - INCOME TAXES

The components of the deferred tax assets (liability) consist of the following:

	June 30,			
	2014		2013	
Net operating loss carry forward	$	124,000	$	354,000
Amortization		(33,000)		(27,000)
Accounts receivable/accounts payable		36,000		(76,000)
Total deferred tax asset		127,000	$	251,000
Valuation allowance for deferred tax asset		(127,000)		(251,000)
Deferred tax asset	$	-	$	-

The Company has State and Federal net operating loss carry forwards of approximately $387,000 which will expire on various dates through 2032.

NOTE 8 - RETIREMENT PLAN

The Company offers substantially all employees the opportunity to participate in a 401(k) profit sharing plan ("the Plan"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Employees may elect to defer the maximum percentage of their compensation allowed by law and may select a number of available investment options. All contributions by the Company are at the discretion of management. The Company did not make any contributions for the three and six months ended June 30, 2014 or 2013.

NOTE 9 – SUBSEQUENT EVENT

In August 2013, the Company signed Asset Purchase Agreements to sell customer list and office equipment to Medical Transcription Billing, CORP. This sale was closed concurrently with the IPO of Medical Transcription Billing, CORP on July 28, 2104.

The selling price of these assets was $3.7 million, of which approximately $2.3 million was paid in cash and approximately $1.4 million was paid through the issuance of the Company's common stock, less a fair value adjustment of approximately $19,000 to account for possible sale price adjustments after one year of IPO.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

We prepared the following unaudited pro forma condensed combined financial statements by applying certain pro forma adjustments to the historical consolidated financial statements of MTBC. The pro forma adjustments give effect to the following transactions (the ‘‘Transactions’’):

• Our acquisition of the assets of Metro Medical Management Services, Inc. (‘‘Metro Medical’’) on June 30, 2013,
• Our acquisition of the assets of the subsidiaries of Omni Medical Billing Services, LLC (collectively, ‘‘Omni’’),
• Our acquisition of the assets of Practicare Medical Management, Inc. (‘‘Practicare’’),
• Our acquisition of the assets of the subsidiaries of CastleRock Solutions, Inc. (collectively,‘‘CastleRock’’),
• The conversion of our convertible promissory note in the principal amount of $500,000, plus accrued interest, upon closing of our initial public offering, and
• The estimated net proceeds from our initial public offering and the application of the proceeds therefrom.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2013 and for the six months ended June 30, 2014 give effect to the Transactions as if each of them had occurred on January 1, 2013. The unaudited pro forma condensed combined balance sheet as of June 30, 2014 gives effect to the Transactions as if each of them had occurred on June 30, 2014.

These pro forma condensed combined financial statements include adjustments for our Acquired Businesses because we believe each of these acquisitions is probable under the standards of Rule 3-05 of Regulation S-X. The results of a significant business acquired in 2013 are shown for the period prior to its acquisition by MTBC.

We determined that each acquisition shown involved the acquisition of a business, considering the guidance in Rule 11-01 (d) of Regulation S-X, and individually as well as in aggregate met the significance test of Rule 3-05 of Regulation S-X.

The interim financial statements of each of the Acquired Businesses appear elsewhere in this 8-K.

We have based the pro forma adjustments upon available information and certain assumptions that we believe are reasonable under the circumstances. We describe in greater detail the assumptions underlying the pro forma adjustments in the accompanying notes, which you should read in conjunction with these unaudited pro forma condensed combined financial statements. In many cases, we based these assumptions on preliminary information and estimates. The actual adjustments to our audited consolidated financial statements will depend upon a number of factors and additional information that will be available on or after the closing date of our initial public offering. Accordingly, the actual adjustments that will appear in our financial statements will differ from these pro forma adjustments, and those differences may be material.

We account for our completed and proposed acquisitions using the acquisition method of accounting for business combinations under GAAP, with MTBC being considered the acquiring entity. Under the acquisition method of accounting, the total consideration paid is allocated to an acquired company’s tangible and intangible assets, net of liabilities, based on their estimated fair values as of the acquisition date. We have not completed the acquisition of the Acquired Businesses and therefore the estimated purchase price and fair value of the Acquired Businesses’ assets to be acquired and liabilities assumed is preliminary. Once we complete our final valuation process, for our Acquired Businesses, we may report changes to the value of the assets acquired and liabilities assumed, as well as the amount of goodwill, and those changes could differ materially from what we present here.

We provide these unaudited pro forma condensed combined financial statements for informational purposes only. These unaudited pro forma condensed combined financial statements do not purport to represent what our results of operations or financial condition would have been had the Transactions actually occurred on the assumed dates, nor do they purport to project our results of operations or financial condition for any future period or future date.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the year ended December 31, 2013

(in thousands, except per share data)

	MTBC	Metro Medical 1/1-6/30/13 (6)	Adjustments for Revenues Not Acquired (1)	MTBC + Previously Acquired Subtotal	Omni	Practicare	CastleRock	Acquired Businesses Subtotal	Pro Forma Adjustments	Pro Forma Combined
Net revenue	$ 10,473	$ 1,705	$ (173)	$ 12,005	$ 11,292	$ 4,861	$ 4,925	$ 21,078	$ -	$ 33,083
Operating expenses:										
Direct operating costs	4,273	1,195	-	5,468	6,077	4,087	1,216	11,380	-	16,848
Selling, general and administrative	4,992	673	-	5,665	4,046	1,119	3,360	8,525	(281)(2)	13,909
Research and development	386	-	-	386	-	-	-	-	-	386
Depreciation and amortization	949	21	-	970	947	75	177	1,199	3,111(3)	5,280
Total operating expenses	10,600	1,889	-	12,489	11,070	5,281	4,753	21,104	2,830	36,423
Operating income (loss)	(127)	(184)	(173)	(484)	222	(420)	172	(26)	(2,830)	(3,340)
Interest expense — net	136	-	-	136	12	2	47	61	14(4)	211
Other income — net	230	-	-	230	36	4	-	40	-	270
Income (loss) before provision (benefit) for income taxes	(33)	(184)	(173)	(390)	246	(418)	125	(47)	(2,844)	(3,281)
Income tax provision (benefit)	145	(56)	-	89	2	-	-	2	(1,158)(5)	(1,067)
Net income (loss)	$ (178)	$ (128)	$ (173)	$ (479)	$ 244	$ (418)	$ 125	$ (49)	$ (1,686)	$ (2,214)
Weighted average common shares outstanding										
Basic and diluted	5,102								5,881(14)	10,983
Net loss per share										
Basic and diluted	$ (0.03)									$ (0.20)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the six months ended June 30, 2014

	MTBC	Omni	Practicare	CastleRock	Acquired Businesses Subtotal	Pro Forma Adjustments	Pro Forma Combined
			(in thousands, except per share data)				
Net revenue	$ 5,186	$ 5,600	$ 2,063	$ 2,402	$ 10,065	$ -	$ 15,251
Operating expenses:							
Direct operating costs	2,264	3,530	1,759	619	5,908	-	8,172
Selling, general and administrative	2,848	1,263	549	1,643	3,455	(139)(2)	6,164
Research and development	243	-	-	-	-	-	243
Depreciation and amortization	541	449	16	92	557	1,520(3)	2,618
Total operating expenses	5,896	5,242	2,324	2,354	9,920	1,381	17,197
Operating income (loss)	(710)	358	(261)	48	145	(1,381)	(1,946)
Interest expense — net	97	7	1	18	26	(24)(4)	99
Other income — net	(182)	22	-	20	42	-	(140)
Income (loss) before provision (benefit) for income taxes	(989)	373	(262)	50	161	(1,357)	(2,185)
Income tax benefit	(316)	-	-	-	-	(407)(5)	(723)
Net income (loss)	$ (673)	$ 373	$ (262)	$ 50	$ 161	$ (950)	$ (1,462)
Weighted average common shares outstanding							
Basic and diluted	5,102					5,881(14)	10,983
Net loss per share							
Basic and diluted	$ (0.13)						$ (0.13)

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of June 30, 2014

	MTBC	Omni	Practicare	CastleRock	Adjustments for Assets Not Acquired	Acquired Businesses Subtotal	Acquisition Related Pro Forma Adjustments	Pro Forma for Acquisitions	IPO Proceeds	Consolidated Pro Forma Results
					(in thousands)					
Cash	$ 33	$ 266	$ 167	$ 331	$ (764)(8)	$ -	$ (11,287)(7)	$ (11,254)	$ 16,172(13)	$ 4,918
Accounts receivable - net	789	1,364	609	809	(2,782)(8)	-	-	789	-	789
Other current assets	646	30	44	13	(19)(8)	68	-	714	-	714
Current assets	1,468	1,660	820	1,153	(3,565)	68	(11,287)	(9,751)	16,172	6,421
PP&E - net	519	126	70	10	(8)(8)	198	-	717	-	717
Intangible assets - net	1,107	1,279	-	252	(1,531)(8)	-	12,092(9)	13,199	-	13,199
Goodwill	344	1,690	-	329	(2,019)(8)	-	5,178(10)	5,522	-	5,522
Other LT assets	2,108	23	24	21	(68)(8)	-	-	2,108	(1,880)(13)	228
Total assets	$ 5,546	$ 4,778	$ 914	$ 1,765	$ (7,191)	$ 266	$ 5,983	$ 11,795	$ 14,292	$ 26,087
Accounts payable	$ 363	$ 224	$ 176	$ 427	$ (827)(8)	$ -	$ -	$ 363	$ -	$ 363
Accrued expenses	1,634	-	126	-	(126)(8)	-	-	1,634	(966)(13)	668
Short term debt	1,885	526	62	365	(953)(8)	-	-	1,885	-	1,885
Deferred revenue	43	-	-	-	-(8)	-	-	43	-	43
Other current liabilities	2	201	-	-	(201)(8)	-	-	2	-	2
Total current liabilities	3,927	951	364	792	(2,107)	-	-	3,927	(966)	2,961
Long term debt	1,341	50	-	2	(52)(8)	-	-	1,341	(496)(11)	845
Other LT liabilities	654	-	-	-	-(8)	-	-	654	(40)(11)	614
Total liabilities	5,922	1,001	364	794	(2,159)	-	-	5,922	(1,502)	4,420
Common stock	5	-	539	10	(549)(12)	-	1(12)	6	4(12)	10
Additional paid-in capital	314	-	-	1,125	(1,125)(12)	-	6,248(12)	6,562	15,763(12)	22,325
Retained earnings (defecit)	(624)	3,777	11	(155)	(3,633)(12)	-	-	(624)	27(12)	(597)
Minority interest in subsidiary				(9)	9(12)	-	-	-	-	-
Accumulated other comprehensive loss	(71)	-	-	-	-(12)	-	-	(71)	-	(71)
Total shareholders' equity (deficit)	(376)	3,777	550	971	(5,298)	-	6,249	5,873	15,794	21,667
Total liabilities and equity	$ 5,546	$ 4,778	$ 914	$ 1,765	$ (7,457)	$ -	$ 6,249	$ 11,795	$ 14,292	$ 26,087

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

In connection with our acquisition of the Acquired Businesses, we have entered into three asset purchase agreements, which are materially similar, as follows:

- Omni Medical Billing Services, LLC, and its wholly owned subsidiaries, Laboratory Billing Services Providers, LLC, Medical Data Resources Providers, LLC, Medical Billing Resources Providers, LLC, and Primary Billing Services Providers, Inc.
- Practicare Medical Management, Inc., and its parent company, Ultimate Medical Management, Inc.
- CastleRock Solutions, Inc., and its wholly owned subsidiaries, Tekhealth Services, Inc., Professional Accounts Management, Inc., and Practice Development Strategies, Inc.

FOOTNOTES:

(1) **Elimination of Customers not Acquired** — We have adjusted the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2013 and the six months ended June 30, 2014 to eliminate customers not acquired. The Metro Medical purchase agreement specified seven customers, representing approximately 10% of Metro Medical's revenue, which were explicitly excluded from the asset purchase agreement and retained by affiliates of Metro Medical as part of this transaction.

Elimination of Customers not Acquired

	Year ended December 31, 2013
	Metro Medical
	(in thousands)
Revenue of customers not acquired	$ 173

(2) **Expenses Directly Attributable to the Transactions** — The following are non-recurring transaction expenses for professional fees incurred by the Company during the year ended December 31, 2013 and the six months ended June 30, 2014 associated with the acquisition of Metro Medical and the Acquired Businesses.

Material non-recurring transaction expenses associated with acquisitions

	Year ended December 31, 2013	Six Months ended June 30, 2014
	(in thousands)	
Professional fees incurred by MTBC (legal, accounting, etc.)	$ 281	$ 139

We expect to incur brokerage fees of $600,000 in connection with our acquisition of the businesses of the Acquired Businesses, which are not reflected in the pro forma financial statements.

(3) **Amortization of Intangible Assets** — We amortize intangible assets over their estimated useful lives. We based the estimated useful lives of acquired intangible assets on the amount and timing in which we expect to receive an economic benefit. We assigned these intangible assets a useful life of 3 years based upon a number of factors, including contractual agreements, consumer awareness and economic factors pertaining to the combined companies.

The estimates of fair value and weighted-average useful lives could be impacted by a variety of factors including legal, regulatory, contractual, competitive, economic or other factors. Increased knowledge about these factors could result in a change to the estimate fair value of these intangible assets and/or the weighted-average useful lives from what we have assumed in these unaudited pro forma condensed combined financial statements. In addition, the combined effect of any such changes could result in a significant increase or decrease to the related amortization expense estimates.

The amortization of intangible assets of our acquisitions, shown below, assumes that the assets were acquired on January 1, 2013 and amortized over the period associated with each statement of operations.

Amortization Expense for Planned Acquisitions

	Omni	Practicare	CastleRock	Acquired Businesses Total Expense
	(in thousands)			
For the Six months ended June 30, 2014				
Pro forma	$ 1,135	$ 418	$ 463	$ 2,016
As recorded in historical financial statements of Acquired Businesses	408	-	88	496
Pro forma adjustment	$ 727	$ 418	$ 375	$ 1,520
For the year ended December 31, 2013				
Pro forma	$ 2,269	$ 835	$ 926	$ 4,030
As recorded in historical financial statements of Acquired Businesses	869	40	170	1,079
Pro forma adjustment	$ 1,400	$ 795	$ 756	$ 2,951

The following table sets forth the amortization expense of Metro Medical, the acquisition completed in 2013, as if it had occurred on January 1, 2013 to arrive at the total pro forma amortization expense for the period associated with each statement of operations. The pro forma amortization for Metro Medical is reduced by the amount of amortization expense already recognized in our historical statements of operations to arrive at the pro forma adjustment.

Amortization Expense for Metro Medical

	Metro Medical
	(in thousands)
For the six months ended June 30, 2014	
Pro forma	$ 193
As recorded in historical financial statements of MTBC	193
Pro forma adjustment	$ -
For the year ended December 31, 2013	
Pro forma	$ 385
As recorded in historical financial statements of MTBC	225
Pro forma adjustment	$ 160

The following table provides the total adjustment to amortization expense for acquisitions for the year ended December 31, 2013 and the six months ended June 30, 2014:

Total Adjustment to Amortization Expense

	Year ended December 31, 2013	Six months ended June 30, 2014
	(in thousands)	
Prior acquisitions	$ 160	$ -
Acquired Businesses	2,951	1,520
Total amortization expense	$ 3,111	$ 1,520

(4) Interest Expense — Reflects the incremental interest associated with the purchase of Metro Medical, as if the acquisition had occurred on January 1, 2013, less the interest paid in 2013 associated with our convertible note. A note payable was issued to the seller of Metro Medical, in the amount of $1,225,000 on June 30, 2013. This note is payable over 24 months, with a final payment due on August 1, 2015, and bears interest at the rate of 5% per annum. Interest expense in the amount of $26,000 for the six months prior to the acquisition has been provided for in the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2013. In September 2013, we issued a convertible note in the principal amount of $500,000, which converts into our common stock at a 10% discount to the offering price upon the closing of this offering, and recorded interest expense of $12,000 in connection with this convertible note in our historical financial statements for the year ended December 31, 2013 and $24,000 for the six months ended June 30, 2014. Interest on this convertible note is eliminated in the pro forma financial statements for the same period as the note is assumed to be converted to our common stock as of January 1, 2013.

(5) Provision (benefit) for Income Tax — The income tax effects reflected in the pro forma adjustments are based on an estimated statutory rate of 34%. We recorded a benefit for taxes for the year ended December 31, 2013 and the six months ended June 30, 2014 on the unaudited pro forma condensed combined statements of operations as management believes it is more likely than not that the federal tax benefit will be realized for the following reasons:

- For each of the years ended 2007 through 2012 we generated both net income and taxable income, and our net loss and taxable loss in 2013 was smaller than our net income and taxable income in any of the past six years.
- Our loss for tax purposes following the acquisitions of the Acquired Businesses will be significantly lower than the pro forma operating loss before income tax reflected in the unaudited pro forma condensed combined financial statements, due in large part to the amortization of intangibles over three years for reporting purposes, versus the 15 year amortization period we will use for tax purposes. In particular, while we reflected $4.9 million of amortization expense on a pro forma basis for 2013, on a tax basis we would only have been able to deduct $981,000 million of amortization expense. This $3.9 million reduction in amortization expense would change the 2013 pro forma net loss before tax from ($3.3 million) to a pro forma net profit before tax of $643,000, with no change in operating expenses. We reflected $2.5 million of amortization expense on a pro forma basis for the six months ended June 30, 2014, but on a tax basis we would only have been able to deduct $490,000 of amortization expense. This $2 million reduction in amortization expense would decrease the June 30, 2014 pro forma net loss before tax from ($2.2 million) to ($223,000), with no change in operating expenses.
- We expect to reduce the Acquired Businesses' operating expenses following their acquisition. Although we do not have a history of operating the Acquired Businesses on a combined basis, our recent experience operating Metro Medical following its acquisition provides evidence that we will be able to reduce operating costs of the Acquired Businesses, as we were able to reduce directly-identifiable cost from Metro Medical by 52% in six months.
- We used a federal tax rate, rather than including state tax, due to uncertainty over what state net operating losses, if any, would be realizable.

In the opinion of the Company it is more likely than not that any tax benefit from a loss in the first year following the acquisition of the Acquired Businesses would be realized against taxable income generated in future year.

The following table details the pro forma adjustments to income taxes for the year ended December 31, 2013:

Provision for Income Taxes Year ended December 31, 2013	Metro Medical 1/1-6/30/13	Previously Acquired Subtotal	Omni	Practicare	CastleRock	Acquired Businesses Subtotal	Pro Forma Adjustments	Pro Forma Income (Loss) before Provision (Benefit) for Income Taxes
				(in thousands)				
Net income (loss) before income taxes	$ (357)	$ (357)	$ 246	$ (418)	$ 125	$ (47)	$ (2,844)	$ (3,248)
Estimated provision (benefit) at statutory income tax rate of 34%								(1,104)
Less provision (benefit) for income taxes:								
Metro Medical								(56)
Omni								2
Practicare								-
CastleRock								-
Pro forma tax adjustment								$ (1,158)

The following table details the pro forma adjustments to income taxes for the six months ended June 30, 2014:

Provision for Income Taxes

Six months ended June 30, 2014	Omni	Practicare	CastleRock	Acquired Businesses Subtotal	Pro Forma Adjustments	Pro Forma Income (Loss) before Provision (Benefit) for Income Taxes
			(in thousands)			
Net income (loss) before income taxes	$ 373	$ (262)	$ 50	$ 161	$ (1,357)	$ (1,196)
Estimated provision (benefit) at statutory income tax rate of 34%						(407)
Less provision for income taxes:						
Omni						-
Practicare						-
CastleRock						-
Pro forma tax adjustment						$ (407)

(6) **Metro Medical financial information** – The historical financial statements of Metro Medical for the period April 1, 2013 through June 30, 2013 are not required to be presented in this 8-K as the acquisition occurred on June 30, 2013, before the end of the reporting period. We have included historical financial results of operations of Metro Medical for the period April 1, 2013 through June 30, 2013 in the pro forma condensed combined statements of operations, which are based on results as reported by its management and reviewed by our accounting and finance department.

The financial results of operations of Metro Medical for the period July 1, 2013 through June 30 , 2014 are included in our consolidated financial results for the year ended December 31, 2013 and for the six months ended June 30, 2014.

Metro Medical Prior to Acquisition

	Metro Medical 1/1-3/31/13	Metro Medical 4/1-6/30/13	Metro Medical 1/1-6/30/13
		(in thousands)	
Net revenue	$ 836	$ 869	$ 1,705
Operating expenses:			
Direct operating costs	546	649	1,195
Selling, general and administrative	314	359	673
Depreciation and amortization	12	9	21
Total operating expenses	872	1,017	1,889
Operating loss	(36)	(148)	(184)
Interest expense — net	-	-	-
Other income — net	-	-	-
Loss before benefit for income taxes	(36)	(148)	(184)
Income tax benefit	(12)	(44)	(56)
Net loss	$ (24)	$ (104)	$ (128)

(7) Cash Consideration — The pro forma adjustment to cash reflects the cash we paid in connection with our Acquired Businesses.

	Acquisition Cash Consideration (in thousands)
Pro forma adjustments to cash:	
Omni acquisition	$ (6,554)
Practicare acquisition	(2,394)
CastleRock acquisition	(2,339)
Total net pro forma adjustments to cash	$ (11,287)

(8) Assets and Liabilities Not Acquired from Omni: — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately $1.7 million of tangible assets held by Omni that we did not acquire, and approximately $1 million in liabilities that we did not assume as part of the acquisition of Omni's assets, which was accomplished by an asset purchase agreement listing specific assets. The asset purchase agreement accomplishes the purchase primarily of Omni's customer relationships and agreements, as well as fixed assets, unbilled accounts receivable and other tangible assets, but not the purchase of accounts receivable or the assumption of any liabilities.

Assets and Liabilities Not Acquired from Practicare: — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately $790,000 of tangible assets held by Practicare that we did not acquire, and approximately $364,000 in liabilities that we did not assume as part of the acquisition of Practicare's assets, which was accomplished by an asset purchase agreement listing specific assets. The asset purchase agreement accomplishes the purchase primarily of Practicare's customer relationships and agreements, as well as fixed assets, unbilled accounts receivable and other tangible assets, but not the purchase of accounts receivable or the assumption of any liabilities.

Assets and Liabilities Not Acquired from CastleRock: — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately $1.2 million of tangible assets held by CastleRock that we did not acquire, and approximately $794,000 in liabilities that we did not assume as part of the acquisition of CastleRock's assets, which was accomplished by an asset purchase agreement listing specific assets. The asset purchase agreement accomplishes the purchase primarily of CastleRock's customer relationships and agreements, as well as fixed assets, unbilled accounts receivable and other tangible assets, but not the purchase of accounts receivable or the assumption of any liabilities.

Pro Forma Adjustments for Assets and Liabilities Not Acquired: — The following schedule summarizes the adjustments to assets and liabilities on the unaudited condensed combined balance sheets, including all adjustments above as well as adjustments to intangibles and goodwill specified below.

Pro Forma Adjustments

	As of June 30, 2014			
	Omni	Practicare	CastleRock	Pro Forma Adjustments
	(in thousands)			
Cash	$ (266)	$ (167)	$ (331)	$ (764)
Accounts receivable	(1,364)	(609)	(809)	(2,782)
Other current assets	-	(6)	(13)	(19)
Property, plant and equipment, net	-	(8)	-	(8)
Other long-term assets	(23)	(24)	(21)	(68)
Net tangible assets	(1,653)	(814)	(1,174)	(3,641)
Intangible assets, net	(1,279)	-	(252)	(1,531)
Goodwill	(1,690)	-	(329)	(2,019)
Total assets	$ (4,622)	$ (814)	$ (1,755)	$ (7,191)
Short term debt	$ (526)	$ (62)	$ (365)	$ (953)
Other current liabilities	(425)	(302)	(427)	(1,154)
Long term debt	(50)	-	(2)	(52)
Total liabilities	$ (1,001)	$ (364)	$ (794)	$ (2,159)

(9) Intangible Assets — We based our preliminary estimates of each intangible asset type/category that we expect to recognize as part of the acquisitions on the nature of the businesses and the contracts that we have entered into with the sellers. We also based our estimates on experiences from our prior acquisitions and the types of intangible assets that we recognized as part of those acquisitions. In particular, our experience with our prior acquisitions indicates to us that customer contracts and customer relationships and non-compete agreements compose the significant majority of intangible assets for these types of business. We typically acquire the trademarks and trade names of the businesses we acquire, for defensive purposes, but we do not continue doing business under these names, which typically do not have registered trademarks and are not defensible. We have determined that the value of these trademarks is de minimis and have recorded no value on financial statements. We based the preliminary estimated useful lives of these intangible assets on the useful lives that we have experienced for similar intangible assets in prior acquisitions. However, all of these estimates are preliminary, as we have not analyzed all the facts surrounding the businesses to be acquired and therefore have not been able to finalize the accounting for these transactions.

The figures set forth below reflect the preliminary fair value of intangible assets of the businesses we plan to acquire, and their estimated useful lives. All preliminary estimates for the fair value of intangibles will be refined once the offering is completed and the final list of customers acquired is known.

Intangible Assets of Acquired Businesses

	Omni	Practicare	CastleRock	Total Acquired Businesses	Estimated Useful Life
	(in thousands)				
Customer relationships	$ 4,931	$ 1,850	$ 2,069	$ 8,850	3 years
Non-compete agreements	1,876	656	710	3,242	3 years
Total intangible assets	$ 6,807	$ 2,506	$ 2,779	$ 12,092	

The value of intangible assets includes $1.5 million of intangible assets recorded on the balance sheets of the businesses we plan to acquire.

The amounts set forth below reflect the estimated acquisition-date fair value of intangible assets for our acquisition of Metro Medical. These intangible assets are already included in our historical consolidated balance sheet as of June 30, 2014.

Intangible Assets of Prior Acquisitions

	Metro Medical	Estimated Useful Life
	(in thousands)	
Customer relationships	$ 904	3 years
Non-compete agreements	252	3 years
Total intangible assets	$ 1,156	

For accounting purposes, we use an estimated useful life of three years to amortize these intangible assets, attributing the value of the purchased relationship to the first three years and attributing future customer life to the services provided by us.

(10) **Purchase Price Allocation** — We recognize the assets and liabilities acquired at their fair value on the acquisition date, and if there is any excess in purchase price over these values it will be allocated to goodwill.

We engaged a third-party valuation specialist to assist us in valuing the assets acquired and liabilities assumed via the Metro Medical acquisition. We did not acquire tangible assets in the acquisition of Metro Medical. The valuation of the business acquired and the results of its operations are included in our historical financial statements from the date of the acquisition.

For our three Acquired Businesses, management has made an initial fair value estimate of the assets acquired and liabilities assumed as of June 30, 2014. Our model, for each acquired business, includes assumptions such as revenue growth rates, profitability rates, attrition rates and weighted average costs of capital. While our assumptions regarding future results for each business have not changed due to recent events, these initial estimates will differ from the final valuation, once we have consummated the acquisitions and received the valuation report of a third-party specialist; and this difference could be material.

The asset purchase agreements for these acquisitions include the purchase of certain tangibleassets and assumption of certain liabilities. We believe that due to the short-term nature of many of the assets acquired that their carrying values, as included in the historical financial statements of the entities, approximate their respective fair values.

A portion of the purchase price for each Target Seller has been allocated to goodwill. The factors which drove our valuation models to allocate a portion of the price to goodwill in the acquisitions of the Acquired Businesses include the following: (i) the Acquired Businesses are being purchased at higher multiples to their trailing revenues, (ii) more employees of each Target Seller will be retained following the acquisitions as compared to acquisitions completed in prior years and (iii) a higher weighted average cost of capital reflecting the increased cost of capital implied by a lower anticipated IPO price. All purchase accounting estimates are subject to revision until the Company finalizes its purchase accounting estimates with the assistance of a third-party valuation expert.

The following table shows the preliminary purchase price, estimated acquisition-date fair values of the to-be-acquired assets and liabilities assumed and non-controlling interest and calculation of goodwill for the businesses we plan to acquire, as of June 30, 2014, the date of our most recent balance sheet.

Preliminary Purchase Price Allocation	Omni	Practicare	CastleRock	Total Acquired Businesses
		(in thousands)		
Cash consideration	$ 6,554	$ 2,394	$ 2,339	$ 11,287
Common stock	4,018	1,138	1,395	6,551
Fair value adjustment	(106)	(177)	(19)	(302)
Net common stock	3,912	961	1,376	6,249
Total purchase price	$ 10,466	$ 3,355	$ 3,715	$ 17,536
Net tangible assets acquired	$ 156	$ 100	$ 10	$ 266
Intangible assets	6,807	2,506	2,779	12,092
Goodwill	3,503	749	926	5,178
Total preliminary purchase price allocation	$ 10,466	$ 3,355	$ 3,715	$ 17,536

The fair value of the shares of our common stock that we plan to issue in connection with our three Acquired Businesses is anticipated to be approximately $6.2 million. The number of shares was determined based on the actual revenues of the companies in the four quarters ending June 30, 2014, calculated at a price of $10.00 per share. The actual purchase prices above reflect the value of the shares issued to the Acquired Businesses at the price of $3.89 per share, the closing price on the date the acquisitions occurred, and the cash consideration was contractually adjusted, based on the estimated net proceeds of this offering. With respect to Omni, following the closing date an upward purchase price adjustment may be made to the cash consideration payable to Omni with respect to revenue from new customers who executed one-year contracts prior to the closing, in an amount not to exceed the revenues generated by Omni during the 12 month period preceding the closing from customers that are not in good standing as of the closing date. In no event will the adjustment amount to more than 5% of the purchase price.

The fair value adjustment to equity shown above is based on our estimate of revenues at the time of acquisition and our estimate of customer retention rates, which drive the contingent portion of the purchase price, as discussed further below.

The preliminary estimate of equity consideration to be transferred is based on an aggregate value of equity, as stated in the asset purchase agreements, at the price of our common stock on the date the closings occurred. The number of shares that were issued in connection with those acquisitions were fixed shortly before closing of the IPO. For purposes of determining the number of shares to be issued to each Acquired Businesses, a price of $10.00 per share was utilized.

For the Acquired Businesses, management has made an initial estimate that $5.2 million of goodwill will result from those acquisitions. We believe that this amount will be deductible for tax purposes over a period of 15 years. However, these estimates are preliminary, and we have not completed the required tax and legal analyses to finalize our determination of deductibility of goodwill for tax purposes. Accordingly, the values of the goodwill recognized from these acquisitions and their deductibility for tax purposes set forth in these unaudited pro forma condensed combined financial statements could change and may differ materially from what we present here.

For the Acquired Businesses, we have assumed that revenue from existing customers will be approximately 5% less in the 12 months following closing as compared to the 12 months preceding the closing. This assumption is based on management's estimate that we will be able to retain customers producing approximately 90% of the revenue of each Target Seller for at least one year following the closing, with customer losses and resulting revenue losses spread evenly over the 12 months following closing. Further analysis of each customer base will be undertaken, and the fair value of the common stock to be issued may be greater or lesser than the amount shown.

In addition, each purchase agreement provides us with the right to cancel a portion of the shares issued to the Target Seller held in escrow in the event revenues from such Target Seller's customers in the 12 months following the closing are below a specified threshold. In certain situations we also have the obligation to increase the number of shares issued to Acquired Businesses or the cash consideration in the event revenues from the customers of the Target Seller in the 12 months following the closing exceed a specified target. The purchase price adjustment is considered a form of contingent consideration. This contingent consideration arrangement is an equity instrument and it is measured at fair value on the acquisition date and not subsequently remeasured. Any differences between the shares estimated to be issued at acquisition date and shares ultimately issued is accounted for within equity (not reducing or increasing the purchase price) and will be based on the current value of the shares at the time any such modification is made.

(11) Convertible Note — The principal value of this convertible note, and the contingent redemption feature (which is included in other long term liabilities) have been converted to equity at a 90% of the initial public offering price of $5.00 per share, in the pro forma financial statements for the period.

(12) Adjustments to Equity — The following table details the pro forma adjustments to equity accounts.

Adjustments to Equity

	Common Stock	Additional Paid-in Capital	Accumulated Equity / Deficit	Minority Interest in Subsidiary	Accumulated Other Comprehensive Income	Total Equity
			(in thousands)			
Omni	$ -	$ -	$ (3,777)	$ -	$ -	$ (3,777)
Practicare	(539)	-	(11)	-	-	(550)
CastleRock	(10)	(1,125)	155	9	-	(971)
Adjustments to equity	$ (549)	$ (1,125)	$ (3,633)	$ 9	$ -	$ (5,298)
Equity issued in connection with acquisitions	$ 1	$ 6,550	$ -	$ -	$ -	$ 6,551
Less: fair value adjustment	-	(302)	-	-	-	(302)
Acquisition adjustments to equity	$ 1	$ 6,248	$ -	$ -	$ -	$ 6,249
Equity from convertible note	$ -	$ 496	$ 27			$ 523
Equity issued in initial public offering	$ 4	$ 15,096				$ 15,100

(13) Cash Received from IPO—The net proceeds from our IPO were $15.6 million, based on the initial public offering price of $5.00 per share, and after deducting underwriting discounts and commissions of $1.4 million and estimated offering expenses payable by us totaling $3.4 million, which includes $1.6 million of offering expenses which have been previously incurred and capitalized.

(14) Weighted Average Shares Outstanding — The pro forma weighted average shares outstanding takes into account our weighted average shares outstanding during the twelve months ended December 31, 2013 and the six months ended June 30, 2014 and adds to that number the number of shares of common stock to be issued in connection with acquisition of the Acquired Businesses as of the beginning of 2013. In each case, we assume that the shares were issued and became outstanding on January 1, 2013.

Weighted average shares outstanding

	Common Shares	
	December 31, 2013	June 30, 2014
	(in thousands)	
Weighted average shares outstanding	5,102	5,102
Acquisitions		
Shares issued for Omni	1,033	1,033
Shares issued for Practicare	293	293
Shares issued for CastleRock	359	359
Shares issued in initial public offering	4,080	4,080
Shares issued from convertible note	117	117
Total pro forma weighted average shares outstanding	10,984	10,984