
**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): **November 30, 2016**

MEDICAL TRANSCRIPTION BILLING, CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

333-192989

(Commission
File Number)

22-3832302

(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))
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Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of business acquired

The consolidated financial statements of MediGain, LLC and subsidiaries (“MediGain”), substantially all of whose assets were acquired on October 3, 2016, 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 MediGain, the RCM division of QHR Technologies, Inc. (“SoftCare”), Gulf Coast Billing, Inc., Renaissance Medical Billing, LLC, and WFS Financial Services, Inc. is filed as Exhibit 99.2 to this Form 8-K and incorporated herein by this reference.

(d) Exhibits

<i>Exhibit No.</i>	<i>Description</i>
10.1	Asset Purchase Agreement dated May 2, 2016, by and between the Company and Renaissance Medical Billing, LLC.
10.2	Asset Purchase Agreement dated July 1, 2016, by and among the Company and WFS Services, Inc., Deborah Shapiro, Ann Newman and Michael Newman.
23.1	Consent of Montgomery Coscia Greilich LLP.
99.1	Annual consolidated financial statements of MediGain, LLC and subsidiaries, filed herewith.
99.2	Interim consolidated financial statements of MediGain, LLC and subsidiaries, filed herewith.
99.3	Pro forma financial information with respect to the acquisitions of MediGain, SoftCare, Gulf Coast Billing, Inc., Renaissance Medical Billing, LLC, and WFS Financial Services, Inc., filed herewith.

SIGNATURE(S)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this person to be signed on its behalf by the undersigned, hereunto duly authorized.

Medical Transcription Billing, Corp.
(Registrant)

By: /s/ Mahmud Haq

Mahmud Haq
Chairman of the Board and Chief Executive Officer

Date: November 30, 2016

ASSET PURCHASE AGREEMENT

among:

RENAISSANCE MEDICAL BILLING, LLC

DBA Renaissance Physician Services

a Tennessee LLC,

Durie Andrews,

an Individual,

and

Medical Transcription Billing, Corp.,

a Delaware corporation

Dated on May 2, 2016

TABLE OF CONTENTS

	Page
1. SALE OF ASSETS; RELATED TRANSACTIONS	1
1.1 Purchase and Sale of the Purchased Assets	1
1.2 Purchase Price	2
1.3 Payment of the Purchase Price. Purchaser shall pay the Purchase Price to Seller as follows:	2
1.4 Reporting	3
1.5 Closing	3
2. REPRESENTATIONS AND WARRANTIES OF THE SELLER AND SOLE MEMBER	4
2.1 Entity Representations and Warranties	4
2.2 Financial Statements	5
2.3 Absence Of Changes	6
2.4 Title To Purchased Assets	7
2.5 Receivables	7
2.6 Clients	7
2.7 Intellectual Property; Privacy	7
2.8 Contracts	9
2.9 Liabilities	10
2.10 Compliance with Legal Requirements	10
2.11 Governmental Authorizations	12
2.12 Tax Matters	12
2.13 Employee and Labor Matters	12
2.14 Insurance	14
2.15 Certain Payments, Etc.	14
2.16 Proceedings; Orders	14
2.17 Authority; Binding Nature of Agreements	14
2.18 Non-Contravention; Consents	14
2.19 Brokers	15
2.20 Full Disclosure	15
3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER	16
3.1 Representations and Warranties of the Purchaser.	16
3.2 Authority; Binding Nature Of Agreements	17
3.3 Non-Contravention	17

4. INDEMNIFICATION, ETC.	17
4.1 Survival of Representations and Covenants	17
4.2 Indemnification By the Seller and Sole Member.	17
4.3 Indemnification By The Purchaser.	18
4.4 Conditions of Indemnification	19
5. CERTAIN POST-CLOSING COVENANTS.	19
5.1 Further Actions	19
5.2 Confidentiality; Publicity	19
5.3 Employees	20
5.4 Accounts Receivable	20
5.5 Non-Solicitation	21
5.6 Change of Name	21
6. MISCELLANEOUS PROVISIONS	21
6.1 Further Assurances	21
6.2 Sole Representations and Warranties	21
6.3 Fees and Expenses	21
6.4 Notices	21
6.5 Headings	22
6.6 Counterparts	22
6.7 Unattached Exhibits	22
6.8 Remedies Cumulative; Specific Performance..	22
6.9 Waiver.	23
6.10 Amendments	23
6.11 Severability	23
6.12 Entire Agreement	23
6.13 Knowledge	23
6.14 Construction	23
6.15 Choice	23

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement is entered into on April 30, 2016, by and among: Renaissance medical billing, llc., a Tennessee limited liability company (the "Seller"), DBA Renaissance Physician Services, Durie Andrews (the "Sole Member") and Medical Transcription Billing, Corp., a Delaware corporation (the "Purchaser"). Certain capitalized terms used in this Agreement are defined in Exhibit "A".

Recitals

Whereas, the Purchaser desires to purchase the assets of the Seller, which is engaged in the business of providing Medical Billing Services ("Business").

Whereas, Seller wishes to provide for the sale of substantially all of the assets of the Seller to the Purchaser on the terms set forth in this Agreement.

Now Therefore, in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

Agreement

The parties to this Agreement, intending to be legally bound, agree as follows:

1. Sale of Assets; Related Transactions.

1.1 Purchase and Sale of the Purchased Assets. As of the Closing Date, and on the terms and subject to the fulfillment of the conditions of this Agreement, the Seller agrees to sell, assign and transfer all rights, title and interest in and to certain tangible and intangible assets of the Seller to the Purchaser, and the Purchaser agrees to purchase from the Seller the Purchased Assets, free and clear of all Encumbrances. The Purchased Assets consist of: (a) all of the Seller's rights and remedies, as of and from the Closing Date, concerning each Medical Billing Agreement; (b) all goodwill of Seller (100% of the Purchase Price shall be allocated to intangible assets and goodwill) related to the Medical Billing Agreements and other Purchased Assets; (c) all software programs and/or applications owned by Seller (including any associated licenses which are assignable); (d) any other assets that are owned by Seller that are needed for the conduct of the business of the Seller, provided that the Purchased Assets shall not include any Excluded Assets; and (e) all Intellectual Property of Seller, including such right, title and interest in and to the name "Renaissance Medical Billing, LLC" as Seller possess.

(b) Excluded Assets. The Purchased Assets shall not include any property listed on Exhibit "B".

1.2 Purchase Price. The aggregate consideration payable by the Purchaser to the Seller for the Purchased Assets (the "Purchase Price") will, subject to adjustment in accordance with Section 1.3, consist of the following:

(a) **Base Purchase Price.** The purchase price shall be twenty-seven percent (27%) of the gross revenue from medical billing and credentialing services (including all related services that Seller was engaged in providing to Closing Date Clients as of the Closing Date) rendered to Closing Date Clients and Pipeline Clients ("Base Revenue") that is earned and recognized by MTBC during the 36 months immediately following the Closing Date and collected by Purchaser prior to its payment of the final Installment Payment described below.

(b) Except as otherwise provided herein:

(i) Seller will be solely responsible for all expenses that accrue relative to the Business and Purchased Assets through 11:59 P.M. Eastern Time on April 30, 2016;

(ii) Subject to Section 1.2 above, subsequent to the Closing Date Purchaser (x) will receive all revenues relating to the Business and Purchased Assets, (y) shall be solely obligated on all of the Assumed Liabilities, and (z) shall be responsible for issuing monthly invoices beginning with invoices for services rendered during May 2016 and continuing thereafter; and

(c) Any Adjustments may be adjusted directly between the Parties at the time of the payment of the Installment Payments or such other time as mutually agreed upon by the Parties.

1.3 Payment of the Purchase Price. Purchaser shall pay the Purchase Price to Seller as follows:

(a) At Closing, Purchaser shall pay to Seller, by wire transfer of immediately available funds to an account designated by Purchaser, the sum of One Hundred and Seventy-five Thousand Dollars (\$175,000.00) ("Initial Payment").

(b) Purchaser shall pay the balance of the Purchase Price to Seller in thirteen (13) installment payments ("Installment Payments"), with the Installment Payments being debited against the Initial Payment amount until such time as the Initial Payment amount has been recouped.

(c) The first Installment Payment amount shall be credited to the Initial Payment amount on or before August 10, 2016, for Base Revenue received by Purchaser for services rendered starting May 1, 2016 and ending July 31, 2016. Installment Payment amounts shall be credited against the Initial Payment amount on a three (3) month basis until such time as the entire Initial Payment has been recouped, to be followed by continuing Installment Payments to be paid by Purchaser to Seller within 20 days of the end of each respective three (3) month basis for the remainder of the 36-month payment period specified in Section 1.2(a).

By way of example, and for illustration only, assuming revenue is collected and is \$625,000 annually:

Quarter	Deduction	Payment
Q1 (May – July)	\$ 42,187.50	
Q2 (Aug – Oct.)	\$ 42,187.50	
Q3 (Nov – Jan)	\$ 42,187.50	
Q4 (Feb – April)	\$ 42,187.50	
Q5 (May – July)	\$ 6,250	\$ 35,957.50
Q6 (Aug – Oct.)		\$ 42,187.50
Q7 (Nov – Jan)		\$ 42,187.50

1.4 Reporting. Seller and its agents shall have the right to review, copy and audit the Purchaser’s relevant financial and Client records from time to time to the extent reasonably required to enable Purchaser to determine if the Installment Payments are being calculated and paid as provided in this Agreement. Each party shall bear its own costs and expenses as it relates to any such review or audit.

1.5 Closing.

(a) The closing of the sale of the Purchased Assets to the Purchaser (the “Closing”) shall be effective on April 30, 2016 at 11:59.59 PM EDT or such other date and time as mutually agreed upon by the parties;

(b) At the Closing (or the first business day immediately following the same if the Closing Date is a weekend or National holiday):

(i) The Seller shall execute and deliver to the Purchaser such bills of sale (in the form attached as Exhibit “C”), endorsements, and other documents as may (in the reasonable judgment of the Purchaser or its counsel) be necessary or appropriate to convey, transfer and deliver to the Purchaser good and valid title to the Purchased Assets free of any Encumbrances;

(ii) The Purchaser shall pay the Initial Payment amount;

(iii) The Purchaser shall execute and deliver to the Seller the Assumption Agreement (in the form attached as Exhibit “D”);

(iv) Seller shall deliver to Purchaser possession and custody of all medical and financial records (“Records”) in Seller’s possession for the Seller’s Former Clients and for Closing Date Clients, and Purchaser shall maintain such records in compliance with all applicable laws and the Seller’s Medical Billing Agreements. During the Term of this Agreement Seller shall have access at all reasonable times, upon reasonable advance notice and agreement of the parties, to such Records.

2. Representations and Warranties of the Seller and Sole Member.

The Seller and Sole Member represent, jointly and severally, and warrant to the Purchaser as follows:

2.1 Entity Representations and Warranties.

(a) Organization and Existence of the Seller. The Seller is a limited liability company organized and validly existing under the Laws of State of Tennessee.

(b) Entity Power and Capacity. The Seller has the entity power, authority and capacity to own or lease its assets, including the Purchased Assets, and to carry on the Business as now being conducted by it.

(c) Validity of Agreement.

(i) The Seller has all necessary entity power, authority and capacity to enter into and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement.

(ii) The execution, delivery and performance by the Seller and Sole Member of this Agreement and the consummation of the Transactions have been duly authorized by all necessary entity action on the part of the Seller, Sole Member's execution of this Agreement constituting sufficient evidence thereof.

(iii) This Agreement and any other agreements entered into pursuant to this Agreement to which the Seller and/or Sole Member is a party constitute or will constitute legal, valid and binding obligations of the Seller and Sole Member enforceable against the Seller and Sole Member in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency or other Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(d) Authorizations. There is no requirement for the Seller or Sole Member to make any filing with, give any notice to or obtain any consent or Authorization from any Governmental Agency as a condition to the lawful consummation of the Transactions.

(e) No Violation. The execution and delivery of this Agreement by the Seller and the Sole Member, the consummation of the Transactions, and the fulfillment by the Seller and Sole Member of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both):

(i) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Seller under:

- A. any Law;
- B. any judgment, order, writ, injunction or decree of any Governmental Agency having jurisdiction over the Seller;
- C. the constating documents or any resolutions of the Seller; or

(ii) result in the creation or imposition of any Encumbrance on any of the Purchased Assets.

(f) No Other Agreements to Purchase. Except for the Purchaser's rights pursuant to this Agreement, no Person has any option, warrant, right, call, commitment, conversion right, right of exchange or other Contract or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an option, commitment, conversion right, right of exchange or other Contract for the purchase from the Seller of any of the Purchased Assets.

2.2 Financial Statements. The Seller and Sole Member delivered to the Purchaser the following financial statements (collectively, the "Financial Statements"): (a) the unaudited balance sheets of the Seller as of December 31, 2014 and 2015 by month and as of March 31, 2016, the related statements of income for the year 2014 by quarter and 2015 by quarter and for 2016 through the Closing Date. The Financial Statements are accurate and complete in all material respects, have been prepared in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods covered (except that the interim financial statements referred to in clause "(a)" of this Section 2.2 do not have notes) and present fairly in all material respects the financial position of the Seller as of the respective dates thereof and the results of operations of the Seller for the periods covered thereby.

Seller shall deliver to Purchaser completed Financial Statements for the years 2014, 2015 and through the Closing Date by May 31, 2016. Seller shall be responsible for paying any necessary fees to Seller's accounting firm for the preparation of such Financial Statements.

Purchaser will have the option, at its sole expense, to audit or review such statements internally or retain a public accounting firm to audit or review such statements for the purpose of complying with SEC requirements and Seller will provide full cooperation and access to work papers and support materials as requested for such audit or review. Depending on the Seller's Financial Statements, Purchaser may be required to file audited financial statements with the SEC within 74 days of closing.

Seller shall also provide Purchaser with the following on or before Closing: contracts with all Closing Date Client and suppliers, copies of invoices for each Closing Date Client for the last 6 months, along with copies of all reports sent to clients on a regular basis, any special invoicing instructions, vendor invoices and contracts, leases, personnel records for all employees being hired, and all documentation for software and systems used in the business. Subject to the mutual consent of the Parties, some of the aforementioned documents maybe provided at a later date.

2.3 Absence Of Changes. Except as set forth in Part 2.3 of the Disclosure Schedule since March 31, 2016 of the Financial Statements:

(a) there has not been any material adverse change in, and no event has occurred that might have a material adverse effect on, the business, condition, assets, liabilities, operations, financial performance, net income or prospects of the Seller;

(b) there has not been any material loss, damage or destruction to, or any interruption in the use of, any of the assets of the Seller (whether or not covered by insurance);

(c) the Seller and Sole Member has not purchased or otherwise acquired any asset from any other Person, except for supplies acquired by the Seller in the Ordinary Course of Business;

(d) the Seller has not leased or licensed any asset from any other Person;

(e) the Seller has not made any capital expenditure;

(f) the Seller has not sold or otherwise transferred, or leased or licensed, any material asset to any other Person;

(g) the Seller has not written off as uncollectible, or established any extraordinary reserve with respect to, any material account receivable or other indebtedness;

(h) the Seller has not made any loan or advance to any other Person;

(i) the Seller has not (i) established or adopted any Seller Employee Plan, or (ii) paid any bonus or made any profit-sharing or similar payment to, or increased the amount of the wages, salary, commissions, fees, fringe benefits or other compensation or remuneration payable to, any of its directors, officers, employees or independent contractors;

(j) no Contract by which the Seller or any of the assets owned or used by the Seller is or was bound, or under which the Seller and Sole Member have or had any rights or interest, including any Medical Billing Agreement, have been amended or terminated and the Seller and Sole Member have no knowledge of any pending amendments or terminations contemplated by Seller's Clients;

(k) the Seller has not incurred, assumed or otherwise become subject to any Liability, other than accounts payable (of the type required to be reflected as current liabilities in the "liabilities" column of a balance sheet prepared in accordance with GAAP) incurred by the Seller in bona fide transactions entered into in the Ordinary Course of Business;

(l) the Seller has not discharged any Encumbrance or discharged or paid any indebtedness or other Liability, except for accounts payable that (i) are reflected as current liabilities in the “liabilities” column of the Unaudited Interim Balance Sheet or have been incurred by the Seller since the date of the Unaudited Interim Balance Sheet, in bona fide transactions entered into in the Ordinary Course of Business, and (ii) have been discharged or paid in the Ordinary Course of Business;

(m) the Seller has not forgiven any debt or otherwise released or waived any right or claim;

(n) the Seller has not changed any of its methods of accounting or accounting practices in any respect;

(o) the Seller has not entered into any transaction or taken any other action outside the Ordinary Course of Business; and

(p) the Seller has not agreed, committed or offered (in writing or otherwise) to take any of the actions referred to in clauses “(c)” through “(o)” above.

2.4 Title To Purchased Assets. The Seller owns, and has good and valid title to, all of the Purchased Assets purported to be owned by it, including: all Purchased Assets identified in Section 1.1 of this Agreement; all Purchased Assets reflected on the Unaudited Interim Balance Sheet; all Purchased Assets acquired by the Seller since the date of the Unaudited Interim Balance Sheet; all rights of the Seller under Seller Contracts; and all other Purchased Assets reflected in the books and records of the Seller as being owned by the Seller. All of said Purchased Assets are owned by the Seller free and clear of any Encumbrances. Part 2.4 of the Disclosure Schedule identifies all of the Purchased Assets that are being leased or licensed to the Seller. The Purchased Assets will collectively constitute, as of the Closing Date, all of the properties, rights, interests and other tangible and intangible assets necessary to enable the Purchaser to conduct the Business in the manner in which such business is currently being conducted.

2.5 Receivables. Part 2.5 of the Disclosure Schedule provides an accurate and complete breakdown and aging of all accounts receivable, notes receivable and other receivables of the Seller as of April 28, 2016, all of which are Excluded Assets. Seller shall provide an updated Disclosure within fifteen (15) days post-closing.

2.6 Clients. Part 2.6 of the Disclosure Schedule accurately identifies, and provides an accurate and complete breakdown of the revenues received during the period January 1, 2015 through the Closing Date from each Client. To the extent that any contract is not produced or assignable, Seller agrees to obtain an assignment from the client or a new client agreement acceptable to both Parties within thirty (30) days of the Closing Date. Except as set forth in Part 2.6 of the Disclosure Schedule, Seller and Sole Member have not received any notice or other communication (in writing or otherwise), and the Seller and Sole Member have not received any other information, indicating that any Client identified or required to be identified in Part 2.6 of the Disclosure Schedule may cease doing business with the Seller or may otherwise reduce the volume of business transacted by such Person with the Seller below historical levels.

2.7 Intellectual Property; Privacy.

(a) **Products and Services.** Part 2.7(a) of the Disclosure Schedule accurately identifies and describes each Seller Product currently being designed, developed, marketed, distributed, provided, licensed, or sold by the Seller .

(b) **Registered IP.** Part 2.7(b) of the Disclosure Schedule accurately identifies: (a) each item of Registered IP in which the Seller has or purports to have an ownership interest of any nature (whether exclusively, jointly with another Person, or otherwise); (b) the jurisdiction in which such item of Registered IP has been registered or filed and the applicable registration or serial number; (c) any other Person that has an ownership interest in such item of Registered IP and the nature of such ownership interest; and (d) each Seller Product identified in Part 2.7(b) of the Disclosure Schedule that embodies, utilizes, or is based upon or derived from (or, with respect to Seller Products currently under development, that is expected to embody, utilize, or be based upon or derived from) such item of Registered IP. The Seller has provided to the Purchaser complete and accurate copies of all applications, correspondence with any Governmental Body, and other material documents related to each such item of Registered IP.

(c) **Inbound Licenses.** Part 2.7(c) of the Disclosure Schedule accurately identifies: (a) each Contract pursuant to which any Intellectual Property Right or Intellectual Property is or has been licensed, sold, assigned, or otherwise conveyed or provided to the Seller (other than (i) agreements between the Seller and its employees in the Seller’s standard form thereof and (ii) non-exclusive licenses to third-party software that is not incorporated into, or used in the development, testing, distribution, maintenance, or support of, any Seller Product and that is not otherwise material to the Seller’s business); and (b) whether the licenses or rights granted to Seller in each such Contract are exclusive or non-exclusive.

(d) **Outbound Licenses.** Part 2.7(d) of the Disclosure Schedule accurately identifies each Contract pursuant to which any Person has been granted any license under, or otherwise has received or acquired any right (whether or not currently exercisable) or interest in, any Seller IP. The Seller is not bound by, and no Seller IP is subject to, any Contract containing any covenant or other provision that in any way limits or restricts the ability of the Seller to use, exploit, assert, or enforce any Seller IP anywhere in the world.

(e) **Royalty Obligations.** Part 2.7(e) of the Disclosure Schedule contains a complete and accurate list and summary of all royalties, fees, commissions, and other amounts payable by the Seller to any Person (other than sales commissions paid to employees according to the Seller’s standard commissions plan) upon or for the sale, or distribution of any Seller Product or the use of any Seller IP.

(f) Ownership Free and Clear. The Seller exclusively owns all right, title, and interest to and in the Seller IP free and clear of any Encumbrances (other than licenses and rights granted pursuant to the Contracts identified in Part 2.7(f) of the Disclosure Schedule).

(g) Protection of Proprietary Information. The Seller has taken all reasonable steps to maintain the confidentiality of and otherwise protect and enforce their rights in all proprietary information pertaining to the Seller or any Seller Product. Without limiting the generality of the foregoing, no portion of the source code for any software ever owned or developed by the Seller has been disclosed or licensed to any escrow agent or other Person.

(h) Sufficiency. The Seller owns or otherwise has, and after the Closing the Purchaser will have, all Intellectual Property Rights needed to conduct its business as currently conducted and planned to be conducted.

(i) Harmful Code. To the best of Seller's actual knowledge ("Seller's Knowledge") the Seller Products do not contain any "viruses," "worms," "time-bombs," "key-locks," or any other devices that could disrupt or interfere with the operation of the Seller Products or equipment upon which the Seller Products operate.

(j) Valid and Enforceable; No Infringement. All Seller IP is valid, subsisting, and enforceable. To the best of the Seller's Knowledge, no Person has infringed, misappropriated, or otherwise violated, and no Person is currently infringing, misappropriating, or otherwise violating, any Seller IP. Part 2.7(j) of the Disclosure Schedule accurately identifies (and the Seller has provided to the Purchaser a complete and accurate copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to the Seller or any representative of the Seller regarding any actual, alleged, or suspected infringement or misappropriation of any Seller IP, and provides a brief description of the current status of the matter referred to in such letter, communication, or correspondence.

(k) No Infringement of Third Party IP Rights. To Seller's Knowledge, (i) the Seller has never infringed (directly, contributorily, by inducement, or otherwise), misappropriated, or otherwise violated or made unlawful use of any Intellectual Property Right of any other Person or engaged in unfair competition; (ii) no Seller Product, and no method or process used or incorporated in any Seller Product, infringes, violates, or makes unlawful use of any Intellectual Property Right of, or contains any Intellectual Property misappropriated from, any other Person; and (iii) there is no legitimate basis for a claim that the Seller or any Seller Product has infringed or misappropriated any Intellectual Property Right of another Person or engaged in unfair competition or that any Seller Product, or any method or process used or incorporated in any Seller Product, infringes, violates, or makes unlawful use of any Intellectual Property Right of, or contains any Intellectual Property misappropriated from, any other Person, and no such claim is pending or, to the best of the Seller's Knowledge, threatened against the Seller. The Seller has never received any notice or other communication (in writing or otherwise) relating to any actual, alleged, or suspected infringement, misappropriation, or violation by the Seller, any of their employees or agents, or any Seller Product of any Intellectual Property Rights of another Person, including any letter or other communication suggesting or offering that the Seller obtain a license to any Intellectual Property Right of another Person.

2.8 Contracts.

(a) Part 2.8(a) of the Disclosure Schedule identifies each Medical Billing Agreement and each other Seller Contract. The Seller has delivered to the Purchaser accurate and complete copies of all written Seller Contracts identified in Part 2.8(a) of the Disclosure Schedule, including all amendments thereto. Each Seller Contract is valid and in full force and effect.

(b) Except as set forth in Part 2.8(b) of the Disclosure Schedule: to Seller's Knowledge (i) no Person has violated or breached, or declared or committed any default under, any Seller Contract; (ii) no event has occurred, and no circumstance or condition exists, that might (with or without notice or lapse of time) (A) result in a violation or breach of any of the provisions of any Seller Contract, (B) give any Person the right to declare a default or exercise any remedy under any Seller Contract, (C) give any Person the right to accelerate the maturity or performance of any Seller Contract, or (D) give any Person the right to cancel, terminate or modify any Seller Contract; (iii) the Seller has not received any notice or other communication (in writing or otherwise) regarding any actual, alleged, possible or potential termination, violation or breach of, or default under, or intention to reduce or limit the scope of services or reduce the volume of the business under any Seller Contract; and (iv) the Seller has not waived any right under any Seller Contract.

(c) To Seller's Knowledge each Person against which the Seller has any rights under any Seller Contract is solvent and is able to satisfy all of such Person's current monetary obligations and other obligations and Liabilities thereunder.

(d) Except as set forth in Part 2.8(d) of the Disclosure Schedule, the Seller has never guaranteed or otherwise agreed to cause, insure or become liable for, and the Seller has never pledged any of its assets to secure, the performance or payment of any obligation or other Liability of any other Person.

(e) The performance of the Seller Contracts will not result in any violation of or failure to comply with any Legal Requirement.

(f) No Person is renegotiating, or has the right to renegotiate, any amount paid or payable to the Seller under any Seller Contract or any other term or provision of any Seller Contract.

(g) Except as set forth in Part 2.8(g) of the Disclosure Schedule, to Seller's Knowledge there is no basis upon which any party to any Seller Contract may object to (i) the assignment to the Purchaser of any right under such Seller Contract, or (ii) the delegation to or performance by the Purchaser of any obligation under such Seller Contract.

(h) The Assumed Contracts included in Part 2.8(h) of the Disclosure Schedule collectively constitute all of the Contracts necessary to enable the Seller to conduct its business in the manner in which such business is currently being conducted.

(i) The Seller has provided Purchaser with complete copies of all written Medical Billing Agreements, including any and all addenda thereto, with the Closing Date Clients, which are freely assignable to Purchaser without the need to obtain any approval or consents from Clients or other parties.

2.9 Liabilities.

(a) Except as set forth in Part 2.9(a) of the Disclosure Schedule, the Seller has no Liabilities, except for: (i) liabilities identified as such in the “liabilities” columns of the Unaudited Interim Balance Sheet; (ii) accounts payable (of the type required to be reflected as current liabilities in the “liabilities” column of a balance sheet prepared in accordance with GAAP) incurred by the Seller in bona fide transactions entered into in the Ordinary Course of Business since the date of the Unaudited Interim Balance Sheet; and (iii) obligations under the Contracts listed in Part 2.9(a) of the Disclosure Schedule, to the extent that the existence of such obligations is ascertainable solely by reference to such Contracts.

(b) The Seller has not, at any time, (i) made a general assignment for the benefit of creditors, (ii) filed, or had filed against it, any bankruptcy petition or similar filing, (iii) suffered the attachment or other judicial seizure of all or a substantial portion of its assets, (iv) admitted in writing its inability to pay its debts as they become due, (v) been convicted of, or pleaded guilty or no contest to, any felony, or (vi) taken or been the subject of any action that may have an adverse effect on its ability to comply with or perform any of its covenants or obligations under any of the Transactional Agreements.

2.10 Compliance with Legal Requirements.

(a) Except as set forth in Part 2.10(a) of the Disclosure Schedule: to Seller’s Knowledge (a) the Seller is in full compliance with each Legal Requirement that is applicable to it or to the conduct of its business or the ownership or use of any of its assets; (b) the Seller has at all times been in full compliance with each Legal Requirement that is or was applicable to it or to the conduct of its business or the ownership or use of any of its assets; (c) no event has occurred, and no condition or circumstance exists, that might (with or without notice or lapse of time) constitute or result directly or indirectly in a violation by the Seller of, or a failure on the part of the Seller to comply with, any Legal Requirement; and (d) the Seller has not received, at any time, any notice or other communication (in writing or otherwise) from any Governmental Body or any other Person regarding (i) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement, or (ii) any actual, alleged, possible or potential obligation on the part of the Seller to undertake, or to bear all or any portion of the cost of, any cleanup or any remedial, corrective or response action of any nature, (d) to the best knowledge of Seller, none of Seller’s Clients are currently subject to or have received notice concerning an impending claim, audit or review by a governmental or commercial payor, and the Seller and Sole Member have delivered to the Purchaser an accurate and complete copy of each report, study, survey or other document to which or the Seller has possession that addresses or otherwise relates to the compliance of the Seller with, or the applicability to the Seller of, any Legal Requirement.

(b) None of the Seller, any officer, director, manager, member or Sole Member or, to the Seller's Knowledge, any agent, employee or independent contractor of the Seller has submitted any claims for reimbursement that are in violation of, nor has engaged in any activity that is in violation of, the federal Medicare or federal or state Medicaid statutes, the federal TRICARE statute (10 U.S.C. § 1071 et seq.), the civil False Claims Act of 1863 (31 U.S.C. § 3729 et seq.), criminal false claims statutes (e.g., 18 U.S.C. §§ 287 and 1001), the Federal Health Care Program Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. § 3801 et seq.), Section 14 of Public Law 100-93, the anti-fraud and related provisions of HIPAA, or related regulations or other related or similar federal or state laws and regulations (collectively, "Health Care Program Laws"), including, without limitation, the following:

(i) making or causing to be made a false statement or representation in any application for any benefit or payment;

(ii) making or causing to be made a false statement or representation for use in determining rights to any benefit or payment;

(iii) soliciting or receiving any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or kind (A) in return for referring an individual to a Person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under any Federal Health Care Program, or (B) in return for purchasing, leasing or ordering, or arranging for or recommending purchasing, leasing or ordering of any good, facility, service or item for which payment may be made in whole or in part under any Federal Health Care Program;

(iv) offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to any person to induce such Person (A) to refer an individual to a person for the furnishing or arranging of any item or service for which payment may be made in whole or in part under a Federal Health Care Program, or (B) to purchase, lease, order or arrange for or recommend purchasing, leasing or ordering of any good, facility, service or item for which payment may be made in whole or in part under a Federal Health Care Program; or

(v) any other activity that violates any state or federal Legal Requirements, Permit requirements or Payor contractual obligations, if any, relating to prohibiting fraudulent, abusive or unlawful practices connected in any way with the provision of health care items or services or the billing for such items or services provided to a beneficiary of any Federal Health Care Program.

(c) To Seller's Knowledge, the Seller (i) is, and has at all times been, in all material respects in compliance with HIPAA and Subtitle D of the Health Information Technology for Economic and Clinical Health Act (including all rules and regulations thereunder) (the "HITECH Act") and comparable state privacy and data security laws and regulations applicable to the Seller; and (ii) the Seller has used and disclosed, and uses and discloses, Protected Health Information (as defined in 45 C.F.R. § 160.103) (i) to the extent applicable, in accordance with any limitations set forth in its customer or Payor agreements; and (ii) to perform functions, activities or services in accordance with the limitations set forth in HIPAA, the HITECH Act, and applicable state privacy and data security laws and regulations (to the extent not preempted by federal law). The Seller has not received, at any time, any written notice from any Governmental Body or any other Person regarding any actual or suspected violation of, or failure to comply with, HIPAA, the HITECH Act or applicable state privacy and data security laws and regulations. To Seller's Knowledge no breach has occurred with respect to any unsecured Protected Health Information maintained by the Seller that is subject to the notification requirements of 45 C.F.R. part 164, Subpart D, and no information security or privacy breach event has occurred that would require notification under any comparable state laws applicable to the Seller. With regard to compliance with HIPAA, the HITECH Act, or applicable state privacy and data security laws and regulations, to Seller's Knowledge the Seller has no obligation to undertake, or to bear all or any portion of the cost of, any mitigation, notifications or any remedial, corrective or response action of any nature. To Seller's Knowledge the Seller Products comply with HIPAA, the HITECH Act and applicable state privacy and data security laws and regulations.

2.11 Governmental Authorizations. Part 2.11 of the Disclosure Schedule identifies: (a) each Governmental Authorization that is held by the Seller; and (b) each other Governmental Authorization that, to Seller's Knowledge is held by any employee of the Seller and relates to or is useful in connection with the business of the Seller. The Seller has delivered to the Purchaser accurate and complete copies of all of the Governmental Authorizations identified in Part 2.11 of the Disclosure Schedule, including all renewals thereof and all amendments thereto. Each Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule is valid and in full force and effect. Except as set forth in Part 2.11 of the Disclosure Schedule, to Seller's Knowledge: (i) the Seller is and has at all times been in full compliance with all of the terms and requirements of each Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule; (ii) no event has occurred, and no condition or circumstance exists, that might (with or without notice or lapse of time) (A) constitute or result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule, or (B) result directly or indirectly in the revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule; (iii) the Seller has never received any notice or other communication (in writing or otherwise) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible or potential violation of or failure to comply with any term or requirement of any Governmental Authorization, or (B) any actual, proposed, possible or potential revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Authorization; and (iv) all applications required to have been filed for the renewal of the Governmental Authorizations required to be identified in Part 2.11 of the Disclosure Schedule have been duly filed on a timely basis with the appropriate Governmental Bodies, and each other notice or filing required to have been given or made with respect to such Governmental Authorizations has been duly given or made on a timely basis with the appropriate Governmental Body. To Seller's Knowledge the Governmental Authorizations identified in Part 2.11 of the Disclosure Schedule constitute all of the Governmental Authorizations necessary (i) to enable the Seller to conduct its business in the manner in which such business is currently being conducted, and (ii) to permit the Seller to own and use its assets in the manner in which they are currently owned and used.

2.12 Tax Matters.

(a) The Seller has filed all Tax Returns that it was required to file under applicable Legal Requirements. All such Tax Returns were correct and complete in all respects and have been prepared in substantial compliance with all applicable Legal Requirements. Except as set forth in Part 2.12(a) of the Disclosure Schedule, (i) all Taxes due and owing by the Seller (whether or not shown on any Tax Return) have been paid, and (ii) the Seller is not currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Seller does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of the Seller.

(b) The Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(c) Seller does not expect any authority to assess any additional Taxes for any period for which Tax Returns have been filed. No Proceedings are pending or being conducted with respect to the Seller. The Seller has not received from any Governmental Body any (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment of or any amount of Tax proposed, asserted, or assessed by any Governmental Body against the Seller.

(d) The Seller has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

2.13 Employee and Labor Matters.

(a) Part 2.13(a) of the Disclosure Schedule accurately sets forth, with respect to each employee of the Seller (including any employee of the Seller who is on a leave of absence or on layoff status):

(i) the name of such employee and the date as of which such employee was originally hired by the Seller;

(ii) such employee's title, and a description of such employee's duties and responsibilities;

(iii) the aggregate dollar amount of the compensation (including wages, salary, commissions, director's fees, fringe benefits, bonuses, profit-sharing payments and other payments or benefits of any type) received by such employee from the Seller with respect to services performed in 2015;

(iv) such employee's annualized compensation as of the date of this Agreement;

(v) each Seller Employee Plan in which such employee participates or is eligible to participate; and

(vi) any Governmental Authorization that is held by such employee and that relates to or is useful in connection with the Seller's business.

(b) To Seller's knowledge, the employment of each of the Seller's employees is terminable by the Seller at will. The Seller has delivered to the Purchaser accurate and complete copies of all employee manuals and handbooks, disclosure materials, policy statements and other materials relating to the employment of the current and former employees of the Seller.

(c) Part 2.13(c) of the Disclosure Schedule accurately sets forth, with respect to each independent contractor of the Seller (exclusive of attorneys, accountants, insurance agents and other professionals who have provided services to Seller):

(i) the name of such independent contractor and the date as of which such independent contractor was originally hired by the Seller;

(ii) a description of such independent contractor duties and responsibilities;

(iii) the aggregate dollar amount of the compensation (including all payments or benefits of any type) received by such independent contractor from the Seller with respect to services performed in 2015;

(iv) the terms of compensation of such independent contractor; and

(v) any Governmental Authorization that is held by such independent contractor and that relates to or is useful in connection with the Seller's business.

(d) Except as set forth in Part 2.13(d) of the Disclosure Schedule, the Seller is not a party to or bound by, and the Seller has never been a party to or bound by, any employment agreement or any union contract, collective bargaining agreement or similar Contract.

(e) To Seller's Knowledge and understanding none of the current or former independent contractors of the Seller could be reclassified as an employee. The Seller has never had any temporary or leased employees. No independent contractor of the Seller is eligible to participate in any Seller Employee Plan.

2.14 Insurance. Seller maintains insurance policies of a character and in such amounts as are customarily insured against by similarly situated companies in the same or similar businesses. No insurer under any such insurance policy has canceled or generally disclaimed Liability under any such policy and no notice of cancellation or termination has been received. Part 2.14 of the Disclosure Schedule accurately sets forth, with respect to each such insurance policy maintained by or at the expense of, or for the direct or indirect benefit of, the Seller: (i) the name of the insurance carrier that issued such policy and the policy number of such policy; (ii) whether such policy is a "claims made" or an "occurrences" policy; (iii) a description of the coverage provided by such policy and the material terms and provisions of such policy (including all applicable coverage limits, deductible amounts and co-insurance arrangements and any non-customary exclusions from coverage); (iv) the annual premium payable with respect to such policy; and (v) a description of any claims pending, and any claims that have been asserted in the past, with respect to such policy or any predecessor insurance policy.

2.15 Certain Payments, Etc. The Seller has not, and, to Seller's Knowledge, no officer, employee, agent or other Person associated with or acting for or on behalf of the Seller has, at any time, directly or indirectly: (a) used any corporate funds (i) to make any unlawful political contribution or gift or for any other unlawful purpose relating to any political activity, (ii) to make any unlawful payment to any governmental official or employee, or (iii) to establish or maintain any unlawful or unrecorded fund or account of any nature; (b) made any false or fictitious entry, or failed to make any entry that should have been made, in any of the books of account or other records of the Seller; (c) made any payoff, influence payment, bribe, rebate, kickback or unlawful payment to any Person; (d) performed any favor or given any gift which was not deductible for federal income tax purposes; (e) made any payment (whether or not lawful) to any Person, or provided (whether lawfully or unlawfully) any favor or anything of value (whether in the form of property or services, or in any other form) to any Person, for the purpose of obtaining or paying for (i) favorable treatment in securing business, or (ii) any other special concession; or (f) agreed, committed or offered (in writing or otherwise) to take any of the actions described in clauses "(a)" through "(e)" above.

2.16 Proceedings; Orders. Except as set forth in Part 2.16 of the Disclosure Schedule, there is no pending Proceeding, and no Person has threatened in writing during the 12 months preceding the date of this Agreement to commence any Proceeding: (i) that involves the Seller or that otherwise relates to or might affect the business of the Seller or any of the Purchased Assets (whether or not the Seller is named as a party thereto); or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Transactions. Except as set forth in Part 2.16 of the Disclosure Schedule, to Seller's Knowledge no event has occurred, and no claim, dispute or other condition or circumstance exists, that might directly or indirectly give rise to or serve as a basis for the commencement of any such Proceeding. Except as set forth in Part 2.16 of the Disclosure Schedule, no Proceeding has been commenced by or against the Seller during the 12 months preceding the date of this Agreement, and the Seller has delivered to the Purchaser accurate and complete copies of all pleadings, correspondence and other written materials (to which the Seller has access) that relate to the Proceedings identified in Part 2.16 of the Disclosure Schedule. There is no Order to which the Seller or any of the assets owned or used by the Seller, is subject. To Seller's Knowledge no employee of the Seller is subject to any Order that may prohibit employee from engaging in or continuing any conduct, activity or practice relating to the business of the Seller. There is no proposed Order that, if issued or otherwise put into effect, (i) may have a material adverse effect on the business, condition, assets, liabilities, operations, financial performance, net income or prospects of the Seller or on the ability of Seller to comply with or perform any covenant or obligation under any of the Transactional Agreements, or (ii) may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Transactions.

2.17 Authority; Binding Nature of Agreements.

(a) The Seller has the absolute and unrestricted right, power and authority to enter into and to perform its obligations under each of the Transactional Agreements to which it is or may become a party; and Sole Member certifies that as the Sole Member of Seller he hereby authorizes the execution, delivery and performance by the Seller of the Transactional Agreements to which it is or may become a party. This Agreement constitutes the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms. Upon the execution of each of the other Transactional Agreements at the Closing, each of such other Transactional Agreements to which the Seller is a party will constitute the legal, valid and binding obligation of the Seller and will be enforceable against the Seller in accordance with its terms.

(b) The Sole Member has the absolute and unrestricted right, power and capacity to enter into and to perform his obligations under each of the Transactional Agreements to which he is or may become a party. This Agreement constitutes the legal, valid and binding obligation of the Sole Member enforceable against the Sole Member and Seller in accordance with its terms. Upon the execution of each of the other Transactional Agreements at the Closing, each of such other Transactional Agreements to which the Sole Member and Seller is a party will constitute the legal, valid and binding obligation the Sole Member and will be enforceable against the Sole Member and Seller in accordance with its terms.

2.18 Non-Contravention; Consents. Except as set forth in Part 2.18 of the Disclosure Schedule, neither the execution and delivery of any of the Transactional Agreements by Sole Member and the Seller, nor the consummation or performance by the Seller and Sole Member of any of the Transactions, or the sale and assignment of the Purchased Assets to Purchaser, will directly or indirectly (with or without notice or lapse of time):

(a) contravene, conflict with or result in a violation of, the certificate of formation, operating agreement or other organizational documents of Seller;

(b) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Seller, or any of the assets of the Seller, is subject;

(c) cause any of the Purchased Assets to be reassessed or revalued by any taxing authority or other Governmental Body;

(d) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is to be included in the Purchased Assets or is held by the Seller or any employee of the Seller;

(e) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any of Seller's Contracts;

(f) give any Person the right to (i) declare a default or exercise any remedy under any of Seller's Contracts, (ii) accelerate the maturity or performance of any Contract, or (iii) cancel, terminate or modify any such Contract; or

(g) result in the imposition or creation of any Encumbrance upon or with respect to any of the Purchased Assets.

Except as set forth in Part 2.18 of the Disclosure Schedule, neither the Seller nor the Sole Member will be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with the execution and delivery of any of the Transactional Agreements or the consummation or performance of any of the Transactions.

2.19 Brokers. Purchaser has retained Corporate Finance Advisors, Inc. (Ron Salupo) as the "retained broker" and shall be liable for brokerage fees due to same. Seller and Sole Member represents that it has not engaged any other broker in respect of the Transactions. Seller and Purchaser shall each indemnify and hold the other harmless from and against any and all claims, demands, causes of action, debts or liabilities arising out of or on account of a claim by any other broker, finder, investment banker or agent that he, she or it is entitled to a commission or fees as a result of being retained or used by the other party.

2.20 Full Disclosure. None of the Transactional Agreements contains or will contain any untrue statement of any material fact; and none of the Transactional Agreements omits or will omit to state any fact necessary to make any of the representations, warranties or other statements or information contained therein not materially misleading. All of the information set forth in the Disclosure Schedule, and all other information regarding the Seller and its business, condition, assets, liabilities, operations, financial performance, net income and prospects that has been furnished to the Purchaser or any of the Purchaser's Representatives by or on behalf of Seller or by any Representative of the Seller is accurate and complete in all material respects.

3. Representations and Warranties of the Purchaser.

The Purchaser represents and warrants, to and for the benefit of the Seller, as follows:

3.1 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to the Seller and Sole Member as of the date of this Agreement as follows:

(a) Incorporation and Existence of the Purchaser. The Purchaser is a corporation duly formed and validly existing under the Laws of State of Delaware.

(b) Validity of Agreement.

(i) The Purchaser has all necessary corporate power to enter into and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement.

(ii) The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transactions have been duly authorized by all necessary corporate action on the part of the Purchaser.

(iii) This Agreement and any other agreements entered into pursuant to this Agreement to which the Purchaser is a party constitute or will constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency or other Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(c) Authorizations. There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any consent or Authorization from any Governmental Agency or any other Third Party as a condition to the lawful consummation of the Transactions.

(d) No Violation. The execution and delivery of this Agreement by the Purchaser, the consummation of the Transactions and the fulfillment by the Purchaser of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Purchaser under:

(i) any Law;

(ii) any judgment, order, writ, injunction or decree of any Governmental Agency having jurisdiction over the Purchaser;

(iii) the constating documents or any resolutions of the board of directors or Sole Owner of the Purchaser; or

(iv) the provisions of any Contract to which the Purchaser is a party or by which it is, or any of its properties or assets are, bound.

No Knowledge of Inaccuracy of Seller's Representations and Warranties. The Purchaser does not have any knowledge that any of the representations or warranties of the Seller as set forth in this Agreement is in any way inaccurate or untrue. Notwithstanding anything in the Transactional Agreements to the contrary, Purchaser shall not have a right to indemnification, payment of any losses, or other remedies based on any representations, warranties, covenants or agreements set forth in any Transactional Document if Purchaser has actual knowledge of facts prior to the Closing Date that would make such representation, warranty, covenant or agreement untrue or inaccurate.

3.2 Authority: Binding Nature Of Agreements. The Purchaser has the absolute and unrestricted right, power and authority to enter into and perform its obligations under this Agreement, and the execution and delivery of this Agreement by the Purchaser have been duly authorized by all necessary action on the part of the Purchaser and its board of directors. The Purchaser has the absolute and unrestricted right, power and authority to enter into and perform its obligations under the Transactional Agreements to which it is or may become a party, and the execution, delivery and performance of the Transactional Agreements by the Purchaser have been duly authorized by all necessary action on the part of the Purchaser and its board of directors. This Agreement constitutes the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms. Upon the execution and delivery of the Transactional Agreements at the Closing, the Transactional Agreements will constitute the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their terms.

3.3 Non-Contravention. Neither the execution and delivery by Purchaser of any of the Transactional Agreements nor the consummation or performance by the Purchaser of the Transactions will directly or indirectly (with or without notice or lapse of time): (i) contravene, conflict with or result in a violation of, the certificate of incorporation or by-laws of Purchaser; (ii) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Purchaser is subject; or (iii) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any material Contract to which the Purchaser is a party.

4. Indemnification, Etc.

4.1 Survival of Representations and Covenants. Subject to the limitations and other provisions of this Agreement, the representations, warranties, and covenants contained herein, except for those contained in Sections 2.17 and 3.2, shall survive the Closing and shall remain in full force and effect for a period of 2 years subsequent to the Closing Date. The covenants and agreements contained in Sections 2.17 and 3.2 herein shall survive the Closing and shall remain in full force and effect through the applicable statute of limitations. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

4.2 Indemnification By the Seller and Sole Member.

(a) The Seller and Sole Member jointly and severally, shall hold harmless and indemnify each of the Indemnitees from and against, and shall compensate and reimburse each of the Indemnitees for, any Damages that are proximately suffered or incurred by any of the Indemnitees or to which any of the Indemnitees may otherwise become subject at any time (regardless of whether or not such Damages relate to any third-party claim) and that arise directly or indirectly from or as a direct or indirect result of, or are directly or indirectly connected with:

(i) any Breach of any of the representations or warranties of Seller or Sole Member contained in this Agreement, the other Transactional Agreements, or instrument delivered by or on behalf of Seller or Sole Member pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any Breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller or Sole Member pursuant to this Agreement, the other Transactional Agreements or any certificate or instrument delivered by or on behalf of Seller or Sole Member pursuant to this Agreement;

(iii) any Excluded Asset or any Liability of the Seller or Sole Member or of any Related Party, other than the Assumed Liabilities and the Transitional Costs; or

(iv) any claim or Proceeding against the Purchaser or any other Indemnitee by any Person based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Seller or Sole Member or any of its Affiliates conducted, existing or arising on or prior to the Closing Date, other than the Assumed Liabilities and the Transitional Costs.

(b) Subject to Section 4.2(c), Seller or Sole Member shall not be required to make any indemnification payment pursuant to Sections 4.2(a)(i) or 4.2(a)(ii) for any Breach as set forth in such Sections until such time as the total amount of all Damages (including the Damages arising from such Breach and all other Damages arising from any other Breaches of any representations or warranties) that have been directly or indirectly suffered or incurred by any one or more of the Indemnitees, or to which any one or more of the Indemnitees has or have otherwise become subject, exceeds \$5,000. If the total amount of Damages exceeds \$5,000, the Indemnitees shall be entitled to be indemnified against and compensated and reimbursed for the entire amount of Damages.

4.3 Indemnification By The Purchaser.

(a) The Purchaser shall hold harmless and indemnify the Seller and Sole Member from and against, and shall compensate and reimburse the Seller for, any Damages that are directly suffered or incurred by the Seller or Sole Member or to which the Seller or Sole Member may otherwise become subject at any time (regardless of whether or not such Damages relate to any third-party claim) and that arise directly or indirectly from or as a direct or indirect result of, or are directly or indirectly connected with:

(i) any Breach of any of the representations or warranties of the Purchaser contained in this Agreement, the other Transactional Agreements or in any certificate or instrument delivered by or on behalf of the Purchaser pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any Breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser pursuant to this Agreement, the other Transactional Agreements or any certificate or instrument delivered by or on behalf of the Purchaser pursuant to this Agreement;

(iii) any claim or Proceeding against the Seller of Sole Member by any Person based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Purchaser or any of its Affiliates conducted, existing or arising after the Closing Date;

(iv) Purchaser's use of Seller's Medicare or Medicaid Provider or submitter numbers after the Closing Date to submit claims for services provided by Seller after the Closing Date; or

(v) any failure on the part of the Purchaser to perform and discharge the Assumed Liabilities and the Transitional Costs on a timely basis.

(b) Subject to Section 4.3(c), and except for the obligations specified in Section 4.3(a)(v), the Purchaser shall not be required to make any indemnification payment pursuant to Section 4.3(a) for any Breach of any of its representations and warranties until such time as the total amount of all Damages (including the Damages arising from such Breach and all other Damages arising from any other Breaches of its representations or warranties) that have been directly or indirectly suffered or incurred by the Seller, or to which the Seller has otherwise become subject, exceeds \$5,000 in the aggregate. If the total amount of such Damages exceeds \$5,000 in the aggregate, the Seller shall be entitled to be indemnified against and compensated and reimbursed for the entire amount of such Damages, and not merely the portion of such Damages that exceeds \$5,000.

4.4 Conditions of Indemnification. The obligations and liabilities of the Purchaser and Seller under Section 4.2 and 4.3, respectively, shall be subject to the terms and conditions set forth on Exhibit "H".

5. Certain Post-Closing Covenants.

5.1 Further Actions. From and after the Closing Date, the Seller shall cooperate with the Purchaser and the Purchaser's affiliates and Representatives, and shall execute and deliver such documents and take such other actions as the Purchaser may reasonably request, for the purpose of evidencing the Transactions and putting the Purchaser in possession and control of all of the Purchased Assets. Without limiting the generality of the foregoing, from and after the Closing Date, the Purchaser shall promptly remit to the Seller any funds that are received by the Purchaser that clearly represent payment of receivables for services provided by Seller through the Closing Date. The Seller: hereby irrevocably nominates, constitutes and appoints the Purchaser as the true and lawful attorney-in-fact of the Seller (with full power of substitution) effective as of the Closing Date, and hereby authorizes the Purchaser, in the name of and on behalf of the Seller, to execute, deliver, acknowledge, certify, file and record any document, to institute and prosecute any Proceeding and to take any other action (on or at any time after the Closing Date) that the Purchaser may deem appropriate for the purpose of (i) collecting, asserting, enforcing or perfecting any claim, right or interest of any kind that is included in or relates to any of the Purchased Assets, (ii) defending or compromising any claim or Proceeding relating to any of the Purchased Assets, or (iii) otherwise carrying out or facilitating any of the Transactions. The power of attorney referred to in the preceding sentence is and shall be coupled with an interest and shall be irrevocable, and shall survive the dissolution or insolvency of the Seller. Except as set forth above, in the event that fees or any other charges are remitted by a Client to Seller or Sole Member for Medical Billing Services, all such payments shall promptly be remitted to the Purchaser. Seller shall maintain sufficient funds and pay any necessary fees in the event of recoupment of receivables related to activities through the Closing Date.

5.2 Confidentiality; Publicity.

(a) Seller and Sole Member recognizes and acknowledges that it had in the past, currently has, and in the future may have, access to certain confidential information of the Seller and the Purchaser regarding the Business and process that are valuable, special and unique assets of Seller and the Purchaser. Seller and Sole Member agrees that it will not disclose such confidential information to any person for any purpose or reason whatsoever, unless (i) such information becomes known to the public generally through no fault of the Seller or (ii) disclosure is required by law or the order of any Government Body under color of law; provided, that prior to disclosing any information pursuant to this clause (ii); provided that Seller shall give prior written notice thereof to the Purchaser and provide the Purchaser with the opportunity to contest such disclosure. Because of the difficulty of measuring economic losses as a result of the breach of the covenants in this Section 5.2, and because of the immediate and irreparable damage that would be caused for which no other adequate remedy exists, Seller and Sole Member agrees that, in the event of a breach by it of the foregoing covenants, the covenant may be enforced against the Purchaser by injunction and restraining order, without the necessity of posting a bond.

(b) Seller shall ensure that, on and at all times after the Closing Date no press release or other publicity concerning any of the Transactions is issued or otherwise disseminated by or on behalf of Seller without the Purchaser's prior written consent.

5.3 Employees.

(a) Seller agrees to permit Purchaser to utilize the Retained Employees to conduct the business acquired by it pursuant to this Agreement through a date to be mutually agreed upon by the Parties during the post-closing transition period. The Retained Employees shall report to a Purchaser employee or representative. In consideration of Purchaser's utilization of the Retained Employees, Purchaser agrees to reimburse Seller for the Transitional Costs that accrue during the period of utilization of the respective Retained Employees. Purchaser shall have the right to direct Seller to terminate the employment of any or all of the Retained Employees on forty-eight (48) hours written notice to Seller and Purchaser's obligation to reimburse Seller for future wages and related expenses with respect to such terminated Retained Employees shall end upon the effective date of the identified employee's termination of employment.

(b) From and after the Closing Date, Seller and Shareholder shall employ their best efforts to assist MTBC in the development to guide the implementation of a smooth and complete transfer of the operations and customer relationships to Purchaser. The transition will address such issues as, including, but not limited to the following: migration of all data that has not yet been transferred, the transfer of critical business and Client information, Seller's arranging of visits with each Clients, a coordinated plan for appropriately handling Client communications that come to Seller, obtaining confirmations as needed regarding the respective Client billing arrangements in the form of a one page consent mutually agreed upon by both Parties, etc. Seller and Shareholder will in good faith affirmatively support reasonable efforts to maximize Client retention and refrain from acts or omissions that harm the Business or reduce the likelihood of retention.

5.4 Accounts Receivable. Promptly after the Closing, Seller shall deliver to Purchaser an updated schedule listing an accurate and complete breakdown and aging of all accounts receivable, notes receivable and other receivables of the Seller as of the Closing Date.

5.5 Non-Solicitation

(a) Seller and Sole Member covenant that for a period of five (5) years following the Closing Date neither shall directly or indirectly induce or seek to (i) influence any employee of the Purchaser or any of its affiliates to terminate his or her employment; (ii) knowingly hire and/or aid a competitor of the Purchaser in hiring a current or former employee of the Purchaser; or (iii) induce or seek to influence any Clients to reduce the volume of their business with Purchaser or not to do business with the Purchaser.

(b) Seller and Sole Member acknowledge that the restrictive period contained in Section 5.5(a) is reasonable under the circumstances. Moreover, it is the desire and intent of the parties that the provisions of Section 5.5(a) be enforceable to the fullest extent permissible under the legal requirements and public policies applied in each jurisdiction in which enforcement is sought. Seller and Sole Member specifically agree that, in the event of a breach or threatened breach of Section 5.5(a), the Purchaser would suffer irreparable injury and damages at law would be an insufficient remedy, and the Purchaser shall be entitled to seek equitable relief by way of temporary or permanent injunction (or any other equitable remedies), without proof of actual damages and without the need to post bond or other security.

5.6 Change of Name. Immediately after the Closing, the Seller shall change its name to a name that is reasonably satisfactory to Purchaser and Seller.

6. Miscellaneous Provisions.

6.1 Further Assurances. Each party hereto shall execute and/or cause to be delivered to each other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request (prior to, at or after the Closing) for the purpose of carrying out or evidencing any of the Transactions.

6.2 Sole Representations and Warranties. The Parties make no representations or warranties of any kind or nature, express or implied, at law or in equity, except as expressly set forth in this Agreement or in any certificate executed and delivered pursuant to this Agreement. Each Party hereby expressly negates and disclaims, and will not be liable for, any and all representations or warranties which may have been made or alleged to have been made in any other document or instrument or in any statement or information made or communicated to any other Party in any manner that is not expressly set forth in this Agreement or any a certificate executed and delivered pursuant to this Agreement.

6.3 Fees and Expenses. Each party shall be responsible for their respective fees and expenses incurred in connection with the Transactions.

6.4 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by facsimile) to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

if to the Seller or Sole Member:

Renaissance Medical Billing, LLC
Durie Andrews
Address: 3917 Volunteer Drive, Suite 5, Chattanooga, TN 37416
Email:

With a copy to:

Robert L. Lockaby, Jr.
Gearhiser, Peters, Elliott & Cannon, PLLC
320 McCallie Avenue
Chattanooga, TN 37402
Email: rlockaby@gearhiserpeters.com

if to the Purchaser:

MTBC
7 Clyde Road
Somerset, NJ 08873
Attn: Amritpal Deol
Facsimile: 732-964-9036

6.5 Headings. The underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

6.6 Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement.

6.7 Unattached Exhibits. The parties acknowledge that certain exhibits and schedules to this Agreement to be prepared by Seller or Purchaser have not been prepared or are incomplete at the time of execution of this Agreement. Seller and Purchaser shall proceed with diligence and in good faith to prepare said exhibits and schedules and shall present same to the other party for its review and approval. All exhibits and schedules so approved shall be initialed and dated by each party and attached to this Agreement prior to the Closing.

6.8 Remedies Cumulative; Specific Performance. The rights and remedies of the parties hereto shall be cumulative (and not alternative) and Seller agrees that: (a) in the event of any Breach or threatened Breach by Seller of any covenant, obligation or other provision set forth in this Agreement, the Purchaser shall be entitled (in addition to any other remedy that may be available to it) to (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, and (ii) an injunction restraining such Breach or threatened Breach; and (b) neither the Purchaser nor any other Indemnitee shall be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or Proceeding.

6.9 Waiver.

(a) No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

6.10 Amendments. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of the Purchaser and the Seller.

6.11 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

6.12 Entire Agreement. The Transactional Agreements set forth the entire understanding of the parties relating to the subject matter thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter thereof.

6.13 Knowledge. For purposes of this Agreement, a Person shall be deemed to have "knowledge" of a particular fact or other matter if any Representative of such Person has knowledge of such fact or other matter.

6.14 Construction.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(d) Except as otherwise indicated, all references in this Agreement to "Sections" and "Exhibits" are intended to refer to Sections of this Agreement and Exhibits to this Agreement.

6.15 Choice of Law and Venue. This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of New Jersey, with the exception of its conflict of laws rules. Any action to enforce the provisions of this Agreement or arising under or by reason of this Agreement shall be brought exclusively in the courts of the State of New Jersey, with venue in the County of Somerset.

The parties to this Agreement have caused this Agreement to be executed and delivered as of April 30, 2016.

Renaissance Medical Billing, LLC.

Tennessee Limited Liability Company

By: _____
Durie Andrews, Sole Member

Sole Member
Durie Andrews

By: _____
Durie Andrews

Medical Transcription Billing, Corp.,
a Delaware corporation

By: _____
Name:
Title:

EXHIBITS

Exhibit "A"	Definitions
Exhibit "B"	Excluded Assets
Exhibit "C"	Bill of Sale
Exhibit "D"	Assumption Agreement
Exhibit "E"	Closing Date Clients & Pipeline Clients
Exhibit "F"	Medical Billing Agreements
Exhibit "G"	Accounts Receivable
Exhibit "H"	Indemnity Provisions
Exhibit "I"	Retained Employees
Exhibit "J"	Transitional Cost

EXHIBIT A

CERTAIN DEFINITIONS

For purposes of the Agreement (including this Exhibit "A"):

Acquisition Transaction. "Acquisition Transaction" shall mean any transaction involving: (a) the sale or other disposition of all or any portion of the business or assets of the Seller (other than in the Ordinary Course of Business); (b) the issuance, sale or other disposition of (i) any capital stock or other securities of the Seller, (ii) any option, call, warrant or right (whether or not immediately exercisable) to acquire any capital stock or other securities of the Seller, or (iii) any security, instrument or obligation that is or may become convertible into or exchangeable for any capital stock or other securities of the Seller; or (c) any merger, consolidation, business combination, share exchange, reorganization or similar transaction involving the Seller.

Adjustment. "Adjustment" shall mean indemnification under Section 4 of this agreement and such expense reimbursements or reconciliation as are set forth in this Agreement.

Agreement. "Agreement" shall mean the Asset Purchase Agreement to which this Exhibit "A" is attached (including the Disclosure Schedule), as it may be amended from time to time.

Assumed Contracts. "Assumed Contracts" shall mean all Medical Billing Agreements and all other Seller Contracts listed on Part 2.8 of the Disclosure Schedule unless identified as an Excluded Asset on Exhibit "B".

Assumed Liabilities. "Assumed Liabilities" shall mean all obligations that accrue from and after April 30, 2016 relative to the Purchased Assets inclusive of the Assumed Contracts.

Best Efforts. "Best Efforts" shall mean the commercially reasonable efforts that a prudent Person desiring to achieve a particular result would use in order to ensure that such result is achieved as expeditiously as possible.

Breach. There shall be deemed to be a "Breach" of a representation, warranty, covenant, obligation or other provision if there is or has been any inaccuracy in or breach (including any inadvertent or innocent breach) of, or any failure (including any inadvertent failure) to comply with or perform, such representation, warranty, covenant, obligation or other provision; and the term "Breach" shall be deemed to refer to any such inaccuracy, failure, claim or circumstance.

Business. "Business" shall have the meaning ascribed thereto in the recital of this Agreement.

Client. "Client" shall mean each Closing Date Client and each Pipeline Client.

Closing Date. "Closing Date" shall mean April 30, 2016 11:59.59 PM EDT.

Closing Date Clients. "Closing Date Clients" shall mean those Persons listed on Exhibit "E" under the heading "Closing Date Clients" to whom Seller is providing Medical Billing Services and remain in good standing on the Closing Date.

Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

Consent. "Consent" shall mean any approval, consent, ratification, permission, waiver or authorization (including any Governmental Authorization).

Contract. "Contract" shall mean any written, oral, implied or other agreement, contract, understanding, arrangement, instrument, note, guaranty, indemnity, representation, warranty, deed, assignment, power of attorney, certificate, purchase order, work order, insurance policy, benefit plan, commitment, covenant, assurance or undertaking of any nature.

Customer Data. "Customer Data" shall mean all data maintained by or on behalf of Seller with respect to Seller's Clients and the patients of such Clients, including all Personal Data and health care records of such patients, and medical insurance coverage and provider information relating to such patients.

Damages. "Damages" shall include any loss, damage, injury, decline in value, lost opportunity, Liability, claim, demand, settlement, judgment, award, fine, penalty, Tax, fee (including any legal fee, expert fee, accounting fee or advisory fee), charge, cost (including any cost of investigation) or expense of any nature; but shall not include consequential damages or damages that are paid by any insurance policy.

Disclosure Schedule. "Disclosure Schedule" shall mean the schedule (dated as of the date of the Agreement) delivered to the Purchaser on behalf of Seller, a copy of which is attached to the Agreement and incorporated in the Agreement by reference.

Encumbrance. "Encumbrance" shall mean any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, Order, proxy, option, right of first refusal, preemptive right, community property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the transfer of any asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

Entity. "Entity" shall mean any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, cooperative, foundation, society, political party, union, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

ERISA. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Excluded Assets. "Excluded Assets" shall mean the assets identified on Exhibit "B" (to the extent owned by the Seller on the Closing Date).

Former Clients. "Former Client" shall mean a Person (other than a Closing Date Client) to whom Seller has provided Medical Billing Services before the Closing Date.

GAAP. "GAAP" shall mean generally accepted accounting principles, as utilized in the United States, consistently applied.

Governmental Authorization. "Governmental Authorization" shall mean any: (a) permit, license, certificate, franchise, concession, approval, consent, ratification, permission, clearance, confirmation, endorsement, waiver, certification, designation, rating, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement; or (b) right under any Contract with any Governmental Body.

Governmental Body. "Governmental Body" shall mean any: (a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); (d) multi-national organization or body; or (e) individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

Hazardous Material. "Hazardous Material" shall include: (a) any petroleum, waste oil, crude oil, asbestos, urea formaldehyde or polychlorinated biphenyl; (b) any waste, gas or other substance or material that is explosive or radioactive; (c) any "hazardous substance," "pollutant," "contaminant," "hazardous waste," "regulated substance," "hazardous chemical" or "toxic chemical" as designated, listed or defined (whether expressly or by reference) in any statute, regulation or other Legal Requirement (including CERCLA and any other so-called "superfund" or "superlien" law and the respective regulations promulgated thereunder); (d) any other substance or material (regardless of physical form) or form of energy that is subject to any Legal Requirement which regulates or establishes standards of conduct in connection with, or which otherwise relates to, the protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property from the presence in the environment of any solid, liquid, gas, odor, noise or form of energy; and (e) any compound, mixture, solution, product or other substance or material that contains any substance or material referred to in clause "(a)," "(b)," "(c)" or "(d)" above.

HIPAA. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended.

Indemnitees. "Indemnitees" shall mean the following Persons: (a) the Purchaser; (b) the Purchaser's current and future affiliates; (c) the respective Representatives of the Persons referred to in clauses "(a)" and "(b)" above; and (d) the respective successors and assigns of the Persons referred to in clauses "(a)," "(b)" and "(c)" above.

Initial Payment. "Initial Payment" shall have the meaning ascribed thereto in section 1.2 hereof.

Installment Payment. "Installment Payment" shall have the meaning ascribed thereto in section 1.2 hereof.

Intellectual Property. "Intellectual Property" shall mean and include all internal billing processes, template appeals letters, algorithms, application programming interfaces, apparatus, assay components, biological materials, cell lines, clinical data, chemical compositions or structures, circuit designs and assemblies, databases and data collections, diagrams, formulae, gate arrays, IP cores, inventions (whether or not patentable), know-how, logos, marks (including brand names, product names, logos, and slogans), methods, network configurations and architectures, net lists, photomasks, processes, proprietary information, protocols, schematics, specifications, software, software code (in any form including source code and executable or object code), subroutines, test results, test vectors, user interfaces, techniques, URLs, web sites, works of authorship, and other forms of technology (whether or not embodied in any tangible form and including all tangible embodiments of the foregoing such as instruction manuals, laboratory notebooks, prototypes, samples, studies, and summaries).

Intellectual Property Rights. "Intellectual Property Rights" shall mean and include all rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (a) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask works; (b) trademark and trade name rights and similar rights; (c) trade secret rights; (d) patents and industrial property rights; (e) other proprietary rights in Intellectual Property of every kind and nature; and (f) all registrations, renewals, extensions, continuations, divisions, or reissues of, and applications for, any of the rights referred to in clauses (a) through (e) above.

IRS. "IRS" shall mean the United States Internal Revenue Service.

Legal Requirement. "Legal Requirement" shall mean any federal, state, local, municipal, foreign or other law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, edict, decree, proclamation, treaty, convention, rule, regulation, ruling, directive, pronouncement, requirement, specification, determination, decision, opinion or interpretation issued, enacted, adopted, passed, approved, promulgated, made, implemented or otherwise put into effect by or under the authority of any Governmental Body.

Liability. "Liability" shall mean any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with generally accepted accounting principles and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

Medical Billing Agreement. "Medical Billing Agreement" shall mean each Contract pursuant to which the Seller provides Medical Billing Services to its Clients listed on Exhibit "F".

Medical Billing Services. "Medical Billing Services" shall mean any and all actions relating to the management of a healthcare provider's revenue cycle, including, without limitation, enrollment, credentialing, claims submission, claims follow-up, collections, eligibility verification, patient billing, revenue cycle analysis and consultation, together with the provision of related practice management services or products including, without limitation, electronic medical record software, office scheduling software, transcription services, coding services, medical collections and practice consultation.

Order. "Order" shall mean any: (a) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Body or any arbitrator or arbitration panel; or (b) Contract with any Governmental Body entered into in connection with any Proceeding.

Ordinary Course of Business. An action taken by or on behalf of the Seller shall not be deemed to have been taken in the "Ordinary Course of Business" unless:

(a) such action is recurring in nature, is consistent with the past practices of the Seller and is taken in the ordinary course of the normal day-to-day operations of the Seller;

(b) such action is taken in accordance with sound and prudent business practices;

(c) such action is not required to be authorized by the Seller, the board of directors of the Seller or any committee of the board of directors of the Seller and does not require any other separate or special authorization of any nature; and

(d) such action is similar in nature and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal day-to-day operations of Entities in the business of providing Medical Billing Services.

Payor. "Payor" shall mean any health maintenance organization, preferred provider organization, other prepaid plan, health care service plan, or worker's compensation or personal injury program or plan, including any Governmental Body under any Legal Requirement or any person acting on behalf of a third party payor, responsible for making payments for healthcare products or services on behalf of another Person.

Parties. "Parties" shall mean, collectively, Seller, Purchaser and Sole Member.

Person. "Person" shall mean any individual, Entity or Governmental Body.

Personal Data. "Personal Data" shall mean a natural person's name, street address, telephone number, e-mail address, photograph, social security number, driver's license number, passport number, or customer or account number, or any other piece of information that allows the identification of a natural person.

Pipeline Client. "Pipeline Client" shall mean each prospective client listed on Exhibit "E" under the heading "Pipeline Clients."

Proceeding. "Proceeding" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding and any informal proceeding), prosecution, contest, hearing, inquiry, inquest, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or any arbitrator or arbitration panel.

Purchased Assets. "Purchased Assets" shall have the meaning set forth in Section 1.1, which is entitled "Purchase and Sale of the Purchased Assets."

Registered IP. "Registered IP" shall mean all Intellectual Property Rights that are registered, filed, or issued under the authority of any Governmental Body, including all patents, registered copyrights, registered mask works, and registered trademarks and all applications for any of the foregoing.

Related Party. Each of the following shall be deemed to be a "Related Party": (a) each individual who is, or who has at any time been, an officer of the Seller; (b) each member of the family of each of the individuals referred to in clause "(a)" above; and (c) any Entity (other than the Seller) in which any one of the individuals referred to in clauses "(a)" and "(b)" above holds or held (or in which more than one of such individuals collectively hold or held), beneficially or otherwise, a controlling interest or a material voting, proprietary or equity interest.

Representatives. "Representatives" shall mean officers, directors, managers, employees, agents, attorneys, accountants and advisors.

Seller Affiliate. "Seller Affiliate" shall mean any Person under common control with the Seller within the meaning of Sections 414(b), (c), (m) and (o) of the Code, and the regulations issued thereunder.

Seller Contract. "Seller Contract" shall mean any Medical Billing Agreement and each other Contract: (a) to which the Seller is a party; (b) by which the Seller or any of its assets is or may become bound or under which the Seller has, or may become subject to, any obligation; or (c) under which the Seller has or may acquire any right or interest.

Seller Employee. "Seller Employee" shall mean any current or former employee, independent contractor or director of the Seller or any Seller Affiliate.

Seller IP. "Seller IP" shall mean (a) all Intellectual Property Rights in or pertaining to the Seller Products or methods or processes used or incorporated in the Seller Products, and (b) all other Intellectual Property Rights owned by or exclusively licensed to the Seller.

Seller IP Contract. "Seller IP Contract" shall mean any Contract to which the Seller is a party or by which the Seller is bound, that contains any assignment or license of, or covenant not to assert or enforce, any Intellectual Property Right or that otherwise relates to any Seller IP or any Intellectual Property developed by, with, or for the Seller.

Seller Product. "Seller Product" shall mean any product or service designed, developed, marketed, distributed, provided, licensed, or sold at any time by the Seller.

Tax. "Tax" shall mean any tax (including any income tax, franchise tax, capital gains tax, estimated tax, gross receipts tax, value-added tax, surtax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, occupation tax, inventory tax, occupancy tax, withholding tax or payroll tax), levy, assessment, tariff, impost, imposition, toll, duty (including any customs duty), deficiency or fee, and any related charge or amount (including any fine, penalty or interest), that is, has been or may in the future be (a) imposed, assessed or collected by or under the authority of any Governmental Body, or (b) payable pursuant to any tax-sharing agreement or similar Contract.

Tax Return. "Tax Return" shall mean any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information that is, has been or may in the future be filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement relating to any Tax.

Term. "Term" shall mean the period commencing on April 30, 2016 and ending on March 31, 2019.

Transactional Agreements. "Transactional Agreements" shall mean this Agreement, the bill of sale, assumption agreement and the other agreements that are executed and delivered by the parties at the Closing.

Transactions. "Transactions" shall mean (a) the execution and delivery of the respective Transactional Agreements, and (b) all of the transactions contemplated by the respective Transactional Agreements, including: (i) the sale of the Purchased Assets by the Seller to the Purchaser in accordance with the Agreement; (ii) the assumption of the Assumed Liabilities by the Purchaser pursuant to the Assumption Agreement; and (iii) the performance by the Seller, and the Purchaser of their respective obligations under the Transactional Agreements, and the exercise by the Seller and the Purchaser of their respective rights under the Transactional Agreements.

Transitional Costs. "Transitional Costs" shall mean all costs incurred by Seller that are identified in Exhibit "J".

EXHIBIT "B"

EXCLUDED ASSETS

All accounts receivable identified on Exhibit "G" hereto and accounts receivable related to revenue earned by Seller through April 2016 and invoiced on or before May 10, 2016 for Medical Billing Services provided by Seller to Clients through the Closing Date.

All of Seller's cash and cash equivalents.

All books, records, ledgers, files, documents and correspondence and lists of Seller relating to the corporate organization of Seller or Seller's tax, accounting and financial records for all periods prior to the Closing Date, and the corporate records, taxpayer identification numbers, and books of account (including accounting records relating to the Business).

All claims, causes of action, suits and rights relating to Excluded Assets. All insurance policies and claims thereunder.

All furniture, fixtures, equipment (including, without limitation, computers, electronics, & communications equipment) and appliances.

EXHIBIT "C"

BILL OF SALE

This Bill of Sale is made effective as of April 30, 2016, by and among RENAISSANCE MEDICAL BILLING, LLC., ("Seller"), a Tennessee limited liability company with its principal office situated 3917 Volunteer Drive, Suite 5, Chattanooga, TN 37416, and ("Seller"); and Medical Transcription Billing, Corp., a Delaware corporation with its principal office situated at 7 Clyde Road, Somerset, New Jersey 08873 ("Purchaser" or "MTBC").

WHEREAS, Seller and Purchaser are parties to a certain Asset Purchase Agreement dated April 30, 2016 ("Agreement"), pursuant to which Seller has agreed to sell, convey, transfer and assign to Purchaser, and Purchaser has agreed to purchase from Seller, the Purchased Assets (as more fully defined in the Agreement), pursuant to the terms and subject to the conditions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Defined Terms: Interpretation.** Except as otherwise set forth herein, capitalized terms used herein have the meanings assigned to them in the Agreement. This Bill of Sale shall be governed by and construed in all respects in accordance with the laws of the State of New Jersey, without regard to any conflict of laws principles.
2. **Assignment of Purchased Assets.** Pursuant to the terms and subject to the conditions of the Agreement, Seller does hereby grant, sell, assign, transfer, convey and set over to Purchaser, its successors and assigns, and Purchaser hereby purchase and acquire from Seller, all of Seller's right, title and interest in and to the Purchased Assets, including all goodwill of or relating to the Purchased Assets, free and clear of all Encumbrances and Liabilities.
3. **Further Assurances.** Each party to this Bill of Sale agrees to execute, acknowledge, deliver, file and record, and cause to be executed, acknowledged, delivered, filed and recorded, such further certificates, instruments, and documents and to do, and cause to be done, without further consideration, all such other acts and things, as may be required by law, or as may, in the reasonable opinion of any party hereto, be necessary or advisable to carry out the purposes of this Bill of Sale.
4. **Binding Effect: Amendments.** This Bill of Sale shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. No modification, amendment or waiver of any provision of, or consent or approval required by, this Bill of Sale, nor any consent to or approval of any departure herefrom, shall be effective unless it is in writing and signed by the party against whom enforcement of any such modification, amendment, waiver, consent or approval is sought.

5. Purchase Agreement Controlling. Notwithstanding any other provisions of this Bill of Sale to the contrary, nothing contained herein shall in any way supersede, modify, replace, amend, change, rescind, waive, exceed, expand, enlarge or in any way affect the provisions, including warranties, covenants, agreements, conditions, representations or, in general, any of the rights and remedies, or any of the obligations, of Seller or Purchaser set forth in the Agreement. This Bill of Sale is subject to and controlled by the terms of the Agreement.

6. Counterparts. This Bill of Sale may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. Delivery of an executed counterpart of a signature page of this Bill of Sale by facsimile or other electronic transmission shall be effective as delivery of a manually executed original counterpart of this Bill of Sale.

IN WITNESS WHEREOF, each of the parties has caused this Bill of Sale to be duly executed and delivered as of the day, month and year first above written.

Renaissance Medical Billing, LLC.

By: _____
Durie Andrews, CEO

Date: May 2, 2016

Medical Transcription Billing, Corp.

By: _____

Date: May 2, 2016

The undersigned, constituting the sole Sole Member of Seller, in his individual capacity, hereby ratifies, approves and confirms the above Bill of Sale.

Durie Andrews

EXHIBIT "D"

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement ("Assignment Agreement") is made and entered into as of this April 30, 2016, by and among Renaissance Medical Billing, LLC., ("Assignor"), a Tennessee limited liability company with its principal office situated 3917 Volunteer Drive, Suite 5, Chattanooga, TN 37416; and Medical Transcription Billing, Corp., a Delaware corporation with its principal office situated at 7 Clyde Road, Somerset, New Jersey 08873 ("Assignee").

RECITALS

A. Assignor and Assignee are parties to an Asset Purchase Agreement, dated effective as of May 2, 2016 ("Purchase Agreement"), pursuant to which Assignor and Assignee have agreed to execute this Assignment Agreement.

B. Assignor is a party to certain Medical Billing Agreements with each Client, which are more fully identified in Exhibit F, and Disclosure Part 2.8(a) of the Purchase Agreement.

C. Assignor has made various representations, warranties and covenants regarding the Medical Billing Agreements.

D. Pursuant to the Purchase Agreement, Assignor and Assignee are entering into this Assignment Agreement whereby Assignor assigns to Assignee all of Assignor's rights, title and interest in and to each and every Medical Billing Agreement and each other Seller Contract listed on Disclosure Part 2.8(a) of the Purchase Agreement (collectively, the "Assumed Contracts") and Assignee agrees to assume Assignor's obligations under the Assumed Contracts.

E. Assignor and Assignee agree that, unless otherwise specified herein or in the Purchase Agreement, all assignments and assumptions shall be effective as of the Closing Date.

F. Assignor and Assignee agree that each capitalized word set forth herein shall have the same meaning assigned thereto in the definitions section of the Purchase Agreement, unless otherwise specified in this Assignment Agreement.

NOW THEREFORE in consideration of the mutual covenants contained in this Assignment Agreement and the Purchase Agreement and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged and conclusively established, Assignor and Assignee agree as follows:

AGREEMENT

1. Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's rights, title and interest in, to and under each and every Assumed Contract (excluding the Excluded Assets) and all of Assignor's rights to any benefits thereunder arising from services provided by Assignee after the date of this Assignment Agreement.
2. Assignee hereby accepts the within assignment and agrees to assume, perform and comply with and to be bound by all of the terms, covenants, agreements, provisions and conditions of each and every Assumed Contract to be performed from and after the date hereof.
3. Assignor hereby assigns, sets over and transfers to Assignee all of its rights, title and interest in and to the Purchased Assets.
4. Assignee hereby assumes each and every Assumed Contract free and clear of any and all Liabilities, Liens, Encumbrances, debts, accounts payable, Claims, demands or other contracts or obligations existing as of the Closing Date, as more fully set forth in the Asset Purchase Agreement.
5. This Assignment Agreement and the obligations of Assignor and Assignee hereunder shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.
6. From time to time as the circumstances require, Assignor and Assignee shall execute such additional documents, certificates or assignments, or take such other further actions reasonably necessary to further evidence or consummate this Assignment Agreement.
7. All provisions of this Assignment Agreement are subject, in all respects, to the terms and conditions of the Purchase Agreement and all of the representations, warranties, covenants, agreements and disclaimers contained therein, all of which shall survive the execution and delivery of this Assignment Agreement.
8. This Assignment Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of New Jersey, excluding its conflict of laws principles.

IN WITNESS WHEREOF, the parties to this Assignment Agreement have duly executed it on the day and year first above written.

Medical Transcription Billing, Corp.

Renaissance Medical Billing, LLC

By: _____
Stephen Snyder
President

By: _____
Durie Andrews
Sole Member

EXHIBIT "E"

CLOSING DATE CLIENTS

EXHIBIT "F"

MEDICAL BILLING AGREEMENTS

EXHIBIT "G"

ACCOUNTS RECEIVABLE

EXHIBIT "H"

INDEMNITY PROVISIONS

1. **Definitions.** For purposes of this Exhibit "H" only, the following definitions shall apply:

- (a) "**Claim**" shall mean any matter as to which an Indemnified Party is entitled to indemnification pursuant to Section 4.2 or 4.3 of this Agreement.
- (b) "**Defending Party**" shall mean the party to this Agreement who has the right, in the first instance, to undertake the litigation, contest, compromise or settlement of a Third Party Loss.
- (c) "**Indemnified Party**" shall mean any Person who is entitled to be indemnified pursuant to Section 4.2 or 4.3 of this Agreement.
- (d) "**Indemnitor**" shall mean any person or entity who is obligated to indemnify another Person pursuant to Section 4.2 or 4.3 of this Agreement.
- (e) "**Loss**" shall mean with respect to the Purchaser, the actual damage, loss, cost or expense (including attorneys' fees and costs of investigation incurred in defending against and/or settling such damage, loss, cost or expense or claim therefor and any amounts paid in settlement thereof) imposed on, or incurred by, the Purchaser, whether directly or indirectly through any such actual damage, loss, cost or expense imposed on, or incurred by, the Purchaser; provided, however, that Loss to the Purchaser shall be determined after taking into account any tax savings to the Purchaser resulting from such damage, loss, cost or expense.
- (f) "**Third Party Loss**" shall mean any Loss arising from a claim by, liability to, or cost or expense to be paid to, any person ("Third Party") who is not a party to this Agreement.

2. **Conditions of Indemnification.**

- (a) The obligations and liabilities pursuant to Section 4.2 or 4.3 of this Agreement, shall be subject to the following terms and conditions:
 - (i) **Claim Notices.** The Indemnified Party shall send a written notice (the "Claim Notice") to the Indemnitor upon the occurrence of any event or the discovery of any facts, or the commencement of any litigation or proceeding against the Indemnified Party or the Purchaser which might give rise to a Claim. Each Claim Notice shall be given as promptly as possible after the Indemnified Party has actual notice of such event, state of facts, litigation or proceeding and it appears reasonably probable that such event, state of facts, litigation or proceeding might involve matters that would give rise to a Claim against any Indemnitor. Each Claim Notice shall specify, with particularity, the nature and, to the extent ascertainable, the amount of the Claim.

(ii) Defense of Claims.

(1) If there is a Claim for a Third Party Loss, then

- (a) with respect to a Third Party Loss to the Purchaser, then the Indemnitor shall have the right, acting in good faith and without delay, and using experienced and reputable counsel, to litigate or otherwise contest, compromise or settle (at such Indemnitor's expense) such Third Party Loss; or
- (b) If the Indemnitor or the Indemnifying Party is not the Defending Party with respect to a Third Party Loss, then such party shall have the right to participate, at its own expense, in the defense of any action or proceeding brought in connection with a Third Party Loss. Any such Third Party Loss will be deemed resolved by a final decision of a court of competent jurisdiction (after all appeals have been taken or the time for taking such appeals has expired), the final decision of a board or panel of arbitrators, or a settlement agreement with the Third Party.

- (b) All disputed Claims (other than Claims based on Third Party Losses) will be resolved upon the negotiation and written agreement of the Indemnitors and the Indemnified Parties, or failing such agreement, by a final decision of a court of competent jurisdiction (after all appeals have been taken or the time for taking such appeals has expired).
- (c) Cooperation. Each Indemnified Party shall cooperate fully with the Indemnitor in connection with the litigation, contest, compromise and settlement of all Claims.

3. Disputes. Unless Seller agrees otherwise in writing, any amounts that Purchaser asserts are subject to indemnification by the Seller or Sole Member may not be offset or netted against the quarterly payments required under Section 1.4(b) of the Agreement unless and until there is a final determination made by a court of competent jurisdiction that Purchaser is entitled to indemnity and the amount of the indemnity obligation. Any dispute concerning indemnity rights and obligations shall be resolved in accordance with the provisions of Section 6.15 of the Agreement.

EXHIBIT "I"

RETAINED EMPLOYEES

EXHIBIT "J"

TRANSITIONAL COSTS

"Transitional Costs" shall mean the following categories of expenses commencing May 1, 2016.

1. Office Rent	\$	3917 Volunteer Drive, Suite 5, Chattanooga, TN 37416 (Term expires)
2. Telephone lease		
3. Photocopier leases		
4. NCITE IT Service Agreement		
5. Letter Logic/eTactics Patient Statements Processor		
7. M Collins Email Service Agreement		
8. Allscripts Computer Software Agreement		
9. VISTAR TECHNOLOGIES CORP – Credentialing Software		
10. Retained Employee Costs		
11. All ordinary and necessary office operating expenses		

For so long as Purchaser utilizes any of the above-referenced vendor or trade accounts, Purchaser shall reimburse Seller for same. The Parties shall work together to transition such accounts as Purchaser in its sole discretion decides to assume as expeditiously as reasonable.

"Retained Employee Costs" means salaries, employer's portion of FICA, "Paid Time Off" (pursuant to Seller's PTO Policy) that accrues following the Closing Date. In addition to the foregoing, Purchaser agrees to reimburse Seller for the lesser of one week's severance or fifty percent (50%) of any severance paid to any Retained Employee subject to the execution of a release in a form acceptable to both parties. For the avoidance of doubt, Seller shall be responsible for, and shall pay, all payroll costs of Seller for the pay period ending on April 30, 2016.

ASSET PURCHASE AGREEMENT

among:

WFS Services, Inc.

a Delaware Corporation,

Deborah Shapiro,

a Shareholder,

Ann Newman,

a Shareholder,

Michael Newman,

a Shareholder,

and

Medical Transcription Billing, Corp.,

a Delaware corporation

Dated on July 1 , 2016

TABLE OF CONTENTS

	<u>Page</u>
1. SALE OF ASSETS; RELATED TRANSACTIONS	1
1.1 Purchase and Sale of the Purchased Assets	1
1.2 Purchase Price	2
1.3 Reporting	3
1.4 Closing	3
2. REPRESENTATIONS AND WARRANTIES OF THE SELLER AND SHAREHOLDERS	3
2.1 Entity Representations and Warranties	3
2.2 Financial Statements	5
2.3 Absence Of Changes	5
2.4 Title To Purchased Assets	7
2.5 Receivables	7
2.6 Clients	7
2.7 Intellectual Property; Privacy	7
2.8 Contracts	9
2.9 Liabilities	11
2.10 Compliance with Legal Requirements	11
2.11 Governmental Authorizations	13
2.12 Tax Matters	14
2.13 Employee and Labor Matters	14
2.14 Insurance	15
2.15 Certain Payments, Etc.	16
2.16 Proceedings; Orders	16

2.17	Authority; Binding Nature of Agreements	17
2.18	Non-Contravention; Consents	17
2.19	Brokers	18
2.20	Full Disclosure	18
3.	REPRESENTATIONS AND WARRANTIES OF THE PURCHASER	18
3.1	Representations and Warranties of the Purchaser	18
3.2	No Knowledge of Inaccuracy of Seller's Representations and Warranties	19
3.3	Authority; Binding Nature Of Agreements	20
3.4	Non-Contravention	20
4.	INDEMNIFICATION, ETC.	20
4.1	Survival of Representations and Covenants	20
4.2	Indemnification By the Seller and Shareholders	21
4.3	Indemnification By The Purchaser	22
4.4	Conditions of Indemnification	23
5.	CERTAIN POST-CLOSING COVENANTS	23
5.1	Further Actions	23
5.2	Confidentiality; Publicity	24
5.3	Employees	24
5.4	Accounts Receivable	24
5.5	Non-Solicitation	24
5.6	Change of Name	25
6.	MISCELLANEOUS PROVISIONS	25
6.1	Further Assurances	25
6.2	Sole Representations and Warranties	25
6.3	Fees and Expenses	25
6.4	Notices	25
6.5	Headings	26
6.6	Counterparts	26
6.7	Unattached Exhibits	26
6.8	Remedies Cumulative; Specific Performance	27
6.9	Waiver	27
6.10	Amendments	27
6.11	Severability	27
6.12	Entire Agreement	27
6.13	Knowledge	28
6.14	Construction	28
6.15	Choice	28

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement is entered into on July 1, 2016, by and among: WFS Services, Inc., a Delaware Corporation (the "Seller"), Deborah Shapiro, [Ann Newman] and [Michael Newman] (the "Shareholders"), and Medical Transcription Billing, Corp., a Delaware Corporation (the "Purchaser"). Certain capitalized terms used in this Agreement are defined in Exhibit "A".

Recitals

Whereas, the Purchaser desires to purchase the assets of the Seller, which is engaged in the business of providing Billing Services ("Business").

Whereas, Seller wishes to provide for the sale of substantially all of the assets of the Seller, to the Purchaser on the terms set forth in this Agreement.

Now Therefore, in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

Agreement

The parties to this Agreement, intending to be legally bound, agree as follows:

1. Sale of Assets; Related Transactions.

1.1 Purchase and Sale of the Purchased Assets. As of the Closing Date, and on the terms and subject to the fulfillment of the conditions of this Agreement, the Seller agrees to sell, assign and transfer all rights, title and interest in and to certain tangible and intangible assets of the Seller to the Purchaser, and the Purchaser agrees to purchase from the Seller the Purchased Assets, free and clear of all Encumbrances. The Purchased Assets consist of: (a) all of the Seller's rights and remedies, as of and from the Closing Date, concerning each Billing Agreement listed on Exhibit "A"; (b) all goodwill of Seller related to the Billing Agreements and other Purchased Assets; (c) all software programs and/or applications owned by Seller (including any associated licenses which are assignable); (d) any other assets that are owned by Seller that are needed for the conduct of the business of the Seller, provided that the Purchased Assets shall not include any Excluded Assets; (e) all Intellectual Property of Seller, including such right, title and interest in and to the name "WFS Services" as Seller possesses;

(b) Excluded Assets. The Purchased Assets shall not include any property listed on Exhibit "B".

1.2 Purchase Price.

(a) The total purchase price (the "Purchase Price") shall be as follows: (i) ONE HUNDRED AND EIGHTY THOUSAND DOLLARS (\$180,000), paid in 36 consecutive monthly payments of FIVE THOUSAND DOLLARS (\$5,000) with the first payment due within 30 days of the Closing Date (the "Base Consideration"); and (b) FIFTY PERCENT (50%) of the positive quarterly Adjusted EBITDA of the WFS division for 12 consecutive quarters beginning on the earlier of 90 days after the start of the first Geisinger contract under the newly signed Master Services Agreement or 180 days after Closing Date (the "Post-Closing Quarters"), with the first payment due 30 days after the close of the first full Post-Closing Quarter and each subsequent quarterly payment likewise due within 30 days after the end of the respective quarter (the "EBITDA Payment").

(b) For avoidance of doubt, in the event that the Adjusted EBITDA of the WFS Division is negative during a Post-Closing Quarter, Buyer shall not be entitled to any reimbursement from Seller relative to the Adjusted EBITDA loss during said Post-Closing Quarter, nor shall Buyer make an EBITDA Payment to Seller during said Post-Closing Quarter.

(c) In the event that the combined annualized revenues of the Clients in good standing decrease to less than ONE MILLION, THREE HUNDRED THOUSAND (\$1,300,000) ("Material Adverse Change"), the balance of the Base Consideration shall be adjusted proportionate to the reduction in the annualized revenues of the Seller since the Closing Date. Notwithstanding the foregoing, Seller shall continue to have a right to receive, and Buyer shall have the obligation to pay, the quarterly EBITDA Payments as set forth in section 1.2(b) above without a proportionate reduction.

(d) Except as otherwise provided herein:

(i) Seller will be solely responsible for all expenses that accrue relative to the Business and Purchased Assets through 11:59 P.M. Eastern Time on the Closing Date;

(e) Any Adjustments may be adjusted directly between the Parties at any such time as mutually agreed upon by the Parties.

(f) Seller has a total outstanding financial liability of \$58,172.78 associated with the Purchase Power line and postage advance made by Toyota Motor Corporation. ("Outstanding Liability") Seller agrees to pay Buyer an amount equal to the Outstanding Liability within 180 days of Closing and, without otherwise limiting its rights and remedies under this Agreement, Buyer reserves the right to offset the entirety of the Base Payments and EBITDA Payment until the Outstanding Obligation is fully recouped.

1.3 Reporting. Seller and its agents shall have the right to review, copy and audit the Purchaser's relevant financial and Client records from time to time to the extent reasonably required to enable Seller to determine if the true-up for customer retention and Adjusted EBITDA are being calculated and paid as provided in this Agreement. Each party shall bear its own costs and expenses as it relates to any such review or audit.

1.4 Closing.

(a) The closing of the sale of the Purchased Assets to the Purchaser (the "Closing") shall be effective on July 1, 2016 at 12:01 AM EDT or such other date and time as mutually agreed upon by the parties;

(b) At the Closing (or the first business day immediately following the same if the Closing Date is a weekend or National holiday) or a date to be mutually decided upon:

(i) The Seller shall execute and deliver to the Purchaser such bills of sale (in the form attached as Exhibit "C"), endorsements, and other documents as may (in the reasonable judgment of the Purchaser or its counsel) be necessary or appropriate to convey, transfer and deliver to the Purchaser good and valid title to the Purchased Assets free of any Encumbrances;

(ii) The Purchaser shall execute and deliver to the Seller the Assumption Agreement (in the form attached as Exhibit "D");

(iii) Seller shall deliver to Purchaser possession and custody of all medical, business, contractual and financial records ("Records") in Seller's possession for the Seller's Former Clients and for Closing Date Clients, and Purchaser shall maintain such records in compliance with all applicable laws and the Seller's Billing Agreements. During the Term of this Agreement Seller shall have access at all reasonable times, upon reasonable advance notice and agreement of the parties, to such Records.

2. Representations and Warranties of the Seller and Shareholders.

The Seller and Shareholders represent, jointly and severally, and warrant to the Purchaser as follows:

2.1 Entity Representations and Warranties.

(a) Organization and Existence of the Seller. The Seller is a corporation organized and validly existing under the Laws of Delaware.

(b) Entity Power and Capacity. The Seller and Shareholders have the entity power, authority and capacity to own or lease its assets, including the Purchased Assets, and to carry on the Business as now being conducted by it.

(c) Validity of Agreement.

(i) The Seller and Shareholders have all necessary entity power, authority and capacity to enter into and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement.

(ii) The execution, delivery and performance by the Seller and Shareholders of this Agreement and the consummation of the Transactions have been duly authorized by all necessary entity action on the part of the Seller and Shareholder's execution of this Agreement constituting sufficient evidence thereof.

(iii) This Agreement and any other agreements entered into pursuant to this Agreement to which the Seller and/or Shareholders are a party constitute or will constitute legal, valid and binding obligations of the Seller and Shareholders enforceable against the Seller and Shareholders in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency or other Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(d) Authorizations. There is no requirement for the Seller or Shareholders to make any filing with, give any notice to or obtain any consent or Authorization from any Governmental Agency as a condition to the lawful consummation of the Transactions.

(e) No Violation. The execution and delivery of this Agreement by the Seller and the Shareholders, the consummation of the Transactions, and the fulfillment by the Seller and Shareholders of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both):

(i) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Seller under:

- A. any Law;
- B. any judgment, order, writ, injunction or decree of any Governmental Agency having jurisdiction over the Seller;
- C. the constating documents or any resolutions of the Seller; or

(ii) result in the creation or imposition of any Encumbrance on any of the Purchased Assets.

(f) No Other Agreements to Purchase. Except for the Purchaser's rights pursuant to this Agreement, no Person has any option, warrant, right, call, commitment, conversion right, right of exchange or other Contract or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an option, commitment, conversion right, right of exchange or other Contract for the purchase from the Seller and/or Shareholders of any of the Purchased Assets.

2.2 Financial Statements. The Seller and Shareholders delivered to the Purchaser the following financial statements (collectively, the “Financial Statements”): (a) the balance sheets of the Seller as of December 31, 2014 and 2015, 2016 by quarter and as of the last month of 2016 prior to the Closing Date (the “Unaudited Interim Balance Sheet”), the related statements of income for the year 2014 and 2015 by quarter and for 2016 by month through the Closing Date, and the related statements of cash flows for 2014, 2015, and 2016 through the Closing Date. The Financial Statements are accurate and complete in all material respects, have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered (except that the interim financial statements referred to in clause “(a)” of this Section 2.2 do not have notes) and present fairly in all material respects the financial position of the Seller as of the respective dates thereof and the results of operations of the Seller for the periods covered thereby.

Purchaser will have the option, at its sole expense, to create such statements internally or retain a public accounting firm to create such statements for the purpose of complying with SEC requirements and Seller will provide full cooperation and access to work papers and support materials as requested for such statement creation. Depending on the Seller’s Financial Statements, Purchaser may be required to file audited financial statements with the SEC within 74 days of closing.

Seller shall also provide Purchaser with the following on or before Closing: contracts with all Closing Date Client and suppliers, copies of invoices for each Closing Date Client for the last 6 months, along with copies of all reports sent to clients on a regular basis, any special invoicing instructions, vendor invoices and contracts, leases, personnel records for all employees being hired, and all documentation for software and systems used in the business. Subject to the mutual consent of the Parties, some of the aforementioned documents maybe provided at a later date.

2.3 Absence Of Changes. Except as set forth in Part 2.3 of the Disclosure Schedule of the Financial Statements:

(a) there has not been any material adverse change in, and no event has occurred that might have a material adverse effect on, the business, condition, assets, liabilities, operations, financial performance, net income or prospects of the Seller;

(b) there has not been any material loss, damage or destruction to, or any interruption in the use of, any of the assets of the Seller and Shareholders (whether or not covered by insurance);

(c) the Seller and Shareholders have not purchased or otherwise acquired any asset from any other Person, except for supplies acquired by the Seller and Shareholders in the Ordinary Course of Business;

(d) the Seller and Shareholders have not leased or licensed any asset from any other Person;

(e) the Seller and Shareholders have not made any capital expenditure;

(f) the Seller and Shareholders have not sold or otherwise transferred, or leased or licensed, any material asset to any other Person;

(g) the Seller and Shareholders have not written off as uncollectible, or established any extraordinary reserve with respect to, any material account receivable or other indebtedness;

(h) the Seller and Shareholders have not made any loan or advance to any other Person;

(i) the Seller and Shareholders have not (i) established or adopted any Seller Employee Plan, or (ii) paid any bonus or made any profit-sharing or similar payment to, or increased the amount of the wages, salary, commissions, fees, fringe benefits or other compensation or remuneration payable to, any of its directors, officers, employees or independent contractors;

(j) no Contract by which the Seller and Shareholders or any of the assets owned or used by the Seller and Shareholders are or were bound, or under which the Seller and Shareholders have or had any rights or interest, including any Billing Agreement, have been amended or terminated and the Seller and Shareholders have no knowledge of any pending amendments or terminations contemplated by Seller's Clients which has not been disclosed;

(k) the Seller and Shareholders have not incurred, assumed or otherwise become subject to any Liability, other than accounts payable (of the type required to be reflected as current liabilities in the "liabilities" column of a balance sheet prepared in accordance with GAAP) incurred by the Seller and Shareholder in bona fide transactions entered into in the Ordinary Course of Business;

(l) the Seller and Shareholders have not discharged any Encumbrance or discharged or paid any indebtedness or other Liability, except for accounts payable that (i) are reflected as current liabilities in the "liabilities" column of the Unaudited Interim Balance Sheet or have been incurred by the Seller and Shareholder since the date of the Unaudited Interim Balance Sheet, in bona fide transactions entered into in the Ordinary Course of Business, and (ii) have been discharged or paid in the Ordinary Course of Business;

(m) the Seller and Shareholders have not forgiven any debt or otherwise released or waived any right or claim;

(n) the Seller and Shareholders have not changed any of their methods of accounting or accounting practices in any respect;

(o) the Seller and Shareholders have not entered into any transaction or taken any other action outside the Ordinary Course of Business; and

(p) the Seller and Shareholders have not agreed, committed or offered (in writing or otherwise) to take any of the actions referred to in clauses “(c)” through “(o)” above.

2.4 Title To Purchased Assets. The Seller and Shareholders own, and have good and valid title to, all of the Purchased Assets purported to be owned by it, including: all Purchased Assets identified in Section 1.1 of this Agreement; all Purchased Assets reflected on the Unaudited Interim Balance Sheet; all Purchased Assets acquired by the Seller and Shareholders since the date of the Unaudited Interim Balance Sheet; all rights of the Seller and Shareholders under Seller Contracts; and all other Purchased Assets reflected in the books and records of the Seller and Shareholders as being owned by the Seller and Shareholders. All of said Purchased Assets are owned by the Seller and Shareholders free and clear of any Encumbrances. Part 2.4 of the Disclosure Schedule identifies all of the Purchased Assets that are being leased or licensed to the Seller and Shareholders. The Purchased Assets will collectively constitute, as of the Closing Date, all of the properties, rights, interests and other tangible and intangible assets necessary to enable the Purchaser to conduct the Business in the manner in which such business is currently being conducted.

2.5 Receivables. Part 2.5 of the Disclosure Schedule provides an accurate and complete breakdown and aging of all accounts receivable, notes receivable and other receivables of the Seller as of the Closing Date, which, except for the Advanced Payment, are Excluded Assets.

2.6 Clients

Part 2.6 of the Disclosure Schedule accurately identifies, and provides an accurate and complete breakdown of the revenues received during the period January 1, 2015 through the Closing Date from each Client. Except as set forth in Part 2.6 of the Disclosure Schedule, Seller and Shareholders have not received any notice or other communication (in writing or otherwise), and the Seller and Shareholders have not received any other information, indicating that any Client identified or required to be identified in Part 2.6 of the Disclosure Schedule may cease doing business with the Seller or may otherwise reduce the volume of business or the price of business transacted by such Person with the Seller below historical levels.

2.7 Intellectual Property; Privacy.

(a) **Products and Services.** Part 2.7(a) of the Disclosure Schedule accurately identifies and describes each Seller Product currently being designed, developed, marketed, distributed, provided, licensed, or sold by the Seller .

(b) Registered IP. Part 2.7(b) of the Disclosure Schedule accurately identifies: (a) each item of Registered IP in which the Seller has or purports to have an ownership interest of any nature (whether exclusively, jointly with another Person, or otherwise); (b) the jurisdiction in which such item of Registered IP has been registered or filed and the applicable registration or serial number; (c) any other Person that has an ownership interest in such item of Registered IP and the nature of such ownership interest; and (d) each Seller Product identified in Part 2.7(b) of the Disclosure Schedule that embodies, utilizes, or is based upon or derived from (or, with respect to Seller Products currently under development, that is expected to embody, utilize, or be based upon or derived from) such item of Registered IP. The Seller has provided to the Purchaser complete and accurate copies of all applications, correspondence with any Governmental Body, and other material documents related to each such item of Registered IP.

(c) Inbound Licenses. Part 2.7(c) of the Disclosure Schedule accurately identifies: (a) each Contract pursuant to which any Intellectual Property Right or Intellectual Property is or has been licensed, sold, assigned, or otherwise conveyed or provided to the Seller (other than (i) agreements between the Seller and its employees in the Seller's standard form thereof and (ii) non-exclusive licenses to third-party software that is not incorporated into, or used in the development, testing, distribution, maintenance, or support of, any Seller Product and that is not otherwise material to the Seller's business); and (b) whether the licenses or rights granted to Seller in each such Contract are exclusive or non-exclusive.

(d) Outbound Licenses. Part 2.7(d) of the Disclosure Schedule accurately identifies each Contract pursuant to which any Person has been granted any license under, or otherwise has received or acquired any right (whether or not currently exercisable) or interest in, any Seller IP. The Seller is not bound by, and no Seller IP is subject to, any Contract containing any covenant or other provision that in any way limits or restricts the ability of the Seller to use, exploit, assert, or enforce any Seller IP anywhere in the world.

(e) Royalty Obligations. Part 2.7(e) of the Disclosure Schedule contains a complete and accurate list and summary of all royalties, fees, commissions, and other amounts payable by the Seller to any Person (other than sales commissions paid to employees according to the Seller's standard commissions plan) upon or for the sale, or distribution of any Seller Product or the use of any Seller IP.

(f) Ownership Free and Clear. The Seller exclusively owns all right, title, and interest to and in the Seller IP free and clear of any Encumbrances (other than licenses and rights granted pursuant to the Contracts identified in Part 2.7(f) of the Disclosure Schedule).

(g) Protection of Proprietary Information. The Seller has taken all reasonable steps to maintain the confidentiality of and otherwise protect and enforce their rights in all proprietary information pertaining to the Seller or any Seller Product. Without limiting the generality of the foregoing, no portion of the source code for any software ever owned or developed by the Seller has been disclosed or licensed to any escrow agent or other Person.

(h) Sufficiency. The Seller owns or otherwise has, and after the Closing the Purchaser will have, all Intellectual Property Rights needed to conduct its business as currently conducted and planned to be conducted.

(i) Harmful Code. To the best of Seller's actual knowledge ("Seller's Knowledge") the Seller Products do not contain any "viruses," "worms," "time-bombs," "key-locks," or any other devices that could disrupt or interfere with the operation of the Seller Products or equipment upon which the Seller Products operate.

(j) Valid and Enforceable; No Infringement. All Seller IP is valid, subsisting, and enforceable. To the best of the Seller's Knowledge, no Person has infringed, misappropriated, or otherwise violated, and no Person is currently infringing, misappropriating, or otherwise violating, any Seller IP. Part 2.7(g) of the Disclosure Schedule accurately identifies (and the Seller has provided to the Purchaser a complete and accurate copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to the Seller or any representative of the Seller regarding any actual, alleged, or suspected infringement or misappropriation of any Seller IP, and provides a brief description of the current status of the matter referred to in such letter, communication, or correspondence.

(k) No Infringement of Third Party IP Rights. To Seller's Knowledge, (i) the Seller has never infringed (directly, contributorily, by inducement, or otherwise), misappropriated, or otherwise violated or made unlawful use of any Intellectual Property Right of any other Person or engaged in unfair competition; (ii) no Seller Product, and no method or process used or incorporated in any Seller Product, infringes, violates, or makes unlawful use of any Intellectual Property Right of, or contains any Intellectual Property misappropriated from, any other Person; and (iii) there is no legitimate basis for a claim that the Seller or any Seller Product has infringed or misappropriated any Intellectual Property Right of another Person or engaged in unfair competition or that any Seller Product, or any method or process used or incorporated in any Seller Product, infringes, violates, or makes unlawful use of any Intellectual Property Right of, or contains any Intellectual Property misappropriated from, any other Person, and no such claim is pending or, to the best of the Seller's Knowledge, threatened against the Seller. The Seller has never received any notice or other communication (in writing or otherwise) relating to any actual, alleged, or suspected infringement, misappropriation, or violation by the Seller, any of their employees or agents, or any Seller Product of any Intellectual Property Rights of another Person, including any letter or other communication suggesting or offering that the Seller obtain a license to any Intellectual Property Right of another Person.

2.8 Contracts.

(a) Part 2.8(a) of the Disclosure Schedule identifies each Billing Agreement and each other Seller Contract. The Seller has delivered to the Purchaser accurate and complete copies of all written Seller Contracts identified in Part 2.8(a) of the Disclosure Schedule, including all amendments thereto. Each Seller Contract is valid and in full force and effect.

(b) Except as set forth in Part 2.8(b) of the Disclosure Schedule, to Seller's knowledge: (i) no Person has violated or breached, or declared or committed any default under, any Seller Contract; (ii) no event has occurred, and no circumstance or condition exists, that might (with or without notice or lapse of time) (A) result in a violation or breach of any of the provisions of any Seller Contract, (B) give any Person the right to declare a default or exercise any remedy under any Seller Contract, (C) give any Person the right to accelerate the maturity or performance of any Seller Contract, or (D) give any Person the right to cancel, terminate or modify any Seller Contract; (iii) the Seller has not received any notice or other communication (in writing or otherwise) regarding any actual, alleged, possible or potential termination, violation or breach of, or default under, or intention to reduce or limit the scope of services or reduce the volume of the business under any Seller Contract; and (iv) the Seller has not waived any right under any Seller Contract.

(c) Except as set forth in Part 2.8(d) of the Disclosure Schedule, the Seller has never guaranteed or otherwise agreed to cause, insure or become liable for, and the Seller has never pledged any of its assets to secure, the performance or payment of any obligation or other Liability of any other Person.

(d) To Seller's knowledge, the performance of the Seller Contracts will not result in any violation of or failure to comply with any Legal Requirement.

(e) No Person is renegotiating, any amount paid or payable to the Seller under any Seller Contract or any other term or provision of any Seller Contract.

(f) Except as set forth in Part 2.8(g) of the Disclosure Schedule, to Seller's Knowledge there is no basis upon which any party to any Seller Contract may object to (i) the assignment to the Purchaser of any right under such Seller Contract, or (ii) the delegation to or performance by the Purchaser of any obligation under such Seller Contract.

(g) To Seller's knowledge, the Assumed Contracts included in Part 2.8(h) of the Disclosure Schedule collectively constitute all of the Contracts necessary to enable the Seller to conduct its business in the manner in which such business is currently being conducted.

(h) The Seller has provided Purchaser with complete copies of all written Billing Agreements, including any and all addenda thereto, with the Closing Date Clients, which are freely assignable to Purchaser without the need to obtain any approval or consents from Clients or other parties.

2.9 Liabilities.

(a) Except as set forth in Part 2.9(a) of the Disclosure Schedule, the Seller has no Liabilities, except for: (i) liabilities identified as such in the “liabilities” columns of the Unaudited Interim Balance Sheet; (ii) accounts payable (of the type required to be reflected as current liabilities in the “liabilities” column of a balance sheet prepared in accordance with GAAP) incurred by the Seller in bona fide transactions entered into in the Ordinary Course of Business since the date of the Unaudited Interim Balance Sheet; and (iii) obligations under the Contracts listed in Part 2.9(a) of the Disclosure Schedule, to the extent that the existence of such obligations is ascertainable solely by reference to such Contracts.

(b) The Seller has not, at any time, (i) made a general assignment for the benefit of creditors, (ii) filed, or had filed against it, any bankruptcy petition or similar filing, (iii) suffered the attachment or other judicial seizure of all or a substantial portion of its assets, (iv) admitted in writing its inability to pay its debts as they become due, (v) been convicted of, or pleaded guilty or no contest to, any felony, or (vi) taken or been the subject of any action that may have an adverse effect on its ability to comply with or perform any of its covenants or obligations under any of the Transactional Agreements.

2.10 Compliance with Legal Requirements.

(a) Except as set forth in Part 2.10(a) of the Disclosure Schedule: (a) the Seller is in full compliance with each Legal Requirement that is applicable to it or to the conduct of its business or the ownership or use of any of its assets; (b) the Seller has at all times been in full compliance with each Legal Requirement that is or was applicable to it or to the conduct of its business or the ownership or use of any of its assets; (c) no event has occurred, and no condition or circumstance exists, that might (with or without notice or lapse of time) constitute or result directly or indirectly in a violation by the Seller of, or a failure on the part of the Seller to comply with, any Legal Requirement which has not been disclosed; and (d) the Seller has not received, at any time, any notice or other communication (in writing or otherwise) from any Governmental Body or any other Person regarding (i) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement, or (ii) any actual, alleged, possible or potential obligation on the part of the Seller to undertake, or to bear all or any portion of the cost of, any cleanup or any remedial, corrective or response action of any nature, (d) to the best knowledge of Seller, none of Seller’s Clients are currently subject to or have received notice concerning an impending claim, audit or review by a governmental or commercial payor, and the Seller and Shareholders have delivered to the Purchaser an accurate and complete copy of each report, study, survey or other document to which or the Seller has possession that addresses or otherwise relates to the compliance of the Seller with, or the applicability to the Seller of, any Legal Requirement.

(b) None of the Seller, any officer, director, manager, member or Sole Member or, to the Seller’s Knowledge, any agent, employee or independent contractor of the Seller has submitted any claims for reimbursement that are in violation of, nor has engaged in any activity that is in violation of, the federal Medicare or federal or state Medicaid statutes, the federal TRICARE statute (10 U.S.C. § 1071 et seq.), the civil False Claims Act of 1863 (31 U.S.C. § 3729 et seq.), criminal false claims statutes (e.g., 18 U.S.C. §§ 287 and 1001), the Federal Health Care Program Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. § 3801 et seq.), Section 14 of Public Law 100-93, the anti-fraud and related provisions of HIPAA, or related regulations or other related or similar federal or state laws and regulations (collectively, “Health Care Program Laws”), including, without limitation, the following:

(i) making or causing to be made a false statement or representation in any application for any benefit or payment;

(ii) making or causing to be made a false statement or representation for use in determining rights to any benefit or payment;

(iii) soliciting or receiving any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or kind (A) in return for referring an individual to a Person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under any Federal Health Care Program, or (B) in return for purchasing, leasing or ordering, or arranging for or recommending purchasing, leasing or ordering of any good, facility, service or item for which payment may be made in whole or in part under any Federal Health Care Program;

(iv) offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to any person to induce such Person (A) to refer an individual to a person for the furnishing or arranging of any item or service for which payment may be made in whole or in part under a Federal Health Care Program, or (B) to purchase, lease, order or arrange for or recommend purchasing, leasing or ordering of any good, facility, service or item for which payment may be made in whole or in part under a Federal Health Care Program; or

(v) any other activity that violates any state or federal Legal Requirements, Permit requirements or Payor contractual obligations, if any, relating to prohibiting fraudulent, abusive or unlawful practices connected in any way with the provision of health care items or services or the billing for such items or services provided to a beneficiary of any Federal Health Care Program.

(c) The Seller (i) is, and has at all times been, in all material respects in compliance with HIPAA and Subtitle D of the Health Information Technology for Economic and Clinical Health Act (including all rules and regulations thereunder) (the "HITECH Act") and comparable state privacy and data security laws and regulations applicable to the Seller; and (ii) the Seller has used and disclosed, and uses and discloses, Protected Health Information (as defined in 45 C.F.R. § 160.103) (i) to the extent applicable, in accordance with any limitations set forth in its customer or Payor agreements; and (ii) to perform functions, activities or services in accordance with the limitations set forth in HIPAA, the HITECH Act, and applicable state privacy and data security laws and regulations (to the extent not preempted by federal law). The Seller has not received, at any time, any written notice from any Governmental Body or any other Person regarding any actual or suspected violation of, or failure to comply with, HIPAA, the HITECH Act or applicable state privacy and data security laws and regulations. To Seller's Knowledge no breach has occurred with respect to any unsecured Protected Health Information maintained by the Seller that is subject to the notification requirements of 45 C.F.R. part 164, Subpart D, and no information security or privacy breach event has occurred that would require notification under any comparable state laws applicable to the Seller. With regard to compliance with HIPAA, the HITECH Act, or applicable state privacy and data security laws and regulations, to Seller's Knowledge the Seller has no obligation to undertake, or to bear all or any portion of the cost of, any mitigation, notifications or any remedial, corrective or response action of any nature. To Seller's Knowledge the Seller Products comply with HIPAA, the HITECH Act and applicable state privacy and data security laws and regulations.

2.11 Governmental Authorizations. Part 2.11 of the Disclosure Schedule identifies: (a) each Governmental Authorization that is held by the Seller; and (b) each other Governmental Authorization that, to Seller's Knowledge is held by any employee of the Seller and relates to or is useful in connection with the business of the Seller. The Seller has delivered to the Purchaser accurate and complete copies of all of the Governmental Authorizations identified in Part 2.11 of the Disclosure Schedule, including all renewals thereof and all amendments thereto. Each Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule is valid and in full force and effect. Except as set forth in Part 2.11 of the Disclosure Schedule, to Seller's Knowledge: (i) the Seller is and has at all times been in full compliance with all of the terms and requirements of each Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule; (ii) no event has occurred, and no condition or circumstance exists, that might (with or without notice or lapse of time) (A) constitute or result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule, or (B) result directly or indirectly in the revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Authorization identified or required to be identified in Part 2.11 of the Disclosure Schedule; (iii) the Seller has never received any notice or other communication (in writing or otherwise) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible or potential violation of or failure to comply with any term or requirement of any Governmental Authorization, or (B) any actual, proposed, possible or potential revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Authorization; and (iv) all applications required to have been filed for the renewal of the Governmental Authorizations required to be identified in Part 2.11 of the Disclosure Schedule have been duly filed on a timely basis with the appropriate Governmental Bodies, and each other notice or filing required to have been given or made with respect to such Governmental Authorizations has been duly given or made on a timely basis with the appropriate Governmental Body. To Seller's Knowledge the Governmental Authorizations identified in Part 2.11 of the Disclosure Schedule constitute all of the Governmental Authorizations necessary (i) to enable the Seller to conduct its business in the manner in which such business is currently being conducted, and (ii) to permit the Seller to own and use its assets in the manner in which they are currently owned and used.

2.12 Tax Matters.

(a) The Seller has filed all Tax Returns that it was required to file under applicable Legal Requirements. All such Tax Returns were correct and complete in all respects and have been prepared in substantial compliance with all applicable Legal Requirements. Except as set forth in Part 2.12(a) of the Disclosure Schedule, (i) all Taxes due and owing by the Seller (whether or not shown on any Tax Return) have been paid, and (ii) the Seller is not currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Seller does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of the Seller.

(b) The Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(c) Seller does not expect any authority to assess any additional Taxes for any period for which Tax Returns have been filed. No Proceedings are pending or being conducted with respect to the Seller. The Seller has not received from any Governmental Body any (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment of or any amount of Tax proposed, asserted, or assessed by any Governmental Body against the Seller.

(d) The Seller has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

2.13 Employee and Labor Matters.

(a) Part 2.13(a) of the Disclosure Schedule accurately sets forth, with respect to each employee of the Seller (including any employee of the Seller who is on a leave of absence or on layoff status):

(i) the name of such employee and the date as of which such employee was originally hired by the Seller;

(ii) such employee's title, and a description of such employee's duties and responsibilities;

(iii) the aggregate dollar amount of the compensation (including wages, salary, commissions, director's fees, fringe benefits, bonuses, profit-sharing payments and other payments or benefits of any type) received by such employee from the Seller with respect to services performed in 2015;

(iv) such employee's annualized compensation as of the date of this Agreement;

(v) each Seller Employee Plan in which such employee participates or is eligible to participate; and

(vi) any Governmental Authorization that is held by such employee and that relates to or is useful in connection with the Seller's business.

(b) To Seller's knowledge, the employment of each of the Seller's employees is terminable by the Seller at will. The Seller has delivered to the Purchaser accurate and complete copies of all employee manuals and handbooks, disclosure materials, policy statements and other materials relating to the employment of the current and former employees of the Seller.

(c) Part 2.13(c) of the Disclosure Schedule accurately sets forth, with respect to each independent contractor of the Seller (exclusive of attorneys, accountants, insurance agents and other professionals who have provided services to Seller):

(i) the name of such independent contractor and the date as of which such independent contractor was originally hired by the Seller;

(ii) a description of such independent contractor duties and responsibilities;

(iii) the aggregate dollar amount of the compensation (including all payments or benefits of any type) received by such independent contractor from the Seller with respect to services performed in 2015 and for the period of 2016 prior to the Closing Date;

(iv) the terms of compensation of such independent contractor; and

(v) any Governmental Authorization that is held by such independent contractor and that relates to or is useful in connection with the Seller's business.

(d) Except as set forth in Part 2.13(d) of the Disclosure Schedule, the Seller is not a party to or bound by, and the Seller has never been a party to or bound by, any employment agreement or any union contract, collective bargaining agreement or similar Contract.

(e) To Seller's Knowledge and understanding none of the current or former independent contractors of the Seller could be reclassified as an employee. The Seller has never had any temporary or leased employees. No independent contractor of the Seller is eligible to participate in any Seller Employee Plan.

2.14 Insurance. Seller maintains insurance policies of a character and in such amounts as are customarily insured against by similarly situated companies in the same or similar businesses. No insurer under any such insurance policy has canceled or generally disclaimed Liability under any such policy and no notice of cancellation or termination has been received. Part 2.14 of the Disclosure Schedule accurately sets forth, with respect to each such insurance policy maintained by or at the expense of, or for the direct or indirect benefit of, the Seller: (i) the name of the insurance carrier that issued such policy and the policy number of such policy; (ii) whether such policy is a "claims made" or an "occurrences" policy; (iii) a description of the coverage provided by such policy and the material terms and provisions of such policy (including all applicable coverage limits, deductible amounts and co-insurance arrangements and any non-customary exclusions from coverage); (iv) the annual premium payable with respect to such policy; and (v) a description of any claims pending, and any claims that have been asserted in the past, with respect to such policy or any predecessor insurance policy.

2.15 Certain Payments, Etc. The Seller has not, and, to Seller's Knowledge, no officer, employee, agent or other Person associated with or acting for or on behalf of the Seller has, at any time, directly or indirectly: (a) used any corporate funds (i) to make any unlawful political contribution or gift or for any other unlawful purpose relating to any political activity, (ii) to make any unlawful payment to any governmental official or employee, or (iii) to establish or maintain any unlawful or unrecorded fund or account of any nature; (b) made any false or fictitious entry, or failed to make any entry that should have been made, in any of the books of account or other records of the Seller; (c) made any payoff, influence payment, bribe, rebate, kickback or unlawful payment to any Person; (d) performed any favor or given any gift which was not deductible for federal income tax purposes; (e) made any payment (whether or not lawful) to any Person, or provided (whether lawfully or unlawfully) any favor or anything of value (whether in the form of property or services, or in any other form) to any Person, for the purpose of obtaining or paying for (i) favorable treatment in securing business, or (ii) any other special concession; or (f) agreed, committed or offered (in writing or otherwise) to take any of the actions described in clauses "(a)" through "(e)" above.

2.16 Proceedings; Orders. Except as set forth in Part 2.16 of the Disclosure Schedule, there is no pending Proceeding, and no Person has threatened in writing during the 12 months preceding the date of this Agreement to commence any Proceeding: (i) that involves the Seller or that otherwise relates to or might affect the business of the Seller or any of the Purchased Assets (whether or not the Seller is named as a party thereto); or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Transactions. Except as set forth in Part 2.16 of the Disclosure Schedule, to Seller's Knowledge no event has occurred, and no claim, dispute or other condition or circumstance exists, that might directly or indirectly give rise to or serve as a basis for the commencement of any such Proceeding. Except as set forth in Part 2.16 of the Disclosure Schedule, no Proceeding has been commenced by or against the Seller during the 12 months preceding the date of this Agreement, and the Seller has delivered to the Purchaser accurate and complete copies of all pleadings, correspondence and other written materials (to which the Seller has access) that relate to the Proceedings identified in Part 2.16 of the Disclosure Schedule. There is no Order to which the Seller or any of the assets owned or used by the Seller, is subject. No employee of the Seller is subject to any Order that may prohibit employee from engaging in or continuing any conduct, activity or practice relating to the business of the Seller. There is no proposed Order that, if issued or otherwise put into effect, (i) may have a material adverse effect on the business, condition, assets, liabilities, operations, financial performance, net income or prospects of the Seller or on the ability of Seller to comply with or perform any covenant or obligation under any of the Transactional Agreements, or (ii) may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Transactions.

2.17 Authority; Binding Nature of Agreements.

(a) The Seller has the absolute and unrestricted right, power and authority to enter into and to perform its obligations under each of the Transactional Agreements to which it is or may become a party; and Shareholders certify that as Shareholders of Seller they hereby authorize the execution, delivery and performance by the Seller of the Transactional Agreements to which it is or may become a party. This Agreement constitutes the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms. Upon the execution of each of the other Transactional Agreements at the Closing, each of such other Transactional Agreements to which the Seller is a party will constitute the legal, valid and binding obligation of the Seller and will be enforceable against the Seller in accordance with its terms.

(b) The Shareholders have the absolute and unrestricted right, power and capacity to enter into and to perform their obligations under each of the Transactional Agreements to which they are or may become a party. This Agreement constitutes the legal, valid and binding obligation of the Shareholders enforceable against the Shareholders and Seller in accordance with its terms. Upon the execution of each of the other Transactional Agreements at the Closing, each of such other Transactional Agreements to which the Shareholders and Seller are a party will constitute the legal, valid and binding obligation of the Shareholders and will be enforceable against the Shareholders and Seller in accordance with its terms.

2.18 Non-Contravention; Consents. Except as set forth in Part 2.18 of the Disclosure Schedule, neither the execution and delivery of any of the Transactional Agreements by Shareholders and the Seller, nor the consummation or performance by the Seller and Shareholders of any of the Transactions, or the sale and assignment of the Purchased Assets to Purchaser, will directly or indirectly (with or without notice or lapse of time):

(a) contravene, conflict with or result in a violation of, the certificate of formation, operating agreement or other organizational documents of Seller;

(b) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Seller, or any of the assets of the Seller, is subject;

(c) cause any of the Purchased Assets to be reassessed or revalued by any taxing authority or other Governmental Body;

(d) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is to be included in the Purchased Assets or is held by the Seller or any employee of the Seller;

(e) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any of Seller's Contracts;

(f) give any Person the right to (i) declare a default or exercise any remedy under any of Seller's Contracts, (ii) accelerate the maturity or performance of any Contract, or (iii) cancel, terminate or modify any such Contract; or

(g) result in the imposition or creation of any Encumbrance upon or with respect to any of the Purchased Assets.

Except as set forth in Part 2.18 of the Disclosure Schedule, neither the Seller nor the Sole Member will be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with the execution and delivery of any of the Transactional Agreements or the consummation or performance of any of the Transactions.

2.19 Brokers. Purchaser has retained G.R. Capital Management Inc. (Glenn Cunningham) as the "retained broker" and Purchaser shall be liable for brokerage fees due to same. Seller and Shareholders represents that they have not engaged any broker in respect of the Transactions. Seller and Purchaser shall each indemnify and hold the other harmless from and against any and all claims, demands, causes of action, debts or liabilities arising out of or on account of a claim by any other broker, finder, investment banker or agent that he, she or it is entitled to a commission or fees as a result of being retained or used by the other party.

2.20 Full Disclosure. None of the Transactional Agreements contains or will contain any untrue statement of any material fact; and none of the Transactional Agreements omits or will omit to state any fact necessary to make any of the representations, warranties or other statements or information contained therein not materially misleading. All of the information set forth in the Disclosure Schedule, and all other information regarding the Seller and its business, condition, assets, liabilities, operations, financial performance, net income and prospects that has been furnished to the Purchaser or any of the Purchaser's Representatives by or on behalf of Seller or by any Representative of the Seller is accurate and complete in all material respects.

3. Representations and Warranties of the Purchaser.

The Purchaser represents and warrants, to and for the benefit of the Seller, as follows:

3.1 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to the Seller and Shareholders as of the date of this Agreement as follows:

(a) Incorporation and Existence of the Purchaser. The Purchaser is a corporation duly formed and validly existing under the Laws of State of Delaware.

(b) Validity of Agreement.

(i) The Purchaser has all necessary corporate power to enter into and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement.

(ii) The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transactions have been duly authorized by all necessary corporate action on the part of the Purchaser.

(iii) This Agreement and any other agreements entered into pursuant to this Agreement to which the Purchaser is a party constitute or will constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency or other Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(c) Authorizations. There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any consent or Authorization from any Governmental Agency or any other Third Party as a condition to the lawful consummation of the Transactions.

(d) No Violation. The execution and delivery of this Agreement by the Purchaser, the consummation of the Transactions and the fulfillment by the Purchaser of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Purchaser under:

(i) any Law;

(ii) any judgment, order, writ, injunction or decree of any Governmental Agency having jurisdiction over the Purchaser;

(iii) the constating documents or any resolutions of the board of directors or Sole Owner of the Purchaser; or

(iv) the provisions of any Contract to which the Purchaser is a party or by which it is, or any of its properties or assets are, bound.

3.2 No Knowledge of Inaccuracy of Seller's Representations and Warranties. The Purchaser does not have any knowledge that any of the representations or warranties of the Seller as set forth in this Agreement is in any way inaccurate or untrue. Notwithstanding anything in the Transactional Agreements to the contrary, Purchaser shall not have a right to indemnification, payment of any losses, or other remedies based on any representations, warranties, covenants or agreements set forth in any Transactional Document if Purchaser has actual knowledge of facts prior to the Closing Date that would make such representation, warranty, covenant or agreement untrue or inaccurate.

3.3 Authority; Binding Nature Of Agreements. The Purchaser has the absolute and unrestricted right, power and authority to enter into and perform its obligations under this Agreement, and the execution and delivery of this Agreement by the Purchaser have been duly authorized by all necessary action on the part of the Purchaser and its board of directors. The Purchaser has the absolute and unrestricted right, power and authority to enter into and perform its obligations under the Transactional Agreements to which it is or may become a party, and the execution, delivery and performance of the Transactional Agreements by the Purchaser have been duly authorized by all necessary action on the part of the Purchaser and its board of directors. This Agreement constitutes the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms. Upon the execution and delivery of the Transactional Agreements at the Closing, the Transactional Agreements will constitute the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their terms.

3.4 Non-Contravention. Neither the execution and delivery by Purchaser of any of the Transactional Agreements nor the consummation or performance by the Purchaser of the Transactions will directly or indirectly (with or without notice or lapse of time): (i) contravene, conflict with or result in a violation of, the certificate of incorporation or by-laws of Purchaser; (ii) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Purchaser is subject; or (iii) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any material Contract to which the Purchaser is a party.

4. Indemnification, Etc.

4.1 Survival of Representations and Covenants. Subject to the limitations and other provisions of this Agreement, the representations, warranties, and covenants contained herein, except for those contained in Sections 2.17 and 3.2, shall survive the Closing and shall remain in full force and effect for a period of 2 years subsequent to the Closing Date. The covenants and agreements contained in Sections 2.17 and 3.2 herein shall survive the Closing and shall remain in full force and effect through the applicable statute of limitations. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

4.2 Indemnification By the Seller and Shareholders

(a) The Seller and Shareholders, in proportion to their ownership share, shall hold harmless and indemnify each of the Indemnitees from and against, and shall compensate and reimburse each of the Indemnitees for, any Damages that are proximately suffered or incurred by any of the Indemnitees or to which any of the Indemnitees may otherwise become subject at any time (regardless of whether or not such Damages relate to any third-party claim) and that arise directly or indirectly from or as a direct or indirect result of, or are directly or indirectly connected with:

(i) any Breach of any of the representations or warranties of Seller or Shareholders contained in this Agreement, the other Transactional Agreements, or instrument delivered by or on behalf of Seller or Shareholders pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any Breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller or Shareholders pursuant to this Agreement, the other Transactional Agreements or any certificate or instrument delivered by or on behalf of Seller or Shareholders pursuant to this Agreement;

(iii) any Excluded Asset or any Liability of the Seller or Shareholders or of any Related Party, other than the Assumed Liabilities and the Transitional Costs; or

(iv) any claim or Proceeding against the Purchaser or any other Indemnitee by any Person based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Seller or Shareholders or any of its Affiliates conducted, existing or arising on or prior to the Closing Date, other than the Assumed Liabilities and the Transitional Costs.

(b) Subject to Section 4.2(c), Seller or Shareholders shall not be required to make any indemnification payment pursuant to Sections 4.2(a)(i) or 4.2(a)(ii) for any Breach as set forth in such Sections until such time as the total amount of all Damages (including the Damages arising from such Breach and all other Damages arising from any other Breaches of any representations or warranties) that have been directly or indirectly suffered or incurred by any one or more of the Indemnitees, or to which any one or more of the Indemnitees has or have otherwise become subject, exceeds \$5,000. If the total amount of Damages exceeds \$5,000, the Indemnitees shall be entitled to be indemnified against and compensated and reimbursed for the entire amount of Damages.

(c) Notwithstanding the foregoing, or any other clause in this agreement, the Seller and Shareholders' maximum liability under this agreement for indemnification or otherwise will be the amount actually paid by Purchaser to Seller, except for claims relating to unpaid worker's compensation premium, unpaid unemployment insurance premium payments, pre-Closing accrued personnel costs, amounts due and owing governmental entities.

4.3 Indemnification By The Purchaser:

(a) The Purchaser shall hold harmless and indemnify the Seller and Shareholders from and against, and shall compensate and reimburse the Seller for, any Damages that are proximately suffered or incurred by the Seller or Shareholders or to which the Seller or Shareholders may otherwise become subject at any time (regardless of whether or not such Damages relate to any third-party claim) and that arise directly or indirectly from or as a direct or indirect result of, or are directly or indirectly connected with:

(i) any Breach of any of the representations or warranties of the Purchaser contained in this Agreement, the other Transactional Agreements or in any certificate or instrument delivered by or on behalf of the Purchaser pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any Breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser pursuant to this Agreement, the other Transactional Agreements or any certificate or instrument delivered by or on behalf of the Purchaser pursuant to this Agreement;

(iii) any claim or Proceeding against the Seller or Shareholders by any Person based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Purchaser or any of its Affiliates conducted, existing or arising after the Closing Date;

(iv) Purchaser's use of Seller's Medicare or Medicaid Provider or submitter numbers after the Closing Date to submit claims for services provided by Seller after the Closing Date; or

(v) any failure on the part of the Purchaser to perform and discharge the Assumed Liabilities and the Transitional Costs on a timely basis.

(b) Subject to Section 4.3(c), and except for the obligations specified in Section 4.3(a)(v), the Purchaser shall not be required to make any indemnification payment pursuant to Section 4.3(a) for any Breach of any of its representations and warranties until such time as the total amount of all Damages (including the Damages arising from such Breach and all other Damages arising from any other Breaches of its representations or warranties) that have been directly or indirectly suffered or incurred by the Seller, or to which the Seller has otherwise become subject, exceeds \$5,000 in the aggregate. If the total amount of such Damages exceeds \$5,000 in the aggregate, the Seller shall be entitled to be indemnified against and compensated and reimbursed for the entire amount of such Damages, and not merely the portion of such Damages that exceeds \$5,000.

4.4 Conditions of Indemnification

The obligations and liabilities of the Purchaser and Seller under Section 4.2 and 4.3, respectively, shall be subject to the terms and conditions set forth on Exhibit "H".

5. Certain Post-Closing Covenants.

5.1 Further Actions. From and after the Closing Date, the Seller and Shareholders shall cooperate with the Purchaser and the Purchaser's affiliates and Representatives, and shall execute and deliver such documents and take such other actions as the Purchaser may reasonably request, for the purpose of evidencing the Transactions and putting the Purchaser in possession and control of all of the Purchased Assets. The Seller and Shareholders: hereby irrevocably nominates, constitutes and appoints the Purchaser as the true and lawful attorney-in-fact of the Seller (with full power of substitution) effective as of the Closing Date, and hereby authorizes the Purchaser, in the name of and on behalf of the Seller and Shareholders, to execute, deliver, acknowledge, certify, file and record any document, to institute and prosecute any Proceeding and to take any other action (on or at any time after the Closing Date) that the Purchaser may deem appropriate for the purpose of (i) collecting, asserting, enforcing or perfecting any claim, right or interest of any kind that is included in or relates to any of the Purchased Assets, (ii) defending or compromising any claim or Proceeding relating to any of the Purchased Assets, or (iii) otherwise carrying out or facilitating any of the Transactions. The power of attorney referred to in the preceding sentence is and shall be coupled with an interest and shall be irrevocable, and shall survive the dissolution or insolvency of the Seller. Without limiting the generality of the foregoing, if a Client remits any payment to Seller (a) in the amount of Purchaser's invoice, or (b) made payable to Purchaser for a post-Closing Date invoice, or (c) in an amount in excess of Seller's accounts receivable relative to said Client, then Seller shall promptly remit the balance of same to Purchaser. Seller has the right to pursue pre-Closing AR and will reasonably coordinate with purchaser in good faith in order to preserve the Client relationship. Seller and Shareholders recognizes and acknowledges that it had in the past, currently has, and in the future may have, access to certain confidential information of the Seller and the Purchaser regarding the Business and process that are valuable, special and unique assets of Seller and Purchaser. Seller and Shareholders agrees that it will not disclose such confidential information to any person for any purpose or reason whatsoever, unless (i) such information becomes known to the public generally through no fault of the Seller or (ii) disclosure is required by law or the order of any Government Body under color law; provided that prior to disclosing any information pursuant to this clause (ii); provided that Seller shall give prior written notice thereof to the Purchaser and provide the Purchaser with the opportunity to contest such disclosure. Notwithstanding the foregoing, nothing in this Agreement shall prohibit Seller from disclosing information to legal counsel or accountants. Because of the difficulty of measuring economic losses as a result of the breach of the covenants in this Section 5.2, and because of the immediate and irreparable damage that would be caused for which no other adequate remedy exists, Seller and Shareholders agrees that, in the event of a breach by it of the foregoing covenants, the covenant may be enforced against the Purchaser by injunction and restraining order, without the necessity of posting a bond.

(b) Seller shall ensure that, on and at all times after the Closing Date no press release or other publicity concerning any of the Transactions is issued or otherwise disseminated by or on behalf of Seller without the Purchaser's prior written consent.

5.2 Employees.

(a) From and after the Closing Date, Seller and Shareholder shall employ their best efforts to assist MTBC in the development to guide the implementation of a smooth and complete transfer of the operations and customer relationships to Purchaser. The transition will address such issues as, including, but not limited to the following: migration of all data that has not yet been transferred, the transfer of critical business and Client information, Seller's arranging of visits with each Clients, a coordinated plan for appropriately handling Client communications that come to Seller, obtaining confirmations as needed regarding the respective Client billing arrangements in the form of a one page consent mutually agreed upon by both Parties, etc. Seller and Shareholder will in good faith affirmatively support reasonable efforts to maximize Client retention and refrain from acts or omissions that harm the Business or reduce the likelihood of retention.

(b) Absent a Material Adverse Change to the Business, Purchaser shall pay to Deborah Shapiro her current rate of pay for three (3) months from the date of closing as compensation for assisting in the transition ("Compensation").

5.3 Accounts Receivable. Promptly after the Closing, Seller shall deliver to Purchaser an updated schedule listing an accurate and complete breakdown and aging of all accounts receivable, notes receivable and other receivables of the Seller as of the Closing Date.

5.4 Non-Solicitation.

(a) For a period from the Closing until the third (3rd) anniversary of the Closing Date, Seller and Shareholders shall not, directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of any business, whether in corporate, proprietorship or partnership form or otherwise, engaged in the Business or that otherwise competes with the Business (a "Restricted Business").

(b) For a period from the Closing to the third (3rd) anniversary of the Closing Date, Seller and Shareholders shall not: (i) cause, solicit, induce or encourage any Current Employee(s) of any Seller who are or become employees of Purchaser or any Affiliate of Purchaser to leave such employment or (ii) cause, induce or encourage any material actual or prospective client, customer, supplier, or licensor of the Business (including any existing or former customer of a Seller and any Person that becomes a client or customer of the Business after the Closing) or any other Person who has a material business relationship with the Business, to terminate or modify any such actual or prospective relationship with the Purchaser.

(c) Seller and Shareholders acknowledge that the restrictive period contained in Section 5.5(a) and (b) is reasonable under the circumstances. Moreover, it is the desire and intent of the parties that the provisions of Section 5.5(a) and (b) be enforceable to the fullest extent permissible under the legal requirements and public policies applied in each jurisdiction in which enforcement is sought. Seller and Shareholders specifically agree that, in the event of a breach or threatened breach of Section 5.5(a) and (b), the Purchaser would suffer irreparable injury and damages at law would be an insufficient remedy, and the Purchaser shall be entitled to seek equitable relief by way of temporary or permanent injunction (or any other equitable remedies), without proof of actual damages and without the need to post bond or other security.

5.6 Change of Name. Immediately after the Closing, the Seller shall change its name to a name that is reasonably satisfactory to Purchaser and Seller.

6. Miscellaneous Provisions.

6.1 Further Assurances. Each party hereto shall execute and/or cause to be delivered to each other party hereto such instruments and other documents, and shall take such other actions, as such other party may reasonably request (prior to, at or after the Closing) for the purpose of carrying out or evidencing any of the Transactions.

6.2 Sole Representations and Warranties. The Parties make no representations or warranties of any kind or nature, express or implied, at law or in equity, except as expressly set forth in this Agreement or in any certificate executed and delivered pursuant to this Agreement. Each Party hereby expressly negates and disclaims, and will not be liable for, any and all representations or warranties which may have been made or alleged to have been made in any other document or instrument or in any statement or information made or communicated to any other Party in any manner that is not expressly set forth in this Agreement or any a certificate executed and delivered pursuant to this Agreement.

6.3 Fees and Expenses. Each party shall be responsible for their respective fees and expenses incurred in connection with the Transactions.

6.4 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by facsimile) to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

if to the Seller or Shareholders:

WFS Services, Inc.
ATTN: Deborah Shapiro
Address: 155 Roseland Avenue, Apt 41, Caldwell, NJ 07006
Email: deshapiro777@gmail.com

With a copy to:

Law Office of Robert W. Ratish, LLC
80 Park Street
Montclair, New Jersey 07042
Email: rratish@ratishlaw.com
Facsimile: 973-415-6401

if to the Purchaser:

MTBC
7 Clyde Road
Somerset, NJ 08873
Attn: Amritpal Deol
Facsimile: 732-964-9036

6.5 Headings. The underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

6.6 Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. Exchange of a signed emailed or facsimile copy of the Agreement shall be deemed sufficient for the purposes of binding the parties to its constituents.

6.7 Unattached Exhibits. The parties acknowledge that certain exhibits and schedules to this Agreement to be prepared by Seller or Purchaser have not been prepared or are incomplete at the time of execution of this Agreement. Seller and Purchaser shall proceed with diligence and in good faith to prepare said exhibits and schedules and shall present same to the other party for its review and approval. All exhibits and schedules so approved shall be initialed and dated by each party and attached to this Agreement prior to the Closing.

6.8 Remedies Cumulative; Specific Performance. The rights and remedies of the parties hereto shall be cumulative (and not alternative) and Seller agrees that: (a) in the event of any Breach or threatened Breach by Seller of any covenant, obligation or other provision set forth in this Agreement, the Purchaser shall be entitled (in addition to any other remedy that may be available to it) to (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, and (ii) an injunction restraining such Breach or threatened Breach; and (b) neither the Purchaser nor any other Indemnitee shall be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or Proceeding.

6.9 Waiver.

(a) No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

6.10 Amendments. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of the Purchaser and the Seller.

6.11 Severability.

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

6.12 Entire Agreement.

The Transactional Agreements set forth the entire understanding of the parties relating to the subject matter thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter thereof.

6.13 Knowledge. For purposes of this Agreement, a Person shall be deemed to have “knowledge” of a particular fact or other matter if any Representative of such Person has knowledge of such fact or other matter.

6.14 Construction.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

(d) Except as otherwise indicated, all references in this Agreement to “Sections” and “Exhibits” are intended to refer to Sections of this Agreement and Exhibits to this Agreement.

6.15 Choice of Law and Venue. This Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of New Jersey, with the exception of its conflict of laws rules. Any action to enforce the provisions of this Agreement or arising under or by reason of this Agreement shall be brought exclusively in the courts of the State of New Jersey, with venue in the County of Somerset, and/or the United States District Court for the District of New Jersey.

The parties to this Agreement have caused this Agreement to be executed and delivered as of July 1, 2016.

WFS Services , Inc.
a Delaware corporation

By: _____
President and CEO

Shareholder
Deborah Shapiro

By: _____
DeborahShapiro

Shareholder
Ann Newman

By: _____

Shareholder
Michael Newman

By: _____

Medical Transcription Billing, Corp.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBITS

Exhibit "A" Definitions

Exhibit "B" Excluded Assets

Exhibit "C" Bill of Sale

Exhibit "D" Assumption Agreement

Exhibit "E" Closing Date Clients

Exhibit "F" Billing Agreements

Exhibit "G" Accounts Receivable

Exhibit "H" Indemnity Provisions

Exhibit "I" Retained Employees

Exhibit "J" Transitional Cost

Asset Purchase Agreement, MTBC & WFS

EXHIBIT A

CERTAIN DEFINITIONS

For purposes of the Agreement (including this Exhibit "A"):

Acquisition Transaction. "Acquisition Transaction" shall mean any transaction involving: (a) the sale or other disposition of all or any portion of the business or assets of the Seller (other than in the Ordinary Course of Business); (b) the issuance, sale or other disposition of (i) any capital stock or other securities of the Seller, (ii) any option, call, warrant or right (whether or not immediately exercisable) to acquire any capital stock or other securities of the Seller, or (iii) any security, instrument or obligation that is or may become convertible into or exchangeable for any capital stock or other securities of the Seller; or (c) any merger, consolidation, business combination, share exchange, reorganization or similar transaction involving the Seller.

Adjusted EBITDA. "Adjusted EBITDA" means payments earned, recognized and received by Purchaser from Clients less all expenses incurred by Purchaser related to servicing those Clients, including salaries, benefits, contractors, office expenses, third party software and services, all other direct expenses Purchaser deems necessary to provide services to those Clients, plus a reasonable allocation for corporate services directly associated with the business being acquired.

Adjustment. "Adjustment" shall mean indemnification under Section 4 of this agreement and such expense reimbursements or reconciliation as are set forth in this Agreement.

Agreement. "Agreement" shall mean the Asset Purchase Agreement to which this Exhibit "A" is attached (including the Disclosure Schedule), as it may be amended from time to time.

Assumed Contracts. "Assumed Contracts" shall mean all Billing Agreements and all other Seller Contracts listed on Part 2.8 of the Disclosure Schedule unless identified as an Excluded Asset on Exhibit "G".

Assumed Liabilities. "Assumed Liabilities" shall mean all obligations that accrue from and after the Closing relative to the Purchased Assets inclusive of the Assumed Contracts.

Best Efforts. "Best Efforts" shall mean the commercially reasonable efforts that a prudent Person desiring to achieve a particular result would use in order to ensure that such result is achieved as expeditiously as possible.

Billing Agreement. "Billing Agreement" shall mean each Contract pursuant to which the Seller provides Billing Services to its Clients.

Billing Services. "Billing Services" shall mean any and all actions relating to the management of a third-party's revenue cycle, including, without limitation, enrollment, credentialing, claims submission, claims follow-up, statement and invoice printing and mailing, collections, eligibility verification, patient billing, revenue cycle analysis and consultation, together with the provision of related practice management services or products including, without limitation, electronic medical record software, office scheduling software, transcription services, coding services, medical collections and practice consultation as well as other billing and notification services.

Breach. There shall be deemed to be a “Breach” of a representation, warranty, covenant, obligation or other provision if there is or has been any inaccuracy in or breach (including any inadvertent or innocent breach) of, or any failure (including any inadvertent failure) to comply with or perform, such representation, warranty, covenant, obligation or other provision; and the term “Breach” shall be deemed to refer to any such inaccuracy, failure, claim or circumstance.

Business. “Business” shall have the meaning ascribed thereto in the recital of this Agreement.

Client. “Client” shall mean each Closing Date Client and each Pipeline Client.

Closing Date. “Closing Date” shall mean July 1, 2016 12:01 AM EDT.

Closing Date Clients. “Closing Date Clients” shall mean those Persons listed on Exhibit “E” under the heading “Closing Date Clients” to whom Seller is providing Billing Services and remain in good standing on the Closing Date.

Code. “Code” shall mean the Internal Revenue Code of 1986, as amended.

Consent. “Consent” shall mean any approval, consent, ratification, permission, waiver or authorization (including any Governmental Authorization).

Contract. “Contract” shall mean any written, oral, implied or other agreement, contract, understanding, arrangement, instrument, note, guaranty, indemnity, representation, warranty, deed, assignment, power of attorney, certificate, purchase order, work order, insurance policy, benefit plan, commitment, covenant, assurance or undertaking of any nature.

Customer Data. “Customer Data” shall mean all data maintained by or on behalf of Seller with respect to Seller’s Clients and the patients of such Clients, including all Personal Data and health care records of such patients, and medical insurance coverage and provider information relating to such patients.

Damages. “Damages” shall include any loss, damage, injury, decline in value, lost opportunity, Liability, claim, demand, settlement, judgment, award, fine, penalty, Tax, fee (including any legal fee, expert fee, accounting fee or advisory fee), charge, cost (including any cost of investigation) or expense of any nature; but shall not include consequential damages or damages that are paid by any insurance policy.

Disclosure Schedule. “Disclosure Schedule” shall mean the schedule (dated as of the date of the Agreement) delivered to the Purchaser on behalf of Seller, a copy of which is attached to the Agreement and incorporated in the Agreement by reference.

Encumbrance. "Encumbrance" shall mean any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, Order, proxy, option, right of first refusal, preemptive right, community property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the transfer of any asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

Entity. "Entity" shall mean any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, cooperative, foundation, society, political party, union, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

ERISA. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Excluded Assets. "Excluded Assets" shall mean the assets identified on Exhibit "G" (to the extent owned by the Seller on the Closing Date).

Former Clients. "Former Client" shall mean a Person (other than a Closing Date Client) to whom Seller has provided Billing Services before the Closing Date.

GAAP. "GAAP" shall mean generally accepted accounting principles, as utilized in the United States, consistently applied.

Governmental Authorization. "Governmental Authorization" shall mean any: (a) permit, license, certificate, franchise, concession, approval, consent, ratification, permission, clearance, confirmation, endorsement, waiver, certification, designation, rating, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement; or (b) right under any Contract with any Governmental Body.

Governmental Body. "Governmental Body" shall mean any: (a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); (d) multi-national organization or body; or (e) individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

Hazardous Material. "Hazardous Material" shall include: (a) any petroleum, waste oil, crude oil, asbestos, urea formaldehyde or polychlorinated biphenyl; (b) any waste, gas or other substance or material that is explosive or radioactive; (c) any "hazardous substance," "pollutant," "contaminant," "hazardous waste," "regulated substance," "hazardous chemical" or "toxic chemical" as designated, listed or defined (whether expressly or by reference) in any statute, regulation or other Legal Requirement (including CERCLA and any other so-called "superfund" or "superlien" law and the respective regulations promulgated thereunder); (d) any other substance or material (regardless of physical form) or form of energy that is subject to any Legal Requirement which regulates or establishes standards of conduct in connection with, or which otherwise relates to, the protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property from the presence in the environment of any solid, liquid, gas, odor, noise or form of energy; and (e) any compound, mixture, solution, product or other substance or material that contains any substance or material referred to in clause "(a)," "(b)," "(c)" or "(d)" above.

HIPAA. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended.

Indemnitees. "Indemnitees" shall mean the following Persons: (a) the Purchaser; (b) the Purchaser's current and future affiliates; (c) the respective Representatives of the Persons referred to in clauses "(a)" and "(b)" above; and (d) the respective successors and assigns of the Persons referred to in clauses "(a)," "(b)" and "(c)" above.

Initial Payment. "Initial Payment" shall have the meaning ascribed thereto in section 1.2 hereof.

Intellectual Property. "Intellectual Property" shall mean and include all internal billing processes, template appeals letters, algorithms, application programming interfaces, apparatus, assay components, biological materials, cell lines, clinical data, chemical compositions or structures, circuit designs and assemblies, databases and data collections, diagrams, formulae, gate arrays, IP cores, inventions (whether or not patentable), know-how, logos, marks (including brand names, product names, logos, and slogans), methods, network configurations and architectures, net lists, photomasks, processes, proprietary information, protocols, schematics, specifications, software, software code (in any form including source code and executable or object code), subroutines, test results, test vectors, user interfaces, techniques, URLs, web sites, works of authorship, and other forms of technology (whether or not embodied in any tangible form and including all tangible embodiments of the foregoing such as instruction manuals, laboratory notebooks, prototypes, samples, studies, and summaries).

Intellectual Property Rights. "Intellectual Property Rights" shall mean and include all rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (a) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask works; (b) trademark and trade name rights and similar rights; (c) trade secret rights; (d) patents and industrial property rights; (e) other proprietary rights in Intellectual Property of every kind and nature; and (f) all registrations, renewals, extensions, continuations, divisions, or reissues of, and applications for, any of the rights referred to in clauses (a) through (e) above.

IRS. "IRS" shall mean the United States Internal Revenue Service.

Legal Requirement. "Legal Requirement" shall mean any federal, state, local, municipal, foreign or other law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, edict, decree, proclamation, treaty, convention, rule, regulation, ruling, directive, pronouncement, requirement, specification, determination, decision, opinion or interpretation issued, enacted, adopted, passed, approved, promulgated, made, implemented or otherwise put into effect by or under the authority of any Governmental Body.

Liability. "Liability" shall mean any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with generally accepted accounting principles and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

Order. "Order" shall mean any: (a) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Body or any arbitrator or arbitration panel; or (b) Contract with any Governmental Body entered into in connection with any Proceeding.

Ordinary Course of Business. An action taken by or on behalf of the Seller shall not be deemed to have been taken in the "Ordinary Course of Business" unless:

- (a) such action is recurring in nature, is consistent with the past practices of the Seller and is taken in the ordinary course of the normal day-to-day operations of the Seller;
- (b) such action is taken in accordance with sound and prudent business practices;
- (c) such action is not required to be authorized by the Seller, the board of directors of the Seller or any committee of the board of directors of the Seller and does not require any other separate or special authorization of any nature; and
- (d) such action is similar in nature and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal day-to-day operations of Entities in the business of providing Billing Services.

Payor. "Payor" shall mean any health maintenance organization, preferred provider organization, other prepaid plan, health care service plan, or worker's compensation or personal injury program or plan, including any Governmental Body under any Legal Requirement or any person acting on behalf of a third party payor, responsible for making payments for healthcare products or services on behalf of another Person.

Parties. "Parties" shall mean, collectively, Seller, Purchaser and Sole Member.

Person. "Person" shall mean any individual, Entity or Governmental Body.

Personal Data. "Personal Data" shall mean a natural person's name, street address, telephone number, e-mail address, photograph, social security number, driver's license number, passport number, or customer or account number, or any other piece of information that allows the identification of a natural person.

Pipeline Client. "Pipeline Client" shall mean each prospective client listed on Exhibit "E" under the heading "Pipeline Clients."

Proceeding. "Proceeding" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding and any informal proceeding), prosecution, contest, hearing, inquiry, inquest, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or any arbitrator or arbitration panel.

Purchased Assets. "Purchased Assets" shall have the meaning set forth in Section 1.1, which is entitled "Purchase and Sale of the Purchased Assets."

Registered IP. "Registered IP" shall mean all Intellectual Property Rights that are registered, filed, or issued under the authority of any Governmental Body, including all patents, registered copyrights, registered mask works, and registered trademarks and all applications for any of the foregoing.

Related Party. Each of the following shall be deemed to be a "Related Party": (a) each individual who is, or who has at any time been, an officer of the Seller; (b) each member of the family of each of the individuals referred to in clause "(a)" above; and (c) any Entity (other than the Seller) in which any one of the individuals referred to in clauses "(a)" and "(b)" above holds or held (or in which more than one of such individuals collectively hold or held), beneficially or otherwise, a controlling interest or a material voting, proprietary or equity interest.

Representatives. "Representatives" shall mean officers, directors, managers, employees, agents, attorneys, accountants and advisors.

Restricted Business. "Restricted Business" shall mean any and all business related to the types of Services Seller provided to Clients through Billing Services, Inc., and the type of products and services that Purchaser provides clients, including Billing Services, practice management, mHealth applications, Electronic Health Records, and more.

Seller Affiliate. "Seller Affiliate" shall mean any Person under common control with the Seller within the meaning of Sections 414(b), (c), (m) and (o) of the Code, and the regulations issued thereunder.

Seller Contract. "Seller Contract" shall mean any Billing Agreement and each other Contract: (a) to which the Seller is a party; (b) by which the Seller or any of its assets is or may become bound or under which the Seller has, or may become subject to, any obligation; or (c) under which the Seller has or may acquire any right or interest.

Seller Employee. "Seller Employee" shall mean any current or former employee, independent contractor or director of the Seller or any Seller Affiliate.

Seller IP. "Seller IP" shall mean (a) all Intellectual Property Rights in or pertaining to the Seller Products or methods or processes used or incorporated in the Seller Products, and (b) all other Intellectual Property Rights owned by or exclusively licensed to the Seller.

Seller IP Contract. "Seller IP Contract" shall mean any Contract to which the Seller is a party or by which the Seller is bound, that contains any assignment or license of, or covenant not to assert or enforce, any Intellectual Property Right or that otherwise relates to any Seller IP or any Intellectual Property developed by, with, or for the Seller.

Seller Product. "Seller Product" shall mean any product or service designed, developed, marketed, distributed, provided, licensed, or sold at any time by the Seller.

Tax. "Tax" shall mean any tax (including any income tax, franchise tax, capital gains tax, estimated tax, gross receipts tax, value-added tax, surtax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, occupation tax, inventory tax, occupancy tax, withholding tax or payroll tax), levy, assessment, tariff, impost, imposition, toll, duty (including any customs duty), deficiency or fee, and any related charge or amount (including any fine, penalty or interest), that is, has been or may in the future be (a) imposed, assessed or collected by or under the authority of any Governmental Body, or (b) payable pursuant to any tax-sharing agreement or similar Contract.

Tax Return. "Tax Return" shall mean any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information that is, has been or may in the future be filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement relating to any Tax.

Term. "Term" shall mean the period commencing on the Closing Date and ending.

Transactional Agreements. "Transactional Agreements" shall mean this Agreement, the bill of sale, assumption agreement and the other agreements that are executed and delivered by the parties at the Closing.

Transactions. "Transactions" shall mean (a) the execution and delivery of the respective Transactional Agreements, and (b) all of the transactions contemplated by the respective Transactional Agreements, including: (i) the sale of the Purchased Assets by the Seller to the Purchaser in accordance with the Agreement; (ii) the assumption of the Assumed Liabilities by the Purchaser pursuant to the Assumption Agreement; and (iii) the performance by the Seller, and the Purchaser of their respective obligations under the Transactional Agreements, and the exercise by the Seller and the Purchaser of their respective rights under the Transactional Agreements.

Transitional Costs. "Transitional Costs" shall mean all costs incurred by Seller that are identified in Exhibit "J".

EXHIBIT "B"

EXCLUDED ASSETS

All accounts receivable identified on Exhibit "G" hereto and accounts receivable related to revenue earned by Seller for Billing Services provided by Seller to Clients through the Closing Date.

All of Seller's cash and cash equivalents.

All books, records, ledgers, files, documents and correspondence and lists of Seller relating to the corporate organization of Seller or Seller's tax, accounting and financial records for all periods prior to the Closing Date, and the corporate records, taxpayer identification numbers, and books of account (including accounting records relating to the Business).

All claims, causes of action, suits and rights relating to Excluded Assets. All insurance policies and claims thereunder.

A certain 2004 Mazda vehicle owned.

EXHIBIT "C"

BILL OF SALE

This Bill of Sale is made effective as of July 1, 2016, by and among WFS Services, Inc., ("Seller"), a Delaware corporation with its principal office situated at 1 Harmon Meadow Boulevard, Suite 101, Secaucus, NJ 07094, and ("Seller"); and Medical Transcription Billing, Corp., a Delaware corporation with its principal office situated at 7 Clyde Road, Somerset, New Jersey 08873 ("Purchaser" or "MTBC").

WHEREAS, Seller and Purchaser are parties to a certain Asset Purchase Agreement dated July 1, 2016 ("Agreement"), pursuant to which Seller has agreed to sell, convey, transfer and assign to Purchaser, and Purchaser has agreed to purchase from Seller, the Purchased Assets (as more fully defined in the Agreement), pursuant to the terms and subject to the conditions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Defined Terms; Interpretation.** Except as otherwise set forth herein, capitalized terms used herein have the meanings assigned to them in the Agreement. This Bill of Sale shall be governed by and construed in all respects in accordance with the laws of the State of New Jersey, without regard to any conflict of laws principles.
2. **Assignment of Purchased Assets.** Pursuant to the terms and subject to the conditions of the Agreement, Seller does hereby grant, sell, assign, transfer, convey and set over to Purchaser, its successors and assigns, and Purchaser hereby purchase and acquire from Seller, all of Seller's right, title and interest in and to the Purchased Assets, including all goodwill of or relating to the Purchased Assets, free and clear of all Encumbrances and Liabilities.
3. **Further Assurances.** Each party to this Bill of Sale agrees to execute, acknowledge, deliver, file and record, and cause to be executed, acknowledged, delivered, filed and recorded, such further certificates, instruments, and documents and to do, and cause to be done, without further consideration, all such other acts and things, as may be required by law, or as may, in the reasonable opinion of any party hereto, be necessary or advisable to carry out the purposes of this Bill of Sale.
4. **Binding Effect; Amendments.** This Bill of Sale shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. No modification, amendment or waiver of any provision of, or consent or approval required by, this Bill of Sale, nor any consent to or approval of any departure herefrom, shall be effective unless it is in writing and signed by the party against whom enforcement of any such modification, amendment, waiver, consent or approval is sought.

5. Purchase Agreement Controlling. Notwithstanding any other provisions of this Bill of Sale to the contrary, nothing contained herein shall in any way supersede, modify, replace, amend, change, rescind, waive, exceed, expand, enlarge or in any way affect the provisions, including warranties, covenants, agreements, conditions, representations or, in general, any of the rights and remedies, or any of the obligations, of Seller or Purchaser set forth in the Agreement. This Bill of Sale is subject to and controlled by the terms of the Agreement.

6. Counterparts. This Bill of Sale may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. Delivery of an executed counterpart of a signature page of this Bill of Sale by facsimile or other electronic transmission shall be effective as delivery of a manually executed original counterpart of this Bill of Sale.

IN WITNESS WHEREOF, each of the parties has caused this Bill of Sale to be duly executed and delivered as of the day, month and year first above written.

WFS Services, Inc.

By: _____

Date: July 1, 2016

Medical Transcription Billing, Corp.

By: _____

Date: July 1, 2016

The undersigned, constituting the Shareholders of Seller, in their individual capacity, hereby ratifies, approves and confirms the above Bill of Sale.

Deborah Shapiro

EXHIBIT "D"

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement ("Assignment Agreement") is made and entered into as of this July 1, 2016, by and among WFS Services Inc., ("Assignor"), a Delaware corporation with its principal office situated at 1 Harmon Meadow Boulevard, Suite 101, Secaucus, NJ 07094; and Medical Transcription Billing, Corp., a Delaware corporation with its principal office situated at 7 Clyde Road, Somerset, New Jersey 08873 ("Assignee").

RECITALS

- A. Assignor and Assignee are parties to an Asset Purchase Agreement, dated effective as of July 1, 2016 ("Purchase Agreement"), pursuant to which Assignor and Assignee have agreed to execute this Assignment Agreement.
- B. Assignor is a party to certain Billing Agreements with each Client, which are more fully identified in Exhibit F, and Disclosure Part 2.8(a) of the Purchase Agreement.
- C. Assignor has made various representations, warranties and covenants regarding the Billing Agreements.
- D. Pursuant to the Purchase Agreement, Assignor and Assignee are entering into this Assignment Agreement whereby Assignor assigns to Assignee all of Assignor's rights, title and interest in and to each and every Billing Agreement and each other Seller Contract listed on Disclosure Part 2.8(a) of the Purchase Agreement (collectively, the "Assumed Contracts") and Assignee agrees to assume Assignor's obligations under the Assumed Contracts.
- E. Assignor and Assignee agree that, unless otherwise specified herein or in the Purchase Agreement, all assignments and assumptions shall be effective as of the Closing Date.
- F. Assignor and Assignee agree that each capitalized word set forth herein shall have the same meaning assigned thereto in the definitions section of the Purchase Agreement, unless otherwise specified in this Assignment Agreement.

NOW THEREFORE in consideration of the mutual covenants contained in this Assignment Agreement and the Purchase Agreement and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged and conclusively established, Assignor and Assignee agree as follows:

AGREEMENT

1. Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's rights, title and interest in, to and under each and every Assumed Contract (excluding the Excluded Assets) and all of Assignor's rights to any benefits thereunder arising from services provided by Assignee after the date of this Assignment Agreement.

2. Assignee hereby accepts the within assignment and agrees to assume, perform and comply with and to be bound by all of the terms, covenants, agreements, provisions and conditions of each and every Assumed Contract to be performed from and after the date hereof.

3. Assignor hereby assigns, sets over and transfers to Assignee all of its rights, title and interest in and to the Purchased Assets.

4. Assignee hereby assumes each and every Assumed Contract free and clear of any and all Liabilities, Liens, Encumbrances, debts, accounts payable, Claims, demands or other contracts or obligations existing as of the Closing Date, as more fully set forth in the Asset Purchase Agreement.

5. This Assignment Agreement and the obligations of Assignor and Assignee hereunder shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

6. From time to time as the circumstances require, Assignor and Assignee shall execute such additional documents, certificates or assignments, or take such other further actions reasonably necessary to further evidence or consummate this Assignment Agreement.

7. All provisions of this Assignment Agreement are subject, in all respects, to the terms and conditions of the Purchase Agreement and all of the representations, warranties, covenants, agreements and disclaimers contained therein, all of which shall survive the execution and delivery of this Assignment Agreement.

8. This Assignment Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of New Jersey, excluding its conflict of laws principles.

IN WITNESS WHEREOF, the parties to this Assignment Agreement have duly executed it on the day and year first above written.

Medical Transcription Billing, Corp.

WFS Services, Inc.

By: _____ By: _____
Stephen Snyder
President

EXHIBIT "E"

CLOSING DATE CLIENTS

EXHIBIT "F"

BILLING AGREEMENTS

EXHIBIT "G"

ACCOUNTS RECEIVABLE

The financial statements below reflect accounts receivable until June 16, 2016. Seller shall provide updated financial statements within fifteen (15) days of closing.

EXHIBIT "H"

INDEMNITY PROVISIONS

1. **Definitions.** For purposes of this Exhibit "H" only, the following definitions shall apply:
 - (a) "**Claim**" shall mean any matter as to which an Indemnified Party is entitled to indemnification pursuant to Section 4.2 or 4.3 of this Agreement.
 - (b) "**Defending Party**" shall mean the party to this Agreement who has the right, in the first instance, to undertake the litigation, contest, compromise or settlement of a Third Party Loss.
 - (c) "**Indemnified Party**" shall mean any Person who is entitled to be indemnified pursuant to Section 4.2 or 4.3 of this Agreement.
 - (d) "**Indemnitor**" shall mean any person or entity who is obligated to indemnify another Person pursuant to Section 4.2 or 4.3 of this Agreement.
 - (e) "**Loss**" shall mean with respect to the Purchaser, the actual damage, loss, cost or expense (including attorneys' fees and costs of investigation incurred in defending against and/or settling such damage, loss, cost or expense or claim therefor and any amounts paid in settlement thereof) imposed on, or incurred by, the Purchaser, whether directly or indirectly through any such actual damage, loss, cost or expense imposed on, or incurred by, the Purchaser; provided, however, that Loss to the Purchaser shall be determined after taking into account any tax savings to the Purchaser resulting from such damage, loss, cost or expense.
 - (f) "**Third Party Loss**" shall mean any Loss arising from a claim by, liability to, or cost or expense to be paid to, any person ("Third Party") who is not a party to this Agreement.

2. **Conditions of Indemnification.**
 - (a) The obligations and liabilities pursuant to Section 4.2 or 4.3 of this Agreement, shall be subject to the following terms and conditions:
 - (i) **Claim Notices.** The Indemnified Party shall send a written notice (the "Claim Notice") to the Indemnitor upon the occurrence of any event or the discovery of any facts, or the commencement of any litigation or proceeding against the Indemnified Party or the Purchaser which might give rise to a Claim. Each Claim Notice shall be given as promptly as possible after the Indemnified Party has actual notice of such event, state of facts, litigation or proceeding and it appears reasonably probable that such event, state of facts, litigation or proceeding might involve matters that would give rise to a Claim against any Indemnitor. Each Claim Notice shall specify, with particularity, the nature and, to the extent ascertainable, the amount of the Claim.

(ii) Defense of Claims.

(1) If there is a Claim for a Third Party Loss, then

- (a) with respect to a Third Party Loss to the Purchaser, then the Indemnitor shall have the right, acting in good faith and without delay, and using experienced and reputable counsel, to litigate or otherwise contest, compromise or settle (at such Indemnitor's expense) such Third Party Loss; or
- (b) If the Indemnitor or the Indemnifying Party is not the Defending Party with respect to a Third Party Loss, then such party shall have the right to participate, at its own expense, in the defense of any action or proceeding brought in connection with a Third Party Loss. Any such Third Party Loss will be deemed resolved by a final decision of a court of competent jurisdiction (after all appeals have been taken or the time for taking such appeals has expired), the final decision of a board or panel of arbitrators, or a settlement agreement with the Third Party.

(b) All disputed Claims (other than Claims based on Third Party Losses) will be resolved upon the negotiation and written agreement of the Indemnitors and the Indemnified Parties, or failing such agreement, by a final decision of a court of competent jurisdiction (after all appeals have been taken or the time for taking such appeals has expired).

(c) Cooperation. Each Indemnified Party shall cooperate fully with the Indemnitor in connection with the litigation, contest, compromise and settlement of all Claims.

3. Disputes. Unless Seller agrees otherwise in writing, any amounts that Purchaser asserts are subject to indemnification by the Seller or Shareholders may not be offset or netted against the quarterly payments required under Section 1.4(b) of the Agreement unless and until there is a final determination made by a court of competent jurisdiction that Purchaser is entitled to indemnity and the amount of the indemnity obligation. Any dispute concerning indemnity rights and obligations shall be resolved in accordance with the provisions of Section 6.15 of the Agreement.

EXHIBIT "I"

RETAINED EMPLOYEES

Purchaser to provide within thirty (30) days of Closing.

EXHIBIT "J"

TRANSITIONAL COSTS

"Transitional Costs" shall mean the following categories of expenses that accrue on or after July 1, 2016.

1. Office Rent*	\$	
2. Postage		
3. Payroll		
4. Phone		
5. All costs associated with running the business		

For so long as Purchaser utilizes any of the above-referenced vendor or trade accounts, in Purchaser's sole discretion, Purchaser shall reimburse Seller for same. The Parties shall work together to transition such accounts as Purchaser in its sole discretion decides to assume as expeditiously as reasonable.

** If Purchaser utgilizes Seller's facility after August 1, 2016. then Purchaser shall reimburse Seller for rent payments beginning with rent due on August 1, 2016, which is for the month of August 2016, and each month thereafter until such time as Purchaser vacates the office space. Purchaser agrees to remit the rent payments to Seller no later than five (5) days prior to the end of each month.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated November 29, 2016, with respect to the consolidated financial statements of MediGain, LLC and subsidiaries for the years ended December 31, 2015 and 2014, included in this 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-3 (File No. 333-210391) and Form S-8 (File No. 333-203228).

/s/ Montgomery Coscia Greulich LLP

Plano, Texas
November 30, 2016

MEDIGAIN, LLC AND SUBSIDIARIES

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	2
Consolidated Financial Statements:	
Consolidated Balance Sheets at December 31, 2015 and 2014	3
Consolidated Statements of Operations for the years ended December 31, 2015 and 2014	4
Consolidated Statements of Members' Equity (Deficit) for the years ended December 31, 2015 and 2014	5
Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014	6
Notes to Consolidated Financial Statements	7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
MediGain, LLC and Subsidiaries:

We have audited the accompanying consolidated balance sheets of MediGain, LLC and its subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, members' equity (deficit) and cash flows for the years then ended, and the related notes to the consolidated financial statements. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MediGain, LLC and its subsidiaries as of December 31, 2015 and 2014, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered significant losses during the years ended December 31, 2015 and 2014, and is in default of its debt covenants as of December 31, 2015 and 2014. These conditions raise substantial doubt about its ability to continue as a going concern. Also as discussed in Note 17, MTBC Acquisition, Corp. ("MAC") acquired substantially all the medical billing business and assets of the Company through a strict foreclosure process. The consolidated financial statements do not include any adjustments to reflect the outcome of this uncertainty and transaction. Our opinion is not modified with respect to these matters.

/s/ MONTGOMERY COSCIA GREILICH LLP

Montgomery Coscia Greilich LLP

Plano, Texas

November 29, 2016

MEDIGAIN LLC, AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash	\$ 759,621	\$ 522,943
Accounts receivable - net of allowance for doubtful accounts of \$511,737 and \$698,192 at December 31, 2015 and 2014, respectively	3,043,576	3,673,991
Prepaid expenses and other current assets	154,904	41,245
Total current assets	3,958,101	4,238,179
Property and equipment - net	1,111,272	1,261,232
Intangible assets - net	4,571,931	8,504,450
Goodwill	-	5,495,859
Other assets	199,704	148,262
TOTAL ASSETS	\$ 9,841,008	\$ 19,647,982
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,094,561	\$ 2,029,413
Accrued compensation	534,144	607,686
Accrued expenses	1,309,120	1,201,393
Accrued interest	3,709,048	559,836
Borrowings under line of credit	3,000,000	-
Capital lease obligations (current portion)	202,149	132,845
Due to minority member (current portion)	40,000	-
Notes payable - related parties (current portion)	504,040	672,881
Notes payable - other (current portion)	58,800	66,732
Long-term debt (Note 10)	26,648,672	24,100,000
Total current liabilities	37,100,534	29,370,786
Capital lease obligations	174,874	260,690
Due to minority member	49,691	89,691
Notes payable - related parties	-	504,040
Notes payable - other	87,707	145,586
Deferred rent	379,811	354,810
Total liabilities	37,792,617	30,725,603
COMMITMENTS AND CONTINGENCIES (Note 12)		
MEMBERS' DEFICIT:		
Series A preferred units, par value \$1.00 per unit - 4,000,000 units outstanding at December 31, 2015 and 2014 (Note 11)	4,000,000	4,000,000
Class A common units - 21,204,437 and 20,554,477 units outstanding at December 31, 2015 and 2014, respectively	5,803,736	5,253,736
Class W common units - 4,573,453 units outstanding at December 31, 2015 and 2014	-	-
Additional paid-in capital	18,910	-
Accumulated deficit	(37,750,922)	(20,308,024)
Less: 166,667 Class A common units held in treasury, at cost at December 31, 2015 and 2014	(23,333)	(23,333)
Total members' deficit	(27,951,609)	(11,077,621)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$ 9,841,008	\$ 19,647,982

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

MEDIGAIN LLC, AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended December 31,	
	2015	2014
NET REVENUE	\$ 24,942,314	\$ 19,139,778
OPERATING EXPENSES:		
Direct operating costs	18,304,031	12,890,058
Selling and marketing	1,748,175	1,440,870
General and administrative	7,799,071	8,005,563
Impairment charges	7,640,817	4,249,102
Depreciation and amortization	2,575,732	1,465,651
Total operating expenses	<u>38,067,826</u>	<u>28,051,244</u>
OPERATING LOSS	(13,125,512)	(8,911,466)
OTHER:		
Interest income	-	12,068
Interest expense	(3,781,662)	(3,034,011)
Other expense - net	(481,864)	(3,973,436)
LOSS BEFORE INCOME TAXES	(17,389,038)	(15,906,845)
Income tax provision	53,860	53,775
NET LOSS	<u>\$ (17,442,898)</u>	<u>\$ (15,960,620)</u>
Loss per common unit:		
Basic and diluted loss per Class A common unit	\$ (0.84)	\$ (0.85)
Weighted-average basic and diluted Class A common units outstanding	20,879,457	18,782,703

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

MEDIGAIN LLC, AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Preferred units		Common units				Additional Paid- in Capital	Accumulated Deficit	Treasury (Class A Units)	Total Members' Equity (Deficit)
	Series A Preferred		Class A Units		Class W Units					
	Units	Amount	Units	Amount	Units	Amount				
Balance - January 1, 2014	-	\$ -	17,010,929	\$ 7,511,236	-	\$ -	\$ 12,422	\$ (4,204,702)	\$ (23,333)	\$ 3,295,623
Net loss	-	-	-	-	-	-	-	(15,960,620)	-	(15,960,620)
Issuance of Series A preferred units	4,000,000	4,000,000	-	-	-	-	-	-	-	4,000,000
Syndicated expenses	-	-	-	-	-	-	(17,298)	(142,702)	-	(160,000)
Issuance of Class W common units	-	-	-	-	4,573,453	-	-	-	-	-
Unit-based compensation expense	-	-	-	-	-	-	4,876	-	-	4,876
Retirement of Class A common units	-	-	(1,456,452)	(2,257,500)	-	-	-	-	-	(2,257,500)
Issuance of Class A common units	-	-	5,000,000	-	-	-	-	-	-	-
Balance - December 31, 2014	4,000,000	\$ 4,000,000	20,554,477	\$ 5,253,736	4,573,453	\$ -	\$ -	\$ (20,308,024)	\$ (23,333)	\$ (11,077,621)
Net loss	-	-	-	-	-	-	-	(17,442,898)	-	(17,442,898)
Unit-based compensation expense	-	-	-	-	-	-	18,910	-	-	18,910
Issuance of Class A common units	-	-	649,960	550,000	-	-	-	-	-	550,000
Balance - December 31, 2015	4,000,000	\$ 4,000,000	21,204,437	\$ 5,803,736	4,573,453	\$ -	\$ 18,910	\$ (37,750,922)	\$ (23,333)	\$ (27,951,609)

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

MEDIGAIN LLC, AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Net loss	\$ (17,442,898)	\$ (15,960,620)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,575,732	1,465,651
Deferred rent	25,001	345,060
Provision for doubtful accounts, net of write offs	(186,455)	688,435
Impairment charges	7,640,817	4,249,102
Amortization of debt discount	-	2,082,509
Unit-based compensation expense	18,910	4,876
Changes in operating assets and liabilities:		
Accounts receivable	816,870	(1,426,122)
Other assets	(165,101)	128,848
Accounts payable and other liabilities	2,531,138	1,746,179
Net cash used in operating activities	<u>(4,185,986)</u>	<u>(6,676,082)</u>
INVESTING ACTIVITIES:		
Capital expenditures	(478,453)	(1,053,964)
Cash paid for acquisition	-	(12,731,580)
Net cash used in investing activities	<u>(478,453)</u>	<u>(13,785,544)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of Class A common units	550,000	-
Retirement of Class A units	-	(2,257,500)
Proceeds from line of credit	3,000,000	-
Repayments of capital leases	(176,270)	(106,288)
Repayments of notes payable - other	(65,811)	-
Proceeds from notes payable - related parties	-	1,176,921
Repayments of notes payable - related parties	(672,881)	-
Proceeds from long term debt	2,391,079	30,208,836
Repayments of long term debt	(125,000)	(8,431,365)
Cost incurred on conversion of debt	-	(160,000)
Net cash provided by financing activities	<u>4,901,117</u>	<u>20,430,604</u>
NET INCREASE (DECREASE) IN CASH	<u>236,678</u>	<u>(31,022)</u>
CASH - Beginning of the year	522,943	553,965
CASH - End of year	<u>\$ 759,621</u>	<u>\$ 522,943</u>
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:		
Equipment financing under capital leases	\$ 159,758	\$ 436,386
Conversion of debt into equity	\$ -	\$ 4,000,000
Interest expense capitalized to debt	\$ 282,593	\$ -
SUPPLEMENTAL INFORMATION - Cash paid during the year for:		
Income taxes	\$ 45,928	\$ 46,829
Interest	\$ 667,966	\$ 362,833

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

MEDIGAIN, LLC AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. ORGANIZATION AND BUSINESS

MediGain, LLC (and together with its subsidiaries, “MediGain” or the “Company”) was formed on January 22, 2004 as MediGain, Inc. and converted to a Texas limited liability company on October 31, 2011. During October 2014, MediGain purchased Millennium Practice Management, LLC, (“Millennium”) which became a wholly-owned subsidiary at that time. MediGain formed a wholly-owned subsidiary in India, RCM-MediGain India Private Limited (“MediGain India”), in October 2015.

These consolidated financial statements represent the consolidated activity of MediGain, LLC and its subsidiaries.

The Company is a full-service medical billing and reimbursement revenue cycle management provider, which provides services such as process mapping, revenue cycle workflow, management of customer accounts, and business intelligence and analytical reporting to assist in managing a client’s business.

2. GOING CONCERN

The Company has senior secured notes, a subordinated term loan and a line of credit payable to a lender with outstanding principal balances of \$9,875,000, \$16,773,672 and \$3,000,000 at December 31, 2015, respectively, and \$10,000,000, \$14,100,000 and \$0 at December 31, 2014, respectively, which are in default since the financial covenants contained in the credit agreement were not met during the years ended December 31, 2014 and 2015. The default on these notes have caused them to become currently due, for an amount significantly in excess of the Company’s cash position, which creates an uncertainty about the Company’s ability to continue as a going concern. The amounts due have been recorded as a current liability in the consolidated balance sheets at December 31, 2015 and 2014. The ability of the Company to continue as a going concern is dependent upon refinancing these obligations. If the Company is unable to refinance these notes payable, the Company may be forced to curtail or discontinue operations. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. (See Note 17).

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation — The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates — The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions made by management include, but are not limited to: (1) impairment of long-lived assets; (2) depreciable lives of assets; (3) allowance for doubtful accounts; (4) fair value of identifiable purchased tangible and intangible assets and (5) unit-based compensation. Actual results could significantly differ from those estimates.

Revenue Recognition — The Company recognizes revenue when there is evidence of an arrangement, the service has been provided to the customer, the collection of the fees is reasonably assured and the amount of fees to be paid by the customer is fixed or determinable. Net revenue recorded in the consolidated statements operations represents gross billings after deducting credits and refunds.

Medical Billing

The Company bills its customers on a monthly basis, in arrears. Fees charged to customers for the services provided are typically based on a percentage of net collections on the Company's clients' accounts receivable. The Company does not recognize revenue for service fees until the Company has received notification that a claim has been accepted and the amount which the physician will collect is determined, as the fees are not fixed and determinable until such time.

The Company's revenue arrangements generally do not include a general right of return for services provided.

Direct Operating Costs — Direct operating costs consist primarily of salaries and benefits related to personnel who provide services to clients, claims processing costs, and other direct costs related to the Company's services. Costs associated with the implementation of new clients are expensed as incurred. The reported amounts of direct operating costs include allocated amounts for rent and overhead costs. Depreciation and amortization have not been allocated and are presented separately in the consolidated statements of operations.

Internal-Use Software Costs—The Company capitalizes certain development costs incurred in connection with its internal-use software. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of intangible assets. Maintenance and training costs are expensed as incurred. Internal-use software is amortized on a straight line basis over its estimated useful life which is generally five years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Costs related to the internal-use software capitalized during the years ended December 31, 2015 and 2014 were \$446,993 and \$91,070, respectively. However, the internal-use software did not fulfill its intended purpose and the total costs capitalized of \$538,063 were recorded as impairment charges in the consolidated statement of operations for the year ended December 31, 2015.

Selling and Marketing Expenses – Selling and marketing expenses consist primarily of compensation and benefits, travel and advertising expenses and are expensed as incurred.

Advertising Costs— The Company expenses advertising costs as incurred. The Company incurred \$226,025 and \$207,438 of advertising costs for the years ended December 31, 2015 and 2014, respectively, which are included in selling and marketing expenses in the consolidated statements of operations.

Cash and Cash Equivalents– The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash deposits with federally insured financial institutions that may, at times, exceed federally insured limits. The Company has not incurred any losses from such accounts, and management considers the risk to be minimal.

Accounts Receivable — Accounts receivable are stated at their net realizable value. Accounts receivable are presented on the consolidated balance sheet net of an allowance for doubtful accounts, which is established based on reviews of receivable balances, an assessment of the customers' current creditworthiness and the probability of collection. Accounts are written off when it is determined that collection of the outstanding balance is no longer possible.

The changes in the allowance for doubtful accounts for the years ended December 31, 2015 and 2014 were as follows:

	Years Ended December 31,	
	2015	2014
Beginning balance	\$ 698,192	\$ 9,757
Provision	166,134	849,920
Write-offs	(352,589)	(161,485)
Ending balance	<u>\$ 511,737</u>	<u>\$ 698,192</u>

Property and Equipment — Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated lives of the assets.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments, which extend the useful lives of the existing property and equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized in the consolidated statements of operations.

The estimated useful lives for each major classification of depreciable property and equipment are as follows:

Furniture and fixtures	7 years
Computer equipment	3-5 years
Leasehold improvements	Remaining life of lease

The Company amortizes leasehold improvements over the lesser of the lease term or the economic life of those assets. Generally, the lease term is the base lease term plus certain renewal option periods for which renewal is reasonably assured and for which failure to exercise the renewal option would result in an economic penalty to the Company.

Intangible Assets — Intangible assets include customer contracts and relationships, covenants not-to-compete acquired in connection with acquisitions, and software purchase and development costs. Intangible assets with a definite life, which include customer relationships and non-compete agreements, are amortized on a straight-line basis over the estimated economic lives, which are reviewed annually.

Impairment expense related to non-compete agreements was \$471,466 for the year ended December 31, 2014. Impairment expense related to customer relationship agreements was \$1,606,895 and \$195,489 for the years ended December 31, 2015 and 2014, respectively.

Evaluation of Long-Lived Assets—The Company reviews its property and equipment and intangible assets for impairment whenever changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. If the sum of undiscounted expected future cash flows is less than the carrying amount of the asset, the Company will recognize an impairment loss based on the fair value of the asset.

There was no impairment of property and equipment during the years ended December 31, 2015 and 2014.

Goodwill —The Company tests goodwill for impairment annually as of December 31st, referred to as the annual test date. The Company will also test for impairment between annual test dates if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is performed at the reporting-unit level. The Company has determined that its business consists of a single reporting unit. Due to the losses incurred, the Company determined that its goodwill was impaired and recorded impairment adjustments. The Company determined that due to the losses incurred, its goodwill did not have any value as of December 31, 2014. Impairment charges amounting to \$5,495,859 and \$3,582,147 were recorded for the years ended December 31, 2015 and 2014, respectively, and are included in impairment charges in the consolidated statement of operations.

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets of businesses acquired. Conditions that could trigger a more frequent impairment assessment include, but are not limited to, a significant adverse change to the Company in certain agreements, significant underperformance relative to historical or projected future operating results, loss of customer relationships, an economic downturn in customers' industries, or increased competition.

The first step of the goodwill impairment test is a comparison of the fair value of a reporting unit with its carrying amount, including goodwill. The estimate of the fair value of the reporting unit is based upon information available regarding prices of similar groups of assets, or other valuation techniques including present value techniques based upon estimates of future cash flows. If the fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is not considered impaired and the second step is unnecessary. If the carrying value of the reporting unit exceeds its fair value, a second step is performed to measure the amount of impairment by comparing the carrying amount of the goodwill to the implied fair value of the goodwill. If the carrying amount of the goodwill is greater than the implied value, an impairment loss is recognized for the difference. The fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets. Any excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities represents the implied fair value of goodwill.

Unit-Based Compensation—The Company recognizes compensation expense for unit options granted to purchase units based on the grant date fair value. Compensation expense is generally recognized on a straight-line basis over the vesting period.

Foreign Currency Transactions—The financial statements of the Company's foreign subsidiary in India are maintained in U.S. dollars, the Company's functional currency. Transactions adjustments related to the intercompany receivable are recorded in the consolidated statements of operations as they are not deemed to be permanently reinvested. Foreign currency transaction gains/losses were not significant for the year ended December 31, 2015. There were no foreign currency transaction gains/losses for the year ended December 31, 2014.

Business Combinations — The Company accounts for business combinations under the provisions of ASC 805, *Business Combinations*, which requires that the acquisition method of accounting be used for all business combinations. Assets acquired and liabilities assumed are recorded at the date of acquisition at their respective fair values. ASC 805 also specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported apart from goodwill. Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. Acquisition-related expenses are recognized separately from the business combinations and are expensed as incurred. If the business combination provides for contingent consideration, the Company records the contingent consideration at fair value at the acquisition date with changes in the fair value recorded through earnings.

Deferred Rent — Deferred rent consists of rent escalation payment terms related to the Company's operating leases for its facilities. Deferred rent represents the difference between actual operating lease payments due and straight-line rent expense, which is recorded by the Company over the term of the lease, including any construction period. The excess of the difference between actual operating lease payments due and straight-line rent expense is recorded as a deferred credit in the early periods of the lease when cash payments are generally lower than straight-line rent expense, and is reduced in the later periods of the lease when payments begin to exceed the straight-line expense.

Deferred Financing Costs—Transaction fees and costs totaling \$1,864,223 were paid during the year ended December 31, 2014 for the purpose of obtaining the Senior Term Notes, the Subordinated Term Loan and the Revolving Credit Facility (the "Revolver"). Amortization of the deferred loan costs for the year ended December 31, 2014 was \$2,082,509 and includes the write off of all deferred financing costs since the associated debt was in default. The amount for 2014 also includes \$218,286 of deferred financing costs related to the F&M Bank Loans, as the remaining outstanding balances on the F&M Bank Loans were paid during that year. The write off of the deferred financing costs are included in interest expense in the accompanying consolidated statement of operations for the year ended December 31, 2014.

Fair Value Measurements — ASC 825, *Financial Instruments*, requires the disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. The Company follows a fair value measurement hierarchy to measure financial instruments. The fair value of the Company's financial instruments is measured using inputs from the three levels of the fair value hierarchy as follows:

- Level 1 — Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 — Inputs are directly or indirectly observable, which include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 — Inputs are unobservable inputs that are used to measure fair value to the extent observable inputs are not available.

The Company has certain financial instruments that are not measured at fair value on a recurring basis. These financial instruments are subject to fair value adjustments only in certain circumstances and include cash, notes receivable, accounts receivable, accounts payable and accrued expenses, borrowings under term loans and line of credit, and notes payable. Due to the short term nature of these financial instruments or that the borrowings bear interest at prevailing market rates, the carrying value approximates the fair value.

4. ACQUISITION

On October 3, 2014, MediGain acquired all of the membership interests in Millennium for a total purchase consideration of \$14,141,434, inclusive of a working capital adjustment of \$887,164 and a cash payment of \$12,094,416. Also included in the purchase consideration to the Seller was a payment contingent on the seller's employment with Millennium of \$700,000, which is required to be paid monthly in the amount of \$29,167 for two years or in a lump sum of the remaining portion owed at time of the seller's termination of employment. The fair value of this liability was determined to be \$623,091 at the acquisition date using the implicit interest rate of 11.51% per annum. Promissory notes were also issued at the acquisition date with a fair value of \$536,763. The consolidated statements of operations include the results of operations of Millennium for the period October 3, 2014 through December 31, 2015. Revenue from Millennium included in the consolidated statement of operations for the year ended December 31, 2014 was \$2,921,073. The acquisition has been accounted for using the purchase method of accounting in accordance with ASC 805, "Business Combinations." The purchase consideration was allocated to the net assets acquired based on their respective fair values, as determined by management in conjunction with a third party consultant, as follows:

Fair value of operating assets acquired:	
Cash and cash equivalents	\$ 250,000
Accounts receivable	1,730,230
Property and equipment	235,546
Other assets	160,729
Total operating assets acquired	<u>2,376,505</u>
Fair value of intangible assets acquired:	
Software	521,250
Non-compete agreements	2,505,660
Customer relationships	3,901,300
Goodwill	5,495,859
Total intangible assets acquired	<u>12,424,069</u>
Total assets acquired	<u>\$ 14,800,574</u>
Fair value of liabilities assumed:	
Accounts payable	\$ (518,265)
Accrued liabilities	(140,875)
Total liabilities assumed	<u>\$ (659,140)</u>
Total purchase consideration	<u>\$ 14,141,434</u>
The total purchase price consisted of the following:	
Cash paid to seller	\$ 12,094,416
Working capital adjustment	887,164
Contingent payment	623,091
Promissory notes issued to seller	536,763
Total purchase price	<u>\$ 14,141,434</u>

The amount allocated to goodwill was determined by the excess of the purchase consideration over the tangible and identifiable net assets acquired. Based on management's estimates and an independent third party valuation, the non-compete agreement and customer relationships were valued as definite life identifiable intangible assets purchased at acquisition and are being amortized over 4 to 5 years.

This transaction, along with the related transaction and closing costs, was funded by Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company (together the "Senior Lenders") who issued \$10,000,000 in Series A Senior Secured Notes ("Senior Term Notes") and a \$18,100,000 Subordinated Term Loan funded by Prudential Capital Partners IV, L.P., Prudential Capital Partners Management Fund IV, L.P. and Prudential Capital Partners IV, L.P. (together the "Subordinated Lenders"), of which \$4,000,000 and a portion of the Class W units were converted to 4,000,000 Series A Preferred Units ("Preferred Units"). The Senior Lenders and the Subordinated Lenders are collectively "Prudential". As part of the agreement for the Subordinated Term Loan, the Subordinated Lenders were issued 5,380,286 Class W Units.

Furthermore, the two sellers of Millennium were issued subordinated promissory notes in the amount of \$510,000 and \$90,000, respectively, as part of the purchase price consideration. The total combined fair value of these subordinated promissory notes was determined to be \$536,763. In connection with the acquisition, the Company incurred transaction costs that were expensed as incurred during the year ended December 31, 2014 in the amount of \$497,500, primarily comprised of legal fees and due diligence related costs. The Company also paid \$1,864,223 of debt issuance fees associated with the Senior Term Note and the Subordinated Note, which is recorded as deferred loan costs, net of accumulated amortization, in the accompanying consolidated balance sheets. The deferred loan costs were fully amortized during the year ended December 31, 2014 due to the default on the loans from Prudential.

5. INTANGIBLE ASSETS – NET

Intangible assets as of December 31, 2015 and 2014 consisted of the following:

	December 31,	
	2,015	2,014
Software	947,295	859,445
Covenant not to compete	2,701,371	2,701,371
Customer relationships	5,304,316	6,911,211
Internal software costs	-	91,070
Total intangible assets	8,952,982	10,563,097
Less: Accumulated amortization	(4,381,051)	(2,058,647)
Intangible assets - net	4,571,931	8,504,450

Amortization expense was \$2,322,404 and \$1,362,175 for the years ended December 31, 2015 and 2014, respectively. The weighted average amortization period is 2 years.

As of December 31, 2015, future amortization expense scheduled to be expensed is as follows:

Years ending	
December 31	
2016	\$ 1,736,261
2017	1,562,697
2018	930,891
2019	338,266
2020	3,816
	<u>\$ 4,571,931</u>

6. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2015 and 2014 consisted of the following:

	December 31,	
	2015	2014
Computers	\$ 1,213,805	\$ 1,130,532
Office furniture	437,943	423,388
Leasehold improvements	42,317	36,777
Total property and equipment	1,694,065	1,590,697
Less: accumulated depreciation	(582,793)	(329,465)
Property and equipment – net	<u>\$ 1,111,272</u>	<u>\$ 1,261,232</u>

Depreciation expense was \$253,328 and \$103,476 for the years ended December 31, 2015 and 2014, respectively.

7. CONCENTRATIONS

Financial Risks — Concentrations of credit risk with respect to trade accounts receivable are managed by periodic credit evaluations of customers. The Company does not require collateral for outstanding trade accounts receivable. No one customer accounts for a significant portion of the Company's trade accounts receivable portfolio. Write-offs were \$352,589 and \$161,485 for the years ended December 31, 2015 and 2014, respectively. During the years ended December 31, 2015 and 2014, there was one customer with sales of approximately 10% and 2%, respectively, of the total revenues.

Geographical Risks — The Company's offices in India conducts significant back-office operations for the Company. The Company has no revenue earned outside of the United States. The Company's operations in India are subject to special considerations and significant risks not typically associated with companies in the United States. The Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in India and by the general state of India's economy. The Company's results may be adversely affected by, among other things, changes in governmental policies with respect to laws and regulations, changes in India's telecommunications industry, regulatory rules and policies, anti-inflationary measures, currency conversion and remittance abroad and rates and methods of taxation.

8. ACCRUED EXPENSES

Accrued expenses consist of the following as of December 31, 2015 and 2014:

	December 31,	
	2015	2014
Accrued compensated absences	\$ 316,475	\$ 349,002
Accrued legal fees	457,371	112,746
Franchise tax payable	41,623	33,691
Other	493,651	705,954
Total	<u>\$ 1,309,120</u>	<u>\$ 1,201,393</u>

9. CAPITAL LEASES

Certain non-cancelable leases are classified as capital leases and the leased assets are included as part of property and equipment, at cost. Such leasing arrangements involve equipment leases. Details of the capitalized leased assets are as follows as of December 31, 2015 and 2014:

	December 31,	
	2015	2014
Leased Computer Equipment		
Computer equipment	\$ 600,521	\$ 440,763
Less: accumulated depreciation/amortization	(143,674)	(31,681)
Net capitalized leased assets	<u>\$ 456,847</u>	<u>\$ 409,082</u>

Estimated future minimum lease payments required under these capital leases are as follows as of December 31, 2015:

Years ending December 31	
2016	\$ 226,295
2017	165,697
2018	16,422
Total minimum lease payments	408,414
Less: amount representing interest	(31,391)
Present value of minimum lease payments	377,023
Less: current portion	(202,149)
Future principal payments	\$ 174,874

The equipment cost and lease obligations outstanding at December 31, 2015 and 2014 are as follows:

December 31, 2015			
Lessor	Lease terms	Equipment Cost	Outstanding Lease Obligations
MailFinance	11/1/14 to 10/15/17	8,960	\$ 6,030
Lenovo Financial Services	7/1/14 to 11/13/16	2,174	991
Great America Financial Services	7/1/14 to 7/22/18	8,311	5,826
Dell Financial Services	5/31/14 to 10/1/18	543,126	336,722
Global Financial Solutions	8/5/14 to 6/5/17	37,950	27,454
Totals		<u>600,521</u>	<u>\$ 377,023</u>

December 31, 2014			
Lessor	Lease terms	Equipment Cost	Outstanding Lease Obligations
MailFinance	11/1/14 to 10/15/17	\$ 8,960	8,564
Lenovo Financial Services	7/1/14 to 11/13/16	2,174	1,803
Great America Financial Services	7/1/14 to 7/22/18	8,311	7,529
Dell Financial Services	5/31/14 to 12/1/17	383,368	339,842
Global Financial Solutions	8/5/14 to 6/5/17	37,950	35,797
Totals		<u>\$ 440,763</u>	<u>\$ 393,535</u>

10. DEBT

F&M Bank Loans

On December 17, 2012 the Company entered into a \$4,500,000 Term Loan ("F&M Term Loan") with F&M Bank & Trust Company. The F&M Term Loan was scheduled to mature on December 17, 2015 and had interest at a fluctuating rate per annum equal to the lesser of (a) the Maximum Rate as defined in the lending agreement and (b) the sum of 1.25% plus the index rate as defined. Accrued interest was payable monthly in arrears beginning January 10, 2013 in combination with principal payments of \$75,000 until the maturity date, at which time all unpaid principal and interest was due.

Simultaneously, the Company also entered into a \$1,500,000 revolving credit note ("F&M Revolver") with F&M Bank & Trust Company. The F&M Revolver was scheduled to mature on December 17, 2015 and had interest at a fluctuating rate per annum equal to the lesser of (a) the Maximum Rate as defined in the lending agreement and (b) the sum of 1.25% plus the index rate as defined. Accrued interest was payable monthly in arrears beginning January 10, 2013 until the maturity date, at which time all unpaid principal and interest was due.

On October 3, 2014 the Company entered into Senior Secured Notes with the Senior Lenders. These proceeds were used to retire the F&M Term Loan and the F&M Revolver. Total principal paid during 2014 on the F&M Term Loan and the F&M Revolver was \$2,930,484 and \$1,496,300, respectively. At December 31, 2014 there was no principal or accrued interest outstanding on the F&M Term Loan or the F&M Revolver.

Promissory Notes

On October 3, 2014, as part of the Millennium acquisition (see Note 4), the Company entered into promissory notes (“Seller Notes”) with the two sellers of Millennium, for a combined fair value principal balance of \$536,763 based on an implicit rate of 11.51% per annum. Beginning October 15, 2014, total monthly payments of \$25,000 were due on the Sellers Notes monthly until the maturity date, September 15, 2016. At December 31, 2015 and 2014, the total balance outstanding on the Sellers Notes was \$251,376 and \$490,625, respectively.

Senior Term Notes

On October 3, 2014, as part of the Millennium acquisition, the Company entered into a Senior Secured Promissory Note Credit Agreement with the Senior Lenders. The Senior Term Loan Agreement provides for a senior secured promissory notes loan facility in the principal amount of \$20,000,000 in Series A and Series B Senior Secured Notes. The Company utilized \$10,000,000 of the facility, consisting of a \$7,000,000, five-year senior secured term loan and a \$3,000,000, five-year senior secured term loan (together the “Senior Term Notes”).

The Senior Term Notes bear interest on the unpaid principal balance at a rate of LIBOR plus 7%, with a LIBOR floor of 1% per annum and is payable monthly beginning October 2014. Principal payments are due quarterly beginning January 3, 2015 at \$125,000 per quarter until October 3, 2016; \$250,000 per quarter until October 3, 2017; \$375,000 per quarter until July 3, 2019 with the remaining principal balance due on the maturity date, October 3, 2019. As of December 31, 2015 and 2014, the principal balance outstanding on the Senior Term Notes was \$9,875,000 and \$10,000,000, respectively. At December 31, 2015 and 2014, there was \$1,400,556 and \$197,778, respectively, of accrued interest payable relating to the Senior Term Notes, which is included in accrued interest in the consolidated balance sheets.

At December 31, 2015 and 2014, the Senior Secured Notes were in default and classified as a current liability in the consolidated balance sheets. As a result of the default, the Company is subject to a default interest rate of the greater of 16% or 2% over the prime rate.

Revolving Loan

On October 3, 2013 the Company entered into a \$3,000,000 revolving loan (the “Revolver”) with the Senior Lenders. The Revolver bears interest on the unpaid principal balance at a rate of LIBOR plus 7% with a LIBOR floor of 1% per annum. Interest on the Revolver is payable monthly beginning October 2014 and all principal and accrued interest is due at maturity on October 3, 2019. As of December 31, 2014, there was no outstanding balance on the Revolver. As of December 31, 2015, \$3,000,000 was outstanding on the Revolver.

At December 31 2015, the Revolver was in default and classified as a current liability in the consolidated balance sheets. As a result of the default, the Company is subject to a default interest rate of the greater of 16% or 2% over the prime rate.

Subordinated Term Loan

On October 3, 2014, as part of the Millennium acquisition, the Company entered into a \$18,100,000 Subordinated Term Loan funded by Prudential out of which \$4,000,000 of the debt and the Class W units were converted to Preferred Units. As part of the agreement for the Subordinated Term Loan, the Subordinated Lenders were issued 5,380,286 Class W Units and 4,000,000 Preferred Units. The Subordinated Term Loan matures on October 3, 2020 and accrues interest at 14% per annum. At the Company’s discretion, 2% of the accrued interest from the prior interest payment date can be paid-in-kind and added to the principal amount of the Subordinated Term Loan, on a quarterly basis. As of December 31, 2015, the Company had accrued approximately \$282,593 of paid-in-kind interest that was capitalized on January 3, 2016 by increasing the principal amounts of the Subordinated Term Loan. The Subordinated Term Loan is subject to certain covenants, including certain profitability ratios and reporting requirements as defined by the credit agreement. As of December 31, 2015 and 2014, the Company was in default due to not meeting the financial covenants defined by the credit agreement. The balance outstanding on the Subordinated Term Loan at December 31, 2015 and 2014 was \$16,773,672 and \$14,100,000, respectively. As a result of the default, the Company is subject to a default interest rate of the greater of 16% or 2% over the prime rate.

Pursuant to a Guarantee and Collateral Agreement (the "Collateral Agreement"), the obligations under the Subordinated Term Loan are guaranteed by Millennium and are secured by a first priority security interest in all of the Company's assets and Millennium's assets, now existing or hereafter acquired. (See Note 17).

Due to Minority Member

As of December 31, 2015 and 2014, there was \$89,691 due to a minority member which was owed in connection with the settlement of the member's interests. During 2016, the Company agreed to pay an additional \$208,309 to settle this member's claims.

Notes Payable – related parties

On October 3, 2014, MediGain acquired all of the membership interests in Millennium for a total purchase consideration of \$14,141,434, inclusive of a working capital adjustment of \$887,164 and a cash payment of \$12,094,416. The previous owners then became employees of Millennium. Included in the purchase consideration to one of the sellers was a payment contingent on continued employment with Millennium. Promissory notes were also issued at the acquisition date. As of December 31, 2015 and 2014, the value of the outstanding notes payable to related parties was \$504,040 and \$1,176,921, respectively.

Notes Payable – Other

The outstanding balance on notes payable – other as of December 31, 2015 and 2014 was as follows:

	<u>Original note balance</u>	<u>Outstanding balance, December 31,</u>		<u>Interest rate</u>
		<u>2015</u>	<u>2014</u>	
Balboa Capital Corporation	\$ 89,305	\$ 39,605	\$ 70,169	6.60% - 13.75%
Navitas Team Leasing	99,348	74,557	91,494	10.03%
OneWorld Business Finance, LLC	43,464	32,345	39,330	13.48%
Royal Bank	48,038	-	5,543	8.97%
Key Equipment Finance	29,724	-	5,782	17%
Totals	<u>\$ 309,879</u>	<u>\$ 146,507</u>	<u>\$ 212,318</u>	

The outstanding debt balance as of December 31, 2015 and 2014 was as follows:

<u>Description</u>	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Prudential senior secured notes	\$ 9,875,000	\$ 10,000,000
Prudential subordinated term loan	16,773,672	14,100,000
Long-term debt in default	26,648,672	24,100,000
Notes payable - other	146,507	212,318
Notes payable - related parties	504,040	1,176,921
Due to minority member	89,691	89,691
Totals	<u>\$ 27,388,910</u>	<u>\$ 25,578,930</u>

11. MEMBERS' EQUITY TRANSACTIONS

Capitalization

Pursuant to the October 3, 2014 Amended and Restated MediGain, LLC Company Agreement (the "LLC Agreement"), certain amendments were executed to allow for certain new members to be included as members into the Company and for others to become dissolved. Pursuant to the LLC agreement, the following membership structure was formed: 20,554,477 Class A common units, 4,000,000 Preferred Units valued at \$4,000,000 and 5,380,286 Class W common units for a deemed consideration as defined in the LLC Agreement. During 2015, additional Class A common units were issued, however, no amendment was made to the LLC Agreement authorizing the additional units. All such units have been recorded in the consolidated balance sheets as issued and outstanding. Also during the year ended December 31, 2014, Chiron Point Investment Fund I ("Chiron") was issued 5,000,000 Class A common units.

During the year ended December 31, 2015, 750,000 Class A common units were disposed of by Chiron and were reissued equally to three new investors. Chiron was also issued 649,960 new Class A common units.

Preferred Units

In connection with the Subordinated Term Loan (see Note 10), the Subordinated Lenders contributed \$4,000,000 and 806,833 class W units in exchange for 4,000,000 Preferred Units. The Preferred Units receive a preferred annual return equal to 8% (the "Return Payments") of the outstanding balance. Any Return Payments not paid are compounded quarterly and accumulate until such time as they are paid. During the years ended December 31, 2015 and 2014, the Company did not make any Return Payments on the Preferred Units. As of December 31, 2015 and 2014, the accumulated unpaid Return Payments on the participating Preferred Units totaled \$400,000 and \$80,000, respectively, excluding compound interest. The liquidation preference of the Preferred Units is \$4,400,000 and \$4,080,000 as of December 31, 2015 and 2014, respectively. Such amounts are not included as liabilities in the consolidated balance sheets.

During the year ended December 31, 2014, the Company recognized \$160,000 of syndication expenses related to the Preferred Units, which was partially charged to Additional Paid in Capital and the balance was charged to Accumulated Deficit.

Voting Rights

All members are entitled to vote. Each Preferred Unit, Class W common Unit and Class A common Unit has one vote.

Allocation

Earnings and losses of the Company are allocated to the Members according to the formula set forth in the LLC Agreement, so that the capital account of each member is equal to the amount that would be distributed to each member if the Company were to liquidate.

Distributions and Liquidation

Distributions, including liquidation distributions, have the following priority preferences: (a) first, to members with unpaid tax distributions (b) second, to any members who may have been issued units with preferential rights, (c) third, to members based on their percentage interests.

12. COMMITMENTS AND CONTINGENCIES

Legal Proceedings—The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made, and records a liability when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the business, financial condition, or results of operations, except for one legal claim amounting to \$400,000 which was accrued as of December 31, 2015. However, even if the Company is successful on the merits, any pending or future lawsuits, claims or proceedings could be time-consuming and expensive to defend or settle and could result in the diversion of significant management time and operational resources, which could materially and adversely affect the Company. In addition, it is possible that an unfavorable resolution of one or more of such proceedings could in the future materially and adversely affect the Company's financial position, results of operations or cash flows.

Leases — The Company leases certain office space and other facilities under operating leases expiring through 2020. Certain of these leases contain renewal options.

Future minimum lease payments under non-cancelable operating leases for office space and equipment as of December 31, 2015 are as follows:

Years ending December 31	
2016	\$ 1,017,929
2017	1,002,513
2018	1,011,547
2019	721,890
2020	726,340
Thereafter	296,000
	<u>\$ 4,776,219</u>

Total rental expense, included in direct operating costs and general and administrative expense in the consolidated statements of operations, including amounts for related party leases described in Note 13, amounted to \$1,256,494 and \$1,317,400 for the years ended December 31, 2015 and 2014, respectively.

Guarantees — On June 21, 2013, the Company provided a guarantee to a Sri Lankan bank in connection with a \$1 million loan received by an entity owned by a majority member. On May 20, 2014, the Company provided a guarantee to another Sri Lankan bank in connection with a \$3.5 million loan received by an entity owned by a majority member.

13. RELATED PARTIES

The Company had a management services agreement with affiliated companies in India and Sri Lanka. Under the terms of the agreements, the foreign affiliates performed the coding and billing services for the Company's customers and performed accounting duties for the Company. For these services, the Company was required to pay fees to cover the cost of the services provided as well as cover the cost of other operating expenses of the affiliates. The management fees were payable at the end of each month. The amount of the management fees paid for the year ended December 31, 2015 and 2014 related to direct operating costs and general and administrative expenses were \$7,158,657 and \$4,884,801, respectively, which included amounts paid to the affiliate that were reimbursements for third party vendors. At December 31, 2015 and 2014, the Company had an outstanding payable under the management services agreement of \$388,042 and \$934,859, respectively, which includes reimbursements for third party vendors.

During October 2015, the Company created a wholly-owned subsidiary in India, and discontinued utilizing the services of the Indian affiliate. During March 2016, the Indian subsidiary created a wholly-owned subsidiary in Sri Lanka and the Company discontinued utilizing the services of the Sri Lankan affiliate.

A minority shareholder of the Company is also a customer of the Company. The amount of revenue recognized from this customer was \$61,767 and \$60,814 during the years ended December 31, 2015 and 2014, respectively. The receivable outstanding from this customer was \$4,882 and \$7,175 as of December 31, 2015 and 2014, respectively.

A minority shareholder is also closely related to a customer and this customer is also a vendor of the Company. The amount of revenue recognized from this customer was \$45,394 and \$47,663 during the years ended December 31, 2015 and 2014, respectively. The receivable outstanding was \$6,358 and \$8,113 at December 31, 2015 and 2014, respectively. The amount of expense recognized from this entity was \$62,300 and \$60,484 during the years ended December 31, 2015 and 2014, respectively. The payable outstanding was \$5,217 as of December 31, 2015. There was no payable outstanding as of December 31, 2014.

The Company has notes payable to related parties of \$504,040 and \$1,176,921 as of December 31, 2015 and 2014, respectively (see Note 10). Included in general and administrative expense is \$395,864 and \$181,827 of salary expense paid to members during the year ended December 31, 2015 and 2014, respectively. Also included in general and administrative expense is rent paid to an employee of \$96,000 and \$56,000 for the years ended December 31, 2015 and 2014, respectively.

14. EMPLOYEE BENEFIT PLANS

The Company has a qualified 401(k) plan covering all U.S. employees who have completed six months of service. This plan provides for matching contributions by the Company equal to 50% of applicable employee contribution up to an employer maximum of \$1,000 annually. The value of employer matching contributions to the plan and any earnings are vested as follows:

Years of employment	% vested of employer contribution
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Employer contributions to the plan for the years ended December 31, 2015 and 2014 were \$87,966 and \$2,570, respectively.

15. UNIT-BASED COMPENSATION

The Company has authorized options for employees to purchase up to 1,000,000 Class A common Units under the 2011 Unit Option Plan (the "2011 Plan"). Options are granted to key personnel for the purchase of the Company's Class A common Units at prices not less than the fair market value of the units on the date of grant. The options granted under the 2011 Plan generally expire at the date specified by the Board of Members at the grant date, but no more than ten years from the date of grant.

The fair value for the Company's options was estimated at the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates ranges of assumptions for inputs disclosed below. Expected volatilities are based on similar industry-sector indices and individual public companies, with similar business to the Company. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that the options are granted and are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of valuation.

Assumptions used for units options issued in 2014:

Risk-free interest rate	1.80%
Dividend yield	0.00%
Stock price volatility	45.00%
Expected life (years)	7
Weighted-average estimated fair value per share	\$ 1.35

Unit compensation expense for the years ended December 31, 2015 and 2014 was \$18,910 and \$4,876, respectively.

The Company's outstanding option activity was as follows for the years ended December 31, 2015 and 2014:

	Outstanding options	Weighted average exercise price
Balance, January 1, 2014	855,000	\$ 0.07
Granted	75,000	1.00
Balance, December 31, 2014	930,000	0.15
Forfeited	(14,688)	(0.06)
Balance, December 31, 2015	915,312	\$ 0.15

The Company's non-vested options activity was as follows for the years ended December 31, 2015 and 2014:

	Non-vested options	Weighted average exercise price
Balance, January 1, 2014	385,938	\$ 0.08
Granted	75,000	1.00
Vested	(157,500)	(0.08)
Balance, December 31, 2014	303,438	0.31
Vested	(175,000)	(0.17)
Forfeited	(14,688)	(0.06)
Balance, December 31, 2015	113,750	\$ 0.56

16. INCOME TAXES

The Company is a Texas limited liability company (LLC) and is not required to pay federal income tax. Accordingly, no federal income tax expense has been recorded in the consolidated financial statements for the years ended December 31, 2015 and 2014. The Company's federal taxable income is included in the personal tax returns of the Members; however, the Company pays state income and franchise taxes as part of a combined filing of affiliated entities. State income tax expense for the year ended December 31, 2015 and 2014, was \$53,860 and \$53,775, respectively.

The Company applies ASC 740-10, "Income Taxes," in establishing standards for accounting for uncertain tax positions. The Company evaluates uncertain tax positions with the presumption of audit detection and applies a "more likely than not" standard to evaluate the recognition of tax benefits or provisions. ASC 740-10 applies a two-step process to determine the amount of tax benefits or provisions to record in the consolidated financial statements. First, the Company determines whether any amount may be recognized and then determines how much of a tax benefit or provision should be recognized. As of December 31, 2015 and 2014, the Company has no uncertain tax positions. Accordingly, the Company has not recognized any penalty, interest or tax impact related to uncertain tax positions.

17. SUBSEQUENT EVENTS

In accordance with ASC 855 "Subsequent Events", the Company has evaluated events and transactions occurring subsequent to December 31, 2015, the balance sheet date, through November 29, 2016, the date the consolidated financial statements were available to be issued.

In March 2016, MediGain India formed a wholly-owned subsidiary in Colombo, Sri Lanka, RCM-MediGain Colombo Private Limited ("MediGain Sri Lanka"). The Indian and Sri-Lankan entities provide billing and administrative support to the Company.

On October 3, 2016, MTBC Acquisition, Corp. ("MAC") acquired substantially all the medical billing business and assets of MediGain and Millennium. The assets were acquired through a strict foreclosure process whereby MAC acquired the Senior Secured Notes which were collateralized by the assets of MediGain and Millennium. MAC then entered into a strict foreclosure agreement with MediGain and Millennium whereby the parties agreed that substantially all the assets securing the Senior Secured Notes would be transferred to MAC in satisfaction of the outstanding obligations under the Senior Secured Notes. As part of the agreement, MAC acquired the assets as well as certain liabilities expressly assumed. Cash and certain causes of action relating to pre-closing matters were excluded from the acquired assets and were retained by MediGain and Millennium.

MEDIGAIN, LLC AND SUBSIDIARIES

TABLE OF CONTENTS

	<u>Page</u>
Condensed Consolidated Financial Statements:	
Condensed Consolidated Balance Sheets at September 30, 2016 and December 31, 2015	2
Condensed Consolidated Statements of Operations for the nine months ended September 30, 2016 and 2015	3
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015	4
Notes to Condensed Consolidated Financial Statements	5

MEDIGAIN LLC, AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>September 30, 2016</u> (Unaudited)	<u>December 31, 2015</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 290,106	\$ 759,621
Accounts receivable - net of allowance for doubtful accounts of \$472,616 and \$511,737 at September 30, 2016 and December 31, 2015, respectively	2,237,274	3,043,576
Prepaid expenses and other current assets	188,141	154,904
Total current assets	2,715,521	3,958,101
Property and equipment - net	1,020,602	1,111,272
Intangible assets - net	3,268,148	4,571,931
Other assets	215,302	199,704
TOTAL ASSETS	\$ 7,219,573	\$ 9,841,008
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,294,018	\$ 1,094,561
Accrued compensation	593,826	534,144
Accrued expenses	1,309,052	1,309,120
Accrued interest	6,650,107	3,709,048
Borrowings under line of credit	5,450,000	3,000,000
Capital lease obligations (current portion)	183,481	202,149
Due to minority member (current portion)	76,107	40,000
Notes payable - related parties (current portion)	-	504,040
Notes payable - other (current portion)	47,554	58,800
Long-term debt (Note 10)	26,860,570	26,648,672
Total current liabilities	43,464,715	37,100,534
Capital lease obligations	29,043	174,874
Due to minority member	133,627	49,691
Notes payable - other	56,099	87,707
Deferred rent	323,971	379,811
Total liabilities	44,007,455	37,792,617
COMMITMENTS AND CONTINGENCIES (Note 12)		
MEMBERS' DEFICIT:		
Series A preferred units, par value \$1.00 per unit - 4,000,000 units outstanding at September 30, 2016 and December 31, 2015	4,000,000	4,000,000
Class A common units - 21,004,437 and 21,204,437 units outstanding at September 30, 2016 and December 31, 2015, respectively	5,595,427	5,803,736
Class W common units - 4,573,453 units outstanding at September 30, 2016 and December 31, 2015	-	-
Additional paid-in capital	26,835	18,910
Accumulated deficit	(46,386,811)	(37,750,922)
Less: 166,667 Class A common units held in treasury, at cost at September 30, 2016 and December 31, 2015	(23,333)	(23,333)
Total members' deficit	(36,787,882)	(27,951,609)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$ 7,219,573	\$ 9,841,008

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

MEDIGAIN LLC, AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Nine months ended September 30,	
	2016	2015
NET REVENUE	\$ 14,327,436	\$ 19,034,681
OPERATING EXPENSES:		
Direct operating costs	12,038,700	14,120,500
Selling and marketing	984,965	1,384,934
General and administrative	4,922,077	5,653,810
Depreciation and amortization	1,515,424	1,930,886
Total operating expenses	<u>19,461,166</u>	<u>23,090,130</u>
OPERATING LOSS	(5,133,730)	(4,055,449)
OTHER:		
Interest expense	(3,461,426)	(2,907,203)
Other income (expense) – net	19,572	(481,897)
LOSS BEFORE INCOME TAXES	(8,575,584)	(7,444,549)
Income tax provision	60,305	70,168
NET LOSS	<u>\$ (8,635,889)</u>	<u>\$ (7,514,717)</u>
Loss per common unit:		
Basic and diluted loss per Class A common unit	\$ (0.41)	\$ (0.36)
Weighted-average basic and diluted Class A common units outstanding	21,104,437	20,879,457

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

MEDIGAIN LLC, AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015 (UNAUDITED)

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES:		
Net loss	\$ (8,635,889)	\$ (7,514,717)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,515,424	1,930,886
Deferred rent	(55,840)	(18,351)
Provision for doubtful accounts, net of write offs	(39,121)	(218,590)
Unit-based compensation expense	7,925	3,526
Changes in operating assets and liabilities:		
Accounts receivable	845,423	479,149
Prepaid expenses and other current assets	(48,835)	(126,316)
Accounts payable and other liabilities	4,412,028	2,647,016
Net cash used in operating activities	<u>(1,998,885)</u>	<u>(2,817,397)</u>
INVESTING ACTIVITIES:		
Capital expenditures	(120,970)	(429,393)
Net cash used in investing activities	<u>(120,970)</u>	<u>(429,393)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of Class A common units	-	550,000
Proceeds from line of credit	2,450,000	1,750,000
Repayments of capital leases	(164,499)	(125,262)
Repayments of due to minority member	(88,267)	-
Repayments of notes payable - other	(42,854)	(52,043)
Repayments of notes payable - related parties	(504,040)	(420,682)
Proceeds from long term debt	-	3,150,602
Repayments of long term debt	-	(734,960)
Net cash provided by financing activities	<u>1,650,340</u>	<u>4,117,655</u>
NET (DECREASE) INCREASE IN CASH	(469,515)	870,865
CASH - Beginning of the period	759,621	522,943
CASH - End of period	<u>\$ 290,106</u>	<u>\$ 1,393,808</u>
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:		
Equipment financing under capital leases	\$ -	\$ 146,793
Interest expense capitalized to debt	\$ 211,898	\$ 211,917
Notes payable to minority member, including prior year accrual	\$ 258,000	\$ -
SUPPLEMENTAL INFORMATION - Cash paid during the period for:		
Income taxes	\$ 52,362	\$ 31,922
Interest	<u>\$ 33,747</u>	<u>\$ 630,753</u>

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

MEDIGAIN, LLC AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

1. ORGANIZATION AND BUSINESS

MediGain, LLC (and together with its subsidiaries, “MediGain” or the “Company”) was formed on January 22, 2004 as MediGain, Inc. and converted to a Texas limited liability company on October 31, 2011. During October 2014, MediGain purchased Millennium Practice Management, LLC, (“Millennium”) which became a wholly-owned subsidiary at that time. MediGain formed a wholly-owned subsidiary in India, RCM-MediGain India Private Limited (“MediGain India”), in October 2015. In March 2016, MediGain India formed a wholly-owned subsidiary in Colombo, Sri Lanka, RCM-MediGain Colombo Private Limited (“MediGain Sri Lanka”). The Indian and Sri-Lankan entities provide billing and administrative support to the Company.

These condensed consolidated financial statements represent the consolidated activity of MediGain, LLC and its subsidiaries.

The Company is a full-service medical billing and reimbursement revenue cycle management provider which provides services such as process mapping, revenue cycle workflow, management of customer accounts, and business intelligence and analytical reporting to assist in managing a client’s business.

2. GOING CONCERN

The Company has senior secured notes, a subordinated term loan and a line of credit payable to a lender with outstanding principal balances of \$9,875,000, \$16,985,570 and \$5,450,000 at September 30, 2016, respectively, and \$9,875,000, \$16,773,672 and \$3,000,000 at December 31, 2015, respectively, which are in default since the financial covenants contained in the credit agreement were not met during the nine months ended September 30, 2016 and December 31, 2015. The default on these notes have caused them to become currently due, for an amount significantly in excess of the Company’s cash position, which creates an uncertainty about the Company’s ability to continue as a going concern. The amounts due have been recorded as a current liability in the condensed consolidated balance sheets at September 30, 2016 and December 31, 2015. The ability of the Company to continue as a going concern is dependent upon refinancing these obligations. If the Company is unable to refinance these notes payable, the Company may be forced to curtail or discontinue operations. The condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. (See Note 17).

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting and as required by Regulation S-X, Rule 10-01. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of the Company’s management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of items of a normal and recurring nature) necessary to present fairly the Company’s financial position as of September 30, 2016, the results of operations for the nine months ended September 30, 2016 and 2015 and cash flows for the nine months ended September 30, 2016 and 2015. The results of operations for the nine months ended September 30, 2016 and 2015 are not necessarily indicative of the results to be expected for the full year. When preparing financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

The condensed consolidated balance sheet as of December 31, 2015 was derived from our audited consolidated financial statements.

Principles of Consolidation — The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates — The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions made by management include, but are not limited to: (1) impairment of long-lived assets; (2) depreciable lives of assets; (3) allowance for doubtful accounts; (4) fair value of identifiable purchased tangible and intangible assets and (5) unit-based compensation. Actual results could significantly differ from those estimates.

Revenue Recognition — The Company recognizes revenue when there is evidence of an arrangement, the service has been provided to the customer, the collection of the fees is reasonably assured and the amount of fees to be paid by the customer is fixed or determinable. Net revenue recorded in the condensed consolidated statements of operations represents gross billings after deducting credits and refunds.

Medical Billing

The Company bills its customers on a monthly basis, in arrears. Fees charged to customers for the services provided are typically based on a percentage of net collections on the Company's clients' accounts receivable. The Company does not recognize revenue for service fees until the Company has received notification that a claim has been accepted and the amount which the physician will collect is determined, as the fees are not fixed and determinable until such time.

The Company's revenue arrangements generally do not include a general right of return for services provided.

Direct Operating Costs — Direct operating costs consist primarily of salaries and benefits related to personnel who provide services to clients, claims processing costs, and other direct costs related to the Company's services. Costs associated with the implementation of new clients are expensed as incurred. The reported amounts of direct operating costs include allocated amounts for rent and overhead costs. Depreciation and amortization have not been allocated and are presented separately in the condensed consolidated statements of operations.

Internal-Use Software Costs—The Company capitalizes certain development costs incurred in connection with its internal-use software. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of intangible assets. Maintenance and training costs are expensed as incurred. Internal-use software is amortized on a straight line basis over its estimated useful life which is generally five years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Costs capitalized for the internal-use software during the nine months ended September 30, 2015 were \$341,161. The internal-use software did not fulfill its intended purpose and the costs capitalized were considered fully impaired in the fourth quarter of 2015 and were written off at that time. No costs related to internal-use software were capitalized during the nine months ended September 30, 2016.

Selling and Marketing Expenses – Selling and marketing expenses consist primarily of compensation and benefits, travel and advertising expenses and are expensed as incurred.

Advertising Costs— The Company expenses advertising costs as incurred. The Company incurred advertising costs of \$158,506 and \$156,240 during the nine months ended September 30, 2016 and 2015, respectively, which are included in selling and marketing expenses in the condensed consolidated statements of operations.

Cash and Cash Equivalents– The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash deposits with federally insured financial institutions that may, at times, exceed federally insured limits. The Company has not incurred any losses from such accounts, and management considers the risk to be minimal.

Accounts Receivable — Accounts receivable are stated at their net realizable value. Accounts receivable are presented on the condensed consolidated balance sheets net of an allowance for doubtful accounts, which is established based on reviews of receivable balances, an assessment of the customers' current creditworthiness and the probability of collection. Accounts are written off when it is determined that collection of the outstanding balance is no longer possible.

The changes in the allowance for doubtful accounts for the nine months ended September 30, 2016 and for the year ended December 31, 2015 were as follows:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Beginning balance	\$ 511,737	\$ 698,192
Provision	7,379	166,134
Write-offs	(46,500)	(352,589)
Ending balance	<u>\$ 472,616</u>	<u>\$ 511,737</u>

Property and Equipment — Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated lives of the assets.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments, which extend the useful lives of the existing property and equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized in the condensed consolidated statements of operations.

The estimated useful lives for each major classification of depreciable property and equipment are as follows:

Furniture and fixtures	7 years
Computer equipment	3-5 years
Leasehold improvements	Remaining life of lease

The Company amortizes leasehold improvements over the lesser of the lease term or the economic life of those assets. Generally, the lease term is the base lease term plus certain renewal option periods for which renewal is reasonably assured and for which failure to exercise the renewal option would result in an economic penalty to the Company.

Intangible Assets — Intangible assets include customer contracts and relationships, covenants not-to-compete acquired in connection with acquisitions, and software purchase and development costs. Intangible assets with a definite life, which include customer relationships and non-compete agreements, are amortized on a straight-line basis over the estimated economic lives, which are reviewed annually.

There was no impairment of intangible assets during the nine months ended September 30, 2016 and 2015.

Evaluation of Long-Lived Assets—The Company reviews its property and equipment and intangible assets for impairment whenever changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. If the sum of undiscounted expected future cash flows is less than the carrying amount of the asset, the Company will recognize an impairment loss based on the fair value of the asset.

There was no impairment of property and equipment during the nine months ended September 30, 2016 and 2015.

Unit-Based Compensation —The Company recognizes compensation expense for options granted to purchase units based on the grant date fair value. Compensation expense is generally recognized on a straight-line basis over the vesting period.

Foreign Currency Transactions—The financial statements of the Company's foreign subsidiary in India and Sri Lanka are maintained in U.S. dollars, the Company's functional currency. Transaction adjustments related to the intercompany receivables are recorded in the consolidated statements of operations as they are not deemed to be permanently reinvested. Foreign currency transaction gains/losses are reported as a component of other (expense) income-net and amounted to a gain of \$19,807 for the nine months ended September 30, 2016. There were no foreign currency transaction gains/losses for the nine months ended September 30, 2015.

Business Combinations — The Company accounts for business combinations under the provisions of ASC 805, *Business Combinations*, which requires that the acquisition method of accounting be used for all business combinations. Assets acquired and liabilities assumed are recorded at the date of acquisition at their respective fair values. ASC 805 also specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported apart from goodwill. Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. Acquisition-related expenses are recognized separately from the business combinations and are expensed as incurred. If the business combination provides for contingent consideration, the Company records the contingent consideration at fair value at the acquisition date with changes in the fair value recorded through earnings.

Deferred Rent — Deferred rent consists of rent escalation payment terms related to the Company's operating leases for its facilities. Deferred rent represents the difference between actual operating lease payments due and straight-line rent expense, which is recorded by the Company over the term of the lease, including any construction period. The excess of the difference between actual operating lease payments due and straight-line rent expense is recorded as a deferred credit in the early periods of the lease when cash payments are generally lower than straight-line rent expense, and is reduced in the later periods of the lease when payments begin to exceed the straight-line expense.

Deferred Financing Costs—Transaction fees and costs totaling \$1,864,223 were paid during the year ended December 31, 2014 for the purpose of obtaining the Senior Term Notes, the Subordinated Term Loan, and the Revolving Credit Facility (the "Revolver"). The deferred loan costs were fully amortized during the year ended December 31, 2014 due to the default on the loans.

Fair Value Measurements — ASC 825, *Financial Instruments*, requires the disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. The Company follows a fair value measurement hierarchy to measure financial instruments. The fair value of the Company's financial instruments is measured using inputs from the three levels of the fair value hierarchy as follows:

- Level 1 — Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 — Inputs are directly or indirectly observable, which include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 — Inputs are unobservable inputs that are used to measure fair value to the extent observable inputs are not available.

The Company has certain financial instruments that are not measured at fair value on a recurring basis. These financial instruments are subject to fair value adjustments only in certain circumstances and include cash, notes receivable, accounts receivable, accounts payable and accrued expenses, borrowings under term loans and line of credit, and notes payable. Due to the short term nature of these financial instruments or that the borrowings bear interest at prevailing market rates, the carrying value approximates the fair value.

4. ACQUISITION

On October 3, 2014, MediGain acquired all of the membership interests in Millennium for a total purchase consideration of \$14,141,434, inclusive of a working capital adjustment of \$887,164 and a cash payment of \$12,094,416. Also included in the purchase consideration to the Seller was a payment contingent on the seller's employment with Millennium of \$700,000, which is required to be paid monthly in the amount of \$29,167 for two years or a lump sum of the remaining portion owed at time of the seller's termination of employment. The fair value of this liability was determined to be \$623,091 at the acquisition date using the implicit interest rate of 11.51% per annum. Promissory notes were also issued at the acquisition date with a fair value of \$536,763. The acquisition has been accounted for using the purchase method of accounting in accordance with ASC 805, "Business Combinations." The purchase consideration was allocated to the net assets acquired based on their respective fair values, as determined by management in conjunction with a third party consultant, as follows:

Fair value of operating assets acquired:

Cash and cash equivalents	\$ 250,000
Accounts receivable	1,730,230
Property and equipment	235,546
Other assets	160,729
Total operating assets acquired	2,376,505

Fair value of intangible assets acquired:

Software	521,250
Non-compete agreements	2,505,660
Customer relationships	3,901,300
Goodwill	5,495,859
Total intangible assets acquired	12,424,069
Total assets acquired	\$ 14,800,574

Fair value of liabilities assumed:

Accounts payable	\$ (518,265)
Accrued liabilities	(140,875)
Total liabilities assumed	\$ (659,140)

Total purchase consideration	\$ 14,141,434
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The total purchase price consisted of the following:

Cash paid to seller	\$ 12,094,416
Working capital adjustment	887,164
Contingent payment	623,091
Promissory notes issued to seller	536,763
Total purchase price	\$ 14,141,434

The amount allocated to goodwill was determined by the excess of the purchase consideration over the tangible and identifiable net assets acquired. Based on management's estimates and an independent third party valuation, the non-compete agreement and customer relationships were valued as definite life identifiable intangible assets purchased at acquisition and are being amortized over 4 to 5 years.

This transaction, along with the related transaction and closing costs, was funded by Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company (together the "Senior Lenders") who issued \$10,000,000 in Series A Senior Secured Notes ("Senior Term Notes") and a \$18,100,000 Subordinated Term Loan funded by Prudential Capital Partners IV, L.P., Prudential Capital Partners Management Fund IV, L.P. and Prudential Capital Partners IV, L.P. (together the "Subordinated Lenders"), of which \$4,000,000 and a portion of the Class W common units were converted to Series A Preferred Units ("Preferred Units"). The Senior Lenders and the Subordinated Lenders are collectively "Prudential". As part of the agreement for the Subordinated Term Loan, the Subordinated Lenders were issued 5,380,286 Class W common Units and 4,000,000 Preferred Units.

Furthermore, the two sellers of Millennium were issued subordinated promissory notes in the amount of \$510,000 and \$90,000, respectively, as part of the purchase price consideration. The total combined fair value of these subordinated promissory notes was determined to be \$536,763. The Company also paid \$1,864,223 of debt issuance fees associated with the Senior Term Note and the Subordinated Note. The deferred loan costs were fully amortized in 2014 due to the default on the loans from Prudential.

5. INTANGIBLE ASSETS – NET

Intangible assets as of September 30, 2016 and December 31, 2015 consisted of the following:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Software	953,998	947,295
Covenant not to compete	2,701,371	2,701,371
Customer relationships	5,304,316	5,304,316
Total intangible assets	8,959,685	8,952,982
Less: Accumulated amortization	(5,691,537)	(4,381,051)
Intangible assets - net	<u>3,268,148</u>	<u>4,571,931</u>

Amortization expense was \$1,310,486 and \$1,744,020 for the nine months ended September 30, 2016 and 2015, respectively. The weighted average amortization period is 2 years.

As of September 30, 2016, future amortization expense scheduled to be expensed is as follows:

Years ending	
December 31	
2016 (three months)	\$ 426,437
2017	1,565,463
2018	933,008
2019	338,817
2020	4,423
	<u>\$ 3,268,148</u>

6. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2016 and December 31, 2015 consisted of the following:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Computers	\$ 1,296,001	\$ 1,213,805
Office furniture	460,007	437,943
Leasehold improvements	52,325	42,317
Total property and equipment	1,808,333	1,694,065
Less: accumulated depreciation	(787,731)	(582,793)
Property and equipment – net	<u>\$ 1,020,602</u>	<u>\$ 1,111,272</u>

Depreciation expense was \$204,938 and \$186,866 for the nine months ended September 30, 2016 and 2015, respectively.

7. CONCENTRATIONS

Financial Risks — Concentrations of credit risk with respect to trade accounts receivable are managed by periodic credit evaluations of customers. The Company does not require collateral for outstanding trade accounts receivable. No one customer accounts for a significant portion of the Company's trade accounts receivable portfolio and write-offs have not been significant. During the nine months ended September 30, 2016 and 2015, there was one customer with sales of approximately 15% and 10%, respectively, of the total.

Geographical Risks — The Company's offices in India and Sri Lanka conduct significant back-office operations for the Company. The Company has no revenue earned outside of the United States. The Company's operations in India and Sri Lanka are subject to special considerations and significant risks not typically associated with companies in the United States. The Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in India and Sri Lanka and by the general state of India's and Sri Lanka's economy. The Company's results may be adversely affected by, among other things, changes in governmental policies with respect to laws and regulations, changes in India's and Sri Lanka's telecommunications industry, regulatory rules and policies, anti-inflationary measures, currency conversion and remittance abroad and rates and methods of taxation.

8. ACCRUED EXPENSES

Accrued expenses consist of the following as of September 30, 2016 and December 31, 2015:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Accrued compensated absences	\$ 271,158	\$ 316,475
Accrued legal fees	417,269	457,371
Franchise tax payable	49,567	41,623
Accrued other	571,058	493,651
Total	<u>\$ 1,309,052</u>	<u>\$ 1,309,120</u>

9. CAPITAL LEASES

Certain non-cancelable leases are classified as capital leases and the leased assets are included as part of property and equipment, at cost. Such leasing arrangements involve equipment leases. Details of the capitalized leased assets are as follows as of September 30, 2016 and December 31, 2015:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Leased Computer Equipment		
Computer Equipment	\$ 600,521	\$ 600,521
Less: accumulated depreciation/amortization	(235,697)	(143,674)
Net capitalized leased assets	<u>\$ 364,824</u>	<u>\$ 456,846</u>

Estimated future minimum lease payments required under these capital leases are as follows as of September 30, 2016:

Years ending		
December 31		
2016 (three months)	\$	50,841
2017		160,651
2018		13,368
Total minimum lease payments		224,860
Less: amount representing interest		(12,336)
Present value of minimum lease payments		212,524
Less: current portion		(183,481)
Future principal payments	\$	29,043

The equipment cost and lease obligations outstanding at September 30, 2016 and December 31, 2015 are as follows:

September 30, 2016			
Lessor	Lease terms	Equipment Cost	Outstanding Lease Obligations
MailFinance	11/1/14 to 10/15/17	\$ 8,960	3,928
Lenovo Financial Services	7/1/14 to 11/13/16	2,174	319
Great America Financial Services	7/1/14 to 7/22/18	8,311	4,414
Dell Financial Services	5/1/14 to 10/1/18	543,126	185,330
Global Financial Solutions	8/1/14 to 6/5/17	37,950	18,533
Totals		\$ 600,521	212,524

December 31, 2015			
Lessor	Lease terms	Equipment Cost	Outstanding Lease Obligations
MailFinance	11/1/14 to 10/15/17	8,960	\$ 6,030
Lenovo Financial Services	7/1/14 to 11/13/16	2,174	991
Great America Financial Services	7/1/14 to 7/22/18	8,311	5,826
Dell Financial Services	5/31/14 to 10/1/18	543,126	336,722
Global Financial Solutions	8/5/14 to 6/5/17	37,950	27,454
Totals		600,521	\$ 377,023

10. DEBT

Promissory Notes

On October 3, 2014, as part of the Millennium acquisition (see Note 4), the Company entered into promissory notes (the "Seller Notes") with the two sellers of Millennium, for a combined fair value principal balance of \$536,763 based on an implicit rate of 11.51% per annum. Beginning October 15, 2014, total monthly payments of \$25,000 were due on the Sellers Notes monthly until the maturity date, September 15, 2016. At December 31, 2015, the total balance outstanding on the Seller Notes was \$251,376. No amount was outstanding on these notes as of September 30, 2016.

Senior Term Notes

On October 3, 2014, as part of the Millennium acquisition, the Company entered into a Senior Secured Promissory Note Credit Agreement with the Senior Lenders. The Senior Term Loan Agreement provides for a senior secured promissory notes loan facility in the principal amount of \$20,000,000 in Series A and Series B Senior Secured Notes. The Company utilized \$10,000,000 of the facility, consisting of a \$7,000,000, five-year senior secured term loan and a \$3,000,000, five-year senior secured term loan (together the "Senior Term Notes").

The Senior Term Notes bear interest on the unpaid principal balance at a rate of LIBOR plus 7%, with a LIBOR floor of 1% per annum and is payable monthly beginning October 2014. Principal payments are due quarterly beginning January 3, 2015 at \$125,000 per quarter until October 3, 2016; \$250,000 per quarter until October 3, 2017; \$375,000 per quarter until July 3, 2019 with the remaining principal balance due on the maturity date, October 3, 2019. As of September 30, 2016 and December 31, 2015, the principal balance outstanding on the Senior Term Notes was \$9,875,000. At September 30, 2016 and December 31, 2015, there was \$1,804,847 and \$1,201,889, respectively, of accrued interest payable relating to the Senior Term Notes which is included in accrued interest in the condensed consolidated balance sheets.

At September 30, 2016 and December 31 2015, the Senior Term Notes were in default and classified as a current liability in the consolidated balance sheets. As a result of the default, the Company is subject to a default interest rate of the greater of 16% or 2% over the prime rate.

Revolving Loan

On October 3, 2013, the Company entered into a \$3,000,000 revolving loan (the "Revolver") with the Senior Lenders. During February 2016, the Revolver was increased to \$7,250,000. The Revolver bears interest on the unpaid principal balance at a rate of LIBOR plus 7% with a LIBOR floor of 1% per annum. Interest on the Revolver is payable monthly beginning October 2014 and all principal and accrued interest is due at maturity on October 3, 2019. As of September 30, 2016 and December 31, 2015, \$5,450,000 and 3,000,000, respectively, was outstanding on the Revolver.

At September 30, 2016 and December 31 2015, the Revolver was in default and classified as a current liability in the consolidated balance sheets. As a result of the default, the Company is subject to a default interest rate of the greater of 16% or 2% over the prime rate.

Subordinated Term Loan

On October 3, 2014, as part of the Millennium acquisition, the Company entered into a \$18,100,000 Subordinated Term Loan funded by Prudential out of which \$4,000,000 of the debt and the Class W common units were converted to Preferred Units. As part of the agreement for the Subordinated Term Loan the Subordinated Lenders were issued 5,380,286 Class common W Units and 4,000,000 Preferred Units. The Subordinated Term Loan matures on October 3, 2020 and accrues interest at 14% per annum. At the Company's discretion, 2% of the accrued interest from the prior interest payment date can be paid-in-kind and added to the principal amount of the Subordinated Term Loan, on a quarterly basis. As of December 31, 2015, the Company had accrued approximately \$282,593 of paid-in-kind interest that was capitalized on January 3, 2015 by increasing the principal amounts of the Subordinated Term Loan, and as of September 30, 2016, the Company had accrued approximately \$494,491 of paid-in-kind interest that was capitalized on October 3, 2016. The Subordinated Term Loan is subject to certain covenants, including certain profitability ratios and reporting requirements as defined by the credit agreement. As of September 30, 2016 and December 31, 2015, the Company was in default due to not meeting the financial covenants defined by the credit agreement. The balance outstanding on the Subordinated Term Loan at September 30, 2016 and December 31, 2015 was \$16,985,570 and \$16,773,672, respectively. As a result of the default, the Company is subject to a default interest rate of the greater of 16% or 2% over the prime rate.

Pursuant to a Guarantee and Collateral Agreement (the "Collateral Agreement"), the obligations under the Subordinated Term Loan are guaranteed by Millennium and are secured by a first priority security interest in all of the Company's assets and Millennium's assets, now existing or hereafter acquired. (See Note 17.)

Notes Payable – related parties

On October 3, 2014, MediGain acquired all of the membership interests in Millennium for a total purchase consideration of \$14,141,434, inclusive of a working capital adjustment of \$887,164 and a cash payment of \$12,094,416. The previous owners then became employees of Millennium. Included in the purchase consideration to one of the sellers was a payment contingent on continued employment with Millennium. Promissory notes were also issued at the acquisition date. As of December 31, 2015, the value of the outstanding notes payable - related parties was \$504,040. No amount was payable to these related parties as of September 30, 2016.

Amounts due to minority member

The Company has amounts due in the form of notes payable to a minority member of \$209,734 as of September 30, 2016 in connection with the settlement of the member's interests. As of September 30, 2016, the notes are payable in 32 equal installments with interest at 6% per annum. As of December 31, 2015, there was \$89,691 due to this minority member which was owed prior to the settlement of the member's interests.

Notes Payable – other

The outstanding balance on notes payable – other as of September 30, 2016 and December 31, 2015 was as follows:

	Original note balance	Outstanding balance		Interest rate
		September 30, 2016	December 31, 2015	
Balboa Capital Corporation	\$ 89,305	\$ 15,866	\$ 39,605	6.60% - 13.75%
Navitas Team Leasing	99,348	60,698	74,557	10.03%
OneWorld Business Finance, LLC	43,464	27,089	32,345	13.48%
Totals	<u>\$ 232,117</u>	<u>\$ 103,653</u>	<u>\$ 146,507</u>	

Total outstanding debt balance as of September 30, 2016 and December 31, 2015 was as follows:

Description	September 30, 2016	December 31, 2015
Prudential senior secured notes	\$ 9,875,000	\$ 9,875,000
Prudential subordinated term loan	16,985,570	16,773,672
Long-term debt in default	26,860,570	26,648,672
Notes payable - other	103,653	146,507
Notes payable - related parties	-	504,040
Due to minority member	209,734	89,691
Totals	<u>\$ 27,173,957</u>	<u>\$ 27,388,910</u>

11. MEMBERS' EQUITY TRANSACTIONS

Capitalization

Pursuant to the October 3, 2014 Amended and Restated MediGain, LLC Company Agreement (the "LLC Agreement"), certain amendments were executed to allow for certain new members to be included as members into the Company and for others to become dissolved. Pursuant to the LLC Agreement, the following membership structure was formed: 20,554,477 Class A common units, 4,000,000 Preferred Units valued at \$4,000,000 and 5,380,286 Class W common units for a deemed consideration as defined in the LLC agreement. During 2015, additional Class A common units were issued, however, no amendment was made to the LLC Agreement authorizing the additional units. All such units have been recorded in the condensed consolidated balance sheets as issued and outstanding.

During the year ended December 31, 2015, 750,000 Class A common units were disposed of by Chiron Point Investment Fund I ("Chiron") and were reissued equally to three new investors. Chiron was also issued 649,960 new Class A common units.

Preferred Units

In connection with the Subordinated Term Loan (see Note 10), the Subordinated Lenders contributed \$4,000,000 and 806,833 class W units in exchange for 4,000,000 Preferred Units. The Preferred Units receive a preferred annual return equal to 8% (the "Return Payment") of the outstanding balance. Any Return Payments not paid are compounded quarterly and accumulate until such time as they are paid. During the nine months ended September 30, 2016 and 2015, the Company did not make any Return Payments on the Preferred Units. As of September 30, 2016 and December 31, 2015, the accumulated unpaid Returns Payments on the participating Preferred Units totaled \$640,000 and \$400,000, respectively, excluding compound interest. The liquidation preference of the Preferred Units is \$4,640,000 and \$4,400,000 as of September 30, 2015 and December 31, 2015, respectively. Such amounts are not included as liabilities in the condensed consolidated balance sheets.

Voting Rights

All members are entitled to vote. Each Preferred Unit, Class W common Unit and Class A common Unit has one vote.

Allocation

Earnings and losses of the Company are allocated to the Members according to the formula set forth in the LLC Agreement, so that the capital account of each member is equal to the amount that would be distributed to each member if the Company were to liquidate.

Distributions and Liquidation

Distributions, including liquidation distributions, have the following priority preferences: (a) first, to members with unpaid tax distributions (b) second, to any members who may have been issued units with preferential rights, (c) third, to members based on their percentage interests.

12. COMMITMENTS AND CONTINGENCIES

Legal Proceedings — The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made, and records a liability when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the business, financial condition, or results of operations, except for one legal claim amounting to \$400,000 which was accrued as of September 30, 2016 and December 31, 2015. However, even if the Company is successful on the merits, any pending or future lawsuits, claims or proceedings could be time-consuming and expensive to defend or settle and could result in the diversion of significant management time and operational resources, which could materially and adversely affect the Company. In addition, it is possible that an unfavorable resolution of one or more of such proceedings could in the future materially and adversely affect the Company's financial position, results of operations or cash flows.

Leases — The Company leases certain office space and other facilities under operating leases expiring through 2020. Certain of these leases contain renewal options.

Future minimum lease payments under non-cancelable operating leases for office space and equipment as of September 30, 2016 are as follows:

Years ending December 31		
2016 (three months)	\$	244,674
2017		1,008,463
2018		1,011,547
2019		721,890
2020		726,340
Thereafter		296,000
	\$	<u>4,008,914</u>

Total rental expense, included in direct operating costs and general and administrative expense in the condensed consolidated statements of operations, including amounts for related party leases described in Note 13, amounted to \$743,183 and \$735,631 for the nine months ended September 30, 2016 and 2015, respectively.

Guarantees — On June 21, 2013, the Company provided a guarantee to a Sri Lankan bank in connection with a \$1 million loan received by an entity owned by a majority member. On May 20, 2014, the Company provided a guarantee to another Sri Lankan bank in connection with a \$3.5 million loan received by an entity owned by a majority member.

13. RELATED PARTIES

The Company had a management services agreement with affiliated companies in India and Sri Lanka. Under the terms of the agreements, the foreign affiliates performed the coding and billing services for the Company's customers and performed accounting duties for the Company. For these services, the Company was required to pay fees to cover the cost of the services provided as well as cover the cost of other operating expenses of the affiliates. The management fees were payable at the end of each month.

The amount of the management fees paid for the nine months ended September 30, 2016 and 2015 recorded in both direct operating costs and general and administrative expenses were \$2,487,207 and \$5,132,949, respectively, which included amounts paid to the affiliate that were reimbursements for third party vendors. At September 30, 2016 and December 31, 2015, the Company had an outstanding payable under the management services agreement of \$1,283,484 and \$388,042, respectively, which includes reimbursements for third party vendors.

During October 2015, the Company created a wholly-owned subsidiary in India, and discontinued utilizing the services of the Indian affiliate. During March 2016, the Indian subsidiary created a wholly-owned subsidiary in Sri Lanka and the Company discontinued utilizing the services of the Sri Lankan affiliate.

A minority shareholder of the Company is also a customer of the Company. The amount of revenue recognized from this customer was \$46,700 and \$49,751 for the nine months ended September 30, 2016 and 2015, respectively. The receivable outstanding from this customer was \$4,479 and \$4,882 as of September 30, 2016 and December 31, 2015, respectively.

A minority shareholder is also closely related to a customer and this customer is also a vendor of the Company. The amount of revenue recognized from this customer was \$19,068 and \$35,115 for the nine months ended September 30, 2016 and 2015, respectively. The receivable outstanding was \$6,590 and \$6,358 at September 30, 2016 and December 31, 2015, respectively. The amount of expense recognized from this entity was \$10,434 and \$46,648 for the nine months ended September 30, 2016 and 2015, respectively. The payable outstanding was \$0 and \$5,217 as of September 30, 2016 and December 31, 2015.

The Company has amounts due to a minority member of \$209,734 and \$89,691 as of September 30, 2016 and December 31, 2015.

The Company has notes payable to related parties of \$504,040 as of December 31, 2015, which was fully paid during the nine months ended September 30, 2016 (see Note 10). Included in general and administrative expense is \$181,827 of salary paid to members during the nine months ended September 30, 2015. There were no salaries paid to members during the nine months ended September 30, 2016. Also included in general and administrative expense is rent paid to an employee of \$72,000 for both the nine months ended September 30, 2016 and 2015.

14. EMPLOYEE BENEFIT PLANS

The Company has a qualified 401(k) plan covering all U.S. employees who have completed six months of service. This plan provides for matching contributions by the Company equal to 50% of applicable employee contribution up to an employer maximum of \$1,000 annually. The value of employer matching contributions to the plan and any earnings are vested as follows:

Years of employment	% vested of employer contribution
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Employer contributions to the plan were \$61,078 and \$45,250 for the nine months ended September 30, 2016 and 2015, respectively.

15. UNIT-BASED COMPENSATION

The Company has authorized options for employees to purchase up to 1,000,000 of Class A common Units under the 2011 Unit Option Plan (the “2011 Plan”). Options are granted to key personnel for the purchase of the Company’s Class A common Units at prices not less than the fair market value of the shares on the date of grant. The stock options granted under the 2011 Plan generally expire at the date specified by the Board of Members at the grant date, but no more than ten years from the date of grant.

The fair value for the Company’s options was estimated at the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates ranges of assumptions for inputs disclosed below. Expected volatilities are based on similar industry-sector indices and individual public companies, with similar business to the Company. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that the options are granted and are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of valuation.

Unit compensation expense was \$7,925 and \$3,526 for the nine months ended September 30, 2016 and 2015, respectively.

The Company’s outstanding option activity was as follows for the year ended December 31, 2015 and the nine months ended September 30, 2016:

	Outstanding options	Weighted average exercise price
Balance, January 1, 2015	930,000	\$ 0.15
Forfeited	(14,688)	(0.06)
Balance, December 31, 2015	915,312	0.15
Forfeited	(57,188)	(0.88)
Balance, September 30, 2016	<u>858,124</u>	<u>\$ 0.10</u>

The Company’s non-vested options activity was as follows for the year ended December 31, 2015 and the nine months ended September 30, 2016:

	Non-vested options	Weighted average exercise price
Balance, January 1, 2015	303,438	\$ 0.31
Vested	(175,000)	(0.17)
Forfeited	(14,688)	(0.06)
Balance, December 31, 2015	113,750	0.56
Vested	(34,062)	(0.34)
Forfeited	(57,188)	(0.88)
Balance, September 30, 2016	<u>22,500</u>	<u>\$ 0.06</u>

16. INCOME TAXES

The Company is a Texas limited liability company (LLC) and is not required to pay federal income tax. Accordingly, no federal income tax expense has been recorded in the condensed consolidated financial statements for the nine months ended September 30, 2016 and 2015. The Company's federal taxable income is included in the personal tax returns of the Members; however, the Company pays state income and franchise taxes as part of a combined filing of affiliated entities. Income tax expense for the nine months ended September 30, 2016 and 2015, was \$60,305 and \$70,168, respectively.

The Company applies ASC 740-10, "*Income Taxes*," in establishing standards for accounting for uncertain tax positions. The Company evaluates uncertain tax positions with the presumption of audit detection and applies a "more likely than not" standard to evaluate the recognition of tax benefits or provisions. ASC 740-10 applies a two-step process to determine the amount of tax benefits or provisions to record in the condensed consolidated financial statements. First, the Company determines whether any amount may be recognized and then determines how much of a tax benefit or provision should be recognized. As of September 30, 2016 and 2015, the Company has no uncertain tax positions. Accordingly, the Company has not recognized any penalty, interest or tax impact related to uncertain tax positions.

17. SUBSEQUENT EVENT

In accordance with ASC 855 "*Subsequent Events*", the Company has evaluated events and transactions occurring subsequent to December 31, 2015, the balance sheet date, through November 29, 2016, the date the consolidated financial statements were available to be issued.

On October 3, 2016, MTBC Acquisition, Corp. ("MAC") acquired substantially all the medical billing business and assets of MediGain and Millennium. The assets were acquired through a strict foreclosure process whereby MAC acquired the Senior Secured Notes which were collateralized by the assets of MediGain and Millennium. MAC then entered into a strict foreclosure agreement with MediGain and Millennium whereby the parties agreed that substantially all the assets securing the Senior Secured Notes would be transferred to MAC in satisfaction of the outstanding obligations under the Senior Secured Notes. As part of the agreement, MAC acquired the assets as well as certain liabilities expressly assumed. Cash and certain causes of action relating to pre-closing matters were excluded from the acquired assets and were retained by MediGain and Millennium.

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 Medical Transcription Billing, Corp. (“MTBC”). The pro forma adjustments give effect to the following transactions (the “Transactions”):

- Our acquisition of the assets and assumptions of certain liabilities of MediGain, LLC and its subsidiaries including Millennium Practice Management, LLC, (“Millennium”) and collectively (“MediGain”) on October 3, 2016,
- Our acquisition of the assets of WFS Service, Inc., (“WFS”) on July 1, 2016,
- Our acquisition of the assets of Renaissance Medical Billing, LLC (“RMB”) on May 2, 2016,
- Our acquisition of the assets of Gulf Coast Billing Inc., (“GCB”) on February 15, 2016,
- 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.

MediGain, WFS, RMB, GCB and SoftCare are collectively referred to as the “Acquired Businesses.”

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and for the nine months ended September 30, 2016 give effect to the Transactions as if each of them had occurred on January 1, 2015. The unaudited pro forma condensed combined balance sheet as of September 30, 2016 gives effect to the acquisition of MediGain as if it had occurred on September 30, 2016.

The pro forma condensed combined statement of operations includes adjustments for our acquisitions under Article 11 of Regulation S-X. The results of the five Transactions are shown for the periods prior to their acquisition by MTBC.

We determined that the SoftCare and MediGain transactions involved the acquisition of a business, and considering the guidance in Rule 11-01(d) of Regulation S-X, each met the significance test of Rule 8-04 of Regulation S-X.

The MediGain audited consolidated financial statements as of December 31, 2015 and 2014 and for the years then ended and the interim consolidated financial statements as of September 30, 2016 and for the nine 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 generally accepted accounting principles used in the United States (“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, if applicable, 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 Consolidated 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, 2015

	MTBC	Jan 1 - Jun 30, 2015 SoftCare (8)	Adjustments for Customers Not Acquired (1)	GCB	RMB	WFS	MTBC + Previously Acquired Subtotal	MediGain	Pro Forma Adjustments	Pro Forma Combined
(in thousands, except per share data)										
Net revenue	\$ 23,080	\$ 1,248	\$ (155)	\$ 3,373	\$ 1,663	\$ 2,409	\$ 31,618	\$ 24,942	\$ -	\$ 56,560
Operating expenses:										
Direct operating costs	11,630	981	(34)	2,419	904	797	16,697	18,304	-	35,001
Selling and marketing	467	471	(31)	3	10	-	920	1,748	-	2,668
General and administrative	11,969	393	(13)	564	380	2,250	15,543	7,799	(129)(2)	23,213
Research and development	659	335	-	-	-	-	994	-	-	994
Change in contingent consideration	(1,786)	-	-	-	-	-	(1,786)	-	-	(1,786)
Impairment charges	-	2,117	-	-	-	-	2,117	7,641	(9,758)(3)	-
Depreciation and amortization	4,599	53	-	-	32	1	4,685	2,576	963(3)	8,224
Total operating expenses	27,538	4,350	(78)	2,986	1,326	3,048	39,170	38,068	(8,924)	68,314
Operating (loss) income	(4,458)	(3,102)	(77)	387	337	(639)	(7,552)	(13,126)	8,924	(11,754)
Interest (expense) income - net	(261)	(4)	-	(123)	(2)	3	(387)	(3,781)	-	(4,168)
Other income (expense) - net	170	6	-	-	-	110	286	(482)	-	(196)
(Loss) income before income taxes	(4,549)	(3,100)	(77)	264	335	(526)	(7,653)	(17,389)	8,924	(16,118)
Income tax provision	138	967	-	22	1	1	1,129	54	-(4)	1,183
Net (loss) income	\$ (4,687)	\$ (4,067)	\$ (77)	\$ 242	\$ 334	\$ (527)	\$ (8,782)	\$ (17,443)	\$ 8,924	\$ (17,301)
Preferred stock dividend	207	-	-	-	-	-	207	-	-	207
Net (loss) income attributable to common shareholders	\$ (4,894)	\$ (4,067)	\$ (77)	\$ 242	\$ 334	\$ (527)	\$ (8,989)	\$ (17,443)	\$ 8,924	\$ (17,508)
Weighted-average common shares outstanding:										
Basic and diluted	9,733									9,733
Loss per common share:										
Basic and diluted loss per share	\$ (0.50)									\$ (1.80)

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

	MTBC	January 1, 2016 to Feb 15, 2016 GCB	January 1, 2016 to Apr 30, 2016 RMB	January 1, 2016 to Jun 30, 2016 WFS	MTBC + Previously Acquired Subtotal	MediGain	Pro Forma Adjustments	Pro Forma Combined
	(in thousands, except per share data)							
Net revenue	\$ 15,664	\$ 385	\$ 339	\$ 1,281	\$ 17,669	\$ 14,327	\$ -	\$ 31,996
Operating expenses:								
Direct operating costs	7,292	449	240	442	8,423	12,039	-	20,462
Selling and marketing	839	-	1	-	840	985	-	1,825
General and administrative	8,173	86	107	1,180	9,546	4,922	(1,043)(2)	13,425
Research and development	575	-	-	-	575	-	-	575
Change in contingent consideration	(608)	-	-	-	(608)	-	-	(608)
Depreciation and amortization	3,537	-	-	-	3,537	1,515	(220)(3)	4,832
Total operating expenses	19,808	535	348	1,622	22,313	19,461	(1,263)	40,511
Operating (loss) income	(4,144)	(150)	(9)	(341)	(4,644)	(5,134)	1,263	(8,515)
Interest (expense) income - net	(463)	(14)	-	2	(475)	(3,461)	-	(3,936)
Other (expense) income - net	(40)	-	-	-	(40)	19	-	(21)
(Loss) income before income taxes	(4,647)	(164)	(9)	(339)	(5,159)	(8,576)	1,263	(12,472)
Income tax provision	126	15	1	-	142	60	-(4)	202
Net (loss) income	\$ (4,773)	\$ (179)	\$ (10)	\$ (339)	\$ (5,301)	\$ (8,636)	\$ 1,263	\$ (12,674)
Preferred stock dividend	550	-	-	-	550	-	-	550
Net (loss) income attributable to common shareholders	\$ (5,323)	\$ (179)	\$ (10)	\$ (339)	\$ (5,851)	\$ (8,636)	\$ 1,263	\$ (13,224)
Weighted-average common shares outstanding:								
Basic and diluted	10,031							10,031
Loss per common share:								
Basic and diluted loss per share	\$ (0.53)							\$ (1.32)

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2016

	MTBC	MediGain	Adjustments for Assets not Acquired	MediGain Acquisition Subtotal	Acquisition Related Pro Forma Adjustments	Consolidated Pro Forma Results
	(in thousands)					
Cash	\$ 7,110	\$ 291	\$ (221)(5)	\$ 70	\$ (2,000)(7)	\$ 5,180
Accounts receivable - net	2,137	2,237	(5)	2,237	(114)(7)	4,260
Other current assets	<u>683</u>	<u>188</u>	<u>(117)(5)</u>	<u>71</u>	<u>-</u>	<u>754</u>
Current assets	9,930	2,716	(338)	2,378	(2,114)	10,194
Property, plant and equipment - net	1,401	1,021	-	1,021	(634)(7)	1,788
Intangible assets - net	3,930	3,268	(3,264)(5)	4	4,855(6)	8,789
Goodwill	9,474	-	-	-	762(7)	10,236
Other assets	<u>97</u>	<u>215</u>	<u>(215)(5)</u>	<u>-</u>	<u>-</u>	<u>97</u>
Total assets	<u>\$ 24,832</u>	<u>\$ 7,220</u>	<u>\$ (3,817)</u>	<u>\$ 3,403</u>	<u>\$ 2,869</u>	<u>\$ 31,104</u>
Accounts payable	\$ 592	\$ 2,294	\$ (1,632)(5)	\$ 662	\$ -	\$ 1,254
Accrued expenses	1,163	8,553	(8,013)(5)	540	-	1,703
Short term debt	5,047	32,618	(32,618)(5)	-	5,000(7)	10,047
Deferred revenue	55	-	-	-	-	55
Deferred rent	57	-	-	-	-	57
Contingent consideration	541	-	-	-	70	611
Dividend payable	<u>203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203</u>
Total current liabilities	7,658	43,465	(42,263)	1,202	5,070	13,930
Long term debt	4,807	219	(219)(5)	-	-	4,807
Other liabilities	<u>1,301</u>	<u>324</u>	<u>(324)(5)</u>	<u>-</u>	<u>-</u>	<u>1,301</u>
Total liabilities	13,766	44,008	(42,806)	1,202	5,070	20,038
Preferred stock	-	4,000	(4,000)(5)	-	-	-
Common stock	11	5,595	(5,595)(5)	-	-	11
Additional paid-in capital	26,025	27	(27)(5)	-	-	26,025
Accumulated deficit	(13,920)	(46,387)	46,387(5)	-	-	(13,920)
Accumulated other comprehensive loss	(387)	-	-	-	-	(387)
Common shares held in treasury	<u>(663)</u>	<u>(23)</u>	<u>23(5)</u>	<u>-</u>	<u>-</u>	<u>(663)</u>
Total shareholders' equity (deficiency)	<u>11,066</u>	<u>(36,788)</u>	<u>36,788</u>	<u>-</u>	<u>-</u>	<u>11,066</u>
Total liabilities and shareholders' equity	<u>\$ 24,832</u>	<u>\$ 7,220</u>	<u>\$ (6,018)</u>	<u>\$ 1,202</u>	<u>\$ 5,070</u>	<u>\$ 31,104</u>

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

In connection with our acquisition of GCB, RMB and WFS, we entered into asset purchase agreements (“APAs”) which are materially similar, acquiring primarily the client relationships. The financial statements of GCB, RMB, and WFS were prepared under GAAP. The financial statements of the GCB, RMB, and WFS were prepared under GAAP.

In connection with our acquisition of SoftCare, we entered into an 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 amounts in the statement of operations 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 GAAP. The amounts presented for SoftCare in these pro forma condensed combined financial statements are in accordance with GAAP.

To effect the acquisition of MediGain, first, MTBC created a wholly owned subsidiary, MTBC Acquisition, Corp. (“MAC”), which purchased 100% of MediGain’s senior secured debt from Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company (“Prudential”). The debt was collateralized by substantially all of MediGain’s assets.

MAC entered into a strict foreclosure agreement with MediGain and Millennium transferring substantially all the assets (including accounts receivable, fixed assets, client relationships and the stock of MediGain’s offshore subsidiaries in India and Sri Lanka) to MAC in satisfaction of the outstanding obligations under the senior secured notes. As part of the agreement, MAC acquired the assets as well as certain liabilities expressly assumed, including approximately \$662,000 of trade payables to a limited set of key vendors, approximately \$540,000 of payroll and benefits obligations, contingent consideration of \$70,000 and pre-closing obligations accrued on the contracts assumed by MAC. Cash in the U.S. was excluded from the acquired assets and retained by MediGain and Millennium.

The audited 2014 and 2015 and interim 2016 consolidated financial statements of MediGain were prepared under GAAP.

The Company engaged a third-party valuation specialist to assist in valuing the assets acquired from GCB, RMB and SoftCare. A similar purchase price allocation for WFS was performed by the Company, based on models used internally, using similar methodology to that employed by the third-party valuation specialist. We performed a preliminary purchase price allocation for MediGain based on models used internally. The allocations for RMB, WFS and MediGain are preliminary and are subject to revision, 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, 2015 to eliminate revenue, direct operating costs and selling, general and administrative expense associated with SoftCare’s 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. 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. No tax effect has been provided with respect to the income from customers not acquired due to the Company’s valuation allowance.
- (2) **Expenses Directly Attributable to the Transactions** — The following are non-recurring transaction expenses for professional and other fees incurred by the Company and entities purchased during the year ended December 31, 2015 and the nine months ended September 30, 2016 associated with the transactions.

Non-recurring transaction expenses associated with Acquired Businesses

	MTBC	SoftCare	GCB	RMB	WFS	MediGain	Total Expense
	(in thousands)						
Year ended December 31, 2015	\$ 114	\$ 3	\$ -	\$ -	\$ -	\$ 12	\$ 129
Nine months ended September 30, 2016	512	-	-	-	-	531	1,043

- (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, 2015. Amortization is computed using the double declining balance method to reflect the expected economic benefit over the period associated with each statement of operations.

Amortization expense for the year ended December 31, 2015

	SoftCare	GCB	RMB	WFS	MediGain	Total Expense
	(in thousands)					
Pro forma amortization expense for the period prior to acquisition	\$ 132	\$ 556	\$ 94	\$ 136	\$ 2,411	\$ 3,329
As recorded in the historical financial statements	44	-	-	-	2,322	2,366
Pro forma adjustment	\$ 88	\$ 556	\$ 94	\$ 136	\$ 89	\$ 963

MediGain determined that their intangible assets and goodwill had minimal fair values as of December 31, 2015, prior to the acquisition by MTBC, based on the excess of the fair value of the client relationships acquired in 2014 compared to the book value of the intangible asset, the discounted present value of MediGain’s cash flows as a stand-alone business and the purchase price of the Millenium acquisition. As a result, MediGain recognized an impairment loss for the year ended December 31, 2015 of approximately \$7.6 million. This impairment would not have been recognized in this period if MTBC had acquired the assets of MediGain as of January 1, 2015.

SoftCare also determined that their intangible assets and goodwill had a minimal fair value as of June 30, 2015, prior to the acquisition by MTBC. As a result SoftCare recognized an impairment loss for the six months ended June 30, 2015 of approximately \$2.1 million. This impairment would not have been recognized in this period if MTBC had acquired the assets of SoftCare as of January 1, 2015.

Amortization expense for the nine months ended September 30, 2016

	GCB	RMB	WFS	MediGain	Total Expense
	(in thousands)				
Pro forma amortization expense for the period prior to acquisition	\$ 46	\$ 20	\$ 40	\$ 984	\$ 1,090
As recorded in the historical financial statements	-	-	-	1,310	1,310
Pro forma adjustment	\$ 46	\$ 20	\$ 40	\$ (326)	\$ (220)

- (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, 2015 and the nine months ended September 30, 2016 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, 2015 and September 30, 2016. The state tax effect was not considered material and has not been included in the amounts below. The following table details the pro forma adjustments to income taxes for the year ended December 31, 2015:

Provision (Benefit) for Income Taxes

	SoftCare	GCB	RMB	WFS	Previously Acquired Subtotal	MediGain	Pro Forma Adjustments	Pro Forma Loss before Provision (Benefit) for Income Taxes	
	(in thousands)								
Loss (income) before provision for income taxes	\$ (3,177)	\$ 264	\$ 335	\$ (526)	\$ (3,104)	\$ (17,389)	\$ 8,924	\$ (11,569)	
	Estimated benefit at statutory income tax rate of 34%								(3,933)
	Less provision for income taxes:								
	SoftCare							967	
	GCB							22	
	RMB							1	
	WFS							1	
	MediGain							54	
	Valuation allowance								2,888
	Pro forma adjustment							\$	-

The following table details the pro forma adjustments to income taxes for the nine months ended September 30, 2016:

Provision (Benefit) for Income Taxes

	GCB	RMB	WFS	Previously Acquired Subtotal	MediGain	Pro Forma Adjustments	Pro Forma Loss before Provision (Benefit) for Income Taxes		
	(in thousands)								
(Loss) income before provision for income taxes	\$ (164)	\$ (9)	\$ (339)	\$ (512)	\$ (8,576)	\$ 1,263	\$ (7,825)		
	Estimated benefit at statutory income tax rate of 34%								(2,661)
	Less provision for income taxes:								
	GCB							15	
	RMB							1	
	WFS							-	
	MediGain							60	
	Valuation allowance								2,585
	Pro forma adjustment							\$	-

- (5) **Assets and Liabilities Not Acquired** — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately \$3.8 million of tangible assets held by MediGain that we did not acquire, and approximately \$43 million in liabilities that we did not assume. Our acquisition of MediGain’s assets was accomplished by a foreclosure agreement listing specific assets we would receive and certain liabilities we would assume, in satisfaction of the notes we acquired from Prudential. The foreclosure agreement includes the receipt primarily of MediGain’s customer relationships and agreements, accounts receivable, technology, fixed assets, as well as the stock of MediGain’s subsidiaries in India and Sri Lanka (with all their associated assets and liabilities), and the assumption of certain specified accounts payables and accrued compensation liabilities.

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 for Assets not Acquired and Liabilities not Assumed

	Pro Forma Adjustments (in thousands)
Cash	\$ (221)
Other current assets	(117)
Intangible assets - net	(3,264)
Other assets	(215)
Total assets	\$ (3,817)
Accounts payable	\$ (1,632)
Accrued expenses	(8,013)
Short term debt	(32,618)
Long term debt	(219)
Other liabilities	(324)
Total liabilities	(42,806)
Preferred units	(4,000)
Common units	(5,595)
Additional paid-in capital	(27)
Accumulated deficit	46,387
Common units held in treasury	23
Total members’ deficit	36,788
Total liabilities and members’ deficit	\$ (6,018)

- (6) **Intangible Assets** — We based our preliminary estimates of each intangible asset type/category that we expect to recognize as part of the MediGain 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, trademarks and technology compose the significant majority of intangible assets for these types of business. 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 MediGain 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 MediGain

	(in thousands)	<u>Estimated useful life</u>
Customer relationships	\$ 4,572	3 years
Trademarks	154	3 years
Technology	79	3 years
Software licences	50	3 years
Total intangible assets	<u>\$ 4,855</u>	

- (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.

For MediGain, management has made an initial fair value estimate of the assets acquired and liabilities assumed as of September 30, 2016. Our model includes assumptions such as revenue growth rates, profitability rates, attrition rates and weighted average costs of capital, where applicable. These preliminary estimates may differ from the final valuation being prepared by a third-party specialist; and this difference could be material.

The strict foreclosure of MediGain includes the transfer of all collateral securing MediGain's debt, including customer relationships and agreements, accounts receivable, technology, fixed assets, as well as MediGain's subsidiaries in India and Sri Lanka (with all their associated assets and liabilities), and the assumption of certain specified liabilities. We determined the fair value of the fixed assets acquired by reference to current market prices for such assets, and the value of the assumed liabilities was contractually specified. The fair value of the accounts receivable was determined based on the age of the amounts owed and the customer's payment history.

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

The excess amount of the purchase price over the fair value of assets acquired 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 MediGain include the following: (i) MediGain has offshore facilities and established vendor relationships, and (ii) 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 MediGain acquisition, management has made a preliminary estimate of \$762,000 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 following table shows the preliminary purchase price allocation, estimated fair values of the acquired assets and liabilities assumed and calculation of goodwill for MediGain as of September 30, 2016, the date of our most recent balance sheet.

Preliminary Purchase Price Allocation

	MediGain	
	(in thousands)	
Cash consideration	\$	2,000
Note payable		5,000
Accounts payable		662
Accrued expenses and other liabilities		540
Contingent consideration		70
Total purchase price	\$	<u>8,272</u>
Cash	\$	70
Accounts receivable		2,123
Other current assets		71
PP&E		387
Intangible assets		4,859
Goodwill		762
Total preliminary purchase price allocation	\$	<u>8,272</u>

(8) Foreign Currency Translation — Statements of Operations

We translated the SoftCare Statement of Operations which was prepared in Canadian dollars to U.S. dollars. Amounts were translated using the average foreign exchange rates during the applicable period.

STATEMENT OF OPERATIONS

For the six months ended June 30, 2015

	SoftCare	
	CAD	USD
	(in thousands)	
	1/1-6/30/2015	
Revenue	\$ 1,540	\$ 1,248
Operating expenses:		
Direct operating costs	1,211	981
Selling and marketing	581	471
General and administrative	485	393
Research and development	413	335
Depreciation and amortization	66	53
Total operating expenses	<u>2,756</u>	<u>2,233</u>
Operating loss	(1,216)	(985)
Interest expense -- net	5	4
Other income - net	7	6
Loss before income taxes and other expenses	<u>(1,214)</u>	<u>(983)</u>
Impairment of goodwill and intangible assets	<u>(2,613)</u>	<u>(2,117)</u>
Loss before taxes	<u>(3,827)</u>	<u>(3,100)</u>
Income tax provision	<u>1,193</u>	<u>967</u>
Net loss	<u>\$ (5,020)</u>	<u>\$ (4,067)</u>

Supplemental Information

For MediGain and each of the other 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 combined statement of operations, even though MTBC will not generate revenues from those customers.

Estimated revenue from customers who cancelled prior to our acquisition

	<u>SoftCare</u>	<u>GCB</u>	<u>RMB</u>	<u>WFS</u>	<u>MediGain</u>	<u>Total</u>
		(in thousands)				
Year ended December 31, 2015	\$ 286	\$ 180	\$ 916	\$ 742	\$ 8,694	\$ 10,818
Nine months ended September 30, 2016	-	32	92	471	3,878	4,473

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 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. Our management uses Adjusted EBITDA as a financial measure to evaluate the profitability and efficiency of our business model. We use this non-GAAP financial measure to assess the strength of the underlying operations of our business. These adjustments, and the non-GAAP financial measure that is 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 this non-GAAP financial measure in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP.

The following tables contain a reconciliation of GAAP net (loss) income to Adjusted EBITDA for the year ended December 31, 2015 and the nine months ended September 30, 2016:

Reconciliation of GAAP net (loss) income for the year ended December 31, 2015 to Adjusted EBITDA (\$000)

	MTBC	Jan 1 - Jun 30, 2015 SoftCare	Adjustments for Customers Not Acquired ⁽¹⁾	GCB	RMB	WFS	MTBC + Previously Acquired Subtotal	MediGain	Pro Forma Adjustments	Pro Forma Combined
	(in thousands)									
Net revenue	\$ 23,080	\$ 1,248	\$ (155)	\$ 3,373	\$ 1,663	\$ 2,409	\$ 31,618	\$ 24,942	\$ -	\$ 56,560
GAAP net (loss) income	\$ (4,687)	\$ (4,067)	\$ (77)	\$ 242	\$ 334	\$ (527)	\$ (8,782)	\$ (17,443)	\$ 8,924	\$ (17,301)
Provision for income taxes	138	967	-	22	1	1	1,129	54	-	1,183
Interest (income) expense - net	261	4	-	123	2	(3)	387	3,781	-	4,168
Other (income) expense - net	(170)	(6)	-	-	-	(110)	(286)	482	-	196
Stock-based compensation expense	629	-	-	-	-	-	629	-	-	629
Depreciation and amortization	4,599	53	-	-	32	1	4,685	2,576	963	8,224
Integration and transaction costs ⁽¹⁾	341	-	-	-	-	-	341	1,147	(129)	1,359
Impairment charges	-	2,117	-	-	-	-	2,117	7,641	(9,758)	-
Change in contingent consideration	(1,786)	-	-	-	-	-	(1,786)	-	-	(1,786)
Adjusted EBITDA	\$ (675)	\$ (932)	\$ (77)	\$ 387	\$ 369	\$ (638)	\$ (1,566)	\$ (1,762)	\$ -	\$ (3,328)

Reconciliation of GAAP net (loss) income for the nine months ended September 30, 2016 to Adjusted EBITDA (\$000)

	MTBC	January 1, 2016 to Feb 15, 2016 GCB	January 1, 2016 to Apr 30, 2016 RMB	January 1, 2016 to Jun 30, 2016 WFS	MTBC + Previously Acquired Subtotal	MediGain	Pro Forma Adjustments	Pro Forma Combined
	(in thousands)							
Net revenue	\$ 15,664	\$ 385	\$ 339	\$ 1,281	\$ 17,669	\$ 14,327	\$ -	\$ 31,996
GAAP net (loss) income	\$ (4,773)	\$ (179)	\$ (10)	\$ (339)	\$ (5,301)	\$ (8,636)	\$ 1,263	\$ (12,674)
Provision for income taxes	126	15	1	-	142	60	-	202
Interest (income) expense - net	463	14	-	(2)	475	3,461	-	3,936
Other expense (income) - net	40	-	-	-	40	(19)	-	21
Stock-based compensation expense	816	-	-	-	816	-	-	816
Depreciation and amortization	3,537	-	-	-	3,537	1,515	(220)	4,832
Integration and transaction costs ⁽¹⁾	608	-	-	-	608	1,082	(1,043)	647
Change in contingent consideration	(608)	-	-	-	(608)	-	-	(608)
Adjusted EBITDA	\$ 209	\$ (150)	\$ (9)	\$ (341)	\$ (291)	\$ (2,537)	\$ -	\$ (2,828)

(1) The integration and transactions costs for MTBC include severance amounts paid to employees from acquired businesses or transactions costs, such as brokerage fees, pre-acquisition accounting costs and legal fees, exit costs related to terminating leases and other contractual agreements, and other costs related to specific transactions. For MediGain, such amounts represent fees for temporary executive management who were retained to operate the business during the period before the transaction.

