Syncordia Technologies and Healthcare Solutions, Corp.

2017 Consolidated Financial Statements
(Expressed in United States dollars)

Independent Auditors' Report

To the Shareholders of Syncordia Technologies and Healthcare Solutions, Corp.:
We have audited the accompanying consolidated financial statements of Syncordia Technologies and Healthcare Solutions, Corp., which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Syncordia Technologies and Healthcare Solutions, Corp. as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt of Sycordia Technologies and healthcare Solutions, Corp.'s ability to continue as a going concern.

Other Matter
The consolidated financial statements as at March 31, 2016 and for the year then ended (prior to the restatement described in Note 9) were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated July 28, 2016.

As part of our audit of the consolidated financial statements for the year ended March 31, 2017, we also audited the adjustments described in Note 9 that were applied to restate the consolidated statements of loss and comprehensive loss and cash flows for the year ended March 31, 2016. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the consolidated financial statements of for the year ended March 31, 2016 other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the year ended March 31, 2016 taken as a whole.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

July 28, 2017 — Licensed Public Accountants

TABLE OF CONTENTS

Syncordia Technologies and Healthcare Solutions, Corp.
Consolidated Statements of Financial Position
As at March 31, 2017 and 2016
(Expressed in United States dollars)

	March 31, 2017	March 31, 2016
Assets	**$**	$
Current assets		
Cash and cash equivalents	**562,647**	4,436,844
Accounts receivable (note 8)	**627,663**	2,226,715
Other assets	**176,934**	377,185
Assets held by discontinued operations (note 9)	**14,844,493**	-
Total current assets	**16,211,737**	7,040,744
Non-current assets		
Property and equipment (note 10)	**211,592**	338,622
Intangible assets (notes 4, 5 and 11)	**7,169,029**	22,694,613
Goodwill (notes 4, 5 and 11)	**-**	10,781,769
Income tax receivable (note 16)	**797,934**	-
Deferred tax asset (note 16)	**-**	-
Total non-current assets	**8,178,555**	33,815,004
Total assets	**24,390,292**	40,855,748
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**1,752,696**	1,584,735
Holdback payable (note 4)	**-**	250,000
Current portion of notes payable (note 14)	**12,159,921**	2,222,065
Liabilities held by discontinued operations (note 9)	**3,109,268**	-
Total current liabilities	**17,021,885**	4,056,800
Non-current liabilities		
Notes payable (notes 5 and 14)	**2,184,438**	12,350,631
Deferred tax liabilities (note 16)	**-**	1,932,097
Other non-current liabilities	**131,260**	133,076
Total non-current liabilities	**2,315,698**	14,415,804
Total liabilities	**19,337,583**	18,472,604
Shareholders' equity		
Share capital (note 12)	**25,529,338**	25,517,330
Contributed surplus (notes 12 and 15)	**2,011,659**	1,963,529
Deficit	**(23,290,036)**	(6,010,506)
Equity attributable to shareholders of Syncordia	**4,250,961**	21,470,353
Non-controlling interests associated with assets held by discontinued operations	**801,748**	912,791
Total shareholders' equity	**5,052,709**	22,383,144
Total liabilities and shareholders' equity	**24,390,292**	40,855,748

Organization and going concern (note 1)
Commitments (note 18)
Subsequent events (note 24)

Approved for issuance by the Board of Directors on July 27, 2017

(Signed) "Michael Franks"
Director

(Signed) "Andrew Blott"

The accompanying notes are an integral part of these consolidated financial statements.

Director

Syncordia Technologies and Healthcare Solutions, Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31, 2017 and 2016
(Expressed in United States dollars)

	2017	**2016**
	$	$ Restated (note 9)
Revenue (note 21)	**6,563,461**	11,900,955
Gain on settlement of contingent consideration (note 7)	**-**	1,111,342
Total revenue	**6,563,461**	13,012,297
Cost of sales (note 19)	**(2,843,534)**	(3,344,177)
Amortization of operating assets (note 11)	**(2,743,580)**	(2,362,710)
Gross margin	**976,347**	7,305,410
Operating expenses (notes 19 and 20)	**(6,137,971)**	(7,444,268)
Other depreciation and amortization (notes 10 and 11)	**(362,692)**	(291,998)
Loss before other items below	**(5,524,316)**	(430,856)
Transaction costs (note 19)	**(33,826)**	(1,946,009)
Impairments (note 11)	**(10,488,600)**	-
Loss before financing expenses and tax	**(16,046,742)**	(2,376,865)
Change in fair value of derivative financial liability (notes 14 and 23)	**-**	608,987
Finance costs (notes 14)	**(2,347,767)**	(1,873,913)
Net loss before tax	**(18,394,509)**	(3,641,791)
Deferred tax (expense) recovery (note 16)	**(372,239)**	409,708
Income tax recovery (expense) (note 16)	**757,685**	(18,569)
Net loss before discontinued operations	**(18,009,063)**	(3,250,652)
Income (loss) from discontinued operations (note 9)	**913,228**	135,307
Net loss and comprehensive net loss	**(17,095,835)**	(3,115,345)
Net (loss) income and comprehensive (loss) income attributable to:		
Shareholders of Syncordia from continuing operations	**(18,009,063)**	(3,250,652)
Shareholders of Syncordia from discontinued operations	**729,533**	134,646
Non-controlling interests from discontinued operations	**183,695**	661
Net loss and comprehensive loss for the year	**(17,095,835)**	(3,115,345)
Net loss per share (note 13)		
Basic and diluted loss per share from continuing operations	**(0.92)**	(0.17)
Basic and diluted loss per share from discontinued operations	**0.05**	0.01
Weighted average number of shares outstanding		
Basic	**19,664,080**	18,627,314
Diluted	**19,664,080**	18,655,735

The accompanying notes are an integral part of these consolidated financial statements.

Syncordia Technologies and Healthcare Solutions, Corp.
Consolidated Statements of Changes in Equity
For the year ended March 31, 2017 and 2016

	Common shares	Amount	Contributed Surplus	Deficit	Non-controlling interest (NCI)	Total
	#	$	$	$	$	$
Balance - April 1, 2015	14,247,135	14,387,095	1,626,593	(2,894,500)	-	13,119,188
Issuance of Class B Series 2 preferred shares (note 12)	1,702,500	3,405,000	-	-	-	3,405,000
Forfeiture of common shares (note 12)	(90,000)	-	-	-	-	-
Issuance of private placement (note 12)	3,334,000	8,052,460	-	-	-	8,052,460
Derivative financial liability from private placement warrants (note 12)	-	(608,987)	-	-	-	(608,987)
Issuance of common shares on conversion of LL Capital shares (note 6)	450,000	1,246,568	-	-	-	1,246,568
Share issuance costs (note 12)	-	(964,806)	-	-	-	(964,806)
Warrants issued (note 12)	-		261,643	-	-	261,643
Share-based compensation and awards (note 15)	-	-	75,293	-	-	75,293
Acquisition of non-controlling interest (note 5)	-	-	-	-	912,130	912,130
Net loss and comprehensive loss	-	-	-	(3,116,006)	661	(3,115,345)
Balance – April 1, 2016	19,643,635	25,517,330	1,963,529	(6,010,506)	912,791	22,383,144
Exercise of RSU’s (note 12)	**37,500**	**12,008**	**(12,008)**	**-**	**-**	**-**
Distribution to non-controlling interest	**-**	**-**	**-**	**-**	**(275,000)**	**(275,000)**
Share-based compensation and awards (note 15)	**-**	**-**	**60,138**	**-**	**-**	**60,138**
Change in NCI due to finalization of purchase price adjustment (note 5)	**-**	**-**	**-**	**-**	**(19,738)**	**(19,738)**
Net loss attributable to owners of Syncordia	**-**	**-**	**-**	**(17,279,530)**	**183,695**	**(17,095,835)**
Balance – March 31, 2017	**19,681,135**	**25,529,338**	**2,011,659**	**(23,290,036)**	**801,748**	**5,052,709**

Syncordia Technologies and Healthcare Solutions, Corp.
Consolidated Statements of Cash Flows
For the year ended March 31, 2017 and 2016

	2017	**2016**
Operating activities		(note 9)
Net loss for the year from continuing operations	**(18,009,063)**	(3,250,652)
Net income for the year from discontinuing operations	**913,228**	135,646
Items not affecting cash:		
Gain on settlement of contingent consideration (note 7)	**-**	(1,111,342)
Reverse Takeover transaction costs (note 6)	**-**	1,068,920
Gain on derivative liability (note 22)	**-**	(608,987)
Income tax recovery (note 16)	**(757,685)**	-
Deferred income tax recovery (expense) (note 16)	**372,239**	(450,563)
Depreciation and amortization	**3,106,272**	2,654,708
Impairment	**10,488,600**	-
Non-cash interest on notes payable (note 14)	**860,417**	674,749
Straight-line non-cash rent	**2,622**	128,638
Share-based compensation and awards (note 15)	**60,138**	89,837
Changes in non-cash working capital items:		
Accounts receivable	**489,203**	1,928,372
Other assets	**27,739**	90,702
Accounts payable and accrued liabilities	**331,482**	(644,549)
Cash flows (used for) provided from operating activities of continuing operations	**(2,114,808)**	705,479
Cash flows used for operating activities of discontinued operations	**842,295**	(473,506)
Cash (used for) provided from operating activities	**(1,272,513)**	231,973
Investing activities		
Purchase of property, equipment and intangible assets (notes 10 and 11)	**(402,529)**	(171,797)
Cash flows used for investing activities of continuing operations	**(402,529)**	(171,797)
Cash flows used for investing activities of discontinued operations	**(167,018)**	(10,796,678)
Cash used for investing activities	**(569,547)**	(10,968,475)
Financing activities		
Repayment of principal on notes payable	**(1,346,572)**	-
Issuance of Class B Series 2 preferred shares (note 12)	**-**	3,405,000
Issuance of private placement (note 12)	**-**	8,052,460
Cash consideration from issuance of Reverse Takeover shares	**-**	402,605
Share issuance costs (note 12)	**-**	(831,560)
Proceeds from long-term notes	**-**	1,332,388
Deferred financing costs	**-**	(29,960)
Cash flows (used for) from financing activities of continuing operations	**(1,346,572)**	12,330,933
Cash flows used for financing activities of discontinued operations	**(275,000)**	-
Cash (used for) provided from financing activities	**(1,621,572)**	12,330,933
(Decrease) increase in cash and cash equivalents during the year	**(3,463,632)**	1,594,431
Cash and cash equivalents - Beginning of year	**4,436,844**	2,842,413
Cash and cash equivalents - End of year	**973,212**	4,436,844
Cash and cash equivalents consisting of		
Cash and cash equivalents	**562,647**	4,185,146
Cash attributable to discontinued operations	**410,565**	251,698
	973,212	4,436,844
Cash interest paid	**1,777,515**	1,206,243
Cash taxes paid	**40,249**	18,569

The accompanying notes are an integral part of these consolidated financial statements.

Syncordia Technologies and Healthcare Solutions, Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2017 and 2016

1. ORGANIZATION AND GOING CONCERN

Syncordia Technologies and Healthcare Solutions, Corp. ("Syncordia" or the "Company"), formerly LL Capital Corp. ("LL Capital"), was formed through the amalgamation and reverse takeover of LL Capital, a capital pool company listed on the TSX Venture Exchange, by Syncordia Technologies and Healthcare Solutions, Inc. ("Syncordia Inc.") on June 29, 2015. Syncordia Inc. was incorporated under the Canada Business Act on January 14, 2014. The Company since inception has been engaged in the process of identification, evaluation and negotiation of business acquisition opportunities in the healthcare revenue cycle management industry.

On June 29, 2015, the Company completed its qualifying transaction (the "Qualifying Transaction") by way of a three-cornered amalgamation among LL Capital, a wholly owned subsidiary of LL Capital, and Syncordia Inc. LL Capital changed its name to Syncordia Technologies and Healthcare Solutions, Corp. and at this time completed a consolidation of its share capital on a basis of one post-consolidation common share for every 20 common shares existing immediately before the consolidation. The Qualifying Transaction resulted in a reverse takeover of LL Capital by the shareholders of Syncordia Inc. (the "Reverse Takeover").

After the Qualifying Transaction, the shareholders of Syncordia Inc. held 97.7% of the shares of the amalgamated corporation, and for accounting purposes Syncordia Inc. was deemed to be the acquirer. The Qualifying Transaction constitutes a reverse takeover but does not meet the definition of a business combination under International Financial Reporting Standards ("IFRS") 3, Business Combinations; accordingly, the Company has accounted for the transaction in accordance with IFRS 2, Share-based Payments. The assets and liabilities of LL Capital have been included in the Company's consolidated balance sheet at fair value, which approximate their pre-combination carrying values.

Syncordia Technologies and Healthcare Solutions, Corp.'s shares were listed for trading on the TSX Venture Exchange under the symbol "SYN" on July 8, 2015.

The Company's principal business consists of revenue cycle management software solutions and transaction processing services to air and ground emergency medical services industries and the behavioural health industry. Effective October 31, 2014, the Company acquired 100% of the shares of Health Services Integration, Inc. ("HSI"), through Syncordia HSI Acquisition, LLC, an entity wholly-owned by Syncordia Technologies and Healthcare Solutions US Inc (note 5). Effective April 24, 2015, the Company acquired 100% of the shares of Paragon Billing LLC ("Paragon") through Syncordia Paragon Acquisition, LLC, an entity wholly owned by Syncordia Technologies and Healthcare Solutions US, Inc. (note 5). Effective March 22, 2016, the Company acquired 80% of the shares of Billing Solutions LLC ("Billing Solutions") through Syncordia Billing Solutions Acquisition, LLC, an entity wholly owned by Syncordia Technologies and Healthcare Solutions US Inc. (note 5).

The consolidated financial statements also reflect the consolidated financial position of Syncordia Technologies and Healthcare Solutions US, Inc., and Syncordia Technologies and Healthcare Solutions Ireland Limited, both wholly-owned subsidiaries of Syncordia.

Syncordia has a fiscal year-end of March 31. The head office of Syncordia is located at 100 Broadview Avenue, Suite 300, Toronto, Ontario, M4M 3H3.

GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could be material.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

1. ORGANIZATION AND GOING CONCERN - CONTINUED

The Company manages its capital structure based on the funds available to it in order to support the continuation and expansion of its operations. As the Company has negative cash flow from operations, it relies on debt and equity financing to execute its stated business strategy. In order to maintain or adjust its capital structure, the Company anticipates seeking additional financing through the issuance of securities such as equity, convertible debt, or by replacing existing debt with debt on terms more consistent with the Company's needs.

As at March 31, 2017, the Company had cash and cash equivalents of $562,647, a decrease of $3,874,197 from March 31, 2016.

In addition to funding its ongoing operating requirements, capital expenditures and future acquisitions, the Company was required to make two principal repayments on the secured notes (seen note 13) of $2,222,509 each on November 5, 2016 and May 5, 2017. The secured notes are due on November 5, 2017 and the Billing Solutions note payable of $2,000,000 plus accrued interest is due in the first quarter of fiscal 2019, assuming the full acquisition earn-out targets are achieved.

Effective November 4, 2016, the Company obtained a waiver (the “November 2016 Waiver”) from the secured note-holder consortium (the “Consortium”) to modify the timing of principal repayments. The Company paid $1,313,239 instead of $2,222,065 toward the November 5, 2016 principal payment. The shortfall of $875,493 was required to be paid along with principal repayment amount of $2,222,065 (together, the “Amended Principal Repayment”) on or before May 5, 2017. The Company incurred a fee of 2.5% of the remaining original principal, or $299,645 which has been recorded as finance costs on the consolidated statements of loss.

Effective May 5, 2017, the Company obtained a second waiver (the “May 2017 Waiver”) from the Consortium that modified certain terms of the November 2016 Waiver, including the timing of the repayment of the Amended Principal Repayment. The May 2017 Waiver, provided that the Company is permitted to settle the Amended Principal Repayment plus a disposition fee equal to 1.5% of the total outstanding principal amounts due on the notes payable (notes 6 and 13) (the “Disposition Fee”) together with all outstanding principal plus any outstanding accrued interest thereon, from the proceeds of disposition of Paragon (the “Paragon Disposition”) and/or Billing Solutions (the “Billing Solutions Disposition”) (together, the “Dispositions”). The Paragon Disposition was to be completed on or before May 19, 2017 and the Billing Solutions Disposition was to be completed on or before June 30, 2017. As of the date of filing of these consolidated financial statements, the Dispositions have not been completed.

On July 14, 2017, the Company entered into a forbearance agreement (the “Forbearance Agreement”) with the Consortium. Pursuant to the terms of the Forbearance Agreement, the noteholders have agreed to forbear from exercising their enforcement rights and remedies in respect of the secured notes to enable the Company to continue its ongoing divestiture process of its interest in Billing Solutions, for a period of approximately three and one-half months, subject to the terms of the Forbearance Agreement. Also under the terms of the Forbearance Agreement, the Company will continue it process to divest of Paragon. The Company has agreed to engage an advisor to conduct the divestiture process and proceeds received by Syncordia from any divestiture will be used to forthwith pay down the indebtedness owing to the noteholders. The Forbearance Agreement provides for an escrow account of approximately $283,000 that the Company can access to pay for certain agreed upon payments pursuant to the terms of an escrow agreement.

Due to negative operating cash flows for the fiscal year, the Company’s operating plan anticipates that it will not generate positive cash flow from operations to fulfill its debt obligations. Existing cash resources will continue to be utilized to fund operating activities, capital expenditures, transaction costs and, where possible, senior note interest payments prior to settlement of the senior notes. Until the operational improvements, as described below, are in place, it is unlikely that the Company will generate sufficient cash flow from operations or have sufficient cash resources to fund the senior note principal repayments. In such a circumstance, further revisions to the senior notes repayment terms will be required.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

1. ORGANIZATION AND GOING CONCERN - CONTINUED

In these circumstances, the Company has undertaken a strategic review, and determined that some combination of each of the following initiatives is required to adequately deal with the funding and senior note obligation: (i) sale of one or more operating companies; (ii) strategic alliances or combinations with HSI to improve overall results; (iii) licensing or sale of certain intellectual property; (iv) other cash-generating strategic initiatives. The Company has received interest from potential buyers for its Revenue Cycle Management ("RCM") operating companies, and the Company is working with the potential buyers to finalize terms and reach an agreement. In the event that the Company is not able to complete a transaction to settle its debt obligations, the Company will seek to obtain further waivers or revise the lending agreement to facilitate the completion of the outstanding payments to the expected time-table associated with the planned divestitures. There can be no assurance that the lenders will agree to such provisions and that the timing of the disposal will be consistent with the obligations to the lenders and their expectations.

To improve operating cash flows of the Company, the following initiatives are in place at HSI: (i) continuing to secure new business to replace a significant customer which terminated in 2016 (there is a ten-to-twelve-month delay before new customers generate significant revenues); (ii) reducing costs per encounter through introduction of technological enhancements and optimization of staffing complement; (iii) restructuring of HSI's dispatch services; (iv) reducing general and administrative staff headcounts.

In addition, the Company continues to assess its rate of investment in Corporate and Platform Syncordia initiatives and is evaluating several cost containment initiatives such as, reduced corporate headcounts, salaries and reducing discretionary software development. These cost containment initiatives have begun and will be accelerated depending on the results of other operation changes to improve cash flow. Assuming the Company completes a divestiture, it will consider further changes to its Corporate and Platform Syncordia staff and overhead costs.

The quantum and timing of cash flow from operations will be significantly influenced by the operating performance of the Company's RCM businesses, particularly in the short term as a result of: (i) HSI securing new business and Billing Solutions achieving its acquisition earning targets; (ii) introducing several technology enhancements to improve operating efficiency; and (iii) continuing to implement several cost containment initiatives, particularly reducing costs per encounter within the RCM business.

There are significant risks associated with each of these plans and strategies and there can be no assurance that the steps management is taking will be successful, if not successful in many of them, cash flows will be reduced and the Company may not have sufficient cash flow or resources to make debt principal payments on its senior notes or in the worst case, cover its operating costs. Missing a debt payment, should the appropriate waivers not be obtained, may result in an event of default on the senior notes, which the Company may not be able to rectify with renegotiated terms or alternative financing.

These circumstances cast significant doubt as to the Company's ability to continue as a going concern, and the ultimate appropriateness of the use of accounting principles applicable to a going concern.

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These consolidated financial statements (the "Financial Statements") for the year ended March 31, 2017, were approved by Syncordia's Board of Directors on July 27, 2017. The Financial Statements, which have been prepared by management, have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") with an effective date of March 31, 2017.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

2 BASIS OF PREPARATION - CONTINUED

BASIS OF PRESENTATION

The Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in note 17. The Financial Statements are prepared using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency and presentation currency of the Company and its subsidiaries is the United States dollar.

The Company has organized its operations based on the services it offers, which is consistent with how the chief operating decision maker evaluates results of the business. The Company reports its result in three business segments, namely, RCM, Platform Syncordia and Corporate. The Platform Syncordia supports the Company's intellectual property assets and conducts research and development activities. The corporate and administration support is reported as a Corporate cost.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

BASIS OF CONSOLIDATION

The Financial Statements are prepared on a consolidated basis and include: (i) Syncordia and its wholly-owned and controlled subsidiaries, Syncordia Inc., Syncordia Technologies and Healthcare Solutions Ireland Limited, Syncordia Technologies and Healthcare Solutions US Inc., Syncordia HSI Acquisition LLC, Health Service Integration Inc., Syncordia Paragon Acquisition LLC, Paragon Billing LLC, and Syncordia Billing Solutions Acquisition, LLC, and (ii) its 80% owned subsidiary, Billing Solutions, LLC. Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The existence and effect of potential or actual voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases. All intercompany balances and transactions have been eliminated.

On April 1, 2016, the Company and Syncordia Inc. were amalgamated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits held with financial institutions with terms to maturity of three months or less.

FINANCIAL INSTRUMENTS

All financial instruments are initially recognized at fair value. Subsequent measurement depends on the nature and classification adopted for the financial instrument as follows:

	Classification	Measurement
Cash and cash equivalents	Fair value through profit and loss	fair value
Accounts receivable	Loans and receivables	amortized cost
Accounts payable and accrued liabilities	Financial liability	amortized cost
Contingent consideration	Financial liability	fair value, level 3
Derivative financial liabilities	Financial liability	fair value, level 3
Hold back payable	Financial liability	fair value, level 3
Notes payable	Financial liability	amortized cost
Other non-current liabilities	Financial liability	amortized cost

Financial assets are derecognized when contractual rights to the cash flow from the assets expire. Notes payable are recognized initially at fair value and subsequently at amortized cost.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, less accumulated depreciation and impairment. As at the date of these financial statements, no impairments have been recorded. Depreciation is recorded when the related asset is put in use. Depreciation rates are determined to amortize the cost of property and equipment over their estimated useful lives as follows:

Dispatch and computer equipment	35% declining balance and 3 years straight-line
Furniture and fixtures	25% declining balance
Leasehold improvements	straight-line over term of the lease

INTANGIBLE ASSETS

Intangible assets consist of customer lists and customer relationships, intellectual property and computer software. Intangible assets are recorded at cost less accumulated amortization and impairment. Customer relationships are amortized over ten years representing management's estimate of expected life of the underlying client portfolio. Intellectual property consisting of proprietary software is amortized over seven years on the straight-line basis representing the estimated useful life. Computer software is amortized over three years on a straight-line basis representing the estimated useful life.

GOODWILL

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed on a business combination. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statements of loss and comprehensive loss.

SOFTWARE DEVELOPMENT COSTS

Software development costs are capitalized as intangible assets when costs are attributable to a clearly defined product, technical feasibility has been established, a market has been identified, the Company intends to market the software and has adequate resources expected to be available to complete the project. Amortization of capitalized development costs commences when development of the software is complete and the product is ready for its intended use which is when it is available for sale to customers or for use internally. During the year ended March 31, 2017, $245,000 in software development costs were capitalized.

AMORTIZATION OF LONG-LIVED ASSETS

Long-lived assets require management to make a determination of the estimated useful life on the date the asset is acquired which determines the amount of amortization recorded with respect to the asset.

IMPAIRMENT OF LONG-LIVED ASSETS, INCLUDING INTANGIBLE ASSETS AND GOODWILL

The Company assesses at least annually in accordance with the requirements of International Accounting Standard (IAS) 36, Impairment of Assets, or whenever an indicator of impairment exists, whether there has been an impairment loss in the carrying amount of goodwill, which is carried at cost less accumulated impairment losses, if any. Impairment losses are not reversed.

Goodwill is allocated to cash-generating units ("CGUs"), or a group of CGUs, that are expected to benefit from the business combination for the purpose of impairment testing. A group of CGUs represents the lowest level within the Company that is not higher than an operating segment at which goodwill is monitored for internal reporting purposes. The recoverable amounts of CGUs have been determined based on their values-in-use or fair value less costs to sell. These calculations require the use of estimates. Management has identified three segments and three CGUs for the purposes of annual goodwill and indefinite-lived intangible asset impairment testing.

Syncordia Technologies and Healthcare Solutions, Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

IMPAIRMENT OF LONG-LIVED ASSETS, INCLUDING INTANGIBLE ASSETS AND GOODWILL - CONTINUED

Intangible assets that do not have a definite useful life are not subject to amortization and are tested annually for impairment, at March 31. Other long-term tangible and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognized in the consolidated statements of loss and comprehensive loss. The recoverable amount of an asset is the higher of its fair value, less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

The annual impairment test of goodwill was performed as at March 31, 2017 and a total impairment of $10,488,600 was recorded against goodwill, client lists and intellectual property relating to the HSI CGU.

DEFERRED FINANCING COSTS

Deferred financing costs arise from fees associated with acquiring notes payable and are initially recorded based on the cost incurred and subsequently measured at amortized cost. Deferred financing costs, presented on a net basis with related notes payable, are amortized using the effective interest rate method where amortization is charged to the consolidated statements of loss and comprehensive loss.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of loss and comprehensive loss.

WARRANTS

The Company accounts for the warrants issued at fair value using the Black-Scholes option pricing model or, where appropriate, a binomial model in the case of warrants with terms that result in a forced exercise by virtue of an upper limit in the exercise price. The Company applies judgment in determining the assumptions used in the warrant pricing models (notes 12 and 14). Warrants issued may be accounted for as share issuance costs, debt issuance costs or as derivative financial liabilities, rather than as equity, as required under IFRS.

SHARE ISSUANCE COSTS

Costs that are directly attributable to the issuance of shares are included in share capital and are a reduction of total proceeds from share issuances.

REVENUE RECOGNITION

For the Company's operating segments, revenue is measured at the fair value of consideration received or receivable for the gross inflow of economic benefits during the year, arising in the ordinary course of the Company's activities. The Company's principal revenue stream, RCM, relates to fees earned for transaction processing and billing services provided to customers. Revenue from transaction processing and billing services is recognized when the amount of revenue can be measured reliably, when evidence of claim acceptance and approval has been received and when it is probable that economic benefits will flow to the Company. Revenue is recorded on billing services rates prescribed in customer contracts from the reimbursing entity. The Platform Syncordia segment earns an intercompany license fee based on a percentage of revenues earned in certain RCM operating companies. The intercompany license fees are eliminated on consolidation.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

SHARE OPTION PLAN

The Company adopted a share option plan for certain employees and directors. The Company accounts for share-based compensation options as equity settled awards. Compensation expense for share options granted to employees is measured at fair value at the grant date using the Black-Scholes option pricing model and recognized over the vesting period of the options granted.

Compensation expense related to share options granted is recorded based on the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transactions are measured at the fair value of the share options granted at the date on which the Company received these goods or the services using the Black-Scholes option pricing model.

INCOME TAXES

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Company's business, the operations and cashflows of which can be clearly distinguished from the rest of the Company and which:

- represents a major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or
- geographic area of operations; or
- is a subsidiary acquired exclusively with the view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When the operation is classified as a discontinued operation, the consolidated statements of loss and comprehensive loss are re-presented as if the operation has been discontinued from the start of the comparative year.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

LOSS PER SHARE

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares using the treasury method.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the year. Actual results could differ from those estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Such estimates and judgments have been applied and there are no known trends, commitments, events or uncertainties the Company believes will materially affect the methodology or assumptions in making these estimates and judgments in these financial statements.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

COLLECTABILITY OF RECEIVABLES
The Company assesses the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of account receivable balances considering individual customer creditworthiness, current economic trends and analysis of historical bad debts.

IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS
The Company tests annually whether goodwill has suffered any impairment, in accordance with the requirements of the International Accounting Standard (IAS) 36, Impairment of Assets. The recoverable amount of the CGUs have been determined based on their values in use or fair value less costs to sell. These calculations require the use of estimates (note 11).

REVENUE RECOGNITION
The Company makes significant judgements in respect of when collections of revenue associated with customer billing submissions is reasonably assured. Given the uncertainty associated with customer billing claims being reimbursed, the Company recognizes revenue at the time cash is collected by customers.

SHARE-BASED COMPENSATION AND WARRANTS
This determination of fair value of share-based compensation requires management to make estimates regarding the inputs to share valuation models employed using volatility, risk free rate of return and expected option life related assumptions. These assumptions are further detailed in notes 13 and 14.

SHARE-BASED COMPENSATION AND WARRANTS
Long-lived assets require management to make a determination of the estimated useful life on the date the asset is acquired which determines the amount of amortization recorded with respect to the asset.

Syncordia Technologies and Healthcare Solutions, Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

INCOME TAX

Management exercises judgment in estimating the provision for taxes. The Company is subject to tax laws in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for taxes may increase or decrease in future periods to reflect actual experience. Adoption of new and revised standards and interpretations

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

At the date of authorization of the Financial Statements, the IASB and IFRIC have issued the following revised standards that are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 9, *Financial instruments,* addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2016. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company will adopt the standard on its effective date and is currently assessing the impact of this pronouncement.

IFRS 15, *Revenue from contracts with customers,* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus could direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, *Revenue,* and IAS 11, *Construction contracts,* and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company will adopt the standard on its effective date and is currently assessing the impact of this pronouncement.

IFRS 16, *Leases,* introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases for leases with terms more than twelve months, unless the underlying asset is of low value. Lessor accounting for leases as finance or operating leases will remain substantially unchanged. The IASB issued the standard in 2016, replacing IAS 17 *Leases* and related interpretations. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15 has been adopted. The Company will adopt the standard on its effective date and is currently assessing the impact of this pronouncement.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

4. ACQUISITION OF PARAGON

Effective April 24, 2015, the Company acquired 100% of the shares of Paragon, a company previously controlled by two directors and employees of the Company, namely, the Chief Executive Officer and Chief Strategy Officer. Paragon is based in Minnesota and operates in the revenue cycle management industry, focused on behavioural mental health billing services. The following table summarizes the total consideration paid and payable, the fair value of assets acquired and liabilities assumed at the date of acquisition:

	$
Base purchase price	3,500,000
Holdback payable	500,000
Total purchase price	4,000,000

Recognized amounts of identifiable assets acquired and liabilities assumed:	$
Cash and cash equivalents	20,071
Accounts receivable	275,514
Other current assets	10,400
Accounts payable and accrued liabilities	(39,557)
Customer relationships	300,000
Intellectual property	2,900,000
	3,466,428
Goodwill	533,572
Total purchase price	4,000,000

Syncordia funded the Paragon acquisition through a combination of equity and external debt financing as follows, whereby equity financing proceeds exceeded the minimum required portion of the financing:

	$
Private placement of Syncordia Class B preferred shares series 2	3,405,000
Additional notes payable issued	500,000
Holdback payable	500,000
Total	4,405,000

	$
Total consideration	4,000,000
Less: cash acquired	(20,071)
Less: holdback payable	(500,000)
Total	3,479,929

Acquisition related costs of $206,816 were charged to transaction costs in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2016. The total amount of goodwill of $533,572 is calculated as the difference between the fair value of consideration transferred and the preliminary fair value of the assets acquired and liabilities assumed. Goodwill is primarily attributable to expected synergies and the corresponding projected future cash flows. Goodwill is not amortized for accounting purposes, however it is expected to be deductible for income tax purposes.

The holdback payable required the Company to pay to the former owners of Paragon, two payments of $250,000 in cash. The first holdback payment was due upon agreement between the Company and the former owners in respect of final closing accounts payable and accrued liabilities, which was settled during the second quarter of the fiscal 2016 year. The second holdback payment was made on April 24, 2016, the one-year anniversary of the acquisition.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

5. ACQUISITION OF BILLING SOLUTIONS

Effective March 22, 2016, the Company acquired 80% of the issued and outstanding membership interests of Billing Solutions. Billing Solutions is based in Arizona and operates in the revenue cycle management industry, focused on mental and behavioural health billing services. The following table summarizes the total consideration paid and payable, the fair value of assets acquired and liabilities assumed at the date of acquisition, adjusted for any working capital finalizations:

	$
Base purchase price	6,000,000
Working capital adjustment	60,000
Working capital settlement	(22,773)
Subordinated promissory note	2,000,000
Total purchase price	8,037,227

	$
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	201,909
Accounts receivable	700,119
Other current assets	111,000
Property and equipment	89,861
Accounts payable and accrued liabilities	(358,267)
Deferred tax liabilities	(2,382,660)
Customer relationships	6,100,000
	4,461,962
Goodwill	4,467,657
	8,929,619

Syncordia funded the Billing Solutions acquisition through a combination of cash and external debt financing as follows:

	$
Cash and cash equivalents	6,037,227
Seller promissory note	2,000,000
Non-controlling interest[1]	892,392
Total	8,929,619

[1]Change of $19,738 due to finalization of accounts receivable indemnity.

Total consideration	8,037,227
Less: cash acquired	(201,909)
Total	7,835,318

Acquisition related costs of $149,059 were charged to transaction costs in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2016. The total amount of goodwill of $4,467,657 is calculated as the difference between the fair value of consideration transferred and the preliminary fair value of the assets acquired and liabilities assumed. Goodwill is primarily attributable to expected synergies and the corresponding projected future cash flows. Goodwill is not amortized for accounting purposes, however it is expected to be deductible for income tax purposes.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

5. ACQUISITION OF BILLING SOLUTIONS - CONTINUED

The acquisition was funded in part through a $2,000,000 promissory note payable held by the former owner of Billing Solutions. The note has a two-year term, bears interest at 9% per annum, and is subordinated to the Company's senior notes payable. Interest is payable on maturity of the notes payable.

The promissory note is subject to claw back provisions if a minimum earnings threshold is not reached during each of the first two years under control of the Company. The amount of $2,000,000 represents the estimated fair value of the promissory note payable to the seller. This amount was determined based on management's estimate of Billing Solutions achieving certain performance targets.

The Company has an option to purchase the remaining 20% of the issued and outstanding membership interests in Billing Solutions for a period of two years commencing on the date that is two years following the closing date of the Acquisition.

6. REVERSE TAKEOVER

On June 29, 2015, the Company completed the Qualifying Transaction by way of a "three-cornered" amalgamation (the "RTO") among LL Capital, a wholly-owned subsidiary of LL Capital, and Syncordia Inc. The RTO purchase accounting equation is inverted from a traditional business combination, where the consideration is the fair value of the amount Syncordia is deemed to pay for its interest in LL Capital. The consideration paid by Syncordia is measured using the trading price of LL Capital's common shares. The fair value of LL Capital's common shares and options were determined in accordance with the amalgamation agreement (the "Amalgamation Agreement") resulting in a 20:1 exchange ratio. Each Syncordia Inc. shareholder received one post-consolidation common share in the capital of Syncordia. Each LL Capital shareholder received one Syncordia share for every 20 LL Capital shares held.

Outstanding options to acquire the shares of LL Capital were also exchanged for options to acquire the shares of the Company. The LL Capital options were converted on a basis of one option to acquire the Company's shares for every 20 options existing immediately before the consolidation. The LL Capital options were fully vested at the time of completion of the Qualifying Transaction.

The purchase price has been allocated as follows:

	$
Cash	402,605
Other current assets	37,866
Accrued expenses and other current liabilities	(262,823)
Expensed as transaction costs	1,068,920
Total purchase price	1,246,568

Consideration comprised of:

	$
Conversion of LL Capital shares to common stock of Syncordia	1,246,568

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

7. SETTLEMENT OF CONTINGENT CONSIDERATION

On June 10, 2015, the contingent consideration associated with the HSI acquisition was settled based on various factors including actual annualized revenues earned by HSI during the period from January 1, 2015 to March 31, 2015 in accordance with the terms of the HSI purchase agreement (the "HSI Purchase Agreement). While the actual annualized revenue of HSI for the purposes of determining the contingent consideration fell below the Company's estimate used in determining the initial fair value of the contingent consideration, such timing differences were considered by the HSI Purchase Agreement and required additional consideration to determine the final payment. After detailed review and assessment, the amount payable to the HSI former owners was finalized and agreed between the parties to be $1,208,658. After additional adjustments for amounts due from the HSI former owners to the Company under the terms of the HSI Purchase Agreement, the net payment to the HSI former owners was $832,388. The Company financed the settlement of the earn-out through an additional note payable as described in note 13.

Settlement of the acquisition earn-out resulted in a gain of $1,111,342 recorded in the consolidated statement of loss and comprehensive loss in the comparative year.

8. ACCOUNTS RECEIVABLE

The Company assesses the collectability of trade and other receivables on an ongoing basis. A provision for the impairment of receivables involves management review of accounts receivable balances considering individual customer creditworthiness, current economic trends and analysis of historical bad debts. The movement in the provision for impairment against accounts receivables was as follows:

	Amount
	$
Provision, April 1, 2016	185,289
Increases to the allowance	51,129
Decreases to the allowance, due to recoveries	(23,000)
Write-offs	(1,382)
Provision, March 31, 2017	**212,036**

9. DISCONTINUED OPERATIONS

During the year the Company formulated a coordinated plan to sell two of its operating segments, Billing Solutions and Paragon. The Company entered into a forbearance agreement with several third-party investors, effective June 30, 2017, pursuant to which the Company has agreed to sell its 80% interest in Billing Solutions and its 100% interest in Paragon. The Company has received letters of intent to purchase Billing Solutions that value the enterprise at no less than $15,250,000. The Company has appointed a US based financial institution, which specializes in the healthcare industry, to non-exclusively manage the sale of Billing Solutions, including soliciting and evaluating offers. In respect of Paragon, the minimum purchase price has been set at $3,750,000. As at March 31, 2017, the Company has not received any proceeds related to these sales and as such there is a significant uncertainty whether either will proceed. All Billing Solutions and Paragon's revenues are generated in the USA and all assets are located in the USA.

The assets and liabilities of both segments have been measured at the lower of their carrying value and fair market value less costs to sell and have been classified as held for sale as at March 31, 2017. They have been presented separately under the current assets and current liabilities, respectively.

The intent to sell Billing Solutions and Paragon represents discontinued operations, therefore, their operating results have been presented as discontinued operations for the year ended March 31, 2017 and the comparative results have been re-presented as follows:

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

9. DISCONTINUED OPERATIONS - CONTINUED

	2017	2016
	$	$
Sales	7,765,432	1,987,339
Cost of sales	(2,931,186)	(768,199)
Amortization of operating assets	(1,092,521)	(429,718)
Gross margin	3,741,725	789,422
Operating expenses	(2,271,523)	(654,115)
Income before income tax from discontinued operations	1,470,202	135,307
Deferred tax recovery	200,711	-
Income tax expense	(757,685)	-
Net income from discontinued operations	913,228	135,307
Net income from discontinued operations attributable to shareholders of the Company	729,533	135,307
Basic and diluted income per share from discontinued operations	0.05	0.01

The net cash flows from BSL and PBL for the years ended March 31, 2017 and 2016 are as follows:

	2017	2016
	$	$
Net cash used in operating activities	121,091	(559,341)
Net cash used in investing activities	(167,018)	(10,796,678)
Net cash used in financing activities	(275,000)	-
Net cash inflow (outflow)	(320,927)	(11,356,019)

The major classes of assets and liabilities of BSL and PBL classified as held for sale as at March 31, 2017 are as follows:

	2017
Assets	$
Cash and cash equivalents	410,565
Accounts receivable	1,414,227
Other assets	55,755
Intangible assets and goodwill, net (i)	12,818,332
Property and equipment	145,614
Total assets held for sale	14,844,493

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

9. DISCONTINUED OPERATIONS - CONTINUED

	2017
Liabilities	$
Accounts payable and accrued liabilities	247,958
Deferred tax liabilities	2,103,625
Income tax payable	757,685
Total liabilities relating to assets held for sale	3,109,268

(i) Balance is comprised of customer lists and customer relationships with a carrying value of $5,715,539, intellectual property with a carrying value of $2,101,564 and goodwill with a carrying amount of $5,001,229.

10. PROPERTY AND EQUIPMENT

	Dispatch and computer equipment	Leasehold improvements	Furniture and fixtures	Total	Discon-tinued operations (note 9)
	$	$	$	$	$
Cost					
As at April 1, 2015	172,553	20,103	15,203	207,859	-
Billing Solutions assets acquired	89,861	-	-	89,861	-
Other additions	64,770	52,265	46,757	163,792	-
As at March 31, 2016	327,184	72,368	61,960	461,512	-
Additions	**19,809**	**28,034**	**27,873**	**75,716**	**113,839**
Disposals	**-**	**-**	**-**	**-**	**(25,934)**
Discontinued operations	**(94,050)**	**-**	**-**	**(94,050)**	**94,050**
As at March 31, 2017	**252,943**	**100,402**	**89,833**	**443,178**	**181,955**
Accumulated depreciation					
As at April 1, 2015	24,781	10,732	3,928	39,441	-
Depreciation expense	65,403	8,997	9,049	83,449	-
As at March 31, 2016	90,184	19,729	12,977	122,890	-
Depreciation expense	**55,426**	**7,848**	**46,037**	**109,311**	**35,726**
Discontinued operations	**(615)**	**-**	**-**	**(615)**	**615**
As at March 31, 2017	**144,995**	**27,577**	**59,014**	**231,586**	**36,341**
Net carrying amount					
As at March 31, 2016	237,000	52,639	48,983	338,622	-
As at March 31,2017	**107,948**	**72,825**	**30,819**	**211,592**	**145,614**

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

11. GOODWILL AND INTANGIBLE ASSETS

	Intellectual property	Customer Relationships and client lists	Computer software	Total Intangible assets	Total Goodwill	Discontinued operations
	$	$	$	$	$	$
Cost						
As at April 1, 2015	14,000,000	3,032,906	43,747	17,076,653	5,836,719	-
Paragon assets acquired, identified and valued	2,900,000	300,000	-	3,200,000	533,572	-
Billing Solutions assets acquired, identified and valued	-	6,100,000	-	6,100,000	4,411,478	-
Other additions	-	-	8,006	8,006	-	-
As at March 31, 2016	16,900,000	9,432,906	51,753	26,384,659	10,781,769	-
Additions	**245,000**	**7,000**	**74,813**	**326,813**	**-**	**56,178**
Discontinued operations	**(2,900,000)**	**(6,400,000)**	**-**	**(9,300,000)**	**(4,945,050)**	**14,245,050**
As at March 31, 2017	**14,245,000**	**3,039,906**	**126,566**	**17,411,472**	**5,836,719**	**14,301,228**
Accumulated amortization						
As at April 1, 2015	804,849	125,471	11,707	942,027	-	-
Amortization expense	2,388,385	327,053	32,581	2,748,019	-	-
As at March 31, 2016	3,193,234	452,524	44,288	3,690,046	-	-
Amortization expense	**2,412,397**	**300,696**	**30,487**	**2,743,580**	**-**	**639,833**
Impairments	**2,342,717**	**2,309,163**	**-**	**4,651,880**	**5,836,719**	**-**
Discontinued operations	**(798,435)**	**(27,917)**	**(16,711)**	**(843,063)**	**-**	**843,063**
As at March 31, 2017	**7,149,913**	**3,034,466**	**58,064**	**10,242,443**	**5,836,719**	**1,482,896**
Net carrying amount						
As at March 31, 2016	13,706,766	8,980,382	7,464	22,694,613	10,781,769	-
As at March 31, 2017	**7,095,087**	**5,440**	**68,502**	**7,169,029**	**-**	**12,818,332**

As at March 31, 2017, the Company performed a review of its intangible assets and goodwill for all CGUs. After completion of this assessment, management concluded that there were impairments to its intangible asset, goodwill and intellectual property, in the amounts of $346,166, $5,836,719 and $5,096,328, respectively.

The Company measured the recoverable amount of the CGUs based on the values-in-use. The Company used a discounted cash flow approach which involves an estimate of the before-tax cash flows from operations based on management's operating budgets. This approach requires assumptions about revenue growth rates, operating margins, tax rates and discount rates.

The Company projected normalized revenue, operating margins, and cash flows and applied a perpetual long-term growth rate. In arriving at its forecasts, the Company considered past experience, economic trends and inflation as well as industry and market trends.

The Company assumed a discount rate in order to calculate the discounted value of its cash flows. The discount rate represents a weighted average cost of capital ("WACC") for the CGU. The WACC is an estimate of the overall required rate on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate. Determination of the WACC requires separate analysis of the cost of equity and debt, and considers a risk premium based on an assessment of risks related to the projected cash flows of the CGU. Assumptions used by the Company in the goodwill impairment test include a terminal growth rate of 2% (2016 – 2%) and a discount rate of 19.0% (2016 – 13.1%).

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

11. GOODWILL AND INTANGIBLE ASSETS - CONTINUED

Sensitivity testing was conducted as part of the annual impairment test of goodwill and indefinite life intangible assets for the HSI CGU. The sensitivity testing includes assessing that reasonably possible declines in growth rates and increases in the WACC rates would have on the recoverable amounts of the CGU, with other assumptions being held constant. An increase in the WACC rate of 5.0 percentage points and a decrease in the five year compound annual growth rate of 5.0 percentage points would result in an increase in the impairment loss of $1.87M. The increase in impairment charge would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating loss and on other factors.

12. SHARE CAPITAL

Authorized

The Company's authorized capital consists of an unlimited number of Common Shares.

Issued and outstanding

2017

In September 2016, the sole participant in the Company's restricted stock unit ("RSU") plan left the Company, and exercised all vested RSU units, amounting to 37,500 common shares, with a fair value of $12,008.

2016

Between April 24, 2015 and May 6, 2015, the Company issued 1,702,500 Class B Series 2 preferred shares at $2.00 per share for gross proceeds of $3,405,000. Class B Series 2 preferred shares were convertible to common shares on a one-for-one basis. In connection with the Class B Series 2 preferred share offering, the Company incurred $326,276 of share issuance costs of which $40,113 related to the fair value of 52,100 warrants issued to brokers as determined using the Black-Scholes valuation model. Each warrant entitles the holder to purchase one share at a price of $2.00 per share at any time on or before November 5, 2016. The significant inputs into the model were: the exercise price of $2.00, volatility of 100%, an expected dividend yield of nil%, an expected option life of one year and a risk-free interest rate of 0.66%.

On May 15, 2015, an officer left the Company and voluntarily forfeited 90,000 common shares.

In connection with the Amalgamation Agreement as described in note 6, Syncordia completed a private placement agreement on June 29, 2015 to issue 2,667,000 subscription receipts from treasury at a price of Canadian $3.00 per subscription receipt for gross proceeds of Canadian $8,001,000. Additionally, an overallotment option at the same price per subscription receipt was fully exercised by the underwriters, resulting in an additional 667,000 subscription receipts and total gross proceeds of Canadian $10,002,000 or $8,052,460. Each subscription receipt was comprised of one common share and one-half warrant. Each warrant is exercisable for a period of 24 months following the closing of the offering at an exercise price of Canadian $3.30. If at any time following the four-month anniversary of the closing and prior to the expiry date of the warrants, the volume-weighted average trading price of the common shares is greater than Canadian $4.00 for any 20 consecutive trading days, then the Company would have the option to accelerate the expiry date of the warrants. No warrant-dates were accelerated during this period. The closing of the subscription receipts was conditional on the completion of the Qualifying Transaction, which was effective June 29, 2015.

Each full warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of Canadian $3.30 per common share up to the date that is the two-year anniversary of closing, subject to certain acceleration provisions noted above. The fair value of the warrants on the date of issuance was $608,987. These warrants are classified as a derivative financial liability.

In connection with the private placement subscription receipt offering, the Company incurred $638,530 of share issuance costs of which $93,134 related to the fair value of 200,040 warrants issued to brokers as determined using

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

12. SHARE CAPITAL - CONTINUED

the binomial valuation model. The significant inputs into the model were: the exercise price of Canadian $3.00, volatility of 36%, an expected dividend yield of nil%, an expected option life of one year and a risk-free interest rate of 0.56%. If at any time following the four-month anniversary of the closing and prior to the expiry date of the warrants, the volume-weighted average trading price of the common shares is greater than Canadian $4.00 for any 20 consecutive trading days, then the Company has the option to accelerate the expiry date of the warrants.

The change in fair value of the warrants issued as part of the subscription receipts in the private placement is recorded as a gain or loss on derivative financial liability in the consolidated statement of loss and comprehensive loss.

The warrants included in the private placement are denominated in Canadian dollars which is different from the US dollar functional currency of the Company. The conversion feature is treated as a derivative financial liability and the fair value changes in each prospective period will be recognized in the consolidated statement of loss and comprehensive loss.

Fair value changes incorporate movement in the fair value of inputs and as the warrants are exercised or expire, these changes will be reflected in the consolidated statement of financial position and consolidated statement of loss and comprehensive loss.

Value of warrants classified as derivative financial liability	Grant date
Exercise price (Canadian dollars)	$3.30
Share price (Canadian dollars)	$3.00
Risk-free interest rate	0.56%
Expected volatility	36%
Term	2 years
Expected life	1 year
Expected dividend yield	Nil
Value (US dollars)	$608,987

As described in note 1, on June 29, 2015 the Company completed the Qualifying Transaction by way of a “three-cornered” amalgamation among LL Capital, a wholly-owned subsidiary of LL Capital, and Syncordia Inc. Upon completion of the Qualifying Transaction, LL Capital changed its name to Syncordia Technologies and Healthcare Solutions, Corp. and completed a consolidation of its share capital resulting on a basis of one post-consolidation common share for every 20 common shares existing immediately before the consolidation. This resulted in the former shareholders of LL Capital owning 450,000 shares with a fair value of $1,246,568, of the resulting issuer.

Upon closing of the Qualifying Transaction, all classes of Syncordia shares existing immediately preceding the closing were exchanged on a one-for-one basis for common shares in the resulting issuer.

The following table reflects the continuity of warrants for the years presented:

	Number of warrants	**Weighted average exercise price ($)**
Balance, March 31, 2015	**1,919,140**	**2.53**
Granted	1,666,548	2.00
Balance, March 31, 2016	**4,104,249**	**2.05**
Expired/cancelled	(518,561)	1.60
Balance, March 31, 2017	**3,585,688**	**$ 1.29**

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

12. SHARE CAPITAL - CONTINUED

As at March 31, 2017, issued and outstanding warrants are summarized as described below.

Origination of warrant	Expiry	Number of warrants	Strike price	Currency
Class B, Series 2 Preferred Shares	April 2017	44,900	$2.00	USD
Class B, Series 2 Preferred Shares	May 2017	7,200	$2.00	USD
Private Placement Shares Broker warrants[1]	June 2017	200,040	$3.00	CAD
Private Placement Shares[1]	June 2017	1,667,000	$3.30	CAD
Debt issuance cost[1] (note 14)	November 2019	1,666,548	$2.00	USD
		3,585,688		

[1]The above noted warrants have features which may impact the term of the warrants at the option of the Company, as described above.

13. LOSS PER SHARE

The weighted average number of common shares outstanding for both basic and diluted loss per share for the year ended March 31, 2017 was 19,664,080.

The effect of options and warrants outstanding was not included in the calculation of diluted loss per share as they were anti-dilutive.

14. NOTES PAYABLE

	Senior notes payable	Subordinated promissory note (note 6)	Total notes payable
Notes payable principal balance at March 31, 2015	12,000,000	-	12,000,000
Additions to notes payable principal	1,332,388	-	1,332,388
Paid-in-kind interest capitalized as at March 31, 2015	296,357	-	296,357
Deferred financing costs and discounts at March 31, 2015	(1,711,845)	-	(1,711,845)
Accretion and amortization of deferred financing costs and discounts	655,796		655,796
Subordinated promissory note from Billing Solutions acquisition (note 5)		2,000,000	2,000,000
Notes payable as at March 31, 2016	**12,572,696**	**2,000,000**	**14,572,496**

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

14. NOTES PAYABLE - CONTINUED

Notes payable as at March 31, 2016 - continued	**12,572,696**	**2,000,000**	**14,572,496**
Accrued interest		180,000	180,000
Paid-in-kind interest capitalized	271,328	-	271,328
Principal repayment	(1,346,572)	-	(1,346,572)
Accretion and amortization of deferred financing costs and discounts	662,469	-	662,469
Notes payable as at March 31, 2017	**12,159,921**	**2,184,438**	**14,344,359**
Current portion	12,159,921	-	12,159,921
Long-term portion	-	2,184,438	2,184,438
Notes payable as at March 31, 2017	**12,159,921**	**2,184,438**	**14,344,359**

On November 5, 2014, the Company issued $12,000,000 of long-term notes payable with a term and maturity date of three years. The notes bear interest at 11% per annum, whereby 9% interest is payable in cash at the end of each calendar quarter and the remaining 2% interest is capitalized with the loan principal on the subsequent day to the end of each calendar quarter. Principal repayments of $2 million are due on November 5, 2016 and May 5, 2017, with the remaining principal repayment due on maturity of the notes. The notes are secured by the assets of HSI and Syncordia and the notes are repayable without penalty at any time at the option of the Company; therefore, the carrying value of the principal approximates the fair value.

In connection with the November 5, 2014 issuance, a total of 1,500,000 warrants with an accelerated expiry date feature were issued with the notes at an exercise price of $2.00 and an expiration date of November 5, 2019. If the current market price of a common share reaches $5.00 for five consecutive trading days, the term of warrants can be accelerated at the option of the Company to require early redemption within a time period from the date the notice is provided. The fair value of the warrants determined using a binomial valuation model was $1,071,750. The significant inputs into the model were: the exercise price of $2.00, an exercise price cap of approximately $5.00, volatility of 100%, an expected dividend yield of nil%, an expected option life of 2.5 years and a risk-free interest rate of 1.07%. The fair value of the warrants has reduced the carrying value of the notes and accretion is recorded using the effective interest rate method over the term of the debt.

During the year ended March 31, 2016, the Company issued the following notes payable:

On April 24, 2015, in connection with the Paragon acquisition, the Company issued $500,000 of long-term notes payable with a term and maturity date of November 5, 2017. The notes bear interest at 11% per annum, whereby 9% interest is payable in cash at the end of each calendar quarter and the remaining 2% interest is capitalized with the loan principal on the subsequent day to the end of each calendar quarter. Principal repayments of $83,333 are due on November 5, 2016 and May 5, 2017, with the remaining principal repayment due on maturity of the notes. The notes are secured by the assets of Syncordia and the notes are repayable without penalty at any time at the option of the Company; therefore, the carrying value of the principal approximates the fair value.

On June 10, 2015, in connection with the settlement of the HSI acquisition earn-out payment, the Company issued $832,388 of long-term notes payable with a term and maturity date of November 5, 2017. The notes bear interest at 11% per annum, whereby 9% interest is payable in cash at the end of each calendar quarter and the remaining 2% interest is capitalized with the loan principal on the subsequent day to the end of each calendar quarter. Principal repayments of $138,731 are due on November 5, 2016 and May 5, 2017, with the remaining principal repayment due on maturity of the notes. The notes are secured by the assets of HSI and of Syncordia and the notes are repayable

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

15. NOTES PAYABLE - CONTINUED

without penalty at any time at the option of the Company; therefore, the carrying value of the principal approximates the fair value.

In connection with the April 24, 2015 issuance, a total of 62,500 warrants with an accelerated expiry date feature were issued with the notes at an exercise price of $2.00 and an expiration date of November 5, 2019. If the current market price of a common share reaches $5.00 for five consecutive trading days, the term of warrants can be accelerated at the option of the Company to require early redemption within a time period from the date the notice is provided. The fair value of the warrants determined using a binomial valuation model was $54,676. The significant inputs into the model were: the exercise price of $2.00, an exercise price cap of approximately $5.00, volatility of 100%, an expected dividend yield of nil%, an expected option life of 2.5 years and a risk-free interest rate of 0.66%. The fair value of the warrants has reduced the carrying value of the notes and accretion is recorded using the effective interest rate method over the term of the debt.

In connection with the June 10, 2015 issuance, a total of 104,048 warrants with an accelerated expiry date feature were issued with the notes at an exercise price of $2.00 and an expiration date of November 5, 2019. If the current market price of a common share reaches $5.00 for five consecutive trading days, the term of warrants can be accelerated at the option of the Company to require early redemption within a time period from the date the notice is provided. The fair value of the warrants determined using a binomial valuation model was $73,720. The significant inputs into the model were: the exercise price of $2.00, an exercise price cap of approximately $5.00, volatility of 36%, an expected dividend yield of nil%, an expected option life of 2.5 years and a risk-free interest rate of 0.68%. The fair value of the warrants has reduced the carrying value of the notes and accretion is recorded using the effective interest rate method over the term of the debt.

The notes are subject to certain non-financial covenants related to continuous reporting requirements of financial results of the Company. The Company is in compliance with all non-financial covenants as at March 31, 2016.

On November 4, 2016, the Company obtained a waiver from the senior lender to modify the timing of principal repayments. The November 2016 principal payment was reduced from $2,222,065 to $1,346,572. The difference of $875,493 was scheduled to be paid along with the May 2017 principal repayment. In May 2017, the Company obtained the May 2017 Waiver (see note 1) and these principal payments have yet to be made. The Company incurred a fee of 2.5% on the then remaining original principal, or approximately $299,645 which is payable at the end of the term or upon settlement of the debt and is accounted for as an expense in the current period.

The acquisition of Billing Solutions was funded, in part, through a promissory note payable held by the former owner of Billing Solutions (see note 5). The note has a two-year term, bears interest at 9% per annum, and is subordinated to the Company's senior notes payable. Interest is payable on maturity of this note. It is also subject to certain claw back provisions as described in note 5. The subordinated promissory note has a fair value of $2,000,000 as at March 31, 2017.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

16. SHARE-BASED COMPENSATION

The Company adopted a share option plan on for certain employees, officers, directors and non-employees.

During the year ended March 31, 2017, the Company granted 1,040,032 stock options to certain employees. Options granted under the plan vest one third after the first anniversary of the grant date and the remaining two thirds vest quarterly over the following two years. Upon vesting, each option entitles the holder to purchase one common share at the option strike price at any time on or before the expiry date of the option. The Company has no legal or contractual obligation to repurchase or settle the options in cash. Charitable options issued by the Company are fully vested upon issuance.

The Company's outstanding and exercisable options as at March 31, are as follows:

	2017		2016	
Common share options	**Options**	**Weighted average exercise price**	Options	Weighted average exercise price
Balance - April 1	**1,026,081**	**1.27**	473,850	1.49
Options granted	**1,040,032**	**1.50**	664,000	1.14
Reverse Takeover options	**-**	**-**	64,501	1.58
Options exercised	**-**	**-**	-	-
Options expired	**-**	**-**	-	-
Options cancelled/forfeited	**(138,000)**	**-**	(176,270)	-
Balance – March 31	**1,928,113**	**1.53**	1,026,081	1.27

The weighted average remaining contractual life and exercise price of options outstanding as at March 31, 2017, are as follows:

Exercise price	**Number Outstanding**	**Weighted average contractual life (years)**	**Number Exercisable**
1.00 - 1.49	1,572,612	4.4	200,317
1.50 - 1.99	321,501	2.8	235,834
2.00 - 2.49	34,000	3.1	25,667
	1,928,113	3.96	467,818

The fair value of the 15,000 options granted on August 22, 2016, with exercise price of Canadian $1.50 (US$1.08) was estimated to be $0.19 per share using the Black-Scholes valuation model. The significant inputs into the model were: exercise price of Canadian $1.50, volatility of 100%, an expected dividend yield of nil%, an expected option life of five years and a risk-free rate of 0.62% based on the date of the grant. The contractual life of the options is five years.

On August 26, 2016, shareholders of the Company approved a previously-issued RSU plan. In September 2016, the sole participant in the plan left the Company, and exercised all vested RSU units, amounting to 37,500 common shares. All remaining RSUs were forfeited and cancelled. The participant in the plan, the former Chief Financial Officer, was granted 90,000 RSUs in May 2015 vesting one third after the first anniversary of the grant date and the remaining two thirds vesting quarterly over the following two years. Prior to obtaining shareholder approval for a share-based RSU plan, the arrangement was accounted for as a cash-settled plan.

The fair value of the 1,025,032 options granted on November 30, 2016 at Canadian $1.50 (US$1.12) was determined using the Black-Scholes valuation model and was estimated to be $0.13 per share. The significant inputs into the model were: exercise price of Canadian $1.50, volatility of 100%, an expected dividend yield of nil%, an expected option life of five years and a risk free rate of 0.62% based on the date of the grant. The contractual life of the options is five years.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

15. SHARE-BASED COMPENSATION - CONTINUED

The fair value of the 30,000 options granted on April 20, 2015 at $2.00 determined using Black-Scholes valuation model was estimated to be $1.49 per share. The fair value of 9,000 charitable options granted at Canadian $3.00 (US$2.44) during the period using the Black-Scholes valuation model was estimated to be $0.80 per share. The significant inputs into the model were: exercise price, volatility in the range of 36% - 100%, an expected dividend yield of nil%, an expected option life of five years and risk-free interest rates in the range of 0.90% - 1.08% based on the date of grant. The contractual life of the options is ten years.

The fair value of the 625,000 options granted on February 16, 2016 at Canadian $1.50 (US$1.08) determined using the Black-Scholes valuation model was estimated to be $0.002 per share. The significant inputs into the model were: exercise price of Canadian $1.50, volatility of 36%, an expected dividend yield of nil%, an expected option life of five years and a risk free rate of 0.51% based on the date of the grant. The contractual life of the options is five years.

In connection with the Reverse Takeover, options issued by LL Capital to its directors, agents, and charities were exchanged for 64,501 options in the Company. These options are fully-vested and have remaining terms ranging from 0.8 to 9.4 years. The Reverse Takeover options were taken into consideration in the transaction costs expense related to the Reverse Takeover (note 6).

An expense of $60,138 (2016- $89,837) for share options and cash-settled restricted stock units granted to certain officers, employees, and charities is recognized in operating expenses in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2017.

16. INCOME TAXES

a. The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5%)2016 – 26.5%) to the effective rate is as follows:

	2017	2016
	$	$
		Restated (note 9)
Net loss from continuing operations before recovery of income taxes	(18,394,509)	(3,641,790)
Expected income tax recovery	(4,874,545)	(965,074)
Adjustments:		
Differences in foreign tax rates	(671,326)	319,022
Tax rate changes and other adjustments	(1,467)	(233,367)
Share based compensation and non-deductible expenses	14,854	124,984
Changes in tax benefits not recognized	5,174,038	363,296
Income taxes recovery	(385,446)	(391,139)

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

16. INCOME TAXES - CONTINUED

Provision for (recovery of) income taxes consists of the following:

	2017	2016
	$	$ **Restated (note 9)**
Current	(757,685)	59,424
Deferred	372,239	(450,563)
Income tax expense	(385,446)	(391,139)

Deferred tax

The following table summarizes the components of deferred tax:

	2017	2016
	$	$ **Restated (note 9)**
Deferred tax assets		
Goodwill – USA	**(322,940)**	-
Net operating losses- USA	**350,820**	55,547
Non-capital losses carried forward – Canada	**65,050**	173,453
Other – USA	**-**	441,454
Deferred Tax liabilities	**-**	173,551
Property, plant and equipment	**(27,880)**	(124,762)
Warrants – Canada	**(65,050)**	(173,453)
Net deferred tax asset	**-**	372,239

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

	2017	2016
	$	$ **Restated (note 9)**
Movement in net deferred tax liabilities:		
Balance at the beginning of the year	**(372,239)**	**-**
Recognized in profit and loss	**372,239**	**-**
Prior year deferred tax asset from continuing operations	**-**	(372,239)
Balance at the end of the year	**-**	(372,239)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect to the following deductible temporary differences

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

16. INCOME TAXES - CONTINUED

	2017	2016
	$	$
Property, plant and equipment - Canada	44,640	12,983
Intangible Assets - Canada	369,650	407,462
Compounded interest - Canada	567,690	267,472
Share issuance costs - 20(1)(e) - Canada	955,750	1,020,336
Schedule 13 Reserves - Canada	15,940	-
Non-capital losses carried forward - Canada	5,064,370	2,567,399
Unrealized foreign exchange - Canada	-	708,025
Other - Ireland	4,630	179,319
Intangible Assets - Ireland	5,206,590	1,619,656
Non-capital losses carried forward - Ireland	207,950	
Goodwill - USA	7,864,160	-
Accruals - USA	464,150	-
Charitable donations carry forward - USA	26,000	-

The Canadian non-capital loss carry forwards begin to expire in 2035. Share issuance and financing costs will be fully amortized in 2022. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future profit will be available against which the group can utilize the benefits therefrom.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

17. FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities and holdback payable, the fair value of which approximates carrying value due to the short-term nature of these instruments. Notes payable are initially recorded at fair value and subsequently at amortized cost. As the notes are repayable at any time at the option of the Company without penalty, the carrying value of the principal approximates the fair value.

Liquidity risk

Liquidity risk is the risk the Company will not have the financial resources required to meet its financial obligations as they come due. The Company manages this risk by ensuring it has sufficient cash on hand to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at March 31, 2017, the Company had cash and cash equivalents of $562,647.

Interest rate risk

Interest rate risk is the risk the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash balances, other assets, accounts payable, accrued liabilities and notes payable have fixed interest rates and are not directly impacted by variable interest rates.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a loss to another party by failing to pay for its obligations. The Company is subject to credit risk with respect to its cash balances and accounts receivable. The Company mitigates credit risk by depositing cash with a Canadian schedule I chartered bank in Canada and large financial institutions outside of Canada and monitors their credit ratings.

Based on its past experience, the Company believes that the credit risk associated with its accounts receivable is low. The Company generally does not require collateral for its accounts receivable. Its trade accounts receivable are not concentrated with any specific customers but rather with a broad range of customers. The Company establishes an allowance for doubtful accounts for receivables deemed uncollectible. The allowance for doubtful accounts amount is based on past experience of amounts considered to have uncertain collectability.

18. COMMITMENTS

As at March 31, 2017, the Company had various operating leases, primarily for office rent and equipment, with remaining terms of more than one year. These leases have minimum annual aggregate commitments as follows:

2018	508,817
2019	527,793
2020	503,398
2021	506,050
2022 and thereafter	435,017
Total	2,481,075

The Company has obligations and commitments relating to its notes payable as described in note 14.

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

19. NATURE OF EXPENSES

The nature of expenses included in cost of sales, operating expenses and transaction costs are as follows:

Year ended	**March 31, 2017**	March 31, 2016 Restated
	$	$
Salaries and benefits	**6,632,995**	7,767,031
Transaction costs	**32,909**	1,946,009
Professional fees	**850,920**	743,337
Rent and facilities	**363,535**	418,794
Information technology	**415,006**	364,204
Travel costs	**185,666**	256,340
Other	**524,300**	1,238,739
	9,015,331	12,734,454
Discontinued operations (note 9)	**5,202,709**	1,422,314
Total	**14,218,040**	14,156,768

20. RELATED PARTY TRANSACTIONS

For the year period ended March 31, 2017, the Company paid compensation to key management personnel which are recognized as an expense during the reporting period.

Year ended	**March 31, 2017**	March 31, 2016
	$	$
Salaries and benefits	865,079	936,582
Share based compensation	15,454	30,919

Of the $12,000,000 notes payable and related warrants issued on November 5, 2014, $1,000,000 are held by a company controlled by a former member of the Board of Directors of Syncordia. Of the 1,500,000 warrants issued with the notes payable, 125,000 were issued to related parties.

Of the $500,000 notes payable and related warrants issued on April 24, 2015 in connection with the Paragon acquisition, $250,000 of the notes payable and 31,250 warrants are held by a company controlled by a former member of the Board of Directors of Syncordia.

The $250,000 hold back payment paid on April 24, 2016 in respect of the Paragon acquisition was made to the Chief Executive Officer and Chief Strategy Officer of the Company, who were formerly the controlling shareholders of Paragon.

21. ECONOMIC DEPENDENCE

The Company earns a significant portion of its revenue from two customer groups. Revenue recognized from these customer groups for the years end March 31, 2017 and 2016 and the associated outstanding receivable, are as follows:

	March 31, 2017		March 31, 2016 Restated	
	$	**%**	$	%
Revenue	**3,343,084**	**50.9**	9,250,371	77.7
Accounts receivable	**223,048**	**35.5**	641,633	57.4

Syncordia Technologies and Healthcare Solutions, Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2017 and 2016

22. SEGMENT INFORMATION

The Company's Chief Executive Officer ("CEO") has been identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on information provided by the Company's internal management system. The Company has determined that it has three operating segments: RCM, Platform Syncordia and Corporate.

As at March 31, 2017 the RCM business segment is comprised of HSI, located in Santa Rosa, California, Paragon, located in Edina, Minnesota and Billing Solutions, located in Prescott, Arizona with the operating activities from Paragon and Billing Solutions classified as discontinued operations (note 9).

The Platform Syncordia business segment is located in Mullingar, Ireland and acts as a centre supporting the Company's intellectual property and where research and development activities are conducted. The business objectives of the Platform Syncordia include supporting the deployment and operation of acquired intellectual property, and to enhance and further develop the Cloud technology platform.

The Corporate business segment is comprised of executive management offices based in Toronto, Ontario and Wilmington, North Carolina and oversees corporate development, investor relations and corporate finance activities. Below are the results by segment for the years ended March 31, 2017 and 2016.

Year ended and as at March 31, 2017

	RCM	**Syncordia Platform**	**Corporate**	***Eliminations***	**Total**	**Discontinued operations (note 9)**
Revenue	6,599,364	2,402,685	-	(2,438,588)	6,563,461	7,765,432
Cost of sales and operating costs	(7,660,346)	(1,537,079)	(2,866,536)	3,082,456	(8,981,505)	(5,202,709)
Transaction costs		-	(33,826)	-	(33,826)	-
Amortization	(413,401)	(2,422,378)	(270,494)	-	(3,106,272)	(1,092,521)
Interest expense		(850,000)	(1,497,767)		(2,347,767)	-
Impairments	(8,145,882)	(2,342,717)	-	-	(10,488,599)	-
Income before taxes	**(9,620,265)**	**(4,749,489)**	**(4,668,623)**	**643,868**	**18,394,509**	**1,470,202**
Deferred income tax recovery	-	-	757,685	-	757,685	200,711
Current income tax expense	-	-	(372,239)	-	(372,239)	(757,685)
Income (loss)	**(9,620,265)**	**(4,749,489)**	**(4,283,177)**	**643,868**	**18,009,063**	**913,228**
Goodwill	-	-	-	-	-	5,001,229
Non-current assets	75,770	10,839,687	55,363,575	(58,447,848)	7,831,185	7,962,717
Total assets	1,243,550	10,895,052	55,507,674	(58,447,848)	9,198,429	14,844,493
Total liabilities	600,465	10,081,054	15,546,796	(10,000,000)	16,228,315	3,109,268

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

23. SEGMENT INFORMATION - CONTINUED

Year ended and as at March 31, 2016

	RCM	**Syncordia Platform**	**Corporate**	***Eliminations***	**Total**	**Discontinued operations (note 9)**
Revenue	11,900,955	3,813,206	300,000	(4,113,206)	11,900,955	1,987,339
Gain on settlement of contingent liability	-	-	1,111,342	-	1,111,342	-
Cost of sales and operating costs	(9,893,832)	(1,515,774)	(975,877)	1,597,038	(10,788,445)	(1,422,314)
Transaction costs	-	(29,881)	(1,916,128)	-	(1,946,009)	-
Amortization	(371,616)	(2,396,890)	113,798	-	(2,654,708)	(429,718)
Interest expense	(2,246)	(852,329)	(1,019,338)	-	(1,873,913)	-
Impairments	-	-	-	-	-	-
Change in fair value derivative liability	-	-	608,987	-	608,987	-
Income before taxes	**1,633,261**	**(981,668)**	**(1,777,216)**	**(2,516,168)**	**(3,641,791)**	**135,307**
Deferred income tax recovery	-	-	409,708	-	409,708	-
Current income tax expense	-	(18,569)	-	-	(18,569)	-
Income (loss)	**(1,633,261)**	**(1,000,237)**	**(1,367,508)**	**(2,516,168)**	**(3,250,652)**	**135,307**

Revenue from external customers is assigned to geographic areas based on the location of the customers. For the years ended March 31, 2017 and 2016, all revenue earned was from customers located in the United States.

24. DERIVATIVE FINANCIAL LIABILITY

The change in value of the warrants totaling $nil (2016 - $608,987) has been recorded as a gain on derivative financial liability in the Consolidated Statements of Loss and Comprehensive Loss. The warrants are denominated in Canadian dollars which is different than the functional currency of the Company (US dollars). Under IFRS, the conversion feature is treated as a derivative financial liability and the fair value movement during the period is recognized in the Statement of Loss and Comprehensive Loss.

Fair value changes incorporate movement in the fair value of inputs and as the warrants are exercised or expire, these changes will be reflected in the consolidated statement of financial position and consolidated statement of loss and comprehensive loss. The fair value of the warrants was determined using a binomial model with inputs as described below:

Syncordia Technologies and Healthcare Solutions, Corp.
Notes to the Consolidated Financial Statements
For the years ended March 31, 2017 and 2016

24. DERIVATIVE FINANCIAL LIABILITY - CONTINUED

Value of warrants classified as derivative financial liability	Grant date and at June 30, 2015	As at March 31, 2017	As at March 31, 2016
Exercise price (Canadian dollars)	$3.30	$3.30	$3.30
Share price (Canadian dollars)	$3.00	$0.24	$0.39
Risk-free interest rate	0.56%	0.73%	0.54%
Expected volatility	36%	36%	36%
Term	2 years	1.3 years	1.3 years
Expected life	1 year	0.25 year	1 year
Expected dividend yield	Nil	Nil	Nil
Value (US dollars)	$608,987	$0	$0

25. SUBSEQUENT EVENTS

Expiry of warrants

(i) The following warrants expired subsequent to year end:

Origination of warrant	**Expiry**	**Number of warrants**	**Strike price**	**Currency**
Class B, Series 2 Preferred Shares	April 2017	44,900	$2.00	USD
Class B, Series 2 Preferred Shares	May 2017	7,200	$2.00	USD
Private Placement Shares Broker warrants[1]	June 2017	200,040	$3.00	CAD
Private Placement Shares[1]	June 2017	1,667,000	$3.30	CAD

(ii) On July 14, 2017, the Company entered into a forbearance agreement with the Consortium. See further details in note 2.

(iii) On June 20, 2017 an action was filed against Paragon for breach of a service agreement. Management is currently evaluating this matter and, together with legal counsel and other experts, assessing its potential options and alternatives with respect to these allegations.

26. COMPARATIVE FIGURES

The items of the statement of loss for the year ended March 31, 2016 have been reclassified to net loss from discontinued operations, net of tax.