Syncordia
Technologies and Healthcare Solutions

Syncordia Technologies and Healthcare Solutions, Inc.

2015 Management's Discussion and Analysis of
Financial Condition and Results of Operations

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the consolidated financial statements and related notes for the year ended March 31, 2015 have been prepared by management of Syncordia Technologies and Healthcare Solutions, Inc. ("Syncordia" or the "Company"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and, where appropriate, reflect management's best estimates and judgments. Where alternative accounting methods exist, management has chosen those methods considered most appropriate in the circumstances. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality, and for maintaining a system of internal controls over financial reporting. The consolidated financial statements have been audited by the Company's independent auditors, PricewaterhouseCoopers LLP, Chartered Accountants, and their report is provided herein.

BASIS OF PRESENTATION

The following MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended March 31, 2015 which are available on SEDAR under the profile of Syncordia Technologies and Healthcare Solutions, Corp. ("Syncordia Corp.") at www.sedar.com.

The Company prepared its consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The policies applied in the Company's consolidated financial statements are based on IFRS policies effective as at July 28, 2015, the date of this MD&A. The audited consolidated financial statements and related notes for the year ended March 31, 2015 of the Company have been reviewed and approved by the sole director of the Company.

We use certain non-IFRS financial performance measures in this MD&A For a detailed reconciliation of each non-IFRS measure used in this MD&A, please see the discussion in Section 12 of this MD&A. In this MD&A, all currency amounts (except per unit amounts) are in thousands and, unless otherwise stated, are in thousands of United States dollars ("US Dollars").

This document contains forward-looking statements, which are qualified by reference to, and should be read together with, the Forward-looking Statements section of this MD&A.

Unless the context otherwise requires, all references to "Syncordia", "Company", "our", "us", and "we" refers to Syncordia and its subsidiaries. Additional information regarding the Company is available on SEDAR at www.sedar.com, under the profile of Syncordia Corp.

1. OUR BUSINESS AND GROWTH STRATEGY

A summary of our business and growth strategy

Business Overview

We are a technology enhanced revenue cycle management ("RCM") company focused on underserved niche segments of the healthcare industry. The healthcare RCM industry consists of companies that provide software solutions, enabling technologies, transaction processing, and staff and patient management applications to healthcare industry stakeholders such as health regions, healthcare facilities, providers, payors, and patients in order to reduce costs, increase revenue, and improve quality of workflow. RCM companies are tasked with ensuring the application of correct billing codes and insurance company submissions so that the healthcare provider is paid for services and/or the patient is reimbursed. Based on disclosure from public companies, on average 3.5% to 8.0% of cash collected on behalf of the healthcare provider is paid to the RCM company (although in some cases rates can be more or less than this range). The market currently relies on paper and off-the-shelf software solutions that are not catered to the growing complexity of the revenue cycle. We plan to take advantage of this opportunity to become a leading RCM solution provider by bringing simplicity and state-of-the-art solutions to this complex supply chain.

Our growth strategy is to acquire RCM businesses with and without software, and improve their profitability by increasing revenue and operating efficiencies using our software. In time, we anticipate commercializing Syncordia Cloud, our cloud-based software offering, to provide customer demanded turn-key solutions from a single provider and to address compelling RCM market opportunities. Our reporting segments and their respective growth strategies are set forth below.

RCM

Our RCM business segment focuses on the acquisition and management of RCM service providers, primarily medical billing companies, serving various niche markets in the healthcare industry. We are initially focused on acquiring businesses that support emergency medical services ("EMS") companies that provide transportation services (air and ground), behavioural health, and in time, other niche market segments that we believe are highly fragmented and underserved by existing solutions. Our RCM business is based in Santa Rosa, California and Edina, Minnesota.

We believe that our strong industry relationships, developed over a number of years, uniquely position us to identify and acquire RCM businesses on attractive terms. Once acquired, we believe we can increase the profitability of these businesses by revenue growth (sales generation and cross-selling) and implementing operational efficiencies. We acquired our first EMS medical billing business, Health Services Integration, Inc. ("HSI"), effective October 31, 2014. Subsequent to our year-end, we acquired Paragon Billing, LLC ("Paragon"), a leading provider of behavioural health medical billing and electronic health records ("EHR").

Syncordia Cloud

Our Syncordia Cloud business segment is developing a turn-key suite of cloud-based RCM software modules, such as patient management, scheduling, claims management, billing, analytics, work flow processing, electronic patient care records, electronic medical records and electronic health records, to address a number of RCM market opportunities and provide software for the broader RCM supply chain. In time, we anticipate providing our Syncordia Cloud offering to both our existing RCM businesses and third parties on a global basis. Our Syncordia Cloud business segment is based in Dublin, Ireland providing a gateway to Europe and beyond.

Our RCM and Syncordia Cloud business segments run autonomously but are interrelated.

Corporate

Our Corporate business segment is comprised of our executive management offices based in Toronto, Ontario and Wilmington, North Carolina.

History

Qualifying Transaction

We were incorporated on January 14, 2014 pursuant to the *Canada Business Corporations Act.* On June 29, 2015, LL Capital Corp. (now named Syncordia Technologies and Healthcare Solutions, Corp.) completed its qualifying transaction (the "Qualifying Transaction") consisting of the acquisition of all the issued and outstanding common shares, class A preferred shares and class B preferred shares in the capital of the Company by way of a "threecornered" amalgamation pursuant to the provisions of the *Canada Business Corporations Act* (the "Amalgamation"), whereby a wholly owned subsidiary of LL Capital Corp. amalgamated with Syncordia and each Syncordia shareholder received one common share in the capital of LL Capital Corp. for every share of Syncordia held by them.

The Qualifying Transaction resulted in a reverse takeover of LL Capital Corp. by the shareholders of Syncordia. Upon completion of the Amalgamation, the shareholders of Syncordia held 97.7% of the outstanding shares in the capital of LL Capital Corp. Immediately prior to the completion of the Qualifying Transaction, LL Capital Corp. changed its name to Syncordia Technologies and Healthcare Solutions, Corp.

LL Capital's shares were delisted from the TSX Venture Exchange and the common shares of Syncordia Corp. were listed for trading on the TSX Venture Exchange under the symbol "SYN" on July 8, 2015. Further details on the Qualifying Transaction are set out in the filing statement of LL Capital Corp. dated June 25, 2015 available under Syncordia Corp.'s profile at www.sedar.com.

Financings and Acquisitions

Equity Financing

Since our incorporation, we have raised $27,176 in equity, as set forth below.

On June 19, 2015, we completed a private placement (the "Private Placement") of 3,334,000 subscription receipts ("Syncordia Subscription Receipts"), comprised of: (i) 2,667,000 Syncordia Subscription Receipts at a price of CDN$3.00 per Syncordia Subscription Receipt for gross proceeds of CDN$8,001; and (ii) an additional 667,000 Syncordia Subscription Receipts at the same price for gross proceeds of CDN$2,001, issued pursuant to the full exercise of an option granted to National Bank Financial Inc. and Mackie Research Capital Corporation (collectively, the "Underwriters") by Syncordia (the "Underwriters' Option"). Each Syncordia Subscription Receipt was exchanged for one common share and one-half of one common share purchase warrant prior to the Amalgamation. Pursuant to the Amalgamation, such common shares were exchanged for common shares of Syncordia Corp. on a one for one basis and each whole warrant now converts to one common share of Syncordia Corp. at an exercise price of CDN$3.30 until June 19, 2017. Given the full exercise of the Underwriters' Option, the total gross proceeds to us from the Private Placement were $7,876 (CDN$10,002). In connection with the Syncordia Subscription Receipt offering, we incurred approximately $600 of share issuance costs and issued 200,040 warrants to the Underwriters. Each warrant entitled the holder thereof to purchase one common share of the Company at a price of CDN$3.00 per share at any time on or before June 19, 2017. Pursuant to the Amalgamation, such warrants are now exercisable for common shares of Syncordia Corp. on a one for one basis. For both the subscription receipt and Underwriter warrants, pursuant to the terms of the subscription receipts, if the volume weighted average closing price of the underlying common shares equals or exceeds CDN$4.00 for 20 consecutive trading days, then the warrants must be exercised or will expire thirty days after notice of such event.

Between April 24, 2015 and May 6, 2015, we issued 1,702,500 Class B, series 2 preferred shares at $2.00 per share for gross proceeds of $3,405. In connection with the Class B, Series 2 equity offering, we incurred $284 of share issuance costs and issued 52,100 warrants to a broker between April 24, 2015 and May 1, 2015. Each warrant entitled the holder thereof to purchase one Class B, series 2 preferred shares at a price of $2.00 per share on or before expiry dates ranging from April 24, 2017 and May 6, 2017. Pursuant to the Amalgamation, such warrants are now exercisable for common shares of Syncordia Corp. on a one for one basis.

Between November 5, 2014 and February 11, 2015, we issued 7,747,135 Class B, series 1 preferred shares at $1.60 per share for gross proceeds of $12,395. In connection with the Class B equity offering, we incurred $829 of share issuance costs and issued 273,561 warrants to brokers on November 5, 2014 and granted 250,000 incentive stock options to a director who assisted in facilitation of the Class B equity offering. Each warrant entitled the holder thereof to purchase one Class B, series 1 preferred shares at a price of $1.60 per share at any time on or before November 5, 2016. The incentive stock options are exercisable at a price of $1.60 per share, vest over a period of three years and expire on the tenth anniversary of the date of grant. One third of the incentive stock options vest on the first anniversary date of the grant and the remaining two thirds vest on a quarterly basis over the next two years in accordance with the terms of our incentive stock option plan. Pursuant to the Amalgamation, such warrants and incentive stock options are now exercisable for common shares of Syncordia Corp. on a one for one basis.

Between May 5, 2014 and August 21, 2014, we issued 3,500,000 Class A preferred shares at $1.00 per share for gross proceeds of $3,500. In connection with the Class A preferred share offering we incurred $38 of share issuance costs and issued 245,000 broker warrants to a Syncordia director as compensation related to the equity raise. Each warrant entitled the holder to purchase one Class A preferred share of Syncordia at a price of $1.60 per share at any time on or before August 1, 2016. Pursuant to the Amalgamation, such warrants are now exercisable for common shares of Syncordia Corp. on a one for one basis.

Debt Financing

Since inception, we have raised a total of $13,332 in debt led by Dean's Knight Capital Management Ltd., as follows:

On November 5, 2014, we issued $12,000 of secured long-term notes payable (the "notes") 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% of interest is capitalized with the loan principal on a quarterly basis on the subsequent day after quarter end. An aggregate of 1,500,000 common share purchase warrants were issued in conjunction with the notes at an exercise price of $2.00 per share having a five-year expiration date. Pursuant to the Amalgamation, such warrants are now exercisable for common shares of Syncordia Corp. on a one for one basis. Pursuant to the terms of the warrants, if the price of the underlying common shares listed on certain stock exchanges is greater than $5.00 for five consecutive trading days, we may provide notice to the holders of such warrants that the warrants will expire between 30 and 60 days after the date on which such notice is given. Any warrants remaining unexercised after the expiration of such accelerated expiry time will be cancelled and of no further force or effect. The fair value of the warrants, as at November 5, 2014, was determined using an adjusted binomial pricing model to be $1,072 and has reduced the carrying value of the notes with accretion recorded 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. In the event of a loss of a principal significant customer contract, certain financial metrics would become effective as defined in the note purchase agreement. We incurred $725 of financing costs associated with the note issuance and these deferred financing costs are being amortized over the three year term of the notes.

On April 24, 2015, $500 was added to our notes as part of the financing structure for the acquisition of Paragon. An additional $832 was added to our notes on June 10, 2015, to fund the remaining portion of the HSI acquisition. These additions to the notes had no impact on the term and maturity date of the obligation.

Principal repayments of $2,222 are due on each of November 5, 2016 and May 5, 2017 with the remaining principal repayment due on maturity of the notes on November 5, 2017.

Acquisitions

On October 31, 2014, we acquired 100% of the share capital of HSI for a total purchase price of $24,167. The HSI acquisition represented our first portfolio company and entrance into the EMS market segment. HSI's proprietary software acquired has unique data analytics used to simplify and streamline the RCM process in the industry.

On April 24, 2015, we acquired 100% of the membership units of Paragon for a total purchase price of $4,000. This acquisition enabled our entry into the behavioural health market and proprietary EHR software.

Industry Overview

Healthcare is a large and growing component of the US economy. According to data from the Centers for Medicare and Medicaid Services ("CMS"), expenditures in 2013 totaled $2.9 trillion, representing a 5.9% compound annual growth rate since 2000. CMS has projected that US healthcare spending will continue to grow at an annual rate of 5.7% through 2023.

In the United States, patients and medical providers are reimbursed by Medicare, Medicaid and thousands of other private insurance companies for medical services provided. Our RCM business allows healthcare service providers to be reimbursed promptly and in full for their services. The North American RCM market is continuing to grow reflecting a continued investment in information technology. According to MicroMarketMonitor's North America Revenue Cycle Management Market Analysis & Forecast to 2020 report, the North American RCM market was $18.3 billion in 2014 and is expected to reach $36.1 billion by 2020, representing a compound annual growth rate ("CAGR") of 12.0% over the period. Additionally, the report describes the cloud-based segment of RCM to be the fastest growing segment with a CAGR of 12.6% from 2013 to 2020.

2. OVERALL PERFORMANCE

A discussion of our overall performance for 2015

This section provides a discussion of our financial performance based on our consolidated financial statements. All references in per share amounts pertain to Adjusted EBITDA per share and are presented on a consolidated basis.

Syncordia Technologies and Healthcare Solutions, Inc.

Summary Financial Analysis

(in thousands of US Dollars, except per share amounts)	**2015**	**2014**
Revenue	4,392	-
Gross margin (i)	2,884	-
% of Revenue	*66%*	-
Adjusted EBITDA before Corporate costs (ii)	1,289	-
Corporate costs (iii)	1,577	-
Adjusted EBITDA (iv)	(288)	-
% of Revenue	*(7)%*	-
per share - Basic	(0.03)	-
per share - Diluted	(0.03)	-
Cash and cash equivalents as at March 31	2,842	0.003
Debt/Equity Ratio as at March 31	0.80:1	-

Notes:

(i) Non-IFRS measure, gross margin above excludes amortization of intellectual property, customer lists and other amortizations.

(ii) Non-IFRS measure, Adjusted EBITDA before corporate costs, see Section 12.

(iii) Non-IFRS measure, Corporate costs above excludes stock based compensation and amortization.

(iv) Non-IFRS measure, Adjusted EBITDA, see Section 12.

Highlights for 2015 compared to the seventy-seven day comparative period ended March 31, 2014

We were formed on January 14, 2014 and had no operational activities for the 77 day period to March 31, 2014, other than the issuance of three million common shares for an aggregate value of $3.00. Our operating results for 2015 reflect five months of operations of HSI, acquired effective October 31, 2014 and a gradual scale-up of our corporate costs.

Revenue was $4,392, and were split between air transportation client billings of $3,764, ground transportation client billings of $321 and other revenue streams of $307.

Gross margin was $2,884 or 66% of Revenue.

Adjusted EBITDA before Corporate costs was $1,289 for the five months of operations of the RCM business segment.

Corporate costs were $1,577, which include salaries and benefits, professional fees and costs associated with establishing the Company.

Adjusted EBITDA was negative $288 reflecting Adjusted EBITDA of $1,289 from our RCM business offset by $1,577 of Corporate costs.

3. OPERATING RESULTS

A discussion of our segmented performance for 2015

We monitor the business and report our results in the following business segments: Revenue Cycle Management or RCM; Syncordia Cloud; and Corporate. See Section 1 – "Our Business and Growth Strategy" for a description of our business segments.

Revenue Cycle Management

Selected Financial Information

(in thousands of US Dollars)	2015	2014
Revenue	4,392	-
Gross margin (i)	2,884	-
% of Revenue	66%	-
Operating Expenses		
General and Administrative (ii)	1,061	-
Sales and Marketing	282	-
Research and Development	-	-
Total Operating Expenses	1,343	-
Adjusted EBITDA (iii)	1,571	-
% of Revenue	36%	-

Notes:

(i) Non-IFRS measure, gross margin above excludes amortization of intellectual property, customer lists and other amortizations.

(ii) Non-IFRS measure, general and administrative expenses excludes stock based compensation and amortization.

(iii) Non-IFRS measure, Adjusted EBITDA, see Section 12.

Revenue was $4,392 reflecting five months of operating results for HSI, reflecting $3,764 from air transportation client billings and $321 from ground transportation client billings and $307 from other revenue streams.

Gross margin was $2,884, or 66% of Revenue.

Operating expenses increased $1,343 representing five months of operating expenses of HSI segmented between $1,064 of general and administrative expenses and $282 of sales and marketing activities.

Adjusted EBITDA was $1,571 representing 36% of Revenue.

Syncordia Cloud

Selected Financial Information

(in thousands of US Dollars)	2015	2014
Operating Expenses		
General and Administrative (i)	282	-
Sales and Marketing	-	-
Research and Development	-	-
Total Operating Expenses	282	-
Adjusted EBITDA (ii)	(282)	-
% of Revenue	-	-

Notes:

(i) Non-IFRS measure, general and administrative expenses excludes stock based compensation and amortization.

(ii) Non-IFRS measure, Adjusted EBITDA, see Section 12.

During 2015, we established our Syncordia Cloud business segment and incurred $282 in general and administrative costs related primarily to salaries and benefits, and professional fees to commence operations in Dublin, Ireland.

Research and development activities commenced in the first quarter of 2015 and are being expensed reflecting a conservative approach by management. However, management believes the research and development costs associated with the Syncordia Cloud will have future value.

Corporate

Selected Financial Information

(in thousands of US Dollars)	2015	2014
Operating Expenses		
General and Administrative (i)	1,577	-
Sales and Marketing	-	-
Research and Development	-	-
Total Operating Expenses	1,577	-
Adjusted EBITDA (ii)	(1,577)	-
% of Revenue	-	-

Notes:

(i) Non-IFRS measure, general and administrative expenses excludes stock based compensation and amortization.

(ii) Non-IFRS measure, Adjusted EBITDA, see Section 12.

Our Corporate business segment is comprised of our executive management offices based in Toronto, Ontario and Wilmington, North Carolina and oversees our corporate development, investor relations and corporate finance activities.

Corporate costs were $1,577 consisting mainly of salaries and benefits, professional fees and other costs incurred to start up our business activities. We operate under a lean philosophy and expect our Corporate costs to decline as a percentage of our RCM segment revenue in future periods.

In 2015, our Board of Directors engaged an independent advisory firm to assist the Board of Directors establish an executive compensation framework to ensure that we are able to attract and retain the necessary expertise to manage our business.

4. FINANCIAL CONDITION

A discussion of the significant changes in our Consolidated Balance Sheets

Syncordia Technologies and Healthcare Solutions, Inc.

Summary Consolidated Balance Sheets

(in thousands of US Dollars)

	2015	2014
Cash and cash equivalents	2,842	0.003
Current assets	4,919	0.003
Total assets	27,059	0.003
Trade accounts payable and accrued liabilities	1,135	-
Notes payable	10,484	-
Total equity	13,119	0.003

Cash and cash equivalents increased $2,842 reflecting $15,781 of gross amounts raised through equity and $12,000 of gross notes payable partially offset by $24,167 used to purchase HSI. Other cash uses during the financial year ending March 31, 2015 were $772. Subsequent to year end, we raised gross proceeds of CDN$10,002 from the Private Placement.

Current assets increased $4,919 reflecting cash and cash equivalents of $2,842, trade accounts receivable of $1,931 and other assets of $145. Total assets increased $27,059, including $14,000 of fair value of acquired intellectual property from HSI less amortization and $3,032 of fair value of acquired customer lists from HSI less amortization.

Trade accounts payable and accrued liabilities increased $1,135 reflecting liabilities arising in the normal course of operations in 2015.

Notes payable increased $10,484 and relate to debt issued to finance the HSI acquisition and are presented net of related debt issuance costs incurred.

Total equity increased $13,119 reflecting $15,781 of gross amounts raised through equity, contributed surplus of $1,627, offset by $1,394 of share issuance costs and $2,895 net losses for 2015.

Debt to equity ratio was 0.80:1 as at March 31, 2015.

5. COMPARATIVE RESULTS SUMMARY

A summary view of our financial performance

The following table highlights changes of selected financial information from our financial statements previously issued for the nine month period from April 1, 2014 to December 31, 2014 and the twelve month fiscal year from April 1, 2014 to March 31, 2015.

Syncordia Technologies and Healthcare Solutions, Inc.

Selected Comparative Financial Information

(in thousands of US Dollars)	For the twelve months ended March 31 2015	For the nine months ended December 31 2014	Change	% Change
Revenue	4,392	1,690	2,702	160%
Gross margin (i)	2,884	1,141	1,743	153%
% of Revenue	*66%*	*68%*	*(2)%*	
Adjusted EBITDA before Corporate costs (ii)	1,289	547	742	136%
Corporate costs (iii)	1,577	763	814	107%
Adjusted EBITDA (iv)	(288)	(203)	(85)	42%
% of Revenue	*(7)%*	*(12)%*	*5%*	

Notes:

(i) Non-IFRS measure, gross margin above excludes amortization of intellectual property, customer lists and other amortizations.

(ii) Non-IFRS measure, Adjusted EBITDA before corporate costs, see Section 12.

(iii) Non-IFRS measure, Corporate costs above excludes stock based compensation.

(iv) Non-IFRS measure, Adjusted EBITDA, see Section 12.

Revenue increased $2,702 as a result of operating results of HSI from January 1, 2015 to March 31, 2015.

Gross margin increased $1,743 as a result of operating results of HSI from January 1, 2015 to March 31, 2015.

Adjusted EBITDA before Corporate costs increased $742 reflecting operating results of HSI from January 1, 2015 to March 31, 2015.

Corporate costs increased $814 mainly salaries and benefits, professional fees and other costs associated with ramp up of the Company during the fourth quarter to position the Company to go public in the first quarter of 2016.

Adjusted EBITDA decreased by $85 or 5% of revenue as a result of operating results of HSI from January 1, 2015 to March 31, 2015 and the higher Corporate costs.

6. BUSINESS OUTLOOK

The outlook for our business

We believe that our RCM business will continue to enjoy favourable industry trends which, along with our competitive positioning will allow us to meaningfully grow our RCM business. We also believe that our Syncordia Cloud business will experience growth as a result of introducing a suite of proprietary products that address unique problems being faced by industry participants.

We anticipate our RCM business achieving between $14,000 and $16,000 of revenue and between $5,000 and

$7,000 of Adjusted EBITDA on a twelve month run rate basis prior to any further RCM acquisitions. Our ability to generate this level of Adjusted EBITDA is predicated upon various new sales contracts being fully realized along with achieving certain operational targeted cost saving initiatives.

Additionally, we anticipate that our Corporate costs will not exceed $3,000 on a similar twelve month period, allowing us to support the continued growth of our business.

We anticipate continued investment in our Syncordia Cloud business in line with the market demand for our cloud-based service offering and the profitability of our business.

7. LIQUIDITY AND CAPITAL RESOURCES

A discussion of our cash flow, liquidity, credit facilities and other disclosures

Cash and Working Capital

As at March 31, 2015, we had cash and cash equivalents of $2,842, total current assets of $4,919 and total current liabilities of $3,455, resulting in $1,464 of working capital.

Subsequent to our fiscal year ended March 31, 2015, we raised CDN$10,002 in the Private Placement.

In addition, our RCM business generates positive cash flows. In the event such cash flows are not sufficient to satisfy our operational expenses from month-to-month, we believe our cash on-hand is adequate to satisfy our short-term and medium-term requirements.

Debt Obligations

As at March 31, 2015, we had $12,097 of notes, consisting of principal and accrued interest capitalized during 2015. Interest is paid quarterly on the notes and principal repayments of $2,222 are due on each of November 5, 2016 and May 5, 2017 with the remaining principal repayment due on maturity of the notes on November 5, 2017. In the short-term, there are no principal payments due on the notes. In the medium-term, we may elect to make principal payments from internal cash flows generated from the business or refinance the notes.

Substantially all of our assets are pledged as security in favour of the notes, however we are currently not subject to any financial performance debt covenants.

Growth Requirements

Future growth is expected to arise from organic growth and acquisitions in the RCM segment, as well as through development and commercialization of the Syncordia Cloud. These planned growth initiatives are anticipated to be funded from cash flows generated by our RCM business and/or external financing.

Other Commitments

As at March 31, 2015, we had various operating leases with remaining terms of more than one year, including most significantly office leases related to the HSI business. These leases have minimum annual commitments as follows:

Minimum Annual Commitments

(in thousands of US Dollars)	
2015	148
2016	305
2017	308
2018	315
2019	324
2020 and thereafter	606

8. OFF BALANCE SHEET ARRANGEMENTS

A discussion of off balance sheet arrangements

We have no off balance sheet arrangements.

9. RELATED PARTY TRANSACTIONS

A discussion of related party transactions and their relationship to our business

Paragon Acquisition

On April 24, 2015, we acquired all of the issued and outstanding membership units of Paragon, a leading provider of claims management solution to the behavioural health healthcare segment, pursuant to a membership interest purchase agreement. The Paragon acquisition enabled our entry into the behavioural health market and proprietary EHR software.

The Paragon acquisition was a non-arm's length transaction as each of Michael Franks, the Chief Executive Officer and a Director of Syncordia, and Christopher Martin, Chief Strategist and a Director of Syncordia, were limited partners of Paragon.

The purchase price of $4.0 million consisted of $3.5 million due on closing of the transaction and $0.5 million of deferred payments due within one year. We funded the acquisition by raising $3.3 million in equity, issued $0.5 million of notes payable and $0.5 of assumed deferred payments. Total funds raised were in excess of the purchase price by $0.3 million to fund transaction costs.

The estimated initial allocation fair value of assets acquired and liabilities assumed at the date of the Paragon acquisition are as follows:

(in thousands of US Dollars)	
Net working capital	77
Intellectual property	2,900
Customer relationships	300
Goodwill	723
Total purchase price	4,000

Directors and Executive Compensation

(in thousands of US Dollars)	2015	2014
Salaries and short-term employee benefits (i)	597	-
Deferred compensation (ii)	95	-
Stock-based compensation	14	-
	706	-

(i) Short-term employee benefits include bonuses paid
(ii) Deferred compensation includes accrued bonuses

In 2015, in lieu of other compensation, certain of our Directors and Officers received an aggregate of 2,700,000 Syncordia common shares. Subsequent to March 31, 2015, 90,000 of the common shares were forfeited by an Officer who left the Company.

10. CRITICAL ACCOUNTING ESTIMATES

A description of our accounting estimates that are critical to determining our financial results, and changes to accounting policies

Preparing the 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 period. 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 we believe 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 as set forth below.

Collectability of receivables

We assess 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 indefinite-life intangible assets

We annually test whether goodwill or indefinite-life intangible assets have suffered any impairment, in accordance with the requirements of International Accounting Standard (IAS) 36, Impairment of Assets. The recoverable amounts of CGUs have been determined based on their fair value less cost of disposal. These calculations require the use of estimates.

Fair value of contingent consideration

In certain acquisitions, we may include contingent consideration which is subject to the acquired company achieving certain performance targets. At each reporting period, we estimate the future earnings of acquired companies which are subject to contingent consideration in order to assess the probability that the acquired company will achieve their performance targets and thus earn their contingent consideration. Any changes in the fair value of the contingent consideration between reporting periods are included in the determination of net income.

Valuation of deferred tax assets and tax provisions

In assessing the realization of deferred tax assets, we consider the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the period in which those temporary losses and tax loss carry-forwards become deductible. We consider the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Revenue recognition

We estimate revenue associated with customer billing submissions at the time collection is reasonably assured. Given the uncertainty associated with customer billing claims being reimbursed, we estimate revenue at the time cash is collected by customers.

Share-based compensation and warrants

The determination of fair value of share-based compensation requires management to make estimates regarding the inputs to share valuation models employed including volatility, risk free rate of return and expected option life related assumptions.

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.

11. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

A discussion of generally accepted accounting principle developments that have, will or might affect us

There have been no changes in our accounting policies during the year ended March 31, 2015.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to us are set out below. We do not plan to adopt these standards early.

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 2014. 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 use 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 has not assessed the full impact of IFRS 9 and is in the process of considering its implications and the Company's planned date of adoption.

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 has the ability to 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, 2017 and earlier application is permitted. The Company has not assessed the full impact of IFRS 15 and is in the process of considering its implications and the Company's planned date of adoption.

In December 2014, the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, and the structure and disclosure of accounting policies. The amendments are effective from January 1, 2016.

12. RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES

A description, calculation and reconciliation of certain measures used by management

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") are non-IFRS measures used by management to provide additional insight into our performance and financial condition. We believe that these non-IFRS measures are important measures as they provides an indication of the results generated by our RCM business prior to taking into consideration how those activities are financed as well as the other items listed in their respective definitions. Accordingly, we are presenting EBITDA, Adjusted EBITDA and Adjusted EBITDA before Corporate costs in this MD&A to enhance the usefulness of our MD&A. We have provided a reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA before Corporate costs to the most directly comparable IFRS figures, disclosure of the purpose of the non-IFRS measure, and how the non-IFRS measures are used in managing the business.

EBITDA, Adjusted EBITDA and Adjusted EBITDA before Corporate costs are not calculations based on IFRS and should not be considered an alternative to operating income or net income (loss) in measuring our performance, nor should it be used as an exclusive measure of cash flow, because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows. Investors should carefully consider the specific items included in our computation of these measures.

Management defines EBITDA as Earnings before Interest, Taxes, Depreciation and Amortization.

Management defines Adjusted EBITDA as Earnings before Interest, Taxes, Depreciation, Amortization, Transaction Costs, Stock Based Compensation and Cash based Share Compensation Arrangements. Transaction costs include professional and other fees associated with business transactions.

Management defines Adjusted EBITDA before Corporate costs as Earnings before Interest, Taxes, Depreciation, Amortization, Transaction Costs, Stock Based Compensation, Cash based Share Compensation Arrangements and costs of our Corporate segment. This metric is used to assess the performance of our RCM and Syncordia Cloud segments.

Corporate costs include sales and marketing, general and administrative and research and development, less amortization and depreciation, stock-based compensation expense and stock compensation indexed to our share price.

The following is a reconciliation of EBITDA with net loss and comprehensive loss:

(in thousands of US Dollars)	2015	2014
Net loss and comprehensive loss	(2,895)	-
Amortization of operating and other assets	1,082	-
Interest expense	675	-
EBITDA	(1,138)	-

The following is a reconciliation of Adjusted EBITDA and Adjusted EBITDA before corporate costs with net loss and comprehensive loss:

(in thousands of US Dollars)	2015	2014
Net loss and comprehensive loss	(2,895)	-
Amortization of operating and other assets	1,082	-
Interest expense	675	-
Transaction costs	822	-
Stock based compensation	28	-
Adjusted EBITDA	(288)	-
Corporate costs (i)	1,577	-
Adjusted EBITDA before Corporate costs	1,289	-

Notes:
(i) Non-IFRS measure, corporate costs excludes stock based compensation and amortization.

13. RISKS AND UNCERTAINTIES

Risks and uncertainties facing Syncordia

Risks related to our business – General

We have a limited operating history.

We are an early stage company founded in 2014 and, as a result, we have a limited operating history upon which our business and future prospects may be evaluated. We will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our operating goals. Although we have experienced revenue growth during our limited history, there is no certainty we will be able to sustain this rate of growth or maintain current revenue levels. In order for us to meet future operating and debt service requirements, we will need to continue to be successful in our marketing and sales efforts. Additionally, our current operational infrastructure may require changes to scale our business efficiently and effectively to keep pace with demand, and achieve long-term profitability.

Our rapid growth has put significant demands on our processes, systems and personnel. We have made and expect to make further investments in additional personnel, systems and internal control processes to help manage our growth. If we are unable to successfully manage and support rapid growth and the challenges and difficulties associated with managing a larger, more complex business, this could cause a material adverse effect on our business, financial position and results of operations, and the market value of our common shares could decline.

We are a holding company and do not have any operating assets.

We are a holding company and our principal assets are our ownership of equity interests in our subsidiaries. We have no independent means of generating revenue. We intend to cause our subsidiaries to make distributions to us as the direct or indirect holder of 100% of the equity interests of such subsidiaries in amounts sufficient to make payments in respect of our obligations. To the extent that we need funds and our subsidiaries are unable or otherwise restricted from making such distributions under applicable law, regulation or due to contractual obligations, our liquidity and financial condition could be adversely affected.

We currently conduct certain operations through foreign subsidiaries and certain assets are held in such entities. The ability of such subsidiaries to make payments to us may be constrained by certain factors including the level of taxation, particularly corporate profits and withholding taxes, in the countries in which they operate. Any limitation on the transfer of cash or other assets between us and such entities, or among such entities, could restrict our ability to fund our operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, may adversely affect our business and results of operations and cash flows.

Risks related to our business - Operations

We are subject to the risks associated with the industry in which we operate.

We currently operate only in the US healthcare industry. Accordingly, we are subject to risks associated with operating in a single industry in a concentrated geographic location. Any event effecting this industry could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

The market for cloud-based services for health care information technology may not develop substantially further or develop more slowly than we expect, harming the growth of our business.

While cloud-based services for health care information technology have become more widely accepted, the market for these services remains narrowly based, and it is uncertain whether these services will achieve and sustain the high levels of demand and market acceptance we anticipate. Our success will depend to a substantial extent on the willingness of enterprises, large and small, to increase their use of cloud-based services for RCM. Many enterprises have invested substantial personnel and financial resources to integrate established enterprise software into their businesses and therefore may be reluctant or unwilling to switch to a cloud-based service. Furthermore, some enterprises may be reluctant or unwilling to use cloud-based services, because they have concerns regarding the risks associated with the security and reliability, among other things, of the technology delivery model associated with these services. If enterprises do not perceive the benefits of our services, then the market for these services may not expand as much or develop as quickly as we expect, either of which would significantly adversely affect our business, financial condition, or operating results.

Changes in the health care industry could affect the demand for our services, cause our existing contracts to terminate, and negatively impact the process of negotiating future contracts.

As the health care industry evolves, changes in our client base may reduce the demand for our services, result in the termination of existing contracts, and make it more difficult to negotiate new contracts on terms that are acceptable to us. Similarly, client consolidation results in fewer, larger entities with increased bargaining power and the ability to demand terms that may be unfavorable to us. If these trends continue, there can be no assurances that we will be able to continue to maintain or expand our client base, negotiate contracts with acceptable terms, or maintain our current pricing structure, and our revenue may decrease.

General reductions in expenditures by health care companies, or reductions in such expenditures within market segments that we serve, could have similar impacts on our operations. Such reductions may result from, among other things, reduced governmental funding for health care; government regulation or private initiatives that affect the manner in which health care providers interact with patients, payers, or other health care industry participants; or adverse changes in business or economic conditions affecting health care payers or providers, or other health care companies that subscribe for our services. Any of these changes could reduce the demand for our services by such clients, reducing our revenue and possibly requiring us to materially revise our offerings. In addition, our clients' expectations regarding pending or potential industry developments may also affect their budgeting processes and spending plans with respect to services of the types we provide.

We are unable to predict the future course of federal or state health care legislation. A variety of federal and state agencies are in the process of implementing the Health Care Reform Act, including through the issuance of rules, regulations or guidance that materially affect our business. The risk of us being found in violation of these rules and regulations is increased by the fact that many of them have not been fully interpreted by applicable regulatory authorities or the courts, and their provisions are open to a variety of interpretations. The Health Care Reform Act and further changes to health care laws or regulatory framework that reduce our revenue or increase our costs could also have a material adverse effect on our business, financial condition, results of operations and cash flows, and could cause the market price of the common shares of Syncordia Corp. to decline.

We are subject to the effect of payer and provider conduct that we cannot control and that could damage our reputation with clients and result in liability claims that increase our expenses.

We offer certain electronic claims submission services for which we rely on content from clients, payers, and others. While we have implemented certain features and safeguards designed to maximize the accuracy and completeness of claims content, these features and safeguards may not be sufficient to prevent inaccurate claims data from being submitted to payers. Should inaccurate claims data be submitted to payers, we may experience poor operational results and may be subject to liability claims, which could damage our reputation with clients and result in liability claims that increase our expenses.

Our business could be adversely affected if our clients are not satisfied with our services.

We depend on client satisfaction to succeed. Our sales are dependent on the quality of our service offerings, our business reputation, and recommendations from existing clients. If our software does not function reliably or fails to achieve client expectations in terms of performance, clients could assert claims against us or terminate their contracts with us. This could damage our reputation and impair our ability to attract or retain clients. We provide client support services to resolve any issues related to our service offerings. Our client support team may be unable to respond quickly enough to accommodate short-term increases in client demand for support, particularly as we increase the size of our client base. It is difficult to predict client demand for support services and if client demand increases significantly, we may be unable to provide satisfactory support services to our clients. Any failure to maintain high-quality and highly-responsive client support, or a market perception that we do not maintain high-quality and highly-responsive support, could harm our reputation, adversely affect our ability to sell our service offerings to existing and prospective clients, and harm our business, operating results, and financial condition.

Our proprietary software or our services may not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business and operating results.

Proprietary software development is time-consuming, expensive, and complex. Unforeseen difficulties can arise. We may encounter technical obstacles, and it is possible that we discover additional problems that prevent our applications from operating properly. If our systems do not function reliably or fail to achieve user or client expectations in terms of performance, security, or compliance, clients could assert liability claims against us or attempt to cancel their contracts with us. This could damage our reputation and impair our ability to attract or maintain clients and members.

Information services as complex as those we offer have in the past contained, and may in the future develop or contain, undetected defects or errors. There can be no assurances that material performance problems or defects in our services will not arise in the future. Errors may result from sources beyond our control, including the receipt, entry, or interpretation of patient information; interface of our services with legacy systems that we did not develop; or errors in data provided by third parties. It is challenging for us to test our software for all potential problems because it is difficult to simulate the wide variety of computing environments or treatment methodologies that our clients may deploy or rely upon. Therefore, despite testing, defects or errors may arise in our existing or new software or service processes following introduction to the market. For example, changes in payer requirements and practices are frequent and sometimes difficult to determine except through trial and error, so we are continuously discovering defects and errors in our software and service processes compared against these requirements and practices.

If our security measures are breached or fail or unauthorized access is obtained to a client's data, our services may be perceived as not being secure, clients may curtail or stop using our services, and we may incur significant liabilities.

Our services involve the web-based storage and transmission of clients' proprietary information, including personal or identifying information and protected health information of patients. Because of the sensitivity of this information, the security features of our software are very important. From time to time we may detect vulnerabilities in our systems, which, even if they do not result in a security breach, may reduce customer confidence and require substantial resources to address. If our security measures are breached or fail as a result of third-party action, employee error, malfeasance, insufficiency, defective design, or otherwise, someone may be able to obtain unauthorized access to client or patient data. As a result, our reputation could be damaged, our business may suffer, and we could face damages for contract breach, penalties for violation of applicable laws or regulations, and significant costs for remediation and efforts to prevent future occurrences. We rely upon users of our systems for key activities to promote security of those systems and the data within them, such as administration of client-side access credentialing and control of client-side display of data. Failure of users to perform these activities may result in claims against us that this reliance was misplaced, which could expose us to significant expense and harm to our reputation. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose sales and clients.

Failure by our clients to obtain proper permissions and waivers may result in claims against us or may limit or prevent our use of data, which could harm our business.

We require our clients to provide necessary notices and to obtain necessary permissions and waivers for use and disclosure of the information that we receive, and we require contractual assurances from them that they have done so and will do so. If they do not obtain necessary permissions and waivers, then our use and disclosure of information that we receive from them or on their behalf may be limited or prohibited by state or federal privacy laws or other laws. This could impair our functions, processes, and databases that reflect, contain, or are based upon such data and may prevent use of such data. In addition, this could interfere with or prevent creation or use of rules, and analyses or limit other data-driven activities that benefit us. Moreover, we may be subject to claims or liability for use or disclosure of information by reason of lack of valid notice, permission, or waiver. These claims or liabilities could subject us to unexpected costs and adversely affect our operating results.

Various events could interrupt users' access to our systems, exposing us to significant costs.

The ability to access our systems is critical to our clients' cash flow, and business viability. Our operations and facilities are vulnerable to interruption or damage from a number of sources, many of which are beyond our control, including, without limitation: (i) power loss and telecommunications failures; (ii) earthquake, fire, flood, hurricane, and other natural disasters; (iii) terrorism and acts of war; (iv) software and hardware errors, failures, or crashes in our systems or those of others; and (v) computer viruses, hacking, and similar disruptive problems in our systems or those of others. We attempt to mitigate these risks through various means, including redundant infrastructure, disaster recovery plans, business continuity plans, separate test systems, and change control and system security measures, but our precautions will not protect against all potential problems. Our plans for disaster recovery and business continuity rely in part upon third-party providers of related services, and if those vendors fail us at a time that our systems are not operating correctly, we could incur a loss of revenue and liability for failure to fulfill our obligations. Although we carry business interruption insurance, it only covers some, but not all, of these potential events, and even for those events that are covered, it may not be sufficient to compensate us fully for losses or damages that may occur as a result of such events, including, for example, loss of market share and diminution of our brand, reputation, and member and client loyalty.

If we do not continue to innovate and provide services that are useful to clients, we may not remain competitive, and our Revenue and operating results could suffer.

Our success depends on our ability to keep pace with technological developments, satisfy increasingly sophisticated client requirements, and sustain market acceptance. Our competitors are constantly developing products and services that may become more efficient or appealing to our clients. As a result, we must continue to invest significant resources in research and development in order to enhance our existing services and introduce new high-quality services that clients will want, while offering these services at competitive prices. If we are unable to predict user preferences or industry changes, or if we are unable to modify our services on a timely or cost-effective basis, we may lose clients. Our operating results would also suffer if our innovations are not responsive to the needs of our clients, are not appropriately timed with market opportunity, or are not effectively brought to market. As technology continues to develop, our competitors may be able to offer results that are, or that are perceived to be, substantially similar to or better than those generated by our services. This may force us to compete on additional service attributes and to expend significant resources in order to remain competitive.

We depend upon third-party service providers for important functions of our services. If these third-party service providers do not fulfill their contractual obligations or choose to discontinue their services, our business and operations could be disrupted and our operating results would be harmed.

We have entered into service agreements with various third parties to provide services to support our service operations. Among other things, these providers process critical claims data. If such services fail or are of poor quality, our business, reputation, and operating results could be harmed. Failure of these service providers to perform satisfactorily could result in client dissatisfaction, disrupt our operations, and adversely affect operating results. With respect to these service providers, we have significantly less control over the systems and processes involved than if we maintained and operated them ourselves, which increases our risk. If we need to find an alternative source for performing these functions, we may have to expend significant money, resources, and time to develop the alternative, and if this development is not accomplished in a timely manner and without significant disruption to our business, we may be unable to fulfill our responsibilities to clients or the expectations of clients, with the attendant potential for liability claims and a loss of business reputation, loss of ability to attract or maintain clients, and reduction of our revenue or operating margin.

Various risks could affect our worldwide operations, exposing us to significant costs.

We conduct operations in the United States, Canada, and Ireland. Such worldwide operations expose us to potential operational disruptions and costs as a result of a wide variety of events, including local inflation or economic downturn, currency exchange fluctuations, political turmoil, terrorism, labor issues, natural disasters, unfavorable intellectual property protection, and pandemics. Any such disruptions or costs could have a negative effect on our ability to provide our services or meet our contractual obligations, the cost of our services, client and user satisfaction, our ability to attract or maintain clients and users, and, ultimately, our profits.

We may be unable to identify, acquire, close or integrate acquisition targets successfully.

Part of our business strategy includes acquiring and integrating complementary businesses, products, or other assets, and forming strategic alliances, joint ventures and other business combinations, to help drive future growth. We may also in-license new products. Acquisitions or similar arrangements may be complex, time consuming and expensive. We may not consummate some negotiations for acquisitions or other arrangements, which could result in significant diversion of management and other employee time, as well as substantial out-of-pocket costs. In addition, there are a number of risks and uncertainties relating to closing transactions. If such transactions are not completed for any reasons, we will be subject to several risks, including the following: (i) the market price of our common shares may reflect a market assumption that such transactions will occur, and a failure to complete such transactions could result in a negative perception by the market of us resulting in a decline in the market price of our common shares; and (ii) many costs relating to such transactions may be payable by us whether or not such transactions are completed.

If an acquisition is consummated, the integration of the acquired business, product or other assets may also be complex and time-consuming and, if such businesses, products and assets are not successfully integrated, we may not achieve the anticipated benefits, cost-savings or growth opportunities. Potential difficulties that may be encountered in the integration process include the following:

- integrating personnel, operations and systems, while maintaining a focus on selling and promoting existing and newly-acquired products;
- coordinating geographically dispersed organizations;
- distracting management and employees from operations;
- retaining existing customers and attracting new customers; and
- managing inefficiencies associated with integrating the operations.

Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further our business strategy as anticipated, expose us to increased competition or challenges with respect to our products or geographic markets, and expose us to additional liabilities associated with an acquired business, product, technology or other asset or arrangement. Any one of these challenges or risks could impair our ability to realize any benefit from the acquisition or arrangement after we have expended resources on them.

We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties, and our own systems for providing services to our clients, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation and negatively impact our relationships with users or clients, adversely affecting our brand and our business.

In addition to the services we provide from our offices, we serve our clients primarily from third-party data-hosting facilities. In the case of a significant event at any of these data centers, we could move operations from that data center to our other data centers within a reasonable timeframe. However, these facilities are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. They are also subject to break-ins, sabotage, intentional acts of vandalism, and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems at one or more of the facilities could result in lengthy interruptions in our service. Even with our disaster recovery arrangements, our services could be interrupted.

Our ability to deliver our services is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, and security for providing reliable Internet access and services and reliable mobile device, telephone, facsimile, and pager systems. Our services are designed to operate without interruption in accordance with our service level commitments and meet user expectations. However, we have experienced and expect that we will experience interruptions and delays in services and availability from time to time. We rely on internal systems as well as third-party vendors, including data center, bandwidth, and telecommunications equipment or service providers, to provide our services. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with users or clients. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss, and other natural disasters;
- communications failures;
- software and hardware errors, failures, and crashes;
- security breaches, computer viruses, and similar disruptive problems; and
- other potential interruptions.

Any disruption in the network access, telecommunications, or co-location services provided by these third-party providers or any failure of or by these third-party providers or our own systems to handle current or higher volume of use could significantly harm our business. We exercise limited control over these third-party vendors, which increases our vulnerability to problems with services they provide.

Any errors, failures, interruptions, or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with users and clients, adversely affect our brands and business, and expose us to third-party liabilities. Although we maintain insurance for our business, the coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of the Internet may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services.

We rely on third-party computer hardware and software that may be difficult to replace or that could cause errors or failures of our services, which could damage our reputation, harm our ability to attract and maintain clients and members, and decrease our revenue.

We rely on computer hardware purchased or leased and software licensed from third parties in order to offer our services, including database software from Microsoft Corporation, servers from Dell Corporation, and telephony equipment from Shortel Corporation. These licenses are generally commercially available on varying terms; however, it is possible that this hardware and software may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use any of this hardware or software could result in delays in the provision of our services until equivalent technology is either developed by us, or, if available, is identified, obtained, and integrated, which could harm our business. Any errors or defects in third-party hardware or software could result in errors or a failure of our services, which could damage our reputation, harm our ability to attract and maintain clients and members, and decrease our revenue.

Future litigation against us could be costly and time-consuming to defend and could result in additional liabilities.

We may from time to time be subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our clients in connection with commercial disputes and employment claims made by our current or former employees. Claims may also be asserted by or on behalf of a variety of other parties, including government agencies, patients of our clients, or stockholders. Any litigation involving us may result in substantial costs and may divert management's attention and resources, which may seriously harm our business, overall financial condition, and operating results. Insurance may not cover existing or future claims, be sufficient to fully compensate us for one or more of such claims, or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby reducing our operating results and leading analysts or potential investors to reduce their expectations of our performance resulting in a reduction in the trading price of our common shares.

We are currently subject to risks associated with the reliance on two key customers.

Our financial condition is currently dependent on HSI. HSI's earnings rely heavily on two customers which together represented 64% of revenue in the financial year ended March 31, 2015. There exists a risk that revenue and net income going forward may decline significantly should the agreements with these two customers be terminated or material provisions be revised.

We operate in a highly competitive industry, and if we are not able to compete effectively, our business and operating results will be harmed.

The provision by third parties of medical billing and practice management services to medical practices has historically been dominated by small service providers who offer highly individualized services and a high degree of specialized knowledge applicable in many cases to a limited medical specialty, a limited set of payers, or a limited geographical area. We anticipate that the software, statistical, and database tools that are available to such service providers will continue to become more sophisticated and effective and that demand for our services could be adversely affected.

EHR and practice management software for health systems have historically been dominated by large, well-financed, and technologically sophisticated entities that have focused on software solutions. Some of these entities are now offering "hosted" services or a "software-as-a-service" model under which software is centrally administered, and these vendors may also provide administrative and billing services. The size, financial strength, and breadth of offerings of the larger entities are increasing as a result of continued consolidation in both the information technology and health care industries. We expect large integrated technology companies to continue to become more active in our markets, both through acquisition and internal investment. As costs fall and technology improves, increased market saturation may change the competitive landscape in favor of competitors with greater scale than we possess. In addition, a few smaller companies have started providing single-instance, Internet-based software using a model similar to ours; the offerings of these smaller companies may reduce the perceived competitive advantage of our services and impact our market share.

Some of our current large competitors, such as Allscripts Healthcare Solutions, Inc., athenahealth, Inc., Cerner Corporation, Epic Systems Corporation, MedAssets, Inc., Medical Transcription Billing, Corp., McKesson Corp., Quality Systems, Inc., Tritech Healthcare Management, LLC, and Zoll Medical Corporation have greater name recognition, longer operating histories, and significantly greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or client requirements. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with vendors of complementary products, technologies, or services to increase the availability of their products to the marketplace. Current or future competitors may consolidate to improve the breadth of their products, directly competing with our integrated offerings. Accordingly, new competitors or alliances may emerge that have greater market share, larger client bases, more widely adopted proprietary technologies, broader offerings, greater marketing expertise, greater financial resources, and larger sales forces than we have, which could put us at a competitive disadvantage. Further, in light of these advantages, even if our services are more effective than the product or service offerings of our competitors, current or potential clients might accept competitive products and services in lieu of purchasing our services. Increased competition is likely to result in pricing pressures, which could negatively impact our sales, profitability, or market share. In addition to new niche vendors, who offer stand-alone products and services, we face competition from existing enterprise vendors, including those currently focused on software solutions, which have information systems in place with clients in our target markets. These existing enterprise vendors may now, or in the future, offer or promise products or services with less functionality than our services, but that offer ease of integration with existing systems and that leverage existing vendor relationships.

Government regulation of health care creates risks and challenges with respect to our compliance efforts and our business strategies.

The health care industry is highly regulated and is subject to changing political, legislative, regulatory, and other influences. Existing and new laws and regulations affecting the health care industry could create unexpected liabilities for us, cause us to incur additional costs, and restrict our operations. Many health care laws are complex, and their application to specific services and relationships may not be clear. In particular, many existing health care laws and regulations, when enacted, did not anticipate the health care information and interactive services that we provide, and these laws and regulations may be applied to our services in ways that we do not anticipate, particularly as we develop and release new and more sophisticated products and services. Our failure to accurately anticipate the application of these laws and regulations, or our other failure to comply with them, could create liability for us, result in adverse publicity, and negatively affect our business. Some of the risks we face from health care regulation are described below:

False or Fraudulent Claim Laws. There are numerous federal and state laws that prohibit submission of false information, or the failure to disclose information, in connection with submission and payment of physician claims for reimbursement. In some cases, these laws also prohibit abuse in connection with such submission and payment. Any failure of our services to comply with these laws and regulations could result in substantial liability (including, but not limited to, criminal liability), adversely affect demand for our services, and force us to expend significant capital, research and development, and other resources to address the failure. Errors by us or our systems with respect to entry, formatting, preparation, or transmission of claim information may be determined or alleged to be in violation of these laws and regulations. Any determination by a court or regulatory agency that our services violate these laws could subject us to civil or criminal penalties, invalidate all or portions of some of our client contracts, require us to change or terminate some portions of our business, require us to refund portions of our services fees, cause us to be disqualified from serving clients doing business with government payers, and have an adverse effect on our business.

In most cases where we are permitted to do so, we calculate charges for our services based on a percentage of the collections that our clients receive as a result of our services. To the extent that violations or liability for violations of these laws and regulations require intent, it may be alleged that this percentage calculation provides us or our employees with incentive to commit or overlook fraud or abuse in connection with submission and payment of reimbursement claims.

In addition, we may contract with third parties that offer software and services relating to the selection or verification of codes used to identify and classify the services for which reimbursement is sought. Submission of codes that do not accurately reflect the services provided or the location or method of their provision may constitute a violation of false or fraudulent claims laws. Our ability to comply with these laws depends on the coding decisions made by our clients and the accuracy of our vendors' software and services in suggesting possible codes to those clients and verifying that proper codes have been selected.

Health Insurance Portability and Accountability Act ("HIPAA") and other Health Privacy Regulations. There are numerous federal and state laws related to patient privacy. In particular, HIPAA includes privacy standards that protect individual privacy by limiting the uses and disclosures of individually identifiable health information and implementing data security standards that require covered entities to implement administrative, physical, and technological safeguards to ensure the confidentiality, integrity, availability, and security of individually identifiable health information in electronic form. HIPAA also specifies formats that must be used in certain electronic transactions, such as claims, payment advice, and eligibility inquiries. Because we translate electronic transactions to and from HIPAA-prescribed electronic formats and other forms, we are considered a covered entity subject to HIPAA. In addition, our clients are also covered entities and are mandated by HIPAA to enter into written agreements with us—known as business associate agreements—that require us to safeguard individually identifiable health information. Business associate agreements typically include:

- a description of our permitted uses of individually identifiable health information;
- a covenant not to disclose that information except as permitted under the agreement and to make our subcontractors, if any, subject to the same restrictions;
- assurances that appropriate administrative, physical, and technical safeguards are in place to prevent misuse of that information;
- an obligation to report to our client any use or disclosure of that information other than as provided for in the agreement;
- a prohibition against our use or disclosure of that information if a similar use or disclosure by our client would violate the HIPAA standards;
- the ability of our clients to terminate the underlying support agreement if we breach a material term of the business associate agreement and are unable to cure the breach;
- the requirement to return or destroy all individually identifiable health information at the end of our support agreement; and
- access by the Department of Health and Human Services to our internal practices, books, and records to validate that we are safeguarding individually identifiable health information.

We may not be able to adequately address the business risks created by HIPAA implementation. Furthermore, we are unable to predict what changes to HIPAA or other laws or regulations might be made in the future or how those changes could affect our business or the costs of compliance. For example, the provisions of the Health Information Technology for Economic and Clinical Health ("HITECH") Act and the regulations issued under it (including the omnibus rule promulgated in January 2013) have provided clarification of certain aspects of both the Privacy and Security Rules, expansion of the disclosure requirements for a breach of the Security Rule, and strengthening of the civil and criminal penalties for failure to comply with HIPAA. In addition, the Office of the National Coordinator for Health Information Technology ("ONCHIT") is coordinating the ongoing development of standards to enable interoperable health information technology infrastructure nationwide based on the widespread adoption of electronic health records ("EHR") in the health care sector. We are unable to predict what, if any, impact the changes in such standards will have on our compliance costs or our services.

In addition, some payers and clearinghouses with which we conduct business interpret HIPAA transaction requirements differently than we do. Where clearinghouses or payers require conformity with their interpretations as a condition of effecting transactions, and their interpretations are no less stringent than ours, we seek to comply with their interpretations.

The HIPAA transaction standards include proper use of procedure and diagnosis codes. Since these codes are selected or approved by our clients, and since we do not verify their propriety, some of our capability to comply with the transaction standards is dependent on the proper conduct of those clients.

In addition to the HIPAA Privacy and Security Rules and the HITECH Act requirements, most states have enacted patient confidentiality laws that protect against the disclosure of confidential medical and other personally identifiable information, and many states have adopted or are considering further legislation in this area, including privacy safeguards, security standards, and data security breach notification requirements. Such state laws, if more stringent than HIPAA and HITECH Act requirements, are not preempted by the federal requirements, and we are required to comply with them.

Failure by us to comply with any of the federal and state standards regarding patient privacy may subject us to penalties, including civil monetary penalties and, in some circumstances, criminal penalties. In addition, such failure may injure our reputation and adversely affect our ability to retain clients and attract new clients.

In addition to false claims and HIPAA requirements, we are subject to a variety of other regulatory schemes, including:

- *Electronic Health Records Laws*. A number of federal and state laws govern the use and content of electronic health record systems, including fraud and abuse laws that may affect how such technology is provided. As a company that provides EHR functionality, our systems and services must be designed in a manner that facilitates our clients' compliance with these laws. Because this is a topic of increasing state and federal regulation, we expect additional and continuing modification of the current legal and regulatory environment. We cannot predict the content or effect of possible future regulation on our business activities. While we believe that our system is well designed in terms of function and interoperability, we cannot be certain that it will meet future requirements.
- *Claims Transmission Laws*. Our services include the manual and electronic transmission of medical practice claims for reimbursement from payers. Federal and various state laws provide for civil and criminal penalties for any person who submits, or causes to be submitted, a claim to any payer (including, without limitation, Medicare, Medicaid, and any private health plans and managed care plans) that is false or that overbills or bills for items that have not been provided to the patient. Although we do not determine what is billed to a payer, to the extent that such laws apply to a service that merely transmits claims on behalf of others, we could be subject to the same civil and criminal penalties as our practice clients.
- *Prompt Pay Laws*. Laws in many states govern prompt payment obligations for health care services. These laws generally define claims payment processes and set specific time frames for submission, payment, and appeal steps. They frequently also define and require clean claims. Failure to meet these requirements and time frames may result in rejection or delay of claims. Failure of our services to comply may adversely affect our business results and give rise to liability claims by practice clients.
- *Medical Device Laws*. The US Food and Drug Administration (FDA) has promulgated a draft policy for the regulation of computer software products as medical devices under the 1976 Medical Device Amendments to the Federal Food, Drug and Cosmetic Act. In addition, in February 2011 the FDA issued a final rule regarding regulation of Medical Device Data Systems, which are systems that are intended to transfer, store, convert, or display medical device data. While EHRs are expressly exempted from the final rule, it is possible that future changes in our services could involve the transfer, storage, conversion, or display of medical device data. In April 2014, a draft report developed by the FDA, ONCHIT, and the Federal Communications Commission, was released proposing a regulatory framework for health information technology for the purpose of promoting innovation, protecting patient safety, and avoiding regulatory duplication.

Potential healthcare reform and new regulatory requirements placed on our software, services, and content could impose increased costs on us, delay or prevent our introduction of new services types, and impair the function or value of our existing service types.

Our services may be significantly impacted by health care reform initiatives and will be subject to increasing and changing regulatory requirements, any of which could affect our business in a multitude of ways. Such reforms or changes could render our existing services obsolete, unprofitable, or impossible to provide or make the development of new services more costly, more time-consuming, or impracticable. Further, where we lead the industry in implementing new standards, changes in or delays in implementing those standards could impact our competitive position in the market. These effects could, in turn, impose additional costs upon us to adapt to the new operating environment, further develop services or software, or rework our marketing strategy, as well as reduce our revenue or the demand for our services.

Potential additional regulation of the disclosure of health information outside the United States may adversely affect our operations and may increase our costs.

Federal or state governmental authorities may impose additional data security standards or additional privacy or other restrictions on the collection, use, transmission, and other disclosures of health information. Legislation has been proposed at various times at both the federal and the state level that would limit, forbid, or regulate the use or transmission of medical information outside of the United States. Such legislation, if adopted, may render our use of our off-shore partners, for work related to such data impracticable or substantially more expensive. Alternative processing of such information within the United States may involve substantial delay in implementation and increased cost.

Due to the particular nature of certain services we provide or the manner in which we provide them, we may be subject to government regulation unrelated to health care.

While our services are primarily subject to government regulations pertaining to health care, certain aspects of those services may require us to comply with regulatory schemes from other areas. Examples of such regulatory schema include:

Anti-spam Laws. We may be required to comply with current or future anti-spam legislation by limiting or modifying some of our interactive services, such as our clinical messaging, which may result in a reduction in our revenue. One such law, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or CAN-SPAM, became effective in the United States on January 1, 2004. CAN-SPAM imposes complex and often burdensome requirements in connection with the sending of commercial e-mail. CAN-SPAM or similar laws may impose burdens on our member communication practices and on certain of our services, which in turn could harm our ability to attract new payer and pharmaceutical clients and increase revenue.

Privacy Regulation. The Federal Trade Commission ("FTC") and many state attorneys general are applying federal and state consumer protection laws to require that the online collection, use, and dissemination of data, and the presentation of website or other electronic content, comply with certain standards for notice, choice, security, and access. Courts may also adopt these developing standards. A number of states, including California, have enacted laws or are considering the enactment of laws governing the release of credit card or other personal information received from consumers.

In addition, several foreign governments have regulations dealing with the collection and use of personal information obtained from their citizens. For example, the European Union, or EU, adopted the Data Protection Directive, or DPD, imposing strict regulations and establishing a series of requirements regarding the collection and use of personally identifiable information online. The DPD provides for specific regulations requiring all non-EU countries doing business with EU member states to provide adequate data privacy protection when receiving personal data from any of the EU member states. Similarly, Canada's Personal Information and Protection of Electronic Documents Act provides Canadian residents with privacy protections in regard to transactions with businesses and organizations in the private sector and sets out ground rules for how private sector organizations may collect, use, and disclose personal information in the course of commercial activities. Foreign governments may attempt to apply such laws extraterritorially or through treaties or other arrangements with US governmental entities, and our practice management services for practices along the Canadian border and our market research services could each involve the personal information of foreign residents. Furthermore, in the conduct of our market research activities outside of the United States, we rely upon a third party to identify and recruit respondents for the market research and to comply with the applicable privacy laws in each jurisdiction in which it operates. We cannot assure you that this third party will successfully comply with such laws or that we would not be responsible for any failure of this third party to comply.

While we have privacy policies posted with our services that we believe comply with applicable laws requiring notice to our users and clients about our information collection, use, and disclosure practices, we cannot assure you that the privacy policies and other statements regarding our practices will be found sufficient to protect us from liability or adverse publicity relating to the privacy and security of personal information. Whether and how existing local and international privacy and consumer protection laws in various jurisdictions apply to the Internet and other online technologies is still uncertain and may take years to resolve. Privacy laws and regulations, if drafted or interpreted broadly, could be deemed to apply to the technology we use and could restrict our information collection methods or decrease the amount and utility of the information that we would be permitted to collect. The costs of compliance with, and the other burdens imposed by, these and other laws or regulatory actions may prevent us from selling our products or services, or increase the costs of doing so, and may affect our ability to invest in or jointly develop products. In addition, a determination by a court or government agency that any of our practices, or those of our agents, do not meet these standards could result in liability, result in adverse publicity, and adversely affect our business.

We may be sued by third parties for alleged infringement of their proprietary rights.

The software and Internet industries are characterized by the existence of a large number of patents, trademarks, and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. Moreover, our business involves the systematic gathering and analysis of data about the requirements and behaviors of payers and other third parties, some or all of which may be claimed to be confidential or proprietary. We have received in the past, and may receive in the future, communications from third parties claiming that we have infringed on the intellectual property rights of others. Our technologies may not be able to withstand such third-party claims of rights against their use, and we could lose the right to use technologies that are the subject of such claims. Any intellectual property claims, with or without merit, could be time-consuming and expensive to resolve, divert management attention from executing our business plan, and require us to pay monetary damages or enter into royalty or licensing agreements. In addition, many of our contracts contain warranties with respect to intellectual property rights, and some require us to indemnify our clients, partners, and third-party service providers for third-party intellectual property infringement claims, which would increase the cost to us of an adverse ruling on such a claim. Although many of our partners and third-party service providers are obligated to indemnify us if their products infringe the rights of others, such indemnification may not be effective or adequate to protect us or the indemnifying party may be unable to uphold its contractual obligations.

Moreover, any settlement or adverse judgment resulting from such a claim could require us to pay substantial amounts of money or obtain a license to continue to use the technology or information that is the subject of the claim, or otherwise restrict or prohibit our use of the technology or information. There can be no assurance that we would be able to obtain a license on commercially reasonable terms, if at all, from third parties asserting an infringement claim; that we would be able to develop alternative technology on a timely basis, if at all; that we would be able to obtain a license to use a suitable alternative technology or information to permit us to continue offering, and our clients to continue using, our affected services; or that we would not need to change our product and design plans, which could require us to redesign affected products or services or delay new offerings. Accordingly, an adverse determination could prevent us from offering our services to others.

Our intellectual property may be at risk due to a lack of formal protection.

Our technology is not formally protected under intellectual property or similar laws, and in particular it is not patented or copyrighted or otherwise protected under any registration or application. Although we attempt to control access to our intellectual property, unauthorized persons copy or otherwise use our intellectual property. There can be no assurance that the legal protections and precautions we undertake will be adequate to prevent misappropriation of our technology or that competitors will not independently develop technologies equivalent or superior to ours. Monitoring unauthorized use of our intellectual property is difficult, and the steps we have taken may not prevent unauthorized use. If our competitors gain access to our intellectual property, our competitive position in the industry could be damaged. An inability to compete effectively could cause us to lose existing and potential customers and experience lower revenue and revenue growth. Third parties could obtain patents or other intellectual property rights that may require us to stop benefiting from certain of their technology, and may require us to negotiate licenses to conduct our business, and the required licenses may not be available on reasonable terms or at all. We rely on nondisclosure agreements with certain employees, and we cannot be certain that these agreements will not be breached or that we will have adequate remedies for any breach.

Uncertainty can arise regarding the applicability of our proprietary information.

We rely on trade secrets, know-how and other proprietary information, as well as requiring employees and other investors and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and we may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to our proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection is likely to adversely affect our operating results.

Because competition for our target employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our planned growth.

To continue to execute on our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for senior sales executives and software engineers with high levels of experience in designing and developing software and Internet-related services. We may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. We cannot assure you that we will be able to fill all open positions on a timely basis, or at all, on acceptable terms, regardless of the experience. In addition, our search for replacements for departed employees may cause uncertainty regarding the future of our business, impact employee hiring and retention, and adversely impact our revenue, operating results, and financial condition.

Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, particularly in the Internet and high-technology industries, job candidates often consider the value of the equity awards they are to receive in connection with their employment. Volatility in the price of our stock or failure to obtain stockholder approval for increases in the number of shares available for grant under our equity plans may, therefore, adversely affect our ability to attract or retain key employees. Furthermore, the requirements to expense equity awards may discourage us from granting the size or type of equity awards that job candidates require to join our company. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be severely harmed.

Risks related to our business – Financials

Access to capital may limit our ability to pursue growth opportunities and may impact our ability to cover expenses or liabilities.

In executing our business plan, we make, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Historically, we have financed these expenditures through offerings of our equity securities and debt financing. We will have further capital requirements and other expenditures as we proceed to expand our business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to us. We may incur major unanticipated liabilities or expenses. We can provide no assurance that we will be able to obtain financing to meet our growth needs.

Fluctuations in foreign currency exchange rates may have a negative impact on our business.

Our functional currency is denominated in US Dollars. We currently have sales that are denominated in US Dollars and may, in the future, have sales denominated in the currencies of additional countries in which we establishe sales offices. In addition, we incur the majority of our operating expenses in US Dollars. In the future, our international sales may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact our business, financial condition and results of operations. We have not previously engaged in foreign currency hedging. If we decide to hedge our foreign currency exposure, we may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide us from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in our MD&A, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our share price. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment tests for non-financial assets, as well as revenue and cost recognition.

Our operations in multiple tax jurisdictions exposes our business to fluctuations and changes in tax rates and laws.

We operate and are subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, our earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. We may have exposure to greater than anticipated tax liabilities or expenses. We will be subject to income taxes and non-income taxes in a variety of jurisdictions and our tax structure is subject to review by both domestic and foreign taxation authorities and the determination of our provision for income taxes and other tax liabilities will require significant judgment.

Our operating results may fluctuate significantly, and if we fail to meet the expectations of analysts or investors, our stock price and the value of an investment in our common shares could decline substantially.

Our operating results are likely to fluctuate, and if we fail to meet or exceed the expectations of securities analysts or investors, the trading price of our common shares could decline. Moreover, the common share price may be based on expectations of our future performance that may be unrealistic or that may not be met. Some of the important factors that could cause our revenue and operating results to fluctuate from quarter to quarter include:

- the extent to which our services achieve or maintain market acceptance;
- our ability to introduce new services and enhancements to our existing services on a timely basis;
- new competitors and the introduction of enhanced products and services from new or existing competitors;
- the length of our contracting and implementation cycles;
- changes in client days in accounts receivable;
- seasonal declines in the use of our services;
- the financial condition of our current and future clients;
- changes in client budgets and procurement policies;
- the amount and timing of our investment in research and development activities;
- the amount and timing of our investment in sales and marketing activities;
- technical difficulties or interruptions in our services;
- our ability to hire and retain qualified personnel and maintain an adequate rate of expansion of our sales force;
- changes in the regulatory environment related to health care;
- regulatory compliance costs;
- the timing, size, and integration success of potential future acquisitions; and
- unforeseen legal expenses, including litigation and settlement costs.

Many of these factors are not within our control, and the occurrence of one or more of them might cause our operating results to vary widely. As such, we believe that quarter-to-quarter comparisons of our revenue and operating results may not be meaningful and should not be relied upon as an indication of future performance.

A significant portion of our operating expense is relatively fixed in nature in the short term, and planned expenditures are based in part on expectations regarding future revenue and profitability. Accordingly, unexpected revenue shortfalls, lower-than-expected revenue increases as a result of planned expenditures, and longer-than-expected impact on profitability and margins as a result of planned expenditures may decrease our gross margins and profitability and could cause significant changes in our operating results from quarter to quarter. In addition, our future quarterly operating results may fluctuate and may not meet the expectations of securities analysts or investors. If this occurs, the trading price of our common shares could fall substantially, either suddenly or over time.

If the revenue of our clients decreases, or if our clients cancel or elect not to renew their contracts, our revenue will decrease.

Under most of our client contracts, we base our charges on a percentage of the revenue that the client realizes while using our services. Many factors may lead to decreases in client revenue, including:

- interruption of client access to our system for any reason;
- our failure to provide services in a timely or high-quality manner;
- failure of our clients to adopt or maintain effective business practices;
- actions by third-party payers of medical claims to reduce reimbursement;
- government regulations and government or other payer actions or inaction reducing or delaying reimbursement; and

- reduction of client revenue resulting from increased competition or other changes in the marketplace for physician services.

A minority of our clients are on contracts that may be terminated on 90 days' notice without cause. If any of these clients cancel or elect not to renew their contracts, our revenue would decrease.

If we are required to collect sales and use taxes on the services we sell in additional jurisdictions, we may be subject to liability for past sales and incur additional related costs and expenses, and our future sales may decrease.

We may lose sales or incur significant expenses should states be successful in imposing state sales and use taxes on our services. A successful assertion by one or more states that we should collect sales or other taxes on the sale of our services could result in substantial tax liabilities for past sales, decrease our ability to compete on pricing with other vendors, and otherwise harm our business. Each state has different rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that may change over time. We review these rules and regulations periodically and, when we believe that our services are subject to sales and use taxes in a particular state, we voluntarily approach state tax authorities in order to determine how to comply with their rules and regulations. There can be no assurances that we will not be subject to sales and use taxes or related penalties for past sales in states where we believe no compliance is necessary.

Vendors of services, like us, are typically held responsible by taxing authorities for the collection and payment of any applicable sales and similar taxes. If one or more taxing authorities determines that taxes should have, but have not, been paid with respect to our services, we may be liable for past taxes in addition to taxes going forward. Liability for past taxes may also include very substantial interest and penalty charges. Our client contracts provide that our clients must pay all applicable sales and similar taxes. Nevertheless, clients may be reluctant to pay back taxes and may refuse responsibility for interest or penalties associated with those taxes. If we are required to collect and pay back taxes and the associated interest and penalties, and if our clients fail or refuse to reimburse us for all or a portion of these amounts, we will have incurred unplanned expenses that may be substantial. Moreover, imposition of such taxes on our services going forward will effectively increase the cost of such services to our clients and may adversely affect our ability to retain existing clients or to gain new clients in the states in which such taxes are imposed.

We may also become subject to tax audits or similar procedures in states where we already pay sales and use taxes. The incurrence of additional accounting and legal costs and related expenses in connection with, and the assessment of, taxes, interest, and penalties as a result of audits, litigation, or otherwise could be materially adverse to our current and future results of operations and financial condition.

As a result of our variable sales and implementation cycles for our services, and the uncertainty as to the timing of the fulfillment of our services, we may be unable to recognize revenue to offset expenditures, which could result in fluctuations in our quarterly results of operations or otherwise harm our future operating results.

In the case of HSI, the sales cycle can last as long as twelve months, whereas the sales cycle for Paragon does not typically exceed 60 days, from initial contact to contract execution. During the sales cycle, we expend time and resources, and we do not recognize any revenue to offset such expenditures. Our implementation cycle is also variable, typically ranging from one to three months from contract execution to completion of implementation, for both Paragon and HSI, although some of our new-client set-up projects—especially those for larger clients—are complex and require a lengthy delay and significant implementation work. Each client's situation is different, and unanticipated difficulties and delays may arise as a result of failure by us or by the client to meet our respective implementation responsibilities

In regard to our services, the time between the date of the signing of the contract with a client for a program, the actual fulfillment of the services under such contract and the revenue recognition associated with such revenue may be lengthy, especially for larger contracts with multiple deliverables, and may be subject to delays over which we have little or no control, including those that result from that client's need for internal approvals.

These factors may contribute to substantial fluctuations in our quarterly operating results, particularly in the near term and during any period in which our sales volume is relatively low. As a result, in future quarters our operating results could fall below the expectations of securities analysts or investors, in which event the price of our common shares would likely decrease.

If we fail to meet our current credit agreement's covenants, our business and financial condition could be adversely affected.

We currently have outstanding notes which contain certain covenants, including a covenant relating to the loss of a key customer, upon which event we will be subject to a fixed charge ratio. As at March 31, 2015, we borrowed $12,000 under the notes and were in compliance with all of its covenants. There is no assurance that we will continue to be in compliance with all of the covenants under the notes, and, if at any point we fail to comply with the covenants, the lenders can demand immediate repayment of our outstanding balance and deny future borrowings under the agreement. This could have a negative impact on our liquidity, thereby reducing the availability of cash flow for other purposes and adversely affecting our business.

14. OUTSTANDING SHARE DATA

A discussion of our outstanding share capital and related earnings per share information

Syncordia is a wholly owned subsidiary of Syncordia Corp. Syncordia Corp.'s outstanding share data as at July 28, 2015 is as set forth below.

Basic and fully diluted net loss per common share for the year ended March 31, 2015 was $0.33 per share. Certain options granted under our incentive stock option plan and outstanding warrants have not been included in the calculation of the diluted loss per share as the effect would be anti-dilutive.

The basic and fully diluted weighted average number of common shares used in calculating the net income per share was 8,869,404 and 8,893,782 each respectively for the year ended March 31, 2015. As of the date hereof, there are 19,643,635 common shares issued and outstanding.

15. FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking statements

This MD&A contains forward-looking statements about our achievements, the future success of our business and technology strategies, performance, goals and other future events. Our assessment of future plans and operations, cash flows, methods of financing and the ability to fund financial liabilities, and the timing of and impact of adoption of IFRS and other accounting policies may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, the risks identified above. As a consequence, our actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although we believe that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because we can give no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive.

The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding our fiscal 2015 financial performance and may not be appropriate for other purposes. Readers are encouraged to read the section entitled "Risk Factors" in this MD&A for a broader discussion of the factors that could affect our future performance. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Syncordia does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.