Year End 2016

Management's Discussion and Analysis
For January 1, 2014 and the fiscal years ended December 31, 2016, 2015, and 2014.

Viemed Group

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Sleep Management, LLC and Home Sleep Delivered, LLC ("Viemed Group" or the "Company"), prepared as of May 22, 2017 and should be read in conjunction with the combined financial statements for the periods ended December 31, 2016, 2015 and 2014, including the notes therein. The combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise specified, all financial data is presented in US dollars. The words "we", "our", "us", "Company", and "Viemed Group" refer to Sleep Management and/or the management and employees of the Company.

Additional information relevant to the Company is available for review on SEDAR at www.sedar.com.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Information included or incorporated by reference in this report may contain forward-looking statements. This information may involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "plan," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. Readers are cautioned regarding statements discussing profitability; growth strategies; anticipated trends in our industry; our future financing plans; and our anticipated needs for working capital. Actual events or results may differ materially from those discussed in forward-looking statements. There can be no assurance that the forward-looking statements contained in this report will in fact occur. The Company bases its forward-looking statements on information currently available to it, and assumes no obligation to update them.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS MD&A PRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS MD&A AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, THE COMPANY DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED BY APPLICABLE SECURITIES LEGISLATION.

(Tabular amounts expressed in thousands of US Dollars)

HIGHLIGHTS

Year Ended December 31, 2016

→ Gross Margin % as of December 31, 2016 remained consistent with December 31, 2015 at 80%

→ Cash on hand of $4,339,000 as of December 31, 2016 as compared to $3,148,000 at December 31,2015

SELECTED FINANCIAL INFORMATION

	For the year ended		
	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Revenue	$ 31,356	$ 37,569	$ 23,289
Gross Margin	$ 25,030	$ 30,115	$ 19,433
Gross Margin %	80%	80%	83%
EBITDA [1]	$ 1,856	$ 11,936	$ 9,886
Cash (As at)	$ 4,339	$ 3,148	$ 1,637

(1) Refer to page four (4) for definition of EBITDA

ABOUT OUR BUSINESS

Viemed Group business objective

The explosive grow in the number of elderly patients in the US healthcare market is creating pressure to provide more efficient and cost effective delivery systems. Healthcare providers, such as hospitals, physicians and pharmacies, are seeking partners that can offer a range of products and services that improve outcomes, reduce hospital readmissions, and help control costs. Viemed fills this need through a highly effective home treatment model that integrates easily into the processes of referral partners. Viemed is a positive cash flow and profitable company that serves patients with respiratory health diseases and other chronic health conditions. Viemed' s organic growth strategy is to increase active patients by increasing patient quality of life while reducing cost for health care provides, mainly through a reduction in hospital readmission rates. The expected result is sustainable organic growth in revenue and earnings.

Future outlook

Viemed is expecting to generate net profit and positive EBITDA, excluding IFRS treatment of non-cash items. Our top priority continues to be the generation of operational net profit, positive cash flow, and positive EBITDA 2017 and beyond. As we continue to expand in our existing patient base, we plan to enter into new markets through organic sales growth. As we continue to grow and achieve scale, the increasing cash generated from operations will be used to to gain market share and further expand our geographical footprint.

Going forward, we seek to find ways to continue to provide our high quality patient-centric philosophy while generating positive cash flow and operational profits. We will continue to improve on operational efficiencies and the sale of our more profitable products as to maintain our healthy gross margin while growing revenues.

OPERATING RESULTS

Accounting policies and estimates

The combined financial statements are prepared under International Financial Reporting Standards ("IFRS") issued by the governing body of the International Accounting Standards Board ("IASB'). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosers of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of combined financial statements.

IFRS accounting treatment

Management does not rely upon non-cash IFRS accounting treatment of certain items when planning, monitoring, and evaluating the company' s performance or in making financial decisions.

Non-IFRS measures

Throughout this MD&A, references are made to a number of measures which are believed to be meaningful in the assessment of the Company' s performance. All of these metrics are non-standard measures under IFRS, and may not be identical to similarly titled measures reported by other companies. Also, in the future, we may disclose different non- IFRS financial measures in order to help our investors more meaningfully evaluate and compare our future results of operations to our previously reported results of operations. Readers are cautioned that the disclosure of these items is meant to add to, and not replace the discussion of financial results as determined in accordance with IFRS. The primary purpose of these non-IFRS measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or uncontrollable items on the Company' s operating performance.

EBITDA

In calculating EBITDA and Adjusted EBITDA, certain items (mostly non-cash) are excluded from net income or loss including interest, taxes and depreciation. Set forth below are descriptions of the financial items that have been excluded from net income to calculate EBITDA and Adjusted EBITDA and the material limitations associated with using these non-IFRS financial measures as compared to net income.

(Tabular amounts expressed in thousands of US Dollars)

- Depreciation may be useful for investors to consider because they generally represent the wear and tear on our property and equipment used in our operations. However, we do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating costs.

- The amount of interest expense we incur or interest income we generate may be useful for investors to consider and may result in current cash inflows or outflows. However, we do not consider the amount of interest expense or interest income to be a representative component of the day -to-day operating performance of our business.

- Income tax expense may be useful for investors to consider because it generally represents the taxes which may be payable for the period and the change in deferred income taxes and may reduce the amount of funds otherwise available for use. However, we do not consider the amount of income tax expense to be a representative component of the day-to-day operating performance of our business.

Management uses both IFRS and non-IFRS measures when planning, monitoring, and evaluating the company's performance.

The following table shows our Non-IFRS measures reconciled to our net income for the indicated periods:

	For the years ended		
	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Net Income (loss)	$ 1,228	$ 9,693	$ 9,453
Add back:			
Depreciation	1,424	1,037	385
Interest expense	323	87	48
Provision for (recovery of) income taxes	(1,119)	1,119	-
EBITDA	$ 1,856	$ 11,936	$ 9,886

	For the years ended		
	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Revenue	$ 31,356	$ 37,569	$ 23,289
Cost of revenue	6,326	7,454	3,856
Gross margin	$ 25,030	$ 30,115	$ 19,433
Selling, general and administrative	23,223	18,179	9,561
Depreciation	1,424	1,037	385
Gain on disposal of property and equipment	(49)	-	(14)
Net income before financing expenses	$ 432	$ 10,899	$ 9,501
Financing expenses			
Interest expense	323	87	48
Net income before taxes	$ 109	$ 10,812	$ 9,453
Provision for (recovery of) income taxes	(1,119)	1,119	-
Net income and comprehensive income	$ 1,228	$ 9,693	$ 9,453

Revenue

For the year ended December 31, 2016, revenue totaled $31.4 million, a decrease of $6.2 million (or 16.5%) from the comparable period in 2015. The decrease in revenue for the year was driven primarily by a reimbursement rate cut by Medicare for our ventilators. The cut went into effect in January of 2016. Offsetting this substantial decrease was an increase in our total patient base. We expect this trend of increases to our patient base to continue throughout the upcoming year and thus expect our revenue to be higher in 2017.

For the year ended December 31, 2015, revenue totaled $37.6 million, an increase of $14.3 million (or 61%) from the comparable period in 2014. The increase in revenue for the year was driven by a substantial increase in our patient base, primarily our rental patients for ventilators.

Cost of revenue and gross margin

For the year ended December 31, 2016, cost of revenue totaled $6.3 million, a decrease of $1.1 million from the comparable period in 2015. Gross margin percent remained flat at 80%, primarily driven by reductions in the Medicare reimbursement rate for certain products, offset by fewer operating leases during 2016. We expect our future gross margin percentage to improve as a result of a reduction in operating leases related to our medical equipment.

For the year ended December 31, 2015, cost of revenue totaled $7.5 million, an increase of $3.6 million from the comparable period in 2014. Gross margin percent declined from 83% to 80%, primarily as a result of additional operating leases for our medical equipment in the later part of the year.

Selling, general & administrative expense

For the year ended December 31, 2016, total selling, general and administrative expenses were $23.2 million, an increase of $5.0 million from the previous year. The increase was primarily the result of an increase in employee costs during an expansionary period for the Company and higher bad debt. Partially offsetting these increases were one-time integration related expenses during the 2015 period. We expect selling, general, and administrative expenses to decrease during the comparable 2017 period.

For the year ended December 31, 2015, total selling, general and administrative expenses were $18.2 million, an increase of $8.6 million from the previous year. The increase was primarily the result of acquisition related expenses as well as an increase in employee costs during an expansionary period for the Company.

Interest expense

For the year ended December 31, 2016, interest expense totaled $0.3 million, an increase of $0.2 million from the comparable period in 2015. The increase is attributable to acquiring a substantial amount of our medical equipment purchases through financing leases. We expect interest expense to remain materially consistent during 2017.

For the year ended December 31, 2015, interest expense totaled $0.09 million, an increase of $0.04 million from the comparable period in 2014. The increase is attributable to a greater average debt balance period over period.

Net income

For the year ended December 31, 2016, net income was $1.2 million. The substantial decrease was mainly driven by the Medicare reimbursement rate cut and an increase in selling, general, and administrative costs as described above. Offsetting the increased expenses was a recovery of income taxes in the amount of $1.1 million.

For the year ended December 31, 2015, net income of $9.7 million was materially consistent with net income of $9.5 million from the previous year. In addition to the explanations above, net income was impacted negatively by $1.1 million of income taxes. Until being acquired in June of 2015, the Company was a pass-through entity and not subject to income tax.

(Tabular amounts expressed in thousands of US Dollars)

FINANCIAL CONDITION

	As at December 31, 2016	As at December 31,2015	As at December 31, 2014	As at January 1, 2014
Cash	$ 4,339	$ 3,148	$ 1,637	$ -
Accounts receivable and other current assets	6,857	10,003	5,821	3,170
Property and equipment	13,483	9,262	2,691	1,608
Total assets	**$ 24,679**	**$ 22,413**	**$ 10,149**	**$ 4,778**
Accounts payable and other current liabilities	$ 9,168	$ 8,360	$ 1,717	$ 1,640
Long term liabilities	2,631	2,401	-	405
Total liabilities	**$ 11,799**	**$ 10,761**	**$ 1,717**	**2,045**
Members' / Shareholders' Equity	67	67	67	67
Retained earnings	12,813	11,585	8,365	2,666
Total Members' and Shareholders' equity	**$ 12,880**	**$ 11,652**	**$ 8,432**	**$2,733**

Liquidity

As of December 31, 2016, the Company had cash on hand of $4.3 million. Management considers liquid assets to consist of cash and cash equivalents, accounts receivable and inventory. According to this definition, the company' s liquid assets equal $ 10.8 million. While working capital is traditionally used as a measure of a company' s liquidity, management believes that a more accurate view of the Company' s liquidity is liquid assets less current liabilities. The Company' s liquid assets less current liabilities equals $1.6 million.

Capital management

The Company considers its capital to be members'/ shareholders' equity, which is comprised members' / shareholders' equity, and retained earnings, which is $12.9 million at December 31, 2016 (December 31, 2015 - $11.7 million, December 31, 2014 - $8.4 million, and January 1, 2014 $2.7 million) along with the debt which totaled $6.5 million at December 31, 2016 (December 31, 2015 - $6.1 million, December 31, 2014 - $0.7 million, and January 1, 2014 $1.5 million). The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a low to moderate tolerance level for risk. The Company meets its capital needs through a variety of finance leasing and bank debt. Funds are primarily secured through internally generated cash from operations. There have been no changes to management's approach to managing its capital during the years ended December 31, 2016, 2015,2014 and January 1, 2014.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Financing

The company has financed its operations primarily through funds generated from operations. Cash flow from operations for the year ended December 31, 2016 was $6.4 million. Cash flows from operations for the years ended December 31, 2015 and 2014 were $10.2 million and $7.6 million, respectively. Additionally, the Company has historically financed a portion of its capital investments through finance leases, and expects to use this financing in the future. The Company's outstanding finance leases as at December 31, 2016 totaled $6.0 million.

Commitments

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lesser of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. The associated lease liability is drawn down over the life of the lease by allocating a portion of each lease payment to the liability with the remainder being recognized as finance charges.

(Tabular amounts expressed in thousands of US Dollars)

Leases that do not transfer the risks and rewards of ownership to the Company are treated as operating leases and are expensed as incurred.

(a) Operating leases

The Company leases certain facilities under the terms of non-cancelable operating leases. Future payments pursuant to these commitments are as follows:

	As at December 31, 2016
Less than 1 year	292
Between 1 and 4 years	961
Five years or more	846
Total	**2,099**

Related party transactions

The Company entered into a ten-year lease agreement for facilities with a rental company that is affiliated with key management of the Company. Payments under this lease agreement are $18,000 per month, plus taxes, utilities and maintenance. The expense has been recorded as general and administrative expenses.

Key management personnel are comprised of the Company's directors and executive officers. Including the above agreements, the Company paid key management personnel the following:

	For the year ended		
	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Salaries and Benefits	$ 1,012	$ 594	$ 412
Rent	292	94	77
Total	$ 1,304	$ 688	$ 489

The Company's accounts receivable and accounts payable to related parties are between entities with common management and have occurred during the normal course of business. These balances are non-interest bearing and are not expected to be settled in cash.

Off balance sheet arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations or financial condition.

ACCOUNTING AND DISCLOSURE MATTERS

Financial reporting controls

The Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation.

There were no substantive changes in the Company' s disclosure controls and procedures and internal controls over financial reporting during the year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect the Company' s disclosure controls and procedures and internal controls over financial reporting.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the consolidated financial statements. We constantly evaluate these estimates and assumptions.

We base our estimates and assumptions on past experience and other factors that are deemed reasonable under the circumstances. This involves varying degrees of judgment and uncertainty, thus the amounts currently reported in the consolidated financial statements could prove to be inaccurate in the future.

We consider the estimates and assumptions described in this section to be an important part in understanding the consolidated financial statements. These estimates and assumptions are subject to change, as they rely heavily on management' s judgment and are based on factors that are inherently uncertain.

Revenue recognition

Revenue from a customer consists of any combination of the sale and rental of medical equipment and / or patient monitoring services. Revenues are billed to and collections received from Medicare, third-party insurers, co-insurance and patient-pay. Revenue is recognized at the time services are provided net of contractual adjustments based on an evaluation of expected collections resulting from the analysis of current and past due accounts, past collection experience in relation to amounts billed and other relevant information. Contractual adjustments result from the differences between the rates charged for services and reimbursements by government-sponsored healthcare programs and insurance companies for such services. Interest revenue is recognized as earned.

Accounts receivable

Accounts receivable are recorded at the time revenue is recognized. The amount billed is the amount the Company believes is the allowable charge as determined by the payer (i.e. MediCare, insurance companies, etc.). These billings can be challenged by the payer. These modified amounts will be the total payment for the services, unless the Company decides to appeal the determination. The historical rate of modifications and appeals results has been used to determine the allowance for bad debts.

Accounts receivable are regularly reviewed for collectability and an allowance is credited to cover the estimated bad debts and billing modifications. The accounts receivable are presented on the Combined Statement of Financial Position net of the allowance for doubtful accounts. It is possible that the estimates of the allowance for doubtful accounts could change, which could have a material impact on our operations and cash flows.

The Company writes off receivables when the likelihood for collection is remote, and when the Company believes collection efforts have been fully exhausted and it does not intend to devote additional resources in attempting to collect. The write-offs are charged against the allowance for doubtful accounts.

Income taxes

Prior to June 1, 2015, the Company has elected to be treated as an "S" corporation for income tax purposes. An S corporation is generally not subject to Federal income tax. The Company's taxable income is passed through to the shareholders where it is reported on the individual shareholder's federal and state income tax return. As such, no provision for income taxes is provided for in the accompanying combined financial statements for period prior to June 1, 2015.

For periods after June 1, 2015. the Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. The Company's income tax provisions reflect management's interpretation of country and state tax laws. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and may remain uncertain for several years after their occurrence. The Company recognizes assets and liabilities for taxation when it is probable that the Company will receive refunds or pay taxes to the relevant tax authority. Where the final determination of tax assets and liabilities is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes provision in the period in which such determination is made. Changes in tax law or changes in the way tax law is interpreted may also impact the Company's effective tax rate as well as its business and operations.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying value of assets and liabilities and their respective income tax bases. Deferred income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The calculation of current and deferred income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment concerning the carrying value of assets and liabilities. The current and deferred income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences as well as possible audits of tax filings by regulatory agencies. Changes or differences in these estimates or assumptions may result in changes to the current and deferred tax assets and liabilities on the combined statements of financial position and a charge to or recovery of income tax expense.

Significant accounting judgments

The following are the critical judgments, apart from those involving estimations, that have been made in the process of applying the Company' s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional currency

Management has exercised judgment in selecting the functional currency of each of the entities that it combines based on the primary economic environment in which the entity operates and in reference to the various indicators including the currency that primarily influences or determines the selling prices of goods and services and the cost of production, including labor, material and other costs and the currency whose competitive forces and regulations mainly determine selling prices. The Company's functional currency was determined to be the US dollar, which was determined using management's assumption that the primary economic environment which it will derive its revenue and expenses incurred to generate those revenues is the United States.

Segmented reporting

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's Board of Directors as they are primarily responsible for the allocation of resources and the assessment of performance.

The CODM uses operating profit, as reviewed at monthly business review meetings, as the key measure of the Company's results as it reflects the Company's underlying performance for the period under evaluation. Operating profit is defined as profit on operations before interest, taxes, stock-based compensation, amortization of intangibles and impairment expenses.

The CODM's primary focus for review and resource allocation is the Company as a whole and not any component part of the business. All revenue streams for the business are managed centrally by functional teams (Demand, Supply, Procurement and Finance) that have responsibility for the whole of the Company's product portfolio. Although some discrete financial information is available to provide insight to the management team of the key performance drivers, the product group profit is not part of the CODM's review. Having considered these factors, management has judged that the Company comprises one operating segment under IFRS 8. As such, the disclosures required under IFRS 8 for the combined financial statements are shown on the face of the combined statement of income and comprehensive income and combined statement of financial position.

Asset impairment and cash generating units

a. Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had such a negative effect on the estimated future cash flows of the asset that the carrying value of the asset can no longer be recovered.

If a financial asset carried at amortized cost is impaired, the impairment is measured as the difference between the carrying amount, or amortized cost of the asset, and the present value of the future cash flows discounted at the instrument's original effective interest rate. The impairment is recognized in earnings or loss. An impairment loss may be reversed if the reversal can be objectively related to an event occurring after the impairment loss recognition. For financial assets measured at amortized cost, the reversal is recognized in earnings or loss.

Individually significant financial assets are tested for impairment on an individual basis. Remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b. Impairment of non-financial assets

Property and equipment is also tested for impairment at each reporting period if impairment indicators exist. Property and equipment impairment is assessed at the Cash Generating Unit ("CGU") level.

When the carrying amount of CGU or group of CGUs exceeds their recoverable amount, the CGU or group of CGUs is considered impaired and written down to its recoverable amount. Recoverable amount is the higher of (i) the fair value less costs to sell and (ii) the value in use.

Fair value less costs to sell is determined as the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from the asset or CGU discounted using a pre-tax discount rate reflecting market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized within earnings or loss. A previously recognized impairment loss may be reversed if the assumptions used to determine the recoverable amount have changed since the impairment loss recognition. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and depletion, if no impairment loss had been recognized.

(Tabular amounts expressed in thousands of US Dollars)

Recognition of leases

Management has exercised judgment in the determination of whether or not a contract to rent equipment represents a financing lease. Using historical returns and other operational data management has determined that in cases where the Company is the lessor no rental agreements represent financing leases.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instrument risk exposure

Risk management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair values

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash and cash equivalents is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

As at December 31, 2016, December 31, 2015, December 31, 2014, and January 1, 2014 both the carrying and fair value amounts of the Company's cash and cash equivalents, accounts receivable, accounts receivable – related parties, trade payables, accounts payable – related parties, income taxes payable, accrued liabilities, and the current and long term portion of finance lease and long term debt are approximately equivalent due to their short term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk are primarily cash and accounts receivable. Each subsidiary places its cash wfith one major financial institution. At times, the cash in the financial institution is temporarily in excess of the amount insured by the Federal Deposit Insurance Corporation. Substantially all accounts receivable are due under fee-for-service contracts from third party payors, such as insurance companies and government-sponsored healthcare programs, directly from patients or for rebates due from manufacturers. Receivables generally are collected within industry norms for third-party payors and from manufacturers. The Company continuously monitors collections from its clients and maintains an allowance for bad debts based upon any specific payor collection issues that are identified and historical experience.

As of December 31, 2016, no one customer represented more than 10% of outstanding accounts receivable The Company does have receivables from Medicare and Medicaid, 29% and 20% respectively. As these are government programs there is very little credit risk associated with these balances.

Accounts receivable aging for each reporting period is as follows:

	Current	30 - 60	60 - 90	Over 90	Total accounts receivable	Allowance for doubtful accounts
December 31, 2016	$ 2,312	$ 651	$ 518	$ 4,381	$ 7,862	$ 3,069
December 31, 2015	$ 2,672	$ 1,356	$ 897	$ 4,229	$ 9,154	$ 1,108
December 31, 2014	$ 2,226	$ 717	$ 525	$ 1,650	$ 5,118	$ 367
January 1, 2014	$ 1,104	$ 342	$ 197	$ 732	$ 2,375	$ 143

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due by continuously monitoring actual and budgeted cash flows, and monitoring financial market conditions for signs of weakness.

As of December 31, 2016, the Company faces no material liquidity risk and is able to meet all of its current financial obligations as they become due and payable. The Company has $9.2 million of current liabilities (December 31, 2015 - $8.4 million, December 31, 2014 - $1.7 million, and January 1, 2014 -1.6 million), that are due within one year but has $11.2 million of current assets (December 31, 2015 - $13.2 million, December 31, 2014 - $7.5 million, and January 1, 2014 - $3.2), in addition to cash flow generated during 2017 to meet those obligations.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with registered US financial institutions. The Company considers this risk to be immaterial. The interest on the long term debt and finance leases are not subject to cash flow interest rate risk as these instruments bear interest at fixed rates.

Risk factors

While it is impossible to identify all such risk factors, factors that could cause actual results to differ materially from those estimated by us include:

- We may need to raise additional capital to fund future operations, which may involve high transaction costs, dilution to shareholders, high interest rates or unfavorable terms and conditions. The Company cannot likely obtain traditional debt financing until it has a profitable and longer operating history.
- Our stock price may fluctuate up or down for reasons unrelated to the performance of the Company, including lack of analyst coverage, limited investor relations and public relations support, limited trading liquidity and limited exposure of the Company to Canadian retail and institutional investors.
- CMS policies of health insurance for Medicare in the United States may affect the amount of revenue the Company receives. The Company is subject to risk that reimbursement rates for its services from both federal and private payers will decline over time. Reimbursement from federal programs is subject to constant regulatory review and increasing audits by federal authorities, the effect of which may be to increase costs of service and delay or affect reimbursement, which could negatively impact cash flow and/or revenue. Audits may be costly and time consuming, and could delay cash flow , even if the Company acted properly in all respects.
- The policies of health insurance carriers in the United States may affect the amount of revenue the Company receives.
- The Company may not successfully market its services.
- We operate in an industry that is subject to extensive federal, state, and local regulation and changes in law and regulatory interpretations. Healthcare rules and regulations have changed dramatically in recent times, and may change dramatically in the future.
- Changes in United States federal or state laws, rules, and regulations, including those governing the corporate practice of medicine, and fee splitting.
- Changes in the United States Anti-Kickback Statute and Stark Law and/or similar state laws, rules, and regulations.
- If we are unable to manage growth, we may be unable to achieve our expansion strategy.
- Our senior management has been key to our growth, and we may be adversely affected if we lose any member of our senior management.
- There are few suppliers of equipment for the Company, which may make it difficult for the Company to obtain supplies on prices or terms that are favorable. There could be interruptions in supplies or recalls that would adversely affect the Company.
- Changes in the healthcare industry, the US government deficit and the economy in general may affect the Company's business.
- The Company receives payments from a small number of entities, with the Medicare program of the US government being the primary entity making payments. If that entity were to slow payments of Company receivables for any reason, the Company would be adversely impacted.
- The Company competes against larger and substantially better funded competitors.
- Evolving regulation of corporate governance and public disclosure may result in additional expenses and continuing uncertainty.
- We may not be able to recruit and retain sufficient qualified staff and other licensed providers.
- We may be subject to product liability and medical malpractice claims, which may adversely affect our operations. Our industry is highly regulated, and we may be subject to regulatory scrutiny for violations of regulations and laws. The Company could be adversely affected by the time and cost involved with regulatory investigations even if it has operated in compliance with all laws. Investigations could also adversely affect the timely payment of receivables.
- We may have difficulty identifying or acquiring suitable acquisition targets.
- Significant variations in the foreign exchange rate between Canadian and U.S. currency may adversely affect the Company.
- The liquidity of trading in the stock may be adversely affected if more than 50% of the shares of the Company are acquired by US investors.
- Shareholders may be subject to dilution if the Company raises additional capital.