TABLE OF CONTENTS

Consolidated Statements of Financial Position	Page 2
Consolidated Statements of Loss and Comprehensive Income (Loss)	Page 3
Consolidated Statements of Changes in Equity	Page 4
Consolidated Statements of Cash Flows	Page 5
Notes to the Consolidated Financial Statements	Page 6-28

BLVD Centers Corporation

Condensed consolidated interim statements of financial position

As at August 31, 2017 and August 31, 2016
Unaudited
(CAD $000s)

	August 31, 2017	February 28, 2017
ASSETS		
Current		
Cash (note 4)	$6,045	$8,982
Accounts receivable, net (note 4 and 5)	10,177	8,373
Prepaid expenses	1,146	1,416
Other current assets	-	8
Total current assets	**$17,368**	**$18,779**
Long-term		
Property, plant and equipment (note 4 and 6)	$4,221	$4,775
Deposits and other assets	359	368
Prepaid finance fee	-	1,396
Goodwill (note 4 and 7)	-	-
Intangible assets, net (note 4 and 7)	37	41
Deferred tax assets	511	-
Total long-term assets	**$5,127**	**$6,580**
TOTAL ASSETS	**$22,495**	**$25,359**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$5,466	$4,274
Current portion of finance leases (note 8)	241	2,760
Total current liabilities	**$5,707**	**$7,034**
Long-term liabilities		
Long-term portion of finance leases (note 8)	$1,863	$2,185
Deferred tax liabilities	135	-
Total long-term liabilities	**$1,998**	**$2,185**
TOTAL LIABILITIES	**$7,705**	**$9,219**
SHAREHOLDERS' EQUITY		
Share capital (note 9)	$40,724	$40,718
Shares to be issued	$0	$2,340
Contributed surplus	4,716	4,471
Accumulated other comprehensive gain	838	2,716
Accumulated deficit	(31,487)	(34,105)
TOTAL SHAREHOLDERS EQUITY	**$14,791**	**$16,140**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**$22,495**	**$25,359**

Going Concern (Note 3)

Approved on behalf of the Board

Chris Heath
CEO [signed]

Nitin Kaushal
Director [signed]

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

BLVD Centers Corporation

Condensed consolidated interim statements of income/loss and comprehensive income/(loss)

For the three months ended August 31, 2017 and August 31, 2016
Unaudited
(CAD $000s)

('000 CAD) Consolidated statement of operations	Three months ended August 31, 2017	Three months ended August 31, 2016	Six months ended August 31.2017	Six months ended August 31.2016
Revenues	$9,045	$7,434	$18,078	$14,722
Cost of services	4,834	2,951	9,454	6,380
Gross Profit	$4,211	$4,483	$8,624	$8,342
Expenses				
Facilities	$264	$969	$686	$1,702
Sales and marketing	46	1,265	366	2,578
Bad debt expense	1,735	852	3,453	1,799
New facility start-up costs and nonrecurring cost	188	930	275	3,121
General and administrative	812	788	1,665	1,715
Billing and other outside services	634	943	1,158	1,727
Depreciation and amortization	175	428	354	794
Insurance	126	249	126	249
Interest expense/(income)	47	(23)	95	(22)
Goodwill and intangible assets impairment	-	-	-	-
Net (loss)/income before stock based compensation	**$184**	**($1,917)**	**$446**	**($5,320)**
Stock based compensation (note 4)	259	672	469	1,230
Realized foreign exchange	-	-	-	7
Net (loss)/income	**($76)**	**($2,590)**	**($23)**	**($6,558)**
Other comprehensive income/(loss)				
Cumulative translation adjustment	(2,906)	99	(1,707)	(1,388)
Comprehensive income/(loss)	**($2,982)**	**($2,491)**	**($1,730)**	**($7,946)**
Basic and diluted loss per share (note 17)	**($0.000)**	**($0.012)**	**($0.000)**	**($0.034)**

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

BLVD Centers Corporation

Condensed consolidated interim statements of changes in equity

For the three months ended August 31, 2017 and year ended August 31, 2016
Unaudited
(CAD $000s)

	Shares	Share Capital	Shares to be issued	Contributed Surplus	Deficit	Accumulated other comprehensive gain (loss)	Total equity
Balance February 29, 2016	**227,966,050**	**$40,235**		**$2,330**	**($4,581)**	**$3,933**	**$41,917**
Net loss	-	-	-	-	(29,524)	-	(29,524)
Other Comprehensive gain	-	-	-	-	-	(1,217)	(1,217)
Shares issued for Sawtelle Recovery, Inc.	4,350,000	457	-	-	-	-	457
Shares issued for compensation	234,684	19	-	-	-	-	19
Shares to be issued	-	-	2,340	-	-	-	2,340
Warrants exercised	66,500	7	-	-	-	-	7
Option related compensation (note 11)	-	-	-	2,141	-	-	2,141
Balance February 28, 2017	**232,617,234**	**$40,718**	**$2,340**	**$4,471**	**($34,105)**	**$2,716**	**$16,140**
Net loss						(23)	(23)
Other Comprehensive gain		6	(2,340)	245	2,618	(1,855)	(1,326)
Shares issued for purchase of Sawtelle Recovery, Inc							-
Warrants exercised/expired (net of costs)							-
Option related compensation (note 11)							-
Balance August 31,2017	**232,617,234**	**$40,724**	**$0**	**$4,716**	**($31,487)**	**$838**	**$14,791**

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

BLVD Centers Corporation

Condensed consolidated interim statements of cash flows

For the three months ended August 31, 2017 and August 31, 2016
Unaudited
($000s)

	Three months ended August 31, 2017	Six months ended August 31 ,2017	Three months ended August 31, 2016	Six months ended August 31, 2016
Operating activities				
Net loss	($76)	($25)	($2,590)	($6,558)
Items not affecting cash:				
Stock based compensation	-	-	672	1,230
Bad debt and reserve for disputed pricing	-	-	852	1,799
Non-cash acquisition	-	-	-	-
Non-cash lease expense	-	-	-	-
Non-cash transaction fee	-	-	-	-
Depreciation and amortization	175	355	447	795
	$99	$330	($619)	($2,734)
Changes in working capital:				
Accounts receivable	($135)	($2,349)	($1,526)	($3,504)
Prepaid expenses, deposits and other assets	1,191	(332)	(150)	(424)
Accounts payable and accrued liabilities	(921)	(1,024)	425	734
Cash used in operating activities	**$234**	**($3,375)**	**($1,870)**	**($5,928)**
Investing activities				
Cash paid for acquisitions, net of cash acquired	$0	$0	$0	$0
Repayments/(advances) of loan receivable, net	-	-	-	-
Purchases of property, plant and equipment (note 6)	(15)	(16)	(511)	(2,957)
Cash flow used in investing activities	**($15)**	**($16)**	**($511)**	**($2,957)**
Financing activities				
Cash acquired in amalgamation (note 2)	$0	$0	$0	$0
Proceeds from issuance of common shares, net of issue costs (note 9)	-	-	-	-
Decrease/ (increase) in restricted cash	-	-	-	-
Proceeds from private placements	-	-	-	-
Proceeds from long term loans	168	916	1,886	1,886
Proceeds from warrants and options exercised, net of issue costs (note 10)	-	-	-	7
Cash flow provided by financing activities	**$168**	**$916**	**$1,886**	**$1,893**
Effect of foreign exchange rates on cash	(412)	(644)	(2)	(581)
Increase in cash and cash equivalents	**($25)**	**($3,118)**	**($497)**	**($7,573)**
Cash and restricted cash, beginning of period	6,070	9,163	12,711	32,499
Cash and restricted cash, end of period	**$6,045**	**$6,045**	**$12,214**	**$24,926**

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

1. Incorporation and operations

BLVD Centers Corporation. (the "Company" or "BLVD") was incorporated under the Business Corporations Act (British Colombia) ("BCBCA") on June 7, 2013. On February 11, 2015 as a result of the Amalgamation transaction described in Note 2, The Company obtained the listing status of Valiant Minerals Ltd. ("Valiant"), on the NEX trading board of the TSX Venture Exchange (the "Exchange"). The Company trades under the trading symbol "CXV."

BLVD is focused on the United States detoxification and outpatient rehabilitation market. The Company owns high-end treatment centers in California and Oregon. In the state of California, treatment centers are located in Los Angeles, Orange County, Corona and San Diego. In the state of Oregon, the centers are located in Portland and the Company's headquarters and registered address is 800 W 6th Street, Los Angeles, CA.

2. Amalgamation and private placement

On February 11, 2015, the Company and Valiant Minerals Ltd. ("Valiant"), a corporation incorporated under the BCBCA and listed on the Exchange, completed a triangular amalgamation (the "Amalgamation"), whereby Valiant amalgamated as a wholly owned subsidiary of BLVD, 0986282 B.C. Ltd. (the "Amalgamation Entity"), to form an amalgamated corporation (named BLVD Health International Corp. at the time). As a result of the Amalgamation, all of the property and assets of Valiant and the Amalgamation Entity became the property and assets of the Company, and all of the liabilities and obligations of Valiant and the Amalgamation Entity became liabilities of the Company. Following the Amalgamation, The Company obtained the listing status on the Exchange and Valiant ceased to be a reporting issuer.

3. Basis of presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the twelve months ended February 28, 2017.

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on October 30, 2017.

Basis of presentation and measurement

The condensed consolidated interim financial statements are prepared on a going concern basis and have been presented in Canadian dollars (in thousands), except for share and per share information. These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the measurement of certain financial instruments at fair value as required by IFRS.

Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis. The application of the going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operation. If this assumption was not appropriate, adjustments to these condensed consolidated interim financial statements may be necessary.

During the quarter ended August 31, 2017, the Company generated a net income before stock based compensation of $184 (the quarter ending August 31, 2016 had a net loss before stock based compensation of $1,917). The Company had $234 in cash used in operations during the quarter ended August 31, 2017 (the quarter ending August 31, 2016 had ($1,870) in cash used in operations).

Basis of consolidation

The Company consolidates all subsidiaries. As such, assets, liabilities, revenues and expenses of all subsidiaries have been consolidated. All inter-company transactions and balances with subsidiaries have been eliminated. The functional currency for BLVD Health International, Corp. is Canadian dollars.

The consolidated entities include the following wholly-owned subsidiaries:

Entity	Country of domicile	% Ownership	Functional Currency
BLVD Centers Corp.	Canada	100%	Canadian dollars
Accredited Rehab and Treatment Services, LLC	United States	100%	United States dollars
BLVD Centers Inc.	United States	100%	United States dollars
CBD Laboratories, Inc.	United States	100%	United States dollars
Convalo Health, Inc.	United States	100%	United States dollars
Harmony Hollywood, LLC	United States	100%	United States dollars
Reflections Recovery, LLC	United States	100%	United States dollars
San Diego Detox, Inc.	United States	100%	United States dollars
Portland Detox & Residential, Inc.	United States	100%	United States dollars

As of August 31, 2017 and 2016, and for all the periods then ended, all of the Company's revenues were earned and all of the Company's non-current assets were located in the United States.

Reporting Currency

All values are in Canadian dollars ($) in thousands, unless specifically indicated otherwise. United States dollars are indicated as US$.

4. Summary of significant accounting policies

The condensed consolidated interim financial statements include the following significant accounting policies:

Revenue recognition

The Company's revenues primarily consist of service charges related to providing addiction treatment and related services to clients in both inpatient and outpatient settings. The majority of the Company's revenues are reimbursable by commercial payors, at out-of-network rates, with the remaining revenues payable directly by the Company's clients. The Company bills commercial payors, once insurance has been verified and services have been performed, based on usual and customary rates for each service. These billed rates are discounted to expected reimbursement rates (or net realizable value) as determined by management after taking into account the type of services provided and the historical collections received from the commercial payors for each service, on a per facility basis. Revenue from commercial payors is recognized based on these expected reimbursement rates at the time services are provided. Revenue from clients is recognized based on collections, once services have been completed. Collections occur upon admission and/or are billed and collected once a client discharges from treatment. From time to time, the Company provides free care to a limited number of clients, which are referred to as scholarships. The Company does not recognize revenues for scholarships provided.

Cash and restricted cash

Cash comprises cash on-hand and demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash held in trust or escrow, or that the Company is otherwise restricted from using, is classified as restricted cash and shown separately on the consolidated statements of financial position.

Accounts receivable

Accounts receivable are recorded at the time revenue is recognized and are presented on the statements of financial position net of allowance for doubtful accounts. The Company performs regular analyses to evaluate the net realizable value of accounts receivable as of the statement of financial position date. Specifically, the Company considers historical realization data, accounts receivable aging trends, other operating trends and relevant business conditions.

Income taxes

The Company and its subsidiaries are generally taxable under the statutes of their country of incorporation. Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Company follows the liability method of accounting for deferred taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the financial statements and their respective tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill if it occurred during the measurement period or in the statement of loss and comprehensive income, when it occurs subsequent to the measurement period.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Major renewals and improvements are charged to the property accounts, while maintenance and repairs, which do not extend the useful life of the respective assets, are expensed as incurred. All assets having limited useful lives are depreciated from the date of acquisition using the straight-line method over their estimated useful lives.

The methods of depreciation and useful life applicable for each class of asset are as follows:

Category	Method	Useful Life
Furniture and fixtures	Straight-line	3-7 years
Computer hardware	Straight-line	3 years
Vehicles	Straight-line	5 years
Leasehold improvements	Straight-line	Term of lease
Buildings	Straight-line	27-28 years

Land owned by the Company is not depreciated.

Useful lives, components, the depreciation method and residual amounts are reviewed annually. Such a review takes into consideration the nature of the assets and the intended evolution of the technology. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in net income (loss).

Intangible assets

The Company has recorded various intangible assets consisting primarily of non-compete agreements, customer relationships and software. Non-compete agreements are the value associated with the non-compete agreements entered into by the sellers of acquired companies. Customer relationships are the value given in the purchase price allocation to the long-term associations with referral sources such as doctors, medical centers, etc. Finite life intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets as follows:

Category	Useful Life
Customer relationships	5 years
Non-compete agreements	5 years
Software	3 years

At the end of each reporting period, the Company assesses whether there has been any indication that an asset may be impaired. If an impairment indicator exists, the asset's recoverable amount is determined and compared to the carrying amount of the asset. If the recoverable amount is lower, any difference between the carrying amount and the recoverable amount is written off to the consolidated statements of loss and comprehensive income as an impairment charge.

Acquisition accounting

The Company accounts for business acquisitions where control is acquired as business combinations under IFRS 3, *Business Combinations*, which requires the allocation of the purchase price to the various tangible and intangible assets and liabilities of the acquired business at their respective fair values with excess recorded as goodwill. The Company uses all available information to determine the fair values of the various tangible and intangible assets and liabilities acquired.

Option related compensation and warrants

The Company measures share based payments to employees and contractors by reference to the fair value of the equity instruments at the date on which they are granted or committed. The fair value of shares is based on recent transactions with arm's length parties. The Company uses the Black-Scholes option pricing model to determine the fair value of options and warrants. The inputs into the Black-Scholes model, including the expected life of the instrument, expected volatility, risk-free interest rate, dividend yield and expected forfeiture rate are determined by reference to the underlying terms of the instrument, the Company's experience with similar instruments and observable market data. The assumptions used for estimating fair value of share based payments, options and warrants are disclosed in Note 11. The value of options is expensed on a graded basis over the vesting or service period for each tranche. Warrants are issued in connection with common stock issuances and accordingly the fair value of warrants is netted off against the proceeds from the issuance and recorded as contributed surplus. Stock based compensation for the three ended August 31, 2017 was $366,000. For the three months ended August 31, 2016, stock based compensation totalled $732,000.

Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential securities, which are comprised of stock options and warrants. Diluted loss per share is not shown where the effects of the above adjustments are anti-dilutive.

Foreign currency translation

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Company's entities in their respective functional currency at rate prevailing at the date of the transaction.

The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of loss are translated at the average rate of exchange for the period being reported. The exchange differences arising on the translation are recognized in other comprehensive income (loss). On disposal of a foreign operation, the component of other comprehensive income (loss) relating to that particular foreign operation is recognized in profit or loss.

Functional Currency

The Company determines the functional currency for each entity by performing an assessment of the primary economic environment in which each entity operates. The determination of functional currency affects how the Company translates foreign currency balances and transactions. As an investment holding company, management of BLVD Centers, Corp. considered the currency that primarily influences the issuance of shares, outstanding options, incurring of costs and inter-company receivables, all of which are in Canadian dollars. Management thus concluded that the functional currency of BLVD Centers, Corp. is Canadian dollars. For Convalo Health, Inc. and its U.S. subsidiaries the Company reviewed the indicators that primarily influence or determine the selling price of its services and the cost of providing those services to be United States dollars.

Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and building are classified separately and the minimum lease payments are allocated between the land and building elements in proportion to the relative fair values of the leasehold interests at the inception of the lease.

Assets under finance lease are amortized on a straight-line basis, over the shorter of the useful life and the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned by the Company. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

All other leases are accounted for as operating leases, and payments are expensed on a straight-line basis over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Financial instruments

Financial assets and liabilities

The Company classifies its financial assets as [i] financial assets at fair value through profit or loss, [ii] loans and receivables or [iii] available-for-sale, and its financial liabilities as either [i] financial liabilities at fair value through profit or loss or [ii] other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the statement of financial position.

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held-for-trading and financial assets designated upon initial recognition as FVTPL. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at FVTPL are carried in the statement of financial position at fair value with changes in the fair value recognized in the statement of loss and comprehensive loss. Transaction costs on FVTPL are expensed as incurred.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held-for-trading. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of loss and comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. The effective interest amortization is included in finance costs in the statement of loss and comprehensive loss. The losses arising from impairment are recognized as finance costs in the statement of loss and comprehensive loss.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset, an incurred 'loss event', and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance costs.

Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs.

Other financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. All financial liabilities are initially measured at fair value. Transaction costs related other financial liabilities are included in the value of the instruments and amortized using the effective interest method. The effective interest expense is included in finance costs.

Financial instrument classification

The Company has designated its cash, restricted cash, accounts receivable and loans receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities. The Company has designated its finance leases as other financed liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the

recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Interest income and expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest method, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income and expense is included in finance cost.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

For those financial instruments where fair value is recognized in the statement of financial position the methods and assumptions used to develop fair value measurements have been classified into one of the three levels of the fair value hierarchy for financial instruments:

Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 includes inputs that are observable other than quoted prices included in Level 1.
Level 3 includes inputs that are not based on observable market data.

The following methods and assumptions were used to estimate the fair values:

Cash and restricted cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the the "cash-generating unit" (CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The recoverable amount of assets that do not generate independent cash flows is determined based on the CGU to which the asset belongs.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An impairment loss is recognized in the statements of loss and comprehensive income if an asset's carrying amount or that of the CGU to which it is allocated is higher than its recoverable amount. Impairment losses of CGUs are first charged against the carrying value of the goodwill balance included in the CGU and then against the value of the other assets, in proportion to their carrying amount. In the statements of loss and comprehensive income, the impairment losses are recognized in those expense categories consistent with the

function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statements of loss and comprehensive income.

Use of estimates and judgments

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

The following are the significant estimates that the Company has made in preparing the consolidated financial statements:

Recognition of revenues

Revenues from commercial payors are recognized based on expected realizable rates using historical collections rates by payor for each service provided. If no collections data is available for a payor (for example where the payor is new to the Company), the Company uses the Company-wide average reimbursement rate for that particular service. If commercial payors change their reimbursement rates for services already provided but not yet reimbursed, or a new payor rate is different from the estimated rate used, revenue is adjusted to account for the new rates. Because of continuing changes in the health care industry and third party reimbursement, it is possible the Company's estimates could change, which could have a material impact on the Company's recorded revenues and earnings.

Valuation of accounts receivable

The Company records bad debt expense based on the Company's historical experience of denials from commercial insurers. Denials can be as a result of termed policies, client deductibles not met, client maximum benefits limit met, etc. In addition, management reviews accounts receivable in detail at each reporting period and provides for specific accounts that are deemed to not be collectible. Because of continuing changes in the health care industry and third party reimbursement, it is possible that the Company's estimates could change, which could have a material impact on our operations and cash flows. If circumstances related to certain customers change or actual results differ from expectations, the Company's estimate of the recoverability of receivables could fluctuate from that provided for in the consolidated financial statements. A change in estimate could impact expenses and accounts receivable.

Valuation of deferred income tax assets

The Company assesses the probability of taxable profits being available in the future based on its budget forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When a forecast shows a net profit, the Company considers that the use of deferred income taxes is probable and recognizes the benefit. When management believes that the benefits will not be realized, the deferred income tax asset is not recognized.

Identification of cash-generating units

The Company has allocated its tangible and intangible assets to the smallest identifiable group of assets that generate cash inflows and that are largely independent of the cash inflows from other assets. The Company applied judgment to determine its cash-generating units.

Impairment of goodwill and intangible assets

The Company tests whether goodwill or intangible assets are impaired in accordance with International Accounting Standard ("IAS") 36, Impairment of Assets. The recoverable amount of cash-generating units is determined based on a value in use calculation. The method requires an estimate of future cash flows and the selection of a suitable discount rate in order to calculate the net present value of the cash flows.

Stock based compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of the Company's issued stock options and warrants as prescribed by IFRS 2. The Black-Scholes option pricing model requires management to make various estimates about certain inputs into

the model, including the expected option life, expected volatility, risk-free interest rate and expected dividend yield. A change in any of these estimates at the time the underlying options or warrants were issued would have impacted the Company's equity and ongoing stock-based compensation expense.

Segment 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 CEO as he is 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 (Sales and marketing, Billing and Collections and Finance) that have responsibility for the whole of the Company's location portfolio. Although some discrete financial information is available to provide insight to the management team of the key performance drivers, location profit is not part of the CODM's review. Having considered these factors, management has determined that the Company comprises one operating segment under IFRS 8. As such, the disclosures required under IFRS 8 for the consolidated financial statements are shown on the face of the consolidated statements of loss and comprehensive income and consolidated statements of financial position.

5. Accounts Receivable

Accounts receivable	**August 31 2017**	**February 28, 2017**
Gross receivables	$21,408	$17,714
Allowance for doubtful accounts	11,231	9,341
Balance, ending	**$10,177**	**$8,373**

Allowance for doubtful accounts	**For the six months ended August 31,2017**	**Year ended February 29, 2017**
Balance, beginning	9,341	$947
Increase in provision	2,678	8,394
Balance, ending	**$12,019**	**$9,341**

6. Property, plant and equipment

Net property, plant and equipment as of August 31,2017	Cost	Accumulated depreciation	Net
Vehicles	$265	($115)	$150
Furniture and fixtures	716	(293)	423
Computer hardware	473	(107)	366
Leasehold improvement	1,251	(627)	624
Buildings	2,343	(227)	2,116
Land	542	-	542
Net carrying amount	**$5,590**	**($1,369)**	**$4,221**

Net property, plant and equipment as of February 28, 2017	Cost	Accumulated depreciation	Net
Vehicles	$265	($85)	$180
Furniture and fixtures	716	(157)	559
Computer hardware	473	(95)	378
Leasehold improvement	1,251	(386)	865
Buildings	2,343	(92)	2,251
Land	542	-	542
Net carrying amount	**$5,590**	**($815)**	**$4,775**

Cost: As of August 31,2017	At February 28, 2017	Additions	Disposals	Foreign exchange impact	At August 31,2017
Vehicles	$265	$0	$0	$0	$265
Furniture and fixtures	716	-	-	-	716
Computer hardware	473	-	-	-	473
Leasehold improvement	1,251	-	-	-	1,251
Buildings	2,343	-	-	-	2,343
Land	542	-	-	-	542
Total cost	**$5,590**	**$0**	**$0**	**$0**	**$5,590**

Accumulated depreciation: As of August 31,2017	At February 28, 2017	Depreciation	Disposals	Foreign exchange impact	August 31,2017
Vehicles	($87)	($28)	$0	$0	($115)
Furniture and fixtures	(178)	(120)	-	5	(293)
Computer hardware	(73)	(36)	-	2	(107)
Leasehold improvement	(395)	(237)	-	5	(627)
Buildings	(96)	(133)	-	2	(227)
Land	-	-	-	-	-
Total cost	**($829)**	**($554)**	**$0**	**$14**	**($1,369)**

7. Goodwill and Intangible assets

Cost	Goodwill	Non-complete agreements	Software	Customer relationships	Business Development	Sub-total Intangibles with finite lives	Total
Balance February 28, 2017	$0	$0	$0	$0	$41	$41	$41
Additions	-	-	-	-		-	-
Effect of changes in exchange rates	-	-	-	-	(2)	(2)	(2)
Balance August 31,2017	**$0**	**$0**	**$0**	**$0**	**$39**	**$39**	**$39**

Accumulation Amortization	Goodwill	Non-complete agreements	Software	Customer relationships	Business Development	Sub-total Intangibles with finite lives	Total
Balance February 28, 2017	$0	$0	$0	$0	$0	$0	$0
Amortization expense	-	-	-	-	(2)	(2)	(2)
Effect of changes in exchange rates	-	-	-	-	-	-	-
Balance August 31,2017	**$0**	**$0**	**$0**	**$0**	**($2)**	**($2)**	**($2)**
Net Carrying Amount							
Balance August 31,2017	**$0**	**$0**	**$0**	**$0**	**$37**	**$37**	**$37**

8. Capital leases and loans

	August 31, 2017	February 28, 2017
Finance and Capital Leases (a)	$2,532	$4,945
Less:		
Current portion of finance leases	(669)	(2,760)
Long-term portion of finance leases	**$1,863**	**$2,185**

9. Share capital

	August 31,2017	February 28,2017
Authorized		
Unlimited voting common shares without par value		
Issued		
232,617,234 voting common shares (2016 - 227,966,050)		

Changes to share capital:

	Numbers of shares	Amount
As at February 29, 2016	**227,966,050**	**$40,235**
Exercise of warrants	66,500	7
Shares issued for Purchase of Sawtelle Recovery, Inc	4,350,000	457
Shares issued for compensation	234,684	19
As at February 28,2017	**232,617,234**	**$40,718**
Exercise of warrants	-	-
Shares issued for Purchase of Sawtelle Recovery, Inc	-	-
Shares issued for compensation	-	-
As at August 31,2017	**232,617,234**	**$40,718**

(i) On February 11, 2015, the Company issued 5,900,000 shares value at $0.10 per share to Valiant shareholders in connection with the Amalgamation transaction described in Note 2.

(ii) In conjunction with the Amalgamation, Valiant completed a non-brokered private placement of 58,140,000 subscription receipts at a price of $0.05 per subscription receipt for aggregate gross proceeds of $2,907. Each subscription receipt issued in connection with the private placement entitled the holder, just prior to the Amalgamation, to acquire one common share in the capital of Valiant and (i) one-half of one transferable share purchase warrant (a "Valiant A Warrant"), with each whole Valiant A Warrant entitling the holder to acquire one Valiant Share at a price of $0.10 per share until the date that is the earlier of (a) thirty (30) months from the date of issuance, and (b) ninety (90) days following the Amalgamation, and (ii) one-half of one transferable share purchase warrant (a "Valiant B Warrant"), with each whole Valiant B Warrant entitling the holder thereof to acquire one Valiant Share at a price of $0.10 per share until the date that is the earlier of (a) thirty (30) months from the date of issuance, and (b) twelve (12) months following the Amalgamation. In connection with the private placement 3,978,800 broker warrants were issued at an exercise price of $0.05 per Valiant share exercisable for a period of 24 months. Pursuant to the Amalgamation each Valiant share, A Warrant and B Warrant issued pursuant to a subscription receipt, and each broker warrant issued pursuant to the private placement was exchanged for similar securities of the Company on a one for two bases, and with the exercise price of the warrants increased by 100%. As a result, immediately following the Amalgamation, the Company issued 29,070,000 shares at $0.10 per share, 29,070,000 warrants exercisable at $0.10 per share and 1,989,400 broker warrants exercisable at $0.10 per share. The warrants issued were valued at $17 and the broker warrants were valued at $43. Costs directly attributable to

the private placement amounted to $199.

(iii) On April 22, 2015 (the "Closing), the Company closed on a bought deal private placement of 43,125,000 units. Each Unit consists of one common share in the capital of the Company issued at $0.40 per common share, and one warrant of the Company. Each Warrant entitles the holder thereof to acquire one common share for an exercise price of $0.50 per common share for a period of 36 months following the closing of the offering. The expiry date of the Warrants may be accelerated by the Company at any time following the six-month anniversary of the Closing and prior to the expiry date of the Warrants if the volume-weighted average trading price of the Company's common shares is greater than $0.60 for any 20 consecutive trading days. In addition, in connection with the bought deal, the Company issued 3,018,750 compensation options to the underwriters. Each compensation option entitles the holder to purchase one unit (a "Unit") consisting of a) one common share in the capital of the Company and b) one common share purchase warrant at an exercise price of $0.50 per common share on or before April 22, 2018. The compensation options are exercisable at a price per Unit of $0.40 and expire on April 22, 2018. The Company received gross proceeds of $17,250 in connection with the bought deal private placement and incurred cash share issuance costs of $1,467. The warrants issued were valued at $5,103 and the broker warrants were valued at $133.

(iv) During the fifteen months ended February 29, 2016, a total of 60,944,550 warrants and 3,836,950 broker warrants were exercised at a weighted average exercise price of $0.19 per share for total net proceeds of $12,324. Costs directly attributable to the conversion into common stock amounted to $242. During the fifteen months ended February 29, 2016 the vesting of 6,000,000 options was accelerated, of these options 2,000,000 options were exercised at a weighted average exercise price of $0.10 per share for total proceeds of $205, resulting in additional option expense of $143 which is included on the consolidated financial statements.

(v) On June 30, 2015, the Company completed the acquisition of Hollywood Detox Center and Accredited Rehab and Treatment Services (ARTS). As part of the purchase the Company issued 12,000,000 common shares to Hollywood Detox and ARTS shareholders at a fair value of $0.375 per share.

(vi) During the year ended February 28, 2017 66,500 warrants were exercised at a weighted average exercise price of $0.10 per share for total net proceeds of $7 transferred from contributed surplus. Cost directly attributed to the conversion into common stock amounted to $nil.

(vii) In October 2016, as part of the agreement with Kings Cross Advisors Inc. ("KCA"), the Company issued 4,350,000 common shares to KCA shareholders at a fair value of $0.105 per share, for services provided.

(viii) In January 2017, the Company issued 234,684 shares at a price of $0.075 per share, pursuant to an employment agreement between the Company and Todd Reber.

10. Options and warrants

Options

Subsequent to the Amalgamation transaction, the Company implemented an incentive stock option plan that provides that the Board of Directors of BLVD may from time to time, in its discretion and in accordance with Exchange requirements, grant to directors, officers and employees and consultants of BLVD, non-transferable options to purchase BLVD shares, provided that the number of BLVD shares reserved for issuance will not exceed 10% of the total issued and outstanding BLVD shares, exercisable for a period of up to ten (10) years from the date of the grant. The number of BLVD shares reserved for issuance to any individual director or officer of BLVD will not exceed 5% of the issued and outstanding BLVD shares and the total number of options awarded to any one consultant in any twelve-month period shall not exceed 2% of the issued and outstanding shares of BLVD at the date that the particular option was granted without consent being obtained from the Exchange. The exercise price of any options granted under the BLVD option plan shall not be less than the closing price of BLVD shares on the day preceding the day on which the directors grant such options, less any discount permitted by the Exchange. Options held by a director or employee who ceases to be employed by BLVD expire one year from the date the director or ceases to be a director of BLVD or the employee ceases to be employed by BLVD.

On June 24, 2016, the shareholders approved a new 20% fixed number stock option plan (the "2016 Option Plan") at BLVD's Annual & Special Meeting of Shareholders. The 2016 Option Plan reserves 45,606,510 common shares and replaces BLVD's 10% rolling stock option plan.

	Number of options	Weighted average exercise price
Outstanding at November 30, 2014		
Options granted	21,560,000	$0.33
Options cancelled	(1,865,000)	($0.23)
Options exercised	(2,000,000)	($0.10)
Outstanding at February 29, 2016	**17,695,000**	**$0.36**
Options granted	11,995,000	$0.22
Options cancelled	(4,775,834)	($0.29)
Options exercised	-	$0.00
Outstanding at February 28, 2017	**24,914,166**	**$0.31**
Options cancelled	5,400,000	$0.12
Options exercised	(11,000,000)	$0.00
Options exercised	-	$0.00
Outstanding at May 31,2017	**19,314,166**	**$0.43**
Options cancelled	(2,100,000)	$0.00
Options granted	2,650,000	$0.17
Options exercised	-	$0.00
Outstanding at August 31,2017	**19,864,166**	**$0.43**

Details of stock options outstanding at August 31,2017

Exercise Price	Number of options outstanding	Number of options exercisable	Expiry Date
$0.10	5,050,000	4,816,666	02/11/2025
$0.55	1,350,000	450,000	05/19/2020
$0.47	1,200,000	733,334	07/13/2020
$0.25	300,000	300,000	08/25/2020
$0.27	405,000	135,000	10/21/2020
$0.29	100,000	33,333	01/14/2021
$0.24	3,350,000	2,100,000	03/01/2021
$0.24	166,666	55,555	05/31/2017
$0.14	1,032,500	500,000	06/09/2026
$0.14	695,000	325,000	06/09/2026
$0.11	265,000	-	12/01/2021
$0.09	700,000		03/06/2027
$0.12	1,400,000		04/12/2027
$0.17	2,650,000		06/28/2027
$0.17	1,200,000	-	05/23/2027
$0.43	**19,864,166**	**9,448,888**	

The estimated fair value of options is expensed on a graded basis over the vesting or service period for each tranche. The vesting period approximates three years for all issued and outstanding option compensation. For the three months ended August 31, 2017, option related payments expense totalled $210 and were recorded relating to the fair value of options vested.

The fair value of the Company's stock options was determined using the Black-Scholes option pricing model using the following assumptions:

Category	**August 31, 2017**
Expected option life	5-10 years
Expected volatility	40.4% - 64.7%
Risk-free interest rate	0.74% - 1.83%
Dividend yield	Nil
Weighted average share price at grant date	$0.33
Weighted average exercise price	$0.28
Estimated forfeiture rate	0.0%

Expected volatility was estimated by reference to comparable listed entities since the Company's own shares have limited trading history.

Warrants

Warrants to acquire voting common shares outstanding and exercisable at August 31, 2017 and February 28, 2017 were as follows:

	Number of warrants	**Weighted average exercise price**
Warrants exercisable	16,999,000	$0.19
Warrants held in escrow (i)	17,855,000	$0.20
Outstanding at November 30, 2014	**34,854,000**	**$0.19**
Warrants issued (ii)(iii)	76,340,650	$0.38
Warrants exercised	(64,781,500)	$0.19
Warrants cancelled (iv)	(43,125,000)	$0.50
Outstanding and exercisable at February 29, 2016	**3,288,150**	**$0.39**
Warrants exercised (v)	(66,500)	$0.10
Warrants cancelled (iv)	(297,400)	$0.10
Warrants Modified (vi)	21,562,500	$0.38
Outstanding and exercisable at February 28, 2017	**24,486,750**	**$0.39**
Warrants exercised (v)	-	$0.00
Warrants cancelled (iv)	-	$0.00
Outstanding and exercisable at August 31,2017	**24,486,750**	**$0.50**

(i) Included in warrants outstanding at November 30, 2014 are warrants to acquire 17,855,000 common shares pursuant to an issue of subscription receipts. These subscription receipts and warrants were held in escrow and were released in February 2015 upon the conversion of the subscription receipts to common shares following the Amalgamation.

(ii) In connection with the February 2015 private placement completed as part of the Amalgamation, the Company issued warrants to purchase 29,070,000 common shares at an exercise price of $0.20 per share and broker warrants purchasing 1,989,400 common shares at a price of $0.10 per common share.

(iii) In connection with the bought deal private placement in April, 2015, the Company issued warrants to purchase 43,125,000 common shares at $0.50 and 3,018,750 compensation options to the underwriters. Each compensation option entitles the holder to purchase one unit (a "Unit") consisting of a) one common share in the capital of BLVD and b) one common share purchase warrant at an exercise price of $0.50 per common share on or before April 22, 2018. The compensation options are

exercisable at a price per Unit of $0.40 for a period of 36 months following the closing of the offering. These warrants are subject to acceleration at the Company's option after six months if BLVD's share price achieves a volume-weighted average trading price greater than $0.60 for 20 consecutive trading days since closing.

(iv) In October 2015, the Company confirmed that the expiry date of certain outstanding warrants, exercisable for 43,125,000 common shares of the Company at $0.50 per share, were accelerated to November 17, 2015, pursuant to the terms of the warrant certificates. The acceleration is a result of the Company's share price achieving a volume-weighted average trading price greater than $0.60 for 20 consecutive trading days around the time of closing of the Harmony Hollywood, LLC and Accredited Rehab and Treatment Services, LLC acquisition, which was announced on May 20, 2015. The warrants were originally issued pursuant to the Company's bought-deal private placement (refer Note 10 (vi)). Warrants cancelled in connection with this transaction resulted in the reversal of $5,164 placed back into share capital with the offsetting entry being made to contribute surplus.

Warrants outstanding at August 31, 2017 expire at various dates through February 2025.

The fair value of the warrants issued in connection with the private placement was calculated using the Black-Scholes option pricing model with the following assumptions:

Expected warrant life	1.75 years
Expected volatility	41%
Risk-free interest rate	0.43%
Dividend yield	Nil
Share price at grant date	$0.10
Exercise price	$0.10

The fair value of the broker warrants issued in connection with the above offering was estimated using the Black Scholes model with the following significant assumptions:

Expected warrant life	0.25 - 1 years
Expected volatility	41%
Risk-free interest rate	0.43%
Dividend yield	Nil
Share price at grant date	$0.10
Exercise price	$0.20

The fair value of the warrants issued in connection with the bought deal private placement was calculated using the Black-Scholes option pricing model with the following assumptions:

Expected warrant life	3 years
Expected volatility	50%
Risk-free interest rate	0.66%
Dividend yield	Nil
Share price at grant date	$0.40
Exercise price	$0.50

The fair value of the compensation options issued to underwriters in connection with the bought deal private placement was calculated

using the Black-Scholes option pricing model with the following assumptions:

Expected warrant life	3 years
Expected volatility	50%
Risk-free interest rate	66%
Dividend yield	Nil
Share price at grant date	$0.40
Exercise price	$0.50

11. Expenses by nature

Category	Three Months ended August 31,2017	Three Months ended August 31,2016
Included in cost of services:		
Employee salary and benefits	$60	$784
Direct client service cost	4,565	1,590
Outside services-clinical	209	558
	$4,834	**$2,932**
Included in general and administrative:		
Employee salary and benefits	563	$758
All other	284	498
	$847	**$1,256**
Included in facilities:		
Rent	$223	$541
Supplies and services	41	111
Employee salary and benefits	62	108
All other	31	-
	$357	**$760**
Included in sales & marketing:		
Employee salary and benefits	$0	$535
Advertising	46	419
All other	-	208
	$46	**$1,161**
Included in billing and other outside services:		
Outside Billing expense	$125	$378
Other outside services	479	505
	$604	**$883**

12. Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes are measured using the current or substantively enacted tax rates expected to apply when the differences reverse. A deferred tax asset is recognized to the extent that the recoverability of deferred income tax assets is considered probable.

The Company's provision for (recovery of) income taxes differs from the amount that is computed by applying the combined federal and state statutory income tax rate of 40% in the United States to the Company's net income (loss) before income taxes as follows:

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. It is more probable than not that the Company will utilize available non-capital loss carry-forwards and deferred tax assets to offset the anticipated future taxable profits. Therefore, a net deferred income tax asset is being recognized for US non-capital tax loss carry-forwards and other available tax assets.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

The Canadian non-capital loss carry forwards expire noted in the table below. The US loss carry-forwards expire as noted in 2035. Share issuance and financing costs will be fully amortized in 2019. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future profit will be available against which the Company can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Year	Non-Capital Income Tax Loss
2034	$911
2035	56
2037	1,656
Total	**$2,623**

13. Financial instruments and financial risk management

Foreign currency risk

A significant portion of the Company's revenues are transacted in U.S. dollars and as a result, fluctuations in the rate of exchange between the U.S. dollar and Canadian dollar can have a significant impact on the Company's cash flows and reported results. As a majority of the Company's operating expenses are also in United States dollars, operational foreign currency risk is limited.

Fair value

The fair values of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values given their short-term maturities.

Credit risk

Credit risk is the potential that customers or a counterparty to a financial instrument fail to meet their obligation to the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable as the Company's revenues are concentrated to California. The Company had many customers during the course of the year and believes that there is minimal risk associated with collection of these amounts. The Company manages its credit risk by ensuring the eligibility of its patients for insurance or other coverage prior to admittance.

As explained in Note 3, revenue is estimated to be the amount collectible from large insurers. Given the counterparties in these transactions, which are generally large, financially stable commercial insurers, the Company considers the credit quality of these receivables to be high. Credit risk is generally limited to the risk that the estimated amount of revenue that can be collected is not accurate.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations as they become due. The Company manages its liquidity risk through cash management. In managing liquidity risk, the Company maintains access to equity markets, the availability of which is dependent on market conditions. The Company monitors its requirements through the use of rolling future net cash flow projections and budgets and believes it has sufficient funding through its current cash position to continue operating for the foreseeable future. All financial liabilities, except for $x related to capital lease obligations which are due in the next 2 years, are current and due within the next twelve months.

Other risk

The Company is not exposed to any significant interest rate risk as it does not have any borrowings and loans receivable that carry fixed rates of interest. The Company is not exposed to any significant price risk or other financial risks due to the nature of its business

14. Capital management

The Company's objectives in managing capital are to maintain a strong capital base so as to preserve investor and creditor confidence; to ensure sufficient liquidity to service its debts, support capital projects and growth-oriented acquisitions; and to provide a return to shareholders.

Capital is used by the Company to finance capital expenditures and fund acquisitions that add to its ability to generate returns and meet long-term strategic growth objectives.

The Company sets the amount and type of capital required relative to its assessment of risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or modify its capital structure, the Company may adjust or defer the amount of dividends paid to shareholders, issue new shares, seek other forms of financing, or sell assets to reduce debt.

The Company manages its share capital, contributed surplus, deficit and long-term debt as capital.

15. Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activates of the company, directly or indirectly, including executive directors. The total compensation of key management personnel are as follows.

Category	Three months ended August 31,2017	Three months ended August 31,2016
Salaries and short term benefits	$116	$43
Stock based compensation	24	23
Total	**$140**	**$66**

16. Commitments

Leases

The Company has property under operating leases. For the six months ended August 31, 2017 and August 31, 2016, the Company incurred

rent expense of $223 and $541, respectively.

Minimum aggregate payments on all operating leases in the future as of August 31, 2017 are as follows:

Category	
Within 12 months	$1,974
One to five years	4,181
Total	**$6,155**

In March 2016, the Company entered into a five-year master lease agreement with a Real Estate Investment Fund (the "RE Fund" or "Lessor"). The agreement covers the next eight inpatient pods, potentially including up to 16 properties, that the Company desires to utilize for inpatient services as part of its expansion plans. Subject to certain limitations, the agreement requires the RE Fund, as lessor, to purchase properties identified by the Company and to lease those properties to the Company for a period of five years, after which, the Company has the option to extend each lease for an additional five years, acquire all the properties at a guaranteed return to the RE Fund or let the leases lapse. The leases also contain an early termination right for the Company, which the Company may exercise after one year, provided the Company acquires the leased property from the RE Fund. As part of securing this agreement, the Company will issue 8,700,000 shares to the RE Fund. The agreement allows the Company to support its expansion plans without having to utilize its own cash or access outside financing.

17. Loss per share

Income/Loss per share is based on the consolidated net loss for the period divided by the weighted average number of shares outstanding during the period. Diluted loss per share is computed in accordance with the treasury stock method and based on the weighted average number of shares and dilutive share equivalents.

For the three and six months ended August 31, 2017 and August 31, 2016, respectively, the outstanding warrants and options were excluded from the calculation of diluted loss per share because their effect is anti-dilutive.

The following reflects the earnings and share data used in the basic and diluted loss per share computations:

Category	**Three months ended August 31,2017**	**Three months ended August 31,2016**	**Six months ended August 31,2017**	**Six months ended August 31,2016**
Net Loss	($75)	($2,590)	($23)	($6,558)
Basic weighted average number of shares	229,012	214,208	228,669	191,971
Total	**($0.000)**	**($0.012)**	**($0.000)**	**($0.034)**

18. Contingencies

From time to time the Company is subject to audits by commercial insurers as well as investigations from the Department of Insurance from the State of California or equivalent agencies for other states. These audits and investigations typically cover claims upon which payment has already been made to the Company. No provision has been established against any potential claims from commercial insurers or government agencies as the likelihood of settlement of some or all of any demand is not determinable at this time.

19. Accounting standards issued but not yet effective

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intended to adopt those standards when they become effective. The impact on the Company is currently being assessed.

Amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). The Company will be required to adopt amendments to IFRS 7, requiring increased disclosure regarding derecognition of financial assets and the continuing involvement accounting for annual periods beginning on or after January 1, 2016. Management is currently evaluating the potential impact, if any that the adoption of IFRS 7 will have on the Company's consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board ("IASB") issued the final version of IFRS 9 (2014) as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This Standard will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the International Accounting Standard Board ("IASB") issued a new International Financial Reporting Standard ("IFRS") on the recognition of revenue from contracts with customers. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's financial statements.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1"). The Company will be required to adopt amendments to IAS 1, which includes amendments to further encourage companies to apply judgment in determining what information to disclose in their financial statements for annual periods beginning on or after January 1, 2016. Management is currently evaluating the potential impact, if any, that the amendments to IAS 1 will have on the Company's financial statements.