

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

Incorporated as part of:

	Schedule A
X	Schedules B & C

ISSUER DETAILS:

Name of Issuer: Fastfoot Industries Ltd.
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For Quarter Ended: March 31st, 2001
Date of Report: May 30, 2001

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.

<i>“Richard Fearn”</i>	Richard Fearn	Date – May 30th, 2001
<i>“Tom Blondal”</i>	Tom Blondal	Date – May 30th, 2001

SCHEDULE B – YEAR 2000

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).
 - ✓ **Phase IV** – Commercial partnerships with key manufacturers and/or distributors; finalize income sharing or royalty fee structure.

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Working Capital

- ➔ The company's working capital deficiency as at 31 March 2001 was \$198,280. An analysis of the accounts payable shows the following:
 - Less than 60 days 26%
 - 61 to 90 days 3%
 - Greater than 90 days 71%
- ➔ The status of the payables greater than 90 days is:
 - Professional fees with payment arrangements 25%
 - Other payables with payment arrangements 60%
 - Payables paid as of May 15, 2001 5%
 - Payables under question 10%
- ➔ All suppliers of cost of goods sold materials are current except one, and arrangements have been made with that supplier for the continued supply of product.
- ➔ 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.

Capital Assets

- ➔ Capital assets increased \$22,876 during the period, compared with \$47,025. This slowdown reflected the Company's desire to focus on sales.

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 15th, 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 \$62,169 for the first quarter of 2001, **over double that of 2000**. Sales are significantly constrained by Fastfoot's inability to hire sales personnel due to the lack of funding.
- ➔ Gross margins declined slightly from 43.1% in 2000 to 35.6% this quarter, primarily the result of removing marketing materials from inventory and expensing them during the period.
- ➔ **Operating expenses** for the period totaled \$48,595, **down over one half** from \$105,813 in 2000. 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 \$26,496** for this period is **76% less** than in 2000 (\$93,883).

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 (May 15, 2001) **sales are up more than 150%** compared with 2000;
 - ✓ Unaudited year-to-date (May 15, 2001) **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.

Significant Progress on Fabwall™

- ➔ On January 16th 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 23rd, 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.