ZOOMMeD
Empowering Doctors

Management's Discussion and Analysis for the Nine Months Ended February 28, 2011

A health care professional's communication network for the benefit of patients

MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management’s Discussion and Analysis explains ZoomMed Inc.’s consolidated operating results, financial position and cash flows situation as at February 28, 2011. It must be read in conjunction with the unaudited consolidated financial statements and its accompanying notes for the periods ended February 28, 2011 and February 28, 2010. Some operating results, financial position and cash flows situation were also compared with information from the audited consolidated financial statements for fiscal year ended May 31, 2010.

Management prepared this report by taking into account all available information as at April 13, 2011. This Management’s Discussion and Analysis report includes ZoomMed Inc. and its subsidiaries financial position (« ZoomMed »).

All financial information discussed in this analysis has been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). Unless otherwise indicated, all amounts are in Canadian dollars.

This Management’s Discussion and Analysis report may contain information and statements on the future performance of ZoomMed which are forward-looking in nature. These statements reflect Management's best assessment for assumptions made regarding future events. Thus readers are hereby cautioned that actual results may differ materially.

This Management’s Discussion and Analysis and the consolidated financial statements were submitted to the Audit Committee and approved by the Board of Directors.

BUSINESS DESCRIPTION

ZoomMed Inc. (the « Company ») was incorporated under the Canada Business Corporations Act on February 24, 2005.

ZoomMed is committed to the development and the marketing of an extended drug information system network; « the e-Pic communication network ».

The e-Pic network aggregates communications and allows patients, physicians, pharmacists and pharmaceutical corporations to interact, thus enhancing health care stakeholder’s efficiency.

As part of this network, ZoomMed developed and markets the “ZRx Prescriber”, a technological innovative Web application that enables physicians to use a wireless device, such as the IPod Touch, IPhone, IPad, Google Android, other PDA’s or computers, to write and rapidly deliver scripts to pharmacies.

The ZRx Prescriber is quick, efficient and intuitive. Since it is a stand-alone product, it can easily be integrated to any Electronic Medical Record application (EMR). The ZRX Prescriber is also, for the physician, a mobile source of information coming from pharmaceutical corporations, as well as private and public institutions.

The ensuing communication and management improvement enhances the health care system and allows patients to have access to faster and more secure services.

In July 2009, The Company created "ZoomMed USA inc." an American subsidiary. To date, no operations were recorded, except our undertaking to market our e-Pic communication network in the United States.

On February 10, 2011, the company acquired 100 % of the shares of Praxis Santé Inc., a private company which develops software applications that enhances all aspects of the prescription filling process and the complete pharmacists patient file management "PraxisLab". PraxisLab uses up-to-date Web technology which is perfectly compatible with the technology used by ZoomMed.

This acquisition will contribute to consolidate and add value to ZoomMed's e-Pic communication network between physicians and pharmacists. Furthermore, it will broaden the scope of its network, a powerful intercommunication tool between pharmaceutical companies, physicians and pharmacists.

Compensation included a cash payment of $800,000 and the issuance of 3,500,000 shares at a fair value of $647,500. The excess of the purchase price over the fair value of net identifiable assets of $1,163,802 was recognized as intellectual property. The acquisition has been accounted for using the purchase method and, accordingly, the results of operations have been included in the consolidated financial statements from the date of acquisition.

The Company common shares are trading on the TSX Venture Exchange under the symbol ZMD.

OPERATING RESULTS

SELECTED INFORMATION
THREE-MONTH PERIOD

OPERATING RESULTS		ZoomMed Inc. As at February 28, 2011		ZoomMed Inc. As at February 28, 2010
Operating revenue	$	587,384	$	522,559
Interest income		272		5,074
Selling expenses		391,098		276,769
Administrative expenses		804,605		379,402
Operating expenses		293,300		269,699
Development costs		257,106		203,378
EBITDA		(1,158,453)		(601,615)
Financial expenses		2,361		4,201
Amortization		207,742		311,330
Net loss		(1,368,556)		(917,146)
Basic and diluted earnings per share	$	(0.012)	$	(0.009)
Weighted average number of outstanding common shares		114,437,448		98,341,785

SELECTED INFORMATION
NINE-MONTH PERIOD

OPERATING RESULTS		ZoomMed Inc. As at February 28, 2011		ZoomMed Inc. As at February 28, 2010
Operating revenue	$	1,620,883	$	957,158
Interest income		7,326		34,396
Selling expenses		1,076,573		790,726
Administrative expenses		1,658,267		1,327,677
Operating expenses		876,431		840,614
Development costs		680,029		564,821
EBITDA		(2,663,091)		(2,532,284)
Financial expenses		6,610		11,602
Amortization		618,430		903,253
Net loss		(3,288,131)		(3,447,139)
Basic and diluted earnings per share	$	(0.029)	$	(0.035)
Weighted average number of outstanding common shares		112,027,168		98,341,785

For the three-month period ended February 28, 2011, operating revenue increased by 12% and 69% for the nine-month period ended February 28, 2011. The operating revenue increase essentially comes from pharmaceutical corporation contracts. The twelve-month contracts revenue has to be recognized on a straight-line basis over the accrued days.

Consequently, as at February 28, 2011, the Company recorded revenue of $1,620,883 and $1,203,011 as deferred revenue totalling $2,823,894, compared to revenue of $957,158 and $1,196,083 as deferred revenue, totalling $2,153,241 for the same period of 2010, representing a 31% increase. The e-Pic network is now well recognized as an efficient solution, providing great added values to communication efforts made by small and large pharmaceutical corporations and pharmacists in order to reach physicians.

Selling expenses increased by 36% for the nine-month period ended February 28, 2011, compared to the corresponding 2010 period. This increase is mainly related to the incurred costs for the American market development.

All operating expenses remained constant during the nine-month period ended February 28, 2011, compared to the same 2010 period.

Administrative expenses for the nine-month period ended February 28, 2011, increased by $330,590. The increase is a result of non-recurrent stock based compensation cost of $370,787.

ZRx Prescriber’s development costs are recorded under two methods; one portion is capitalized (new functionalities) according to future economic benefits from development costs and the other portion is recorded as expenses. For the nine-month period ended February 28, 2011, $450,102 were capitalized and $680,029 were recorded as expenses, for a total of $1,130,131. For the nine-month period ended February 28, 2010, $238,221 were capitalized and $564,821 were recorded as expenses, for a total of $803,042.

All PraxisLab development costs will be capitalised until the marketing date of the product. The capitalised development costs increase, for the nine-month period ended February 28, 2011, is principally due to existing capitalised development costs of $250,261 resulting from the acquisition of Praxis Santé Inc.

ZoomMed shows an EBITDA of $(2,663,091) for the nine-month period ended February 28, 2011 compared to $(2,532,284) for the corresponding period ended February 28, 2010.

ZoomMed recorded a $1,368,556 net loss for the three-month period ended February 28, 2011, compared to $917,146 for the three-month period ended February 28, 2010. The increase is a result of a non-recurrent a stock based compensation cost of $370,787 and the increase in selling expenses incurred for the American market development. The cumulative loss as at February 28, 2011 is $3,288,131 and $3,447,139 for the nine-month period ended February 28, 2010.

ZoomMed registered a $0.012 net loss per share for the three-month period ended February 28, 2011, and $0.009 for the three-month period ended February 28, 2010. ZoomMed registered a $0.029 net loss per share for the nine-month period ended February 28, 2011 and $0.035 for the nine-month period ended February 28, 2010.

FINANCIAL SITUATION

BALANCE SHEETS	ZoomMed Inc. As at February 28, 2011		ZoomMed Inc. As at May 31, 2010	
Cash	$	1,311,696	$	2,632,065
Working capital		(179,843)		1,474,596
Fixed assets		937,130		978,925
Intangible assets		3,450,130		2,236,130
Total assets		6,211,471		6,289,539
Deferred revenue		1,203,011		958,833
Shareholders equity		4,203,064		4,681,892
Share capital	$	25,064,003	$	23,001,758

During the third quarter ended February 28, 2011, the Company completed a first closing of a private placement, for gross proceeds of $1,992,600 issuing 12,855,483 units of the Company at a price of $0.155 per unit. Each unit is comprised of one common share in the share capital of the Company and one-half of one common share purchase warrant. Each whole warrant gives the holder the right to purchase one common share at a price of $0.17 for a period of 24 months. The Company granted an 8% cash commission to the agents and a number of warrants to purchase units equal to 8% of the total number of units sold under the offering at a price of $0.155 per unit. Each unit is comprised of one common share in the share capital of the Company and one-half of one common share purchase warrant.

Following the private placement, the company acquired 100 % of the shares of Praxis Santé Inc., a private company which develops software applications that enhances all aspects of the prescription filling process and the complete pharmacists patient file management “PraxisLab”. PraxisLab uses up-to-date Web technology which is perfectly compatible with the technology used by ZoomMed. Compensation included a cash payment of $800,000 and the issuance of 3,500,000 shares at a fair value of $647,500.

Since May 31, 2010, fixed assets in general, slightly decreased as a result of a $218,526 amortization and the acquisition of $181,988 in fixed assets. Intangible assets increased by $1,214,000. The increase is attributable the acquisition of Praxis Santé Inc. The excess of the purchase price over the fair value of net identifiable assets of $1,163,802 was recognized as intellectual property.

As at February 28, 2011, the company recorded $1,203,011 in deferred revenue, which represents a 25% increase. The e-Pic network is now well recognized as an efficient solution and Pharmaceutical Corporation's adherence increases. The majority of these contracts have a twelve-month duration and have to be recognized on a straight-line basis over the accrued days, which generate deferred revenue that, even it is a positive increase, reflect negatively on the working capital, as they are recorded as current liabilities.

The company Shareholders equity decreased by $478,828 as a result of the loss for the nine-month period ended February 28, 2011 combined with the common share issue completed in February 2011.

CASH FLOW SITUATION

CASH FLOWS SITUATION (THREE-MONTH PERIOD)		**ZoomMed Inc. As at February 28, 2011**		**ZoomMed Inc. As at February 28, 2010**
Cash flows used in operating activities	$	(345,820)	$	(376,484)
Cash flows from financing activities		1,794,410		(15,614)
Cash flows used in investment activities		(910,349)		377,177
Cash increase		538,241		(14,921)
Cash end of year	$	1,311,696	$	260,809

CASH FLOWS SITUATION (NINE-MONTH PERIOD)		**ZoomMed Inc. As at February 28, 2011**		**ZoomMed Inc. As at February 28, 2010**
Cash flows used in operating activities	$	(1,962,993)	$	(1,907,693)
Cash flows from financing activities		1,791,017		(52,913)
Cash flows used in investment activities		(1,148,393)		1,615,018
Cash increase		(1,320,369)		(345,588)
Cash end of year	$	1,311,696	$	260,809

Cash flows used for operating activities amounted to $1,962,993 for the nine-month period ended February 28, 2011, compared to $1,907,693 for the nine-month period ended February 28, 2010.

Financing activities for the nine-month period ended February 28, 2011 totalled $1,791,017 and reflect the common share issue completed in February 2011, while financing activities for the nine-month period ended February 28, 2010, totalling $(52,913), represent the reimbursement of the long-term debts. The company actually has neither long nor short-term debts.

For the period ended February 28, 2011, $(1,148,393) investment activities result from fixed and intangible assets acquisition (development expenses capitalisation and PraxisLab intellectual properties acquisition). For the period ended February 28, 2010, cash flows used in investment activities totalling $1,615,018 are mainly explained by the proceeds from disposal of a guaranteed investment certificate combined with the acquisition of fixed assets and development expenses capitalization.

The net change in cash and cash equivalents from these three types of activities amounted to $(1,320,369) for the nine-month period ending February 28, 2011 and $(345,588) for the nine-month period ending February 28, 2010.

CASH FLOWS

According to management, the cash flows required to finance our operating activities will come from revenue generated through agreements with pharmaceutical corporations, as well as revenue from pharmacies, which are using our e-Pic network. However, ZoomMed may consider collaborative arrangements and additional public or private financing to fund all or a part of particular product development programs

SUBSEQUENT EVENTS

On March, 2011, the Company completed a second and final portion of a private placement, for gross proceeds of $507,999 issuing 3,277,419 units of the Company at a price of $0.155 per unit. The whole private placement generated gross proceeds of $2,500,599 by issuing 16,132,902 units at a price of $0.155 per unit.

BELOW-THE-LINE ARRANGEMENTS

There was no off balance sheet arrangements or arrangements likely to have an impact on our operating results or our financial situation.

RELATED PARTY TRANSACTIONS

During the nine-month period ended February 28, 2011, ZoomMed paid professional fees totalling $64 680 to one corporation owned by a shareholder and director. As at February 28, 2011, accounts payable include an amount of $7,210 relating to these transactions.

These transactions were carried out in the normal course of business and are measured at the exchange value, which is the value of the consideration established and agreed upon by the related parties.

OUTSTANDING SHARES, OPTIONS AND WARRANTS AS AT APRIL 13, 2011

Common shares	130,474,687
Stock options in accordance with the stock option plan	10,789,000

ACCOUNTING ESTIMATES AND PRINCIPLES

Preparation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles requires that management formulate estimates and assumptions affecting the amounts recorded in the financial statements and related notes. These estimates are based on management's best knowledge of current events, as well as actions which ZoomMed may take in the future. Actual results could differ from the estimates provided.

Financial statements items that require such estimates include future benefits from development costs, intellectual property, future income tax assets and goodwill, income tax provision, the recoverable amount of research and development tax credits, the assumptions used in the determination of the stock-based compensation charge and fair value of financial instruments. The notes 2, 13 and 14 of the financial statements describe the assumptions used.

The Company initiated a 10% rolling stock option plan. In accordance with the section 3870 of the Canadian Institute of Chartered Accountants (CICA) Handbook, "Stock-based compensation and other stock-based payments", the Company uses the fair value based method of accounting for all stock options granted. According to this method, the compensation expense in regard of the stock options is measured at the grant date's estimated fair value, using an option-pricing model (Black & Scholes) and is recognized during the grant date period, the counterpart being recognized as contributed surplus.

CHANGES IN ACCOUNTING POLICIES

Financial instruments – Disclosures (Section 3862)

During fiscal year 2010, ZoomMed adopted the new accounting standards related to section 3862. This section was amended to include additional disclosure requirements regarding fair value measurements. These new standards had no material impact on ZoomMed’s consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (CPN-173)

During fiscal year 2010, ZoomMed adopted a new pronouncement published by the Emerging Issues Committee (EIC-173). The Committee requires that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets. These new recommendations had no material impact on ZoomMed’s consolidated financial statements.

FUTURES CHANGES IN ACCOUNTING POLICIES

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

In December 2008, the CICA approved three new accounting standards Handbook Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”, replacing Section 1581, “Business Combinations” and Section 1600, “Consolidated Financial Statements”. Section 1582 provides the Canadian equivalent to IFRS 3 – “Business Combinations” (January 2008) and Sections 1601 and 1602 to IAS 27 – “Consolidated and Separate Financial Statements” (January 2008). Section 1582 requires additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure for the accounting of a business combination. These sections would be applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Entities adopting Section 1582 will also be required to adopt Sections 1601 and 1602.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards will require a change in the measurement of non-controlling interest and will require the non-controlling interest to be presented as part of shareholders’ equity on the balance sheet. In addition, the net earnings will include 100% of the subsidiary’s results and will be allocated between the controlling interest and non-controlling interest. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted. All three standards are effective at the same time. Canadian public companies will have to adopt IFRS, for fiscal year beginning on or after January 1, 2011. We are currently evaluating the impact of these standards on the consolidated financial statements.

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board (ACSB) confirmed January 1, 2011 as the date IFRS will replace current Canadian GAAP for publicly accountable enterprises. While Canadian GAAP and IFRS are both principles-based and use comparable conceptual frameworks, there are significant recognition, measurement, presentation and disclosure differences. In the period leading up to the transition date, the ACSB is expected to issue accounting standards that are converged with IFRS, intentionally mitigating the impact of adopting IFRS at the changeover date.

We plan to prepare ours interim and annual financial statements in accordance with IFRS for the periods beginning June 1, 2011. We are currently evaluating the impact of IFRS standard on our consolidated financial statements.

As mentioned in the financial statement (note 4), you will find in the next tables our changeover plan with the completion timeline and our preliminary conclusions.

Our IFRS changeover plan

We have developed a detailed changeover plan comprised of four phases, which is expected to be completed according to the following timeline:

Phases	Selected key activities	Expected completion date
Diagnostic	. Identify significant high-level differences between the existing Canadian GAAP and IFRS, as relevant to our specific instance.	Completed
Design and planning	. Establish project strategy, infrastructure and timeframe;	Completed
	. Identify internal stakeholders that may be affected by the transition;	Completed
	. Train the core project team;	Completed
	. Raise awareness across the organization.	Completed
Solution development	. Perform a detailed review of all relevant IFRS standards to identify differences with our current accounting policies;	Completed
	. Select new accounting policies when applicable, Including those under IFRS-1;	Completed
	. Develop a model for our IFRS financial statements;	In proceed
	. Design a process to prepare the IFRS comparative information;	In proceed
	. Identify effect on other internal and external stakeholders.	Completed
Implementation	. Identify information gaps and necessary changes in reporting, processes and systems;	During 2012 fiscal year
	. Prepare the opening balance sheet according to IFRS;	During 2012 fiscal year
	. Prepare the comparative financial statements according to IFRS;	During 2012 fiscal year
	. Prepare the interim and annual financial statements according to IFRS.	During 2012 fiscal year

Preliminary conclusions

The following are some of our key preliminary conclusions with respect to the recognition and measurement of certain financial statements items based on current IFRS. Other key analyses are progressing well, but preliminary conclusions have not yet been reached and as such were not reported in this table. The impact of some of the analyses not reported below could be significant, and will be reported once conclusions are reached.

Standards	Preliminary conclusions	Potential impact
Revenue	Existing Canadian standards are substantially convergent with IFRS regarding revenue recognition.	Not expected to have a significant impact on revenue recognition.
Intangible Assets	According to IFRS, corporations are allowed to adopt two accounting methods. IFRS provides a choice between “cost model” and “revaluation model” for accounting recognition of intangible assets.	We do not expect to use the “revaluation model“, since there is no active market for the intangible assets owned by ZoomMed.
Fixed Assets	According to IFRS, corporations are allowed to adopt two accounting methods. IFRS provides a choice between “cost model” and “revaluation model” for accounting recognition of fixed assets. The “cost model” converges with existing Canadian standards, except for the requirement to breakdown fixed asset costs of important elements for depreciation purposes.	ZoomMed expects to continue to use the “cost model” for accounting recognition of fixed assets. The breakdown costs of important elements method will not have a significant impact.
Impairment of long-term assets	Existing Canadian standards regarding the impairment of long-term assets, including depreciable intangible assets, use a two step recoverability test. Step one, requires estimating the future undiscounted cash flows expected from the use of that asset and its eventual disposition. IFRS require using the present value of future cash flows. (Defined in IFRS as the “Value in use”). Regarding these assets, IFRS approach requires that reversal of an impairment loss be recognized if there was a change in hypothesis used in estimating recoverable value.	The difference between the impairment of long-term assets evaluations will probably generate more frequent accounting recognition of revaluations. We are not, at this time, in position to determine if impairment losses will have to be recognized as at the convergence date.
Long term debt	When an entity does not meet a long term debt obligation before its financial year end, obligations to classify long term debts as a current liability are more constraining under IFRS.	There is no material impact, at this time, taking into account that ZoomMed has no debts

Financial instruments	Although existing Canadian standards are, substantially convergent with IFRS, ongoing changes are made by the IASB. CICA expects to immediately include some changes in order to reduce differences with international standards, as changeover occurs.	Considering the already applied reclassification and the nature of ZoomMed's financial instruments, the modifications are not expected to have a significant impact. We will continuously follow up on possible future changes that could potentially have an impact.
Stock based compensatio n expenses	Existing Canadian standards are generally convergent with IFRS, although there are some noteworthy differences.	Taking into account our stock option attributes, it is not expected to have a significant impact.

CONTROLS AND PROCEDURES

The president and chief executive officer and chief financial officer have reviewed the disclosure controls and procedures as required by Multilateral Instrument 52-109 of the Canadian Securities Administrators.

ZoomMed's President and Chief Executive Officer and Chief Financial Officer have concluded that, to the best of their knowledge, there have been no changes to internal controls over financial reporting during the most recent fiscal year that have materially affected or are reasonably likely to materially affect internal controls over financial reporting. In conclusion, after analysis of controls and procedures and to the best of their knowledge, ZoomMed's President and Chief Executive Officer and the Chief Financial Officer consider that the controls and procedures are adequate.

RISKS AND UNCERTAINTIES

Credit risk management

ZoomMed extends credit to its customers in normal course of business. Ongoing credit assessments are conducted and the balance sheet reflects the allowance for doubtful accounts. No qualitative assessments were conducted, since the management believes the credit risk is immaterial.

Interest rate risk management

ZoomMed does not have any variable rate debt. Furthermore, ZoomMed invests its cash in financial instruments bearing guaranteed interest. These financial instruments represent a minimal risk for ZoomMed.

Market risk

The future performance of ZoomMed is dependent on the continued popularity of its existing products and its ability to develop and introduce products that gain acceptance and satisfy consumer preferences in targeted markets. The popularity of any of its products may decline over time, as consumer preferences change or as new competing products are introduced in targeted markets. The development of new systems and their distribution, within the targeted market, require significant investments.

Liquidity risk

In order to meet additional capital requirements, ZoomMed may consider collaborative arrangements and additional public or private financing to fund all or a part of particular product development programs. Private financing could include the issuance of debt and the issuance of additional equity securities, which could result in dilution to shareholders. There can be no assurance that additional funding will be available. ZoomMed manages this risk by establishing detailed cash forecasts, as well as long-term operating and strategic plans. According to these forecasts, cash flows for operating activities will be generated by pharmaceutical corporation and pharmacy contracts through the use of our e-Pic network.

Key personnel risk

Recruiting and retaining qualified personnel is essential to ZoomMed success. We believe that we have been successful in recruiting excellent personnel to help them meet their objectives but, as their activities grow, it is possible that additional key administrative, as well as research and marketing personnel will be required. Although ZoomMed believe that it will be successful in attracting qualified personnel, there can be no assurance to that purpose.

CONTINUOUS DISCLOSURE AND SUPPLEMENTARY INFORMATION

The Company files its consolidated financial statements, its management's discussion and analysis, its press releases and other required filing documents on SEDAR's database at www.sedar.com