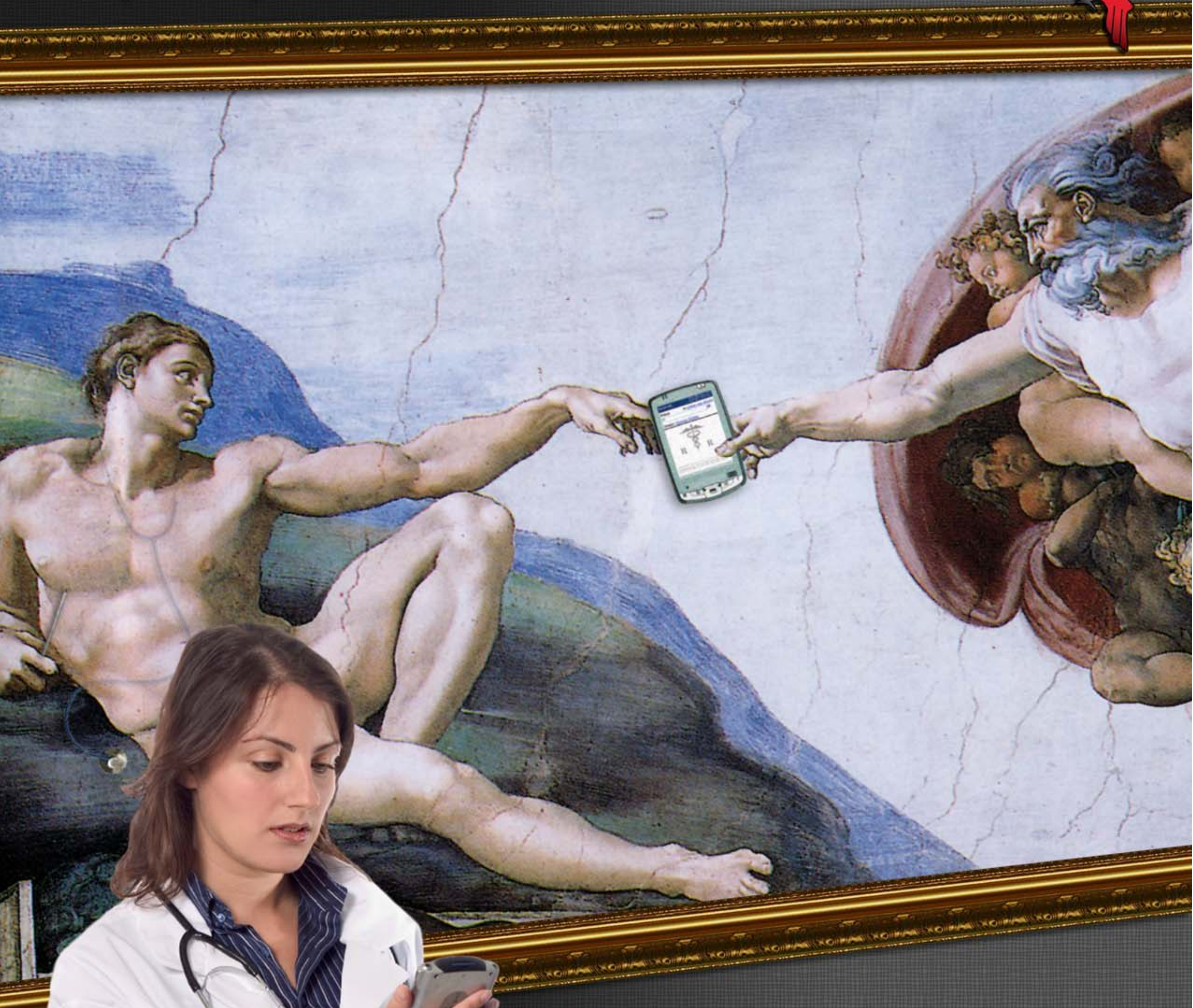
ZOOMMED

Empowering Doctors



Management's Discussion and Analysis for the Quarter Ended August 31, 2007

Today's technological and medical reality.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis of results of operations, financial position and cash flows must be read in conjunction with ZoomMed inc. consolidated financial statements as at August 31, 2007 and 2006, and ZoomMed Inc. audited consolidated financial statements and accompanying notes as at May 31, 2007.

Management prepared this report, taking into account all available information as at October 15, 2007.

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

This management report may contain information and statements on the future performance of ZoomMed which are forward-looking in nature. These statements reflect Management's expectations regarding future events, based on assumptions and uncertainties subject to risk factors which we have identified in the Risks and Uncertainties section. Readers are hereby cautioned that actual results may differ materially from our expectations.

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

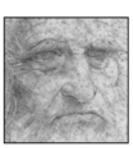
BUSINESS DESCRIPTION

The Company was incorporated under the Canada business Corporations Act on February 24, 2005.

Until July 27, 2005 the Company carried on business as a "Capital Pool Company", as this term is defined in the policies of the TSX Venture Exchange. On July 27, 2005, with the acquisition of all of the outstanding Class A shares of "9103-8240 Quebec Inc.", now being called ZoomMed Medical Inc., the Company completed its qualifying transaction pursuant to the rules of the Exchange. According to Canadian generally accepted accounting principles, these consolidated financial statements are recognized as being the continuity of ZoomMed Medical Inc. The Company is now the reporting issuer resulting from the reverse takeover.

The Company is committed to three business missions:

1) the *ZRx Prescriber*, an innovative product for physicians;
2) ZoomCité franchises, providing paramedical equipment to the general public; and
3) providing paramedical equipment to franchisees and to healthcare agencies.



OPERATING RESULTS

SELECTED ANNUAL INFORMATION

OPERATING RESULTS	ZoomMed Inc. As at August 31, 2007		ZoomMed Inc. As at August 31, 2006	
Revenues	$	288,452	$	192,767
Cost of goods sold		58,964		91,744
Selling expenses		288,309		216,021
Administrative expenses		243,513		342,381
Operating expenses		157,386		39,399
Financial expenses		7,631		6,065
Amortization		220,725		17,378
Net loss	$	(689,826)	$	(521,971)
Basic and diluted earnings per share	$	(0.010)	$	(0.012)
Weighted average number of outstanding common shares		71,331,147		42,587,492

The increase of revenues and the decrease of the cost of goods sold recognized in the first quarter resulted from new types of revenues. For the period ended August 31, 2007, compared to August 31, 2006, three types of revenues were added. 1) The ZRx Prescriber has generated revenues of $120,000 and no cost of goods sold are related to such revenues; 2) Franchises have generated revenues of $17,983, the cost of goods sold is recorded in reduction of these revenues; 3) The investments have generated interest income of $49,535.

For the sales of equipments, ZoomMed recorded gross margin of 42% for the period ended August 31, 2007 and 52% for the period ended August 31, 2006. The decrease of the gross margin is due to growing demand for new equipments instead of used equipments.

Since August 31, 2006 selling expenses increase of $72,288. This increase is mainly from the expenditure surrounding the recruiting of new representatives for marketing of ZRx Prescriber.

Administration expenses have remained stable. The decrease of $98,868 between August 31, 2006 and August 31, 2007 is attributable to the stock-based compensation of $140,137 recorded during the first quarter of 2006.

Operating expenses amount to $157,386 for the period ended August 31, 2007 compared to $39,399 for the same period in 2006. This increase is mainly due to hiring for the deployment of ZRx Prescriber.

Financial expenses amounted to $6,065 for the period ended August 31, 2006 compared to $7,631 for the same period in 2007. The increase is attributable to the amortization of the long-term debt using the effective interest rate method in order to comply with the changes in accounting policies on Financial Instruments.

The increase of amortization is related to the development cost of ZRx Prescriber, the intellectual property and the SantéXpert™ license, which started to be amortized in November 2006. Amortization for the three categories amounted to $171,248.

ZoomMed recorded a net operating loss of $689,826 for the period ended August 31, 2007, compared to $521,971 for the same period ended August 31, 2006. The increase of expenses during first quarter in 2008 is mainly related to hiring for the deployment of ZRx Prescriber and amortization.

ZoomMed registered a $0.010 net loss per share for the period ended August 31, 2007, and $0.012 for the period ended August 31, 2006.

FINANCIAL SITUATION

BALANCE SHEETS		**ZoomMed Inc. As at August 31, 2007**		**ZoomMed Inc. As at May 31, 2007**
Cash and cash equivalents	$	1,196,489	$	5,087,056
Guaranteed investment certificate, short term		1,025,000		32,852
Working capital		1,802,786		4,622,938
Guaranteed investment certificate, long term		2,000,000		-
Fixed assets		669,663		516,246
Intangible assets		2,847,747		2,935,880
Total assets		9,117,164		9,964,946
Long-term debt including current portion		77,866		113,340
Shareholders equity		7,940,526		8,596,296
Share capital	$	14,460,415	$	14,426,660

CASH FLOWS SITUATION		**ZoomMed Inc. As at August 31, 2007**		**ZoomMed Inc. As at August 31, 2006**
Cash flows used in operating activities	$	(505,467)	$	(386,238)
Cash flows from financing activities		(2,077)		1,869,101
Cash flows from (used in) investment activities		(3,383,022)		(105,445)
Cash and cash equivalents increase		(3,890,567)		1,377,418
Cash and cash equivalents, end of year	$	1,196,489	$	1,968,319

Cash and cash equivalents decreased during the first quarter related to acquisition of investment certificates short term and long term totaling $3,025,000.

During the three-month period ended August 31, 2007, the Company issued 123,500 common shares of its share capital pursuant to the exercise of options by employees and warrants by an investor with a carrying amount of $33,755.

During year 2007, The Company proceeds to two issuance of common shares. For the first issuance on August 10, 2006, the Company completed a private offering for gross proceeds of $2,000,000 in cash. A total of 10,000,000 units were issued for $0.20 per unit. Each of the units includes one common share and one warrant. Each warrant entitles the holder to acquire one common share for $0.24 for a three-year period. The fair value of the warrants is $200,000.

In regard with the second issuance, on April 24, 2007, the Company completed a private offering for gross proceeds of $6,000,000 in cash. The Company issued 20,000,000 units at a price of $0.30 per unit. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $0.45 for a two-year period. The fair value of the warrants is $300,000. The Company also issued 1,500,000 broker warrants to the agent entitling it to buy 1,500,000 units at $0.30, each unit includes one common share and one-half warrant at $0.45 for an eighteen-month period following the issuance date. The fair value of the warrants is $352,500.

For the first quarter of 2008, fixed assets increased of $153,417. This increase is mainly from the acquisition of computer equipments for the deployment of ZRx Prescriber.

Since May 31, 2007 intangible assets are remained stable. This decrease is explained by the amortization expenses of $88,133.

Total assets of the Company change from $9,964,946 as at May 31, 2007 to $9,117,164 as at August 31, 2007. The decrease is related to amortization expenses and working capital.

Long-term debt on August 31, 2007 was at $77,866 compared to $113,340 as at May 31, 2007. The Company did not contract any additional debt.

The Shareholders equity decreased of $660,247. This decrease come from net loss of $689,826 during first quarter amortized by the issuance of 123,500 common shares of its share capital for total gross proceeds of $33,755.

CASH FLOWS AND SHAREHOLDERS' EQUITY

Cash flows used for operating activities amounted to $505,467 for first quarter in 2008 compared to $386,238 for the same period in 2007. The increase is mainly due to losses from expenses related to hiring for the marketing and deployment of ZRx Prescriber.

Financing activities for period ended August 31, 2007 represent $(2,077), explained by the issuance of shares for net proceeds of $28,700 and repayment of long-term debt for $30,777. During the quarter ended August 31, 2006 financing activities of $ 1,869,101 are related to the issuance of shares for gross proceeds of $2,000,000 of which $200,000 was allocated to warrants.

For the period ended August 31, 2007, the investment activities of $3,383,022 are primarily attributable to the acquisition of investment for a value of $3,025,000. For the period ended August 31, 2006 an amount of $105,445 was invested in fixed assets, intangible assets and development costs.

The net cash flows from the three types of activities amounted to $(3,890,567) for the period ended August 31, 2007 and $1,377,418 for the same period in 2007.

CASH FLOW SITUATION

ZoomMed's future cash flow needs are primarily related to the deployment of the *ZRx Prescriber*. Our goals for the next two years are to equip 2,000 physicians in Québec and 2,000 physicians in Ontario. The financing for these equipments was ensured by private financings recorded during year 2007.

Cash flows to finance our operating activities will come from revenues generated through agreements with pharmaceutical firms as well as through transactional revenues generated from pharmacists using the *ZRx Prescriber*'s prescription information.

In regard to the ZOOMCITÉ division, no major investments are required for its expansion.

As at August 31, 2007 and May 31, 2007, restrictive loan clause breeches were noted from the BDC loan (Banque de Développement du Canada). This clause was to be maintained by the subsidiary and not a consolidated basis. Due to a change of control which occurred with the reverse takeover in July 2005, breeches were noted in restrictive clauses for contracts with la Solide and the CLD of Longueuil. These contracts are presented on a current basis. As at August 31, 2007, the combined total of these two loans is $30,713.

None of these loans were subject to an acceleration of maturity but, had they been, there would have been no major impacts on our cash flows or on our available credit given the amounts in question.

SUBSEQUENT EVENTS

On September 4, 2007, the Company granted 45,000 options under the stock option plan. Each option entitles the holder to acquire one common share of the Company for $0.40, under escrow until January 5, 2008.

On October 6, 2007, the Company granted 100,000 options under the stock option plan. Each option entitles the holder to acquire one common share of the Company for $0.40, under escrow until February 7, 2008.

BELOW-THE-LINE ARRANGEMENTS

There were no below-the-line arrangements or arrangements likely to have an impact on our operating results or our financial situation.

RELATED PARTY TRANSACTIONS

During the three-month period, the Company paid professional fees totaling $19,225 to one company owned by shareholders and officers (RSP Management Inc.). As at August 31, 2007, accounts payable include an amount of $10,600 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 OCTOBER 15, 2007

Common shares	71,417,290
Warrants to agent and investors	22,099,996
Stock options in accordance with the stock option plan	7,121,500

ADDITIONAL INFORMATION

ZoomMed's common shares are traded on Toronto's TSX Venture Exchange under the symbol "ZMD".

CONTINUOUS DISCLOSURE AND SUPPLEMENTARY INFORMATION

ZoomMed 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.

ACCOUNTING ESTIMATES AND PRINCIPLES

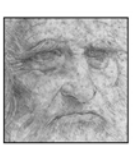
Preparation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles requires that Management formulate estimates and assumptions affecting the amounts recorded in our financial statements and related notes. These estimates are based on Management's best knowledge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

Financial statement 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, 14 and 15 of the financial statements describe the assumptions used.

The Company initiated a 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, and recognized over the vesting period of the option.

CHANGES IN ACCOUNTING POLICIES

On June 1 2007, the Company adopted the new accounting standards related to: Section 1530 "Comprehensive Income", Section 3855 "Financial Instruments – Recognition and Measurement" and Section 3865 "Hedges". Figures for periods prior to June 1, 2007 were not amended.



Financial instruments – Recognition and measurement

Under this new standard, all financial assets will be classified in one of the following four categories: 1) held to maturity 2) loans and receivables 3) held for trading and 4) available for sale. Financial liabilities will have to be classified as "held for trading" or "other". Financial assets and liabilities held for trading will be valued at their fair value, and gains and losses will be recorded in net results. Held-to-maturity financial assets, loans and receivables, and financial liabilities classified as "other" will be recognized at amortized cost using the effective interest rate method. Available-for-sale financial assets will be valued at fair value, and all the unrealized gains and losses will be recorded in other comprehensive income. The new standard will enable entities to designate all financial instruments as held for trading when they are initially recognized or when this standard is adopted, even if this financial instrument does not fall within the definition of a financial instrument held for trading. Financial instruments held for trading under the fair value option must have a reliable fair value.

The Company has elected to classify investments held for trading. Consequently, any differences in the fair value of these assets will be recorded directly in net results.

Long-term debt are classified in "other" liabilities and accounted for at cost. Transaction costs related to "other" liabilities are capitalized and depreciated in accordance with the effective interest rate method and recorded in the net result.

Comprehensive Income

Following the adoption of these new accounting standards, the company must present a statement of other comprehensive income. Other comprehensive income includes the net result and the other elements of the comprehensive income. Considering that the company has classified the whole of its financial tools as financial tools "held for trading" and its long term debts in the category "other" liabilities, no variation element was classified in the other elements of the comprehensive income, consequently, net loss corresponds to the total of the comprehensive income.

Impact of adopting these new standards

The adjustments related to the classification of investments as financial instruments held for trading were nil and therefore no adjustment was recorded in the deficit's opening balance as at June 1, 2007. the adjustments due to the classification of the long-term debt in the category "other" liabilities, presented net from related transaction fees depreciated in accordance with the effective interest rate method, were recorded in the deficit's opening balance as at June 1, 2007. The result of this adjustment at June 1, 2007 was a reduction in the deficit's opening balance of $5,356.

CONTROLS AND PROCEDURES

The Company's 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. Certain items were brought to the attention of management and the audit committee, and measures have been taken to improve disclosure controls.

The Company'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 the Company's internal controls over financial reporting during the most recent quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

I. Ability to develop and maintain a market for its product

The future performance of ZoomMed and its Subsidiary hinges on the continued popularity of its existing products and its ability to develop and introduce products that gain acceptance and satisfy consumer preferences in target markets. The popularity of any of its products may decline over time as consumer preferences change or as new, competing products are introduced in target markets. Developing new systems and distributing them in target markets requires significant investments.

II. Ability to hire and retain key personnel

Recruiting and retaining qualified personnel is essential to the success of ZoomMed and its Subsidiary, which have been successful in recruiting a strong workforce to help meet their objectives. However, as their activities grow, additional key financial, administrative, development and marketing personnel may be required. Although ZoomMed and its Subsidiary believe that they will be successful in attracting qualified personnel, there are no guarantees in this regard.

III. Financial History.

ZoomMed and its Subsidiary operate a developing business. As such, one cannot rely on their financial history to assess the likelihood of their meeting forecast revenues or other financial forecasts.