

**FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash (amounts related to VIE of \$1,300,391 and \$1,556,303)	\$ 7,785,602	\$ 1,594,998
Cash-restricted	-	359,414
Accounts receivable, net (amounts related to VIE of \$5,324,747 and \$4,544,308)	8,369,428	6,623,894
Employee loans (amounts related to VIE of \$1,084,406 and \$636,293)	1,084,406	672,293
Prepaid and other current assets (amounts related to VIE of \$151,147 and \$183,465)	221,156	316,773
Capitalized financing costs, current portion (amounts related to VIE of \$-0- and \$1,317)	-	39,533
Total current assets	<u>17,460,592</u>	<u>9,606,905</u>
Property, plant and equipment, net of accumulated depreciation of \$1,058,933 and \$3,075,648 (amounts related to VIE of \$735,079 and \$773,808)	<u>2,644,783</u>	<u>8,613,502</u>
Other assets		
Goodwill (amount relating to VIE of \$899,465)	899,465	899,465
Deferred costs, net of amortization of \$376,418 and \$215,096	2,850,009	3,011,331
Patient list, net of accumulated amortization of \$85,000 and \$75,000	215,000	225,000
Patents, net of accumulated amortization of \$47,750 and \$38,200	238,750	248,300
Investments (amounts related to VIE of \$22,005 and \$16,914)	22,005	16,914
Deferred tax asset	181,029	-
Deposits	16,071	2,571
Total other assets	<u>4,422,329</u>	<u>4,403,581</u>
Total assets	<u>\$ 24,527,704</u>	<u>\$ 22,623,988</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses (amounts related to VIE of \$2,278,994 and \$2,319,056)	\$ 3,305,834	\$ 3,937,244
Accounts payable, related party (amount related to VIE of \$251,588)	251,588	251,588
Stock based payable	601,833	1,198,900
Advances	-	43,082
AMT tax payable	181,029	-
Settlement payable	-	600,000
Line of credit, short term (amount related to VIE of \$439,524 and \$416,888)	2,939,524	2,566,888
Note payable, related party, current portion (amount related to VIE of \$-0- and \$428,645)	-	428,645
Notes payable, current portion (amount related to VIE of \$4,128 and \$10,341)	513,506	7,652,941
Unearned revenue	26,354	42,704
Deferred rent, short term portion (amount related to VIE of \$237,620 and \$118,810)	237,620	118,810
Total current liabilities	<u>8,057,288</u>	<u>16,840,802</u>
Long term debt:		
Deposits held	58,234	67,432
Notes payable, long term portion	275,125	535,822
Deferred rent, long term portion (amount related to VIE of \$2,141,198 and \$2,141,199)	2,167,427	2,141,199
Total long term debt	<u>2,500,786</u>	<u>2,744,453</u>
Total liabilities	<u>10,558,074</u>	<u>19,585,255</u>
Equity		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized, Nil issued and outstanding	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized, 24,238,613 and 22,867,626 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	24,239	22,868
Common stock subscription	-	175,000
Additional paid in capital	22,393,921	21,196,792
Accumulated deficit	(9,554,839)	(19,274,917)
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	12,863,321	2,119,743
Non-controlling interest (note 15)	1,106,309	918,990
Total equity	<u>13,969,630</u>	<u>3,038,733</u>
Total liabilities and equity	<u>\$ 24,527,704</u>	<u>\$ 22,623,988</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:				
Patient Service Revenue	\$ 7,290,456	\$ 3,810,299	\$ 14,168,121	\$ 6,095,587
Provision for bad debts	<u>(267,194)</u>	<u>(6,260)</u>	<u>(529,718)</u>	<u>(51,484)</u>
Net patient service revenue less provision for bad debts	7,023,262	3,804,039	13,638,403	6,044,103
Rental Revenue	<u>629,838</u>	<u>520,276</u>	<u>1,256,450</u>	<u>785,379</u>
Total Revenue	7,653,100	4,324,315	14,894,853	6,829,482
Operating expenses:				
Salaries and benefits	3,139,042	2,125,481	5,919,611	3,071,601
Other operating expenses	1,573,376	563,422	2,760,650	1,014,907
General and administrative	2,535,741	1,649,870	4,941,618	2,203,154
Depreciation and amortization	<u>136,800</u>	<u>144,417</u>	<u>435,750</u>	<u>284,926</u>
Total operating expenses	<u>7,384,959</u>	<u>4,483,190</u>	<u>14,057,629</u>	<u>6,574,588</u>
Net income (loss) from operations	268,141	(158,875)	837,224	254,894
Other income (expense):				
Gain on sale of property and improvements	23,378	-	9,212,346	-
Miscellaneous income (expense)	46,812	40,369	105,669	41,119
Amortization financing costs	(329)	(19,229)	(15,654)	(39,915)
Interest expense, net	<u>(51,053)</u>	<u>(358,994)</u>	<u>(232,188)</u>	<u>(722,138)</u>
Total other expense	<u>18,807</u>	<u>(337,854)</u>	<u>9,070,173</u>	<u>(720,934)</u>
Net income (loss) before provision for income taxes	286,949	(496,729)	9,907,397	(466,040)
Income taxes (benefit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	286,949	(496,729)	9,907,397	(466,040)
Non-controlling interest (note 15)	<u>(133,812)</u>	<u>-</u>	<u>(187,319)</u>	<u>-</u>
NET INCOME (LOSS) ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	<u>\$ 153,137</u>	<u>\$ (496,729)</u>	<u>\$ 9,720,078</u>	<u>\$ (466,040)</u>
Net income (loss) per common share, basic	<u>\$ 0.01</u>	<u>\$ (0.03)</u>	<u>\$ 0.42</u>	<u>\$ (0.03)</u>
Net income (loss) per common share, diluted	<u>\$ 0.01</u>	<u>\$ (0.03)</u>	<u>\$ 0.36</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding, basic	<u>23,862,943</u>	<u>18,999,475</u>	<u>23,374,625</u>	<u>18,533,559</u>
Weighted average number of common shares outstanding, diluted	<u>27,196,277</u>	<u>18,999,475</u>	<u>26,707,959</u>	<u>18,533,559</u>

FIRST CHOICE HEALTHCARE SOLUTIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	\$ 9,907,397	\$ (466,040)
Adjustments to reconcile net income (loss) to cash (used in) provided by operating activities:		
Depreciation and amortization	435,750	338,700
Amortization of financing costs	15,654	39,915
Bad debt expense	529,718	51,484
Gain on sale of property	(9,212,346)	-
Common stock issued in connection with loan extension	92,000	227,000
Stock based compensation	334,433	139,750
Changes in operating assets and liabilities:		
Accounts receivable	(2,275,252)	(556,635)
Prepaid expenses and other	95,617	237,431
Restricted funds	359,414	(54,563)
Employee loans	(412,113)	(103,654)
Accounts payable and accrued expenses	(650,425)	160,359
Settlement payable	(600,000)	-
Deposits	(22,698)	(5,469)
Deferred rent	145,038	39,603
Unearned income	(16,350)	22,113
Net cash (used in) provided by operating activities	(1,274,163)	69,994
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash from variable interest entity	-	679,673
Proceeds from sale of property	15,113,497	-
Purchase of equipment	(149,507)	(40,065)
Net cash provided by investing activities	14,963,990	639,608
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) proceeds from advances	(43,082)	129,000
Proceeds from lines of credit	372,636	355,656
Net payments on notes payable	(7,828,777)	(418,780)
Net cash (used in) provided by financing activities	(7,499,223)	65,876
Net increase in cash and cash equivalents	6,190,604	775,478
Cash and cash equivalents, beginning of period	1,594,998	279,087
Cash and cash equivalents, end of period	\$ 7,785,602	\$ 1,054,565
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 237,943	\$ 594,211
Cash paid during the period for taxes	\$ -	\$ -
Supplemental Disclosure on non-cash investing and financing activities:		
Common stock issued in settlement of accrued expenses	\$ 597,067	\$ 15,000
Common stock issued in settlement of convertible note and interest	\$ -	\$ 811,200
Fair value of options issued to acquire management control of variable interest entity	\$ -	\$ 3,226,427

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
RECONCILIATION OF NON-GAAP ADJUSTED EBITDA PERFORMANCE
(Unaudited)

As Originally Reflected in Q116 Results Press Release
Three Months Ended March 31,

	2016		2015
Net Income (Loss) Attributable to FCHS	\$ 9,566,941	\$	30,689
Gain on sale of property and improvements	(9,188,968)		-
Depreciation and amortization	298,950		140,509
Amortization of financing costs	15,325		20,686
Bad debt expense	262,524		45,224
Stock-based compensation	81,300		48,250
Interest expense, net			
Adjusted EBITDA	\$ 1,036,072	\$	285,358

Restated

Three Months Ended March 31,

	2016		2015
Net Income (Loss) Attributable to FCHS	\$ 9,566,941	\$	30,689
Gain on sale of property and improvements	(9,188,968)		-
Depreciation and amortization	298,950		140,509
Amortization of financing costs	15,325		20,686
Bad debt expense	262,524		45,224
Stock-based compensation	81,300		48,250
Interest expense, net	181,135		363,144
Adjusted EBITDA	\$ 1,217,207	\$	648,502

Three Months Ended June 30,
2016 **2015**

Six Months Ended June 30,
2016 **2015**

Net Income (Loss) Attributable to FCHS	\$ 153,137	\$ 496,729)	\$ 9,720,078	\$ (466,040)
Gain on sale of property and improvements	(23,378)	-	(9,212,346)	-
Depreciation and amortization	136,800	144,417	435,750	284,926
Amortization of financing costs	329	19,229	15,654	39,915
Bad debt expense	267,194	6,260	529,718	51,484
Stock-based compensation	253,133	91,500	334,433	139,750
Interest expense, net	51,053	358,994	232,188	722,138
Adjusted EBITDA	\$ 838,268	\$ 123,671	\$ 2,055,475	\$ 772,173

FIRST CHOICE HEALTHCARE SOLUTIONS, INC.
RECONCILIATION OF NON-GAAP ADJUSTED EBITDA PERFORMANCE WITH
GAIN ON SALE OF PROPERTY INCLUDED
(Unaudited)

As Originally Reflected in Q116 Results Press Release

Three Months Ended March 31,

	2016		2015
Net Income (Loss) Attributable to FCHS	\$ 9,566,941	\$	30,689
Depreciation and amortization	298,950		140,509
Amortization of financing costs	15,325		20,686
Bad debt expense	262,524		45,224
Stock-based compensation	81,300		48,250
Interest expense, net			
Adjusted EBITDA	\$ 10,225,040	\$	285,358

Restated

Three Months Ended March 31,

	2016		2015
Net Income (Loss) Attributable to FCHS	\$ 9,566,941	\$	30,689
Depreciation and amortization	298,950		140,509
Amortization of financing costs	15,325		20,686
Bad debt expense	262,524		45,224
Stock-based compensation	81,300		48,250
Interest expense, net	181,135		363,144
Adjusted EBITDA	\$ 10,406,175	\$	648,502

Three Months Ended June 30,

2016

2015

Six Months Ended June 30,

2016

2015

Net Income (Loss) Attributable to FCHS	\$ 153,137	\$ 496,729)	\$ 9,720,078	\$ (466,040)
Depreciation and amortization	136,800	144,417	435,750	284,926
Amortization of financing costs	329	19,229	15,654	39,915
Bad debt expense	267,194	6,260	529,718	51,484
Stock-based compensation	253,133	91,500	334,433	139,750
Interest expense, net	51,053	358,994	232,188	722,138
Adjusted EBITDA	\$ 861,646	\$ 123,671	\$ 11,267,821	\$ 772,173

About First Choice Healthcare Solutions, Inc.

Headquartered in Melbourne, Florida, First Choice Healthcare Solutions (FCHS) is implementing a defined growth strategy aimed at expanding its network of non-physician-owned medical centers of excellence, which concentrate on treating patients in the following specialties: Orthopaedics, Spine Surgery, Neurology, Interventional Pain Management and related diagnostic and ancillary services in key expansion markets throughout the Southeastern U.S. Serving Florida's Space Coast, the Company's flagship integrated platform currently administers over 100,000 patient visits each year and is comprised of First Choice Medical Group, The