

MEDICAL TRANSCRIPTION BILLING, CORP  
Form 10-Q  
August 11, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-Q**

**(Mark one)**

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

**For the quarterly period ended June 30, 2016**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 333-192989**

**MEDICAL TRANSCRIPTION BILLING, CORP.**

*(Exact name of registrant as specified in its charter)*

**Delaware** **22-3832302**  
*(State or other jurisdiction of (I.R.S. Employer*

*incorporation or organization) Identification Number)*

**7 Clyde Road**  
**08873**

**Somerset, New Jersey**  
*(Address of principal executive offices) (Zip Code)*

**(732) 873-5133**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-Accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At August 9, 2016, the registrant had 10,252,240 shares of common stock, par value \$0.001 per share, outstanding.

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## Forward Looking Statements

*Certain statements that we make from time to time, including statements contained in this Quarterly Report on Form 10-Q constitute “forward-looking statements” within the meaning of the federal securities laws. 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 anticipated future events, future results of operations or future financial performance. In some cases, you can identify forward-looking statements terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “projects,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or other terms or other comparable terminology. 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.*

*These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry’s) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements, including without limitation, risks and uncertainties relating to:*

*our ability to manage our growth, including acquiring, partnering with, and effectively integrating other businesses into our infrastructure;*

*our ability to retain our customers and revenue levels, including effectively migrating and keeping new customers acquired through business acquisitions and maintaining or growing the revenue levels of our new and existing customers;*

*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 raise capital and obtain and maintain financing on acceptable terms;*

*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 and Poland 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 rapidly changing healthcare industry;*

*our ability to consistently achieve and maintain compliance with a myriad of Federal, State, foreign, local, payor and industry requirements, regulations, rules and laws;*

*our ability to protect and enforce intellectual property rights;*

*our ability to maintain and protect the privacy of customer and patient information.; and*

*our ability to meet continuing listing standards on the Nasdaq Capital Market, including its requirement that the minimum bid price for our common stock be at or above \$1.00.*

*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.*

*We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the U.S., we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or other investments or strategic transactions we may engage in.*

*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**

	June 30, 2016 (Unaudited)	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$6,618,921	\$8,039,562
Accounts receivable - net of allowance for doubtful accounts of \$298,000 and \$250,000 at June 30, 2016 and December 31, 2015, respectively	2,156,152	2,211,979
Current assets - related party	24,738	13,200
Prepaid expenses and other current assets	452,798	621,492
Total current assets	9,252,609	10,886,233
Property and equipment - net	1,446,953	1,372,283
Intangible assets - net	4,660,520	5,379,404
Goodwill	9,430,994	8,971,994
Other assets	182,576	66,984
<b>TOTAL ASSETS</b>	<b>\$24,973,652</b>	<b>\$26,676,898</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$548,707	\$370,441
Accrued compensation	686,127	627,450
Accrued expenses	493,674	650,221
Deferred rent	50,203	37,987
Deferred revenue	83,546	73,520
Accrued liability to related party	10,700	10,700
Borrowings under line of credit	2,000,000	2,000,000
Current portion of long-term debt	2,000,000	500,000
Notes payable - other (current portion)	221,118	582,023
Contingent consideration (current portion)	652,542	746,560
Dividend payable	159,236	159,236
Total current liabilities	6,905,853	5,758,138
Long - term debt, net of discount and debt issuance costs	5,334,470	4,836,384
Notes payable - other	179,543	66,539
Deferred rent	460,571	490,588

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Deferred revenue	27,826	36,082
Contingent consideration	470,952	425,948
Deferred tax liability	244,610	171,269
Total liabilities	13,623,825	11,784,948
COMMITMENTS AND CONTINGENCIES (Note 10)		
SHAREHOLDERS' EQUITY:		
Preferred stock, par value \$0.001 per share - authorized 2,000,000 and 1,000,000 shares at June 30, 2016 and December 31, 2015, respectively; issued and outstanding 231,616 shares at June 30, 2016 and December 31, 2015	232	232
Common stock, \$0.001 par value - authorized 19,000,000 shares; issued 10,734,518 and 10,345,351 shares at June 30, 2016 and December 31, 2015, respectively; outstanding, 9,988,615 and 10,244,013 shares at June 30, 2016 and December 31, 2015, respectively	10,735	10,346
Additional paid-in capital	24,820,597	24,549,889
Accumulated deficit	(12,425,398)	(9,147,507)
Accumulated other comprehensive loss	(388,163)	(398,979)
Less: 745,903 and 101,338 common shares held in treasury, at cost at June 30, 2016 and December 31, 2015, respectively	(668,176)	(122,031)
Total shareholders' equity	11,349,827	14,891,950
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$24,973,652</b>	<b>\$26,676,898</b>

See notes to condensed consolidated financial statements.



**MEDICAL TRANSCRIPTION BILLING, CORP.**

**CONDENSED CONSOLIDATED STATEMENT**