ZOOMMED

EMPOWERING DOCTORS

Management's Discussion and Analysis for the Six Months Ended November 30, 2010

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 November 30, 2010. It must be read in conjunction with the unaudited consolidated financial statements and its accompanying notes for the periods ended November 30, 2010 and November 30, 2009. 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 January 10, 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.

In close connection with this network, the ZRX Prescriber is a web application that runs on a wireless device or computers. Thanks to this tool, a physician can write a prescription, which includes a bar-code, allowing pharmacists to access (scan) the information on line.

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.

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 November 30, 2010		ZoomMed Inc. As at November 30, 2009	
Operating revenue	$	497,851	$	279,002
Interest income		2,892		10,452
Selling expenses		278,562		261,189
Administrative expenses		522,921		435,247
Operating expenses		297,208		286,069
Development costs		255,256		175,145
EBITDA		(853,204)		(868,196)
Financial expenses		1,453		3,398
Amortization		206,676		298,532
Net loss		(1,061,333)		(1,170,126)
Basic and diluted earnings per share	$	(0.010)	$	(0.012)
Weighted average number of outstanding common shares		110,841,785		98,341,785

SELECTED INFORMATION
SIX-MONTH PERIOD

OPERATING RESULTS	ZoomMed Inc. As at November 30, 2010		ZoomMed Inc. As at November 30, 2009	
Operating revenues	$	1,034,730	$	434,599
Interest income		5,822		29,321
Selling expenses		520,070		513,956
Administrative expenses		1,019,068		948,275
Operating expenses		583,130		570,914
Development costs		422,923		361,443
EBITDA		(1,504,639)		(1,930,668)
Financial expenses		4,249		7,401
Amortization		410,478		591,923
Net loss		(1,919,366)		(2,529,992)
Basic and diluted earnings per share	$	(0.017)	$	(0.026)
Weighted average number of outstanding common shares		110,841,785		98,341,785

For the three-month period ended November 30, 2010, operating revenue increased by 78%, and 138% for the six-month period ended November 30, 2010. These operating revenue increases, essentially come from pharmaceutical corporation contracts. These twelve-month contract revenues have to be recognized on a straight-line basis over the accrued days.

Consequently, as at November 30, 2010, the Company recorded revenues of $ 1,034,730 and $1,026,277 as deferred revenues totalling $2,061,007, compared to revenues of $434,599 and $917,883 as deferred revenues, totalling $1,352,482 for the same period of 2009, representing a 52% 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.

All operating expenses and selling expenses remained constant during the six-month period ended November 30, 2010, compared to the same 2009 period.

Administrative expenses slightly increased as a result of our US market penetration initiatives.

Development costs are treated 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 six-month period ended November 30, 2010, $142,015 were capitalized and $422,923 were recorded as expenses, for a total of $564,938. For the six-month period ended November 30, 2009, $187,605 were capitalized and $361,443 were recorded as expenses, for a total of $549,048. For the six-month period ended November 30, 2010, total development costs represent an increase of less than 3 %.

ZoomMed shows an EBITDA of $(1,504,639) for the six-month period ended November 30, 2010 compared to $(1,930,668) for the corresponding period ended November 30, 2009.

ZoomMed recorded a $1,061,333 net loss for the three-month period ended November 30, 2010, compared to $1,170,126 for the three-month period ended November 30, 2009. The cumulative loss as at November 30, 2010 is $1,919,366 and $2,529,992 for the six-month period ended November 30, 2009.

ZoomMed registered a $0.010 net loss per share for the six-month period ended November 30, 2010, and $0.012 for the three-month period ended November 30, 2009. ZoomMed registered a $0.017 net loss per share for the six-month period ended November 30, 2010 and $0.026 for the six-month period ended November 30, 2009.

FINANCIAL SITUATION

BALANCE SHEETS		**ZoomMed Inc. As at November 30, 2010**		**ZoomMed Inc. As at May 31, 2010**
Cash	$	773,455	$	2,632,065
Working capital		(270,479)		1,474,596
Fixed assets		923,940		978,925
Intangible assets		2,111,058		2,236,130
Total assets		4,536,210		6,289,539
Deferred revenues		1,026,277		958,833
Shareholders equity		2,759,133		4,681,892
Share capital	$	23,001,758	$	23,001,758

No unusual transactions have been completed during the first six-month period ended November 30, 2010. Changes in assets and liabilities are a result of the Company's normal activities.

As at November 30, 2010, the Company recorded deferred revenues totalling $1,026,277. The e-Pic network is now well recognized as an efficient solution and Pharmaceutical Corporations are increasingly adopting it. The majority of those service contracts are provided over a twelve-month period and are recognized on a straight-line basis over their duration, therefore generating deferred revenues, although being positives, reflect negatively on the working capital, as they are recorded as short-term liabilities.

Since May 31, 2010, fixed and intangible assets have experienced a slight decrease as a result of fixed assets acquisition, however reduced by amortization expenses totalling $410,478.

ZoomMed's Shareholders equity decreased by $1,922,759, mainly as a result of net losses recorded for the six-month period ended November 30, 2010.

CASH FLOW SITUATION

CASH FLOWS SITUATION (THREE-MONTH PERIOD)		**ZoomMed Inc. As at November 30, 2010**		**ZoomMed Inc. As at November 30, 2009**
Cash flows used in operating activities	$	(593,159)	$	(423,594)
Cash flows from financing activities		-		(18,689)
Cash flows used in investment activities		(125,688)		416,269
Cash increase		(718,847)		(26,014)
Cash end of year	$	773,455	$	275,730

CASH FLOWS SITUATION (SIX-MONTH PERIOD)		**ZoomMed Inc. As at November 30, 2010**		**ZoomMed Inc. As at November 30, 2009**
Cash flows used in operating activities	$	(1,617,173)	$	(1,531,208)
Cash flows from financing activities		(3,393)		(37,300)
Cash flows used in investment activities		(238,044)		1,237,841
Cash increase		(1,858,610)		(330,667)
Cash end of year	$	773,455	$	275,730

Cash flows used for operating activities amounted to $1,617,173 for the six-month period ended November 30, 2010, compared to $1,531.208 for the six-month period ended November 30, 2010.

Financing activities for the six-month period ended November 30, 2010 amount to $3,393 and are related to share issuance fees, while for the six-month period ended November 30, 2009, financing activities representing $37,300 are attributable to long-term debt repayment.

For the six-month period ended November 30, 2010, investment activities totalling $(238,044) are linked to the acquisition of fixed and intangible assets (capitalized development expenses). For the same period ended November 30, 2009, cash flows used in investment activities totalling $1,237,841, are mainly associated to the proceeds from the disposal of a $1,525,000 guaranteed investment certificate, the acquisition of fixed assets and capitalized development expenses.

The net change in cash and cash equivalents from these three types of activities amounted to $(1,858,610) for the six-month period ending November 30, 2010 and $(330,667) for the six-month period ending November 30, 2009.

CASH FLOWS

According to management, the cash flows required to finance our operating activities will come from revenues generated through agreements with pharmaceutical corporations, as well as revenues from pharmacies, which are using our e-Pic network.

SUBSEQUENT EVENTS

In December 2010, the Company granted 3,207,500 options entitling the holder to purchase 3,207,500 common shares at an exercise price of $0.20 per share. The options have been granted to the Corporation's employees, consultants and directors.

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 six-month period ended November 30, 2010, ZoomMed paid professional fees totalling $43,050 to one corporation owned by a shareholder and director. As at November 30, 2010, accounts payable include an amount of $21,630 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 JANUARY 10, 2011

Common shares	110,841,785
Stock options in accordance with the stock option plan	10,899,000

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, 12 and 13 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 2011 fiscal year
	. Prepare the opening balance sheet according to IFRS;	During 2011 fiscal year
	. Prepare the comparative financial statements according to IFRS;	During 2011 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.	ZoomMed expects to continue to use the "cost 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.	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 compensation 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