
Client: **ZIM CORP**

Type: **6-K**

Job: **15453**

Date: **02/18/2015 02:19 PM**

Submission Data File

General Information	
Form Type*	6-K
Contact Name	Doug Bird
Contact Phone	2122435800
Filer File Number	
Filer CIK*	0001124160 (ZIM CORP)
Filer CCC*	*****
Confirming Copy	No
Notify via Website only	No
Return Copy	No
SROS*	NONE
Period*	12-31-2014
(End General Information)	

Document Information	
File Count*	7
Document Name 1*	s22-15453_6k.htm
Document Type 1*	6-K
Document Description 1	
Document Name 2*	zimcf-20141231.xsd
Document Type 2*	EX-101.SCH
Document Description 2	XBRL Schema File
Document Name 3*	zimcf-20141231.xml
Document Type 3*	EX-101.INS
Document Description 3	XBRL Instance File
Document Name 4*	zimcf-20141231_pre.xml
Document Type 4*	EX-101.PRE
Document Description 4	XBRL Presentation File
Document Name 5*	zimcf-20141231_cal.xml
Document Type 5*	EX-101.CAL
Document Description 5	XBRL Calculation File
Document Name 6*	zimcf-20141231_def.xml
Document Type 6*	EX-101.DEF
Document Description 6	XBRL Definition File
Document Name 7*	zimcf-20141231_lab.xml
Document Type 7*	EX-101.LAB
Document Description 7	XBRL Label File
(End Document Information)	

Notifications	
Notify via Website only	No
E-mail 1	service@starkey-henricks.com
(End Notifications)	

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6 – K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of February, 2015

Commission File Number 0-31691

ZIM CORPORATION

**150 Isabella Street, Suite 150
Ottawa, Ontario
Canada K1S 1V7**
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7): _____

Quarterly Business Review by Management for the
Quarter Ended December 31, 2014

TABLE OF CONTENTS

Item 1. Selected Financial Data	3
Item 2. Quarterly Business Review	7
Item 3. Quantitative and Qualitative Disclosures About Market Risks	14
Signatures	16

ITEM 1 – SELECTED FINANCIAL DATA

ZIM Corporation**Condensed Consolidated Balance Sheets**

(Expressed in US dollars, except for share data)

	December 31, 2014 (Unaudited)	March 31, 2014 (Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,509,657	1,386,737
Accounts receivable, net	84,324	123,669
Investment tax credits receivable	131,268	292,712
Other tax credits	71,799	139,623
Prepaid expenses	2,801	16,120
	<u>1,799,849</u>	<u>1,958,861</u>
Long term deposit	—	9,722
Investment	875	905
Intangible assets	6,563	13,814
Property and equipment, net	30,253	34,570
	<u>1,837,540</u>	<u>2,017,872</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	6,802	30,653
Accrued liabilities	53,748	55,320
Deferred revenue	231,926	225,465
	<u>292,476</u>	<u>311,438</u>
Deferred rent	—	—
Shareholders' equity:		
Preferred shares, no par value, non-cumulative dividend at a rate to be determined by the Board of Directors redeemable for CDN \$1 per share. Unlimited authorized shares; issued and outstanding NIL shares at December 31, 2014 and March 31, 2014.	—	—
Special shares, no par value, non-voting, Unlimited authorized shares; issued and outstanding NIL shares at December 31, 2014 and March 31, 2014.	—	—
Common shares, no par value, voting, Unlimited authorized shares; 143,743,889 shares issued and outstanding as at December 31, 2014 and 135,460,867 as at March 31, 2014.	19,362,796	19,362,796
Additional paid-in capital	3,021,799	2,943,966
Accumulated deficit	(20,877,923)	(20,664,842)
Accumulated other comprehensive income	38,392	64,514
	<u>1,545,064</u>	<u>1,706,434</u>
	<u>1,837,540</u>	<u>2,017,872</u>

ZIM Corporation
Condensed Consolidated Statements of Operations
(Expressed in US dollars)
(Unaudited)

	Three months ended December 31, 2014	Three months ended December 31, 2013	Nine months ended December 31, 2014	Nine months ended December 31, 2013
	\$	\$	\$	\$
Revenue				
Mobile	13,506	63,825	145,091	176,283
Software	95,715	17,980	133,168	66,173
Software maintenance and consulting	272,830	275,529	685,321	680,400
Total revenue	<u>382,051</u>	<u>357,334</u>	<u>963,580</u>	<u>922,856</u>
Operating expenses				
Cost of revenue	23,834	64,719	58,838	132,090
Selling, general and administrative	201,885	274,248	815,321	851,362
Research and development	232,007	147,606	585,919	464,246
Total operating expenses	<u>457,726</u>	<u>486,573</u>	<u>1,460,078</u>	<u>1,447,698</u>
Income (loss) from operations	<u>(75,675)</u>	<u>(129,239)</u>	<u>(496,498)</u>	<u>(524,842)</u>
Other income (expense):				
Other income	—	—	(914)	(481)
Gain on disposition of assets	—	—	66,611	—
Interest income, net	17,136	18,620	59,377	39,239
Total other income	<u>17,136</u>	<u>18,620</u>	<u>125,071</u>	<u>38,758</u>
Net income (loss) before income taxes	<u>(58,539)</u>	<u>(110,619)</u>	<u>(371,427)</u>	<u>(486,084)</u>
Income tax benefit	65,030	47,630	158,346	195,967
Net income (loss)	<u>6,491</u>	<u>(62,989)</u>	<u>(213,081)</u>	<u>(290,117)</u>
Basic and fully diluted income (loss) per share	<u>0.000</u>	<u>(0.000)</u>	<u>(0.002)</u>	<u>(0.002)</u>
Weighted average number of shares outstanding	<u>140,499,657</u>	<u>135,460,867</u>	<u>138,922,806</u>	<u>135,460,867</u>

ZIM Corporation
Condensed Consolidated Statements of Cash Flows
(Expressed in US dollars)
(Unaudited)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
	\$	\$
OPERATING ACTIVITIES		
Net income (loss)	(213,081)	(290,117)
Items not involving cash:		
Depreciation of property and equipment	8,687	6,079
Amortization of intangible assets	6,807	7,232
Stock-based compensation	81,558	71,956
Changes in operating working capital		
Decrease (increase) in accounts receivable	39,345	28,550
Decrease (increase) in investment tax credits receivable	229,268	137,993
Decrease (increase) in prepaid expenses	13,319	19,329
Increase (decrease) in accounts payable	(23,851)	7,199
Increase (decrease) in accrued liabilities	(1,572)	(8,663)
Increase (decrease) in deferred revenue	6,461	3,237
Cash flows provided by operating activities	<u>146,941</u>	<u>(17,205)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,370)	(536)
Purchase of an investment	—	—
Cash flows used in investing activities	<u>(4,370)</u>	<u>(536)</u>
FINANCING ACTIVITIES		
Cash flows provided by financing activities	—	—
Effect of changes in exchange rates on cash	<u>(19,651)</u>	<u>30,700</u>
Increase (Decrease) in cash	122,290	12,959
Cash, beginning of period	<u>1,386,737</u>	<u>1,591,507</u>
Cash, end of period	<u>1,509,657</u>	<u>1,604,466</u>

BASIS OF PRESENTATION

The accompanying unaudited selected financial data of ZIM Corporation (“ZIM” or the “Company”) and its subsidiaries have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated balance sheet as of March 31, 2014 has been derived from our audited consolidated financial statements for the year ended March 31, 2014. These selected financial data should be read in conjunction with the financial statements and notes thereto included in the latest annual report on Form 20-F. These data have been prepared on the same basis as the audited consolidated financial statements for the year ended March 31, 2014 and, in the opinion of management, include all adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows of the Company. Unless otherwise stated in this Form 6-K the information contained herein has not been audited or reviewed by an independent auditor. The results of operations for the three month and nine month periods ended December 31, 2014 are not necessarily indicative of the results to be expected for the full year.

INVESTMENT

Investments and long term deposits	Original Cost	Carrying Value
Seregon	95,147	—
CP4H	187,367	—
LW Capital Pool	10,290	—
HostedBizz	1,005	875

On October 21, 2009, ZIM Corporation made a \$95,147 investment in Seregon Solutions Inc.

The investment consisted of the purchase of 61,480 common shares and 69,677 warrants. Depending on the fiscal 2010 results of Seregon each warrant was convertible, at no cost to ZIM, to a portion of a common share or would have expired with no action. The warrants converted during fiscal 2011 and ZIM gained an additional 69,677 common shares to a total of 131,157. With the additional shares provided to ZIM, ZIM did not gain significant influence, or control, over Seregon.

Due to a significant downturn in the business outlook for Seregon, ZIM has determined that this investment is fully impaired and, on March 31, 2013, has taken an impairment charge equal to the full value of the investment.

On June 29, 2011, ZIM Corporation made an equity investment in Connecting People For Health Co-operative Ltd. The investment consisted of the purchase of 200 common shares at a price of \$187,367.

Connecting People for Health Co-operative Ltd. (CP4H) is owned by a large and varied base of co-operatives and Credit Unions that span Atlantic Canada. CP4H has created HealthConnex as a healthcare service for its members. CP4H has been promoting and working toward a more user-driven health care system since it was founded in 2006 by the co-op and credit union sector.

HealthConnex is a health portal providing tools for patients to drive positive change in the health care system, from the patient up. The HealthConnex internet portal provides convenient services and a pay engine that allow patients to connect with their health care team in new and innovative ways. In addition, HealthConnex purchased Benneworth Advanced Systems and the Medical Office Manager product (MOM) which was developed using ZIM's core database technology and language.

ZIM's investment in CP4H is strategic in nature as it provides the company with indirect access to the 1800 medical professionals using MOM and future product opportunities.

The equity interest in CP4H by ZIM is less than 10% and ZIM has no significant influence, over the corporate decisions of CP4H at this time. Based on these facts the investment has been accounted for using the cost method.

Due to material changes in the business outlook for CP4H, ZIM has determined that this investment is fully impaired and, on March 31, 2014, has taken an impairment charge equal to the full value of the investment net of the foreign exchange impact.

On April 3, 2014 LW Capital Pool Inc. ("LWCPI") completed a reverse takeover transaction with Tweed Marijuana Inc. ("Tweed") and in exchange for its investment in LWCPI ZIM received 20,000 shares of Tweed. Because the business of Tweed is not part of the business ZIM is pursuing, ZIM has categorized the shares of Tweed as available for sale subsequent to year-end.

On April 11, 2014 the Company sold its shares of Tweed of a net gain of \$71,842 Canadian Dollars, which at the prevailing exchange rate of 1.0979 equals \$65,436 United States Dollars. Transaction fees amounted to \$727.

ITEM 2 – QUARTERLY BUSINESS REVIEW

This Form 6-K contains forward-looking statements regarding our business, financial condition, results of operations, liquidity and sufficiency of cash reserves, controls and procedures, prospects, revenue expectations, and allocation of resources that are based on our current expectations, estimates and projections. In addition, other written or oral statements which constitute forward-looking statements may be made by or on behalf of the registrant. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," or variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance, and are inherently subject to risks and uncertainties that are difficult to predict. As a result, actual outcomes and results may differ materially from the outcomes and results discussed in or anticipated by the forward-looking statements. These risks include foreign exchange risk, credit risk, fair value risks and key personnel risk and are therefore qualified in their entirety by reference to the factors specifically addressed in the sections entitled " QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK " and "RISK FACTORS" in our Annual Report on Form 20-F for the fiscal year ended March 31, 2014, as well as those discussed elsewhere in this Form 6-K. We operate in a very competitive and rapidly changing environment. New risks can arise and it is not possible for management to predict all such risks, nor can it assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. All forward-looking statements speak only as of the date of this Form 6-K. We undertake no obligation to revise or update publicly any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Form 6-K, other than as required by law.

The following discussion includes information from the Selected Financial Data for the three month and nine month periods ended December 31, 2014 and 2013. These results are not necessarily indicative of results for any future period. You should not rely on them to predict our future performance.

All financial information is prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and is stated in US dollars.

EXECUTIVE SUMMARY

Revenue for the quarter ended December 31, 2014 was \$382,051, an increase from \$357,334 for the quarter ended December 31, 2013. The increase in revenue resulted from an increase in software revenue related to a contribution in kind of \$84,303 and was partially offset by a decline in SMS message revenue.

Net income for the quarter was \$6,491, as compared to a net loss of \$62,989 for the quarter ended December 31, 2013. On a year to date basis net loss was \$213,081 as of December 31, 2014 as compared to net loss of \$290,117 for the same period in 2013. The increase in income, for the quarter and nine-month period, is a reflection of lower cost of revenue related to consulting projects, decreased selling, general and administrative expenses and the effects of a stronger U.S. dollar.

ZIM had cash and cash equivalents of \$1,509,657 at December 31, 2014 as compared to cash and cash equivalents of \$1,386,737 at March 31, 2014.

BUSINESS OVERVIEW

ZIM started operations as a developer and provider of database software known as ZIM IDE software. ZIM IDE software is used by companies in the design, development, and management of information databases and mission critical applications. The Company continues to provide this software and ongoing maintenance services to its client base.

Beginning in 2002, the Company expanded its business strategy to include opportunities associated with mobile products. Prior to fiscal 2007, the Company focused on developing products and services for the wireless data network infrastructure known as "SMS" or "text messaging". SMS and the provision of mobile content directly to end users (which started with ZIM's acquisition of Advanced Internet Services in 2007) will continue to provide a minimal amount of revenues within the mobile segment of operations.

In fiscal 2014 and 2015, ZIM intends to continue to develop and sell enterprise database software to end users as well as maintain its SMS messaging product lines.

CRITICAL ACCOUNTING ESTIMATES

We prepare our condensed consolidated financial statements in accordance with United States GAAP, which requires management to make certain estimates and apply judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We base our estimates and judgments on historical experience, current trends, and other factors that management believes to be important at the time the condensed consolidated financial statements are prepared. On an ongoing basis, management reviews our accounting policies and how they are applied and disclosed in our annual consolidated financial statements.

There have been no material changes to our critical accounting estimates from those described in our Annual Report on Form 20-F for the fiscal year ended March 31, 2014.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2014 COMPARED TO THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2013

The following discussion includes information derived from the unaudited and not reviewed condensed consolidated statements of operations for the three and nine months ended December 31, 2014 and 2013. The information for the three months and nine months ended December 31, 2014, in management's opinion, has been prepared on a basis consistent with the audited consolidated financial statements for the fiscal year ended March 31, 2014, and includes all adjustments necessary for a fair presentation of the information presented.

These operating results are not necessarily indicative of results for any future period. You should not rely on them to predict our future performance. All financial information is prepared in accordance with United States GAAP and is stated in US dollars.

REVENUES

	Three months ended December 31, 2014	As a %	Three months ended December 31, 2013	As a %
	\$		\$	
Bulk SMS	13,506	4	63,825	18
	<u>13,506</u>	<u>4</u>	<u>63,825</u>	<u>18</u>
Software	95,715	25	17,980	5
Maintenance and consulting	272,830	71	275,529	77
	<u>368,545</u>	<u>96</u>	<u>293,509</u>	<u>82</u>
Total Revenue	<u>382,051</u>	<u>100</u>	<u>357,334</u>	<u>100</u>
	Nine months ended December 31, 2014	As a %	Nine months ended December 31, 2013	As a %
	\$		\$	
Bulk SMS	145,091	15	176,283	19
	<u>145,091</u>	<u>15</u>	<u>176,283</u>	<u>19</u>
Software	133,168	14	66,173	7
Maintenance and consulting	685,321	71	680,400	74
	<u>818,489</u>	<u>85</u>	<u>746,573</u>	<u>81</u>
Total Revenue	<u>963,580</u>	<u>100</u>	<u>922,856</u>	<u>100</u>

Total revenues for the three months ended December 31, 2014 were \$382,051 as compared to \$357,334 for the three months ended December 31, 2013. Total revenues for the nine months ended December 31, 2014 were \$963,580 as compared to \$922,856 for the nine months ended December 31, 2013. This quarter over quarter increase of \$24,717 (7%) and the year-to-date increase of \$40,724 (4%) in revenues are mainly attributable to a contribution in kind software arrangement valued at \$84,303 and was partially offset by a decrease in Bulk SMS sales.

REVENUE ANALYSIS BY SERVICE/PRODUCT OFFERING

SOFTWARE, MAINTENANCE AND CONSULTING

We generate revenue from the sale of our database product as well as the subsequent maintenance and consulting fees. Total revenues relating to the ZIM IDE have increased from \$293,509 to \$368,545 for the quarters ended December 31, 2014 and 2013, respectively. On a year-to-date basis revenues have increased from \$746,573 for the first nine months of fiscal 2013 to \$818,489 for the first nine months of fiscal 2014. The year to date and quarter increase in revenue are mainly due to a contribution in kind arrangement for ZIM software licenses in the amount of \$84,303. The corresponding cost of these licenses has been recorded as a research and development expense.

We intend to continue to allocate resources to the maintenance and development of our database products. We remain committed to serving our existing customers and growing our enterprise software business.

BULK SMS

Bulk SMS messaging gives our customers the ability to send out a single message concurrently to a wide distribution list. Success in this industry is dependent on sending large quantities of messages on stable cost effective telecommunication routes. For the quarter ended December 31, 2014, we experienced a decrease in revenues from \$68,825 for the period ended December 31, 2013, to \$13,506. We experienced a year-to-date revenue decrease from \$176,283 for the nine months ended December 31, 2013, to \$145,091 for the nine months ended December 31, 2014. In general, bulk messaging customers choose the service provider that is offering the lowest cost route. Different aggregators are able to negotiate different price points based on the traffic they are able to guarantee to the mobile operators. Due to the size of our competitors, and our competitors' ability to negotiate better terms, there can be no guarantee that we will have routes that are the most cost effective in the future. We are not focusing on expanding this area of the business. As a result, we do not expect to see any further growth in our bulk messaging revenues during the remainder of fiscal 2015.

MOBILE CONTENT

On April 1, 2006 we acquired AIS and its two internet portals offering mobile content. Consumers are able to download ringtones and wallpapers directly from our internet sites to their mobile phones. Consumers can choose to pay for the content with their credit card or through electronic billing systems. Compared to \$NIL and \$NIL for the three and nine months ended December 31, 2013, this revenue stream for mobile content has remained \$NIL for the three and nine months ended December 31, 2014 as a result of ZIM discontinuing this business on March 31, 2014.

OPERATING EXPENSES

	Three months ended December 31, 2014	Three months ended December 31, 2013	Period to period change
	\$	\$	\$
Cost of revenue	23,834	64,719	(40,885)
Selling, general and administrative	201,885	274,248	(72,363)
Research and development	232,007	147,606	84,401
	<u>457,726</u>	<u>486,573</u>	<u>(28,847)</u>
	Nine months ended December 31, 2014	Nine months ended December 31, 2013	Period to period change
	\$	\$	\$
Cost of revenue	58,838	132,090	(73,252)
Selling, general and administrative	815,321	851,362	(36,041)
Research and development	585,919	464,246	121,673
	<u>1,460,078</u>	<u>1,447,698</u>	<u>12,380</u>

COST OF REVENUE

	Three months ended December 31, 2014	Three months ended December 31, 2013
	\$	\$
Mobile		
Revenue	13,506	63,825
Cost of revenue	(1,948)	(1,690)
Gross margin	<u>11,558</u>	<u>62,135</u>
Gross margin percentage	86%	97%
Software		
Revenue	368,545	293,510
Cost of revenue	(21,886)	(63,029)
Gross margin	<u>346,659</u>	<u>230,481</u>
Gross margin percentage	94%	79%
	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Mobile		
Revenue	145,091	176,283
Cost of revenue	(5,375)	(4,868)
Gross margin	<u>139,719</u>	<u>171,415</u>
Gross margin percentage	96%	97%
Software		
Revenue	818,489	746,573
Cost of revenue	(53,463)	(127,222)
Gross margin	<u>765,062</u>	<u>619,351</u>
Gross margin percentage	93%	83%

The gross margins in our software segment increased due to the \$83,404 of software license revenue, with no cost of sales associated with it. At the same time, the gross margins in the mobile line of business have started to decline.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses for the quarters ended December 31, 2014 and December 31, 2013 were \$201,885 and \$274,248, respectively. On a year to date basis, expenses have decreased from \$851,362 for the first nine months of fiscal 2014 to \$815,321 for the first nine months of fiscal 2014. These decreases are related to a stronger US dollar and cost containment.

STOCK-BASED COMPENSATION

For the three months ended December 31, 2014 and December 31, 2013, we recognized compensation expense for employees and consultants of \$31,638 and \$61,582, respectively. On a year-to-date basis stock-based compensation has increased from \$71,956 for the first nine months of fiscal 2014 to \$81,558 for the first nine months of fiscal 2014. The Company does not have any non-vested awards outstanding.

On July 5, 2013, the Company issued 10,000,000 common shares to executive officers and consultants in lieu of cash compensation for services provided. 5,000,000 shares were issued to Dr. Michael Cowpland and 5,000,000 shares were issued to a holding company controlled by Mr. James Stechyson on approval of the Board of Directors. Our common share trading price at the time of the issue was \$0.01 and compensation expense of \$100,000 was recognized.

On September 3, 2014, the Company issued 3,794,427 common shares to executive officers and consultants in lieu of option based compensation for services provided. 593,333 shares were issued to Dr. Michael Cowpland, 2,130,000 shares were issued to a holding company controlled by Mr. James Stechyson and 1,071,094 shares were issued to a company controlled by Mr. John Chapman on approval of the Board of Directors. Our common share trading price at the time of the issue was \$0.0111 and compensation expense of \$42,118 was recognized.

On November 26, 2014, the Company issued 4,488,595 common shares to executive officers and consultants in lieu of option based compensation for services provided. 320,000 shares were issued to Dr. Michael Cowpland, 2,160,000 shares were issued to a holding company controlled by Mr. James Stechyson and 2,008,595 shares were issued to a company controlled by Mr. John Chapman on approval of the Board of Directors. Our common share trading price at the time of the issue was \$0.0061 and compensation expense of \$27,380 was recognized.

RESEARCH AND DEVELOPMENT

Research and development expenses for the quarters ended December 31, 2014 and 2013 were \$232,007 and \$147,606, respectively. On a year to date basis, research and development expenses have increased from \$464,246 for the first nine months of fiscal 2014 to \$585,919 for the first nine months of fiscal 2014. The increase is mainly due to the contribution in kind cost of \$84,303 and increased labor expenses. This continued level of research and development investment reflects our focus on generating new technology and products to serve the enterprise database software market.

LIQUIDITY AND CAPITAL RESOURCES

Net income for the quarter was \$6,491, as compared to a net loss of \$62,989 for the quarter ended December 31, 2013. On a year to date basis net loss was \$213,081 as of December 31, 2014 as compared to net loss of \$290,117 for the same period in 2013. The increase in income, for the quarter and nine-month period, was a reflection of lower cost of revenue related to consulting projects, decreased selling, general and administrative expenses and the effects of a stronger U.S. dollar.

ZIM had cash and cash equivalents of \$1,509,657 at December 31, 2014 as compared to cash and cash equivalents of \$1,386,737 at March 31, 2014.

Cash flows for the fiscal periods were as follows:

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
	\$	\$
Cash flows provided by operating activities	146,941	(17,205)
Cash flows used in investing activities	4,370	536
Cash flows provided by financing activities	-	-

At December 31, 2014, we had access to a working capital line from our principal banker for approximately \$43,756 (\$50,000 in Canadian Dollars), in addition to a cash and cash equivalent balance of \$1,509,657. As at December 31, 2014, we did not have any amounts drawn on this facility. Management believes that these funds, together with cash from on-going operations, will be sufficient to fund existing operations for the next 12 months. However, there is no guarantee that unanticipated circumstances will not require additional liquidity, and in any event, these funds alone may not allow for any additional expenditures or growth.

Future liquidity and cash requirements will depend on a wide range of factors, including the level of success that we have in executing our strategic plan as well as our ability to maintain business in existing operations and its ability to raise additional financing. If ZIM's expenses surpass the funds available or if ZIM requires additional expenditures to grow the business, we may be unable to obtain the necessary funds and ZIM may have to curtail or suspend some or all of its business operations, which would likely have a material adverse effect on its business relationships, financial results, financial condition and prospects, as well as on the ability of shareholders to recover their investment.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SUBSEQUENT EVENTS

None

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**FOREIGN EXCHANGE RISK**

The Company operates internationally, giving rise to significant exposure to market risks from fluctuations and the degree of volatility of foreign exchange rates. The Company is exposed to exchange risk due to the following financial instruments denominated in foreign currencies.

Cash and cash equivalents of \$1,509,657 are comprised of \$601,978 in cash and \$907,679 in cash equivalents. The cash equivalents of \$907,679 at December 30, 2014 (1,342,291 at March 31, 2014) are comprised of:

Held in Canada:

\$47,961 (\$54,805 CDN) at CIBC Wood Gundy at 1.25 % per annum – Payable on demand
 \$136,277 (\$155,723 CDN) at TD Waterhouse at 1.25% per annum – Payable on demand

Held in Brazil:

Bank Deposit Certificate (CDB) at 8% per annum plus inflation - \$723,441- No Maturity. Of these deposits only R\$180,000 are secured by Government Deposit Insurance.

Cash and cash equivalents includes the following amounts in their source currency:

	<u>December 31, 2014</u>	<u>March 31, 2014</u>
Canadian dollars	559,718	416,037
US dollars	23,277	10,364
Brazilian reals	2,214,577	2,253,710

Accounts receivable include the following amounts receivable in their source currency:

	<u>December 31, 2014</u>	<u>March 31, 2014</u>
Canadian dollars	24,039	29,614
US dollars	24,612	19,582
Brazilian reals	85,946	174,206

Accounts payable include the following amounts payable in their source currency:

	<u>December 31, 2014</u>	<u>March 31, 2014</u>
Canadian dollars	5,350	29,255
US dollars	1,797	1,084
Brazilian reals	718	6,988

Accrued liabilities include the following accruals in their source currency:

	<u>December 31, 2014</u>	<u>March 31, 2014</u>
Canadian dollars	36,128	49,356
US dollars	5,015	-
Brazilian reals	38,037	24,038

The Company does not use derivative financial instruments to reduce its foreign exchange risk exposure.

CREDIT RISK

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing with only creditworthy counterparties in accordance with established credit approval policies.

Concentration of credit risk in accounts receivable is indicated below by the percentage of the total balance receivable from customers in the specified geographic area:

	<u>December 31, 2014</u>	<u>March 31, 2014</u>
Canada	25%	22%
North America, excluding Canada	29%	16%
South America	46%	62%
	<u>100%</u>	<u>100%</u>

FAIR VALUE

The carrying values of cash and cash equivalents, accounts receivable, investment tax credits receivable, lines of credit, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

KEY PERSONNEL RISK

We currently depend heavily on the services of Dr. Michael Cowpland and Mr. James Stechyson. The loss of the services of Dr. Cowpland and Mr. Stechyson and other key personnel could affect our performance in a material and adverse way.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ZIM Corporation
Registrant

DATE**SIGNATURE**

February 18, 2015

/s/ Dr. Michael Cowpland
Dr. Michael Cowpland, President and Chief Executive Officer

DATE**SIGNATURE**

February 18, 2015

/s/ John Chapman
John Chapman, Chief Financial Officer