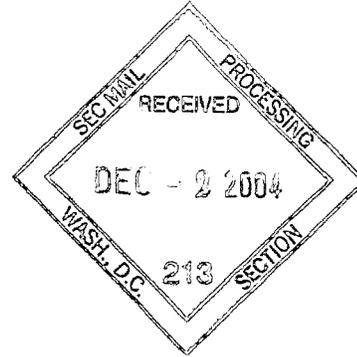


RAYTEC DEVELOPMENT CORP.

#1104-750 West Pender Street
Vancouver, BC
V6C 2T8
Tel (604) 683-8610
Fax (604) 683-4499

November 17, 2004

United States Securities
and Exchange Commission
Division of Corporation Finance
450 Fifth Street N.W.
Washington, D.C.
20549



SUPPL

Exemption Number 82-3553

Dear Sirs:

Re: **Raytec Development Corp.**
British Columbia, Canada
12g3-2(b) Exemption - 82-3553



Please find enclosed additional documents required to be filed in connection with the above Exemption.

In this report I enclose the following:

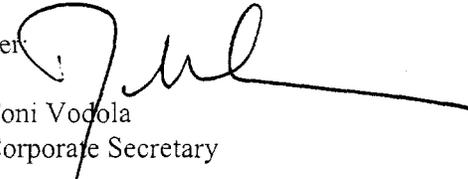
1. News Release dated August 18, 2004;
2. News Release dated September 22, 2004;
3. BC Form 53-901F, Material Change Report dated September 22, 2004;
4. News Release dated November 15, 2004;
5. BC Form 53-901F, Material Change Report dated November 15, 2004;
6. TSX Venture Exchange bonus share approval letter;
7. Quarterly report for the quarter ended July 31, 2004.

PROCESSED
DEC 22 2004
THOMSON
FINANCIAL

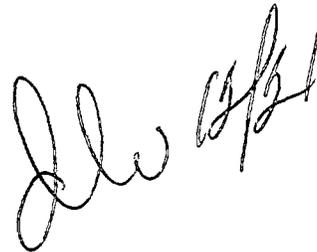
I trust you will find the enclosed to be in order and if you have any questions please do not hesitate to contact the undersigned.

Yours truly,

RAYTEC DEVELOPMENT CORP.

Per 
Toni Vodola
Corporate Secretary

Enclosures



RAYTEC DEVELOPMENT CORP.

#1104-750 West Pender Street
Vancouver, BC
V6C 2T8

Tel: (604) 683-8610
Fax: (604) 683-4499

Trading Symbol: TSX-V: RAY
US: RAYTF

NEWS RELEASE**NEW EPA REGISTRATIONS**

VANCOUVER, BC – August 18, 2004 --- Raytec Development Corp. (the "Company") is pleased to announce that Avantec Technologies Inc., a subsidiary of the Company, has received three new EPA registrations covering applications for food surface sanitation and industrial cooling systems. Avantec now has four active EPA registrations and is pursuing three additional registrations to expand the marketability of its products. According to Avantec's President & CEO, Bernardo N. Rico, "the new EPA registrations are a very important part of the commercialization process and allow us to pursue large markets such as food surface sanitation".

Avantec's core technology is covered by US Patent No. 6,764,661 B1. This important patent is valid until May 21, 2022 and is entitled "DEVICE FOR PRODUCING AN AQUEOUS CHLORINE DIOXIDE SOLUTION". This patent grants the rights to exclude others from making, using, offering for sale or selling the invention throughout the United States. This patent will also be issued in Canada, Australia and Europe.

The new EPA registrations and the new patent demonstrate the uniqueness of Avantec's technology and Bernardo Rico adds, "these registrations provides Avantec with significant value and growth potential".

Avantec® is the registered trademark of Avantec Technologies Inc.

About Raytec Development Corp. (RAY) www.raytecgroupp.com

Established in 1979, Raytec currently ranks as the leading manufacturer, developer and marketer of perishable-food control systems for the North America commercial grocery industry. Clients include such household names as: Albertson's, Fred Meyers, Lowes Foods, Safeway and Winn-Dixie. Raytec's technologies help the food industry improve profit margins by reducing product loss, enhancing product quality and controlling safe food processing.

About Avantec Technologies Inc. (AVV) www.avantecsafe.com

AVV is a manufacturer of specialty antimicrobials with particular emphasis on dry-media chlorine dioxide. Avantec's core technology, has EPA registration as a biocide for food surface sanitation and cooling towers and allows for the safe and low cost production of chlorine dioxide for a variety of uses, such as hard surface disinfecting, food processing and odor control. The Company is also pursuing additional patents and product registration. AVV's manufacturing and laboratory facilities are located in Columbus, OH.

RAYTEC DEVELOPMENT CORP.

Per: "Jerry A. Minni"

Jerry A. Minni, President & CEO

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT
RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

RAYTEC DEVELOPMENT CORP.

#1104-750 West Pender Street
Vancouver, BC
V6C 2T8

Tel: (604) 683-8610
Fax: (604) 683-4499

Trading Symbol: TSX-V: RAY
Pink Sheet: RAYTF

NEWS RELEASE

VANCOUVER, BC – September 22, 2004 --Raytec Development Corp. (the "Company") announces that, subject to regulatory acceptance, it will issue 154,600 common shares at a deemed price of \$0.13 per share to a director of the Company as consideration for guaranteeing US\$75,000 (CDN\$100,500) of the Company's existing bank operating line of credit.

About Raytec Development Corp. (RAY) <http://www.raytecgroupp.com>

Established in 1979, Raytec currently ranks as the leading manufacturer, developer and marketer of perishable food control systems for the North American commercial grocery industry. Clients include such household names as Albertson's, Fred Meyer, Lowes Foods, Safeway and Winn-Dixie. Raytec's technologies help the food industry improve profit margins by reducing product loss, enhancing product quality and controlling safe food processing.

RAYTEC DEVELOPMENT CORP.

Per: "JERRY A. MINNI"

Jerry A. Minni, President

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

BC FORM 53-901F (Previously Form 27)
FORM 27 (ALBERTA)

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE
SECURITIES ACT (BRITISH COLUMBIA) AND SECTION 146(1) OF THE
SECURITIES ACT (ALBERTA)

ITEM 1 **REPORTING ISSUER**

RAYTEC DEVELOPMENT CORP.
#1104-750 West Pender Street
Vancouver, BC
V6C 2T8
Tel: (604) 683-8610
Fax: (604) 683-4499

ITEM 2 **DATE OF MATERIAL CHANGE**

September 22, 2004

ITEM 3 **NEWS RELEASE**

September 22, 2004 through the facilities of the TSX Venture Exchange.

ITEM 4 **SUMMARY OF MATERIAL CHANGE**

Bonus Shares

ITEM 5 **FULL DESCRIPTION OF MATERIAL CHANGE**

Raytec Development Corp. (the "Company") announces that, subject to regulatory acceptance, it will issue 154,600 common shares at a deemed price of \$0.13 per share to a director of the Company as consideration for guaranteeing US\$75,000 (CDN\$100,500) of the Company's existing bank operating line of credit.

ITEM 6 **RELIANCE ON SECTION 85(2) OF THE SECURITIES ACT (BC) AND
SECTION 146(2) OF THE SECURITIES ACT (ALBERTA)**

N/A

ITEM 7 **OMITTED INFORMATION**

N/A

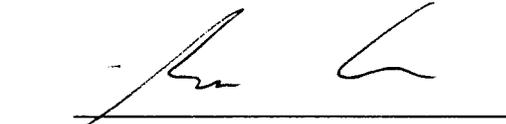
ITEM 8 SENIOR OFFICERS

Jerry Minni – President & Director, Tel., 604-683-8610

ITEM 9 STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to in this report.

Dated at Vancouver, B.C. this 22nd day of September, 2004.



JERRY A. MINNI, Director

IT IS AN OFFENCE UNDER THE SECURITIES ACT, THE SECURITIES REGULATION AND THE ALBERTA SECURITIES COMMISSION RULES FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATIONS THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

RAYTEC DEVELOPMENT CORP.

#1104-750 West Pender Street
Vancouver, BC
V6C 2T8

Tel: (604) 683-8610
Fax: (604) 683-4499

Trading Symbol: TSX-V: RAY
Pink Sheet: RAYTF

NEWS RELEASE

VANCOUVER, BC – November 15, 2004 -- Raytec Development Corp. (the "Company") announces that, further to its news release dated September 22, 2004 it has issued 154,600 common shares at a deemed price of \$0.13 per share to a director of the Company as consideration for guaranteeing US\$75,000 (CDN\$100,500) of the Company's existing bank operating line of credit. The securities issued as part of the transaction are subject to a hold period expiring March 10, 2005.

About Raytec Development Corp. (RAY) <http://www.raytecgroupp.com>

Established in 1979, Raytec currently ranks as the leading manufacturer, developer and marketer of perishable food control systems for the North American commercial grocery industry. Clients include such household names as Albertson's, Fred Meyer, Lowes Foods, Safeway and Winn-Dixie. Raytec's technologies help the food industry improve profit margins by reducing product loss, enhancing product quality and controlling safe food processing.

RAYTEC DEVELOPMENT CORP.

Per: "JERRY A. MINNI"

Jerry A. Minni, President

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

BC FORM 53-901F (Previously Form 27)
FORM 27 (ALBERTA)

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE
SECURITIES ACT (BRITISH COLUMBIA) AND SECTION 146(1) OF THE
SECURITIES ACT (ALBERTA)

ITEM 1 **REPORTING ISSUER**

RAYTEC DEVELOPMENT CORP.
#1104-750 West Pender Street
Vancouver, BC
V6C 2T8
Tel: (604) 683-8610
Fax: (604) 683-4499

ITEM 2 **DATE OF MATERIAL CHANGE**

November 10, 2004

ITEM 3 **NEWS RELEASE**

November 10, 2004 through the facilities of the TSX Venture Exchange.

ITEM 4 **SUMMARY OF MATERIAL CHANGE**

Bonus Shares

ITEM 5 **FULL DESCRIPTION OF MATERIAL CHANGE**

Raytec Development Corp. (the "Company") announces that, further to its news release dated September 22, 2004 it has issued 154,600 common shares at a deemed price of \$0.13 per share to a director of the Company as consideration for guaranteeing US\$75,000 (CDN\$100,500) of the Company's existing bank operating line of credit. The securities issued as part of the transaction are subject to a hold period expiring March 10, 2005.

ITEM 6 **RELIANCE ON SECTION 85(2) OF THE SECURITIES ACT (BC) AND
SECTION 146(2) OF THE SECURITIES ACT (ALBERTA)**

N/A

ITEM 7 **OMITTED INFORMATION**

N/A

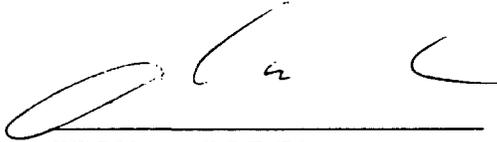
ITEM 8 SENIOR OFFICERS

Jerry Minni – President & Director, Tel., 604-683-8610

ITEM 9 STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to in this report.

Dated at Vancouver, B.C. this 15th day of November, 2004.

A handwritten signature in black ink, appearing to read 'J. Minni', is written above a horizontal line.

JERRY A. MINNI, Director

IT IS AN OFFENCE UNDER THE SECURITIES ACT, THE SECURITIES REGULATION AND THE ALBERTA SECURITIES COMMISSION RULES FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATIONS THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

TSX VENTURE
EXCHANGE



82-3553

November 10, 2004

Fax: 604-683-4499

Raytec Development Corp.
1104 – 750 West Pender Street
Vancouver, BC
V6C 2T8

Attention: Jerry A. Minni

Dear Sirs\Mesdames:

**Re: RAYTEC DEVELOPMENT CORP. ("RAY")
Shares for Bonuses – Submission #97996**

TSX Venture Exchange has accepted for filing the Company's proposal to issue 154,600 bonus shares to the following insider: Jerry Minni, in consideration of guaranteeing US\$75,000 in the Issuer's extension to its existing bank operating line of credit.

This fax will be the only copy you receive. Should you have any questions, please contact the undersigned at (604) 643-6524 / FAX: (604) 844-7502 / EMAIL: colleen.chambers@tsxventure.com.

Yours truly,

A handwritten signature in black ink, appearing to read "C. Chambers". The signature is fluid and cursive, with a long horizontal stroke at the end.

Colleen Chambers
Analyst
Listed Issuer Services

CC\nl

File: ::ODMA\PCDOCS\DOCP1386612\1

BC FORM 51-901F
QUARTERLY REPORT AND YEAR END REPORT

Incorporated as part of: Schedule A

Schedule B & C

ISSUER DETAILS:

NAME OF ISSUER: Raytec Development Corp
ISSUER'S ADDRESS: 1104 - 750 West Pender Street, Vancouver, B.C. V6C 2T8
ISSUER TELEPHONE NUMBER: (604) 683-8610
CONTACT PERSON: Jerry A. Mimi
CONTACT'S POSITION: President
CONTACT TELEPHONE NUMBER: (604) 683-8610
FOR QUARTER ENDED: July 31, 2004
DATE OF REPORT: September 27, 2004

CERTIFICATE

THE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS QUARTERLY REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

"Jerry A. Mimi"
DIRECTOR'S SIGNATURE Jerry A. Mimi PRINT NAME IN FULL DATE SIGNED (YYMM/DD) "04/09/27"

"Jerry M. Bella"
DIRECTOR'S SIGNATURE Jerry M. Bella PRINT NAME IN FULL DATE SIGNED (YYMM/DD) "04/09/27"

RAYTEC DEVELOPMENT CORP.
CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2004
(UNAUDITED)

- CONSOLIDATED BALANCE SHEET
- CONSOLIDATED STATEMENT OF DEFICIT
- CONSOLIDATED STATEMENT OF LOSS
- CONSOLIDATED STATEMENT OF CASH FLOWS
- NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PREPARED BY MANAGEMENT

RAYTEC DEVELOPMENT CORP.

CONSOLIDATED BALANCE SHEET AS AT JULY 31, 2004
ASSETS

| | July 31, 2004 | Oct. 31, 2003 |
|---|---------------|---------------|
| CURRENT | | |
| Cash and short term investments | \$ 18,322 | \$ 54,598 |
| Accounts receivable | 420,341 | 689,177 |
| Inventories | 376,181 | 362,887 |
| Prepaid expenses and deposits | 42,841 | 33,337 |
| | 857,685 | 1,139,990 |
| CAPITAL ASSETS (Note 3) | 83,404 | 87,777 |
| PATENTS, TRADEMARKS AND LICENCES | 62,677 | 65,445 |
| | \$1,003,766 | \$ 1,293,221 |

CURRENT

| | July 31, 2004 | Oct. 31, 2003 |
|--|---------------|---------------|
| Short term indebtedness (Note 4) | \$ 425,518 | \$ 611,056 |
| Accounts payable and accrued liabilities | 789,936 | 1,377,098 |
| Due to a director | 460,118 | 292,261 |
| Deferred revenue | 272,672 | 265,384 |
| Current portion of long-term debt | 924,334 | 620,799 |
| | 2,872,578 | 3,166,598 |

SHARE SUBSCRIPTIONS

| | | |
|--|-----------|-----------|
| | 490,484 | |
| | 2,872,578 | 3,657,082 |

SHAREHOLDERS' EQUITY

| | | |
|------------------------|--------------|--------------|
| SHARE CAPITAL (Note 5) | 14,490,769 | 14,190,449 |
| DEFICIT | (16,359,081) | (16,554,310) |
| | (1,868,812) | (2,363,861) |
| | \$1,003,766 | \$ 1,293,221 |

APPROVED BY THE DIRECTORS:

"Jerry A. Manti"

"Judy M. Bella"

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

PREPARED BY MANAGEMENT

RAYTEC DEVELOPMENT CORP.

CONSOLIDATED STATEMENT OF DEFICIT
FOR THE NINE MONTH PERIOD ENDED JULY 31, 2004

| | THREE MONTHS ENDED JULY 31 | 2003 | 2004 | 2003 |
|-------------------------------------|-------------------------------|----------------|-----------------|-----------------|
| DEFICIT, BEGINNING OF PERIOD | \$(16,737,631) | \$(16,622,737) | \$ (16,492,305) | \$ (16,246,238) |
| NET INCOME (LOSS) FOR THE PERIOD | 378,550 | 482,853 | 133,224 | 106,354 |
| DEFICIT, END OF PERIOD | \$(16,359,081) | \$(16,139,884) | \$ (16,359,081) | \$ (16,139,884) |

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

PREPARED BY MANAGEMENT

RAYTEC DEVELOPMENT CORP.
CONSOLIDATED STATEMENT OF LOSS

FOR THE NINE MONTH PERIOD ENDED JULY 31, 2004

| | THREE MONTHS ENDED | | NINE MONTHS ENDED | |
|--|--------------------|------------|-------------------|--------------|
| | JULY 31 | 2003 | JULY 31 | 2003 |
| SALES | \$ 989,309 | 962,659 | \$ 2,662,973 | \$ 3,197,360 |
| COST OF SALES | 646,765 | 646,212 | 1,674,385 | 2,252,895 |
| GROSS PROFIT | 342,544 | 316,447 | 988,588 | 944,465 |
| OPERATING EXPENSES | | | | |
| Investor communications | 2,355 | 6,847 | 21,469 | 61,315 |
| Office and miscellaneous | 93,764 | 204,363 | 250,145 | 420,273 |
| Professional fees | 11,141 | 69,198 | 79,923 | 140,889 |
| Rent | 25,349 | 24,896 | 87,832 | 69,869 |
| Sales and marketing | 101,542 | 59,150 | 260,461 | 315,848 |
| Telephone | 17,804 | 17,503 | 52,373 | 43,331 |
| Transfer agent and filing fees | 4,723 | 3,833 | 33,939 | 15,305 |
| Travel | 9,701 | 8,004 | 23,397 | 22,762 |
| Wages and employee benefits | 206,802 | 153,902 | 448,193 | 411,588 |
| OPERATING LOSS | 473,181 | 547,696 | 1,357,732 | 1,501,180 |
| OTHER EXPENSES (INCOME) | (130,637) | (231,249) | (269,144) | (556,715) |
| Amortization | 2,071 | (12,902) | 20,668 | 42,523 |
| Exchange loss (gain) | (89,493) | (762,980) | (108,059) | (895,069) |
| Interest expense | 46,372 | 46,226 | 122,286 | 137,741 |
| Gain (loss) on sale of equity interest | (491,243) | - | (491,243) | - |
| Other expenses | 23,106 | 15,554 | 53,980 | 51,896 |
| | (509,187) | (714,102) | (402,368) | (663,069) |
| NET INCOME (LOSS) FOR THE PERIOD | \$ 378,550 | \$ 482,853 | \$ 133,224 | \$ 106,354 |
| EARNINGS (LOSS) PER SHARE | \$ 0.02 | \$ 0.02 | \$ 0.01 | \$ 0.01 |

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

PREPARED BY MANAGEMENT

RAYTEC DEVELOPMENT CORP.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE NINE MONTH PERIOD ENDED JULY 31, 2004

| | THREE MONTHS ENDED | | NINE MONTHS ENDED | |
|---|--------------------|------------|-------------------|------------|
| | JULY 31 | 2003 | JULY 31 | 2003 |
| OPERATING ACTIVITIES | 2004 | 2003 | 2004 | 2003 |
| Net income (loss) for the period | \$ 378,550 | \$ 482,853 | \$ 133,224 | \$ 106,354 |
| Add items not involving cash: | | | | |
| Amortization | 2,071 | (12,902) | 20,668 | 42,523 |
| | 380,621 | 469,951 | 153,892 | 148,877 |
| Cash provided (used) by net changes in non-cash working capital items | (409,640) | (360,818) | (303,039) | (511,726) |
| FINANCING ACTIVITIES | (29,019) | 109,133 | (149,147) | (362,849) |
| Proceeds from issuance of shares | - | 7,200 | 299,820 | 140,600 |
| Proceeds from share subscriptions | (78,784) | - | (490,484) | 102,051 |
| Long-term debt (net) | (3,148) | 2,101 | 303,535 | 345,171 |
| | (81,932) | 9,301 | 112,871 | 587,822 |
| INVESTING ACTIVITIES | | | | |
| Acquisition of capital assets | - | - | - | (25,503) |
| INCREASE (DECREASE) IN CASH | (110,951) | 118,434 | (36,276) | 199,470 |
| CASH, BEGINNING OF PERIOD | 129,273 | 104,892 | 54,598 | 23,856 |
| CASH, END OF PERIOD | \$ 18,322 | \$ 223,326 | \$ 18,322 | \$ 223,326 |

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

PREPARED BY MANAGEMENT

RAYTEC DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2004

RAYTEC DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2004

1. NATURE OF OPERATIONS

The Company is engaged, in the distribution of perishable control systems for the retail and wholesale grocery industry in the development and marketing of products and processes for protection of perishable products and bacterial control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of Consolidation

These financial statements present the financial position, results of operations and changes in financial position of the Company and its subsidiaries on a going concern basis in accordance with Canadian generally accepted accounting principles.

b) Revenue Recognition

Sales of perishable control systems are recorded upon substantial completion of performance. Performance is considered to be substantially complete upon shipment of goods.

c) Foreign Currency Translation

Transactions and balances in foreign currencies are translated into Canadian dollars using the temporal method. Accordingly revenue, expenses and non-monetary balances are translated at the rate of exchange prevailing at the transaction date; and monetary balances are translated at the rate prevailing at the balance sheet date. Resulting exchange gains and losses are included in the determination of income.

d) Inventory

Inventory consists chiefly of component parts recorded at the lower of cost, determined on a first-in-first-out basis, and net realizable value.

e) Capital Assets

Amortization is recorded over the useful lives of the assets which are estimated to be as follows:

| | |
|-------------------------|--------------|
| Property and equipment: | |
| Equipment | 3 to 5 years |
| Furniture and fixtures | 3 to 5 years |
| Leasehold improvements | 3 years |
| Vehicles | 3 to 5 years |
| Patents and trademarks | 17 years |

1) Goodwill

Goodwill arose upon the acquisition of shares in the subsidiaries and assets which represent the excess of the purchase price over the fair market value of the underlying net tangible assets. Goodwill is amortized over 40 years by the straight-line method.

2) Deferred Development Costs

Costs incurred in the development of new products and processes for the protection of perishable foods and bacterial control are deferred until commencement of commercial production or abandonment of development. Where commercial production proceeds, the related costs are amortized over the estimated economic life of the product or process. Where development is abandoned, the related costs are written off.

3) Loss Per Share

The loss per share is based on the weighted average number of shares outstanding during the year.

3. CAPITAL ASSETS

Capital assets consist of the following:

| | 2004 | 2003 |
|--------------------------------|------------------|------------------|
| Equipment | \$ 269,246 | \$ 269,246 |
| Furniture and fixtures | 57,001 | 57,001 |
| Vehicles | 3,191 | 3,191 |
| Leasehold improvements | <u>98,242</u> | <u>98,242</u> |
| | 427,680 | 427,680 |
| Less: Accumulated amortization | <u>344,216</u> | <u>(339,903)</u> |
| | <u>\$ 83,464</u> | <u>\$ 87,777</u> |

4. SHORT TERM INDEBTEDNESS

The short term indebtedness is a line of credit with a limit of US \$800,000, due on May 16, 2005 and secured by a first lien position on accounts receivable, contract rights, chatted paper, documents instruments, general intangibles, raw materials, work in progress, finished goods and proceeds thereof. The lien bears interest at 0.05% applied to the daily outstanding balance, equivalent to 1.5% per month.

RAYTEC DEVELOPMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2004

Page 3

RAYTEC DEVELOPMENT CORP.
QUARTERLY REPORT - FORM 51-901F
JULY 31, 2004

SCHEDULE A: FINANCIAL INFORMATION

See attached financial statements of the Company for the period ended July 31, 2004.

1. Analysis of expenses and deferred costs:
 - a) Breakdown of expenditures by major category:
See Schedule A - Financial Statements

2. Related party transactions:
 - a) There were no related party transactions during the period.

3. Summary of securities issued and options granted during the period:
 - a) Securities issued during the period:
No securities were issued during the period.

- b) Options granted during the period:
No options were granted during the period.

4. Summary of securities at the end of the reporting period:
 - a) Authorized capital stock:
See Schedule A - Financial Statements - Note 5 (a).
 - b) Issued capital stock:
See Schedule A - Financial Statements - Note 5 (b).
 - c) Options, warrants and convertible securities outstanding:
See Schedule A - Financial Statements - Note 5 (c).
 - d) Shares in escrow of subject pooling:
There are no shares subject to escrow or a pooling agreement.

5. List of directors and officers
 - a) Directors:
Jerry A. Mimi
Robin D. A. Blues
Jerry M. Bella
 - b) Officers:
Jerry A. Mimi - Chairman, President, Chief Executive Officer, Chief Financial Officer
Toni Vodola - Secretary

5. SHARE CAPITAL

a) Authorized

100,000,000 Common shares without par value.

b) Issued and Fully Paid:

| | Number of Shares | Amount |
|--------------------------|---------------------|---------------|
| Balance October 31, 2003 | 7,177,305 | \$ 14,190,449 |
| Private placement | 1,681,000 | 299,820 |
| Balance, July 31, 2004 | 8,858,305 | \$ 14,490,269 |

c) Warrants

As at July 31, 2004 the following warrants were outstanding:

| Number of Warrants | Exercise Price | Expiry Date |
|--------------------|----------------|-------------------|
| 681,000 | \$0.30 | November 20, 2005 |
| 1,000,000 | \$0.19 | March 8, 2006 |

d) Options

As at July 31, 2004, the following directors and employee stock options were outstanding:

| Number of Options | Exercise Price | Expiry Date |
|-------------------|----------------|------------------|
| 350,000 | \$ 0.30 | October 22, 2005 |

6. COMMITMENTS

Annual minimum rental obligations under an operating lease for premises are as follows:

| | |
|------|-------------------|
| 2004 | \$ 73,750 |
| 2005 | 185,000 |
| 2006 | 110,000 |
| | <u>\$ 368,750</u> |

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Description of the Business

The Company is a leading manufacturer, developer and marketer of perishable food control systems and antimicrobial products. As a result of various acquisitions and technological developments the three key components of the Company's business are defined as follows:

- **Core Business** - Manufacture, development and marketing of misting, humidification and water treatment equipment for the retail and food storage industry.
- **Service** - Installation, preventive maintenance and emergency service through a well-trained network of field technicians.
- **Antimicrobials** - Manufacture and marketing of a proprietary line of chlorine dioxide-based products for all aspects of food processing and sanitation.

Discussion of Operations and Financial Conditions

The Company's consolidated revenues for the third quarter was \$989,309, up from \$962,654 for the comparative period. The Company is projecting an overall increase in sales in our core business in fiscal 2005. The sales in the antimicrobial division were less than anticipated due to delays in registration of products.

Manufacturing and installation costs for the third quarter were 65.4% of revenues, down 1.71% from the comparative period. The change was attributed to product mix.

General and administrative expenses were down 9.0% the same period during the third quarter. The Company continues to seek ways to decrease its administrative costs each year.

Selling and marketing expenses remained increases as compared to comparable period. The Company is seeking to increase its minority share.

The Company did not undertake any material investing activities during the first quarter.

During the third quarter the Company reported an operating loss of \$130,637 as compared to an operating loss of \$231,249 for the comparative period. The Company's policy is to expense all development cost as incurred.

The Company has annual minimum rental obligations under leases for premises, which amount to \$168,750 over the next three years.

The Company's technology subsidiary, Avanteq Technologies Inc. is a public company, and trades under the symbol AVV on the TSX Venture Exchange. The Company owns 29,300,000 shares of Avanteq representing approximately 72%, and continues to work closely with Avanteq in developing applications for perishable control products.

The Company completed a private placement of 2,000,000 shares of its US subsidiary, Raytec Corporation to net the US subsidiary US\$3140,000. The Company currently owns 80% of Raytec Corporation.

There were no legal proceedings against the Company during the first quarter.

The Company has not entered into an investor relations activity contract with an outside firm. The Company's investor relations activities involve addressing responses to shareholders of questions directed to the directors.

Subsequent Events

There were no material subsequent events at July 31, 2004.

Financings Conditions, Liquidity and Solvency

The Company utilized credit facilities available during the year and from time to time relies on the sale of its treasury shares to investors to raise the required capital to fund its operations and development. A number of factors affect the ability of the Company to sell shares to raise capital for its business activities. These include stock market conditions, the Company's previous record in such endeavors and the experience and reputation of its management.

The Company intends to continue to finance its growth and operations primarily through internal cash flow, equity offerings and short-term borrowings as required.

The Company's working capital deficiency at July 31, 2004 was \$2,014,893, included in this amount is \$924,334 owed to a note holder. The Company continues to work with the note holder and is current with its scheduled payments. Also included in this amount is \$169,118 owed to a director. After giving effect to the above two amounts the adjusted working capital deficiency is \$630,441.