

**ZTEST ELECTRONICS INC.
1305 MATHESON BLVD. EAST
MISSISSAUGA, ONTARIO
L4W 1R1**

VIA SEDAR

Ontario Securities Commission
8th Floor, 20 Queen Street West
Toronto, Ontario M5H 3S8

Attention: Continuous Disclosure

Alberta Securities Commission
10025 Jasper Avenue
Edmonton, Alberta
T5J 3Z5

Attention: Continuous Disclosure

British Columbia Securities Commission
Suite 1100, 865 Hornby Street
Vancouver, B.C. V6Z 2H4

Attention: Continuous Disclosure

Canadian Dealing Network Inc.
8th Floor, The Exchange Tower
2 First Canadian Place
Toronto, Ontario M5X 1J2

Attention: Market Operations

Dear Sirs/Mesdames:

**RE: Material Change Report
Ontario Securities Act. Sec. 75 (2)**

1. The name of the Reporting Issuer is **ZTEST Electronics Inc.** ("ZTEST" or the "Company") whose principal office is at 1305 Matheson Blvd. East, Mississauga, Ontario, L4W 1R1.
2. The material changes occurred on July 31, 2000, August 1, 2000 and August 7, 2000.
3. Press Releases were published at Toronto on the Canadian Corporate News Inc. newswire on August 2, 2000, August 3, 2000 and August 9, 2000.
4. On August 2, 2000, ZTEST announced that its Strategic Partner, Nexsys Commtech International Inc. ("Nexsys"), had issued a press release with respect to the appointment of Gaston Germain as the President and C.E.O. of Nexsys. ZTEST also announced that pursuant to the financing agreement between Nexsys, Covington Capital Corporation and ZTEST, the final installment was advanced on July 31, 2000.

On August 3, 2000, ZTEST announced that Mr. Ernest Rubenstein was appointed as its President effective August 1, 2000. Mr. Wojciech (Ted) Drzazga, the founder of ZTEST, continues to serve as CEO and Chairman of the Board of the Corporation.

Further to ZTEST's press release dated July 6, 2000, ZTEST announced on August 3, 2000 that it had completed its acquisition of 777,393 common shares of Internet Commerce Solutions Inc. ("ICSI") from arm's-length parties in consideration for the issuance of 894,003 units of ZTEST priced at \$2.04 per unit on the basis of 1.15 units of ZTEST for each common share of ICSI acquired.

On August 9, 2000, ZTEST announced that it had completed three private placements for a total of \$507,960 with three different parties dealing at arm's-length (the "Three Private Places").

5. Appointment of Gaston Germain as President & C.E.O. of Nexsys

The text of Nexsys' Press Release is as follows:

"Waterloo, Ontario, 28 July 2000 - Nexsys Commtech International Inc., a major developer of two-way wireless communication network products, announced today the appointment of Gaston Germain as President and Chief Executive Officer.

With over 20 years of executive level managerial experience in the media/telecommunications industry, Gaston Germain brings to Nexsys a strong entrepreneurial background which includes lead roles in start-up operations, international development, finance and treasury, mergers and acquisitions, as well as relationship and change management. As a new entrant in the emerging deregulated electricity sector, Nexsys will draw upon Mr. Germain's international expertise to position the company as a key player in the industry.

"Gaston is a seasoned professional," said Ted Drzazga, President of ZTEST Electronics Inc., a major shareholder of Nexsys. As a strategic partner, ZTEST plays a significant role in the development and manufacturing of the Home Gateway System. "We are confident that Gaston will provide the leadership and understanding of technology and deregulation issues that will enable Nexsys to furnish energy suppliers around the world with "state-of-the-art" tools to improve their services and enhance their efficiency".

Nexsys Commtech International, based in Waterloo, Ontario, has maintained a focus on developing value added customer services for electric, gas and water utilities. Cost effective communications technology has made its wireless home gateway system particularly attractive to utilities as it combines meter data and load management with revenue generating value added services."

Financing Agreement between Nexsys, Covington Capital Corporation and ZTEST

In total Nexsys received \$4,400,000 in accordance with this agreement, including \$3,800,000 from ZTEST. ZTEST currently holds 35.80% of the issued and outstanding common shares of Nexsys as well as certain convertible instruments which, if exercised, would increase the ZTEST holdings to 70.83% of common shares on a fully diluted basis.

Appointment of Ernest Rubenstein as President of ZTEST

Mr. Rubenstein, a member of The Institute of Chartered Accountants of Ontario and an entrepreneur/consultant for over thirty years, has spearheaded numerous business initiatives that have given him a unique knowledge and ability to guide and administer businesses through the various stages of growth and maturity.

Mr. Drzazga indicated that the management of ZTEST is pleased to have an individual of Mr. Rubenstein's experience assuming a leadership role as ZTEST continued to capitalize on opportunities to expand its strategic growth and Mr. Rubenstein brought a wealth of executive talent to the management team, which all looked forward to working with Mr. Rubenstein.

Mr. Rubenstein stated that he was excited to be part of ZTEST during those times of growth for the Company and he looked forward to working with the management of all ZTEST's partners.

Completion of ZTEST's Acquisition of Interest in Internet Commerce Solutions Inc.

Each unit of ZTEST issued to ICSI consists of one (1) common share and one-half (1/2) of a share purchase warrant with each full warrant entitling the holder to acquire one additional common share of ZTEST at a price of \$2.40 per share until September 30, 2001. The total consideration for the acquisition of the ICSI shares was approximately \$1,820,000. The acquisition closed on July 31, 2000. On the same date, ZTEST acquired an additional 27,700 common shares of ICSI for \$100,000 from another shareholder. As a result of these transactions, ZTEST owns 54% of the outstanding capital of ICSI. In addition, ZTEST has an option, exercisable in stages until May 15, 2001, to acquire an additional 91,577 common shares of ICSI, representing an additional 6.14% of ICSI's outstanding capital, for a total purchase price of \$330,500.

ICSI, based in Cambridge, Ontario, provides e.Security products and solutions allowing clients to connect to their remote offices, and communicate with vendors and customers securely via the Internet. ICSI, in conjunction with companies such as Network Associates, CheckPoint, Sun Microsystems, Dell Computer, Internet Security Systems (ISS), RSA Security, Compaq, WebSense, IBM and Webtrends, establish and maintain virtual private networks (VPN), firewalls, security audits, authentication and authorization, intrusion detection and content security. T3P Inc., a wholly owned subsidiary of ICSI, offers a complete host of security services that provide outsource solutions to clients under long term contracts.

Completion of Three Private Placements

The Three Private Places subscribed for a total of 249,000 Units of ZTEST. Each Unit of ZTEST consists of one (1) common share of ZTEST priced at \$2.04 per share and six-tenth (6/10) of a share purchase warrant with each full warrant entitling the holder to acquire one (1) additional common share of ZTEST at a price of \$2.40 for two years from closing.

The funds received from this private placement were applied to working capital.

6. This report is not being filed on a confidential basis in reliance on subsection 75(3) of the Ontario Securities Act.
7. No information has been omitted because it is believed it should remain confidential.
8. For further information, please contact Mr. James E. Lalonde, Manager, Corporate Development, at (905) 238-3543 or visit our website at <http://www.ztest.com>.
9. The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 10th day of August, 2000.

"William R. Johnstone"

WILLIAM R. JOHNSTONE
Secretary