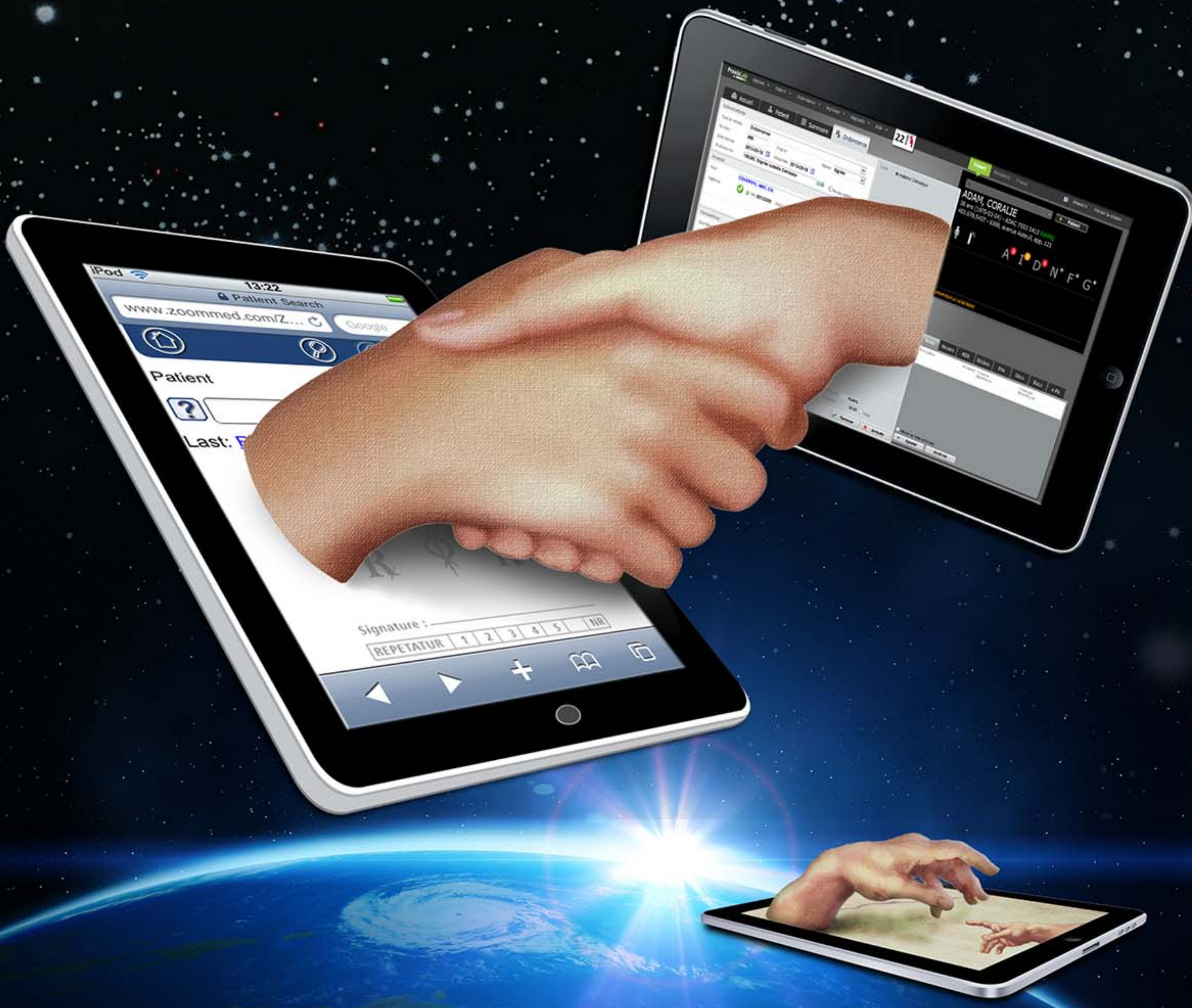
ZOOMMED

Interim MD&A for the period ended August 31, 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 three-month periods ended August 31, 2013 and August 31, 2012. It must be read in conjunction with the non-audited consolidated financial statements and its accompanying notes as at August 31, 2013 and August 31, 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 October 25, 2013. 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, 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. Furthermore, EvEMR acquired an exclusive license regarding the rights to distribute the ZRx Prescriber in the United States.

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

COMPREHENSIVE INCOME		August 31, 2013		August 31, 2012
Operating revenue	$	535,761	$	1,021,931
Selling expenses	$	201,306	$	158,058
Administrative expenses	$	310,079	$	374,619
General operating expenses	$	200,155	$	195,823
Development costs	$	504,312	$	309,542
Financial expenses	$	101,726	$	85,380
Loss before proportionate share of the investee's net results	$	(781,817)	$	(101,491)
Proportionate share of the investee's net results	$	(211,775)	$	-
Basic and diluted net earnings per share	$	(0.008)	$	(0.001)
Weighted average number of outstanding common shares		130,474,687		130,474,687

Operating revenue, for the first quarter of the current fiscal year, amounted to $535,761, compared with $1,021,931 for the corresponding period of fiscal year 2012. The difference is partly explained by the completion of a contract for specific software development, which generated operating income of $240,615 during the quarter ended August 31, 2012. In addition, it should be noted that operating income for the first quarter is historically lower than the other three quarters of the year, due to the seasonal transient factor regarding the signing of new service agreements for ZoomMed's communication network during this period.

All operating expenses, except for the $813,266 development costs for the three-month period ended August 31, 2013, were constant over the two quarters. The Company's efforts to develop the U.S. market and the effectiveness of its staff remained a priority.

Development costs amounted to $504,312 for the three-month period ended August 31, 2013 and $813,266 for the three-month period ended August 31, 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.

The Company recorded a net operating loss before proportionate share of the investees net results of $781,817 for the three-month period ended August 31, 2013 and $101,491 for the three-month period ended August 31, 2012. The difference is partly explained by the completion of a contract for specific software development, which generated net revenue of $240,615 during the quarter ended August 31, 2012. Proportionate share of the investee's net results includes 50% of EvEMR Inc. loss or $217,222 and 50% of EvEMR International profit or $5,447.

The Company recorded a $0.008 loss per share for the three-month period ended August 31, 2013 and $0.001 for the three-month period ended August 31, 2012.

FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION	August 31, 2013	May 31, 2013
Cash and cash equivalents	$ 259,508	$ 365,824
Fixed assets	$ 59,873	$ 91,372
Intangible assets	$ 2,955,607	$ 3,025,163
Interest in joint venture	$ 226,270	$ 438,045
Total assets	$ 3,954,713	$ 5,332,774
Deferred revenues	$ 667,778	$ 1,033,110
Liability component of convertible debenture	$ 1,488,096	$ 1,452,178
Shareholders' equity	$ 1,165,396	$ 2,158,988
Share capital	$ 25,438,120	$ 25,438,120

No financing activity was recorded for the three-month period ended August 31, 2013 and for the fiscal year ended May 31, 2013. 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 three-month period ended August 31, 2013 and is primarily attributable to PraxisLab's development costs which are now amortized.

As at August 31, 2013, the interest in joint ventures amounts to $226,270, 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 $667,778 as at August 31, 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.

The Company's shareholders equity totaled $1,165,396 for the three-month period ended August 31, 2013 and $2,158,988 for the fiscal year ended May 31, 2013. The decrease recorded is mainly due to the loss for the three-month period ended August 31, 2013.

CASH FLOWS AND SHAREHOLDERS' EQUITY

CASH FLOWS SITUATION	August 31, 2013	August 31, 2012
Cash flows from (used) in operating activities	$ 12,348	$ (479,844)
Cash flows from financing activities	$ -	$ -
Cash flows used in investment activities	$ (118,664)	$ (104,263)
Net change in cash and cash equivalents	$ (106,316)	$ (584,107)
Cash and cash equivalents, end of year	$ 259,508	$ 880,607

Cash flows used for operating activities amounted to $12,348 for the three-month period ended August 31, 2013 and $(479,844) for the three-month period ended August 31, 2012.

For the three-month periods ended August 31, 2013 and August 31, 2012 there was no financing activity.

For the three-month periods ended August 31, 2013 and august 31, 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 $(106,316) for the three-month period ended August 31, 2013 and $(584,107) for the three-month period ended August 31, 2012.

INTEREST IN JOINT VENTURES

a) EvEMR Inc.

The American joint venture EvEMR Inc. based in Washington, D.C., markets throughout North America an Electronic Medical Record (EMR) designed for all behavioural health providers.

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:

	August 31, 2013	May 31, 2013
	$	$
Current assets	82,309	552,153
Non-current assets	2,349,680	2,529,925
Total assets	2,431,989	3,082,078
Current liabilities	24,091	494,236
Non-current liabilities	764,206	645,386
Total liabilities	788,297	1,139,622
Net assets	1,643,692	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	177,859	44,465
Goodwill	-	51,852
Interest in joint venture	220,823	438,045
Total revenue	-	-
Total expenses	350,617	118,035
Total income for the period	(350,617)	(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	133,395	44,465
Proportionate share of the investee's net results	(217,222)	(1,674,298)

b) EvEMR International

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

	August 31, 2013	May 31, 2013
	$	$
Current assets	22,413	56,952
Non-current assets	264,247	132,236
Total assets	286,660	189,188
Current liabilities	1,668	608
Non-current liabilities	279,545	188,580
Total Liabilities	281,213	189,188
Net assets	5,447	-
Interest in joint venture	5,447	-
Total revenue	9,116	4,365
Total expenses	(3,669)	(4,365)
Total income for the period	5,447	-
Proportionate share of the investee's net results	5,447	-

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 three-month period ended August 31, 2013 totalized $134,615 ($111,538 for the three-month period ended August 31, 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 three-month period ended August 31, 2013, an amount of $4,264 ($1,924 for the three-month period ended August 31, 2012) was paid to the law firm.

During the three-month period ended August 31, 2013, the Company has not charged any amount to a joint venture. During the three-month period ended August 31, 2012, the Company has charged a $240,615 fee to a joint venture. For the three-month periods ended August 31, 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 three-month periods ended August 31, 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 OCTOBER 25, 2013

Common shares	130,474,687
Stock options in accordance with the stock option plan	9,782,500

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.

CONVERTIBLE DEBENTURE

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.

On October 18, 2013, the Corporation proceeded with the closing of a secured debenture and the repayment of the existing convertible debenture. See a brief description of the terms of the new debenture in section "Subsequent event after closing date".

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 $1,488,096 ($1,452,1728 as at May 31, 2013) amount presented in the consolidated statement of financial position, as at August 31, 2013, reflects the effective interest rate, less interest paid as of that date.

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 23, 2012. 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 August 31, 2013

No transactions occurred during the period ended August 31, 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.

SUBSEQUENT EVENT AFTER CLOSING DATE

On October 18 2013, the Corporation proceeded with the closing of a secured debenture, for a principal amount not exceeding $2,000,000, and the repayment of the $1,500,000 existing convertible debenture.

The new secured debenture's maturity date is December 31, 2014 and the annual interest rate is 17%. This debenture is subject to a bonus of shares, in accordance with rule 5.1 of the TSX Venture Exchange Policy. 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 of this new debenture are subject to the approval of the TSX Venture Exchange.

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 two clients exceeded more than 10% of the total revenue. These clients respectively accounted for $181,354 and $223,033 of the Company's total revenue for the three-month period ended August 31, 2013. For the three-month period ended August 31, 2012, revenue from ordinary activities resulting from transactions with three clients exceeded more than 10% of the total revenue. These clients respectively accounted for $183,750, $204,681 and $240,615 of the Company's total revenue.

For the three-month period ended August 31, 2013, revenue from ordinary activities from multiple clients of the Company's Canadian segment, represents $535,761 or 100% ($781,296 or 76% for 2012) of its total revenue from ordinary activities.

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:

August 31, 2013	Canada	United-States	Total
Revenue			
Operating revenue	535,761	-	535,761

August 31, 2012	Canada	United-States	Total
Revenue			
Operating revenue	781,316	240,615	1,021,931

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 August 31, 2013, the Company has the following balance in converted U.S. dollars: cash: $133,623. 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.

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.