

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

Macquarie Infrastructure Co LLC

Form 425

February 20, 2015

Filed by Macquarie Infrastructure Company LLC

(Commission File No. 001-32384)

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Macquarie Infrastructure Company LLC

(Registration Statement No. 333- 202162)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 18, 2015

MACQUARIE INFRASTRUCTURE COMPANY LLC

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-32384  
Commission File Number

43-2052503  
(IRS Employer Identification No.)

125 West 55th Street,  
New York, New York  
(Address of Principal Executive Offices)

10019  
(Zip Code)

Registrant's telephone number, including area code: (212) 231-1000

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



“Macquarie Group” refers to the Macquarie Group of companies, which comprises Macquarie Group Limited and its worldwide subsidiaries and affiliates.

Macquarie Infrastructure Company LLC is not an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Infrastructure Company LLC.

---

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

Attached as Exhibit 99.1 hereto is a press release issued February 18, 2015 by Macquarie Infrastructure Company LLC regarding its financial results for the quarter and year ended December 31, 2014.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, is deemed to be furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is not otherwise subject to the liabilities of that Section and is not incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press release

---

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MACQUARIE INFRASTRUCTURE COMPANY LLC

Date: February 18, 2015

By:

/s/ James Hooke  
Name: James  
Hooke  
Title: Chief  
Executive Officer

Macquarie Infrastructure Company Reports Fourth Quarter and Full-Year 2014 Financial Results, Increases Quarterly Cash Dividend

Proportionately combined Free Cash Flow per share increases 54.2% to \$1.28 in the fourth quarter, primarily driven by IMTT Acquisition

Proportionately combined Free Cash Flow per share increases by 18.6% on an underlying basis to \$4.85 per share for the full year

Dividend increased to an annualized \$4.08 from \$3.92; fourth quarter cash payment of \$1.02 per share to be made March 5, 2015

Dividend growth of approximately 14% per year expected for two years

Company files for conversion to a corporation, as anticipated

NEW YORK--(BUSINESS WIRE)--February 18, 2015--Macquarie Infrastructure Company LLC (NYSE: MIC) reported its financial results for 2014 including a 54.2% and 18.6% increase in underlying proportionately combined Free Cash Flow per share for the fourth quarter and full year, respectively. The increases reflect improved operating results at each MIC-owned business, and the contribution from the acquisition in July 2014 of the 50% of International-Matex Tank Terminals ("IMTT", "the IMTT Acquisition") that it did not previously own. The per share increases achieved reflect an increase in the weighted average number of shares outstanding resulting primarily from an equity offering in connection with the IMTT Acquisition.

"Our results for the quarter and full year were considerably ahead of expectations, driven by some very good work on the integration of IMTT, particularly as it pertains to maintenance capital expenditures, and continued stronger operating performance across our portfolio," said James Hooke, chief executive officer of MIC. "Taking into consideration both our 2014 results and our recently announced pending transaction involving Bayonne Energy Center ("BEC"), we now expect to generate growth in our quarterly cash dividend of approximately 14% year-on-year for at least the next two years."

On February 3, 2015, MIC announced that it had entered into a definitive agreement to acquire BEC, a 512 megawatt gas-fired power generation facility located in Bayonne, NJ, from an affiliate of ArcLight Capital Partners LLC for \$210 million in cash and the assumption of \$510 million of debt. The transaction is subject to regulatory approvals and satisfaction of customary closing conditions and is expected to be completed in the first half of 2015.

Proportionately combined Free Cash Flow per share increased 54.2%, or \$0.45, to \$1.28 in the fourth quarter of 2014 compared with the fourth quarter in 2013. The increase primarily reflects the improved results at each of MIC's operating businesses during the period and the contribution resulting from the IMTT Acquisition in July 2014.

Proportionately combined Free Cash Flow per share for the full-year 2014 increased 18.6%, or \$0.76, to \$4.85 on an underlying basis compared with \$4.09 for the full-year 2013. Per share figures for the full year include the impact of a 22.6% increase in the Company's weighted average shares outstanding at year-end and exclude approximately \$43.3 million in transaction-related expenses and pension contribution in the third quarter. In the fourth quarter, MIC did not distinguish between reported and underlying free cash flow per share. MIC issued 14.8 million additional shares

during 2014 including 13.2 million shares issued in July in connection with the IMTT Acquisition and those issued to its Manager upon reinvestment of management and performance fees.

---

#### Dividend Increase

On February 17, 2015, the MIC board authorized the payment of a cash dividend of \$1.02 per share for the fourth quarter of 2014. The fourth quarter dividend will be paid on March 5, 2015 to shareholders of record on March 2, 2015.

The authorized dividend represents an increase in MIC's cash dividend of 4.1% compared with the third quarter in 2014 and implies an annualized \$4.08 per share. For the twelve months ended December 31, 2014, MIC's dividend increased by 16% versus the twelve months ended December 31, 2013. MIC distributed 80.9% of its underlying Free Cash Flow per share as a cash dividend for 2014, consistent with its previously stated intention to maintain a payout ratio of between 80% and 85% of Free Cash Flow per share.

"We now believe that we will grow our dividend by approximately 14% per year for at least the next two years, subject to the continued stable performance of our businesses and market conditions," Hooke added.

MIC shareholders who were paid dividends in calendar year 2014 will receive a Form 1099 reflecting all such payments in Box 3, "Nondividend Distributions". All quarterly payments to shareholders for 2014 have been characterized as a return of capital, not as a dividend. The Company has not provided guidance on the characterization of payments expected to be made in 2015.

#### Proposed Conversion to a Corporation

Concurrent with the release of its financial results, MIC filed a registration statement on Form S-4 with the Securities and Exchange Commission indicating its intent to seek shareholder approval to convert the Company from a limited liability company ("LLC") to a corporation. MIC had previously converted from a listed trust to an LLC in 2007 and has elected to be treated as a corporation for tax purposes since that time.

"The conversion from an LLC to a corporation will open MIC up to possible inclusion in certain equity indices," said Hooke. "While we will continue to explore other tax efficient structures for MIC and our assets, we believe the best first step is the conversion to a corporation."

MIC does not believe the conversion will have any significant impact on existing holders of LLC interests and the Company will continue to report dividends on Form 1099. The conversion to a regular corporation is subject to, among other things, the approval of the holders of a majority of MIC's shares outstanding. A meeting date and time will be set by the MIC board of directors after the registration statement is declared effective by the SEC.



## Cash Generation

MIC regards Free Cash Flow as an important tool in assessing the performance of its capital intensive, cash generative businesses. Proportionately combined Free Cash Flow refers to the sum of the Free Cash Flow generated by MIC's businesses in proportion to its equity interest in each and after holding company costs. Where the Company now owns 100% of IMTT and consolidates the substantial majority of its businesses for financial reporting purposes, it plans to rely on consolidated financial results rather than on proportionately combined metrics in the future.

MIC notes that Free Cash Flow does not fully reflect its ability to freely deploy generated cash, as it does not reflect required principal payments on indebtedness, potential growth capital expenditures or other cash items excluded when calculating Free Cash Flow. Free Cash Flow may be calculated differently by other companies which limits its usefulness as a comparative measure. Free Cash Flow, as defined by MIC, should be used as a supplemental measure and not in lieu of financial results reported under GAAP. See "Cash Generation, Proportionately Combined and Reconciled to GAAP" below for MIC's definition of Free Cash Flow and further information and see the attached reconciliation of cash from operating activities to Free Cash Flow.

## Fourth Quarter and Full-year Results

### Consolidated Results

For the full year 2014, MIC has consolidated the results of its Atlantic Aviation and Hawaii Gas businesses, the various businesses in its Contracted Power and Energy ("CP&E") segment from their dates of acquisition, as well as IMTT since the closing of the IMTT Acquisition on July 16, 2014. Prior to July 16, 2014 the Company's 50% interest in IMTT was accounted for using the equity method. Under the equity method MIC recorded 50% of IMTT's net income in a single line item in its consolidated statement of operations.

Consolidated revenue for the fourth quarter of 2014 increased 55.5% compared with the fourth quarter in 2013. The improvement reflects primarily the impact of the IMTT Acquisition, an increased level of services delivered by Atlantic Aviation, an increase in the contribution from the Company's contracted power and energy segment (net of the sale of a district energy business in August of 2014) and improved performance by IMTT.

For the full-year 2014, MIC reported consolidated revenue of \$1.35 billion compared with \$1.04 billion in 2013. The 29.8% increase reflects primarily the contribution from the IMTT Acquisition and improved performance of MIC's businesses generally, partially offset by lower energy prices including the cost of jet fuel delivered by Atlantic Aviation. Fluctuations in energy prices are in general passed through to customers of MIC's businesses and recorded in revenue.

Reported gross profit - defined as revenue less cost of goods sold - removes the volatility in revenue associated with the fluctuations in energy prices. Consolidated gross profit for the fourth quarter and full year increased by 88.5% and 45.2%, respectively, primarily as a result of contributions arising out of the IMTT Acquisition and improved performance by Atlantic Aviation. MIC's consolidated gross profit for the full-year 2014 totaled \$611.4 million. Excluding the impact of the IMTT Acquisition, the year on year growth was primarily the result of increases in both the volume of product sold, and the margins on those sales, generally, at each of MIC's consolidated businesses.

MIC reported consolidated net income, after tax and before non-controlling interests, for the fourth quarter and full year 2014 of \$18.7 million and \$1.04 billion, respectively, up from \$14.1 million and \$28.1 million in the prior comparable periods. Net income increased primarily as a result of the remeasurement to fair value of the 50% of IMTT that MIC had owned prior to the IMTT Acquisition of approximately \$948.1 million and a gain on the sale of MIC's district energy business of approximately \$78.9 in the third quarter. The net income increase was partially offset

by an increase in management and performance fees in 2014.

MIC generated a modest net loss for tax purposes for the year, primarily as a result of performance fees incurred. The net loss for tax purposes served to increase MIC's federal Net Operating Loss (NOL) carryforward balance at year-end 2014 to approximately \$250.7 million. MIC expects utilization of its NOL balance will continue to offset any current federal income tax liability, other than Alternative Minimum Tax, until after the 2017 tax year.

---

## Segment Results

### International-Matex Tank Terminals

IMTT is the operator of one of the largest independent bulk liquid terminals businesses in the U.S. IMTT owns and operates 10 marine terminals in the U.S. and is the part owner and operator of two terminals in Canada. The terminals handle a wide variety of petroleum grades, chemicals and vegetable and animal oils.

“Results at IMTT in the fourth quarter and full year 2014 demonstrate both the consistency of this business and the opportunity for performance improvement that we highlighted when we acquired the remainder of the business last July,” Hooke said. “We have made progress on expense reductions consistent with our expectations and progress on maintenance capital expenditure reductions that were achieved substantially faster than our expectations – both of these contributed to the improvement in Free Cash Flow generation in the second half of the year.”

Revenue at IMTT rose by 11.4% and 10.4% in the fourth quarter and full year periods, respectively, versus the comparable periods in 2013. The increases were driven by higher spill response activity and firm commitments together with an increase in capacity utilization in the fourth quarter of 2014 to 93.2% from 92.4% in the fourth quarter of 2013.

Revenue gains were partially offset by a 12.8% increase in costs for the full year versus 2013. Costs rose primarily as a result of higher labor costs associated with an increase in spill response activity and expenses incurred in connection with the IMTT Acquisition. Costs rose in the fourth quarter as well, but at a slower rate compared with the first nine months of 2014, primarily as a result of severance and transaction-related expenses.

IMTT reported increases in Free Cash Flow for the fourth quarter and full year 2014 of 131.1% and 21.0%, respectively, versus the comparable periods in 2013. The increase in full year Free Cash Flow in 2014 to \$146.2 million reflects a substantial reduction in maintenance capital expenditures from a run rate over the past several years of between \$55.0 and \$60.0 million to \$44.2 million. The reduction was primarily due to the implementation of improved capital expenditure planning and controls and is consistent with the guidance provided by the Company following the closing of the IMTT Acquisition. The increases in Free Cash Flow were offset in part by higher taxes in the portion of the year prior to the IMTT Acquisition and a pension contribution that was required under the terms of IMTT Acquisition.

“Demand for storage and related services provided by IMTT has remained strong in spite of the recent volatility in petroleum prices and in certain instances that volatility has created incremental demand,” said Hooke. “There has been a decrease in the tenor of new contracts consistent with the suddenness of the change in commodity prices, but not to an extent that causes us concern. We believe that IMTT remains a provider of vital services with good growth prospects ahead.”

## Atlantic Aviation

Atlantic Aviation owns and operates a network of fixed base operations (“FBOs”) located at 69 airports in the U.S. FBOs provide primarily fuel related services to owners and operators of General Aviation (“GA”), or non-commercial, non-military aircraft. Within the GA market, the business focuses on serving the needs of the business jet segment.

“Atlantic Aviation posted strong results for both the fourth quarter and full-year periods in 2014 driven by continued strength in the U.S. economy generally that contributed to an increase in flight movements of 3.6% in 2014,” said Hooke. “The performance improvement versus the prior comparable periods can also be attributed to the high-quality acquisitions completed by Atlantic Aviation during the year and a continued focus on cost control.”

Atlantic Aviation recorded an increase in gross profit of 14.9% and 12.2% for the fourth quarter and full-year periods in 2014 compared with the same periods in 2013. Same store gross profit growth – excluding the impact of sites acquired in 2014 – was 5.9% in 2014. Performance of sites acquired in 2014 has been consistent with expectations and guidance previously provided.

Selling, general and administrative expenses were higher by 7.9% and 9.3% in the quarter and full year periods, primarily as a result of expenses incurred in connection with acquisitions in the second and fourth quarters. On a same store basis, SG&A expenses rose 3.1% in 2014 driven by higher salary and benefits costs, rent and utility increases and costs associated with colder weather in the Northeast (utilities and snow removal) in the first quarter.

Free Cash Flow at Atlantic Aviation increased by 40.4% in the fourth quarter, and by 17.5% for the full year primarily as a result of contributions from acquisitions concluded during the year, improved operating results generally, lower taxes and a reduction in the level of maintenance capital expenditures. Maintenance capital expenditures were higher in 2013 as a result of increased investment in FBO refurbishment and information technology systems. The growth in Free Cash Flow was partially offset by an increase in interest expense due to the lower cost of debt in the prior comparable period as the principal amount was unhedged until it was refinanced on May 31, 2013.

“Trading at Atlantic Aviation is off to a strong start in 2015,” said Hooke. “As reflected in the data collected by the FAA for 2014, general aviation flight movements have continued to move consistently higher at low to mid single digit rates. Combined with the operational leverage, acquisitions of high quality FBOs and effective cost management at Atlantic Aviation, we continue to enjoy good growth in cash generation from this business” he added.

---

## Contracted Power and Energy

MIC's CP&E segment comprises its controlling interests in five solar photovoltaic power generating facilities in the Southwest U.S. and two wind power generating facilities, one in each of New Mexico and Idaho. Through August 21, 2014 the segment also included a controlling interest in a district energy business headquartered in Chicago.

"We're pleased with the performance of our CP&E businesses during 2014 and with our ability to insource and centralize certain of the functions associated with these as a means of improving their financial performance," said Hooke. "As evidenced by our announcement regarding the BEC, we continue to find opportunities to deploy growth capital in additional high quality acquisitions."

Revenue generated by CP&E in the quarter and full-year 2014 decreased by 63.7% and 11.6%, respectively, primarily as a result of the sale of the district energy business in August. The decline was partially offset by acquisitions of additional solar power generation facilities completed in the fourth quarter of 2013 and acquisitions of a wind power generation facility in the second half of 2014.

Costs were higher in 2014 primarily as a result of several CP&E transactions completed during the year.

Free Cash Flow generated by the CP&E segment decreased to \$10.5 million in 2014 from \$13.7 million in 2013 primarily as a result of the sale of the district energy business, partially offset by contributions from other contracted power and energy businesses acquired in late 2013 and 2014.

"What began as a small-scale exploration in contracted power in 2012 has grown into a meaningful fourth segment with the acquisitions of substantial wind power generation assets and the pending BEC transaction," said Hooke. "We remain optimistic with respect to our ability to deploy capital prudently and effectively in this vertical in the years ahead."

## Hawaii Gas

Hawaii Gas is the owner and operator of the only regulated ("utility") gas processing and pipeline transmission and distribution network in Hawaii. The business is also the owner and operator of the largest unregulated ("non-utility") gas distribution operation in Hawaii.

Revenue generated by Hawaii Gas decreased by 4.6% in the quarter and increased by 2.7% for full year 2014 versus the prior comparable periods. A 1% increase in the volume of gas sold, together with lower inter-island transportation costs contributed to improvement in operating income during the year.

An increase in SG&A expenses of 71.5% and 10.8% in the quarter and full-year 2014 versus the comparable periods 2013 reflects primarily a non-cash write-off of certain transportation costs related to prior periods and increased marketing expenses, partially offset by the absence of severance costs.

Free Cash Flow increased by 25.5% and 12.0% in the quarter and full year periods in 2014, respectively, compared with the prior comparable periods. The increases were primarily the result of a reduction in Hawaii Gas' current provision for income taxes, partially offset by a voluntary pension contribution.

"Hawaii Gas is performing in line with expectations thus far in 2015 and we believe that we will make progress on a number of strategic initiatives during the year," said Hooke.



## Corporate

Base and performance fees (expenses) payable to the Company's Manager as well as holding company level SG&A expenses are recorded in the Corporate segment. The Corporate segment also reflects the offset in consolidation to federal income taxes incurred by MIC's consolidated businesses (application of Net Operating Loss carryforwards).

"The typically benign contribution from our Corporate segment was complicated in 2014 by the IMTT Acquisition and the remeasuring of the value of our original 50% interest in IMTT to the value implied in the IMTT Acquisition and the booking of a substantial non-cash gain," observed Hooke. "Including this item and the gain on the sale of our district energy business we reported substantial, though not particularly meaningful, net income of more than \$1.0 billion."

Adjusted for the impact of the gains, results for the Corporate segment reflect increased base and performance fees incurred and the offset in consolidation of a larger amount of taxes in 2014 compared with 2013. The increase in the tax benefit, reflecting the offset of federal income taxes across the portfolio by the application of holding company level NOLs, was a result of tax liabilities that were crystallized with the IMTT Acquisition and approximately \$33 million of federal income tax related to the sale of the district energy business.

## 2015 Financial Performance Guidance

MIC expects that improved performance by its portfolio of existing businesses, together with the pending acquisition of the BEC, will support an increase its cash dividend of 14% in 2015 compared with 2014.

MIC's dividend guidance contemplates issuance of additional shares upon the reinvestment of base management fees payable to Macquarie Infrastructure Management (USA) Inc but makes no assumption around any potential performance fee payable in 2015 or beyond. It also assumes the payment of minimal federal income taxes, the deployment of growth capital in amounts similar to years past and the continued stable performance of its businesses.

"In addition to the organic growth in cash generation expected at each of our businesses, we expect to continue to prudently deploy growth capital as a means of increasing Free Cash Flow," Hooke said. "Our existing backlog of projects, including those that are both approved and underway, totals nearly \$177 million with more than \$100 million of those associated with projects at IMTT. We expect to complete approximately \$150 million of the \$177 million in projects in 2015 and expect that these will generate returns consistent with our experience over the past several years."

"As we have demonstrated over the past few years, we also have the ability to deploy capital in what we would characterize as "bolt-on" acquisitions – relatively smaller additions to our existing operations," Hooke noted. "Examples include individual FBOs acquired by Atlantic Aviation or some of the businesses in our CP&E segment. We expect to be able to deploy approximately \$100 million in these types of opportunities in 2015, consistent with our experience in 2014."

Hooke went on to point out that MIC is an enterprise that can be expected to grow through larger acquisitions over time. "Beyond growth capital deployment and bolt-on acquisitions, MIC is in a stronger position today than it has been at any point in its history and well positioned to take advantage of opportunities that may arise out of commodity price disruptions or a change in the macroeconomic backdrop, for example," he said.

Cash Generation, Proportionately Combined and Reconciled to GAAP

MIC reports EBITDA excluding non-cash items on a consolidated and operating segment basis and reconciles each to consolidated net income (loss). EBITDA excluding non-cash items is a measure relied upon by management in evaluating the performance of its businesses and investments. EBITDA excluding non-cash items is defined as earnings before interest, taxes, depreciation and amortization and non-cash items, which include impairments, gains and losses on derivatives and adjustments for certain other non-cash items reflected in the statement of operations including base and performance fees.

The Company believes that EBITDA excluding non-cash items provides additional insight into the performance of its operating businesses, relative to each other and to similar businesses, without regard to capital structure, their ability to service or reduce debt, fund capital expenditures and/or support distributions to the holding company.

MIC also reports free cash flow, as defined below, on both a consolidated and operating segment basis as a means of assessing the amount of cash generated by its businesses and as a supplement to other information provided in accordance with GAAP, and reconciles each to cash from operating activities. MIC believes that reporting free cash flow provides additional insight into its ability to deploy cash, as GAAP measures, such as net income (loss) and cash from operating activities, do not reflect all of the items that management considers in estimating the amount of cash generated by its operating businesses. MIC defines free cash flow as cash from operating activities, less maintenance capital expenditures, which includes principal repayment on capital lease obligations used to fund maintenance capital expenditures, and excludes changes in working capital. See the attached reconciliation of EBITDA excluding non-cash items and Free Cash Flow to their most comparable GAAP measures.

---



Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

For the Quarter Ended December 31, 2014

(\$ in Thousands) (Unaudited)							Contracted Power and Energy 100%
	IMTT 100%(2)	Hawaii Gas	Atlantic Aviation	Contracted Power and Energy(3)	MIC Corporate	Proportionately Combined(4)	
Gross profit	83,919	18,489	95,458	2,394	N/A	200,260	3,364
EBITDA excluding non-cash items	74,915	13,796	44,194	176	(3,200)	129,881	657
Free cash flow	57,210	10,940	29,482	(1,072)	(5,732)	90,828	(988)

For the Quarter Ended December 31, 2013

							IMTT 100%(5)	Contracted Power and Energy 100%
	IMTT 50%(1)	Hawaii Gas	Atlantic Aviation	Contracted Power and Energy(3)	MIC Corporate	Proportionately Combined(4)		
Gross profit	33,852	18,567	83,056	2,919	N/A	138,394	67,703	5,130
EBITDA excluding non-cash items	31,359	15,023	35,668	2,042	(970)	83,122	62,718	4,720
Free cash flow	12,377	8,715	20,994	508	1,927	44,521	24,754	1,991

For the Year Ended December 31, 2014

								IMTT 100%(5)	Contracted Power and Energy 100%
	IMTT 50%(1)	IMTT 100%(2)	Hawaii Gas	Atlantic Aviation	Contracted Power and Energy(3)	MIC Corporate	Proportionately Combined(4)		
Gross profit	85,727	147,333	75,609	362,564	16,639	N/A	687,872	318,786	25,922
EBITDA excluding non-cash items	78,712	127,751	56,956	167,931	12,914	(14,903)	429,361	285,175	22,723
Free cash flow	31,324	83,577	35,902	125,475	5,103	(19,035)	262,346	146,225	10,480

For the Year Ended December 31, 2013

							IMTT 100%(5)	Contracted Power and Energy 100%
	IMTT 50%(1)	Hawaii Gas	Atlantic Aviation	Contracted Power and Energy(3)	MIC Corporate	Proportionately Combined(4)		
Gross profit	143,607	73,370	323,174	13,392	N/A	553,543	287,214	24,455

EBITDA								
excluding								
non-cash items	134,245	55,028	144,837	11,214	(5,433)	339,891	268,489	24,087
Free cash flow	60,411	32,048	106,755	5,560	5,277	210,051	120,822	13,662

---

N/A- Not applicable.

(1) Our proportionate interest in IMTT prior to the acquisition of the remaining 50% interest on July 16, 2014.

(2) Represents our 100% ownership interest in IMTT subsequent to July 16, 2014.

(3) Proportionately combined Free Cash Flow for Contracted Power and Energy is equal to MIC's controlling ownership interest in its solar and wind power generation businesses and the district energy business, up to August 21, 2014, date of sale.

(4) Proportionately combined Free Cash Flow is equal to the sum of Free Cash Flow attributable to MIC's ownership interest in each of its operating businesses and MIC Corporate.

(5) Represents 100% of IMTT as a stand-alone business.

---

## Conference Call and WEBCAST

**When:** Management of MIC have scheduled a conference call for 8:00 a.m. Eastern Time on Thursday, February 19, 2015 during which they will review the Company's results and comment its performance and prospects.

**How:** To listen to the conference call please dial +1(650) 521-5252 or +1(877) 852-2928 at least 10 minutes prior to the scheduled start time. A webcast of the call will be accessible via the Company's website at [www.macquarie.com/mic](http://www.macquarie.com/mic). Please allow extra time prior to the call to visit the site and download the necessary software to listen to the webcast.

**Slides:** The Company will prepare materials in support of its conference call presentation. The materials will be available for downloading from the Company's website the morning of February 19, 2015 prior to the conference call. A link to the materials will be located on the homepage of the MIC website.

**Replay:** For interested individuals unable to participate in the live conference call, a replay will be available after 6:00 p.m. on February 19, 2015 through February 26, 2015, at +1(404) 537-3406, Passcode: 66085622. An online archive of the webcast will be available on the Company's website for one year following the call.

## About Macquarie Infrastructure Company

Macquarie Infrastructure Company owns, operates and invests in a diversified group of infrastructure businesses providing basic services to customers in the United States. Its businesses consist of a bulk liquid terminals business, International-Matex Tank Terminals, an airport services business, Atlantic Aviation, several entities comprising a Contracted Power and Energy segment, and a gas processing and distribution business, Hawaii Gas. MIC is managed by a wholly-owned subsidiary of the Macquarie Group. For additional information, please visit the Macquarie Infrastructure Company website at [www.macquarie.com/mic](http://www.macquarie.com/mic). MIC-G

## Important Information for Investors and Shareholders and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. The plan of conversion from an LLC to a corporation and the authorization of preferred stock is expected to be submitted to MIC shareholders for their consideration. MIC has filed with the Securities and Exchange Commission ("SEC") a registration statement on Form S-4 that includes a preliminary proxy statement/prospectus that is expected to be used by MIC to solicit the required approval of its shareholders in connection with the conversion and the authorization of preferred stock. These materials are not yet final and may be amended. The definitive proxy statement/prospectus is expected to be mailed to MIC shareholders. MIC may also file other documents with the SEC concerning the proposed conversion and the proposed authorization of preferred stock. **INVESTORS AND SECURITY HOLDERS OF MIC ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED CONVERSION AND THE PROPOSED AUTHORIZATION OF PREFERRED STOCK AND ALL OTHER RELEVANT DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED CONVERSION AND THE PROPOSED AUTHORIZATION OF PREFERRED STOCK AND RELATED MATTERS.** Investors and security holders may obtain a free copy of the proxy statement/prospectus and other documents containing important information about MIC through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents filed with the SEC by MIC will be available free of charge on MIC's website ([www.macquarie.com/mic](http://www.macquarie.com/mic)) or by contacting MIC at Macquarie Infrastructure Company LLC, Attn: Investor Relations, 125 West 55th Street, New York, New York 10019, telephone: (212) 231-1825.



## Participants in the Solicitation for the Proposed Conversion and Proposed Authorization of Preferred Stock

MIC and certain of its directors and officers may be considered participants in the solicitation of proxies in connection with the proposed conversion and the proposed authorization of preferred stock. Investors and security holders may obtain more detailed information regarding the names, affiliates and interests of MIC's directors and officers by reading MIC's proxy statement on Schedule 14A for its 2014 annual meeting of stockholders, which was filed with the SEC on April 4, 2014, and its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 18, 2015. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, is or will be contained in the proxy statement/prospectus and other relevant materials filed with the SEC.

## Forward-Looking Statements

This press release contains forward-looking statements. MIC may, in some cases, use words such as "project", "believe", "anticipate", "plan", "expect", "estimate", "intend", "should", "would", "could", "potentially", or "may" or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements in this report are subject to a number of risks and uncertainties including, but not limited to those described in MIC's Form 10-K, Form 10-Q and Form 8-K reports filed with the Securities and Exchange Commission. Some of these risks are beyond MIC's control including, among other things: changes in general economic or business conditions; its ability to service, comply with the terms of and refinance debt, successfully integrate and manage acquired businesses, retain or replace qualified employees, manage growth, make and finance future acquisitions, and implement its strategy; its shared decision-making with co-investors over investments including the distribution of dividends; its regulatory environment establishing rate structures and monitoring quality of service, demographic trends, the political environment, the economy, tourism, construction and transportation costs, air travel, environmental costs and risks, fuel and gas costs; its ability to recover increases in costs from customers, reliance on sole or limited source suppliers, risks or conflicts of interests involving its relationship with the Macquarie Group and changes in U.S. federal tax law.

MIC's actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. For instance, there can be no assurance that the proposed conversion to a corporation or the proposed authorization of preferred stock will be consummated. Additional risks of which MIC is not currently aware could also cause its actual results to differ. In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements. The forward-looking events discussed in this release may not occur. These forward-looking statements are made as of the date of this release. MIC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

MIC is not an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of MIC do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of MIC.

MACQUARIE INFRASTRUCTURE  
COMPANY LLC

CONSOLIDATED BALANCE SHEETS

(\$ in Thousands, Except Share Data)

	December 31, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 48,014	\$ 233,373
Restricted cash	21,282	51,884
Accounts receivable, less allowance for doubtful accounts of \$771 and \$953, respectively	96,885	60,823
Inventories	28,080	25,834
Prepaid expenses	14,276	10,132
Deferred income taxes	25,412	6,197
Other	22,941	18,307
Total current assets	256,890	406,550
Property, equipment, land and leasehold improvements, net	3,362,585	854,169
Investment in unconsolidated business	9,773	83,703
Goodwill	1,996,259	514,494
Intangible assets, net	959,634	592,850
Deferred financing costs, net of accumulated amortization	32,037 584	22,740 6,880

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

Fair value of  
derivative  
instruments

Other	7,426	19,479
Total assets	\$ 6,625,188	\$ 2,500,865

LIABILITIES  
AND  
MEMBERS'  
EQUITY

Current  
liabilities:

Due to manager

- related party	\$ 4,858	\$ 3,032
-----------------	----------	----------

Accounts

payable	49,733	28,850
---------	--------	--------

Accrued

expenses	77,248	42,713
----------	--------	--------

Current portion  
of capital leases

	2,221	1,862
--	-------	-------

Current portion  
of long-term  
debt

	27,655	163,083
--	--------	---------

Fair value of  
derivative  
instruments

	32,111	13,027
--	--------	--------

Other

	30,506	18,885
--	--------	--------

Total current  
liabilities

	224,332	271,452
--	---------	---------

Capital leases,  
net of current  
portion

	2,329	1,218
--	-------	-------

Long-term  
debt, net of  
current portion

	2,364,866	831,027
--	-----------	---------

Deferred  
income taxes

	904,108	189,719
--	---------	---------

Fair value of  
derivative  
instruments

	27,724	-
--	--------	---

Other

	131,661	54,181
--	---------	--------

Total liabilities

-	-	589,569	-	-	-	589,569
---	---	---------	---	---	---	---------

Purchase of  
common stock

-	-	-	-	-	-	-	(546,145)	(5)
---	---	---	---	---	---	---	-----------	-----

Preferred stock  
dividends

-	-	-	-	(318,472)	-	-	-	(3)
---	---	---	---	-----------	---	---	---	-----

Balance - June  
30, 2016

231,616	\$232	10,734,518	\$10,735	\$24,820,597	\$(12,425,398)	\$(388,163)	\$(668,176)	\$11
---------	-------	------------	----------	--------------	----------------	-------------	-------------	------

See notes to condensed consolidated financial statements.





**MEDICAL TRANSCRIPTION BILLING, CORP.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015 (UNAUDITED)**

	2016	2015
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$(3,277,891)	\$(2,653,288)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,418,657	2,361,924
Deferred rent	(19,065 )	(5,200 )
Deferred revenue	1,770	(17,476 )
Provision for doubtful accounts	82,091	68,872
Foreign exchange loss (gain)	55,554	(86,446 )
Interest accretion on debt	89,945	-
Stock-based compensation expense	621,801	324,258
Change in contingent consideration	(411,097 )	(915,815 )
CastleRock settlement payment	-	(110,000 )
Changes in operating assets and liabilities:		
Accounts receivable	(26,265 )	301,567
Other assets	110,525	80,942
Accounts payable and other liabilities	28,770	(802,063 )
Net cash used in operating activities	(325,205 )	(1,452,725)
<b>INVESTING ACTIVITIES:</b>		
Capital expenditures	(192,409 )	(201,945 )
Cash paid for acquisitions	(1,425,000)	(59,358 )
Net cash used in investing activities	(1,617,409)	(261,303 )
<b>FINANCING ACTIVITIES:</b>		
Proceeds from long term debt, net of costs	1,908,141	-
Repayments of notes payable - other	(438,338 )	(486,180 )
Proceeds from line of credit	4,000,000	5,856,810
Repayments of line of credit	(4,000,000)	(4,071,810)
Registration statement costs	(90,145 )	-
Preferred stock dividends paid	(318,472 )	-
Purchase of common shares	(546,145 )	-
Net cash provided by financing activities	515,041	1,298,820
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>6,932</b>	<b>(1,420 )</b>
<b>NET DECREASE IN CASH</b>	<b>(1,420,641)</b>	<b>(416,628 )</b>
CASH - Beginning of the period	8,039,562	1,048,660
CASH - End of period	\$6,618,921	\$632,032
<b>SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Vehicle financing obtained	\$189,725	\$35,965
Contingent consideration resulting from acquisitions	\$420,000	\$-
Dividends declared, not paid	\$159,236	\$-
<b>SUPPLEMENTAL INFORMATION - Cash paid during the period for:</b>		

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

Income taxes	\$16,420	\$9,759
Interest	\$203,918	\$109,937

See notes to condensed consolidated financial statements.

Medical Transcription Billing, Corp.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE THREE and six MONTHS ENDED June 30, 2016 and 2015 (UnaUDITED)

### 1. Organization and Business

Medical Transcription Billing, Corp. (and together with its subsidiaries, “MTBC” or the “Company”) is a healthcare information technology company that offers an integrated suite of proprietary electronic health records and practice management solutions, together with related business services, to healthcare providers. The Company’s integrated services are designed to help customers increase revenues, streamline workflows and make better business and clinical decisions, while reducing administrative burdens and operating costs. The Company’s services include full-scale revenue cycle management, electronic health records and other technology-driven practice management services to private and hospital-employed healthcare providers. MTBC has its corporate offices in Somerset, New Jersey and its main operating facilities in Islamabad, Pakistan and Bagh, Pakistan. The Company also has a wholly-owned subsidiary in Poland and small offices in 4 other states.

MTBC was founded in 1999 and incorporated under the laws of the State of Delaware in 2001. MTBC Private Limited (or “MTBC Pvt. Ltd.”) is a majority-owned subsidiary of MTBC based in Pakistan and was founded in 2004. MTBC owns 99.99% of the authorized outstanding shares of MTBC Pvt. Ltd. and the remaining 0.01% of the shares of MTBC Pvt. Ltd. is owned by the founder and chief executive officer of MTBC. MTBC-Europe Sp. z.o.o. (or “MTBC-Europe”) is a wholly-owned subsidiary of MTBC based in Poland and was founded in 2015.

### 2. LIQUIDITY

The Company generated net losses before tax of \$3.2 million and \$2.6 million for the six months ended June 30, 2016 and 2015, respectively, and \$1.3 million and \$1.5 million for the three months ended June 30, 2016 and 2015, respectively. Net cash used in operating activities was \$325,000 and \$1.5 million for the six months ended June 30, 2016 and 2015, respectively. At June 30, 2016 the Company had \$6.6 million of cash. In addition, the Company continues to reduce expenses, with the goal of increasing positive cash flow from operations.

The Company has a credit facility with Opus Bank, established in the third quarter of 2015, which provides additional liquidity. The credit facility includes term loans plus a line of credit that have a combined borrowing limit of \$10 million, all of which were fully utilized as of June 30, 2016. The term loans expire September 1, 2019 and the line of credit expires September 1, 2018 unless renewed. The Company relies on the term loans and line of credit for working capital purposes. (See Note 8.)

The Company completed a preferred stock offering in November 2015 and raised approximately \$4.7 million after expenses. An additional preferred stock offering was completed in July, 2016, which raised approximately \$1.4 million after expenses. (See Note 17.) The preferred stock is redeemable at the Company's option after five years, and is not subject to conversion, mandatory redemption or sinking fund provisions. Management believes that with the proceeds of the preferred stock offerings and the Opus Bank financing, the Company has adequate sources of cash to fund its anticipated cash requirements from operations through the next 12 months.

### 3. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting and as required by Regulation S-X, Rule 10-01. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of the Company’s management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of items of a normal and recurring nature) necessary to present fairly the Company’s financial position as of June 30, 2016, the results of operations for the three and six months ended June 30, 2016 and 2015 and cash flows for the six months ended June 30, 2016 and 2015. The results of operations for the three and six months ended June 30, 2016 and 2015 are not necessarily indicative of the results to be expected for the full year. When preparing financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

The condensed consolidated balance sheet as of December 31, 2015 was derived from our audited consolidated financial statements. The accompanying unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015, which are included in the Company’s Annual Report on Form 10-K, filed with the SEC on March 24, 2016.

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

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, which is authoritative guidance that implements a common revenue model that will enhance comparability across industries and requires enhanced disclosures. The new revenue recognition standard eliminates the transaction and industry-specific revenue recognition guidance under the current rules and replaces it with a principle-based approach for determining revenue recognition. The new standard introduces a five-step principles based process to determine the timing and amount of revenue ultimately expected to be received from the customer. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This amendment will be effective for the Company’s interim and annual consolidated financial statements for fiscal year 2018 with either retrospective or modified retrospective treatment applied. The Company is currently evaluating the impact that this may have on the consolidated financial statements upon implementation.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which provides guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements (or within one year after the date on which the financial statements are available to be issued, when applicable). Further, an entity must provide certain disclosures if there is "substantial doubt about the entity's ability to continue as a going concern." This guidance is effective for annual reporting periods ending after December 15, 2016, and for annual periods and interim periods thereafter, with early adoption permitted. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements, other than potentially on the footnote disclosures.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes (Topic 740)*. The amendments in this ASU require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this ASU apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this ASU. The amendments in this ASU are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company does not expect the guidance in this ASU to have a material impact on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard will require organizations that lease assets — referred to as "lessees" — to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP — which requires only capital leases to be recognized on the balance sheet — the new ASU will require both types of leases to be recognized on the balance sheet. The amendments in this ASU are effective for financial statements issued for annual periods beginning after December 15, 2018 with earlier adoption permitted. The Company is currently evaluating the impact of this new standard.

In March 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”), which provides for simplification of certain aspects of employee share-based payment accounting including income taxes, classification of awards as either equity or liabilities, accounting for forfeitures and classification on the statement of cash flows. ASU 2016-09 will be effective for the Company in the first quarter of 2017 and will be applied either prospectively, retrospectively or using a modified retrospective transition approach depending on the area covered in this update. The Company is currently in the process of assessing the impact of ASU 2016-09 on the Company’s consolidated financial statements and disclosures.

#### 4. ACQUISITIONS

##### **2016 Acquisitions**

On May 2, 2016, (the “RMB Closing Date”), the Company entered into an Asset Purchase Agreement (the “APA”) with Renaissance Medical Billing, LLC (“RMB”), a Tennessee limited liability company, pursuant to which the Company purchased substantially all of the assets of RMB. The acquisition has been accounted for as a business combination. In accordance with the RMB APA, the Company paid \$175,000 in initial cash consideration (“RMB Initial Payment”), on the RMB Closing Date. In addition, the Company will pay RMB twenty-seven percent (27%) of the revenue earned and received from the acquired RMB accounts for three years, less the RMB Initial Payment which will be deducted in full from the required payments (the “RMB Installment Payments”) before any additional payment is made to the seller. The RMB Installment Payments are paid quarterly which commenced July, 2016. The aggregate preliminary purchase price for RMB was \$365,000 which consisted of cash of \$175,000 and contingent consideration of \$190,000.

On February 15, 2016 (the “GCB Closing Date”), the Company entered into an APA with Gulf Coast Billing Inc., (“GCB”) a Texas corporation and a revenue cycle management company, pursuant to which the Company purchased substantially all of the assets of GCB. The acquisition has been accounted for as a business combination. The aggregate final purchase price for GCB was \$1,480,000 which consisted of cash of \$1,250,000 and contingent consideration of \$230,000.

In accordance with the terms of the GCB APA, the Company paid \$1,250,000 in initial cash consideration (“GCB Initial Payment”), on the GCB Closing Date. In addition, the Company will pay GCB twenty-eight percent (28%) of the gross fees earned and received by the Company from the acquired GCB customers for three (3) years, less the GCB Initial Payment (the “GCB Installment Payments”). The GCB Installment Payments are paid quarterly which commenced July 2016.

The above acquisitions added a significant number of clients to the Company's customer base and, similar to previous acquisitions, broadened the Company's presence in the healthcare information technology industry through geographic expansion of its customer base and by increasing available customer relationship resources and specialized trained staff.

The Company engaged a third-party valuation specialist to assist the Company in valuing the assets acquired. The following table summarizes the purchase price allocation.



**Allocation of Purchase Price:**

	GCB	RMB*
Customer relationships	\$1,100,000	\$250,000
Goodwill	344,000	115,000
Non-compete agreement	20,000	-
Tangible assets	16,000	-
	\$1,480,000	\$365,000

\*represents the preliminary purchase price allocation

In connection with the purchase of GCB and RMB, the fair value of the customer relationships was established using a form of the income approach known as the excess earnings method. Under the excess earnings method, value is estimated as the present value of the benefits anticipated from ownership of the subject intangible asset in excess of the returns required on the investment in the contributory assets necessary to realize those benefits.

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

Revenues earned from GCB were approximately \$553,000 and \$929,000 during the three and six months ended June 30, 2016, respectively. Revenue earned from RMB was approximately \$119,000 during the three months ended June 30, 2016. The goodwill from the RMB and GCB acquisitions, (collectively the “2016 Acquisitions”), is deductible ratably for income tax purposes over 15 years and represents the Company’s ability to have a local presence in several markets throughout the United States and the further ability to expand in those markets.

**2015 Acquisitions**

On July 10, 2015, the Company entered into an APA with SoftCare Solutions, Inc., a Nevada corporation, which is the U.S. subsidiary of QHR Corporation (“QHR”), a publicly traded, Canada-based healthcare technology company. Pursuant to the SoftCare APA, the Company purchased substantially all of the assets of the RCM division of QHR Technologies, Inc. which represents SoftCare’s clearinghouse, electronic data interchange and billing divisions (collectively “SoftCare”). The acquisition was accounted for as a business combination.

The Company made an initial payment of \$21,888 for SoftCare, which represented 5% of the trailing twelve months' revenue from the customers of SoftCare (the "Acquired Customers") less assumed liabilities totaling \$58,127. In addition, on a semiannual basis for three years, the Company will pay QHR 30% of the gross fees earned and collected from the Acquired Customers (the "Revenue Share Payment"). The Company's obligation to make Revenue Share Payments is contingent upon achieving positive cash flow from SoftCare, as defined in the SoftCare APA. Additionally, after 36 months, the Company will pay QHR an amount equal to 5% of the gross fees earned and received by the Company from the Acquired Customers during the 12 month period beginning on the second anniversary of the closing date of July 10, 2015. The aggregate purchase price of \$705,248 consisted of cash of \$21,888, deferred revenue of \$58,127 and contingent consideration of \$625,233.

On August 31, 2015, the Company completed the acquisition of customer contracts from Jesjam Holdings, LLC, doing business as Med Tech Professional Billing ("Med Tech"), a revenue cycle management company. The acquisition was accounted for as a business combination. Per the terms of the purchase agreement, the amounts are based on 5% of gross fees that were earned by Med Tech during the 12 month period immediately preceding the closing date of August 31, 2015 plus 20% of gross fees that will be collected on or before the 60th day following the end of the term for services rendered by the Company to clients during the three year period commencing on the closing date, plus 5% of gross fees that are earned and received by the Company from clients during the 12 month period commencing on the second anniversary of the closing date subject to adjustments to the purchase price. The aggregate purchase price estimate for Med Tech was \$302,610 which consisted of cash of \$39,316 and contingent consideration of \$263,294.

Revenues earned from the SoftCare and Med Tech acquisitions, (collectively the "2015 Acquisitions") were approximately \$484,000 and \$1,055,000 during the three and six months ended June 30, 2016, respectively. The 2015 Acquisitions were completed after June 30, 2015, so no revenue was earned from the 2015 Acquisitions during the three and six months ended June 30, 2015.

**2014 Acquisitions**

On July 28, 2014, the Company completed the acquisition of three revenue cycle management companies, Omni Medical Billing Services, LLC (“Omni”), Practicare Medical Management, Inc. (“Practicare”) and CastleRock Solutions, Inc. (“CastleRock”), and (collectively the “2014 Acquisitions”). The 2014, 2015 and 2016 Acquisitions are collectively referred to as the (“Acquisitions”).

Under each purchase agreement for the 2014 Acquisitions, the Company was required to issue or entitled to cancel shares issued in the event acquired customer revenues for the 12 months following the closing of the acquisition are above or below a specified threshold. As of June 30, 2016, only 248,625 shares due to Practicare remain unresolved and those shares continue to be held in escrow.

**Pro forma financial information**

The unaudited pro forma information below represents condensed consolidated results of operations as if the acquisitions of RMB, SoftCare and GCB occurred on January 1, 2015. The results of operations of Med Tech were not significant and not included in the pro forma information. The pro forma information has been included for comparative purposes and is not indicative of results of operations of the Company had the acquisitions occurred on the above date, nor is it necessarily indicative of future results.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Total revenue	\$5,280,802	\$7,813,376	\$11,046,331	\$15,795,783
Net loss attributable to common shareholders	\$(1,442,000)	\$(2,409,652)	\$(3,669,187)	\$(4,060,596)
Net loss per common share	\$(0.14)	\$(0.25)	\$(0.37)	\$(0.42)

**5. GOODWILL AND Intangible Assets – NET**

The following is the summary of the changes to the carrying amount of goodwill for the six months ended June 30, 2016 and the year ended December 31, 2015:

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

	June 30, 2016	December 31, 2015
Beginning gross balance	\$8,971,994	\$8,560,336
Acquisitions	459,000	411,658
Ending gross balance	\$9,430,994	\$8,971,994

Intangible assets - net as of June 30, 2016 and December 31, 2015 consist of following:

	June 30, 2016	December 31, 2015
Contracts and relationships acquired	\$ 13,516,546	\$ 12,166,546
Non-compete agreements	1,226,272	1,206,272
Other intangible assets	577,612	488,082
Total intangible assets	15,320,430	13,860,900
Less: Accumulated amortization	(10,659,910)	(8,481,496 )
Intangible assets - net	\$4,660,520	\$ 5,379,404

Amortization expense was \$2,178,195 and \$2,163,324 for the six months ended June 30, 2016 and 2015, respectively, and \$1,081,802 and \$1,096,576 for the three months ended June 30, 2016 and 2015, respectively. The weighted-average amortization period is three years.

As of June 30, 2016, future amortization expense scheduled to be expensed is as follows:

Years ending December 31	
2016 (six months)	\$ 1,867,664
2017	2,131,866
2018	585,685
2019	75,305
Total	\$4,660,520

## 6. Concentrations

**Financial Risks** — As of June 30, 2016 and December 31, 2015, the Company held Pakistani rupees of 75,984,836, (US \$725,212) and Pakistani rupees of 78,891,565 (US \$750,880), respectively, in the name of its subsidiary at a bank in Pakistan. Funds are wired to Pakistan near the end of each month to cover payroll at the beginning of the next month and operating expenses throughout the month. The banking system in Pakistan does not provide deposit insurance coverage. Additionally, from time to time, the Company maintains cash balances at financial institutions in the United States in excess of federal insurance limits. The Company has not experienced any losses on such accounts.

Concentrations of credit risk with respect to trade accounts receivable are managed by periodic credit evaluations of customers. The Company does not require collateral for outstanding trade accounts receivable. No one customer

accounts for a significant portion of the Company's trade accounts receivable portfolio and write-offs have not been significant.

**Geographical Risks** — The Company's offices in Islamabad and Bagh, Pakistan, conduct significant back-office operations for the Company. The Company has no revenue earned outside of the United States. The office in Bagh is located in a different territory of Pakistan from the Islamabad office. The Bagh office was opened in 2009 for the purpose of providing operational support and operating as a backup to the Islamabad office. The Company's office in Poland was opened in 2015 to serve as back-up to the Pakistan offices in addition to performing specialized work. The Poland office would need to be significantly expanded to serve as a full back-up facility. The Company's operations in Pakistan are subject to special considerations and significant risks not typically associated with companies in the United States. The Company's business, financial condition and results of operations may be influenced by the political, economic, and legal environment in Pakistan and by the general state of Pakistan's economy. The Company's results may be adversely affected by, among other things, changes in governmental policies with respect to laws and regulations, changes in Pakistan's telecommunications industry, regulatory rules and policies, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

The carrying amounts of net assets located in Pakistan were \$1,435,820 and \$1,049,501 as of June 30, 2016 and December 31, 2015, respectively. These balances exclude intercompany receivables of \$3,974,843 and \$3,434,687 as of June 30, 2016 and December 31, 2015, respectively. The following is a summary of the net assets located in Pakistan as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Current assets	\$924,469	\$908,554
Non-current assets	1,304,215	1,297,294
	2,228,684	2,205,848
Current liabilities	(748,569 )	(1,131,306)
Non-current liabilities	(44,295 )	(25,041 )
	\$1,435,820	\$1,049,501

The net assets located in Poland were not significant at June 30, 2016 or December 31, 2015.

#### 7. NET LOSS per COMMON share

The following table presents our basic and diluted net loss per share for the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic and Diluted:				
Net loss attributable to common shareholders	\$(1,453,541 )	\$(1,487,378 )	\$(3,596,363 )	\$(2,653,288 )
Weighted average shares applicable to common shareholders used in computing basic and diluted loss per share	10,002,864	9,719,858	10,043,894	9,703,568
Net loss attributable to common shareholders per share - Basic and Diluted	\$(0.15 )	\$(0.15 )	\$(0.36 )	\$(0.27 )

The unvested restricted stock units (“RSUs”) have been excluded from the above calculation as they were anti-dilutive. Vested RSUs and restricted shares have been included in the above calculations.

The net loss per share-diluted excludes both the 248,625 and 1,287,529 of contingently issued shares at June 30, 2016 and 2015, respectively, and the 100,000 warrants granted to Opus Bank in September 2015, as the effect would be anti-dilutive.

#### 8. Debt

*Opus Bank* — On September 2, 2015, the Company entered into a credit agreement with Opus Bank (“Opus”). Opus extended three credit facilities totaling \$10 million to the Company, inclusive of the following: (1) a \$4 million term loan; (2) a \$2 million revolving line of credit; and (3) an additional \$4 million of term loans that were subsequently issued.

The Company’s obligations to Opus are secured by substantially all of the Company’s domestic assets and 65% of the shares in its Pakistan subsidiary.

The interest rate on all Opus loans will equal the higher of (a) the prime rate plus 1.75% and (b) 5.0%. The commitment fee on the unused revolving line of credit is 0.5% per annum. The term loans mature on September 1, 2019 and the revolving line of credit will terminate on September 1, 2018, unless extended. As of June 30, 2016, all of the term loans and the line of credit have been fully utilized. Beginning October 1, 2016 the term loans require total monthly principal payments of \$222,222 per month through the end of the loan period.

In connection with the Opus debt, the Company paid \$100,000 of fees and issued warrants for Opus to purchase 100,000 shares of its common stock. The warrants have a strike price equal to \$5.00 per share, a seven year exercise window, piggyback registration and net exercise rights. The fees paid and warrants issued to Opus were recorded as a debt discount. The warrants were classified as equity instruments and are included in additional paid-in capital in the condensed consolidated balance sheet.



The Opus credit agreement contains various covenants and conditions governing the long term debt and line of credit. As of June 30, 2016, the Company was in compliance with all the covenants contained in the Opus credit agreement. During July 2016, the Opus credit agreement was modified to amend covenants regarding certain financial ratios to be maintained during the remaining term of the loan, providing the Company with additional flexibility. In exchange for the modification, the Company paid a fee of \$25,000 to Opus and issued additional warrants for Opus to purchase 100,000 shares of its common stock at a strike price equal to \$5.00 per share, with similar terms to the previous warrants issued.

Total debt issuance costs were \$602,000 and recorded as an offset to the face amount of the loans. During the six months ended June 30, 2016 approximately \$92,000 of debt issuance costs were capitalized in connection with the final portion of the additional \$4.0 million term loan received in the period. Discounts from the face amount of the loans are amortized over 4 years using the effective interest rate method. As a result of the loan discounts, the effective interest rate on the borrowings from Opus as of June 30, 2016 is approximately 7.35%.

The Opus term loans at June 30, 2016 are recorded at their accredited value and consist of the following:

Face amount of the loans	\$8,000,000
Unamortized debt issuance costs	(500,737 )
Unamortized discount on loan fees	(80,781 )
Unamortized discount of amount allocated to warrants	(84,012 )
Balance at June 30, 2016	\$7,334,470

*Vehicle Financing Notes* — The Company financed certain vehicle purchases both in the United States and in Pakistan. The vehicle financing notes have 3 to 5 year terms and were issued at current market rates.

*Bank Direct Capital Finance* — The Company financed certain insurance purchases over the term of the policy life. The interest rate charged is 6.6%.

*Obligation for customer relationships* — During November 2015, the Company purchased customer relationship from a medical billing company for \$435,000. Through June 30, 2016, approximately \$284,000 was paid and the balance will be paid without interest during 2016, subject to modification as specified in the purchase agreement.

Maturities of the outstanding notes payable, term loans and other obligations as of June 30, 2016 are as follows:

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

Years ending December 31	Vehicle Financing Notes	Opus Bank Term Loans	Obligation for Customer Relationships	Total
2016 (six months)	\$ 34,256	\$666,666	\$ 151,297	\$852,219
2017	71,424	2,666,667	-	2,738,091
2018	63,399	2,666,667	-	2,730,066
2019	40,389	2,000,000	-	2,040,389
Thereafter	39,896	-	-	39,896
Total	\$ 249,364	\$8,000,000	\$ 151,297	\$8,400,661

## 9. SHAREHOLDERS' EQUITY

### Treasury stock

On December 15, 2015, the Board of Directors of the Company approved a \$500,000 stock repurchase program. Under the program, the Company was authorized to repurchase up to \$500,000 of its common stock through January 16, 2016. Under the repurchase program, through December 31, 2015 the Company repurchased 101,338 shares of common stock for an aggregate cost of \$122,031. On January 25, 2016, the Board of Directors of the Company approved a \$1,000,000 stock repurchase program. Under this program, the Company may repurchase up to \$1,000,000 of its common stock through January 25, 2017. Repurchases will depend upon a variety of factors, such as price, market conditions, volume limitations on purchases, other regulatory requirements and other corporate considerations, as determined by the Company. The repurchase program does not require the purchase of any minimum number of shares and may be modified, suspended or discontinued at any time. The Company has financed stock repurchases with existing cash balances. During the six months ended June 30, 2016, the Company repurchased 644,565 shares of its common stock under both of the above programs at an aggregate cost of \$546,145. All of the repurchased shares have been recorded as treasury stock.

### Preferred Stock

In November 2015, the Company completed a public preferred stock offering whereby 231,616 shares of 11% Series A Cumulative Redeemable Perpetual Preferred Stock (the "Preferred Stock") were sold at \$25.00 per share. Dividends on the Preferred Stock of \$2.75 annually per share are cumulative from the date of issue and are payable each month when, as and if declared by the Company's Board of Directors. As of June 30, 2016, the Board of Directors has declared monthly dividends on the Preferred Stock payable through August, 2016.

Commencing on or after November 4, 2020, the Company may redeem, at its option, the 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 Preferred Stock has no stated maturity, is not subject to any sinking fund or other mandatory redemption, and is not convertible into or exchangeable for any of the Company's other securities. Holders of the Preferred Stock have no voting rights except for limited voting rights if dividends payable on the Preferred Stock are in arrears for eighteen or more consecutive or non-consecutive monthly dividend periods. If the Company were to liquidate, dissolve or wind up, the holders of the 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 the common stock. The Preferred Stock is listed on the NASDAQ Capital Market under the trading symbol "MTBCP."

During July 2016, the Company issued additional Preferred Stock and received net proceeds of approximately \$1.4 million.

#### 10. Commitments and Contingencies

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

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

Future minimum lease payments under non-cancelable operating leases for office space as of June 30, 2016 are as follows:

Years Ending	Total
December 31	
2016 (six months)	\$ 124,012
2017	78,320
Total	\$ 202,332

Total rental expense, included in direct operating costs and general and administrative expense in the condensed consolidated statements of operations, amounted to \$378,600 and \$426,248 for the six months ended June 30, 2016 and 2015, respectively, and \$193,504 and \$179,354 for the three months ended June 30, 2016 and 2015, respectively. This includes amounts for related party leases described in Note 11.

#### 11. Related PARTIES

The Company recorded interest expense on the loan from the CEO of \$16,318 for the six months ended June 30, 2015, and \$8,204 for the three months ended June 30, 2015. This loan was repaid in full on September 2, 2015.

The Company had sales to a related party, a physician who is the wife of the CEO. Revenues from this customer were approximately \$8,488 and \$8,630 for the six months ended June 30, 2016 and 2015, respectively, and \$4,552 and \$4,276 for the three months ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and December 31, 2015, the receivable balance due from this customer was \$1,716 and \$1,402, respectively.

The Company is a party to a nonexclusive aircraft dry lease agreement with Kashmir Air, Inc. ("KAI"), which is owned by the CEO. The Company recorded expense of \$64,200 for both the six months ended June 30, 2016 and 2015 and \$32,100 for both the three months ended June 30, 2016 and 2015. As of June 30, 2016 and December 31, 2015, the Company had a liability outstanding to KAI of \$10,700, which is included in accrued liability to related party in the condensed consolidated balance sheets.

The Company leases its corporate offices in New Jersey, its temporary housing for its foreign visitors, a storage facility and its backup operations center in Bagh, Pakistan, from the CEO. The related party rent expense for the six months ended June 30, 2016 and 2015 was \$88,791 and \$87,541, respectively, and \$44,412 and \$43,743 for three months ended June 30, 2016 and 2015, respectively, and is included in direct operating costs and general and administrative expense in the condensed consolidated statements of operations. Current assets-related party on the condensed consolidated balance sheets includes security deposits related to the leases of the Company's corporate offices in the amount of \$13,200 as of both June 30, 2016 and December 31, 2015. The June 30, 2016 balance also includes prepaid rent of \$11,538. There was no prepaid rent paid to the CEO at December 31, 2015.

#### 12. Employee Benefit Plans

The Company has a qualified 401(k) plan covering all U.S. employees who have completed three months of service. The plan provides for matching contributions by the Company equal to 100% of the first 3% of the qualified

compensation, plus 50% of the next 2%. Employer contributions to the plan for six months ended June 30, 2016 and 2015 were \$48,579 and \$48,360, respectively, and \$23,483 and \$24,798 for the three months ended June 30, 2016 and 2015, respectively.

Additionally, the Company has a defined contribution retirement plan covering all employees located in Pakistan who have completed 90 days of service. The plan provides for monthly contributions by the Company which are the lower of 10% of qualified employees' basic monthly compensation or 750 Pakistani rupees. The Company's contributions for the six months ended June 30, 2016 and 2015 were \$60,749 and \$56,919, respectively, and \$29,753 and \$29,214 for the three months ended June 30, 2016 and 2015, respectively.

### 13. STOCK-BASED COMPENSATION

In April 2014, the Company adopted the Medical Transcription Billing, Corp. 2014 Equity Incentive Plan (the "2014 Plan"), reserving a total of 1,351,000 shares of common stock for grants to employees, officers, directors and consultants. As of June 30, 2016, 365,700 shares are available for grant. Permissible awards include incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance stock and cash-settled awards and other stock-based awards in the discretion of the Compensation Committee of the Board of Directors, including unrestricted stock grants.

The RSUs contain a provision in which the units shall immediately vest and become converted into the right to receive a cash payment payable on the original vesting date after a change in control as defined in the award agreement.

The Compensation Committee of the Board of Directors approved the issuance of a total of 225,000 restricted shares of common stock, with vesting contingent on meeting 2015 financial objectives, to three senior executives. The outside members of the Board of Directors were also awarded a total of 100,000 restricted shares of common stock with the same vesting. During March 2016, all of the restricted shares vested upon the achievement of specified operating results and are included in the issued and outstanding common shares as of June 30, 2016.

The Company recognizes compensation expense on a straight-line basis over the total requisite service period for the entire award. For RSUs classified as equity, the market price of our common stock on the date of grant is used in recording the fair value of the award. For RSUs classified as a liability, the earned amount is marked to market based on the end of period common stock price. The amount of RSUs classified as a liability was \$54,979 and \$32,764 at June 30, 2016 and December 31, 2015, respectively, and is included in accrued compensation in the condensed consolidated balance sheet. The following table summarizes the components of share-based compensation expense for the three and six months ended June 30, 2016:

Stock-based compensation included in the Condensed Consolidated Statement of Operations:	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Direct operating costs	\$2,583	\$7,364	\$5,338	\$12,113
General and administrative	122,046	177,178	600,612	298,298
Research and development	1,396	12,592	3,143	13,847
Selling and marketing	6,354	-	12,708	-
Total stock-based compensation expense	\$132,379	\$197,134	\$621,801	\$324,258

The following table summarizes transactions for RSUs and restricted stock under the 2014 Plan for the six months ended June 30, 2016:

Outstanding and unvested at January 1, 2016	386,733
Granted	413,200
Vested	(400,833)
Forfeited	(8,000 )
Outstanding and unvested at June 30, 2016	391,100

#### 14. INCOME TAXES

The tax provision for the six months ended June 30, 2016 and 2015 was \$80,929 and \$16,045, respectively, and \$38,149 and \$6,422 during the three months ended June 30, 2016 and 2015, respectively. Due to the valuation allowance recorded against all net deferred tax assets, no income tax benefit was recorded for the three and six months

ended June 30, 2016 and 2015. The provision for the three and six months ended June 30, 2016 and 2015 represents state minimum taxes, taxes attributable to Pakistan and for the three and six months ended June 30, 2016, a deferred tax provision of \$36,763 and \$73,341 related to the amortization of goodwill. Goodwill is not amortized for financial reporting purposes; however, it is deductible and therefore amortized over 15 years for tax purposes. As such, deferred income tax expense and a deferred tax liability arise as a result of the tax deductibility of this indefinitely-lived asset. The resulting deferred tax liability, which is expected to continue to increase over the amortization period, will have an indefinite life. This deferred tax liability could remain on the Company's consolidated balance sheet indefinitely unless there is an impairment of goodwill (for financial reporting purposes) or a portion of the business is sold.

Although the Company is forecasting a return to profitability, it incurred cumulative losses which make realization of a deferred tax asset difficult to support in accordance with Accounting Standards Codification ("ASC") 740. Accordingly, a valuation allowance has been recorded against all Federal and state deferred tax assets as of June 30, 2016 and December 31, 2015.

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



**15. OTHER (EXPENSE) INCOME – NET**

Other (expense) income - net for the six months ended June 30, 2016 and 2015 and for the three months ended June 30, 2016 and 2015 consisted of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Foreign exchange (loss) gain	\$(28,619)	\$45,547	\$(55,554)	\$77,020
Other	4,177	11,666	29,040	26,339
Other (expense) income - net	\$(24,442)	\$57,213	\$(26,514)	\$103,359

Foreign currency transaction gains (losses) result from transactions related to the intercompany receivable for which transaction adjustments are recorded in the condensed consolidated statements of operations as they are not deemed to be permanently reinvested.

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

As of June 30, 2016 and December 31, 2015, the carrying amounts of cash, receivables and accounts payable and accrued expenses approximated their estimated fair values because of the short term nature of these financial instruments. Our notes payable, line of credit and term loans are carried at cost and approximate fair value since the interest rates being charged approximates market rates.

*Contingent Consideration*

The Company's contingent consideration of \$1,123,494 and \$1,172,508 as of June 30, 2016 and December 31, 2015, respectively, are Level 3 liabilities. The fair value of the contingent consideration at June 30, 2016 and December 31, 2015 was primarily driven by estimates of revenue recognized and collected payments from acquired customers, the passage of time, the associated discount rate and for one acquisition, the price of the Company's common stock on the NASDAQ Capital Market.

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

*Financial instruments measured at fair value on a recurring basis:*

	Fair Value Measurement at Reporting Date Using Significant Unobservable Inputs, Level 3 Six Months Ended	
	2016	2015
Balance - January 1,	\$ 1,172,508	\$ 2,626,323
2016 Acquisitions	420,000	-
Change in fair value	(411,097 )	(782,936 )
Payments	(57,917 )	-
Balance - June 30,	\$ 1,123,494	\$ 1,843,387

## 17. SUBSEQUENT EVENTS

Effective July 1, 2016, (the “WFS Closing Date”), the Company entered into an APA with WFS Services, Inc., (“WFS”) a New Jersey domiciled company, pursuant to which the Company purchased substantially all of the assets of WFS. In accordance with the WFS APA, the Company did not pay any initial cash consideration on the WFS Closing Date but will make monthly payments of \$5,000 for three years beginning in July, 2016 subject to proportionate adjustment if annualized revenues decrease below a specified threshold. In addition, the Company will pay WFS fifty percent (50%) of Adjusted EBITDA, as defined in the WFS APA, generated from the WFS accounts acquired for three years.

During July, 2016, the Company completed an additional offering of its Series A Preferred Stock, raising approximately \$1.4 million after underwriting commission and expenses. At the same time, the Company modified the covenants in the Opus credit agreement, providing additional flexibility for financing working capital. In exchange for the modification, the Company paid a fee of \$25,000 to Opus and issued additional warrants for Opus to purchase 100,000 shares of its common stock at a strike price equal to \$5.00 per share, with similar terms to the previous warrants issued.

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

**Overview**

MTBC is a healthcare information technology company that provides a fully integrated suite of proprietary web-based solutions, together with related business services, to healthcare providers practicing in ambulatory settings and industry vendors. Our integrated Software-as-a-Service (or SaaS) platform is designed to help our customers increase revenues, streamline workflows and make better business and clinical decisions, while reducing administrative burdens and operating costs. We employ a highly educated workforce of approximately 1,500 people in Pakistan, as of June 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 flagship offering, PracticePro, empowers healthcare practices with the core software and business services they need to address industry challenges, including the Affordable Care Act, on one unified SaaS platform. We deliver powerful, integrated and easy-to-use 'big practice solutions' to small and medium practices, which enable them to efficiently operate their businesses, manage clinical workflows and receive timely payment for their services. PracticePro consists of:

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

Electronic health records (or EHR), which are easy to use, highly ranked, and allow our customers to reduce paperwork and qualify for government incentives;

Revenue cycle management (or RCM) services, which include end-to-end medical billing, analytics, and related services; and

Mobile Health (or mHealth) solutions, including smartphone applications that assist patients and healthcare providers in the provision of healthcare services.

Adoption of our solutions requires only a modest upfront expenditure by a provider. Additionally, our financial performance is linked directly to the financial performance of our clients because the vast majority of our revenues 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 further believe that it is becoming increasingly difficult for traditional RCM companies to meet the growing technology and business service needs of healthcare providers without a significant investment in information technology infrastructure.

We acquired certain assets (primarily customer relationships) of two small companies during the first half of 2016. In conjunction with these acquisitions and partnerships, we hired or retained a small number of talented employees and contractors who we are leveraging to support our growth.

We believe we will also be able to accelerate organic growth by partnering with EHR companies who do not offer revenue cycle management services, utilizing them as channel partners to offer integrated solutions to their customers. We have also entered into arrangements with industry participants including emerging 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.

Our Pakistan operations accounted for approximately 33% of total expenses for the six months ended June 30, 2015 and 32% of expenses for the six months ended June 30, 2016. A significant portion of those expenses were personnel-related costs (approximately 81% for the six months ended June 30, 2015 and 75% for the six months ended June 30, 2016). 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.

### **Key Performance Measures**

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

These non-GAAP financial measures should not be considered in isolation, or as a substitute for or superior to, financial measures calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP.") Moreover, these non-GAAP financial measures have limitations in that they do not reflect all the items associated with the operations of our business as determined in accordance with GAAP. We compensate for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis, and we provide reconciliations from the most directly comparable GAAP financial measures to the non-GAAP financial measures. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Adjusted EBITDA, Adjusted EBITDA Margin, Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Net Income per Share provide an alternative view of performance used by management and we believe that an investor's understanding of our performance is enhanced by disclosing these adjusted performance measures.

Adjusted EBITDA and Adjusted EBITDA Margin exclude the following elements which are included in GAAP Net Income (Loss):

Income tax expense or the cash requirements to pay our taxes;

Interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

Foreign currency gains and losses, whether realized or unrealized, and asset impairment charges and other non-cash non-operating expenditures;

Stock-based compensation expense, including cash-settled awards, based on changes in the stock price;

Non-cash depreciation and amortization charges, and does not reflect any cash requirements for replacement for capital expenditures;

Integration costs, such as severance amounts paid to employees from acquired businesses or transaction costs, such as brokerage fees, pre-acquisition accounting costs and legal fees, exit costs related to terminating leases and other contractual agreements, and other costs related to specific transactions; and

Changes in contingent consideration.

Set forth below is a presentation of our Adjusted EBITDA and Adjusted EBITDA Margin, which represents Adjusted EBITDA as a percentage of net revenue for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015:

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

	Three Months Ended		Six Months Ended		
	June 30, 2016	2015	June 30, 2016	2015	
Net revenue	\$5,212,836	\$5,966,204	\$10,322,685	\$12,104,063	
GAAP net loss	\$(1,294,305)	\$(1,487,378)	\$(3,277,891)	\$(2,653,288)	
Provision for income taxes	38,149	6,422	80,929	16,045	
Net interest expense	161,281	36,614	295,563	71,886	
Other expense (income)-net	24,442	(57,213)	26,514	(103,359)	
Stock-based compensation expense	132,379	197,134	621,801	324,258	
Depreciation and amortization	1,205,147	1,202,381	2,418,657	2,361,924	
Integration and transaction costs	113,314	93,255	325,061	93,255	
Change in contingent consideration	(366,344)	(87,054)	(411,097)	(915,815)	
Adjusted EBITDA	\$14,063	\$(95,839)	\$79,537	\$(805,094)	
Adjusted EBITDA Margin	0.3	% (1.6	%) 0.8	% (6.7	%)

Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Net Income per Share exclude the following elements which are included in GAAP Net Income (Loss):

Foreign currency gains and losses, whether realized or unrealized, and asset impairment charges and other non-cash non-operating expenditures;

Stock-based compensation expense, including cash-settled awards, based on changes in the stock price;

Amortization of purchased intangible assets;

Integration costs, such as severance amounts paid to employees from acquired businesses or transaction costs, such as brokerage fees, pre-acquisition accounting costs and legal fees, exit costs related to terminating leases and other contractual agreements, and other costs related to specific transactions;

Changes in contingent consideration; and

Income tax expense resulting from the amortization of goodwill related to our acquisitions.

No tax effect has been provided in computing Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Net Income per Share as the Company has sufficient carry forward losses to offset the applicable income taxes. The following table shows our reconciliation of GAAP Net Loss to Non-GAAP Adjusted Net Income for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015:

Three Months Ended                      Six Months Ended

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

	June 30, 2016	2015	June 30, 2016	2015
GAAP net loss	\$(1,294,305)	\$(1,487,378)	\$(3,277,891)	\$(2,653,288)
Other expense (income)-net	24,442	(57,213 )	26,514	(103,359 )
Stock-based compensation expense	132,379	197,134	621,801	324,258
Amortization of purchased intangible assets	1,055,535	1,088,865	2,127,125	2,148,876
Integration and transaction costs	113,314	93,255	325,061	93,255
Change in contingent consideration	(366,344 )	(87,054 )	(411,097 )	(915,815 )
Income tax expense related to goodwill	36,763	-	73,341	-
Non-GAAP Adjusted Net Income	\$(298,216 )	\$(252,391 )	<b>\$(515,146 )</b>	\$(1,106,073)



	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
GAAP net loss per share	\$(0.15	) \$(0.15	) \$(0.36	) \$(0.27
GAAP net loss per end-of-period share	(0.13	) (0.14	) (0.32	) (0.24
Other (expense)	0.00	0.00	0.00	(0.01
Stock-based compensation expense	0.01	0.02	0.06	0.03
Amortization of purchased intangible assets	0.12	0.10	0.21	0.19
Integration and transaction costs	0.01	0.01	0.03	0.01
Change in contingent consideration	(0.04	) (0.01	) (0.04	) (0.08
Income tax expense related to goodwill	0.00	0.00	0.01	0.00
Non-GAAP Adjusted Net Income per Share	\$(0.03	) \$(0.02	) \$(0.05	) \$(0.10
End-of-period shares	10,237,240	11,009,503	10,237,240	11,009,503

For purposes of determining Non-GAAP Adjusted Net Income per Share, the Company used the number of common shares outstanding at the end of June 30, 2016 and December 31, 2015, including the shares which were issued but have not been settled, and considered contingent consideration, in order to provide insight into the results considering the total number of shares which were issued at the time of the acquisitions. Accordingly, the end-of-period shares include 248,625 and 1,287,529 of contingently issuable shares at June 30, 2016 and 2015, respectively.

## Key Metrics

In addition to the line items in our consolidated financial statements, we regularly review the following key metrics to evaluate our business, measure our performance, identify trends in our business, prepare financial projections, make strategic business decisions, and assess market share trends and our working capital needs. We believe information from these metrics is useful for investors to understand the underlying trends in our business.

Set forth below are our key operating and financial metrics for customers using our platform, which excludes acquired customers who have not migrated to our platform. Practices using our platform accounted for approximately 69% of our revenue for the six months ended June 30, 2015 and approximately 71% for the six months ended June 30, 2016.

**First Pass Acceptance Rate:** We define first pass acceptance rate as the percentage of claims submitted electronically by us to insurers and clearinghouses that are accepted on the first submission and are not rejected for reasons such as insufficient information or improper coding. Our first-time acceptance rate is 96% for the twelve months ended June 30, 2016, which compares favorably to the average of the top twelve payers of approximately 94%, as reported by the American Medical Association.

***First Pass Resolution Rate:*** First pass resolution rate measures the percentage of primary claims that are favorably adjudicated and closed upon a single submission. Our first pass resolution rate was approximately 94% for the twelve months ended June 30, 2016.

***Days in Accounts Receivable:*** Days in accounts receivable measures the median number of days between the day a claim is submitted by us on behalf of our customer, and the date the claim is paid to our customer. Our clients' median days in accounts receivable was 33 days for primary care and 38 days for combined specialties for the twelve months ended June 30, 2016, as compared to the national average of 36 and 40 days, respectively, as reported by the Medical Group Management Association in 2015.

***Providers and Practices Served.*** As of June 30, 2016, we served approximately 1,880 providers (which we define as physicians, nurses, nurse practitioners, physician assistants and other clinical staff that render bills for their services), representing approximately 770 practices. In addition, we served approximately 180 clients who were not medical practices, but are service organizations who serve the healthcare community. As of June 30, 2015, we served approximately 1,760 providers representing 817 practices.

## Sources of Revenue

*Revenue:* We primarily derive our revenues primarily as a percentage of payments collected by our customers that use our comprehensive product suite, which includes revenue cycle management as well as the ability to use our electronic health records and practice management software as part of the bundled fee. These payments accounted for approximately 88% and 87% of our revenues during the three months and six months ended June 30, 2016, respectively, and 96% and 95% of our revenues during the three months and six months ended June 30, 2015, respectively.

On July 28, 2014, the Company acquired Omni Medical Billing Services, LLC, Practicare Medical Management, Inc. and CastleRock Solutions, Inc., (collectively the “2014 Acquisitions”). On July 10, 2015, the Company acquired SoftCare Solutions, Inc. and on August 31, 2015, the Company acquired Med Tech Professional Billing, (collectively referred to as the “2015 Acquisitions”). On February 15, 2016, the Company acquired Gulf Coast Billing Inc., (“GCB”) and on May 2, 2016, the Company acquired Renaissance Medical Billing, LLC (“RMB”), (collectively referred to as the “2016 Acquisitions”). The 2014, 2015 and 2016 Acquisitions are (collectively referred to as the “Acquisitions”). Our plan is to move customers acquired through acquisitions to our operating platform in order to increase efficiencies.

## Operating Expenses

*Direct Operating Costs.* Direct operating cost consists primarily of salaries and benefits related to personnel who provide services to our customers, claims processing costs and other direct costs related to our services. Costs associated with the implementation of new customers are expensed as incurred. The reported amounts of direct operating costs do not include depreciation and amortization, which are broken out separately in the condensed consolidated statements of operations.

*Selling and Marketing Expense.* Selling and marketing expense consists primarily of compensation and benefits, commissions, travel and advertising expenses.

*Research and Development Expense.* Research and development expense consists primarily of personnel-related costs and third-party contractor costs.

*General and Administrative Expense.* General and administrative expense consists primarily of personnel-related expense for administrative employees, including compensation, benefits, travel, occupancy and insurance, software license fees and outside professional fees.

*Change in Contingent Consideration.* The change in contingent consideration represents the change in the value of the shares in escrow, pending release to the seller of one of the 2014 Acquisitions, and the change in the estimated future payments to the sellers of the 2015 and 2016 Acquisitions.

*Depreciation and Amortization Expense.* Depreciation expense is charged using the straight-line method over the estimated lives of the assets ranging from three to five years. Amortization expense is charged on either an accelerated or on a straight-line basis over a period of three years for most intangible assets acquired in connection with acquisitions.

*Interest and Other Income (Expense).* Interest expense consists primarily of interest costs related to our working capital line of credit and term loans, offset by interest income and late fees from customers. Our other income (expense) results primarily from foreign currency transaction gains (losses).

*Income Tax.* We estimate income taxes in each of the jurisdictions in which we operate. Although the Company is forecasting a return to profitability, it incurred cumulative losses which make realization of a deferred tax asset difficult to support in accordance with ASC 740. Accordingly, a valuation allowance was recorded against all deferred tax assets as of June 30, 2016 and December 31, 2015.

## Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expense and related disclosures. We base our estimates, assumptions and judgments on historical experience, current trends and various other factors that we believe to be reasonable under the circumstances. On a regular basis, we review our accounting policies, estimates, assumptions and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

We believe that the accounting policies are those policies that involve the greatest degree of complexity and exercise of judgment by our management. The methods, estimates and judgments that we use in applying our accounting policies have a significant impact on our results of operations. There have been no material changes in our critical accounting policies and estimates from those described in the Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 24, 2016.

## Results of Operations

The following table sets forth our consolidated results of operations as a percentage of total revenue for the periods shown.

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2016	2015	2016	2015
Net revenue	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Direct operating costs	44.5 %	48.8 %	44.8 %	53.4 %
Selling and marketing	4.2 %	1.6 %	5.5 %	1.8 %
General and administrative	51.7 %	53.2 %	54.3 %	52.2 %
Change in contingent consideration	(7.0 )%	(1.5 )%	(4.0 )%	(7.6 )%
Research and development	4.0 %	2.8 %	3.9 %	2.7 %
Depreciation and amortization	23.1 %	20.2 %	23.4 %	19.5 %
Total operating expenses	120.5 %	125.1 %	127.9 %	122.0 %
Operating loss	(20.5 )%	(25.1 )%	(27.9 )%	(22.0 )%

Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

Interest expense — net	3.1	%	0.6	%	2.9	%	0.6	%
Other (expense) income - net	(0.5)	)%	1.0	%	(0.3)	)%	0.9	%
Loss before income taxes	(24.1)	)%	(24.7)	)%	(31.1)	)%	(21.7)	)%
Income tax provision	0.7	%	0.1	%	0.8	%	0.1	%
Net loss	(24.8)	)%	(24.8)	)%	(31.9)	)%	(21.8)	)%

*Comparison of the three and six months ended June 30, 2016 and 2015*

	Three Months Ended		Change	Percent	Six Months Ended		Change	Percent
	June 30, 2016	2015			June 30, 2016	2015		
Revenues	\$5,212,836	\$5,966,204	\$(753,368)	(13 )%	\$10,322,685	\$12,104,063	\$(1,781,378)	(15 )%

*Revenue.* Total revenue of \$5.2 million and \$10.3 million for the three months and six months ended June 30, 2016 decreased by \$753,000 or 13% and \$1.8 million or 15% from revenue of \$6.0 million and \$12.1 million for the three and six months ended June 30, 2015, respectively. The decrease was primarily due to \$3.5 million of less revenue recognized from customers acquired in the 2014 Acquisitions during the six months ended June 30, 2016, compared to the six months ended June 30, 2015, which was partially offset by additional revenues associated with the 2016 and 2015 Acquisitions and a revenue share agreement entered into in 2015 during the six months ended June 30, 2016.

	Three Months Ended				Six Months Ended			
	June 30, 2016	2015	Change Amount	Percent	June 30, 2016	2015	Change Amount	Percent
Direct operating costs	\$2,320,651	\$2,913,470	\$(592,819)	(20)%	\$4,622,030	\$6,459,678	\$(1,837,648)	(28)%
Selling and marketing	220,383	97,002	123,381	127%	563,924	217,433	346,491	159%
General and administrative	2,694,036	3,176,712	(482,676)	(15)%	5,603,874	6,319,384	(715,510)	(11)%
Research and development	209,396	165,248	44,148	27%	400,182	330,175	70,007	21%
Change in contingent consideration	(366,344)	(87,054)	(279,290)	321%	(411,097)	(915,815)	504,718	(55)%
Depreciation	123,345	105,805	17,540	17%	240,462	198,600	41,862	21%
Amortization	1,081,802	1,096,576	(14,774)	(1)%	2,178,195	2,163,324	14,871	1%
Total operating expenses	\$6,283,269	\$7,467,759	\$(1,184,490)	(16)%	\$13,197,570	\$14,772,779	\$(1,575,209)	(11)%

*Direct Operating Costs.* Direct operating costs of \$2.3 million and \$4.6 million for the three and six months ended June 30, 2016, respectively, decreased by \$593,000 or 20% and \$1.8 million or 28% from direct operating costs of \$2.9 million and \$6.5 million for the three and six months ended June 30, 2015, respectively. During the three and six months ended June 30, 2016, salary cost in the U.S. decreased by \$271,000 or 28% and \$1.1 million or 43% compared to the three and six months ended June 30, 2015, respectively, due to a decrease in the number of employees.

Salary and related cost in Pakistan decreased by \$529,000 or 25% for the six months ended June 30, 2016 and increased by \$1.2 million or 116% for the six months ended June 30, 2015 as a result of reducing the number of employees in Pakistan to coincide with the reduction in revenue. Referral fees from revenue share arrangements decreased by \$109,000 or 81% and \$190,000 or 78% for the three and six months ended June 30, 2016, respectively, compared to the same periods in 2015.

*Selling and Marketing Expense.* Selling and marketing expense of \$220,000 and \$564,000 for the three and six months ended June 30, 2016, respectively, increased by \$123,000 or 127% and \$347,000 or 159% from selling and

marketing expense of \$97,000 and \$217,000 for the three and six months ended June 30, 2015, respectively. This is primarily related to an increased investment in marketing, business development and sales resources to expand our market share and build on our existing customer base.

*General and Administrative Expense.* General and administrative expense of \$2.7 million and \$5.6 million for the three and six months ended June 30, 2016, respectively, decreased by \$483,000 or 15% and \$716,000 or 11% from general and administrative expense of \$3.2 million and \$6.3 million for the three and six months ended June 30, 2015, respectively. In addition to salary decreasing by \$270,000 and \$221,000 for the three and six months ended June 30, 2016, respectively, due to a decrease in the number of G&A employees, the integration of the 2014 and 2015 Acquisitions was completed resulting in expense reductions related to the closing of offices and reducing third party expenses such as computer expenses, accommodation costs, office costs and insurance expenses.

*Research and Development Expense.* Research and development expense of \$209,000 and \$400,000 for the three and six months ended June 30, 2016, respectively, increased by \$44,000 or 27% and \$70,000 or 21% from research and development expense of \$165,000 and \$330,000 for the three and six months ended June 30, 2015, respectively, as a result of adding additional technical employees in Pakistan.

*Change in Contingent Consideration.* The change in the contingent consideration was \$366,000 and \$411,000 for the three and six months ended June 30, 2016, respectively, and reflects the decrease in the liability reflecting the value of shares issued to Practicare which have not been released from escrow, resulting from a decrease in the price of the Company's common stock during the period. The change in contingent consideration also includes a decrease in the estimated value of the amounts to be paid for the SoftCare and Med Tech acquisitions, based on decreased estimates of revenue from these acquisitions. The change in the contingent consideration for the six months ended June 30, 2015 was \$916,000 and included both a \$783,000 decrease in the value of shares issued to Practicare and Omni which had both not been released from escrow at that time, and \$133,000 related to CastleRock's forfeiture of shares.



*Depreciation.* Depreciation of \$123,000 and \$240,000 for the three and six months ended June 30, 2016, respectively, increased by \$18,000 or 17% and \$42,000 or 21% from depreciation of \$106,000 and \$199,000 for the three and six months ended June 30, 2015, respectively, as a result of the Company purchasing additional fixed assets.

*Amortization Expense.* Amortization expense of \$1.1 million and \$2.2 million for the three and six months ended June 30, 2016, respectively, was comparable with the amortization expense for the three and six months ended June 30, 2015, respectively. During the three and six months ended June 30, 2016, amortization expense from the 2015 Acquisitions and the acquisition of GCB was offset by certain intangibles acquired in prior years becoming fully amortized.

	Three Months Ended				Six Months Ended			
	June 30, 2016	2015	Change Amount	Percent	June 30, 2016	2015	Change Amount	Percent
Interest income	\$7,315	\$7,073	\$242	3 %	\$14,391	\$13,986	\$405	3 %
Interest expense	(168,596)	(43,687)	(124,909)	286 %	(309,954)	(85,872)	(224,082)	261 %
Other (expense) income - net	(24,442 )	57,213	(81,655 )	(143 %)	(26,514 )	103,359	(129,873)	(126 %)
Income tax provision	38,149	6,422	31,727	494 %	80,929	16,045	64,884	404 %

*Interest income.* Interest income of \$7,000 and \$14,000 for the three and six months ended June 30, 2016, respectively, was consistent with the amounts of interest income for the three and six months ended June 30, 2015, respectively, as it primarily represents late payment fees from customers.

*Interest expense.* Interest expense of \$169,000 and \$310,000 for the three and six months ended June 30, 2016, respectively, increased by \$125,000 or 286% and \$224,000 or 261% from interest expense of \$44,000 and \$86,000 for the three and six months ended June 30, 2015, respectively, primarily as a result of additional borrowings on the Opus Bank term loans plus the revolving line of credit effective September 2, 2015. As of June 30, 2016, the Company utilized all of its \$10 million Opus credit facility compared with its \$3.0 million line of credit with TD Bank as of June 30, 2015.

*Other (expense) income - net.* Other (expense) - net of (\$24,000) and (\$27,000) for the three and six months ended June 30, 2016, respectively, compared to other income - net of \$57,000 and \$103,000 for the three and six months ended June 30, 2015, respectively. The net decreases of \$82,000 and \$130,000 primarily relate to changes in the foreign exchange rates.

*Income tax provision.* There was a \$38,000 and \$81,000 income tax provision for the three and six months ended June 30, 2016, respectively, compared to a provision of \$6,000 and \$16,000 for the three and six months ended June 30,

2015, respectively. Included in the tax provision for the three and six months ended June 30, 2016 is a \$37,000 and \$73,000 deferred income tax provision related to the amortization of goodwill. The pre-tax loss for the three months ended June 30, 2016 decreased from \$1.5 million to \$1.3 million and the pre-tax loss for the six months ended June 30, 2016 increased to \$3.2 million from \$2.6 million. Although the Company is forecasting a return to profitability, it incurred three years of cumulative losses which make realization of a deferred tax asset difficult to support in accordance with ASC 740. Accordingly, a valuation allowance was recorded against all deferred tax assets at June 30, 2016 and 2015.

## Liquidity and Capital Resources

The following table summarizes our cash flows:

	Three Months Ended		Six Months Ended June	
	June 30,		30,	
	2016	2015	2016	2015
Net cash provided by/(used in) operating activities	\$78,422	\$(155,411)	\$(325,205 )	\$(1,452,725)
Net cash used in investing activities	(264,763)	(177,715)	(1,617,409)	(261,303 )
Net cash (used in)/provided by financing activities	(548,964)	(231,353)	515,041	1,298,820
Effect of exchange rate changes on cash	(12,876 )	10,568	6,932	(1,420 )
Net decrease in cash	(748,181)	(553,911)	(1,420,641)	(416,628 )

The Company raised approximately \$4.7 million of net proceeds from a public preferred stock offering in November 2015, and raised approximately \$1.4 million of net proceeds from additional sales of the same preferred stock in July 2016. In September 2015, the Company secured a \$10 million credit facility from Opus Bank, including an initial \$4.0 million term loan and a \$2.0 million revolving line of credit. The proceeds of the term line were used to repay the TD line of credit and other notes payable. Additional term loans totaling \$4.0 million from Opus Bank were received in late 2015 and in March 2016. With positive cash flows from operations during the three months ended June 30, 2016, we believe we will have sufficient cash to meet our working capital and capital expenditures requirements for at least the next 12 months.

### *Operating Activities*

Cash used in operating activities was \$325,000 during the six months ended June 30, 2016, compared to \$1.5 million during the six months ended June 30, 2015. Cash generated from operating activities was \$78,000 during the three months ended June 30, 2016, compared to \$155,000 of cash used in operating activities during the three months ended June 30, 2015. The net loss increased by \$625,000 during the six months ended June 30, 2016, primarily caused by non-cash items: a decrease of \$497,000 in the change in contingent consideration, a \$298,000 increase in stock-based compensation, and \$57,000 of additional depreciation and amortization. Cash operating expenses decreased by \$472,000 more than the decline in revenue from the six months ended June 30, 2015 to the six months ended June 30, 2015.

Accounts receivable increased by \$328,000 in the six months ended June 30, 2016, compared with a decrease in accounts receivable of \$302,000 for the six months ended June 30, 2015, and accounts payable, accrued compensation and accrued expenses increased by \$838,000 during the six months ended June 30, 2016, compared with a decrease of \$802,000 for the six months ended June 30, 2015. The decrease in accounts receivable was related to the decrease in

revenue.

### ***Investing Activities***

Cash used in investing activities during the six months ended June 30, 2016 was \$1.6 million, an increase of \$1.4 million as compared to \$261,000 during the six months ended June 30, 2015, primarily due to the initial payment of \$1.3 million and \$175,000 for the GCB and RMB acquisitions, respectively. For GCB, this amount will be deducted evenly from each of the 12 quarterly payments required to be made to the seller beginning in July 2016. The quarterly payments are based on 28% of revenue. For RMB, the initial payment will be recovered before any payments are made by the Company. Quarterly payments to RMB began in July, 2016 and are based on 27% of revenue.

### ***Financing Activities***

Cash provided by financing activities during the six months ended June 30, 2016 was \$515,000, compared to \$1.3 million during the six months ended June 30, 2015. The cash provided by financing activities in 2016 includes \$2.0 million of additional term loan borrowings from Opus Bank, offset by a \$438,000 repayment of notes payable, \$318,000 of preferred stock dividends and \$546,000 of purchases of common stock as part of our stock repurchase program. The cash provided by financing activities for 2015 represented borrowings and repayment on the former TD Bank line of credit and \$486,000 of repayment of notes payable. Average monthly borrowings from our revolving lines of credit were \$2.2 million for the six months ended June 30, 2015, compared to \$178,000 for the six months ended June 30, 2016.

Our line of credit with Opus expires on September 1, 2018, unless renewed. As of June 30, 2016, \$2.0 million was drawn on the line. Our term loans with Opus mature on September 1, 2019 and require monthly principal payments commencing October 1, 2016 of \$222,000 per month through the end of the loan period.

### **Contractual Obligations and Commitments**

We have contractual obligations under our borrowings from Opus Bank and unsettled contingent consideration in connection with the Acquisitions. We also maintain operating leases for property and certain office equipment. For additional information, see Contractual Obligations and Commercial Commitments under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 24, 2016.

### **Off-Balance Sheet Arrangements**

As of June 30, 2016 and 2015, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special-purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Other than our operating leases for office space, computer equipment and other property, we do not engage in off-balance sheet financing arrangements.

### **Nasdaq Listing Compliance**

On June 24, 2016, the “Company received a notice from The Nasdaq Stock Market (“Nasdaq”) that the Company is not in compliance with Nasdaq’s Listing Rule 5810(b), as the closing bid price of the Company’s common stock has been below the minimum closing bid price requirement of \$1.00 per share for 30 consecutive business days. The notification of noncompliance has no immediate effect on the listing or trading of the Company’s common stock on the Nasdaq Capital Market under the symbol “MTBC” or of the Company’s Series A Preferred Stock on the Nasdaq Capital Market under the symbol “MTBCP.”

In accordance with Nasdaq’s Marketplace Rule 5810(c)(3)(A), the Company has an initial period of 180 days, or until December 21, 2016, to regain compliance with the minimum closing bid price requirement, which requires the closing bid for the common stock meet or exceed \$1.00 per share for a minimum of ten consecutive business days during this period. In the event the Company fails to meet this threshold it may be eligible for an additional 180 day compliance period. To qualify, the Company will be required to meet the continued listing requirement for market value of

publicly held shares set forth in Market Place Rule 5550(a) and all other initial listing standards for the Nasdaq Capital Market set forth in Marketplace Rule 5505, with the exception of the closing bid price requirement, and will need to provide written notice to Nasdaq of its intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary. The Company's failure to regain compliance during this period could result in delisting.

The Company intends to monitor the closing bid price of its common stock and may, if appropriate, consider implementing available options to regain compliance with the minimum bid price requirement under the Nasdaq Listing Rules.

*Item 3. Quantitative and Qualitative Disclosures about Market Risks*

We are a smaller reporting company as defined by 17 C.F.R. 229.10(f) (1) and are not required to provide information under this item, pursuant to Item 305(e) of Regulation S-K.

*Item 4. Controls and Procedures*

*Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2016 as required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officer to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of December 31, 2015, management had not completely remediated the previously disclosed material weakness in internal controls related to the accounting for certain complex financial transactions, and the design and operating effectiveness of the financial reporting and closing process, in particular around the information technology. During the first quarter of 2016, the Company engaged an independent tax consultant to assist with the review of complex tax transactions and began utilizing Oracle E-Business instead of QuickBooks. The Company tested the operating effectiveness of these enhanced controls during the second quarter of 2016.

Based on the evaluation of our disclosure controls and procedures, as of June 30, 2016 our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

#### *Changes in Internal Control over Financial Reporting*

During the second quarter of 2016, the Company tested and evaluated the design and operating effectiveness of the control procedures which have been implemented over the past year regarding the accounting for certain complex transactions and the design and operating effectiveness of the financial reporting and closing process. As a result of implementing these enhanced controls, the Company concluded that these efforts have remediated the previously noted material weakness.

Other than management's remediation efforts described above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15 (f) and 15d-15 (f) of the Exchange Act) during the quarter ended June 30, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### *Item 1. Legal Proceedings*

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of our management, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows.

Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm and other factors.

### *Item 1A. Risk Factors*

Pursuant to the instructions of Item 1A of Form 10-Q, a smaller reporting company is not required to provide the information required by this Item.

### *Item 2. Unregistered Sales of Equity Securities and Use of Proceeds*

There were no unregistered sales of equity securities by the Company during the three months ended June 30, 2016.

### **Purchases of Equity Securities**

The following table summarizes our purchases of common stock in the three months ended June 30, 2016:

Total Number of Shares	Average Price Paid per	Total Number of Shares	Approximate Dollar Value of
------------------------------	------------------------------	------------------------------	-----------------------------------



Edgar Filing: Macquarie Infrastructure Co LLC - Form 425

	Purchased	Share	Purchased Under Announced Programs	Shares That May Yet be Purchased Under Announced Program
April 1, 2016 through April 30, 2016	126,270	\$ 0.94	126,270	\$ 453,974
May 1, 2016 through May 31, 2016	-	-	-	-
June 1, 2016 through June 30, 2016	-	-	-	-
Total	126,270	\$ 0.94	126,270	

The above shares were purchased under the common stock repurchase program announced in January 2016 to purchase up to \$1 million of our common stock. This program ends January 25, 2017.

The Company is prohibited from paying dividends on its common stock without the consent of its senior lender, Opus Bank.

*Item 3. Defaults upon Senior Securities*

Not applicable.

*Item 4. Mine Safety Disclosures*

Not applicable.

*Item 5. Other Information*

None.

*Item 6. Exhibits*

<b>Exhibit Number</b>	<b>Exhibit Description</b>
3.1	Amended and Restated Certificate of Incorporation (as amended).
3.2	Amended and Restated Certificate of Designations, Preferences and Rights of 11% Series A Cumulative Redeemable Perpetual Preferred Stock.
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Chief Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
32.2*	Certification of Chief Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

\* The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Medical Transcription Billing,  
Corp.

By: */s/ Mahmud Haq*  
Mahmud Haq  
Chairman of the Board  
and Chief Executive Officer

By: */s/ Bill Korn*  
Bill Korn  
Chief Financial Officer

Date: August 11, 2016

