

TRIANTECHNOLOGIES INC.

2005 FIRST QUARTER REPORT

For the three months ended March 31, 2005

TRIANTECHNOLOGIES INC.

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CORPORATE PROFILE

Triant Technologies Inc. is a leader in equipment health monitoring, advanced fault detection and sophisticated data analysis technology. Our primary industry focus is the semiconductor industry where we provide innovative APC (Advanced Process Control) software solutions that enable our customers to improve their productivity and lower their manufacturing costs. In addition to our work in the semiconductor industry, we are at an early stage in pursuing opportunities for our technology in the area of psychometrics, specifically in the area of offender risk management within the U.S. correctional system.

To address the market opportunity in the semiconductor industry, we have developed *ModelWare*[®], a complete equipment health monitoring and advanced fault detection software solution. Leading semiconductor companies are using *ModelWare* to improve their competitive advantage in manufacturing integrated circuits (ICs).

The Company's core competencies include:

- Equipment fault detection using simple and advanced statistical modeling techniques, which includes using our *UPM*[™] (Universal Process Modeling) technology, an advanced mathematical algorithm that can be used to model the behaviour of any correlated system or process
- Real-time data acquisition from complex semiconductor equipment using HSMS/SECS or hardware-based interfaces
- Development of robust, scaleable and high-reliability software systems
- Knowledge of semiconductor processes and factory operations
- Psychometric theory, testing techniques, and practices
- Knowledge of U.S. Department of Corrections operations and practices

The Company's *ModelWare* product provides a commercially available, real-time, multivariate equipment health monitoring and advanced fault detection software solution to the semiconductor industry, by virtue of its technology, deployment experience and expertise in equipment health monitoring and advanced fault detection principles and techniques.

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TRIAINT TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2005

Dated April 21, 2005

Forward-looking Statements

This Management's Discussion and Analysis (the "MD&A") contains forward-looking statements about Triant Technologies Inc. (the "Company") and its business. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "anticipates," "believes," "intends," "estimates," "projects" and similar expressions, or that events or conditions "will," "may," "could" or "should" occur. Forward-looking statements are based on the beliefs, opinions and expectations of the Company's Management at the time they are made, and the Company does not assume any obligation to update its forward-looking statements if those beliefs, opinions or expectations, or other circumstances, should change. Readers should not place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A are subject to various risks, uncertainties and other factors that could cause the Company's actual results or achievements to differ materially from those expressed in or implied by forward-looking statements. These risks, uncertainties and other factors include, without limitation: the Company's ability to achieve the goals and satisfy the assumptions of management; the availability and cost of financing; the demand for the Company's products; the development of competing technologies and the possibility of increased competition; the effect of economic trends and conditions in the markets that the Company and its customers serve; risks associated with technical difficulties or delays in product introductions, improvements, implementations, product development, product pricing or other initiatives of the Company and its competitors; factors that may result in a reduction in capital expenditures and/or delayed buying decisions affecting demand for the Company's products; the threat or reality of war in certain of the Company's geographic markets; currency fluctuations; the possibility that the Company will pursue additional development projects or other business opportunities; and other factors more specifically set forth under "Item 5.2. Risk Factors" in the Company's Annual Information Form (Form 51-102F2) dated March 24, 2005.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the audited Consolidated Financial Statements of the Company for the year ended December 31, 2004 and the unaudited Interim Consolidated Financial Statements for the three months ended March 31, 2005. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). All figures herein are expressed in Canadian dollars unless otherwise noted.

A. Operating Results

General

The nature of operations is outlined within Note 1 to the audited Consolidated Financial Statements of the Company for the year ended December 31, 2004. The Company develops, markets, and supports equipment health monitoring, advanced fault detection and sophisticated data analysis technology. The revenue of the Company is derived principally from the sale of software licenses, products and services, including software updates and maintenance services provided pursuant to annual service agreements. The Company currently derives revenue primarily from a limited number of customers in the semiconductor industry. As these customers are geographically dispersed and the Company closely monitors credit granted to each customer, credit risks are considered to be minimal. The Company identifies Canada as the primary economic environment in which it operates and uses the Canadian dollar as its functional currency. A substantial amount of the revenue of the Company and receivables are denominated in U.S. dollars. The Company translates revenue and the related receivable at the prevailing exchange rate at the time of the sale. Funds denominated in U.S. dollars are translated into

Canadian dollars at the rate in effect on the balance sheet date. Translation gains and losses resulting from variations in exchange rates, upon translation into Canadian dollars, are included in results of operations.

The principal product of the Company, ModelWare, is priced and sold only in U.S. dollars due to the adoption of a common software industry practice of billing worldwide customers in U.S. dollars. This policy of invoicing in U.S. dollars introduces a price risk from exposure to fluctuations in foreign exchange rates. Any increase in the relative value of the U.S. dollar to the Canadian dollar would increase revenue and decrease the net loss of the Company as the majority of the expenses of the Company are denominated in Canadian dollars. Any decrease in the relative value of the U.S. dollar to the Canadian dollar would decrease revenue and increase the net loss of the Company. For example, if the relative value of the U.S. dollar to the Canadian dollar had increased (decreased) by an additional 1.0% for the three months ended March 31, 2005, then revenue would have increased (decreased) by approximately 1.0% or \$15,000, costs and expenses would have increased (decreased) by approximately 0.1% or \$3,500, loss from operations would have decreased (increased) by \$11,500 and net loss would have decreased (increased) by \$11,500. The Company does not hedge foreign currency transactions nor funds held and denominated in U.S. dollars.

The operations of the Company are sensitive to fluctuations in revenue as the base of expenses is relatively fixed over the short-term. The Company has developed and continually seeks to refine its management practices to allow initiation of timely corrective actions if operating results fail to reach pre-determined objectives.

Critical Accounting Policies and Significant Estimates

The significant accounting policies are outlined within Note 2 to the annual Consolidated Financial Statements of the Company. Some of those accounting policies require the Company to make estimates and assumptions that affect the amounts reported by the Company. The following items require the most significant judgment and may involve complex estimation:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. Estimates are used for, but not limited to, accounting for doubtful accounts, determination of the net recoverable value of assets, determination of the fair value of multiple element revenue arrangements, amortization, income taxes, and contingencies. Actual results may differ from those estimates. Inaccurate estimates or wrong assumptions may have a material effect on the financial condition and results of operations of the Company.

Research and development costs

Research costs are expensed when incurred. Under Canadian GAAP, development costs are capitalized to the extent that recovery of these costs is reasonably assured, and are amortized over the life of the related product. No development costs have been capitalized as at March 31, 2005 and December 31, 2004. The assessment of the extent to which development costs should be expensed or capitalized may have a material effect on the financial condition and results of operations of the Company.

Revenue recognition

Revenues from software license agreements are recognized upon delivery of software if persuasive evidence of an arrangement exists, collection is probable, the fee is fixed or determinable, and vendor-specific objective evidence exists to allocate the total fee to elements of the arrangement. Vendor-specific objective evidence is typically based on the price charged when an element is sold separately, or, in the case of an element not yet sold separately, the price established by authorized management, if it is probable that the

price, once established, will not change before market introduction. Elements included in multiple element arrangements could consist of software products, upgrades, enhancements, or customer support services. If an acceptance period is required, revenues are recognized upon the earlier of customer acceptance or the expiration of the acceptance period. The Company's agreements with its customers, value-added resellers and distributors do not contain product return rights (except for product defects). Where the Company enters into an arrangement directly with an end-user to deliver licenses and services, the revenue for these items is recognized ratably over the period of installation.

Service revenues are primarily related to training performed on a time-and-materials basis under separate service arrangements related to the use of the Company's software products. Revenues from services are recognized as services are performed.

Where the Company enters into arrangements which require customization of hardware bundled with software, the Company recognizes revenue upon delivery and acceptance by the customer where the fee is fixed or determinable and collection is reasonably assured. If the fee is not fixed or determinable due to the existence of extended payment terms, revenue is recognized periodically as payments become due, provided all other conditions for revenue recognition are met.

If a transaction includes both license and service elements, license fee revenues are recognized on shipment of the software, provided that services do not include significant customization or modification of the base product, and the payment terms for licenses are not subject to acceptance criteria. Where installation services are essential to the functionality of the base product, then revenue is recognized on a percentage of completion basis over the period of installation. In cases where license fee payments are contingent on acceptance of services, the Company defers recognition of revenues from both the license and the service elements until the acceptance criteria are met. Deferred revenue on sales to distributors is recorded net of direct commissions paid.

Revenue related to maintenance agreements for supporting and maintaining the Company's products is recognized ratably over the term of the agreement, generally one year. Where the Company enters into arrangements for the sale of software licenses and maintenance, the Company accounts for such transactions as multiple element arrangements and allocates the consideration received to each element, based on vendor specific objective evidence of the price charged for elements separately. As a result, revenues recognized from maintenance and license agreements may vary depending on the allocation determined by the Company.

These revenue recognition policies and related estimates may have a material effect on the financial condition and results of operations of the Company.

Warranty

A provision for potential warranty claims is provided for at the time that the sale is recognized, based on warranty terms, and prior experience. While these estimates are determined based on product history, as well as an assessment of the potential for future claims, actual claims may have a material adverse effect on the financial condition and results of operations of the Company.

Summary of Selected Quarterly Operating Results

The summary of selected quarterly operating results set forth below is derived in part from the interim Consolidated Financial Statements of the Company. This information should be read in conjunction with such interim Consolidated Financial Statements that have been prepared in accordance with Canadian GAAP.

	2005 Q1	2004 Q4	2004 Q3	2004 Q2	2004 Q1	2003 Q4	2003 Q3	2003 Q2
Revenue	\$1,524,513	\$ 844,258	\$ 1,637,944	\$ 779,480	\$ 1,062,189	\$ 2,170,791	\$ 1,896,313	\$ 1,438,808
Net loss	\$(169,320)	\$(1,550,709)	\$(1,152,120)	\$(1,410,554)	\$(896,891)	\$ 213,635)	\$(477,651)	\$(894,888)
Loss per share, basic and diluted	\$ 0.00	\$ (0.04)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)

Quarterly revenue varies due to lengthy sales cycles, coupled with the fact that the industry is characterized by a relatively small number of semiconductor manufacturers. Quarterly net earnings (loss) vary primarily as a function of revenue, as well as changes in cost of revenue due to the distribution channel mix and the product and services mix; changes in operating expenses due to staffing levels and other operating expenses and changes in interest and other due to foreign exchange gains or losses that resulted from changes in the relative value of the Canadian dollar to the U.S. dollar on working capital denominated in U.S. dollars.

Operating Results

Revenue for the three months ended March 31, 2005 was \$1,524,513 compared to \$1,062,189 for first quarter of 2004. The revenue of the Company is derived principally from the sale of software licenses, hardware products, and related services, including software updates and maintenance services provided pursuant to annual service agreements, man-on-site agreements, and custom systems integration software development services. During the first quarter of 2005, revenue from the sale of licenses and products was higher by 21% than in the first quarter of 2004 and revenue from services and maintenance provided by the Company's systems integration and customer support groups was higher by 90% than in the first quarter of 2004 for a net increase in revenue of 44% overall for the first quarter of 2005 due to additional maintenance contracts, increased revenue from systems integration services and the effect of the change in the Company's distribution business model in Korea during 2004 to provide direct customer service and support through its Korean subsidiary (which was incorporated during the second quarter of 2004) instead of through its Korean distributor (who continues to provide a sales agent function). Despite the constraints of its customers and the continuing challenges of the semiconductor markets, the Company has continued to pursue the sale of fab-wide licenses of ModelWare and service and maintenance contracts and related products with leading semiconductor manufacturers, primarily in Asia and secondarily in Europe and the United States. APC (Advanced Process Control) solutions are still characterized by lengthy sales cycles, due in part to the strategic importance of these solutions, especially in 300mm fabs where APC has become a necessity. During the first quarter ended March 31, 2005, the Company received \$1.1 million in new orders compared to \$1.1 million for the first quarter of 2004. The Company ended the first quarter of 2005 with \$1.3 million in total of deferred revenue and backlog (defined as the unbilled portions of purchase orders received from customers, which is a non-GAAP measure that may not be comparable to other companies) compared to \$0.5 million at the end of the first quarter of 2004.

Cost of revenue for the three months ended March 31, 2005 was \$342,052 compared to \$184,272 for the first quarter of 2004. These costs consist primarily of commissions, salaries and benefits, travel, allocated overhead costs, freight and brokerage and other costs directly associated with revenue. Gross margin and gross margin percentage for the first quarter of 2005 were \$1,182,461 and 78%, respectively,

compared to \$877,917 and 83%, respectively, for the first quarter of 2004. The slight decrease in gross margin percentage was attributable to the combined effect of changes in the distribution channel mix and the product and services mix.

Operating expenses for the three months ended March 31, 2005 were \$1,428,413 (including non-cash stock-based compensation expense of \$56,468) compared to \$1,830,409 (including non-cash stock-based compensation expense of \$113,559) for the first quarter of 2004. The 22% decrease in operating expenses for the first quarter of 2005 compared to the first quarter of 2004 was attributable to decreased research and development expenses; selling, general and administrative expenses; and stock-based compensation expense.

Research and development expenses for the three months ended March 31, 2005 were \$733,271 compared to \$771,584 for the first quarter of 2004. The 5% decrease in research and development expenses for the first quarter of 2005 compared to the first quarter of 2004 was attributable to decreased personnel and related costs. Development work in the first quarter of 2005 continued to be focused on increasing ModelWare functionality; improving availability and reliability; and enhancing usability. Research and development expenses represented the largest expense category for the Company in the first quarter of 2005 and the second largest expense category in the first quarter of 2004. With continuing technological change and competitive pressures characterizing the markets for the Company's products and services, the Company expensed costs relating to research and development, as recovery of such costs from future revenue was not assured.

Selling, general and administrative expenses for the three months ended March 31, 2005 were \$638,674 compared to \$945,266 for the first quarter of 2004. The 32% decrease in selling, general and administrative expenses in the first quarter of 2005 compared to the first quarter of 2004 was attributable to the consolidation of office facilities with the closure of the Company's facilities in Nanaimo, British Columbia and related costs during 2004 and a reduction of personnel expenses and related accruals. Selling, general and administrative expenses represented the second largest expense category in the first quarter of 2005 and the largest expense category in the first quarter of 2004.

Loss from operations for the three months ended March 31, 2005 was \$245,952 (including non-cash stock-based compensation expense of \$56,468) compared to \$952,492 (including non-cash stock-based compensation expense of \$113,559) for the first quarter of 2004. The 74% decrease in loss from operations in the first quarter of 2005 compared to the first quarter of 2004 was primarily a result of higher gross margin combined with lower operating expenses.

Net loss for the three months ended March 31, 2005 was \$169,320 (including the effect of non-cash stock-based compensation expense of \$56,468) compared to a net loss of \$896,891 (including non-cash stock-based compensation expense of \$113,559) for the first quarter of 2004. This change reflected the significantly decreased loss from operations, as well as the favourable effect of foreign exchange gains of \$58,448 for the first quarter of 2005 compared to foreign exchange gains of \$20,120 for the first quarter of 2004 that resulted from changes in the relative value of the Canadian dollar to the U.S. dollar on working capital denominated in U.S. dollars.

Loss per share for the three months ended March 31, 2005 was \$0.00 compared to a loss per share of \$0.02 for the first quarter of 2004. This change resulted from the decreased net loss.

The Company believes the market for APC solutions is strong. For 40 years the semiconductor industry has sustained a remarkable growth due to a variety of design and manufacturing improvements that have resulted in the proliferation of electronics. However, the industry is facing some tough challenges, which include: increasingly complex factories due to the rapid changes in semiconductor technologies, business requirements and market conditions; the efficiency of the equipment used to manufacture chips is not keeping up with industry-specific targets, which has a significant impact on capital and operating costs; and with respect to the conversion to 300mm factories, the industry must quickly ramp 300mm production to high volumes and it must achieve its efficiency targets. APC can help the semiconductor industry meet these and other challenges it currently faces. APC for the semiconductor industry is the Company's primary business.

B. *Liquidity and Capital Resources*

As at March 31, 2005, cash and cash equivalents were \$3,515,727 compared to \$2,813,563 as at December 31, 2004; working capital was \$3,598,539 compared to \$3,677,420 at December 31, 2004; assets were \$5,647,909 compared to \$6,544,492 at December 31, 2004; and shareholders' equity was \$4,100,243 compared to \$4,213,095 at December 31, 2004.

As at March 31, 2005, 32.0% of cash and cash equivalents were denominated in U.S. dollars compared to 10.7% as at December 31, 2004 and 99.7% of trade accounts receivable were denominated in U.S. dollars compared to 99.8% as at December 31, 2004 (since the Company invoices its products primarily in U.S. dollars). Any increase (decrease) in the relative value of the U.S. dollar to the Canadian dollar would increase (decrease) cash and cash equivalents and would impact the net earnings of the Company. For example, if the relative value of the U.S. dollar to the Canadian dollar had increased (decreased) by an additional 1.0% for the year ended December 31, 2004, then cash and cash equivalents would have increased (decreased) and net loss would have decreased (increased) by approximately \$11,000 and accounts receivable would have increased (decreased) and net loss would have decreased (increased) by approximately \$13,000. The Company does not hedge funds denominated in U.S. dollars.

During the three months ended March 31, 2005, the Company had a net inflow of cash and cash equivalents of \$702,164 compared to a net outflow of \$619,454 for the first quarter of 2004. In the first quarter of 2005, cash and cash equivalents were provided by operating activities (inflow of \$706,415) and used in investing activities for property, plant and equipment (outflow of \$4,251). The principal components for operating activities include an outflow of \$169,320 for net loss for the first quarter of 2005 (plus items not affecting cash, which consisted of amortization of \$38,222 and non-cash stock-based compensation expense of \$56,468) and an inflow of \$781,045 for changes in operating assets and liabilities, primarily consisting of an inflow of \$1,533,726 resulting from collections of accounts receivable partially offset by outflows \$166,289, \$381,363 and \$236,079 resulting from decreases in accounts payable due to the timing of purchases, accrued liabilities due to management estimates for accruals, and deferred revenue due to the timing of revenue recognition for licenses, products, services and maintenance contracts, respectively. In the first quarter of 2004, cash and cash equivalents were used in operating activities (outflow of \$583,979), resulted from financing activities for the issuances of common shares (inflow of \$1,690) and used in investing activities for property, plant and equipment (outflow of \$37,165). The principal components for operating activities include an outflow of \$896,891 for net loss for the first quarter of 2004 (less items not affecting cash, which consisted of amortization of \$40,558 and non-cash stock-based compensation expense of \$113,559) and an inflow of \$158,795 for changes in operating assets and liabilities, primarily consisting of an inflow of \$1,453,632 resulting from collections of accounts receivable partially offset by outflows of \$656,591 and \$752,689 resulting from decreases in accounts payable and accrued liabilities due to the timing of purchases and management estimates for accruals, respectively.

During the first quarters ended March 31, 2005 and 2004, the distribution of securities has been a source of net cash for the Company for financing activities of \$Nil and \$1,690, respectively. In the first quarter of 2004, the Company issued common shares pursuant to stock option exercises that resulted in financing activities of \$1,690.

During the first quarters ended March 31, 2005 and 2004, the Company did not have any lines of credit or debt facilities.

The Company believes that its existing cash resources are sufficient to fund expected capital and operating requirements for the next 12 months. The Company intends to use its existing cash resources to fund research and development; to fund new business development programs, including sales and marketing of existing and new products; and for general corporate purposes, including possible future acquisitions and investments. There is no assurance that the Company will earn sufficient revenue to maintain future operations and fund the growth of the Company. Consequently, the Company may raise

additional funds through financings in the future in order to take advantage of any growth opportunities, which may require a more rapid expansion, or acquisitions of complementary businesses or technologies, the formation of new alliances, the development of new products, and other responses to competitive pressures. There can be no assurance that additional financing will be available, if at all, on terms favourable to the Company. If such funds are unavailable or are not available on acceptable terms, the Company may be unable to maintain its future operations, take advantage of opportunities, develop new products, or otherwise respond to competitive pressures.

Contractual Obligations

As at March 31, 2005, the aggregate minimum future payments under operating leases and other commitments as at and for the years ended December 31 are as follows:

	As at and for the years ended December 31, (all amounts in Canadian Dollars)	
	2005	2006
Operating leases	\$ 96,819	\$ 54,377
Purchase obligations	213,594	-
Total contractual obligations	\$ 310,413	\$ 54,377

Off Balance Sheet Arrangements

None exist.

Transactions With Related Parties

None exist.

Proposed Transactions

None exist.

Capital Stock

As of January 1, 2004, the Company adopted, retroactively, the fair value based approach to Stock-based Compensation and Other Stock-based Payments, under the provisions of CICA 3870, using the Black-Scholes option-pricing model. Using this fair value method for stock-based compensation, the Company recorded an additional charge to earnings of \$56,468 and \$113,559 for the three months ended March 31, 2005 and 2004, respectively, for stock options granted to employees and directors. The fair values of options granted during the three months ended March 31, 2005 were determined using an option pricing model assuming no dividends were paid, a weighted average volatility of the Company's share price of 54% (March 31, 2004 – 86%), a weighted average expected life of 2.6 years (March 31, 2004 – 3.0 years) and a weighted average annual risk free rate of 3.30% (March 31, 2004 – 3.00%). The option valuation produced by the model is \$0.07 per share (March 31, 2004 – \$0.28 per share).

As at March 31, 2005, there were 41,407,875 common shares issued and outstanding and 5,731,000 options issued and outstanding at exercise prices ranging from \$0.15 to \$2.15 per share with remaining contractual lives ranging from 0.2 to 4.8 years.

As at April 21, 2005 (the date of this Management's Discussion and Analysis), there were 41,407,875 common shares issued and outstanding and 5,705,000 options issued and outstanding at exercise prices ranging from \$0.15 to \$2.15 per share with remaining contractual lives ranging from 0.2 to 4.7 years.

Last year, the Company announced on November 9, 2004 that it had filed a Form 15 in the United States with the Securities and Exchange Commission (the "SEC") to voluntarily terminate registration of the Company's common shares under the Securities Exchange Act of 1934, as amended (the "1934 Act"). This was a result of the Company having determined that the increasing financial cost and burden of meeting regulatory requirements in the United States had become excessive for a company of its size and stage of development. The Company believes that it is much better served by focusing all its financial and other resources on creating value for its shareholders. Upon the filing of the Form 15, the Company was no longer obligated to file with the SEC certain reports and forms under the 1934 Act, including, but not limited to, Forms 20-F and 6-K. In addition as of November 11, 2004, the common shares of the Company were no longer eligible for quotation on the OTC Bulletin Board (under symbol "TNTTF"). The Company continues to be listed on the Toronto Stock Exchange (under symbol "TNT").

Summary

The strategic goal of the Company is to be a market-leading provider of "best-of-breed" APC solutions for the semiconductor industry, with a primary focus on equipment health monitoring and advanced fault detection solutions. The demand for APC solutions appears to be strong and the Company believes it can achieve its revenue targets through the sales of ModelWare licenses, maintenance and support agreements, man-on-site agreements, and systems integration services. The Company also believes that for it to effectively compete with other and sometimes larger companies in the APC segment of the semiconductor industry, it must continue to invest in research and development and market development activities.

(Signed) Robert Heath

Chief Executive Officer

Vancouver, Canada

April 21, 2005

(Signed) Mark Stephens

Chief Financial Officer & Corporate Secretary

Interim Consolidated Financial Statements of

TRIANTECHNOLOGIES INC.

March 31, 2005

(Expressed in Canadian dollars)

TRIANTECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)

	March 31, 2005	December 31, 2004
Assets	(Unaudited)	(Unaudited)
Current		
Cash and cash equivalents	\$ 3,515,727	\$ 2,813,563
Accounts receivable, net		
Trade (net of allowance for doubtful accounts:		
March 31, 2005 and December 31, 2004 - \$Nil)	1,301,935	2,835,661
Other	12,781	20,877
Inventory (Note 2)	138,521	148,397
Prepaid expenses and deposits	177,241	190,319
Total current assets	5,146,205	6,008,817
Property, plant and equipment, net	501,704	535,675
Total assets	\$ 5,647,909	\$ 6,544,492
 Liabilities		
Current		
Accounts payable	\$ 126,405	\$ 292,694
Accrued liabilities	381,879	763,242
Deferred revenue	1,039,382	1,275,461
Total current liabilities	1,547,666	2,331,397
Commitments (Note 5)		
 Shareholders' equity		
Capital stock (Note 3)		
Preferred shares		
Authorized: 100,000,000 without par value		
Issued and outstanding: March 31, 2005 and December 31, 2004 - Nil		
Common shares		
Authorized: 100,000,000 without par value		
Issued and outstanding: March 31, 2005 and		
December 31, 2004 - 41,407,875		
	36,739,395	36,739,395
Contributed surplus	2,966,399	2,909,931
Deficit	(35,605,551)	(35,436,231)
Total shareholders' equity	4,100,243	4,213,095
Total liabilities and shareholders' equity	\$ 5,647,909	\$ 6,544,492

Approved by the Board of Directors:

(Signed) Robert Heath
Robert Heath, Director

(Signed) David L. Baird
David L. Baird, Director

TRIANTECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31,	
	2005	2004
Revenue		
Licenses and products	\$ 856,727	\$ 710,714
Services and maintenance	667,786	351,475
	<u>1,524,513</u>	<u>1,062,189</u>
Cost of revenue	342,052	184,272
Gross margin	<u>1,182,461</u>	<u>877,917</u>
Operating expenses		
Research and development	733,271	771,584
Selling, general and administrative	638,674	945,266
Stock-based compensation (Note 3)	56,468	113,559
	<u>1,428,413</u>	<u>1,830,409</u>
Loss from operations	(245,952)	(952,492)
Interest and other income (Note 7 (c))	76,632	55,601
Net loss for the period	<u>\$ (169,320)</u>	<u>\$ (896,891)</u>
Loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>41,407,875</u>	<u>41,405,975</u>

See accompanying Notes to the Consolidated Financial Statements.

TRIANT TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares		Contributed	Deficit	Total
	Shares	Amount	Surplus		
Balance at December 31, 2003	41,402,675	\$ 36,736,977	\$ 2,434,174	\$ (30,425,957)	\$ 8,745,194
Issued for cash					
Share Incentive Plan, options	5,200	2,418	(728)	-	1,690
Stock-based compensation (Note 3)	-	-	476,485	-	476,485
Net loss for the year	-	-	-	(5,010,274)	(5,010,274)
Balance at December 31, 2004	41,407,875	36,739,395	2,909,931	(35,436,231)	4,213,095
Stock-based compensation (Note 3)	-	-	56,468	-	56,468
Net loss for the period	-	-	-	(169,320)	(169,320)
Balance at March 31, 2005	<u>41,407,875</u>	<u>\$ 36,739,395</u>	<u>\$ 2,966,399</u>	<u>\$ (35,605,551)</u>	<u>\$ 4,100,243</u>

See accompanying Notes to the Consolidated Financial Statements.

TRIANTECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31,	
	2005	2004
Operating activities		
Net loss for the period	\$ (169,320)	\$ (896,891)
Items not affecting cash		
Amortization	38,222	40,558
Stock-based compensation (Note 3)	56,468	113,559
Changes in operating assets and liabilities (Note 4)	781,045	158,795
Net cash provided by (used in) operating activities	706,415	(583,979)
Financing activity		
Common shares issued for cash, net of issue costs	-	1,690
Net cash provided by financing activity	-	1,690
Investing activity		
Acquisition of property, plant and equipment	(4,251)	(37,165)
Net cash used in investing activity	(4,251)	(37,165)
Net cash inflow (outflow)	702,164	(619,454)
Cash and cash equivalents, beginning of period	2,813,563	7,354,044
Cash and cash equivalents, end of period	\$ 3,515,727	\$ 6,734,590
Cash and cash equivalents are comprised of:		
Cash	\$ 2,941,911	\$ 3,583,925
Cash equivalents	573,816	3,150,665
	\$ 3,515,727	\$ 6,734,590

See accompanying Notes to the Consolidated Financial Statements.

TRIAINT TECHNOLOGIES INC.
Notes to the Interim Consolidated Financial Statements
March 31, 2005
(Expressed in Canadian Dollars)
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include all information and footnote disclosures required under Canadian generally accepted accounting principles for interim financial statements. In the opinion of management, all adjustments (consisting primarily of normal recurring adjustments) considered necessary for a fair presentation of the consolidated financial position, results of operations and cash flows as at March 31, 2005, and for all periods presented, have been included.

The unaudited consolidated balance sheets, statements of operations and shareholders' equity and statements of cash flows have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These financial statements follow the same accounting policies and methods of applications as the most recent annual consolidated financial statements dated December 31, 2004. These financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto for the fiscal year ended December 31, 2004.

2. INVENTORY

As at March 31, 2005, work-in-progress inventory of \$96,521 (December 31, 2004 – \$106,397) is valued on a percentage of completion basis based on cost and finished goods inventory of \$42,000 (December 31, 2004 – \$42,000) is valued at the lower of cost and estimated net realizable value.

3. CAPITAL STOCK

As of January 1, 2004, the Company adopted, retroactively, the fair value based approach to Stock-based Compensation and Other Stock-based Payments, under the provisions of CICA 3870, using the Black-Scholes option-pricing model. Using this fair value method for stock-based compensation, the Company recorded an additional charge to earnings of \$56,468 and \$113,559 for the three months ended March 31, 2005 and 2004, respectively, for stock options granted to employees and directors. The fair values of options granted during the three months ended March 31, 2005 were determined using an option pricing model assuming no dividends were paid, a weighted average volatility of the Company's share price of 54% (March 31, 2004 – 86%), a weighted average expected life of 2.6 years (March 31, 2004 – 3.0 years) and a weighted average annual risk free rate of 3.30% (March 31, 2004 – 3.00%). The option valuation produced by the model is \$0.07 per share (March 31, 2004 – \$0.28 per share).

As at March 31, 2005, there were 5,731,000 options issued and outstanding at exercise prices ranging from \$0.15 to \$2.15 with remaining contracted lives ranging from 0.2 to 4.8 years.

As at April 21, 2005, there were 5,705,000 options issued and outstanding at exercise prices ranging from \$0.15 to \$2.15 with remaining contractual lives ranging from 0.2 to 4.7 years.

TRIANTECHNOLOGIES INC.
Notes to the Interim Consolidated Financial Statements
March 31, 2005
(Expressed in Canadian Dollars)
(Unaudited)

4. CHANGES IN OPERATING ASSETS AND LIABILITIES

The effect on cash flows from changes in operating assets and liabilities is as follows:

	<u>Three months ended March 31,</u>	
	<u>2005</u>	<u>2004</u>
Accounts receivable		
Trade	\$ 1,533,726	\$ 1,453,632
Other	8,096	(6,043)
Inventory	9,876	39,210
Prepaid expenses and deposits	13,078	9,457
Accounts payable	(166,289)	(656,591)
Accrued liabilities	(381,363)	(752,689)
Deferred revenue	(236,079)	71,819
	<u>\$ 781,045</u>	<u>\$ 158,795</u>

5. COMMITMENTS

As at March 31, 2005, aggregate minimum future payments under operating leases and other commitments for the years ended December 31 are as follows:

2005	\$ 310,413
2006	<u>54,377</u>
	<u>\$ 364,790</u>

TRIAINT TECHNOLOGIES INC.
Notes to the Interim Consolidated Financial Statements
March 31, 2005
(Expressed in Canadian Dollars)
(Unaudited)

6. SEGMENTED AND OTHER INFORMATION

- (a) The Company operates in one segment for developing, marketing and supporting equipment health monitoring, advanced fault detection and sophisticated data analysis technology.

Information related to geographical areas is as follows:

	Three months ended March 31,	
	2005	2004
Revenue		
Asia	\$ 1,292,910	\$ 960,611
Europe	25,354	76,224
United States	206,249	25,354
	\$ 1,524,513	\$ 1,062,189

The Company attributes revenue among geographical areas based on the location of its customers. Long-lived assets consist of property, plant and equipment, substantially all of which are located in Canada.

7. FINANCIAL INSTRUMENTS

- (a) *Fair value*

The Company has financial instruments, which include cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities. The carrying value of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities approximates fair value as at March 31, 2005 and December 31, 2004.

- (b) *Concentration of credit risk, economic dependence and related party transactions*

The Company currently derives revenue primarily from customers in the semiconductor industry. These customers are geographically dispersed and the Company closely monitors credit granted to each customer. Therefore, credit risks are considered to be minimal. Revenue for the three months ended March 31, 2005 includes \$1,234,776 (81.0%) from sales to three customers (March 31, 2004 – \$ 976,879 (92.0%) from sales to three customers). The Company invests its excess cash principally in money market funds and investment grade securities. The Company has established guidelines relative to diversification and maturities that maintain safety and liquidity.

TRIANTECHNOLOGIES INC.
Notes to the Interim Consolidated Financial Statements
March 31, 2005
(Expressed in Canadian Dollars)
(Unaudited)

7. FINANCIAL INSTRUMENTS (Continued)

(c) Price risk

The Company undertakes transactions denominated in foreign currencies (mainly in United States dollars) and as such is exposed to price risk due to fluctuations in foreign exchange rates. During the three months ended March 31, 2005 – 100.0% (\$1,524,513) and March 31, 2004 – 100.0% (\$1,062,189) of the Company's revenue was denominated in United States dollars. As at March 31, 2005 – 99.7% (\$1,297,605) and December 31, 2004 – 99.8% (\$2,831,330) of trade accounts receivable was denominated in United States dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Interest and other income for the three months ended March 31, 2005 include \$58,448 of foreign exchange gains (March 31, 2004 - \$20,120 of foreign exchange gains).

TRIANTECHNOLOGIES INC.

Corporate Directory

As at April 21, 2005

Other Information

BOARD OF DIRECTORS

David Baird ⁽¹⁾⁽⁴⁾

Richard Deininger ⁽²⁾

Brian Harrison ⁽²⁾⁽³⁾
CHAIRMAN OF THE BOARD

Robert Heath
CHIEF EXECUTIVE OFFICER

Paul O'Sullivan
PRESIDENT AND CHIEF OPERATING OFFICER

Brian Piccioni ⁽²⁾⁽⁴⁾

Doug Smeaton

- (1) CHAIRMAN OF AUDIT COMMITTEE
- (2) MEMBER OF AUDIT COMMITTEE
- (3) CHAIRMAN OF CORPORATE GOVERNANCE COMMITTEE
- (4) MEMBER OF CORPORATE GOVERNANCE COMMITTEE
- (5) APPOINTED AS A DIRECTOR ON JANUARY 7, 2005

OFFICERS

Brian Harrison ⁽⁶⁾
CHAIRMAN OF THE BOARD

Robert Heath
CHIEF EXECUTIVE OFFICER

Paul O'Sullivan
PRESIDENT AND CHIEF OPERATING OFFICER

Mark Stephens
CHIEF FINANCIAL OFFICER AND CORPORATE SECRETARY

Francis St-Pierre
VICE PRESIDENT, WORLDWIDE SALES & MARKETING

Don Gayton
VICE PRESIDENT, ENGINEERING

- (6) NON-EXECUTIVE OFFICER

AUDITORS

Deloitte & Touche LLP
Vancouver, Canada

BANKERS

Bank of Montreal
Vancouver, Canada

SOLICITORS

Koffman Kalef
Vancouver, Canada

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
Vancouver, Canada

All dollar amounts in this Interim Report are in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

This Interim Report contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of numerous factors that may be beyond the Company's control. Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made.

TRADEMARKS

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