

ZECOTEK MEDICAL SYSTEMS INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED APRIL 30, 2007 AND 2006

Dated at June 29, 2007

This MD&A should be read in conjunction with the audited financial statements for the twelve months ended July 31, 2006. The significant accounting policies are outlined in Note 2 to the Financial Statements of the Company for the year ended July 31, 2006 and for the interim period ended April 30, 2007.

All dollar amounts are expressed in Canadian dollars except where noted. The Company's accounts are maintained in Canadian dollars. The business activities of the Company, carried out through its subsidiaries in Singapore are conducted primarily in Singapore dollars. The rate of exchange on April 30, 2007 as reported by the Bank of Canada, for the conversion of one Singapore dollar into Canadian dollars was \$0.7282.

Company Overview

Zecotek Medical Systems Inc. ("Zecotek" or the "Company") is a bio-photonics technology company developing high-performance crystals, photo-detectors, medical lasers, optical imaging and 3D display technologies for commercial application in the medical imaging industry. Zecotek's operational headquarters, pre-production, and production facilities are located in Singapore. Through its wholly owned subsidiary Zecotek Medical Systems Singapore Pte Ltd., enabling technologies for use in the medical imaging and high-performance laser industries are developed by three distinct operating divisions: Zecotek Imaging Systems Pte. Ltd., Zecotek Laser Systems Pte. Ltd. and Zecotek Display Systems Pte. Ltd. The Company's corporate headquarters is located in Vancouver, B.C. with additional research projects and laboratories in Canada, U.S.A., and Russia. The Company is a Canadian public company trading on the TSX Venture Exchange under the symbol "ZMS.V". On April 20, 2006, the Company's shares began trading on the Frankfurt Stock Exchange under the trading symbol - W11F. The Company's website is <http://www.zecotekmed.com>.

Medical Imaging

Zecotek's medical imaging technologies are being developed to enable higher resolution imaging and more detailed diagnoses for faster patient throughput and improved patient outcomes. There is a recognized need for improved diagnostic imaging, due to in part to an aging population and technical advances, to replace previously invasive procedures. The Company is at the forefront of innovation in next-generation medical imaging, that promises faster patient throughput, enhanced diagnosis, lower unit costs, and improved patient outcomes.

Zecotek has focused on development of important bio-photonics technologies: patented scintillation crystals used in medical imaging devices, new generation solid-state photo detectors used in a broad range of medical and non-medical application, and light sources and configurations for high resolution optical imaging.

Zecotek's new and proprietary Lutetium Fine Silicate ("LFS") scintillation crystal emits blue light, a key attribute in the design of whole body positron emission tomography ("PET") scanners. LFS is a crystal material which falls into a category of materials known as "scintillators". These materials emit light when exposed to sources of radiation. The light is then captured by photo-detectors and translated into digital signals for imaging purposes. Novel scintillation crystals have provided the greatest source of cost and performance improvements for PET scanning technology in recent years, including image quality improvements, resolution and sensitivity gains. The performance improvement from Zecotek's patented LFS scintillation crystals allows for faster imaging times, requiring less radio-trace element to be injected into the patient and therefore allowing hospitals and other medical facilities to achieve a greater patient throughput, thus significantly lowering unit costs.

High performance scintillation crystals are developed principally for OEM manufacturers of PET and PET-CT (positron emission tomography – computed tomography) scanners. A single PET-CT scanner can contain up to 50,000 individual crystals. Other applications are in micro-PET detectors used in drug research, and gamma cameras used for specific applications such as breast and prostate examinations. Additional non-medical applications include gamma ray detector systems for homeland security, geological surveying, materials analysis, high energy physics and nuclear stockpile monitoring.

Concurrently Zecotek has successfully developed a new generation of silicon-based photon counters, designated Micro-pixel Avalanche Photo Diodes (MAPD). The MAPD is targeted at replacing existing photo-detection devices, known as photo-multiplier tubes (PMT's) used currently in PET and PET-CT scanners for medical imaging, as well as in a wide range of industrial and research applications.

Zecotek's new generation solid-state photon counters have been designed to offer significant performance and cost advantages over the current vacuum tube based PMT. Furthermore, MAPD's are insensitive to magnetic fields an important consideration when combining PET and MRI technologies. PMT based photo-detection devices are currently used in PET and PET-CT scanners and represent approximately one-third of the cost of each scanner. MAPD is significantly smaller than existing PMT's, cost less to produce and in tests have performed substantially better than PMT's. The market for MAPD includes components of medical inspection devices used in blood analysis and DNA sequencing. Additional non-medical applications include: gamma ray detectors for homeland security, environmental monitoring, industrial control systems, robotics, biomedical testing, navigation and guidance systems, laser radars and high energy physics.

In partnership with the University of Washington, the Company is developing a proprietary PET/MRI detector, which could lead to a new standard in medical imaging. The limiting factor of bringing the two imaging technologies together has been the sensitivity of the PMT's to the magnetic field generated by the MRI (magnetic resonance imaging). By combining the patent-pending solid-state photo detectors which are insensitive to magnetic fields, with the patented LFS scintillation crystals, Zecotek may effectively combine PET and MRI technologies into a single device, representing a dramatic medical and technological breakthrough.

In partnership with the University of British Columbia (UBC), Zecotek is developing a proprietary, broadband light source that will drive a compact and low cost non-destructive optical imaging device. The Optical Coherence Tomography device could offer the clinicians, the ability to look at tissue microstructures with depth of few millimeters, thus allowing very early disease detections.

Medical Lasers

Zecotek's medical laser program is targeted at meeting the needs in the medical and bio-tech sectors of: biomedical instrumentation, ophthalmology, dentistry, cardiovascular and infectious diseases. The increasing use of lasers for disease diagnostics and drug discovery plus the growth in patient-paid therapy for vision correction and aesthetic applications have been major contributors to the growth in the medical laser industry. The Company is developing the following technologies:

- **Solid-state lasers** for use in medical, scientific and industrial applications;
- **Bio-instrumentation lasers** for drug discovery and clinical diagnostics;
- **Fiber lasers** for medical, inspection and measurement applications;
- **Thin film lasers** for surgical and diagnostic applications in cardiology, ophthalmology and dermatology.

Zecotek's has developed a Rare earth Fine Oxide (RFO) crystal to replace the ubiquitous YAG crystal, which is used in approximately 60% of laser applications, ranging from medical lasers to high-power industrial laser systems. The Company's proprietary RFO crystal growth technology has been under development for the past three years and represents a substitute to YAG. The RFO crystal is targeted to provide improved performance with significant cost savings.

Zecotek's proprietary lasers may also have possible industrial applications including High Definition Laser displays (HDTV).

3D2D Display

While there are a number of 3D screens and displays currently available today, none fully meet the key attributes required for true 3D display: multi-user, multi-view, real-time, high resolution viewing that is compatible with existing applications. Zecotek has successfully developed and demonstrated a compact, colour, 3D2D display prototype that offers multiple viewers with true volumetric visualization and exhibit depth and parallax over a wide viewing angle. The **3D2D display** provides a new level of user interface, not only in medical imaging but in a number of other significant markets: computer-aided design, product simulation, training, virtual reality systems, scientific modeling, video games, 3D TV, etc. Zecotek's proprietary 3D2D display system is expected to have wide applications in all of these markets.

Zecotek Product Summary

- patented LFS scintillation material
- a new scintillation material for medical imaging to eventually serve as a successor material to the LFS;
- patent-pending solid-state photon counter;
- enabling technologies for combined PET-MRI detectors;
- a light source for optical coherence tomography, in development in conjunction with UBC.
- various solid-state and fiber laser technologies, including a solid-state laser for bio-instrumentation;
- a thin film waveguide micro laser technology, being currently in development jointly with UBC;
- the RFO crystal, aimed at substituting the present YAG crystal for various laser applications;
- a real time auto-stereoscopic 3D display.

Recent Developments

New-Generation Solid-State Photon Counters

The Company has successfully developed a new generation of silicon based photon counters, designated Micro-pixel Avalanche Photo Diodes (MAPD). Zecotek's solid-state photon counters have been designed to offer significant performance and cost advantages over existing photo-detection devices, known as photo-multiplier tubes ("PMT"). This newest generation of silicon-based photon counters offers the performance of PMT's in a compact and cost effective solid-state device. Zecotek's MAPDs are also insensitive to magnetic fields an important consideration when combining PET and MRI technologies. PMT's are currently used in Positron PET scanners for medical imaging, as well as in wide industrial and research applications.

In May 2007 testing conducted by the University of Washington, Zecotek's MAPD demonstrated superior performance to existing photo multiplier tubes (PMT's). The conclusive test results validate that MAPD, in combination with its patented LFS scintillation crystal, outperforms current PMT's in critical imaging parameters. The combination of Zecotek's MAPD and LFS crystals resulted in an equal to or greater than overall signal gain and an improved energy resolution than PMT's and standard commercial crystals. These superior capabilities will be fully utilized in the next-generation of PET-MRI scanner systems currently being developed in our laboratory.

The MAPD is a market-ready product. The manufacturing of the MAPD will be outsourced to one of the highly competitive semiconductor companies in the region. The OEM manufacturer will complete the manufacturing process of arrays of MAPD elements targeted at the next generation of PET-CT machines and other applications.

Acquisition of Product and Intellectual Property Assets of Two Laser Manufacturers

On April 12, 2007 the Company's wholly owned subsidiary Zecotek Laser Systems Singapore Pte Ltd. acquired the exclusive rights to certain assets and expertise from Inversion Fiber Co Ltd (Inversion) and Tekhnoscan JS Company (Tekhnoscan), two Russian-based laser manufacturers, in consideration for minority interests in Zecotek Laser Systems Singapore. The new assets bring together significant production, manufacturing and marketing expertise in the laser industry and add unique product lines and global distribution. The addition of production and manufacturing expertise will accelerate market entry of Zecotek's own line of laser crystal and laser system products which are in the final stages of commercial development including: diode-pumped solid state lasers and fiber lasers for use in the bio-instrumentation, dentistry, and ophthalmology industries.

On May 3, 2007, an agency of the Government of India signed a purchase agreement to acquire over US\$800,000 worth of laser products and services. Under the agreement Tekhnoscan JS Company (Tekhnoscan), whose product portfolio and intellectual property were acquired by Zecotek Laser Systems Pte. Ltd., will supply lasers and consulting services. Tekhnoscan was selected from a group of world leading laser developers who applied for the Government of India contract. The delivery of lasers products and consulting services will be concluded within Zecotek's fiscal year ending July 31, 2007 with all revenue flowing to Zecotek Laser Systems.

In conjunction with the asset purchase from Inversion Fiber Co Ltd and Tekhnoscan JS Company: Dr. Sergey Babin, director and CEO of Inversion was appointed Zecotek Laser Systems' Executive Vice President, Development, Manufacture & Commercialization of Fiber Laser products; and Dr. Sergey Kobtsev, president/CEO and founder of Tekhnoscan was appointed Zecotek Laser Systems' Executive Vice President, Development,

Manufacture & Commercialization of Solid State Lasers.

Letter of Intent with Major Japanese Electronics Firm for 3D2D Display Technology

On March 26, 2007 Zecotek announced a letter of intent with a Japanese electronics major firm to complete development and manufacture Real-Time 3D/2D Display technology. The non-binding letter of intent calls for both parties to lay the groundwork for a strategic relationship whereby Zecotek and the major Japanese electronics firm would collaborate on an ongoing basis in the development, manufacture and commercialization of the 3D2D Display. Under terms to be negotiated, the electronics firm would contribute investment, technical support, manufacturing expertise plus marketing and distribution channels. Under the letter of intent, the identity of the company remains confidential pending terms of an agreement.

Professor Sadygov Appointed to Lead Commercialization of Photo-Detector Product Line

On March 6, 2007 Professor Zair Sadygov was appointed Chief Scientist in Zecotek's medical imaging division. Professor Sadygov is the inventor of the new generation of surface Micro-pixel Avalanche Photo Diodes (MAPD) and the founder of Dubna-Detectors Ltd., a research and development company working within the Institute of Nuclear Research in Dubna, Russia.

Professor Sadygov will lead the development and production of Zecotek's product line of solid-state photon counters including the newest generation device, known as the Micro-Channel MAPD (MC-MAPD). The variety in operational parameters of these solid-state photon counters offers the medical imaging industry a choice of detection design considerations, which is particularly important for PET (Positron Emission Tomography) scanners.

Official Inauguration of Operational Headquarters in Singapore

In March 2007 Zecotek officially opened its operational headquarters in Singapore with a ceremony that was attended by His Excellency Alan Virtue, High Commissioner of Canada to Singapore, senior officials of the Government of Singapore, and senior members of Singapore's business, scientific and financial communities.

Zecotek moved its operational headquarters to Singapore after completing a thorough evaluation of competing options. In addition to Singapore's excellent infrastructure, its large pool of highly trained research personnel and its world-class high-technology manufacturing sector, a key factor in its the Company's decision was the support of the Government of Singapore's Economic Development Board ("EDB") who welcomed Zecotek as their first bio-photonics company. The EDB has approved in principle reimbursable grants of approximately 30% of total operational and capital costs.

Non-Disclosure Agreement with GE Healthcare

In November 2006 the Company announced that it had entered into a Non-Disclosure Agreement with GE Healthcare with respect to Zecotek's patented LFS scintillation material. The Agreement calls for Zecotek and its strategic partner Northrop Grumman to provide GE Healthcare with technical, performance and pricing information with respect to using Zecotek's patented LFS material in the crystal block design for GE Healthcare's PET-CT scanning devices.

Zecotek's new and proprietary Lutetium Fine Silicate ("LFS") scintillation crystal emits blue light which is a key attribute in the design of whole body positron emission tomography ("PET") scanners. The performance improvement from Zecotek's patented LFS scintillation crystals could allow for faster imaging times, requiring less radio-trace element to be injected into the patient and therefore allowing hospitals and other medical facilities to achieve a greater patient throughput.

3D2D Display Technology

In November 2006 the Company announced that its 3D2D display has reached prototype demonstration stage. The first demonstration of its full-colour display took place in early November at the Company's new Singapore facilities to a delegation of senior engineers and executives of a Japanese electronics major. Demonstrations were also given to representatives of the Singapore Government.

The Company's Real-Time 3D2D Display System is a novel, proprietary display system for the visualization of images and data. Based on the auto stereoscopic principle, but with substantial patent pending innovation, it

represents a new generation of 3D displays. Meeting the requirements of both mass market and professional use, it is particularly powerful when applied to the field of medical imaging. Its design provides for multi-user, multi-view, freedom of movement, high resolution in both 3D and 2D modes, superior image dynamic range in 2D mode, 2D and 3D simultaneous displays, common brightness, compatibility with existing applications and designed to be cost competitive. The Real-Time 3D/2D Display System display is presently undergoing product engineering and large screen prototyping.

Lutetium Fine Silicate (“LFS”) Scintillation Crystal

LFS Patent

In November 2006 the Company was issued U.S. patent number 7,132,060 for the LFS scintillation material. The granting of the LFS patent is a significant technical validation of the LFS material and Zecotek’s expertise in developing advanced crystal materials.

Northrop Grumman Agreement

In March 2006 the Company licensed its proprietary Lutetium Fine Silicate (“LFS”) scintillation crystal material to Northrop Grumman Corporation (NYSE:NOC) under a 20-year exclusive licensing agreement. Developed by Zecotek principally for medical imaging markets, the LFS crystal allows Northrop Grumman to expand its crystal product line in this growing market.

Northrop Grumman will promote, market, manufacture and distribute the LFS product worldwide through Synoptics, a business unit of the company’s Space Technology sector, based in Charlotte, N.C. Under the agreement, Zecotek receives a royalty of the gross selling price for each unit of licensed product delivered, sold or leased to a third party during the twenty year term of the agreement.

PET-MRI Collaboration Agreement with University of Washington

In July 2006 the Company entered into a Collaborative Research Agreement with the University of Washington to develop a proprietary PET-MRI detector as the core technology of a next generation medical imaging system. Zecotek’s new crystal materials, photo-detectors and advanced optical components design are key components to the successful fusion of PET and MRI into one machine, as the major barrier to a fusion of PET-MRI has been the strong magnetic fields of MRI which destroy the photo-detection capabilities of PMT’s in current PET devices.

Professor Thomas Lewellen of the University of Washington, considered a leading worldwide researcher in the field of high resolution PET system development, will lead the research project.

RFO Crystal

On April 10, 2006 the Company announced the introduction of the Rare earth Fine Oxide (RFO) crystal, a significant technological breakthrough in the development of crystals for solid-state lasers.

Presently, the leading crystal used by laser manufacturers is the YAG crystal, which is used in approximately 60% of laser applications, ranging from medical lasers to high-power industrial laser systems. The Company’s proprietary RFO crystal growth technology which has been under development for the past three years is a viable substitute to YAG and is targeted to provide the higher performance that manufacturer’s desire along with significant cost savings.

The next phase in the RFO development is fine-tuning the mass-market manufacturing process, which is estimated to take 10-12 months. Concurrently, the Company will evaluate potential strategic alliances with industry leaders that will assist in the advancement to large-scale manufacturing.

Selected Annual Information

The Company’s fiscal year end is July 31. The following is a summary of certain selected audited consolidated financial information for the Company’s three most recently completed fiscal years.

	Audited Year Ending July 31, 2006	Audited Year Ending July 31, 2005	Audited Year Ending July 31, 2004
Total revenues	\$ 44,153	\$ 4,110	\$ 0
Net loss for the year	\$ (5,734,665)	\$ (1,342,601)	\$ (84,045)
Earnings/loss per share	\$ (0.37)	\$ (0.13)	\$ (0.01)
Total assets	\$ 4,275,901	\$ 3,197,577	\$ 110,833
Long term debt	\$ 0	\$ 0	\$ 0
Share Capital	\$ 16,246,313	\$ 10,506,895	\$ 6,376,520
Number of Shares	34,692,741	15,033,341	6,151,841
Retained earnings (loss)	\$ (13,801,155)	\$ (7,778,490)	\$ (6,435,889)

Summary Financial Information for the Eight Most Recently Completed Quarters

	April 30, 2007	January 31, 2007	October 31, 2006	July 31, 2006
Operating Accounts				
Net sales	Nil	Nil	Nil	Nil
Net loss	\$1,788,498	\$1,674,381	\$1,547,056	\$4,114,168
Balance Sheet Accounts				
Total Assets	\$5,694,403	\$3,881,408	\$2,931,039	\$4,275,901
Loss per share	\$0.07	\$0.04	\$0.04	\$0.10
	April 30, 2006	January 31, 2006	October 31, 2005	July 31, 2005
Operating Accounts				
Net sales	Nil	Nil	Nil	Nil
Net loss	\$743,791	\$474,415	\$402,291	\$753,950
Balance Sheet Accounts				
Total Assets	\$2,529,782	\$3,107,112	\$2,948,467	\$3,197,577
Loss per share	\$0.05	\$0.03	\$0.03	\$0.05

Results of Operations for the Third Quarter Ended April 30, 2007 and 2006

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's annual audited financial statements and related notes.

For the quarter ended April 30, 2007, the Company's consolidated net loss from operations was \$1,788,498 (2006 - \$737,308). This increase is a result of the Company deciding to adopt a conservative position under Canadian GAAP and to expense all R&D costs of technologies under development until such time as that technology is revenue-making. In addition is the increased expense of having the Company's operations located in Vancouver and Singapore.

Analysis of some of the more significant expenses for the quarter ended April 30, 2007 is as follows:

Research and Development expenses were \$770,960 (2006 - \$345,745). All research and development costs have now been recorded as expenses and are no longer capitalized as in the prior year.

Amortization expense was \$28,623 (2006 - \$3,135). The Company purchased laboratory equipment, office furniture and equipment including computers to set up its new office and laboratory in Singapore and expand the Vancouver laboratory. The Company also incurred leasehold improvements in the Singapore office.

Consulting and professional fees were \$226,243 (2006 - \$90,892). Consulting fees were \$179,335 (2006 - \$29,035), accounting fees were \$14,839 (2006 - \$22,442) and investor relations were \$32,069 (2006 - 39,415). The Company signed a one year IR contract in March 2006 for \$7,500 per month plus disbursements. This contract expired during the quarter and was not renewed. The company signed another contract with a Vancouver firm for \$6,000 per month plus disbursements commencing April 1, 2007 for one year.

Filing fees were \$32,191 (2006 - \$43,250). **Insurance** expense amounting to \$23,777 was mostly for the director's & officer's liability insurance. **Legal fees** were \$44,868 (2006 - \$21,073). **Marketing and promotion** was \$11,634.

Office and miscellaneous were \$53,529 (2006 - \$8,199) for expenses incurred at the UBC and Singapore office and laboratory facilities. This includes office supplies, postage, courier, bank charges, parking, telephone, and utilities.

Rent and storage expense was \$49,396 (2006 - \$25,875). This includes rent for office and research facilities at UBC, Vancouver and in Singapore, furnished company apartment used for relocating staff and traveling directors and a furnished residence for the CEO.

Salaries and benefits were \$73,043 (2006 - \$21,439) for management and administrative staff.

Stock-based compensation expense of \$360,073 (2006 - \$104,977) At April 30, 2007, 3,001,500 options have vested at an average weighted exercise price of \$1.11. The estimated fair value of options granted to executive officers, directors, and employees and consultants since August 1, 2004 is amortized to expense over the vesting period of the stock options.

Travel was \$63,259 (2006 - \$79,924) for accommodations and travel to Vancouver and Singapore by Russian scientists, for directors to attend Board meetings in Singapore and travel to meet with potential investors.

Financing

On February 19, 2007, 3,043,478 common shares of the Company were issued by way of a private placement at \$1.15 per share, for gross proceeds of \$3,500,000.

During the quarter, 120,000 common shares at \$0.50 per share and 225,000 common shares at \$1.00 per share of the Company were issued upon exercise of stock options, for gross proceeds of \$285,000.

During the quarter, 494,249 common shares of the Company were issued upon exercise of agent options at \$0.90 per share, for gross proceeds of \$444,824.

During the quarter, 984,828 common shares of the Company were issued upon exercise of warrants at \$1.30 per share, for gross proceeds of \$1,280,276.

Liquidity and Capital Resources

The Company has suffered recurring losses from operations and currently does not yet have any revenue producing assets. Its ability to conduct operations, including the development of its new technology and the acquisition of additional technologies is dependent on its ability to raise funds as needed.

At April 30, 2007 the Company had \$3,742,814 (2006 - \$47,412) in cash and cash equivalents and a consolidated working capital of \$4,714,540 (2006 - \$155,513) for ongoing working expenses.

There are currently 2,742,385 outstanding warrants, 2,529,342 exercisable at \$1.30 per share and 213,043 at \$0.90 per share. There are also 144,691 outstanding agents' options exercisable at \$0.90 per option expiring on November 12, 2007.

Exercisable outstanding options represent a total of 3,001,500 common shares at April 30, 2007 providing proceeds of \$3,334,150 to the Company if all the vested options were exercised in full. The exercise of these options is completely at the discretion of the holders and the Company has no indication that any of these options will be exercised.

Lease Agreements

The Company has a lease agreement for the rental of office space at its UBC location. The lease expires February 23, 2008. The future minimum lease obligations are as follows:

2007	\$ 13,137
2008	26,274
Total	\$ 39,411

In June 2006 ZMSS signed a lease agreement in Singapore for rental of 2,778 square feet of office space. The lease term is from January 1, 2007 to December 31, 2009 for gross monthly rent of SGD \$22,512 or approximately CDN \$16,125.

2007	\$ 67,535
2008	270,138
2009	270,138
2010	112,558
Total	SGD \$ 720,369
Or Approximately	CDN \$ 516,000

ZMSS signed a lease agreement for rental of a furnished apartment for its employees in Singapore. The lease term is from July 5, 2006 to June 30, 2008 for a gross monthly rent of SGD \$3,300 or approximately CDN \$2,360. Employees will stay at the apartment until they are able to secure permanent lodging as this is more cost effective than having them stay at a hotel during their transition. The apartment will also be used by scientists traveling to Singapore to work on research and development and by directors and officers traveling to Singapore for meetings.

2007	\$ 9,900
2008	36,300
Total	SGD\$ 46,200
Or Approximately	CDN \$ 33,093

Effective August 22, 2006, Zecotek Medical Systems Singapore Pte. Ltd. signed a lease agreement for a furnished residence for its CEO in Singapore. Monthly rent of SGD \$12,000 (approximately CDN \$8,500) is to be paid from September 1, 2006 to August 31, 2008, totalling SGD \$288,000 (approximately CDN \$204,600).

2007	\$ 36,000
2008	144,000
2009	12,000
Total	SGD \$192,000
Or Approximately	CDN \$144,000

Share Capital

Authorized: Unlimited

Set out below is the outstanding share data of the Company as at April 30, 2007. For additional detail, see Note 9 to the audited financial statements for July 31, 2006.

At October 31, 2006	Number outstanding
Common Shares	39,768,296
Options to Purchase Common Shares	4,844,000
Agent's Options to Purchase Common Shares and warrants	144,691
Warrants to Purchase Common Shares	2,670,040

Escrow shares:

At April 30, 2007 a total of 10,820,003 shares were held in escrow, their release subject to a predetermined time schedule.

Related Party Transactions

Asset Purchase

On December 31, 2004, the Company's subsidiary, Zecotek Crystals Inc., completed its Asset Purchase Agreement with Zecotek Holdings Inc. whereby Holdings received \$80,000 in cash and 2,400,000 shares of the Company in payment. Dr. A. Faouzi Zerrouk, is the founder and majority shareholder of Holdings and through this company, directly and indirectly controls 2,410,000 common shares or 6.06% of the issued and outstanding common shares of the Company. In addition, he personally holds 560,000 options at \$0.50 per share that expire on December 31, 2009 and an additional 60,000 options exercisable at \$0.70 that expire on January 18, 2010. Subsequent to the completion of the asset acquisition, Dr. Zerrouk was appointed Chairman, President, CEO and Director of the Company.

On May 12, 2006 the Company completed an Asset Purchase Agreement with Zecotek Holdings Singapore Pte. Ltd. ("Holdings Singapore") pursuant to which the Company acquired all the bio-photonic technologies owned by Holdings Singapore. To acquire the various bio-photonic technologies, the Company paid to Holdings Singapore \$338,000, issued 11,750,000 common shares of the Company and issued 10% of the Class A preferred shares of any subsidiary of the Company into which the technologies were transferred. The Company's CEO is the majority shareholder of Holdings Singapore and through this company, directly and indirectly controls 11,750,000 common shares or 29.55% of the issued and outstanding common shares of the Company. In addition, he received 900,000 options exercisable at \$1.76 per share that expire on May 12, 2011.

Services of CEO

The fees paid to the CEO for the quarter for research and development was \$66,058 (2006 – \$30,000) and for general consulting was \$33,029 (2006 - \$15,000).

Forward Looking Statements

Certain statements contained herein that are not historical facts are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements.

Audit Committee

In compliance with the TSX Venture Exchange Policy 3.1 "Directors, Officers and Corporate Governance" section 10.1, the Audit Committee is comprised of 3 independent members, Erich Sager of Zurich, Switzerland, Frank Ramsperger and Dr. Ahmad Magad of Singapore. Mr. Sager is the Chairman of the Audit Committee.

Mr. Sager has many years experience in the private banking sector in Switzerland and serves on several Boards as Director. Dr. Magad, CPA, MBA, Doctorate in Business Administration, is a director of several Singapore companies and a Member of Parliament for Singapore's electoral area of Pasir Ris-Punggol. The Audit Committee will serve until the next Annual General Meeting at which time the new Board of Directors will appoint or re-appoint the Audit Committee.

Additional Information

Additional information relating to the Company, including the Annual Information Form and its audited year end financial statements is available on SEDAR at www.sedar.com. Copies of this information are available either on SEDAR or upon request to the Secretary of the Company.