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Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q are forward-looking statements. These statements relate to our business strategy, goals and expectations concerning our products, future operations, prospects, plans and objectives of management. In some cases, you can identify forward-looking statements by terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "goals", "intend", "likely", "may", "plan", "potential", "predict", "project", "will" or the negative of these terms or other similar terms and phrases.

Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation, statements reflecting management's expectations for future financial performance and operating expenditures, expected growth, profitability and business outlook, increased sales and marketing expenses, and the expected results from the integration of our acquisitions.

Forward-looking statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those anticipated by such statements. These factors include:

- our ability to manage our growth, including acquiring and effectively integrating other businesses into our infrastructure;*
- our ability to retain our customers, including effectively migrating and keeping new customers acquired through business acquisitions;*
- our ability to attract and retain key officers and employees, including Mahmud Haq and personnel critical to the transitioning and integration of our newly acquired businesses;*
- our ability to compete with other companies developing products and selling services competitive with ours, and who may have greater resources and name recognition than we have;*
- our ability to maintain operations in Pakistan in a manner that continues to enable us to offer competitively priced products and services;*
 - our ability to keep and increase market acceptance of our products and services;*
- our ability to keep pace with a changing healthcare industry and its rapidly evolving regulatory environment;*
 - our ability to protect and enforce intellectual property rights; and*
 - our ability to maintain and protect the privacy of customer and patient information.*

The foregoing factors are in addition to the other risks described in this Quarterly Report on Form 10-Q, and in our other SEC filings, including our prospectus dated July 22, 2014, filed with the SEC on July 23, 2014, under the heading, "Risk Factors."

Although we believe that the expectations reflected in the forward-looking statements contained in this Quarterly Report on Form 10-Q are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to update or revise any of such forward-looking statements, whether as a result of new information, future events, or otherwise, after the date of this Quarterly Report on Form 10-Q.

All references to “MTBC,” “Medical Transcription Billing, Corp.,” “we,” “us,” “our” or the “Company” mean Medical Transcription Billing, Corp. and its subsidiaries, except where it is made clear that the term means only the parent company.

PART I. FINANCIAL INFORMATION*Item 1. Condensed Consolidated Financial Statements (unaudited).***MEDICAL TRANSCRIPTION BILLING, CORP.****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	March 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,185,943	\$ 1,048,660
Accounts receivable - net of allowance for doubtful accounts of \$193,239 and \$165,000 at March 31, 2015 and December 31, 2014, respectively	2,933,072	3,007,314
Current assets - related party	24,284	24,284
Prepaid expenses	320,211	315,901
Other current assets	267,492	188,541
Total current assets	4,731,002	4,584,700
PROPERTY AND EQUIPMENT - Net	1,427,424	1,444,334
INTANGIBLE ASSETS - Net	7,315,899	8,377,837
GOODWILL	8,560,336	8,560,336
OTHER ASSETS	162,597	140,053
TOTAL ASSETS	\$22,197,258	\$23,107,260
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 694,376	\$ 1,082,342
Accrued compensation	597,078	836,525
Accrued expenses	1,257,981	1,113,108
Deferred rent	18,371	12,683
Deferred revenue	25,700	37,508
Accrued liability to related party	134,794	153,931
Borrowings under line of credit	3,000,000	1,215,000
Note payable - related party	470,089	470,089
Notes payable - other (current portion)	346,898	596,616
Contingent consideration	1,930,440	2,626,323
Total current liabilities	8,475,727	8,144,125
Notes payable - other	43,100	48,564
DEFERRED RENT	536,866	551,343
DEFERRED REVENUE	41,344	42,631
Total liabilities	9,097,037	8,786,663
COMMITMENT AND CONTINGENCIES (Note 8)		
SHAREHOLDERS' EQUITY:		
Preferred stock, par value \$0.001 per share; authorized 1,000,000 shares; issued and outstanding none at March 31, 2015 and December 31, 2014	-	-

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Common stock, \$0.001 par value - authorized, 19,000,000 shares; issued and outstanding, 9,657,807 and 9,711,604 shares at March 31, 2015 and December 31, 2014, respectively	9,659	9,712
Additional paid-in capital	18,966,352	18,979,976
Accumulated deficit	(5,626,039)	(4,460,129)
Accumulated other comprehensive loss	(249,751)	(208,962)
Total shareholders' equity	13,100,221	14,320,597
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$22,197,258	\$23,107,260

See notes to condensed consolidated financial statements.

MEDICAL TRANSCRIPTION BILLING, CORP.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	Three Months Ended	
	March 31,	
	2015	2014
NET REVENUE	\$6,137,859	\$2,573,477
OPERATING EXPENSES:		
Direct operating costs	3,546,456	1,152,635
Selling and marketing	120,440	70,021
General and administrative	3,142,411	1,286,276
Research and development	164,934	116,428
Change in contingent consideration	(828,762)	-
Depreciation and amortization	1,159,515	270,043
Total operating expenses	7,304,994	2,895,403
Operating loss	(1,167,135)	(321,926)
OTHER:		
Interest income	6,914	2,989
Interest expense	(42,186)	(52,713)
Other income (expense) - net	46,121	(199,885)
LOSS BEFORE INCOME TAXES	(1,156,286)	(571,535)
INCOME TAX PROVISION (BENEFIT)	9,624	(187,863)
NET LOSS	\$(1,165,910)	\$(383,672)
NET LOSS PER SHARE:		
Basic and diluted loss per share	\$(0.12)	\$(0.08)
Weighted-average basic and diluted shares outstanding	9,687,097	5,101,770

See notes to condensed consolidated financial statements.

MEDICAL TRANSCRIPTION BILLING, CORP.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended	
	March 31,	
	2015	2014
NET LOSS	\$(1,165,910)	\$(383,672)
OTHER COMPREHENSIVE LOSS, NET OF TAX		
Foreign currency translation adjustment (a)	(40,789)	130,829
COMPREHENSIVE LOSS	\$(1,206,699)	\$(252,843)

(a) Net of taxes of \$67,395 for the three months ended March 31, 2014. No tax effect has been recorded in 2015 as the Company recorded a valuation allowance against the tax benefit from its foreign currency translation adjustment.

See notes to condensed consolidated financial statements.

MEDICAL TRANSCRIPTION BILLING, CORP.**CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)****FOR THE THREE MONTHS ENDED MARCH 31, 2015**

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-	Deficit	Other	Shareholders'
			in Capital		Comprehensive	Equity
Balance- January 1, 2015	9,711,604	\$9,712	\$ 18,979,976	\$(4,460,129)	\$ (208,962)	\$ 14,320,597
Net loss	-	-	-	(1,165,910)	-	(1,165,910)
Foreign currency translation adjustment	-	-	-	-	(40,789)	(40,789)
Forfeiture of shares issued to acquired businesses	(53,797)	(53)	(132,826)	-	-	(132,879)
Stock-based compensation expense	-	-	119,202	-	-	119,202
Balance- March 31, 2015	9,657,807	\$9,659	\$ 18,966,352	\$(5,626,039)	\$ (249,751)	\$ 13,100,221

See notes to condensed consolidated financial statements.

MEDICAL TRANSCRIPTION BILLING, CORP.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014 (UNAUDITED)**

	2015	2014
OPERATING ACTIVITIES:		
Net loss	\$(1,165,910)	\$(383,672)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,159,515	270,043
Deferred rent	(2,816)	2,139
Deferred revenue	(13,095)	(10,682)
Deferred income taxes	-	(187,863)
Provision for doubtful accounts	28,239	28,348
Foreign exchange (gain) loss	(28,689)	210,006
Gain from reduction in referral fee	-	(105,523)
Interest accretion on convertible promissory note	-	11,767
Stock-based compensation expense	126,849	-
Change in contingent consideration	(828,762)	-
CastleRock settlement payment	(110,000)	-
Other	-	955
Changes in operating assets and liabilities:		
Accounts receivable	46,006	38,826
Other assets	(108,219)	(18,520)
Accounts payable and other liabilities	(400,432)	144,880
Net cash (used in) provided by operating activities	(1,297,314)	704
INVESTING ACTIVITIES:		
Capital expenditures	(83,588)	(53,569)
Advances to majority shareholder	-	(1,000)
Repayment of advances to majority shareholder	-	1,000
Net cash used in investing activities	(83,588)	(53,569)
FINANCING ACTIVITIES:		
Repayments of notes payable - other	(254,827)	(340,880)
Proceeds from line of credit	3,435,000	1,485,000
Repayments of line of credit	(1,650,000)	(1,285,000)
IPO-related costs	-	(14,508)
Net cash provided by (used in) financing activities	1,530,173	(155,388)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(11,988)	16,813
NET INCREASE (DECREASE) IN CASH	137,283	(191,440)
CASH - Beginning of the period	1,048,660	497,944
CASH - End of period	\$1,185,943	\$306,504
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:		
Purchase of prepaid insurance through assumption of note	\$-	\$36,640
Accrued IPO-related costs	\$-	\$227,750
SUPPLEMENTAL INFORMATION - Cash paid during the period for:		

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Income taxes	\$9,759	\$5,230
Interest	\$75,576	\$82,600

See notes to condensed consolidated financial statements.

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Medical Transcription Billing, Corp.

Notes to CONDENSED Consolidated Financial Statements

AS OF AND FOR THE THREE MONTHS ENDED March 31, 2015 and 2014 (UnaUDITED)

1. Organization and Business

General – Medical Transcription Billing, Corp. (“MTBC” or the “Company”) is a healthcare information technology company that offers proprietary electronic health records and practice management solutions, together with related business services, to healthcare providers. The Company’s integrated services are designed to help customers increase revenues, streamline workflows and make better business and clinical decisions, while reducing administrative burdens and operating costs. The Company’s services include full-scale revenue cycle management, electronic health records, and other technology-driven practice management services to private and hospital-employed healthcare providers. MTBC has its corporate offices in Somerset, New Jersey and its main operating facilities in Islamabad, Pakistan and Bagh, Pakistan. The Company also has a wholly-owned subsidiary in Poland.

MTBC was founded in 1999 and incorporated under the laws of the State of Delaware in 2001. MTBC Private Limited (or “MTBC Pvt. Ltd.”) is a majority-owned subsidiary of MTBC and was founded in 2004. MTBC owns 99.99% of the authorized outstanding shares of MTBC Pvt. Ltd. and the remaining 0.01% of the shares of MTBC Pvt. Ltd. is owned by the founder and chief executive officer of MTBC.

2. BASIS OF PRESENTATION

The Company has prepared its unaudited condensed consolidated financial statements under the assumption that it is a going concern. The Company’s ability to meet its contractual obligations and remit payment under its arrangements with its vendors depends on its ability to generate positive cash flow from operations in the future, and/or securing additional financing. The Company’s management has discussed options to raise additional capital through debt and equity issuances, which would allow the Company to fund future growth as well as provide additional liquidity. While the Company has received several non-binding term sheets from debt funds, it has not signed any agreement that would provide for additional financing. This condition, along with certain other factors, raises substantial doubt about the Company’s ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

The Company has a line of credit with TD Bank that had a fully-utilized borrowing limit of \$3.0 million as of March 31, 2015. The line of credit renews annually, subject to TD Bank’s approval, and currently expires in November 2015.

The Company relies on the line of credit for working capital purposes and it has been renewed annually for the past seven years. The Company's ability to continue as a going concern is dependent on its ability to generate sufficient cash from operations to meet its future operational cash needs and reduce the cost of U.S.-based employees, subcontractors and certain general and administrative expenses.

The Company has not received any indications from TD Bank that the line of credit would not be further renewed; however, if the terms of the renewal were not acceptable to the Company or the line of credit was not renewed, the Company would need to obtain additional financing. The Company has spoken with banks and debt funds about replacement or additional debt capital. As a public company, additional equity capital is available through the public markets, either through a follow-on round of equity financing via a public offering, from a private investor (a "PIPE"), or through other types of issuances. The Company believes there are several viable financing options available, although there can be no guarantee that the execution of such options would not be dilutive to existing shareholders. Management believes that MTBC will be successful in obtaining adequate sources of cash to fund its anticipated level of operations through the end of March 2016, but there can be no assurance that management will be successful in raising sufficient additional equity and/or debt (including extension of the maturity dates of existing borrowings). If additional financing is not available and MTBC is unable to generate positive cash flow from operations, the Company will be compelled to reduce the scope of its business activities, including, but not limited to, the following:

Reducing the number of employees;
Reducing the number of locations that service customers;
Curtailing research and development or sales and marketing efforts; and/or
Reducing general and administrative expenses.

The accompanying unaudited condensed consolidated financial statements have been prepared by MTBC 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 March 31, 2015, the results of operations and cash flows for the three months ended March 31, 2015 and 2014. The results of operations for the three months ended March 31, 2015 and 2014 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

The condensed consolidated balance sheet as of December 31, 2014 was derived from our audited consolidated financial statements. The accompanying unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014, which are included in the Company’s Annual Report on Form 10-K, filed with Securities Exchange Commission (“SEC”) on March 31, 2015.

Recent Accounting Pronouncements — From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) and are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently adopted and recently issued accounting pronouncements will not have a material impact on our consolidated financial position, results of operations, and cash flows.

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, which is authoritative guidance that implements a common revenue model that will enhance comparability across industries and requires enhanced disclosures. The new revenue recognition standard eliminates the transaction and industry-specific revenue recognition guidance under the current rules and replaces it with a principle-based approach for determining revenue recognition. The new standard introduces a five-step principles based process to determine the timing and amount of revenue ultimately expected to be received from the customer. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This amendment will be effective for the Company’s interim and annual consolidated financial statements for fiscal year 2017 with either retrospective or modified retrospective treatment applied. The Company is currently evaluating the impact that this may have on the consolidated financial statements upon implementation.

In June 2014, the FASB issued guidance on stock compensation. The amendment requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The amendment is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015. Earlier adoption is permitted. Management does not believe that the adoption of this guidance will have any material impact on the Company's condensed consolidated financial position or results of operations.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The new standard requires that in connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate and disclose in the notes to the financial statements whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued.

If applicable, the Company will be required to disclose (i) the principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans), (ii) management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations, and (iii) either management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern or management's plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

This standard is effective for the Company's interim and annual consolidated financial statements for fiscal year 2017, with earlier adoption permitted. The Company is currently evaluating the impact of this new standard on its financial statements.

In April 2015, the FASB issued an accounting standard that requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. Application of the standard, which is required to be applied retrospectively, is effective for fiscal years beginning on or after December 31, 2015 and for interim periods within that year. We are currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

3.

ACQUISITIONS

On July 28, 2014, the Company completed the acquisition of three revenue cycle management companies, Omni Medical Billing Services, LLC ("Omni"), Practicare Medical Management, Inc. ("Practicare") and CastleRock Solutions, Inc. ("CastleRock"), collectively the ("Acquired Businesses"). The Company expects that these acquisitions will add a significant number of clients to the Company's customer base and, similar to other acquisitions, will broaden the Company's presence in the healthcare information technology industry through geographic expansion of its customer base and by increasing available customer relationship resources and specialized trained staff.

Subsequent to the acquisition, the Company agreed to accept 10% of the cash collected related to July 2014 revenue and pay 10% of the July 2014 expenses for two of the Acquired Businesses and to forego any collections related to July 2014 revenue and pay no expenses related to July 2014 for the remaining Acquired Business.

The aggregate purchase price for the Acquired Businesses amounted to approximately \$17.4 million, based on the common stock price of \$3.89 per share, consisting of cash in the amount of approximately \$11.4 million, which was funded from the net proceeds from the Company's IPO, and 1,699,796 shares of common stock with a fair value of approximately \$6.0 million based on the common stock price, subject to certain adjustments. Included in the consideration paid is \$590,302 of cash and 1,699,796 shares of common stock with a value of approximately \$6.6 million that the Company deposited into escrow under the purchase agreements, less a fair value adjustment of \$571,000, which reflects the estimated value of shares in escrow which might be forfeited by the Acquired Businesses

based on changes in revenue during the 12 months after the acquisitions. The cash escrow was released 120 days after the acquisitions were completed. After six months, 254,970 shares were scheduled to be released to the sellers; however, only the 201,173 shares for Omni and Practicare were released in February 2015. The balance of 53,797 shares, initially issued to CastleRock, were released from escrow to MTBC and cancelled on February 19, 2015, pursuant to the settlement agreements discussed below between CastleRock and MTBC. Of the remaining shares in escrow, 157,298 shares are scheduled to be released after nine months, and the remaining shares are scheduled to be released after 12 months, subject to adjustments for changes in revenue.

With respect to Omni, following the closing date an upward purchase price adjustment was made to the cash consideration payable to Omni to pay for the annualized revenue from new customers who executed one-year contracts prior to the closing, instead of the trailing 12 months' revenue. This resulted in additional consideration of \$100,582 and 15,700 shares, which are included in the amounts above.

The difference between the Acquired Businesses' operating results for the period July 28 through 31, 2014 and the amount of net funds received by the Company from the previous owners for that period was accounted for as additional purchase price ("Acquired Backlog"). This intangible (approximately \$148,000) was fully amortized from the date of acquisition to December 31, 2014. This amortization is included in depreciation and amortization in the condensed consolidated statements of operations for the year ended December 31, 2014.

On February 19, 2015, the Company entered into settlement agreements with certain parties that the Company believed had violated (or tortuously interfered with) an agreement restricting them from directly or indirectly soliciting customers of the Company pursuant to the acquisition agreement between the Company and CastleRock.

In accordance with the settlement agreements, the Company paid \$110,000 which had been accrued at December 31, 2014 and has agreed to release its claims in consideration for (i) the forfeiture of 53,797 shares of Company stock that were otherwise issuable to CastleRock in connection with the acquisition of the CastleRock businesses, (ii) changing the provision which governs the reduction of the CastleRock purchase price to exclude revenues from customers not in good standing when calculating the number of shares to be issued as discussed below, (iii) terminating the consulting agreement between the Company and CastleRock, and (iv) an agreement between the Company, EA Health Corporation, Inc. ("EA Health") and a former CastleRock employee prohibiting EA Health and that former employee from soliciting or creating business relationships with any additional current or former customers of the Company for a period of six (6) months ending June 17, 2015. The obligations of the Company and CastleRock contained in the acquisition agreement remain intact aside from the modifications contained in the settlement agreements. The effect of this settlement reduced the outstanding number of shares by 53,797 and resulted in a settlement gain for the fair value of those shares, which was determined to be \$133,000. The settlement gain is recorded within the change in contingent consideration in the condensed consolidated statement of operations.

Under each purchase agreement, the Company may be required to issue or entitled to cancel shares issued to the Acquired Businesses in the event acquired customer revenues for the 12 months following the close are above or below a specified threshold. In the case of Practicare, the Company may also be required to make additional cash payment, in the event post-closing revenues from customers acquired exceed a specified threshold.

The adjustments to the consideration for each of the Acquired Businesses will be based on the revenues generated from the acquired customers in the 12 months following the closing, as compared to the revenues generated by each of the Acquired Businesses in the four quarters ended March 31, 2014.

For each of Omni and Practicare, no adjustment will be made unless the variance is greater than 10% and 5%, respectively. Pursuant to the above settlement agreement between CastleRock and MTBC, there is no longer a minimum threshold for adjustment for CastleRock.

For each of the Acquired Businesses, the number of shares to be cancelled or issued as applicable will be calculated using a pre-determined formula in each of the purchase agreements.

As of the acquisition date, the Company recorded \$4.4 million as the fair value of the contingent consideration liability as additional purchase price. During the three months ended March 31, 2015, the Company recorded an

\$828,672 change to the contingent consideration. This amount consists of a \$695,883 reduction to the liability primarily due to both a decrease in the expected revenues that CastleRock will achieve and a decrease in the Company's stock price and a \$132,879 gain due to CastleRock's forfeiture of 53,797 shares of the Company's common stock. Subsequent adjustments to the fair value of the contingent consideration liability will continue to be recorded in the Company's results of operations. The portion of the purchase price to be paid with the Company's stock that is not contingent upon achieving specified revenue targets has been recorded as equity.

If the performance measures required by the 2014 purchase agreements are not achieved, the Company may pay less than the recorded amount, depending on the terms of the agreement. If the price of the Company's common stock increases, the Company may pay more than the recorded amount. Settlement will be in the form of Company's common stock.

As part of the acquisitions, the Company entered into short-term employee, office space and equipment lease agreements with each of the respective Acquired Businesses. These arrangements allowed the Company to utilize certain personnel from the Acquired Businesses, as well as certain space and equipment located at the Acquired Businesses' premises for a negotiated period of time. During the latter half of 2014 and early 2015, the Company entered into six leases for office space. Five of the leases have a one-year term and one lease has an 18-month term.

The following table summarizes the final purchase price consideration and the allocation of the purchase price to the net assets acquired:

	Common Stock			Acquired	Contingent	Total
	Shares	Value	Cash	Backlog	Adjustment	Consideration
	(in thousands)					
Omni	1,049	\$4,079	\$6,655	\$ 103	\$ (329) \$ 10,508
Practicare	293	1,137	2,394	17	(242) 3,306
CastleRock	359	1,395	2,339	28	-	3,762
Total	1,701	\$6,611	\$11,388	\$ 148	\$ (571) \$ 17,576

We engaged a third-party valuation specialist to assist the Company in valuing the assets from our acquisition of the Acquired Businesses. The results of the valuation analysis are presented below:

Customer contracts and relationships	\$8,225,000
Non-compete agreements	925,000
Tangible assets	61,256
Acquired backlog	148,408
Goodwill	8,216,336
	\$17,576,000

The weighted-average amortization period of the acquired intangible assets is 3 years.

The fair value of the customer relationships was established using a form of the income approach known as the excess earnings method. Under the excess earnings method, value is estimated as the present value of the benefits anticipated from ownership of the subject intangible asset in excess of the returns required on the investment in the contributory assets necessary to realize those benefits. The fair value of the non-compete agreements were determined based on the difference in the expected cash flows for the business with the non-compete agreement in place and without the non-compete agreement in place.

The goodwill is deductible ratably for income tax purposes over 15 years and represents the Company's ability to have a local presence in several markets throughout the United States and the further ability to expand in those markets.

The revenue from former customers of Acquired Businesses whose contracts were acquired has been included in the Company's condensed consolidated statement of operations since the date of acquisition. Revenues of \$3,807,098

related to Acquired Businesses are included in the condensed consolidated statements of operations for the three months ended March 31, 2015.

Transaction-related costs associated with the acquisitions of the Acquired Businesses of \$36,668 during the three months ended March 31 2014 were expensed, and included in general and administrative expenses in the condensed consolidated statement of operations.

The pro forma information below represents condensed consolidated results of operations as if the acquisition of the Acquired Businesses occurred on January 1, 2014. The pro forma information has been included for comparative purposes and is not indicative of results of operations of the Company had the acquisitions occurred on the above date, nor is it necessarily indicative of future results. For each of the Acquired Businesses, we have identified revenue from customers who cancelled their contracts prior to MTBC's acquisition of such customers' contracts. Such revenue is excluded from the pro forma information below, since MTBC did not pay for these customers and will not generate revenues from those customers. The March 31, 2014 pro forma net loss was adjusted to exclude \$30,000 of acquisition-related costs incurred during the quarter then ended.

For the quarter ended
March 31, 2014

Total revenue	\$ 7,174,440	
Net loss	\$ (1,659,542)
Net loss per share	\$ (0.33)

4. Intangible Assets – NET

Intangible assets-net as of March 31, 2015 and December 31, 2014 consist of following:

	March 31, 2015	December 31, 2014
Contracts and relationships acquired	\$11,164,988	\$ 11,164,988
Non-compete agreements	1,206,272	1,206,272
Other Intangible assets	316,134	309,486
Total intangible assets	12,687,394	12,680,746
Less: Accumulated amortization	(5,371,495)	(4,302,909)
Intangible assets - net	\$7,315,899	\$ 8,377,837

Amortization expense was \$1,066,745 and \$218,934 for the three months ended March 31, 2015 and March 31, 2014, respectively. The weighted-average amortization period is three years.

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

Years Ending December 31	
2015 (nine months)	\$2,655,911
2016	3,153,443
2017	1,506,196
2018	349
Total	\$7,315,899

5. Concentrations

Financial Risks — As of March 31, 2015 and December 31, 2014, the Company held Pakistani rupees of 91,203,453 (US \$898,556) and Pakistani rupees of 56,507,436 (US \$562,823), respectively, in the name of its subsidiary at a bank in Pakistan. Funds are wired to Pakistan near the end of each month to cover payroll at the beginning of the next month and operating expenses throughout the month. The banking system in Pakistan does not provide deposit insurance coverage. Additionally, from time to time, the Company maintains cash balances at financial institutions in the United States of America in excess of federal insurance limits. The Company has not experienced any losses on such accounts.

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 been minimal. During the three months ended March 31, 2015 and 2014, respectively, there were no customers with sales of 4% or more of the total.

Geographical Risks — The Company's offices in Islamabad and Bagh, Pakistan, conduct significant back-office operations for the Company. The Company has no revenue earned outside of the United States of America. The office in Bagh is located in a different territory of Pakistan from the Islamabad office. The Bagh office was opened in 2009 for the purpose of providing operational support and operating as a backup to the Islamabad office. The Company's operations in Pakistan 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 Pakistan and by the general state of Pakistan'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 Pakistan's telecommunications industry, regulatory rules and policies, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

The carrying amounts of net assets located in Pakistan were \$1,132,395 and \$796,609 as of March 31, 2015 and December 31, 2014, respectively. These balances exclude intercompany receivables of \$2,621,305 and \$2,681,937 as of March 31, 2015 and December 31, 2014, respectively. The following is a summary of the net assets located in Pakistan as of March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31, 2014
Current assets	\$1,086,946	\$698,174
Non-current assets	1,333,520	1,355,333
	2,420,466	2,053,507
Current liabilities	(1,268,687)	(1,233,618)
Non-current liabilities	(19,384)	(23,280)
	\$1,132,395	\$796,609

6.

NET LOss per share

The following table reconciles the weighted-average shares outstanding for basic and diluted net loss per share for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
Basic:		
Net loss	\$(1,165,910)	\$(383,672)
Weighted average shares used in computing basic loss per share	9,687,097	5,101,770
Net loss per share - Basic	\$(0.12)	\$(0.08)
Diluted:		
Net loss	\$(1,165,910)	\$(383,672)
Weighted average shares used in computing diluted loss per share	9,687,097	5,101,770
Net loss per share - Diluted	\$(0.12)	\$(0.08)

Restricted share units ("RSUs") of 457,500, which are net of forfeitures, have been excluded from the above calculation as they were anti-dilutive. The net loss per share - basic excludes 1,287,529 of contingently-issued shares. The net loss per share - diluted does not include any contingently issuable shares as the effect would be anti-dilutive and no shares would be released based on the revenue to date generated by the Acquired Businesses.

7.

Debt

Revolving Line of Credit — The Company has an agreement with TD Bank for a revolving line of credit maturing on November 30, 2015 for up to \$3 million. The line of credit has a variable rate of interest per annum at the Wall Street Journal prime rate plus 1% (4.25% as of March 31, 2015 and December 31, 2014). The line of credit is collateralized by all of the Company's assets and is guaranteed by the CEO of the Company. The outstanding balance as of March 31, 2015 and December 31, 2014 was \$3,000,000 and \$1,215,000, respectively. The Company is prohibited from paying any dividends without the prior written consent of TD Bank.

Convertible Note — On September 23, 2013, the Company issued a convertible promissory note in the amount of \$500,000 to an accredited investor, AAMD LLC, with a maturity date of March 23, 2016, and bearing interest at the rate of 7.0% per annum. Pursuant to the terms of the note, the principal and interest outstanding thereunder automatically converted into 117,567 shares of common stock upon the closing of the IPO at a conversion price equal to 90% of the per-share issuance price of the common stock in the IPO. Interest and other expense of \$12,722 was recorded in connection with this convertible note for the three months ended March 31, 2014 and was included in interest expense and other income (expense)-net in the condensed consolidated statement of operations.

Maturities of notes payable as of March 31, 2015 are as follows:

Years Ending December 31	Liability Against Assets Subject to Finance Lease	Metro Medical	Loan from CEO	Bank Direct Capital Finance	Honda Financial Services	Total
2015 (nine months)	\$ 8,967	\$265,386	\$ 470,089	\$63,399	\$ 3,981	\$811,822
2016	11,875	-	-	-	6,194	18,069
2017	11,152	-	-	-	6,471	17,623
Thereafter	-	-	-	-	12,573	12,573
Total	\$ 31,994	\$265,386	\$ 470,089	\$63,399	\$ 29,219	\$860,087

8. Commitments and Contingencies

Legal Proceedings — The Company is subject to legal proceedings and claims which have arisen in the ordinary course of business and have not been fully adjudicated. These actions, when ultimately concluded and determined, will not, in the opinion of management, have a material adverse effect upon the condensed consolidated financial position, results of operations, or cash flows of the Company.

At December 31, 2013, the Company had accrued a liability of \$161,137 for a referral fee payable to a former owner of Sonix Medical Technologies, Inc. The Company settled the liability for \$55,614 and reversed an accrued expense of \$105,523, which reduced general and administrative expenses in the condensed consolidated statements of operations during the three months ended March 31, 2014.

Leases — The Company leases certain office space and other facilities under operating leases expiring through 2021.

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Future minimum lease payments under non-cancelable operating leases with related parties and for office space as of March 31, 2015 are as follows (certain leases with non-related parties are cancellable):

Years Ending December 31	Total
2015 (nine months)	\$ 121,788
2016	75,750
2017	58,500
Total	\$256,038

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 9, amounted to \$246,904 and \$105,150 for the three months ended March 31, 2015 and 2014, respectively.

Acquisitions — In connection with the acquisition of the Acquired Businesses, contingent consideration is payable in the form of common stock during the third quarter of 2015. If the performance measures are not achieved, the Company may pay less than the recorded amount, depending on the terms of the arrangement. If the price of the Company's common stock increases, the Company may pay more than the recorded amount.

9. Related PARTIES

In February 2013, the CEO advanced a loan of \$1,000,000 to the Company, of which a portion was used to repay the outstanding balance on the revolving credit line with TD Bank; \$470,089 was outstanding on this loan as of March 31, 2015 and December 31, 2014. The loan bears an annual interest rate of 7.0%. The total principal and outstanding interest are due upon maturity of the loan on July 5, 2015. The Company recorded interest expense on the loan from the CEO of \$8,114 and \$12,698 for the three months ended March 31, 2015 and 2014, respectively. During the three months ended March 31, 2015, the Company paid accrued interest of \$45,029 to the CEO.

The Company had sales to a related party, a physician who is related to the CEO. Revenue from this customer was approximately \$4,354 and \$4,736 for the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015 and December 31, 2014, the receivable balance due from this customer was \$1,555 and \$1,128, respectively. During April 2015, the Company began initial testing of a new service called Same Day Funding with the physician related to the CEO. The Audit Committee of the Board of Directors approved advancing funds of no more than \$20,000 through May 31, 2015. If the initial testing is successful, this service will be tested with other practices.

The Company is a party to a nonexclusive aircraft dry lease agreement with Kashmir Air, Inc. ("KAI"), which is owned by the CEO. The Company recorded expense of \$32,100 during both the three months ended March 31, 2015 and 2014. As of March 31, 2015 and December 31, 2014, the Company had a liability outstanding to KAI of \$126,681 and \$108,902, respectively.

The Company leases its corporate offices in New Jersey and its backup operations center in Bagh, Pakistan, from the CEO. The related party rent expense was \$43,798 and \$42,231 for the three months ended March 31, 2015 and 2014, respectively, and is included in direct operating costs and general and administrative expense in the condensed consolidated statement of operations. Current assets-related party on the condensed consolidated balance sheets includes security deposits related to the leases of the Company's corporate offices in the amount of \$13,200 as of both March 31, 2015 and December 31, 2014. Other assets includes prepaid rent that has been paid to the CEO in the amount of \$11,084 as of both March 31, 2015 and December 31, 2014.

The Company advanced \$1,000 to the CEO during the three months ended March 31, 2014, which was repaid during the same period.

The CEO of the Company guaranteed the Company's existing line of credit with the TD Bank and has also committed to contribute up to \$400,000 in additional capital to the Company, if necessary.

10.

Employee Benefit Plans

The Company has a qualified 401(k) plan covering all U.S. employees who have completed three months of service. The plan provides for matching contributions by the Company equal to 100% of the first 3% of the qualified compensation, plus 50% of the next 2%. Employer contributions to the plan were \$23,562 and \$15,080 for the three months ended March 31, 2015 and 2014, respectively.

Additionally, the Company has a defined contribution retirement plan covering all employees located in Pakistan who have completed 90 days of service. The plan provides for monthly contributions by the Company which are the lower of 10% of qualified employees' basic monthly compensation or 750 Pakistani rupees. The Company's contributions were \$37,980 and \$20,331 for the three months ended March 31, 2015 and 2014, respectively.

11. STOCK-BASED COMPENSATION

In April 2014, the Company adopted the Medical Transcription Billing, Corp. 2014 Equity Incentive Plan (the “2014 Plan,”), reserving a total of 1,351,000 shares of common stock for grants to employees, officers, directors and consultants. Permissible awards include incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock and cash-settled awards and other stock-based awards in the discretion of the Compensation Committee of the Board of Directors (the “Compensation Committee”), including unrestricted stock grants.

During April 2014, the Compensation Committee authorized and the Company awarded 217,500 restricted stock awards (“RSUs”) in the aggregate under the 2014 Plan to two named executive officers and three of its independent directors. During September 2014, the Compensation Committee authorized and the Company awarded 171,000 RSUs in the aggregate under the 2014 Plan to its four independent directors, two named officers and six employees. On March 25, 2015, the Compensation Committee authorized and the Company awarded 20,000 RSUs to two named employees. One third of these RSUs vest annually over three years as long as the employee or executive continues to be employed by the Company on the applicable vesting date or the director remains a member of the Company’s Board of Directors. As a result, the Company recognized stock-based compensation cost beginning in April 2014. The Company’s policy election for these graded-vesting RSUs is to recognize compensation expense on a straight-line basis over the total requisite service period for the entire award. The RSUs, other than the cash-settled and performance-based RSUs, contain a provision in which the units shall immediately vest and become converted into the right to receive a cash payment payable on the original vesting date after a change in control as defined in the award agreement.

Effective September 15, 2014 and November 10, 2014, the Compensation Committee authorized an additional 125,000 and 10,000 RSUs, respectively, in the aggregate to certain employees that vest ratably beginning in the fourth quarter of 2014 through the third quarter of 2015 based on whether certain performance measures are attained in each of those quarters. Shares that do not vest in any quarter because the performance measures were not attained are forfeited. The performance-based RSUs authorized on November 10, 2014 were not issued. None of the performance-based RSUs authorized on September 15, 2014 vested in the fourth quarter of 2014 or the first quarter of 2015. Accordingly, through March 31, 2015, no expense has been recorded related to the performance-based RSUs.

On March 25, 2015, the Compensation Committee authorized 211,400 cash-settled RSUs to be given to certain employees in Pakistan. Of the total authorized, 196,600 were granted. The cash-settled RSUs vest over three years with the first vesting date being July 27, 2015 for those employees who were employed by the Company as of July 28, 2014.

We engaged a third-party valuation specialist to assist us in valuing the RSUs granted in April 2014, who determined the fair value of the RSUs was \$3.60 per share at the time of grant. The market price of our common stock on the date of grant for the RSUs awarded in September 2014 and March 2015 was \$3.83 and \$2.50, respectively, and was used

in recording the fair value of the award. The aggregate compensation cost for RSUs recorded under the 2014 Plan, including the cash-settled RSUs was \$126,849 for the quarter ended March 31, 2015 of which \$119,202 was recorded through equity and \$7,647 was recorded in the condensed consolidated statement of operations. The stock-based compensation was recorded as follows:

Stock-based compensation included in the Consolidated Statement of Operations:	Three Months Ended March 31, 2015
Direct operating costs	\$ 4,640
General and administrative	120,996
Research and development	1,213
Total stock-based compensation expense	\$ 126,849

12.

INCOME TAXES

Due to the valuation allowance recorded against all net deferred tax assets, no income tax benefit was recorded for the three months ended March, 31 2015. The provision for the three months ended March 31, 2015 represents state minimum taxes and taxes attributable to Pakistan. For the three months ended March 31, 2014, we used a discrete approach in calculating the tax benefit. Under the discrete method, we determined our tax benefit based upon actual results as if the interim period were an annual period.

The Company's plan to repatriate earnings in Pakistan to the United States requires that U.S. Federal taxes be provided on the Company's earnings in Pakistan. For state tax purposes, the Company's Pakistan earnings generally are not taxed due to a subtraction modification available in most states.

Although the Company is forecasting a return to profitability, it incurred cumulative losses which makes realization of a deferred tax asset difficult to support in accordance with Accounting Standards Codification ("ASC") 740. Accordingly, a valuation allowance has been recorded against all Federal and state deferred tax assets as of March 31, 2015 and December 31, 2014.

13. OTHER INCOME (EXPENSE) – NET

Other income (expense)-net for the three months ended March 31, 2015 and 2014 consisted of the following:

	Three Months Ended March 31,	
	2015	2014
Foreign exchange gain (loss)	\$ 31,463	\$(203,264)
Other	14,658	3,379
Other income (expense) - net	\$ 46,121	\$(199,885)

Foreign currency transaction gains (losses) result from transactions related to the intercompany receivable for which transaction adjustments are recorded in the condensed consolidated statements of operations as they are not deemed to be permanently reinvested. An increase in the exchange rate of Pakistan rupees per U.S. dollar in the first quarter of 2015 of 0.4% caused a foreign exchange gain of \$31,463 for the three months ended March 31, 2015. A decline in the exchange rate of Pakistan rupees per U.S. dollar by 8% from December 31, 2013 to March 31, 2014, caused a foreign exchange loss of \$203,264 for the three months ended March 31, 2014.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

As of March 31, 2015 and December 31, 2014, the carrying amounts of cash, receivables, accounts payable and accrued expenses approximated their estimated fair values because of the short term nature of these financial instruments.

The following table summarizes the Company's financial instruments that are not measured at fair value on a recurring basis by a fair value hierarchy as of March 31, 2015 and December 31, 2014:

	Carrying Value at March 31, 2015	Fair Value as of March 31, 2015, using,			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Cash	\$ 1,185,943	\$1,185,943	\$-	\$-	\$1,185,943
Financial Liabilities					
Borrowings under line of credit	3,000,000	-	3,000,000	-	3,000,000
Notes payable - Other ⁽¹⁾	389,998	-	-	388,729	388,729
	Carrying Value at December 31, 2014	Fair Value as of December 31, 2014, using,			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Cash	\$ 1,048,660	\$1,048,660	\$-	\$-	\$1,048,660
Financial Liabilities					
Borrowings under line of credit	1,215,000	-	1,215,000	-	1,215,000
Notes payable - Other ⁽¹⁾	645,180	-	-	644,974	644,974

(1) Excludes note payable to the majority shareholder

Note Payable-Related Party - The CEO advanced a loan of \$1,000,000 to the Company, of which \$470,089 was outstanding as of March 31, 2015 and December 31, 2014. The loan bears an annual interest rate of 7.0%. The total principal and cumulative interest are due upon maturity of the loan on July 5, 2015. The fair value of related party transactions, including note payable to the CEO, cannot be determined based upon the related party nature of the transaction.

Borrowings under Revolving Line of Credit – The Company's outstanding borrowings under the line of credit with TD Bank had a carrying value of \$3,000,000 and \$1,215,000 as of March 31, 2015 and December 31, 2014, respectively. The fair value of the outstanding borrowings under the line of credit with TD Bank approximated the carrying value at March 31, 2015 and December 31, 2014, respectively, as these borrowings bear interest based on prevailing variable market rates currently available. As a result, the Company categorizes these borrowings as Level 2 in the fair value hierarchy.

Notes Payable-Other – Notes payable-other consists of amounts due to Bank Direct Capital Finance, auto loans and a promissory note related to a 2013 acquisition.

The fixed interest-bearing term loan from Bank Direct Capital Finance had an aggregate carrying value of \$63,399 and \$156,894 as of March 31, 2015 and December 31, 2014, respectively. The fair value of this term loan was approximately \$63,710 and \$158,435 at March 31, 2015 and December 31, 2014, respectively, and is categorized as Level 3 in the fair value hierarchy. The fair value of the term loan was determined based on internally-developed valuations that use current interest rates in developing a present value of this term loan. The outstanding fixed interest bearing auto loans had a carrying value of \$61,213 and \$66,297 as of March 31, 2015 and December 31, 2014, respectively. The fair value of these auto loans was approximately \$59,138 and \$63,371 at March 31, 2015 and December 31, 2014, respectively, and is categorized as Level 3 in the fair value hierarchy. The fair value of the auto loans was determined based on internally-developed valuations that use the interest rate charged by TD Bank (4.25% at March 31, 2015 and December 31, 2014) in developing a present value of these notes payable.

The Company issued fixed interest-bearing note payable to the former owner of a 2013 acquisition. The aggregate carrying value of the note payable was \$265,386 and \$421,989 at March 31, 2015 and December 31, 2014, respectively. The fair value of the note payable was approximately \$265,881 and \$423,168 at March 31, 2015 and December 31, 2014, respectively, and is categorized as Level 3 in the fair value hierarchy. The fair value of the note payable related to a 2013 acquisition was determined based on internally-developed valuations that use the interest rate charged by TD Bank (4.25% at March 31, 2015 and December 31, 2014) in developing a present value of the note payable.

Contingent Consideration

The Company's potential contingent considerations of \$1,930,440 and \$2,626,323 as of March 31, 2015 and December 31, 2014, respectively, related to the 2014 acquisitions are Level 3 liabilities. The fair value of the contingent consideration is primarily driven by the price of the Company's common stock on the NASDAQ Capital Market, an estimate of revenue to be recognized by the Company from the Acquired Businesses during the first twelve months after acquisition compared to the trailing twelve months' revenue from customers in good standing as of March 31, 2014 shown in the Company's prospectus dated July 22, 2014, the passage of time and the associated discount rate. If revenue from an acquisition exceeds the trailing revenue shown in the Company's prospectus, or the Company's stock price exceeds the price on July 28, 2014, the date of the acquisitions, the consideration could exceed the original estimated contingent consideration. Discount rates are estimated by using government bond yields (0.10%).

The following table provides a reconciliation of the beginning and ending balances for the contingent consideration measured at fair value using significant unobservable inputs (Level 3):

Financial instruments measured at fair value on a recurring basis:

	Fair Value Measurement at Reporting Date Using Significant Unobservable Outputs, Level 3
Balance - January 1, 2015	\$ 2,626,323
Change in fair value	(695,883)
Balance - March 31, 2015	\$ 1,930,440

15. Accumulated OTHER COMPREHENSIVE LOSS

The components of changes in accumulated other comprehensive loss for the three months ended March 31, 2015 are as follows:

	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Loss
Balance - January 1, 2015	\$ (208,962)	\$ (208,962)
Other comprehensive loss during the period	(40,789)	(40,789)
Balance - March 31, 2015	\$ (249,751)	\$ (249,751)

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations.

Overview

MTBC is a healthcare information technology company that provides a fully integrated suite of proprietary web-based solutions, together with related business services, to healthcare providers practicing in ambulatory settings. Our integrated Software-as-a-Service (or SaaS) platform is designed to help our customers increase revenues, streamline workflows and make better business and clinical decisions, while reducing administrative burdens and operating costs. We employ a highly educated workforce of more than 2,000 people in Pakistan, where we believe labor costs are approximately one-half the cost of comparable India-based employees, thus enabling us to deliver our solutions at competitive prices.

Our flagship offering, PracticePro, empowers healthcare practices with the core software and business services they need to address industry challenges, including the Affordable Care Act, on one unified SaaS platform. We deliver powerful, integrated and easy-to-use 'big practice solutions' to small and medium practices, which enable them to efficiently operate their businesses, manage clinical workflows and receive timely payment for their services. PracticePro consists of:

- Practice management software and related tools, which facilitate the day-to-day operation of a medical practice;
- Electronic health records (or EHR), which are easy to use, highly ranked, and allow our customers to reduce paperwork and qualify for government incentives;
- Revenue cycle management (or RCM) services, which include end-to-end medical billing, analytics, and related services; and
- Mobile Health (or mHealth) solutions, including smartphone applications that assist patients and healthcare providers in the provision of healthcare services.

Adoption of our solutions requires only a modest upfront expenditure by a provider. Additionally, our financial performance is linked directly to the financial performance of our clients because the vast majority of our revenues is based on a percentage of our clients' collections. The standard fee for our complete, integrated, end-to-end solution is 5% of a practice's healthcare-related revenues plus a one-time setup fee, and is among the lowest in the industry.

Our growth strategy involves two approaches: acquiring smaller RCM companies and then migrating the customers of those companies to our solutions, as well as partnering with EHR and other vendors that lack an integrated solution and integrating our solutions with their offerings. The RCM service industry is highly fragmented, with many local and regional RCM companies serving small medical practices. We believe that the industry is ripe for consolidation and that we can achieve significant growth through acquisitions. We further believe that it is becoming increasingly difficult for traditional RCM companies to meet the growing technology and business service needs of healthcare providers without a significant investment in information technology infrastructure.

We believe we will also be able to accelerate organic growth by partnering with industry participants, utilizing them as channel partners to offer integrated solutions to their customers. We have recently entered into arrangements with industry participants from which we began to derive revenue starting in mid-2014, including emerging EHR providers and other healthcare vendors that lack a full suite of solutions. We are in the midst of developing application interfaces with two EHR systems, as well as a provider of paper-based clinical forms to create integrated offerings.

Our Pakistan operations accounted for approximately 49% of total expenses for the three months ended March 31, 2014 and 35% of expenses for the three months ended March 31, 2015. A significant portion of those expenses were personnel-related costs (approximately 78% for the three months ended March 31, 2014 and 82% for the three months ended March 31, 2015). Because personnel-related costs are significantly lower in Pakistan than in the U.S. and many other offshore locations, we believe our Pakistan operations give us a competitive advantage over many industry participants. All of the medical billing companies that we acquired, including the Acquired Businesses, use domestic labor or labor from higher cost locations to provide all or a substantial portion of their services. We are able to achieve significant cost reductions as we shift these domestic labor costs to Pakistan.

Key Performance Measures

We consider numerous factors in assessing our performance. Key performance measures used by management, including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Net Income per Share, are non-GAAP financial measures, which we believe better enable management and investors to analyze and compare the underlying business results from period to period.

These non-GAAP financial measures should not be considered in isolation, or as a substitute for or superior to, financial measures calculated in accordance with accounting principles generally accepted in the United Sta