

Client: **ZIM CORP**

Type: **20-F**

Job: **19615**

Date: **07/23/2018 05:04 PM**

Submission Data File

General Information	
Form Type*	20-F
Contact Name	Doug Bird
Contact Phone	212-243-5800
Filer Accelerated Status*	Not Applicable
Filer File Number	
Filer CIK*	0001124160 (ZIM CORP)
Filer CCC*	*****
Filer is Shell Company*	N
Filer is Voluntary Filer*	N
Filer is Well Known Seasoned Issuer*	N
Confirming Copy	No
Notify via Website only	No
Return Copy	No
SROS*	NONE
Period*	03-31-2018
Emerging Growth Company	No
Elected not to use extended transition period	No
(End General Information)	

Document Information	
File Count*	13
Document Name 1*	s22-19615_20f.htm
Document Type 1*	20-F
Document Description 1	
Document Name 2*	s22-19615_ex81.htm
Document Type 2*	EX-8.1
Document Description 2	List of Subsidiaries
Document Name 3*	s22-19615_ex121.htm
Document Type 3*	EX-12.1
Document Description 3	Certifications
Document Name 4*	s22-19615_ex122.htm
Document Type 4*	EX-12
Document Description 4	
Document Name 5*	s22-19615_ex131.htm
Document Type 5*	EX-13.1
Document Description 5	Certification Pursuant to
Document Name 6*	s22-19615_ex132.htm
Document Type 6*	EX-13.2
Document Description 6	Certification Pursuant to
Document Name 7*	s22-19615_ex151.htm
Document Type 7*	EX-15.1
Document Description 7	Consent of Independent Registered Public Accounting Firm
Document Name 8*	zimcf-20180331.xml
Document Type 8*	EX-101.INS
Document Description 8	XBRL Instance File
Document Name 9*	zimcf-20180331.xsd
Document Type 9*	EX-101.SCH
Document Description 9	XBRL Schema File
Document Name 10*	zimcf-20180331_cal.xml
Document Type 10*	EX-101.CAL
Document Description 10	XBRL Calculation File
Document Name 11*	zimcf-20180331_def.xml
Document Type 11*	EX-101.DEF
Document Description 11	XBRL Definition File
Document Name 12*	zimcf-20180331_lab.xml
Document Type 12*	EX-101.LAB
Document Description 12	XBRL Label File
Document Name 13*	zimcf-20180331_pre.xml
Document Type 13*	EX-101.PRE
Document Description 13	XBRL Presentation File
(End Document Information)	

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

s22-19615_20f.htm

20-F
19615

1 of 81

07/23/2018 05:04 PM

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 20-F

Registration statement pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

or

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended March 31, 2018.

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

or

Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of event requiring this shell company report _____

Commission File Number: 000-31691

ZIM CORPORATION

(Exact name of registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

150 Isabella Street, Suite 150, Ottawa, Ontario, Canada

K1S 1V7

(Address of principal executive offices)

John A. Chapman – Chief Financial Officer

150 Isabella Street, Suite 150, Ottawa, Ontario, Canada

K1S 1V7

jchapman@ZIM.biz

(613) 727-1397

(Name, Telephone, E-mail and/or facsimile number and address of Company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 12(g) of the Act:

Common shares, no par value

(Title of Class)

Securities registered or to be registered pursuant to Section 15(d) of the Act: None

8,136,348 common shares outstanding as of March 31, 2018.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No X

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

2 of 81

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:
U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

FORWARD-LOOKING INFORMATION	ii
PART ONE	
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS	1
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	1
ITEM 3. KEY INFORMATION	1
ITEM 4. INFORMATION ON THE COMPANY	7
ITEM 4A. UNRESOLVED STAFF COMMENTS	11
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	11
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	20
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	26
ITEM 7B. RELATED PARTY TRANSACTIONS	28
ITEM 8. FINANCIAL INFORMATION	29
ITEM 9. THE OFFER AND LISTING	29
ITEM 10. ADDITIONAL INFORMATION	30
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	42
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	44
PART TWO	
ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	45
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	45
ITEM 15. CONTROLS AND PROCEDURES	45
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT	46
ITEM 16B. CODE OF ETHICS	46
ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES	46
ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	47
ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	47
ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	47
ITEM 16G. CORPORATE GOVERNANCE	47
PART THREE	
ITEM 17. FINANCIAL STATEMENTS	47
ITEM 18. FINANCIAL STATEMENTS	48
ITEM 19. EXHIBITS	75

INTRODUCTION

As used in this Annual Report on Form 20-F, unless the context otherwise indicates, the terms “we”, “us”, “our”, “ZIM”, the “Registrant” or the “Company” mean ZIM Corporation and its wholly-owned subsidiaries, Advanced Internet Inc. (AIS), ZIM Technologies do Brazil Ltda, and NuvoBio Corporation.

All references to dollars (\$) in this Annual Report on Form 20-F are expressed in United States dollars, unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This Annual Report on Form 20-F contains certain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which can be identified by terminology such as "planned," "expected," "will," "potential," "pipeline," "outlook," or similar expressions, or by express or implied discussions regarding our business, financial condition, results of operations, controls and procedures, and prospects that are based on our current expectations, estimates and projections. 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. All such statements are therefore qualified in their entirety by reference to the factors specifically addressed in the section entitled "Risk Factors" as well as those discussed elsewhere in this Annual Report on Form 20-F. 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 Annual Report on Form 20-F. 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 Annual Report on Form 20-F, other than as required by law.

PART ONE**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS**

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION**A. Selected Financial Data**

The following selected consolidated statements of operations data for the fiscal years ended March 31, 2018, 2017, and 2016 and consolidated balance sheet data as of March 31, 2018 and 2017 have been derived from our audited consolidated financial statements that are included in this annual report beginning on page 48. The following selected consolidated statements of operations data for the fiscal years ended March 31, 2015 and 2014 and consolidated balance sheet data as of March 31, 2016, 2015 and 2014 have been derived from our audited consolidated financial statements that are not included in this annual report.

Our historical results do not necessarily indicate results expected for any future periods. The selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes and Item 5 “Operating and Financial Review and Prospects” below. Our audited consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States (“US GAAP”).

All information regarding share data, including earnings per share reflect the twenty to one stock consolidation that took place on January 19, 2017 for all periods presented.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	6 of 81
-------------------	-------	---------------------	---------

Consolidated Statements of Operations					
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
	\$	\$	\$	\$	\$
Revenue	503,242	670,901	619,291	1,135,663	1,271,427
Operating expenses	607,493	772,168	987,878	1,503,583	1,521,231
Loss from continuing operations	(104,251)	(101,267)	(368,587)	(367,920)	(249,804)
Other income (loss)	61,349	31,819	57,055	142,674	(119,652)
Operating (loss) from continuing operations	(42,902)	(69,448)	(311,532)	(225,246)	(369,456)
Income tax (recovery) expense	—	—	(148)	11,502	(12,750)
Loss from continuing operations	(42,902)	(69,448)	(311,680)	(236,748)	(356,706)
Loss from discontinued operations	—	—	—	—	5,364
Net Loss	(42,902)	(69,448)	(311,680)	(236,748)	(351,342)
Basic and diluted Loss per share from continuing operations	(0.005)	(0.009)	(0.042)	(0.034)	(0.052)
Basic and diluted Loss per share from discontinued operations	(0.000)	(0.000)	(0.000)	(0.000)	0.001
Weighted average number of shares outstanding – basic and diluted	8,126,222	7,973,352	7,438,714	6,959,086	6,773,043

Consolidated Statements of Cash Flows					
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
	\$	\$	\$	\$	\$
Cash flows used in operating activities	(18,147)	(10,394)	(399,605)	(64,621)	(29,477)
Cash flows provided by (used in) investing activities	33,841	(9,029)	(126,603)	57,328	(18,917)
Effect of changes in exchange rates on cash and cash equivalents	(16,863)	(33,218)	(29,856)	(351,063)	(156,376)
Decrease in cash and cash equivalents	(1,169)	(52,641)	(556,064)	(358,356)	(204,770)
Cash and cash equivalents, beginning of year	419,676	472,317	1,028,381	1,386,737	1,591,507
Cash and cash equivalents, end of year	418,507	419,676	472,317	1,028,381	1,386,737

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	7 of 81
-------------------	-------	---------------------	---------

Consolidated Balance Sheets

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
	\$	\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	418,507	419,676	472,317	1,028,381	1,386,737
Accounts receivable, net	38,463	81,688	58,307	63,353	123,669
Investment tax credits receivable	131,220	168,963	281,644	300,404	292,712
Other tax credits	82,997	117,658	84,652	53,750	139,623
Prepaid expenses	25,595	12,819	24,959	12,976	16,120
	<u>696,782</u>	<u>800,804</u>	<u>921,879</u>	<u>1,458,864</u>	<u>1,958,861</u>
Long term deposits	-	-	-	-	9,722
Investments	117,109	114,200	116,414	788	905
Intangible assets	-	-	-	4,358	13,814
Equipment, net	24,334	23,758	26,317	24,506	34,570
	<u>838,225</u>	<u>938,762</u>	<u>1,064,610</u>	<u>1,488,516</u>	<u>2,017,872</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable	9,057	20,451	9,161	25,309	30,653
Accrued liabilities	19,041	19,125	41,518	87,143	55,320
Deferred revenue	60,224	92,770	110,969	186,034	225,465
	<u>88,322</u>	<u>132,346</u>	<u>161,648</u>	<u>298,486</u>	<u>311,438</u>
Deferred rent	-	8,173	11,035	-	-
Total Liabilities	88,322	140,519	172,683	298,486	311,438
Shareholders' equity:					
Preferred shares, no par value, non-cumulative	-	-	-	-	-
Common shares, no par value	19,491,842	19,491,757	19,484,482	19,432,795	19,362,796
Additional paid-in capital	2,962,105	2,961,848	2,960,789	2,955,865	2,943,966
Accumulated deficit	(21,325,620)	(21,282,718)	(21,213,270)	(20,901,590)	(20,664,842)
Accumulated other comprehensive income	(378,425)	(372,644)	(340,074)	(297,040)	64,514
	<u>749,902</u>	<u>798,243</u>	<u>891,927</u>	<u>1,190,030</u>	<u>1,706,434</u>
	<u>838,225</u>	<u>938,762</u>	<u>1,064,610</u>	<u>1,488,516</u>	<u>2,017,872</u>

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks set forth directly below, and other cautionary statements throughout this report. If any event arising from these risks occurs, our business prospects, financial condition, results of operations and cash flows could be materially adversely affected.

RISKS RELATED TO OUR BUSINESS

BECAUSE THE REVENUE AND INCOME POTENTIAL OF OUR BUSINESS AND MARKETS ARE UNPROVEN, WE CANNOT PREDICT WHETHER WE WILL MEET INTERNAL OR EXTERNAL EXPECTATIONS OF FUTURE PERFORMANCE.

We believe that our future success depends on our ability to significantly increase revenue from our operations. Accordingly, our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by technology and innovation companies. These risks include our ability to:

- Offer competitive pricing for our services;
- Maintain our current relationships and develop new strategic relationships;
- Attract and retain qualified employees;
- Maintain our current customer and user base of our integrated development environment ("IDE") software; and
- Offer new and innovative upgrades to our IDE software.

IF WE ARE UNABLE TO OBTAIN ADDITIONAL FUNDS, WHEN REQUIRED, IN A TIMELY MANNER OR ON ACCEPTABLE TERMS, WE MAY HAVE TO CURTAIL OR SUSPEND CERTAIN ASPECTS OF OUR BUSINESS OPERATIONS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS RELATIONSHIPS, FINANCIAL RESULTS, FINANCIAL CONDITION AND PROSPECTS.

We anticipate that our cash and cash equivalents balance at March 31, 2018 of \$418,507 along with cash generated from operations will be sufficient to meet our present operating and capital expenditures through fiscal 2019. Management will continue its efforts to increase revenue, its cost reduction activities and strive to eliminate liabilities and reduce our current operational costs. However, there is no guarantee that unanticipated circumstances will not require additional liquidity.

Future liquidity and cash requirements will depend on a wide range of factors including the level of success the Company has in executing its strategic plan as well as its ability to maintain business in existing operations and to raise additional financing. Accordingly, there can be no assurance that the Company will be able to meet its working capital needs for any future period.

WE MAY EXPERIENCE DIFFICULTIES ACCURATELY FORECASTING OUR OPERATING RESULTS, THEREBY MAKING OUR BUSINESS OPERATIONS MORE DIFFICULT TO SUSTAIN.

Due to the intense competition in the mobile and database industries, we may not be able to accurately forecast our future operating results. If our gross margins from our operations fall materially short of estimated expenses, our business operations will become more difficult to sustain since we will then have to reduce our spending and/or raise additional capital over and above any current capital raising plans. It may not be possible for us to accomplish either task in a timely manner, or at all, in which event we would have to curtail or suspend certain or all of our business operations. Any action to such effect is likely to have a material adverse effect on our business relationships, financial results, financial condition and prospects.

OUR OPERATING RESULTS ARE SUBJECT TO SIGNIFICANT FLUCTUATIONS.

We may experience significant fluctuations in our operating results due to a variety of factors, many of which are outside of our control. Factors that may cause our operating results to fluctuate include: our ability to retain existing customers, attract new customers at a steady rate and maintain user satisfaction; technical difficulties or system downtime; the amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure; currency fluctuations; government stability in Brazil and industry regulation. As a result of these and other factors, you should not place undue reliance on year-to-year comparisons of our operating results as indicators of likely future performance.

WE MAY NOT BE ABLE TO ADAPT QUICKLY ENOUGH TO TECHNOLOGICAL CHANGE AND CHANGING CUSTOMER REQUIREMENTS, THEREBY LOSING SALES.

If we are unable to adapt to the rapid changes in technology and customer needs that are inherent to technology-based industries, we may lose sales and fail to grow. In order to meet these rapid changes, we will have to effectively integrate new wireless and data technologies, continue to develop our technologies and technical expertise and respond to changing customer needs.

THE LOSS OF THE SERVICES OF DR. MICHAEL COWPLAND, MR. JAMES STECHYSON AND OTHER KEY PERSONNEL COULD NEGATIVELY AFFECT OUR BUSINESS.

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

OUR INTERNAL CONTROLS OVER FINANCIAL REPORTING ARE NOT EFFECTIVE.

We did not have effective internal control procedures in place at March 31, 2018, when we evaluated our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. This could affect the reliability of our consolidated financial statements. We are attempting to remedy our weaknesses but as a small company we have limited resources to employ for this purpose. See item 15 of this Form 20-F for additional information on our attempts to rectify our weaknesses. The reduction of the risk will require additional expenses and use of management's time.

OUR STRATEGIC DIRECTION IS EVOLVING, WHICH COULD NEGATIVELY AFFECT OUR FUTURE RESULTS.

Since inception, our business model has evolved and is likely to continue to evolve as we refine our offerings and market focus. Prior to 2004, we focused on developing products and services for the wireless data network infrastructure known as "SMS" or "text messaging", in 2004 through to fiscal 2007 we focused on our SMS aggregation services. From fiscal 2008 to 2012, we focused on offering mobile content, applications development and the development of new IDE software. In 2013 we discontinued mobile content sales due to very low sales volume and redirected resources related to mobile content to the continued development of our IDE software. We continue to evaluate opportunities and alternative strategies in a rapidly evolving market. We plan to leverage our intellectual capital, core technologies and other business assets to focus on new strategic directions and attempt to maximize shareholder value. Changes to our business may not prove successful in the short or long term and may negatively impact our financial results.

WE OPERATE IN RAPIDLY EVOLVING MARKETS, AND OUR BUSINESS MODEL CONTINUES TO EVOLVE, WHICH MAKES IT DIFFICULT TO EVALUATE OUR FUTURE PROSPECTS.

Our potential for future profitability must be considered in the light of the risks, uncertainties, and difficulties encountered by companies that are in rapidly evolving markets and continuing to innovate with new and unproven technologies or services, as well as undergoing significant change. In addition to the other risks we describe in this section, some of these risks relate to our potential inability to attract and retain unique and sought after technology; to control expenditures and to respond quickly and appropriately to industry developments, including rapid technological change; changes in customer requirements; and new products introduced into our markets by our competitors. If we do not effectively address the risks we face, we may not achieve profitability.

IF WE ARE UNABLE TO MANAGE THE INTEGRATION OF ANY ACQUIRED BUSINESSES, OUR FINANCIAL CONDITION AND OPERATING RESULTS MAY BE ADVERSELY AFFECTED.

A failure to effectively manage the integration of any acquisitions we may make may adversely affect our business and financial condition. Any acquisition that we make will place significant demand on management, technical and other resources.

WE HAVE AFFILIATED SHAREHOLDERS WHO CAN SUBSTANTIALLY INFLUENCE THE OUTCOME OF ALL MATTERS VOTED UPON BY OUR SHAREHOLDERS AND WHOSE INTERESTS MAY NOT BE ALIGNED WITH YOURS.

The beneficial ownership of our Chief Executive Officer and related parties in our outstanding shares is approximately 53%. All directors and executive officers as a group (5 persons) beneficially hold 6,155,424 of our common shares, which totals approximately 75% of ownership. As a result, our insiders are able to substantially influence all matters requiring the approval of our shareholders, including the election of directors and the approval of significant corporate transactions such as acquisitions. This concentration of ownership could delay, defer or prevent a change in control or otherwise impede a merger or other business combination that our Board of Directors or other shareholders may view favorably.

RISKS RELATED TO THE INDUSTRIES IN WHICH WE OPERATE

INTENSE COMPETITION IN THE MOBILE SERVICES AND DATABASE MARKETS COULD PREVENT US FROM INCREASING OR RETAINING SUBSCRIPTIONS FOR OUR SERVICES OR CAUSE US TO LOSE MARKET SHARE.

Our future business model for database applications depends on our ability to sell our products and service offerings in an extremely competitive and rapidly changing market. Our competitors may have substantially greater financial, technical and marketing resources, larger customer bases, longer operating histories, more developed infrastructures, greater name recognition or more established relationships in the industry than we have. Our competitors may be able to adopt more aggressive pricing policies, develop and expand their service offerings more rapidly, adapt to new or emerging technologies and changes in customer requirements more quickly, take advantage of acquisitions and other opportunities more readily, achieve greater economies of scale, and devote greater resources to the marketing and sale of their services than we can. Because of these competitive factors and due to our relatively small size and financial resources, we may be unable to compete successfully.

CONSOLIDATION IN THE INDUSTRIES IN WHICH WE OPERATE COULD LEAD TO INCREASED COMPETITION AND LOSS OF CUSTOMERS.

The mobile industry has experienced substantial consolidation. We expect this consolidation to continue. These acquisitions could adversely affect our business and results of operations in a number of ways, including the following:

- Our distribution partners could acquire or be acquired by one of our competitors and terminate their relationships with us;
- Our distribution partners could merge with each other, which could reduce our ability to negotiate favorable terms;
- Competitors could improve their competitive positions through strategic acquisitions; and
- Companies from whom we acquire content could acquire or be acquired by one of our competitors and stop licensing content to us, or gain additional negotiating leverage in their relationships with us.

ITEM 4. INFORMATION ON THE COMPANY

History and Development of the Company

ZIM's principal place of business and registered office is located at 150 Isabella Street, Suite 150, Ottawa, Ontario, Canada, K1S 1V7 and we can be contacted at (613) 727-1397. In the United States our agent is Corporate Stock Transfer, Inc., located at 3200 Cherry Creek South Dr., #430, Denver, CO, 80209 and can be contacted at (303) 282-4800.

ZIM was incorporated under the Canadian Business Corporations Act on October 17, 2002 in order to purchase ZIM Technologies International Inc. ("ZIM Technologies"), which was formed in 1997 to acquire the software technology now called the ZIM Integrated Development Environment (the "ZIM IDE software"). On February 10, 2004, ZIM purchased UK-based SMS service firms EPL Communications Limited and E-Promotions Limited (together referred to as "EPL"). During the year ended March 31, 2006, EPL was dissolved and all operations were transferred to ZIM Corporation in Canada. ZIM is also the sole shareholder of ZIM Technologies do Brazil Ltda., a company incorporated in Brazil that distributes the ZIM IDE Software, and PCI Merge, Inc., a Florida based holding company with no operations. Until March 31, 2004, ZIM was the sole shareholder of ZIM Technologies, a Canadian federal corporation and the chief operating company of the ZIM group of companies. On April 1, 2004, ZIM Corporation and ZIM Technologies amalgamated into ZIM Corporation. On April 1, 2006, ZIM purchased a US-based mobile content company called Advanced Internet Inc. ("AIS"). In 2011 ZIM acquired the technology assets of Torch Technologies and began offering an advanced portfolio of migration services and management products that strengthen and complement ZIM's enterprise database products. In April 2016, ZIM incorporated a wholly owned subsidiary called GeneSpans Corporation. GeneSpans is focused on developing intellectual property and advancing research and development in the areas of new synthetic drugs and immunotherapies. Genespans name was changed to NuvoBio Corporation on August 25, 2016.

See Note 6 of the consolidated financial statements for details of our principal capital expenditures and divestitures, including those currently in progress, since the beginning of our last three fiscal years to the date of this annual report.

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". Although SMS will continue to provide a minimal amount of revenue within the mobile segment of operations, with the acquisition of AIS in 2006 the Company shifted its corporate focus to include offering mobile content directly to end users.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

12 of 81

In fiscal 2018, ZIM continued to develop and sell enterprise database software to end users as well as maintain its SMS messaging business. At March 31, 2013 ZIM discontinued the sale of mobile content.

Also, in 2017, NuvoBio signed strategic partnerships and exclusive global licensing agreements with leading drug research institutes and companies. The company is currently funding research and development projects in the following areas:

- New peptide-derived inhibitors for therapeutic intervention against breast cancer cell lines in the presence or absence of chemotherapeutics to characterize the *in vivo* effects of promising inhibitors; and
- The development of immunology therapies for the treatment of kidney cancer.

The following tables show the breakdown of total revenues by category of activity and geographic market:

Revenue by category	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	\$	\$	\$
Software, software maintenance and consulting	394,757	482,247	478,402
Mobile	108,485	188,654	140,889
Total revenue	<u>503,242</u>	<u>670,901</u>	<u>619,291</u>

Revenue by geographic market	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	\$	\$	\$
United States	34,076	47,057	42,850
Europe	-	5,885	15,605
Brazil	218,436	245,475	372,983
Canada	141,511	181,596	49,783
Singapore	108,485	188,596	136,612
Other	735	2,473	1,458
Total revenue	<u>503,242</u>	<u>670,901</u>	<u>619,291</u>

SOFTWARE

Historically, we were a developer and provider of the ZIM IDE software, which is used by companies in the design, development, and management of information databases. We now license the ZIM IDE software products to customers through direct and partner sales.

The ZIM IDE software provides an integrated development environment (IDE) for Microsoft Windows, UNIX and Linux computer operating systems. An integrated development environment is a set of programs that run from a single user interface for use in the creation of applications and management of databases. The ZIM IDE software was designed to handle complex data management in a more efficient manner than the database technologies historically provided by other vendors. The distinctive characteristic of the ZIM IDE software is its object dictionary which contains more than just a table of data. Instead, all relationships and data information are concurrently stored in the object dictionary, making it easier to manage and retrieve information. Furthermore, ZIM IDE software uses data sets rather than record-by-record access to manage information. This technique further simplifies the management of data.

The ZIM IDE software has been used to develop database applications that have been deployed in a wide range of industries, including finance, insurance, marketing, human resources, information and records management. Applications built with the ZIM IDE software also fully accesses most other major databases such as Oracle™ and SQL™ Server.

In 2011, ZIM acquired the technology assets of Torch Technologies and began offering an advanced portfolio of migration services and management products that strengthen and complement ZIM's enterprise database products. The combined product portfolio is a robust solution to rapidly and cost effectively migrate existing databases to other industry databases including Oracle™ and SQL™ while retaining valuable ZIM applications and providing a simplified database management suite.

In fiscal 2016, 2017 and 2018, we continued to support our existing customer base and users of the ZIM IDE software. In addition, we continued to allocate research and development resources to improve the performance and features of the ZIM IDE software.

MOBILE

Our business strategy previously involved designing mobile data software products to take advantage of the existing wireless data network infrastructure known as Short Message Service. SMS, mobile messaging, or text messaging, as it is also known, enables users to communicate person to person and application to person through cellular handsets and other SMS-enabled devices. The expertise we gained in the SMS infrastructure and network allowed us to expand into the aggregation of SMS messages in 2004. Aggregators transmit a broad variety of messaging, content, and applications worldwide. ZIM continues to provide a high-volume delivery infrastructure that is scalable with detailed reporting available to our mobile content customers.

During the year ended March 31, 2006, it became apparent that the SMS aggregation market was becoming consolidated, which made it increasingly difficult for us to compete. We noticed a downward trend in sales of aggregation services by the end of the third quarter of fiscal 2006 and decided to expand our product and service offerings. On April 1, 2006, we acquired all of the outstanding capital stock of Advanced Internet, Inc. ("AIS"), from Advanced Telecom Services, Inc. ("ATS").

COMPETITION

ZIM operates primarily in two markets; mobile and database software, as a provider of mobile messaging delivery and enterprise software. Our competitors include mobile application providers, mobile application aggregators, and the mobile operators themselves, as they also offer mobile content directly to their end users. The database market is highly diversified and includes both small and large competitors.

All these markets are highly competitive and rapidly changing due to the respective natures of these growing markets. We have many global competitors in the mobile messaging market, including independent aggregators and large telco service providers.

In the database market, our competitors include Oracle™, Microsoft, SAP, MySQL and many others. These competitors have certain competitive advantages over us, including but not limited to:

- Substantially greater financial and technical resources;
- More extensive and well-developed marketing and sales networks;
- Greater global brand recognition; and
- Larger customer bases.

Our existing competitors may in the future achieve greater market acceptance and gain additional market share. It is also possible that new competitors may emerge and acquire significant market share.

We compete in the mobile aggregation environment based on our ability to connect to international operators through a variety of strategic relationships with other aggregators and mobile operators. We have developed strategic relationships with a range of service partners in order to serve our customers more effectively and to extend our services to an international audience.

CUSTOMERS

During fiscal 2018, we had 1 revenue generating customer in our mobile segment related to the SMS market. In addition, we had in excess of 100 customers who utilized ZIM IDE to run their enterprise applications. One customer accounted for approximately 21% for the year ended March 31, 2016, one customer accounted for approximately 28% of revenue for the year ended March 31, 2017 and one customer accounted for approximately 22% of revenue for the year ended March 31, 2018.

TECHNOLOGY INFRASTRUCTURE

We believe that our technology is essential to successfully implement our strategy of expanding and enhancing our products and services and maintaining the attractiveness and competitiveness of our products and services.

The mobile messaging server houses all the content structure and subscriber database. It is hosted on fully redundant servers equipped with Redundant Array of Independent Disks.

Our servers run on Linux and Windows platforms using Postgres and MySQL and proprietary SMPP servers. SMPP is a short message peer-to-peer protocol for exchanging SMS messages between SMS peer entities such as short message service centers. It is used to allow third parties to submit messages, often in bulk. Our database system is an advanced entity-relationship database, which also operates on Windows, Unix and Linux platforms.

RESEARCH AND DEVELOPMENT

Our research and development activities focus primarily in the areas of database migration technology and IDE software. However, in 2016, with the creation of NuvoBio, we entered into research in the area of genetic therapy solutions. Research and development expenditures, net of refundable tax credits, were \$49,031 for fiscal 2018, \$76,243 for fiscal 2017 and \$148,604 for fiscal 2016.

PATENTS AND INTELLECTUAL PROPERTY PROTECTION

Intellectual property does not represent a material part of our assets or business strategy at this time. We do not rely on patents or copyrights and, to the extent we maintain trade secrets, we rely on confidentiality agreements to protect them from misappropriation. In the future we may seek patents and intellectual property protection specifically related to the drug research programs we are funding through our NuvoBio subsidiary.

GOVERNMENTAL REGULATION

Because of the increasing use of the internet and mobile devices, and the public's concern for privacy, U.S. and foreign governments have adopted, or may in the future adopt, laws and regulations relating to the internet or use of mobile devices, addressing issues such as user privacy, security, pricing, age verification, content quality, copyrights and distribution techniques. We could become subject to new laws and regulations in various countries that could limit our ability to market our products and to distribute and/or collect user information. These or other laws or regulations that may be enacted in the future could have adverse effects on our business, including higher regulatory compliance costs, limitations on our ability to provide some services in some countries, and liabilities which might be incurred through lawsuits or regulatory penalties. We take steps using industry standard tools such as firewall, VPN, encryption and antivirus to protect the security and confidentiality of the information we collect and store but there is no guarantee that third parties, partners or employees will not gain unauthorized access despite our efforts or that we will not incur costs in complying with our notification obligations under such circumstances.

C. Organizational Structure

Refer to Exhibit 8.1 for a complete list of our subsidiaries.

D. Property, Plants and Equipment

DESCRIPTION OF PROPERTY

Our principal office is located in Ottawa, Canada. ZIM leases an office suite of approximately 1,033 square feet. The lease is currently scheduled to expire May 31, 2020.

We believe that our existing facilities are adequate to meet our current needs.

Refer to note 8 of our consolidated financial statements "EQUIPMENT" for additional information.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

EXECUTIVE SUMMARY

Revenue for the fiscal year 2018 was \$503,242, compared with revenue of \$670,901 for fiscal year 2017. The decrease is attributable to the decreases across all lines of business ranging from a 18% decrease in our software, software maintenance and consulting business to 42.5% in our mobile messaging business.

Revenue for the fiscal year 2017 was \$670,901, compared with revenue of \$619,291 for fiscal year 2016. The increase is attributable to the increase in our SMS business and is partially offset by a decline in our software maintenance and consulting revenue.

Net loss for the fiscal year 2018 was \$42,902 as compared to net loss of \$69,448 for the fiscal year 2017 and net loss of \$311,680 for the fiscal year 2016. The decreased losses in fiscal 2018 are due to continued cost reductions that offset a decline in revenue and the sale of our interest in HostedBizz. The reduced losses in fiscal 2017 are due to an increase in revenue as stated above and cost reductions related to staff reductions.

ZIM had cash and cash equivalents of \$418,507 at March 31, 2018 as compared to cash and cash equivalents of \$419,676 at March 31, 2017. The Company consumed \$18,147 of cash flow from operations during the fiscal year ended March 31, 2018.

A. Operating results

The following is an overview of our operating results for the year ended March 31, 2018. A more detailed discussion of our operating results, comparing our operating results for the years ended March 31, 2018, 2017, and 2016, is included under the heading “Results of Operations for the Year Ended March 31, 2018 Compared to the Year Ended March 31, 2017 and 2016” of this “OPERATING AND FINANCIAL REVIEW AND PROSPECTS.” A discussion on the effects of currency fluctuations can be found in Item 11.

Revenue for the fiscal year 2018 was \$503,242, compared with revenue of \$670,901 for fiscal year 2017. The decrease is attributable to the decreases across all lines of business ranging from a 18% decrease in our software, software maintenance and consulting business to 42.5% in our mobile messaging business.

Revenue for the fiscal year 2017 was \$670,901, compared with revenue of \$619,291 for fiscal year 2016. The increase is attributable to the increase in our SMS business and is partially offset by a decline in our software maintenance and consulting revenue.

Total operating expenses for the year ended March 31, 2018 were \$607,493, a decrease of approximately \$164,675 compared to operating expenses of \$772,168 for the year ended March 31, 2017 and a decrease of approximately \$215,710 compared to operating expenses of \$987,878 for the year ended March 31, 2016. The decrease is related to significantly lower research and development costs and lower selling general and administrative expenses. The reduced expenses are a combination of cost reductions related to staff reduction that took place in August of 2016 and a strong US dollar.

CURRENT STRATEGIC DIRECTION

Due to the decrease in revenues from SMS aggregation services in previous years, we started exploring new opportunities both within the mobile industry and enterprise application industry.

In 2011, with ZIM’s acquisition of the technology assets of Torch Technologies, we increased our focus on the enterprise software market. Torch’s advanced portfolio of migration services and management products strengthened and complemented ZIM’s enterprise database products, and the combined product portfolio is a robust solution to rapidly and cost effectively migrate existing databases to other industry databases including Oracle™ and SQL™ while retaining valuable ZIM applications and providing a simplified database management suite.

In April 2016, ZIM incorporated a wholly owned subsidiary called GeneSpans Corporation. GeneSpans will fund research into genetic therapy solutions. Genespans name was changed to NuvoBio Corporation on August 25, 2016.

NuvoBio has signed strategic partnerships and exclusive global licensing agreements with leading drug research institutes and companies. The company is currently funding research and development projects in the following areas:

- New peptide-derived inhibitors for therapeutic intervention against breast cancer cell lines in the presence or absence of chemotherapeutics to characterize the *in vivo* effects of promising inhibitors.
- The development of immunology therapies for the treatment of kidney cancer.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States, 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 consolidated financial statements are prepared. Actual results could differ from our estimates, and such differences could be material. On an ongoing basis, management reviews our accounting policies and how they are applied and disclosed in our consolidated financial statements.

The following supplemental information describes significant judgments and estimates involved in our critical accounting policies, which are more fully described in Note 3 to the consolidated financial statements included in this annual report.

JUDGMENTS REGARDING TAX POSITIONS

The Company recognizes in its consolidated financial statements the impact of a tax position if that position is more likely than not of not being sustained on an audit, based on the technical merits of the position. Accordingly, management may be required to make additional judgments regarding the accounting treatment of tax positions.

VALUATION ALLOWANCES

We must make certain estimates and judgments in determining the income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. Judgments regarding realization of deferred tax assets and the ultimate outcome of tax-related contingencies represent key items involved in the determination of tax expense and related balance sheet accounts. We have currently recorded a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. Should we determine that based on factors such as future profitability that a reduction in the valuation allowance is appropriate, an adjustment to our deferred tax assets would increase income in the period that such determination was made.

REVENUE RECOGNITION

Revenues shown in the consolidated financial statements included with this report have been derived mainly from mobile content sales, SMS messaging services, SMS fee-based services, and proprietary software products and licenses. The Company presents revenues net of sales tax and other sales related taxes.

Proprietary software products and licenses sales

ZIM records revenues from the perpetual license of the Company's software products and the sale of related maintenance and consulting. The Company's standard license agreement provides a license to use the Company's products based on the number of licensed users. The Company may license its software in multiple element arrangements if the customer purchases any combination of maintenance, consulting or training services in conjunction with the license.

Revenue is recognized using the residual method when Company-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, but does not exist for one or more delivered elements. The Company allocates revenue to each undelivered element based on its respective fair value determined by the price charged when that element is sold separately. The Company defers revenue for the undelivered elements and recognizes the residual amount of the arrangement fee, if any.

Software maintenance and consulting revenue

Maintenance revenues are recognized equally over the term of the maintenance contract, usually 12 months. The liability relating to the received but unearned portion of maintenance revenues is recognized as deferred revenues.

Consulting revenue, which represents services provided on a per diem basis to customers, is recognized as the services are performed as there are no customer acceptance provisions involved in these types of arrangements.

In general, credit terms of 30 days are extended to customers with a small number of customers receiving extended payment terms based on the long-standing relationship with ZIM.

Mobile content

Mobile content revenues are derived primarily from credit card purchases via the Internet or through premium messaging. Revenue is recognized by delivery and acceptance of a download to the end users. We recognize revenue when (a) there is persuasive evidence of an arrangement; (b) the service has been provided to the customer; (c) the amount of the fees to be paid by the customer is fixed and determinable; and (d) the collection of the fees is reasonably assured.

STOCK-BASED COMPENSATION

ZIM measures compensation cost for all stock-based awards at fair value on the date of the grant and recognizes compensation expense over the service period for awards expected to vest. The fair value of stock options is determined using the Black Scholes valuation model and requires judgment in establishing the volatility and option forfeiture rates. These internal judgments may be incorrect in any period, which may result in our recording materially incorrect compensation expense.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	19 of 81
-------------------	-------	---------------------	----------

RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2018 COMPARED TO THE YEAR ENDED MARCH 31, 2017 AND THE YEAR ENDED MARCH 31, 2016

REVENUES	Year ended		Year ended		Year ended	
	March 31, 2018	As a %	March 31, 2017	As a %	March 31, 2016	As a %
	\$		\$		\$	
Bulk SMS	108,485	22%	188,654	28%	140,889	23%
	<u>108,485</u>	<u>22%</u>	<u>188,654</u>	<u>28%</u>	<u>140,889</u>	<u>23%</u>
Software	34,435	7%	90,452	14%	40,821	7%
Maintenance and consulting	360,322	71%	391,795	58%	437,581	70%
	<u>394,757</u>	<u>78%</u>	<u>482,247</u>	<u>72%</u>	<u>478,402</u>	<u>77%</u>
	<u><u>503,242</u></u>	<u><u>100%</u></u>	<u><u>670,901</u></u>	<u><u>100%</u></u>	<u><u>619,291</u></u>	<u><u>100%</u></u>

Revenue for the fiscal year 2018 was \$503,242, compared with revenue of \$670,901 for fiscal year 2017. The decrease is attributable to the decreases across all lines of business ranging from a 18% decrease in our software, software maintenance and consulting business to 42.5% in our mobile messaging business.

Revenue for the fiscal year 2017 was \$670,901, compared with revenue of \$619,291 for fiscal year 2016. The increase is attributable to the increase in Bulk SMS and Software sales and was partially offset by a decline in our software maintenance and consulting revenue.

REVENUE ANALYSIS BY SERVICE/PRODUCT OFFERING

BULK SMS

Our bulk SMS messaging revenue increased from \$140,889 in fiscal 2016 to \$188,654 in fiscal 2017 and then decreased to \$108,485 in fiscal 2018. We experienced an increase in the volume of messages transacted through SMS routes in fiscal 2017, as compared to the declines we experienced in fiscal 2016 and fiscal 2018. In general, bulk messaging customers choose the aggregator that is offering the lowest cost route and this results in fluctuating and unpredictable revenue from this segment. The revenues of fiscal 2018 may not be indicative of future performance.

SOFTWARE, MAINTENANCE AND CONSULTING

We generate revenues from the sale of our database product as well as the subsequent maintenance and consulting fees. Software sales decreased from \$90,452 in fiscal 2017 to \$34,435 in fiscal 2018 after the increase in 2017 over the \$40,821 in fiscal 2016. The increase in 2017 reflects increased activity in our Canadian operation with a subsequent decline in 2018 as we concluded some of those projects from 2017.

In addition to the sale of the software, we are generating revenue from software maintenance and consulting. Maintenance and consulting revenues have decreased from \$437,581 in fiscal 2016 to \$391,795 in fiscal 2017 and further declined to \$360,322 in fiscal 2018. Most of the maintenance revenue was generated in Brazil as this region represents the largest concentration of users of ZIM's IDE product. The decline in revenue is due to the decrease in maintenance contract renewal and the value of the Brazilian real compared to the United States dollar.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	20 of 81
-------------------	-------	---------------------	----------

EXPENSES

Operating expenses

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	\$	\$	\$
Cost of revenue	15,774	18,600	67,137
Selling, general and administrative	542,688	677,325	768,194
Research and development	49,031	76,243	148,604
Amortization of intangible assets	-	-	3,943
	<u>607,493</u>	<u>772,168</u>	<u>987,878</u>

Total operating expenses decreased in fiscal 2018 compared to 2017 from \$772,168 to \$607,493 mainly due to cost reductions in research and development, selling, general and administrative expenses.

Total operating expenses decreased in fiscal 2017 compared to 2016 from \$987,878 to \$772,168 mainly due cost reductions in research and development, selling, general and administrative expenses that reflect the staff reductions that took place in August 2016.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses for the years ended March 31, 2018, March 31, 2017 and March 31, 2016 were \$542,688, \$677,325 and \$768,194 respectively. Costs continued to decline over the three year period with fluctuations attributable to changes in exchange rate, stock based compensation and withholding taxes on the transfer of funds from Brazil to Canada.

INTEREST

For the year ended March 31, 2018, we incurred interest expense of \$161 related to draws on the available overdraft protection facility with the Royal Bank of Canada.

For the year ended March 31, 2017, we incurred interest expense of \$138 related to draws on the available overdraft protection facility with the Royal Bank of Canada.

For the year ended March 31, 2016, we incurred interest expense of \$204 related to draws on the available overdraft protection facility with the Royal Bank of Canada.

ASSET IMPAIRMENT

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.

Due to material changes in the business outlook for CP4H, ZIM has determined that this investment is fully impaired and, on March 31, 2015, has taken an impairment charge equal to the full value of the investment net of the foreign exchange impact.

INCOME TAXES

Included in income taxes are taxes paid on income earned in Brazil. Investment tax credits on research and development expenditures in Canada are netted against research and development costs. The increase in income taxes recoverable is due to increased research and development tax credits related to database migration technologies.

The Scientific Research and Development Credits received from the Canadian federal government were assessed as filed in fiscal 2017, 2016 and 2015.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standards setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company’s management believes that the impact of recently issued standards that are not yet effective will not have any significant impact on the consolidated financial statements upon adoption.

In May 2015, the FASB issued ASU No. 2014-09 related to revenue from contracts with customers. This standard requires an entity to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for annual reporting periods beginning after December 15, 2017. Early adoption is not permitted. We are currently evaluating the impact ASU 2014-09 will have on its consolidated financial statements.

In January, 2016, the FASB issued Accounting Standards Update 2016-01, Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities (the ASU). Changes to the current GAAP model primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. The classification and measurement guidance will be effective for public business entities in fiscal years beginning after December 15, 2017. We are currently evaluating the impact ASU 2016-01 will have on our consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Topic 718). The ASU provides clarity and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The ASU will be effective for the annual reporting periods beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for (1) public business entities for reporting periods for which financial statements have not yet been issued and (2) all other entities for reporting periods for which financial statements have not yet been made available for issuance. We are currently evaluating the impact ASU 2017-09 will have on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash. This will require entities to show the changes in the total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. These changes become effective for fiscal years beginning after December 15, 2018. We are currently evaluating the impact ASU 2016-18 will have on our consolidated financial statements.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

22 of 81

In August 2016 the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments. This provides guidance on presentation and classification of certain cash receipts and payments in the statement of cash flows. These changes become effective for fiscal years beginning after December 15, 2018. We are currently evaluating the impact ASU 2016-15 will have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718). The ASU simplifies certain aspects related to income taxes, statement of cash flows, and forfeitures when accounting for share-based payment transactions. The ASU became effective for the annual reporting periods beginning after December 15, 2016, with earlier adoption permitted. Certain of the amendments related to timing of the recognition of tax benefits and tax withholding requirements should be applied using a modified retrospective transition method. Amendments related to the presentation of the statement of cash flows should be applied retrospectively. These changes did not have an impact on the Company's consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Codification (“ASC”) Topic 842, Leases through ASU No. 2016-02. ASC Topic 842 requires a lessee to recognize all leases, including operating leases, on balance sheet via a right-of-use asset and lease liability, unless the lease is a short-term lease. All (or a portion of) fixed payments by the lessee to cover lessor costs related to ownership of the underlying assets, or executory costs, that do not represent payments for a good or service will be considered lease payments and reflected in the measurement of lease assets and lease liabilities by lessees. The new standard does not substantially change lessor accounting from current U.S. GAAP. The new standard also requires lessees and lessors to disclose more qualitative and quantitative information about their leases than current U.S. GAAP does. The standard is applied retrospectively, with elective reliefs. The new standard is effective for annual and interim reporting periods beginning after December 15, 2018 for a public business entity. Early adoption is permitted. We are currently evaluating the impact ASU 2016-02 will have on its consolidated financial statements.

B. Liquidity and Capital Resources

As at March 31, 2018, we had cash and cash equivalents of \$418,507 and working capital of \$608,460 as compared to cash of \$419,676 and working capital of \$668,458 at March 31, 2017. As at March 31, 2016, we had cash and cash equivalents of \$472,318 and working capital of \$760,231.

Cash flows for the fiscal periods were as follows:

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	\$	\$	\$
Cash flows used in operating activities	(18,147)	(10,394)	(399,605)
Cash flows provided by (used in) investing activities	33,841	(9,029)	(126,603)
Cash flows provided by financing activities	-	-	-

Operating activities consumed \$18,147 of cash for the year ended March 31, 2018 as compared to consuming cash of \$10,394 for the year ended March 31, 2017 and consuming of \$399,605 during the year ended March 31, 2016. The 2018 increase in cash consumption is mainly a reflection of the decrease in operating performance.

We generated cash in the amount of \$33,841 in fiscal 2018, used \$9,029 in fiscal 2017, and used \$126,603 in fiscal 2016 in investing activities. In fiscal 2018 cash was used for the purchase of computer equipment and software and was offset by the sale of our interest in HostedBizz for a gain of \$45,758. In fiscal 2017 cash was used for the purchase of computer equipment and software. The \$126,603 used in fiscal 2016 was used mainly to invest in other companies.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

23 of 81

At March 31, 2018, the Company had access to an overdraft protection facility from its principal banker for approximately \$38,778 (refer to Note 9 "Line of Credit" to consolidated financial statements), in addition to a cash and cash equivalent balance of \$418,507. 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.

Credit terms for software, maintenance and consulting services have remained consistent from prior periods at 30 days.

As at March 31, 2018, 88% of all receivables were current. As at March 31, 2017, approximately 45% of all receivables were current. As at March 31, 2016, approximately 76% of all receivables were current.

Cash and cash equivalents of \$418,507 are comprised of \$139,549 in cash and \$278,958 in cash equivalents. The cash equivalents of \$278,958 at March 31, 2018 (\$304,325 at March 31, 2017, \$349,519 at March 31, 2016) are comprised of:

Held in Canada:

CIBC Wood Gundy at 1.25% - \$123,083 (\$158,703 CDN) – No Maturity

Held in Brazil:

Bank Deposit Certificate (CDB) at 8% per annum plus inflation - \$155,875 (R\$516,484) - No Maturity. Of these deposits \$38,112 (R\$120,000) are secured by Government Deposit Insurance.

Future liquidity and cash requirements will depend on a wide range of factors, including the level of success the Company has in executing its strategic plan as well as its ability to maintain business in existing operations and its ability to raise additional financing. Accordingly, there can be no assurance that ZIM will be able to meet its working capital needs for any future period. In addition, the Company has an accumulated deficit of \$21,325,620 for the fiscal year ended March 31, 2018.

If ZIM's expenses surpass the funds available or if ZIM requires additional expenditures to grow the business, the Company 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.

C. Research and development

Research and development expenses, net of refundable tax credits, went from \$148,604 for the year ended March 31, 2016 to \$76,243 for the year ended March 31, 2017 and to \$49,031 for the year ended March 31, 2018. The decrease in cost for fiscal 2018 and 2017 relates to decreased staffing of this function. Research and development expenses are related to the development of the ZIM database language and are net of refundable investment tax credits on research and development expenses in Canada.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

24 of 81

D. Trend information

The Company has not identified and is not aware of any trends that will have a significant impact on its consolidated financial position, statement of operations or cash flows.

E. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our known contractual obligations as of March 31, 2018.

Contractual Obligations	Payment Due by Period				Greater Than 5 Years
	Total	Less Than 1 Year	1-3 Years	3-5 Years	
	\$	\$	\$	\$	\$
Operating Lease Obligations	28,432	13,122	15,309	-	-
Total	28,432	13,122	15,309	-	-

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Each member of our Board of Directors is elected for a three-year term. The term of all Directors will expire in September 2020.

The following sets forth information concerning our executive officers and directors, including their ages, present principal occupations, other business experience during the last five years, memberships on committees of the Board of Directors and directorships in other companies:

NAME	AGE	POSITION WITH ZIM
Dr. Michael Cowpland	75	President, Chief Executive Officer, and Director
John Chapman	54	Chief Financial Officer / Consultant
Steven Houck	48	Director
James Stechyson	53	Director
Donald Gibbs	72	Director

Michael Cowpland has served as our President, Director and Chief Executive Officer since February 2001 and as our Chief Financial Officer from March 2007 to November 2007. In 1973, Dr. Cowpland co-founded Mitel Corporation (formerly NYSE:MTL) and was that company's Chief Executive Officer for 10 years. During Dr. Cowpland's tenure as CEO of Mitel, Mitel's sales reached \$300 million before it was acquired by British Telecom in 1984. After the acquisition of Mitel, Dr. Cowpland founded Corel Corporation (formerly NASDAQ:CORL), a company that evolved into one of the world's leading providers of office productivity software. Corel was widely recognized for its WordPerfect Office Suite, and its PC graphics application, Corel Draw. Dr. Cowpland served as President of Corel from 1985 to January 2001. Dr. Cowpland began his career in 1964 at Bell Northern Research. Dr. Cowpland received a Bachelor of Science and Engineering from the Imperial College (London), a Masters of Engineering from Carleton University and Ph.D. in Engineering from Carleton University (Ottawa, Canada).

John Chapman has served as our Chief Financial Officer since November 2007 and has provided consulting services to the Company since July 2007. Mr. Chapman provides virtual CFO consulting services to various companies. From 2003 to 2005, Mr. Chapman held the positions of Director of Finance and Program Management Office at Amdocs Canadian Managed Services. From 1988 to 2003, Mr. Chapman held various positions at Bell Canada and BCE companies in the areas of Finance, Human Resources and Engineering. He received a Bachelor of Technology (Mechanical Engineering) from Ryerson Polytechnical Institute in 1988 and a Master's in Business Administration from the University of Ottawa in 1999. Mr. Chapman is a member of, and holds professional designations, with the Association of Professional Engineers of Ontario, the Institute of Certified Management Consultants of Ontario and the Society of Management Accountants of Ontario (CPA, CMA).

Steven Houck has served as a Director of ZIM since April 2001. Currently, Mr. Houck is Chief Operating Officer of DataCore Software, a company that develops storage virtualization software. Until recently, Mr. Houck also held the position of Chief Executive Officer of GRIDTREE Inc., a technology company headquartered in Miami, Florida providing enterprise class IT services to the small to medium sized business market. Previously Mr. Houck was the Vice President of Latin America at VMware, a developer of software for the virtualization market. Prior to working at VMware Mr. Houck was Vice President of World Wide SMB Sales at EMC Corporation, a developer and provider of information infrastructure technology and solutions. During 2004 and 2005, Mr. Houck worked as a consultant for various start-up companies. From 1995 to early 2004, Mr. Houck held various positions with Corel Corporation including Executive Vice President of World Wide Sales. Prior to his service to Corel, he founded Worldview Technologies, a company specializing in multimedia design and authoring and served as its CEO until 1995. He attended Florida State University and Florida Atlantic University.

James Stechyson has served as a Director and Chairman of ZIM since June 1, 2003. He also served as a Director of ZIM Technologies beginning in January 1998 and was appointed into the position of Chairman in May 2001. Mr. Stechyson is also currently Managing Director of HostedBizz Inc., a company delivering cloud computing infrastructure services. From September 2002 until 2003, Mr. Stechyson served as the President of ClearOne Communications Canada a subsidiary of ClearOne Communications a global provider of audio % video conferencing solutions. From 1990 to September 2002, he was the President of OM Video, a company specializing in the design, sales and systems integration of professional audio/visual technologies.

Donald R. Gibbs has been a Director of ZIM since July 2003. He also serves as the Chairman of ZIM's Audit Committee. Mr Gibbs is currently an advisor to The Pythian Group and until June 1st, 2017, was the Chief Operating Officer and Chief Financial Officer of The Pythian Group. Prior to this position, since May 2016 Mr. Gibbs has been a principal at the consulting firm DRG & Associates. From April 2015 until May 2016 Mr. Gibbs held the position of Chief Financial Officer of Tweed Marijuana Inc. Prior to Tweed, Mr. Gibbs was Chief Executive Officer of AirIQ between June 2008 and April 2015. From April 2007, to June 2008, Mr. Gibbs was the Chief Executive Officer of Tarquin Inc. Since July of 2004, Mr. Gibbs has been the Chairman and Chief Executive Officer of Process Photonics Inc. From June 2001 to April 2004, Mr. Gibbs was the President and Chief Executive Officer of Original Solutions Inc. He is also the principal of his own consulting company, Donald R Gibbs and Associates which provides financial and management assistance to start-up corporations. Since 1970, Mr. Gibbs has held senior financial and executive positions in Mitel Corporation, Cognos Inc., Gandalf Systems Corporation, Positron Fiber Systems Inc., Gorilla Capital Inc., VIPswitch Inc. and Original Solutions Inc. Mr. Gibbs received his Bachelor of Commerce degree from the University of Ottawa and holds a professional designation as a CPA, CMA.

EMPLOYEES

As at March 31, 2018, we had 5 employees (6 as at March 31, 2017 and 11 as at March 31, 2016), with all 5 employees in technical areas including technical support and research and development. We consider our relations with our employees to be excellent, and none of our employees are covered by a collective bargaining agreement. ZIM also contracts services from 4 consultants on a part-time basis.

Of these employees, 5 are based in Ottawa, Canada.

COMMITTEES OF THE BOARD OF DIRECTORS

We have an Audit Committee and a Compensation Committee. ZIM does not have a Nominating Committee. In the absence of such a committee, the Board as a whole considers individuals to recommend to the Board for inclusion among management's nominees and considers corporate governance issues. The Board will consider director candidates recommended by shareholders of the Company if the name and qualifications of such candidates are presented to the Board in a timely manner. The membership term for Board and Board Committee members is 3 years.

The Audit Committee's functions include evaluating, and recommending to the Board the engagement of the independent registered public accounting firm, reviewing the results of their audit findings, and monitoring on a periodic basis our internal controls over financial reporting. The Audit Committee has a formally approved written charter. The Audit Committee consists of Donald Gibbs (Chairman) and Steven Houck. Mr. Gibbs is the Audit Committee's "audit committee financial expert," as defined in Item 16A of Form 20-F, and he is "independent" under the NASDAQ Listing Rules. Mr. Houck replaced James Stechyson as a member of the audit committee effective June 24, 2009. The Audit Committee held four meetings during the fiscal year ended March 31, 2018.

The Compensation Committee's functions include evaluating compensation for directors, officers, employees of and consultants to the Company, and making recommendations to the Board regarding such compensation matters. The Compensation Committee has a formally approved written charter. The Compensation Committee currently consists of James Stechyson and Steven Houck. The Compensation Committee did not hold a meeting during the fiscal year ended March 31, 2018.

CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS

Our Board of Directors has adopted a Code of Ethics that qualifies as a "code of ethics" within the meaning of such term in Form 20-F and applies to our Chief Executive Officer and our Chief Financial Officer, as well as to other senior management and senior financial staff of ZIM, including, without limitation, our comptroller and person performing such function, and complies with the requirements imposed by the Sarbanes-Oxley Act of 2002 and the rules issued thereunder for codes of ethics applicable to such officers. Our Board has reviewed and will continue to evaluate its role and responsibilities with respect to the new legislative and other requirements of the Securities and Exchange Commission. Interested persons can obtain a copy of our Code of Ethics without charge by writing to: Investor Relations c/o 150 Isabella Street, Suite 150, Ottawa, Ontario K1S 1V7 or by visiting our web-site at www.ZIM.biz.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Philosophy

We design all of our compensation programs to retain and as necessary attract key employees who are motivated to achieve growth in technology. Our program has been kept simple due to the size of our staff and our lack of performance measurements. Our programs are designed to reward performance based on team and individual performances. Due to the size of our organization, our executive compensation programs impact all employees because these programs help establish expectations for our general approach to rewards. The Company encourages our business leaders to work together to create a high performance environment that is reinforced by constant attention to individual's goals and expectations.

We believe that the performance of the executives in managing our company should be considered in light of general economic and specific company, industry and competitive conditions. We believe that our compensation programs for our executives should reflect our success as a management team and in attaining an increased value for shareholders. We also believe that individual performance should be evaluated annually and considered in compensation decisions.

Overview of Compensation and Process

Elements of compensation for our executives include: salary and stock option grants and health, disability and life insurance. Our Compensation Committee consists of Messrs Stechyson and Houck. It generally meets as required to review any changes to the compensation plans for the next year. In fiscal 2018, there were no changes to the plan, no bonuses and no changes to the salary levels for executives, and as a result, there were no Compensation Committee meetings.

Due to the size of the organization, the Compensation Committee is aware of all the elements of each executive's total compensation over each of the past three years, as well as a comparison to the compensation of other executive officers in an appropriate market comparison group. Typically, our Chief Executive Officer recommends compensation changes with respect to the executive officers who report to him. The Chief Executive Officer has no salary so there have been no compensation recommendations to the compensation committee with respect to him. All option grants to the executives in the organization are approved by our Board of Directors at the time of grant. The Compensation Committee has the authority to accept or adjust any recommendations.

We choose to pay each element of compensation in order to attract and retain the necessary executive talent, reward annual performance and provide incentive for their balanced focus on long-term strategic goals as well as short-term performance. The amount of each element of compensation is determined by or under the direction of the Compensation Committee, which uses the following factors to determine the amount of salary and other benefits to pay each executive:

- Performance in the previous year;
- Difficulty of achieving desired results in the coming year;
- Value of their unique skills and capabilities to increase the performance of the Company;
- Performance of their general management responsibilities; and
- Contribution as a member of the management team.

These elements fit into our overall compensation objectives by helping to secure the future potential of our operations, facilitating our entry into new markets, providing proper compliance and regulatory guidance, and helping to create a cohesive team.

Our policy for allocating between long-term and currently paid compensation is to ensure adequate base compensation to attract and retain personnel, while providing stock option incentives to maximize long-term value for our Company.

Base Salary and Bonus

It is the goal of the Compensation Committee to establish salary compensation for our executive officers based on our comparable peer companies. We believe that this gives us the opportunity to attract and retain appropriate managerial employees both at the senior executive level and below.

Equity Incentives

A significant goal of our compensation is to afford our executives (and employees) an opportunity to participate in our performance through stock option grants. The Compensation Committee considers factors such as the ability for the Company to attract, motivate and retain qualified individuals and to align their success with that of the Company's Shareholders through the achievement of strategic corporate objectives and creation of shareholder value. The level of equity incentives paid to an individual is based on the individual's overall experience, responsibility, performance and base salary.

Factors also considered are the equity incentives offered for similar positions in the high-tech industry and other labor markets in which the Company competes for employees. The Compensation Committee compares remuneration for executive officers of the Company to the remuneration for similar executives in relevant labor markets.

Perquisites

We limit the perquisites that we make available to our executive officers. Our executives are not entitled to any benefits that are not otherwise available to all of our employees.

Post-Employment Compensation

We do not provide pension arrangements or post-retirement health coverage for our executives or employees. Our executive officers are eligible to participate in our registered retirement savings plan.

Summary Compensation Table

The table below provides detailed information on the compensation of the Chief Executive Officer and the Chief Financial Officer of ZIM for services rendered for the fiscal year ended March 31, 2018, 2017 and 2016. No executive officer or employee received compensation in excess of \$100,000 for the fiscal year ended March 31, 2018.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	29 of 81
-------------------	-------	---------------------	----------

Name and principal position	Year	Salary/ Consulting Payments (\$)	Option Awards (\$)(1)	Shares (\$)	Total (\$)
Michael Cowpland, President and Chief Executive Officer	2016	-	-	33,243	33,243
	2017	-	-	1,085	1,085
	2018	-	-	58	58
John Chapman, (Chapman CFO Resources Inc.) Chief Financial Officer	2016	23,763	-	-	23,763
	2017	17,245	-	869	18,114
	2018	12,178	-	-	12,178

(1) Represents the compensation expense incurred by the Company for the years ended March 31, 2016, March 31, 2017, and March 31, 2018 respectively, relating to outstanding stock options held by the named executive officers (“NEOs”), determined in accordance with ASC 718 using the assumptions described under “Stock Options” in Note 2 to the Company’s consolidated financial statements included in this Form 20-F, provided that no forfeitures of awards have been assumed for the NEOs. All options vest immediately upon option grant.

COMPENSATION OF DIRECTORS

Non-employee members of the Board of Directors are reimbursed for reasonable travel expenses related to attendance at Board meetings. No other fees are paid for attendance at meetings of the Board or their Committees. Each director is also awarded for his first year of service as a director, 10,000 stock options to purchase common shares at fair market value at date of the option grant. In addition, non-employee members of the Board of Directors are eligible to receive option grants as determined by the Board of Directors.

The following table shows compensation of our non-employee directors for the fiscal year ended March 31, 2018.

Name	Option Awards (\$)(1)	Common Shares (\$)	Total (\$)
Steven Houck	55	-	55
James Stechyson	-	27	27
Donald Gibbs	55	-	55

(1) Represents the compensation expense incurred by the Company for the years ended March 31, 2018, relating to outstanding stock options held by the named executive officers (“NEOs”), determined in accordance with ASC 718 using the assumptions described under “Stock Options” in Note 3 to the Company’s consolidated financial statements included in this Form 20-F, provided that no forfeitures of awards have been assumed for the NEOs. All options vest immediately upon option grant.

Refer to Item 7 for share ownership information with respect to the Company’s directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

ZIM established the Employee Stock Option Plan, which was approved by our shareholders on November 19, 2003, to promote the interests of the Company and our shareholders by using investment interests in the Company to attract, retain and motivate our directors, officers, employees and other persons, to encourage and reward their contributions to the performance of the Company, and to align their interests with the interests of the Company's shareholders.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	30 of 81
-------------------	-------	---------------------	----------

Securities authorized for issuance under equity compensation plans at March 31, 2018 are as follows:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans, excluding the securities reflected in the first column
Equity compensation plans approved by security holders	204,150 ⁽¹⁾	0.0996	1,134,500
Total	204,150	0.0547	1,155,850

- (1) Represents ZIM common shares issuable upon the exercise of options outstanding under ZIM's Employee Stock Option Plan.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The following table sets forth, as of June 30, 2018, the number and percentage of our outstanding common shares which are beneficially owned, directly or indirectly, by:

- Each person who is known to us as the beneficial owner of 5% or more of our outstanding common shares;
- Each director and executive officer of ZIM Corporation; and
- All directors and executive officers of ZIM Corporation as a group.

Beneficial ownership includes shares over which the indicated person has sole or shared voting or investment power and shares which he or she has the right to acquire within 60 days of June 30, 2017. Unless otherwise indicated, the persons listed are deemed to have sole voting and investment power over the shares beneficially owned.

Name	Address	Title	Common shares	
			Number	Percentage
Michael Cowpland(1)	234 Perley Court, Ottawa, Ontario	President and CEO	4,305,877	52.9%
James Stechyson(2)	5597 Goddard Street Manotick, Ontario	Director	1,468,500	18.0%
Advanced Telecom Services(3)	996 Bold Eagle School Road, Suite 1105, Wayne, PA	N/A	500,000	6.1%
John Chapman (CHAPMAN CFO Resources Inc.)(4)	30 Holitzner Way Ottawa, Ontario	Chief Financial Officer	195,047	2.4%
Steven Houck (5)	401 Hillview Avenue, Palo Alto, CA 94304	Director	95,500	1.2%
Donald Gibbs (6)	104 Maple Crest Lane, Perth, Ontario, Canada,K7H, 3C7	Director	90,500	1.1%

All directors and executive officers as a group (5 persons) beneficially hold 6,155,424 common shares, which totals 74.8% of ownership.

Applicable percentage of ownership is based upon 8,136,348 common shares outstanding as of June 30, 2018, together with applicable options for such shareholder or group. Shares of common stock subject to options currently exercisable or exercisable within 60 days of June 30, 2018 are deemed outstanding for the purpose of computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage of any other person.

- (1) The beneficial ownership of Michael Cowpland consists of 3,639,126 common shares owned directly by Dr. Cowpland. In addition, Dr. Cowpland's ownership includes 225,936 common shares owned by Dr. Cowpland's spouse and 439,690 common shares owned by a company controlled by Dr. Cowpland's spouse. Dr. Cowpland disclaims beneficial ownership of the shares held by his spouse and the company controlled by his spouse. In addition, Dr. Cowpland has a right to acquire 1,125 common shares, under stock options that are currently exercisable or are exercisable within 60 days of June 30, 2018.
- (2) The beneficial ownership of James Stechyson consists of 1,468,500 common shares. 22,500 shares are owned directly by Mr. Stechyson and 1,446,000 are owned by a company controlled by Mr. Stechyson. In addition, Mr. Stechyson has a right to acquire 1,500 common shares, under stock options that are currently exercisable or are exercisable within 60 days of June 30, 2018.
- (3) The beneficial ownership of Advanced Telecom Services Inc. consists of 500,000 common shares owned directly.
- (4) The beneficial ownership of John Chapman consists of 195,047 common shares. The shares assigned to Mr. Chapman are held by CHAPMAN CFO Resources Inc. in which Mr. Chapman is the controlling shareholder.
- (5) The beneficial ownership of Steven Houck consists of 50,000 common shares owned directly by Mr. Houck and 45,500 common shares, which he has a right to acquire under stock options that are currently exercisable or are exercisable within 60 days of June 30, 2018.
- (6) The beneficial ownership of Donald Gibbs consists of 50,000 common shares owned directly by Mr. Gibbs and 40,500 common shares, which he has a right to acquire under stock options that are currently exercisable or are exercisable within 60 days of June 26, 2018.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

32 of 81

The Board of Directors has determined that all directors who served on the Board during fiscal 2018, other than Dr. Michael Cowpland and Mr. James Stechyson, are or were “independent” under NASDAQ Listing Rules. The Board has further determined that the members of the Audit Committee also meet the additional independence requirements of the Sarbanes-Oxley Act of 2002 and the rules of the Securities and Exchange Commission.

The services of John Chapman, our Chief Financial Officer, are provided through a contractual relationship with CHAPMAN CFO Resources Inc., a company owned 50% by Mr. Chapman and controlled by Mr. Chapman. The total cash and option compensation provided to CHAPMAN CFO Resources Inc. for the services provided by Mr. Chapman are detailed in “Executive Compensation” above.

Change in Ownership of Shareholders Owning More Than 5%:

On February 22, 2016, 342,501 shares were issued to Dr. Michael Cowpland, 6,000 shares were issued to a holding company controlled by Mr. James Stechyson on approval of the Board of Directors.

On November 17, 2016, 31,793 shares were issued to Dr. Michael Cowpland, 156,500 shares were issued to a holding company controlled by Mr. James Stechyson on approval of the Board of Directors.

On February 28, 2017, 500 shares were issued to Dr. Michael Cowpland on approval of the Board of Directors.

On November 22, 2017, 11,000 shares were issued to Dr. Michael Cowpland on approval of the Board of Directors.

On November 22, 2017, 5,000 shares were issued to a holding company controlled by Mr. James Stechyson on approval of the Board of Directors.

VOTING RIGHTS

Major Shareholders of the Company do not hold any special voting rights.

LOCATION OF STOCK HOLDINGS

At June 30, 2018, 5,631,631 (69%) of ZIM’s common shares are held outside of the United States. The number of shareholders of record is 712.

CONTROL

The Company is not owned or controlled directly or indirectly by another corporation, foreign government or by any other natural of legal person(s) severally or jointly.

B. Related Party Transactions

A director of the Company is a director and principal owner of a company that provides hosting services to ZIM. During the fiscal year ending March 31, 2018 the Company paid \$21,984 for these services (March 31, 2017 - \$31,127, March 31, 2016 - \$27,870). At March 31, 2018, included in accounts payable is \$2,761 connected to these services as compared to \$2,308 at March 31, 2017. ZIM also provided bookkeeping services to this company. During the fiscal year ending March 31, 2017, the related company paid \$5,714 to ZIM for these services (March 31, 2016 - \$Nil). From April 1, 2017 to May 31, 2017 the Company paid \$6,086 for these services.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

33 of 81

An Officer of the Company is the principal owner of a company that provides finance, accounting and bookkeeping services to ZIM. During the fiscal year ending March 31, 2018 the Company paid \$12,178 for these services (March 31, 2017 - \$17,245, March 31, 2016 - \$23,763). At March 31, 2018, included in accounts payable is \$894 connected to these services as compared to \$754 at March 31, 2017. From April 1, 2018 to May 31, 2018 the Company paid \$2,358 for these services.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Refer to Item 18 for Consolidated Financial Statements

B. Significant Changes

There have been no significant changes to our business since the fiscal year ended March 31, 2018.

ITEM 9. THE OFFER AND LISTING

OFFER AND LISTING DETAILS

"Bid" and "asked" offers for our common shares are quoted on the Over-the-Counter Bulletin Board ("OTCBB"). Our common shares have been quoted on the OTCBB under the symbol "ZIMCF" since October 16, 2003. The following table shows the high and low closing prices of our common shares for the periods indicated as reported by the OTCBB. The OTCBB quotations reflect inter-dealer prices, are without retail markup, markdown or commission, and may not represent actual transactions.

PERIOD	HIGH	LOW
Fiscal 2013	\$ 0.2200	\$ 0.0400
Fiscal 2014	\$ 0.6000	\$ 0.0140
Fiscal 2015	\$ 0.5060	\$ 0.0240
Fiscal 2016	\$ 0.1400	\$ 0.0600
Fiscal 2017	\$ 0.4015	\$ 0.0053
Fiscal 2018	\$ 0.0825	\$ 0.0090
Fiscal 2017 First Quarter	\$ 0.0600	\$ 0.0420
Fiscal 2017 Second Quarter	\$ 0.0420	\$ 0.0320
Fiscal 2017 Third Quarter	\$ 0.0600	\$ 0.0320
Fiscal 2017 Fourth Quarter	\$ 0.4015	\$ 0.0053
Fiscal 2017 First Quarter	\$ 0.0600	\$ 0.0420
Fiscal 2018 Second Quarter	\$ 0.0200	\$ 0.0090
Fiscal 2018 Third Quarter	\$ 0.0354	\$ 0.0200
Fiscal 2018 Fourth Quarter	\$ 0.0825	\$ 0.0110
Fiscal 2018 First Quarter	\$ 0.0130	\$ 0.0130
Fiscal 2018 January 2018	\$ 0.0130	\$ 0.0130
Fiscal 2018 February 2018	\$ 0.0130	\$ 0.0130
Fiscal 2018 March 2018	\$ 0.0130	\$ 0.0130
Fiscal 2019 April 2018	\$ 0.0130	\$ 0.0130
Fiscal 2019 May 2018	\$ 0.0150	\$ 0.0130
Fiscal 2019 June 2018	\$ 0.0150	\$ 0.0150

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

34 of 81

Our common shares are thinly traded and, accordingly, reported sale prices may not represent a true market-based valuation of our common shares.

We have not paid any dividends on our common shares and we intend to retain all earnings for use in our operations and to finance the development and the expansion of our business. We do not anticipate paying any dividends on the common shares in the foreseeable future. The payment of dividends is within the discretion of our Board of Directors. Any future decision with respect to dividends will depend on future earnings, future capital needs and our operating and financial condition, among other factors.

RECENT SALES OF UNREGISTERED SECURITIES

None

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not Applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

ZIM was incorporated under the federal laws of Canada on October 17, 2002, in order to purchase ZIM Technologies International Inc. ("ZIM Technologies"), which was formed in 1997 to acquire the software technology now called the ZIM Integrated Development Environment (the "ZIM IDE software"). On February 10, 2004, ZIM purchased UK-based SMS service firms EPL Communications Limited and E-Promotions Limited (together referred to as "EPL"). During the year ended March 31, 2006, EPL was dissolved and all operations were transferred to ZIM Corporation in Canada. ZIM is also the sole shareholder of ZIM Technologies do Brazil Ltda., a company incorporated in Brazil that distributes the ZIM IDE Software, and PCI Merge, Inc., a Florida based holding company with no operations. Until March 31, 2004, ZIM was the sole shareholder of ZIM Technologies, a Canadian federal corporation and the chief operating company of the ZIM group of companies. On April 1, 2004, ZIM Corporation and ZIM Technologies amalgamated into ZIM Corporation. On April 1, 2006, ZIM purchased a US-based mobile content company called Advanced Internet Inc. ("AIS"). In 2011 ZIM acquired the technology assets of Torch Technologies and began offering an advanced portfolio of migration services and management products that strengthen and complement ZIM's enterprise database products.

Other Provisions of Articles and By-laws

There are no provisions in the Articles or By-laws:

- Delaying or prohibiting a change in control of our company that operate only with respect to a merger, acquisition or corporate restructuring;
- Discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares;
- Requiring disclosure of share ownership; or
- Governing changes in capital, where such provisions are more stringent than those required by law.

Share Capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Special Shares which shall have the following rights, privileges, restrictions and conditions:

COMMON SHARES

The Common Shares have attached thereto the following rights, privileges, restrictions and conditions:

1. Voting

The holders of the Common Shares are entitled to receive notice of and to attend and shall be entitled to one (1) vote at any meeting of the shareholders of the Company for each Common Share held.

2. Dividends

The holders of the Common Shares are entitled to receive dividends as and when the directors shall in their discretion declare dividends on the Common Shares and pay the same.

3. Dissolution

The holders of the Common Shares are entitled to receive the remaining property of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

SPECIAL SHARES

The Special Shares have attached thereto the following rights, privileges, restrictions and conditions:

1. Voting Rights

Except as may be required by applicable law, the holders of the Special Shares are not entitled to notice of or to attend or vote at any meeting of the shareholders of the Company.

Notwithstanding the provisions of the Act and any other provision contained herein, the holders of the Special Shares shall not be entitled to vote separately as a class upon a proposal to amend these Articles to:

- (a) increase or decrease any maximum number of authorized Special Shares, or increase any maximum number of authorized shares of a class of shares having rights or privileges equal or superior to the Special Shares; or
- (b) effect an exchange, reclassification or cancellation of the Special Shares; or
- (c) create a new class of shares equal or superior to the Special Shares.

2. Dividends

Subject to the rights of the holders of any shares ranking prior to the Special Shares or the Common Shares, the holders of the Special Shares are entitled to receive, pro rata with the holders of the Common Shares, such dividends as may be declared by the board of directors of the Company, out of funds legally available therefor; the holder of any Special Shares on the record date for any dividend payable on such share will be entitled to such dividend, notwithstanding that such share is converted into a Common Share as described below after such record date and before the payment date of such dividend. Dividends shall not be paid or declared or set aside for payment on the Special Shares unless dividends in an equal amount per Common Share are paid or set aside for payment at the same time on the Common Shares.

3. Rights on Dissolution

In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Special Shares are entitled to receive on a pro rata basis and on a share-for-share basis with the holders of the Common Shares, all of the assets of the Company remaining after payment of all of the Company's liabilities, subject to the preferential rights of any shares ranking prior to the Special Shares.

4. Conversion Rights

Any holder of Special Shares is entitled, at any time on written notice to the Company, to have any or all of the Special Shares held by him or it converted into Common Shares on the basis (the "Special Conversion Basis") of one Common Share for each Special Share which such holder may desire to convert.

No fractional Common Shares will be issued upon the conversion of the Special Shares and no payment shall be made to the holders of Special Shares in lieu thereof.

5. Adjustment Rights

In the event of the Special Shares or Common Shares being at any time subdivided, consolidated, converted or exchanged for a greater or lesser number of shares of the same or another class, appropriate adjustments will be made in the rights and conditions attaching to the Special Shares and the Common Shares, respectively, so as to preserve in all respects the benefits conferred on the holders of each such class. No such adjustment will be required to be made unless the cumulative effect of such adjustment or adjustments would change the number of Common Shares issuable upon the conversion of the Special Shares by at least one-hundredth of a share, provided that such adjustment not so made shall be carried forward and taken into account at any subsequent adjustment.

In the event of any reclassification of Common Shares, any amalgamation, merger or other consolidation of the Company with another entity, or the transfer of all or substantially all of the Company's assets, the holders of the Special Shares will be entitled to receive such securities or other property as if on the effective date of such event they were registered holders of the number of Common Shares which such holders of Special Shares were entitled to receive upon the conversion of their Special Shares. No such adjustment shall be made if the holders of the Special Shares are entitled to participate in any such event on the same terms, as though they had converted their Special Shares prior to the occurrence of such event.

6. General Rights and Attributes

Except as specifically referred to above, each Special Share and each Common Share shall have the same rights and attributes and not have any priority over the other.

Powers and Duties of Directors

The Directors shall manage or supervise the management of our affairs and business and shall have authority to exercise all such powers as are not, by the Company Act, Articles or By-laws, required to be exercised by the shareholders in a general meeting or prohibited by law.

A majority of the directors shall be resident Canadians and, if any of the issued securities of the Company are or were a part of a distribution to the public, at least two of the directors shall not be officers or employees of the Company or any affiliate of the Company. No director shall be required to hold shares issued by the Company, unless the articles otherwise provide. In exercising his powers and discharging his duties each director must (a) act honestly and in good faith with a view to the best interests of the Company and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Directors serve for three (3) years, until each third annual meeting of shareholders. In general, a Director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with us whereby a duty or interest might be created to conflict with his duty or interest as a director, shall declare the nature and extent of his interest in such contract or transaction or the conflict or potential conflict with his duty and interest as a director. Such a Director shall not vote in respect of any such contract or transaction with us if the Chairman disqualifies him. If he votes, his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such a vote is taken. The shareholders at the general meeting shall determine the remuneration of the Directors. However, notwithstanding the foregoing, Directors shall be paid all expenses incurred in attending meetings or conducting business on our behalf.

Shareholders

An Annual General Meeting of Shareholders must be held once in every year at such time and place as may be determined by the Directors. Notice of the meeting must be given not less than twenty-one (21) nor more than fifty (50) days prior to the meeting. A quorum at an Annual General Meeting and Special Meeting shall be such person or number of persons present, in person or by proxy, holding or representing a majority of the total number of issued shares of the Company carrying voting rights for such meeting.

In accordance with our By-laws, Directors are elected by an "ordinary resolution" which means (a) a resolution passed by our shareholders in a General Meeting by a simple majority of the votes cast in person or by proxy, or (b) a resolution that has been submitted to our shareholders who would have been entitled to vote on it in person or by proxy at our general meeting and that has been consented to in writing by all of our shareholders entitled to vote on it.

For further details refer to the following exhibits to this Annual Report on Form 20-F:

1.1	Articles of Incorporation of the Registrant (Incorporated by reference to the Registrant's Registration Statement on Form S-4 filed on November 1, 2002 (No. 333-100920))
1.2	By-Laws of the Registrant (Incorporated by reference to the Registrant's Registration Statement on Form S-4 filed on November 1, 2002 (No. 333-100920))

C. MATERIAL CONTRACTS

None.

D. EXCHANGE CONTROLS

As of the date hereof, there are no governmental laws, decrees or regulations in Canada on the export or import of capital, or which impose foreign exchange controls or affect the remittance of interest, dividends or other payments to non-resident holders of our common stock, except as described under ITEM 10E "Taxation".

Except as provided in the Investment Canada Act, which has provisions that restrict the holding of voting shares by non-Canadians, there are no limitations specific to the rights of non-Canadians to hold or vote the Company's common shares under the laws of Canada or Ontario, or in its charter documents. The following summarizes the principal features of the Investment Canada Act for non-Canadian residents proposing to acquire the Company's common shares.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal advice to any holder or prospective holder of the Company's common shares, and no opinion or representation to any holder or prospective holder of our common shares is hereby made. Accordingly, holders and prospective holders of the Company's common shares should consult with their own legal advisors with respect to the consequences of purchasing and owning the Company's common shares. The Investment Canada Act governs the acquisition of Canadian businesses by non-Canadians. Under the Investment Canada Act, non-Canadian persons or entities acquiring "control" (as defined in the Investment Canada Act) of a corporation carrying on business in Canada are required to either notify, or file an application for review with, Industry Canada, subject to certain statutory exemptions. The relevant Minister may review any transaction which constitutes an acquisition of control of a Canadian business, where the book value of the assets acquired exceeds certain thresholds (which are higher for investors from members of the World Trade Organization, including United States residents, or World Trade Organization member-controlled companies) or where the activity of the business is related to Canada's cultural heritage or national identity, or where the investment could be injurious to Canada's national security. For acquisitions of control of a business which do not involve a business related to Canada's cultural heritage or national identity or present national security issues, no change of voting control will be deemed to have occurred, for purposes of the Investment Canada Act, if less than one-third of the voting control of a Canadian corporation is acquired by an investor. Different rules apply to acquisitions of control of businesses related to Canada's cultural heritage or national identity, or present national security concerns.

If an investment is reviewable under the Investment Canada Act, an application for review in the form prescribed is normally required to be filed with Industry Canada prior to the investment taking place, and the investment may not be implemented until the review has been completed and the Minister responsible for the Investment Canada Act is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian applicant must not implement the investment, or if the investment has been implemented, may be required to divest itself of control of the Canadian business that is the subject of the investment. Different rules apply if the Minister determines that the investment may be injurious to Canada's national security.

Certain transactions relating to ZIM's common stock would be exempt from the Investment Canada Act, if they are not found to be potentially injurious to Canada's national security by the Minister responsible for the Investment Canada Act, including:

- The acquisition of the Company's common stock by a person in the ordinary course of that person's business as a trader or dealer in securities;
- The acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Canada Act; and the acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the Company, through ownership of our common stock, remains unchanged.

These exemptions do not apply to an acquisition of control of a Canadian business that is deemed to be potentially injurious to Canada's national security.

E. TAXATION

Certain United States Federal Income Tax Consequences The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of common shares of the Company.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the acquisition, ownership, and disposition of common shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences to U.S. Holders of the acquisition, ownership, and disposition of common shares. Except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of common shares.

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

Scope of this Summary

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended, or the Canada-U.S. Tax Convention, and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

U.S. Holders

For purposes of this summary, the term “U.S. Holder” means a beneficial owner of common shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Non-U.S. Holders

For purposes of this summary, a “non-U.S. Holder” is a beneficial owner of common shares that is not a U.S. Holder. This summary does not address the U.S. federal income tax consequences to non-U.S. Holders arising from and relating to the acquisition, ownership, and disposition of common shares. Accordingly, a non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences (including the potential application of and operation of any income tax treaties) relating to the acquisition, ownership, and disposition of common shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, the following: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a “functional currency” other than the U.S. dollar; (e) U.S. Holders that own common shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) U.S. Holders that acquired common shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) U.S. Holders that hold common shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); or (h) U.S. Holders that own or have owned (directly, indirectly, or by attribution) 10% or more of the total combined voting power of the outstanding shares of the Company. This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Income Tax Act (Canada) (the “Tax Act”); (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold common shares in connection with carrying on a business in Canada; (d) persons whose common shares constitute “taxable Canadian property” under the Tax Act; or (e) persons that have a permanent establishment in Canada for the purposes of the Canada-U.S. Tax Convention. U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of common shares.

If an entity or arrangement that is classified as a partnership (or “pass-through” entity) for U.S. federal income tax purposes holds common shares, the U.S. federal income tax consequences to such partnership and the partners of such partnership generally will depend on the activities of the partnership and the status of such partners (or owners). This summary does not address the tax consequences to any such partnership or partner. Partners of entities or arrangements that are classified as partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences arising from and relating to the acquisition, ownership, and disposition of common shares.

Passive Foreign Investment Company Rules

If the Company were to constitute a “passive foreign investment company” under the meaning of Section 1297 of the Code, or a PFIC, as defined below, for any year during a U.S. Holder’s holding period, then certain different and potentially adverse rules will affect the U.S. federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of common shares. In addition, in any year in which the Company is classified as a PFIC, such holder may be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621.

PFIC Status of the Company

The Company generally will be a PFIC if, for a tax year, (a) 75% or more of the gross income of the Company is passive income (the “income test”) or (b) 50% or more of the value of the Company’s assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets (the “asset test”). “Gross income” generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and “passive income” generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

For purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, and assuming certain other requirements are met, “passive income” does not include certain interest, dividends, rents, or royalties that are received or accrued by the Company from certain “related persons” (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

In addition, under certain attribution rules, if the Company is a PFIC, U.S. Holders will be deemed to own their proportionate share of the stock of any subsidiary of the Company that is also a PFIC, or a Subsidiary PFIC, and will be subject to U.S. federal income tax on their proportionate share of (a) a distribution on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC.

The Company believes that it was classified as a PFIC during the tax year ended March 31, 2018 and may be a PFIC in future tax years. The determination of whether any corporation was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by the Company (or a Subsidiary PFIC) concerning its PFIC status. Each U.S. Holder should consult its own tax advisor regarding the PFIC status of the Company and any Subsidiary PFIC.

Default PFIC Rules Under Section 1291 of the Code

If the Company is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of common shares will depend on whether such U.S. Holder makes an election to treat the Company and each Subsidiary PFIC, if any, as a “qualified electing fund” or “QEF” under Section 1295 of the Code, or a QEF Election, or a mark-to-market election under Section 1296 of the Code, or a Mark-to-Market Election. A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a “Non-Electing U.S. Holder.”

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of common shares and (b) any excess distribution received on our common shares. A distribution generally will be an “excess distribution” to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. Holder’s holding period for our common shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of common shares (including an indirect disposition of the stock of any Subsidiary PFIC), and any “excess distribution” received on common shares, must be ratably allocated to each day in a Non-Electing U.S. Holder’s holding period for the respective common shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as “personal interest,” which is not deductible.

If the Company is a PFIC for any tax year during which a Non-Electing U.S. Holder holds common shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent tax years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above), but not loss, as if such common shares were sold on the last day of the last tax year for which the Company was a PFIC.

QEF Election

A U.S. Holder that makes a timely and effective QEF Election for the first tax year in which its holding period of its common shares begins generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to its common shares. A U.S. Holder that makes a timely and effective QEF Election will be subject to U.S. federal income tax on such U.S. Holder’s pro rata share of (a) the net capital gain of the Company, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such U.S. Holder. Generally, “net capital gain” is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and “ordinary earnings” are the excess of (a) “earnings and profits” over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each tax year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. However, for any tax year in which the Company is a PFIC and has no net income or gain, U.S. Holders that have made a QEF Election would not have any income inclusions as a result of the QEF Election. If a U.S. Holder that made a QEF Election has an income inclusion, such a U.S. Holder may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as “personal interest,” which is not deductible.

A U.S. Holder that makes a timely and effective QEF Election with respect to the Company generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents “earnings and profits” of the Company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder’s tax basis in our common shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of common shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as “timely” if such QEF Election is made for the first year in the U.S. Holder’s holding period for our common shares in which the Company was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year. If a U.S. Holder does not make a timely and effective QEF Election for the first year in the U.S. Holder’s holding period for our common shares, the U.S. Holder may still be able to make a timely and effective QEF Election in a subsequent year if such U.S. Holder also makes a “purging” election to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such common shares were sold for their fair market value on the day the QEF Election is effective.

A QEF Election will apply to the tax year for which such QEF Election is timely made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent tax year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in another subsequent tax year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any subsequent tax year in which the Company qualifies as a PFIC.

U.S. Holders should be aware that there can be no assurance that the Company will satisfy record keeping requirements that apply to a QEF, or that the Company will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules, in event that the Company is a PFIC and a U.S. Holder wishes to make a QEF Election. Thus, U.S. Holders may not be able to make a QEF Election with respect to their common shares. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the common shares are marketable stock. Our common shares generally will be “marketable stock” if our common shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and meets other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange ensure active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be “regularly traded” for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter.

A U.S. Holder that makes a Mark-to-Market Election with respect to its common shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to such common shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder's holding period for our common shares or such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, our common shares.

A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each tax year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of our common shares, as of the close of such tax year over (b) such U.S. Holder's tax basis in such common shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (a) such U.S. Holder's adjusted tax basis in our common shares, over (b) the fair market value of such common shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder's tax basis in our common shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of common shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years).

A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless our common shares cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to our common shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning, because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the application of the default rules of Section 1291 of the Code described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of common shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which common shares are transferred.

Certain additional adverse rules will apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example, under Section 1298(b)(6) of the Code, a U.S. Holder that uses common shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such common shares.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to such special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult with their own tax advisor regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares.

Ownership and Disposition of Common Shares

The following discussion is subject to the rules described above under the heading "Passive Foreign Investment Company Rules."

Distributions on Common Shares

Subject to the PFIC rules discussed above, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to an Offered Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the Company, as computed for U.S. federal income tax purposes. A dividend generally will be taxed to a U.S. Holder at ordinary income tax rates if the Company is a PFIC. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in our common shares and thereafter as gain from the sale or exchange of such common shares. (See "Sale or Other Taxable Disposition of common shares" below). However, the Company may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Company with respect to our common shares will constitute ordinary dividend income. Dividends received on common shares generally will not be eligible for the "dividends received deduction". Subject to applicable limitations and provided the Company is eligible for the benefits of the Canada-U.S. Tax Convention, dividends paid by the Company to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC in the tax year of distribution or in the preceding tax year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale or Other Taxable Disposition of Common Shares

Subject to the PFIC rules discussed above, upon the sale or other taxable disposition of common shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received and such U.S. Holder's tax basis in such common shares sold or otherwise disposed of. Subject to the PFIC rules discussed above, gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, our common shares have been held for more than one year.

Preferential tax rates apply to long-term capital gain of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

46 of 81

Additional ConsiderationsAdditional Tax on Passive Income

Individuals, estates and certain trusts whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surtax on “net investment income” including, among other things, dividends and net gain from disposition of property (other than property held in certain trades or businesses). U.S. Holders should consult with their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of common shares.

F. DIVIDENDS AND PAYING AGENTS

Not Applicable.

G. STATEMENT BY EXPERTS

Not Applicable.

H. DOCUMENTS ON DISPLAY

The documents referred to in this Form 20-F may be viewed at the Company’s office located at 150 Isabella Street, Suite 150, Ottawa, Ontario, Canada, K1S 1V7 during normal business hours.

I. SUBSIDIARY INFORMATION

Not Applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**FOREIGN EXCHANGE RISK**

The Company operates internationally, giving rise to significant exposure to market risks from changes in foreign exchange rates. The Company’s financial assets are in the form of cash and cash equivalents held at institutions with high quality credit ratings. A hypothetical 10% change in the value of one Brazilian real expressed in U.S. dollars during the year ended March 31, 2018 would have caused an approximate \$21,830 change in the Company’s revenue for the fiscal year 2018. The Company is exposed to exchange risk due to the timing of the movement of funds between subsidiaries and the parent company related to the transfer pricing agreement and the pricing of contracts in non-functional currencies. Financial instruments denominated in foreign currencies that lead to foreign exchange risk when funds are moved include:

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	210,939	231,785
US dollars	42,374	78,366
Brazilian reals	704,236	523,305

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	47 of 81
-------------------	-------	---------------------	----------

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	13,396	86,759
US dollars	210	-
Brazilian reals	92,325	-

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	11,029	20,288
US dollars	-	-
Brazilian reals	1,670	16,399

Accrued liabilities include the following accruals in their source currency:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	14,992	41,674
Brazilian reals	24,567	33,333

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>March 31, 2018</u>	<u>March 31, 2017</u>
Canada	27%	80%
North America, excluding Canada	1%	-
South America	72%	20%
	<u>100%</u>	<u>100%</u>

FAIR VALUE

The carrying values of accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

KEY PERSONNEL RISK

We are a small company with 5 employees as of March 31, 2018, and we depend to a great extent on principal members of our management staff. If we lose the services of any key personnel, in particular Dr. Michael Cowpland, our President and Chief Executive Officer, and Mr. James Stechyson, our Chairman, the loss could significantly impede the achievement of our research and development objectives and delay our product development programs and commercialization of our product candidates. We do not currently have any key man life insurance policies.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART TWO**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES**Evaluation of Disclosure Controls and Procedures**

We are required to maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information that we are required to disclose in the reports we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2018. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to the material weaknesses in our internal control over financial reporting described below related to our financial reporting processes and information technology security protocols.

Management's Annual Report on Internal Control over Financial Reporting

ZIM's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework, as previously stated in this annual report, our management concluded that our internal control over financial reporting was not effective as of March 31, 2018, due to the existence of certain significant deficiencies which constituted a material weakness, as described in greater detail below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement in our consolidated financial statements will not be prevented or detected on a timely basis.

Our principal deficiency was inadequate staffing and supervision that could lead to the untimely identification and resolution of accounting and disclosure matters. Other significant deficiencies that contributed to the material weakness were:

- Inadequate segregation of duties and cross training;
- Continued reliance on manual systems to account for revenue and expenses; and
- Weaknesses in third party billing systems for the Ringingphone.com and Monstertones.com databases with respect to the relationship between recurring payment processing and account updates.

Changes in Internal Control over Financial Reporting

We are taking steps to make the necessary improvements to remedy these deficiencies. We have implemented certain remedial measures and are in the process of designing and implementing additional measures to remedy the material weakness. These include addressing our inadequate staffing and supervision by reduction of workload through process optimization and documentation.

We intend to continue to improve our internal controls; however, our small size and financial resources continue to prevent us from being able to employ sufficient resources to enable us to have adequate segregation of duties within our internal control system. Management is required to apply its judgment in evaluating the cost-benefit.

Attestation Report of the Registered Public Accounting Firm

Because the Company is a “non-accelerated filer”, this Annual Report on Form 20-F is not required to include an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that we have a least one audit committee financial expert serving on the audit committee. Mr. Donald Gibbs, a member of the audit committee, is an audit committee financial expert and “independent” as that term is defined in the NASDAQ Listing Rules.

ITEM 16B. CODE OF ETHICS

Our Board of Directors has adopted a code of conduct and ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our Chief Executive Officer, Chief Financial Officer, Comptroller, Vice Presidents and any other persons who perform similar functions for us. Our code of business conduct and ethics is posted on our website at www.ZIM.biz.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

During the most recent two fiscal year ends, we were billed for audit, audit-related, tax and other services provided by Independent Registered Public Accounting Firm, MNP LLP, as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Audit fees	50,411	46,582
Tax fees	7,756	7,513
Total	<u>58,167</u>	<u>54,095</u>

Audit Fees. Audit fees were for professional services rendered for the audits of ZIM's consolidated financial statements and services that generally only the independent auditor can reasonably provide, such as comfort letters, consents and assistance and review of documents filed with the Securities and Exchange Commission.

Tax Fees. Tax fees were for tax compliance, tax advice and tax planning. These services included the preparation of the Canadian and subsidiaries' income tax returns in the respective jurisdictions, assistance with questions regarding tax audits from the various taxation authorities in Canada and tax planning relating to common forms of domestic and international taxation (i.e. income tax, capital tax and excise tax).

All audit and tax fees are estimated by the Independent Registered Public Accounting Firm and approved by the audit committee before they are performed. There were no significant differences between the approved estimates and final fees for fiscal years 2017 and 2018.

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the Independent Registered Public Accounting Firm. These services may include audit services, audit-related services, tax services and other services. The policy prohibits retention of the Independent Registered Public Accounting Firm to perform the prohibited non-audit functions defined in section 201 of the Sarbanes-Oxley Act of 2002 or the rules of the SEC, and also considers whether proposed services are compatible with the independence of the public auditors. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Independent Registered Public Accounting Firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the Independent Registered Public Accounting Firm in accordance with this pre-approval and the fees for the services performed to date.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Not applicable.

PART THREE

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide consolidated financial statements prepared under United States generally accepted accounting principles, which appear in Item 18.

ITEM 18. FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders of ZIM Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of ZIM Corporation (the Company) as of March 31, 2018 and 2017, and the related statements of loss and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2018 and 2017, and the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which indicates that the Company incurred a net loss of \$42,902 and an accumulated deficit of \$21,325,620 during the year ended March 31, 2018. The Company's continuance as a going concern is dependent upon its ability to generate revenue sufficient to fund its cash flow needs. These conditions as described in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2015.

/s/ MNP LLP

MNP LLP
Ottawa, Canada
July 20, 2018

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	53 of 81
-------------------	-------	---------------------	----------

ZIM Corporation and Subsidiaries
Consolidated Balance Sheets
(Expressed in US Dollars)

	March 31, 2018	March 31, 2017
ASSETS	\$	\$
Current assets		
Cash and cash equivalents	418,507	419,676
Accounts receivable, net of allowance for doubtful accounts of \$10,192 and \$10,192 as of March 31, 2018 and 2017	38,463	81,688
Investment tax credits receivable	131,220	168,963
Other tax credits	82,997	117,658
Prepaid expenses	25,595	12,819
	<u>696,782</u>	<u>800,804</u>
Investments	117,109	114,200
Equipment, net	24,334	23,758
	<u>838,225</u>	<u>938,762</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	9,057	20,451
Accrued liabilities	19,041	19,125
Deferred revenue	60,224	92,770
	<u>88,322</u>	<u>132,346</u>
Deferred rent	-	8,173
Total liabilities	88,322	140,519
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; NIL issued and outstanding shares at March 31, 2018 and 2017.	-	-
Common shares, no par value, Unlimited authorized shares; 8,136,348 shares issued and outstanding as at March 31, 2018 and 8,120,348 shares as at March 31, 2017.	19,491,842	19,491,757
Additional paid-in capital	2,962,105	2,961,848
Accumulated deficit	(21,325,620)	(21,282,718)
Accumulated other comprehensive loss	(378,425)	(372,644)
	<u>749,902</u>	<u>798,243</u>
	<u>838,225</u>	<u>938,762</u>

The accompanying notes are an integral part of these consolidated financial statements.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

54 of 81

ZIM Corporation and Subsidiaries
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US Dollars)

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	\$	\$	\$
Revenues			
Mobile	108,485	188,654	140,889
Software	34,435	90,452	40,821
Software maintenance and consulting	<u>360,322</u>	<u>391,795</u>	<u>437,581</u>
Total revenue	<u>503,242</u>	<u>670,901</u>	<u>619,291</u>
Operating expenses			
Cost of revenue	15,774	18,600	67,137
Selling, general and administrative	542,688	677,325	768,194
Research and development	49,031	76,243	148,604
Amortization of intangible assets	-	-	3,943
Total operating expenses	<u>607,493</u>	<u>772,168</u>	<u>987,878</u>
Loss from operations	<u>(104,251)</u>	<u>(101,267)</u>	<u>(368,587)</u>
Other income:			
Dividends from investments	-	9,008	5,782
Gain on disposition of investment	45,758	582	--
Interest income, net	<u>15,591</u>	<u>22,229</u>	<u>51,273</u>
Total other income	<u>61,349</u>	<u>31,819</u>	<u>57,055</u>
Loss from operations and before income taxes	(42,902)	(69,448)	(311,532)
Income tax (recovery) expense	-	-	(148)
Loss from operations	<u>(42,902)</u>	<u>(69,448)</u>	<u>(311,680)</u>
Other comprehensive loss, net of tax			
Foreign currency translation adjustment	<u>(5,781)</u>	<u>(32,570)</u>	<u>(43,034)</u>
Comprehensive loss	<u>(48,683)</u>	<u>(102,018)</u>	<u>(354,714)</u>
Basic and diluted loss per share from operations *	<u>(0.005)</u>	<u>(0.009)</u>	<u>(0.042)</u>
Weighted average number of shares outstanding – basic and diluted	<u>8,126,222</u>	<u>7,973,352</u>	<u>7,438,714</u>

* The basic and diluted loss per share for the prior years have been adjusted to reflect the impact of the share consolidation, on the basis of one post-consolidation common share for every twenty pre-consolidation common shares, which was accounted for as a reverse stock split effective on January 19, 2017.

The accompanying notes are an integral part of these consolidated financial statements.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	55 of 81
-------------------	-------	---------------------	----------

ZIM Corporation and Subsidiaries

Consolidated Statements of Shareholders' Equity

(Expressed in US dollars)

	Number of common shares issued *	Common shares	Additional paid-in-capital	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity
		\$	\$	\$	\$	\$
Balance as at March 31, 2016	7,890,493	19,484,482	2,960,789	(21,213,270)	(340,074)	891,927
Shares issued in lieu of compensation	229,855	7,275	7,275			7,275
Stock options granted			1,059			1,059
Net loss				(69,448)		(69,448)
Cumulative translation adjustment					(32,570)	(32,570)
Balance as at March 31, 2017	<u>8,120,348</u>	<u>19,491,757</u>	<u>2,961,848</u>	<u>(21,282,718)</u>	<u>(372,644)</u>	<u>798,243</u>

	Number of common shares issued *	Common shares	Additional paid-in-capital	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity
		\$	\$	\$	\$	\$
Balance as at March 31, 2017	8,120,348	19,491,757	2,961,848	(21,282,718)	(372,644)	798,243
Shares issued in lieu of compensation	16,000	85				85
Stock options granted			257			257
Net loss				(42,902)		(42,902)
Cumulative translation adjustment					(5,781)	(5,781)
Balance as at March 31, 2018	<u>8,136,348</u>	<u>19,491,842</u>	<u>2,962,105</u>	<u>(21,325,620)</u>	<u>(378,425)</u>	<u>749,902</u>

* Effective January 19, 2017, ZIM undertook a corporate action to consolidate its outstanding common shares on the basis of one post-consolidation common share for every twenty pre-consolidation common shares.

The accompanying notes are an integral part of the consolidated financial statements.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	56 of 81
-------------------	-------	---------------------	----------

ZIM Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Expressed in US dollars)

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	\$	\$	\$
OPERATING ACTIVITIES			
Net loss	(42,902)	(69,448)	(311,680)
Items not involving cash:			
Depreciation of equipment	11,341	12,170	9,166
Amortization of intangible assets	-	-	3,943
Gain of investment	(45,758)	(582)	-
Stock-based compensation	342	8,334	55,063
Changes in operating working capital:			
Decrease (increase) in accounts receivable	43,225	(23,381)	5,046
Decrease (increase) in investment tax credits	37,743	112,681	18,760
Decrease (increase) in other tax credits	34,661	(33,006)	(31,082)
Decrease (increase) in prepaid expenses	(12,776)	12,140	(11,983)
Increase (decrease) in accounts payable	(11,394)	11,290	(16,148)
Decrease in accrued liabilities	(84)	(22,393)	(45,625)
Decrease in deferred revenue	(32,546)	(18,199)	(75,065)
Cash flows used in operating activities	<u>(18,147)</u>	<u>(10,394)</u>	<u>(399,605)</u>
INVESTING ACTIVITIES			
Purchase of equipment	(11,917)	(9,611)	(10,977)
Purchase of (proceeds from) investment	45,758	582	(115,626)
Cash flows provided by (used in) investing activities	<u>33,841</u>	<u>(9,029)</u>	<u>(126,603)</u>
Decrease in cash and cash equivalents	(1,169)	(52,641)	(556,064)
Cash and cash equivalents, beginning of year	419,676	472,317	1,028,381
Effect of changes in exchange rates on cash and cash equivalents	(16,863)	(33,218)	(29,856)
Cash and cash equivalents, end of year	<u>418,507</u>	<u>419,676</u>	<u>472,317</u>

The accompanying notes are an integral part of the consolidated financial statements.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

1 - NATURE OF OPERATIONS

COMPANY OVERVIEW

ZIM Corporation (“ZIM” or the “Company”) is a provider of software products and services for the database and mobile markets. ZIM products and services are used by enterprises in the design, development and management of business, database and mobile applications. ZIM also provides mobile content to the consumer market.

BUSINESS DEVELOPMENT

ZIM was formed under the laws of Canada on October 17, 2002, in order to purchase ZIM Technologies International Inc. (“ZIM Technologies”), which was formed in 1997 to acquire the software technology now called the ZIM Integrated Development Environment (the “ZIM IDE software”). On February 10, 2004, ZIM purchased UK-based short messaging service (“SMS”) firms EPL Communications Limited and E-Promotions Limited (together referred to as “EPL”). During the fiscal year ended March 31, 2006, EPL was dissolved and all operations were transferred to ZIM Corporation in Canada. ZIM is also the sole shareholder of ZIM Technologies do Brazil Ltda., a company incorporated in Brazil that distributes the ZIM IDE Software, and PCI Merge, Inc., a Florida based holding company with no operations. Until March 31, 2004, ZIM was the sole shareholder of ZIM Technologies, a Canadian federal corporation and the chief operating company of the ZIM group of companies. On April 1, 2004, ZIM Corporation and ZIM Technologies amalgamated into ZIM Corporation. On April 1, 2006, ZIM purchased a US-based mobile content company called Advanced Internet Inc. (“AIS”). In April 2016, ZIM incorporated a wholly owned subsidiary called GeneSpans Corporation. GeneSpans is focused on developing intellectual property and advancing research and development in the areas of new synthetic drugs and immunotherapies. Genespans name was changed to NuvoBio Corporation on August 25, 2016.

BUSINESS OF THE COMPANY

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 support services to its client base.

Beginning in 2002, the Company expanded its business 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”. Although SMS will continue to provide a minimal amount of revenue within the mobile segment of ZIM’s operations, with the acquisition of AIS, the Company shifted its corporate focus to include offering mobile content directly to end users. In fiscal 2008, ZIM added the ZIM TV service and in partnership with the International Table Tennis Federation (“ITTF”) provided development and hosting services for IPTV to ITTF end users. However, due to low sales volumes ZIM exited this market in fiscal 2009.

In fiscal 2018, ZIM continued to develop and sell enterprise database software to end users as well as maintain its SMS messaging business. At March 31, 2013 ZIM discontinued the sale of mobile content.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

Also, in 2017, NuvoBio signed strategic partnerships and exclusive global licensing agreements with leading drug research institutes and companies. The Company is currently funding research and development projects in the following areas:

- New peptide-derived inhibitors for therapeutic intervention against breast cancer cell lines in the presence or absence of chemotherapeutics to characterize the in vivo effects of promising inhibitors; and
- The development of immunology therapies for the treatment of kidney cancer.

2 - GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis in accordance with accounting principles generally accepted in the United States ("US GAAP"). The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date the Company has incurred an accumulated loss of \$21,325,620 and negative cash flow from operations of \$18,147 for the year ended March 31, 2018. This raises significant doubt about the ability of the Company to continue as a going concern. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the Company generating revenue sufficient to fund its cash flow needs. There is no certainty that this and other strategies will be sufficient to permit the Company to continue as a going concern.

Management is currently investigating and evaluating options that may include recapitalization of the Company and pursuing other ventures of a different nature.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and expenses and the classifications used in the consolidated balance sheets. Such differences in amounts could be material.

3 - SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The results of operations for acquisitions are included in these consolidated financial statements from the date of acquisition. Inter-company transactions and balances are eliminated upon consolidation.

INVESTMENTS

Investments for which the Company has no significant influence (generally less than a 20% ownership interest) or does not exert significant influence are designated as available-for-sale if readily determinable market values are available. If an investment's fair value is not readily determinable, the Company accounts for its investment at cost. Unrealized gains and losses on available-for-sale investments are included in accumulated other comprehensive income, net of applicable taxes and other adjustments until the investment is sold or considered impaired. Dividends and other distributions of earnings from available-for-sale investments and cost investments are included in Other Income.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the period. Estimates have been made by management in several areas, including, but not limited to, the realizability of accounts receivable and investments, the valuation allowance associated with deferred income tax assets, investment tax credits, expected useful life of equipment, the fair value calculation with respect to the stock options, and the accrued accounts receivable and accrued accounts payable related to our premium SMS business. Actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are recorded at the invoiced amount net of an allowance for doubtful accounts. The Company determines its allowance for doubtful accounts by considering a number of factors, including the age of the receivable, the financial stability of the customer, discussions that may have occurred with the customer and management's judgment as to the overall collectability of the receivable from that customer. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to selling, general and administration accounts in the period of recovery.

REVENUE RECOGNITION

The Company derives revenue from two sources: enterprise software, including maintenance and consulting services and mobile services and applications. Enterprise software involves providing enterprise software for designing, developing and manipulating database systems and applications. Mobile services involve providing SMS and other content applications and services. The Company presents revenues net of sales tax and other related taxes.

ENTERPRISE SOFTWARE REVENUE RECOGNITION

ZIM records revenues from the perpetual license of the Company's software products and the sale of related maintenance and consulting. The Company's standard license agreement provides a license to use the Company's products based on the number of licensed users. The Company may license its software in multiple element arrangements if the customer purchases any combination of maintenance, consulting or training services in conjunction with the license.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

The Company recognizes revenue pursuant to the requirements of the ASC 985-605 "Software Revenue Recognition". Revenue is recognized using the residual method when vendor-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, but does not exist for one or more delivered elements. The Company allocates revenue to each undelivered element based on its respective fair value determined by the price charged when that element is sold separately. The Company defers revenue for the undelivered elements and recognizes the residual amount of the arrangement fee, if any. The separate elements of the arrangements are considered to be separate units of accounting.

Revenue is recognized when the following four criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- The fee is fixed and determinable; and
- Collectability is probable.

The Company records revenue as earned as evidenced by contracts or invoices for its services at prices established by contract, price list and/or fee schedule less applicable discounts. If at the outset of an arrangement the Company determines that the arrangement fee is not fixed or determinable, revenue is deferred until the arrangement fee becomes due. If at the outset of an arrangement the Company determines that the collectability is not probable, revenue is deferred until payment is received.

Collectability is assessed based on the collection history of the client, current economic trends, customer concentrations and customer credit worthiness. Delivery of the software has occurred once the customer has accepted the product or has been provided with permanent keys to the file transfer protocol ("FTP") site. If an arrangement allows for customer acceptance of the software or services, the Company defers revenue recognition until the earlier of customer acceptance or when the acceptance right lapses.

MAINTENANCE AND CONSULTING REVENUE RECOGNITION

Maintenance revenues are recognized equally over the term of the maintenance contract. The liability relating to the received but unearned portion of maintenance revenues is recognized as deferred revenues.

Consulting revenue, which represents services provided on a per diem basis to customers, is recognized as the services are performed as there are no customer acceptance provisions involved in these types of arrangements. Consulting revenue, which represents services provided on a fixed price basis to customers, is recognized upon achieving the related milestone.

In general, credit terms of 30 days are extended to customers with a small number of customers receiving longer payment terms based on the long-standing relationship with ZIM.

MOBILE REVENUE RECOGNITION

Revenues from the Company's mobile segment are derived principally from providing aggregation services and from their mobile content portals.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

Aggregation services. Aggregation services occur when ZIM sends messages from its content provider customers through mobile operators to end users on their cell phones. In this situation, the Company contracts with its customers that cannot connect directly to the mobile operators and with the third party mobile operators or other aggregators directly for the transmission of the messages. Net revenues are recognized in the month in which the service is performed, provided no significant ZIM obligations remain. ZIM relies on a number of mobile network operators and other aggregators globally to deliver its services. Generally, (i) within 15 to 45 days after the end of each month, ZIM receives a statement from each of the operators or aggregators confirming the amount of charges billed to that operator's mobile phone users and (ii) within 30 to 90 days after delivering a monthly statement, each operator or aggregator remits the fees for the month to ZIM. ZIM arranges to pay the mobile content provider a set amount per message under a revenue sharing arrangement. ZIM nets this revenue share fee against the revenue it receives from the mobile operators in accordance with ASC 605.

Revenues are recorded on a net basis as the mobile content provider is the primary obligor in the transaction as they manage and market the content, which ZIM then distributes. ZIM's role within the transaction is limited to providing transmission and a billing mechanism for the mobile content provider.

Mobile content portals. On April 1, 2006, ZIM acquired two internet portals offering mobile content. Consumers are able to download ring tones and wallpapers directly from the internet sites to their mobile phones. The majority of consumers choose to pay for the content with their credit card with the balance of consumers paying through the use of a premium message. If they use a premium message to pay for their content, the charge is paid on their cell phone bill.

Revenues from all sales are recorded on a gross basis as ZIM manages and markets the content ZIM distributes. Revenue on mobile content is recognized at the point of sale, when the customer purchases content from the websites.

RESEARCH AND DEVELOPMENT EXPENSES

Costs related to research, design and development of products and applications are charged to research and development expense as incurred. Software development costs are capitalized beginning when a product's technological feasibility has been established, which generally occurs upon completion of a working model, and ending when a product is available for general release to customers. All subsequent costs are expensed as incurred. To date, completing a working model of the Company's products and the general release of the products has substantially coincided. The Company has not capitalized any software development costs since such costs have not been significant.

The Company qualifies for scientific research and experimental development refundable investment tax credits. These credits are recorded as a reduction of research and development expense when it is more likely than not that the credits will be realized. Other non-refundable investment tax credits not utilized in the current year can be used to offset income taxes in future years.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

TRANSLATION OF FOREIGN CURRENCIES

The Company's reporting currency is the US dollar and the functional currency is the Canadian dollar for ZIM Corporation and NuvoBio, US Dollar for AIS and Brazilian Reals for ZIM do Brazil.

The accounts of the Company's subsidiaries that are recorded in their respective functional currencies, remeasure their foreign currency transactions as follows: gains or losses from foreign currency transactions such as those resulting from the settlement of receivables or payables denominated in foreign currency, are remeasured at the weighted average exchange rates for the period and are included in the statement of comprehensive loss of the current period. For the years ended March 31, 2018, 2017, and 2016, the Company recognized a foreign exchange loss of \$2,504, \$1,246, and \$592, respectively, in the accompanying consolidated statements of loss and comprehensive loss included in the selling, general and administrative expenses.

The translation of the Company's consolidated financial statements from the functional currency to its reporting currency is performed as follows: all assets and liabilities are translated into US dollars at the rate of exchange in effect at the balance sheet date. Equity transactions are translated at the exchange rate in effect at the date of the transaction. Revenues, expenses and cash flow amounts are translated at the weighted average exchange rates for the period. The resulting translation adjustments are included in other comprehensive income in shareholders' equity. The translation adjustments did not result in a tax impact.

INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry-forwards using tax rates and laws in effect in the year in which the differences are expected to reverse. When necessary, a valuation allowance is recorded to reduce the tax assets to an amount for which realization is more likely than not. The effect of changes in tax rates is recognized in the period in which the rate change occurs.

The Company is subject to examination by taxing authorities in the jurisdictions of Canada, Brazil and the United States. Management does not believe that there are any uncertain tax positions that would result in an asset or liability for taxes being recognized in the accompanying consolidated financial statements.

EARNINGS PER SHARE

Basic earnings per share are computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share are calculated giving effect to the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to such shares at the later of the beginning of the period or the issuance date. This method is used to determine the dilutive effect of common shares. The treasury stock method is used to determine the dilutive effect of warrants and stock options. The treasury stock method assumes that proceeds received from the exercise of in-the-money share purchase warrants and stock options are used to repurchase common shares at the average market price during the period.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

STOCK OPTIONS AND GRANTS

Compensation cost for all stock-based awards is measured at fair value on the date of grant and recognized as compensation expense over the service period for awards expected to vest. Stock-based awards granted to consultants are measured at fair value on the grant date and compensation expense is recognized on the date at which the consultant's performance is complete which, for the Company, is on the date of grant.

The fair value of stock options is determined using the Black Scholes-Merton option pricing model. The expected dividend yield is based on historical dividend payouts, the expected volatility is based on historical volatilities of company stock (management believes that the historical volatility is an appropriate measure of expected volatility) for a period approximating the expected life; the risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option; and the expected life represents the period of time the options are expected to be outstanding and is based on historical trends. The weighted average assumptions used in the computations are as follows:

	<u>Year ended March 31, 2018</u>	<u>Year ended March 31, 2017</u>	<u>Year ended March 31, 2016</u>
Risk-free interest rates	1.93%	1.36%	0.99%
Expected volatility	433%	206%	161%
Dividend yield	-	-	-
Expected life of options (years)	3.0	3.0	3.0

EQUIPMENT

Equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the underlying assets using the following methods and rates:

Computer equipment	40%	Declining balance
Software	40%	Declining balance
Office furniture and equipment	20%	Declining balance
Voice communications equipment	20%	Declining balance
Leasehold improvements		Straight line over the lesser of 5 years or the term of the underlying lease
	5 years	

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

IMPAIRMENT OF EQUIPMENT

Equipment is tested for impairment when evidence of a decline in value exists, and adjustments to estimated fair value are made if the asset is impaired. Whenever events and circumstances indicate that the Company may not be able to recover the net book value of its productive assets, that the assets are deemed impaired and are to be written down to their estimated fair value through a charge to earnings. The guidance states that fair values may be estimated using discounted cash flow analysis or quoted market prices, together with other available information. The Company reviewed its property and equipment assets for impairment to determine if there were events or changes in circumstances that would indicate that the carrying amount of the assets may not be recoverable through future cash flows. It was determined that no impairment was evident.

INTANGIBLE ASSETS

Intangible assets, which consist of database migration methodologies and software, are determined to have finite lives and are amortized on the straight-line method over their estimated useful lives, which is 60 months.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standards setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company’s management believes that the impact of recently issued standards that are not yet effective will not have any significant impact on the consolidated financial statements upon adoption.

In May 2015, the FASB issued ASU No. 2014-09 related to revenue from contracts with customers. This standard requires an entity to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for annual reporting periods beginning after December 15, 2017. Early adoption is not permitted. We are currently evaluating the impact ASU 2014-09 will have on its consolidated financial statements.

In January, 2016, the FASB issued Accounting Standards Update 2016-01, Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities (the ASU). Changes to the current GAAP model primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. The classification and measurement guidance will be effective for public business entities in fiscal years beginning after December 15, 2017. We are currently evaluating the impact ASU 2016-01 will have on our consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Topic 718). The ASU provides clarity and reduces both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The ASU will be effective for the annual reporting periods beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for (1) public business entities for reporting periods for which financial statements have not yet been issued and (2) all other entities for reporting periods for which financial statements have not yet been made available for issuance.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash. This will require entities to show the changes in the total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. These changes become effective for fiscal years beginning after December 15, 2018. We are currently evaluating the impact ASU 2016-18 will have on our consolidated financial statements.

In August 2016 the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments. This provides guidance on presentation and classification of certain cash receipts and payments in the statement of cash flows. These changes become effective for fiscal years beginning after December 15, 2018. We are currently evaluating the impact ASU 2016-15 will have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718). The ASU simplifies certain aspects related to income taxes, statement of cash flows, and forfeitures when accounting for share-based payment transactions. The ASU became effective for the annual reporting periods beginning after December 15, 2016, with earlier adoption permitted. Certain of the amendments related to timing of the recognition of tax benefits and tax withholding requirements should be applied using a modified retrospective transition method. Amendments related to the presentation of the statement of cash flows should be applied retrospectively. These changes did not have an impact on the Company's consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Codification ("ASC") Topic 842, Leases through ASU No. 2016-02. ASC Topic 842 requires a lessee to recognize all leases, including operating leases, on balance sheet via a right-of-use asset and lease liability, unless the lease is a short-term lease. All (or a portion of) fixed payments by the lessee to cover lessor costs related to ownership of the underlying assets, or executory costs, that do not represent payments for a good or service will be considered lease payments and reflected in the measurement of lease assets and lease liabilities by lessees. The new standard does not substantially change lessor accounting from current U.S. GAAP. The new standard also requires lessees and lessors to disclose more qualitative and quantitative information about their leases than current U.S. GAAP does. The standard is applied retrospectively, with elective reliefs. The new standard is effective for annual and interim reporting periods beginning after December 15, 2018 for a public business entity. Early adoption is permitted. We are currently evaluating the impact ASU 2016-02 will have on its consolidated financial statements.

4 - ACCOUNTING FOR UNCERTAIN TAX POSITIONS

The Company recognizes any interest accrued related to unrecognized tax benefits in interest and penalties in income tax benefit in the consolidated statement of loss and comprehensive loss.

5 - ACCOUNTS RECEIVABLE

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
	\$	\$
Trade accounts receivable	45,832	80,140
Allowance for doubtful accounts	(10,064)	(10,192)
Other	2,695	11,740
	<u>38,463</u>	<u>81,688</u>

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

66 of 81

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

6 – INVESTMENTS

Investments and long-term deposits	Investment Date	Value at Investment Date	2018	2017	Available For Sale
Seregon	October 1, 2009	95,147	-	-	No
CP4H	June 29, 2012	187,367	-	-	No
LW Capital Pool	May 31, 2010	10,290	-	-	No
Hosted Bizz	Dec. 31, 2013	1,005	-	751	No
Equispheres Inc.	August 26, 2015	112,752	117,109	113,449	No
Total		405,799	117,109	114,200	

On April 30, 2016, ZIM Corporation made an equity investment in Equispheres Inc. The investment consisted of the purchase of 250,000 common shares at a price of \$20,042.

On August 26, 2015, ZIM Corporation made an equity investment in Equispheres Inc. The investment consisted of the purchase of 500,000 common shares at a price of \$91,948.

Equispheres Inc. is an advanced materials company developing new technologies for the production of metallic particles for use in additive manufacturing.

On August 9, 2017, Connecting People for Health Co-operative Ltd. (CP4H) was acquired for an undisclosed amount. Various options to distribute the proceeds from the sale are being considered by the board of CP4H and will be finalized at a later date. ZIM has not recognized this transaction in its financial statements as of March 31, 2018. Once the distribution has been finalized ZIM will recognize its portion of the proceeds as a gain on the sale of assets.

On February 9, 2018, ZIM sold 100,000 shares of HostedBizz to HostedBizz, for cancellation, for gross proceeds of \$60,000 Canadian dollars (\$45,758 United States dollars).

7 – INTANGIBLE ASSETS

On October 27th, 2010, ZIM purchased all of the technology assets of Torch Technologies for the sum of \$50,000 Canadian dollars (\$51,451 United States dollars). The assets include database migration methodologies and software assets.

The Company recorded the acquired technology assets as intangible assets on the consolidated balance sheet. This asset was being amortized over 60 months on a straight-line basis. Amortization expense for fiscal 2018 was \$NIL and the net book value as at March 31, 2018 was \$NIL. Amortization expense for fiscal 2017 was \$NIL and the net book value as at March 31, 2017 was \$NIL. Amortization expense for fiscal 2016 was \$3,943 and the net book value as at March 31, 2016 was \$NIL.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	67 of 81
-------------------	-------	---------------------	----------

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

8 - EQUIPMENT

March 31, 2018	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Computer equipment	865,864	850,561	15,303
Software	84,316	79,276	5,040
Office furniture and equipment	185,646	182,260	3,386
Voice communications equipment	4,810	4,520	290
Leasehold improvements	139,357	139,042	315
	<u>1,279,993</u>	<u>1,255,659</u>	<u>24,334</u>

March 31, 2017	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Computer equipment	829,921	818,802	11,119
Software	80,891	74,560	6,331
Office furniture and equipment	180,917	175,363	5,554
Voice communications equipment	4,683	4,331	352
Leasehold improvements	131,814	131,412	402
	<u>1,228,226</u>	<u>1,204,468</u>	<u>23,758</u>

Depreciation expense for the year ended March 31, 2018 was \$11,341 (\$12,170 and \$9,166 for the years ended March 31, 2017 and 2016 respectively). These expenses are included in the cost of revenue account, the selling, general, and administrative expenses and the research and development account.

9 – LINE OF CREDIT

During fiscal 2018, a working capital line of credit, in the form of overdraft protection, was available at approximately \$38,778 (equivalent to \$50,000 Canadian, the Company's functional currency) from the Company's major financial institution. This credit facility is secured by the Company's assets. Amounts drawn on this credit facility bear interest at the prime rate, as published by the Royal Bank of Canada, plus 2.15%.

In order to maintain the working capital line of credit the Company must maintain a Tangible Net Worth of greater than \$150,000 Canadian dollars (equivalent to \$116,333 US dollars) and a ratio of current assets to current liabilities greater than 1.10:1. The Company has not been in violation of these covenants during the year.

As at March 31, 2018 nothing was drawn down on this line of credit. The line of credit does not have defined expiration or renewal dates.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

10 – ACCRUED LIABILITIES

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
	\$	\$
Employee related accruals	22,123	11,931
Trade	<u>(3,082)</u>	<u>7,194</u>
	<u>19,041</u>	<u>19,125</u>

11 – COMMON SHARE ISSUE

The Company did not issue any common shares, except for those issued as compensation as described in notes 12 and 13, during the years ended March 31, 2018 or March 31, 2017 pursuant to the exercise of stock options by employees and the granting of stock for executive officers.

On November 12, 2009, the Board of Directors approved a share repurchase plan. Shares may be repurchased by the Company to a maximum of \$200 per day and \$12,000 per quarter. The repurchase program has no expiration date. As of March 31, 2018, no shares have been repurchased as part of this program.

On January 19, 2017, the Company undertook a corporate action to consolidate its outstanding common shares on the basis of one post-consolidation common share for every twenty pre-consolidation common shares. The share consolidation has been reflected retroactively in the consolidated financial statements.

12 – RELATED PARTY TRANSACTIONS

No remuneration has been recorded in these consolidated financial statements for the services of the Chief Executive Officer (CEO) for the fiscal year 2018, 2017 and 2016 except for the 11,000 post-consolidation shares of common stock, valued at \$58 issued through the fiscal year 2018, 32,293 post-consolidation shares of common stock, valued at \$1,085 issued through the fiscal year 2017, 477,298 post-consolidation shares of common stock, valued at \$33,243 issued through the fiscal year 2016. The CEO is also a director and the controlling shareholder.

A director of the Company is a director and principal owner of a company that provides hosting services to ZIM. During the fiscal year ending March 31, 2018 the Company paid \$21,984 for these services (March 31, 2017 - \$31,127, March 31, 2016 - \$27,870). At March 31, 2018, included in accounts payable is \$2,761 connected to these services as compared to \$2,308 at March 31, 2017. ZIM also provided bookkeeping services to this company. During the fiscal year ending March 31, 2017, the related company paid \$5,714 to ZIM for these services (March 31, 2016 - \$Nil).

An Officer of the Company is the principal owner of a company that provides finance, accounting and bookkeeping services to ZIM. During the fiscal year ending March 31, 2018 the Company paid \$12,178 for these services (March 31, 2017 - \$17,245, March 31, 2016 - \$23,763). At March 31, 2018, included in accounts payable is \$894 connected to these services as compared to \$754 at March 31, 2017.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

13 - STOCK BASED COMPENSATION

During the year ended March 31, 2018 and March 31, 2017, the Company issued common shares and options to employees and non-employees, and as a result, common shares and additional paid in capital has been increased by \$342 and \$8,334 respectively.

On November 22, 2017 Dr. Cowpland, Chief Executive Officer, was awarded a total of 11,000 post-consolidation shares of common stock in lieu of cash for services provided to the Company, valued at \$58.

On November 22, 2017 Company controlled by Mr. Stechyson, Chairman of the Board, received a total of 5,000 post-consolidation shares of common stock in lieu of cash for services provided to the Company, valued at \$27.

At various times through fiscal year 2017 Dr. Cowpland received a total of 32,293 post-consolidation shares of common stock in lieu of cash for services provided to the Company, valued at \$1,085.

At various times through fiscal year 2017 a Company controlled by Mr. Stechyson received a total of 156,500 post-consolidation shares of common stock in lieu of cash for services provided to the Company, valued at \$5,321.

At various times through fiscal year 2017 a Company controlled by Mr. Chapman received a total of 41,063 shares of common stock in lieu of cash for services provided to the Company, valued at \$869.

At various times through fiscal year 2016 Dr. Cowpland received a total of 477,298 post-consolidation shares of common stock in lieu of cash for services provided to the Company, valued at \$33,243.

At various times through fiscal year 2016 a Company controlled by Mr. Stechyson received a total of post-consolidation 68,500 shares of common stock in lieu of cash for services provided to the Company, valued at \$5,634.

The increase in additional paid in capital is the value associated with the common shares issued and the vesting of options, which is recorded as compensation expense in the statement of loss and comprehensive loss as a part of selling, general and administrative expense.

Under ZIM's Employee Stock Option Plan, the Company may grant options to its officers, directors and employees for up to 1,360,000 post consolidation common shares. As at March 31, 2018, 204,150 (March 31, 2017, 225,500) post consolidation options were outstanding under the Employee Stock Option Plan. Stock options are granted with an exercise price equal to the common share's fair market value at the date of grant. Options are granted periodically, and both the maximum term of an option and the vesting period are set at the Board's discretion. All options granted in fiscal year 2018 vested on the day of the grant and have a three-year term. The expected life of the grants due to forfeitures and exercise of options is estimated based on recent history and is 3 years.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	70 of 81
-------------------	-------	---------------------	----------

ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)

The Company recognized the following expense relating to stock options and grants:

	<u>Year ended</u> <u>March 31, 2018</u>	<u>Year ended</u> <u>March 31, 2017</u>	<u>Year ended</u> <u>March 31, 2016</u>
	\$	\$	\$
Options compensation expense for employees	71	591	2,809
Options compensation expense for consultants	186	468	3,401
Stock grant compensation expense for consultants	27	869	3,986
Stock grant compensation expense for executive officers	58	6,406	44,867
Total expense	<u>342</u>	<u>8,334</u>	<u>55,063</u>

All options granted vested on the day of the grant resulting in the Company not having any non-vested awards as of March 31, 2018 or March 31, 2017.

A summary of the status of the stock options is as follows:

	March 31, 2018	March 31, 2017
	Number of options outstanding	Number of options outstanding
Options outstanding, beginning of year	225,500	462,105
Granted	48,500	42,500
Expired	<u>(69,850)</u>	<u>(279,105)</u>
Options outstanding, end of year	<u>204,150</u>	<u>225,500</u>

The number of outstanding share options granted have been adjusted for the effect of the share consolidation. All share options outstanding at March 31, 2018 are exercisable.

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	71 of 81
-------------------	-------	---------------------	----------

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

The following table represents a summary of the options outstanding as at March 31, 2018:

Range of exercise prices	Options outstanding and exercisable	
	Number outstanding at March 31, 2018	Weighted average remaining contractual life
\$		Years
0.00-0.02	48,500	2.68
0.02-0.04	42,500	1.50
0.04-0.08	113,150	0.63
	<u>204,150</u>	<u>1.30</u>

The weighted average grant-date fair value of options granted and vested in fiscal 2018 and 2017 were \$0.00547 and \$0.0329 respectively.

As at March 31, 2018 there were NIL options in the money.

EMPLOYEE AND NON-EMPLOYEE OPTIONS

During the year ended March 31, 2018, 9,500 post-consolidation options were granted to employees. In the year ended March 31, 2017, 24,500 post-consolidation options were granted to employees.

During the year ended March 31, 2018, 39,000 post-consolidation options were granted to non-employees. In the year ended March 31, 2017, 18,000 post-consolidation options were granted to non-employees.

No options have been granted with exercise prices below the market price on the respective grant dates during the year ended March 31, 2018 or March 31, 2017.

14 - INTEREST

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	\$	\$	\$
Interest income	18,526	25,892	55,436
Interest expense	(2,934)	(3,663)	(4,163)
Total	<u>15,591</u>	<u>22,229</u>	<u>51,273</u>

ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)

15 - INCOME TAXES

The Company recognizes in its consolidated financial statements the impact of a tax position if that position is more likely than not of not being sustained on an audit, based on the technical merits of the position.

The Company and its subsidiaries file income tax returns in Canadian, Brazilian and U.S. federal jurisdictions, and various provincial jurisdictions. The Company's federal income tax returns are generally subject to examination for a period of three years after filing of the respective return in the U.S. and Canada and five years in Brazil.

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial income tax rates to loss before taxes, as follows:

	<u>Year ended</u> <u>March 31, 2018</u>	<u>Year ended</u> <u>March 31, 2017</u>	<u>Year ended</u> <u>March 31, 2016</u>
	\$	\$	\$
Tax Rate, comprised of a federal rate of 11.00% and a provincial rate of 4.13%	15.13%	15.50%	15.50%
Expected Canadian Income Tax (Recovery)	(4,136)	(10,764)	(48,287)
Change in valuation allowance	(102,732)	107,243	25,102
Permanent differences	(3,702)	6,940	21,958
Change in tax rates	110,694	(75,293)	
Difference between Canadian and foreign tax rates	(12,690)	(6,221)	-(6,326)
Other	12,566	(21,905)	7,701
	<u>-</u>	<u>-</u>	<u>148</u>

The change in valuation allowance for originating temporary differences and losses available for carry forward, is calculated using an expected deferred tax rate of 15.13%, based on the application of the Small Business Deduction. The rate at which such amounts may be realized as disclosed as part of a deferred tax asset and related valuation allowance takes into account the enacted tax rate decreases over the expected period of realization.

Refundable investment tax credits for research and development in Canada of \$124,234, \$171,457 and \$305,708, and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016, respectively is netted against research and development expense. The investment tax credits are subject to review and approval by taxation authorities and it is possible that the amounts granted will be different from the amounts recorded by the Company.

ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)

Deferred taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The Company's deferred tax assets are as follows:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
	\$	\$
Losses available for carry forward	168,277	207,745
Property and equipment - differences in net book value and unamortized capital cost	116,545	122,774
Intangible assets - differences in net book value and tax basis	196,610	209,724
Unused scientific research and experimental development amounts deductible and investment tax credits available for carry forward	814,830	816,735
Other	117,215	125,925
Gross deferred tax asset	1,413,477	1,482,903
Valuation allowance	(1,413,477)	(1,482,903)
Net deferred tax asset	<u>-</u>	<u>-</u>

The Company has federal and provincial non-capital losses available to reduce taxable income in Canada, which expire in the following years:

	<u>Federal & Provincial</u>
2026	590,115
2027	318,898
2037	140,696
2038	2,403
	<u>1,052,111</u>

The Company has capital losses of \$255,815, which are available indefinitely to reduce capital gains in future years as of March 31, 2018.

The losses in Brazil of \$139,185 have an indefinite carryforward period. However, the losses can only be used to offset 30% of taxable income in any given year.

As at March 31, 2018, the Company had accumulated unclaimed federal and provincial scientific research and experimental development deductions of approximately \$4,073,657 (\$3,790,940 in 2017). This amount can be carried forward indefinitely to reduce income taxes payable in future years.

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

The Company has federal scientific research and experimental development credits available to reduce income taxes in Canada, which expire in the following years:

2019	5,183
2021	14,097
2022	276,222
2023	1,773
2024	2,221
2025 to 2033	9,721
	<u>309,217</u>

16 - LOSS PER SHARE

For the purposes of the loss per share computation, the weighted average number of common shares outstanding has been used.

The number of common shares for the prior years have been adjusted to reflect the impact of the share consolidation. The basic and diluted loss per share have been adjusted to reflect the impact of the share consolidation, on the basis of one post-consolidation common share for every twenty pre-consolidation common shares, which was accounted for as a reverse stock split effective on January 19, 2017.

The following securities are considered "in the money" and could potentially dilute the basic earnings per share in the future but have not been included in diluted earnings per share because their effect was negligible or antidilutive:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Stock options	-	-	-

Total post-consolidation options outstanding at March 31, 2018, 2017 and 2016 were 204,150, 225,500, and 462,105 respectively.

17 - FINANCIAL RISKS

FOREIGN EXCHANGE RISK

The Company operates internationally, giving rise to significant exposure to market risks from changes in foreign exchange rates. The Company's financial assets are in the form of cash and cash equivalents held at institutions with high quality credit ratings. A hypothetical 10% change in the value of one Brazilian real expressed in U.S. dollars during the year ended March 31, 2018 would have caused an approximate \$21,830 change in the Company's revenue for the fiscal year 2018. The Company is exposed to exchange risk due to the timing of the movement of funds between subsidiaries and the parent company related to the transfer pricing agreement and the pricing of contracts in non-functional currencies. Financial instruments denominated in foreign currencies that lead to foreign exchange risk when funds are moved include:

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

75 of 81

ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	210,939	231,785
US dollars	42,374	78,366
Brazilian reals	704,236	523,305

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	13,396	86,759
US dollars	210	-
Brazilian reals	92,325	-

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	11,029	20,288
US dollars	-	-
Brazilian reals	1,670	16,399

Accrued liabilities include the following accruals in their source currency:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canadian dollars	14,992	41,674
Brazilian reals	24,567	33,333

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:

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	76 of 81
-------------------	-------	---------------------	----------

**ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)**

One customer accounted for approximately 21% for the year ended March 31, 2016, one customer accounted for approximately 28% of revenue for the year ended March 31, 2017 and one customer accounted for approximately 22% of revenue for the year ended March 31, 2018.

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Canada	27%	80%
North America, excluding Canada	1%	-
South America	72%	20%
	<u>100%</u>	<u>100%</u>

The carrying values of accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

18 – COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS

The Company has the following financial commitments related to minimum rent expenses for facilities:

	\$
2018	9,842
2019	13,122
2020	5,468
2021	-
2022	-
Total	<u>28,432</u>

For the year ended March 31, 2018, facilities expense was \$69,777 (\$90,899 for the year ended March 31, 2017 and \$94,766 for the year ended March 31, 2016). The lease was renewed for 3 years and 2 months in March of 2018.

OTHER

The Company is committed to pay an unrelated third party \$75,000 upon the listing of ZIM Corporation's common shares on a national securities exchange.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

77 of 81

ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)

19 - SUPPLEMENTAL CASH FLOW DISCLOSURE

	Year ended <u>March 31, 2018</u>	Year ended <u>March 31, 2017</u>
	\$	\$
Interest paid	(2,934)	(3,663)
Income taxes paid	-	-
Investment tax credit on research and development received	131,220	281,644

20 - SEGMENT REPORTING

The Company operates in two reportable segments based on product differentiation: mobile and enterprise software. Mobile applications involve providing SMS and other content applications and services for mobile devices. Enterprise software involves providing enterprise software for designing, developing and manipulating database systems and applications.

The Company considers all revenues and expenses to be of an operating nature and accordingly, allocates them to the segments. Costs specific to a segment are charged directly to the segment. Company operating expenses are allocated to either of the segments based on gross revenues. Significant assets of the Company include working capital, an investment and property and equipment. The accounting policies of the reportable segments are the same as those described in the summary of the significant accounting policies.

The following table sets forth external revenues, cost of revenues (including depreciation expense), operating expenses (including depreciation expense) and other amounts attributable to these product lines:

Year ended March 31, 2018	<u>Mobile</u>	<u>Software, Maintenance and Consulting</u>	<u>Total</u>
	\$	\$	\$
Revenue	108,485	394,757	503,242
Cost of revenue	2,886	12,888	15,774
Gross margin	<u>105,599</u>	<u>381,869</u>	<u>487,468</u>
Allocation of operating expenses	128,183	463,536	591,719
Allocation of interest income	(3,377)	(12,214)	(15,591)
Gain on investment	(9,912)	(35,846)	(45,758)
Income tax recovery	-	-	-
	<u>114,893</u>	<u>415,477</u>	<u>530,370</u>
Net loss	<u>(9,294)</u>	<u>(33,608)</u>	<u>(42,902)</u>

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

78 of 81

ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)

Year ended March 31, 2017	Mobile	Software, Maintenance and Consulting	Total
	\$	\$	\$
Revenue	188,654	482,247	670,901
Cost of revenue	3,939	14,661	18,600
Gross margin	<u>184,715</u>	<u>467,586</u>	<u>652,301</u>
Allocation of operating expenses	213,391	541,177	753,568
Allocation of gain on sales of assets	(165)	(417)	(582)
Allocation of dividend income	(2,551)	(4,576)	(9,008)
Allocation of interest income, net	(6,295)	(15,934)	(22,229)
	<u>204,381</u>	<u>517,368</u>	<u>721,749</u>
Net loss	<u>(19,666)</u>	<u>(49,782)</u>	<u>(69,448)</u>

Year ended March 31, 2016	Mobile	Software, Maintenance and Consulting	Total
	\$	\$	\$
Revenue	140,889	478,402	619,291
Cost of revenue	6,241	60,896	67,137
Gross margin	<u>134,648</u>	<u>417,506</u>	<u>552,154</u>
Allocation of operating expenses	224,532	696,209	920,741
Allocation of interest income, net	(13,959)	(43,096)	(57,055)
Income taxes	-	148	148
	<u>210,573</u>	<u>653,261</u>	<u>863,834</u>
Net loss	<u>(75,925)</u>	<u>(235,755)</u>	<u>(311,680)</u>

The following table sets forth total assets used by each segment:

TOTAL ASSETS	March 31, 2018	March 31, 2017
	\$	\$
Mobile	180,698	263,975
Software	657,527	674,787
Total assets	<u>838,225</u>	<u>938,762</u>

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	79 of 81
-------------------	-------	---------------------	----------

ZIM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(EXPRESSED IN US DOLLARS)

The following tables set forth external revenues and long-lived assets attributable to geographic areas. External revenues are based on the location of the customer:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
	\$	\$
Long-lived assets		
Canada	22,616	21,099
Brazil	<u>1,718</u>	<u>2,659</u>
Total long-lived assets	<u><u>24,334</u></u>	<u><u>23,758</u></u>

	<u>Year ended March</u>	<u>Year ended March</u>	<u>Year ended March</u>
	<u>31, 2018</u>	<u>31, 2017</u>	<u>31, 2016</u>
	\$	\$	
Total Revenue			
United States	34,076	47,057	48,850
Europe	-	5,885	15,605
Brazil	218,436	245,475	372,983
Canada	141,511	181,415	49,783
Singapore	108,485	188,596	136,612
Other	<u>735</u>	<u>2,473</u>	<u>1,458</u>
Total revenue	<u><u>503,242</u></u>	<u><u>670,901</u></u>	<u><u>619,291</u></u>

Management evaluates each segment's performance based upon revenues and gross margins achieved.

21 – SUBSEQUENT EVENTS

None.

ITEM 19. EXHIBITS.

See the Exhibit Index hereto.

s22-19615_20f.htm

19615

07/23/2018 05:04 PM

80 of 81

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ZIM Corporation
(Registrant)

By /s/ Michael Cowpland

Michael Cowpland (President and CEO)

Date: July 20, 2018

s22-19615_20f.htm	19615	07/23/2018 05:04 PM	81 of 81
-------------------	-------	---------------------	----------

EXHIBIT INDEX

Exhibit EXHIBIT
Number

1.1	Articles of Incorporation of the Registrant (Incorporated by reference to the Registrant's Registration Statement on Form S-4 filed on November 1, 2002 (No. 333-100920))
1.2	By-Laws of the Registrant (Incorporated by reference to the Registrant's Registration Statement on Form S-4 filed on November 1, 2002 (No. 333-100920))
4.10	Employee Stock Option Plan, as amended September 22, 2005 (Incorporated by reference to Appendix A to the Registrant's Proxy Statement filed August 19, 2005)
4.11	Form of Stock Option Agreement under Employee Stock Option Plan (Incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-KSB filed June 28, 2006)
4.12	Form of Non-Qualified Stock Option Agreement between the Registrant and each of Michael Cowpland, James Stechyson, Steve Houck and Charles Saikaley, dated, 2001 (Incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-KSB filed June 28, 2006)
4.13	ZIM SMS Gateway Agreement with SIT Consulting, dated October 27, 2004 (Incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-KSB filed June 28, 2006)
4.14	Secured Senior Promissory Note dated March 31, 2006 between ZIM Corporation and Advanced Telecom Services, Inc. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed April 4, 2006)
4.15	Loan Agreement dated August 11, 2005 between ZIM Corporation and Dr. Michael Cowpland (Incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed August 11, 2005)
4.16	Surrender and Conversion Agreement by and between Michael Cowpland and ZIM Corporation dated December 4, 2008 (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2008).
4.17	Consulting Agreement by and between Chapman CFO Resources Inc. and ZIM Corporation dated July 20, 2008 (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-QSB for the quarter ended December 31, 2008).
4.18	Stock Purchase Agreement dated March 28, 2006 by and among ZIM Corporation, Advanced Telecom Services, Inc. and Advanced Internet, Inc. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed March 28, 2006)
8.1 *	List of subsidiaries of the Registrant
12.1 *	Certification by the Chief Executive Officer, Michael Cowpland, pursuant to Exchange Act Rules 13(a)-14(a) and 15d-14(a)
12.2 *	Certification by the Chief Financial Officer, John Chapman, pursuant to Exchange Act Rules 13(a)-14(a) and 15d-14(a)
13.1 *	Certification by the Chief Executive Officer, Michael Cowpland, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2 *	Certification by the Chief Financial Officer, John Chapman, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*	Filed herewith.

s22-19615_ex81.htm	EX-8.1	1 of 1
List of Subsidiaries	19615	07/23/2018 05:04 PM

Exhibit 8.1**LIST OF SUBSIDIARIES**

ZIM has the following, wholly owned subsidiaries:

- ZIM Technologies do Brazil Ltda., a company incorporated in Brazil that distributes the ZIM IDE Software
- NuvoBio Corporation, a company incorporated in Canada that funds research into genetic therapy solutions.

s22-19615_ex121.htm	EX-12.1	1 of 1
Certifications	19615	07/23/2018 05:04 PM

EXHIBIT 12.1**CERTIFICATIONS**

I, Michael Cowpland, certify that:

1. I have reviewed this annual report on Form 20-F of ZIM Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 20, 2018

/s/ Michael Cowpland

Michael Cowpland
Chief Executive Officer

s22-19615_ex122.htm

EX-12

1 of 1

19615

07/23/2018 05:04 PM

EXHIBIT 12.2**CERTIFICATIONS**

I, John Chapman, certify that:

1. I have reviewed this annual report on Form 20-F of ZIM Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 20, 2018

/s/ John Chapman

John Chapman

Chief Financial Officer

s22-19615_ex131.htm	EX-13.1	1 of 1
Certification Pursuant to	19615	07/23/2018 05:04 PM

Exhibit 13.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of ZIM Corporation (the "Company") on Form 20-F for the year ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Cowpland, Chief Executive Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Cowpland

Michael Cowpland
Chief Executive Officer
Date: July 20, 2018

s22-19615_ex132.htm	EX-13.2	1 of 1
Certification Pursuant to	19615	07/23/2018 05:04 PM

Exhibit 13.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of ZIM Corporation (the "Company") on Form 20-F for the year ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Chapman, Chief Financial Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John Chapman

John Chapman
Chief Financial Officer
Date: July 20, 2018

s22-19615_ex151.htm	EX-15.1	1 of 1
Consent of Independent Registered Public Accounting Firm	19615	07/23/2018 05:04 PM

Exhibit 15.1**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our Independent Registered Public Accounting Firm's report dated July 20, 2018, with respect to the consolidated financial statements included in the Annual Report of ZIM Corporation on Form 20-F for the year ended March 31, 2018. We hereby consent to the incorporation by reference of said report in the Registration Statements of ZIM Corporation on Form S-8 (File No. 333-110878, effective December 3, 2003; File No. 333-135447, effective June 29, 2006; and File No. 333-135448, effective June 29, 2006).

Ottawa, Canada
July 20, 2018

/

/s/ MNP LLP
Chartered Professional Accountants
Licensed Public Accountants