

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

Incorporated as part of:

	Schedule A
X	Schedules B & C

ISSUER DETAILS:

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For Quarter Ended: June 30th, 2001
Date of Report: August 28, 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: August 28 th , 2001
<i>“Herb Bentz”</i>	Herb Bentz	Date: August 28 th , 2001

SCHEDULE B – SECOND QUARTER, 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

Financial Analysis

- For the first half of 2001, sales increased 87% to \$124,597, compared to restated sales of \$66,541 for the first half of 2000. For the second quarter, sales increased 60% to \$62,428, compared to restated sales of \$38,886 for 2000.
- For the first half of 2001, gross profits increased 87% to \$57,082 compared to 2000 gross profits of \$30,395, with gross margins remaining at 46%. For the second quarter of 2001, gross profits rose 89% to \$34,983, yielding a gross margin of 56%. This compares with a gross profit of \$18,465 and a gross margin of 47% for the prior-year period.
- Operating expenses declined 38% for the first half of 2001 to \$101,627, compared to \$165,181 for the first half of 2000. For the second quarter, operating expenses totaled \$53,031, a decline of 10% from \$59,366 for 2000.
- Final net loss for second quarter totaled (\$8,312) or (\$0.001) per share, an improvement of 80% compared to a net loss of (\$40,901) or (\$0.003) per share for the second quarter of 2000. For the first six months of 2001, Fastfoot recorded a net loss of (\$34,809) or (\$0.002) per share, improved 75% from (\$138,502) or (\$0.009) per share for the first half of 2000.
- The operating and financial performance continues to show steady improvement, despite a major slowdown in the North American economy and a lack of access to capital, which has severely handicapped growth. As a result of limited resources the company has reduced its sales target for 2001 to \$250,000 from \$500,000.
- The company's working capital deficiency as at 30 June 2001 was \$234,681.
 - All suppliers of cost of goods sold materials are current, with a co-development arrangement with one supplier.
 - 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 application for Fabwall™ was filed on June 22nd. This application bootstraps on the provisional application for Fabwall™ made in the USA in June 2000. This is an outstanding achievement given the financial constraints under which the Company is operating. With a market potential of over \$7 billion, it is essential for the Company to protect its technology.

Research and Development

- Since the start of the year, development expenditures have continued on both Fastfoot® (footing forms - \$11,169) and Fabwall™ (fabric wall forming system - \$35,505).
- A prototype EPS mold was developed for Fabwall™ wherein the EPS (expanded polystyrene) was molded between the fabric and drop stitches. On June 15th, this mold was filled with EPS and tested. The mold demonstrated that the technology is entirely viable, and steps are being taken to improve the mold design to ensure the adequate transmission of steam throughout the mold.

Sales Progress

- Since the start of this year, the Company has recognized that significant market opportunities exist in the **commercial sector** of the construction market. As footings get deeper, the savings achieved by using fabric increase dramatically.
 - **Circular Footings:** An innovative dealer in Alaska, Polar Fusion Products, LLC, developed a new market for Fastfoot®, circular footings for tanks and agricultural buildings. This application brings dramatic savings to the contractor (labour is 1/3 of that required with using conventional lumber). This dealer has completed four large commercial/public works tanks using Fastfoot®.

- **Footings for MSE Walls:** Peter Kiewit & Sons Company Ltd. has been using Fastfoot® for a three mile project in Vancouver, with significant labour savings. The company is using this project to obtain additional MSE (mechanically stabilized earth) footer projects around North America.
 - **Wider and deeper footings:** A contractor in Washington State recently completed a 6' 2" wide by 14" deep footer for a large foundation wall. As well, a contractor in Virginia recently poured a 24" deep footing. Both these applications demonstrate the capability of Fastfoot® in the commercial sector of the concrete forming market.
- The first Fast-Floats™ were sold into the market place with favorable reviews. The market strategy is under development.

LEGAL ISSUES & CONTINGENT LIABILITIES

- During the previous 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 the quarter.

INVESTOR RELATIONS

- Mr. Gary Lamphier, President, Communications Capital Group, Inc., Surrey, BC continues to provide investor relations services to the Company.

SUBSEQUENT EVENTS

PCT Patent on Fastfoot® Technology

- On August 8th, the USA Patent Office issued a Notice of Allowability for the US Patent Application Serial No. 09/472,770.

Director resigns

- On August 10th, Mr. Tom Blondal resigned from the board due to personal reasons. The Company thanks Mr. Blondal for his efforts over the past eighteen months.

Share Capital

- On August 28, 2001, there were 845,000 options outstanding.