Interim MD&A for the period ended November 30, 2013

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 interim consolidated comprehensive income, financial position and cash flows situation for the six-month periods ended November 30, 2013 and November 30, 2012. It must be read in conjunction with the non-audited consolidated financial statements and its accompanying notes as at November 30, 2013 and November 30, 2012. Some operating results, financial position and cash flows situation were also compared with information from fiscal year ended May 31, 2013.

Management prepared this report by taking into account all available information as at January 17, 2014. This Management's Discussion and Analysis report includes ZoomMed Inc. and its subsidiaries (the "Company") financial position.

All financial information discussed in this analysis has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 the Company 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 audited consolidated financial statements were submitted to the Audit Committee and approved by the Board of Directors.

BUSINESS DESCRIPTION

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

ZoomMed Inc. and its subsidiaries (the "Company") are committed to the development and the marketing of a broad range of computer applications designed for healthcare professionals.

The Company has developed the "ZRx Prescriber", a technological innovative Web application that enables physicians to use a wireless device, such as iPhone™, iPad™, Google Android™ or computers, to write and rapidly deliver scripts. Since it is a stand-alone product, it can easily be integrated to any Electronic Medical Record application (EMR).

ZoomMed's communication network is a clinical information exchange platform between physicians and the various other stakeholders of the healthcare sector, such as pharmacists, specialists, pharmaceutical corporations, private insurers, laboratories, specialized clinics and others. The ensuing communication and management improvement enhances the healthcare system and allows patients to have access to faster and more secure services.

The Company also offers "PraxisLab" new pharmacy management software that enhances all aspects of the prescription filling process and the complete pharmacists patient file management. PraxisLab uses state-of-the-art protocols and up-to-date software standards.

The Company holds 50% of the voting and participating shares in the American joint venture EvEMR Inc., which commercializes, throughout North America, an Electronic Medical Record (EMR) designed for all behavioural health providers. This EMR provides a simplified solution to classify and categorize diagnostic criteria and statistical research on specific mental disorders of the DSM-5 (Diagnostic and Statistical Manual of Mental Disorders), a clinical decision tool based on psychiatric guidelines and generates educational material for patients, directly at the point of care. It is a modular product built around a clinical note-writer application.

Moreover, since October 23, 2012, the Company holds 50% of the equity shares and 50% of the voting shares in EvEMR International Inc. joint venture, which was established to distribute products designed for all behavioral health providers throughout the world.

ZoomMed Inc. common shares are trading on the TSX Venture Exchange under ZMD symbol.

The Company's registered head office is located at 6300 Auteuil Street, Suite 121, Brossard, Québec, Canada, J4Z 3P2.

COMPREHENSIVE INCOME

SELECTED INTERIM INFORMATION
THREE-MONTH PERIOD

COMPREHENSIVE INCOME	November 30, 2013	November 30, 2012
Operating revenue	$ 1,057,236	$ 1,301,470
Selling expenses	$ 216,072	$ 214,854
Administrative expenses	$ 350,884	$ 328,234
General operating expenses	$ 138,022	$ 230,602
Development costs	$ 543,486	$ 361,241
Financial expenses	$ 241,653	$ 91,298
Benefit (loss) before proportionate share of the investee's net results	$ (432,881)	$ 75,241
Proportionate share of the investee's net results	$ (115,203)	$ -
Basic and diluted net earnings per share	$ (0.004)	$ 0.001
Weighted average number of outstanding common shares	130,563,172	130,474,687

SELECTED INTERIM INFORMATION
SIX-MONTH PERIOD

COMPREHENSIVE INCOME	November 30, 2013	November 30, 2012
Operating revenue	$ 1,592,997	$ 2,323,400
Selling expenses	$ 417,379	$ 372,911
Administrative expenses	$ 660,962	$ 702,854
General operating expenses	$ 338,177	$ 426,424
Development costs	$ 1,047,798	$ 670,783
Financial expenses	$ 343,379	$ 176,678
Loss before proportionate share of the investee's net results	$ (1,214,698)	$ (26,250)
Proportionate share of the investee's net results	$ (326,978)	$ -
Basic and diluted net earnings per share	$ (0.012)	$ (0.0002)
Weighted average number of outstanding common shares	130,519,171	130,474,687

The operating revenue for the three-month and the six-month periods ended November 30, 2013 decreased mainly as a result of the termination, in April 2013, of a software development contract.

Selling expenses remain relatively constant during the two semesters.

Administrative expenses were slightly lower as a result of the stock-based compensation expenses. During the six-month period ended November 30, 2012, an amount totalling $107,240 was recorded as stock-based compensation. No amount was recorded for the six-month period ended November 30, 2013.

Operating expenses amounted to $338,177 for the six-month period ended November 30, 2013, compared to $426,424 for the six-month period ended November 30, 2012. The operating expenses decrease is partly attributable to the use of new technologies that simplifies the deployment of our services, as well as the standardization and computerization of clients training processes.

Development costs amounted to $1,047,798 for the six-month period ended November 30, 2013 and $670,783 for the six-month period ended November 30, 2012. The increase was primarily due to PraxisLab's development expenses. Since the beginning of fiscal year 2014, PraxisLab has been in operation and development expenses are recorded at cost, except for costs related to the development of new functionalities, which are capitalized. Since the beginning of fiscal year 2014, PraxisLab started its operations. Consequently, development costs are now recorded as expenses, except for costs related to new functionalities, which are capitalized. Since the beginning of fiscal year 2014, amortization charges are recorded. Overall, the amortization charges as regards to PraxisLab amounted to more than $325,000 for the six-month period ended November 30, 2013.

Financial expenses increased significantly during the six-month period ended November 30, 2013 and the increase is partly attributable to the financing charges regarding the new debenture and the variation in the exchange rate.

The Company recorded a net operating loss before proportionate share of the investees net results of $432,881 for the three-month period ended November 30, 2013 and a net benefit of $75,241 for the three-month period ended November 30, 2012. The Company recorded a net operating loss before proportionate share of the investees net results of $1,214,698 for the six-month period ended November 30, 2013 and $26,250 for the six-month period ended November 30, 2012. Proportionate share of the investee's net results, as at November 30, 2013, includes 50% of EvEMR Inc. loss or $345,217 and 50% of EvEMR International profit or $18,239.

The Company recorded a $0.004 loss per share for the three-month period ended November 30, 2013 and $0.001 profit per share for the three-month period ended November 30, 2012. The Company recorded a $0.012 loss per share for the six-month period ended November 30, 2013 and $0.0002 loss per share for the six-month period ended November 30, 2012.

FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION	November 30, 2013	May 31, 2013
Cash and cash equivalents	$ 139,319	$ 365,824
Fixed assets	$ 67,193	$ 91,372
Intangible assets	$ 2,824,305	$ 3,025,163
Interest in joint venture	$ 111,067	$ 438,045
Total assets	$ 4,130,809	$ 5,332,774
Deferred revenues	$ 155,379	$ 1,033,110
Debts (short-term and long-term)	$ 2,065,875	$ 1,452,178
Shareholders' equity	$ 642,751	$ 2,158,988
Share capital	$ 25,463,559	$ 25,438,120

Net change in cash and cash equivalents is mainly related to operating and development activities.

Fixed assets slightly decreased since May 31, 2013 resulting from the amortization expense.

Intangible assets also decreased during the six-month period ended November 30, 2013, which is mainly attributable to the new amortization charges of PraxisLab recorded since June 2013.

As at November 30, 2013, the interest in joint ventures amounts to $111,067, compared to $438,045 as at May 31, 2013. The decrease results from the recorded loss of EvEMR Inc. during the period. The Company holds 50% of the voting and participating shares in this joint venture.

Deferred revenue amounted to $155,379 as at November 30, 2013 and $1,033,110 as at May 31, 2013. The majority of these contracts is for a twelve-month period and has to be recognized on a straight-line basis over the duration of the agreements, therefore generating deferred revenue. Most of the contracts are renewable during the third quarter.

As at November 30, 2013, short-term and long-term debts amount to $2,065,875 ($1,452,178 as at May 31, 2013) as detailed in section "Short-term and long-term debts" on pages 9 and 10.

The Company's shareholders equity totaled $652,751 for the six-month period ended November 30, 2013 and $2,158,988 for the fiscal year ended May 31, 2013. The decrease recorded is mainly due to the loss for the six-month period ended November 30, 2013.

The Company’s share capital increased by $25,439. On November 14, 2013, the Company issued 508,786 common shares as compensation for due diligence services.

CASH FLOWS AND SHAREHOLDERS’ EQUITY

SELECTED INTERIM INFORMATION
THREE-MONTH PERIOD

CASH FLOWS SITUATION	November 30, 2013	November 30, 2012
Cash flows from (used) in operating activities	$ (491,381)	$ (258,565)
Cash flows from financing activities	$ 489,698	$ -
Cash flows used in investment activities	$ (118,506)	$ (89,156)
Net change in cash and cash equivalents	$ (120,189)	$ (347,721)
Cash and cash equivalents, end of year	$ 139,319	$ 532,886

SELECTED INTERIM INFORMATION
SIX-MONTH PERIOD

CASH FLOWS SITUATION	November 30, 2013	November 30, 2012
Cash flows from (used) in operating activities	$ (479,033)	$ (738,409)
Cash flows from financing activities	$ 489,698	$ -
Cash flows used in investment activities	$ (237,170)	$ (193,419)
Net change in cash and cash equivalents	$ (226,505)	$ (931,828)
Cash and cash equivalents, end of year	$ 139,319	$ 532,886

Cash flows used for operating activities amounted to $(479,033) for the six-month period ended November 30, 2013 and $(739,409) for the six-month period ended November 30, 2012. The decrease is attributable non-cash operating working capital items.

Cash flows used in investment activities amounted to $489,698 for the six-month period ended November 30, 2013, and are as follows:

a) The Company issued a new debenture to replace the convertible debenture. This transaction resulted in net proceeds of $155,439.

b) The research and development tax credits were financed by Investissement Québec and resulted in a cash inflow of $308,520.

c) The Company issued 508,786 common shares at a deemed price of $0.05 each, for a total amount of $25,439 as compensation for due diligence services

For the six-month period ended November 30, 2012 there was no financing activity.

For the six-month periods ended November 30, 2013 and November 30, 2012, cash flows from investing activities are related to the acquisition of fixed assets and the capitalization of development cost.

The net change in cash and cash equivalents from these three types of activities amounted to $(226,505) for the six-month period ended November 30, 2013 and $(931,828) for the six-month period ended November 30, 2012.

INTEREST IN JOINT VENTURES

a) EvEMR Inc.

The Company holds 50% of the participating shares and 50% of the voting shares in the joint venture EvEMR Inc. The joint venture fiscal year is December 31.

The aggregate amount of current assets, non-current assets, current liabilities, non-current liabilities, products and expenses related to the participation in EvEMR are as follows:

	November 30, 2013	May 31, 2013
	$	$
Current assets	89,159	552,153
Non-current assets	2,173,052	2,529,925
Total assets	2,262,211	3,082,078
Current liabilities	21,880	494,236
Non-current liabilities	858,027	645,386
Total liabilities	879,907	1,139,622
Net assets	1,382,304	1,942,456
Proportionate share of unrealized gain on the sale of a license	(1,600,728)	(1,600,728)
Amortization of unrealized gain on the sale of a license	311,252	44,465
Goodwill	-	51,852
Interest in joint venture	92,828	438,045
Total revenue	41,548	-
Total expenses	(653,554)	(118,035)
Total income for the period	(612,006)	(118,035)
Proportionate share of unrealized gain on the sale of a license	-	(1,600,728)
Amortization of unrealized gain on the sale of a license	266,789	44,465
Proportionate share of the investee's net results	(345,217)	(1,674,298)

b) EvEMR International

The Company holds 50% of the equity shares and 50% of the voting shares in EvEMR International joint venture. The joint venture fiscal year is December 31.

The aggregate amount of current assets, non-current assets, current liabilities, non-current liabilities, products and expenses related to the participation in EvEMR International are as follows:

	November 30, 2013	May 31, 2013
	$	$
Current assets	32,323	56,952
Non-current assets	344,877	132,236
Total assets	377,200	189,188
Current liabilities	2,176	608
Non-current liabilities	356,785	188,580
Total Liabilities	358,961	189,188
Net assets	18,239	-
Interest in joint venture	18,239	-
Total revenue	22,997	4,365
Total expenses	(4,758)	(4,365)
Total income for the period	18,239	-
Proportionate share of the investee's net results	18,239	-

LIQUIDITY

In order to meet additional capital requirements, the Company may consider collaborative arrangements and additional public or private financing to fund part or all of particular product development programs. Financing could include the incurrence 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. The Company manages this risk by establishing detailed cash flows forecasts, as well as long-term operating and strategic plans. According to these forecasts, most of its cash flows for operating activities will be generated by the ZRx Prescriber, PraxisLab and the ZoomMed’s communication network.

OFF-BALANCE SHEET 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

a) Key management compensation

Key management is those persons having authority and responsibility for planning, managing and controlling the Company’s activities, including the Directors and Executives. Key management participates to the stock option plan. Key management wage compensation, for the six-month period ended November 30, 2013 totalized $230,769 ($226,923 for the six-month period ended November 30, 2012). Furthermore, as at July 20, 2012, 1,350,000 stock options, at a price of $0.10 for a period of 5 years, were awarded to key management and represent a stock-based compensation cost of $54,000.

b) Related party transactions

A director of the Company is a partner in a law firm that acted as legal advisor to the Company. During the six-month period ended November 30, 2013, an amount of $35,690 ($6,461 for the six-month period ended November 30, 2012) was paid to the law firm.

During the six-month period ended November 30, 2013, the Company has not charged any amount to a joint venture. During the six-month period ended November 30, 2012, the Company has charged a $764,608 software development fees to a joint venture. For the six-month periods ended November 30, 2013 and 2012, there was no outstanding amount

Related party transactions terms and conditions

The balances, as at the end of the period, are not guaranteed and bear no interest, as it is a cash settlement. No guaranties were given or received regarding receivables or payables between the related parties. For the six-month periods ended November 30, 2013 and 2012, the Company did not record any depreciation as regards to outstanding related party receivables. An assessment is performed at each financial period, by examining the related party financial statements and the market in which the related party operates.

These transactions were made on equivalent terms to those prevailing in the case of transactions subject to normal market conditions.

OUTSTANDING SHARES, WARRANTS AND STOCK OPTIONS AS AT JANUARY 17, 2014

Common shares	135,591,268
Stock options in accordance with the stock option plan	9,292,500

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Financial Instruments

In October 2010, the International Accounting Standards Board “IASB” issued IFRS 9, “Financial Instruments”, which represents the completion of the first part of a three-part project to replace IAS 39, “Financial Instruments: Recognition and Measurement”, with a new standard. Per recent updates to IFRS 9, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income or loss section of the entity’s statement of comprehensive income, rather than within profit or loss.

Thus, to determine whether a financial asset is measured at amortized cost or fair value, IFRS 9 uses a single approach that replaces the multiple rules in IAS 39. The recommended approach in IFRS 9 is based on how an entity manages its financial instruments and the characteristics of the contractual cash flows of financial assets.

This standard will be effective for financial statements periods beginning on or after January 1, 2015. Earlier application is permitted. The Company intends to adopt this new standard as its effective date. The Company has not yet assessed the potential impact of these new guidelines on its consolidated financial statements.

Reporting entity

In May 2011, the IASB issued a group of five new standards that address the scope of the reporting entity: IFRS 10 “Consolidated financial statements”, IFRS 11 “Joint arrangements”, IFRS 12 “Disclosure of interests in other entities”, IAS 27 “Separate financial statements” and IAS 28 “Investments in associates”.

Consolidation - IFRS 10 replaces all previous provisions related to control and consolidation stated in IAS 27 "Separate Financial Statements" and SIC-12 "Consolidation - Special Purpose Entities". IFRS 10 amends the definition of control and provides a single definition of the concept of control, which is characterized by the holding power of the entity, the exposure or the rights to variable returns of the entity. Power means the ability to manage the activities in a way that could significantly affect returns. Returns must vary and can be positive or negative, or both.

Joint arrangements - IFRS 11 amends the definition of a joint agreement so that it includes only two types of agreements: joint activities and joint ventures. Under this standard, the proportionate consolidation method is no longer permitted to account for jointly controlled entities, and the use of the equity method is mandatory for all participants in a joint venture. The entities involved in joint activities will use an accounting method very similar to the one that currently applies to jointly controlled assets and jointly controlled activities.

Disclosures of interests in other entities - IFRS 12 establishes requirements for disclosure applicable to entities subject to the provisions of IFRS 10 and IFRS 11, thereby replacing the requirements information set out in IAS 28. Under IFRS 12, entities should provide information that helps users of financial statements to evaluate the nature, risks and financial effects of the entity interests in subsidiaries, associated companies, joint agreements and unconsolidated structured entities.

Separate Financial Statements - The revision of IAS 27 removes the concepts, now contained in IFRS 10, to only retain in IAS 27, the concepts relating to individual financial statements.

Investments in associates and joint ventures - Modifications have been made to IAS 28 to incorporate changes resulting from the issuance of IFRS 10 and IFRS 11, including the fact that joint ventures must now always be accounted for using the equity method.

These standards are required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company intends to adopt these new standards as their effective date. The Company is currently assessing the potential impact of these new standards on its consolidated financial statements.

Fair value measurement

In May 2011, the IASB issued IFRS 13 "Fair value measurement". This standard will improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. IFRS 13 will be effective for fiscal years beginning on or after January 1, 2013, with earlier application permitted. The Company intends to adopt this new standard as its effective date The Company is currently assessing the potential impact of this new standard on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS often requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company's assets, liabilities, revenue, expenses, and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's consolidated financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates, and judgments in order to ensure that the consolidated financial statements are presented fairly and in accordance with IFRS.

Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's consolidated financial statements.

Estimated useful life

The management assesses fixed assets in line with the assets useful life. The amount and the related fixed assets amortization timetable for a given period are influenced by their estimated useful life. The estimations are reviewed at least once a year and are updated if the useful life expectations are altered by physical wear, technical and commercial obsolescence.

Intangible assets

The values associated with identifiable intangible assets with finite useful life are determined by applying significant estimates and assumptions.

Valuations performed in connection with post-acquisition assessments of impairment of identifiable intangible assets are based on estimates that include risk-adjusted future cash flows. Projected cash flows are based on business forecasts, trends and expectations and are therefore inherently judgmental. Future events could cause the assumptions utilized in impairment assessments to change, resulting in a potentially significant effect on the Company's future operating results due to increased impairment charges, or reversals thereof, or adjustments to amortization charges.

Fair value of stock options

Determining the fair value of the stock options requires judgment related to the choice of a pricing model, the estimation of stock price volatility and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or other components of shareholders' equity.

Government assistance

The Company is entitled to government assistance in the form of research and development tax credits and grants. These are applied against related expenses and the cost of the asset acquired. Tax credits are available based on eligible research and development expenses consisting of direct and indirect expenditures and including a reasonable allocation of overhead expenses. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The current situation indicates the existence of a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. Further information regarding going concern is outlined in note 2.

SHORT-TERM AND LONG-TERM DEBTS

a) Debenture as of October 30, 2013

On October 30, 2013, issued a new secured debenture, for a principal amount not exceeding $2,000,000 USD (the "Loan"), which $1,664,318.92 USD were disbursed. The company repaid the existing convertible debenture in the amount of $ 1,500,000 CDN.

The new secured debenture is not convertible, bears a nominal interest rate of 17% per annum and matures in December 2014. The loan is payable in monthly installments of $ 60 000 USD, beginning on January 31, 2014.

This debenture is subject to a bonus of common shares of the Company at a deemed price of $0.05 CDN each, in accordance with rule 5.1 of the TSX Venture Exchange Policy. The total bonus value shall not exceed 20% of the loan amount.

The Corporation has granted to the lender, as security for the payment and performance of the obligations under the credit agreement, a security interest in favor of the lender charging the universality of the Corporation's present and after-acquired movable property, corporeal and incorporeal. The terms and conditions are subject to the final approval of the TSX Venture Exchange and other regulatory authorities.

Subject to certain conditions, the Company may redeem all or any portion of the convertible debenture upon 30 days written notice to the holders.

The following table breaks down the current and long term portions of the debenture in Canadian dollars.

	November 30 2013
	$
Initial amount	1,757,355
Short-term portion	760,248
Long-term portion	997,107

b) Investissement Québec financing

On October 31, 2013, the Company entered into a research and development tax credits financing offer with Investissement Québec.

The funding is allocated as follows: an eligible amount of $308,520 for the 2013 fiscal year and an estimated amount of $86,670 in connection with the fiscal year ending May 31, 2014, for a maximum amount of $395,190. To date, the company received the sum of $308,520 with respect to the eligible portion for the 2013 fiscal year.

The loan bears interest at prime rate plus 3%, for the disbursed portions, and is secured by a first-ranking movable hypothec in the amount of $395,190 and an additional hypothec of $79,038 for a total of $474,338.

The amount of $308,520 is redeemable in full upon receipt of the tax credits, which is estimated at $400,000 for the fiscal year ended May 31, 2013.

c) Convertible debenture as at May 31, 2013

On September 30, 2011, the Company has issued a secured convertible debenture for a nominal amount of $1,500,000, such convertible debenture being convertible at the sole option of the holders thereof into common shares of the share capital of the Company on the basis of one common share for each $0.15 in principal amount of convertible debenture. Furthermore, 10,000,000 common shares purchase warrants were issued. Each warrant entitles the holder thereof to purchase one common share at a price of $0.15 per share for 24 months following the closing date. The convertible debenture matures 24 months from the date of issuance or such earlier date which may be provided for as a redemption feature. Subject to certain conditions, the Company may redeem all or any portion of the convertible debenture upon 30 days written notice to the holders thereof in which case such holders may exercise their conversion rights, in whole or in part, prior to the intended date of redemption. The convertible debenture bears a nominal interest rate of 15% per annum and matures in September 2013. The convertible debenture is secured by a movable hypothec on the assets of the Company and a promissory note.

The net proceeds from the issuance of the convertible debenture has been separated into a liability component and an equity component, representing the residual amount attributable to the conversion option of the liability into equity of the Company as shown in the following table:

Proceeds from issuance	$	1,500,000
Fair value of the liability component, at the date of issue, for a similar instrument that does not have an equity conversion		(1,425,797)
Fair value of the equity component	$	74,203

Issuance costs were proportionally allocated to the liability and the equity components. The $1,262,140 liability component, net from the $163,657 issuance costs, is measured at amortized cost, using 25.35% effective interest method. The $65,686 equity component, net of the $8,517 issuance costs, is shown as equity component of convertible debenture into equity.

Interest expenses on this loan are calculated by applying an effective interest rate of 25.35%. The liability component is measured at amortized cost. The difference between the carrying value of the $1,262,140 liability component, at the date of issuance and the $1,452,1728 as at May 31, 2013 amount presented in the consolidated statement of financial position, as at May 31, 2013, reflects the effective interest rate, less interest paid as of that date.

This debenture was reimbursed in October 2013.

STOCK OPTION PLAN

The shareholders of the Company adopted a resolution approving the “rolling” stock option plan of 10% at the annual and special meeting of shareholders held November 29, 2013. Under the plan terms, the exercise price of the options will be determined by the Directors of the Company subject to other restrictions described in the plan and some requirements of the TSX Venture Exchange. The maximum period for which an option can be exercise is limited to five years and the exercise price must be paid in full before the issuance of the shares.

Transaction during the period ended November 30, 2013

No transaction occurred during the period ended November 30, 2013.

Transaction during 2013

In July 2012, the Company granted 3,830,000 stock options allowing their holders to acquire 3,830,000 common shares, at an exercise price of $0.10 per share, for a period of five years.

The fair value of the stock options awarded during the fiscal year ended May 31, 2013 was estimated on the grant date using the Black-Scholes’ options pricing model with the following assumptions:

Date	July 20, 2012
Quantity	3,830,000
Stock price	$0.045
Dividend yield	Nil
Expected volatility	158%
Risk-free interest rate	1.15%
Expected life	60 months

The stock-based compensation expense amounts to $153,200 for the fiscal year ended May 31, 2013.

SEGMENT REPORTING

The Company is organized into two primary segments which are geographic areas; Canada and the United-States.

Information about major customers

Revenue from ordinary activities resulting from transactions with three clients exceeded more than 10% of the total revenue. These clients respectively accounted for $336,963, $446,067 and $500,000 of the Company’s total revenue for the six-month period ended November 30, 2013. For the six-month period ended November 30, 2012, revenue from ordinary activities resulting from transactions with three clients exceeded more than 10% of the total revenue. These clients respectively accounted for $339,731, $554,438 and $764,608 of the Company’s total revenue.

For the six-month period ended November 30, 2013, revenue from ordinary activities from multiple clients of the Company’s Canadian segment, represents $1,592,997 or 100%. For the six-month period ended November 30, 2012, revenue from ordinary activities from multiple clients of the Company’s Canadian segment, represents $1,558,792 or 67%.

Information about revenue

Revenue from external customers, as previously described, comes from the sale of a prescriber’s license, Pharmaceutical contracts and development contracts.

They can be analyzed according to the following groups:

November 30, 2013	Canada	United-States	Total
Revenue			
Operating revenue	1,592,997	-	1,592,997

November 30, 2012	Canada	United-States	Total
Revenue			
Operating revenue	1,558,792	764,608	2,323,400

RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Company, through its financial instruments, is exposed to various risks without being exposed to risk concentrations. The Company is primarily exposed to credit risk, interest rate risk, market risk, liquidity risk and key personnel risk.

a) Risks associated with financial instruments

Credit risk management

Credit risk is the risk of financial loss for the Company, if a debtor does not meet its obligation. This risk arises mainly from the credit the Company grants its customers in the normal course of its activities.

Credit evaluations are performed continuously and the consolidated statements of financial position reflect a provision for doubtful debts. No qualitative assessment has been made, management has assessed the credit risk was not significant.

Currency risk management

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

In the normal course of its operations, the Company is exposed to the risk of variations in the exchange rate of the U.S. dollar.

As at November 30, 2013, the Company has the following balance in converted U.S. dollars: cash: $539 and convertible debenture: $1,757,355. As at May 31, 2013 the Company has the following balance in converted U.S. dollars: cash: $290,603 and accounts receivable: $925,800.

Interest rate risk management

The interest rate risk exists in times of fluctuating rates and when differences are expected in the cash flow matching of assets and liabilities.

The Company has no debt bearing interest at variable rates. In addition, it invests part of its liquidity in guaranteed interest rate financial instruments. These financial instruments represent a minimal risk for the Company.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly regarding its creditors and its convertible debenture.

In order to meet additional capital requirements, the Company 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 incurrence 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. The Company manages this risk by establishing detailed cash forecasts, as well as long-term operating and strategic plans. According to these forecasts, most of its cash flows for operating activities will be generated by the ZRx Prescriber, PraxisLab and the ZoomMed's communication network.

b) Other risks

Market risk

The future performance of the Company 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.

Key personnel risk

Recruiting and retaining qualified personnel is essential to the Company's success. The Company believe that it has been successful in recruiting excellent personnel to help it meet their objectives but, as its activities grow, it is possible that additional key personnel in departments like; administration, research and development, as well as marketing will be required. Although the Company believe that it will be successful in attracting qualified personnel, there can be no assurance to that effect.

SUBSEQUENT EVENT AFTER CLOSING DATE

In accordance with the debenture signed on October 30, 2013, the Company issued on January 16, 2014, 4,607,795 common shares of its capital as a bonus, at a deemed price of $0.05 per share. This share bonus has been subject to approval by the TSX Venture Exchange in accordance with Policy 5.1.

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.