PREMIER DIVERSIFIED HOLDINGS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2017

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PREMIER DIVERSIFIED HOLDINGS INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at		March 31, 2017		September 30, 2016
ASSETS				
Current assets				
Cash and cash equivalents	$	**732,981**	$	1,300,325
Marketable securities (note 4)		**-**		452,543
Accounts receivable (note 5)		**45,256**		83,331
Prepaid expenses		**35,293**		4,809
Loan receivable (note 14)		**4,500**		5,000
		818,030		1,846,008
Non-current assets				
Equipment (note 6)		**751,708**		868,089
Investments (note 7)		**2,592,920**		2,366,640
Investment in associate (note 8)		**2,267,229**		1,658,842
		5,611,857		4,893,571
TOTAL ASSETS	$	**6,429,887**	$	6,739,579
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 9 and 14)	$	**635,123**	$	504,919
Non-current liabilities				
Other long term liability (note 10)		**276,298**		338,972
TOTAL LIABILITIES		**911,421**		843,891
SHAREHOLDERS' EQUITY				
Share capital (note 11)	$	**26,068,912**	$	25,604,261
Reserves		**165,050**		196,355
Accumulated deficit		**(20,929,735)**		(20,049,027)
Accumulated other comprehensive income		**214,239**		144,099
TOTAL SHAREHOLDERS' EQUITY		**5,518,466**		5,895,688
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	**6,429,887**	$	6,739,579

Corporate information and continuance of operations (note 1)
Commitments (notes 15)
Segmented information (note 16)
Subsequent events (notes 7 and 19)

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Alnesh Mohan Director   /s/ Sanjeev Parsad Director

PREMIER DIVERSIFIED HOLDINGS INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
Revenue (note 16)	**$ 335,339**	$ 275,377	**$ 572,729**	$ 669,869
Cost of goods sold	**(103,133)**	(92,179)	**(200,209)**	(150,429)
Gross margin	**232,206**	183,198	**372,520**	519,440
Operating costs (note 12)	**300,140**	369,379	**640,846**	685,157
Net operating loss	**(67,934)**	(186,181)	**(268,326)**	(165,717)
Total corporate expenses (note 13)	**307,923**	269,670	**475,630**	558,021
Loss before other items	**(375,857)**	(455,851)	**(743,956)**	(723,738)
Other income (expenses)				
Interest income	**269**	2,005	**555**	42,327
Unrealized gain (loss) on marketable securities (note 4)	**(693)**	183,292	**(14,926)**	254,078
Realized gain on marketable securities (note 4)	**6,113**	8,849	**6,113**	65,925
Finance costs	**(3,110)**	(3,402)	**(6,294)**	(7,067)
Dividend income on marketable securities	**2,406**	4,301	**3,125**	9,227
Accretion of interest and gain on change in fair value of other long term liability (note 10)	**24,489**	28,706	**56,948**	24,073
Share-based payments (note 11)	**6,322**	4,893	**3,321**	(8,711)
Share of loss and dilution in associated company (note 8)	**(188,398)**	(188,274)	**(438,808)**	(437,801)
Foreign exchange gain	**230,411**	(71,469)	**253,214**	(19,160)
Total other income (expenses)	**77,809**	(31,099)	**(136,752)**	(77,109)
NET LOSS FOR THE PERIOD	**(298,048)**	(486,950)	**(880,708)**	(800,847)
Other comprehensive income (loss)				
Foreign currency translation differences for foreign operations	**12,351**	(29,677)	**(6,140)**	(25,404)
Unrealized gain (loss) on available-for-sale investments (note 7)	**-**	76,280	**76,280**	(76,280)
Total comprehensive income (loss)	**12,351**	46,603	**70,140**	(101,684)
Total loss and comprehensive loss for the period	**$ (285,697)**	$ (440,347)	**$ (810,568)**	$ (902,531)
Basic and diluted loss per share for the period attributable to common shareholders	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	**146,417,400**	136,351,773	**145,120,664**	136,351,227

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

PREMIER DIVERSIFIED HOLDINGS INC.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital							
	Number of shares	Amount	Obligation to issue shares	Equity portion of convertible debentures	Reserves	Accumulated deficit	Accumulated other comprehensive income	Total
Balance at September 30, 2015	**136,251,773**	**$ 24,471,406**	**$ 5,000**	**$ 46,580**	**$ 187,990**	**$ (18,275,095)**	**$ 106,573**	**$ 6,542,454**
Shares issued for cash - stock option exercise	100,000	5,000	(5,000)			-	-	**-**
Reclassification of grant-date fair value on exercise of stock options	-	3,498	-	-	(3,498)	-	-	**-**
Share-based payments	-	-	-	-	8,711	-	-	**8,711**
Net loss for the period	-	-	-	-	-	(800,847)	-	**(800,847)**
Other comprehensive income for the period	-	-	-	-	-	-	(101,684)	**(101,684)**
Balance at March 31, 2016	**136,351,773**	**$ 24,479,904**	**$ -**	**$ 46,580**	**$ 193,203**	**$ (19,075,942)**	**$ 4,889**	**$ 5,648,634**
Balance at September 30, 2016	**143,822,770**	**$ 25,604,261**	**$ -**	**$ -**	**$ 196,355**	**$ (20,049,027)**	**$ 144,099**	**$ 5,895,688**
Shares issued for cash - private placement	3,200,000	400,000	-	-	-	-	-	**400,000**
Shares issued for cash - stock option exercise	733,333	36,667	-	-	-	-	-	**36,667**
Reclassification of grant date fair value on exercise of stock options	-	27,984	-	-	(27,984)	-	-	**-**
Share-based payments	-	-	-	-	(3,321)	-	-	**(3,321)**
Net loss for the period	-	-	-	-	-	(880,708)	-	**(880,708)**
Other comprehensive income for the period	-	-	-	-	-	-	70,140	**70,140**
Balance at March 31, 2017	**147,756,103**	**$ 26,068,912**	**$ -**	**$ -**	**$ 165,050**	**$ (20,929,735)**	**$ 214,239**	**$ 5,518,466**

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

PREMIER DIVERSIFIED HOLDINGS INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the six months ended March 31, 2017	For the six months ended March 31, 2016
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	$ **(880,708)**	$ (800,847)
Adjustments for items not affecting cash:		
Depreciation	**104,826**	112,537
Share-based payments	**(3,321)**	8,711
Accretion on convertible debentures	**-**	6,582
Share of loss and dilution in associated company	**438,808**	437,801
Unrealized foreign exchange loss (gain) on marketable securities	**(2,700)**	29,381
Unrealized loss (gain) on marketable securities	**14,926**	(254,078)
Realized gain on marketable securities	**(6,113)**	(65,925)
Change in fair value of other long term liability	**(56,948)**	(24,073)
Net revenue distributed to pay down other long term liability (note 10)	**-**	(65,091)
Net changes in non-cash working capital items:		
Accounts receivable	**37,332**	(16,163)
Prepaid expenses	**(29,193)**	(23,563)
Loan receivable	**500**	2,364
Accounts payable and accrued liabilities	**128,750**	104,289
Net cash flows used in operating activities	**(253,841)**	(548,075)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares, net of cash share issue costs	**436,667**	-
Net cash flows from financing activities	**436,667**	-
INVESTING ACTIVITIES		
Purchase of investment in associate	**(784,692)**	(854,084)
Purchase of marketable securities	**-**	(618,062)
Purchase of investments	**(150,000)**	-
Proceeds from short-term investments	**446,430**	1,126,159
Net cash flows used in investing activities	**(488,262)**	(345,987)
Effect of exchange rate changes on cash and cash equivalents	**(261,908)**	(18,387)
Net change in cash and cash equivalents	**(567,344)**	(912,449)
Cash and cash equivalents, beginnig of period	**1,300,325**	3,793,345
Cash and cash equivalents, end of period	$ **732,981**	$ 2,880,896
Cash and cash equivalents consist of :		
Cash	**732,981**	1,224,020
Cash equivalents	**-**	1,656,876
	$ **732,981**	$ 2,880,896
Cash paid during the period for interest	$ **-**	$ 16,720
Cash paid during the period for income taxes	$ **-**	$ -
Supplementary cash flow information		
Reclassification of grant-date fair value on exercise of stock options from reserves to share capital	**27,984**	3,498

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Premier Diversified Holdings Inc. ("Premier" or the "Company") was formed by a Certificate of Amalgamation pursuant to the Business Corporations Act (British Columbia) on July 16, 2010. The Company's head office is located at Suite 301 - 3185 Willingdon Green, Burnaby, BC V5G 4P3. The Company's registered and records office is located at Suite 1350 - 650 West Georgia Street, Vancouver, BC V6B 4N8. The Company's common shares are currently listed for trading on the Canadian Securities Exchange ("CSE") under the symbol PDH.

As an investment issuer, the Company will focus on generating the highest return on capital for shareholders regardless of industry. Currently, the Company is operating medical diagnostic imaging centers in Canada and China. These centers provide PET-CT (Positron Emission Technology / Computed Tomography) and/or MRI (Magnetic Resonance Imaging) scans. Activities to-date have been the development and operation of a PET-CT diagnostic scanning center in Burnaby, BC and the establishment of an MRI diagnostic scanning facility under a cooperative venture between the Company's Chinese subsidiary and the Military Police Hospital No. 3 in Beijing, as well as the raising of capital, the identification and evaluation of potential additional locations for facilities, the advancement of plans and regulatory approval for commencement of development of other facilities, and building an investment portfolio.

These unaudited consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of debt or common shares, and to generate profit through its operations. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These unaudited consolidated interim financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company was unable to continue operations. Management believes that the Company has sufficient working capital to continue operations on a going concern business for at least the next twelve months.

These unaudited consolidated interim financial statements of Premier for the six months ended March 31, 2017 were approved by the Board of Directors on May 30, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2016. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements.

Critical accounting estimates and judgments

Critical accounting estimates are estimates and assumptions made by Management that may result in a material adjustment to the carrying amounts of assets and/or liabilities within the next financial year and are disclosed in Note 2 of the Company's annual audited consolidated financial statements for the year ended September 30, 2016. There have been no changes to the Company's critical accounting estimates and judgments during the six months ended March 31, 2017.

Functional and reporting currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined the functional currency of the Company and its subsidiaries based on the currency of the primary economic environment in which the Company operates. Following is the summary of the functional currency of the Company and its subsidiaries:

	Functional Currency
Premier Diagnostic Health Services (Vancouver) Inc.	Canadian Dollar (CAD)
Premier Diagnostic Center (Vancouver) Inc.	Canadian Dollar (CAD)
Premier Investment (Hong Kong) Ltd.	Hong Kong Dollar (HKD)
Premier Diagnostic (Hong Kong) Ltd.	Hong Kong Dollar (HKD)
Premier Diagnostic (China) Corporation	Chinese Yuan (CNY)
Premier Investment Shanghai	Chinese Yuan (CNY)
Premier Diversified Holdings US Inc.	US Dollar (USD)
Premier Diversified Holdings (Bermuda) Limited	US Dollar (USD)
IPET Montreal	Canadian Dollar (CAD)

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the presentation currency of the Company.

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards adopted during the year

Effective October 1, 2016, the following standards were adopted but did not have a material impact on the financial statements.

- IFRS 14 – New standard to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

The adoption of this standard did not have an impact on the consolidated financial statements.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after October 1, 2016. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

4. MARKETABLE SECURITIES

		March 31, 2017
Common shares of public companies:		
Fair value, opening	$	452,543
Proceeds of disposal		(446,430)
Realized gains		6,113
Unrealized gains (losses)		(14,926)
Foreign exchange gain (loss)		2,700
Fair value, closing	$	-

The Company holds less than 20% of the outstanding common shares of each investment. The Company's investment in securities comprises common shares in publicly traded companies. The fair value is determined at each reporting date by reference to the closing price of these common shares.

(Expressed in Canadian Dollars)

5. ACCOUNTS RECEIVABLE

		March 31, 2017		September 30, 2016
Trade receivable	**$**	**-**	$	49,611
Other receivable		**45,256**		33,720
	$	**45,256**	$	83,331

6. EQUIPMENT

		Computer equipment		Diagnostic equipment		MRI equipment		Furniture and fixtures		Leasehold Improvements		Total
Cost												
As at September 30, 2016	$	16,471	$	482,890	$	1,655,157	$	36,341	$	355,560	**$**	**2,546,419**
Effect of movements in exchange rates		-		-		(28,610)		-		-		**(28,610)**
Balance as at March 31, 2017	**$**	**16,471**	**$**	**482,890**	**$**	**1,626,547**	**$**	**36,341**	**$**	**355,560**	**$**	**2,517,809**
Depreciation												
As at September 30, 2016	$	(16,195)	$	(435,906)	$	(975,974)	$	(32,642)	$	(217,613)	**$**	**(1,678,330)**
Charged for the period		(92)		(7,049)		(78,708)		(521)		(18,456)		**(104,826)**
Eliminated on disposal		-		-		-		-		-		**-**
Effect of movements in exchange rates		-		-		17,055		-		-		**17,055**
Balance as at March 31, 2017	**$**	**(16,287)**	**$**	**(442,955)**	**$**	**(1,037,627)**	**$**	**(33,163)**	**$**	**(236,069)**	**$**	**(1,766,101)**
Net book value												
As at September 30, 2016	$	276	$	46,984	$	679,183	$	3,699	$	137,947	$	868,089
As at March 31, 2017	**$**	**184**	**$**	**39,935**	**$**	**588,920**	**$**	**3,178**	**$**	**119,491**	**$**	**751,708**

During the six months ended March 31, 2017, the Company charged $104,826 (March 31, 2016 – $112,537) in depreciation expense of which $102,416 and $2,410 was recognized as operating expenses and corporate expenses, respectively (March 31, 2016 – $111,813 and $724, respectively).

7. INVESTMENTS

		March 31, 2017		September 30, 2016
Russell Breweries Inc.	**$**	**1,067,920**	$	991,640
Bentley Homes Limited Partnership		**375,000**		375,000
Arcola Developments Ltd.		**500,000**		500,000
MyCare MedTech Inc.		**650,000**		500,000
	$	**2,592,920**	$	2,366,640

Investment in Russell Breweries Inc.

As at March 31, 2017, the Company holds 15,256,000 common shares of Russell, approximately 17.52% of Russell's outstanding shares (on an undiluted basis) through a direct ownership interest. The Russell Shares have a fair value of $1,067,920 (September 30, 2016 – $991,640). This investment is classified as available-for-sale.

During the six months ended March 31, 2017, an unrealized gain of $76,280 (March 31, 2016 – unrealized loss of $76,280) was recognized as other comprehensive income (loss).

(Expressed in Canadian Dollars)

7. INVESTMENTS (CONTINUED)

Investment in MyCare MedTech Inc. ("MMI")

On March 27, 2017, the Company announced its intention to acquire up to $500,000 in MMI. Each unit is comprised of one Class A common share of MMI and one half of a share purchase warrant of MMI. Each whole warrant will be exercisable to purchase an additional MMI Share at $0.50 until December 31, 2018. Additionally, MMI will issue 570,000 incentive MMI shares to the Company.

The transaction will be completed in several tranches and is expected to be completed by June 2017.

During the six months ended March 31, 2017, the Company made an initial payment of $150,000 to MMI.

The Company acquired the shares for investment purposes.

8. INVESTMENT IN ASSOCIATE

The following is a summary of the investment in associate as at and for the six months ended March 31, 2017:

	Sequant Re Holdings Limited	
	in USD	**in CAD**
Balance as at September 30, 2016	**$ 1,430,767**	**$ 1,658,842**
Additional investments	600,000	784,692
Share of loss	(287,375)	(381,978)
Dilution effect	(42,328)	(56,830)
Effect of movements in exchange rates	-	262,503
Balance as at March 31, 2017	**$ 1,701,064**	**$ 2,267,229**

During the six months ended March 31, 2017

- The Company purchased 1,200,000 common shares of SRHL for a total cost of $784,692 (US$ 600,000).

As at March 31, 2017, the Company holds 5,326,000 common shares, equating to a 43.65% interest in Sequant Re Holdings Limited ("SRHL") (September 30, 2016 – 38.55%).

SRHL is a Bermuda-based reinsurance company. SRHL launched its business in December 2014.

(Expressed in Canadian Dollars)

8. INVESTMENT IN ASSOCIATE (CONTINUED)

The following table summarizes the consolidated financial information of SRHL for the six months ended March 31, 2017:

	March 31, 2017		September 30, 2016	
	in USD	**in CAD**	**in USD**	**in CAD**
Assets				
Current assets	$ 276,486	$ 371,238	$ 297,043	$ 389,631
Non-current assets	8,686	11,663	14,475	18,987
	285,172	382,901	311,518	408,618
Liabilities				
Current liabilities	255,201	342,658	164,953	216,369

	For the six months ended			
	March 31, 2017		**March 31, 2016**	
	in USD	**in CAD**	**in USD**	**in CAD**
Revenue	$ -	$ -	$ -	$ -
Loss for the year	$ 872,644	$ 1,164,967	$ 1,350,915	$ 1,829,125

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2017	September 30, 2016
Trade payables	**$ 288,256**	$ 257,831
Accrued liabilities	**$ 346,867**	247,088
	$ 635,123	$ 504,919

10. OTHER LONG TERM LIABILTY

	March 31, 2017
Balance, opening	$ 338,972
Accretion of interest	20,542
Change in liability due to re-measurement	(77,490)
Foreign currency translation	(5,726)
Balance, closing	**$ 276,298**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

During the six months ended March 31, 2017

- On January 30, 2017, the Company completed a non-brokered private placement of 3,200,000 shares at a price of $0.125 per share for gross proceeds of $400,000.
- 733,333 options were exercised for cash proceeds of $36,667. In addition, the Company has reclassified the grant date fair value of the exercised options of $27,984 from reserves to share capital.

Options

The Company has an incentive stock option plan (the "Plan") having terms consistent with the regulatory requirements of the CSE. Pursuant to the Plan, the Company's board of directors may grant options to purchase the number of common shares which is equivalent to up to 10% of the aggregate number of issued and outstanding common shares as at the date of grant. The Plan provides that an option can be exercisable for a maximum of 10 years from the date of grant, and the options will vest, and have exercise prices subject to directors' approval.

The stock option activity during the six months ended March 31, 2017 was as follows:

	Number outstanding		Weighted average exercise price
Balance, September 30, 2016	**2,716,666**	**$**	**0.05**
Forfeited	(233,333)		0.05
Exercised	(733,333)		0.05
Balance, March 31, 2017	**1,750,000**	**$**	**0.05**

The following summarizes information about stock options outstanding and exercisable at March 31, 2017:

Expiry date	Options outstanding	Options exercisable		Exercise price		Estimated grant date fair value	Weighted average remaining contractual life (in years)
May 10, 2018	1,410,000	1,040,000	$	0.05	$	73,424	1.11
July 11, 2019	300,000	300,000	$	0.05		10,494	2.28
April 8, 2020	40,000	26,667	$	0.21		6,759	3.02
	1,750,000	**1,366,667**			**$**	**90,677**	**1.35**

During the six months ended March 31, 2017 and 2016, the Company recognized share-based payments (recovery) of ($3,321) and $8,711, respectively.

(Expressed in Canadian Dollars)

12. OPERATING COSTS

The following is a breakdown of the operating costs incurred during the three and six months ended March 31, 2017 and 2016:

	For the three months ended			For the six months ended	
	March 31, 2017	March 31, 2016		**March 31, 2017**	March 31, 2016
Operating expenses					
Advertising and promotion	**17,909**	12,332	**$**	**20,289**	$ 30,691
Consulting	**34,216**	67,468		**154,923**	137,159
Depreciation (note 6)	**50,898**	56,029		**102,416**	111,813
Diagnostic center's rent	**56,090**	72,284		**109,632**	129,099
Equipment rental	**8,077**	4,841		**8,077**	6,263
Insurance	**5,108**	5,810		**10,277**	8,841
Professional fees	**2,267**	5,398		**6,224**	11,601
Repairs and maintenance	**36,268**	34,512		**64,335**	69,528
Salaries, wages and benefits	**85,979**	109,796		**152,614**	178,516
Travel	**3,328**	909		**12,059**	1,646
TOTAL	**300,140**	369,379	**$**	**640,846**	$ 685,157

13. CORPORATE EXPENSES

The following is a breakdown of the corporate expenses incurred during the three and six months ended March 31, 2017 and 2016:

	For the three months ended			For the six months ended	
	March 31, 2017	March 31, 2016		**March 31, 2017**	March 31, 2016
Corporate expenses					
Advertising and promotion	**2,173**	54	**$**	**2,173**	$ 247
Consulting	**44,644**	40,861		**75,153**	85,180
Depreciation (note 6)	**1,205**	362		**2,410**	724
Donations	**24,360**	8,333		**29,360**	38,443
Insurance	**4,827**	11,583		**9,805**	21,817
Interest and accretion on convertible debentures (note 10)	-	11,697		-	23,302
Office	**2,913**	8,958		**10,905**	23,641
Professional fees	**76,204**	48,399		**90,941**	100,665
Rent	**26,176**	6,855		**52,892**	38,596
Repairs and maintenance	**154**	363		-	1,593
Salaries, wages and benefits	**97,563**	119,308		**166,689**	207,608
Transfer agent and filing fees	**12,917**	10,414		**17,925**	13,712
Travel	**14,787**	2,483		**17,377**	2,493
TOTAL	**307,923**	269,670	**$**	**475,630**	$ 558,021

(Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS

Related party transactions and balances

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined its key management personnel to be executive and non-executive officers and directors of the Company.

The remuneration, including share-based payments, of key management personnel during the six months ended March 31, 2017 and 2016 were as follows:

	For the six months ended	
	March 31, 2017	**March 31, 2016**
Salaries and benefits	**$ 104,933**	$ 151,750
Consulting fees (1) (2)	**157,937**	164,916
Professional fees (3)	**35,362**	58,438
Share-based payments (recovery)	**(5,802)**	14,675
	$ 292,430	$ 389,779

1) Consulting fees of $63,699 (March 31, 2016 – $83,605) were paid to an accounting firm whose principal is the CFO and director of the Company.

2) Consulting fees of $94,238 (March 31, 2016 – $61,135) were paid to a director of the Company to manage the Chinese operations.

3) Professional fees of $35,362 (March 31, 2016 – $58,438) were incurred to a law firm whose principal is a director of the Company.

a) Accounts payable and accrued liabilities includes $192,889 (September 30, 2016 – $137,762) due to directors, companies or businesses controlled by directors and companies related by common control and common directors.

b) As at March 31, 2017, a loan of $4,500 (September 30, 2016 – $5,000) was due from the former COO, who continues to act as a president of one of the Company's subsidiaries. The loan is non-interest bearing and payable on demand.

15. COMMITMENTS

Lease commitments

On July 31, 2009, the Company entered into a lease agreement to lease a premise located at 3185 Willingdon Green, Burnaby, BC for 124 months plus one day commencing on December 31, 2009 and expiring on April 30, 2020. The rentable area is approximately 6,145 square feet and is being utilized by the Company for a diagnostic clinic and the Company's administrative head office.

Fiscal year ended	
2017	**$ 124,645**
2018	**250,514**
2019	**250,514**
2020	**146,133**
	$ 771,806

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

The Company has the following two reportable segments:

- Investments; and
- Operation of diagnostic and MRI centers.

The geographical division of the Company's non-current assets under each reportable segment as at March 31, 2017 is as follows:

		Canada		China		Bermuda		Total
As at March 31, 2017								
Non-current assets								
- Investments	$	2,592,920	$	-		-	**$**	**2,592,920**
- Investment in associate		-		-		2,267,229		**2,267,229**
- Diagnostic and MRI centers		162,789		588,919		-		**751,708**
Liabilities								
- Diagnostic and MRI centers		(410,926)		(500,495)		-		**(911,421)**
	$	**2,344,783**	**$**	**88,424**	**$**	**2,267,229**	**$**	**4,700,436**

The following is the breakdown of the geographic revenues for the six months ended March 31, 2017 and 2016:

		Canada	China		Total
For the six months ended March 31, 2017					
- Diagnostic and MRI centers	$	572,729	- [(1)]	**$**	**572,729**
For the six months ended March 31, 2016					
- Diagnostic and MRI centers	$	452,900	216,969 [(1)]	**$**	**669,869**

1) The amount received in cash by the Company totals $nil (March 31, 2016 – $151,878). The amount accrued by the Company in relation to Amtex's portion and offset against other long term liability (Note 10) totals $nil (March 31, 2016 – $65,091).

17. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

There were no changes to the Company's approach to the management of capital for the six months ended March 31, 2017. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Financial instruments are classified into one of the five following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities.

Cash and cash equivalents, accounts receivable, and loan receivable are classified as loans and receivables. Their carrying value approximates fair value due to their limited time to maturity and readily available conversion of cash and cash equivalents to cash. Accounts payable and accrued liabilities and convertible debentures are classified as other financial liabilities. Their carrying values also approximate fair value due to their short-term maturities.

Marketable securities are classified as fair value through profit or loss, and investments are classified as available-for-sale. Other long term liability is designated as fair value through profit and loss.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities;
Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
Level 3 inputs for the asset or liability that are not based upon observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

The levels of the fair value inputs used in determining estimated fair value of the Company's financial assets at fair value through profit or loss, and available for sale financial instruments as at March 31, 2017, is shown below.

		Estimated fair values		
	March 31, 2017	**Level 1**	**Level 2**	**Level 3**
Investments	$ 2,592,920	$ 1,067,920	$ -	$ 1,525,000
Other long term liability [(1)]	(276,298)	-	-	(276,298)
	$ 2,316,622	**$ 1,067,920**	**$ -**	**$ 1,248,702**

1) For details of the movement in other long term liability, the Company's other Level 3 financial asset, refer to Note 10.

Level 3 inputs for other long term liability include the use of a discounted cash flow model. Estimates are made regarding (i) future cash flows which are driven by historical information, and (ii) the discount rate used. Level 3 inputs in determining the fair value of investments (specifically BHLP, Arcola and MMI in Note 7) includes subjective estimates in assessing for indicators of impairment. At March 31, 2017, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 in the fair value hierarchy above.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

The Company's movement in Level 3 financial assets consists of the following:

		March 31, 2017
Opening	**$**	**1,375,000**
Add: Additional investments		150,000
Closing	**$**	**1,525,000**

Financial risk management

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks, which may include credit risk, liquidity risk, interest rate risk, currency risk and other price risks. When material, these risks are also reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to the carrying value of its cash and cash equivalents held at a Chinese bank, a Canadian chartered bank, and a Canadian investment brokerage, as well as the carrying value of accounts receivable, and loan receivable due from a related company.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents are easily accessible. Accounts receivable includes trade receivable from the Canadian clinic operations. The loan receivable balance is insignificant and considered collectible in full on demand.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had a working capital of $182,907. Included in cash and cash equivalents are funds invested in China which are subject to liquidity risk as any funds to be withdrawn from the entity will be subject to various approvals. The Company will continue to raise additional capital through future private placements and public offerings.

Market Risk

The significant market risk exposure to which the Company is exposed are interest rate risk, currency risk and other price risk. The Company has a significant interest in a Company in China and two subsidiaries in Hong Kong. All funds maintained by the entity are subject to foreign currency fluctuations and the bank account earns interest income at variable rates.

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently exposed to minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as at March 31, 2017. As at March 31, 2017, the Company does not hold any variable interest-bearing debt.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding at March 31,2017, would result in an approximately $1,800 change to the Company's net loss for the six months ended March 31, 2017.

The Company's other long-term liability is not subject to interest rate risk as it is not subject to a variable interest rate.

Currency risk

Currency risk is the risk of loss due to fluctuations of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities.

The Company had the following balances of monetary assets and liabilities in different currencies as at March 31, 2017:

	in CAD	in USD	in CNY	in HKD
Cash and cash equivalents	$ 355,836	$ 70	$ 1,946,717	$ 4,396
Marketable securities	-	-	-	-
Accounts receivable	45,256	-	-	-
Loan receivable	4,500	-	-	-
Investments	2,592,920	-	-	-
Accounts payable and accrued liabilities	(436,113)	-	(1,029,541)	-
Other long term liability	-	-	(1,429,373)	-
Total foreign currencies	**2,562,399**	**70**	**(512,197)**	**4,396**
Foreign currency rate	1.000	1.3328	0.1933	0.1713
Equivalent to Canadian dollars	**$ 2,562,399**	**$ 93**	**$ (99,008)**	**$ 753**

A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's US dollar monetary assets and liabilities by approximately $10.

A change in the value of the CNY dollar by 10% relative to the Canadian dollar would affect the Company's CNY dollar monetary assets and liabilities by approximately $10,000.

A change in the value of the HKD dollar by 10% relative to the Canadian dollar would affect the Company's HKD dollar monetary assets and liabilities by approximately $80.

The Company does not invest in derivatives to mitigate these risks.

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

In addition, as the functional currency of the Company's operations in China (CNY), Hong Kong (HKD), Bermuda (USD) and US (USD) operations is different from that of Premier (CAD), any non-monetary assets and liabilities in these foreign jurisdictions subject the Company to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows.

Other price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The following table summarizes the Company's investments in publicly traded securities as at March 31, 2017:

	Fair value through profit or loss	Available for sale
Fair value	**$ -**	**$ 1,067,920**

Assuming all other variables remain constant in accordance with the Company's established accounting policies, a 10% change in the market value of those publicly traded securities would affect the Company's net loss and other comprehensive loss by approximately $nil and $107,000, respectively.

19. SUBSEQUENT EVENTS

Subsequent to March 31, 2017:

- On April 10, 2017, the Company completed a non-brokered private placement of 4,000,000 shares at a price of $0.10 per share for gross proceeds of $400,000.
- 150,000 options were exercised for proceeds of $7,500.
- 110,00 stock options with exercise prices of $0.05 expired unexercised.
- The Company purchased 400,000 common shares of SRHL for a total cost of US$ 200,000.
- As a result of Russell's sale of all or substantially all of its assets related to its two former operating business in two separate transactions on December 2, 2016 and December 17, 2016 (the "Asset Sales"), the board of directors of Russell fixed the amount and record date for the first cash distribution by way of a return of capital, principally funded from the proceeds of the Asset Sale (the "Return of Capital"). The shareholders of Russell previously approved such return of capital at Russell's annual general and special meeting held on November 28, 2016. The Return of Capital will be in the amount of $0.05 per Russell common share, subject to any withholding tax, if any, to be paid to all registered shareholders of record at the close of business on April 4, 2017. The Company received the first distribution on April 13, 2017.