UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(AMENDMENT NO. 1)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 16, 2012

Streamline Health Solutions, Inc.
(Exact name of registrant as specified in its charter)

Delaware	0-28132	31-1455414
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10200 Alliance Road, Suite 200, Cincinnati, OH 45242-4716
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (513) 794-7100

(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))

EXPLANATORY NOTE

This current report on Form 8-K/A amends and supplements *Item 9.01, Financial Statements and Exhibits* of the the current report on Form 8-K filed August 21, 2012, by Streamline Health Solutions, Inc. (the "Company"), relating to the completion of the acquisition of Meta Health Technology, Inc. ("Meta Health"). This amendment includes the historical annual and interim financial statements of Meta Health for the periods specified in Rule 3-05(b) of Regulation S-X and the unaudited pro forma condensed combined statement of operations for the twelve month period ended January 31, 2012 and the six month period ended July 31, 2012 and the unaudited condensed combined balance sheet as of July 31, 2012 pursuant to Article 11 of Regulation S-X.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Businesses Acquired

The audited balance sheets of Meta Health as of December 31, 2011 and 2010 and the related statements of income and comprehensive income and changes stockholders' equity, and cash flows for the years then ended, including the notes to financial statements and the report of the independent auditor thereon, are filed as Exhibit 99.2 to this current report on Form 8-K/A.

The unaudited financial statements of Meta Health as of June 30, 2012 and 2011, including the notes to financial statements, are filed as Exhibit 99.3 to this current report on Form 8-K/A.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined statement of operations for the twelve months ended January 31, 2012; the unaudited pro forma condensed combined statement of operations for the six months ended July 31, 2012; and the unaudited pro forma condensed combined balance sheet as of July 31, 2012, are filed as Exhibit 99.4 to this current report on Form 8-K/A.

(d) Exhibits

Exhibit No.	Description
10.1	Stock Purchase Agreement, dated August 16, 2012, among the Company and certain shareholders of Meta Health Technology, Inc. *
10.2	Amendment No. 1 to Subordinated Credit Agreement, dated August 16, 2012, among the Company, Streamline Health, Inc., IPP Acquisition, LLC and Fifth Third Bank *
10.3	Amendment No. 1 to Senior Credit Agreement, dated August 16, 2012, among the Company, Streamline Health, Inc., IPP Acquisition, LLC and Fifth Third Bank *
10.4	Securities Purchase Agreement, dated August 16, 2012, among the Company and each purchaser identified on the signature pages thereto *
10.5	Form of Subordinated Convertible Note *
10.6	Form of Common Stock Purchase Warrant *
10.7	Registration Rights Agreement, dated August 16, 2012, among the Company and each of the purchasers signatory thereto *
10.8	Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock *
23.1	Consent of Independent Registered Public Accounting Firm.
99.1	Streamline Health Solutions, Inc. Press Release dated August 16, 2012 *
99.2	Audited balance sheets of Meta Health Technology, Inc. as of December 31, 2011 and 2010, and the related statements of income and comprehensive income and changes stockholders’ equity, and cash flows for the year then ended, including the notes to financial statements and the report of the independent auditor thereon.
99.3	Unaudited interim financial statements of Meta Health Technology, Inc. as of June 30, 2012 and 2011, including the notes to financial statements.
99.4	The unaudited pro forma condensed combined statement of operations for the twelve months ended January 31, 2012; the unaudited pro forma condensed combined statement of operations for the six months ended July 31, 2012; and the unaudited pro forma condensed combined balance sheet as of July 31, 2012.

* Previously filed.

SIGNATURES

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

STREAMLINE HEALTH SOLUTIONS, INC.

Date: October 31, 2012

By: /s/ Stephen H. Murdock
Stephen H. Murdock
Chief Financial Officer

Celebrating 60 years
Established 1952
HA&W
HABIF, AROGETI & WYNNE, LLP
Certified Public Accountants and Business Advisors

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Streamline Health Solutions, Inc.
Cincinnati, Ohio

We hereby consent to the incorporation by reference in the Registration Statements on Form 8K/A (No 0-28132) of Streamline Health Solutions, Inc. of our report dated August 2, 2012 relating to the audit of the financial statements of Meta Health Technology, Inc. for the years ended December 31, 2011 and 2010, which appears in this Current Report on Form 8-K/A.

Habif, Arogeti & Wynne, LLP

Atlanta, Georgia
October 31, 2012

META HEALTH TECHNOLOGY, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

META HEALTH TECHNOLOGY, INC.

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Celebrating 60 years

Established 1952

HA&W

HABIF, AROGETI & WYNNE, LLP

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Meta Health Technology, Inc.

We have audited the accompanying balance sheets of Meta Health Technology, Inc. as of December 31, 2011 and 2010, and the related statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note B to the financial statements, the 2011 and 2010 financial statements and the opening balances as of December 31, 2009, have been restated to correct various misstatements. Our opinion is not modified with respect to this matter.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meta Health Technology, Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Habif, Arogeti & Wynne, LLP

Atlanta, Georgia

August 2, 2012

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META HEALTH TECHNOLOGY, INC.
BALANCE SHEETS
DECEMBER 31,

ASSETS

	(Restated) 2011	(Restated) 2010
Current assets		
Cash and cash equivalents	$1,141,506	$ 187,134
Marketable securities	3,519,350	3,235,894
Accounts receivable—trade	2,283,296	1,959,905
Prepaid expenses and other current assets	64,818	53,782
Prepaid income taxes	90,139	184,491
Total current assets	7,099,109	5,621,206
Property and equipment, at cost		
Office furniture and equipment	925,403	871,323
Leasehold improvements	137,086	137,086
Less accumulated depreciation	(894,208)	(828,305)
Total property and equipment, at cost	168,281	180,104
Other assets		
Security deposit	48,095	48,095
Total assets	$7,315,485	$5,849,405

See auditors' report and accompanying notes

META HEALTH TECHNOLOGY, INC.
BALANCE SHEETS
DECEMBER 31,

LIABILITIES AND STOCKHOLDERS' EQUITY

	(Restated) 2011	(Restated) 2010
Current liabilities		
Accounts payable	$ 102,337	$ 303,677
Accrued liabilities	615,118	416,311
Deferred revenue	4,119,164	3,070,980
Income taxes payable	154,438	67,528
Deferred income tax liability—current	67,788	18,781
Total current liabilities	5,058,845	3,877,277
Long-term liabilities		
Deferred income tax liability—non-current	42,230	45,205
Other non-current liabilities	152,484	152,484
Total long-term liabilities	194,714	197,689
Stockholders' equity		
Common stock, $0.01 par value, 10,000,000 shares authorized; 3,076,668 shares issued, and 3,036,375 and 3,042,336 shares outstanding at December 31, 2011 and 2010, respectively	3,106	3,106
Additional paid-in capital	974,903	974,903
Accumulated other comprehensive income	237,822	73,192
Retained earnings	914,881	780,102
	2,130,712	1,831,303
Treasury stock, 40,293 shares in 2011 and 34,332 shares in 2010, at cost	(68,786)	(56,864)
Total stockholders' equity	2,061,926	1,774,439
Total liabilities and stockholders' equity	$7,315,485	$5,849,405

See auditors' report and accompanying notes

META HEALTH TECHNOLOGY, INC.
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,

	(Restated) 2011	(Restated) 2010
Revenue	$7,100,804	$6,464,188
Operating expenses		
Cost of services	1,894,298	1,762,115
Selling and marketing	1,596,450	1,301,556
Research and development	1,773,138	1,699,338
General and administrative	1,452,022	1,510,646
Total operating expenses	6,715,908	6,273,655
Income from operations	384,896	190,533
Other income (expense)		
Interest and dividend income	158,939	100,079
Gain on sale of marketable securities	1,383	—
Interest expense	(4,330)	—
Total other income	155,992	100,079
Income before provision for income taxes	540,888	290,612
Provision for income taxes	(101,875)	(152,361)
Net income	439,013	138,251
Other comprehensive income, net of tax		
Unrealized holding gains on marketable securities, net of deferred tax of $157,418 and $73,819 as of December 31, 2011 and 2010, respectively	164,630	77,180
Comprehensive income	$ 603,643	$ 215,431

See auditors' report and accompanying notes

META HEALTH TECHNOLOGY, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Common Stock		Additional Paid-in	Treasury Stock		Accumulated Other Comprehensive	Retained	
	Shares	Amount	Capital	Shares	Amount	Income(Loss)	Earnings	Total
Balance at December 31, 2009, (As previously reported)	3,042,336	$3,106	$974,903	34,332	$(56,864)	$ (7,819)	$ 938,390	$1,851,716
Prior period adjustments (Note B)	—	—	—	—	—	3,831	7,695	11,526
Balance at December 31, 2009 (Restated)	3,042,336	3,106	974,903	34,332	(56,864)	(3,988)	946,085	1,863,242
Net income (Restated)	—	—	—	—	—	—	138,251	138,251
Dividends	—	—	—	—	—	—	(304,234)	(304,234)
Unrealized gains on marketable securities, net (Restated)	—	—	—	—	—	77,180	—	77,180
Balance at December 31, 2010 (Restated)	3,042,336	3,106	974,903	34,332	(56,864)	73,192	780,102	1,774,439
Net income (Restated)	—	—	—	—	—	—	439,013	439,013
Dividends	—	—	—	—	—	—	(304,234)	(304,234)
Treasury stock	(5,961)	—	—	5,961	(11,922)	—	—	(11,922)
Unrealized gains on marketable securities, net (Restated)	—	—	—	—	—	164,630	—	164,630
Balance at December 31, 2011 (Restated)	3,036,375	$3,106	$974,903	40,293	$(68,786)	$ 237,822	$ 914,881	$2,061,926

See auditors' report and accompanying notes

META HEALTH TECHNOLOGY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

Increase (Decrease) In Cash and Cash Equivalents

	(Restated) 2011	(Restated) 2010
Cash flows from operating activities		
Net income	$ 439,013	$ 138,251
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	65,903	53,550
Gain on sale of marketable securities	(1,383)	—
Deferred income taxes	(111,386)	3,242
Change in operating assets and liabilities:		
Accounts receivable—trade	(323,391)	(373,161)
Prepaid expenses and other current assets	(11,036)	11,000
Prepaid income taxes	94,352	(147,292)
Accounts payable	(201,340)	265,229
Accrued liabilities	17,426	(8,387)
Deferred revenue	1,048,184	186,384
Income taxes payable	86,910	(92,011)
Other non-current liabilities	—	20,768
Total adjustments	664,239	(80,678)
Cash provided by operating activities	1,103,252	57,573
Cash flows from investing activities		
Purchase of marketable securities	(162,009)	(2,194,315)
Proceeds from sale of investments	201,984	742,000
Acquisition of property and equipment	(54,080)	(63,230)
Cash used by investing activities	(14,105)	(1,515,545)
Cash flows from financing activities		
Purchase of treasury stock	(11,922)	—
Dividends paid	(122,853)	(301,934)
Cash used by financing activities	(134,775)	(301,934)
Net increase (decrease) in cash and cash equivalents	954,372	(1,759,906)
Cash and cash equivalents, beginning of the year (Restated)	187,134	1,947,040
Cash and cash equivalents, end of the year	$1,141,506	$ 187,134

See auditors’ report and accompanying notes

META HEALTHTECHNOLOGY,INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	2011	2010
Cash paid during the years for:		
Interest	$ 4,330	$ —
Income taxes	32,000	442,067

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

The Company declared dividend distributions of $304,234 for the years ending December 31, 2011 and 2010. As of December 31, 2011 and 2010, unpaid dividends included in accrued liabilities are $183,681 and $2,300, respectively.

See auditors’ report and accompanying notes

Note A

Summary of Significant Accounting Policies

Nature of Operations:

Meta Health Technology, Inc., (the “Company”) was incorporated under the laws of the State of New York in May 1978. The Company develops software and provides software, services, maintenance and support to medical facilities throughout North America.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates are used for, but not limited to, the accounting for doubtful accounts, depreciation, revenue recognition, stock option valuation, and contingencies. Actual results could differ from these estimates.

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk on Cash and Investments:

The Company maintains a cash balance in a non-interest bearing account at a bank. The account is fully insured without limit by the Federal Deposit Insurance Corporation through December 31, 2012. The Company believes it is not exposed to any significant risks on cash.

The Company also maintains an account with a brokerage firm. The account contains cash and securities. The account is insured up to $500,000, with a limit of $250,000 for cash, by the Securities Investor Protection Corporation.

Note A

Summary of Significant Accounting Policies (Continued)

Marketable Securities:

Marketable securities are stated at fair value based upon quoted market prices. The Company's investments in marketable securities are held for an indefinite period and are classified as available-for-sale securities. Unrealized holding gains and losses are reported net of income taxes in a separate component of stockholders' equity, identified as accumulated other comprehensive income, until realized. Realized holding gains and losses are reported as a component of net income on the statements of income and comprehensive income.

Marketable securities are reviewed for impairment. If the decline in their fair value is judged to be other than temporary, the cost basis of the individual security is written down to fair value, and the amount of the write-down is accounted for as a realized loss.

Accounts Receivable-Trade:

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company does not require that collateral be provided by customers to secure the Company's accounts receivable. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, which is the face amount of the receivable less any related deferred revenue. The Company has a history of collecting substantially all receivable balances. As such, no allowance for doubtful accounts is recorded.

Property and Equipment:

Property and equipment is stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property and equipment is provided for using the straight-line method over the estimated useful lives of the assets, which are as follows:

Office furniture and equipment	3 - 7 years
Leasehold improvements	Lesser of estimated useful life or life of the lease

Depreciation expense for the years ended December 31, 2011 and 2010 totaled $65,903 and $53,550, respectively.

Note A

Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

The Company's revenue consists of both term and perpetual software licenses, services, support and maintenance contracts and third party sales. The Company recognizes revenue when they have evidence of an arrangement, which is generally a signed contract or contract amendment, the fees are fixed and determinable, delivery has occurred or services have been rendered and collection is probable. The Company also enters into multiple element arrangements which typically consist of perpetual licenses, services and support and maintenance. The Company has established vendor specific objective evidence for services and support and maintenance and uses the residual method to recognize revenue on licenses upon delivery. The Company recognizes service revenue as the services are provided and recognizes maintenance over the contract term which is typically one year.

The Company's term license fees are recognized ratably over the term of the license agreement. The Company also resells third party licenses which are recognized upon delivery.

The Company generally bills term licenses and support and maintenance in advance. Deferred revenue consists of amounts billed to customers in advance for which the revenue recognition criteria has not been established and under which the customer is contractually obligated.

Research and Development:

Expenditures related to the development of new products and processes are expensed as incurred. Research and development expenses were $1,773,138 and $1,699,338 for the years ended December 31, 2011 and 2010, respectively.

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were approximately $177,000 and $178,000 for the years ended December 31, 2011 and 2010, respectively.

Note A

Summary of Significant Accounting Policies (Continued)

Income Taxes:

The Company accounts for income taxes using FASB ASC 740, "Income Taxes" ("FASB ASC 740"). Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

The applicable accounting standards for uncertain tax positions state that a tax benefit arising from an uncertain tax position can only be recognized for financial reporting purposes if, and to the extent that, the position is more likely than not to be sustained in an audit by the applicable taxing authority. The Company's unrecognized tax benefits and related tax liabilities at both December 31, 2011 and 2010 were $152,484.

The Company is no longer subject to income tax examinations for years prior to 2009.

Comprehensive Income:

Comprehensive income is a measure of all changes in the equity of the Company as a result of recognized transactions and other economic events of the period other than transactions with shareholders in their capacity as shareholders. Comprehensive income is composed of net income and other comprehensive income.

Fair Value of Financial Instruments:

The Company's financial instruments, including cash and cash equivalents, accounts receivable-trade, prepaid expenses, accounts payable, and accrued liabilities, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

Note A

Summary of Significant Accounting Policies (Continued)

Fair Value Hierarchy:

In specific circumstances, certain assets and liabilities are reported or disclosed at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the Company's principal market for such transactions. If the Company has not established a price for such transactions, fair value is determined based on the most advantageous price.

Valuation inputs used to determine fair value are arranged in a hierarchy that categorizes the inputs into three broad levels, which are as follows:

Level 1 Valuations based on the unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inputs are used in applying various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to management's perceived risk of that instrument.

As of December 31, 2011 and 2010, all marketable securities held by the Company were valued using Level 1 inputs.

Note B

Restatement

An error resulting in an overstatement of previously reported payroll expenses for the year ending December 31, 2009 and understatement of payroll expense for the year ending December 31, 2010 was discovered during the current year. Additionally, the Company adjusted income taxes to record deferred income taxes and uncertain income tax liabilities which were previously not recorded. The following table summarizes the effect of prior year entries on the opening equity balances:

	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances December 31, 2009, as previously reported	$ (7,819)	$ 938,390
Reduce operating expenses for over-accrual of payroll expenses	—	130,167
Record liability for unrecognized tax benefits, including interest and penalties	—	(131,716)
Record deferred income tax assets and liabilities	3,831	9,244
Balances December 31, 2009 (Restated)	$ (3,988)	$ 946,085

Additionally, the 2011 and 2010 net income previously reported was adjusted to reflect certain errors identified subsequent to the the issuance of the original audits for those years. The follow table summarizes the effect of adjustments on net income for previously issued financial statements:

	2011	2010
Net income, as previously reported	$ 882,751	$ 216,396
Defer revenue for which vendor specific objective evidence was not available	(170,200)	—
Correct revenue not recognized in the proper period	(251,572)	66,880
Increase operating expenses for over-accrual of payroll expenses in 2009	—	(130,167)
Increase in income tax expense related to unrecognized tax benefits including interest and penalties	—	(20,769)
Changes in income tax expense related to changes in deferred income tax assets and liabilities	(21,966)	5,911
Net income (Restated)	$ 439,013	$ 138,251

Note B

Restatement (Continued)

The following tables compare the previously reported and restated balance sheets and statements of income and comprehensive income as of and for the years ending December 31, 2011 and 2010 in order to show the effects of the corrections on each financial statement line item.

ASSETS

	(As previously reported) 2011	(Restated) 2011	Effect of Correction
Current assets			
Cash and cash equivalents	$1,093,774	$1,141,506	$ 47,732
Marketable securities	3,567,082	3,519,350	(47,732)
Accounts receivable - trade	2,353,632	2,283,296	(70,336)
Prepaid expenses and other current assets	31,769	64,818	33,049
Prepaid income taxes	171,479	90,139	(81,340)
Total current assets	7,217,736	7,099,109	(118,627)
Property and equipment, at cost	168,281	168,281	—
Other assets			
Security deposit	48,095	48,095	—
Loan receivable from stockholder	33,049	—	(33,049)
Total other assets	81,144	48,095	(33,049)
Total assets	$7,467,161	$7,315,485	$(151,676)

Note B

Restatement (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	(As previously reported) 2011	(Restated) 2011	Effect of Correction
Current liabilities			
Accounts payable	$ —	$ 102,337	$ 102,337
Accrued liabilities	717,457	615,118	(102,339)
Deferred revenue	3,834,606	4,119,164	284,558
Income taxes payable	111,578	154,438	42,860
Deferred income tax liability—current	—	67,788	67,788
Total current liabilities	4,663,641	5,058,845	395,204
Long-term liabilities			
Deferred income tax liability—non-current	—	42,230	42,230
Other non-current liabilities	—	152,484	152,484
Total long-term liabilities	—	194,714	194,714
Stockholders' equity			
Common stock	3,106	3,106	—
Additional paid-in capital	974,903	974,903	—
Accumulated other comprehensive income	465,228	237,822	(227,406)
Retained earnings	1,429,069	914,881	(514,188)
	2,872,306	2,130,712	(741,594)
Treasury stock	(68,786)	(68,786)	—
Total stockholders' equity	2,803,520	2,061,926	(741,594)
Total liabilities and stockholders' equity	$7,467,161	$7,315,485	$(151,676)

Note B

Restatement (Continued)

	(As previously reported) 2011	(Restated) 2011	Effect of Correction
Revenue	$7,522,577	$7,100,804	$(421,773)
Operating expenses			
Cost of services	1,894,298	1,894,298	—
Selling and marketing	1,596,450	1,596,450	—
Research and development	1,773,138	1,773,138	—
General and administrative	1,434,423	1,452,022	17,599
Total operating expenses	6,698,309	6,715,908	17,599
Income from operations	824,268	384,896	(439,372)
Other income (expense)			
Interest and dividend income	158,939	158,939	—
Gain on sale of marketable securities	1,383	1,383	—
Bad debt expense	(17,600)	—	17,600
Interest expense	(4,330)	(4,330)	—
Total other income	138,392	155,992	17,600
Income before provision for income taxes	962,660	540,888	(421,772)
Provision for income taxes	(79,909)	(101,875)	(21,966)
Net income	882,751	439,013	(443,738)
Other comprehensive income, net of tax			
Unrealized holding gains on marketable securities	322,048	322,048	—
Deferred tax expense on unrealized holding gains	—	(157,418)	(157,418)
Other comprehensive income	322,048	164,630	(157,418)
Comprehensive income	$1,204,799	$ 603,643	$(601,156)

Note B

Restatement (Continued)

ASSETS

	(As previously reported) 2010	(Restated) 2010	Effect of Correction
Current assets			
Cash and cash equivalents	$ 152,270	$ 187,134	$ 34,864
Marketable securities	3,269,650	3,235,894	(33,756)
Accounts receivable—trade	1,893,025	1,959,905	66,880
Prepaid expenses and other current assets	22,572	53,782	31,210
Prepaid income taxes	265,566	184,491	(81,075)
Total current assets	5,603,083	5,621,206	18,123
Property and equipment, at cost	180,105	180,104	(1)
Other assets			
Security deposit	48,095	48,095	—
Loan receivable from stockholder	31,210	—	(31,210)
Total other assets	79,305	48,095	(31,210)
Total assets	$5,862,493	$5,849,405	$(13,088)

Note B

Restatement (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	(As previously reported) 2010	(Restated) 2010	Effect of Correction
Current liabilities			
Accounts payable	$ —	$ 303,677	$ 303,677
Accrued liabilities	718,881	416,311	(302,570)
Deferred revenue	3,070,979	3,070,980	1
Income taxes payable	157,756	67,528	(90,228)
Deferred income tax liability-current	—	18,781	18,781
Total current liabilities	3,947,616	3,877,277	(70,339)
Long-term liabilities			
Deferred income tax liability—non-current	—	45,205	45,205
Other non-current liabilities	—	152,484	152,484
Total long-term liabilities	—	197,689	197,689
Stockholders' equity			
Common stock	3,106	3,106	—
Additional paid-in capital	974,903	974,903	—
Accumulated other comprehensive income	143,180	73,192	(69,988)
Retained earnings	850,552	780,102	(70,450)
	1,971,741	1,831,303	(140,438)
Treasury stock	(56,864)	(56,864)	—
Total stockholders' equity	1,914,877	1,774,439	(140,438)
Total liabilities and stockholders' equity	$5,862,493	$5,849,405	$ (13,088)

META HEALTH TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note B

Restatement (Continued)

	(As previously reported) 2010	(Restated) 2010	Effect of Correction
Revenue	$6,397,308	$6,464,188	$ 66,880
Operating expenses			
Cost of services	1,762,115	1,762,115	—
Selling and marketing	1,301,556	1,301,556	—
Research and development	1,699,338	1,699,338	—
General and administrative	1,367,598	1,510,646	143,048
Total operating expenses	6,130,607	6,273,655	143,048
Income from operations	266,701	190,533	(76,168)
Other income (expense)			
Interest and dividend income	100,079	100,079	—
Bad debt expense	(12,880)	—	12,880
Total other income	87,199	100,079	12,880
Income before provision for income taxes	353,900	290,612	(63,288)
Provision for income taxes	(137,504)	(152,361)	(14,857)
Net income	216,396	138,251	(78,145)
Other comprehensive income, net of tax			
Unrealized holding gains on marketable securities	150,999	150,999	—
Deferred tax expense on unrealized holding gains	—	(73,819)	(73,819)
Other comprehensive income	150,999	77,180	(73,819)
Comprehensive income	$ 367,395	$ 215,431	$(151,964)

Note C

Marketable Securities

The cost, fair value and gross unrealized gains and losses on marketable securities as of December 31, 2011 and 2010 are as follows:

	2011			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stock	$1,760,901	$482,987	$ (4,164)	$2,239,724
Preferred stock	198,286	421	(2,747)	195,960
Exchange traded funds	1,094,935	28,587	(39,856)	1,083,666
	$3,054,122	$511,995	$(46,767)	$3,519,350

	2010			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stock	$1,799,493	$172,941	$ (5,338)	$1,967,096
Preferred stock	198,286	241	(2,923)	195,604
Exchange traded funds	1,094,935	1,772	(23,513)	1,073,194
	$3,092,714	$174,954	$(31,774)	$3,235,894

Realized gains and losses are determined on the first-in first-out basis. During 2011 and 2010, sales proceeds and gross realized gains and losses on securities are as follows:

	2011		
	Sales proceeds	Gross Realized Gains	Gross Realized Losses
Common stock	$201,984	$ 1,383	$ —

	2010		
	Sales proceeds	Gross Realized Gains	Gross Realized Losses
Certificates of deposit	$742,000	$ —	$ —

Note C

Marketable Securities (Continued)

An investment in a debt or equity security is impaired if its fair value falls below its book value and the decline is considered to be other-than-temporary. Factors considered in determining whether a decline is other-than-temporary include: the length of time and the extent to which fair value has been below cost; the financial condition and near-term prospects of the issuer; and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. A debt security is impaired if it is probable that the Company will not be able to collect all amounts due under the security's contractual terms. Equity investments are impaired when it becomes apparent that the Company will not recover its cost over the expected holding period. Further, for securities expected to be sold, an other-than-temporary impairment charge is recognized if the Company does not expect the fair value of a security to recover the cost prior to the expected date of sale.

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2011 and 2010.

	2011					
	Less than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Unrealized Losses
Common stocks	$ 8,297	$ (4,164)	$ —	$ —	$ 8,297	$ (4,164)
Preferred stocks	—	—	99,600	(2,747)	99,600	(2,747)
Exchange traded funds	—	—	259,780	(39,856)	259,780	(39,856)
Total	8,297	(4,164)	359,380	(42,603)	367,677	(46,767)

	2010					
	Less than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Unrealized Losses
Common stocks	$445,693	$ (5,338)	$ —	$ —	$ 445,693	$ (5,338)
Preferred stocks	96,425	(2,923)	—	—	96,425	(2,923)
Exchange traded funds	301,106	(338)	475,987	(23,175)	777,093	(23,513)
Total	$843,224	$ (8,599)	$475,987	$(23,175)	$1,319,211	$(31,774)

Note D

Line of Credit

On December 15, 2010, the Company entered into a line of credit agreement with a financial institution, whereby the Company has the ability to draw up to $750,000. The line of credit is due on demand and bears interest at 2.54%. Borrowings under the line of credit are secured by all assets of the Company and guaranteed by the majority stockholder. There is no outstanding balance on the line of credit at December 31, 2011 or 2010.

Note E

Income Taxes

The provision for income taxes consists of the following for the years ended December 31:

	(Restated) 2011	(Restated) 2010
Current tax expense		
Federal	$ 125,807	$ 79,836
State	87,454	48,515
Uncertain tax positions	—	20,768
Current provision for income taxes	213,261	149,119
Deferred tax expense/(benefit)		
Federal	$ (84,330)	$ 2,239
State	(27,056)	1,003
Deferred provision for income taxes	(111,386)	3,242
Net provision for income taxes	$ 101,875	$152,361

The company's effective income tax rate is lower than what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of a deduction for a federal R&D credit taken during 2011 as well as expenses deductible for financial reporting purposes that are not deductible for tax purposes.

Note E

Income Taxes (Continued)

The tax effects of temporary differences that give rise to the deferred tax liability at December 31 consist of:

	2011	2010
Current: Deferred tax asset (liability):		
Accrued expenses	$ 53,910	$ 51,207
Federal R&D tax credit	22,513	—
Deferred revenue	83,195	—
Unrealized gains and losses on marketable securities	(227,406)	(69,988)
Net current deferred tax liability	$ (67,788)	$ (18,781)
Non-current: Deferred tax liability:		
Property and equipment	$ (42,230)	$ (45,205)
Net non-current deferred tax liability	$ (42,230)	$ (45,205)

At December 31, 2011, the Company has a federal R&D credit for tax purposes of $22,513, which can be carried forward to offset future taxable income. The tax credit begins to expire in 2021.

The company reports accrued interest and penalties related to unrecognized tax benefits as income tax expense.

Following is a reconciliation of beginning and ending amounts of unrecognized tax benefits:

	2011	2010
Balance, beginning of the year	152,484	131,716
Increase from current year tax positions	—	20,768
Balance, end of the year	152,484	152,484

Note F

Commitments and Contingencies

Operating Leases:

The Company has entered into a non-cancellable lease agreement for office space which expires on August 31, 2014. At December 31, 2011, future minimum lease payments under this lease is as follows:

Year Ending December 31,	2010
2012	$273,439
2013	278,346
2014	189,238
	$741,023

Rent expense, including common area maintenance charges, was approximately $366,000 and $356,000 for the years ended December 31, 2011 and 2010, respectively.

Note G

Employee Benefit Plan

The Company sponsors a 401(k) profit sharing plan under which eligible employees may choose to contribute up to the maximum amount allowable by law on a pre-tax basis. Full time employees over the age of 21 are eligible to enroll after one year of service. The Company matches employee contributions up to 100% of the employee’s salary deferral, limited to 4% of the employee’s salary. The Company’s 401(k) matching contributions were $135,494 and $114,186 for the years ended December 31, 2011 and 2010, respectively.

Additionally, the Company contributes 3% of employees’ annual salaries to the Company’s profit sharing plan. Employees are automatically enrolled for profit sharing when they enroll in the 401(k) plan. To be eligible for profit sharing dollars, employees have to work 1000 hours and be employed on the last day of the year. Profit sharing contributions were $104,327 and $93,026 for the years ended December 31, 2011 and 2010, respectively.

Note H

Concentrations

Significant Customers:

A significant customer is defined as one from whom at least 10% of annual revenue is derived. The Company had sales to two customers totaling approximately $3,188,000, which comprised approximately 45% of annual revenues for the year ended December 31, 2011. The accounts receivable balance included approximately $812,000 from these two customers at December 31, 2011.

The Company had sales to three customers totaling approximately $3,313,000, which comprised approximately 51% of annual revenues for the year ended December 31, 2010. The accounts receivable balance included approximately $613,000 from these three customers at December 31, 2010.

Note I

Stock Options

The Company issued a key employee an option to purchase 20,000 shares of common stock for $2.00 per share. The shares are exercisable beginning July 11, 2012 as follows:

July 11, 2012	10,000
July 11, 2013	5,000
July 11, 2014	5,000
Total Options Granted	20,000

The vesting period for the options is 3 years with no stated expiration. Compensation expense on the options did not materially impact the financial statements.

Note J

Subsequent Events

The Company evaluated subsequent events through August 2, 2012, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have an material impact on the financial statements.

Meta Health Technology, Inc.
Financial Statements
June 30, 2012 and 2011
(Unaudited)

Meta Health Technology, Inc.
Balance Sheets
June 30,

ASSETS

	2012	(Unaudited) 2011
Current Assets		
Cash and cash equivalents	$ 872,349	$ 906,448
Marketable securities	4,763,790	3,410,327
Accounts receivable—trade	2,912,462	1,432,128
Pepaid expenses and other current assets	37,274	7,084
Prepaid income taxes	299,605	124,965
Total current assets	8,885,480	5,880,952
Property and equipment, at cost		
Office furniture and equipment	958,417	905,145
Leasehold improvements	137,086	137,086
Less accumulated depreciation	(935,132)	(861,257)
Total property and equipment, at cost	160,371	180,974
Other assets		
Security deposit	48,095	48,095
Total assets	$ 9,093,946	$6,110,021

Meta Health Technology, Inc.
Balance Sheets
June 30,

LIABILITIES AND STOCKHOLDERS' EQUITY

	(Unaudited) 2012	2011
Current Liabilities		
Accounts payable and accrued liabilities	$ 575,540	$ 503,480
Deferred revenue	4,959,630	3,216,388
Income taxes payable	496,573	72,906
Total current liabilities	6,031,743	3,792,774
Long-term liabilities		
Other non-current liabilities	152,484	152,484
Total long-term liabilities	152,484	152,484
Total liabilities	6,184,227	3,945,258
Stockholders' equity		
Common stock, $0.01 par value, 10,000,000 shares authorized, 3,036,375 shares issued, at June 30, 2012 and 2011	3,106	3,106
Additional paid-in capital	974,903	974,903
Accumulated other comprehensive income	389,012	344,565
Retained earnings	1,611,484	899,053
Treasury stock, at cost	(68,786)	(56,864)
Total stockholders' equity	2,909,719	2,164,763
Total liabilities and stockholders' equity	$9,093,946	$ 6,110,021

Meta Health Technology, Inc.
Statements of Income and Comprehensive Income for the Six Months Ended
June 30,

	(Unaudited)	
	2012	2011
Revenue	$4,960,181	$3,371,042
Operating expenses		
Cost of services	972,782	1,090,915
Selling and marketing	1,160,704	611,832
Research and development	1,107,896	935,536
General and administrative	801,102	617,699
Total operating expenses	4,042,484	3,255,982
Income from operations	917,697	115,060
Other income (expense)		
Interest and dividend income	102,144	75,414
Gain (loss) on sale of marketable securities	(38,726)	1,383
Other expense	1,472	—
Total other income	64,890	76,797
Income before provision for income taxes	982,587	191,857
Provision for income taxes	285,984	(72,906)
Net income	696,603	118,951
Other comprehensive income, net of tax		
Unrealized holding gains on marketable securities	151,190	271,373
Comprehensive income	$ 847,793	$ 390,324

Meta Health Technology, Inc.
Statements of Cash Flows
For the Six Months Ended June 30,

	(Unaudited) 2012	2011
Cash flows from operating activities		
Net Income	$ 696,603	$ 118,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	40,922	32,952
(Gain) loss on sale of marketable securities	38,727	(1,383)
Dividend income on marketable securities	(96,701)	—
Change in operating assets and liabilities:		
Accounts receivable – trade	(629,165)	527,777
Prepaid expenses and other current assets	27,545	46,698
Prepaid income taxes	(209,466)	74,681
Accounts payable and accrued liabilities	(184,145)	(216,508)
Deferred revenue	840,468	212,289
Income taxes payable	274,345	(13,403)
Total adjustments	102,530	663,103
Cash provided by operating activities	799,133	782,054
Cash flows from investing activities		
Purchase and sale of marketable securities, net	(1,035,276)	(28,918)
Acquisition of property and equipment	(33,014)	(33,822)
Cash provided (used) by investing activities	(1,068,290)	(62,740)
Net increase (decrease) in cash and cash equivalents	(269,157)	719,314
Cash and cash equivalents, beginning of period	1,141,506	187,134
Cash and cash equivalents, end of period	$ 872,349	$ 906,448

Meta Health Technology, Inc.
Statements of Stockholders' Equity
For the Six Months Ended June 30, 2012 and
June 30, 2011

	Common Stock		Additional	Treasury Stock		Accumulated Other Comprehensive	Retained	
	Shares	Amount	Paid in Capital	Shares	Amount	Income (loss)	Earnings	Total
Balance at December 31, 2010	3,042,336	$3,106	$ 974,903	34,332	$ (56,864)	$ 73,192	$ 780,102	$1,774,439
Net income	—	—	—	—	—	—	118,951	$ 118,951
Unrealized gain on marketable securities, net	—	—	—	—	—	271,373	—	$ 271,373
Balance at June 30, 2011	3,042,336	$3,106	$ 974,903	34,332	$ (56,864)	$ 344,565	$ 899,053	$2,164,763
Balance at December 31, 2011	3,036,375	$3,106	$ 974,903	40,293	$ (68,786)	$ 237,822	$ 914,881	$2,061,926
Net income	—	—	—	—	—	—	696,603	$ 696,603
Unrealized gain on marketable securities, net	—	—	—	—	—	151,190	—	$ 151,190
Balance at June 30, 2012	3,036,375	3,106	$ 974,903	40,293	$ (68,786)	$ 389,012	$1,611,484	$2,909,719

Note A

<u>Summary of Significant Accounting Policies</u>

Nature of Operations:

Meta Health Technology, Inc., (the “Company”) was incorporated under the laws of the State of New York in May 1978. The Company develops software and provides software, services, maintenance and support to medical facilities throughout North America.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates are used for, but not limited to, the accounting for doubtful accounts, depreciation, revenue recognition, stock option valuation, and contingencies. Actual results could differ from these estimates.

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk on Cash and Investments:

The Company maintains a cash balance in a non-interest bearing account at a bank. The account is fully insured without limit by the Federal Deposit Insurance Corporation through December 31, 2012. The Company believes it is not exposed to any significant risks on cash.

The Company also maintains an account with a brokerage firm. The account contains cash and securities. The account is insured up to $500,000, with a limit of $250,000 for cash, by the Securities Investor Protection Corporation.

Note A

Summary of Significant Accounting Policies (Continued)

Marketable Securities:

Marketable securities are stated at fair value based upon quoted market prices. The Company's investments in marketable securities are held for an indefinite period and are classified as available-for-sale securities. Unrealized holding gains and losses are reported net of income taxes in a separate component of stockholders' equity, identified as accumulated other comprehensive income, until realized. Realized holding gains and losses are reported as a component of net income on the statements of income and comprehensive income.

Marketable securities are reviewed for impairment. If the decline in their fair value is judged to be other than temporary, the cost basis of the individual security is written down to fair value, and the amount of the write-down is accounted for as a realized loss.

Accounts Receivable - Trade:

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company does not require that collateral be provided by customers to secure the Company's accounts receivable. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, which is the face amount of the receivable less any related deferred revenue. The Company has a history of collecting substantially all receivable balances. As such, no allowance for doubtful accounts is recorded.

Property and Equipment:

Property and equipment is stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property and equipment is provided for using the straight-line method over the estimated useful lives of the assets, which are as follows:

Office furniture and equipment	3 - 7 years
Leasehold improvements	Lesser of estimated useful life or life of the lease

Depreciation expense for the six months ended June 30, 2012 and 2011 totaled $40,923 and $32,952, respectively.

Note A

Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

The Company's revenue consists of both term and perpetual software licenses, services, support and maintenance contracts and third party sales. The Company recognizes revenue when they have evidence of an arrangement, which is generally a signed contract or contract amendment, the fees are fixed and determinable, delivery has occurred or services have been rendered and collection is probable. The Company also enters into multiple element arrangements which typically consist of perpetual licenses, services and support and maintenance. The Company has established vendor specific objective evidence for services and support and maintenance and uses the residual method to recognize revenue on licenses upon delivery. The Company recognizes service revenue as the services are provided and recognizes maintenance over the contract term which is typically one year.

The Company's term license fees are recognized ratably over the term of the license agreement. The Company also resells third party licenses which are recognized upon delivery.

The Company generally bills term licenses and support and maintenance in advance. Deferred revenue consists of amounts billed to customers in advance for which the revenue recognition criteria has not been established, and under which the customer is contractually obligated.

Research and Development:

Expenditures related to the development of new products and processes are expensed as incurred. Research and development expenses were $1,107,896 and $935,536 for the six months ended June 30, 2012 and 2011, respectively.

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were approximately $67,937 and $63,203 for the six months ended June 30, 2012 and 2011, respectively.

Note A

Summary of Significant Accounting Policies (Continued)

Income Taxes:

The Company accounts for income taxes using FASB ASC 740, "Income Taxes" ("FASB ASC 740"). Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

The applicable accounting standards for uncertain tax positions state that a tax benefit arising from an uncertain tax position can only be recognized for financial reporting purposes if, and to the extent that, the position is more likely than not to be sustained in an audit by the applicable taxing authority. The Company's unrecognized tax benefits and related tax liabilities at both June 30, 2012 and 2011 were $152,484.

The Company is no longer subject to income tax examinations for years prior to 2009.

Comprehensive Income:

Comprehensive income is a measure of all changes in the equity of the Company as a result of recognized transactions and other economic events of the period other than transactions with shareholders in their capacity as shareholders. Comprehensive income is composed of net income and other comprehensive income.

Fair Value of Financial Instruments:

The Company's financial instruments, including cash and cash equivalents, accounts receivable-trade, prepaid expenses, accounts payable, and accrued liabilities, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

Note A

Summary of Significant Accounting Policies (Continued)

Fair Value Hierarchy:

In specific circumstances, certain assets and liabilities are reported or disclosed at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the Company’s principal market for such transactions. If the Company has not established a price for such transactions, fair value is determined based on the most advantageous price.

Valuation inputs used to determine fair value are arranged in a hierarchy that categorizes the inputs into three broad levels, which are as follows:

Level 1 Valuations based on the unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inputs are used in applying various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by management. Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to management’s perceived risk of that instrument.

As of June 30, 2012 and 2011, all marketable securities held by the Company were valued using Level 1 inputs.

Note B

Line of Credit

On December 15, 2010, the Company entered into a line of credit agreement with a financial institution, whereby the Company has the ability to draw up to $750,000. The line of credit is due on demand and bears interest at 2.54%. Borrowings under the line of credit are secured by all assets of the Company and guaranteed by the majority stockholder. There is no outstanding balance on the line of credit at June 30, 2012 or 2011.

Note C

Commitments and Contingencies

Operating Leases:

The Company has entered into a non-cancellable lease agreement for office space which expires on August 31, 2014. At June 30, 2012, future minimum lease payments under this lease is as follows:

2012	$136,720
2013	278,346
2014	189,238
	$604,304

Rent expense, including common area maintenance charges, was approximately $191,000 and $177,000 for the six months ended June 30, 2012 and 2011, respectively.

Note D

Employee Benefit Plan

The Company sponsors a 401(k) profit sharing plan under which eligible employees may choose to contribute up to the maximum amount allowable by law on a pre-tax basis. Full time employees over the age of 21 are eligible to enroll after one year of service. The Company matches employee contributions up to 100% of the employee's salary deferral, limited to 4% of the employee's salary. The Company's 401(k) matching contributions were $61,385 and $71,906 for the six months ended June 30, 2012 and 2011, respectively.

Additionally, the Company contributes 3% of employees' annual salaries to the Company's profit sharing plan. Employees are automatically enrolled for profit sharing when they enroll in the 401(k) plan. To be eligible for profit sharing dollars, employees have to work 1000 hours and be employed on the last day of the year.

Note E

<u>Concentrations</u>

Significant Customers:

A significant customer is defined as one from whom at least 10% of annual revenue is derived. The Company had sales to two customers totaling approximately $3,022,000, which comprised approximately 59% of revenues for the six months ended June 30, 2012. The accounts receivable balance included approximately $1,719,000 from these two customers at June 30, 2012.

The Company had sales to two customers totaling approximately $2,347,000, which comprised approximately 70% of revenues for the six months ended June 30, 2011. The accounts receivable balance included approximately $986,000 from these two customers at June 30, 2011.

Note F

<u>Stock Options</u>

The Company issued a key employee an option to purchase 20,000 shares of common stock for $2.00 per share. The shares are exercisable beginning July 11, 2012 as follows:

July 11, 2012	10,000
July 11, 2013	5,000
July 11, 2014	5,000
Total Options Granted	20,000

The vesting period for the options is 3 years with no stated expiration. Compensation expense on the options did not materially impact the financial statements.

Exhibit 99.4

Pro Forma Condensed Combined Balance Sheet and Statement of Operations for Streamline Health Solutions, Inc. and Meta Technology, Inc. as of July 31, 2012 and January 31, 2012

The following unaudited pro forma condensed financial statements are presented to illustrate the effect on the historical financial position and operating results as a result of the acquisition of Meta Health Technology, Inc. ("Meta") by Streamline Health Solutions, Inc. ("the Company"). The unaudited pro forma condensed financial statements also give effect to events that are directly attributable to the acquisition and are factually supportable, including the debt financing transaction with Fifth Third Bank, used to finance the acquisition.

The following two unaudited pro forma condensed combined statements of operations are presented using the Company's results for the year ended January 31, 2012 and the six months ended July 31, 2012, and Meta's results for the year ended December 31, 2011 and the six months ended June 30, 2012. Interpoint Partners, LLC operations from December 7, 2011 to January 31, 2012 are reflected in the historical column of Streamline Health Solutions, Inc. The unaudited condensed combined pro forma statements of operations present the pro forma adjustments as if the acquisition had occurred on February 1, 2011 and the unaudited pro forma condensed combined balance sheet is presented on a pro forma basis as to give effect to the completed acquisition as if it had occurred on July 31, 2012.

The following unaudited pro forma condensed combined balance sheet is presented using the Company's condition as of July 31, 2012 and Meta's as of June 30, 2012. There have been no unusual events or transactions related to Meta for the one month period ended July 31, 2012 which would require disclosure in the pro forma condensed combined financial statements.

The pro forma financial statements have been prepared using the acquisition method of accounting under Generally Accepted Accounting Principles, which is subject to change and interpretation. Streamline Health Solutions, Inc. has been treated as the acquirer in the completed acquisition for accounting purposes. Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the pro forma condensed combined financial statements.

Acquisition accounting is dependent upon certain valuations and other studies that have not yet been completed. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of preparing the pro forma financial statements and are based on preliminary information available at the time of the preparation of this Form 8-K/A. Differences between these preliminary estimates and the final acquisition accounting could occur and these differences could have a material impact on the pro forma financial statements and the combined company's future results of operations and financial position.

The pro forma financial statements do not reflect any cost savings or other synergies that the combined company may achieve as a result of the completed acquisition or the costs to integrate the operations of the Company and Meta or the cost necessary to achieve these cost savings and other synergies. The effects of the foregoing items could, individually or in the aggregate, materially impact the pro forma financial statements.

The following unaudited pro forma condensed combined financial statements, or the "pro forma financial statements" were derived from and should be read in conjunction with:

(i) the annual report on Form 10-K of Streamline Health Solutions, Inc. for the fiscal year ended January 31, 2012;

(ii) the quarterly report on Form 10-Q of Streamline Health Solutions, Inc. for the quarter and six months ended July 31, 2012;

(iii) the Meta Health Technology, Inc. audited financial statements for the year ended December 31, 2011, and 2010 including the notes therein;

(iv) the Meta Health Technology, Inc. unaudited balance sheets as of June 30, 2012 and 2011, the related statement of operations for the six month periods and the cash flow statements for the six months ended June 30, 2012 and 2011, including the notes therein.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of July 31, 2012

	(A) Streamline Health Solutions, Inc. As Reported July 31, 2012	(B) Meta Health Technology As Reported June 30, 2012		(C) Meta Pro Forma Adjustments	(A) + (B) +(C) Pro Forma Combined (D)
Assets					
Current assets:					
			(d)	$ 12,000,000	
			(b)	9,289,415	
Cash and cash equivalents	$ 4,071,522	$ 872,349	(a)	(12,918,866)	$ 13,314,420
Marketable securities	—	4,763,790	(a)	(4,763,790)	—
Accounts receivable	2,290,052	2,912,462		—	5,202,514
Contract receivables	339,025	—		—	339,025
Allowance for doubtful accounts	(100,000)	—		—	(100,000)
Prepaid hardware and third party software for future delivery	22,777	—		—	22,777
Prepaid client maintenance contracts	941,751	—		—	941,751
Other prepaid assets	594,735	37,274		—	632,009
Prepaid income taxes	—	299,605		—	299,605
Deferred income taxes	167,000	—		—	167,000
Total current assets	8,326,862	8,885,480		3,606,759	20,819,101
Property and equipment:					
Computer equipment	3,285,529	—		—	3,285,529
Computer software	2,187,854	—		—	2,187,854
Office furniture, fixtures and equipment	756,375	958,417	(a)	(824,472)	890,320
Leasehold improvements	667,000	137,086	(a)	(110,660)	693,426
	6,896,758	1,095,503		(935,132)	7,057,129
Accumulated depreciation and amortization	(5,594,952)	(935,132)	(a)	935,132	(5,594,952)
Total property and equipment	1,301,806	160,371		—	1,462,177
Contract receivables, less current portion	168,546	—			168,546
Security deposits	—	48,095		—	48,095
Capitalized software development, net of accumulated amortization of $16,027,630	9,577,781	—		—	9,577,781
			(e)	—	
Deferred loan and acquisition costs	302,097	—		(195,615)	106,482
Intangible assets, net	392,348	—	(a)	10,412,000	10,804,348
Goodwill and indefinite intangible assets	4,060,504	—	(a)	9,781,952	13,842,456
Other assets, including deferred income taxes of $711,000	946,073	—		—	946,073
Total non-current assets	16,749,155	208,466		19,998,337	36,955,958
Total assets	$ 25,076,017	$9,093,946		$ 23,605,096	$ 57,775,059
Liabilities and Stockholders’ Equity					
Current liabilities:					
Accounts payable	$ 711,029	575,540		—	$ 1,286,569
Accrued compensation	997,080	—		—	997,080
Accrued other expenses	1,039,256	—	(e)	902,694	2,018,006
			(c)	76,056	
Contingent consideration for earn-out	1,232,720	—		—	1,232,720
Income taxes payable	—	496,573		—	496,573
Deferred revenues	5,368,738	4,959,630	(a)	(638,985)	9,689,383
Total current liabilities	9,348,823	6,031,743		339,765	15,720,331
Long-term liabilities:					
			(b)	(590,585)	
			(b)	14,000,000	
Term loan	4,120,000	—	(b)	(4,120,000)	13,409,415
Lease incentive liability, less current portion	41,870	—		—	41,870
			(d)	(1,933,838)	
			(e)	(344,662)	
Convertible subordinated note payable	—	—	(d)	5,699,577	3,421,077
Other non-current liabilities	—	152,484		—	152,484
Total liabilities	13,510,693	6,184,227		13,050,257	32,745,177
Stockholders’ equity:					
			(e)	(599,141)	
Series A 09, Convertible Redeemable Preferred stock, $.01 par value; 5,000,000 shares authorized, no shares issued	—	—	(d)	3,860,171	3,261,030
Common stock, $.01 par value; 25,000,000 shares authorized; 10,053,980			(a)	(3,106)	
shares issued and outstanding	121,447	3,106	(a)	3,931	125,378
			(e)	(154,506)	
			(d)	2,685,974	
			(d)	1,688,116	
			(a)	(974,903)	
Additional paid in capital	41,882,312	974,903	(a)	1,496,069	47,597,965
Treasury stock	—	(68,786)	(a)	68,786	—

			(c)	(76,056)	
			(a)	4,560,000	
Retained earnings (deficit)	(30,438,435)	1,611,484		(1,611,484)	(25,954,491)
Accumulated other comprehensive income	—	389,012		(389,012)	—
Total stockholders’ equity	11,565,324	2,909,719		10,554,839	25,029,882
Total liabilities and stockholders’ equity	$ 25,076,017	$9,093,946		$ 23,605,096	$ 57,775,059

See Accompanying Introduction and Notes to Unaudited Pro Forma Condensed Combined Balance Sheet

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of July 31, 2012

Description of Transaction

On August 16, 2012, the Company closed the acquisition of substantially all of the outstanding stock of New York City—based Meta Health Technology, Inc. The Company paid a total purchase price of $15 million, consisting of $14.4 million in cash and the issuance of shares of the Company's common stock having an agreed upon value of $1.5 million. As of August 30, 2012, the Company has acquired the remaining shares of Meta Health Technology, Inc. In conjunction with the acquisition, on August 16, 2012, the Company amended its previous Subordinated Credit Agreement and Senior Credit Agreement with Fifth Third Bank, whereby Fifth Third Bank provided the Company with a $5 million senior term loan and a $9 million subordinated term loan, a portion of which was used to refinance the previously outstanding $4.1 million subordinated term loan. The proceeds of these loans were used to finance the cash portion of the acquisition purchase price and to cover any additional operation costs as a result of the acquisition.

In a separate transaction, on August 16, 2012, the Company completed a $12 million debt and equity financing with affiliated funds and accounts of Greenwich-based Great Point Partners, LLC and Atlanta-based Noro-Moseley Partners VI, L.P and another private investor. The equity investment consisted of the Company issuing 2,416,785 shares of a new Series A 0% Convertible Preferred Stock at $3.00 per share ("the Preferred Stock"), warrants exercisable for up to 1,200,000 shares of the Company's common stock at an exercise price of $3.99 per share ("the Warrants") and Convertible Subordinated Notes in the aggregate principal amount of $5,699,577, which, upon stockholder approval, convert into 1,583,220 shares of the Preferred Stock. The Warrants may be exercised at any time during the period beginning on February 17, 2013 until 5 years from such initial exercise date.

Basis of Presentation

The pro forma financial statements were prepared using the acquisition method of accounting in accordance with Financial Accounting Standards Board's Accounting Standards Codification (ASC) 805, *Business Combinations*, and uses the fair value concepts defined in ASC 820, *Fair Value Measurements and Disclosures*. ASC 805 requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair value as of the date the acquisition was completed. ASC 820 defines the term "fair value" and sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, Streamline Health Solutions, Inc. may be required to record assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect the Company's intended use of those assets. Many of these fair value measurements can be highly subjective and it is also possible that other professionals, applying reasonable judgement to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Under ASC 805, acqusition-related transaction costs (e.g., advisory, legal, valuation, other professional fees) and certain acquisition-related restructuring charges impacting the target company are not included as a component of consideration transferred but are accounted for as expenses in the periods in which the costs are incurred. Total advisory, legal, regulatory and valuation costs expected to be incurred by the Company are estimated to be approximately $621,214. $545,148 of these amounts have been paid or accrued in the six months ended July 31, 2012, and therefore, the remaining amount of these costs for the Company are reflected in the unaudited pro forma condensed combined balance sheet as an accrual and a reduction to retained earnings. In addition, $590,583 of debt re-financing costs will be capitalized and will be amortized over the life of the debt and equity financing of 24 months. The $1,098,309 transaction costs related to the debt and equity financing were allocated between the liability and equity components based on the proportion that each component represents of total proceeds of issuance.

(a) To reflect the allocation of purchase consideration for the Meta Health acquisition and elimination of historical equity accounts.

Purchase price includes:	
Cash, at closing	$14,400,000
Working capital adjustment	(1,481,134)
Net cash at closing	12,918,866
Value of common stock issued	1,500,000
Total purchase price	$14,418,866

The number of shares of common stock issued are based on the closing price as of August 16, 2012 of $3.82 per share.

Marketable securities were liquidized and distributed to shareholders prior to the acquisition.

Number of shares issued was 393,086.

The following reconciles the net assets of Meta Health at June 30, 2012, to the amount acquired in the completed acquisition:

	Historical BV	Adjustment	Assumed
Cash	$ 872,349	$ —	$ 872,349
Marketable securities	4,763,790	(4,763,790)	—
Accounts receivable	2,912,462	—	2,912,462
Prepaid assets	37,274	—	37,274
Prepaid income taxes	299,605	—	299,605
Property and equipment	160,371	—	160,371
Security deposits	48,095	—	48,095
Accounts payable & accrued expenses	(575,540)	—	(575,540)
Income taxes payable	(496,573)	—	(496,573)
Deferred revenue	(4,959,630)	638,985	(4,320,645)
Other non-current liabilities	(152,484)	—	(152,484)
Total	$ 2,909,719	$(4,124,805)	$(1,215,086)

Net working capital	$ (1,271,068)
PP&E	160,371
Deposit	48,095
Other non-current liabilities	(152,484)
Supplier agreements	1,582,000
Customer Relationships	4,464,000
Non-compete	720,000
Software	3,646,000
Tradename	1,588,000
Deferred income tax liabilities(1)	(4,560,000)
Goodwill	8,193,952
Consideration to be transferred	$14,418,866

(1) The deferred income tax liabilities adjustment relates to the release of the valuation allowance through the income statement.

As part of the purchase agreement, the seller agreed to leave a certain amount of working capital, to be netted against cash consideration, calculated as the difference between cash on hand plus accounts receivable before adjustments allowances and prepaid assets, less accounts payable, accrued liabilities net of adjustments to vacation accruals and deferred revenue, (adjusted for revenue from one distinct customer in the amount of $170,000). The working capital as of June 30, 2012 was as follows:

Cash	$ 872,349
Accounts receivable	3,071,711
Prepaid assets and other	85,368
A/P and accrued liab.	(720,932)
Deferred revenue	(4,789,630)
Net working capital	$(1,481,134)

(b) To record term loans used to finance the cash portion of the Meta acquisition. The term loans required the Company to re-finance the original subordinated term loan issued as part of a previous acquisition

Term loan cash proceeds	$14,000,000
Less: re-financed subordinated term loan	(4,120,000)
Loan fees	(805,500)
Unpaid success fee	214,915
Net cash proceeds from term loan	$ 9,289,415

The deferred costs associated with the term loan are as follows:

Deferred loan cost from original:		
Subordinated term loan	$ 106,482	Capitalized as part of Interpoint acquisition
Loan success fee	485,083	
Debt re-financing fees	105,500	
Total deferred loan costs	$ 697,065	

These cost will be amortized over the two year term of the loan.

In addition, the remaining success fee of $214,915, on the previous term loan, is accrued until paid.

(c) To reflect the non-recurring costs associated with the Meta acquisition:

Legal fees	$ 43,804
Accounting/audit fees	142,410
Other advisor fees	435,000
Total	621,214
Amount paid and expensed prior to July 31, 2012	545,158
Amount to be accrued at July 31, 2012	$ 76,056

(d) To record the $12,000,000 debt and equity financing and the issuance of 1,200,000 warrants to purchase preferred shares. The financing consisted of the issuance of convertible redeemable preferred stock and convertible subordinated notes to be converted upon shareholder approval, and common stock warrants.

The allocation of equity transaction is as follows:

	Aggregate Fair Value	Shares Issued	Allocation of Proceeds	Face Value
Common stock warrants	$ 2,555,022	1,200,000	$ 1,688,116	$ —
Convertible redeemable preferred shares	9,907,820	2,416,785	6,546,145	7,250,355
Convertible subordinated note	5,699,577	—	3,765,739	5,699,577
	$18,162,419		$12,000,000	$12,949,932

The common stock warrants are recorded based on the allocated value of the proceeds, the convertible subordinated note is recorded based on its face value less the difference between the face value and the allocated proceeds, and the preferred shares are recorded based on allocated proceeds less the beneficial conversion feature.

The beneficial conversion feature was determined as follows:

Allocated proceeds to preferred shares		$6,546,145
Face value of preferred shares	$7,250,355	
No. of shares holder is entitled to upon conversion	2,416,785	2,416,785
Conversion price	$ 3.00	
Effective price of preferred shares (Allocated proceeds divided by shares holder is entitled upon conversion)		$ 2.71
Price of common stock at committment date		3.82
Difference - beneficial conversion price		$ 1.11
Multiplied by number of shares		2,416,785
Beneficial conversion feature		$2,685,974

The convertible subordinated note is recorded at its face value, with a discount on the note recorded as the difference between the face value and the allocated proceeds amount.

(e) To reflect the non-recurring costs associated with the debt and equity financing:

Legal fees	$ 276,624
Other advisor fees	821,685
Total	1,098,309
Amount paid and capitalized prior to July 31, 2012	195,615
Amount to be accrued at July 31, 2012	$ 902,694

These costs were allocated between the liability and equity components as follows:

Additional paid in capital	$ 154,506
Discount on preferred shares	599,141
Discount on convertible notes	344,662
	$1,098,309

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the Twelve Months Ended January 31, 2012

	(A) Streamline As Reported Jan 31, 2012	(B) Interpoint Partners, LLC Feb 1, 2011- Dec 6, 2011(1)		(C) Interpoint Partners, LLC Pro Forma Adjustments	(D) Meta Health Technology, Inc. As Reported Dec 31, 2011		(E) Meta Health Technology, Inc. Pro Forma Adjustments	(A) + (B) +(C) + (D) + (E) Pro Forma Combined (D)
Revenue	$17,116,208	$ 1,448,616		$ —	$ 7,100,804		$ —	$ 25,665,628
Operating expenses:								
Cost of sales	8,884,002	377,273		—	1,894,298		—	11,155,573
			(h)	(9,000)				
			(g)	65,625				
			(f)	332,786				
Selling, general and administrative	6,577,101	2,218,905	(e)	91,660	3,048,472	(o)	1,655,490	13,981,039
Product research and development	1,408,749	—		—	1,773,138		—	3,181,887
Total operating expenses	16,869,852	2,596,178		481,071	6,715,908		1,655,490	28,318,499
Operating profit (loss)	246,356	(1,147,562)		(481,071)	384,896		(1,655,490)	(2,652,871)
						(p)	(710,671)	
			(d)	(200,000)		(q)	(673,384)	
			(c)	(412,000)		(l)	(274,995)	
			(b)	56,207		(k)	(1,836,500)	
Interest Expense	(178,524)	(388,693)	(a)	388,693	(4,330)	(j)	494,400	(3,739,797)
Other Income (expense), net	(30,943)	—		—	160,322		—	129,379
Tax (provision) benefit	(24,315)	—		—	(101,875)		—	(126,190)
Net earnings (loss)	$ 12,574	$(1,536,255)		$ (648,171)	$ 439,013		$ (4,656,640)	$ (6,389,479)
Less: deemed dividends on Preferred Shares	—	—		—	—	(m)	(718,885)	(718,885)
Net earnings (loss) attributed to common shareholders	12,574	(1,536,255)		(648,171)	439,013		(5,375,525)	(7,108,364)
Basic Loss per common share	$ 0.00							$ (0.69)
Number of shares used in Basic per share computation	9,887,841						393,086	10,280,927
Diluted Loss per common share	$ 0.00							$ (0.69)
Number of shares used in Diluted per share computation	9,899,073							10,280,927

(1) Interpoint Partners, LLC operations from December 7, 2011 to January 31, 2012 are reflected in the historical column of Streamline Health, Inc.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the Six Months Ended July 31, 2012

	(A) Streamline Health Solutions, Inc. As Reported July 31, 2012	(B) Meta Health Technology, Inc. As Reported June 30, 2012		(C) Meta Pro Forma Adjustments	(A) + (B) +(C) Pro Forma Combined (D)
Revenue	$ 10,494,187	$ 4,960,181		$ —	$15,454,368
Operating expenses:					
Cost of sales	5,004,897	972,782		—	5,977,679
			(o)	827,745	
Selling, general and administrative	3,873,965	1,961,806	(n)	(545,158)	6,118,358
Product research and development	967,205	1,107,896		—	2,075,101
Total operating expenses	9,846,067	4,042,484		282,587	14,171,138
Operating profit (loss)	648,120	917,697		(282,587)	1,283,230
			(p)	(506,015)	
			(q)	(372,902)	
			(l)	(153,733)	
			(k)	(918,250)	
Interest expense	(599,018)	—	(j)	247,200	(2,302,718)
Other income (expense), net	12,257	64,889			77,146
Tax (provision) benefit	(33,000)	(285,984)			(318,984)
Net Earnings (Loss)	$ 28,359	$ 696,602		$(1,986,287)	$ (1,261,326)
Less: Deemed Dividends of Preferred Shares			(m)	(416,853)	(416,853)
Net earnings (loss) attributed to common shareholders				$(2,403,140)	$ (1,678,179)
Basic earnings (loss) per common share	$ 0.00				$ (0.15)
Number of shares used in Basic per share computation	10,817,214			393,086	11,210,300
Diluted Loss per common share	$ 0.00				$ (0.15)
Number of shares used in Diluted per share computation	10,936,752				11,210,300

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the year ended January 31, 2012 and the six months ended July 31, 2012

On December 7, 2011 the Company signed a definitive asset purchase agreement to purchase substantially all of the assets of Interpoint for $2,000,000 in cash and a $3,000,000 convertible note, prior to earn-out adjustments, at $2.00 per share. Additionally, the Agreement provides for a contingent earn-out payment in convertible subordinated notes based on Interpoint's financial performance for the 12 month period beginning six months after closing and ended 12 months thereafter. The earn-out payment is calculated as 2 times current IPP client revenue and revenue for client contracts signed during the earn-out period plus one times revenue for the Company clients who signed a contract for IPP services during that period. As part of the acquisition, the Company assumed certain accounts payable and accrued liabilities as of the closing date

Interpoint Partners, LLC Pro Forma Condensed Combined Statement of Operations Adjustments:

(a) To eliminate the historical interest expense of IPP as debt was not assumed as part of the acquisition

	Y/E 1/31/12
	$388,693

(b) To eliminate historical interest expense of Streamline Health for $1,250,000 revolving line of credit paid off as part of closing of term loan agreement; the interest rate on the line of credit was approximately 3.5%

	Y/E 1/31/12
	$ 56,207

(c) To record interest expense for term loan used to pay cash proceeds of IPP acquisition

	Y/E 1/31/12
$4,120,000 at 12% interest annually	$412,000

(d) To record interest on convertible subordinated note issued to IPP sellers as part of purchase price

	Y/E 1/31/12
$3,000,000 convertible subordinated note at 8% interest annually	$200,000

(e) To adjust salaries of two IPP employees according to new employment contracts signed as part of acquisition and signing bonus of $50,000 each

		Y/E 1/31/12
New contract annual salary	$150,000	$ 91,660
Historical annual salary	125,000	
Annual difference	$ 25,000	
Ten month difference	$ 20,830	
Signing bonus	$ 50,000	

(f) To record amortization of IPP identifiable intangible assets as follows:

	Amount	Useful life
Customer relationships	$ 413,000	10 years
Covenants not to compete	7,000	1/2 year
Internally developed software	1,628,000	5 years
Trade name	21,000	N/A
Goodwill	4,039,100	N/A
Total	$6,108,100	

The amortization of the customer relationships intangible asset and internally developed software intangible asset was calculated using the estimated economic benefit of the cash flows for those respective intangible assets over their estimated useful lives, which results in an accelerated amortization rather than amortization on a straight-line basis.

Amortization expense over the next five years is expected to be as follows:

Year ended January 31,	2012	$399,343
	2013	444,075
	2014	443,598
	2015	365,057
	2016	289,270

	Y/E 1/31/12
Amortization expense	$ 332,786

(g) To record amortization of deferred loan costs over the two year term of the term loan

		Y/E 1/31/12
Deferred loan costs	$ 157,500	$ 65,625

	Y/E 1/31/12
(h) To remove transaction costs accrued as of November 30, 2011	$ 9,000

(i) The Company did not record any tax effects when estimating the impact of the IPP acquisition due to net operating loss carryforwards

Meta Health Technology, Inc. Pro Forma Condensed Combined Statement of Operations Adjustments:

(j) To remove historical interest expense on term loan re-financed as part of acquisition

	Y/E 1/31/12	YTD 7/31/12
$ 4,120,000 at 12% annually	$ (494,400)	$ (247,200)

(k) To record interest expense on the $5,000,000 senior term loan and the $9,000,000 subordinated term loan used to finance the Meta Health Technology acquisition and the commitment fee on the $5,000,000 re-financed revolving line of credit:

	Y/E 1/31/12	YTD 7/31/12
$ 5,000,000 term loan at Libor plus 5.5%	$ 286,500	$ 143,250
$ 9,000,000 term loan at 10% plus 7% success fee	1,530,000	765,000
$ 5,000,000 Revolver with 0.4% commitment fee	20,000	10,000
Total Interest expense	$1,836,500	$ 918,250

(l) To record amortization of debt issuance costs related to the debt refinancing:

		Y/E 1/31/12	YTD 7/31/12
Total debt issuance costs	$ 590,583 (24 month amortization)		
	Amortization of debt issuance costs	$ 274,995	$ 153,733

(m) To record accretion of convertible redeemable preferred shares discount

	Y/E 1/31/12	YTD 7/31/12
Deemed dividends	$ 718,885	$ 416,853

(n) To remove historical transaction related expenses

	Y/E 1/31/12	YTD 7/31/12
Transaction expense	$ —	$ (545,158)

(o) To record the Meta Health identifiable intangible assets as follows:

	Amount	Useful life
Supplier agreements	$ 1,582,000	5 years
Customer relationships	4,464,000	10 years
Non-compete agreements	720,000	5 years
Internally developed software	3,646,000	5 years
Trade name	1,588,000	N/A
Goodwill	8,193,952	N/A
Total	$20,193,952	

The amortization of the customer relationships intangible asset and internally developed software was calculated using the economic benefit of the cash flows of that intangible asset over its estimated useful life, which results in an accelerated amortization rather than amortization on a straight-line basis.

Amortization expense over the next five years is expected as follows:

Year ended January 31,	2013	$1,727,211
	2014	$1,710,514
	2015	$1,707,703
	2016	$1,667,914
	2017	$1,631,118

	Y/E 1/31/12	YTD 7/31/12
Amortization expense	$ 1,655,490	$ 827,745

(p) To record the amortization of the convertible subordinated note discount over the period from the issue date to the maturity date. The amortization expense was calculated using the effective interest method.

	Y/E 1/31/12	YTD 7/31/12
Amortization of debt discount	$ 710,671	$ 506,015

(q) To record interest on convertible subordinated note issued as part of the debt and equity financing

Interest is payable 30 days in arrears, with 6% of interest due in cash, and 6% compounded over the life of the note. Interest was calculated using the effective interest method.

	Y/E 1/31/12	YTD 7/31/12
Interest expense	$ 673,384	$ 372,902