INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED
FEBRUARY 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis explains ZoomMed Inc. interim consolidated net income and comprehensive income, financial position and cash flows situation for the nine-month periods ended February 29, 2016 and February 28, 2015. It must be read in conjunction with the unaudited consolidated financial statements and its accompanying notes as at February 29, 2016 and February 28, 2015. Some operating results, financial position and cash flows situation were also compared with information from fiscal year ended May 31, 2015.

Management prepared this report by taking into account all available information as at April 15, 2016. 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.

On November 19, 2015, the Company sold to Familiprix inc., all of the intellectual property rights of its pharmacy laboratory management software "PraxisLab" (Note 4).

On September 2, 2014, the Company sold the technology of its ZRx Prescriber for 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 certified by "Surescripts", 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.

Given that the Company has already made much work 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 8005 Du Quartier Blvd., Suite 303, Brossard, Quebec, Canada, J4Y 0N5.

FINANCIAL POSITION

	February 29, 2016		May 31, 2015	
Cash and cash equivalents	$	718,568	$	574,273
Fixed assets	$	132,198	$	4,885
Intangible assets	$	100,000	$	1,035,619
Total assets	$	1,771,358	$	1,965,887
Debt (short and long-term)	$	170,000	$	-
Obligations under a finance lease contract (short and long-term)	$	23,147	$	-
Shareholders' equity	$	1,161,606	$	1,423,241
Share capital	$	25,509,437	$	25,509,437

For the nine-month period ended February 29, 2016, the net change in cash and cash equivalent is mainly related to the sale of all of the intellectual property rights of its pharmacy laboratory management software "PraxisLab". During the fiscal year ended May 31, 2015, the net change in cash and cash equivalent is related to the transaction with "Telus Health".

As at February 29, 2016 fixed assets amounted to $132,198 compared to $4,885 as at May 31, 2015. The increase is related to the capitalization of leasehold improvements on the premises of the new headquarters of the Company, whose improvements were completed on February 26, 2016. An allocation for leasehold improvements of $86,250 was granted by the landlord and recorded as a decrease of leasehold improvements.

As at February 29, 2016, the intangible assets totaling $100,000 consist of the acquisition cost of an American distribution right of Rx Vigilance "Quick Glance" therapeutic advisor, which became one of the key elements of ZoomMed's American business plan. As at May 31, 2015, intangible assets totaling $1,035,619 are composed of the development costs and intellectual property rights of PraxisLab software, which were sold on November 19, 2015 to Familiprix and the total value was written-off.

July 14, 2015, the Company entered into a loan offer to finance leasehold improvements with Investissement Québec for a total amount of $ 170,000.

During the nine-month period ended February 29, 2016, the Company entered into a finance lease contract for an IP telephone system, installed at the new head office.

The Company's shareholders equity totaled $1,161,606 as at February 29, 2016 and $1,423,241 for the fiscal year ended May 31, 2015. The $261,635 decrease in the shareholder's' equity, during the nine-month period ended February 29, 2016, is due primarily to the deficit of the period.

NET INCOME AND COMPREHENSIVE INCOME SELECTED INTERIM INFORMATION

THREE-MONTH PERIOD	February 29, 2016		February 28, 2015	
Revenue	$	-	$	-
Selling expenses	$	26,204	$	24,164
Administrative expenses	$	256,620	$	354,020
General operating expenses	$	47,926	$	54,452
Development costs	$	55,968	$	58,799
Financial expenses	$	5,060	$	4,344
Net loss from continuing operations	$	(391,778)	$	(495,779)
Net profit from discontinued operations	$	(43,193)	$	(34,238)
Net result and comprehensive income	$	(434,971)	$	(530,017)
Basic and diluted net result per share from continuing operations	$	(0.003)	$	(0.004)
Weighted average number of outstanding common shares		135,591,268		135,591,268

NINE-MONTH PERIOD	February 29, 2016	February 28, 2015
Revenue	$ -	$ -
Selling expenses	$ 73,076	$ 77,244
Administrative expenses	$ 711,271	$ 774,535
General operating expenses	$ 145,113	$ 155,128
Development cost	$ 162,670	$ 245,916
Financial expenses	$ 10,564	$ 23,020
Impairment of intangible assets	$ -	$ 816,242
Net loss from continuing operations	$ (1,102,694)	$ (2,092,085)
Net profit from discontinued operations	$ 820,929	$ 5,297,631
Net result and comprehensive income	$ (281,765)	$ 3,205,546
Basic and diluted net result per share from continuing operations	$ (0.008)	$ (0.015)
Weighted average number of outstanding common shares	135,591,268	135,591,268

The Company separately presents continuing operations from discontinued operations. This table reflects operating costs related to continuing operations, that is to say, the commercialization in the US market and the United Kingdom. Activities related to the Canadian market and the pharmacy laboratory management software operations (discontinued operations) are detailed in Note 4 to the financial statements and this note is reproduced in this document in the section reserved for this purpose.

General operation expenses from continuing operations remained stable throughout the nine-month periods ended February 29, 2016 and February 28, 2015. Following the sale of the operating rights of the ZRx Prescriber intangible asset in the Canadian market during the nine-month period ended February 28, 2015, the Company performed an impairment test and the total net value was written off.

For the nine-month period ended February 29, 2016, discontinued operations generated a net income of $820,929 resulting from the sale of all of the intellectual property rights of PraxisLab. For the nine-month period ended February 28, 2015, discontinued operations have generated a profit of $5,297,631 as a result of the sale of its ZRx Prescriber technology in the Canadian market to "Telus Health" and 50% of the intellectual property rights worldwide, except in Canada, the United States and the United Kingdom.

The Company recorded a net operating deficit of $281,765, a net result per share of $0.002, for the nine-month period ended February 29, 2016 and a net operating benefit of $3,205,546, a net result per share of $0.024, for the nine-month period ended February 28, 2015.

For the nine-month period, ended February 29, 2016, the basic and diluted net result per share from continuing operations is ($0.008) and for the nine-month period, ended February 28, 2015, the basic and diluted net result per share from continuing operations is ($0.015).

STATEMENTS OF CASH FLOWS

THREE-MONTH PERIOD	February 29, 2016	February 28, 2015
Cash flows from (used in) operating activities	$ (1,031,008)	$ 188,463
Cash flows from (used in) financing activities	$ 168,896	$ (69,336)
Cash flows from (used in) investment activities	$ (175,501)	$ 374,404
Net change in cash and cash equivalents	$ (1,037,613)	$ 493,531
Cash and cash equivalents, end of year	$ 718,568	$ 810,827

NINE-MONTH PERIOD	February 29, 2016	February 28, 2015
Cash flows used in operating activities	$ (1,631,880)	$ (2,824,303)
Cash flows from (used in) financing activities	$ 193,147	$ (2,212,029)
Cash flows from investment activities	$ 1,583,028	$ 5,687,238
Net change in cash and cash equivalents	$ 144,295	$ 650,906
Cash and cash equivalents, end of year	$ 718,568	$ 810,827

Cash flows from operating activities amounted to ($1,631,880) for the nine-month period ended February 29, 2016, compared to ($2,824,303) for the nine-month period ended February 28, 2015 and are attributable to the reclassification of a $1,089,696 gain on disposal of intangible assets related to the "Familiprix" transaction as at February 29, 2016 and a $5,990,591 gain on disposal of intangible assets related to the "Telus Health" transaction as at February 28, 2015.

For the nine-month periods ended February 29, 2016, cash flows used in financing activities totaling $193,147 consist of a finance lease contract for an IP telephone system of $25,998 which is installed at the new head office and a financing for leasehold improvements of $170,000 by Investissement Québec. For the nine-month period ended February 28, 2015, cash flows used in financing activities totaling ($2,212,029) are entirely classified as discontinued operations and represent the repayment of the non-convertible debenture in the amount of $1,834,173 and the repayment of a financing by Investissement Québec in the amount of $377,856.

For the nine-month period ended February 29, 2016, cash flows used in investing activities totaling $1,583,028 represent the proceeds from the sale of PraxisLab software, the acquisition of a distribution license of a therapeutic advisor, the acquisition of fixed assets and the capitalization of leasehold improvements. For the nine-month period ended February 28, 2015, cash flows used in investing activities totaling $5,687,238 are related the proceeds from the sale of the Canadian market operations to "Telus Health" and to the capitalization of development costs.

The net change in cash and cash equivalents from these three types of activities amounted to $144,295 for the nine-month period ended February 29, 2016 and $650,906 for the nine-month period ended February 28, 2015.

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 operating the ZRx Prescriber in the American 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 APRIL 15, 2016

Common shares	135,591,268
Stock options in accordance with the stock option plan	12,515,000

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

Business Line
On November 19, 2015, the Company sold to Familiprix inc., all of the intellectual property rights of its pharmacy laboratory management software "PraxisLab".

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.

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. The reclassification consisted of an allocation of income and expenses related to discontinued operations.

	February 29, 2016 (3 months) (unaudited)	February 28, 2015 (3 months) (unaudited)	February 29, 2016 (9 months) (unaudited)	February 28, 2015 (9 months) (unaudited)
	$	$	$	$
REVENUE	-	-	-	341,860
OPERATING EXPENSES				
Selling expenses	-	26,425	-	282,278
Administrative expenses	-	61,613	27,669	290,340
General operating expenses	100	460	500	138,358
Development cost	-	17,352	225,313	296,287
Research and development tax credits	-	(85,516)	-	(85,516)
Financial expenses	43,093	13,904	15,285	113,073
	43,193	34,238	268,767	1,034,820
RESULT BEFORE TAXES	(43,193)	(34,238)	(268,767)	(692,960)
Taxes	-	-	-	-
	(43,193)	(34,238)	(268,767)	(692,960)
Gain on disposal of intangible assets	-	-	1,089,696	5,990,591
NET PROFIT FROM DISCONTINUED OPERATIONS	(43,193)	(34,238)	820,929	5,297,631

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 $20,112 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
Use	(9,897)
Balance as at February 29, 2016	20,112

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 January 1, 2018. 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.

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, 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.

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 12
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, which occurred on May 31, 2015, the Company has not made any change in the valuation method used to determine a potential reversal of impairment of intangible assets.

As at February 29, 2016

PraxisLab pharmacy management software

On November 19, 2015, the Company sold to Familiprix inc., all of the intellectual property rights of its pharmacy laboratory management software "PraxisLab". The total net value of development costs and intellectual property was written off.

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
	669,187	366,432	1,035,619

Net book value as at May 31, 2015

NOTE 13
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. Impairment tests are performed annually at the same moment, which is at the end of the fiscal year. 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	-	-	-

NOTE 15
LONG-TERM DEBT

July 14, 2015, the Company entered into a loan offer to finance leasehold improvements with Investissement Québec for a total amount of $170,000.

The loan bears interest at prime plus 2.5% and is secured by a movable hypothec of first rank of a principal amount of $204,000 and an additional amount of $40,800 for a total of $244,800.

The loan disbursement was made February 25, 2016 in a single payment of $170,000 and is repayable in 30 equal monthly installments of $5,667 as of August 25, 2016.

	Total
	$
Initial amount	170,000
Current portion	34,000
Long-term portion	136,000

NOTE 16
OBLIGATIONS UNDER A FINANCE LEASE CONTRACT

The Company entered into a finance lease contract for the installation and use of an IP telephone system. The contract expires July 15, 2020 and the residual value is $1.

	Total
	$
Initial amount	25,998
Payment during the period	(2,851)
Balance as at February 29, 2016	23,147
Current portion obligations under a finance lease contract	4,617
Long-term portion obligations under a finance lease contract	18,530
	23,437

Minimum finance lease payments for upcoming years are as follows:

	Minimum finance lease payments		Present value of minimum finance lease payments	
	February 29, 2016	May 31, 2015	February 29, 2016	May 31, 2015
	$	$	$	$
2017	4,617	-	4,768	-
2018	4,961	-	5,023	-
2019	5,330	-	5,290	-
2020	5,727	-	5,572	-
2021	2,511	-	2,408	-

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 20, 2015. 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 nine-month period ended February 29, 2016 and the fiscal year ended May 31, 2015:

	Options	Average exercise price
		$
Balance as at June 1, 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
Awarded	1,100,000	0.21
Cancelled	(1,965,000)	0.16
Balance as at February 29, 2016	12,515,000	0.09

Transaction during the nine-month period ended February 29, 2016

In January 2016, the Company granted 1,100,000 stock options, which entitle the holders to purchase 1,100,000 common shares at an exercise price of $0.21 per share for a period of five years.

The fair value of the stock options awarded during the nine-month period ended February 29, 2016 was estimated on the grant date using the Black-Scholes' options pricing model with the following assumptions:

Date	January 21, 2016
Quantity	1,100,000
Stock price	$0.02
Dividend yield	Nil
Expected volatility	196%
Risk-free interest rate	0,71%
Expected life	60 months

The stock-based compensation expense amounts to $20,130 for the nine-month period ended February 29, 2016.

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.

The following table summarizes the information about the outstanding stock options as at February 29, 2016 and as at May 31, 2015:

a) As at February 29, 2016

Outstanding options				Exercisable options	
Number	Weighted average remaining contractual life (months)	Weighted average exercise price	Weighted average fair value	Number	Weighted average exercise price
		$	$		$
1,830,000	9	0.15	0.05	1,830,000	0.15
2,485,000	17	0.10	0.04	2,485,000	0.10
7,100,000	47	0.05	0.01	7,100,000	0.05
1,100,000	59	0.21	0.02	1,100,000	0.21
12,515,000	37	0.09	0.02	12,515,000	0.09

b) 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

NOTE 21
FAIR VALUE OF FINANCIAL INSTRUMENTS

	February 29, 2016		**May 31, 2015**	
	Fair value	Carrying value	Fair value	Carrying value
	$	$	$	$
Financial assets				
Cash and cash equivalents	718,568	718,568	574,273	574,273
Loans receivables	568,741	568,741	207,184	207,184
Financial liabilities				
Obligations under a finance lease contract	23,147	23,147	-	-
Other liabilities	177,535	177,535	84,693	84,693

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 February 29, 2016 and May 31, 2015, 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 22
RISK AND UNCERTAINTIES

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 February 29, 2016, the Company has the following balances in converted U.S. dollars: cash: $709 ($59 as at May 31, 2015). 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.

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.

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 24
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 nine-month period ended February 29, 2016, the key management compensation amounted to $372,313 and $442,311 for the nine-month period ended February 28, 2015.

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 nine-month period ended February 29, 2016, an amount of $94,014 ($250,907 for the nine-month period ended February 28, 2015) was charged by the law firm. An amount of $34,542 is included in the accounts payable and the accrued liabilities as at February 29, 2016 ($43,968 as at May 31, 2015).

Accounts payable and accrued liabilities also include an amount of $4,285 ($5,213 as at May 31, 2015) payable to the directors, without repayment terms or interest.

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 nine-month periods ended February 29, 2016 and February 28, 2015, 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 25
COMPARATIVE FIGURES

Some figures of the nine-month and three-month periods, ended February 28, 2015, have been reclassified to make their presentation identical to that of the nine-month and three-month periods, ended February 29, 2016. The reclassification consisted of an allocation of income and expenses related to discontinued operations, as detailed in note 4.