

MICROMEM TECHNOLOGIES INC
Form 20-F/A
June 22, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F/A

AMENDMENT NO. 1

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED OCTOBER 31, 2004**
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____**

Commission file number 0-21392

MICROMEM TECHNOLOGIES INC.

(Exact Name of Registrant as Specified in Its Charter)

Ontario, Canada

(Jurisdiction of Incorporation or Organization)

**777 Bay Street, Suite 1910
Toronto, Ontario M5G 2E4
Canada**

(Address of Principal Executive Offices)

SECURITIES REGISTERED OR TO BE REGISTERED PURSUANT TO SECTION-12(b) OF THE ACT:

<i>None</i>	Title of Each Class	Name of Each Exchange On Which Registered
	<i>None</i>	

SECURITIES REGISTERED OR TO BE REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Common Shares without par value

(Title of Class)

SECURITIES FOR WHICH THERE IS A REPORTING OBLIGATION PURSUANT TO SECTION 15(d) OF THE ACT: None.

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

58,063,437 Common Shares

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark which financial statement item the registrant has elected to follow.

ITEM 17 ITEM 18

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Consent of Ernst & Young LLP	14.2

EXPLANATORY NOTE

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, Micromem Technologies Inc. (the "Company") hereby amends its Annual Report on Form 20-F for the fiscal year ended October 31, 2004, as filed with the U.S. Securities and Exchange Commission on February 28, 2005 (the "Original Filing"), by setting forth in Item 17 an Auditor's Report of Ernst & Young LLP that was inadvertently omitted from the Original Filing.

This amendment also includes as Exhibit 14.2 a consent of Ernst & Young LLP to the use of their Auditor's Report in this Annual Report on Form 20-F/A.

The consent was inadvertently omitted from the Original Filing.

This amendment also amends the list of Exhibits in Item 19 and in the Exhibit Index to reflect the addition of the consent of Ernst & Young LLP.

Other than for the purpose of amending the information referred to above, this Amendment No. 1 does not, and does not purport to, amend, update or restate the information in any other item of the Original Filing or reflect any events that have occurred after the date on which such annual report was filed.

Item 17 Financial Statements

Independent Auditors' Report

To the Shareholders of
[Micromem Technologies Inc.](#)

We have audited the accompanying consolidated balance sheet of [Micromem Technologies Inc. \(a Development Stage Company\)](#) as of October 31, 2004 and the related consolidated statement of operations and deficit, cash flows and shareholders' equity for the year 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 audit.

We conducted our audit in accordance audit standards generally accepted in Canada and standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of [Micromem Technologies Inc.](#) as of October 31, 2004 and the results of their operations and their cash flows for the year then ended in conformity with Canadian generally accepted accounting principles.

Accounting principles generally accepted in the United States of America are consistent with those applicable in Canada (see Note 16).

The consolidated financial statements as at October 31, 2003 and for the year then ended and for the cumulative period from September 3, 1997 to October 31, 2003 were audited by other auditors who expressed opinions without reservation on those statements in their reports dated December 5, 2003, November 16, 2001, December 13, 2000 and December 20, 1999.

/s/ GRANT THORNTON LLP

Chartered Accountants

Mississauga, Canada
February 11, 2005

Comments by Auditors for U.S. Readers on Canada-U.S. Reporting Difference

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in note 2 to the consolidated financial statements. Our report to the shareholders dated February 11, 2005 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the consolidated financial statements.

/s/ GRANT THORNTON LLP

Chartered Accountants

Mississauga, Canada
February 11, 2005

AUDITORS' REPORT

To the Shareholders of
Micromem Technologies Inc.

We have audited the consolidated balance sheets of **Micromem Technologies Inc.** (a Development Stage Company) as at October 31, 2003 and 2002 and the consolidated statements of operations and deficit, cash flows and shareholders' equity for the years then ended and for the period from November 1, 2001 to October 31, 2003. 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 and United States 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended and for the period from November 1, 2001 to October 31, 2003 in accordance with Canadian generally accepted accounting principles.

As discussed in note 3(f) to the consolidated financial statements, during 2002 the Company changed its method of accounting for patents and trademarks.

The consolidated financial statements as at October 31, 2001 and for the year then ended and for the cumulative period from September 3, 1997 to October 31, 2001 were audited by other auditors who expressed opinions without reservation on those statements in their reports dated November 16, 2001 and December 20, 1999.

Toronto, Canada,
December 5, 2003 [except as to note 4,
which is as of March 9, 2004].

"Ernst & Young LLP"
Chartered Accountants

MICROMEM TECHNOLOGIES INC.

(
A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET

(Expressed in United States dollars)
(See Note 2 - Going Concern)

As at,	October 31, 2004	October 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 350,504	\$ 79,233
Term deposits	87,243	219,930
Deposits and other receivables (Note 5)	33,562	47,207
	471,309	346,370
Capital assets (Note 6)		
	2,925	3,768
Patents and trademarks (Note 7)	-	-
Royalty rights (Note 4 and Note 10)	-	-
	\$ 474,234	\$ 350,138
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 436,624	\$ 245,700
Shareholders' equity:		
Share capital: (Note 8)		
Authorized:		
2,000,000 special preference shares, redeemable, voting		
Unlimited common shares without par value		
Issued and outstanding:		
58,063,437 common shares (2003 - 48,732,187)	32,103,787	31,236,287
Contributed surplus (Note 9)	588,911	578,891
Deficit accumulated during the development stage	(32,655,088)	(31,710,740)
	37,610	104,438
	\$ 474,234	\$ 350,138
Commitments (Note 13)		
Contingencies (Note 14)		

See accompanying notes to the consolidated financial statements.

MICROMEM TECHNOLOGIES INC.

(
A DEVELOPMENT STAGE COMPANY)
Consolidated Statements of Operations and Deficit

(Expressed in United States dollars)

Twelve-month period ended October 31

	2004	2003	2002	Period from September 3, 1997
to October 31, 2004				
Revenue:				
Interest and other income	\$ 4,746	\$ 20,121	\$ 165,892	\$ 531,384
Costs and expenses (income):				
Administration	157,854	176,361	333,964	2,150,039
Professional fees (Note 8 (b) and 12 (c))	281,371	303,222		

	262,927
	3,164,966
Wages and salaries (Note 12 (b))	
	31,563
	112,437
	562,532
	9,369,174
Research and development (Notes 6 and 13)	
	378,410
	490,914
	1,601,624
	6,394,692
Travel and entertainment	
	77,616
	17,508
	73,385
	1,067,582
Amortization of patents and trademarks	
	-
	36,258
	31,338
	67,596
Amortization of capital assets (Note 6)	
	5,410
	36,921
	40,635

	341,541
Operating leases	-
	-
	-
	109,412
Loss on sale of investment	-
	-
	-
	54,606
Write-down of investment	-
	-
	-
	61,020
Write-down of royalty rights (Note 10)	-
	-
	10,000,000
	10,000,000
Write-down of patents and trademarks (Note 7)	-
	299,820
	-

	299,820
Interest expense	-
	-
	-
	75,027
Loss on sale of capital assets	-
	58,302
	13,292
	65,460
Unrealized foreign exchange loss (gain)	16,870
	(61,657)
	14,747
	(54,140)
	949,094
	1,470,086
	12,934,444
	33,166,795
Loss before income taxes	(944,348)
	(1,449,965)
	(12,768,552)
	(32,635,411)

Provision for (recovery of) income taxes

(Note 11)

	-
	-
	(35,537)
	19,677
Net loss for the period	(944,348)
	(1,449,965)
	(12,733,015)
	(32,655,088)
Deficit accumulated during the development stage, beginning of period	(31,710,740)
	(30,260,775)
	(17,527,760)
	-
Deficit accumulated during the development stage, end of period	\$(32,655,088)
	\$(31,710,740)
	\$(30,260,775)
	\$(32,655,088)
Loss per share - basic and diluted (Note 8 (c))	\$ (0.02)
	\$ (0.03)

\$ (0.27)

\$ (0.75)

Weighted average number of shares

52,958,975

47,061,810

46,396,799

43,528,098

See accompanying notes to the consolidated financial statements.

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MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in United States dollars)

				Period from
				September 3,
				1997 to
				October 31,
	2004	2003	2002	2004
Twelve-month period ended October 31,				
Cash flows from operating activities:				
Net loss for the period	\$ (944,348)	\$ (1,449,965)	\$ (12,733,015)	\$ (32,655,088)
Adjustments to reconcile loss for the period to net cash used in operating activities:				
Amortization of patents and trademarks	-	36,258	31,338	67,596
Amortization of capital assets	5,410	36,921	170,710	526,761
Loss on sale of investment	-	-	-	49,810
Write-down of investment	-	-	-	61,020
Loss on disposal of capital assets	-	58,302	13,292	65,460
Write-down of royalty rights	-	-	10,000,000	10,000,000
Write-down of patents and trademarks	-	299,820	-	299,820
Stock option expense	10,020	-	-	10,020
Share compensation expense	-	-	-	7,285,696
Non-cash wages and salaries	-	-	-	34,000
Change in non-cash working capital items,				
Decrease (increase) in deposits and other receivables	13,645	145,924	35,012	(24,965)
Increase (decrease) in accounts payable and accrued liabilities	190,924	54,181	(138,033)	330,580
Net cash used in operating activities	(724,349)	(818,559)	(2,620,696)	(13,949,290)
Cash flows from investing activities:				
Purchase of capital assets	(4,567)	(2,025)	(28,580)	(729,604)
Proceeds on disposal of capital assets	-	1,688	82,763	134,458
Patents and trademarks	-	(28,380)	(6,065)	(367,416)
Sale of available-for-sale investment	-	-	-	260,641
Royalty rights	-	-	-	(2,000,000)
Term deposits	132,687	(219,930)	-	(87,243)
Net cash provided by (used in) investing activities	128,120	(248,647)	48,118	(2,789,164)
Cash flows from financing activities:				
Issue of common shares	867,500	162,500	-	16,508,233
Net proceeds from shareholder's Loan	-	-	-	544,891
Loan proceeds from Avanticorp International Inc.	-	-	-	112,031
Rights issue costs	-	-	-	(76,197)
Net cash provided by (used in) financing activities	867,500	162,500	-	17,088,958
Increase (decrease) in cash and cash equivalents	271,271	(904,706)	(2,572,578)	350,504
Cash and cash equivalents, beginning of period	79,233	983,939	3,556,517	-
Cash and cash equivalents, end of period	\$ 350,504	\$ 79,233	\$ 983,939	\$ 350,504
Supplemental cash flow information:				
Interest paid	-	-	\$ 1,960	\$ 76,987

Income taxes paid	-	-	11,508	66,722
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See accompanying notes to the consolidated financial statements

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MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

Consolidated Statement of Cash Flows (continued)
(Expressed in United States dollars)

Years ended October 31, 2004

Supplemental information on non-cash investing activities:

The following transactions are considered to be non-cash transactions and have been excluded from the consolidated statements of cash flows:

During fiscal 2001, the Company issued 2,007, 831 common shares, being the equivalent of \$8,000,000, in respect of closing of the asset purchase agreement as described in note 4.

During fiscal 2001, common shares having a value \$1,647,703 were issued pursuant to compensation agreements.

See accompanying notes to the consolidated financial statements

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MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Expressed in United States dollars)

October 31, 2004

Micromem share capital, October 31, 1998

Exercise of director's stock options	3,490,643	\$ -	\$ -	\$ -	\$ -
--------------------------------------	-----------	------	------	------	------

Pageant share capital, October 31, 1998	490,000	-	-	-	-
---	---------	---	---	---	---

Net loss for the year	-	1	-	-	-
-----------------------	---	---	---	---	---

Common shares of Pageant, December 4, 1998	-	-	-	-	(500,992)
--	---	---	---	---	-----------

	-	4,999	-	-	-
--	---	-------	---	---	---

Assigned fair value of net assets (Note 3(b) (iv))	32,000,000	549,140	-	-	-
--	------------	---------	---	---	---

Micromem share capital, September 11, 1999

Exercise of common share purchase warrants for cash

Private placement of common shares for cash, May 17, 1999

Shareholder loan forgiven (Note 9)

Exercise of stock options for cash

Net loss for the year					35,980,643
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120,676

350,000

(5,207,787)

Balance, October 31, 1999

Exercise of common share purchase warrants for cash

Exercise of stock options for cash

Deferred share compensation (Note 12 (a))

Private placement of common shares for cash, February 10, 2000

Common shares issued pursuant to compensation agreements, March 15, 2000

Net loss for the year

36,551,319

182,087

100,000

-

2,000,000

901,110

-

2,068,193

274,717

300,000

-

5,000,000

4,206,447

-

544,891

-

-

2,711,881

21

	-
	-
	-
	-
	-
	-
	(453,219)
	-
	-
	-
	(5,708,779)
	-
	-
	-
	-
	-
	(7,259,356)
Balance, October 31, 2000	
Exercise of common share purchase warrants for cash	
Common shares issued under rights offering November 20, 2000	
Exercise of stock options for cash	
Deferred share compensation (Note 12 (a))	
Stock-based compensation (Note 8(b))	
Exercise of director's stock options for cash, January 17, 2001	
Common shares issued pursuant to compensatory stock options, at January 17, 2001 (Note 12 (a))	
Adjustment-share compensation Expenses (Note 12(a))	

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Common shares issued pursuant to compensation agreement, January 23, 2001(Note 12 (a))

Private placement of common shares for cash, March 21, 2001

Common shares issued under asset purchase agreement to Estancia Limited, March 14, 2001

Compensation shares due but not issued (Note 12 (a))

Net loss for the year

39,734,516

362,450

304,674

800,000

-

-

714,686

-

-

11,192

2,000,000

2,007,831

-

-

11,849,357

554,655

1,119,058

2,400,000

-

-

71,469

23

1,581,242

-

66,461

4,000,000

8,000,00

-

-

3,256,772

-

-

-

(453,219)

34,000

-

(1,581,242)

(677,420)

-

-

-

1,431,545

-

(453,219)

-

-

-

453,219

45,935,349
\$29,642,242
\$2,010,436
\$ -
\$(17,527,760)

See accompanying notes to the consolidated financial statements

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MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Expressed in United States dollars)

October 31, 2004

Balance, October 31, 2001

Shares issued pursuant to
compensatory agreement, March 26,
2002 (Note 12 (a))

Net loss for the year

45,935,349
765,588
-
\$29,642,242
1,431,545
-
\$2,010,436
(1,431,545)
-
\$ -
-
-
\$(17,527,760)
-
(12,733,015)

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Balance, October 31, 2002

Private placement of common shares for cash, August 13, 2003 (Note 8(d))

Net loss for the year

46,700,937

2,031,250

-

31,073,787

162,500

-

578,891

-

-

-

-

-

(30,260,775)

-

(1,449,965)

Balance, October 31, 2003

48,732,187

31,236,287

578,891

-

(31,710,740)

500,000

	40,000
	-
	-
	-
Private Placement of common shares for cash, December 2003 (Note 8 (e) i)	
	300,000
	33,000
	-
	-
	-
Exercise of common share purchase warrants for cash (Note 8(d), August 2004)	
	2,031,250
	162,500
	-
	-
	-
Exercise of common share purchase warrants for cash (Note 8 (e) ii), June-September 2004)	
	1,000,000
	80,000
	-
	-
	-
Exercise of common share purchase warrants for cash (Note 8 (e) i), October 2004)	
	200,000
	22,000
	-

	-
	-
Exercise of options for cash	5,300,000
	530,000
	-
	-
	-
Stock options issued to consultant (Note 8 (b))	10,020
Net loss for the year	-
	-
	-
	-
	(944,348)
Balance, October 31, 2004	58,063,437
	\$ 32,103,787
	\$588,991
\$ -	\$(32,655,088)

See accompanying notes to the consolidated financial statements

MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

MICROMEM TECHNOLOGIES INC.
 (A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

Micromem shares issued to that date with an assigned value equal to the share capital of the continuing consolidated entity at that date as computed below.

The transaction was accounted for by the purchase method with the results of operations included in the consolidated financial statements from the date of acquisition. Details of the Company's net assets acquired and the assigned fair value of net assets at acquisition are as follows:

Cash		\$	
Non-cash current assets	168,084		
Investments		115,629	
		371,471	
Less current liabilities			655,184
			106,044
Assigned fair value of net assets			\$
	549,140		

MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

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MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

October 31, 2004

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MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

October 31, 2004

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MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

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MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

5. Deposits and other receivables:

Sales tax recoverable

Deposits

Other receivables with companies under
common control

16,133

\$ 7,152

14,536

25,519

\$33,562

\$ 47,207

6.

Capital assets:

Cost:

Computers and equipment

\$ 36,781

\$ 4,567

\$ 41,348

\$ 36,781

\$ 4,567

\$ 41,348

Accumulated amortization:

Computers and equipment	\$ 5,410	\$ 38,423
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Net book value:

Computers and equipment	\$ 3,768
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MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

b. Stock option plan:

The Company has a fixed stock option plan. Under the Company's Stock Option Plan (the "Plan"), the Company may grant options for up to 13,000,000 shares of common stock to directors, officers, employees or consultants of the Company and its subsidiaries. The exercise price of each option is equal to or greater than the market price of the Company's shares on the date of grant unless otherwise permitted by applicable securities regulations. An option's maximum term under the Plan is 10 years.

A summary of the status of the Company's fixed stock option plan as at October 31, 2004 and 2003 and changes during the years ended on those dates is as follows:

Outstanding, beginning of year	5,300	\$.10	5,380	\$ 4.27
Granted	7,270	.31	5,300	0.10
Cancelled	-	-	(5,380)	4.27
Exercised	(5,300)	.10	-	
Outstanding end of year	7,270	\$.31	5,300	\$ 0.10
	7,270			
Options exercisable at year end				

Options Outstanding

Options exercisable

Actual exercise price

Number outstanding

Weighted
average
remaining contractual life
(in years)

Weighted

Average exercise
price

Number

exercisable

Weighted

Average
exercise price

\$ 0.30

7,150,000

4.67 years

\$0.30

7,150,000

\$ 0.30

0.68

120,000

1.16 years

0.68

120,000

0.68

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MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

The Company does not recognize compensation expense for stock options granted to employees that are exercisable at fair market value at the date of the grant. The table below presents pro forma net loss as if stock options granted to employees had been determined on the fair value-based method. The table includes all stock options granted by the Company.

Loss applicable to

Common shares:

(\$ 944,348)

(1,369,950)

(\$1,449,965)

(318,000)

(\$12,733,015)

(1,832,500)

(\$32,655,088)

(17,829,459)

Pro forma

(\$2,314,298)

MICROMEM TECHNOLOGIES INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

MICROMEM TECHNOLOGIES INC.

(

A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

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MICROMEM TECHNOLOGIES INC.

(

A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

August 13, 2003 financing (Note 8 (d)):

Series A warrants outstanding at October 31, 2003

2,031,250

Series A warrants exercised in fiscal 2004

(2,031,250)

Series B warrants resulting from exercise of Series A warrants

2,031,250

Outstanding at October 31, 2004

2,031,250

December 2003 financing (Note 8 (e) (i)):

Series A warrants issued

300,000

Series A warrants exercised

(200,000)

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Series B warrants resulting from exercise of Series A warrants	200,000
Outstanding at October 31, 2004	300,000
Subsequent to October 31, 2004 the private investors exercised the remaining Series A and Series B warrants (Note 17 (a) (i))	
December 2003 financing (Note 8 (e) (ii))	
Series A warrants issued	500,000
Series A warrants exercised	(500,000)
Series B warrants resulting from exercise of Series A warrants	500,000
Series B warrants exercised	(500,000)
Outstanding at October 31, 2004	-

MICROMEM TECHNOLOGIES INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

9. **Contributed surplus:**

Included in contributed surplus of \$588,991 at October 31, 2004 (October 31, 2003: \$578,891) is an amount of \$544,891 representing forgiveness of Pageant indebtedness during fiscal 1999 by Ataraxia Corp, the former parent company of Pageant. This forgiven debt was treated as contributed surplus, a separate component of shareholders' equity, as this balance was between related parties.

10.

Restructuring and write-down of royalty rights:

On July 29, 2002, the Company restructured its operations by closing its research and development facility and adopted a plan to focus its current resources to outsource its research and development activities as described in Note 13(a). No major costs were associated with this restructuring.

As a result of the restructuring, the Company determined that there was significant uncertainty that any amounts would be payable to Estancia in the foreseeable future in respect of the Estancia Royalty as described in Note 4, and accordingly, the Estancia Royalty rights acquired in the amount of \$10,000,000 were written off in fiscal 2002.

11.

Income Taxes:

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The Company has non-capital losses of approximately \$6,551,000 available to reduce future taxable income, the benefit of which has not been recognized in these consolidated financial statements. As at October 31, 2004, the tax losses expire as follows:

2006	\$ 268,000	\$ -	\$268,000
2007	1,632,000	-	1,632,000
2008	1,363,000	-	1,363,000
2009	1,062,000	-	1,062,000
2010	932,000	265,000	1,197,000
2011	-	207,000	207,000
2014	727,000	-	727,000
2023	-	73,000	73,000
2024	-	22,000	22,000
Total losses	\$ 5,984,000	\$567,000	\$ 6,551,000

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MICROMEM TECHNOLOGIES INC.

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The reconciliation of income tax attributable to continuing operations computed at the statutory tax rates to income tax expense is as follows:

Consolidated accounting loss before income taxes	\$ (944,348)	\$ (1,449,965)
Statutory rates	36%	38%

Future income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets and liabilities as at October 31 are as follows:

MICROMEM TECHNOLOGIES INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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October 31, 2004

12. Management compensation and related party transactions:

a.

The Company has previously entered into the following stock-based management compensation arrangements:

i.

Effective November 1, 2001, the Company terminated the Chairman's compensation agreement described in Note 12(a) (ii) below and the Chairman's compensation was reduced to \$1.00 per year.

ii.

On January 1, 2001, the Company entered into a new employment agreement with the Chairman for a period of five years. Under the terms of this agreement, the Chairman has been retained to provide certain management services to the Company and its subsidiaries. The Company has agreed to issue, under the agreement, a number of fully paid and non-assessable common shares of the Company equal to 0.5% per quarter of the number of common shares of the Company outstanding on the last day of March, June, September and December of each year throughout the term of the agreement. An amount of \$1,431,545 had been accrued for the value of the shares that had been earned but not issued as compensation expense for the year ended October 31, 2001 and treated as contributed surplus within shareholders' equity. On March 26, 2002, the Company issued 765,589 shares relating to compensation for the period ended October 31, 2001, valued at \$1,431,545.

iii.

On January 2, 2000, the Company entered into an Employee and Option Agreement with the Chairman of Micromem which was approved by the shareholders at a meeting held on June 29, 2000.

As remuneration for the services to be rendered by the Chairman during the period from January 2, 2000 to January 2, 2001, the Company granted the Chairman an irrevocable option to acquire from the Company a number of fully paid and non-assessable common shares of the Company equal to 1.75% of the number of common shares of the

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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October 31, 2004

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

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MICROMEM TECHNOLOGIES INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

Assets	\$ 270,999	\$ 343,144
Liabilities	122,561	60,046
Revenue	6,241	8,976
Expenses	973,615	1,574,943

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MICROMEM TECHNOLOGIES INC.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

Comprehensive income (loss) includes all changes in equity during the periods presented except shareholder transactions. For the purpose of reporting under U.S. GAAP, the components of comprehensive income and total comprehensive income are reported in the consolidated statements of changes in shareholders' equity, below net loss in the consolidated statements of operations and deficit and in a separate consolidated statement of comprehensive income. For the periods presented, accumulated other comprehensive loss equals net loss.

17.

Subsequent events:

a.

Since October 31, 2004, the Company has secured additional financing as follows:

i.

\$44,000 of proceeds realized on the exercise of warrants as outlined in Note 8(e) (i).

ii.

In December 2004 the Company completed a Unit private placement to several U.S. investors pursuant to prospectus and registration exemptions set forth in applicable securities laws. Under the private placement, the Company has received \$617,000 as subscription proceeds for the sale and issue of 1,028,344 Units. Each Unit consists of one Common Share and one Series A Warrant. Each Series A Warrant entitles the holder to purchase one Common Share and one Series B warrant for \$.60 until expiry 12 months from the date of issue. Each Series B Warrant entitles the holder to purchase one additional Common Share for \$.60 until expiry 12 months from the date of issue.

iii.

In January 2005, the Company arranged a Unit private placement to several investors pursuant to prospectus and registration exemptions set forth in applicable securities laws. Under the private placement the Company is scheduled to receive up to approximately \$883,000 by February 28, 2005 as subscription proceeds for the sale of up to 1,346,490 Units. Each Unit consists of one Common Share and one Series A Warrant. Each Series A Warrant entitles the holder to purchase one Common Share and one Series B Warrant for \$.65 until expiry 12 months from the issue date. Each Series B Warrant entitles the holder to purchase

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MICROMEM TECHNOLOGIES INC.

(

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

October 31, 2004

Item 19 Exhibits

Exhibits filed as part of this annual report:

Exhibit No. 1 Articles of Incorporation of Micromem Technologies Inc. and amendments thereto in effect as of January 11, 2000, (Incorporated herein by reference to the Company's Form 20-F/A filed with the Commission on January 11, 2000).

Exhibit No. 2 Articles of Amendment of Micromem Technologies Inc. dated as of October 17, 2001 amending the Articles of Micromem Technologies Inc. to increase the number of directors to a minimum of three and a maximum of ten (Incorporated herein by reference to the Company's Form 20-F/A filed with the Commission on March 20, 2003);

Exhibit No. 3 Articles of Amendment of Micromem Technologies Inc. dated as of June 24, 2002 amending the Articles of Micromem Technologies Inc. to increase the number of directors to a minimum of 3 and a maximum of 12 (Incorporated herein by reference to the Company's Form 20-F/A filed with the Commission on March 20, 2003);

Exhibit No. 4 By-Laws of Micromem Technologies Inc. in effect as of January 11, 2002, (Incorporated herein by reference to the Company's Form 20-F/A filed with the Commission on January 11, 2000);

Exhibit No. 5 Amendment to the By-Laws of Micromem Technologies Inc. approved by shareholders on June 29, 2000, deleting the requirement from the By-Laws that the President shall be appointed from amongst the directors (Incorporated herein by reference to the Company's Form 20-F/A filed with the Commission on March 20, 2003);

Exhibit No. 6* Research Collaboration Agreement among Micromem Technologies Inc., the University of Toronto, Dr. Harry Ruda and Materials and Manufacturing Ontario dated October 24, 2002 (referred to in this Annual Report at Item 4.B – Business Overview – Recent Developments) (Incorporated herein by reference to the Company's Form 20-F/A filed with the Commission on March 20, 2003);

Exhibit No. 7 Asset Purchase Agreement among Micromem Technologies Inc., Pageant Technologies Incorporated, Estancia Limited and Richard Lienau dated December 10, 2000 (referred to in this Annual Report at Item 4.B – Business Overview – Recent Developments), (Incorporated herein by reference to the Company's Form 40-F filed with the Commission on February 2, 2001);

Exhibit No. 8 Technology Development Agreement among Pageant Technologies Incorporated, Estancia Limited and Richard Lienau dated March 9, 2001 (referred to in this Annual Report at Item 4.B – Business Overview – Recent Developments), (Incorporated herein by reference to the Company's Form 40-F filed with the Commission on February 2, 2001);

Exhibit No. 9 Infrastructure Agreement between Micromem Technologies Inc. and the University of Toronto dated November 1, 2002 (referred to in this Annual Report at Item 4.B – Business Overview – Recent Developments) (Incorporated herein by reference to the Company's Form 20-F/A filed with the Commission on March 20, 2003);

Exhibit No. 10 A second 2-year research research collaboration agreement dated November 12, 2003, among Micromem, Materials and Manufacturing Ontario and the University of Toronto (referred to in this Annual Report at "Item 10.C – Material Contracts"), (Incorporated herein by reference to the Company's Form 20F filed with the Commission on March 19, 2004);

Exhibit No. 11 Equipment Transfer Agreement dated March 1, 2003 between Micromem and the Governing Council of the University of Toronto (referred to in this Annual Report at Item 10.C – Material Contracts"), (Incorporated herein by reference to the Company's Form 20F filed with the Commission on March 19, 2004);

Exhibit No. 12 Collaborative Research Agreement dated December 10, 2002 among Micromem, Communications and Information Technology Ontario ("CITO"), the University of Toronto and Dr. Harry Ruda (referred to in this Annual Report at "Item 10.C – Material Contracts"), (Incorporated herein by reference to the Company's Form 20F filed with the Commission on March 19, 2004);

Exhibit No. 12.1 Officer's Certification pursuant to Section 302 of the Sarbanes Oxley Act, 2002 (1)

Exhibit No. 12.2 Officer's Certification pursuant to Section 302 of the Sarbanes Oxley Act, 2002 (1)

Exhibit No. 13.1 Officer's Certification pursuant to Section 906 of the Sarbanes Oxley Act, 2002 (1)

Exhibit No. 13.2 Officer's Certification pursuant to Section 906 of the Sarbanes Oxley Act, 2002 (1)

Exhibit No. 14.1 Independent Auditors' Consent of Grant Thornton LLP (2)

Exhibit No. 14.2 Auditor's Consent of Ernst & Young LLP (1)

*Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

(1) Filed herewith.

(2) Previously filed as an exhibit to the Company's Annual Report on Form 20-F for the year ended October 31, 2004, filed with the Securities and Exchange Commission on February 28, 2005.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

MICROMEM TECHNOLOGIES INC.

By: /s/ Dan Amadori
Dan Amadori
Chief Financial Officer

Date: June 22, 2005

EXHIBIT INDEX

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