



QHR Corporation Reports 2013 Second Quarter Financial Results

QHR CORPORATION REPORTS A 19% YEAR OVER YEAR Q2 REVENUE INCREASE AND A 198% YEAR OVER YEAR Q2 EBITDA⁽¹⁾ INCREASE

KELOWNA, BC, August 22, 2013 – (TSX-V: QHR) QHR Corporation (“QHR” or the “Company”), a leader in the Healthcare Information Technology sector, announced financial results for its 2013 second quarter ended June 30, 2013.

The Company is reporting its second consecutive quarterly EBITDA⁽¹⁾ in excess of \$1 million. The Company is also reporting 2013 second quarter revenues of \$8.2 million, a 19% increase as compared to Q2 2012 and Q2 EBITDA⁽¹⁾ of \$1.1 million, a 198% increase as compared to Q2 2012.

Q2 2013 Highlights

- The Company reported consolidated Q2 2013 revenues of \$8.2 million, a 19% increase over revenues of \$6.9 million during Q2 2012.
- The Electronic Medical Records (“EMR”) division reported quarterly revenue of \$5.2 million, an increase of \$1.0 million or 24% over the \$4.2 million in revenue reported during Q2 of 2012.
- EBITDA⁽¹⁾ margin on a consolidated basis improved to 12.8% in Q2 2013 compared to 5.1% in Q2 2012.
- EBITDA⁽¹⁾ on a consolidated basis improved by 198%, to \$1.1 million in Q2 compared to \$0.4 million in Q2 2012.
- Cash flow from operations for the first half of 2013 was \$1.7 million as compared to \$0.5 million during the same period last year 2012.

“We are pleased to report significant improvements in our Q2 year over year results in revenue and also in both our EBITDA⁽¹⁾ \$’s and EBITDA⁽¹⁾ margin. This most recently completed quarter is our second consecutive quarter with greater than \$1.0 million of EBITDA⁽¹⁾. We continue to focus on developing our strong and stable business model around recurring revenue. Our recurring revenue was 75% of total revenue for the quarter and 86% of total expenses for the quarter.” said Al Hildebrandt, President and CEO of QHR Corporation.

Revenue

Consolidated revenue for the quarter increased by \$1,303,993 to \$8,240,094 or 19%, from \$6,936,101 in Q2 2012. The EMR division revenue achieved solid growth of 24% in Q2 2013 to \$5,213,359 compared to Q2 2012 revenue of \$4,200,566. Enterprise Management Solutions (“EMS”) division revenue decreased by \$352,131 in Q2 2013 as compared to Q2 2012 due to additional one-time revenue included in Q2 2012 that was not present in Q2 2013. Our Revenue Cycle Management (“RCM”) division (the Open EC acquisition) contributed revenues of \$643,331 for Q2 2013, the second full quarter since the Open EC acquisition.

Three months ended June 30, 2013	EMR	EMS	RCM	Total
Revenues	\$ 5,213,359	\$ 2,383,404	\$ 643,331	\$ 8,240,094
Operating expenses	4,173,126	2,112,214	900,023	7,185,363
EBITDA ⁽¹⁾	1,040,233	271,190	(256,692)	1,054,731
EBITDA ⁽¹⁾ Margin	20%	11%	not measured	13%

⁽¹⁾ EBITDA (earnings before interest, depreciation, taxes, amortization, stock-based compensation and foreign exchange) is a non-IFRS measure. Management believes that, in addition to net earnings, EBITDA is a useful complementary measure of pre-tax profitability and is commonly used by the financial and investment community for valuation purposes. However, EBITDA does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. QHR’s method of calculating EBITDA may differ from the methods used by other entities and, accordingly, our EBITDA may not be comparable to similarly titled measures used by other entities

Recurring Revenue

Recurring Revenue on a consolidated basis grew to a run rate of \$24.6 million at June 30, 2013, compared to \$17.2 million at the end of Q2 2012. Recurring revenue is now 75% of total revenue, up from 72% in Q1 2013.

EBITDA⁽¹⁾

EBITDA⁽¹⁾ \$'s and EBITDA⁽¹⁾ margin significantly improved during Q2 2013 as compared to Q2 2012. We continue to increase efficiencies and build better scalability into delivery of our products. Consolidated EBITDA⁽¹⁾ improved from 5.1% in Q2 2012 to 12.8% in Q2 2013. EBITDA per share (diluted) was \$0.022.

Comprehensive Net Earnings

The comprehensive net earnings for the three months ended June 30, 2013 was \$255,914, compared to a comprehensive net loss of \$104,598 for the same period in 2012. The Company continues to be profitable and to strengthen its balance sheet.

Cash Flow

For the six months ended June 30, 2013, operating activities resulted in net cash inflows of \$1,749,256, compared to \$504,396 for the same period in 2012. Debt was reduced by \$1,487,588 during the quarter. Working capital improved from \$(182,092) at December 31, 2012 to \$2,110,006 at June 30, 2013.

At June 30, 2013, the Company had cash and cash equivalents in the amount of \$1,566,507 compared to \$1,592,896 at December 31, 2012. The Company has an available operating line of credit with the Royal Bank of up to \$1.5 million, subject to margining calculations against trade account receivables. At June 30, 2013, the Company had drawn \$1,200,000 of the operating line. As at August 21, 2013 the Company is not using any of this operating line.

Full financial statements, together with Management's Discussion and Analysis are available on SEDAR.

Conference Call - The Company executives will host a conference call at 11:00 AM EDT (8:00 AM PDT) Thursday, August 22, 2013, to discuss the Company's 2013 second quarter financial results. To join the conference call, please dial Toll Free 1-888-390-0546, Conference ID #: 41192932

On behalf of the Board of Directors

Al Hildebrandt
President and CEO

About QHR Corporation

QHR is a leader in quality and technology, providing software and services in the following markets:

In the Electronic Medical Records (“EMR”) market, QHR offers a suite of medical software modules that provide computer-based medical records for family physicians, medical specialists, and surgeons, as well as administrative modules for billing and patient scheduling, that is a key component in the move throughout Canada to provide electronic healthcare records for all Canadians. QHR also provides on-site and off-site (ASP) hosting capabilities for the EMR market.

In the Revenue Cycle Management (“RCM”) market, QHR provides best in class clearinghouse services, with over 1,500 payers, which assist US healthcare providers to exchange claim information that ensures accurate revenue management. QHR provides a progressive medical billing service that outsources coding, payer reconciliation and revenue reporting. QHR’s software also supports employer health plan enrolment, employee health plan eligibility and health care interoperability through a 5010 standard based EDI gateway. The RCM markets QHR services are primarily in the US.

In the Enterprise Management Solutions (“EMS”) market, QHR specializes in workforce management software, which consists of integrated payroll, staff scheduling and human resource software, and in customized financial management software built on the Microsoft Dynamics GP platform. These products are targeted at complex healthcare, social services and public safety environments.

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This news release may contain “forward looking statements” within the meaning of applicable Canadian securities legislation. These statements are subject to risks that may cause the actual results to be materially different in future periods from those expressed or implied by such forward looking statement. Risks that may prevent or delay the forward looking statements from coming to fruition include that we may not offer products that are acceptable to industry regulators or customers; competitors may offer better or cheaper products; we may not be able to raise sufficient capital to improve products to remain competitive; changing regulatory requirements may prevent our products from being sold as expected; we may not be able to attract or retain key personnel; our technology may become obsolete; orders could be cancelled or delayed and market factors may increase our costs more than expected. QHR is a technology business development enterprise where investment and product enhancements must be carefully managed to achieve long-term revenue growth and profitability. It is our policy not to update forward looking statements except to the extent required under applicable securities laws. Further information on the Company is available at www.sedar.com or at the Company’s website, www.QHRtechnologies.com.

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