

JEMTEC Inc.

Condensed Interim Financial Statements
For the three months ended October 31, 2017 and 2016
(Expressed in Canadian dollars)
(Unaudited)

Notice of No Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

JEMTEC INC.

Condensed Interim Statements of Operations and Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three months ended October 31, 2017	Three months ended October 31, 2016
Revenue			
Leasing, monitoring, activation and bail		\$ 315,172	\$ 283,952
Interest income		2,503	2,192
		317,675	286,144
Expenses			
Accounting and administrative fees	9, 10	7,500	7,500
Consulting fees		27,000	27,000
Depreciation	5	101	173
Directors' fees	9, 10	6,250	6,250
Equipment rent and installation		18,676	18,973
Foreign exchange loss		10,354	3,009
Monitoring and activation fees		128,052	82,972
Office		22,227	25,121
Professional fees		4,250	4,250
Repairs and maintenance		10,178	15,978
Salaries and benefits	9, 10	67,249	67,254
Share-based payments	9, 10	-	7,738
Shareholder communications		2,759	2,618
Travel		6,054	6,677
		310,650	275,513
Net income and comprehensive income for the period		\$ 7,025	\$ 10,631
Basic and diluted earnings per share		\$ 0.00	\$ 0.00
Weighted-average number of shares outstanding			
Basic		2,485,654	2,485,654
Diluted		2,659,942	2,485,654

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

JEMTEC INC.

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	October 31, 2017	July 31, 2017
Assets			
Current assets			
Cash and cash equivalents		\$ 1,386,130	\$ 1,325,822
Accounts receivable		123,981	170,624
Prepaid expenses and deposits		11,439	17,092
Total current assets		1,521,550	1,513,538
Equipment	5	280,350	280,451
Total assets		\$ 1,801,900	\$ 1,793,989
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	6, 9	\$563,623	\$ 560,710
Customer deposits		16,697	17,198
Deferred revenue		6,473	7,999
Total liabilities		586,793	585,907
Shareholders' equity			
Share capital	7 (a)	1,296,050	1,296,050
Share-based payments reserves	7 (b)	399,462	399,462
Deficit		(480,405)	(487,430)
Total shareholders' equity		1,215,107	1,208,082
Total liabilities and shareholders' equity		\$ 1,801,900	\$ 1,793,989

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

Approved on behalf of the Board and authorized for issue on December 15, 2017.

/s/ Eric Caton

Director

/s/ Leslie N. Markow

Director

JEMTEC INC.

Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Common Shares	Share Capital	Share-Based Payments Reserves	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance, August 1, 2016	2,485,654	\$ 1,296,050	\$ 383,907	\$ (521,454)	\$ 1,158,503
Share-based payments	-	-	7,738	-	7,738
Net income for the period	-	-	-	10,631	10,631
Balance, October 31, 2016	2,485,654	\$ 1,296,050	\$ 391,645	\$ (510,823)	\$ 1,176,872
Balance, August 1, 2017	2,485,654	\$ 1,296,050	\$ 399,462	\$ (487,430)	\$ 1,208,082
Net income for the period	-	-	-	7,025	7,025
Balance, October 31, 2017	2,485,654	\$ 1,296,050	\$ 399,462	\$ (480,405)	\$ 1,215,107

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

JEMTEC INC.

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended October 31, 2017	Three months ended October 31, 2016
Cash used for:		
Operating activities		
Net income for the period	\$ 7,025	\$ 10,631
Adjustment to reconcile net income to net cash used in operating activities:		
Depreciation	101	173
Share-based payments	-	7,738
Changes in non-cash operating working capital		
Accounts receivable	46,643	(8,989)
Prepaid expenses and deposits	5,653	6,027
Accounts payable and accrued liabilities	2,913	6,285
Customer deposits	(501)	-
Deferred revenue	(1,526)	1,069
Increase in cash during the period	60,308	22,934
Cash and cash equivalents, beginning of period	1,325,822	1,282,673
Cash and cash equivalents, end of period	\$ 1,386,130	\$ 1,305,607
Cash and cash equivalents		
Cash	\$ 206,456	\$ 135,029
Short-term deposits	1,179,674	1,170,578
	\$ 1,386,130	\$ 1,305,607
Supplementary Information		
Interest received	\$ 2,503	\$ 2,192

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

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the three month periods ended October 31, 2017 and October 31, 2016
(Unaudited)

1. Nature of operations

JEMTEC Inc. (“the Company”) was incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange (“TSXV”). The Company’s core business is the provision of services and technologies for offender monitoring with Canadian federal and provincial correctional departments. The Company services include global positioning systems, electronic monitoring, alcohol detection, and voice verification technologies, as they relate to location verification of offenders and individuals under restrictions in the community.

The corporate head office of the Company is located at Suite 200, 38 Fell Avenue, North Vancouver, BC, and its registered office is located at Suite 1800 - 130 King Street West, Toronto, ON.

2. Basis of presentation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (IFRICs). They do not include all of the information required by International Financial Reporting Standards (“IFRS”) for complete annual financial statements, and should be read in conjunction with the Company’s 2017 annual financial statements. They have been prepared using the accounting policies that were described in Note 3 to the Company’s annual financial statements as at and for the year ended July 31, 2017.

These condensed interim financial statements were approved by the Board of Directors of the Company on December 15, 2017.

b) Functional and presentation currency

The Company’s functional and reporting currency is the Canadian dollar. Monetary assets and liabilities denominated in another currency are translated at the prevailing period-end exchange rates. Other non-monetary assets and liabilities denominated in another currency are translated at historical exchange rates. Revenues 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.

3. Selected significant accounting policies

a) Cash and cash equivalents

Cash and cash equivalents are comprised of cash deposits in the bank and highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

b) 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 for electronic surveillance. Rental and bail 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.

JEMTEC INC.

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3. Selected significant accounting policies (Continued)

b) Revenue recognition (Continued)

The Company recognizes sales and leasing revenue over the term of the applicable operating services agreements. The term of existing service agreements is between one 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.

Interest income is recorded when earned.

c) Financial instruments – recognition and measurement

Financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale, or other financial liabilities, as described below:

i) Fair value through profit or loss

Financial assets and financial liabilities that are purchased or incurred with the intention of generating profits in the near term are classified as fair value through profit or loss. Any financial instrument can be designated as fair value through profit or loss as long as the fair value can be reliably measured. These instruments are measured at fair value with subsequent changes in fair value included in earnings.

The Company has classified cash and cash equivalents as assets at fair value through profit or loss, which accordingly, are carried at their fair values.

ii) Held-to-maturity

Financial assets that have a fixed maturity date and fixed or determinable payments, where the Company intends and has the ability to hold the financial asset to maturity are classified as held-to-maturity and measured at amortized cost using the effective interest method. Any gains and losses arising from the sale of held-to-maturity financial assets are included in earnings.

Currently, the Company has no held-to-maturity financial assets.

iii) Loans and receivables

Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are included in earnings. The Company has classified accounts receivable as loans and receivables. Due to the short-term nature of these assets, their fair values approximate their carrying values.

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3. Selected significant accounting policies (Continued)

c) Financial instruments – recognition and measurement (Continued)

iv) Available-for-sale

Available-for-sale assets are those financial assets that are not classified as held-for-trading, held-to-maturity or loans or receivables, and are carried at fair value. Any gains or losses arising from the change in fair value are recorded as other comprehensive income. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect other-than-temporary impairment. Cumulative gains and losses arising upon the sale of the instrument are included in earnings. Transaction costs related to the purchase or sale of available-for-sale securities will be added to or deducted from the cost or proceeds of the relevant securities.

Currently, the Company has no available-for-sale financial assets.

v) Other financial liabilities

Financial liabilities that are not classified as held for trading are classified as other financial liabilities and are carried at amortized cost using the effective interest method. Any gains or losses arising from the realization of other financial liabilities are included in earnings.

The Company has classified accounts payable and accrued liabilities, and customer deposits as other financial liabilities. Due to the short-term nature of these assets, their fair values approximate their carrying values.

vi) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. Any difference in the respective carrying amounts is recognized in the statement of comprehensive income or loss.

Subsequent measurement at fair value of financial assets and liabilities are recorded through profit and loss.

d) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the stock options note 7(b).

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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3. Selected significant accounting policies (Continued)

e) Future accounting changes

A number of new standards, amendments to standards and interpretations are not yet effective as of October 31, 2017 and have not been applied in preparing these financial statements. These new standards and interpretation are not expected to have a material effect on the financial statements of the Company. The Company intends to adopt the following standards when they become effective:

i) IFRS 9 - Financial instruments, classification and measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its financial statements.

i) IFRS 15 – Revenue from contracts with customers

IFRS 15 applies to all contracts with customers and provides a comprehensive framework for the recognition, measurement and disclosure of revenue from contracts with customers, except for: leases, insurance contracts and financial instruments. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2018 and is available for early adoption. The Company has not yet determined the impact of IFRS 15 on its financial statements.

ii) IFRS 16 – Leases

IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, lessee and lessor. IFRS is effective from January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from contracts with customers. The Company has not yet determined the impact of IFRS 16 on its financial statements.

4. Financial instruments and financial risk management

The Company's risk exposure and impact on the Company's financial instruments are summarized below:

a) Credit risk

The Company's principal business activities are located in Canada. 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.

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4. Financial instruments and financial risk management (Continued)

a) Credit risk (Continued)

The Company maintains cash deposits with financial institutions, which from time to time may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk from cash. At October 31, 2017, the Company had cash balances on deposit that exceeded federally insured limits by \$1,186,130 (July 31, 2017 - \$1,125,822). All of these funds are on deposit with Schedule I banks in Canada.

The Company is a Canadian distributor of Stop LLC, SuperCom Inc., Omnilink Systems Inc. and the Canadian distributor of BI Inc.'s (all U.S. companies) offender monitoring and tracking devices, the sales and leasing of which account for substantially all of the Company's revenues, equipment additions and replacement parts purchased. The Company is economically dependent on these four U.S. companies for the continued supply of monitoring equipment, replacement parts, and maintenance services for resale or rental by the Company.

b) Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its working capital position.

Cash resources, repayment obligations and spending plans are monitored and actions are taken with the objective of ensuring that there is sufficient capital in order to meet short-term business requirements. As at October 31, 2017, the Company had cash of \$1,386,130 (July 31, 2017 - \$1,325,822) to settle \$586,793 (July 31, 2017 - \$585,907) in current liabilities which fall due for payment within twelve months of the Statement of Financial Position.

c) Market risk

The market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rate fluctuations. This is not a significant risk to the Company.

d) Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rate. Only insignificant balances of the Company's accounts payable and accrued liabilities are denominated in US dollars and therefore the Company's exposure to foreign currency exchange risk is limited.

e) Fair value

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short-term to maturity.

f) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect any material movements in the underlying market risk variables over a three-month period.

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
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(Unaudited)

5. Equipment

	Furniture	Monitoring Equipment	Total
Costs, August 1, 2017	\$ 50,222	\$ 603,953	\$ 654,175
Additions	-	-	-
Costs, October 31, 2017	50,222	603,953	654,175
Accumulated depreciation, August 1, 2017	48,221	325,503	373,724
Depreciation for the period	101	-	101
Accumulated depreciation, October 31, 2017	48,322	325,503	373,825
Net book value, October 31, 2017	\$ 1,900	\$ 278,450	\$ 280,350

	Furniture	Monitoring Equipment	Total
Costs, July 31, 2016	\$ 50,222	\$ 325,503	\$ 375,725
Additions	-	278,450	278,450
Costs, July 31, 2017	50,222	603,953	654,175
Accumulated depreciation, July 31, 2016	47,733	325,486	373,219
Current year depreciation	488	17	505
Accumulated depreciation, July 31, 2017	48,221	325,503	373,724
Net book value, July 31, 2017	\$ 2,001	\$ 278,450	\$ 280,451

6. Accounts payable and accrued liabilities

	October 31, 2017	July 31, 2017
Trade payable and accrued liabilities	\$ 416,863	\$ 402,030
Government service tax liabilities	33,672	45,592
Dividend payable (Note 8)	113,088	113,088
	\$ 563,623	\$ 560,710

JEMTEC INC.

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(Unaudited)

7. Share capital and reserves

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, no par value, redeemable, \$0.60 non-cumulative dividend

As at October 31, 2017, 2,485,654 common shares were outstanding.

b) Stock options

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 of the Company. The maximum number of shares issuable under the plan, which follows the policies of the TSXV regarding stock option awards, is 471,118. Options granted under the plan vest in six 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 TSXV.

On September 17, 2009, the Company granted 195,000 stock options to officers and directors, at a price of \$0.67 per share, expiring September 17, 2014. The options were subject to an 18 month vesting schedule. As at July 31, 2011, the options were fully vested.

During the year ended July 31, 2013, 15,000 options for a former officer had not been exercised and are no longer outstanding as a result of this departure.

As at July 31, 2014, 180,000 shares were issuable upon the exercise of outstanding stock options and 256,834 shares were available for future stock option grants.

On August 19, 2014, 90,000 shares of these stock options granted were exercised at a price of \$0.67 per share for consideration totaling \$60,300. The remaining stock options granted expired on September 17, 2014.

On December 3, 2015, the Company granted 346,830 stock options to officers and directors, at a price of \$0.345 per share, expiring on December 2, 2020. The fair value of the options granted was estimated on the date of grant at \$62,350 using the Black-Scholes option-pricing model. For the quarter ended October 31, 2017, \$Nil (2016 – \$7,738) was recognized as share-based payments in the Statement of Operations. As at October 31, 2017, all of the options were vested and 4 shares are available for future stock option grants.

Maximum number of shares issuable under the fixed stock option plan	471,118
Options previously granted	(124,284)
Number of shares available for future stock option grants, October 31, 2015	346,834
Options granted December 2, 2015	(346,830)
Number of shares available for future stock option grants, October 31, 2017 and 2016	<u>4</u>

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
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7. Share capital and reserves (Continued)

b) Stock options (Continued)

Options outstanding at October 31, 2017 are as follows:

Date of Grant	Number of Options Granted	Expiry	Exercise Price	Number Exercisable as at October 31, 2017	Number Outstanding as at October 31, 2017	Weighted Average Remaining Contractual Life (year)	Weighted Average Exercise Price
December 3, 2015	346,830	December 2, 2020	\$0.345	346,830	346,830	3.09 year	\$0.345

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	October 31, 2017
Risk-free interest rate	0.97%
Expected life of options	5 years
Expected annualized volatility	63.26%
Dividend yield	0.00%

8. Dividend

On September 11, 2014, the Company announced that the board of directors approved the payment of a one-time special dividend of \$0.59 per common share (the "Special Dividend"). The Special Dividend was payable to shareholders of record as of the close of business on September 19, 2014, resulting in a dividend declaration of \$1,466,536 on October 2, 2014. As of October 31, 2017, \$1,353,448 of the dividends declared had been paid and \$113,088 is recorded in accounts payable and accrued liabilities (Note 6).

9. Related party transactions

The Company's related parties consist of 6 officers and directors (and their related companies), as follows:

Position	Nature of Transaction
Director	Director and member of audit committee
President, CEO and Director	Management services
Director	Director and member of audit committee
Director	Director
Director	Director and Chair of audit committee
CFO	Management services

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Notes to the Condensed Interim Financial Statements
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9. Related party transactions (Continued)

There are standard compensation arrangements under which the directors of the Company are compensated for services in their capacity as directors (including any additional amounts payable for committee participation or special assignments). An annual payment of \$5,000 is made to each director, and a fee of \$500 is paid per board meeting attended. In addition to these amounts, the Chair of the Audit Committee is paid an additional \$2,500 per year for the review of interim and annual financial reports. The directors did not receive compensation for services as consultants during the three month periods ended October 31, 2017 and 2016.

Nature of expenditures	Three months ended October 31, 2017	Three months ended October 31, 2016
Accounting and administrative fees	\$ 7,500	\$ 7,500
Directors' fees	6,250	6,250
Salaries and benefits	67,249	67,254
Share-based payments	-	7,738
	\$ 80,999	\$ 88,742

During the quarter ended October 31, 2017, \$6,250 (October 31, 2016 – \$6,250) was accrued or paid to the directors of the Company as directors' fees. At October 31, 2017, \$6,250 (July 31, 2017 - \$Nil) is due to the directors and is included in accounts payable and accrued liabilities.

During the quarter ended October 31, 2017, accounting fees of \$7,500 (October 31, 2016 - \$7,500) was accrued or paid to a Firm where a Partner in the Firm is an officer of the Company. At October 31, 2017, \$2,625 (July 31, 2017 - \$2,625) is owing to this officer and is included in accounts payable and accrued liabilities.

These transactions with related parties have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the parties. All amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

10. Key management compensation

Remuneration of key management comprises:

	Accounting and administrative fees	Salaries & benefits	Directors' fees	Share-based payments	Total compensation
Three months ended October 31, 2017	\$ 7,500	\$ 67,249	\$ 1,250	-	\$ 75,999
Three months ended October 31, 2016	\$ 7,500	\$ 67,254	\$ 1,250	\$ 2,579	\$ 78,583

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10. Key management compensation (Continued)

Share-based payments represent the cost to the directors' and officers' participation in the incentive stock option plan, as measured by the fair value of instruments granted accounted for in accordance with IFRS 2 *Share-based payments*. Refer to note 7(b) for details of this plan.

11. Income taxes

As at July 31, 2017, the Company has non-capital losses of \$721,000 (2016 – \$792,000), which may be applied to reduce taxable income in future years. These non-capital losses expire from 2032 to 2036.

12. Fair value of financial instruments

At October 31, 2017 and July 31, 2017, the Company held financial instruments carried at fair value on the Statement of Financial Position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and customer deposits are valued using quoted market prices and have been included in Level 1 of the fair value hierarchy.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2017 and July 31, 2017:

October 31, 2017	Level 1	Level 2	Level 3	Total
Assets held-for-trading				
Cash and cash equivalents	\$ 1,386,130	-	-	\$ 1,386,130
Loans and receivables				
Accounts receivable	123,981	-	-	123,981
Other financial liabilities				
Accounts payable and accrued liabilities	529,951	-	-	529,951
Customer deposits	16,697	-	-	16,697

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12. Fair value of financial instruments (Continued)

July 31, 2017	Level 1	Level 2	Level 3	Total
Assets held-for-trading				
Cash and cash equivalents	\$ 1,325,822	-	-	\$ 1,325,822
Loans and receivables				
Accounts receivable	170,624	-	-	170,624
Other financial liabilities				
Accounts payable and accrued liabilities	515,118	-	-	515,118
Customer deposits	17,198	-	-	17,198

13. Commitments

The Company is committed under an agreement to lease office facilities to September 30, 2019. The Company is committed to making monthly payments of \$1,807 for these office facilities.