

FORM 61
QUARTERLY REPORT

Incorporated as part of: X Schedule A

ISSUER DETAILS:

NAME OF ISSUER: International Hi-Tech Industries Inc.

ISSUER ADDRESS: 1096 West 10th Avenue
 Vancouver, B.C.
 V6H 1H8

CONTACT PERSON: Roger A. Rached

CONTACT'S POSITION: President

CONTACT TELEPHONE NUMBER: 733-5400

FOR QUARTER ENDED: March 31, 2000

DATE OF REPORT: May 30, 2000

CERTIFICATE

THE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS QUARTERLY REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE THAT THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B AND C.

Roger A. Rached	"Roger A. Rached"	00/05/30
NAME OF DIRECTOR	SIGN	DATE SIGNED

Thomas Po	"Thomas Po"	00/05/30
NAME OF DIRECTOR	SIGN	DATE SIGNED

INTERNATIONAL HI-TECH INDUSTRIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited - see Notice to Reader)

NOTICE TO READER

We have compiled the consolidated balance sheet of International Hi-Tech Industries Inc. as at March 31, 2000 and the consolidated statements of operations and deficit, and cash flows for the three month period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, B.C.

May 26, 2000

“Morgan & Company”

Chartered Accountants

INTERNATIONAL HI-TECH INDUSTRIES INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited - see Notice to Reader)

	MARCH 31	
	2000	1999
ASSETS		
Current		
Cash and short term deposits	\$ 3,886,836	\$ 821,480
Accounts receivable	179,547	195,406
Notes receivable (Note 2)	1,340,695	1,395,825
Prepaid expense	359,237	67,221
	<u>5,766,315</u>	<u>2,479,932</u>
Capital Assets (Note 3)	2,259,572	1,815,898
Real Estate (Note 4)	14,923,293	13,445,463
Deferred Project Development Costs	4,042,752	3,609,815
	<u>\$ 26,991,932</u>	<u>\$ 21,351,108</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 387,666	\$ 1,440,803
Accrued interest payable	167,000	116,900
Loans payable (Note 5)	578,000	495,500
Advances payable	-	40,145
Mortgage payable (Note 6)	1,868,000	1,868,000
Current portion of long term debt (Note 7)	5,201	5,184
	<u>3,005,867</u>	<u>3,966,532</u>
Long Term Debt (Note 7)	209,082	214,894
Share Subscriptions Received (Note 8)	2,809,635	455,252
Minority Interest	1,060,771	1,052,709
	<u>7,085,355</u>	<u>5,689,387</u>
Contingencies (Note 11)		
SHAREHOLDERS' EQUITY		
Share Capital (Note 8)	33,468,092	25,905,467
Contributed Surplus	305,000	305,000
Deficit	(13,866,515)	(10,548,746)
	<u>19,906,577</u>	<u>15,661,721</u>
	<u>\$ 26,991,932</u>	<u>\$ 21,351,108</u>

INTERNATIONAL HI-TECH INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited – see Notice to Reader)

	THREE MONTHS ENDED MARCH 31	
	2000	1999
Revenue		
Licence rights	\$ -	\$ 748,903
Interest and other income	25,207	31,725
	25,207	780,628
Expenses		
Audit and accounting	41,225	40,291
Capital taxes	59,283	-
Consulting fees	43,487	48,279
Depreciation and amortization	52,786	50,528
Directors' and officers' fees	37,262	18,000
Loan guarantee and commitment fees	543,952	-
General expense	70,018	59,559
Legal	136,682	59,165
Insurance	8,373	51,584
Interest and foreign exchange	134,643	97,345
Investor relations and product representation costs	48,672	42,013
Telephone, fax and cellular	12,389	6,288
Office rent	19,500	19,500
Promotion and presentation	8,868	27,046
Property taxes	1,868	2,894
Repairs and maintenance	16,360	22,908
Travel and business promotion	46,898	46,516
Transfer agent and filing fees	12,117	6,399
Wages and benefits	83,831	126,902
	1,378,214	725,217
Income (Loss) Before The Following	(1,353,007)	55,411
Minority interest in (income) loss of subsidiary	13,978	(37,352)
	(1,339,029)	18,059
Net Income (Loss) For The Period	(1,339,029)	18,059
Deficit, Beginning Of Period	(12,527,486)	(10,566,805)
Deficit, End Of Period	\$ (13,866,515)	\$ (10,548,746)
Net Income (Loss) Per Share	\$ (0.02)	\$ 0.01

INTERNATIONAL HI-TECH INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited – see Notice to Reader)

	THREE MONTHS ENDED MARCH 31	
	2000	1999
Cash Flow From Operating Activities		
Net income (loss) for the period	\$ (1,339,029)	\$ 18,059
Adjustments for:		
Shares issued for loan guarantee and commitment fee	543,952	-
Depreciation and amortization	52,786	50,528
Minority income in income (loss) of subsidiary	(13,978)	37,352
	(756,269)	105,939
Changes in non-cash working capital		
(Increase) Decrease in receivables	60,914	(125,638)
Decrease in notes receivable	(5,642)	22,478
(Increase) Decrease in prepaids	(274,152)	1,838
Increase (Decrease) in accounts payable and accrued liabilities	(261,798)	885,378
Increase (Decrease) in advances payable	-	(216,991)
Increase in loans payable	482,500	-
Decrease in long term debt	(1,551,968)	(1,303)
	(1,550,146)	565,762
Cash Flows From Operating Activities	(2,306,415)	671,701
Cash Flows From Financing Activities		
Issue of common shares	972,182	1,152,010
Issue of preferred shares	2,733,000	-
Increase (Decrease) in share subscriptions	2,809,635	(423,548)
Cash Flows From Financing Activities	6,514,817	728,462
Cash Flows From Investing Activities		
Capital assets	(289,220)	(5,810)
Real estate	(288,086)	(1,709,328)
Project development costs	(87,461)	(278,809)
Cash Flows From Investing Activities	(664,767)	(1,993,947)
Net Increase (Decrease) In Cash And Cash Equivalents	3,543,635	(593,784)
Cash And Cash Equivalents, Beginning Of Period	343,201	1,415,264
Cash And Cash Equivalents, End Of Period	\$ 3,886,836	\$ 821,480
Cash And Cash Equivalents Are Comprised Of:		
Cash on hand and balances with banks	\$ 2,707,322	\$ 678,884

Short term investments

1,179,514

142,596

\$ 3,886,836

\$ 821,480

INTERNATIONAL HI-TECH INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited – see Notice to Reader)

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:

During the period ended March 31, 2000, the Company issued 814,571 common shares at an aggregate deemed value of \$543,952 in consideration of a loan guarantee and a loan commitment fee.

INTERNATIONAL HI-TECH INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited – see Notice to Reader)

1. SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

These financial statements include the accounts of the Company and its subsidiaries – Canadian Hi-Tech Manufacturing Ltd. (65% owned), IHI International Holdings Ltd. (72% owned) and IHI Construction Ltd. (100% owned).

b) Project Development Costs

The Company is deferring all architectural, design consulting and other costs directly related to the ongoing development and commercialization of its pre-fabrication building product and flexible design program to be amortized against related revenues when production commences.

c) Depreciation and Amortization of Capital Assets

Automotive	-	30% declining balance method
Office furniture and equipment	-	20% declining balance method
Computer equipment	-	30% declining balance method
Other machinery and equipment	-	20% declining balance method
Patent application costs	-	on a straight line basis over ten years once a patent is secured
License rights	-	on a straight line basis over ten years

d) Non-Monetary Transactions

Shares of common stock of the Company issued for non-monetary consideration are valued at the quoted market price per share at the close of trading on the day of completion of the transaction except for those circumstances where, in the opinion of the Company and due to the nature of the transaction, the trading price does not fairly represent the value of the transaction. In such circumstances, the value of the shares is determined based on the estimated fair value of the consideration received.

e) Foreign Currency Translation

Transactions recorded in foreign currencies have been translated into Canadian dollars using the Temporal Method as follows:

- i) monetary items at the rate prevailing at the balance sheet date;
- ii) non-monetary items at the historical exchange rate;
- iii) revenue and expense at the average rate in effect during the applicable accounting period.

Gains or losses arising on translation are included in the results of operations.

INTERNATIONAL HI-TECH INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited – see Notice to Reader)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Loss Per Share

Loss per share is based on the weighted average number of shares outstanding during the period.

2. NOTES RECEIVABLE

The note receivable is repayable on demand with interest at 6.5% per annum.

3. CAPITAL ASSETS

	2000	1999
Automotive	\$ 143,226	\$ 143,226
Office furniture and equipment	283,578	264,379
Computer equipment	82,779	76,517
Other machinery and equipment	1,258,819	835,735
Patent application costs	1,637,860	1,438,360
License rights	200,000	200,000
	3,606,262	2,958,217
Accumulated depreciation and amortization	1,346,690	1,142,319
	\$ 2,259,572	\$ 1,815,898

4. REAL ESTATE

	2000	1999
Speen Road properties, Surrey		
Land and building	\$ 836,980	\$ 836,980
Hopcott Road property, Delta		
Land	1,356,527	1,356,527
Site preparation	1,404,553	1,404,553
Construction and design costs	10,061,017	8,583,187
Construction financing	857,206	857,206
Construction permits	135,810	135,810
Langley properties		
Land	141,400	141,400
Canadian National Railway properties	129,800	129,800
	\$ 14,923,293	\$ 13,445,463

INTERNATIONAL HI-TECH INDUSTRIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000

(Unaudited – see Notice to Reader)

5. LOANS PAYABLE

	2000	1999
Repayable on demand at various interest rates	\$ 95,500	\$ 95,500
Repayable November 5, 1999 with interest at 10% per annum	-	400,000
Repayable July 1, 2000 with interest at prime plus 1% per annum	482,500	-
	\$ 578,000	\$ 495,500

The \$482,500 loan payable represents the amount advanced, to date, on a \$1,220,000 loan facility provided by CIBC Mortgage. In consideration of providing the guarantee for the loan, a company controlled by the family of a director received 386,000 common shares at a deemed value of \$0.632 per share.

6. MORTGAGE PAYABLE

	2000	1999
<p>The Company has arranged a conventional first mortgage financing secured by the land and improvements located at Hopcott Road in Delta, British Columbia. Advances under the mortgage bear interest at the rate of prime plus 5%, which is payable monthly. The mortgage is due on September 1, 2000.</p>	\$ 1,868,000	\$ 1,868,000

7. LONG TERM DEBT

	2000	1999
CIBC Mortgage Corporation		
Repayable \$1,815 per month including interest at 7.6% per annum, due February 1, 2003, secured by Speen Road real estate	\$ 214,283	\$ 220,078
Less: current portion	5,201	5,184
	\$ 209,082	\$ 214,894

INTERNATIONAL HI-TECH INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited – see Notice to Reader)

7. LONG TERM DEBT (Continued)

The repayment requirements on the long term debt are as follows:

2000	\$	5,201
2001	\$	5,966
2002	\$	6,435
2003	\$	196,681

8. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value

An unlimited number of Class A preferred shares without par value, of which 50,000,000 have been designated Series 1 and 5,000,000 have been designated Series 2.

b) Issued and Outstanding

	Number of Shares	Consideration
Common Shares		
Balance, December 31, 1999	56,796,247	\$ 29,218,958
Issue of common shares	1,797,544	1,516,134
Balance, March 31, 2000	58,593,791	\$ 30,735,092
Preferred Shares – Series 2		
Balance, December 31, 1999	-	\$ -
Issue of preferred shares	3,000,000	3,000,000
Finder's fee paid	-	(267,000)
Balance, March 31, 2000	3,000,000	\$ 2,733,000
Total Share Capital		\$ 33,468,092

INTERNATIONAL HI-TECH INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited – see Notice to Reader)

8. SHARE CAPITAL (Continued)

b) Issued and Outstanding (Continued)

The Series 2 Preferred Shares are convertible at the rate of 0.77 of a common share for each Series 2 Preferred Share. The preferred shares are convertible for a period of two years at the option of the holder. The preferred shares are also convertible at the option of the Company if the closing price of the common shares on the CDNX averages at least \$2.50 per Series 2 Preferred Share. On the second anniversary date of the issuance of the Series 2 Preferred Shares, the Series 2 Preferred Shares will be automatically converted into common shares.

Dividends on Series 2 Preferred Shares are cumulative and will accrue at an annual rate equal to 12%. Dividends will be payable in quarterly instalments on each dividend date, subject to legal limits under Canadian law.

c) Escrow Shares

Of the Company's issued and outstanding shares, 21,470,672 are held in escrow to be released in accordance with a formula based on cumulative cash flow of the Company, and 214,286 shares are held in escrow, their release being subject to the approval of the regulatory authorities.

d) As at March 31, 2000, the Company had the following outstanding directors' and employees' stock options:

Number Of Shares	Exercise Price	Expiry Date
250,000	\$2.25	January 20, 2002
22,500	\$2.25	February 10, 2002
300,000	\$2.25	July 21, 2002
150,000	\$2.25	August 28, 2002
100,000	\$2.25	September 4, 2002
25,000	\$2.25	October 21, 2002
2,600,000	\$0.88	October 6, 2003
2,307,000	\$2.25	March 5, 2005

INTERNATIONAL HI-TECH INDUSTRIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000

(Unaudited – see Notice to Reader)

8. SHARE CAPITAL (Continued)

- e) As at March 31, 2000, the Company had outstanding non-transferable share purchase warrants for the purchase of additional shares as follows:

Number Of Shares	Exercise Price		Expiry Date	
	Year 1	Year 2	Year 1	Year 2
108,000		\$ 1.035		April 8, 2000
100,000		\$ 1.15		May 6, 2000
200,000		\$ 1.15		May 21, 2000
300,000		\$ 1.15		June 6, 2000
100,000		\$ 1.15		June 30, 2000
1,000,000		\$ 1.15		July 1, 2000
200,000		\$ 1.15		July 17, 2000
200,000		\$ 1.15		July 18, 2000
100,000		\$ 1.15		July 23, 2000
277,800		\$ 1.035		August 18, 2000
86,957		\$ 1.32		September 15, 2000
86,957		\$ 1.32		September 21, 2000
100,000		\$ 1.32		December 9, 2000
90,000		\$ 1.32		December 16, 2000
90,000		\$ 1.32		December 16, 2000
90,000		\$ 1.132		December 12, 2000
142,000		\$ 1.132		December 19, 2000
346,200		\$ 1.50		March 24, 2001
80,000		\$ 1.44		March 10, 2001
80,000		\$ 1.44		March 10, 2001
1,123,077	\$ 1.30	\$ 1.50	May 19, 2000	May 19, 2001
75,000	\$ 1.30	\$ 1.50	April 3, 2000	April 3, 2001
75,000	\$ 1.30	\$ 1.50	April 3, 2000	April 3, 2001
207,770	\$ 1.30	\$ 1.50	May 27, 2000	May 27, 2001
50,000	\$ 1.30	\$ 1.50	June 1, 2000	June 1, 2001
221,154	\$ 1.30	\$ 1.50	September 14, 2000	September 14, 2001
75,000	\$ 1.30	\$ 1.50	November 13, 2000	November 13, 2000
660,000	\$ 1.30	\$ 1.30	March 11, 2001	March 11, 2002

INTERNATIONAL HI-TECH INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited – see Notice to Reader)

8. SHARE CAPITAL (Continued)

- f) The Company has arranged, subsequent to regulatory approval, private placements as follows:

Common Shares

- (i) 41,000 shares at \$1.00 per share;
- (ii) 6,250,000 units at \$0.80 per unit. Each unit consists of one common share and one non-transferable share purchase warrant for the purchase of an additional common share at \$0.80 for one year, or at \$0.92 per share during a second year.

Preferred Shares

- (i) 2,000,000 Series 2 Preferred Shares at \$1.00 per share. Each Series 2 Preferred Share is accompanied by 0.22 of a warrant to acquire a common share at \$1.30 per share for a two year period.
- g) As at March 31, 2000, the Company's 65% owned subsidiary, Canadian Hi-Tech Manufacturing Ltd. (Canadian Hi-Tech), has 11,000 class B preferred shares outstanding, which are redeemable at \$100 per share at the option of Canadian Hi-Tech, or after March 1, 1996 at the option of the preferred shareholder who has agreed not to request Canadian Hi-Tech to redeem its shares until all of the performance and escrow shares, referred to in Note 8(c), have been earned out of escrow.

9. INCOME TAXES

At March 31, 2000, the Company and its subsidiaries had approximately \$15,880,000 in net operating loss carryforwards available to offset future taxable income. The changes in ownership of the Company during 1993, and future changes in ownership, will significantly restrict the utilization of these carryforwards. These carryforwards, if available and unused, will expire from 2000 to 2006. Due to net losses, the Company did not record a provision for income taxes in 1999 or 1998.

10. RELATED PARTY TRANSACTIONS

- a) During the period, a company controlled by a director was paid management fees of \$18,000 (1999 - \$18,000). In addition, a second company controlled by the same director was paid rent of \$19,500 (1999 - \$19,500).

INTERNATIONAL HI-TECH INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited – see Notice to Reader)

10. RELATED PARTY TRANSACTIONS (Continued)

- b) During the period, the Company paid directors' and officers' fees of \$19,262 (1999 - \$Nil).
- c) The Company is party to a consulting fee agreement under which a company controlled by a director, and a second company controlled by this same director's family, will provide all building engineering designs for the Company's projects for an initial fee of 4% of the factory cost of the initial design, and 1% of the factory cost for subsequent use of the same design.
- d) During the period, the Company issued 814,571 common shares at an aggregate deemed value of \$543,952 in consideration of a loan guarantee, and a commitment fee provided by companies controlled by the family of a director.
- e) IHI International Holdings Ltd. ("IHI-International"), a Bermuda company and a 72% owned subsidiary of the Company, holds the right to use the building technology in all countries in the world other than Canada. The Company has agreed to use its best efforts to offer, to its shareholders, shares of IHI-International. As a result, shareholders of the Company will have an opportunity to acquire a direct interest in IHI-International which will hold the right to use the technology in all parts of the world other than Canada.

11. CONTINGENCIES

- a) The Company has been named as the defendant in an action commenced by a former director claiming damages for the value of 150,000 common shares of the Company. The Company believes that the claim is without merit and intends to vigorously defend the action.
- b) A contractor engaged by the Company has commenced an action claiming that approximately \$590,000 is owing as a result of the alleged non-payment of amounts due under his contract. The Company has commenced legal action against this contractor claiming damages related to breach his contractual obligations. This contractor has also filed a builder's lien against the Company's Hopcott Road Property and in order to discharge this lien, the Company will need to pay approximately \$415,000 into court.

In addition, a number of builders' liens have been registered against the Company's Hopcott Road Property by the sub-contractors of a contractor engaged by the Company during construction of the Hopcott Road facility. In order to discharge these liens, the Company may need to pay approximately \$82,000 into court.

INTERNATIONAL HI-TECH INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2000
(Unaudited – see Notice to Reader)

12. COMMITMENT

The Company has entered into an agreement to acquire a concrete batching plant for the Hopcott Road factory. The agreement provides for a down payment of \$221,427 (paid) with 53 payments of approximately \$20,000 (which includes interest at approximately 9%) commencing upon delivery of the plant.

13. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2000:

- a) The Company issued 41,000 common shares on completion of a private placement detailed in Note 8(f), and 308,000 common shares for cash consideration of \$341,780 on the exercise of share purchase warrants.
- b) The Company issued the 2,000,000 Series 2 Preferred Shares detailed in Note 8(f) for net proceeds of \$1,848,450.