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2 September 2016

Constellation Healthcare Technologies, Inc.
 (“Constellation Healthcare Technologies”, “CHT”, “Company” or the “Group”)

Interim Results for the Six Months Ended 30th June 2016

Key Performance Indicators

		Interim 2016		Interim 2015		FY- 2015	
REVENUE	+78%	\$57.0	*	\$32.0	*	\$76.7	*
Income from Operations	+92%	\$14.5	25%	\$7.6	24%	\$19.2	25%
Profit Before Tax	+267%	\$15.4	27%	\$4.2	13%	\$11.4	15%
EBITDA	+121%	\$21.1	37%	\$9.6	30%	\$23.9	31%
RCM Revenue	+110%	\$43.6	76%	\$20.7	65%	\$50.1	65%
RCM EBITDA	+139%	\$16.8	29%	\$7.0	22%	\$16.1	21%
CASH FROM OPERATIONS	+160%	\$10.9	19%	\$4.2	13%	\$15.5	20%

* % of revenue

All amounts USD\$M

Highlights

- **Revenue Increased by 78% to \$57.0M (\$32.0M in 2015)**
- **22% organic growth in the RCM business**
- **Cash from Operations increased by 19% to \$10.9M (\$4.2M in 2015)**
- Debt facility paid down in full from internal cash generation
- **10,000+ US Physicians currently being serviced**
- RCM business revenue increased by 110% to \$43.6M (\$20.7M in 2015)
- RCM EBITDA increased by 139% to \$16.8M (\$7.0M in 2015)
- Successful acquisition and integration of MDRX Medical Billing
- Further strengthening of the board with the appointment of Dr. Shawn Zimberg

Paul Parmar, Chief Executive of Constellation Healthcare Technologies, commented, “CHT has built a robust platform based on its efficient RCM processes and technologies. Coupled with a tried, tested and matured methodology of integrating and transitioning new clients and new business onto this highly scalable platform, this platform and experience allows CHT to rapid growth.

We are now starting to see the benefits of this investment as evidenced by the 78% increase in revenues with 22% of the revenue coming from organic growth and very strong cash generated from operations as evidenced by a 160% increase as compared to the same period last year. We strongly believe that our platform and our integration methodology along with the experience we have gained, uniquely places us to grow the business rapidly through organic growth and M&A.

At this point in time we feel very confident having delivered above expectations for the first half of 2016, that we will meet the markets guidance on revenue as well as profits for the full year 2016.

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Chief Executive's Review

2016 started with the closing of the MDRX transaction. The planning both around the acquisition itself and post-acquisition has paid off well. The integration of the business into the CHT platform has been seamless, both from the perspective of the customer and technology interface. The Company has also been focused on building a pipeline of future M&A opportunities to grow the Company and Shareholder value. When analysing a potential acquisition opportunity a lot of time goes into what happens post acquisition. This, I believe, is a key factor in the success of our M&A strategy. Importantly, CHT has never been reliant only on M&A for its growth and I am glad to report that the Company continues to win clients organically with 15 new clients won in H1 2016.

With a focus on optimising our capital structure, I was pleased to report to the market earlier in the year that we had paid off our debt facility in its entirety from internal cash generation. This would save the Company approximately \$1.4M in interest expense on a yearly basis and the savings can be utilised in our M&A programme which yields a far greater return to stakeholders.

Earlier in the year we appointed Dr Shawn Zimberg to our Board of Directors. Dr. Zimberg brings with him a wealth of experience especially on the business side of the US healthcare industry and his insight has already been valuable to us when analysing M&A targets. We will be adding more U.S. based director's to complement our business later in the year.

The U.S. healthcare system is going through tremendous change at the moment. This provides a company like CHT significant opportunities, especially in an environment where there is significant cost pressure as well as new rules based changes. Both Physicians and their practices and hospitals need a partner like CHT to allow them to significantly cut costs and make their business more efficient, ultimately benefiting the patient.

Financial Performance

The CHT business continues to outperform with each one of our business segments showing robust growth in revenue and earnings over the course of the year. We anticipate that this will continue throughout the year. The business is very strong and whilst maintaining organic growth, it can easily be scaled with new acquisitions which will further cement our earnings for the coming years.

Our first half revenues increased by 78% from the same period last year and income from operations increased by 92% to \$57M and our Income from Operations was up by 92% to \$14.5M. CHT's EBITDA increased by a staggering 121% to \$21.1M vs the same period in 2015. Our EBITDA margins have also increased by 7% to 37% based on the same period last year. Finally, cash from operations increased by 160% to \$10.90M.

Strategy

CHT is focused on acquiring healthcare service businesses across the U.S. and improving revenue generation and profitability by utilizing CHT's proprietary technology. This is coupled with our efficient processing operation giving CHT a competitive edge. This acquisition strategy is complemented with the organic growth, which is a key driver going forward. CHT continues to increase the number of doctors using its platform and as of December 2015, it has over 10,000 independent practicing and hospital/contracting Physicians groups using its various service offerings. We expect that number will continue to grow this year and next.

Outlook

The U.S. healthcare system remains complex and is likely to continue to evolve to cater for the ever changing demographic as well as the newly insured, while containing costs at each level. CHT is well placed to take advantage of this new paradigm. The next few years remain exciting for our business as we build a truly scaled healthcare technology platform.

Paul Parmar
Chief Executive Officer
Constellation Healthcare Technologies

Constellation Healthcare Technologies, Inc. and Subsidiaries
Consolidated Balance Sheet

	June 30, 2016	June 30, 2015
Current assets		
Cash and cash equivalents	\$ 21,901,330	\$ 16,812,125
Accounts receivable, net	22,522,077	10,918,116
Inventory	262,868	231,002
Prepaid expenses and other current assets	621,898	873,974
Deferred tax asset	252,000	252,000
Total current assets	45,560,173	29,087,217
Property and equipment, net		
	9,195,254	9,713,553
Other long-term assets		
Intangible assets, excluding goodwill	30,135,334	26,158,611
Goodwill	68,949,211	17,643,127
Deferred tax asset	4,610,011	3,816,630
Other assets, net	291,334	205,136
Total other long-term assets	103,985,890	47,823,504
Total assets	\$ 158,741,317	\$ 86,624,274
Current liabilities		
Accounts payable	\$ 6,156,568	\$ 4,163,003
Accrued expenses	3,694,203	2,019,152
Income taxes payable	5,872,756	1,907,646
Current portion of capital lease obligation	552	15,198
Current portion of long-term debt	4,836,376	4,828,367
Current portion of contingent consideration	2,713,733	-
Payable to related party	800,000	-
Payable to Sellers	1,346,881	-
Total current liabilities	25,421,069	12,933,366
Long-term liabilities		
Long-term debt, net of current portion	7,516,447	12,137,754
Contingent consideration	5,574,124	884,412
Deferred rent liability	637,427	493,282
Deferred tax liability	7,541,322	4,086,029
Total long-term liabilities	21,269,320	17,601,477
Commitments and Contingencies		
Stockholders' equity (deficit)		
Common stock, par value \$0.0001; 150,000,000 shares authorized at June 30, 2016 and 111,226,912 shares authorized at June 30, 2015; 83,829,435 shares issued and outstanding at June 30, 2016 and 64,990,623 shares issued and outstanding at June 30, 2015.	8,384	6,500
Additional paid-in capital	91,333,963	49,163,636
Retained earnings	20,730,019	6,919,295
Accumulated other comprehensive loss	(126,426)	-
Total stockholders' equity	111,945,940	56,089,431
Non-controlling interest in consolidated entity	104,988	-
Total liabilities and stockholders' equity	\$ 158,741,317	\$ 86,624,274

Constellation Healthcare Technologies, Inc. and Subsidiaries
Consolidated Statements of Operations

	<u>Six months ended</u> <u>June 30, 2016</u>	<u>Six months ended</u> <u>June 30, 2015</u>
Net revenues	\$ 56,990,373	\$ 31,991,628
Operating expenses:		
Salaries and benefits	18,584,944	9,934,320
Facility rent and related costs	1,990,286	1,468,338
Depreciation	1,457,093	653,572
Amortization	5,128,200	1,338,551
Professional and consulting fees	8,494,722	6,085,660
Insurance	370,386	199,399
Provision for doubtful accounts	327,352	207,417
Vaccines and medical supplies	2,095,383	1,946,348
Office and computer supplies	182,228	109,065
Postage and courier	978,342	922,127
Other	2,893,252	1,566,941
Total operating expenses	<u>42,502,188</u>	<u>24,431,738</u>
Income from operations	<u>14,488,185</u>	<u>7,559,890</u>
Other income (expenses):		
Interest expense	(994,590)	(1,375,865)
Change in fair value of contingent consideration	2,115,774	-
Other expense, net	(247,805)	(2,014,967)
Total other income (expenses), net	<u>873,379</u>	<u>(3,390,832)</u>
Income before provision for income taxes	15,361,564	4,169,058
Provision for income taxes	6,351,330	1,816,874
Net income	<u>\$ 9,010,234</u>	<u>\$ 2,352,184</u>
Loss from consolidated entity attributable to non-controlling interest	(144,380)	-
Net Income attributable to the company	9,154,614	2,352,184
Other Comprehensive gain, net of tax		
Foreign currency translation adjustments	(46,907)	-
Other Comprehensive gain	(46,907)	-
Comprehensive Income	<u>\$ 9,107,707</u>	<u>\$ 2,352,184</u>
Income per common shares		
Basic		
Common Stock	\$ 0.11	\$ 0.04
Diluted		
Common Stock	\$ 0.11	\$ 0.04
Weighted average number of shares for basic		
Common Stock	83,330,704	57,066,420
Weighted average number of shares for Diluted		
Common Stock	83,330,704	57,066,420

Constellation Healthcare Technologies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	<u>Six months ended</u> <u>June 30, 2016</u>	<u>Six months ended</u> <u>June 30, 2015</u>
Cash Flow from operating activities:		
Net Income	\$ 9,750,755	\$ 2,352,184
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	327,352	207,417
Depreciation	1,457,093	653,572
Amortization	5,128,200	1,338,551
Deferred Tax	1,018,264	131,086
Change in fair value of contingent consideration	(2,115,774)	-
Amortization of deferred finance fees	170,605	164,947
Foreign currency exchange loss	(46,907)	-
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(8,372,253)	(2,524,532)
Inventory	(13,435)	151,742
Prepaid expenses and other assets	(16,153)	(210,332)
Deferred offering cost	-	-
Other assets	(13,178)	28,376
Accounts payable, accrued expenses	1,371,055	181,018
Income tax payable	3,040,458	1,685,788
Other liabilities	-	-
Net cash provided by operating activities	<u>10,945,561</u>	<u>4,159,816</u>
Cash flows from investing activities		
Cash outlay for property and equipment	(273,132)	(6,196,762)
Development of software tool	-	(2,409,584)
Cash Paid for Acquisition	(31,800,000)	(12,800,000)
Net cash used in investing activities	<u>(32,073,132)</u>	<u>(21,406,346)</u>
Cash flows from financing activities		
Payments of capital lease obligations	(1,620)	(13,909)
Payments on long term loan	(2,431,465)	(3,739,395)
Payments on acquisition note payable	(36,805)	-
Loan from related party	800,000	-
Contribution from parent	-	1,000,000
Proceeds from sale of stock, net of related fees	42,182,412	18,675,622
Net cash provided by financing activities	<u>40,512,522</u>	<u>15,922,318</u>
Net increase/(decrease) in cash and cash equivalents	19,384,951	(1,324,212)
Cash and cash equivalents, beginning of period	<u>2,516,379</u>	<u>18,136,336</u>
Cash and cash equivalents, end of period	<u>\$ 21,901,330</u>	<u>\$ 16,812,125</u>
Supplemental Cash Flow Information		
Cash Paid for interest	\$ 823,985	\$ 1,210,918
Cash Paid for Income Taxes	\$ 2,240,354	\$ 1,050,000

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
SIX MONTHS ENDED JUNE 30, 2016

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated other comprehensive loss	Non-controlling interest in consolidated entity	Total
	Shares	Amount					
Balances, January 1, 2015	55,615,056	\$ 5,562	\$ 29,488,952	\$ 4,567,111	\$ -	\$ -	\$ 34,061,625
Proceeds from sale of stock, net of related fees	9,375,567	938	18,674,684	-	-	-	18,675,622
Contribution from parent	-	-	1,000,000	-	-	-	1,000,000
Net income for the period ended June 30, 2015	-	-	-	2,352,184	-	-	2,352,184
Balances, June 30, 2015	<u>64,990,623</u>	<u>\$ 6,500</u>	<u>\$ 49,163,637</u>	<u>\$ 6,919,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,089,431</u>
Balances, January 1, 2016	64,990,623	\$ 6,500	\$ 49,163,637	\$ 11,575,405	\$ (79,519)	\$ 249,368	\$ 60,915,391
Proceeds from sale of stock, net of related fees	18,814,962	1,881	42,120,329	-	-	-	42,122,210
Shares issued towards NEMS contingent consideration	23,850	3	49,997	-	-	-	50,000
Other Comprehensive Loss	-	-	-	-	(46,907)	-	(46,907)
Non-controlling interest in consolidated entity	-	-	-	-	-	(144,380)	(144,380)
Net income for the period ended June 30, 2016	-	-	-	9,154,614	-	-	9,154,614
Balances, June 30, 2016	<u>83,829,435</u>	<u>\$ 8,384</u>	<u>\$ 91,333,963</u>	<u>\$ 20,730,019</u>	<u>\$ (126,426)</u>	<u>\$ 104,988</u>	<u>\$ 112,050,929</u>

1. Segment reporting information

	<u>Six months ended</u> <u>June 30, 2016</u>	<u>Six months ended</u> <u>June 30, 2015</u>
<u>Revenue Cycle Management</u>		
Revenues	\$ 43,552,541	\$ 20,738,066
Depreciation and amortization	5,506,518	1,973,763
Operating income before depreciation and amortization	16,778,130	7,030,222
<u>GP & Corporate</u>		
Revenues	4,417,982	2,445,129
Depreciation and amortization	1,077,032	15,299
Operating income before depreciation and amortization	3,473,914	1,895,069
<u>Practice Management:</u>		
Revenues	9,019,850	8,808,433
Depreciation and amortization	1,743	3,061
Operating income before depreciation and amortization	821,434	626,723

Corporate expenses that are incurred for the Company's general administration have not been apportioned to other business segments. These costs are grouped under General Purchasing and Corporate segment

The operating segments are identified and reported on the basis of internal reports about components of the group that are regularly reviewed by the Management Board to assess the performance of the segments.

The group's internal management reporting is structured primarily on the basis of the market segments in which the 3 operating segments – Revenue Cycle Management, Practice Management and General Purchasing (GP) & Corporate - operate.

Management assesses the performance of segments based on the measures of revenue and earnings before depreciation, interest and taxes (EBITDA), whereby the EBITDA measure includes allocations of expenses from supporting functions within the group.

Company runs shared services for each of its three segments. All resources, who form part of general management & administration, HR, finance and accounting, IT, call center are part of shared services that are used by one or more segments and have been included in the reallocation.

Such allocations have been determined by the best management estimates based on number of resources served, volume of transactions processed and or relevant measures that reflect the level of benefits of these functions to each of the operating segments. As the 3 operating segments serve only external customers, there is no inter-segment revenue. Interest income and expenses and tax are not allocated to the segments. There is no measure of segment (non-current) assets and/or liabilities provided to the Management Board.

Reconciliation of reportable segment revenues and profit to the consolidated totals

	Six months ended June 30, 2016	Six months ended June 30, 2015
Total Revenues for reportable segments	\$ 56,990,373	\$ 31,991,628
Total Consolidated revenues	56,990,373	31,991,628
EBITDA for reportable segments	\$ 21,073,478	\$ 9,552,013
Depreciation & amortization	(6,585,293)	(1,992,123)
Interest expense	(994,590)	(1,375,865)
Change in fair value of contingent consideration	2,115,774	
Other income (expense), net	(247,805)	(2,014,967)
Provision for income taxes	(5,610,809)	(1,816,874)
Net income	\$ 9,750,755	\$ 2,352,184

2. Intangible Assets, excluding Goodwill, net

Intangible assets, excluding goodwill, net consist of the following at June 30, 2016 and 2015:

	June 30, 2016	June 30, 2015
Software tool - work in progress	\$ 17,083,401	\$ 14,608,919
Client relationships	11,862,138	11,673,787
Management service agreements	2,000,000	2,000,000
Group Purchasing agreements	600,000	600,000
Trade Name	3,349,536	1,450,869
Non-Compete	6,598,047	15,000
	41,493,122	30,348,575
Less accumulated amortization	(11,357,788)	(4,189,964)
Net amount	\$ 30,135,334	\$ 26,158,611

Estimated future annual amortization of our identifiable intangible assets is as follows:

Period ending:

Six months ended December 31, 2016	\$ 5,128,206
Year ended December 31, 2017	10,256,411
Year ended December 31, 2018	9,242,392
Year ended December 31, 2019	2,754,694
Year ended December 31, 2020	1,356,958
Thereafter	1,396,673
Total	\$ 30,135,334