UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

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

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

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

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

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

The historical financial statements of MTBC, Metro Medical and each of the businesses whose acquisition is planned appear elsewhere in this prospectus. The financial statements of Metro Medical subsequent to March 31, 2013 are not required to be presented in this prospectus as the acquisition occurred on June 30, 2013, before the end of the reporting period. We have based our historical financial information for Metro Medical for the period of April 1, 2013 through June 30, 2013 on results as reported by its management and reviewed by our accounting and finance department.

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

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

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

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

	MTBC	Metro Medical 1/1-6/30/13 (6)	Adjustments for Revenues Not Acquired (1)	MTBC + Previously Acquired Subtotal	Omni	Practicare	CastleRock	Planned Acquisition Subtotal	Pro Forma Adjustments		Pro Forma Combined
				(in thousands, except per share data)							
Net revenue	$ 10,473	$ 1,705	$ (173)	$ 12,005	$ 11,292	$ 4,861	$ 4,925	$ 21,078	$ -		$ 33,083
Operating expenses:											
Direct operating costs	4,273	1,195	-	5,468	6,077	4,087	1,216	11,380	-		16,848
Selling, general and administrative	4,992	673	-	5,665	4,046	1,119	3,360	8,525	(281)	(2)	13,909
Research and development	386	-	-	386	-	-	-	-	-		386
Depreciation and amortization	949	21	-	970	947	75	177	1,199	3,463	(3)	5,632
Total operating expenses	10,600	1,889	-	12,489	11,070	5,281	4,753	21,104	3,182		36,775
Operating income (loss)	(127)	(184)	(173)	(484)	222	(420)	172	(26)	(3,182)		(3,692)
Interest expense -- net	136	-	-	136	12	2	47	61	14	(4)	211
Other income -- net	230	-	-	230	36	4	-	40	-		270
Income (loss) before provision (benefit) for income taxes	(33)	(184)	(173)	(390)	246	(418)	125	(47)	(3,196)		(3,633)
Income tax provision (benefit)	145	(56)	-	89	2	-	-	2	(1,278)	(5)	(1,187)
Net income (loss)	$ (178)	$ (128)	$ (173)	$ (479)	$ 244	$ (418)	$ 125	$ (49)	$ (1,918)		$ (2,446)
Weighted average common shares outstanding											
Basic and diluted	5,102								5,881	(14)	10,983
Net loss per share											
Basic and diluted	$ (0.03)										$ (0.22)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the three months ended March 31, 2014

	Three Months ended March 31, 2014							
	MTBC	Omni	Practicare	CastleRock	Planned Acquisition Subtotal	Pro Forma Adjustments		Pro Forma Combined
	(in thousands, except per share data)							
Net revenue	$ 2,573	$ 2,721	$ 991	$ 1,203	$ 4,915	$ -		$ 7,488
Operating expenses:								
Direct operating costs	1,153	1,806	889	252	2,947	-		4,100
Selling, general and administrative	1,356	646	287	840	1,773	(66)	(2)	3,063
Research and development	116	-	-	-	-	-		116
Depreciation and amortization	270	224	9	46	279	847	(3)	1,396
Total operating expenses	2,895	2,676	1,185	1,138	4,999	781		8,675
Operating income (loss)	(322)	45	(194)	65	(84)	(781)		(1,187)
Interest expense -- net	50	3	-	10	13	(12)	(4)	51
Other income -- net	(200)	13	-	20	33	-		(167)
Income (loss) before provision (benefit) for income taxes	(572)	55	(194)	75	(64)	(769)		(1,405)
Income tax benefit	(188)	-	-	-	-	(283)	(5)	(471)
Net income (loss)	$ (384)	$ 55	$ (194)	$ 75	$ (64)	$ (486)		$ (934)
Weighted average common shares outstanding								
Basic and diluted	5,102					5,881	(14)	10,983
Net loss per share								
Basic and diluted	$ (0.08)							$ (0.09)

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of March 31, 2014

(in thousands)

	MTBC	Omni	Practicare	CastleRock	Adjustments for Assets Not Acquired		Planned Acquisition Subtotal	Acquisition Related Pro Forma Adjustments		Pro Forma for Acquisitions	IPO Proceeds		Consolidated Pro Forma Results
Cash	$ 307	$ 230	$ 95	$ 528	$ (853)	(8)	$ -	$ (11,287)	(7)	$ (10,980)	$ 16,572	(13)	$ 5,592
Accounts receivable - net	942	1,363	623	647	(2,633)	(8)	-	-		942	-		942
Other current assets	533	31	45	13	(19)	(8)	70	-		603	-		603
Current assets	1,782	1,624	763	1,188	(3,505)		70	(11,287)		(9,435)	16,572		7,137
PP&E - net	528	126	75	11	(8)	(8)	204	-		732	-		732
Intangible assets - net	1,323	1,483	-	296	(1,779)	(8)	-	13,144	(9)	14,467	-		14,467
Goodwill	344	1,690	-	329	(2,019)	(8)	-	5,941	(10)	6,285	-		6,285
Other LT assets	1,777	24	24	21	(69)	(8)	-	-		1,777	(1,568)	(13)	209
Total assets	$ 5,754	$ 4,947	$ 862	$ 1,845	$ (7,380)		$ 274	$ 7,798		$ 13,826	$ 15,004		$ 28,830
Accounts payable	$ 296	$ 204	$ 104	$ 439	$ (747)	(8)	$ -	$ -		$ 296	$ -		$ 296
Accrued expenses	1,340	-	77		(77)	(8)	-	-		1,340	(658)	(13)	682
Short term debt	1,984	659	64	408	(1,131)	(8)	-	-		1,984	-		1,984
Deferred revenue	50	-	-	-	-	(8)	-	-		50	-		50
Other current liabilities	73	235	-	-	(235)	(8)	-	-		73	-		73
Total current liabilities	3,743	1,098	245	847	(2,190)		-	-		3,743	(658)		3,085
Long term debt	1,488	125	-	2	(127)	(8)	-	-		1,488	(484)	(11)	1,004
Other LT liabilities	657	-	-	-	-	(8)	-	-		657	(39)	(11)	618
Total liabilities	5,888	1,223	245	849	(2,317)		-	-		5,888	(1,181)		4,707
Common stock	5	-	539	10	(549)	(12)	-	1	(12)	6	4	(12)	10
Additional paid-in capital	252	-	-	1,125	(1,125)	(12)	-	8,071	(12)	8,323	16,155	(12)	24,478
Retained earnings (defecit)	(334)	3,724	78	(85)	(3,717)	(12)	-	-		(334)	26	(12)	(308)
Minority interest in subsidiary				(54)	54	(12)	-	-		-	-		-
Accumulated other comprehensive loss	(57)	-	-	-	-	(12)	-	-		(57)	-		(57)
Total shareholders' equity (deficit)	(134)	3,724	617	996	(5,337)		-	8,072		7,938	16,185		24,123
Total liabilities and equity	$ 5,754	$ 4,947	$ 862	$ 1,845	$ (7,654)		$ -	$ 8,072		$ 13,826	$ 15,004		$ 28,830

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

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

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

FOOTNOTES:

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

Elimination of Customers not Acquired

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

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

Material non-recurring transaction expenses associated with acquisitions

	Year ended December 31, 2013	Three Months ended March 31, 2014
	(in thousands)	
Professional fees incurred by MTBC (legal, accounting, etc.)	$ 281	$ 66

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

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

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

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

Amortization Expense for Planned Acquisitions

	Omni	Practicare	CastleRock	Planned Acquisitions Total Expense
			(in thousands)	
For the three months ended March 31, 2014				
Pro forma	$ 617	$ 227	$ 251	$ 1,095
As recorded in historical financial statements of Target Sellers	204	-	44	248
Pro forma adjustment	$ 413	$ 227	$ 207	$ 847
For the year ended December 31, 2013				
Pro forma	$ 2,467	$ 910	$ 1,005	$ 4,382
As recorded in historical financial statements of Target Sellers	869	40	170	1,079
Pro forma adjustment	$ 1,598	$ 870	$ 835	$ 3,303

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

Amortization Expense for Metro Medical

	Metro Medical (in thousands)
For the three months ended March 31, 2014	
Pro forma	$ 96
As recorded in historical financial statements of MTBC	96
Pro forma adjustment	$ -
For the year ended December 31, 2013	
Pro forma	$ 385
As recorded in historical financial statements of MTBC	225
Pro forma adjustment	$ 160

The following table provides the total adjustment to amortization expense for planned and completed acquisitions for the year ended December 31, 2013 and the three months ended March 31, 2014:

Total Adjustment to Amortization Expense

	Year ended December 31, 2013	Three months ended March 31, 2014
	(in thousands)	
Completed acquisitions	$ 160	$ -
Planned acquisitions	3,303	847
Total amortization expense	$ 3,463	$ 847

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

2013. Interest on this convertible note is eliminated in the pro forma financial statements for the same period as the note is assumed to be converted to our common stock as of January 1, 2013.

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

- For each of the years ended 2007 through 2012 we generated both net income and taxable income, and our net loss and taxable loss in 2013 was smaller than our net income and taxable income in any of the past six years.
- Our loss for tax purposes following the acquisitions of the Target Sellers will be significantly lower than the pro forma operating loss before income tax reflected in the unaudited pro forma condensed combined financial statements, due in large part to the amortization of intangibles over three years for reporting purposes, versus the 15 year amortization period we will use for tax purposes. In particular, while we reflected $5.3 million of amortization expense on a pro forma basis for 2013, on a tax basis we would only have been able to deduct $1.1 million of amortization expense. This $4.2 million reduction in amortization expense would change the 2013 pro forma net loss before tax from ($3.6 million) to a pro forma net profit before tax of $573,000, with no change in operating expenses. We reflected $1.3 million of amortization expense on a pro forma basis for the three months ended March 31, 2014, but on a tax basis we would only have been able to deduct $263,000 of amortization expense. This $1.1 million reduction in amortization expense would decrease the March 31, 2014 pro forma net loss before tax from ($1.4 million) to ($354,000), with no change in operating expenses.
- We expect to reduce the Target Sellers' operating expenses following their acquisition. Although we do not have a history of operating the Target Sellers on a combined basis, our recent experience operating Metro Medical following its acquisition provides evidence that we will be able to reduce operating costs of the Target Sellers, as we were able to reduce directly-identifiable cost from Metro Medical by 52% in six months.
- We used a federal tax rate, rather than including state tax, due to uncertainty over what state net operating losses, if any, would be realizable.

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

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

Provision for Income Taxes Year ended December 31, 2013	Metro Medical 1/1-6/30/13	Previously Acquired Subtotal	Omni	Practicare	CastleRock	Planned Acquisition Subtotal	Pro Forma Adjustments	Pro Forma Income (Loss) before Provision (Benefit) for Income Taxes
				(in thousands)				
Net income (loss) before income taxes	$ (357)	$ (357)	$ 246	$ (418)	$ 125	$ (47)	$ (3,196)	$ (3,600)
				Estimated provision (benefit) at statutory income tax rate of 34%				(1,224)
					Less provision (benefit) for income taxes:			
							Metro Medical	(56)
							Omni	2
							Practicare	-
							CastleRock	-
							Pro forma tax adjustment	$ (1,278)

The following table details the pro forma adjustments to income taxes for the three months ended March 31, 2014:

Provision for Income Taxes

Three months ended March 31, 2014	Omni	Practicare	CastleRock	Planned Acquisition Subtotal	Pro Forma Adjustments	Pro Forma Income (Loss) before Provision (Benefit) for Income Taxes
			(in thousands)			
Net income (loss) before income taxes	$ 55	$ (194)	$ 75	$ (64)	$ (769)	$ (833)
Estimated provision (benefit) at statutory income tax rate of 34%						(283)
Less provision for income taxes:						
Omni						-
Practicare						-
CastleRock						-
Pro forma tax adjustment						$ (283)

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

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

Metro Medical Prior to Acquisition

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

(7) Cash Consideration — The pro forma adjustment to cash reflects the cash we expect to pay in connection with our planned acquisitions.

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

(8) Assets and Liabilities Not Acquired from Omni: — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately $1.6 million of tangible assets held by Omni that we do not expect to acquire, and approximately $1.2 million in liabilities that we do not expect to assume as part of the acquisition of Omni's assets, which will be accomplished by an asset purchase agreement listing specific assets. The asset purchase agreement anticipates the purchase primarily of Omni's customer relationships and agreements, as well as fixed assets, unbilled accounts receivable and other tangible assets, but not the purchase of accounts receivable or the assumption of any liabilities.

Assets and Liabilities Not Acquired from Practicare: — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately $756,000 of tangible assets held by Practicare that we do not expect to acquire, and approximately $245,000 in liabilities that we do not expect to assume as part of the acquisition of Practicare's assets, which will be accomplished by an asset purchase agreement listing specific assets. The asset purchase agreement anticipates the purchase primarily of Practicare's customer relationships and agreements, as well as fixed assets, unbilled accounts receivable and other tangible assets, but not the purchase of accounts receivable or the assumption of any liabilities.

Assets and Liabilities Not Acquired from CastleRock: — We adjusted the unaudited pro forma condensed combined balance sheet to eliminate approximately $1.2 million of tangible assets held by CastleRock that we do not expect to acquire, and approximately $849,000 in liabilities that we do not expect to assume as part of the acquisition of CastleRock's assets, which will be accomplished by an asset purchase agreement listing specific assets. The asset purchase agreement anticipates the purchase primarily of CastleRock's customer relationships and agreements, as well as fixed assets, unbilled accounts receivable and other tangible assets, but not the purchase of accounts receivable or the assumption of any liabilities.

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

Pro Forma Adjustments	As of March 31, 2014			
	Omni	Practicare	CastleRock	Pro Forma Adjustments
	(in thousands)			
Cash	$ (230)	$ (95)	$ (528)	$ (853)
Accounts receivable	(1,363)	(623)	(647)	(2,633)
Other current assets	-	(6)	(13)	(19)
Property, plant and equipment, net	-	(8)	-	(8)
Other long-term assets	(24)	(24)	(21)	(69)
Net tangible assets	(1,617)	(756)	(1,209)	(3,582)
Intangible assets, net	(1,483)	-	(296)	(1,779)
Goodwill	(1,690)	-	(329)	(2,019)
Total assets	$ (4,790)	$ (756)	$ (1,834)	$ (7,380)
Short term debt	$ (659)	$ (64)	$ (408)	$ (1,131)
Other current liabilities	(439)	(181)	(439)	(1,059)
Long term debt	(125)	-	(2)	(127)
Total liabilities	$ (1,223)	$ (245)	$ (849)	$ (2,317)

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

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

Intangible Assets of Planned Acquisitions	Omni	Practicare	CastleRock	Total Planned Acquisitions	Estimated Useful Life
	(in thousands)				
Customer relationships	$ 5,462	$ 2,053	$ 2,282	$ 9,797	3 years
Non-compete agreements	1,939	676	732	3,347	3 years
Total intangible assets	$ 7,401	$ 2,729	$ 3,014	$ 13,144	

The value of intangible assets includes $1.8 million of intangible assets recorded on the balance sheets of the businesses we plan to acquire.

The amounts set forth below reflect the estimated acquisition-date fair value of intangible assets for our acquisition of Metro Medical. These intangible assets are already included in our historical consolidated balance sheet as of March 31, 2014.

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

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

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

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

For our three planned acquisitions, management has made an initial fair value estimate of the assets acquired and liabilities assumed as of March 31, 2014. Our model, for each acquired business, includes assumptions such as revenue growth rates, profitability rates, attrition rates and weighted average costs of capital. While our assumptions regarding future results for each business have not changed due to recent events, these initial estimates will differ from the final valuation, once we have consummated the acquisitions and received the valuation report of a third-party specialist; and this difference could be material.

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

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

The following table shows the preliminary purchase price, estimated acquisition-date fair values of the to-be-acquired assets and liabilities assumed and non-controlling interest and calculation of goodwill for the businesses we plan to acquire, as of March 31, 2014, the date of our most recent balance sheet.

Purchase Price Allocation	Omni	Practicare	CastleRock	Total Planned Acquisitions
		(in thousands)		
Cash consideration	$ 6,554	$ 2,394	$ 2,339	$ 11,287
Common stock	5,165	1,463	1,793	8,421
Fair value adjustment	(103)	(228)	(18)	(349)
Net common stock	5,062	1,235	1,775	8,072
Total Purchase Price	$ 11,616	$ 3,629	$ 4,114	$ 19,359
Net tangible assets acquired	$ 157	$ 106	$ 11	$ 274
Intangible assets	7,401	2,729	3,014	13,144
Goodwill	4,058	794	1,089	5,941
Total purchase price allocation	$ 11,616	$ 3,629	$ 4,114	$ 19,359

The fair value of the shares of our common stock that we plan to issue in connection with our three planned acquisitions is anticipated to be approximately $8.1 million. The number of shares was determined based on the actual revenues of the companies in the four quarters ending March 31, 2014, calculated at a price of $10.00 per share. The actual purchase prices above reflect the value of the shares issued to the Target Sellers at the assumed offering price of $5.00 per share, and the cash consideration was contractually adjusted, based on the estimated net proceeds of this offering. With respect to Omni, following the closing date an upward purchase price adjustment may be made to the cash consideration payable to Omni with respect to revenue from new customers who executed one-year contracts prior to the closing, in an amount not to exceed the revenues generated by Omni during the 12 month period preceding the closing from customers that are not in good standing as of the closing date. In no event will the adjustment amount to more than 5% of the purchase price.

Pursuant to the terms of the respective purchase agreements, the original purchase price to be paid for the assets of each of the Target Sellers was to be calculated as a multiple of revenue generated by such Target Seller in the four quarters ending March 31, 2014 from its customers that are in good standing as of the closing date, subject to subsequent adjustments. Based on our earlier estimation of an offering price of $10.00 per share (the midpoint of the previously estimated offering range), the aggregate consideration to the Target Sellers under the original purchase agreements would have amounted to approximately $33.3 million, consisting of cash in the amount of approximately $17.5 million and shares of our common stock with a market value of approximately of $16.7 million.

On July 10, 2014, however, after discussions with the underwriters in this offering and prospective investors, and considering recent fluctuations in the valuations of healthcare technology companies and declines in the broader capital markets, it was determined that the price per share in this offering may need to be reduced significantly based on preliminary indications of interest from investors. As a result, the proceeds of the proposed offering would not provide us with sufficient cash to both consummate the acquisition of the Target Sellers pursuant to the terms of the original purchase agreements and provide us with sufficient working capital to execute our business plan. Accordingly, we immediately advised the Target Sellers of these developments and commenced discussions with them to determine their willingness to accept significant concessions to the terms contained in the original purchase agreements (including the substitution of the multiple valuation methodology with one based on a fixed price enterprise value), that would enable the Company to accept a public offering price in this offering as low as $5.00 per share and still consummate the acquisition of all three Target Sellers and provide us with sufficient cash to execute our business plan following the closing of this offering. Following extensive discussions with representatives of the Target Sellers, that continued throughout the night of July 10, 2014, we entered into amendments to each of the purchase agreements, whereby the cash consideration payable to each of the Target Sellers was decreased and set at a fixed amount. In addition, the Target Sellers would be entitled to receive the cash proceeds available to us in the event the underwriters exercise their option to purchase additional shares from us, less underwriters' discount and expenses. The amendments did not result in a change in the number of shares issuable to the Target Sellers under the purchase agreements. We believe that the Target Sellers agreed to enter into these amendments based on their consideration of the reduction in the offering price, current market conditions and the substantial time and effort that they had expended in seeking to consummate these transactions, and not due to material changes in their businesses or operations.

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

The preliminary estimate of equity consideration to be transferred is based on an aggregate value of equity, as stated in the asset purchase agreements, at the price of our common stock to be sold in this offering. The number of shares that will be issued in connection with those acquisitions were fixed shortly before closing of this offering. For purposes of determining the number of shares to be issued to each Target Sellers, a price of $10.00 per share was utilized. The total equity value for each acquisition was determined at the time of closing, based on the fixed number of shares and the actual offering price.

The amount of goodwill, if any, on the date of the acquisitions will vary based on the actual price of the offering and our assessment of whether and to what extent the underwriters will exercise their option to purchase additional shares, since these will impact the value of the shares as well as the amount of cash. A fair value estimate of the increase in purchase price, if any, which would result from underwriters' exercising their option to purchase additional shares, will be made at the time the acquisitions close, and any variance between the ultimate price and this estimate will be reflected in the income statement. The overallotment is considered to be contingent consideration that management determined to have a nominal preliminary value. The consideration expires in 30 days from the effective date of this offering.

For the Target Sellers, management has made an initial estimate that $5.9 million of goodwill will result from those planned

acquisitions. We believe that this amount will be deductible for tax purposes over a period of 15 years. However, these estimates are preliminary, and we have not completed the required tax and legal analyses to finalize our determination of deductibility of goodwill for tax purposes. Accordingly, the values of the goodwill recognized from these planned acquisitions and their deductibility for tax purposes set forth in these unaudited pro forma condensed combined financial statements could change and those changes could differ materially from what we present here.

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

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

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

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

Adjustments to Equity	Common Stock	Additional Paid-in Capital	Accumulated Equity / Deficit	Minority Interest in Subsidiary	Accumulated Other Comprehensive Income	Total Equity
			(in thousands)			
Omni	$ -	$ -	$ (3,724)	$ -	$ -	$ (3,724)
Practicare	(539)	-	(78)	-	-	(617)
CastleRock	(10)	(1,125)	85	54	-	(996)
Adjustments to equity	$ (549)	$ (1,125)	$ (3,717)	$ 54	$ -	$ (5,337)
Equity issued in connection with acquisitions	$ 1	$ 8,420	$ -	$ -	$ -	$ 8,421
Less: fair value adjustment	-	(349)	-	-	-	(349)
Acquisition adjustments to equity	$ 1	$ 8,071	$ -	$ -	$ -	$ 8,072
Equity from convertible note	$ -	$ 484	$ 26			$ 510
Equity issued in initial public offering	$ 4	$ 15,596				$ 15,600

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

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

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

Supplemental Information.

For Metro Medical and each of the Target Sellers, we have identified revenue from customers who cancelled their contracts prior to MTBC's acquisition (or anticipated acquisition) of such customers' contracts. Such revenue is included in the pro forma condensed consolidated financial statements, even though MTBC will not generate revenues from those customers. Pursuant to the terms of the respective purchase agreements, the original purchase price to be paid for the assets of each of the Target Sellers was calculated as a multiple of revenue generated by such Target Seller in the most recent four quarters included in this prospectus from its customers that are in good standing as of the closing date and is subject to subsequent adjustments. On July 10, 2014 we entered into amendments to each of the purchase agreements, whereby the cash consideration for each of the Target Sellers was decreased and is no longer based on a multiple of revenue. The amount of revenue we have indicated below is based on reports provided, and representations made, by management of the Target Sellers, and we have used the estimates below to compute anticipated acquisition prices for each of the Target Sellers. Actual amounts may differ significantly from the amounts shown based on the date on which the closing occurs and the customers of the Target Sellers that are in good standing at that time.

Estimated revenue from customers who have cancelled prior to our acquisition

	Metro Medical	Omni	Practicare	CastleRock
	(in thousands)			
Year ended December 31, 2013	$ 78	$ 1,405	$ 703	$ 312
Three months ended March 31, 2014	-	100	18	16

To provide investors with additional insight and allow for a more comprehensive understanding of the information used by management in its financial and decision-making surrounding pro forma operations, we supplement our consolidated financial statements presented on a basis consistent with U.S. generally accepted accounting principles, or GAAP, with EBITDA, a non-GAAP financial measure of earnings. EBITDA represents net income before income tax expense (benefit), interest income, interest expense, depreciation and amortization. Our management uses 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 our 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 net income (loss) to EBITDA

Reconciliation of net income (loss) for the year ended December 31, 2013 to EBITDA	MTBC	Metro Medical 1/1-6/30/13	MTBC + Previously Acquired Subtotal	Omni	Practicare	CastleRock	Planned Acquisition Subtotal	Pro Forma Adjustments	Pro Forma Combined
					(in $ thousands)				
Net income (loss)	$ (178)	$ (301)	$ (479)	$ 244	$ (418)	$ 125	$ (49)	$ (1,918)	$ (2,446)
Depreciation	234	21	255	78	35	7	120	-	375
Amortization	715	-	715	869	40	170	1,079	3,463	5,257
Interest expense -- net	136	-	136	12	2	47	61	14	211
Income tax provision (benefit)	145	(56)	89	2	-	-	2	(1,278)	(1,187)
EBITDA	$ 1,052	$ (336)	$ 716	$ 1,205	$ (341)	$ 349	$ 1,213	$ 281	$ 2,210

Reconciliation of net income (loss) for the three months ended March 31, 2014 to EBITDA

	MTBC	Omni	Practicare	CastleRock	Planned Acquisition Subtotal	Pro Forma Adjustments	Pro Forma Combined
			(in $ thousands)				
Net income (loss)	$ (384)	$ 55	$ (194)	$ 75	$ (64)	$ (486)	$ (934)
Depreciation	51	20	9	2	31	-	82
Amortization	219	204	-	44	248	847	1,314
Interest expense -- net	50	3	-	10	13	(12)	51
Income tax benefit	(188)	-	-	-	-	(283)	(471)
EBITDA	$ (252)	$ 282	$ (185)	$ 131	$ 228	$ 66	$ 42