MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED
MAY 31, 2016 AND 2015

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 the fiscal year ended May 31, 2016 and May 31, 2015. It must be read in conjunction with the audited consolidated financial statements and its accompanying notes as at May 31, 2016 and May 31, 2015. Furthermore, some operating results, financial position and cash flows situation are also compared with information from the fiscal year ended May 31, 2014.

Management prepared this analysis by taking into account all available information as at September 16, 2016. This analysis reflects the financial position of ZoomMed Inc. and its subsidiaries (the "Company").

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 are made based on assumptions and uncertainties as well as on the best possible evaluation of future events by management. Thus, readers are hereby advised that actual results may differ from expected results.

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. It was designed with the guidance of a committee of physicians. Their requirements called for a speedy and intuitive e-Prescribing application that would facilitate their day-to-day functions, helping them in making the appropriate decisions and choices and protecting them against potential errors and distractions. Accordingly, the ZRx Prescriber was designed with essential PREDICTIVE and PRE-EMPTIVE features that far outweigh what the market had to offer until then. The ZRx Prescriber software acts like the latest software such as Google Search or Apple IOS auto-completing keyboard. Unlike static e-Prescribers, the ZRx cloud-based Prescriber solution dynamically analyzes each user's prescribing pattern and displays the expected medication. Furthermore, the pre-emptive features of the ZRx Prescriber, such as drug interactions and potential allergies, are automatically displayed to the physician without him having to solicit and activate an external review module. In addition most important for the very active physician, it allows him to write legible and secure prescriptions and deal with renewals in a few seconds, in fact faster than with a pen.

The ZRx Prescriber is Surescripts® certified and has been tested and certified under the ONC HIT Certification Program (Office of the National Coordinator for Health Information Technology). It is currently in the process of certification for Electronic Prescriptions for Controlled Substances (EPCS).

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

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.The Company will continue marketing this product for international markets, specifically the United States and the United Kingdom.

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
SELECTED ANNUAL INFORMATION

	May 31, 2016	May 31, 2015	May 31, 2014
Cash and cash equivalents	$ 323,396	$ 574,273	$ 159,921
Leasehold improvement allowance receivable (short and long-term)	$ 36,801	$ -	$ -
Fixed assets	$ 235,611	$ 4,885	$ 24,365
Intangible assets	$ 100,000	$ 1,035,619	$ 894,415
Total assets	$ 1,107,630	$ 1,965,887	$ 1,766,139
Deferred revenues (short and long-term)	$ -	$ -	$ 734,864
Non-convertible Debenture	$ -	$ -	$ 1,783,457
Lease inducement	$ 89,730	$ -	$ 3,593
Obligations under a finance lease contract (short and long-term)	$ 22,024	$ -	$ -
Debt (short and long-term)	$ 170,000	$ -	$ 377,856
Shareholders' equity	$ 492,949	$ 1,423,241	$ (2,407,542)
Share capital	$ 25,509,437	$ 25,509,437	$ 25,509,437

For the fiscal year ended May 31, 2016, the net change in cash and cash equivalent is related to operating activities and the sale of all of the intellectual property rights of its pharmacy laboratory management software PraxisLab for the sum of $2,000,000 including a balance of $250,000 as receivables in accordance with certain terms of the contract. During the fiscal year ended May 31, 2015, the net change in cash and cash equivalent is related to the transaction with Telus Health. For the fiscal year ended May 31, 2014, the net change in cash and cash equivalent is mainly related to operating and development activities.

Upon signature of the lease for the new Headquarters' premises, the landlord allocated an improvement allowance of $25 per ft^2, repayable over a 5-year period in the amount of $8,582 per year. The first payment is due on December 31, 2016. If the Company exercises its option to renew the lease, the lessor will allocate an additional improvement allowance in the same amount for the 5-year renewal term. As at May 31, 2016, the Company did not record the allowance for the renewal option.

As at May 31, 2016, fixed assets amounted to $235,611 compared to $4,885 as at May 31, 2015 and $24,365 as at May 31, 2014. The increase recorded during the fiscal year ended May 31, 2016 is related to the capitalization of leasehold improvements, as well as the acquisition of furniture and an IP telephone system for the new headquarters of the Company. As at May 31, 2015, the decrease in tangible assets is due to the transfer of the ZRx Prescriber's deployment equipment's for the Canadian market at the time of the transaction with Telus Health.

As at May 31, 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. As at May 31, 2014, an impairment of PraxisLab laboratory management software of $617,660 was recorded.

Deferred revenue recognized in the May 31, 2014 totaled $734,864. The remaining balance, in the amount of $493,629 at September 2, 2014, was adjusted to the selling price of the agreement with Telus Health.

The existing non-convertible debenture as at May 31, 2014 was repaid by the funds generated by the transaction of September 2, 2014, with Telus Health. The Company have been given a full and final release from the creditor.

During the fiscal year ended May 31, 2016, the Company entered into a finance lease contract for an IP telephone system, installed at the new head office. As at May 31, 2016, the $22,024 balance includes the short and long-term portions.

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 first ranking moveable hypothec in the amount of $204,000 and an additional hypothec amounted to $40,800, totaling $244,800.

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

NET INCOME AND COMPREHENSIVE INCOME

SELECTED ANNUAL INFORMATION	May 31, 2016	May 31, 2015	May 31, 2014
Revenue	$ -	$ -	$ -
Selling expenses	$ 136,927	$ 135,736	$ 131,995
Administrative expenses	1,096,088	980,139	644,312
General operating expenses	199,822	203,626	96,294
Development cost	210,619	253,427	720,647
Financial expenses	15,123	8,493	5,501
Impairment of assets	-	816,242	-
Loss before income taxes and proportionate share in joint venture	$ (1,658,579)	$ (2,397,663)	$ (1,598,749)
Proportionate share in joint venture's results	$ -	$ -	$ (979,858)
Net loss from continuing operations	$ (1,415,603)	$ (1,679,945)	$ (2,578,607)
Net profit (net loss) from discontinued operations	465,182	5,443,848	(2,056,321)
Net result and comprehensive income	$ (950,421)	$ 3,763,903	$ (4,634,928)
Basic and diluted net result per share	$ (0.007)	$ 0.028	$ (0.034)
Weighted average number of outstanding common shares	135,591,268	135,591,268	135,591,268

The amounts presented in the table of net income and comprehensive income are primarily related to the continuing operations of the Company, which are the marketing expenses associated to the US market.

During the fiscal year ended May 31, 2016, the Company sold all of the intellectual property rights of its pharmacy laboratory management software "PraxisLab" and during the fiscal year ended May 31, 2015, the Company sold certain operations in the Canadian geographical area. Information related to these sectors are detailed in Note 4 of the Financial Statements and is also reproduced in this document in the section reserved for this purpose.

Administrative and operating expenses remained stable over the fiscal years ended May 31, 2016 and 2015. The difference between the fiscal years ended May 31, 2015 and 2014 is mainly due to the fact that certain officers and employees accepted a pay cut for a given period.

Development costs amounted to $210,619 during the fiscal year ended May 31, 2016, compared to $253,427 during the fiscal year ended May 31, 2015 and $720,647 for the fiscal year ended May 31, 2014. The decrease in development costs over the fiscal years 2014 to 2015 is related to amortization expenses, totaling $489,550 during the fiscal year ended May 31, 2014 compared to $110,671 during the fiscal year ended May 31, 2015.

For the fiscal year, ended May 31, 2016, financial expenses amounted to $15,123 compared to $8,493 for the fiscal year ended May 31, 2015 and $5,501 for the fiscal year ended May 31, 2014. The increase in financial expenses during the fiscal year ended May 31, 2016 is attributable to interest paid on long-term debt and the finance lease contract.

As at May 31, 2015, an impairment of $816,242 has been recorded, because the Company estimated that 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.

For the fiscal year ended May 31, 2016 and 2015, the proportionate share of the joint venture is $Nil and for the fiscal year ended May 31, 2014 the proportionate share of the joint venture is ($979,858). 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.

Overall, the net income and comprehensive income of the Company shows a loss of $950,421 for the fiscal year ended May 31, 2016, compared to a profit of $3,763,903 for the fiscal year ended May 31, 2015 and a loss of $4,634,928 for the fiscal year ended May 31, 2014.

As at May 31, 2016, the basic and diluted net result per share is ($0.007), $0.028 for 2015 and ($0.034) for 2014.

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

NET INCOME AND COMPREHENSIVE INCOME

SELECTED QUARTERLY INFORMATION - 2016

	Q4-2016	Q3-2016	Q2-2016	Q1-2016
Revenue	$ -	$ -	$ -	$ -
Operating expenses	$ 555,885	$ 391,778	$ 382,112	$ 328,804
Net loss and comprehensive income from continuing operations	$ (312,909)	$ (391,778)	$ (382,112)	$ (328,804)
Net profit (net loss) and comprehensive income from discontinued operations	(355,748)	(43,193)	986,172	(122,049)
Net income and comprehensive income	$ (668,657)	$ (434,971)	$ 604,060	$ (450,853)
Basic and diluted net result per share from continuing operations	$ (0.002)	$ (0.003)	$ (0.003)	$ (0.002)

SELECTED QUARTERLY INFORMATION - 2015

	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Revenue	$ -	$ -	$ -	$ -
Operating expenses	$ 305,578	$ 495,779	$ 1,205,713	$ 390,593
Net loss and comprehensive income from continuing operations	$ 412,140	$ (495,779)	$ (1,205,713)	$ (390,593)
Net profit (net loss) and comprehensive income from discontinued operations	146,216	(34,238)	5,739,353	(407,483)
Net income and comprehensive income	$ 558,356	$ (530,017)	$ 4,533,640	$ (798,076)
Basic and diluted net result per share from continuing operations	$ 0.003	$ (0.004)	$ (0.009)	$ (0.003)

The quarterly information presented above shows a constancy of net income and comprehensive income except for Q2-2016 and Q2-2015, quarters during which the transactions with Familiprix and Telus Health have took place. However, in Q2-2015, the increase in operating expenses is attributable to the impairment of the ZRx Prescriber for an amount of $816,242.

STATEMENTS OF CASH FLOWS

CASH FLOWS	May 31, 2016	May 31, 2015	May 31, 2014
Cash flows used in operating activities	$ (1,790,468)	$ (3,228,987)	$ (1,077,177)
Cash flows from (used in) financing activities	166,026	(2,212,029)	589,941
Cash flows from investment activities	1,373,565	5,855,368	281,333
Net change in cash and cash equivalents	$ (250,877)	$ 414,352	$ (205,903)
Cash and cash equivalents, end of year	$ 323,396	$ 574,273	$ 159,921

Cash flows from operating activities are detailed as follows:

- As at May 31, 2016, the cash flows are ($1,790,468) and are mainly attributable to the reclassification of the gain on disposal of intangible assets in the amount of $1,001,440 in the cash flows from investment activities.
- As at May 31, 2015, the cash flows are ($3,228,987) and are mainly attributable to the reclassification of the gain on disposal of intangible assets in the amount of $5,990,591 in the cash flows from investment activities.
- As at May 31, 2014, the cash flows are ($1,077,177) and are mainly attributable to the reclassification of the gain on disposal of intangible assets in the amount of $500,000 in the cash flows from investment activities.

Cash flows from (used in) financing activities are detailed as follows:

- For the fiscal year ended May 31, 2016, financing activities totaling $166,026 represent the financing of leasehold improvements with Investissement Québec for a total amount of $170,000 and a repayment of obligations under a finance lease contract for $3,974.
- 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.

Cash flows from investment activities are detailed as follows:

- For the fiscal year ended May 31, 2016, investing activities totaling $1,373,565 include an amount of $276,436 for the acquisition of assets and a net amount of $1,650,001 from the sale proceeds of PraxisLab software.
- For the fiscal year, ended May 31, 2015, cash flows from investing activities amounted to $5,855,368. An amount of ($32,499) in capitalization of development costs was classified as continuing operations and a net amount of $5,890,679, for the sale proceeds of the Canadian market to Telus Health, was classified as discontinued operations.
- For the fiscal year ended May 31, 2014, investing activities included the disposal of intangible assets of $500,000, a dividend of $33,418 received from EvEMR Inc. joint venture, the capitalization of development costs totaling ($243,664) and the acquisition of tangible assets for the sum of $ ($8,421).

The net change in cash and cash equivalents from these three types of activities amounted to ($250,877) for fiscal year 2016, $414,352 for fiscal year 2015 and ($205,903) for fiscal year 2014.

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.

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 16, 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 and comprehensive income according to the table below. Some 2015 figures have been reclassified to make their presentation identical to that of fiscal year 2016.

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

	2016	2015
	$	$
REVENUE	-	341,860
OPERATING EXPENSES		
Selling expenses	755	341,900
Administrative expenses	27,669	392,047
General operating expenses	500	176,163
Development cost (1)	-	155,272
Financial expenses (revenues)	(42,448)	141,122
(Reversal of impairment) and amortization of development cost	225,313	(1,035,619)
	211,789	170,885
RESULT FROM DISCONTINUED ORDINARY OPERATIONS BEFORE TAXES	(211,789)	170,975
Income tax payable (tax recovery) from ordinary operation	(12,574)	(217,180)
RESULT FROM DISCONTINUED ORDINARY OPERATIONS AFTER TAXES	(199,215)	388,155
Gain on disposal of intangible assets (2)	919,947	5,990,591
Taxes payable on disposal of intangible assets	(255,550)	(934,898)
NET GAIN ON DISPOSAL OF INTANGIBLE ASSETS	664,397	5,055,693
NET PROFIT FROM DISCONTINUED OPERATIONS	465,182	5,443,848

(1) Net of tax credits for research and development of $126,366 as at May 31, 2015.
(2) Net of legal fees in the amount of $99,999 as at May 31, 2016 ($226,909 as at May 31, 2015).

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 $16,225 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	(13,784)
Balance as at May 31, 2016	16,225

NOTE 6
ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Financial Instruments

The final version of IFRS 9, issued by the IASB in July 2014, replaces IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives* as well as the versions of IFRS 9 issued by the IASB in November 2013, October 2010 and November 2009. The final standard largely retains the classification and measurement requirements and new hedge accounting model included in earlier versions, while introducing a single forward-looking expected credit loss impairment model. The main features introduced in the final version of this new standard are as follows:

• Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is to both collect contractual cash flows and sell financial assets, and the contractual cash flows are solely payments of principal and interest.

• All gains and losses on financial assets measured at fair value through other comprehensive income are recognized in profit or loss when the financial asset is impaired, reclassified to fair value through profit or loss, or derecognized.

• An expected credit loss impairment model is applicable to financial instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes 12-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses if credit risk has increased significantly since initial recognition.

• IFRS 9 also includes new general hedge accounting requirements, which will result in aligning hedge accounting more closely with risk management. These new requirements do not significantly change the types of hedging relationships or the requirement to measure hedge ineffectiveness. However, they will provide a broader range of hedging strategies for risk management purposes that qualify for hedge accounting, and further require the use of judgment in measuring the effectiveness of a hedging relationship. Specific transitional provisions have been developed to apply the new general hedge accounting requirements. The Company will have to classify financial assets as subsequently measured either at amortized cost or fair value, on the basis of the Company's business model for managing the financial assets and contractual cash flows of the financial asset. Measurement at amortized cost for most financial liabilities is maintained; however, when an entity measures a financial liability at fair value, the portion of 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 also resulted in consequential amendments to IFRS 7 *Financial Instruments*: *Disclosures* to include disclosures about an entity's risk management strategy and the effect of hedge accounting on the financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and the standard should be applied retrospectively, subject to certain exceptions. Restatement of prior periods is not required and is only permitted if it is possible without the use of hindsight. The Company is currently analyzing the potential effects of adopting this standard on its consolidated financial 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.

IFRS 16, "Leases"
In January 2016, the IASB issued IFRS 16, which will replace IAS 17, "Leases." IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position with exemptions permitted for leases of low-value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and the liability (including complexities such as non-lease elements, variable lease payments and options periods), changes the accounting for sale and leaseback arrangements, largely retains the approach to lessor accounting in IAS 17, and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier adoption is permitted in certain circumstances. The Company has not yet assessed the impact of this standard on its consolidated financial 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, or reversals thereof, or adjustments to amortization charges.

Fair value of stock options

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

Government assistance

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

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 commercialize its technology 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 May 31, 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
Net book value as at May 31, 2015	669,187	366,432	1,035,619

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, 2016

The company conducted an impairment test on its intangible assets and the Company's management concluded that the book value reflects the fair value.

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

On 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%. The interest is payable monthly starting in March 2016 and is secured by a first ranking moveable hypothec in the amount of $204,000 and an additional $40,800 hypothec encumbering the universality of present and future goods, property, both tangible and intangible of ZoomMed Inc., totaling $244,800.

The loan disbursement was made February 25, 2016 in a single payment of $170,000 and the capital is payable in 30 equal monthly installments of $5,667 starting September 30, 2016 and maturing February 28, 2019.

	Total
	$
Initial amount	170,000
Current portion	51,000
Long-term portion	119,000

Payments to be made in the coming years are as follows:

	$
2017	51,000
2018	68,000
2019	51,000

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. The contract is repayable in monthly payment of principal and interest totaling $511.

	Total
	$
Initial amount	25,998
Payment during the period	(3,974)
Balance as at May 31, 2016	22,024
Current portion obligations under a finance lease contract	4,701
Long-term portion obligations under a finance lease contract	17,323
	22,024

Minimum finance lease payments for upcoming years are as follows:

	Minimum finance lease payments		Present value of minimum finance lease payments	
	2016	2015	2016	2015
	$	$	$	$
2017	6,134	-	4,701	-
2018	6,134	-	5,051	-
2019	6,134	-	5,427	-
2020	6,134	-	5,831	-
2021	1,021	-	1,014	-
Interest included in the minimum payments	(3,533)	-	-	-
Discounted value of minimum payments under the finance lease	22,024	-	22,024	-

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 fiscal year ended May 31, 2016 and 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 May 31, 2016	12,515,000	0.09

Transaction during fiscal year ended May 31, 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 fiscal year ended May 31, 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 fiscal year ended May 31, 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 tables summarize the information about the outstanding stock options as at May 31, 2016 and May 31, 2015:

a) As at May 31, 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	6	0.15	0.05	1,830,000	0.15
2,485,000	14	0.10	0.04	2,485,000	0.10
7,100,000	44	0.05	0.01	7,100,000	0.05
1,100,000	56	0.21	0.02	1,100,000	0.21
12,515,000	34	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

	May 31, 2016		**May 31, 2015**	
	Fair value	Carrying value	Fair value	Carrying value
	$	$	$	$
Financial assets				
Cash and cash equivalents	323,396	323,396	574,273	574,273
Loans receivables	167,500	167,500	207,184	207,184
Financial liabilities				
Obligations under a finance lease contract	22,024	22,024	-	-
Long-term debt	170,000	170,000	-	-
Other liabilities	98,903	98,903	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 May 31, 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 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, 2016, the Company has the following balances in converted U.S. dollars: cash: $421 ($473 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. However, the Company is exposed to interest rate risk on financial instruments bearing fixed interest rates. Financial instruments with fixed interest rates expose the Company to a fair value risk. 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 believes 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 25
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, 2016, the key management compensation amounted to $415,391 and $618,327 for the fiscal year ended May 31, 2015.

In addition, on January 21, 2016, 600,000 stock options, which entitle the holders to purchase 600,000 common shares at an exercise price of $0.21 per share for a period of five years, were granted to key management and non-executive directors representing a stock-based compensation of $10,980.

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, 2016, an amount of $94,966 ($249,405 for the fiscal year ended May 31, 2015) was charged by the law firm. An amount of $7,603 is included in the accounts payable and the accrued liabilities as at May 31, 2016 ($43,968 as at May 31, 2015).

The Company's president is also president of the American company "MediSyna Corporation Inc.", which operates in the healthcare sector. During the fiscal year, the Company loaned $100,000 to MediSyna Corporation Inc. for its start-up costs. The amount is included in the accounts receivable as at May 31, 2016, does not bear interest and is repayable no later than November 30, 2016.

Accounts payable and accrued liabilities also include an amount of $7,312 ($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 fiscal year ended May 31, 2016 and May 31, 2015, the Company has recorded a provision for receivable due from related parties. A provision for loss has been recorded on the loan to MediSyna Corporation Inc. and is included in administrative expenses. 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 figures of the fiscal year ended May 31, 2015, have been reclassified to make their presentation identical to that of the fiscal year ended May 31, 2016. The reclassification consisted of an allocation of income and expenses related to discontinued operations, as detailed in note 4.