

British Columbia Securities Commission

QUARTERLY AND YEAR END REPORT BC FORM 51-901F (previously Form 61)

ISSUER DETAILS

FOR QUARTER ENDED

01/09/30

DATE OF REPORT

01/10/18

NAME OF ISSUER

Triant Technologies Inc.

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CONTACT NAME

Mark Stephens

CONTACT POSITION

Chief Financial Officer

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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.

DIRECTOR'S SIGNATURE

"Robert Heath"

PRINT FULL NAME

Robert Heath

DATE SIGNED

01/10/30

DIRECTOR'S SIGNATURE

"David L. Baird"

PRINT FULL NAME

David L. Baird

DATE SIGNED

01/10/30

TRIANTECHNOLOGIES INC.

Schedule A

Financial Statements

For the nine months ended September 30, 2001

See attached consolidated financial statements

Interim Consolidated Financial Statements of

TRIANTECHNOLOGIES INC.

September 30, 2001

(Expressed in Canadian dollars)

TRIANTECHNOLOGIES INC.
Consolidated Balance Sheets
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2001	December 31, 2000
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 16,378,223	\$ 20,743,115
Short-term investments	2,144,700	-
Accounts receivable	400,123	441,832
Prepaid expenses and deposits	35,323	4,615
	18,958,369	21,189,562
CAPITAL ASSETS	350,308	686,984
	\$ 19,308,677	\$ 21,876,546
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,500,689	\$ 903,755
Deferred revenue	31,040	584,718
	1,531,729	1,488,473
COMMITMENTS (Note 4)		
SHAREHOLDERS' EQUITY		
Share capital	36,341,337	36,267,337
Deficit	(18,564,389)	(15,879,264)
	17,776,948	20,388,073
	\$ 19,308,677	\$ 21,876,546

See accompanying Notes to the Interim Consolidated Financial Statements.

TRIAN TECHNOLOGIES INC.
Consolidated Statements of Operations and Deficit

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
REVENUE	\$ 840,739	\$ 425,935	\$ 3,520,807	\$ 1,108,087
COST OF REVENUE	341,828	191,194	1,291,904	371,162
GROSS MARGIN	498,911	234,741	2,228,903	736,925
EXPENSES				
Interest on convertible debentures	-	-	-	34,418
Research and development	1,875,030	371,401	3,412,306	942,914
Selling, general and administrative	938,930	556,342	2,324,694	1,330,429
	2,813,960	927,743	5,737,000	2,307,761
LOSS FROM OPERATIONS	(2,315,049)	(693,002)	(3,508,097)	(1,570,836)
INTEREST AND OTHER INCOME	339,323	270,135	822,972	358,972
NET LOSS FOR THE PERIOD	(1,975,726)	(422,867)	(2,685,125)	(1,211,864)
DEFICIT, BEGINNING OF PERIOD	(16,588,663)	(14,672,323)	(15,879,264)	(13,883,326)
DEFICIT, END OF PERIOD	\$ (18,564,389)	\$ (15,095,190)	\$ (18,564,389)	\$ (15,095,190)
Loss per share	\$ (0.05)	\$ (0.01)	\$ (0.06)	\$ (0.05)
Weighted average number of common shares outstanding	41,567,175	29,874,674	41,510,123	26,845,820

See accompanying Notes to the Interim Consolidated Financial Statements

TRIANTECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
OPERATING ACTIVITIES				
Net loss for the period	\$ (1,975,726)	\$ (422,867)	\$ (2,685,125)	\$ (1,211,864)
Items not requiring cash				
Amortization	377,892	12,300	501,049	36,900
Accretion of liability component of convertible debentures	-	-	-	17,560
	(1,597,834)	(410,567)	(2,184,076)	(1,157,404)
Changes in operating assets and liabilities (Note 3)	233,038	(231,021)	54,257	(527,989)
	(1,364,796)	(641,588)	(2,129,819)	(1,685,393)
FINANCING ACTIVITIES				
Share capital, net of issue costs	-	1,234,175	74,000	6,148,524
Special warrants, net of issue costs	-	(25,442)	-	13,874,558
	-	1,208,733	74,000	20,023,082
INVESTING ACTIVITIES				
Capital assets	(39,022)	(55,487)	(164,373)	(121,958)
Short-term investments	(33,477)	-	(2,144,700)	-
	(72,499)	(55,487)	(2,309,073)	(121,958)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD				
	(1,437,295)	511,658	(4,364,892)	18,215,731
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD				
	17,815,518	19,780,949	20,743,115	2,076,876
CASH AND CASH EQUIVALENTS, END OF PERIOD				
	\$ 16,378,223	\$ 20,292,607	\$ 16,378,223	\$ 20,292,607
Cash and cash equivalents represented by:				
Cash	\$ 1,088,123	\$ 13,216,235	\$ 1,088,123	\$ 13,216,235
Cash equivalents	15,290,100	-	15,290,100	-
Cash held in escrow	-	7,076,372	-	7,076,372
	\$ 16,378,223	\$ 20,292,607	\$ 16,378,223	\$ 20,292,607
Supplemental Cash Flows Disclosure:				
Interest paid on convertible debentures	\$ -	\$ -	\$ -	\$ 46,796
Supplemental Non-Cash Financing Disclosure:				
Common shares issued on conversion of debentures	\$ -	\$ -	\$ -	\$ 950,289

See accompanying Notes to the Interim Consolidated Financial Statements.

TRIANTECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements

September 30, 2001

(Expressed in Canadian dollars)

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements do not include all information and footnote disclosures required under Canadian generally accepted accounting principles. In the opinion of management, all adjustments (consisting primarily of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations and cash flows as at September 30, 2001, and for all periods presented, have been included.

The unaudited balance sheet, statements of operations and deficit and statements of cash flows have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements follow the same accounting policies and methods of applications as the most recent annual financial statements dated December 31, 2000. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report for the fiscal year ended December 31, 2000.

2. SHARE CAPITAL

As at October 18, 2001, there were 41,567,175 common shares issued and outstanding. As at October 18, 2001, there were 3,524,250 options issued and outstanding at exercise prices ranging from \$0.55 to \$2.15 with remaining contractual lives ranging from 0.7 years to 4.7 years. In addition, as at October 18, 2001, there were 468,750 compensation warrants entitling the holders to acquire 468,750 common shares at a price of \$1.60 per share with an expiry date of December 28, 2001.

3. CHANGES IN OPERATING ASSETS AND LIABILITIES

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

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
Accounts receivable	\$ (172,441)	\$ (158,449)	\$ 41,709	\$ (548,919)
Prepaid expenses and deposits	37,105	21,198	(30,708)	(10,556)
Accounts payable and accrued liabilities	646,335	(103,215)	596,934	37,751
Deferred revenue	(277,961)	9,445	(553,678)	(6,265)
	<u>\$ 233,038</u>	<u>\$ (231,021)</u>	<u>\$ 54,257</u>	<u>\$ (527,989)</u>

TRIANTECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements

September 30, 2001

(Expressed in Canadian dollars)

(Unaudited)

4. COMMITMENTS

At September 30, 2001, aggregate minimum future lease payments under operating leases and payments under contract software development services for the years ended December 31 are as follows:

2001	\$ 364,000
2002	57,000

5. SEGMENTED AND OTHER INFORMATION

The Company operates in one segment for developing, marketing and supporting equipment health monitoring, advanced fault detection and sophisticated data analysis technology. Since the Company operates in one segment, all financial segment information can be found in the consolidated financial statements.

Information related to geographic areas is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
Revenue				
Asia	\$ 329,011	\$ -	\$ 2,100,083	\$ 103,462
Europe	303,744	286,003	931,302	641,598
United States	207,984	139,932	489,422	363,027
	<u>\$ 840,739</u>	<u>\$ 425,935</u>	<u>\$ 3,520,807</u>	<u>\$ 1,108,087</u>

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

TRIANTECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements

September 30, 2001

(Expressed in Canadian dollars)

(Unaudited)

5. SEGMENTED AND OTHER INFORMATION (Continued)

Information related to revenue and cost of revenue for products and services is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
Revenue				
Products	\$ 840,739	\$ 425,935	\$ 3,436,011	\$ 1,100,591
Services	-	-	84,796	7,496
	<u>\$ 840,739</u>	<u>\$ 425,935</u>	<u>\$ 3,520,807</u>	<u>\$ 1,108,087</u>
Cost of revenue				
Products	\$ 341,828	\$ 191,194	\$ 1,257,986	\$ 368,310
Services	-	-	33,918	2,852
	<u>\$ 341,828</u>	<u>\$ 191,194</u>	<u>\$ 1,291,904</u>	<u>\$ 371,162</u>

TRIANTECH TECHNOLOGIES INC.

Schedule B

Supplementary Information

For the nine months ended September 30, 2001

B.1 Analysis of expenses

Cost of revenue		
Materials and other costs	\$	1,227,400
Salaries and benefits		<u>64,504</u>
	\$	<u>1,291,904</u>

Research and development		
Contract software development services	\$	886,071
Facilities and other costs		1,000,856
Salaries and benefits		<u>1,525,379</u>
	\$	<u>3,412,306</u>

Selling, general and administrative		
Communications, tradeshow and travel	\$	734,356
Facilities and other costs		347,912
Salaries and benefits		<u>1,242,426</u>
	\$	<u>2,324,694</u>

B.2 Related party transactions \$ Nil

B.3 Summary of securities issued and options granted during the period

(a) Summary of securities issued during the period

Date of Issue	Type of Security	Type of Issue	Number Issued	Issue Price	Total Proceeds	Type of Consideration	Commission Paid
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(b) Options granted during the period

Date of Grant	Number Issued	Name of Optionee	Exercise Price	Expiry Date
N/A	N/A	N/A	N/A	N/A

TRIAN TECHNOLOGIES INC.

Schedule B (continued)
Supplementary Information
For the nine months ended September 30, 2001

B.4 Summary of securities as at the end of the reporting period on October 18, 2001

(a) *Authorized share capital*

100,000,000 preferred shares without par value
100,000,000 common shares without par value

(b) *Issued and outstanding share capital*

(i) *Preferred shares issued and outstanding*

	Number Issued	Recorded Value
Balance at December 31, 2000, September 30 and October 18, 2001	Nil	N/A

(ii) *Common shares issued and outstanding*

	Number Issued	Recorded Value
Balance at December 31, 2000 and March 31, 2001	41,442,175	\$ 36,267,337
Issued for cash — Share Incentive Plan, options	110,000	\$ 60,500
Issued for cash — Share purchase warrants	15,000	\$ 13,500
Balance at June 30, September 30 and October 18, 2001	41,567,175	\$ 36,341,337

(c) *Options and warrants outstanding as at October 18, 2001*

Security	Number of Shares	Exercise Price	Expiry Date
Options	30,000	\$0.55	Jun 27, 2002
	178,000	\$0.55	Feb 18, 2003
	125,000	\$0.55	Jul 06, 2003
	105,000	\$0.55	Aug 24, 2003
	726,250	\$0.82	Jun 30, 2004
	205,000	\$1.36	Dec 31, 2004
	65,000	\$1.40	Dec 31, 2004
	122,500	\$2.15	Jun 30, 2005
	1,237,500	\$1.00	Dec 31, 2005
	<u>730,000</u>	\$1.00	Jun 30, 2006
	<u>3,524,250</u>		
Compensation warrants	468,750	\$1.60	Dec 28, 2001

TRIANTECHNOLOGIES INC.

Schedule B (continued)

Supplementary Information

For the nine months ended September 30, 2001

B.4 Summary of securities as at the end of the reporting period on October 18, 2001 (continued)

(d) Number of shares in each class of shares subject to escrow or pooling arrangements

(i) Employee Share Ownership Plan (ESOP)

As at September 30 and October 18, 2001, a total of 60,405 common shares issued pursuant to the Company's Employee Share Ownership Plan (ESOP) during the years ended December 31, 1999 and 1998 were held in escrow, of which 18,405 shares are scheduled for release on January 29, 2002 and 42,000 shares on February 1, 2002.

(ii) Acquisition of technology

Effective on October 6, 2000, the Company completed the acquisition of certain technology in exchange for 300,000 common shares of the Company having a fair value of \$450,000. Of these 300,000 shares, 75,000 shares were released from escrow on October 6, 2001 and the remaining 225,000 shares are being held in escrow and will be released in three stages of 75,000 shares on each of January 6, 2002, April 6, 2002 and July 6, 2002, respectively. The Company also agreed to pay additional compensation to the vendors of 5%, 3% and 2% of the revenue recognized from the related intellectual property in each of the first, second and third years, respectively, following the completion of this acquisition on October 6, 2000.

B.5 List of Directors as at October 18, 2001

Robert Heath, *Chairman & Chief Executive Officer*

Paul O'Sullivan, *President & Chief Operating Officer*

David Baird ⁽¹⁾⁽²⁾

Robert Chamberlain ⁽¹⁾⁽²⁾

Frank Judge ⁽²⁾

Brian Piccioni ⁽¹⁾

(1) Member of Audit Committee

(2) Member of Corporate Governance Committee

TRIANTECHNOLOGIES INC.

Schedule C

Management Discussion and Analysis

For the nine months ended September 30, 2001

CORPORATE PROFILE

Triant Technologies Inc. (CDNX:TNT; OTCBB:TNTTF) is a leader in equipment health monitoring, advanced fault detection and sophisticated data analysis technology. Triant's primary focus is the semiconductor industry where it provides innovative software solutions that help its customers improve their productivity and lower their manufacturing costs. Triant is also pursuing opportunities for its technology in other markets.

To address the large market opportunity in the semiconductor industry, Triant has developed *ModelWare*[®], an equipment health monitoring and advanced fault detection software solution. Leading companies, including AMD, Motorola and Samsung, are using *ModelWare* to improve their competitive advantage in manufacturing silicon chips.

Triant's core technology is *UPM*[™] (Universal Process Modeling), a proprietary advanced mathematical algorithm that can be used to model the behavior of any correlated system or process turning raw data into useful information. *UPM*, the heart of *ModelWare*, is key to Triant's strategy of developing new products and services around its core technology for the semiconductor industry as well as other markets.

Triant also provides legacy products and services for other industries. More information about Triant is available via the Internet at www.triant.com.

FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

The financial results for the nine months ended September 30, 2001 (expressed in Canadian dollars) reflect the continued commercialization efforts for *ModelWare*, completion of the \$600,000 follow-on purchase order that was announced in December 2000 to supply 12 Vehicle Health Monitors (*VHM*[™]) to the Docklands Light Rail in London, England and new initiatives to diversify into other vertical markets, including the area of human factors, for its core technology and intellectual property.

Revenue for the nine months ended September 30, 2001 increased to \$3,520,807 compared to \$1,108,087 for the nine months ended September 30, 2000. This 218% increase in revenue was mainly attributable to wider deployment of *ModelWare* within existing customers and new deployments with new customers. During the nine months ended September 30, 2001, the Company received \$2.0 million in new orders and entered the fourth quarter of 2001 with a backlog of \$0.4 million.

Cost of revenue for the nine months ended September 30, 2001 was \$1,291,904 compared to \$371,162 for the nine months ended September 30, 2000. Gross margin and gross margin percentage for the nine months ended September 30, 2001 were \$2,228,903 and 63%, respectively, compared to \$736,925 and 67%, respectively, for the nine months ended September 30, 2000. The decreased gross margin percentage was mainly attributable to higher distribution channel costs and contract costs for the primarily hardware-based *VHM* legacy product under the Docklands Light Rail purchase order. The Company incurred variable costs related to revenue earned from the sales, installation, and support of software licenses and related services, as well as legacy products and services.

TRIAINT TECHNOLOGIES INC.

Schedule C (continued)

Management Discussion and Analysis

For the nine months ended September 30, 2001

FINANCIAL RESULTS FOR THE THIRD QUARTER (CONTINUED)

Expenses for the nine months ended September 30, 2001 were \$5,737,000 compared to \$2,307,761 for the nine months ended September 30, 2000. This 149% increase in expenses was mainly attributable to increased research and development expenses and selling, general and administrative expenses, primarily for outsourcing of certain contract software development services and expansion in technical development, technical operations, sales and marketing, and new business development staff to provide additional resources for current and anticipated growth in business opportunities in the semiconductor and other industries. This included new initiatives to diversify into other markets, including the area of human factors.

Interest and other income for the nine months ended September 30, 2001 was \$822,972 compared to \$358,972 for the nine months ended September 30, 2000. This increase in interest and other income was mainly attributable to interest earned on significantly higher cash and cash equivalents balances during the period.

Net loss for the nine months ended September 30, 2001 was \$2,685,125, or a loss per share of \$0.06, compared to a net loss of \$1,211,864, or a loss per share of \$0.05, for the nine months ended September 30, 2000. The wider net loss reflects the Company's continued investment in aggressively increasing product development and marketing efforts in order to accelerate its product and market development plans, as well as the impact of the global economic slowdown.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2001, cash and cash equivalents and short-term investments were \$18,522,923 compared to \$20,743,115 at December 31, 2000; working capital was \$17,426,640 compared to \$19,701,089 at December 31, 2000; assets were \$19,308,677 compared to \$21,876,546 at December 31, 2000; and shareholders' equity was \$17,776,948 compared to \$20,388,073 at December 31, 2000.

During the nine months ended September 30, 2001, the Company had a net decrease in cash and cash equivalents and short-term investments of \$2,220,192 compared to a net increase of \$18,215,731 for the nine months ended September 30, 2000. During the nine months ended September 30, 2001, cash from financing activities of \$74,000 for stock option and share purchase warrant exercises was less than cash used in operating activities of \$2,129,819 and cash used in investing activities of \$164,373 for capital assets.

The Company intends to use its existing cash resources to fund research and development of existing and new technologies; to fund new business development programs, including sales and marketing of existing products; and for general corporate purposes, including possible future acquisitions and investments.

The Company believes that its existing cash resources are sufficient to fund expected capital requirements and operating losses. While management anticipates continued growth in revenue from its products and services, 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 need to 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 in the future, 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.

TRIANTECHNOLOGIES INC.

Schedule C (continued)

Management Discussion and Analysis

For the nine months ended September 30, 2001

QUARTERLY BUSINESS UPDATE AND STRATEGIC OVERVIEW

Commenting on the financial results for the nine months ended September 30, 2001, Robert Heath, Chairman and Chief Executive Officer, stated: "We continue to make progress towards our corporate and operational goals, including more than doubling revenue for 2001 over 2000 and investing in product and market development. Our \$3.5 million in revenue and \$2.0 million in new orders are the result of our strategy to leverage our global distribution channels and strategic alliances.

"Our strategic focus is to secure the market leadership position with "best-of-breed" solutions for our customers in equipment health monitoring, advanced fault detection and sophisticated data analysis technology. This will assist us in further penetrating our existing customer base and developing new customer relationships in the semiconductor equipment arena and other vertical markets where we believe large opportunities exist.

"We plan to achieve this goal through a business model centered on our core technology and intellectual property, using a combination of product sales, original equipment manufacture (OEM) licensing, value-added consulting, and web-based delivery of data analysis and reporting services. We will continue to use our financial strength to execute on our strategic plan.

"Our outlook remains positive, supported by our accomplishments during the first three quarters of 2001, despite the downturn that the semiconductor industry is experiencing. Sales of an emerging technology typically fluctuate during the course of the year as a result of customer demand, implementation schedules and industry cycles, therefore, we continue to believe our full-year results should give the best indication of our tangible progress."

This management discussion and analysis 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.