

JEMTEC^{INC.}



Security
solutions
for a safer
community

2004/2005 Annual Report

Financial Highlights

Selected annual information from the Company's financial statements, prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

	Years Ended		
	31-Jul-05	31-Jul-04	31-Jul-03
Revenue	\$ 2,600,312	\$ 1,624,545	\$ 451,444
Expenses	1,465,699	1,002,887	739,463
Net income (loss) before income taxes	1,134,613	621,658	(288,019)
Income tax recovery (expense)	(420,088)	(207,541)	94,924
Net income (loss) for the year	\$ 714,525	\$ 414,117	\$ (193,095)
Earnings (loss) per share			
Basic	\$ 0.33	\$ 0.20	\$ (0.09)
Diluted	\$ 0.32	\$ 0.19	\$ (0.09)

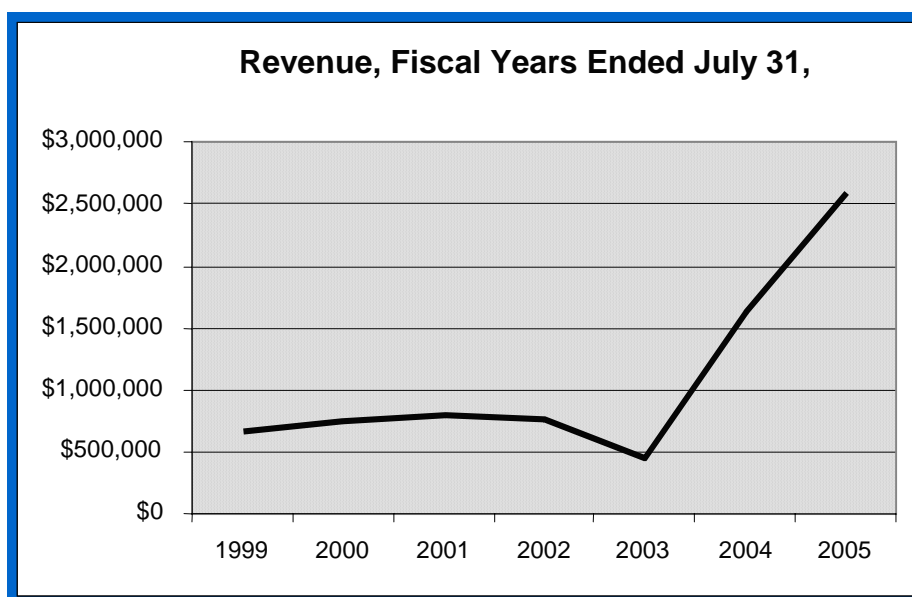


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Business Description

JEMTEC Inc. (“the Company or JEMTEC”) owns and operates security related businesses. The Company has three business Units, all founded on the “JEMTEC Success Formula”, the largest being the Offender P3 monitoring unit, accounting for approximately 94% of revenues. This flexible Unit is well positioned in the rapidly growing Offender Monitoring market and operates throughout Ontario in partnership with the Salvation Army. In addition to the Offender P3 monitoring Unit, the Companies leasing Unit distributes Electronic Monitoring technology to Corrections Agencies in Canada. The final Unit is a 24/7 Bail Client Monitoring Centre (shared with the P3 Unit) in Ontario, which enables Bail monitoring enforcement operations throughout Canada, and will facilitate the Company entering US markets.

Investment Highlights

- **Record Revenues** - For the year, ended July 31, 2005, revenue increased to \$2,600,312 from \$1,624,545 at July 31, 2004, an increase of 60%. The increase in revenue in leasing, monitoring and activation services for the quarter is attributable to the rapidly growing P3 monitoring services in Ontario and private bail coming on line.
- **Net Earnings** - For the year, ended July 31, 2005 net earnings were \$714,525, or \$0.32 per diluted common share compared to earnings of \$414,117, or \$0.19 per diluted common share, a 73% increase in net income after taxes. This improvement is attributable primarily to moving out of development phase and into main phase of select projects.
- **Liquidity** - The Company had cash and cash equivalents of \$1,699,756 as of July 31, 2005 compared to \$697,998 as of July 31, 2004, an increase of \$1,044,537. The Company has a working capital of \$1,381,493 as of July 31, 2005 compared to working capital of \$574,695 at July 31, 2004. During the year ended July 31, 2005, the Company experienced an operating cash inflow of \$998,632, compared to July 31, 2004 where the Company had an operating cash inflow of \$678,927.
- **Dominant Supplier** - The Company has become the dominant provider of Offender Monitoring Services and Technology in Canada by recognizing that its customers needed differently designed solutions to their unique problems. The Company does not try to force each customer to fit its products but rather designs a different solution for each customer using a variety of common building blocks. Further the Company has very little overhead to cover and using only the required contract workers for a given solution can control its costs and use this pricing as a key competitive advantage.
- **Public Private Partnerships** - The Company is the first Canadian provider of these Security Products to share risk with a Government agency in a Public Private Partnership (P3). These unique relationships entail risks which are rewarded down stream as can be seen in our financial results. In order to meet the exacting needs of a P3 the Company partners with established, “best of breed”, equipment and service providers to bring a proven solution to the table. Being a successful P3 provider is another competitive advantage.
- **24/7 Monitoring Centre** - Located in the Greater Toronto Area, JEMTEC has built an “Event Monitoring Centre” (ERC) able to respond to alerts and alarms generated by Offenders anywhere in North America. This asset gives the Company an important competitive advantage clearly differentiating JEMTEC from a simple “supplier of units” and allows the Company to increase revenue by offering additional services through the ERC with little or no added cost.

Steady Growth & History

JEMTEC Inc. has been in business for 24 years. JEMTEC has been leasing monitoring services to Canadian correctional agencies to supervise offenders continuously for 18 years. All Canadian Electronic Monitoring programs operational today were started by the Company. JEMTEC was incorporated in 1981 as a federal corporation named 113396 Canada Limited operating as "Peregrine Controls". The first product was an electronic control for lumber drying kilns. In 1984, the Company began development of remote monitoring systems. In June 1987, a subsidiary Company was incorporated with the name Justice Electronic Monitoring Systems Limited. This Company, controlled by Peregrine, acquired exclusive manufacturing and marketing rights to the home incarceration products manufactured by BI Inc. of Boulder, Colorado. On February 5, 1989, JEMTEC, Peregrine and Tritex Petroleum Corporation amalgamated, emerging as Peregrine Instruments and Monitoring Inc. under the provisions of the Business Corporations Act, 1982 (Ontario). Tritex was a Natural resources Company with approximately 1,900 shareholders trading in Toronto. On September 15, 1989, Peregrine sold off its other businesses of lumber drying kilns, and remote current monitoring along with the rights to the name Peregrine to concentrate solely on the home incarceration market. The Name of the Company changed back to Justice Electronic Monitoring Systems Inc and shortened to JEMTEC.

JEMTEC won the first ever contract for home incarceration products in Canada, installing a BI system for the B.C. Ministry of the Attorney General in September 1987. On December 20, 1989, JEMTEC won the Saskatchewan contract for the six month Pilot Program. On February 1, 1990, JEMTEC won the expanded B.C. contract for 75 units and on March 1, 1991 this was increased to 95 units. On November 1, 1991, JEMTEC won the B.C. contract to supply equipment to the Interior Regions of B.C. On September 3, 1993, JEMTEC was awarded a 200 unit contract by B.C. for a period of 2.5 years; In November 1995, JEMTEC won the contract to provide Ontario with 200 units over five years; In October 1996, JEMTEC won a contract for 400 units over five years; In October 1997, JEMTEC was awarded a 30 unit contract by N.F. for a period of 5 years; On February 1, 1998, JEMTEC won a 150 unit contract with Saskatchewan for 5 years. On September 24, 2002, JEMTEC won a P3 with Ontario for minimum 650 offenders per day over five years. In April 2004, JEMTEC began its Private Bail Monitoring program. In January 2005, JEMTEC began its Canada wide bail marketing program by moving into Quebec and British Columbia.

Business Strategy

JEMTEC will continue to build on the experience and trust it has earned in the Canadian Corrections market, however the Company sees the need to expand beyond it's present markets and the borders of Canada. JEMTEC is actively looking to target suitable complementary acquisitions in the security market to support of its stated goal of becoming a dominant player in security market and the offender monitoring sector. As such the Company is looking for collaborative relationships for product expansion that would focus on the development of new opportunities, to leverage off the Company's existing products, services, relationships and that would include a broader array of products and services in allied fields.

These activities are being pursued concurrently with the exploration of geographically dispersed collaborative relationships. JEMTEC's goal is expanding operations, through strategic alliance and agency relationships, in jurisdictions beyond Canada. Once new commercial relationships and alliances solidify, we believe it would be appropriate to undertake a number of activities to improve share capital liquidity and increase the shareholder base.

JEMTEC Success Formula



Experience

JEMTEC pioneered electronically monitored house arrest in Canada and has been diversifying system and service offerings ever since. JEMTEC installed the first house arrest system in Canada in 1987 and every province or territory since has asked JEMTEC to provide our expertise when designing their first house arrest system. To date, criminal justice agencies throughout Canada have supervised more than forty thousand offenders and pretrial defendants with the help of JEMTEC's products and services.



Partnerships

JEMTEC seeks out Best of Breed partners on a project by project basis to ensure we deliver on time, on target and on budget. We use Service Level Agreements to ensure our partners keep their commitments and meet their timelines. Dealing with the best is always a competitive advantage.



Value

JEMTEC is continually improving and expanding its suite of products and services, based on evolving agency needs and emerging technology using a variety of building blocks. JEMTEC offers immediate, round-the-clock support and rapid resolution of monitoring and equipment issues, single point of contact for program support and customized officer training, responsive customer service, and an absolute commitment to each agency's program.



Technology

JEMTEC's customer-centered product development process is backed by best of breed manufacturers using advanced technical capabilities. JEMTEC involves the selected manufacturer engineers, manufactures, tests, markets, and supports all of its electronic monitoring products and services for the life of the contract offsetting JEMTEC's risk and ensuring customer satisfaction.



Support

Best of breed support personnel and systems deliver the industry's highest level of customer service and program support. Technical Support Specialists meet customer needs with in-depth knowledge of each monitoring environment used on the selected equipment and systems.



Reliability

Every product and service is designed and operated with mission-critical reliability, ease-of-use, and accuracy in mind, reducing officer risk, enhancing public safety, saving agencies time and effort, and enabling officers to focus on offender supervision. ISO certified processes, forward-thinking design, comprehensive testing, and technical expertise.



AUDITORS' REPORT

To the Shareholders of
JEMTEC Inc.

We have audited the balance sheets of JEMTEC Inc. as at July 31, 2005 and 2004, and the statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada

October 21, 2005

"Morgan & Company"

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JEMTEC INC.

Financial Statements July 31, 2005 and 2004

JEMTEC INC.

Balance Sheets

As at July 31,

	2005	2004
ASSETS		
Current		
Cash and cash equivalents	\$ 1,699,756	\$ 697,998
Accounts receivable	473,293	242,394
Prepaid expenses	1,500	4,328
Total current assets	2,174,549	944,720
Property and equipment (note 4)	365,122	59,085
Future income taxes (note 10)	41,947	52,291
Total assets	\$ 2,581,618	\$ 1,056,096
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 279,105	\$ 174,026
Due to related parties (note 9)	-	54,250
Deferred revenue	23,115	10,500
Current portion of capital lease obligation (note 5)	81,093	27,766
Income taxes payable	409,743	103,483
Total current liabilities	793,056	370,025
Capital lease obligation (note 5)	238,922	9,735
Total liabilities	1,031,978	379,760
SHAREHOLDERS' EQUITY		
Share capital (note 7)	1,247,160	1,112,993
Contributed surplus	24,612	-
Retained earnings	277,868	(436,657)
Total shareholders' equity	1,549,640	676,336
Total liabilities and shareholders' equity	\$ 2,581,618	\$ 1,056,096

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

Approved by the Board of Directors:

"Eric Caton"
Director

"Leslie Markow"
Director

JEMTEC INC.

Statements of Operations and Retained For the years ended July 31,

	2005	2004
Revenue		
Leasing, monitoring and activation (note 8)	\$ 2,582,349	\$ 1,620,949
Parts, sales and other	17,963	3,596
	<u>2,600,312</u>	<u>1,624,545</u>
Expenses		
Salaries and benefits	252,836	184,974
Amortization	67,063	55,501
Repairs and maintenance	48,568	18,912
Monitoring and activation fees	400,258	348,511
Equipment rent and installation	159,411	77,138
Consulting fees	137,598	115,705
Travel	32,086	32,239
Shareholder communications	26,609	19,804
Professional fees	16,462	18,986
Office	98,215	72,511
Interest on capital leases	22,174	3,673
Other interest expenses	1,784	3,383
Stock-based compensation	65,067	-
Directors' fees	117,068	26,250
Accounting and administrative fees	20,500	25,300
	<u>1,465,699</u>	<u>1,002,887</u>
Income before income taxes	<u>1,134,613</u>	<u>621,658</u>
Income tax expense		
Current	409,744	103,483
Future	10,344	104,058
	<u>420,088</u>	<u>207,541</u>
Net income for the year	714,525	414,117
Deficit - Beginning of year	(436,657)	(850,774)
Retained Earnings (deficit) - End of year	\$ 277,868	\$ (436,657)
Earnings per share:		
Basic	\$ 0.33	\$ 0.20
Diluted	\$ 0.32	\$ 0.19
Weighted average number of shares outstanding:		
Basic	2,187,077	2,071,659
Diluted	2,240,114	2,200,826

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

JEMTEC INC.

Statements of Cash Flows For the years ended July 31,

	2005	2004
Cash flows from (used in) operating activities		
Net income for the year	\$ 714,525	\$ 414,117
Adjustments to reconcile net income to net cash used in operating activities:		
- amortization	67,063	55,501
- stock-based compensation	65,067	-
- future income taxes	10,344	104,058
Changes in non-cash working capital:		
- accounts receivable	(230,899)	(149,668)
- prepaid expenses	2,828	(2,712)
- accounts payable and accrued liabilities	105,079	66,926
- deferred revenue	12,615	10,500
- due to related parties	(54,250)	54,250
- income taxes payable	306,260	103,483
- income taxes recoverable	-	22,472
Cash flows - operating activities	998,632	678,927
Cash flows used in investing activities		
Purchase of property and equipment	-	(2,289)
Cash flows - investing activities	-	(2,289)
Cash flows from (used in) financing activities		
Bank loan	-	(5,000)
Proceeds from issuance of common stock	93,712	-
Payment on capital lease obligation	(90,586)	(25,735)
Cash flows - financing activities	3,126	(30,735)
Net increase in cash	1,001,758	645,903
Cash, beginning of year	697,998	52,095
Cash, end of year	\$ 1,699,756	\$ 697,998

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

Supplemental cash disclosures

Cash paid for:

Income taxes	\$ 103,483	\$ -
Interest	\$ 23,958	\$ 7,056

Supplemental disclosure on non-cash financing and investing activities

During the year ended July 31, 2005, the Company entered into a capital lease for monitoring equipment in the amount of \$373,100.

Notes to Financial Statements

For the Years Ended July 31, 2005 and 2004

1. Nature of Operations

The Company's core business is the provision of services and technology for offender monitoring in Canadian federal and provincial correctional departments.

2. Significant Accounting Policies

a) General

These financial statements have been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

b) Use of estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the revenues and expenses during the reporting periods, in addition to the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

c) Currency and foreign exchange

The functional currency of the company is the Canadian dollar. Monetary assets and liabilities denominated in another currency are translated at exchange rates in effect at the balance sheet dates. Other non-monetary balance sheet items denominated in another currency are translated at the rates of exchange in effect at the time the items arose. Revenue and expenses are translated at the exchange rates in effect at the time of the transaction. Gains and losses arising from fluctuations in exchange rates are included in operations for the periods in which they occur.

d) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and short term, highly liquid money market instruments with original maturities of three months or less.

e) Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is charged to earnings over the estimated useful lives of the respective assets at the following rates:

Furniture & fixtures	20% declining balance
Monitoring equipment	straight-line over 5 years or contract period
Demonstration equipment	20% declining balance

Expenditures for maintenance and repairs that do not improve or extend the life of the assets are expensed as operations, while major repairs are capitalized.

f) Asset impairment

On an annual basis, or when impairment arises, the Company evaluates the future recoverability of its property and equipment. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated future cash flows attributable to such assets.

2. Significant Accounting Policies (continued)

g) Revenue recognition

Rental and monitoring income is recognized pursuant to various lease agreements which specify the terms and conditions of rental and the services to be performed and electronic surveillance. Rental income is recognized on a straight-line basis over the terms of the leases. Revenue from the sale of parts which are required to repair and maintain the monitoring equipment is recognized upon delivery to the lessee. Maintenance and monitoring service income is recognized when the services are performed.

The Company recognizes sales and leasing revenue over the term of the applicable operating services agreements. The term of existing service agreements is between three and five years. Generally, the lessees have the option to renew or cancel the lease and service agreements upon the expiration of each lease term or, in certain circumstances, the agreements may be cancelled upon specific notice provided to the Company. In situations where leases are terminated, the leased monitoring equipment would be returned to the Company or the Company's lessors with no further obligation on behalf of the lessee.

h) Stock-based compensation

The Company follows the recommendations of CICA Handbook Section 3870 "*Stock-based Compensation and Other Stock-based Payments*" which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. Effective for year ends beginning on or after January 1, 2004, these recommendation require that compensation for all awards made, including stock appreciation rights, direct awards of stock and awards that call for settlement in cash or other assets, be measured and recorded in the financial statements at fair value. For the purpose of this Section, employees include directors who receive stock compensation for services provided as director. This Section also sets out fair value based methods of accounting for stock options issued to employees.

For the years ended July 31, 2002 and 2003, no compensation expense was recognized for stock options granted to employees and directors, as the company was using the intrinsic method to account for the stock option grants. During the year ended July 31, 2004, the Company adopted, on a prospective basis, the fair value based method of accounting for stock based compensation for all grants of options to employees, non-employees and directors in accordance with the prospective application provision of Section 3870. All option grants beginning August 1, 2003 are accounted by using the fair value based method, and stock based compensation expense is computed the Black-Scholes option pricing model. Accordingly, the fair value of the stock options at the date of grant is charged to operations on a straight-line basis over the vesting period. Any consideration paid on exercise of stock options together with the related portion previously recognized as stock based compensation is credited to share capital.

i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing earnings (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share has been calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of warrants and options and that the assumed proceeds from the exercise of warrants and options are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during periods in which a net loss is incurred as the effect is anti-dilutive.

2. Significant Accounting Policies (continued)

j) Income taxes

The Company uses the asset and liability method of accounting for income taxes whereby future income tax assets are recognized for deductible temporary differences and operating loss carry-forwards, and future income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities recorded for income tax and financial reporting purposes. Future income tax assets are recognized only to the extent that management determines that it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment. The income tax expense or benefit is the income tax payable or refundable for the period plus or minus the change in future income tax assets and liabilities during the period.

3. Financial Instruments

The Company's financial instruments recognized in the balance sheet consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, bank loan, due to related parties, income taxes payable, and capital lease obligations. The fair values of these instruments approximates their carrying value due to their short-term maturity or, in the case of the capital lease obligation, the rate implicit in the lease arrangements.

a) Credit risk

The Company performs certain credit evaluation procedures and does not require collateral for financial instruments subject to credit risk. The Company believes that credit risk is limited because the company routinely assesses the financial strength of its customers, and based upon factors surrounding the credit risk of its customers, establishes an allowance for uncollectible accounts and, as a consequence, believes that its account receivable credit risk beyond such allowances is limited.

The Company's principal business activities are located in Canada. The Company had net sales to two major customers during the year ended July 31, 2005.

The Company maintains cash deposits with financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash. At July 31, 2005, the Company had cash balances on deposit that exceeded federally insured limits.

b) Fair value

Unless otherwise noted, cash, accounts, advances and deposits receivable, loans and accounts payable are stated at amounts that approximate fair value.

c) Foreign exchange risk

The Company may be subject to limited currency risk due to the fluctuations of exchange rates amongst the Canadian and U.S. dollars.

d) Liquidity risk

The Company is exposed to liquidity risk as its continued operations are dependent upon the Company realizing its account receivable to satisfy its liabilities as they become due.

4. Property and Equipment

	July 31, 2005			July 31, 2004		
	Cost	Accumulated Amortization	Net Book Value	Costs	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 35,676	\$ 34,074	\$ 1,602	\$ 35,676	\$ 33,500	\$ 2,176
Monitoring equipment	453,434	89,914	363,520	383,623	327,390	56,233
Demonstration equipment	8,653	8,653	-	8,653	7,977	676
	<u>\$ 497,763</u>	<u>\$ 132,641</u>	<u>\$ 365,122</u>	<u>\$ 427,952</u>	<u>\$ 368,867</u>	<u>\$ 59,085</u>

Included in monitoring equipment are assets under capital lease at a cost of \$453,434 (2004 - \$80,334) and a net book value of \$363,520 (2004 - \$24,100). During the year ended July 31, 2005, the Company removed \$303,289 (2004 - \$nil) of fully amortized monitoring equipment from its books as the equipment is no longer in use.

The Company amortizes its monitoring equipment over its estimated useful life as described in note 2. Such estimates are based on management's experience and expectations of the continued renewal of the contracts for which equipment is acquired or the use of existing equipment in new contracts. Advances in technology and other considerations could result in significant changes to the estimated lives of these assets or otherwise impact the ability of the Company to realize on existing monitoring equipment. In these circumstances, additional provisions could be required.

5. Capital Lease Obligation

Further minimum lease payments to capital leases are as follows:

	Total
Year ending July 31,	
2006	\$ 101,216
2007	90,645
2008	90,645
2009	85,470
2010	-
	<u>\$ 367,976</u>
Less: amounts representing interest (8%)	(47,961)
Present value of minimum lease payments	<u>320,015</u>
Less: current portion	<u>(81,093)</u>
	<u>\$ 238,922</u>

A general security agreement over all of the assets of the Company has been pledged as security for the capital lease obligations.

6. Bank Credit Facility and Loan Agreement

The Company has arranged an uncommitted term operating loan which is available to a maximum amount of \$75,000. The loan, if committed, would be due on demand, would bear interest at bank prime plus 1.3% per annum and would be secured by a general security agreement over all of the assets of the Company.

7. Share Capital

a) Authorized

Common shares:	Unlimited, no par value
First preference shares:	Unlimited, no par value, issuable in series
Second preference shares:	25,000 Series A, \$0.60 non-cumulative and redeemable

b) Issued and allotted

	<u>Number of Common Shares</u>	<u>Amount</u>
Balance July 31, 2004 and 2003	2,071,659	\$1,112,993
Shares issued for exercise of stock options	284,284	\$134,167
Balance July 31, 2005	<u>2,355,943</u>	<u>\$1,247,160</u>

c) Options

During the year ended July 31, 2003, the Company adopted a fixed stock option plan that permits the directors of the company to grant incentive stock options to employees, directors and consultants to the Company. The maximum number of shares issuable under the plan, which follows the policies of the TSX Venture Exchange ("TSXV") regarding stock option awards, is 414,332. Options granted under the plan vest in 6 equal installments over a period of 18 months, with the first installment vesting immediately, and the remaining options vesting upon 6, 9, 12, 15 and 18 months after the date of grant. The option exercise price is generally set as the market price at the time of grant; however, a discount from the market price is permitted under the plan, subject to the policies of the TSX Venture Exchange.

The table below summarizes the options that have been granted under the Company's stock options plan.

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, July 31, 2004 and 2003	300,000	\$ 0.21
Granted	330,000	\$ 0.86
Exercised	<u>(284,284)</u>	\$ 0.33
Outstanding, July 31, 2005	<u>345,716</u>	\$ 0.84

Prior to August 1, 2003, the Company applied the intrinsic value based method of accounting for stock based compensation granted under the Company's fixed stock option plan to employees and directors.

Had compensation cost been determined based on the fair value at the grant dates for awards under the plan consistent with the fair value based method of accounting for stock based compensation, the Company's net loss and loss per share would have been increased to the pro-forma amounts indicated below. The fair value of the options granted in the fiscal year ended July 31, 2005 was estimated on the date of grant using the Black-Scholes option pricing model, assuming risk-free interest rates of 3.96%; dividend yield of \$nil; expected lives of 5 years and volatility of 122%.

	Year Ended July 31,	
	2005	2004
Net Income		
As reported	\$ 714,525	\$ 414,117
Pro-forma	\$ 712,219	\$ 404,891
Basic Earnings per Share		
As reported	\$ 0.33	\$ 0.20
Pro-forma	\$ 0.33	\$ 0.20
Diluted Earnings per Share		
As reported	\$ 0.32	\$ 0.19
Pro-forma	\$ 0.32	\$ 0.18

During the year ended July 31, 2005, the Company granted 330,000 stock options. The fair value of the options granted is charged to earnings over the vesting period of 18 months. During the year ended July 31, 2005, 284,284 options were exercised, for net proceeds of \$93,712. Stock-based compensation expense was credited to contributed surplus in the amount of \$65,067. Of this amount, \$40,455 was credited to share capital upon the exercise of previously vested stock options.

Options outstanding at July 31, 2005 are as follows:

# of Options Granted	Expiry	Exercise Price	Number Outstanding as at July 31, 2005	Options Outstanding		Options Exercisable	
				Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Vested as at July 31, 2005	Weighted Average Exercise Price
150,000	8-Feb-08	\$ 0.11	50,000	0.37	\$ 0.02	50,000	\$ 0.07
50,000	21-Sep-09	\$ 0.30	50,000	0.60	\$ 0.04	24,999	\$ 0.09
<u>280,000</u>	23-Jun-10	\$ 1.10	<u>245,716</u>	3.48	\$ 0.78	<u>5,714</u>	\$ 0.08
480,000			345,716	4.45 years	\$ 0.84	80,713	\$ 0.24

8. Economic Dependence

The Company presently derives substantially all of its revenue from two customers of which one customer contributed approximately 93% of revenue in 2005 and 88% in 2004. These contracts are reviewed periodically and have cancellation provisions. The non-renewal or cancellation of one or more of these contracts could have a material adverse impact on the Company.

Also, the Company is the exclusive Canadian distributor of Pro-Tech Monitoring, Inc's ("Pro-Tech") and BI Inc.'s (both U.S. companies) offender monitoring and tracking devices, the sales and leasing of which account for substantially all of the Company's 2005 and 2004 revenues, capital asset additions and replacement parts purchased. The Company is economically dependent on Pro-Tech and BI Inc. for the continued supply of monitoring equipment, replacement parts, and maintenance services provided by Pro-Tech and BI Inc. for resale or rental by the Company.

9. Related Party Balances and Transactions

At July 31, 2005, there are no amounts due to related parties. At July 31, 2004, due to related parties included \$28,000 as payable to the President of the Company (who is also a director) under an incentive bonus agreement, and also included \$26,250 owed to directors as directors' fees. During the year ended July 31, 2005, \$47,250 (2004 - \$28,000) was paid to a director as an incentive bonus, and \$117,068 (2004 - \$26,250) was paid to the directors of the Company as directors' fees.

10. Income Taxes

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	<u>2005</u>	<u>2004</u>
Net income before income taxes	<u>\$ 1,134,613</u>	\$ 621,658
Income taxes at Canadian and provincial statutory rates of 36% (2004 - 37%)	408,460	227,402
Increase (decrease) by the effects of		
Non-deductible items	31,993	1,715
Other	<u>(20,365)</u>	<u>(21,576)</u>
Income tax expense	<u>\$ 420,088</u>	<u>\$ 207,541</u>

Future tax assets of the Company are as follows:

	<u>2005</u>	<u>2004</u>
Excess of book over tax amortization	<u>\$ 41,947</u>	\$ 52,291
	<u>\$ 41,947</u>	<u>\$ 52,291</u>

As at July 31, 2005 and 2004, the Company believes that it is more likely than not that the excess capital cost allowance pools available of \$116,519 for tax purposes and \$Nil in operating losses carried forward will be utilized in the future. Thus, no valuation allowance has been recorded as at July 31, 2005 and 2004, and a future tax asset representing the sum of the tax amortization pools over net book values available for application against future taxable income was recorded.

11. Earnings per Share

The following table shows the effect of dilutive securities on the weighted average common share outstanding. No adjustments to earnings were required for the calculation of diluted earnings per share.

	2005	2004
	<u>Number of shares</u>	<u>Number of shares</u>
Basic weighted average shares outstanding	2,187,077	2,071,659
Effect of dilutive securities:		
Options	<u>53,037</u>	<u>129,167</u>
Diluted weighted average shares outstanding	<u>2,240,114</u>	<u>2,200,826</u>

Options to purchase 245,716 (2004: - Nil) common shares at a price of \$1.10 (2004 - \$Nil) per share were outstanding at July 31, 2005, but were not included in the computation of diluted earnings per share because the respective exercise price exceeded the average market price of the common shares.

JEMTEC INC.

Management Discussion and Analysis July 31, 2005

This Management Discussion and Analysis of JEMTEC Inc. (“JEMTEC” or the “Company”) provides analysis of JEMTEC’s financial results for the fiscal year ended July 31, 2005. The following information should be read in conjunction with the accompanying audited financial statements and the notes to the audited financial statements as at July 31, 2005.

The item numbering in this discussion refers to the numbering and headings as per the Form 51-102F1. Inapplicable items have been omitted.

This discussion includes statements about the Company’s expectations for the future. The Company’s management team believes that these expectations are reasonable; however, actual outcomes may differ materially from these expectations due to changes in operating performance, unexpected competition and other technical, market and economic factors.

Item 1. Date: November 22, 2005

This management discussion and analysis, dated November 22, 2005, is to accompany the financial statements of the Company for the fiscal year ended July 31, 2005.

Item 2. Overall Performance and Description of Business

JEMTEC is incorporated under the laws of Ontario, Canada. The Company is the leading provider of integrated technology systems for community-based corrections in Canada. The Company’s core business is the provision of services and technology for offender monitoring in Canadian federal and provincial correctional departments.

The common shares of JEMTEC Inc. trade through the facilities of the TSX Venture Exchange under the symbol JTC.

JEMTEC’s mission is to lead the Canadian criminal justice market by providing our customers integrated services and state-of-the-art technology systems. Our vital essence as a company is to make society a better and safer place. Each of our technologies and programs is designed with this corporate mission in mind and we believe that, working together with criminal justice professionals, we can help ensure public protection and the delivery of effective and accountable correctional services.

The management approach in offering different levels of technology allows Corrections, Courts and Police to select from a variety of options ensuring the correct level of offender control at the lowest overall cost. Offender Location detection/verification technologies include: Offender Reporting Kiosks with integrated database, GPS Active and Passive tracking, Voice Verification, Electronic Monitoring house arrest systems, Remote Alcohol in-home monitoring and Private monitoring services.

The Company is the exclusive Canadian distributor of Pro-Tech Monitoring, Inc’s (“Pro-Tech”) and BI Inc.’s offender monitoring and tracking devices, the sales and leasing of which account for substantially all of the Company’s 2005 and 2004 revenues, capital asset additions and replacement parts purchased. The Company is economically dependent on Pro-Tech and BI Inc. for the continued supply of monitoring equipment, replacement parts, and maintenance services provided by Pro-Tech and BI Inc. for resale or rental by the Company.

Item 3. Annual Information

We have summarized selected annual information from the Company's financial statements, which are prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

	Years Ended		
	31-Jul-05	31-Jul-04	31-Jul-03
Revenue	\$ 2,600,312	\$ 1,624,545	\$ 451,444
Expenses	1,465,699	1,002,887	739,463
Net income (loss) before income taxes	1,134,613	621,658	(288,019)
Income tax recovery (expense)	(420,088)	(207,541)	94,924
Net income (loss) for the year	\$ 714,525	\$ 414,117	\$ (193,095)
Earnings (loss) per share			
Basic	\$ 0.33	\$ 0.20	\$ (0.09)
Diluted	\$ 0.32	\$ 0.19	\$ (0.09)

Item 4 and 5. Results of Operations, Quarterly Results

The audited financial statements for the years ended July 31, 2005 and 2004 summarize the financial impact of our financings, investments and operations while providing significant material information that is not meant to be, nor is it, included in this discussion. This discussion is meant to provide information not included in the financial statements and an explanation of some of the financial statement information.

	Quarters Ended							
	July 31, 2005	Apr. 30, 2005	Jan. 31, 2005	Oct. 31, 2004	July 31, 2004	Apr. 30, 2004	Jan. 31, 2004	Oct. 31, 2003
Revenue	\$ 685,048	\$ 647,895	\$ 636,722	\$ 630,647	\$ 836,549	\$ 435,104	\$ 216,122	\$ 136,770
Expenses	587,314	469,344	559,111	270,018	531,529	221,566	235,502	221,831
Net income (loss)	\$ 97,734	\$ 178,551	\$ 77,611	\$ 360,629	\$ 305,020	\$ 213,538	\$ (19,380)	\$ (85,061)
Basic earnings (loss) per share	\$ 0.04	\$ 0.08	\$ 0.04	\$ 0.17	\$ 0.15	\$ 0.11	\$ (0.01)	\$ (0.01)

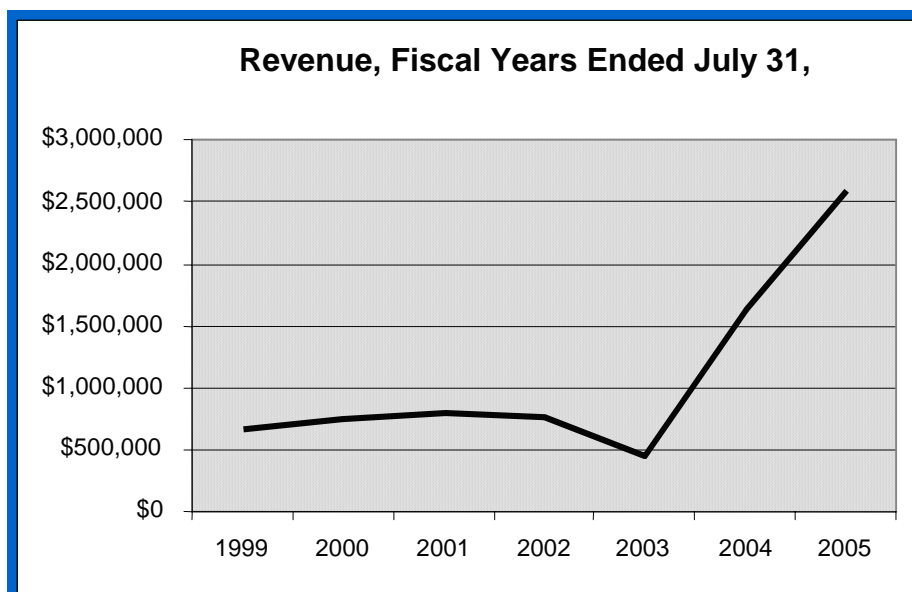
Comparative Results

	Increase in 2005 compared to 2004	Years Ended July 31,	
		2005	2004
Revenue	60%	\$ 2,600,312	\$ 1,624,545
Expenses	46%	\$ 1,465,699	\$ 1,002,887
Income before taxes	83%	\$ 1,134,613	\$ 621,658
Income after taxes	73%	\$ 714,525	\$ 414,117

The Company recorded a net income of \$714,525 for the year ended July 31, 2005, a 73% increase in net income after taxes as compared to the year ended July 31, 2004. This significant improvement is attributable primarily to moving out of development phase and into main phase of select projects and offset by the Company providing for income taxes. As well, the Company began earning revenue on its start up Private Bail Project. At July 31, 2005, the Company had a working capital of \$1,381,493, retained earnings of \$277,868 and assets in excess of liabilities of \$1,549,640. Cash flows from operations have increased by 47%, from a surplus of \$678,927 in 2004, to a surplus of \$998,632 for the year ended July 31, 2005 due to increased net income for the year.

Revenues

Revenues are earned from leasing, monitoring and activation services. Our revenues for the fiscal year ended July 31, 2005 were 60% higher than last year. This growth in revenues is directly attributable to the Company moving out of the development phase in its Public Private Partnership with the Ontario Government and into the main phase of this project.



The Company presently derives substantially all of its revenue from two customers of which one customer contributed approximately 93% of revenue in 2005 and 88% in 2004. These contracts are reviewed periodically and the non-renewal of one or more of these contracts could have a material adverse impact on the Company.

	Years Ended July 31,		
	2005	2004	2003
Revenue			
Leasing, monitoring and activation	\$ 2,582,349	\$ 1,620,949	\$ 397,393
Parts, sales and other	17,963	3,596	54,051
Total Revenue	\$ 2,600,312	\$ 1,624,545	\$ 451,444

Rental and monitoring income is recognized pursuant to various lease agreements which specify the terms and conditions of rental and the services to be performed and electronic surveillance. Rental income is recognized on a straight-line basis over the terms of the leases. Revenue from the sale of parts which are required to repair and maintain the monitoring equipment is recognized upon delivery to the lessee. Maintenance and monitoring service income is recognized when the services are performed.

The Company recognizes sales and leasing revenue over the term of the applicable operating services agreements. The term of existing service agreements is between three to five years. Generally, the lessees have the option to renew or cancel the lease and service agreements upon the expiration of each lease term or, in certain circumstances, the agreements may be cancelled upon specific notice provided to the Company. In situations where leases are terminated, the leased monitoring equipment would be returned to the Company or the Company's lessors with no further obligation on behalf of the lessee.

Expenses

Expenses are comprised primarily of monitoring and activation fees, equipment rent and installation and repairs and maintenance fee. Repair and maintenance expenses are comprised of repairs and maintenance of monitoring equipment, freight and delivery of monitoring parts and monitoring, activation and installation expenses. Monitoring equipment requires the replacement of batteries and parts such as: clamps, straps, transformers and latches. Monitoring units needing servicing are sent to our facilities in Vancouver and/or to our monitoring support partners in the USA for repair and replacement parts. Monitoring and activation expenses are services offered to our clients across Canada, which are supported by our network of sub-contractors who provide data input, installation, monitoring and event response support.

Also included in expenses are personnel and related costs associated with the Company's administrative and finance functions, salaries, consulting, professional fees, office rent and other corporate related expenses.

Net Earnings

For the year ended July 31, 2005, net income was \$714,525 compared to \$414,117 in 2004. This improvement is attributable primarily to the Company moving out of the development phase in its Public Private Partnership with the Ontario Government and into the main phase of this project. As well, the Company began earning revenue on its start up "Private Bail Project" in which clients pay to be electronically monitored in order to win bail release while awaiting trial.

Category	Changes – Fiscal 2005 Compared to 2004
Salaries and benefits	Increase: Higher salary and bonus for performance by an officer/director of the Company
Depreciation and Amortization	Increase: Additional equipment related to the Ontario and Saskatchewan projects being depreciated
Repairs and maintenance	Increase: 5 year renewal of a contract which required replacement of equipment, parts, training and installation
Monitoring and activation fees	Increase: Greater number of clients being activated and monitored
Equipment rent and installation	Increase: Greater number of clients being monitored
Consulting fees	Increase: A Corporate development program was started
Shareholder communications	Increase: Shareholders became active which required updating information driving higher transfer agent costs as share price increased
Office	Increase: Additional telecommunication services required to service our growing client base
Interest on capital leases	Increase: New capital lease
Stock-based compensation	Increase: No options were granted during 2004, while 330,000 options were granted in 2005
Directors' fees	Increase: In late 2004, the Company began to pay an annual fee to its directors, as well as a fee per meeting attended, and implemented an incentive bonus agreement with the directors

During the year ended July 31, 2005, the Company incurred similar levels of expenses for travel, professional fees, other interest and accounting and administrative fees.

Item 6, 7 and 8. Liquidity, Financial Position and Capital Resources

The Company has leased and acquired property and equipment to enable us to provide the services of a five year monitoring contract in the Province of Saskatchewan, and the Company has entered into capital leases to finance the acquisition of some of the Saskatchewan property and equipment.

Liquidity

At July 31, 2005, the Company had cash of \$1,699,756 and a working capital of \$1,381,493.

Financial Position	As at July 31,		
	2005	2004	2003
Current assets	\$ 2,174,549	\$ 944,720	\$ 168,909
Property and equipment	\$ 365,122	\$ 59,085	\$ 112,297
Other assets	\$ 41,947	\$ 52,291	\$ 156,349
Total assets	\$ 2,581,618	\$ 1,056,096	\$ 437,555
Current liabilities	\$ 793,056	\$ 370,025	\$ 135,615
Capital lease obligation	\$ 238,922	\$ 9,735	\$ 39,721
Total liabilities	\$ 1,031,978	\$ 379,760	\$ 175,336
Stockholders' equity	\$ 1,549,640	\$ 676,336	\$ 262,219
Working capital	\$ 1,381,493	\$ 574,695	\$ 33,294

Significant working capital components include cash in current or interest bearing accounts, accounts receivable from clients, prepaid expenses, accounts payable and accrued liabilities, income taxes payable and the current portion of unearned revenues and capital leases.

Prepaid expenses, accounts receivable and accounts payable are expected to increase as sales volumes increase; although the Company has reduced the current liabilities by remitting the taxes payable for fiscal year ended July 31, 2005.

Unearned revenues will continue to fluctuate in relation to the Company earning revenue on it's Private Bail Project. These clients pay in advance typically for one or more years monitoring.

The Company's operating cash flows were a surplus of \$998,632 during the year ended July 31, 2005, as compared to \$678,927 in 2004. The improvement in cash flows from operations is mainly due to increased revenues and a slower increase in expense against revenue.

During the year, 284,284 options were exercised, for net proceeds of \$93,712. The Company financing activities also included payment of \$90,586 for capital leases.

The Company's management is not aware of any trends or expected fluctuations in its liquidity that would create any deficiencies. In addition, the Company's' management believes that cash flow from continuing operations will be sufficient to meet the Company's short-term and long-term requirements for ongoing operations and planned growth. The Company however derives a significant portion of its revenue from one customer, which contributed approximately 93% of revenue for the year ended July 31, 2005 (refer to Note 8 of the Company's audited financial statements for the year ended July 31, 2005). A decision by this customer to discontinue, in whole or in part, use of the Company's services in the future may adversely affect the Company's capital resources and operating results.

Capital Requirements and Resources

The Company anticipates that it will have little need to acquire property and equipment over the next year. The Company has adopted a more flexible arrangement, whereby it adds value to rented equipment, and then provides this equipment to its customers. Should the Company encounter opportunities in which it is more financially advantageous to purchase or lease property and equipment as compared to renting, the Company would finance these capital expenditures and other contractual obligations through capital leases, cash flows from operations, and possibly long term borrowings.

Item 9. Fourth Quarter

JEMTEC INC.

Statements of Operations

For the Fourth quarters ended July 31,

	2005	2004
Revenue		
Leasing, monitoring and activation	\$ 675,481	\$ 834,179
Parts, sales and other	9,567	2,370
	<u>685,048</u>	<u>836,549</u>
Expenses		
Salaries and benefits	61,497	67,474
Depreciation and amortization	19,991	6,616
Repairs and maintenance	14,117	9,673
Monitoring and activation fees	128,782	105,494
Equipment rent and installation	65,737	28,815
Consulting fees	39,386	30,570
Travel	8,547	11,753
Shareholder communications	3,776	3,134
Professional fees	5,200	7,354
Office	24,173	20,441
Interest on capital leases	7,453	599
Other interest expenses	17	185
Stock-based compensation	46,693	-
Directors' fees	84,318	26,250
Accounting and administrative fees	4,500	6,000
	<u>514,187</u>	<u>323,988</u>
Net income before income taxes	<u>170,861</u>	<u>512,561</u>
Income tax expense		
Current	(62,783)	(103,483)
Future	(10,344)	(104,058)
	<u>(73,127)</u>	<u>(207,541)</u>
Net income for the period	<u>97,734</u>	<u>305,020</u>
Earnings (deficit) - Beginning of period	<u>180,134</u>	<u>(741,677)</u>
Earnings (deficit) - End of period	<u>277,868</u>	<u>(436,657)</u>

Comparative Results	Fourth Quarter Results as % of 2005	Fourth Quarter Ended July 31, 2005	Year Ended July 31, 2005
Revenues	26%	\$ 685,048	\$ 2,600,312
Expenses	35%	\$ 514,187	\$ 1,465,699
Income before taxes	15%	\$ 170,861	\$ 1,134,613
Income after taxes	14%	\$ 97,734	\$ 714,525

Item 12. Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expense during the reported periods. Actual results could differ from those estimates.

Reference should be made to Note 2 - Significant Accounting Policies in the notes to the Company's audited annual financial statements for the year ended July 31, 2005 for more information concerning the accounting principles used in the preparation of the Company's financial statements.

Item 14. Financial Instruments

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash. At July 31, 2005, the Company had cash balances that exceeded the federally insured limits.

Item 15. Capital Stock, Stock Options and Warrants

Share Capital

The Company has only three classes of share capital:

Common shares:	unlimited
First preference shares:	unlimited, issuable in series
Second preference shares:	25,000 Series A, \$0.60 non-cumulative and redeemable

The Company also has a fixed stock option plan.

The following are outstanding at November 22, 2005:

Common shares	2,355,943
Shares issuable on the exercise of outstanding stock options	345,716
Shares available for future stock option grants	68,616

The stock option plan permits the directors of the Company to grant incentive options to the employees, directors, officers and consultants of the Company. The maximum number of shares issuable under the stock option plan is 414,332.

Disclosure Controls and Procedures

The Company has designed disclosure controls and procedures, and has evaluated their effectiveness. Based on the evaluation of the Company's disclosure controls and procedures, the Company's management has concluded that they are sufficiently effective as of July 31, 2005 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

Other Information

Additional information relating to the Company is available on the SEDAR website at www.sedar.com and on the Company's website at www.JEMTEC.ca.

JEMTEC Board Members

Jeremy Kendall

Jeremy Kendall has served as Chairman of the Company since December 1985. He is also Chairman of the Board and CEO of SunOpta (1/83 to present) a manufacturer and distributor of organic foods and other products. As well, he is Chairman of Easton Minerals Ltd. (1/95 to present), a mineral exploration company. In the past 5 years, Mr. Kendall has served on the following Boards of Directors: BI Inc. (9/81 to 11/00), producer of electronic home incarceration products; Brigdon Resources Inc. (6/93 to 2/99), oil and gas exploration company; and Wisper Inc. (6/95 to 3/02), a provider of wireless electronic equipment and services. Mr. Kendall is also a Director of a number of private and charitable organizations.

Eric Caton

Eric Caton, President & CEO of the Company has served as a Director since February 1991. He joined JEMTEC in 1987 as Vice President Sales, then as General Manager and now President and CEO. He has also served on the Board of Easton Minerals Ltd. (1/95 to 3/05). He led JEMTEC's successful Public Private Partnership (P3) with the government of Ontario, the first such partnership in Canada. He has designed and started Electronic Monitoring Home Incarceration Programs across Canada (starting in 1987) with British Columbia, Ontario, Newfoundland, Saskatchewan and the Yukon Territories. Prior thereto, Mr. Caton marketed hardware and service products for Control Data Canada from 1972 through 1987.

Leslie N. Markow

Leslie N. Markow is a CA, and CPA (Illinois) and has been a Director and Corporate Secretary at the Company since January 1994. She is also the Director of Client Services Global Professionals Inc., which is a Nasdaq listed, project-based professional services firm. Ms. Markow was a senior officer, CFO and assistant corporate secretary from 1991-2002 at SunOpta Inc., a Nasdaq/TSX listed company that principally manufactures and distributes organic products. She is a member of the Toronto Board of Directors and Career Services Committee of the Financial Executives International. Ms. Markow lives in Toronto and volunteers each year to prepare tax returns for low income Canadians.

Cyril Ing

Cyril Ing is a retired Professional Engineer and was elected a Director in April 2000. He was an independent consultant specializing in engineering projects involving the combustion of biomass from May 1982 to August 1985. Mr. Ing retired from full time employment in March 1990. For the 10 years prior to retirement, he was President of the Conat Group, a holding company whose major subsidiary, Westair Systems Inc., is a distributor and manufacturer of industrial dehumidification equipment. In the past 5 years, Mr. Ing has served on the following Boards of Directors: SunOpta (1/84 to present); Wisper Inc. (11/99 to present); and Easton Minerals Ltd. (11/99 to present).

Gordon Baker

Gordon Baker was elected a Director of the Company in January 1994. He is a lawyer and was appointed Queen's Counsel in 1983. Mr. Baker has extensive experience in the area of business law with emphasis on mergers and acquisitions, joint ventures, financing and structuring. He is Former Chairman, Tax Subsection, Ontario Branch Canadian Bar Association; a Member of Canadian Bar Association, Ontario, Committee on Taxation; Past Committee Member of Ontario Institute of Chartered Accountants and Canadian Bar Association, Ontario; Committee on Taxation. Mr. Baker also serves on committees and boards of a number of political and social organizations.

Morris Zbar

Morris Zbar has served as Director of the Company since March 2004. He is Vice President of the United Jewish Appeal (UJA) and has served in the Ontario Ministry of Correctional Services as Deputy from 2000-2002 and Assistant Deputy Minister from 1998-2002. He has served the UJA as V.P. of Community Planning and Allocations from 1994-1998. From 1987-1994, he served with the Ontario Ministries of Correctional Services and Culture Tourism and Recreation. He has also served in a number of volunteer leadership positions from 1977-2000.

Corporate Information

Head Office

JEMTEC Inc.
Suite 200, 38 Fell Avenue, North Vancouver, BC V7P 3S2
Ph 877-929-4559, Fax 877-929-4198

Copies of the Company's financial statements and MD&A may be obtained from the System for Electronic Document Analysis and Retrieval (SEDAR) www.sedar.com or
By mail: JEMTEC Inc., Suite 200, 38 Fell Avenue, North Vancouver, B C, V7P 3S2 or
By telephone: 877-929-4559 or
By fax: 877-929-4198 or
By e-mail: info@jemtec.ca.

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Auditors

Morgan and Company Chartered Accountants

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Sui and Company

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