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): **September 23, 2015**

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 business acquired

The financial statements of the RCM Division of QHR Technologies Inc. which operates in the U.S. as SoftCare Solutions, Inc. (“SoftCare”), substantially all of whose assets were acquired on July 10, 2015, are filed as Exhibit 99.1 to this Form 8-K and incorporated herein by this reference.

(b) Pro forma financial information

Pro forma financial information with respect to the acquisitions of SoftCare, Omni Medical Billing Services, LLC,Practicare Medical Management, Inc. and the subsidiaries of CastleRock Solutions, Inc., is filed as Exhibit 99.2 to this Form 8-K and incorporated herein by this reference.

(d) Exhibits

Exhibit No.	*Description*
23.1	Consent of Grant Thornton LLP.
99.1	Financial statements of the RCM Division of QHR Technologies Inc., filed herewith.
99.2	Pro forma financial information with respect to the acquisitions of SoftCare, 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: September 23, 2015

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

Exhibit 23.1

CONSENT OF INDEPENDENT CHARTERED PUBLIC ACCOUNTANTS

We have issued our report dated September 21, 2015, with respect to the financial statements of the RCM Division of QHR Technologies Inc. for the year ended December 31, 2014, included in the Form 8-K of Medical Transcription Billing, Corp. We consent to the incorporation by reference of said report in the Registration Statement of Medical Transcription Billing, Corp on Form S-8 (File No. 333-203228).

/s/ Grant Thornton LLP

Vancouver, Canada
September 23, 2015

Exhibit 99.1

RCM DIVISION OF QHR TECHNOLOGIES INC.
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JUNE 30, 2015 (UNAUDITED) AND DECEMBER 31, 2014 AND DECEMBER 31, 2013

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REPORT OF INDEPENDENT CHARTERED PUBLIC ACCOUNTANTS

To the management of the RCM Division of QHR Technologies Inc.:

We have audited the accompanying financial statements of the RCM Division of QHR Technologies Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of loss and comprehensive loss, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the RCM Division of QHR Technologies Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
As discussed in Note 3, the financial statements include expense allocations for certain corporate expenses and shared services provided by QHR Technologies Inc. ("QHR"). These allocations may not be reflective of the actual expenses which would have been incurred had the Division operated as a separate entity apart from QHR.

Vancouver, Canada
September 21, 2015

/s/ Grant Thornton LLP
Grant Thornton LLP

RCM DIVISION OF QHR TECHNOLOGIES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2015 (UNAUDITED), DECEMBER 31, 2014 AND DECEMBER 31, 2013

	Notes	Unaudited June 30, 2015	December 31, 2014	December 31, 2013
ASSETS				
Current assets				
Cash		$ 69,895	$ 127,064	$ 97,249
Trade and other receivables	4	469,709	615,963	501,777
Prepaid expenses and deposits		33,608	26,319	10,183
Current assets		573,212	769,345	609,209
Due from affiliated companies		-	-	714,973
Property and equipment	5	7,632	89,022	64,609
Deferred income taxes	9	-	863,179	219,882
Goodwill	6	-	1,374,761	1,302,401
Intangible assets	7	-	1,246,432	1,487,229
Total assets		$ 580,844	$ 4,342,740	$ 4,398,303
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	4	$ 393,850	$ 462,510	$ 279,722
Current liabilities		393,850	462,510	279,722
Due to affiliated companies		3,480,372	2,092,810	-
Deferred revenue		126,437	120,535	117,954
Total liabilities		4,000,659	2,675,855	397,676
EQUITY				
Share capital	8	1,355,501	1,355,501	1,355,501
Accumulated other comprehensive income		75,926	142,696	117,222
(Deficit) retained earnings		(4,851,242)	168,688	2,527,904
Total equity		(3,419,815)	1,666,885	4,000,627
Total equity and liabilities		$ 580,844	$ 4,342,740	$ 4,398,303
Subsequent event	14			

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

On behalf of Management,

"Jerry Diener"
Vice-President, CFO

"Jeff VanDenHeuvel"
Corporate Controller

RCM DIVISION OF QHR TECHNOLOGIES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIODS ENDED JUNE 30, 2015 (UNAUDITED) AND JUNE 30, 2014 (UNAUDITED) AND YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

	Notes	Six months ended June 30 Unaudited 2015	Unaudited 2014	12 months ended December 31 2014	2013
REVENUE	11	$ 1,540,347	$ 1,463,912	$ 2,938,294	$ 2,603,391
OPERATING EXPENSES					
Cost of goods sold		260,320	382,566	625,930	648,242
Service costs		950,693	601,039	1,442,777	1,182,777
Research and development		412,928	547,138	1,152,674	940,301
Sales and marketing		581,000	372,589	849,729	357,856
General and administrative		484,770	620,067	1,338,664	1,003,596
		2,689,711	2,523,399	5,409,774	4,132,772
Loss before the following items		(1,149,364)	(1,059,487)	(2,471,480)	(1,529,383)
Amortization of property and equipment	5	11,462	11,304	26,798	18,387
Amortization of intangible assets	7	54,373	154,005	304,599	402,119
Interest expense		5,018	26,902	52,721	57,087
Allocation of corporate expenses		-	47,661	98,702	85,535
(Gain) loss on foreign exchange		(7,077)	3,055	(404)	(4,884)
Loss from operations before taxes and other expenses		(1,213,140)	(1,302,414)	(2,953,896)	(2,087,627)
Impairment of goodwill and intangible assets		(2,612,698)	-	-	(1,215,835)
Loss before taxes		(3,825,838)	(1,302,414)	(2,953,896)	(3,303,462)
Provision for (recovery of) income taxes					
Current	9	-	-	-	(2,961)
Deferred	9	1,194,092	(374,712)	(594,680)	(438,046)
		1,194,092	(374,712)	(594,680)	(441,007)
Net Loss		$ (5,019,930)	$ (927,702)	$ (2,359,216)	$ (2,862,455)
Other comprehensive (loss) income					
Exchange differences on translation of operations in currencies other than Canadian dollars		(66,770)	20,690	25,474	85,717
Total comprehensive loss for the period		$ (5,086,700)	$ (907,012)	$ (2,333,742)	$ (2,776,738)

The accompanying notes are an integral part of these financial statements

RCM DIVISION OF QHR TECHNOLOGIES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2015 (UNAUDITED) AND JUNE 30, 2014 (UNAUDITED) AND YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

	Issued Capital	Accumulated other Comprehensive Income	(Deficit) Retained Earnings	Total Equity
January 1, 2015	$ 1,355,501	$ 142,696	$ 168,688	$ 1,666,885
Net loss for the period	-	-	(5,019,930)	(5,019,930)
Other comprehensive income	-	(66,770)	-	(66,770)
June 30, 2015	$ 1,355,501	$ 75,926	$ (4,851,240)	$ (3,419,815)

	Issued Capital	Accumulated other Comprehensive Income	Retained Earnings	Total Equity
January 1, 2014	$ 1,355,501	$ 117,222	$ 2,527,904	$ 4,000,627
Net loss for the period	-	-	(927,702)	(927,702)
Other comprehensive income	-	20,690	-	20,690
June 30, 2014	$ 1,355,501	$ 137,912	$ 1,600,202	$ 3,093,615

	Issued Capital	Accumulated other Comprehensive Income	Retained Earnings	Total Equity
January 1, 2014	$ 1,355,501	$ 117,222	$ 2,527,904	$ 4,000,627
Net loss for the period	-	-	(2,359,216)	(2,359,216)
Other comprehensive income	-	25,474	-	25,474
December 31, 2014	$ 1,355,501	$ 142,696	$ 168,688	$ 1,666,885

	Issued Capital	Accumulated other Comprehensive Income	Retained Earnings	Total Equity
January 1, 2013	$ 1,355,501	$ 31,505	$ 5,390,359	$ 6,777,365
Net loss for the period	-	-	(2,862,455)	(2,862,455)
Other comprehensive income	-	85,717	-	85,717
December 31, 2013	$ 1,355,501	$ 117,222	$ 2,527,904	$ 4,000,627

RCM DIVISION OF QHR TECHNOLOGIES INC.
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2015 (UNAUDITED) AND JUNE 30, 2014 (UNAUDITED) AND YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

	Six months ended June 30		12 months ended December 31	
	Unaudited	Unaudited		
Period ended	2015	2014	2014	2013
OPERATING ACTIVITIES				
Net loss from continuing operations	$ (5,019,930)	$ (927,702)	$ (2,359,216)	$ (2,862,455)
Items not affecting cash				
Amortization of property and equipment	11,462	11,304	26,798	18,387
Amortization of intangible assets	54,373	154,005	304,599	402,119
Deferred taxes	1,194,092	(374,712)	(594,680)	438,046
Loss on disposal of assets	69,094	-	-	-
Impairment of goodwill and intangibles	2,612,698	-	-	1,215,835
Changes in non-cash operating assets and liabilities				
Trade and other receivables	146,254	(271,807)	(114,186)	(179,376)
Prepaid expenses and deposits	(7,289)	(11,775)	(16,136)	6,673
Accounts payable and accrued liabilities	(68,660)	29,857	182,788	(327,694)
Deferred revenue	5,902	14,547	2,581	35,182
Net cash flow used in operating activities	(1,002,004)	(1,376,283)	(2,567,452)	(1,253,283)
INVESTING ACTIVITIES				
Purchase of property and equipment	(2,747)	(21,955)	(45,474)	(29,977)
Acquisition of intangible assets	(1,563)	(6,527)	(10,373)	(2,000)
Net cash flow used in investing activities	(4,310)	(28,482)	(55,846)	(31,977)
FINANCING ACTIVITIES				
Proceeds from affiliated companies	1,387,562	1,317,996	2,807,783	1,722,346
Repayment of promissory note	-	-	-	(400,000)
Net cash flow provided by financing activities	1,387,562	1,317,996	2,807,783	1,322,346
Effect of exchange rate changes	(438,417)	26,806	(154,670)	(30,359)
(Decrease) increase in cash	(57,169)	(59,963)	29,815	6,727
Cash - beginning of period	127,064	97,249	97,249	90,522
Cash - end of period	$ 69,895	$ 37,286	$ 127,064	$ 97,249

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

1. Nature of Business

The corporate office is located at Suite 300 – 1620 Dickson Avenue, Kelowna, British Columbia, Canada. The division's principal business consists of the following:

- revenue cycle management software solutions and transaction processing services to physicians, hospitals, health plans, insurance brokers and state governments to exchange information for health plan enrolment, eligibility and claims

2. Basis of Preparation and Statement of Compliance

The financial statements for the six months ended June 30, 2015, including comparatives and the years ended December 31, 2014 and December 31, 2013, are expressed in Canadian dollars and have been prepared in accordance with *International Financial Reporting Standards* ("**IFRS")** as issued by the *International Accounting Standards Board* ("**IASB**").

The financial statements for the six months ended June 30, 2015, including comparatives and the years ended December 31, 2014 and December 31, 2013, have been approved and authorized for issue by management on September 21, 2015.

3. Significant Accounting Policies

The financial statements have been prepared on the historical cost basis except as explained in the accounting policies set out in note 3. The division's principal accounting policies are outlined below:

3.1 Basis of Presentation

The financial statements of the RCM division are comprised of *Softcare Solutions Inc., (formerly i-Plexus Solutions Inc.*) and the divisional financial balances of the legacy *Softcare EC Solutions Inc.*

The term "Company" or "Division" are used to mean the RCM division where the context of the narrative permits.

3.2 Business Combinations and Goodwill

These statements represent the fair market value of goodwill acquired from the purchase of *Open EC Technologies Inc.* by the parent company *QHR Technologies Inc.* on October 24, 2012.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

3.3 Significant Management Judgement

The following are significant management judgements in applying the accounting policies of the division that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses:

Allocations from the Parent and Affiliated Entities
Certain general corporate expenses and shared services have been allocated to the Division and are comprised of costs incurred related to: (i) human resources and related insurance; (ii) rent; (iii) information systems and technology; (iv) consulting; (v) and marketing costs. The allocated expenses are mainly comprised of salaries and benefits and other direct costs of the various functions. Allocations to the Company are based primarily on the percentage of total revenue of the division.

The expenses allocated are not necessarily indicative of the amounts that would have been incurred had the Company performed these functions as a standalone entity, nor are they indicative of expenses that will be charged or incurred in the future. It is not practical to estimate the amount of expenses and gains and losses that the Company would have incurred for the periods presented had it not been an affiliated entity of the Parent in each of those periods.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the division's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

3.4 Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Revenue Recognition
Revenue from sales arrangements that include multiple elements are allocated amongst the separately identifiable components based on the selling price of each component included in the contract. In order to allocate total revenue to the individual components, management is required to estimate the fair value of each of those components as well as the average customer relationship period. A change in the estimated fair value of any component and/or the average customer relationship period may impact the value assigned to other components which also impacts the timing of revenue recognition over the term of the sales arrangement.

Selling prices of multi-element sales arrangements
Determining selling prices for multi-element arrangements follows a hierarchy of selling prices. If vendor specific objective evidence and third party evidence of selling price do not exist, then management's best estimate of selling price for the deliverable is used. This requires significant judgement in determining the selling price based on an understanding of the customer's use of the related product or service, historical experience and knowledge of the market.

Impairment of long-lived assets
In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets
The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain software and equipment.

Allowance for doubtful accounts
The Company provides for bad debts by reviewing all specific customer accounts and trends and sets aside a specific amount towards the allowance account based on this analysis. Uncertainty relates to the actual collectability of customer balances that can vary from the division's estimation.

3.5 Cash

Cash consists of highly liquid interest bearing bank accounts and potential term deposits that are readily convertible to known amounts of cash with original terms to maturity of up to three months at the date of purchase. The cash acts as the division's primary source of cash and fluctuate directly as a result of its cash flows from operating, investing and financing activities.

3.6 Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses that may arise if any of its customers are unable to make required payments. Management provides for bad debts by reviewing all specific customer accounts and trends and sets aside a specific amount towards the allowance account based on this analysis. The amount reserved is based on the division's historical default experience, direct knowledge of customer credit worthiness, and payment trends. Customer aging is reviewed monthly by management to ensure consistency with best practices. At any time throughout the year, if the Company determines that the financial condition of any of its customers has deteriorated; increases in the allowance may be made.

3.7 Prepaid Expenses and Deposits

Included in short-term prepaid expenses and deposits are prepayments related to materials, insurance premiums and other deposits required in the normal course of business which are less than one year.

3.8 Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Amortization of property and equipment is recorded on a straight-line basis at the following annual rates, which approximate the useful lives of the assets:

Assets	Period
Furniture and fixtures	10 years
Office equipment	5 years
Computer hardware	3 – 5 years

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. When a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Earnings and Comprehensive Income as incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if applicable. The Company has elected to choose the cost method of accounting for each class of property and equipment as outlined under IAS 16, *Property, Plant and Equipment*.

3.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Earnings and Comprehensive Income.

The assets with indefinite useful lives are not amortized, but are tested for impairment annually at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Earnings and Comprehensive Income when the asset is derecognized.

The Company records amortization of intangible assets with finite lives on a straight-line basis at the following annual rates, which approximate the useful lives of the assets:

Assets	Period
Customer relationships	1 – 10 years
Acquired technology	3 – 7 years
Software	3 years

3.10 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the Statement of Earnings and Comprehensive Income.

An impairment loss is reversed if there is an indication that an impairment loss recognized in prior periods may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized previously. Such reversal is recognized in the Statement of Earnings and Comprehensive Income. An impairment loss with respect to goodwill is never reversed.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGU's to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount an impairment loss is recognized to the extent the carrying amount exceeds the recoverable amount. Impairment losses relating to goodwill are not reversed in future periods.

Intangible assets with indefinite lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.11 Deferred Revenue

Billings that have been paid for by customers but will qualify for recognition within the next year under the division's policies are reflected as deferred revenue. Amounts billed in advance of providing the related service, where the Company has the contractual right to bill for and collect these amounts are also reflected as deferred revenue. Included in deferred revenue are amounts related to subscription fees with the sale of the division's products.

3.12 Financial Instruments

<u>Financial assets</u>

Financial assets are classified into one of four categories:

- financial assets at fair value through profit or loss ("**FVTPL**"),
- held-to-maturity investments,
- loans and receivables, and
- available for sale financial assets.

The Company determines the classification of its financial assets at initial recognition, depending on the nature and purpose of the financial asset.

All financial assets are recognized initially at fair value plus directly attributable transaction costs except for those carried at fair value through profit or loss which are measured initially at fair value.

The division's financial assets include cash and trade and other receivables.

The subsequent measurement of financial assets depends on their classification as follows:

i. Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is held for trading or is designated upon initial recognition as FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term, it is part of an identified portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or it is a derivative that is not designated as an effective hedging instrument.

Financial assets classified as FVTPL are carried in the statement of financial position at fair value with changes in fair value recognized in the Statement of Earnings and Comprehensive Income.

The Company has not designated any financial assets as FVTPL.

ii. Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. The losses arising from impairment are recognized in the Statement of Earnings and Comprehensive Income.

The Company has not designated any financial assets as held-to-maturity investments.

iii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized costs using the effective interest method. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified. The losses arising from impairment are recognized in the Statement of Earnings and Comprehensive Income. Interest income is recognized by applying the effective interest method.

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

The Company has classified cash, trade and other receivables as loans and receivables.

iv. Available-for-sale financial assets

Non-derivative financial assets are designated as available for sale or that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available for sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the Statement of Earnings and Comprehensive Income and removed from the available-for-sale reserve.

The Company has not designated any financial assets as available-for-sale assets.

v. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty,
- default or delinquency in interest or principal payments, or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding receivables, is directly reduced by the impairment loss. The carrying amount of receivables is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Earnings and Comprehensive Income. Changes in the carrying amount of the allowance account are recognized in the Statement of Earnings and Comprehensive Income.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value, net of transaction costs except for those carried at fair value through profit or loss which are measured initially at fair value.

The financial liabilities include accounts payables and accrued liabilities.

Subsequent measurement of financial liabilities depends on their classification as follows:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative instruments that are not designated as hedging instruments in hedge relationships. Changes in fair value on liabilities classified as FVTPL are recognized in the Statement of Earnings and Comprehensive Income.

The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

ii. Other financial liabilities

After initial recognition at fair value less transaction costs, other financial liabilities are subsequently measured at amortized costs using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability.

Gains and losses are recognized in the Statement of Earnings and Comprehensive Income.

The Company has classified accounts payables and accrued liabilities as other financial liabilities.

iii. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired.

3.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Earnings and Comprehensive Income, net of any reimbursement.

3.14 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. Service revenue consists primarily of fees for implementation or customization services, for license of the division's software as well as support, maintenance and professional services. The division's fee model is described for each of the Canadian and US locations below.

Typically, the division's Canadian software license agreements are multiple-element arrangements that also include the provision of maintenance, hosted services, professional services and, in certain cases, hardware. These multiple-element arrangements are assessed to determine if the elements can be treated as separately identifiable components for the purposes of revenue recognition. Consideration from the arrangement is allocated to each of the separately identified components on a selling price basis. Revenue is recognized for each component according to the stated revenue recognition policy.

Revenue from the provision of services is recognized when the Company has provided the services to the customer, the collection of the related receivable is deemed probable and the amount of revenue and costs incurred or to be incurred can be measured reliably.

Deferred revenue results from the Canadian operation, advance payments of support and maintenance and payments made in advance of the delivery of implementation or customization services where the Company has not met the criteria for revenue recognition as described above.

In the United States, the Company derives revenue from fees collected for processing medical billing claims, determining eligibility, setting up records, and producing patient statements. These revenues are recognized as the services are provided.

3.15 Research and Development Costs

The Company incurs costs to research and develop its proprietary software products to be sold, licensed or otherwise marketed. Research costs are expensed as incurred. Development costs are expensed as incurred unless a project meets certain criteria for capitalization and amortization. In this case the development costs are capitalized and amortized over the estimated useful life of the software product developed. Amortization of capitalized development costs commences when development of the software is complete and the product is available for sale to customers.

3.16 Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the Statement of Earnings and Comprehensive Income.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred taxes are recorded using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets and liabilities on a net basis.

The Company accounts for income tax credits in accordance with IAS 12,*Income Taxes* where credits are recorded as a credit to income tax expense on the statement of loss and comprehensive loss.

3.17 Foreign Currency Translation

Functional and presentation currency
These financial statements are presented in Canadian dollars. The functional currency of*Softcare Solutions Inc.* is in US dollars and the divisional financial balances of the legacy *Softcare EC Solutions Inc.* is in Canadian dollars.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective currency of the entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Statements of Loss and Comprehensive Loss.

Non-monetary items that are not re-translated at period end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates as at the date when fair value was determined.

Foreign operations
In the division's financial statements, all assets, liabilities and transactions of the division's foreign operations with a functional currency other than Canadian dollars are translated into Canadian dollars upon reporting.

Each foreign operation of the Company determines its own functional currency and items included in the financial statements of each foreign operation are measured using that functional currency and presented in Canadian dollars.

The functional currency of the division's foreign operations of US dollars has remained unchanged during the reporting period.

For foreign operations with non-Canadian dollar functional currency, the Company translates assets and liabilities into Canadian dollars using the period-end exchange rates. Goodwill and intangible assets arising from acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into Canadian dollars at the period-end exchange rates. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

3.18 Comprehensive Loss

Comprehensive loss is comprised of net losses for the period and other comprehensive income. Included in accumulated other comprehensive income are unrealized foreign exchange amounts on the translation of certain subsidiaries' and divisions' functional currency to United States dollars.

3.19 Changes in Accounting Policies and Future Accounting Pronouncements

In 2014, the Company has adopted the following accounting policies:

IFRIC 21 Levies clarifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognized on that date. The same recognition principles apply in the annual and interim financial statements. IFRIC 21 has no material effect on the division's financial statements as the Company has no significant levies that needs to be paid. IFRIC 21 has been applied retrospectively in accordance with its transitional provisions and had no material effect on the division's financial statements for any period presented.

Amendments to IAS 32 - *Offsetting Financial Assets and Financial Liabilities* ("**IAS 32**") clarify the application of certain offsetting criteria in IAS 32, including the meaning of 'currently has a legally enforceable right of set-off' and some gross settlement mechanisms may be considered equivalent to net settlement. The amendments have been applied retrospectively in accordance with their transitional provisions. As the Company does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the division's financial statements for any period presented.

Amendments to IAS 36 - *Recoverable Amount Disclosures for Non-Financial Assets* ("**IAS 36**") clarify that an entity is required to disclose the recoverable amount of an asset or cash generating unit whenever an impairment loss has been recognized or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including additional information about fair value measurement including the applicable level of the fair value hierarchy, a description of any valuation techniques used and key assumptions made and the discount rates used if fair value less costs of disposal is measured using a present value technique. The amendments have been applied retrospectively in accordance with their transitional provisions.

The following new accounting pronouncements have been issued but are not effective and may have an impact on the Company:

IFRS 15 - *Revenue from Contracts with Customers* ("**IFRS 15**"), which will replace IAS 18 - *Revenue*, IAS 11 - *Construction Contracts* and some revenue related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding whether revenue is to be recognized over time or at a point in time, and improves disclosures about revenue. IFRS 15 provides more detailed guidance on contracts involving the delivery of two or more goods and services as to when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price and when to combine contracts. IFRS 15 also provides guidance on how to treat arrangements with variable pricing, such as performance based pricing and how revenue can be constraint. In addition, IFRS 15 provides guidance on time value of money as to when to adjust a contract price for a financing component. The ISAB has an effective date to annual period beginning on or after January 1, 2018. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the Division's financial statements.

IFRS 9 - *Financial Instruments* ("**IFRS 9**") will replace IAS 39 - *Financial Instruments: Recognition and Measurement*, and is currently being developed in stages by the IASB. It addresses the classification, measurement and derecognition of financial assets and financial liabilities. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In November 2013, the IASB issued an amendment to IFRS 9 which includes a new hedge model that aligns accounting more closely with risk management as well as enhancements to the disclosures about hedge accounting and risk management.

IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The ISAB has now deferred the effective date to annual period beginning on or after January 1, 2018. Early adoption of the standard is permitted. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the division's financial statements.

3.20 Segmented Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocation of resources and assessing performance of the operating segments and has been identified as the CEO and CFO of the Company.

4. Financial Instruments and Risk Exposures

Fair Value Measurement

The division's current financial assets include cash and trade and other receivables. The division's financial liabilities include accounts payable and accrued liabilities.

The carrying value of the division's financial assets and liabilities is considered to be a reasonable approximation of fair value due to their immediate or short term maturity, or their ability for liquidation at comparable amounts.

June 30, 2015	Carrying amount	Fair Market Value
Loans and receivables	$ 539,604	$ 539,604
Other financial liabilities	393,850	393,850

December 31, 2014	Carrying amount	Fair Market Value
Loans and receivables	$ 743,027	$ 743,027
Other financial liabilities	462,510	462,510

December 31, 2013	Carrying amount	Fair Market Value
Loans and receivables	$ 599,026	$ 599,026
Other financial liabilities	279,722	279,722

Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its obligations under a contract. This risk primarily arises from the division's receivables from customers.

The division's exposure to credit risk is dependent upon the characteristics of each customer. Each customer is assessed for credit worthiness through direct monitoring of their financial well-being on a continual basis. In some cases, where customers fail to meet the division's credit worthiness benchmark, the Company may choose to transact with the customer on a prepayment basis.

The Company does not have credit insurance or other financial instruments to mitigate its credit risk as management has determined that the exposure is minimal due to the composition of its customer base.

The Company regularly reviews the collectability of its accounts receivable and establishes an allowance for doubtful accounts based on its best estimate of any potentially uncollectable accounts. Pursuant to their respective terms, net accounts receivable was aged as follows as at June 30, 2015, December 31, 2014 and December 31, 2013:

Trade receivables		June 30, 2015		December 31, 2014		December 31, 2013
Current	$	480,245	$	337,317	$	409,293
31-60 days		9,267		100,453		20,313
61-90 days		97,840		78,731		4,321
Greater than 90 days		327,772		260,307		76,620
Allowance for doubtful accounts		(445,415)		(160,845)		(8,770)
Total	$	469,709	$	615,963	$	501,777

Allowance for doubtful accounts		June 30, 2015		December 31, 2014		December 31, 2013
Opening	$	(160,845)	$	(8,770)	$	(24,872)
Allowance		(309,570)		(152,075)		-
Recovery		25,000		-		16,101
Total	$	(445,415)	$	(160,845)	$	(8,770)

The Company may also have credit risk relating to cash, which it manages by dealing with large chartered banks in Canada and the United States. The division's cash carrying value as at June 30, 2015 totaled $69,895 (December 31, 2014 - $127,064, December 31, 2013 - $97,249) and trade accounts and other receivables $469,709 (December 31, 2014 - $615,963, December 31, 2013 - $501,777), representing the maximum exposure to credit risk of these financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

As at June 30, 2015, the Company had cash of $69,895, trade accounts and other receivables of $469,709 for a total of $539,604. The Company had short-term financial obligations from accounts payable and accrued liabilities of $393,850. The liquidity and maturity timing of these assets are adequate for the settlement of the division's short-term (less than one year) financial obligations.

		2015		2014		2013
Accounts payable and accrued liabilities	$	393,850	$	462,510	$	279,722

Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the division's financial instruments will fluctuate due to changes in foreign exchange rates. As at June 30, 2015, approximately 94% (June 30, 2014 – 96%, December 31, 2014 – 96%, December 31, 2013 – 95%) of revenue is transacted in US dollars and the Company is exposed to foreign exchange risk thereon.

The Company manages currency risk by holding cash in foreign currencies to support forecasted foreign currency denominated liabilities and does not use derivative instruments to reduce its exposure to foreign currency risk. A 1% appreciation (depreciation) in the United States dollar price of Canadian dollars would result in a gain (loss) of approximately $14,467 (December 31, 2014 - $28,179, December 31, 2013 - $24,615).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The division's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

The Company is currently not exposed to any significant interest rate risk.

5. Property and Equipment, net

Cost	Furniture and Fixtures	Office Equipment	Computer Hardware	Total
December 31, 2012	$ 3,484	$ 8,056	$ 41,551	$ 53,091
Additions	26,648	-	3,328	29,976
Foreign exchange translation	81	449	2,133	2,663
December 31, 2013	30,213	8,505	47,012	85,730
Additions	1,502	3,205	40,767	45,474
Foreign exchange translation	2,662	630	4,962	8,254
December 31, 2014	34,377	12,340	92,741	139,458
Additions	-	-	2,747	2,747
Dispositions	(36,834)	(12,921)	(86,949)	(136,704)
Foreign exchange translation	2,457	581	6,153	9,191
June 30, 2015	$ -	$ -	$ 14,692	$ 14,692
Accumulated Amortization				
December 31, 2012	$ 86	$ 299	$ 1,805	$ 2,190
Amortization for the period	2,204	1,699	14,484	18,387
Foreign exchange translation	3	17	524	544
December 31, 2013	2,293	2,015	16,813	21,121
Amortization for the period	3,244	2,033	21,521	26,798
Foreign exchange translation	309	210	1,998	2,517
December 31, 2014	5,846	4,258	40,332	50,436
Amortization for the period	1,164	550	9,748	11,462
Dispositions	(7,407)	(5,055)	(45,605)	(58,067)
Foreign exchange translation	397	247	2,585	3,229
	$ -	$ -	$ 7,060	$ 7,060
Net book value				
December 31, 2013	$ 27,920	$ 6,490	$ 30,200	$ 64,609
December 31, 2014	$ 28,531	$ 8,082	$ 52,409	$ 89,022
June 30, 2015	$ -	$ -	$ 7,632	$ 7,632

6. Goodwill

Goodwill is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of an acquired division's workforce and expected cost synergies. Goodwill arising on acquisitions is not deductible for tax purposes.

Goodwill		Amount
December 31, 2012	$	1,658,813
Write down of assets		(421,601)
Foreign exchange translation		65,189
December 31, 2013		1,302,401
Foreign exchange translation		72,360
December 31, 2014		1,374,761
Write down of assets		(1,455,895)
Foreign exchange translation		81,134
June 30, 2015	$	-

The recoverable amount of goodwill was determined based on fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold for in an arm's length transaction. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the asset. The cash flow projection is based on the most recent forecasts approved by the Board of Directors. The present value of the expected cash flows is determined by applying a suitable discount rate.

The growth rates of revenue reflect the long-term average growth rates for the product lines and industry of the CGU's. The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of each of the CGU's.

Management's key assumptions to cash flow forecasting include moderately (>10%) increasing net profit margins, based on past experience and current trends in the market that the segment operates. The Company believes that this is the best available input for forecasting cash flows.

During the six months ended June 30, 2015, the Company committed to a plan for the sale of its Billing Services, Clearinghouse, Tradelink EDI and related product lines ("**RCM assets**"). The Company determined that the carrying value of the RCM assets would have a minimal value through an expected sale transaction in the open market or through continued use. As a result, the Company recognized an impairment loss of $2,612,698 for the period ended June 30, 2015. The impairment test performed resulted in no impairment of Goodwill as at December 31, 2014 (2013 - $421,601).

7. Intangible Assets

Cost		Customer relationships & acquired technology		Software		Total
December 31, 2012	$	2,686,754	$	18,576	$	2,705,330
Additions		-		2,000		2,000
Write-down of assets		(954,700)		-		(954,700)
Foreign exchange translation		51,355		1,410		52,765
December 31, 2013		1,783,409		21,986		1,805,395
Additions		-		10,373		10,373
Foreign exchange translation		72,137		2,250		74,387
December 31, 2014		1,855,546		34,609		1,890,155
Additions		-		1,563		1,563
Write-down of assets		(1,890,157)		(37,394)		(1,927,551)
Foreign exchange translation		34,611		1,222		35,833
June 30, 2015	$	-	$	-	$	-
Accumulated Amortization						
December 31, 2012	$	70,707	$	218	$	70,925
Amortization for the period		399,293		2,826		402,119
Write down of assets		(160,468)		-		(160,468)
Foreign exchange translation		5,463		127		5,590
December 31, 2013		314,995		3,171		318,166
Amortization for the period		294,938		9,661		304,599
Foreign exchange translation		20,296		662		20,958
December 31, 2014		630,229		13,494		643,723
Amortization for the period		50,442		3,931		54,373
Write down of assets		(691,737)		(17,779)		(709,516)
Foreign exchange translation		11,066		354		11,420
June 30, 2015	$	-	$	-	$	-
Net book value						
December 31, 2013	$	1,468,414	$	18,815	$	1,487,229
December 31, 2014	$	1,225,317	$	21,115	$	1,246,432
June 30, 2015	$	-	$	-	$	-

The division’s acquired technology consists of identifiable intangible assets acquired in a business combination. Identifiable intangible assets acquired in a business combination are recognized separately from goodwill if they meet the definition of intangible asset and if their fair value can be measured reliably. The cost of these intangible assets equals their acquisition date fair value. After initial recognition, identifiable intangible assets acquired in a business combination are recognized at cost less accumulated amortization if they are amortizable, and less accumulated impairment losses.

The recoverable amount of intangibles was determined based on fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold for in an arm’s length transaction. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the asset. The cash flow projection is based on the most recent forecasts approved by the Board of Directors. The present value of the expected cash flows is determined by applying a suitable discount rate.

The Company determined that the carrying value of its intangible assets would have a minimal value through an expected sale transaction in the open market or through continued use and therefore wrote down its value to managements expected fair value.

8. Issued Capital

a) Authorized

100,000 common shares without par value

b) Issued

Shares issued and outstanding	Number of shares		Amount
December 31, 2013	100	$	1,355,501
December 31, 2014	100	$	1,355,501
June 30, 2015	100	$	1,355,501

9. Income Taxes

a) Income Tax Expense

The income tax expense differs from the expected expense if the Canadian federal and provincial statutory income tax rates were applied to earnings from operations before income taxes. The principal factors causing these differences are shown below:

Period ended	June 30, 2015	June 30, 2014	December 31, 2014	December 31, 2013
Loss from operations before income taxes	$ (3,825,838)	$ (1,302,414)	$ (2,953,896)	$ (3,303,462)
Statutory tax rate	26.00%	26.00%	26.00%	25.75%
Income tax provision using tax rates	(994,718)	(338,628)	(768,014)	(850,641)
Effect of statutory rate change	-	-	-	(36,501)
Permanent differences	1,184	3,337	13,415	12,836
Reversal of previously recognized deferred tax asset	1,785,329	-	-	-
Benefit from previously unrecognized tax losses	-	121	28,366	-
Other	402,297	(39,542)	131,553	443,299
Income tax	$ 1,194,092	$ (374,712)	$ (594,680)	$ (441,007)
Current income tax	$ -	$ -	$ -	$ (2,961)
Deferred tax (recovery)	1,194,092	(374,712)	(594,680)	(438,046)
	$ 1,194,092	$ (374,712)	$ (594,680)	$ (441,007)

b) Deferred Tax Assets & Liabilities

The tax effect of the temporary differences that give rise to deferred tax assets and liabilities are presented below:

	June 30, 2015	June 30, 2014	December 31, 2014	December 31, 2013
Non-capital loss carry forwards	$ 1,735,434	$ 695,673	$ 1,046,788	$ 349,726
Tangible assets	1,412	(7,939)	(2,432)	(7,437)
Intangible assets	48,484	(102,966)	(181,177)	(122,407)
Unrecognized deferred tax asset	(1,785,330)	-	-	-
Total recognized net deferred tax asset	$ -	$ 584,768	$ 863,179	$ 219,882

In assessing the recognition of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized.

c) Loss Carry-Forwards

At June 30, 2015, Softcare Solutions Inc. has approximately $4,339,000 of non-capital loss carry forwards available until 2035 (December 31, 2014 – approximately $2,617,000: December 31, 2013 – approximately $875,000) to reduce future years' taxable income. The Company employs strategies within the corporate group to effectively utilize the benefits of these tax loss carry-forwards and to minimize income tax payable.

10. Capital Disclosures

The division’s objectives and policies for managing capital are to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business and to safeguard the division’s ability to support the division’s normal operating requirements on an ongoing basis.

The capital of the Company consists of the items included in the Statements of Financial Position in the equity section. The Company manages its capital structure and makes changes based on economic conditions and the risk characteristics of the division’s assets.

To manage the division’s capital requirements, the Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company plans to continue to fund its short-term cash requirements through operations.

11. Segmented Information

The Company operates as one reportable segment. Segmentation is based on the internal reporting and organizational structure, taking into account the different risk and income structures of the key products of the Company.

a) Revenues from external customers by geographic segment is as follows:

	June 30, 2015	June 30, 2014	December 31, 2014	December 31, 2013
Canada	$ 93,639	$ 54,577	$ 120,344	$ 141,841
United States	1,446,708	1,409,335	2,817,950	2,461,550
	$ 1,540,347	$ 1,463,912	$ 2,938,294	$ 2,603,391

12. Supplemental Cash Flow and other Disclosures

Supplementary information:	June 30, 2015	June 30, 2014	December 31, 2014	December 31, 2013
Interest paid	$ 5,018	$ 26,902	$ 52,721	$ 57,087

13. Related Party Transactions

Intercompany transactions refer to the services directly related to the division’s operating activities and are conducted in conditions similar to those stipulated in the market and take place with the Parent Company, *QHR Technologies Inc*. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment. Executive compensation has been paid out of the parent company *QHR Technologies Inc*. for all periods.

14. Subsequent Event

The Company has entered into an agreement dated July 10, 2015 to sell its RCM assets to Medical Transcription Billing, Corp**("MTBC")**, a U.S. publicly traded company.

Under the agreement, MTBC will acquire substantially all of the RCM assets, including customer relationships, products, related intellectual property, and will employ some of its employees in exchange for a cash purchase price in an amount to be determined and paid over an earn out period of 36 months from closing. The Company does not anticipate that proceeds from this transaction will be material.

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 the subsidiaries of Omni Medical Billing Services, LLC (collectively, “Omni”) on July 28, 2014,
- Our acquisition of the assets of Practicare Medical Management, Inc. (“Practicare”) on July 28, 2014,
- Our acquisition of the assets of the subsidiaries of CastleRock Solutions, Inc. (collectively, “CastleRock”) on July 28, 2014, and
- Our acquisition of substantially all of the assets of the Revenue Cycle Management Division of QHR Technologies Inc., operating in the U.S. as SoftCare Solutions, Inc. (“SoftCare”) on July 10, 2015.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2014 and for the six months ended June 30, 2015 give effect to the Transactions as if each of them had occurred on January 1, 2014. The unaudited pro forma condensed combined balance sheet as of June 30, 2015 gives effect to the acquisition of SoftCare as if it had occurred on June 30, 2015.

We determined that the SoftCare 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 8-04 of Regulation S-X.

The SoftCare audited financial statements as of December 31, 2014 and 2013 and for the years then ended and the unaudited interim financial statements as of June 30, 2015 and 2014 and for the six months then ended appear elsewhere in this Form 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 estimates. The actual adjustments to our audited consolidated financial statements will depend upon a number of factors. Accordingly, the actual adjustments that will appear in our consolidated financial statements will differ from these pro forma adjustments, and those differences may be material.

We account for our acquisitions using the acquisition method of accounting for business combinations under U.S. 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 estimate the amount of contingent consideration to be paid over the term of the agreement in determining the estimated purchase price. Adjustments to the contingent consideration are made during the term of the agreement and recorded as gain or loss in the Company’s Statement of Operations.

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, 2014

	MTBC	Omni	Practicare	CastleRock	MTBC + Previously Acquired Subtotal	SoftCare (9)	Adjustments for Customers Not Acquired (1)	Pro Forma Adjustments	Pro Forma Combined
		January 1 - July 27, 2014							
	(in thousands, except per share data)								
Net revenue	$ 18,303	$ 6,336	$ 2,374	$ 2,701	$ 29,714	$ 2,662	$ (306)	$ -	$ 32,070
Operating expenses:									
Direct operating costs	10,636	3,991	1,922	814	17,363	1,874	(83)	-	19,154
Selling, general and administrative	10,196	1,416	660	1,736	14,008	1,982	(269)	(997)(2)	14,724
Research and development	532	-	-	-	532	1,044	-	-	1,576
Change in contingent consideration	(1,811)	-	-	-	(1,811)	-	-	-	(1,811)
Depreciation and amortization	2,791	449	25	92	3,357	300	-	848(3)	4,505
Total operating expenses	22,344	5,856	2,607	2,642	33,449	5,200	(352)	(149)	38,148
Operating (loss) income	(4,041)	480	(233)	59	(3,735)	(2,538)	46	149	(6,078)
Interest expense - net	157	7	1	18	183	48	-	-	231
Other (expense) income - net	(135)	22	-	20	(93)	(89)	-	-	(182)
(Loss) income before provision (benefit) for income taxes	(4,333)	495	(234)	61	(4,011)	(2,675)	46	149	(6,491)
Income tax provision (benefit)	176	-	-	-	176	(539)	12	-(4)	(351)
Net (loss) income	$ (4,509)	$ 495	$ (234)	$ 61	$ (4,187)	$ (2,136)	$ 34	$ 149	$ (6,140)
Weighted average common shares outstanding:									
Basic and diluted	7,085							293(8)	7,378
Net loss per share:									
Basic and diluted	$ (0.64)								$ (0.83)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the six months ended June 30, 2015

	MTBC	SoftCare [9]	Adjustments for Customers Not Acquired [1]	Acquisition Subtotal	Pro Forma Adjustments	Pro Forma Combined
	(in thousands, except per share data)					
Net revenue	$ 12,104	$ 1,248	$ (155)	$ 1,093	$ -	$ 13,197
Operating expenses:						
Direct operating costs	6,460	981	(34)	947	-	7,407
Selling, general and administrative	6,536	864	(44)	820	(2)[2]	7,354
Research and development	330	335	-	335	-	665
Change in contingent consideration	(916)	-	-	-	-	(916)
Depreciation and amortization	2,362	53	-	53	4[3]	2,419
Total operating expenses	14,772	2,233	(78)	2,155	2	16,929
Operating loss	(2,668)	(985)	(77)	(1,062)	(2)	(3,732)
Interest expense - net	72	4	-	4	-	76
Other income - net	103	6	-	6	-	109
Loss before benefit for income taxes and other expenses	(2,637)	(983)	(77)	(1,060)	(2)	(3,699)
Impairment of goodwill and intangible assets	-	(2,117)	-	(2,117)	2,117[3]	-
(Loss) income before taxes	(2,637)	(3,100)	(77)	(3,177)	2,115	(3,699)
Income tax provision	16	967	-	967	-[4]	983
Net (loss) income	$ (2,653)	$ (4,067)	$ (77)	$ (4,144)	$ 2,115	$ (4,682)
Weighted average common shares outstanding:						
Basic and diluted	9,704				(14)[8]	9,690
Net loss per share:						
Basic and diluted	$ (0.27)					$ (0.48)

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of June 30, 2015

	MTBC	SoftCare (9)	Adjustments for Assets not Acquired	Acquisition Related Pro Forma Adjustments	Consolidated Pro Forma Results
			(in thousands)		
Cash	$ 632	$ 57	$ (57)(5)	$ (22)(7)	$ 610
Accounts receivable - net	2,637	381	(381)(5)	-	2,637
Other current assets	405	28	(28)(5)	-	405
Current assets	3,674	466	(466)	(22)	3,652
Property, plant and equipment - net	1,450	7	-	2(7)	1,459
Intangible assets - net	6,290	-	-	285(6)	6,575
Goodwill	8,560	-	-	1,241(7)	9,801
Other assets	179	-	-	-	179
Total assets	$ 20,153	$ 473	$ (466)	$ 1,506	$ 21,666
Accounts payable	$ 665	$ 319	$ (319)(5)	$ -	$ 665
Accrued expenses	1,712	-	-	-	1,712
Short term debt	3,130	-	-	-	3,130
Deferred revenue	24	103	(45)(5)	-	82
Deferred rent	22	-	-	-	22
Contingent consideration	1,844	-	-	1,455(7)	3,299
Total current liabilities	7,397	422	(364)	1,455	8,910
Long term debt	534	2,817	(2,817)(5)	-	534
Other liabilities	563	-	-	-	563
Total liabilities	8,494	3,239	(3,181)	1,455	10,007
Common stock	10	1,361	(1,361)(5)	-	10
Additional paid-in capital	19,060	-	-	-	19,060
Retained deficit	(7,114)	(3,573)	3,573(5)	-	(7,114)
Accumulated other comprehensive (loss) income	(297)	(554)	554(5)	-	(297)
Total shareholders' equity	11,659	(2,766)	2,766	-	11,659
Total liabilities and shareholders' equity	$ 20,153	$ 473	$ (415)	$ 1,455	$ 21,666

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

In connection with our acquisition of SoftCare, we entered into an asset purchase agreement ("APA") with SoftCare Solutions, Inc., a Nevada Corporation, the U.S. subsidiary of QHR Corporation, a publicly traded, Canada-based healthcare technology company. Pursuant to the APA, the Company purchased substantially all of the assets of SoftCare's clearinghouse, electronic data interchange ("EDI") and billing divisions. SoftCare is referred to as the RCM Division of QHR Technologies Inc. We did not purchase the non-healthcare EDI customers of SoftCare and amounts applicable to those customers have been removed from the pro forma condensed combined financial statements.

The audited financial statements of the RCM Division of QHR Technologies Inc. ("RCM Division"), which operates in the U.S. as SoftCare, were prepared under International Financial Reporting Standards ("IFRS") and in Canadian dollars. We have translated the financial statement amounts into U.S. dollars for purposes of presenting the pro forma financial information. The assets and liabilities in the balance sheet amounts were translated using the end of period exchange rates while the stockholders' equity accounts were translated at the appropriate historical rates in effect at that date. The statement of operations amounts were translated using the average foreign exchange rate during the applicable period.

Based on our review of the RCM Division financial statements and other procedures we performed, we determined that there were no significant adjustments necessary to convert the audited financial statement amounts prepared under IFRS to amounts that would have resulted under generally accepted accounting principles used in the United States ("GAAP").

We performed a preliminary purchase price allocation based on models used internally and our estimate of the contingent consideration. The estimated contingent consideration amount was based on internal projections of future financial results and then using those results to determine the amount of payments required to be made under the APA**.** Such amounts are subject to revision based on work currently being performed by outside valuation specialists and will be adjusted in future filings.

NOTES:

(1) **Elimination of customers not acquired** – We have adjusted the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2014 and the six months ended June 30, 2015 to eliminate revenue, direct operating costs and selling, general and administrative expense associated with customers not acquired. The SoftCare purchase agreement specified that certain non-healthcare customers of SoftCare's EDI division were explicitly excluded from the APA and retained by QHR as part of this transaction. No tax effect has been provided with respect to the customers not acquired. Direct operating costs and selling, general and administrative expense for these customers were allocated based on the percentage of revenue within SoftCare's EDI division in each quarter. Tax expense has been provided at the statutory tax rate with respect to the customers not acquired.

(2) **Expenses Directly Attributable to the Transactions** — The following are non-recurring transaction expenses for professional fees incurred by the Company and entities purchased during the year ended December 31, 2014 and the six months ended June 30, 2015 associated with the Transactions.

	Year ended December 31, 2014					
	MTBC	Omni	Practicare	CastleRock	SoftCare	Total Expense
	(in thousands)					
Professional fees incurred	$ 863	$ 69	$ 65	$ -	$ -	$ 997

Non-recurring transaction expenses associated with SoftCare

	Six months ended June 30, 2015	
	SoftCare	Total Expense
	(in thousands)	
Professional fees incurred	$ 2	$ 2

(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 estimated 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, 2014 and amortized over the period associated with each statement of operations.

Amortization expense for the year ended December 31, 2014

	Omni	Practicare	CastleRock	SoftCare (9)	Total Expense
			(in thousands)		
Pro forma amortization expense for the period prior to acquisition	$ 919	$ 264	$ 342	$ 95	$ 1,620
As recorded in the historical financial statements	408	-	88	276	772
Pro forma adjustment	$ 511	$ 264	$ 254	$ (181)	$ 848

Amortization expense for SoftCare
for the six months ended June 30, 2015

	SoftCare (9)
	(in thousands)
Pro forma amortization expense for the period prior to acquisition	$ 48
As recorded in the historical financial statements	44
Pro forma adjustment	$ 4

SoftCare determined that their intangible assets and goodwill had a minimal fair value as of June 30, 2015. As a result, SoftCare recognized an impairment loss for the six months ended June 30, 2015. This impairment would not have been recognized in this period if MTBC had acquired the assets of SoftCare as of January 1, 2014.

(4) Provision (benefit) for Income Tax — The income tax effects reflected in the pro forma adjustments are based on an estimated Federal statutory rate of 34%. We did not record a benefit for taxes for the year ended December 31, 2014 and the six months ended June 30, 2015 in the unaudited pro forma condensed combined statements of operations since the Company has a valuation allowance recorded against its Federal and state deferred tax assets as of December 31, 2014.

The following table details the pro forma adjustments to income taxes for the year ended December 31, 2014:

Provision for Income Taxes

	Omni	Practicare	CastleRock	Previous Subtotal	SoftCare	Pro Forma Adjustments	Pro Forma Income (Loss) before Provision (Benefit) for Income Taxes
	January 1 - July 27, 2014						
				(in thousands)			
Income (loss) before provision (benefit) for income taxes	$ 495	$ (234)	$ 61	$ 322	$ (2,629)	$ 149	$ (2,158)
Estimated benefit at statutory income tax rate of 34%							(734)
Less provision for income taxes:							
Omni							-
Practicare							-
CastleRock							-
SoftCare							(527)
Valuation allowance							1,261
Pro forma adjustment							$ -

The following table details the pro forma adjustments to income taxes for the six months ended June 30, 2015:

Provision for Income Taxes

	SoftCare	Adjustments for Customers Not Acquired	Acquisition Subtotal	Pro Forma Adjustments	Pro Forma Loss before Provision (Benefit) for Income Taxes
			(in thousands)		
Income (loss) before provision (benefit) for income taxes	$ (3,100)	$ (77)	$ (3,177)	$ 2,115	$ (1,062)
				Estimated benefit at statutory income tax rate of 34%	(361)
				Less provision for income taxes:	
				SoftCare	967
				Valuation allowance	(606)
				Pro forma adjustment	$ -

(5) Assets and Liabilities Not Acquired from SoftCare — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately $466,000 of tangible assets held by SoftCare that we did not acquire, and approximately $3.2 million in liabilities that we did not assume as part of the acquisition of SoftCare's assets, which was accomplished by the APA listing specific assets. The APA includes the purchase primarily of SoftCare's customer relationships and agreements, technology as well as fixed assets, but not the purchase of accounts receivable or the assumption of any liabilities.

We did not purchase the non-healthcare EDI customers of SoftCare and amounts applicable to those customers have been removed from the pro forma condensed combined financial statements.

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

Pro Forma Adjustments

	Pro Forma Adjustments
	(in thousands)
Cash	$ 57
Accounts receivable	381
Other current assets	28
Property, plant and equipment- net	-
Total assets	$ 466
Accounts payable	$ (319)
Deferred revenue	(45)
Long term debt	(2,817)
Total liabilities	(3,181)
Common stock	(1,361)
Retained deficit	3,573
Accumulated other comprehensive (loss) income	554
Total shareholders' equity	2,766
Total liabilities and shareholders' equity	$ (415)

(6) Intangible Assets — We based our preliminary estimates of each intangible asset type/category that we expect to recognize as part of the SoftCare acquisition on the nature of the business and the contracts that we have entered into with the sellers. We also acquired the use of certain technology as part of the acquisition. We 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 in the 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, and therefore we have not been able to finalize the accounting for this transaction.

The amounts set forth below reflect the preliminary fair value of the intangible assets of SoftCare that we acquired, and their estimated useful lives. All preliminary estimates for the fair value of the intangibles will be adjusted based on the work of a valuation specialist.

Intangible Assets of SoftCare	(in thousands)	Estimated useful life
Customer relationships	$ 112	3 years
Non-compete agreement	93	3 years
Acquired technology	80	3 years
Total intangible assets	$ 285	

For accounting purposes, we use an estimated useful life of three years to amortize these intangible assets, attributing the value of the customer relationships to the first three years and attributing future customer life to the services provided by us. We have also estimated that the estimated useful life of the non-compete agreements and acquired technology is approximately three years.

(7) 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 is allocated to goodwill. Other than some minor fixed assets, we did not acquire tangible assets in the acquisition of SoftCare.

For SoftCare, management has made an initial fair value estimate of the assets acquired and liabilities assumed as of June 30, 2015. Our model, for each acquired division of SoftCare, includes assumptions such as revenue growth rates, profitability rates, attrition rates and weighted average costs of capital, where applicable. These initial estimates will differ from the final valuation being prepared by a third-party specialist; and this difference could be material.

The APA for SoftCare includes the purchase of certain fixed assets and no assumption of liabilities other than deferred revenue. We determined the fair value of the fixed assets acquired by reference to current market prices for such assets.

Included in the purchase price allocation are amounts for customer relationships, the non-compete agreement and acquired technology. Using an internally developed model and assumptions regarding future operating results, we determined the fair value of these intangible assets.

The balance of the purchase price for SoftCare has been allocated to goodwill. The factors which drove our valuation models to allocate a portion of the price to goodwill in the acquisition of SoftCare include the following: (i) SoftCare is being purchased at higher multiples to their trailing revenues, (ii) the acquisition will allow the Company to leverage the clearing house division services to existing customers and (iii) the acquisition allows the Company to expand the breadth of its operations. 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.

For the SoftCare acquisition, management has made an initial estimate that approximately $1,241,000 of goodwill will result from this acquisition. 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 this acquisition and its 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.

The preliminary estimate of contingent consideration is based on our estimate of future operating results and the required payments under the APA. Amounts are required to be paid in cash on a bi-annual basis based on the terms in the APA. Those estimated future operating results could differ materially which would require adjustment at the end of each reporting period to the contingent consideration liability.

The purchase price adjustment is considered a form of contingent consideration. This contingent consideration arrangement is a liability and it is measured at fair value on the acquisition date and then subsequently remeasured at each reporting date. Any differences between the amounts estimated to be paid at the acquisition date and the amounts ultimately paid are accounted for as a gain or loss within the Statement of Operations and do not reduce or increase the purchase price.

For the valuation of the contingent consideration, we have assumed that revenue from existing customers will be approximately 15% 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 85% of the revenue 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 cash consideration to be paid may be greater or lesser than the amount shown.

The following table shows the preliminary purchase price, estimated fair values of the acquired assets and liabilities assumed and non-controlling interest and calculation of goodwill for SoftCare as of June 30, 2015, the date of our most recent balance sheet.

Preliminary Purchase Price Allocation

	SoftCare (in thousands)
Cash consideration	$ 22
Contingent consideration	1,455
Total purchase price	$ 1,477
Net tangible assets acquired	$ 9
Intangible assets	285
Goodwill	1,241
Deferred revenue	(58)
Total preliminary purchase price allocation	$ 1,477

(8) 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, 2014 and the six months ended June 30, 2015 and adds to that number the number of shares of common stock issued in connection with acquisition of the Acquired Businesses as of the beginning of 2014. In each case, we assume that the shares were issued and became outstanding on January 1, 2014.

Weighted average shares outstanding	Common Shares	
	December 31, 2014	June 30, 2015
	(in thousands)	
Weighted average shares outstanding	5,102	5,102
Acquired Businesses		
Shares issued for Omni	315	315
Shares issued for Practicare	44	44
Shares issued for CastleRock	54	54
Shares issued in initial public offering	1,811	4,080
Shares issued from convertible note	52	118
Company stock forfeited by CastleRock	-	(54)
Restricted share units vested	-	31
Total pro forma weighted average shares outstanding	7,378	9,690

(9) Foreign Currency Translation — Statements of Operations and Balance Sheet

We translated the SoftCare financial statements which were prepared in Canadian dollars to U.S. dollars. Amounts in the Statement of Operations were translated using the average foreign exchange rates during the applicable period. The assets and liabilities in the balance sheet were translated using end of period exchange rates while the stockholders' equity accounts were translated at the appropriate historical rates.

STATEMENT OF OPERATIONS

For the year ended December 31, 2014

	SoftCare	
	CAD	USD
	(in thousands)	
Revenue	$ 2,938	$ 2,662
Operating expenses:		
Direct operating costs	2,069	1,874
Selling, general and administrative	2,188	1,982
Research and development	1,153	1,044
Depreciation and amortization	331	300
Total operating expenses	5,741	5,200
Operating loss	(2,803)	(2,538)
Interest expense — net	53	48
Other expense - net	(98)	(89)
Loss before benefit for income taxes	(2,954)	(2,675)
Income tax benefit	(595)	(539)
Net loss	$ (2,359)	$ (2,136)

STATEMENT OF OPERATIONS

For the six months ended June 30, 2015

	SoftCare	
	CAD	USD
	(in thousands)	
Revenue	$ 1,540	$ 1,248
Operating expenses:		
Direct operating costs	1,211	981
Selling, general and administrative	1,066	864
Research and development	413	335
Depreciation and amortization	66	53
Total operating expenses	2,756	2,233
Operating loss	(1,216)	(985)
Interest expense — net	5	4
Other income - net	7	6
Loss before provision for income taxes and other expenses	(1,214)	(983)
Impairment of goodwill and intangible assets	(2,613)	(2,117)
Loss before taxes	(3,827)	(3,100)
Income tax provision	1,193	967
Net loss	$ (5,020)	$ (4,067)

BALANCE SHEET
As of June 30, 2015

	SoftCare	
	CAD	USD
	(in thousands)	
Cash	$ 70	$ 57
Accounts receivable - net	470	381
Other current assets	34	28
Current assets	574	466
Property, plant & equipment, net	8	7
Total assets	$ 582	$ 473
Accounts payable and accrued expenses	$ 394	$ 319
Total current liabilities	394	319
Long term debt	3,480	2,817
Deferred revenue	126	103
Total liabilities	4,000	3,239
Common stock	1,356	1,361
Retained deficit	(4,851)	(3,573)
Accumulated other comprehensive income (loss)	77	(554)
Total shareholders' deficit	(3,418)	(2,766)
Total liabilities and shareholders' deficit	$ 582	$ 473

Supplemental Information

For SoftCare and each of the Acquired Businesses we identified revenue from customers who cancelled their contracts prior to MTBC's acquisition of such customers' contracts. Such revenue is included in the pro forma condensed consolidated statement of operations, even though MTBC will not generate revenues from those customers. Pursuant to the terms of the respective purchase agreements, the original purchase price to be paid for the assets of each of the Acquired Businesses was calculated as a multiple of revenue generated by such Acquired Business in the most recent four quarters included in the IPO prospectus from its customers that were in good standing as of the acquisition closing date and is subject to subsequent adjustments. The purchase price for SoftCare is almost entirely based on the actual revenue MTBC generates from SoftCare customers during the 36 months after acquisition. The amount of revenue we have indicated below is based on reports provided, and representations made, by management of the Acquired Businesses.

Estimated revenue from customers who have cancelled prior to our acquisition

	Omni	Practicare	CastleRock	SoftCare [9]	Total
			(in thousands)		
Year ended December 31, 2014	$ 384	$ 43	$ 72	$ 506	$ 1,005
Six months ended June 30, 2015	-	-	-	286	286

To provide investors with additional insight and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making surrounding pro forma operations, we supplement our consolidated financial statements presented on a basis consistent with U.S. generally accepted accounting principles, or GAAP, with Adjusted EBITDA, a non-GAAP financial measure of earnings. Adjusted EBITDA represents the sum of GAAP net income (loss) before provision for (benefit from) income taxes, net interest expense, other expense (income), stock-based compensation expense, depreciation and amortization, integration and transaction costs, and changes in contingent consideration, and "Adjusted EBITDA Margin" represents Adjusted EBITDA as a percentage of total revenue. Our management uses Adjusted EBITDA and Adjusted EBITDA Margin as financial measures to evaluate the profitability and efficiency of our business model. We use these non-GAAP financial measures to assess the strength of the underlying operations of our business. These adjustments, and the non-GAAP financial measures that are derived from them, provide supplemental information to analyze our operations between periods and over time. We find this especially useful when reviewing pro forma results of operations which include large non-cash amortization of intangibles assets from acquisitions. Investors should consider our non-GAAP financial measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

The following tables contain a reconciliation of net income (loss) to Adjusted EBITDA for the year ended December 31, 2014 and the six months ended June 30, 2015:

Reconciliation of net (loss) income for the year ended December 31, 2014 to Adjusted EBITDA

	MTBC	Omni	Practicare	CastleRock	MTBC + Previously Acquired Subtotal	SoftCare [9]	Adjustments for Customers Not Acquired	Pro Forma Adjustments	Pro Forma Combined
		January 1 - July 27, 2014							
					(in thousands)				
Net revenue	$ 18,303	$ 6,336	$ 2,374	$ 2,701	$ 29,714	$ 2,662	$ (306)	$ -	$ 32,070
Net (loss) income	$ (4,509)	$ 495	$ (234)	$ 61	$ (4,187)	$ (2,136)	$ 34	$ 149	$ (6,140)
Provision for income taxes	176	-	-	-	176	(539)	12	-	(351)
Interest expense — net	157	7	1	18	183	48	-	-	231
Other income (expense) - net	135	(22)	-	(20)	93	89	-	-	182
Stock-based compensation expense	259	-	-	-	259	-	-	-	259
Depreciation and amortization	2,791	449	25	92	3,357	300	-	848	4,505
Integration and transaction costs	1,076	-	-	-	1,076	-	-	-	1,076
Change in contingent consideration	(1,811)	-	-	-	(1,811)	-	-	-	(1,811)
Adjusted EBITDA	$ (1,726)	$ 929	$ (208)	$ 151	$ (854)	$ (2,238)	$ 46	$ 997	$ (2,049)
Adjusted EBITDA Margin	(9.4)%	14.7%	(8.8)%	5.6%	(2.9)%	(84.1)%			(6.4)%

Reconciliation of net (loss) income for the six months ended June 30, 2015 to Adjusted EBITDA	MTBC	SoftCare [9]	Adjustments for Customers Not Acquired	Acquisition Subtotal	Pro Forma Adjustments	Pro Forma Combined
			(in thousands)			
Net revenue	$ 12,104	$ 1,248	$ (155)	$ 1,093	$ -	$ 13,197
Net (loss) income	$ (2,653)	$ (4,067)	$ (77)	$ (4,144)	$ 2,115	$ (4,682)
Provision for income taxes	16	967	-	967	-	983
Interest expense — net	72	4	-	4	-	76
Other expense - net	(103)	(6)	-	(6)	-	(109)
Stock-based compensation expense	324	-	-	-	-	324
Depreciation and amortization	2,362	53	-	53	4	2,419
Integration and transaction costs	93	-	-	-	-	93
Impairment of goodwill and intangible assets	-	2,117	-	2,117	(2,117)	-
Change in contingent consideration	(916)	-	-	-	-	(916)
Adjusted EBITDA	$ (805)	$ (932)	$ (77)	$ (1,009)	$ 2	$ (1,812)
Adjusted EBITDA Margin	(6.7)%	(74.7)%		(92.3)%		(13.7)%