MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED
MAY 31, 2015 AND 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis explains ZoomMed Inc. consolidated net income and comprehensive income, financial position and cash flows situation for fiscal year ended May 31, 2015 and May 31, 2014. It must be read in conjunction with the audited consolidated financial statements and its accompanying notes as at May 31, 2015 and May 31, 2014. 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 September 18, 2015. 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 quickly generate prescriptions on their computer, tablet or smartphone. 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. This network includes among others, the "ZRx Access" platform that allows bidirectional exchange of prescription information between physicians and pharmacists, as well as "ZRx benefits" for the transmission of certain insurance plans information from insurance companies, in order to inform physicians about their patient's type of coverage when they write the prescription.

The Company also owns "PraxisLab" a 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.

On September 2, 2014, the Company sold the technology of its ZRx Prescriber in the Canadian market to Emergis Inc., group member of Telus Health Solutions "Telus Health" and 50% of intellectual property rights worldwide, except in Canada, the United States and the United Kingdom (Note 4).The company will continue marketing this product for international markets, specifically the United States and the United Kingdom.

In 2011, the ZRx Prescriber was "Surescripts" certified, which is the largest national health network in the United States. Thus, the ZRx Prescriber is already connected to more than 60,000 pharmacies and to the majority of insurers and drug payers in the market.

In April 2013, the Company entered into an exclusive licensing agreement for the distribution rights, licensing and sublicensing of the ZRx Prescriber in the United States with EvEMR Inc. This agreement was terminated by the Company, no later than December 30, 2014, due to numerous important deficiencies regarding the terms of this licensing agreement by EvEMR Inc. Thus far, the Company holds all distribution rights, licensing and sublicensing of the ZRx Prescriber for the American market.

Since the Company already spent a lot of time and efforts to develop the American market, its short-term business plan is to carry on its expansion in this market and then access the United Kingdom market.

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 Avenue, Suite 121, Brossard, Québec, Canada, J4Z 3P2.

COMPARATIVE FIGURES

Given the September 2, 2014 transaction with Telus Health, the Company sold certain operations in the Canadian geographical area. Under IFRS 5, the company must present and provide information in order to evaluate the financial effects of discontinued operations in a geographical area.

Some 2014 and 2013 figures have been reclassified to make their presentation identical to that of fiscal year 2015. The reclassification consisted of an allocation of income and expenses related to discontinued operations in a geographical area.

FINANCIAL POSITION
SELECTED ANNUAL INFORMATION

	May 31, 2015	May 31, 2014	May 31, 2013
Cash and cash equivalents	$ 574,273	$ 159,921	$ 365,824
Fixed assets	$ 4,885	$ 24,365	$ 91,372
Intangible assets	$ 1,035,619	$ 894,415	$ 2,407,503
Interest in joint venture	$ -	$ -	$ 1,052,786
Total assets	$ 1,965,887	$ 1,766,139	$ 5,329,855
Deferred revenues (short and long term)	$ -	$ 734,864	$ 1,033,110
Non-convertible Debenture	$ -	$ 1,783,457	$ -
Convertible Debenture	$ -	$ -	$ 1,452,178
Short term debt	$ -	$ 377,856	$ -
Shareholders' equity	$ 1,423,241	$ (2,407,542)	$ 2,156,069
Share capital	$ 25,509,437	$ 25,509,437	$ 25,438,120

During the fiscal year ended May 31, 2015, the financial position of the company has changed considerably. On September 2, 2014, the Company entered into an agreement with Telus Health to sell an interest in the technology underlying its ZRx Prescriber Technology and certain related Canadian operations to Telus Health for up to $6,800,000. In addition, the company and Telus Health Solutions will share the ZRx Prescriber's Intellectual Property for the rest of the world, except the United States and the United Kingdom, which are exclusive to the Company.

Given that Telus Health holds the exclusive intellectual property rights of the ZRx Prescriber for Canada, the transaction and all related operations to the Canadian market, for the year ended May 31, 2015, are globally recorded under discontinued operations in a geographical area. Operations related to the Canadian market are detailed in Note 4 of the Financial Statements and are presented, in this document, in the Net Income and Comprehensive Income section.

In summary, the terms and conditions of this agreement are $6,800,000, which include an initial payment in cash of $4,756,371, an adjustment of $493,629 for deferred revenue from pharmaceutical companies, a fixed amount of $250,000 payable on February 28, 2015, and $1,300,000 in contingent payments subject to certain conditions. As at May 31, 2015, 72% of these conditions had been met and an amount of $942,060 was recorded as proceeds from disposal.

The Company used the funds generated by this transaction to repay the existing non-convertible debenture for a principal amount and interest totaling $2,134,866. The company has obtained full, final and definitive release from the creditor. The balance was used for working capital and to invest in the commercialization and deployment of the ZRx Prescriber's technology worldwide, giving priority to the US market.

As at May 31, 2015, the decrease in fixed assets is related to the transfer of deployment equipment following the September 2, 2014 transaction. For the fiscal years 2014 and 2013, the decrease was due to the amortization on a straight-line basis of such assets.

As at May 31, 2015, intangible assets amounted to $1,035,619 compared to $894,415 as at May 31, 2014 and $2,407,503 as at May 31, 2013. The variations are attributable to the recorded impairment of assets and the reversal of impairment on some of these intangible assets.

ZRx Prescriber

As at May 31, 2015, the Company conducted an annual impairment test following the sale of the operating rights in the Canadian market of the ZRx Prescriber intangible asset, as stated in its accounting methods. Given the sale of the Canadian market operations to Telus Health, the Corporation must establish the estimated cash flows for the United States and United Kingdom markets. The company concludes that, as of May 31, 2015, the progress accomplished in the implementation of its business plan for international markets does not allow it to assess the fair value of the ZRx Prescriber with estimated future cash flows. Therefore, an impairment has been recorded. However if the evidence contained in the assumptions of estimated future cash flows are likely to occur during the next fiscal year quarters, the Company will record a reversal of impairment . During the fiscal years 2014 and 2013, the decrease in intangible assets was attributable to the recognized amortization on a straight-line basis, in line with the assets useful life.

PraxisLab pharmacy management software

As at May 31, 2015, the company has demonstrated that significant market indicators, having a positive effect on the value in use and the fair value of the intangible asset PraxisLab, are likely to materialize in the near future. It has been demonstrated, by evidence from internal reporting, that the economic performance of the asset exceeds its net present value after a reversal of impairment. Therefore, a reversal of impairment of $1,035,619 has been recognized.

This intangible asset was depreciated during fiscal years 2014 and 2013. On May 31, 2013, the Company conducted an annual impairment test of PraxisLab and the value in use was estimated at $1,383,584. Since this value was less than its carrying value of $2,001,244, at this time, an impairment of $617,660 was recognized. As at May 31, 2014, the Company conducted a new annual impairment test of PraxisLab software, as stated in its accounting methods. The Company's management established that new circumstances led them to significantly reconsider the assumptions leading to the evaluation of the value in use of PraxisLab. The new set value being less than the carrying value of $1,106,657 at that date, an impairment for the total net value was recognized following the implementation of this impairment test.

Following an impairment test, performed on May 31, 2014, the interest in the joint venture was written off. The joint venture EvEMR Inc. was initially established to develop and distribute products for professionals in behavioral health providers in the US market. As at May 31, 2014, no development plan was in place and the Company estimates that the best forecast of estimated future cash flows for EvEMR inc. is nil and, therefore, its value is nil. No discount rate has to be determined, as the estimated future cash flows are nil. As at May 31, 2013, the interest in the joint venture EvEMR inc. was $1,052,786.

The Company's shareholders equity totaled $1,423,241 for the fiscal year ended May 31, 2015; ($2,407,542) for fiscal year ended May 31, 2014 and $2,156,069 for the fiscal year ended May 31, 2013. The increase of $3,830,783 recorded as at May 31, 2015 is attributable to the September 2, 2014 transaction, which generated a net profit of $5,055,693 and by the reversal of impairment of PraxisLab pharmacy software for $1,035,619. The decrease as at May 31, 2014 was primarily attributable to the loss for the year, which includes an asset impairment totalling $1,146,167.

NET INCOME AND COMPREHENSIVE INCOME
SELECTED ANNUAL INFORMATION

To reflect all the operations of the Company, the comparative analysis of the last three years is presented in three separate tables, which are classified as continuing operations, discontinued operations and the sum of these two types of operations. With respect to discontinued operations, information for the fiscal years 2014 and 2013 represents 12 months of operations, while for the fiscal year 2015, these activities account for only three months of operations given the sale transaction with Telus health on September 2, 2014.

YEAR ENDED MAY 31, 2015	Continuing operations	Discontinued operations	Total
Revenue	$ -	$ 341,860	$ 341,860
Gain on disposal of intangible assets	$ -	$ 5,990,591	$ 5,990,591
Selling expenses	$ 135,772	$ 344,351	$ 480,123
Administrative expenses	$ 1,019,660	$ 350,037	$ 1,369,697
General operating expenses	$ 205,446	$ 174,343	$ 379,789
Development cost	$ 343,383	$ 65,318	$ 408,701
Financial expenses	$ 8,493	$ 141,122	$ 149,615
Impairment (reversal of impairment) of assets	$ (219,377)	$ -	$ (219,377)
Profit (loss) before proportionate share in joint venture	$ (1,493,377)	$ 5,257,280	$ 3,763,903
Proportionate share in joint venture's results	$ -	$ -	$ -
Net income and comprehensive income	$ (734,377)	$ 4,498,280	$ 3,763,903
Basic and diluted net result per share	$ (0.005)	$ 0.033	$ 0.028
Weighted average number of outstanding common shares	135,591,268	135,591,268	135,591,268
YEAR ENDED MAY 31, 2014	**Continuing operations**	**Discontinued operations**	**Total**
Revenue	$ -	$ 1,738,763	$ 1,738,763
Gain on disposal of intangible assets	$ 500,000	$ -	$ 500,000
Selling expenses	$ 135,152	$ 537,296	$ 672,448
Administrative expenses	$ 648,083	$ 502,050	$ 1,150,133
General operating expenses	$ 101,535	$ 519,707	$ 621,242
Development cost	$ 1,318,026	$ 353,042	$ 1,671,068
Financial expenses	$ 5,501	$ 627,274	$ 632,775
Impairment (reversal of impairment) of assets	$ 1,146,167	$ -	$ 1,146,167
Profit (loss) before proportionate share in joint venture	$ (2,854,464)	$ (800,606)	$ (3,655,070)
Proportionate share in joint venture's results	$ (979,858)	$ -	$ (979,858)
Net income and comprehensive income	$ (3,834,322)	$ (800,606)	$ (4,634,928)
Basic and diluted net result per share	$ (0.029)	$ (0.006)	$ (0.035)
Weighted average number of outstanding common shares	132,454,939	132,454,939	132,454,939
YEAR ENDED MAY 31, 2013	**Continuing operations**	**Discontinued operations**	**Total**
Revenue	$ 4,978,018	$ 2,828,366	$ 7,806,384
Gain on disposal of intangible assets	$ -	$ -	$ -
Selling expenses	$ 134,159	$ 653,839	$ 787,998
Administrative expenses	$ 665,848	$ 736,642	$ 1,402,490
General operating expenses	$ 77,047	$ 790,627	$ 867,674
Development cost	$ 666,858	$ 662,571	$ 1,329,429
Financial expenses	$ 7,442	$ 364,904	$ 372,346
Impairment (reversal of impairment) of assets	$ 617,660	$ -	$ 617,660
Profit (loss) before proportionate share in joint venture	$ 2,809,004	$ (380,217)	$ 2,428,787
Proportionate share in joint venture's results	$ (1,007,705)	$ -	$ (1,007,705)
Net income and comprehensive income	$ 1,801,299	$ (380,217)	$ 1,421,082
Basic and diluted net result per share	$ 0.014	$ (0.003)	$ 0.011
Weighted average number of outstanding common shares	130,474,687	130,474,687	130,474,687

For the fiscal years ended May 31, 2015 and 2014, revenue ($341,860 for 2015 and $1,738,763 for 2014) are entirely recognize as discontinued operations. The decrease in 2015 is explained by a 3-month operation period compared to a 12-month period for fiscal year 2014. However, for the fiscal year ended May 31, 2013, in addition to the $2,828,366 revenue generated by the ZoomMed communication network, the Company sold a license for the distribution rights of its ZRx Prescriber in the United States and developed custom products totalling $4,978,018.

For the fiscal year ended May 31, 2015, the Company recorded a gain on disposal of intangible assets of $5,990,591 in connection with the sale of the Canadian market to Telus Health. For the fiscal year ended May 31, 2014, the Company recorded a gain on disposal of intangible assets of $500,000 for the sale of an undivided co-ownership of the intellectual property of PraxisLab pharmacy software. For the fiscal year ended May 31, 2013, no gain on disposal of intangible assets was recognized.

In 2015, the decrease in selling, operation and development expenses is explained by the transfer of the related employees to Telus Health on September 2, 2014. Only key personnel for market development in the United States and the United Kingdom remained at ZoomMed. For the fiscal years 2014 and 2013, selling expenses remained stable and 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.

Administrative expenses remained stable over the last three years and amounted to $1,369,697 for the fiscal year ended May 31, 2015 compared to $1,150,133 for 2014 and $1,402,490 for 2013.

For the fiscal year, ended May 31, 2015, financial expenses amounted to $149,615 compared to $632,775 for the fiscal year ended May 31, 2014 and $372,346 for the fiscal year ended May 31, 2013. Most of the financial expenses, for the three fiscal years, are related to the debenture and are classified as discontinued operations. The decrease in financial expenses for the fiscal year 2015 is explained by the redemption of the debenture, which occurred in September 2014.

For the fiscal years ended May 31, 2015, 2014 and 2013, the net change in intangible assets is attributable to the impairment and the reversal of impairment of these assets (as previously detailed in the financial position of the Company).

For the fiscal year ended May 31, 2015, the proportionate share of the joint venture is $Nil, for the fiscal year ended May 31, 2014 the proportionate share of the joint venture is ($979,858) and as at May 31, 2013, the proportionate share of the joint venture represent net losses of ($1,007,705). As at May 31, 2014, the Company recorded assets impairment for the joint venture which commercializes an Electronic Medical Record (EMR) designed for all behavioural health providers (see section Impairment of assets).

Overall, the net income and comprehensive income of the Company shows a profit of $3,763,903 for the fiscal year ended May 31, 2015, compared to a loss of $4,634,928 for the fiscal year ended May 31, 2014 and a profit of $1,421,081 for the fiscal year ended May 31, 2013.

As at May 31, 2015, the basic and diluted net result per share from continuing operations is ($0.005), ($0.029) for 2014 and $0.014 for 2013. The basic and diluted net result per share from discontinued operations was $0.033 in 2015, ($0.006) for 2014 and ($0.003) for 2013.

The following quarterly information is presented on the same basis as in the annual consolidated financial statements. The following amounts accurately correspond to the non-audited quarterly reports and must be read in conjunction with our annual consolidated financial statements and its accompanying notes.

Given that the presentation of the consolidated statements of net income and comprehensive income makes a distinction between continuing operations and discontinued operations, the same structure has been preserved for the quarterly information.

NET INCOME AND COMPREHENSIVE INCOME

SELECTED QUARTERLY INFORMATION - 2015

	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Gain on disposal of intangible assets	$ -	$ -	$ -	$ -
Operating expenses [1] [3]	$ (680,125)	$ 479,990	$ 1,221,233	$ 472,279
Proportionate share of joint ventures' net results	$ -	$ -	$ -	$ -
Net profit (net loss) and comprehensive income from continuing operations	$ 1,439,125	$ (479,990)	$ (1,221,233)	$ (472,279)
Net profit (net loss) and comprehensive income from discontinued operations	(892,712)	(39,803)	5,754,874	(325,799)
Net income and comprehensive income	$ 1,345,491	$ (519,073)	$ 3,735,563	$ (798,078)
Basic and diluted net result per share from continuing operations	$ 0.010	$ (0.004)	$ 0.028	$ (0.006)

SELECTED QUARTERLY INFORMATION - 2014

	Q4-2014	Q3-2014	Q2-2014	Q1-2014
Gain on disposal of intangible assets	$ -	$ -	$ 500,000	$ -
Operating expenses [2]	$ 1,422,027	$ 543,711	$ 659,139	$ 729,586
Proportionate share of joint ventures' net results	$ (569,503)	$ (83,377)	$ (115,203)	$ (211,775)
Net profit (net loss) and comprehensive income from continuing operations	$ (1,991,530)	$ (627,088)	$ (274,342)	$ (941,361)
Net profit (net loss) and comprehensive income from discontinued operations	(222,911)	(137,075)	(314,114)	(126,507)
Net income and comprehensive income	$ (2,214,441)	$ (764,163)	$ (588,456)	$ (1,067,868)
Basic and diluted net result per share from continuing operations	$ (0.018)	$ (0.006)	$ (0.004)	$ (0.008)

The quarterly results show consistency in the Company's expenses with the exception of:

(1) The operating expenses for Q4-2015 include a reversal of impairment of PraxisLab pharmacy software for $1,035,619.

(2) In Q4-2014, the increase in operating expenses is explained by the impairment of intangible assets for $1,106,657.

(3) The operating expenses for Q2-2015 include a depreciation of $816,242.

STATEMENTS OF CASH FLOWS

CASH FLOWS	May 31, 2015	May 31, 2014	May 31, 2013
Cash flows used in operating activities	$ (3,228,987)	$ (1,077,177)	$ (711,179)
Cash flows from (used in) financing activities	$ (2,212,029)	$ 589,941	$ -
Cash flows from (used in) investment activities	$ 5,855,368	$ 281,333	$ (387,711)
Net change in cash and cash equivalents	$ 414,352	$ (205,903)	$ (1,098,890)
Cash and cash equivalents, end of year	$ 574,273	$ 159,921	$ 365,824

Cash flows from operating activities amounted to ($3,228,987) for the fiscal year ended May 31, 2015 and are attributable to the reclassification of the gain on disposal of intangible assets in the amount of $5,990,591 under cash flows used in investing activities. For the fiscal year, ended May 31, 2014, cash flows from operating activities are ($1,077,177) and are partly attributable to the reclassification of a gain on disposal of intangible assets of $500,000 under cash flows from investing activities. For the fiscal year ended May 31, 2013, cash flows from operating activities represent ($711,179) and are associated with ongoing activities of the Company.

Cash flows from financing activities are detailed as follows:

- For the fiscal year, ended May 31, 2015, financing activities are all grouped under discontinued operations and amounted to ($2,212,029) and are linked to the redemption of the non-convertible debenture in the amount of $1,834,173, and the repayment of Investissement Québec's loan for $377,856.

- For the fiscal year, ended May 31, 2014, cash flows from financing activities are all grouped under continuing operations and totalling $589,941 consist of two transactions. The Company issued a new non-convertible debenture replacing the existing convertible debenture; this transaction generated net proceeds of $212,085 and the financing of the tax credit for research and development by Investissement Québec, which generated an inflow of $377,856.

- For the fiscal year, ended May 31, 2013, cash flows from financing activities are nil as no financing activity occurred.

For the fiscal year, ended May 31, 2015, cash flow from investing activities totaled $5,855,368. An amount of ($32,499) is classified in continuing operations as capitalization of development costs and an amount of $5,890,679 is classified in discontinued operations as proceeds from disposal of the Canadian market to Telus Health

For fiscal year, ended May 31, 2014 investment activities are comprise of the disposal of intangible assets for an amount of $500,000, dividend received from joint venture EvEMR for an amount of $33,418 and from capitalization of development cost and acquisition of fixed assets for ($252,085).

For the fiscal year, ended May 31, 2013, investing activities are mainly related to the capitalization of development costs, i.e. ($403,745) in continuing operations and $16,034 in discontinued operations.

The net change in cash and cash equivalents from these three types of activities amounted to $414,352 for fiscal year 2015, ($205,903) for fiscal year 2014 and ($1,098,890) for fiscal year 2013. For the fiscal years, ended May 31, 2014 and 2013, the net change in cash was mainly related to operational activities and development activities.

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 marketing the ZRx Prescriber on international markets and PraxisLab pharmacy software on Canadian market.

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.

OUTSTANDING SHARES, WARRANTS AND STOCK OPTIONS AS AT SEPTEMBER 18, 2015

Common shares	135,591,268
Stock options in accordance with the stock option plan	12,830,000

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.

The next section of this report corresponds to a duplication of certain notes from the financial report consistent with the same period.

NOTE 4
DISCONTINUED OPERATIONS IN A GEOGRAPHICAL AREA

Given the September 2, 2014 transaction with Telus Health, the Company discontinued operations in a geographical area. In accordance with this transaction, the Company has retained its exclusive intellectual property rights of the ZRx Prescriber for the United States and the United Kingdom and Telus Health, for its part, holds the exclusive intellectual property rights of the ZRx Prescriber for Canada.

Under IFRS 5, the Company must present and provide information in order to evaluate the financial effects of discontinued operations in a geographical area.

Net income from discontinued operations in a geographical region is presented in the consolidated statements of net income and comprehensive income according to the table below. Some 2014 figures have been reclassified to make their presentation identical to that of fiscal year 2015.

The reclassification consisted of an allocation of income and expenses related to discontinued operations in a geographical area.

	2015	2014
	$	$
REVENUE	341,860	1,738,763
OPERATING EXPENSES		
Selling expenses	344,351	537,296
Administrative expenses	350,037	502,050
General operating expenses	174,343	519,707
Development cost [(1)]	65,318	353,042
Financial expenses	141,122	627,274
	1,075,171	2,539,369
RESULT FROM DISCONTINUED ORDINARY OPERATIONS BEFORE TAXES	(733,311)	(800,606)
Tax Recovery from discontinued ordinary operation losses	(175,898)	-
RESULT FROM DISCONTINUED ORDINARY OPERATIONS AFTER TAXES	(557,413)	(800,606)
Gain on disposal of intangible assets [(2)]	5,990,591	-
Taxes payable on disposal of intangible assets	(934,898)	-
NET GAIN ON DISPOSAL OF INTANGIBLE ASSETS	5,055,693	(800,606)
NET PROFIT (NET LOSS) FROM DISCONTINUED OPERATIONS IN A GEOGRAPHICAL AREA	4,489,280	(800,606)

(1) Net of tax credits for research and development of $141,193 ($230,000 as at May 31, 2014)
(2) Net of legal fees in the amount of $226,309.

NOTE 5
PROVISION FOR LOSS-MAKING CONTRACTS

Provision for loss-making contracts is related to two contracts from discontinued Canadian operations in Toronto. . The first contract is related losses from sublease under the lease of Markham and a second lease of a multifunction printer. These contracts generated a shortfall of $30,009 for the period, which will end August 31, 2017.

	Total
	$
Loss as at September 2, 2014	33,354
Use	(3,345)
Balance as at May 31, 2015	30,009

NOTE 6
ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Financial Instruments
In November 2013, the IASB issued IFRS 9 (2013). IFRS 9, as amended, supersedes IFRS 9 as issued by the IASB in October 2010 and November 2009.

IFRS 9 is a three-part project to replace IAS 39, Financial instruments: Recognition and Measurement. The first part addresses the classification and measurement of financial assets and financial liabilities, while the other two parts deal with impairment of financial assets and hedge accounting. The Company will have to classify financial assets as subsequently measured either at amortized cost or at fair value, based on the Company's business model for managing the financial assets and the contractual cash flows of the financial asset. Measurement at amortized cost for most of the financial liabilities is maintained, but when an entity measures a financial liability at fair value, the changes in fair value related to the entity's own credit risk must be presented in other comprehensive income rather than in profit or loss.

IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and Measurement have been revised to incorporate amendments issued by the IASB in November 2013. These amendments: (1) add to IFRS 9 requirements related to hedge accounting based on a new hedge accounting model; (2) permit an entity to apply the hedge accounting requirements in IAS 39 in place of those in IFRS 9 for fair value hedges of the interest rate exposure of a portfolio of financial assets or financial liabilities; and (3) require, as part of IFRS 7, additional disclosures about an entity's risk management strategy and the effect of hedge accounting on the financial statements.

The mandatory effective date of these amended standards was temporarily removed while making it available for early application of the 2009, 2010 or 2013 standard. The Company intends to adopt these amended standards as of their effective dates, i.e. for the annual periods beginning on or after January 1, 2018, in accordance with the tentative date set by the IASB. The Company is currently analyzing the potential effects of adopting this standard on its consolidated statements.

Clarification of Acceptable Methods of Depreciation and Amortization
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets have been revised to incorporate amendments issued by the IASB in May 2014. The amendments to IAS 16 clarify that the use of revenue-based methods to determine the depreciation of an asset is not appropriate. The amendments to IAS 38 clarify that an amortization method based on revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, the amendments provide limited circumstances when a revenue-based method can be an appropriate basis for amortization. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is currently analyzing the potential effects of adopting this standard on its consolidated statements.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

The standard provides for a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The proposed model features a contract-based, five-step analysis of transactions to determine whether, when and how much revenue is recognized. New thresholds have been established for estimates and judgments, which could affect the amount of revenue recognized and/or the timing of recognition.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or leases, which are within the scope of other IFRSs. The new standard is effective for the annual period beginning on June 1, 2015. The Company is currently analyzing the potential effects of adopting this standard on its consolidated statements.

Annual Improvements to IFRSs 2010–2012 Cycle
The following standards have been revised to incorporate amendments issued by the IASB in December 2013:

- IFRS 2 Share-based Payment has been revised to clarify the definition of "vesting conditions".
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets have been revised to clarify the requirements for the revaluation model regarding the proportionate restatement of accumulated depreciation.
- IAS 24 Related Party Disclosures has been revised to clarify the identification and disclosure requirements for related party transactions when key management personnel services are provided by a management entity.

The amendments, which are effective for annual periods beginning on or after July 1, 2014, will apply to the Company for its annual period beginning on June 1, 2015. The Company is currently analyzing the potential effects of adopting this standard on its consolidated statements.

Annual Improvements to IFRSs 2011–2013 Cycle
The following standards have also been revised to incorporate amendments issued by the IASB in December 2013:

- IFRS 13 Fair Value Measurement has been revised to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they are financial assets or financial liabilities.

The amendments, which are effective for annual periods beginning on or after July 1, 2014, will apply to the Company for its annual period beginning on June 1, 2015. The Company is currently analyzing the potential effects of adopting this standard on its consolidated statements.

NOTE 7
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

Management assesses fixed assets and intangible assets in line with the assets useful life. The amount and the depreciation schedule related to fixed assets and intangible assets for a given period are affected by the estimated useful lives. 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.

In order to determine whether the identifiable intangible assets have suffered an impairment loss after acquisition or if an intangible asset having suffered an impairment loss may recover its carrying value, management makes assessments based on estimates including, in particular, future risk-adjusted cash flows. Cash flow projections are made according to the Company's forecasts, the economic conditions and business opportunities and therefore are inherently based on judgment.

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.

Definitions of cash generating units

The determination of cash generating units requires judgment in determining the lowest level for which there are largely independent cash inflows generated by the asset group level. This determination could have an impact on the results of impairment testing and, as appropriate, on the impairment charge recorded in the consolidated statements of net income and comprehensive income.

Contingent consideration receivable

Management assess the contingent consideration receivable based on the likelihood of the potential level of achievement of the contractual conditions to be met.

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.

NOTE 11
REVERSAL OF IMPAIRMENT LOSS

Valuation method

The Company uses the present value of estimated future cash flows method to determine the value of intangible assets in use of each CGU. Since the last impairment test, the Company has not made any change in the valuation method used to determine a potential reversal of impairment of intangible assets.

As at May 31, 2015

PraxisLab pharmacy management software

The Company has demonstrated that significant market indicators, having a positive effect on the value in use and the fair value of the intangible asset PraxisLab were identified during this fiscal year and are likely to materialize in the near future. It has been demonstrated, by evidence from internal reporting, that the economic performance of the asset exceeds its net present value after a reversal of impairment. Therefore, a reversal of impairment has been recognized.

This intangible asset was depreciated during fiscal years 2014 and 2013. On May 31, 2013, the Company conducted an annual impairment test of PraxisLab and the value in use was estimated at $1,383,584. Since this value was less than its carrying value of $2,001,244, at this time, an impairment of $617,660 was recognized. As at May 31, 2014, the Company conducted a new annual impairment test of PraxisLab software, as stated in its accounting methods. The Company's management established that new circumstances led them to significantly reconsider the assumptions leading to the evaluation of the value in use of PraxisLab. The new set value being less than the carrying value of $1,106,657, an impairment for the total net value was recognized following the implementation of this impairment test.

The following table shows the net value of the asset PraxisLab following the reversal of impairment.

	Intellectual Property	Development Cost	Total
	$	$	$
Cost			
As at June 1, 2014	1,163,802	1,099,297	2,263,099
Acquisitions	-	-	-
As at May 31, 2015	1,163,802	1,099,297	2,263,099
Accumulated Amortization and Depreciation			
As at June 1, 2014	1,163,802	1,099,297	2,263,099
Reversal of impairment loss	(669,187)	(366,432)	(1,035,619)
As at May 31, 2015	494,615	732,865	1,227,480
Net book value as at May 31, 2015	669,187	366,432	1,035,619

NOTE 12
IMPAIRMENT OF ASSETS

Valuation method

The Company uses the present value of estimated future cash flows method to determine the value in use of each CGU. Since the last impairment test, the Company has not made any change in the valuation method used to assess impairment of intangible assets.

As at May 31, 2015

ZRx Prescriber

The Company conducted an annual impairment test following the sale of the operating rights in the Canadian market of the ZRx Prescriber intangible asset, as stated in its accounting methods. The Company's management established that new circumstances led them reconsider the assumptions leading to the evaluation of the value in use of the ZRx Prescriber.

Given the sale of the Canadian market operations to Telus Health, the Corporation must establish the estimated cash flows for the United States and United Kingdom markets.

The Company concludes that, as of May 31, 2015, the progress accomplished in the implementation of its business plan for international markets does not allow it to assess the fair value of the ZRx Prescriber with estimated future cash flows. Therefore, an impairment has been recorded. However if the evidence contained in the assumptions of estimated future cash flows are likely to occur during the next fiscal year quarters, the Company will record a reversal of impairment.

The impact on the value of the intangible asset ZRx Prescriber is as follows:

	Intellectual Properties	Development Cost	Total
	$	$	$
Cost			
As at June 1, 2014	2,253,934	2,229,050	4,482,984
Acquisitions	-	32,499	32,499
As at May 31, 2015	2,253,934	2,261,549	4,515,483
Accumulated Amortization and Depreciation			
As at June 1, 2014	1,690,450	1,898,120	3,588,571
Amortization	56,348	54,323	110,671
Impairment of assets	507,136	309,106	816,242
As at May 31, 2015	2,253,934	2,261,549	4,515,483
Net book value as at May 31, 2015	-	-	-

As at May 31, 2014

a) Intangible assets

Main assumption - Discount rate

The estimated future cash flows were discounted at a rate of 19.5% for the two cash generating units, which is the incremental borrowing rate of the Company and the most relevant, since it is an asset. It reflects the current market assessment of the time value of money and the specific risks regarding the assets.

Impairment test

PraxisLab

In November 2013, a significant event in relation with the intangible asset PraxisLab occurred. An undivided co-ownership of intellectual property was sold to a Quebec pharmacy chain.

Since this sale was not part of the estimated future cash flows of this asset, management believes that it does not affect the estimated future cash flows of PraxisLab software and, therefore, recoverable value is greater than the book value at that date. There was therefore no need to depreciate the PraxisLab in the second quarter of fiscal year 2014.

As at May 31, 2014, the Company had to revise its estimated future cash flows and perform an impairment test of PraxisLab as specified in its accounting methods. The management of the Company has found that new circumstances led them to reconsider the assumptions leading to the evaluation of the value in use of PraxisLab significantly. As of year-end, the Company held a letter of intent from Telus Health, issued May 6, 2014, regarding the acquisition of its Canadian market assets. Given the seriousness of the ongoing discussions, management has assumed that it would be realized and considered it in its estimates as at May 31, 2014.

Given that the cash-generating unit of PraxisLab laboratory management software is primarily designed for the Canadian market, the Company has assessed that the best estimate of cash flows was $Nil and, therefore, its value in use was nil. This value being less than the carrying value of $1,106,657, at that date, an asset impairment of this amount was recognized as a result of the impairment test.

Specifically, it is an asset impairment of $785,567 for intellectual property and $321,090 for capitalized development costs, as reflected in the following table:

	Intellectual properties	Development cost	Total
	$	$	$
Cost			
As at June 1st, 2013	1,163,802	1,099,297	2,263,099
Acquisitions	-	-	-
As at May 31, 2014	1,163,802	1,099,297	2,263,099
Accumulated Amortization and Depreciation			
As at June 1st, 2013	261,855	617,660	879,515
Amortizations	116,380	160,547	276,927
Impairment of assets	785,567	321,090	1,106,657
As at May 31, 2014	1,163,802	1,099,297	2,263,099
Net book value as at May 31, 2014	-	-	-

ZRx Prescriber

As regards to the ZRx Prescriber cash-generating unit, its estimated recoverable amount according to the value in use is greater than its carrying value, as at May 31, 2014. The assumptions used in the valuation include, among others, short-term sales on the Canadian market, completing short-term sale to Telus Health and sales on the international market. The completion of the impairment test leads to the conclusion that the carrying value exceeds the recoverable amount as at May 31, 2014 and therefore no impairment was taken for the ZRx Prescriber at that date.

b) Impairment of assets of the joint venture EvEMR Inc.

The joint venture EvEMR Inc. was initially established to develop and distribute products for professionals in behavioral health providers in the US market. As at May 31, 2014, no development plan was in place and the Company estimates that the best forecast of estimated future cash flows for EvEMR inc. is nil and, therefore, its value is nil. No discount rate has to be determined, as the estimated future cash flows are nil. No marketing plan is contemplated in the foreseeable future. The recoverable amount being less than the carrying value of $3,872,144 at that date, an impairment for the entire amount of $3,872,144 was recognized in the statement of net income and comprehensive income subsequent to the completion of this impairment test, as at May 31, 2014.

The joint venture EvEMR inc. therefore proceeded to a complete depreciation of its intangible assets:

	License	Development cost	Total
	$	$	$
Cost			
As at June 1st, 2013	3,594,103	1,436,283	5,030,386
Acquisition	-	-	-
As at May 31, 2014	3,594,103	1,436,283	5,030,386
Accumulated Amortization and Depreciation			
As at June 1st, 2013	100,483	12,320	112,803
Amortizations	933,522	111,917	1,045,439
Impairment of assets	2,560,098	1,312,046	3,872,144
As at May 31, 2014	3,594,103	1,436,283	5,030,386
Net book value as at May 31, 2014	-	-	-

c) Impairment of the interest in the joint venture EvEMR International

The joint venture EvEMR International was established to distribute products for behavioral health care professionals on the international market. More than two years after its establishment, no commercial activity has been generated. As at May 31, 2014, no concrete development plan was prepared and the potential to generate future cash flows is not sufficiently predictable to consider that the joint venture is an asset to the Company. The joint venture has no intention, in the foreseeable future, to develop a marketing strategy.

As at May 31, 2014, the Company assessed that the best forecast of estimated future cash flows for EvEMR International was nil and, therefore, its utility value was nil. This value being less than the carrying value of $39,510 at that date, an impairment for the entire amount of $39,510 was recognized in the statement of net income and comprehensive income subsequent to the completion of this impairment test, as at May 31, 2014. The impact on the value of the interest in joint venture is as follows:

	Total
	$
As at June 1st 2013	-
Interest in joint venture	39,510
Impairment	(39,510)
As at May 31, 2014	-

As at May 31, 2015, the joint ventures EvEMR Inc. and EvEMR International are not in operation.

NOTE 13
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.

On April 22, 2013, the Company signed with EvEMR Inc., an Exclusive License Agreement regarding the rights to distribute, license and sub-license the ZRx Prescriber in the United States. This agreement was terminated by the Company no later than December 30, 2014, due to many important defaults from EvEMR Inc. under the terms of this license agreement.

The Company holds 50% of the participating shares and 50% of the voting shares in the joint venture EvEMR Inc. The joint venture's 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 Inc. are as follows:

	2015	2014
	$	$
Current assets	-	25,654
Non-current assets	-	11,097
Total assets	-	36,751
Current liabilities	-	66,874
Non-current liabilities	-	803,290
Total liabilities	-	870,164
	-	
Net assets	-	(833,413)
Proportionate share of unrealized gain on the sale of a license	-	(915,089)
Amortization of unrealized gain on the sale of a license	-	254,191
Dividends	-	(33,418)
Proportionate share of net losses not recognised [1]	-	1,527,729
Interest in joint venture	-	-
Total revenue	-	42,651
Total expenses	-	2,818,520
Net Results	-	(2,775,869)
Amortization of unrealized gain on the sale of a license	-	228,772
Proportionate share of net losses not recognised [1]	-	1,527,729
Proportionate share of net result of the joint venture	-	(1,019,368)

[1] The 50% interest in EvEMR Inc. is nil as at November 30, 2014 and as at May 31, 2014. The Company did not recognized additional proportionate share of net losses beyond its participation, to the extent that it has no obligation to cover these losses.

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's 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:

	2015	2014
	$	$
Current assets	-	65,301
Non-current assets	-	341,725
Total assets	-	407,026
	-	
Current liabilities	-	6,301
Non-current liabilities	-	361,215
Total Liabilities	-	367,516
	-	
Net assets	-	39,510
Depreciation[1]	-	(39,510)
Interest in joint venture	-	-
Total revenue	-	53,768
Total expenses	-	14,258
Net results	-	39,510
Proportionate share of net result of the joint venture	-	39,510

[1] For the fiscal year ended May 31, 2014, the Company performed an annual impairment test. The result of this test was not conclusive and an impairment for the entire investment was recognized.

NOTE 15
NON-CONVERTIBLE DEBENTURE

On October 30, 2013, the Company issued a secured debenture with a nominal value of US $1,664,319 and a premium to the lender of 4,607,795 common shares of the share capital of the Company. The debenture bears interest at a nominal rate of 17% per year. It is repayable in monthly capital installments of US $60,000 plus interest, from January 31, 2014 and matures in December 2014. The debenture is redeemable prior to maturity, in whole or in part, by the Company after a two days' notice to the lender. The debenture is secured by a movable hypothec charging the universality of the Corporation's present and after-acquired movable property, corporeal and incorporeal.

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

	$
Proceeds from issuance	1,712,085
Fair value of the liability component, at the date of issue, for a similar instrument that does not have a premium to the lender as an equity component	(1,666,207)
Fair value of the equity component	45,878

The liability component of $1,666,207 is measured at amortized cost, using the effective interest method, of 19.5%. The equity component of $45,878 is recorded in the capital component as equity component of non-convertible debenture and led to the issuance of 4,607,795 common shares, as at January 16, 2014.

The difference between the carrying value of the liability component, at the date of issuance, of $1,666,207 and the amount reported in the consolidated statement of financial position, as at May 31, 2014, of $1,783,457, represents the effective interest rate less interest due, plus the exchange rate difference once the debenture is converted at that date. The interest charge on this loan is calculated by applying an effective interest rate of 19.5%. The liability component is measured at amortized cost.

On September 3, 2014, the Company repaid the existing non-convertible debenture for a principal amount and interest totaling $2,134,866. The Company has obtained full, final and definitive release from the creditor.

NOTE 16
SHORT-TERM DEBT

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

As at May 31, 2014, the funding for $377,856 is allocated as follows: an amount of $308,520 for the 2013 fiscal year and $69,336 for the fiscal year ending May 31, 2014.

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 was paid in full, on receipt of the tax credit, in June 2014, amounted to $417,723 for the fiscal year ended May 31, 2013 and the amount of $69,336 was paid in full, on receipt of the tax credit, in February 2015, amounted to $316,315 for the fiscal year ended May 31, 2014.

NOTE 20
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 28, 2014. 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.

The following table summarizes the changes in the plan position for the fiscal year ended May 31, 2015 and May 31, 2014:

	Options	Average exercise price
		$
Balance as at June 1, 2013	12,837,500	0.15
Cancelled	(4,745,000)	0.17
Balance as at May 31, 2014	8,092,500	0.14
Awarded	7,600,000	0.05
Cancelled	(2,312,500)	0.15
Balance as at May 31, 2015	13,380,000	0.09

The following table summarizes the information about the outstanding stock options for years ended May 31, 2015 and May 31, 2014:

a) As at May 31, 2015

Outstanding options				Exercisable options	
Number	Weighted average remaining contractual life (months)	Weighted average exercise price	Weighted average fair value	Number	Weighted average exercise price
		$	$		$
1,435,000	7	0.20	0.12	1,435,000	0.20
1,845,000	18	0.15	0.05	1,845,000	0.15
2,500,000	26	0.10	0.04	2,500,000	0.10
7,600,000	56	0.05	0.01	7,600,000	0.05
13,380,000	40	0.09	0.03	13,380,000	0.09

Transaction during fiscal year ended May 31, 2015

In January 2015, the Company granted 7,600,000 stock options, which entitle the holders to purchase 7,600,000 common shares at an exercise price of $0.05 per share for a period of five years.

The fair value of the stock options awarded during fiscal year ended May 31, 2015 was estimated on the grant date using the Black-Scholes' options pricing model with the following assumptions:

Date	January 19, 2015
Quantity	7,600,000
Stock price	$0.01
Dividend yield	Nil
Expected volatility	171%
Risk-free interest rate	1.07%
Expected life	60 months

The stock-based compensation expense amounts to $66,880 for the fiscal year ended May 31, 2015.

b) As at May 31, 2014

Outstanding options				Exercisable options	
Number	Weighted average remaining contractual life (months)	Weighted average exercise price	Weighted average fair value	Number	Weighted average exercise price
		$	$		$
100,000	3	0.32	0.14	100,000	0.32
1,915,000	19	0.20	0.12	1,915,000	0.20
17,500	19	0.20	0.12	17,500	0.20
2,865,000	30	0.15	0.05	2,865,000	0.15
3,195,000	38	0.10	0.04	3,195,000	0.10
8,092,500	30	0.14	0.06	8,092,500	0.14

Transaction during fiscal year ended May 31, 2014

No transactions occurred during the fiscal year ended May 31, 2014.

NOTE 22
FAIR VALUE OF FINANCIAL INSTRUMENTS

	May 31, 2015		**May 31, 2014**	
	Fair value	Carrying value	Fair value	Carrying value
	$	$	$	$
Financial assets				
Cash and cash equivalents	574,273	574,273	159,921	159,921
Loans receivables	207,184	207,184	38,202	38,202
Financial liabilities				
Other liabilities	84,693	84,693	286,187	286,187
Short-term debt	-	-	377,856	377,856
Non-convertible debenture	-	-	1,783,457	1,783,457

The fair value of cash and cash equivalents, loans receivables and other liabilities approximates their carrying value, because of the relatively short maturity of these instruments.

The Company categorizes its financial assets and liabilities measured at fair value using a hierarchy that consists of three levels, which reflects the significance of inputs used in their evaluation. The hierarchy of the fair value consists of the following levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are supported by little or no market activities and that are significant to the fair value of assets or liabilities.

As at May 31, 2015 and May 31, 2014, the only financial instruments measured at fair value in the consolidated statements of financial position consist of cash and cash equivalents and were all classified in level 1.

NOTE 23
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

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

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 May 31, 2015, the Company has the following balances in converted U.S. dollars: cash: $59 ($88 as at May 31, 2014). No sensitivity analysis was performed due to the immateriality of the balances denominated in foreign currency.

Interest rate risk

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, its non-convertible debenture and its short-term debt.

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 operating the ZRx Prescriber in the American market and the sale of PraxisLab intellectual property.

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.

Performances linked to the realization of contingent consideration receivable may vary depending on consumer preference changes.

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 meet its 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 believes that it will be successful in attracting qualified personnel, there can be no assurance to that effect.

NOTE 26
RELATED PARTY TRANSACTIONS

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. For the fiscal year ended May 31, 2015, the key management compensation amounted to $541,346, sum of $76,981 paid as a bonus and an adjustment of $94,690 following the closing of the transaction with Telus Health on September 2, 2014. For the same period, ended May 31, 2014, key management basic compensation was $358,000.

Moreover, on January 19, 2015, 4,900,000 stock options, at an exercise price of $0.05 for a period of 5 years, were granted to key management and non-executive director, representing a stock-based compensation cost of $43,120.

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 fiscal year ended May 31, 2015, an amount of $249,405 ($54,248 for the fiscal year ended May 31, 2014) was paid to the law firm, of which $43,968 are included in the accounts payable and the accrued liabilities as at May 31, 2015 ($57,006 as at May 31, 2014).

A director of the Company received a compensation of $10,000 as a premium for services rendered.

Accounts payable and accrued liabilities also include an amount of $5,213 ($15,493 at May 31, 2014) payable to the directors, without repayment terms or interest.

During the fiscal year ended May 31, 2014, the Company received, from a joint venture, a dividend totaling $33,418.

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 fiscal year ended May 31, 2015 and 2014, 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.

NOTE 27
COMPARATIVE FIGURES

Some 2014 figures have been reclassified to make their presentation identical to that of fiscal year 2015. The reclassification consisted of an allocation of income and expenses related to discontinued operations in a geographical area, as detailed in note 4.

NOTE 28
SUBSEQUENT EVENTS AFTER CLOSING DATE

Long-term loan

Given that the Company will move its head office in December 2015, the Company entered, on July 14, 2015, into a financing offer, regarding leasehold improvements and acquisition of office equipment in the amount of $170,000, with Investissement Québec. The loan disbursement will be made by the end of November 2015, once the leasehold improvements are completed. The loan will bear interest at prime rate plus 2.5% per annum. The loan term is thirty-six months and provides a capital-moratorium of six months after the disbursement of the loan. Under the terms of the new lease, an allowance for leasehold improvements, in the amount of $86 250, will be reimbursed by the new property owner over a period of 10 years.