



ZOOM

Management's Discussion and
Analysis for the Nine Months
Ended February 28, 2006



ZOOM 

2005

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis of results of operations, financial position and cash flows must be read in conjunction with the unaudited consolidated quarterly financial statements as at February 28, 2006 and the audited consolidated financial statements and accompanying notes of ZoomMed Inc. for the nine month period ended February 28, 2005. Management prepared this report taking into account all available information as at April 24, 2006. ZoomMed Inc. files its Financial Statements, press releases and other required filing documents on the SEDAR data base at www.sedar.com.

All financial information contained in this analysis and the financial statements have been prepared in accordance with the Canadian generally accepted accounting principles (GAAP). Unless otherwise indicated, all amounts are in Canadian dollars. The interim financial statements of ZoomMed Inc. for the first quarter ended August 31, 2005, as well as related comparative data; have been reviewed by external auditors. The interim financial statements of ZoomMed Inc. for the second quarter ended November 30, 2005 and the third quarter ended February 28, 2006, as well as related comparative data have not been reviewed by external auditors.

This management report may contain information and declarations on the future performance of ZoomMed Inc. that are by nature forward-looking. These declarations reflect the Management's expectations regarding future events based on assumptions and uncertainties.

Readers are hereby cautioned that actual results may differ materially from expectations.

This management report was submitted to the Audit Committee and approved by the Board of Directors of ZoomMed Inc.

BUSINESS DESCRIPTION

Established in February 2005, ZoomMed Inc. was classified as a Capital Pool Company as defined in policy 2.4 of the TSX Venture Exchange until August, 2005. On July 27, 2005, ZoomMed Inc. completed a qualifying transaction with the shareholders of 9103-8240 Québec Inc. According to Canadian generally accepted accounting principles, these consolidated financial statements are recognized as being the continuity of 9103-8240 Quebec Inc. (Recyc-Med 2000).

The Corporation's business is composed of two divisions managed by the same management team. The first division focuses on the ZRx Prescriber, while the second purchases and sells medical equipment, provides medical equipment inventory management services and operates an e-commerce Web site.



The ZRx Prescriber

ZoomMed has developed a new electronic tool, aiming at changing the way drugs are prescribed and dispensed throughout Canada. This user friendly and free Web product, designed for doctors, uses the latest “Pocket Pc” technologies.

The ZRx Prescriber allows doctors to write prescriptions and send them electronically to pharmacists, and allows pharmacists to view the prescriptions on-line and confirm them electronically. The ZRx Prescriber provides interactive access to the patient’s pharmacological profile and to help tools for prescriptions. It will allow doctors to electronically validate with insurance companies whether a prescribed medication would be covered for a patient. In brief, it is a system which aims to improve information accessibility and to facilitate collaboration and multidisciplinary among different sectors, allowing secure and efficient prescription drug management.

Doctors will use the ZRx Prescriber for its prescription functions, but also to access ZRx Prescriber’s interactive and informative promotional broadcaster, offering marketing visibility for pharmaceutical companies, serving as a portable source of medical newsletters and information. Applications such as presentations, information, marketing surveys, evaluations, aftercare, clinical studies for new products and needs-assessment of doctors in terms of continuing education, could be broadcast on a daily basis, in real time, to the thousands of doctors who will use the ZRx Prescriber.

The ZRx Prescriber also allows pharmaceutical companies to commercialize their products within the medical community via a dedicated secure Internet web site.

The ZRx Prescriber will offer:

- Dedicated tools to assist doctors in the management and follow-up of their patients’ medication;
- Medical content validated by credible organisations such as: governments, professional corporations and associations;
- Opportunities for doctors to attend continuing education classes;
- Targeted information from pharmaceutical companies.

Marketing and Partnerships

ZoomMed expects to undertake pilot projects and trials in three different clinics in Quebec in May and June 2006. These pilot projects will include around 40 doctors, pharmacies and private and public corporations which evolve in the healthcare sector.

The corporation signed on February 9, 2006, a commercial collaboration agreement with ADN Medical, which has been offering computer services, to more than 4,500 doctors in Québec in the last 15 years. This agreement marks an important step in the planned deployment of the electronic “ZRx Prescriber”. The agreement aims to integrate our respective software and to collaborate closely on their promotion and marketing. ZoomMed will have direct access to the present clients of ADN Medical inc., that is to say, around 4,500 doctors throughout Québec, which will propel the deployment of the “ZRx Prescriber”.”

Other negotiations for commercial agreements with potential partners are undergoing and should be concluded during the pilot projects and trials.





Since the product will soon be commercially marketable, the marketing team will start information sessions with doctors to offer the ZRx Prescriber. When the pilot projects and trials will be conclusive, sales and marketing will be fully operational.

ZoomMed Equipment Division

As its qualifying transaction, ZoomMed purchased Recyc-Med and later acquired certain assets of Physiothérapie Gélinas. This division is called the ZoomMed Equipment.

The ZoomMed Equipment Division sells new medical, physiotherapy and laboratory equipment, as well as the reinstatement, management and restoration of those same types of used equipment. As such, the Corporation purchases used equipment, oversee its restoration, and finally, resell such equipment in the market.

The ZoomMed Equipment Division also offers a multilingual Web portal specialized in the purchase and sale of medical equipments, similar to eBay®, allowing potential purchasers to find equipment, parts and services that respond to their needs.

Marketing

ZoomMed Equipment Division's expansion strategy includes the development of a public and private institutional market without intermediaries.



REVIEW OF THE THIRD QUARTER AND THE NINE (9) MONTH PERIOD ENDED FEBRUARY 28, 2006

According to the Canadian generally accepted accounting principles, this transaction is a reverse takeover and was recorded as an equity transaction accordingly. The interim consolidated financial statements reflect Recyc-Med 2000 accounts at their book value as Recyc-Med 2000 is the presumed purchaser in this reverse takeover transaction.

Comparative figures for the three month period ended February 28, 2005 have not been disclosed given it would have been impossible to reconcile the required information at the price of a reasonable effort due to 9103-8240 Quebec Inc. (Recyc-Med 2000) not having to comply with these disclosure requirements then.

It is important to take note that the increase in expenses and net losses as at February 28, 2006 is essentially tied to the development, the setup and the marketing of the ZRx Prescriber, which was not part of the operations for the corresponding period ended February 28, 2005. However, we expect the ZRx Prescriber to generate revenues at the beginning of the next financial year.

Operating results

The Corporation generated \$176,825 in revenues for the three month period ended February 28, 2006. These revenues come from sales of paramedical equipment and technical services on the Quebec private market. For the nine month period ended February 28, 2006, total revenues were \$546,755 as compared to \$422,310 for the corresponding period ended February 28, 2005.

The Corporation registered \$152,905 in cost of sales for the three month period ended February 28, 2006. The costs of sales for the nine month period totaled \$425 483 as compared to \$256 449 for the corresponding period ended February 28, 2005.

The Corporation registered \$311,380 in administration fees for the three month period ended February 28, 2006. For the nine month period, administration fees are \$1,186,044 as compared to \$105,678 for the corresponding period ended February 28, 2005. During the period, the Company granted 1,800,000 options allowing the holder to purchase 1,800,000 common shares for \$0.25 a share. Payroll charge related to the stock option plan amounts to \$ 288,000 for the nine month period ended February 28, 2006.

The Corporation incurred \$153,987 in sales expenses for the three month period ended February 28, 2006, and \$451,119 for the nine month period ended February 28, 2006, as compared to \$180,328 for the corresponding period ended February 28, 2005.

The Corporation incurred \$20,729 in financial expenses for the three month period ended February 28, 2006, \$45,575 for the nine month period ended February 28, 2006, as compared to \$32,121 for the corresponding period ended February 28, 2005.

The Corporation incurred an operating loss of \$462,176 or \$0.014 per share for the three month period ended February 28, 2006. The Corporation incurred an operating loss of \$1,561,466 or \$0.056 per share for the nine month period ended February 28, 2006 as compared to \$126,120 for the corresponding period ended February 28, 2005.

Financial position as at February 28, 2006

Working capital on February 28, 2005 was at (\$11,466) as compared to \$1,023,405 as at February 28, 2006.

Capital properties on February 28, 2005 were at \$38,808 as compared to \$173,582 as at February 28, 2006. The corporation acquired computer hardware, furniture and leasehold improvements for its new installations related to the development of the “ZRx Prescriber”

Intangible assets for the nine month period ended February 28, 2005 were at \$7,377 as compared to \$2,952,861 for the nine month period ended February 28, 2006. Total assets of The Corporation have increased from \$1,396,100 as at February 28, 2005 to \$6,044,940 as at February 28, 2006. These increases are related to ZoomMed’s qualifying transaction with the shareholders of 9103-8240 Québec Inc. The corporation issued 18,000,000 shares at \$0.25 per share for a total consideration of \$4,500,000.

Long-term debt (including short-term portion) increased from \$414,208 in February 2005 to \$474,720 as at February 28, 2006.

The Corporation’s equity increased from \$865,640 as at February 28, 2005 to \$4,416,198 as at February 28, 2006. This increase comes from two sources, being the qualifying transaction as describe above and, pursuant to an amended prospectus dated December 20, 2005, the corporation issued, for the nine month period ended February 28, 2006, a total of 9,090,700 common shares of its share capital for total gross proceeds of \$1,818,140.

As at February 28, 2006, 38,590,700 shares were issued and fully paid.

SUBSEQUENT EVENTS

On December 20, 2005, ZoomMed filed an amended prospectus relating to the offering of a minimum of 1,500,000 common shares of ZoomMed and a maximum of 12,500,000 common shares of ZoomMed, at a price of \$0.20 per common share, for minimum gross proceeds of \$300,000 and maximum gross proceeds of \$2,500,000 (the “Offering”). On March 21, 2006, ZoomMed completed an additional closing resulting in the issuance of 1,689,100 common shares of its share capital at a price of \$0.20 per share. The gross proceeds resulting from the issuance of these shares was \$337,820.