

7 Clyde Road

Somerset, New Jersey 08873
(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 November 5, 2015, the registrant had 11,066,086 shares of common stock, par value \$0.001 per share, outstanding.

INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Forward Looking Statements</u>	2
Item 1. <u>Condensed Consolidated Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets at September 30, 2015 and December 31, 2014</u>	3
<u>Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2015 and 2014</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2015 and 2014</u>	5
<u>Condensed Consolidated Statement of Shareholders' Equity for the nine months ended September 30, 2015</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	8
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3. <u>Qualitative and Quantitative Disclosures About Market Risk</u>	33
Item 4. <u>Controls and Procedures</u>	34
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	35
Item 1A. <u>Risk Factors</u>	35
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
Item 3. <u>Defaults Upon Senior Securities</u>	35
Item 4. <u>Mine Safety Disclosures</u>	35
Item 5. <u>Other Information</u>	35
Item 6. <u>Exhibits</u>	36
<u>Signatures</u>	37

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, including but not limited to those regarding the Company's bank financing with Opus Bank, preferred stock offering, use of proceeds from the financing and offering, sales and marketing efforts, acquisitions, general and administrative expenses, as well as general statements regarding management's expectations for profitability, future outlook, financial and operational performance. 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, 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 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; 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.

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**

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,613,242	\$ 1,048,660
Accounts receivable - net of allowance for doubtful accounts of \$194,633 and \$165,000 at September 30, 2015 and December 31, 2014, respectively	2,384,888	3,007,314
Current assets - related party	24,534	24,284
Prepaid expenses and other current assets	742,686	504,442
Total current assets	4,765,350	4,584,700
Property and equipment - net	1,447,687	1,444,334
Intangible assets - net	5,978,684	8,377,837
Goodwill	8,980,252	8,560,336
Other assets	409,602	140,053
TOTAL ASSETS	\$ 21,581,575	\$ 23,107,260
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 758,879	\$ 1,082,342
Accrued compensation	546,077	836,525
Accrued expenses	768,521	1,113,108
Deferred rent	31,988	12,683
Deferred revenue	85,015	37,508
Accrued liability to related party	39,631	153,931
Borrowings under line of credit	2,000,000	1,215,000
Note payable - related party	-	470,089
Notes payable - other (current portion)	291,005	596,616
Contingent consideration (current portion)	2,025,845	2,626,323
Total current liabilities	6,546,961	8,144,125
Long - term debt, net of discount and debt issuance costs	3,393,004	-
Notes payable - other	68,742	48,564
Deferred rent	504,308	551,343
Deferred revenue	34,053	42,631
Contingent consideration	452,507	-
Total liabilities	10,999,575	8,786,663

COMMITMENTS AND CONTINGENCIES (Note 8)

SHAREHOLDERS' EQUITY:

Preferred stock, par value \$0.001 per share; authorized 1,000,000 shares; issued and outstanding none at September 30, 2015 and December 31, 2014	-	-
Common stock, \$0.001 par value - authorized, 19,000,000 shares; issued and outstanding, 9,775,223 and 9,711,604 shares at September 30, 2015 and December 31, 2014, respectively	9,775	9,712
Additional paid-in capital	19,283,324	18,979,976
Accumulated deficit	(8,346,742)	(4,460,129)
Accumulated other comprehensive loss	(364,357)	(208,962)
Total shareholders' equity	10,582,000	14,320,597
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 21,581,575	\$ 23,107,260

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
NET REVENUE	\$5,612,715	\$6,012,867	\$17,716,778	\$11,198,546
OPERATING EXPENSES:				
Direct operating costs	2,812,242	3,671,029	9,271,916	5,934,319
Selling and marketing	59,350	54,825	276,783	169,660
General and administrative	3,089,717	3,709,838	9,409,095	6,441,603
Research and development	159,141	154,063	489,317	396,482
Change in contingent consideration	(367,479)	(424,885)	(1,283,294)	(424,885)
Depreciation and amortization	1,137,263	1,252,188	3,499,185	1,793,289
Total operating expenses	6,890,234	8,417,058	21,663,002	14,310,468
OPERATING LOSS	(1,277,519)	(2,404,191)	(3,946,224)	(3,111,922)
OTHER:				
Interest income	5,884	7,943	19,869	15,039
Interest expense	(75,612)	(46,686)	(161,484)	(150,847)
Other income (expense) - net	61,869	76,271	165,228	(108,662)
LOSS BEFORE INCOME TAXES	(1,285,378)	(2,366,663)	(3,922,611)	(3,356,392)
Income tax (benefit) provision	(52,051)	474,091	(35,998)	157,435
NET LOSS	\$(1,233,327)	\$(2,840,754)	\$(3,886,613)	\$(3,513,827)
NET LOSS PER SHARE:				
Basic and diluted loss per share	\$(0.13)	\$(0.34)	\$(0.40)	\$(0.57)
Weighted-average basic and diluted shares outstanding	9,730,728	8,358,718	9,712,721	6,199,350

See notes to condensed consolidated financial statements.

MEDICAL TRANSCRIPTION BILLING, CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
NET LOSS	\$(1,233,327)	\$(2,840,754)	\$(3,886,613)	\$(3,513,827)
OTHER COMPREHENSIVE LOSS, NET OF TAX				
Foreign currency translation adjustment (a)	(384,911)	(206,241)	(155,395)	(89,212)
COMPREHENSIVE LOSS	\$(1,618,238)	\$(3,046,995)	\$(4,042,008)	\$(3,603,039)

(a) Net of taxes of \$81,657 and \$141,945 for the three and nine months ended September 30, 2014, respectively. 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 NINE MONTHS ENDED SEPTEMBER 30, 2015

	Common Stock		Additional Paid-	Accumulated	Accumulated Other Comprehensive	Total Shareholders' Equity
	Shares	Amount	in Capital	Deficit	Loss	
Balance- January 1, 2015	9,711,604	\$ 9,712	\$ 18,979,976	\$(4,460,129)	\$ (208,962)	\$ 14,320,597
Net loss	-	-	-	(3,886,613)	-	(3,886,613)
Foreign currency translation adjustment	-	-	-	-	(155,395)	(155,395)
Forfeiture of shares issued to acquired businesses	(53,797)	(54)	(132,826)	-	-	(132,880)
Restrcted share units vested	117,416	117	(117)	-	-	-
Common stock warrants issued	-	-	104,000	-	-	104,000
Stock-based compensation expense	-	-	332,291	-	-	332,291
Balance- September 30, 2015	9,775,223	\$ 9,775	\$ 19,283,324	\$(8,346,742)	\$ (364,357)	\$ 10,582,000

See notes to condensed consolidated financial statements.

MEDICAL TRANSCRIPTION BILLING, CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (UNAUDITED)

	2015	2014
OPERATING ACTIVITIES:		
Net loss	\$(3,886,613)	\$(3,513,827)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,499,185	1,793,289
Deferred rent	(7,722)	7,056
Deferred revenue	(19,198)	(25,839)
Deferred income taxes	-	153,364
Provision for doubtful accounts	90,116	62,451
Foreign exchange (gain) loss	(120,423)	58,164
Gain from reduction in referral fee	-	(105,523)
Interest accretion on debt	11,669	77,263
Stock-based compensation expense	496,961	137,550
Change in contingent consideration	(1,283,294)	(424,885)
Accrued CastleRock settlement payment	(110,000)	-
Other	-	(13,236)
Changes in operating assets and liabilities:		
Accounts receivable	532,314	(2,103,074)
Other assets	103,331	(187,077)
Accounts payable and other liabilities	(1,205,003)	2,059,820
Net cash used in operating activities	(1,898,677)	(2,024,504)
INVESTING ACTIVITIES:		
Capital expenditures	(327,452)	(571,217)
Cash paid for acquisitions and customer contracts	(120,562)	(11,536,640)
Advances to majority shareholder	-	(2,463)
Repayment of advances to majority shareholder	-	2,463
Net cash used in investing activities	(448,014)	(12,107,857)
FINANCING ACTIVITIES:		
Proceeds from IPO of common stock, net of costs in 2014	-	17,167,295
Proceeds from note payable to majority shareholder	410,000	165,000
Repayments of note payable to majority shareholder	(880,089)	(430,591)
Proceeds from long term debt, net of costs	3,585,335	-
Repayments of notes payable - other	(715,123)	(958,400)
Proceeds from line of credit	8,663,766	2,685,000
Repayments of line of credit	(7,878,766)	(2,500,000)
Payment of preferred stock related costs	(242,182)	-
Net cash provided by financing activities	2,942,941	16,128,304
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(31,668)	(235)
NET INCREASE IN CASH	564,582	1,995,708
CASH - Beginning of the period	1,048,660	497,944
CASH - End of period	\$1,613,242	\$2,493,652
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:		

Edgar Filing: MEDICAL TRANSCRIPTION BILLING, CORP - Form 10-Q

Vehicle financing obtained	\$20,443	\$37,114
Contingent consideration resulting from acquisitions		