

British Columbia Securities Commission

QUARTERLY REPORT FORM 61

FOR QUARTER ENDED
00-06-30

DATE OF REPORT
00-07-31

NAME OF ISSUER
Triant Technologies Inc.

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CONTACT PERSON
Mark Stephens

CONTACT'S POSITION
Chief Financial Officer

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DIRECTOR'S FULL NAME
Paul O'Sullivan

DIRECTOR'S SIGNATURE
"Paul O'Sullivan"

DATE SIGNED
00-07-31

DIRECTOR'S FULL NAME
David Baird

DIRECTOR'S SIGNATURE
"David Baird"

DATE SIGNED
00-07-31

TRIANTECHNOLOGIES INC.

Schedule A

Financial Information

For the six months ended June 30, 2000

See Attached Unaudited Consolidated Financial Statements

TRIANTECHNOLOGIES INC.

Consolidated Balance Sheets

June 30

(Expressed in Canadian Dollars)

(Unaudited)

	2000	1999
ASSETS		
CURRENT		
Cash and cash equivalents	\$12,755,949	\$ 2,318,588
Cash held in escrow	7,025,000	-
Accounts receivable	506,251	583,680
Share subscriptions receivable	-	13,461
Prepaid expenses and deposits	35,416	18,747
	20,322,616	2,934,476
Capital assets	152,465	91,458
	\$20,475,081	\$ 3,025,934
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 484,011	\$ 491,490
Deferred revenue	13,611	371,255
	497,622	862,745
Liability component of convertible debentures	-	495,404
	497,622	1,358,149
SHAREHOLDERS' EQUITY		
Equity component of convertible debentures	-	400,000
Special warrants	13,900,000	-
Share capital	20,749,782	14,874,354
Share subscriptions	-	21,250
Deficit	(14,672,323)	(13,295,647)
	19,977,459	1,667,785
	\$ 20,475,081	\$ 3,025,934

APPROVED BY THE BOARD OF DIRECTORS

(Signed) Paul J. O'Sullivan

Paul J. O'Sullivan, Director

(Signed) David L. Baird

David L. Baird, Director

TRIAN TECHNOLOGIES INC.
Consolidated Statements of Loss and Deficit

Six Months ended June 30
(Expressed in Canadian Dollars)

(Unaudited)

	2000	1999
REVENUE		
Products	\$ 674,656	\$ 293,358
Services	7,496	14,615
	682,152	307,973
COST OF REVENUE		
Products	177,116	69,293
Services	2,852	6,756
	179,968	76,049
GROSS MARGIN	502,184	231,924
EXPENSES		
Interest on convertible debentures	34,418	73,140
Research and development	571,513	364,562
Selling, general and administrative	774,087	527,669
	1,380,018	965,371
LOSS FROM OPERATIONS	(877,834)	(733,447)
OTHER INCOME	88,837	1,667
NET LOSS FOR THE PERIOD	(788,997)	(731,780)
Deficit, beginning of period	(13,883,326)	(12,896,039)
Deficit, end of period	\$ (14,672,323)	\$ (13,627,819)
Loss per share	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding during the period	25,314,753	18,496,252
Number of common shares issued and outstanding, end of period	29,849,675	22,005,325

TRIANTECHNOLOGIES INC.
Consolidated Statements of Cash Flows

Six Months ended June 30

(Expressed in Canadian Dollars)

(Unaudited)

	2000	1999
OPERATING ACTIVITIES		
Net loss for the period	\$ (788,997)	\$ (731,780)
Items not requiring cash		
Amortization	24,600	19,828
Accretion of liability component of convertible debentures	17,560	34,710
	(746,837)	(677,242)
Changes in operating assets and liabilities	(296,968)	(225,329)
	(1,043,805)	(902,571)
FINANCING ACTIVITIES		
Share capital, net of issue costs	4,933,720	3,083,289
Share subscriptions	(19,371)	(14,448)
Special warrants, net of issue costs	13,900,000	-
	18,814,349	680,588
INVESTING ACTIVITY		
Capital assets	(66,471)	(9,555)
Increase in cash and cash equivalents during the period	17,704,073	2,156,715
Cash and cash equivalents, beginning of period	2,076,876	161,873
Cash and cash equivalents, end of period	\$ 19,780,949	\$ 2,318,588
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Cash and cash equivalents	\$ 12,755,949	\$ 2,318,588
Cash held in escrow	7,025,000	-
	\$ 19,780,949	\$ 2,318,588
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid on convertible debentures	\$ 49,796	\$ 38,750
SUPPLEMENTAL NON-CASH FINANCING DISCLOSURE:		
Common shares issued on conversion of debentures	\$ 950,289	\$ -

TRIAINT TECHNOLOGIES INC.

Schedule B-1

Supplementary Information

For the six months ended June 30, 2000

ANALYSIS OF MAJOR COST AND EXPENSE CATEGORIES

Cost of revenue

Materials and other	\$	78,475
Salaries and benefits		101,493
	\$	<u>179,968</u>

Research and development

Amortization	\$	12,300
Materials and other		31,694
Occupancy, office and other		123,121
Salaries and benefits		404,398
	\$	<u>571,513</u>

Selling, general and administrative

Advertising and marketing	\$	155,539
Amortization		12,300
Occupancy, office and other		92,435
Professional fees		40,303
Salaries and benefits		302,209
Trade shows and travel		171,301
	\$	<u>774,087</u>

Aggregate amount of expenditures made to parties not at arm's length

During the six months ended June 30, 2000, the Company paid interest to directors of \$ 4,529 on convertible debentures with a face value of \$75,000.

TRIAnt TECHNOLOGIES INC.

Schedule B-2

Supplementary Information

For the second fiscal quarter ended June 30, 2000

(a) Securities issued during the period

Date of Issue	Number Issued	Type of Security	Type of Issue	Issue Price	Total Proceeds	Type of Consideration	Commission Paid
Note 1	2,938,250	Common shares	Note 1	Note 1	\$ 2,298,600	Cash	n/a
Note 2	157,500	Common shares	Note 2	Note 2	\$ 95,400	Cash	n/a
Note 3	500	Common shares	Note 3	Note 3	\$ 725	Cash	n/a
Note 4	9,375,000	Special Warrants	Note 4	\$1.60	\$15,000,000	Cash	Note 4
Note 4	468,750	Brokers' Warrants	Note 4	Note 4	Note 4	Note 4	Note 4

Note 1: Exercise of share purchase warrants issued under private placements of prior years:
2,938,250 common shares were issued during the quarter pursuant to the exercise of warrants at exercise prices ranging from \$0.50 to \$0.80 per share for total proceeds of \$2,298,600.

Note 2: Exercise of options issued under the Company's Share Incentive Plan:
157,500 common shares were issued during the quarter pursuant to the exercise of options at exercise prices ranging from \$0.55 to \$0.82 per share for total proceeds of \$ 95,400.

Note 3: Exercise of share purchase warrants issued under the Company's Employee Share Ownership Plan:
500 common shares were issued during the quarter pursuant to the exercise of warrants issued under the Company's Employee Share Ownership Plan at an exercise price of \$ 1.45 per share for total proceeds of \$725.

Note 4: On June 28, 2000, the Company issued, by way of private placement, 9,375,000 Special Warrants at a price of \$1.60 per Special Warrant for gross proceeds of \$15,000,000 (before estimated special warrant issue costs of \$1,100,000, including underwriters' fees of \$900,000). Each Special Warrant is exercisable at any time by the holder into one common share of the Company for no additional consideration until December 28, 2001. In the event that receipts for a final prospectus qualifying the issuance of common shares upon exercise of the Special Warrants are not issued by the applicable regulatory authorities by October 26, 2000, each Special Warrant will entitle the holder to acquire 1.08 common shares and 50% of each holder's Special Warrants will be repurchased by the Company. In addition, the Company issued 468,750 Special Brokers' Warrants to the underwriters as partial consideration for their services. Each Brokers' Special Warrant is exercisable into one Compensation Warrant which entitles the holder to acquire one common share at a price of \$1.60 per share until December 28, 2001. At June 30, 2000, \$7,025,000 is being held in escrow pending the filing and clearing of the related prospectus.

(b) Options granted during the period

Date of Grant	Number	Name of Optionee	Exercise Price	Expiry Date
Jun 9, 2000	5,000	Jamie Campbell	\$1.40	Dec 31, 2004
Jun 9, 2000	5,000	Mark Rousavy	\$1.40	Dec 31, 2004
Jun 9, 2000	5,000	Ben Wilson	\$1.40	Dec 31, 2004
Jun 9, 2000	25,000	Edward Dow	\$1.40	Dec 31, 2004
Jun 9, 2000	25,000	Jack Mott	\$1.40	Dec 31, 2004
Jun 29, 2000	22,500	David Baird	\$2.15	Jun 30, 2005
Jun 29, 2000	52,500	Bob Chamberlain	\$2.15	Jun 30, 2005
Jun 29, 2000	22,500	Robert Heath	\$2.15	Jun 30, 2005
Jun 29, 2000	25,000	Frank Judge	\$2.15	Jun 30, 2005
Jun 29, 2000	17,500	Roger Kazanowksi	\$2.15	Jun 30, 2005

TRIANTECHNOLOGIES INC.

Schedule B-3

Supplementary Information

For the second fiscal quarter ended June 30, 2000

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued	Amount
Preferred	N.P.V.	100,000,000	Nil	n/a
Common	N.P.V.	100,000,000	29,849,675	\$20,749,782

(b) Options and Warrants Outstanding:

Security	Number of Shares	Exercise Price	Expiry Date
Options	110,000	\$0.55	May 03, 2001
	30,000	\$0.55	Jun 27, 2002
	178,000	\$0.55	Feb 18, 2003
	305,000	\$0.55	Jul 06, 2003
	115,000	\$0.55	Aug 24, 2003
	772,500	\$0.82	Jun 30, 2004
	385,000	\$1.36	Dec 31, 2004
	65,000	\$1.40	Dec 31, 2004
	<u>140,000</u>	\$2.15	Jun 30, 2005
	<u>2,100,500</u>		
Common share purchase warrants	1,687,500	\$0.65	Sep 30, 2000
	948,805	\$1.45	Jan 31, 2001
	10,000	\$0.75	Apr 30, 2001
	<u>15,000</u>	\$0.90	May 31, 2001
	<u>2,661,305</u>		

TRIAN TECHNOLOGIES INC.

Schedule B-3 (Continued)
Supplementary Information
For the second fiscal quarter ended June 30, 2000

(c) Number of shares in escrow or subject to a pooling agreement:

Escrow – Employee Share Ownership Plan

At June 30, 2000, a total of 125,905 common shares issued pursuant to the Employee Share Ownership Plan during the years ended December 31, 1999, 1998 and 1997 were held in escrow.

(d) List of Directors:

Frank Judge, *Chairman of the Board*

Paul O'Sullivan, *President & CEO*

David Baird ⁽¹⁾⁽²⁾

Robert Chamberlain ⁽²⁾

Robert Heath ⁽¹⁾⁽²⁾

Roger Kazanowski ⁽¹⁾

⁽¹⁾ Member of Audit Committee

⁽²⁾ Member of Corporate Governance Committee

Note: The Directors listed above were elected at the Annual General Meeting of the Shareholders of the Company held on June 28, 2000.

TRIAINT TECHNOLOGIES INC.

Schedule C

Management Discussion

For the six months ended June 30, 2000

Triant Technologies Inc. (CDNX:TNT; OTCBB:TNTTF) reported unaudited financial results for the six months ended June 30, 2000 (expressed in Canadian dollars), which reflect the continued market development efforts for the Company's flagship product, *ModelWare/RT*, an equipment health monitoring and advanced fault detection solution for the semiconductor industry.

Triant's *ModelWare/RT* is designed to improve the overall equipment effectiveness of wafer fabrication equipment used in the manufacture of silicon chips. At the heart of *ModelWare/RT* is Triant's unique and proprietary modeling technology, UPM (Universal Process Modeling), which is an advanced mathematical algorithm that can be used to model the behaviour of any correlated system or process. UPM overcomes many of the problems associated with conventional modeling techniques which makes it especially useful in such applications as equipment health monitoring and advanced fault detection. UPM provides Triant with the product differentiation and competitive advantage needed to win in the marketplace. Any new technology takes time to get accepted, which explains why the adoption of new technology starts off slowly and increases exponentially over time. *ModelWare/RT* is new technology for the semiconductor industry and Triant is working hard to accelerate its adoption by this industry.

In addition to the opportunity in the semiconductor industry there are a number of other industries that could benefit from Triant's unique technology. These industries include power utility, human factors, petrochemical, aerospace, and pharmaceutical.

Revenue for the six months ended June 30, 2000 was \$682,152, which is 121% higher than revenue of \$307,973 for the comparative six months ended June 30, 1999. The increase in revenue is mainly attributable to increased penetration of *ModelWare/RT* into new customers as well as wider deployment within existing customers and to work on the Dockland Light Railway contract. Gross margin for the six month period ended June 30, 2000 was \$502,184 (gross margin percentage of 74%) compared to \$231,924 (gross margin percentage of 75%) in the same period in 1999. The increase in gross margin was mainly attributable to the increase in volume of revenue with no significant differences in gross margin percentages.

Expenses for the six-month period ended June 30, 2000 were \$1,380,018 space compared to \$965,371 in the same period in 1999. The 43% increase in expenses mainly resulted from increases in research and development expenses; and selling, general and administrative expenses. During the six month period ended June 30, 2000, research and development expenses increased to \$571,513, a 57% over \$364,562 incurred in the same period in 1999, and selling, general and administrative expenses increased to \$774,087, a 47% compared to \$527,669 incurred in the same period in 1999. These increases over the comparative period mainly reflected increases in staff and associated expenses to provide additional resources for the current and anticipated growth in business opportunities.

Net loss for the six-month period ended June 30, 2000 was \$788,997 compared to a net loss of \$731,780 the same period in 1999. The 8% increase in the net loss for the year mainly reflects a combination of the increased revenue and gross margin; and the increased expenses to take advantage of the expanding opportunities for the Company. Loss per share for the six-month period ended June 30, 2000 was \$0.03 compared to a loss per share of \$0.04 the same period in 1999. The 25% decrease in loss per share mainly resulted from the increased number of shares outstanding.

At June 30, 2000, the Company's order backlog was approximately \$1.9 million, mainly for the next phase of an order for *ModelWare/RT* that was received in 1999 and that is expected to be completed during the course of 2000, as well as for the completion of the Docklands Light Railway contract that was announced during the second quarter.

Also at June 30, 2000, cash and cash equivalents (including cash held in escrow of \$7,025,000) were \$19,780,949 (compared to \$2,318,588 at June 30, 1999), working capital was \$19,824,994 (compared to working capital of \$2,071,731 at June 30, 1999), assets were \$20,475,081 (compared to \$3,025,934 at June 30, 1999), and shareholders' equity was \$19,077,459 (compared to shareholders' equity of \$1,667,785 at June 30, 1999). The increase in cash and cash equivalents was mainly attributable to a \$15 million special warrant financing that was completed on June 28, 2000, as well as to warrant and option exercises.

TRIANTECHNOLOGIES INC.

Schedule C (Continued)

Management Discussion

For the six months ended June 30, 2000

In addition to the \$15 million special warrant financing underwritten by Sprott Securities Limited, as lead underwriter, and Taurus Capital Markets Ltd., that was announced during the second quarter, Triant announced that it had signed a letter of intent to acquire Advanced Profiling, Inc. of Idaho Falls, Idaho in exchange for 300,000 common shares of Triant, subject to regulatory approvals, to complement its portfolio of intellectual property and core technology. Triant also announced during the second quarter that it had signed a memorandum of understanding with AvantCom Network Inc. of Fremont, California, to form a strategic alliance and participate in AvantCom's Global Alliance Program (GAP). GAP is an alliance of semiconductor device manufacturers, equipment suppliers and independent software vendors spanning fab, probe and test operations.

Triant's mission is to provide innovative software solutions to help its customers improve the effectiveness of their manufacturing equipment while the vision is to be the global leader in equipment health monitoring, advanced fault detection and sophisticated data analysis technology. Triant's management and strategic focus is to increase revenue and generate net earnings by being the leading supplier of equipment health monitoring, advanced fault detection, and sophisticated data analysis solutions, offering value-added customer support services and leveraging the skills and resources of world-wide distribution channel partners.

Triant's objectives for 2000 include leveraging its strategic relationships with partners in Europe, Japan, Asia-Pacific and the United States; and enhancing its current products and developing new products to address the requirements of both semiconductor manufacturers and semiconductor equipment manufacturers. Looking forward, Triant will remain focussed on exploiting the opportunities for its software in the semiconductor industry. At the same time, while maintaining the focus on the semiconductor industry, Triant will seed its software in other industries to demonstrate the potential value in these other industries. The vision is to build a company centered on Triant's unique and proprietary core modeling technology, UPM. Triant believes there is a large market opportunity for its products and technology in a number of different industries and vertical markets.

Triant Technologies Inc. is a leader in semiconductor equipment health monitoring and advanced fault detection (EHM&AFD) solutions. Triant's principal product, ModelWare/RT, is an innovative software solution designed specifically for semiconductor manufacturers to detect and identify process and equipment faults in real-time and off-line. ModelWare/RT provides insight into equipment conditions and uses set-point and model-based alarms to quickly alert fab personnel of processing and equipment failures and benefits our customers by increasing overall equipment effectiveness, improving equipment maintainability and uptime, and increasing equipment throughput. Triant information is available via the Internet at www.triant.com

This management discussion 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, and the Company assumes no obligation to update forward-looking statements should circumstances in management's expectations or opinions change.

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