

JEMTEC Inc.

Condensed Interim Financial Statements
For the three and six months ended January 31, 2019 and 2018
(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 Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three months ended January 31, 2019	Three months ended January 31, 2018	Six months ended January 31, 2019	Six months ended January 31, 2018
Revenues					
Leasing, monitoring, activation and bail		\$ 597,458	\$ 381,437	\$ 1,179,253	\$ 696,609
Interest income		4,659	2,832	8,553	5,335
		602,117	384,269	1,187,806	701,944
Expenses					
Accounting and administrative fees	9,10	9,000	8,000	18,000	15,500
Consulting fees		30,000	27,000	60,000	54,000
Depreciation	5	27,923	27,941	55,850	28,042
Directors' fees	9,10	29,800	23,585	42,300	29,835
Equipment rent and installation		2,102	14,931	9,212	33,607
Foreign exchange loss (gain)		5,522	(12,792)	11,734	(2,438)
Monitoring and activation fees		209,746	148,048	392,319	276,100
Office		30,221	36,433	60,237	58,660
Professional fees		11,170	6,266	15,420	10,516
Repairs and maintenance		14,048	14,187	26,314	24,365
Salaries and benefits	9,10	70,982	68,241	141,026	135,490
Share-based payments	7(b),9,10	5,397	-	13,353	-
Shareholder communications		3,341	3,444	5,928	6,203
Travel		6,791	7,008	13,561	13,062
		456,043	372,292	865,254	682,942
Net income and comprehensive income for the period					
		\$ 146,074	\$ 11,977	\$ 322,552	\$ 19,002
Earnings per share					
Basic		\$ 0.06	\$ 0.00	\$ 0.13	\$ 0.01
Diluted		\$ 0.05	\$ 0.00	\$ 0.12	\$ 0.01
Weighted-average number of shares outstanding					
Basic		2,513,590	2,485,654	2,499,622	2,485,654
Diluted		2,714,698	2,653,341	2,689,600	2,656,703

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	January 31, 2019	July 31, 2018
Assets			
Current assets			
Cash and cash equivalents		\$ 1,831,292	\$ 1,567,552
Accounts receivable		290,566	378,674
Prepaid expenses and deposits		7,367	15,881
Total current assets		2,129,225	1,962,107
Equipment	5	140,695	196,545
Total assets		\$ 2,269,920	\$ 2,158,652
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	6,9	\$ 392,418	\$ 653,916
Customer deposits		19,698	16,698
Deferred revenue		8,599	10,206
Total liabilities		420,715	680,820
Shareholders' equity			
Share capital	7(a)	1,331,518	1,296,050
Share-based payments reserve	7(b)	447,874	434,521
Retained earnings (deficit)		69,813	(252,739)
Total shareholders' equity		1,849,205	1,477,832
Total liabilities and shareholders' equity		\$ 2,269,920	\$ 2,158,652

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

Approved on behalf of the Board and authorized for issue on March 26, 2019.

"Eric Caton"

Director

"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	Reserves	(Deficit) Retained Earnings	Total Shareholders' Equity
Balance, July 31, 2017	2,485,654	\$ 1,296,050	\$ 399,462	\$ (487,430)	\$ 1,208,082
Net income for the period	-	-	-	19,002	19,002
Balance, January 31, 2018	2,485,654	\$ 1,296,050	\$ 399,462	\$ (468,428)	\$ 1,227,084
Balance, July 31, 2018	2,485,654	\$ 1,296,050	\$ 434,521	\$ (252,739)	\$ 1,477,832
Stock options exercised	102,805	35,468	-	-	35,468
Share-based payments	-	-	13,353	-	13,353
Net income for the period	-	-	-	322,552	322,552
Balance, January 31, 2019	2,588,459	\$ 1,331,518	\$ 447,874	\$ 69,813	\$ 1,849,205

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)

	Six months ended January 31, 2019	Six months ended January 31, 2018
Cash used for:		
Operating activities		
Net income for the period	\$ 322,552	\$ 19,002
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	55,850	28,042
Share-based payments	13,353	-
Changes in non-cash operating working capital		
Accounts receivable	88,108	(86,955)
Prepaid expenses and deposits	8,514	8,408
Accounts payable and accrued liabilities	(261,498)	27,368
Customer deposits	3,000	(500)
Deferred revenue	(1,607)	(1,133)
Financing activities		
Stock options exercised	35,468	-
Increase (Decrease) in cash during the period	263,740	(5,768)
Cash and cash equivalents, beginning of period	\$ 1,567,552	\$ 1,325,822
Cash and cash equivalents, end of period	\$ 1,831,292	\$ 1,320,054
Cash and cash equivalents		
Cash	\$ 633,850	\$ 137,565
Short-term deposits	1,197,442	1,182,489
	\$ 1,831,292	\$ 1,320,054
Supplementary Information		
Interest received	\$ 8,553	\$ 5,335

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

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

1. Nature of operations

JEMTEC Inc. ("the Company") was incorporated under the Ontario 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, 2018.

These condensed interim financial statements were approved by the Board of Directors of the Company on March 26, 2019.

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

Effective August 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15") replacing IAS 11, Construction Contracts, IAS 18, Revenue, and several revenue related interpretations. The standard establishes a framework based on transfer of control for determining how much and when revenue is recognized, and includes expanded disclosure requirements for annual financial statements.

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

3. Selected significant accounting policies (Continued)

b) Revenue recognition (Continued)

The Company has applied IFRS 15 to the revenue generated from the sale of parts which are required to repair and maintain the monitoring equipment; and to the revenue generated for maintenance and monitoring services. The adoption of the IFRS 15 standard did not have a significant impact on the Company's interim financial statements. As such, the comparative figures have not been restated.

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.

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

Effective August 1, 2018, the Company adopted International Financial Reporting Standards ("IFRS") 9, Financial Instruments, which replaced IAS 39, Financial Instruments: Recognition and Measurement. The Company has taken the modified retrospective approach to adopting the standard. The adoption of IFRS did not have a significant impact on the Company's interim financial statements and, as such, the comparative figures have not been restated. The nature and effects of the key changes to the Company's accounting policies resulting from the adoption of IFRS 9 are summarized below:

i) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The previous IAS 39 categories of held to maturity, loans and receivables, and available for sale are eliminated. IFRS 9 bases the classification of financial assets on the contractual cash flow characteristics and the Company's business model for managing the financial asset. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at August 1, 2018 for each of the Company's financial assets and financial liabilities:

Financial Instrument	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost	Amortized cost
Customer deposits	Financial liabilities measured at amortized cost	Amortized cost

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

3. Selected significant accounting policies (Continued)

c) Financial instruments – recognition and measurement (Continued)

ii) Derecognition of financial instruments

When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified, it is considered to be extinguished and a gain or loss is recognized in net earnings based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net earnings.

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.

e) Future accounting changes

A number of new standards, amendments to standards and interpretations are not yet effective as of January 31, 2019 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 standard when it becomes effective:

i) 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.

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

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.

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 January 31, 2019, the Company had cash balances on deposit that exceeded federally insured limits by \$1,631,292 (July 31, 2018 - \$1,367,552). 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 January 31, 2019, the Company had cash of \$1,831,292 (July 31, 2018 - \$1,567,552) to settle \$420,715 (July 31, 2018 - \$680,820) 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 cash, 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
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

5. Equipment

	Furniture	Monitoring Equipment	Total
Costs, July 31, 2018	\$ 50,222	\$ 603,953	\$ 654,175
Costs, January 31, 2019	50,222	603,953	654,175
Accumulated depreciation, July 31, 2018	48,592	409,038	457,630
Depreciation for the period	160	55,690	55,850
Accumulated depreciation, January 31, 2019	48,752	464,728	513,480
Net book value, January 31, 2019	\$ 1,470	\$ 139,225	\$ 140,695

	Furniture	Monitoring Equipment	Total
Costs, July 31, 2017	\$ 50,222	\$ 603,953	\$ 654,175
Costs, July 31, 2018	50,222	603,953	654,175
Accumulated depreciation, July 31, 2017	48,221	325,503	373,724
Depreciation for the year	371	83,535	83,906
Accumulated depreciation, July 31, 2018	48,592	409,038	457,630
Net book value, July 31, 2018	\$ 1,630	\$ 194,915	\$ 196,545

6. Accounts payable and accrued liabilities

	January 31, 2019	July 31, 2018
Trade payable and accrued liabilities	\$ 191,737	\$ 447,260
Government service tax liabilities	87,711	93,686
Dividend payable (Note 8)	112,970	112,970
	\$ 392,418	\$ 653,916

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(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 January 31, 2019, 2,588,459 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 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 TSXV.

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 January 31, 2019, \$Nil (2018 – \$Nil) was recognized as share-based payments in the Statement of Operations. As at January 31, 2019, all of the options were vested.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted on December 3, 2015.

	January 31, 2019
Risk-free interest rate	0.97%
Expected life of options	5 years
Expected annualized volatility	63.26%
Dividend yield	0.00%

On January 7, 2019, 102,805 shares of these stock options granted were exercised at a price of \$0.345 per share for consideration totaling \$35,468.

On May 14, 2018, the Company granted 125,000 stock options to officers and directors, at a price of \$0.75 per share, expiring on May 10, 2028. The fair value of the options granted was estimated on the date of grant at \$62,000 using the Black-Scholes option-pricing model. For the quarter ended January 31, 2019, \$13,353 (2018 – \$Nil) was recognized as share-based payments in the Statement of Operations. As at January 31, 2019, two-fifth of the options were vested.

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

7. Share capital and reserves (Continued)

b) Stock options (Continued)

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted on May 14, 2018:

	January 31, 2019
Risk-free interest rate	2.43%
Expected life of options	10 years
Expected annualized volatility	55.19%
Dividend yield	0.00%

A summary of changes in stock options is presented below:

	Number of Options	Weighted Averaged Exercise Price
Balance, July 31, 2018 and 2017	346,830	\$0.345
Granted, May 14, 2018	125,000	\$0.750
Exercised, January 7, 2019	(102,805)	\$0.345
Balance, January 31, 2019	369,025	\$0.482

Options outstanding at January 31, 2019 are as follows:

Date of Grant	Number of Options Granted	Expiry	Exercise Price	Number Exercisable as at January 31, 2019	Number Outstanding as at January 31, 2019	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
December 3, 2015	346,830	December 2, 2020	\$0.345	244,025	244,025	1.84 years	\$0.345
May 14, 2018	125,000	May 10, 2028	\$0.750	50,000	125,000	9.28 years	\$0.750
	471,830			294,025	369,025	4.36 years	\$0.482

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

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 January 31, 2019, \$1,353,566 of the dividends declared had been paid and \$112,970 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

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 \$10,000 (2018 - \$10,000) is made to four directors, \$15,000 (2018 - \$10,000) is made to the Chairman and a fee of \$1,000 (2018 - \$1,000) is paid per board meeting attended. In addition to these amounts, the Chair of the Audit Committee is paid an additional \$4,000 (2018 - \$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 and six month periods ended January 31, 2019 and 2018.

Nature of expenditure	Three months ended January 31, 2019	Three months ended January 31, 2018	Six months ended January 31, 2019	Six months ended January 31, 2018
Accounting and administrative fees	\$ 9,000	\$ 8,000	\$ 18,000	\$ 15,500
Directors' fees	29,800	23,585	42,300	29,835
Salary and benefits	70,982	68,241	141,026	135,490
Share-based payments	5,397	-	13,353	-
	\$ 115,179	\$ 99,826	\$ 214,679	\$ 180,825

During the quarter ended January 31, 2019, \$29,800 (January 31, 2018 - \$23,585) was accrued or paid to the directors of the Company as directors' fees. At January 31, 2019, \$27,500 (July 31, 2018 - \$Nil) is due to the directors and is included in accounts payable and accrued liabilities.

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

9. Related party transactions (continued)

During the quarter ended January 31, 2019, \$9,000 (January 31, 2018 - \$8,000) was accrued or paid to a Firm where a Partner in the Firm is an officer of the Company. At January 31, 2019, \$3,150 (July 31, 2018 - \$6,300) is owing to this officer and is included in accounts payable and accrued liabilities.

During the quarter ended January 31, 2019, two directors had accrued a liability of \$14,218 (July 31, 2018 - \$Nil) to the Company that will be repaid by July 31, 2019.

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 January 31, 2019	\$ 9,000	\$ 70,982	\$ 2,500	\$ 1,079	\$ 83,561
Three months ended January 31, 2018	\$ 8,000	\$ 68,241	\$ 2,917	-	\$ 79,158
Six months ended January 31, 2019	\$ 18,000	\$ 141,026	\$ 5,000	\$ 2,671	\$ 166,697
Six months ended January 31, 2018	\$ 15,500	\$ 135,490	\$ 4,167	-	\$ 155,157

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, 2018, the Company has non-capital losses of \$367,000 (July 31, 2017 - \$721,000), which may be applied to reduce taxable income in future years. These non-capital losses expire from 2034 to 2036.

12. Fair value of financial instruments

At January 31, 2019 and July 31, 2018, 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.

JEMTEC INC.

Notes to the Condensed Interim Financial Statements
For the six month periods ended January 31, 2019 and January 31, 2018
(Unaudited)

12. Fair value of financial instruments (continued)

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 January 31, 2019 and July 31, 2018:

January 31, 2019	Level 1	Level 2	Level 3	Total
Assets held-for-trading				
Cash and cash equivalents	\$ 1,831,292	-	-	\$ 1,831,292
Loans and receivables				
Accounts receivables	290,565	-	-	290,565
Other financial liabilities				
Accounts payable and accrued liabilities	277,206	-	-	277,206
Customer deposits	19,698	-	-	19,698

July 31, 2018	Level 1	Level 2	Level 3	Total
Assets held-for-trading				
Cash and cash equivalents	\$ 1,567,552	-	-	\$ 1,567,552
Loans and receivables				
Accounts receivables	378,674	-	-	378,674
Other financial liabilities				
Accounts payable and accrued liabilities	560,230	-	-	560,230
Customer deposits	16,698	-	-	16,698

Accounts payable and accrued liabilities does not include the Government service tax liabilities (Note 6), as these liabilities are not financial instruments.

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.