

Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

Corporate Governance

The Zedi Board of Directors is committed to the application of the best corporate governance practices regardless of the size of the corporation. The corporation's corporate governance policies are intended to ensure the Board is able to effectively supervise management and the strategic direction of the corporation to enhance shareholder value. As a Canadian reporting issuer with securities listed on the TSX Venture Exchange, our corporate governance practices meet, and in some cases exceed, applicable rules adopted by the Canadian Securities Administrators. We continue to monitor regulatory changes and best practices in corporate governance and will consider amendments to our practices as appropriate.

The Board has an active governance committee, tasked with monitoring and making recommendations to the Board on governance issues to improve corporate performance and Board effectiveness. In addition to regular quarterly and special meetings of the Board of Directors, directors are involved in the management's quarterly strategic planning and assessment meetings. Some directors are included in specific marketing or product planning discussions, where their expertise enables them to assess corporate direction.

To assist with its governance oversight, the Board receives monthly reports that provide an overview of the sales and financial performance of the corporation as well as forecasts and projections.

Management's Report

Management has the responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Company's Board of Directors has approved the information contained in the financial statements. The Audit Committee is appointed by the Board to review the consolidated financial statements in detail with management and to report to the Board prior to their approval of the financial statements for publication. The Audit Committee is composed entirely of Directors who are neither management nor employees of the Company.

External auditors have full and free access to, and meet periodically and separately with, both management and the Audit Committee to discuss their audit findings.



Matthew Heffernan
President and Chief Executive Officer



Robert Gordon
Chief Financial Officer

May 13, 2009

Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

Consolidated Balance Sheets

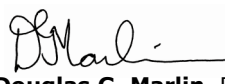
As at	<i>(Unaudited)</i> <i>(In thousands)</i>	March 31, 2009	December 31, 2008 <i>(Note 5)</i>
Assets			
Current assets:			
Cash and cash equivalents		\$ -	\$ 15
Accounts receivable (Note 10)		14,471	12,133
Inventories (Note 4)		8,681	7,903
Prepaid expenses and deposits		196	321
Future income tax assets (Note 9)		961	471
		24,309	20,843
Capital assets		2,419	2,386
Intangible assets (note 5)		9,045	8,761
Goodwill		18,664	18,664
Future income tax assets (Note 9)		1,243	1,926
		\$ 55,680	\$ 52,580
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness		\$ 1,318	\$ -
Accounts payable		2,107	3,131
Accrued liabilities		2,471	3,106
Deferred revenue		6,910	4,079
		12,806	10,316
Shareholders' equity:			
Share capital (Note 6)		50,960	50,960
Contributed surplus (Note 7)		5,576	5,267
Deficit (note 5)		(13,662)	(13,963)
		42,874	42,264
		\$ 55,680	\$ 52,580

*See accompanying notes to unaudited consolidated financial statements.

Approved on behalf of the Board:



Martin A. Lambert, Director



Douglas G. Marlin, Director

Consolidated Statements of Operations, Comprehensive Income and Deficit

<i>(Unaudited)</i> <i>(In thousands)</i>	For the Three Months Ended	
	March 31, 2009	March 31, 2008 (Note 5)
Sales	\$ 12,712	\$ 11,377
Cost of sales	5,931	5,558
Gross profit	6,781	5,819
Expenses		
Operations	712	651
Sales, general and administrative	3,543	2,381
Research and development	865	478
	5,120	3,510
	1,661	2,309
Amortization of capital assets and intangibles	804	647
Stock based compensation	310	413
(Gain) loss on disposal of assets	(3)	3
Interest (income)	55	(103)
	1,166	960
Net income before income taxes	495	1,349
Income tax provision (Note 9)	(194)	(485)
Net and comprehensive income (note 10)	301	864
Deficit, beginning of period	(13,963)	(14,852)
Adjustment for change in accounting policy (Note 5)	-	(1,013)
Deficit, beginning of period adjusted	(13,963)	(15,865)
Deficit, end of period	\$ (13,662)	\$ (15,001)
Net income per common share – Basic and Diluted (Note 8)	\$ 0.00	\$ 0.01
Weighted average number of common shares – Basic	93,889,568	98,530,370
Weighted average number of common shares – Diluted	93,891,435	100,899,414

*See accompanying notes to unaudited consolidated financial statements.

Consolidated Statements of Cash Flows

	For the Three Months Ended	
	March 31, 2009	March 31, 2008
<i>(Unaudited)</i> <i>(In thousands)</i>		<i>(Note 5)</i>
Cash Provided by (used in)		
Operations		
Net income	\$ 301	\$ 864
Items not affecting cash:		
Amortization	804	647
(Gain) loss on disposal of assets	(3)	3
Stock-based compensation	310	413
Future income tax provision	194	485
Changes in non-cash operating working capital	(1,822)	2,078
	(216)	4,490
Financing		
Proceeds from shares issued	-	111
Repurchase of shares	-	(625)
	-	(514)
Investing		
Acquisition of capital assets	(1,122)	(871)
Earnout Petronet Systems Inc.	-	(28)
Acquisition of J&J Oilfield, net of cash acquired (Note 14 (c))	-	(4,085)
Proceeds on disposal of capital assets	5	7
Changes in non-cash working capital	-	1,701
	(1,117)	(3,276)
(Decrease) increase in cash and cash equivalents	(1,333)	700
Cash and cash equivalents, beginning of period	15	12,539
Cash and cash equivalents, end of period	\$ (1,318)	\$ 13,239
Components of cash and cash equivalents		
(Overdraft) Cash	(1,342)	5,150
Cash equivalents	24	8,089

*See accompanying notes to unaudited consolidated financial statements.

Notes To Consolidated Financial Statements For the three months ended March 31, 2009 and 2008

(Unaudited - in thousands, except share and per share amounts)

1. Nature of operations:

Zedi Inc. (Zedi, or the Company) is engaged in the development, production and sale of technology products and services designed primarily for the energy sector. Activities are directed from the Company's head office in Calgary, Canada with additional sales and service offices in Edmonton, Grande Prairie and Fort St John, Canada.

The Company is a leading provider of innovative optimization technologies for the management of production operations in the energy sector. Zedi offers a comprehensive solution beginning with well site infrastructure (chart reading services, flow measurement, metering shacks, optimization, well bore manipulation, plunger lift control, booster compression), with automatic data flow into Field Data Capture and Production Accounting and continuing through to the human resources that can physically operate and manage production in the field.

2. Changes in accounting policies:

(a) Goodwill and intangible assets

Effective January 1, 2009, the Company adopted CICA Handbook Section 3064, Goodwill and intangible assets. It revises standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The application of the new Standards had no significant impact on goodwill or purchased intangible assets. It did, however, impact the amounts capitalized for internally-generated intangibles and related amortization previously recorded by the Company, with a corresponding increase in development expenses, as detailed in note 5. The revised accounting policy is contained in Note 3.

3. Significant accounting policies:

(a) Basis of presentation

The consolidated financial statements have been prepared by management and include the accounts of the Company and the Company's wholly owned subsidiaries. All inter-company accounts and transactions have been eliminated.

The financial statements have been prepared using the same accounting policies and methods of application as in the prior year, except for the adoption of new accounting requirements as described in Note 2.

These unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2008.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and

3. Significant accounting policies, continued:

expenses during the period. Actual results could differ from those reported. Scientific research tax credits recoverable, amortization rates, stock-based compensation, acquisition earnout provision and the recoverable amounts for receivables, inventories, capital assets, intangible assets, deferred development costs, future income taxes, and goodwill are the more significant items subject to estimates in these consolidated financial statements.

(c) Cash and cash equivalents

The Company considers all balances with banks and highly liquid investments with original maturities of three months or less to be cash equivalents.

(d) Inventories

The Company continues to utilize the FIFO method to value its inventory. The Company's inventories of raw materials and consumable supplies are valued at the lower of cost and net realizable value. Inventories of work-in-progress and finished goods are valued at the lower of cost and net realizable value.

(e) Revenue recognition

Revenues from the Company's product lines are recognized as follows and when the ability to collect is reasonably assured:

- Revenue from the sale of the Company's Smart-Alek[®] product-line is recorded for the unit when it is shipped and installation fees are recognized when the installation of the Smart-Alek unit is completed.
- Revenue from the optimization and well-test product-lines is recorded when the goods are shipped and services are rendered.
- Revenue from field services, chart reading, PetroNet software and monthly network service fees are recognized in the month in which the services are provided.
- Revenue for the Roughneck software product is recorded in two parts: the software license fee is recorded at the time the software module is delivered and the software maintenance fees are recorded in the month in which the services are provided

(f) Foreign exchange

The cost of certain components in sales, cost of sales and the associated accounts payable and accounts receivable that are received in a foreign currency are translated into Canadian dollars at the time of the transactions. At each balance sheet date foreign denominated cash, accounts receivable and accounts payable are revalued at the foreign exchange rate in effect at such date.

(g) Seasonality

The Company sells its products to the oil and gas industry, primarily in Canada, which is subject to seasonal variations in activity. Traditionally, Canadian drilling activities increase during winter months and tend to slow during the spring, which may result in fluctuations in revenue throughout the year.

(h) Future income tax assets and income taxes

The Company follows the asset and liability method for accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences). Changes in the net future tax asset or liability are included in the statement of operations.

3. Significant accounting policies, continued:

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period of the substantive enactment date. Future income tax assets are evaluated and if realization is not considered more likely than not, a valuation allowance is provided for all or a portion of the future income tax assets.

The investment tax credits receivable are recoverable from the Government of Canada under the Scientific Research and Experimental Development ("SRED") Incentive Program as a reduction in income taxes otherwise payable. The amounts claimed under the program represent management's best estimate based on research and development costs incurred. Realization is subject to government approval. Any adjustment to the amounts claimed will be recognized in the year in which the adjustment occurs.

(i) Guarantees

There are no guarantees that require disclosure.

(j) Stock-based compensation

The Company has the following stock-based compensation plans:

1. Stock option plan: The Company accounts for stock options using the fair-value based method. Under the fair-value based method, compensation expense for stock options is measured at fair value at the date of grant and is amortized over the stock option vesting period.
2. Deferred share unit and restricted share unit plans for employees: The Company has deferred share unit plan ("DSU") and restricted share unit plan ("RSU") which allow for settlements in cash or shares at the Company's option, and are accounted for using the market value of the underlying stock at the grant date. The Company's compensation expense is recognized on a straight-line basis over the vesting period. Adjustments to compensation expense for employment vesting requirements are accounted for in the period when they occur.
3. Deferred share unit and restricted share unit plans for executive: The Company has a DSU plan and a RSU plan which allow for settlements in cash or shares at the Company's option, and are accounted for using the market value of the underlying stock at the grant date. The Company's compensation expense is recognized when the related executive services are rendered. Adjustments to compensation expense for employment vesting requirements are accounted for in the period when they occur.
4. Deferred share unit plan for non-employee directors: The Company has a DSU plan for non-employee directors which allows for settlements in cash or shares at the holder's option, and is accounted for as a liability award. The value of the liability is re-measured each period based on the current market value of the underlying stock at period end and any changes in the liability are recorded as compensation expense each period.

3. Significant accounting policies, continued:

(k) Capital assets

Capital assets are recorded at acquisition cost less related investment tax credits, with amortization calculated using the following methods and annual rates:

Asset	Basis	Rate
Office furniture and fixtures	Declining balance	20%
Equipment	Declining balance	30%
Computer hardware	Declining balance	30%
Computer software	Declining balance	100%
Automotive	Declining balance	10% - 30%
Leasehold Improvements	Straight-line over the lesser of the lease term and useful life	7 years

Internally-generated intangible assets

The Company is engaged in research and development. Research costs are expensed as incurred. Development costs are expensed in the period incurred, unless they meet the criteria for capitalization as established by GAAP. Research and development costs are reduced by any scientific research tax credits.

Development costs incurred on new product development projects that result in separately identifiable products or identifiable components thereof, and which, in the Company's view, have clearly defined market prospects, are capitalized and amortized on a straight-line basis over 5 years, commencing in the year that the development for the new products is completed. The timeframe over which the capitalized amounts are amortized is determined based on an historical life cycle of the Company's primary products. Further, in accordance with GAAP, development costs are deferred only to the extent that their recovery can reasonably be regarded as assured. The ability to recover the carrying value of capitalized development costs is based on estimated future cash flow models, which by their nature, are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The net carrying amount of these costs are reviewed at least annually or when circumstances change to determine whether there has been impairment in value and if the criteria are no longer met, any remaining unamortized balance is written off as a charge to income.

Significant accounting policies, continued:

(l) *Purchased intangible assets*

Purchased intangible assets are recorded at cost and amortized on a straight-line basis over their expected useful lives. The net carrying amount of purchased intangible assets is reviewed at least annually or when circumstances change to determine whether there has been impairment in value. The review methodology is comprised of an assessment of the continuing contribution of the applicable product contribution to operations and an assessment of expected future cash flows. Intangibles acquired on the acquisition of WebTech 2000 Inc., D.G. Wehrhahn Company Ltd., Menex Technologies Inc., Roughneck.ca[®] Inc., PetroNet Systems Inc., J&J Oilfield Ltd., Little Princess Ventures Ltd., Universal Measurement Solutions Ltd. and OAS Oilfield Accounting Service Ltd. are being amortized as follows:

Intangibles – Purchased software	5 years
Intangibles – Employment Contracts	2 years
Intangibles – Employment Contracts Menex, Roughneck and OAS	3 years
Intangibles – Employment Contracts J&J Oilfield Ltd.	5 years
Intangibles – Intellectual property Menex	12 years
Intangibles – Customer relationships Roughneck	3 years
Intangibles – Customer relationships PetroNet, OAS	1 year
Intangibles – Developed software and Patent Roughneck	5 years
Intangibles – Developed software PetroNet	3 years
Intangibles – Office Lease OAS	5 years
Patents and Trademarks	17 Years

(n) *Goodwill*

Goodwill represents the excess of the purchase price over the value attributed to net tangible and intangible assets acquired. Goodwill is assessed for impairment at least annually or when circumstances change. The impairment is based on management's best estimate of the fair value of the reporting unit's goodwill compared with its carrying value.

(o) *Earnings per share*

Basic earnings per share is determined by dividing the net income by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is calculated using the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments.

(p) *Financial instruments*

The Company's financial assets and financial liabilities are classified and measured as follows:

- Cash, cash equivalents and bank indebtedness are classified as held for trading and are measured at fair value. Gains and losses related to periodic revaluation are recorded in net income.
- Accounts receivable are classified as loans and receivables and are initially measured at fair value and subsequently at amortized cost using the effective interest rate method
- Accounts payable and accrued liabilities are classified as other liabilities and are initially measured at fair value and subsequently at amortized cost using the effective interest rate method.

3. Significant accounting policies, continued:

(q) Future Accounting Changes

1. Convergence with International Financial Reporting Standards: In January 2006, the AcSB adopted a strategic plan for the direction of accounting standards in Canada. On February 13, 2008, the AcSB has confirmed that effective for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, International Financial Reporting Standards will replace Canada's current Generally Accepted Accounting Principles for all publicly accountable profit-oriented enterprises. The Company is currently evaluating the impact of this changeover on its Consolidated Financial Statements.

2. Business Combinations: In January 2009, the CICA issued Section 1582, Business Combinations, to replace Section 1581, Business Combinations. Various changes have been made to other sections of the CICA Handbook for consistency purposes, including revisions to 1601 and 1602 as described below. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2011. It establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; how it recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

3. Consolidation: In January 2009, the CICA also issued Sections 1601, Consolidated Financial Statements, and 1602, Non-controlling Interests, to replace Section 1600, Consolidated Financial Statements. Various changes have been made to other sections of the CICA Handbook for consistency purposes, including revisions to 1582 as described above. The new Sections will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2011. They establish standards for the preparation of consolidated financial statements and accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

4. Inventories:

	March 31, 2009	December 31, 2008
Raw materials and consumable supplies	\$ 2,690	\$ 3,189
Finished goods	5,322	4,448
Work In Progress	669	266
	<u>\$ 8,681</u>	<u>\$ 7,903</u>

During the three months ended March 31, 2009 there were no inventory write-downs and no reversals of any previous writedowns. Finished goods inventories are pledged as collateral for the company's credit facility.

5. Intangible assets

	March 31, 2009	December 31, 2008
Acquired intangibles, net of accumulated amortization	\$ 4,659	\$ 5,025
Internally-generated intangibles		
As originally recorded on December 31, 2007	-	3,715
Adjustment for change in accounting policy	-	(1,357)
Adjusted opening balance	3,736	2,358
Development costs capitalized in period	857	3,194
Less Scientific Research and Development Credits recognized		(318)
Less amortization in period	(207)	(1,498)
Ending balance, net of accumulated amortization	4,386	3,736
Net Intangible Assets	\$ 9,045	\$ 8,761

Effective January 1, 2009, the Company adopted a new accounting policy for intangible assets. This new policy had no immediate effect on goodwill or intangible assets arising through prior acquisitions. However, under the new policy, additional criteria have been applied, on a retroactive basis, to determine whether costs associated with internal development of new products should be capitalized or expensed in the period incurred. The application of the new criteria resulted in a reduction to opening intangible assets as at January 1, 2008 of \$1,357, representing the cumulative effect of the change for the fiscal years ending on December 31, 2005 through 2007. The Company only capitalizes costs for projects that result in separately identifiable products or identifiable components thereof, so that additional costs on internally-developed software beyond its initial release are typically expensed.

As a result of adopting the new accounting policy, development costs expensed, amortization of intangibles, future tax provision, resulting net income and the opening balance of future income tax assets were affected as follows:

	For the three months ended		For the year ended
	March 31, 2009	March 31, 2008	December 31, 2008
Increase in development costs expensed	\$ 410	\$ 200	\$ 1,085
Decrease in amortization of intangibles	174	143	608
Decrease in future tax provision	47	44	154
Decrease in net income	189	13	323
Increase in opening balance of future income tax asset related to prior periods	-	-	344

6. Share capital:

(a) Authorized and issued shares:

The Company is authorized to issue an unlimited number of common voting shares without nominal or par value. The following is a summary of the Company's issued and outstanding common shares:

	Three Months Ended March 31, 2009		Year Ended December 31, 2008	
	Number	Amount	Number	Amount
Balance outstanding, beginning of period	94,358,168	\$50,960	98,254,427	\$53,310
Shares issued:				
Issued from Treasury pursuant to earnout provision of Petronet (Note 6(c))	-	-	259,996	138
Stock options exercised (Note 6(b))	-	-	265,345	190
Repurchased shares, net of treasury stock (Note 6(d))	(468,600)	-	(4,421,600)	(2,678)
Balance outstanding, end of period	93,889,568	\$50,960	94,358,168	\$50,960

(b) Stock options exercised:

During the three months ended March 31, 2009, no stock options were exercised (2008-265,345 stock options were exercised for cash proceeds of \$112 plus a total of \$78 fair value amount transferred from contributed surplus).

(c) Petronet Systems Inc. earnout

On January 31, 2008 the Company paid out the remaining earnout of \$720 (\$367 from 2007 and \$353 from 2008) which was paid by cash of \$396 and 259,996 shares at a deemed value of \$1.25 per share based on the purchase agreement. The market value of these shares at the time they were issued from treasury was \$0.53 per share.

(d) Repurchase of shares

The Company completed a normal course issuer bid on May 17, 2008 and commenced a second normal course issuer bid on May 22, 2008, pursuant to which up to 4,875,559 common shares in the capital of the Company (5% of the issued and outstanding common shares at the time of commencement of the bid) can be repurchased by the Company and cancelled over a maximum one year period. In the three months ending March 31, 2009 there were 468,600 shares returned to treasury. For the year ended December 31, 2008 the Company acquired a total of 4,889,600 common shares for \$4,101 of which \$1,423 was recorded in contributed surplus and \$2,678 in share capital. As of December 31, 2008 the Company has acquired a total of 8,723,300 common shares for \$6,809 pursuant to the current and the prior normal course issuer bid, all of which have been cancelled as of March 31, 2009. The Company allocates the cost of repurchasing these shares to share capital in the amount equal to its assigned value and any excess is recorded in contributed surplus.

6. Share capital, continued:

(e) Stock options outstanding:

On May 30, 2000, the Company established a stock option plan for directors, officers, employees and consultants, which permits the granting of options to purchase up to a maximum of 10% of the Company's issued and outstanding common shares. The number of options and exercise price thereof is set by the Board of Directors at the time of grant provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which the Company's shares may be listed. The maximum number of options that may be granted to any one individual shall not exceed 5% of the Company's issued and outstanding common shares. The options granted under the plan may be exercisable for a period not exceeding five years and may vest at such times, as the Board of Directors may determine at the time of grant. Generally, stock options vest over a three year period.

During the three months ended March 31, 2009, a total of 39,576 options were granted.

The number of shares reserved for stock options is 10% of the total issued shares.

	March 31, 2009		December 31, 2008	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of period	7,810,496	\$ 0.94	8,932,186	\$ 1.20
Granted	39,576	0.60	2,792,583	0.62
Exercised	-	-	(265,345)	0.42
Expired/Forfeited	(588,840)	1.47	(3,648,928)	1.25
Outstanding, end of period	7,261,232	\$ 0.83	7,810,496	\$ 0.94
Options exercisable, end of period	2,582,306		3,114,802	

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.21-\$0.49	6,000	2.6 yrs	\$0.47	2,000	\$0.47
0.50-1.00	5,937,783	2.8 yrs	0.69	1,409,966	0.79
1.01-2.00	1,317,449	0.6 yrs	1.46	1,170,340	1.46
\$0.21- \$2.00	7,261,232	2.4 years	\$0.83	2,582,306	\$1.09

6. Share capital, continued:

(f) Stock options outstanding:

The fair-value of each option grant by the Company was estimated on the date of grant using the Black-Scholes option-pricing model with weighted-average assumptions for grants assuming no dividends are paid on common shares. The amounts computed according to the Black-Scholes pricing model may not be indicative of the actual values realized upon the exercise of these options by the holders.

	2009	2008
Risk free interest rate	1.83%	3.03%
Expected life in years	3.0	3.0
Expected Volatility	63%	58%
Weighted average fair value of options granted	\$0.26	\$0.29
Expected Dividend	-	-

(g) Deferred share unit plan for non-employee directors

The Company maintains a DSU plan to provide directors with the option to elect to receive DSUs in lieu of cash payment for all or a portion of their director fees. When such an election is made, the Company credits to the account of each director a number of DSUs equal to the amount of fees divided by the fair market value of the common shares. DSUs vest immediately and are equivalent in value to common shares. The directors' accounts shall be credited with dividend equivalents in the form of additional DSUs if and when the Company pays dividends on the common shares. Units are redeemable, in cash or Common shares only following termination of the director's services and must be redeemed by December 31 of the following year or in certain cases a shorter time period. During the year, the Company did not issue any DSUs (2008 - \$Nil) in director fee compensation. The Company has an obligation under the DSU plan at March 31, 2009 of \$4 (2008 - \$3).

(h) Deferred share unit and Restricted share unit plans for employees

On August 3, 2007 the Company adopted employee DSU and RSU plans. The restricted share plan provides that RSUs may be granted to employees, officers, directors and consultants of the Company. An RSU is exercisable into one common share entitling the holder to acquire the common share for no additional consideration or to receive the equivalent amount in cash, at the discretion of the Company. Restricted share units vest over a period of up to three years. During the three months ended March 31, 2009, the Company issued 14,841 (2008 - 887,753) RSUs with a weighted average fair value of \$0.60 (2008 - \$0.62)

7. Contributed Surplus:

	March 31, 2009	December 31, 2008
Balance, beginning of period	\$5,267	\$5,255
Stock options compensation expense	214	1,327
Fair value of options exercised	-	(78)
Restricted Share Unit Plan expense	95	186
Repurchase of shares	-	(1,423)
Balance, end of the period	\$5,576	\$5,267

8. Reconciliation of earnings per share amounts:

The following table sets forth the reconciliation of basic and diluted earnings per share for the three months ended March 31:

	2009	2008
Net income	\$ 301	\$ 864
Weighted average number of common shares outstanding – basic	93,889,568	98,530,370
Net shares assumed issued	1,867	184,236
Weighted average number of common shares outstanding – diluted	93,891,435	98,714,606
Earnings per share:		
Basic	\$0.00	\$0.01
Diluted	\$0.00	\$0.01

The number of potentially dilutive securities excluded as being anti-dilutive for purposes of calculating diluted earnings per share was 8,656,168 (2008 – 4,050,854)

9. Income taxes:

Future Income Tax Assets

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the future tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period. During the three months ended March 31, 2009, the estimate of current tax expense is nil due to the availability of tax losses and SRED expenditure pools carrying forward. As the Company has expenses that are non-deductible for tax purposes, the provision for taxes is higher than the expense based on the expected tax rate of 29.0% (2008 – 29.5%).

10. Financial instruments:

The Company is exposed to a number of risks in the normal course of business that have the potential to affect its performance. The Company seeks to avoid unnecessary risk and initiates policies and processes to limit any significant risk as much as practical.

Fair values

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

Risk Disclosure

The main risks the Company's financial instruments are exposed to are foreign exchange risk, credit risk, liquidity risk and interest rate risk.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents at a Canadian Schedule I bank with a nominal amount being covered by the Canada Deposit Insurance Corporation. The Company's accounts receivable are primarily from customers operating in the oil and natural gas industry in Alberta and are subject to the credit and political risks that would be considered normal in this industry. Credit risk concentration with respect to trade receivables is limited by following a program of credit evaluation and by limiting the amount of customer credit where deemed necessary. The Company does not obtain collateral or other security to support accounts receivable. The maximum credit risk to which the Company is exposed is the carrying value of cash and equivalents and accounts receivable at the balance sheet date. At March 31, 2009 no customer represented a significant percentage of total accounts receivable.

Financial assets past due

At March 31, 2009, the Company does not consider any of its financial assets to be impaired, with the potential exception of \$866 of accounts receivable, which have been fully recognized within the allowance for doubtful accounts. The following table provides information regarding the ageing of financial assets that are past due but which are not impaired.

At March 31, 2009, the following financial assets are past due but not impaired

	Neither past due nor impaired	31 – 60 days	61 – 90 days	91 days+	Carrying value \$
Accounts Receivable	36%	22%	19%	23%	14,471

The definition of items that are past due is determined by reference to terms agreed with individual customers. None of the amounts outstanding have been challenged by the respective customers and the Company continues to conduct business with them on an ongoing basis. Accordingly, management has no reason to believe that this balance is not fully collectable in the future.

10. Financial instruments, continued:

The Company reviews financial assets past due on an ongoing basis with the objective of identifying potential matters which could delay the collection of funds at an early stage. Once items are identified as being past due, contact is made with the respective company to determine the reason for the delay in payment and to establish an agreement to rectify the breach of contractual terms.

The Company's policy requires customers to pay in accordance with agreed payment terms. Depending on the customer segment, our settlement terms are generally 15 to 30 days from date of invoice. All credit and recovery risk associated with trade receivables has been provided for in the balance sheet.

Trade receivables have been aged according to their original due date in the above aging analysis.

Movement in the allowance for Doubtful Debts

As at	March 31	December 31
	2009	2008
Opening Balance	\$883	\$270
Additional Provision	-	881
Amounts used	(17)	(268)
Closing Balance	\$866	\$883

The Company has used the following basis to assess the allowance loss for trade receivables:

- A statistical approach to determine the historical allowance rate for each debt tranche, and applying this allowance rate to the debt tranches at the end of the reporting period.
- An individual account by account assessment based on past credit history, and
- Any prior knowledge of debtor insolvency or other credit risk.

When receivables are assessed as uncollectible the impaired asset is derecognized.

(b) Foreign exchange risk

The Company earns revenue and records accounts receivable and sales leases receivable in foreign currency and translates these amounts to Canadian dollars at the time of these transactions. The Company does not use derivative instruments to mitigate the effects of foreign exchange changes between the recording date of the accounts receivable or sales leases receivable and the receipt of cash. The accounts receivable are short-term in nature. The sales leases receivable are of a longer term and are subject to fluctuations in the exchange rate of the US dollar. The effect of the foreign exchange changes have not been significant and foreign exchange gains and losses are included in income as they occur. The total foreign exchange gain (loss) during the three months was \$(38) (2008 - \$16).

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company continuously monitors forecast and actual cash flows and actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

10. Financial instruments, continued:

Liquidity risks associated with the Company's practice of growth through acquisition of complimentary businesses are managed by structuring portions of the purchase price to be determined by post acquisition results of the acquired business. Based on the achievement of performance targets over the next five years, the former shareholders of J & J have an opportunity to earn an additional amount up to a maximum of \$2 million, payable in 25% cash and 75% Zedi shares, the ratio can change at the discretion of Zedi and the shareholders. The earnout performance targets have been set based on expected future growth from the performance level of J & J at the time of the acquisition.

Accounts payable and accrued liabilities are subject to industry standard terms of up to 90 days. Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial liabilities.

The existing banking arrangements include an operating line of credit in the form of a revolving credit facility, with a total authorized amount of \$3,000.

(d) Interest rate risk

The Company is exposed to interest rate risk with regard to the cash and cash equivalents and the credit facilities when utilized. The Company's current policy is to invest available cash in excess of balances required to conduct day to day operations in short term investment certificates / money market funds. The investments earn interest at market rates. Fluctuations in market rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

10. Financial instruments, continued:

(e) Sensitivity analysis

Based on historic movements and volatilities in the above market variables, and management's current assessment of the financial markets, the Company believes the following variations are reasonably possible over a 12 month period, net of income taxes using an estimated effective tax rate of 29.0%:

- Proportional foreign exchange rate variation of -10% (depreciation of Canadian dollar (CAD)) and +10% (appreciation of CAD) against the US dollar (USD), from a period-end rate of 1.2613
- Proportional variation of +1%/-1% in the prime interest rates.

If these were to occur, the impact on consolidated net earnings and equity for each category of financial instruments held at the balance sheet date would be as follows:

Financial Assets	Carrying Amount 000's	Interest Rate Risk				Foreign exchange Rate Risk			
		-1%		+1%		-10%		+10%	
		Equity	Earnings	Equity	Earnings	Equity	Earnings	Equity	Earnings
Cash and Cash Equivalents ¹	(1,318)	(13)	(13)	13	13	(14)	(14)	14	14
Accounts Receivable ²	14,471	-	-	-	-	(36)	(36)	34	34
Financial Liabilities									
Accounts Payable ³	2,107	-	-	-	-	21	21	(52)	(52)
Accrued Liabilities	2,471	-	-	-	-	-	-	-	-
Deferred Revenue	6,910	-	-	-	-	-	-	-	-
Total Increase (decrease)		(13)	(13)	13	13	(29)	(29)	(4)	(4)

1 Cash and cash equivalents include deposits that bear interest at variable rates:

- Sensitivity to a +1% movement in interest rates = \$(1,318) X 1%=\$13
- Similarly for a -1% movement in interest rates = \$(1,318) X 1%=\$(13)
- Cash and cash equivalents include \$145 of USD denominated cash and cash equivalents. USD amount of foreign-denominated cash and cash equivalents as at March 31, 2009 = \$183/1.2613=US\$145
- Sensitivity to a +10% variation in this foreign exchange =(US\$145 X 1.3613)-\$183=\$14
- Similarly for a -10% variation in this foreign exchange =(US\$145 X 1.1613)-\$183=(\$14)

2 Accounts receivable include \$350 of USD denominated receivables. USD amount of foreign -denominated debtors as at March 31, 2009 = \$442/1.2613=US\$350

- Sensitivity to a +10% variation in this foreign exchange =(US\$350 X 1.3613)-\$442=\$34
- Similarly for a -10% variation in this foreign exchange =(US\$350 X 1.1613)-\$442=(\$36)

3 Accounts payable include \$201 of USD denominated payables. USD amount of foreign -denominated debtors as at March 31, 2009 = \$254/1.2613=US\$201

- Sensitivity to a +10% variation in this foreign exchange =\$254-(US\$201 X 1.3613)=\$(52)
- Similarly for a -10% variation in this foreign exchange =\$254-(US\$201 X 1.1613)=\$21

10. Financial instruments, continued:

(f) Items of income, expense, gains or losses

For the three months ended March 31, 2009 the Company did not recognize any items of other comprehensive income (loss) or accumulated other comprehensive income. Interest income recognized primarily consists of interest earned on cash and cash equivalents and there were no net gains or net losses recognized in respect of these assets that are classified as held for trading. Interest expense recognized primarily consists of interest on the credit facilities. No interest income or expense has been recognized in regards to financial assets and liabilities measured at amortized cost. No net gains or losses were recognized on financial liabilities measured at amortized cost.

11. Credit Facilities

The Company has credit facilities of \$3,000 to cover the possibility of its cash needs during peak demand periods. The interest rate is at Royal Bank Prime plus 0.65%. Security consists of a general security agreement creating a security interest in all of the Company's personal property. The credit facility contains customary covenants covering working capital.

12. Capital Management

The Company's objectives in managing capital are to safeguard its ability to operate as a going concern while pursuing opportunities for growth through acquisitions of complementary businesses.

The Company has no debt other than the credit facilities described in Note 11 and defines capital as the Company's shareholders' equity excluding contributed surplus. The Company has complied with the externally imposed restrictions as provided by the security agreement and general covenants on the credit facilities. The Company sets the amount of capital in proportion to risk and corporate growth objectives. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids or issue new shares. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company does not have a policy of paying regular dividends to shareholders. This policy will be reviewed from time to time by the Board of Directors in the context of operational results, objectives for corporate growth, financial condition and other relevant factors.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results.

The objectives, policies and processes described above remain consistent with the prior year.

	March 31, 2009	December 31, 2008
Share Capital	\$50,960	\$50,960
Deficit	(13,662)	(13,963)
Total	\$37,298	\$36,997

13. Segmented Information

The Company determines its reportable segments based on the structure of its operations, which are focused in two principal business segments – productions operations management and field operations management. The focus of these segments are as follows:

- The productions operations management segment delivers systems and services that help oil and gas producers to efficiently manage people, assets and information using hardware, web-based applications and professional services. On their own or in combination, these products are the basis for Zedi's end-to-end solutions that address all aspects of production operations.
- The field operations management segment provides 3rd party well operations management to over 400 wells in NE B.C. and NW Alberta, with the primary services including contract well operations, inspection and supervision.

The accounting policies followed by these business segments are the same as those described in summary of significant accounting policies.

The following information is selected financial information for the production operations management and field operations management segments for the three months ended March 31, 2009:

For the three months ended March 31,	2009			2008 (Note 5)		
	Production operations management	Field operations management	Total	Production operations management	Field operations management	Total
Revenue	\$9,420	\$3,292	\$12,712	9,153	2,224	11,377
Income (loss) before stock based compensation, depreciation and amortization, disposal of assets, interest and income taxes*	1,340	321	1,661	2,458	(149)	2,309
Amortization of capital assets and intangibles	790	14	804	636	11	647
Stock based compensation	310		310	413	-	413
(Gain) Loss on disposal of assets		(3)	(3)	3	-	3
Interest (income)	54	1	55	(103)	-	(103)
Income (loss) before income taxes	186	309	495	1,509	(160)	1,349

For the three months ended March 31,	2009			2008 (Note 5)		
	Production operations management	Field operations management	Total	Production operations management	Field operations management	Total
	Net income(loss)	(46)	347	301	978	(114)
Total assets	54,984	696	55,680	49,957	2,623	52,580
Goodwill added in period	-	-	-	-	2,811	2,811
Total goodwill	15,703	2,961	18,664	11,140	2,811	13,951
Capital expenditures	1,088	34	1,122	799	72	871

* This measure is a key performance indicator as defined by management and further commented upon within the Management Discussion and Analysis.

14. Acquisitions

The following acquisitions were completed during the year ended December 31, 2008. The goodwill acquired in each case is not deductible for tax purposes.

(a) Acquisition of Universal Measurement Solutions Ltd.

On May 6, 2008, the Company completed the acquisition of all issued and outstanding shares of Universal Measurement Solutions Ltd. (UMS) by the wholly owned subsidiary, Zedi Canada Inc. effective May 1, 2008, paid for in cash. UMS is a private corporation based in Calgary, Alberta providing measurement and control services to the oil and gas industry. The operations of UMS are included in these comparative consolidated statements from May 1, 2008 through December 31, 2008.

The fair value of the net assets acquired was:

<i>Net assets acquired:</i>	\$
Working capital	520
Property, plant and equipment	187
Future income tax liability	(122)
Intangibles – purchased software	392
Goodwill	542
	1,519
<i>Financed by:</i>	\$
Cash	999
Settlement of UMS debenture payable	520
Total purchase consideration	1,519

14. Acquisitions, continued

(b) Acquisition of OAS Oilfield Accounting Service Ltd.

On October 31, 2008 the Company completed the acquisition of all issued and outstanding shares of OAS Oilfield Accounting Service Ltd. (OAS). OAS is a Calgary-based private corporation providing chart reading and integration services to the oil and gas industry. The operations of OAS were included in the Company's consolidated results beginning October 31, 2008.

The fair value of the net assets acquired was:

<i>Net assets acquired:</i>		\$
Working capital		824
Property, plant and equipment		390
Future income tax liability		(587)
Intangibles		
Purchased software	\$ 1,305	
Office lease	253	
Employment contracts	327	
Customer relationships	205	
Trademark	2	
		2,092
Goodwill		4,397
		<u>7,116</u>
<i>Financed by:</i>		\$
Cash		<u>7,116</u>
Total purchase consideration		<u>7,116</u>

(c) Acquisition of J&J Oilfield Ltd.

On January 8, 2008 the Company completed the acquisition of all issued and outstanding shares of J & J Oilfield Ltd. ("J & J") by the wholly owned subsidiary, Zedi Canada Inc. effective January 1, 2008. The purchase price is comprised of an upfront payment and an earnout to a maximum aggregate payout of \$5 million. The amount of the upfront payment at closing was \$2.9 million, which was paid in cash. Based on the achievement of performance targets over the next five years, the former shareholders of J & J have an opportunity to earn an additional amount up to a maximum of \$2 million, payable in cash and/or Zedi shares. The earnout performance targets have been set based on expected future growth from the performance level of J & J at the time of the acquisition. On an annual basis, following each fiscal year, a calculation will be completed based on a normalized EBITDA (Earnings Before Income Taxes Depreciation and Amortization) for the J & J operations and the growth over the prior year's performance. The maximum earnout will be achieved when EBITDA growth averages about 15% per year over the five year period. Earnout of \$321 has been accrued for the year ended December 31, 2008. The operations of J & J are included in these comparative consolidated statements from January 1, 2008 through December 31, 2008.

14. Acquisitions, continued

The fair value of the net assets acquired was:

<i>Net assets acquired:</i>	<i>\$</i>
Working capital	1,664
Property, plant and equipment	135
Future income tax liability	(46)
Intangibles – employment contracts	195
Goodwill	2,644
	<u>4,592</u>
<i>Financed by:</i>	<i>\$</i>
Cash	4,592
Total purchase consideration	<u>4,592</u>