MEDICAL TRANSCRIPTION BILLING, CORP
Form S-1
December 01, 2016

As filed with the Securities and Exchange Commission on December 1, 2016.

Registration No. ___________

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

MEDICAL TRANSCRIPTION BILLING, CORP.

(Exact name of registrant as specified in its charter)

Delaware	**7389**	**22-3832302**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

7 Clyde Road

Somerset, New Jersey 08873

(732) 873-5133

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Mahmud Haq
Chief Executive Officer

7 Clyde Road

Somerset, New Jersey 08873

(732) 873-5133

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of communications to:

David Song, Esq.

Mazzeo Song P.C.

444 Madison Avenue, 4th Floor

New York, New York 10022 (212) 599-0700

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

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 [X]
smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Share	Estimated Proposed Maximum Aggregate Offering Price		Amount of Registration Fee
Series A Preferred Stock, $0.001 par value per share	460,000	$ 25.00	$ 11,500,000	(2)	$ 1,332.85

(1) Includes shares of Series A Preferred Stock to be sold upon exercise of the underwriters' option to purchase additional shares.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated December __, 2016

Registration No. ___________

PROSPECTUS

Medical Transcription Billing, Corp.

400,000 Shares of 11% Series A Cumulative Redeemable Perpetual Preferred Stock

$25.00 per Share

Liquidation Preference $25.00 per Share

We are offering 400,000 shares of our 11% Series A Cumulative Redeemable Perpetual Preferred Stock, which we refer to as the Series A Preferred Stock.

Dividends on the Series A Preferred Stock offered hereby are cumulative from the first day of the calendar month in which they are issued, and will be payable on the fifteenth day of each calendar month, when, as and if declared by our board of directors. Dividends will be payable out of amounts legally available therefor at a rate equal to 11% per annum per $25.00 of stated liquidation preference per share, or $2.75 per share of Series A Preferred Stock per year.

Commencing on November 4, 2020, we may redeem, at our option, the Series A Preferred Stock, in whole or in part, at a cash redemption price of $25.00 per share, plus all accrued and unpaid dividends to, but not including, the redemption date. The Series A Preferred Stock has no stated maturity, will not be subject to any sinking fund or other mandatory redemption, and will not be convertible into or exchangeable for any of our other securities.

Holders of the Series A Preferred Stock generally will have no voting rights except for limited voting rights if dividends payable on the outstanding Series A Preferred Stock are in arrears for eighteen or more consecutive or non-consecutive monthly dividend periods.

Our Series A Preferred Stock currently trades on the Nasdaq Capital Market, with the trading symbol "MTBCP." The last reported sale price of our Series A Preferred Stock on November 30, 2016 was $26.22 per share.

[ ] is acting as representative of the underwriters in the public offering on a firm commitment basis. If we sell all 400,000 shares of Series A Preferred Stock we are offering pursuant to this prospectus, at the offering price of $25.00 per share, we will receive a maximum of $10 million in gross proceeds and approximately $8.9 million in net proceeds, after deducting the underwriting discount and estimated offering expenses payable by us.

Investing in our Series A Preferred Stock involves significant risks. You should carefully consider the risk factors beginning on page 6 of this prospectus before purchasing any of the Series A Preferred Stock offered by this prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total
Public offering price	$25.00	$10,000,000
Underwriting discount (1)	$2.125	$850,000
Proceeds, before expenses, to MTBC	$22.875	$9,150,000

(1) See "Underwriting" for a description of the compensation payable to the underwriters; including reimbursable expenses.

The underwriters may also exercise their option to purchase up to an additional 60,000 shares of Series A Preferred Stock from us, at the public offering price, less the underwriting discount, for a period of 45 days after closing of the offering.

The underwriters expect to deliver the shares against payment in New York, New York on December __, 2016.

[ ]

The date of this prospectus is December __, 2016.

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You should rely only on the information contained or incorporated into this prospectus. Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date. You should also read this prospectus together with the additional information described under "Where You Can Find More Information" and "Incorporation of Information by Reference."

Unless the context otherwise requires, we use the terms “MTBC,” “we,” “us,” “the Company” and “our” to refer to Medical Transcription Billing, Corp. and its wholly-owned subsidiaries.

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Incorporation of Information by Reference

The SEC allows us to “incorporate by reference” into this prospectus the information we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus.

We are incorporating by reference the following documents that we have filed with the SEC (other than any filing or portion thereof that is furnished, rather than filed, under applicable SEC rules):

- our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on March 24, 2016;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016 filed with the SEC on May 11, 2016, August 11, 2016 and November 10, 2016, respectively;
- our Current Reports on Form 8-K, filed with the SEC on each of September 24, 2015, January 27, 2016, February 17, 2016, March 24, 2016, April 5, 2016, May 19, 2016, June 28, 2016, June 30, 2016 and July 1, 2016 (as amended by our Form 8-K/A filed with the SEC on July 6, 2016), July 8, 2016, July 18, 2016, August 15, 2016, September 7, 2016, October 5, 2016, November 10, 2016, November 18, 2016 and December 1, 2016; and
- our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 26, 2016.

All documents that we subsequently file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering shall be deemed to be incorporated by reference into this prospectus.

Our Internet address is www.mtbc.com and the URL where incorporated reports and other reports may be accessed is ir.mtbc.com/sec.cfm.

The reports incorporated by reference into this prospectus are available from us upon request. We will provide a copy of any and all of the reports and documents that are incorporated by reference, including exhibits to such reports and documents, in this prospectus but not delivered with this prospectus to any person, including a beneficial owner, to whom this prospectus is delivered, without charge, upon written or oral request. Requests for such copies should be directed to the following: MTBC, attention Bill Korn, Chief Financial Officer, 7 Clyde Road, Somerset, New Jersey, Telephone: (732) 873-5133, bkorn@mtbc.com.

Except as expressly provided above, no other information, including none of the information on our website, is incorporated by reference into this prospectus.

Special Note Regarding Forward-Looking Statements

This prospectus, including the sections entitled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” as well as the information we incorporated by reference from our Annual Report on Form 10-K and other documents contain forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations or future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “ “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology.

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. The “Risk Factors” section of this prospectus sets forth detailed risks, uncertainties and cautionary statements regarding our business and 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 the recent MediGain, Renaissance, Gulf Coast, and WFS acquisitions and 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, Poland, Sri Lanka and India 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;

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; and

our ability to maintain compliance with key covenants in our debt facilities with Opus Bank and any other future debt facilities.

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 prospectus. 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.

The Offering

The following summary contains basic terms about this offering and the Series A Preferred Stock and is not intended to be complete. It may not contain all of the information that is important to you. For a more complete description of the terms of the Series A Preferred Stock, see "Description of the Series A Preferred Stock."

Issuer	Medical Transcription Billing, Corp.
Securities Offered	400,000 shares of 11% Series A Cumulative Redeemable Perpetual Preferred Stock (or "Series A Preferred Stock")
Offering Price	$25.00 per share of Series A Preferred Stock
Dividends	Holders of the Series A Preferred Stock will be entitled to receive cumulative cash dividends at a rate of 11% per annum of the $25.00 per share liquidation preference (equivalent to $2.75 per annum per share). Dividends will be payable monthly on the 15th day of each month (each, a "dividend payment date"), provided that if any dividend payment date is not a business day, then the dividend that would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day without adjustment in the amount of the dividend. Dividends will be payable to holders of record as they appear in our stock records for the Series A Preferred Stock at the close of business on the corresponding record date, which shall be the last day of the calendar month, whether or not a business day, immediately preceding the month in which the applicable dividend payment date falls (each, a "dividend record date"). As a result, holders of shares of Series A Preferred Stock will not be entitled to receive dividends on a dividend payment date if such shares were not issued and outstanding on the applicable dividend record date. Any dividend payable on the Series A Preferred Stock, including dividends payable for any partial dividend period, will be computed on the basis of a 360-day year consisting of twelve 30-day months; however, the shares of Series A Preferred Stock offered hereby will be credited as having accrued dividends since the first day of the calendar month in which they are issued.
No Maturity, Sinking Fund or Mandatory Redemption	The Series A Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series A Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them. We are not required to set aside funds to redeem the Series A Preferred Stock.

Optional Redemption	The Series A Preferred Stock is not redeemable by us prior to November 4, 2020. On and after November 4, 2020, we may, at our option, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the redemption date. Please see the section entitled “Description of the Series A Preferred Stock—Redemption—Optional Redemption.”

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	Upon the occurrence of a Change of Control, we may, at our option, redeem the Series A Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the redemption date.
	A “Change of Control” is deemed to occur when the following have occurred and are continuing:
Special Optional Redemption	the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the “Exchange Act (other than Mahmud Haq, the chairman of our board of directors and our principal shareholder, any member of his immediate family, and any “person” or “group” under Section 13(d)(3) of the Exchange Act, that is controlled by Mr. Haq or any member of his immediate family, any beneficiary of the estate of Mr. Haq, or any trust, partnership, corporate or other entity controlled by any of the foregoing), of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting power of all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and following the closing of any transaction referred to above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or the Nasdaq or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or Nasdaq.
Liquidation Preference	If we liquidate, dissolve or wind up, holders of the Series A Preferred Stock will have the right to receive $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any payment is made to the holders of our common stock. Please see the section entitled “Description of the Series A Preferred Stock—Liquidation Preference.”
Ranking	The Series A Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3); (2) on a parity with all equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series A Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into our common stock or preferred stock) and to the indebtedness and other liabilities of (as well as any preferred equity interests held by others in) our existing subsidiaries and any future subsidiaries. Please see the section entitled “Description of the Series A Preferred Stock–Ranking.”

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Limited Voting Rights	Holders of Series A Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series A Preferred Stock for eighteen or more monthly dividend periods (whether or not consecutive), the holders of the Series A Preferred Stock (voting separately as a class with the holders of all other classes or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on our board of directors until we pay, or declare and set aside funds for the payment of, all dividends that we owe on the Series A Preferred Stock, subject to certain limitations described in the section entitled "Description of the Series A Preferred Stock—Voting Rights." In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock (voting together as a class with all other series of parity preferred stock we may issue upon which like voting rights have been conferred and are exercisable) is required at any time for us to authorize or issue any class or series of our capital stock ranking senior to the Series A Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, to amend any provision of our articles of incorporation so as to materially and adversely affect any rights of the Series A Preferred Stock or to take certain other actions. Please see the section entitled "Description of the Series A Preferred Stock—Voting Rights."
Information Rights	During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series A Preferred Stock are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series A Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of Series A Preferred Stock, subject to certain exceptions described in this prospectus. We will use our best efforts to mail (or otherwise provide) the information to the holders of the Series A Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.
Listing	Our Series A Preferred Stock is listed on the Nasdaq Capital Market under the symbol "MTBCP."

Use of Proceeds	We plan to use the net proceeds from this offering to complete payment for our acquisition of the assets of MediGain, LLC and its subsidiary, Millennium Practice Management, LLC, as well as to potentially complete other acquisitions (we have not entered into any agreement or commitment with respect to any other acquisitions or investments at this time), to fund organic growth initiatives and general corporate purposes. Please see the section entitled "Use of Proceeds."
Risk Factors	Please read the section entitled "Risk Factors" beginning on page 10 for a discussion of some of the factors you should carefully consider before deciding to invest in our Series A Preferred Stock.
Transfer Agent	The registrar, transfer agent and dividend and redemption price disbursing agent in respect of the Series A Preferred Stock will be VStock Transfer, LLC.
Certain U.S. Federal Income Tax Considerations	For a discussion of the federal income tax consequences of purchasing, owning and disposing of the Series A Preferred Stock, please see the section entitled "Certain U.S. Federal Income Tax Considerations." You should consult your tax advisor with respect to the U.S. federal income tax consequences of owning the Series A Preferred Stock in light of your own particular situation and with respect to any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction.
Book Entry and Form	The Series A Preferred Stock will be represented by one or more global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company ("DTC").

Prospectus Summary

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information that may be important to you. You should read the more detailed information contained in this prospectus, including but not limited to, the risk factors beginning on page 10.

Medical Transcription Billing, Corp., together with its consolidated subsidiaries (the “Company”), 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 care settings. Our integrated Software-as-a-Service (or SaaS) platform helps our customers increase revenues, streamline workflows and make better business and clinical decisions, while reducing administrative burdens and operating costs.

Our flagship offering, PracticePro, empowers healthcare practices with the core software and business services they need to address industry challenges on one unified SaaS platform. We deliver powerful, integrated and easy-to-use solutions to medical practices, which enable them to efficiently operate their businesses, manage clinical workflows and receive timely payment for their services. PracticePro includes:

Practice management solutions and related tools, which facilitate the day-to-day operation of a medical practice;

Electronic health records (or EHR), which is easy to use, highly ranked, and allows 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.

Our financial performance is linked directly to the financial performance of our clients because the vast majority of our revenues are based on a percentage of our clients' collections. The standard fee for our complete, integrated, end-to-end solution is calculated as a percentage 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 four primary approaches: acquiring RCM companies and then migrating the customers of those companies to our solutions, partnering with smaller RCM companies to service their customers while paying them a share of revenue received, partnering with EHR and other vendors that lack an integrated solution and integrating our solutions with their offerings and selling our solutions directly to healthcare providers practicing in ambulatory settings.

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 and partnerships. We estimate that there are more than 1,500 companies in the United States providing RCM services and that no one company has more than a 7% share of the market. 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.

On July 23, 2014, the Company completed its initial public offering ("IPO") of common stock. The Company sold approximately 4 million shares to the public.

During November 2015, the Company completed a public offering of its Series A Preferred Stock. The Company sold 231,616 shares at a price of $25.00 per share. During July 2016, the Company sold 63,040 additional shares of its Series A Preferred Stock publicly at a price of $25.00 per share.

We have acquired certain assets (primarily customer relationships) of ten small RCM companies since our IPO. In conjunction with these acquisitions, we typically hire or retain a small number of talented employees and contractors who we use to support our growth.

We believe we will also be able to accelerate organic growth by partnering with EHR companies who do not offer RCM services, utilizing them as channel partners to offer integrated solutions to their customers. We have also entered into arrangements with industry participants including EHR providers and other healthcare vendors that lack a full suite of solutions. We have developed application interfaces with several EHR systems to create integrated offerings.

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In addition to our experienced team in the United States, we employ a highly educated workforce of approximately 1,500 people in Pakistan, as of September 2016, where we believe labor costs are approximately one-half the cost of comparable India-based employees and one-tenth the cost of comparable U.S. employees, thus enabling us to deliver our solutions at competitive prices. Our Pakistan operations accounted for approximately 32% of expenses for the three months ended September 30, 2016. A significant portion of those expenses (approximately 75%) were personnel-related costs. 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 companies that we acquired or signed revenue-sharing arrangements with 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.

As of September 30, 2016, we served approximately 1,820 providers (which we define as physicians, nurses, nurse practitioners, physician assistants and other clinical staff that render bills for their services), representing approximately 740 practices, practicing in approximately 63 specialties and subspecialties, in 42 states. Approximately 97% of the practices we serve consist of one to ten providers, with the majority of the practices we serve being primary care providers. However, our solutions are scalable and are appropriate for larger healthcare practices across a wide range of specialty areas. In fact, our customer with the largest number of providers is a hospital-based group with more than 120 providers.

On July 28, 2014, the Company acquired Omni Medical Billing Services, LLC, Practicare Medical Management, Inc. and CastleRock Solutions, Inc. On July 10, 2015, the Company acquired the Revenue Cycle Management Division of QHR Technologies Inc., operating in the U.S. as SoftCare Solutions, Inc. (“SoftCare”), which expanded the Company’s operations to include EDI and clearinghouse services. On August 31, 2015, the Company acquired Jesjam Holdings LLC, doing business as Med Tech Professional Billing and on November 25, 2015, MTBC acquired Valiant Management Solutions. On February 15, 2016, the Company acquired Gulf Coast Billing Inc. (“Gulf Coast”) and on May 1, 2016 the Company acquired Renaissance Physician Services (“Renaissance”). On July 1, 2016, the Company acquired WFS Services, Inc. (“WFS”) and on October 3, 2016 the Company acquired MediGain, LLC (please see below for more details).

In addition, our growth strategy includes strategic partnerships with other industry participants, including electronic health records vendors, in which the vendors refer customers to our services. While we offer our own electronic health records, our strategy includes providing integrated offerings utilizing third party electronic health records while offering customers MTBC’s revenue cycle management, practice management and mobile health capabilities.

Our principal executive offices are located at 7 Clyde Road, Somerset, New Jersey, 08873, and our main telephone number is (732) 873-5133. The Company has a wholly-owned subsidiary in the U.S., MTBC Acquisition, Corp., as well as wholly-owned subsidiaries in Pakistan, Poland, India and Sri Lanka.

MediGain Acquisition

On October 3, 2016, MTBC Acquisition, Corp., our wholly-owned subsidiary (“MAC”) acquired substantially all of the assets of MediGain, LLC, a Texas-based medical billing company, and its subsidiary, Millennium Practice Management, LLC, a New Jersey-based medical billing company (together, “MediGain”). Since MediGain was in default of its obligations to Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company (together, “Prudential”) prior to the acquisition, MAC purchased 100% of MediGain’s senior secured debt from Prudential. MAC made an initial $2 million payment to Prudential, and will pay an additional $5 million in January 2017. The Company will use proceeds from this offering to fund the $5 million payment.

The debt was collateralized by substantially all of MediGain’s assets, so immediately after purchasing the debt, MAC entered into a strict foreclosure agreement with MediGain transferring substantially all the assets (including accounts receivable, fixed assets, client relationships, and MediGain’s wholly-owned subsidiaries in India and Sri Lanka) to MAC in satisfaction of the outstanding obligations under the senior secured notes. As part of the agreement, MAC acquired the assets free and clear of pre-closing liabilities, except for certain selected liabilities expressly assumed by MAC, including approximately $650,000 of trade payables to a limited set of key vendors, approximately $500,000 of payroll and benefits obligations, and pre-closing obligations accrued on the contracts assumed by MAC. Cash was excluded from the acquired assets and retained by MediGain.

Prior to MTBC's acquisition of MediGain, MediGain was experiencing customer attrition and revenues were declining. We believe that the annualized revenue from MediGain clients in good standing at the time of the acquisition was at least $10 million; however, there can be no assurance that this estimate is accurate or that revenue will not continue to decline. At the time of acquisition, MediGain employed approximately 150 US-based employees, approximately 200 offshore employees in India and Sri Lanka, as well as several hundred India-based subcontractors.

The Company's plan is to reduce MediGain's expenses, through a combination of reducing dependence on third-party subcontractors, reducing personnel expenses by moving tasks to the Company's offshore teams, reducing the size and cost of facilities in the U.S., reducing the need for third-party software by leveraging MTBC's technology platform, and eliminating the need for separate administrative overhead expenses.

On October 18. 2016, MTBC was added as an additional defendant to an ongoing lawsuit in which one of MediGain's shareholders asserted that MediGain did not properly assent to the transaction and has sought a declaratory judgment invalidating the transaction and the award of unspecified damages. Based on the information available to us at this time, we believe the possibility of a material loss to us is remote, and because this proceeding was recently commenced, it is difficult for us to estimate with any degree of certainty any range of possible loss resulting from this matter.

Risk Factors

Before you invest in the offering, you should be aware that there are risks associated with your investment, including the risks described in the section entitled "Risk Factors" beginning on page 10 of this prospectus including, without limitation, the risks related to our growth strategy and risks related to our business. You should carefully read and consider the risk factors contained in this prospectus, together with all of the other information included in or incorporated by reference into this prospectus, before you decide to purchase shares of our Series A Preferred Stock.

Summary Financial Information

The selected consolidated financial data presented below for the years ended December 31, 2014 and 2015 and the consolidated balance sheet data for MTBC at December 31, 2014 and 2015 are derived from our audited consolidated financial statements, which are incorporated herein by reference. Our historical condensed consolidated statements of operations data for the nine months ended September 30, 2015 and 2016 and the condensed consolidated balance sheet data for MTBC at September 30, 2016 are derived from our unaudited condensed consolidated financial statements which are incorporated herein by reference. Our unaudited condensed consolidated financial statements were prepared on a basis consistent with our audited financial statements and include, in our opinion, all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical and pro forma results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results that may be expected for the full year or any other period.

We derived the summary unaudited pro forma condensed combined financial data for MTBC as of September 30, 2016 and for the year ended December 31, 2015 and the nine months ended September 30, 2016 from the unaudited pro forma condensed combined financial statements incorporated herein by reference. These pro forma financial data reffect the acquisition of the assets of SoftCare, Gulf Coast, Renaissance, WFS and MediGain (the "Transactions'').

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and for the nine months ended September 30, 2016 give effect to the Transactions as if each of them had occurred on January 1, 2015. The unaudited pro forma condensed combined balance sheet as of September 30, 2016 gives effect to the acquisition of MediGain as if it had occurred on September 30, 2016, and the unaudited pro forma "as adjusted" condensed combined balance sheet also gives effect to this offering. The other Transactions occurred prior to September 30, 2016, and are reflected in MTBC's condensed balance sheet as of that date. You should read this data in conjunction with the information set forth in the Company's Current Report on Form 8-K, filed on December 1, 2016, which describes the Transactions and the related adjustments in greater detail.

The financial information set forth below are only a summary, and should be read in conjunction with the audited and unaudited consolidated historical financial statements and the notes thereto for MTBC, which are incorporated herein by reference.

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Consolidated Statements of Operations Data

	Historical MTBC				Pro Forma MTBC [1]	
	Year ended December 31,		Nine months ended September 30,		Year ended December 31, 2015	Nine months ended September 30, 2016
	2014	2015	2015	2016		
	(in thousands, except per share data)					
Net revenue	$18,303	$23,080	$17,717	$15,664	$56,560	$ 31,996
Operating expenses:						
Direct operating costs	10,636	11,630	9,272	7,292	35,001	20,462
Selling and marketing	253	467	277	839	2,668	1,825
General and administrative	9,943	11,969	9,409	8,173	23,213	13,425
Research and development	532	659	489	575	994	575
Change in contingent consideration	(1,811)	(1,786)	(1,283)	(608)	(1,786)	(608)
Depreciation and amortization	2,791	4,599	3,499	3,537	8,224	4,832
Total operating expenses	22,344	27,538	21,663	19,808	68,314	40,511
Operating loss	(4,041)	(4,458)	(3,946)	(4,144)	(11,754)	(8,515)
Interest expense - net	157	261	142	463	4,168	3,936
Other (expense) income - net	(135)	170	165	(40)	(196)	(21)
Loss before income taxes	(4,333)	(4,549)	(3,923)	(4,647)	(16,118)	(12,472)
Income tax provision (benefit)	176	138	(36)	126	1,183	202
Net loss	$(4,509)	$(4,687)	$(3,887)	$(4,773)	$(17,301)	$ (12,674)
Preferred stock dividend	-	207	-	550	207	550
Net loss attributable to common shareholders	$(4,509)	$(4,894)	$(3,887)	$(5,323)	$(17,508)	$ (13,224)
Weighted average common shares outstanding						
Basic and diluted	7,085	9,733	9,713	10,031	9,733	10,031
Net loss per share						
Basic and diluted	$(0.64)	$(0.50)	$(0.40)	$(0.53)	$(1.80)	$ (1.32)

Consolidated Balance Sheet Data

As of December 31,		As of September 30, 2016		
Historical MTBC				Pro Forma
2014	2015	Actual	Pro Forma [2]	As Adjusted [3]

	(in thousands)				
Cash	$1,049	$8,040	$7,110	$ 5,180	$ 9,115
Working capital (net) [4]	(3,559)	5,128	2,273	(3,736)	5,199
Total assets	23,107	26,677	24,832	31,104	35,039
Total debt	2,330	7,985	9,854	14,854	9,854
Shareholders' equity	14,321	14,892	11,066	11,066	20,001

Other Financial Data

	Historical MTBC				Pro Forma MTBC [1]	
	Year ended December 31,		Nine months ended September 30,		Year ended December 31, 2015	Nine months ended September 30, 2016
	2014	2015	2015	2016		
	(in thousands)					
Adjusted EBITDA [5]	$(1,726)	$(675)	$ (989)	$ 209	$(3,328)	$ (2,828)

(1) The pro forma condensed combined statements of operations for the year ended December 31, 2015 and for the nine months ended September 30, 2016 give effect to acquisition of the assets of SoftCare, Gulf Coast, Renaissance, WFS and MediGain as if each of them had occurred on January 1, 2015. Please note that pro forma revenues for the year ended December 31, 2015 and for the nine months ended September 30, 2016 include $10.8 million and $4.5 million, respectively, of revenue from customers who cancelled their contracts prior to MTBC's acquisition of such customers' contracts. Such revenue is included in the pro forma condensed consolidated statements of operations, even though MTBC will not generate revenues from those customers. You should read the summary consolidated financial data in conjunction with the information set forth in the Company's Current Report on Form 8-K, filed on December 1, 2016.