

**B.C. FORM 51-901F**  
**QUARTERLY AND YEAR END REPORT**

Incorporated as part of:

	Schedule A
<b>X</b>	Schedules B & C

**ISSUER DETAILS:**

**Name of Issuer:** Fastfoot Industries Ltd.  
**Issuer Address:** #212 - 6333 148<sup>th</sup> Street, Surrey, B.C. V3S 3C3  
**Issuer Fax No.:** (604) 501-6090  
**Issuer Telephone No.:** (604) 596-3278  
**Contact Name:** Mr. Richard Fearn  
**Contact Position:** President  
**Contact Telephone Number:** (604) 596-3278  
**Contact Email Address:** rfearn@fastfoot.com  
**Web Site Address:** [www.fastfoot.com](http://www.fastfoot.com)  
**For Quarter Ended:** 1999/12/31  
**Date of Report:** 2001/04/19

*CERTIFICATE:*

THE THREE SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS 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.

<b><i>“Richard Fearn”</i></b>	Richard Fearn	Date
<b><i>“Tom Blondal”</i></b>	Tom Blondal	Date

## **SCHEDULE B - 1999**

### 1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

→ See consolidated financial statements for details.

### 2. RELATED PARTY TRANSACTIONS

→ See consolidated financial statements for details.

### 3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

#### a) Securities issued:

Date of Issue	Type of Security	Type of Issue	Number	Price	Total Proceeds	Type of Consideration	Commission Paid
28 October 1999	Common	Acquisition	10,666,000	\$ 0.00	\$ NIL	Shares	\$NIL
28 October 1999	Common	Private Placement	1,063,200	\$ 0.25	\$ 250,000	Cash	\$NIL

#### b) Options granted:

Date Granted	Number	Name of Optionee	Description of Optionee	Exercise Price	EXPIRY DATE
6 October 1999	1,175,000	-	-	\$ 1.05	6 October 2004

### 4. SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

#### a) Authorized share capital:

See consolidated financial statements for details.

#### b) Shares issued and outstanding:

See consolidated financial statements for details.

#### c) Options, warrants and convertible securities outstanding:

See consolidated financial statements for details.

#### d) Shares subject to escrow or pooling agreements.

See consolidated financial statements for details.

### 5. NAMES OF DIRECTORS AND OFFICERS AS AT THE DATE THIS REPORT IS SIGNED AND FILED

Richard Fearn  
Tom Blondal  
Gerald Lenoski  
Eric Plane  
Herb Bentz

## **SCHEDULE C**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

PART I – FOR THE PERIOD JANUARY 1, 1999 TO DECEMBER 31, 1999

PART II – FOR THE PERIOD JANUARY 1, 2000 TO DECEMBER 31, 2000

## **PART I - YEAR 1999 RESTATED**

### **SCHEDULE C - MANAGEMENT DISCUSSION AND ANALYSIS**

#### **NATURE OF BUSINESS**

- Fastfoot Industries Ltd. is a developer, manufacturer and marketer of innovative forming products that use fabric in place of lumber to form (and damp proof) concrete for building applications and modular construction components.
- These products are **outstanding** for the following reasons:
  - ✓ Require relatively modest capital investment;
  - ✓ Offer significant potential cost and performance advantages compared to currently used technologies;
  - ✓ Offer a short timeline to commercialization;
  - ✓ Are protected by patents or patents pending;
  - ✓ Are targeted at very large, established markets.

#### **SIGNIFICANT EVENTS**

##### *Reverse Take Over of Maxito Industries Ltd.*

- On October 28, 1999, the Company acquired all of the issued shares of Maxito Industries Ltd., and its wholly owned subsidiary, Fastfoot Industries (1986) Ltd. through a share exchange.
- The Company's previous Auditor accounted for this transaction as a "Purchase", and not a "Reverse Take Over". This was an error, and the Company has prepared revised financial statements for its December 31<sup>st</sup> 1999 year end to account for this transaction as a reverse take over ("RTO").

#### **DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION**

##### *Working Capital*

- The company's had a working capital deficiency as at 31 December 1999 of \$54,623. As of year-end, the RTO was not successful in providing the financial resources necessary for the Company to employ the required manpower and invest in inventory and product development.
- While the current working capital position is not favorable, the Company has an excellent relationship with all creditors, and is working hard to ensure their payment.

##### *Patents & Trademarks*

- The PCT Patent Application for the footing system was undertaken.
- Trademarks were applied for Fastfoot®, and Fastfabric®.

##### *Deferred Development Costs*

- Development expenditures have continued with both the Fastfoot® (footing forms) and Fabwall™ (fabric wall forming system).

### *Share Capital*

- On October 27, 1999, immediately before the RTO, there were 4,242,000 common shares outstanding. As a result of the acquisition of Maxito Industries, 14,908,000 shares were then outstanding. 10,257,942 of those shares were held in escrow, subject to performance of \$0.338 positive annual cash flow per share.

### *Revenue and Expenses*

- Sales totaled \$139,547 for 1999, compared to \$38,528 for 1998.
- Gross profits rose to \$42,615 for 1999, yielding a gross margin of 31%. This compares with a 1998 gross profit of \$13,732, reflecting a gross margin of 36%.
- Operating expenses for 1999 totaled \$321,476, up dramatically from 1998 operating expenses of \$73,025. Details are as follows:
  - Wages were increased substantially;
  - Administration, marketing and advertising levels were also increased;
  - Public company expenditures associated with the RTO were significant;
- Immediately prior to the RTO the shareholders of Maxito were required to forgive their debt. This has been recorded as a gain on debt forgiveness and was recorded as other income, leading to a net income in the year of \$76,249, compared to a loss of \$59,293 in 1998.

## LEGAL ISSUES & CONTINGENT LIABILITIES

- There were no material outstanding legal issues, commitments or contingent liabilities during the year ended December 31<sup>st</sup>, 1999.

## MATERIAL CONTRACTS

- There were no material contracts in 1999.

## INVESTOR RELATIONS

- The Company did not engage in any investor relations activities other than those by employees and directors of the Company.

## SUBSEQUENT EVENTS

- Please refer to Schedule C, of the 2000 Financial Statements.

## PART II – YEAR 2000

### SCHEDULE C - MANAGEMENT DISCUSSION AND ANALYSIS

#### NATURE OF BUSINESS

- Fastfoot Industries Ltd. is a developer, manufacturer and marketer of innovative forming products that use fabric in place of lumber to form (and damp proof) concrete for building applications and modular construction components.

#### *Three Innovative Products*

- The Company currently has a lead patented product in limited commercial use, and two patent-pending product candidates under development, targeted at discreet market segments with a total market potential in the USA and Canada of more than **\$7.7 billion Cdn.**

##### ***The Fastfoot® Strip System***

- ✓ Fastfoot's lead product is a patented, fabric-based, footing forming system targeted at a **\$433 million Cdn potential market.** It is currently being sold on a limited basis directly from Fastfoot's warehouse. Fastfoot expects to finalize commercial partnerships for this product with key building products distributors by Q1, 2002, with full commercialization expected by late 2002.

##### ***Fastfabric® DPM (Damp Proofing Membrane)***

- ✓ Fastfabric® DPM is a custom forming fabric that will double as a concrete adhering damp proofing membrane for footings. It is targeted at a **\$133 million Cdn potential market.** Fastfoot is in preliminary negotiations with two large potential corporate partners to co-develop this product candidate. Full commercialization is expected by the spring of 2002.

##### ***Fabwall™***

- ✓ Fastfoot's revolutionary fabric-based wall forming prototype, Fabwall™, is in early-stage testing with initial funding under a program affiliated with the National Research Council of Canada. It is targeted at a **\$7.16 billion Cdn potential market.** Fastfoot is currently in active discussions with two multinational corporations regarding possible co-development partnerships for Fabwall™. Full commercialization is expected in the third quarter 2002.
- These products are **outstanding** for the following reasons:
  - ✓ Require relatively modest capital investment;
  - ✓ Offer significant potential cost and performance advantages compared to currently used technologies;
  - ✓ Offer a short timeline to commercialization;
  - ✓ Are protected by patents or patents pending;
  - ✓ Are targeted at very large, established markets.

#### ***Business Model***

- Fastfoot protects its technology through various patents, trademarks and URLs.
- Each of Fastfoot's product candidates progresses through a four-phase development process leading to full commercialization, as follows:
  - ✓ **Phase I** – Conceptual design and prototype development.
  - ✓ **Phase II** – Co-development partnerships with major manufacturers.
  - ✓ **Phase III** - Early commercialization (identify key target markets, generate initial product sales directly from Fastfoot's product development facility in Surrey BC, identify potential co-development partners).



## Capital Assets

- There were no significant changes in capital assets in the year 2000.

## Patents & Trademarks

- The PCT Patent Application received favorable response from The Hague, is currently being reviewed in various countries in our target markets.
- A provisional application for Fabwall™ was made in the USA in June 2000.
- Trademarks have been received for Fastfoot®, Fastfabric®, and Fastbag®

## Deferred Development Costs

- Development expenditures have continued with both the Fastfoot® (footing forms) and Fabwall™ (fabric wall forming system).
  - The steel Fast-Yoke™ has undergone four revisions, including a curb-yoke™ system for use on uneven ground;
  - A Fast-Float™ has been developed to enable accuracies of 1/16" in footing accuracy using the Fastfoot® System;
  - Significant progress has been made on Fabwall™ as described elsewhere.
- On October 26, 2000 the Company announced that it has been awarded a contribution of \$21,000 by the B.C. Information, Science and Technology Agency's Technology Assistance Program (TAP). The funds are being used to finance the research and development of Fabwall™, an innovative new forming system for concrete foundation walls, which will incorporate Fastfoot's patent-protected fabric forming technology.

## Share Capital

- As of May 15<sup>th</sup>, 2001, there were 1,045,000 options outstanding, with an exercise price per share of \$0.15. There were no warrants outstanding as of the same date.

## Revenue and Expenses

- **Sales** totaled \$171,014 for 2000, an **increase of 22.5%** compared to the restated sales of \$139,547 for 1999. Sales were significantly constrained by Fastfoot's inability to hire sales personnel due to the lack of funding.
- **Gross profits rose 64%** to \$69,872 for 2000, yielding a gross margin of 41%. This compares with a 1999 gross profit of \$42,615, reflecting a gross margin of 31%. This increase in gross margin reflected lower manufacturing costs and higher sales.
- **Operating expenses** for 2000 totaled \$259,427, **down 19%** compared to 1999 operating expenses of \$321,476. Details are as follows:
  - Wages were reduced substantially by reducing staffing levels to a minimum;
  - Marketing and advertising levels were also reduced substantially.
  - The use of existing dealers and the Company's '800' number eliminated training expenses.
- The Company's overall operating loss of \$189,555 for 2000 is down 32% compared to a 1999 operating loss of \$278,861.

## LEGAL ISSUES & CONTINGENT LIABILITIES

- During the year, a former Director and Officer ("the plaintiff") initiated a garnishee order against the Company to have \$64,500 returned to him which he alleged was advanced as a loan to the Company. In an oral judgment in the Supreme Court of British Columbia, the Master set aside the garnishee order, with costs to the defendant. The Company believes

these funds were advanced for the exercise of warrants, and reports them on the balance sheet as an "Obligation to Issue Shares" for \$63,500.

## MATERIAL CONTRACTS

- There were no material contracts in 2000.

## INVESTOR RELATIONS

- On April 27th, 2000, the Company discontinued the Agreement for Investor Relations' Services with Mr. Doug Morneau of Rhino Marketing Inc. On Nov. 9, 2000 the Company retained Communications Capital Group Inc. (Mr. Gary Lamphier, President) of Surrey, BC to provide investor relations services to the Company.

## SUBSEQUENT EVENTS

### *Significant Improvement in 2001 Year-To-Date Operating Results*

- The Company has shown significant improvement in operating results up to early May 2001.
  - ✓ Unaudited year-to-date **sales are up more than 150%** compared with 2000;
  - ✓ Unaudited year-to-date **operating expenses have dropped 56%** compared with 2000;
  - ✓ Even more significant, the **increased demand for products** has occurred despite the fact that the Company has been severely undercapitalized, which has significantly limited the scope of Fastfoot's marketing, advertising and sales activities.

### *Solution to the Audit Issue*

- On March 12, 2001 the Company issued a news release indicating that its auditors, Staley, Okada, Chandler & Scott, in the course of conducting the audit for the fiscal year ended Dec. 31, 2000 had identified a number of accounting issues pertaining to Fastfoot's audited financial statements for the year ended Dec. 31, 1999. The auditors advised Fastfoot that it could not proceed with the Company's fiscal 2000 audit until the issues pertaining to the Company's 1999 financial statements were satisfactorily resolved. With the release of the 2000 audited statements, this issue has now been **satisfactorily resolved**.

### *Significant Progress on Fabwall™*

- On January 16<sup>th</sup> the Company completed a successful proof-of-concept demonstration at the Lafarge Canada Inc. facility in Surrey, BC to test the basic concept of fabric forming for concrete walls and to assess a variety of related technical performance issues.
- On February 23<sup>rd</sup>, the Company completed a successful demonstration of its second generation Fabwall™ prototype, the company's revolutionary new polyfabric-based wall forming system, using rigid insulation in combination with the fabric.
- A PCT patent application is currently underway for Fabwall™, utilizing a provisional patent applied for in June of 2000.

### *Appointment of Key Technical Advisor*

- On February 5th, the Company announced that former Dow Chemical Co. senior executive L. Dennis McKeever has been retained as a key technical adviser to the Company. Dr. McKeever plays a leadership role in overseeing the development programs for Fastfoot's Fastfabric® DPM and Fabwall™ product candidates, which are targeted at markets with a total value of approximately \$7.3 billion. Mr. McKeever served as Senior Vice President, worldwide Plastics R&D for Dow Chemical Co. from 1990 to 1995, and as Vice President of Dow Chemicals' Polyolefins and Elastomers Business from 1987 to 1990.