

August 16, 2016



First Choice Healthcare Solutions Reports Continued Profitability and Revenue Growth in Second Quarter 2016

Three Month Revenues Increased 77% to \$7.65 Million, up From \$4.32 Million; Six Month Revenues Rose 118% to \$14.90 Million From \$6.83 Million

**Q216 Adjusted EBITDA* Increased to \$838,000 From \$124,000;
Adjusted EBITDA* for the First Half of 2016 Rose to \$2.06 Million From \$772,000**

MELBOURNE, FL -- (Marketwired) -- 08/16/16 -- [First Choice Healthcare Solutions, Inc.](http://www.firstchoicemedical.com) (OTCQB: FCHS) ("FCHS," "First Choice" or the "Company"), one of the nation's only non-physician-owned, publicly traded healthcare services companies focused on the delivery of total musculoskeletal solutions with an emphasis on Orthopaedics, including spine care and treatment, today announced its second quarter results for the three and six months ended June 30, 2016.

Chris Romandetti, Chairman, President and CEO of First Choice, stated, "During the second quarter, our Company continued to benefit from high levels of execution at each of the Centers of Medical Excellence comprising our Melbourne, Florida platform. Our success in recruiting first rate Orthopaedic and Spine surgeons to our Melbourne practices, along with the addition of The B.A.C.K. Center and Crane Creek Surgery Center to our Melbourne platform, is helping to drive strong growth across several key metrics, including revenue, adjusted EBITDA and net income. Moreover, our strong cash position and operating leverage have begun to yield greater cost efficiencies and compelling expansion opportunities that should collectively serve to unlock strategic and financial benefits for our Company in coming quarters. We look forward to providing detailed insight into our results and growth initiatives on this morning's call."

Financial Highlights for Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015:

- Total revenues rose 77% to a record \$7,653,100 -- up from \$4,324,315. The increase was mainly attributable to the integration of The B.A.C.K. Center ("TBC") and Crane Creek Surgery Center ("CCSC") into the First Choice platform, effective May 1, 2015 and October 1, 2015, respectively; as well as the addition of two new Board Certified Orthopaedic surgeons to the clinical staff at First Choice Medical

Group -- Dr. Kenneth Sands and Dr. Raymond DeLorenzi -- late in the second quarter of this year.

- Net patient service revenues rose 85% to \$7.02 million from \$3.80 million.
- On a non-GAAP basis, adjusted EBITDA* rose 578% to \$838,268 from \$123,671.
- Net income increased to \$153,137, or \$0.01 earnings per basic and diluted share, from a net loss of \$496,729, or \$0.03 loss per basic and diluted share.

Financial Highlights for Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015:

- Total revenues increased 118% to \$14,894,853 from \$6,829,482.
 - Net patient service revenues climbed 126% to \$13,638,403 from \$6,044,103.
- On a non-GAAP basis, adjusted EBITDA* totaled \$2,055,475, representing a 166% increase over \$772,173 reported for the first half of 2015. With the sale of Marina Towers factored, adjusted EBITDA* rose to \$11,267,821.
- With the one-time gain from the sale of Marina Towers, net income climbed to \$9,720,078, or \$0.42 earnings per basic share and \$0.36 earnings per diluted share, compared to a net loss of \$466,040, or \$0.03 loss per basic and fully diluted share. Notwithstanding the one-time gain from the building sale, net income totaled \$507,732, or \$0.02 earnings per basic and diluted share.

Balance Sheet Highlights as of June 30, 2016 Compared to December 31, 2015

- Cash totaled \$7,785,602, up from cash and restricted cash of \$1,954,412.
- Accounts receivable increased to \$8,369,428 from \$6,623,894.
- Total liabilities dropped 46% to \$10,558,074 from \$19,585,255.
- Total stockholders' equity climbed 360% to \$13,969,630 from \$3,038,733.

Conference Call and Webcast

First Choice will host a conference call and webcast for the investment community this morning, beginning at 11:00 AM Eastern Standard Time to discuss its financial results and recent corporate developments.

Participants can register and access the conference call by dialing 866-682-6100 (U.S. and Canada dial-in) or 862-255-5401 (for international dial-in). The conference call will also be webcasted, which can be accessed through First Choice's investor relations website by navigating to <http://ir.myfchs.com/ir-calendar> and clicking on "**Second Quarter 2016 Conference Call and Webcast.**" Webcast participants will be required to register to access the call. For those who cannot listen to the live broadcast, a replay will be available shortly after the call on the investor relations page of First Choice's website, found at <http://ir.myfchs.com/>.

****About Non-GAAP Financial Measures***

To supplement our consolidated financial statements, which are prepared and presented

in accordance with GAAP, we use non-GAAP EBITDA. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use this non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our management believes that this non-GAAP financial measure provides meaningful supplemental information regarding our performance and liquidity by excluding certain items that may not be indicative of our recurring core business operating results. We believe that both management and investors benefit from referring to this non-GAAP financial measure in assessing our performance and when planning, forecasting, and analyzing future periods. This non-GAAP financial measure also facilitates management's internal comparisons to our historical performance and liquidity. We believe this non-GAAP financial measure is useful to investors both because they allow for greater transparency with respect to a key metric used by management in its financial and operational decision-making. For more information on this non-GAAP financial measure, please see the table captioned "Reconciliation of non-GAAP Adjusted EBITDA Performance."

Restatement of First Quarter 2016 Adjusted EBITDA

In the press release dated May 17, 2016 relating to the Company's first quarter 2016 financial results, the Company provided Non-GAAP Financial Measures relating to its Adjusted EBITDA results. However, it was discovered that the Adjusted EBITDA results failed to add back net interest expenses in its reported calculations. The corrected Adjusted EBITDA calculations for the first quarter 2016 periods are provided in the charts below.

For additional details relating to First Choice's first quarter 2016 results, please refer to the Interim Report on Form 10-Q filed with the U.S. Securities and Exchange Commission and found at www.sec.gov.

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

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<i>(unaudited)</i>	
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	<u>16,071</u>	<u>2,571</u>
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)	<u>237,620</u>	<u>118,810</u>
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	<u>(9,554,839)</u>	<u>(19,274,917)</u>
Total stockholders' equity attributable to First Choice Healthcare Solutions, Inc.	12,863,321	2,119,743
Non-controlling interest (note 15)	<u>1,106,309</u>	<u>918,990</u>
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)

	<i>Three months ended June 30,</i>		<i>Six months ended June 30,</i>	
	<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	136,800	144,417	435,750	284,926
Total operating expenses	7,384,959	4,483,190	14,057,629	6,574,588
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	(51,053)	(358,994)	(232,188)	(722,138)
Total other expense	18,807	(337,854)	9,070,173	(720,934)
Net income (loss) before provision for income taxes	286,949	(496,729)	9,907,397	(466,040)
Income taxes (benefit)	-	-	-	-
Net income (loss)	286,949	(496,729)	9,907,397	(466,040)
Non-controlling interest (note 15)	(133,812)	-	(187,319)	-
NET INCOME (LOSS) ATTRIBUTABLE TO FIRST CHOICE HEALTHCARE SOLUTIONS, INC.	\$ 153,137	\$ (496,729)	\$ 9,720,078	\$ (466,040)
Net income (loss) per common share, basic	\$ 0.01	\$ (0.03)	\$ 0.42	\$ (0.03)
Net income (loss) per common share, diluted	\$ 0.01	\$ (0.03)	\$ 0.36	\$ (0.03)
Weighted average number of common shares outstanding, basic	23,862,943	18,999,475	23,374,625	18,533,559
Weighted average number of common shares outstanding, diluted	27,196,277	18,999,475	26,707,959	18,533,559

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

	Six Months Ended June 30,	
	2016	2015
	<hr/>	<hr/>
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	<hr/> (1,274,163)	<hr/> 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	<hr/> 14,963,990	<hr/> 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	<hr/> (7,499,223)	<hr/> 65,876
Net increase in cash and cash equivalents	6,190,604	775,478
Cash and cash equivalents, beginning of period	<hr/> 1,594,998	<hr/> 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)

	<i>As Originally Reflected in Q116 Results Press Release</i>	
	<i>Three Months Ended March 31,</i>	
	<u>2016</u>	<u>2015</u>
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	<u>\$ 1,036,072</u>	<u>\$ 285,358</u>

	<i>Restated</i>	
	<i>Three Months Ended March 31,</i>	
	<u>2016</u>	<u>2015</u>
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	<u>\$ 1,217,207</u>	<u>\$ 648,502</u>

Three Months Ended June 30, Six Months Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
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,

	<u>2016</u>	<u>2015</u>
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,

	<u>2016</u>	<u>2015</u>
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,		Six Months Ended June 30,	
	2016	2015	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 B.A.C.K. Center and Crane Creek Surgery Center. For more information, please visit www.myfchs.com, www.myfcmg.com, www.thebackcenter.net and www.cranecreeksurgerycenter.com.

Safe Harbor Statement

Certain information set forth in this news announcement may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of First Choice Healthcare Solutions, Inc. Such forward-looking statements are based on current expectations, estimates and projections about the Company's industry, management beliefs and certain assumptions made by its management. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Information concerning factors that could cause the Company's actual results to differ materially from those contained in these forward-looking statements can be found in the Company's periodic reports on Form 10-K and Form 10-Q, and in its Current Reports on Form 8-K, filed with the Securities and Exchange Commission. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise to

reflect future events or circumstances or reflect the occurrence of unanticipated events.

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