



British Columbia Securities Commission

BCSC

QUARTERLY AND YEAR END REPORT

BC FORM 51 -901 F

(previously Form 61)

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. C) questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6729), PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver BC V7Y 1L2. Toll Free in British Columbia 1-800-373-6393

INSTRUCTIONS

This report must be filed by the Exchange Issuers within 60 days of the end of their first, second and third quarters and within 140 days of their year end. "Exchange issuer" means an issuer whose securities are listed and posted for trading on the Canadian Venture Exchange and are not listed and posted on any other exchange or quoted on a trading or quotation system in Canada. Three schedules must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements prepared in accordance with generally accepted accounting principles are required as follows:

For the first, second and third financial quarters:

Interim financial statements prepared in accordance with section 1751 of the CICA Handbook, including the following: balance sheet income statement, statement of retained earnings, cash flow statement, and notes to the financial statements.

The periods required to be presented, consistent with CICA Handbook Section 1751 are as follows:

- a balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding fiscal year
- a statement of retained earnings cumulatively for the current fiscal year-to-date, with a comparative statement for the comparable year-to-date period of the immediately preceding fiscal year; and
- income statements and cash flow statements for the current interim period and cumulatively for the current fiscal year-to-date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year

For the financial year end:

Annual audited financial statements prepared on a comparative basis.

Exchange Issuers with a fiscal year less than or greater than 12 Months should refer to National Policy No. 51 *Changes in Ending Date of a Financial Year and in Reporting Status* for guidance. Issuers in the development stage are directed to the guidance provided in CICA Accounting Guidelines AcG-11 *Enterprises in the Development Stage* that states "enterprises in the development Stage are encouraged to disclose in the income statement and in the cash flow statement cumulative balances from the inception of the development stage."

Issues that have been involved in a reverse take-over should refer to the guidance found in BCIN #52-701 (previously NIN #91/21) with respect to such transactions including the requirement for disclosure of supplementary information regarding the legal parent's prior financial operations.

SCHEDULE B. SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. *Analysis of expenses and deferred costs*

Provide a breakdown of amounts presented in the financial statements for the following: deferred or expensed exploration, expensed research, deferred or expensed development, cost of sales, marketing expenses, general and administrative expenses, and any other material expenses reported in the income statement and any other material deferred costs presented in the balance sheet.

The breakdown should separately present, at a minimum, each component that comprises 20% or more of the total amount for a material classification presented on the face of the financial statements. All other components of a material classification may be grouped together under the heading "miscellaneous" or "other" in the cost breakdown; the total for "miscellaneous" should not exceed 30% of the total for a material classification.

Breakdowns are required for the year-to-date period only. Breakdowns are not required for comparative periods.

Issuers in the development stage are reminded that Section 3(9)(b) of the BC Securities Commission's Rules requires a schedule or note to the financial statements containing an analysis of each of exploration, research, development and administration costs, whether expensed or deferred and if the issuer is a natural resource issuer, that analysis for each material property. Because the analysis required by Rule 3(9)(b) must be included in the financial statements, the information does not have to be repeated in Schedule B. Consistent with CICA Accounting Guidelines AcG-1 1, staff considers an issuer to be in the development stage when it is devoting substantially all of its operations have not commenced. Further, in staff's view, the lack of significant revenues for the past two years normally indicates that an issuer is in the development stage.

2. *Related party transactions*

Provide disclosure of all related party transactions as specified in Section 3840 of the CICA Handbook.

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

Provide the following information for the year-to-date period:

- (a) summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.) number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid, and
- (b) summary of options granted during the period, including date, number, name of optionee for those options granted to insiders, generic description of other optionees (e.g. employees",) exercise price and expiry date.

4. *Summary of securities as at the end of the reporting period*

Provide the following information as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion and
- (b) number and recorded value for shares issued and outstanding
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements.

5. *List the names of the directors and officers as at the date this report is signed and filed.*

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

1. General Instructions

- (a) Management discussion and analysis provides management with the opportunity to discuss an issuer's business, current financial results, position and future prospects.
- (b) Focus the discussion on material information, including liquidity, capital resources, known trends, commitments, events, risks or uncertainties, that is reasonably expected to have a material effect on the issuer.
- (c) For an issuer with active ongoing operations the discussion should be substantive (e.g. generally two to four pages in length); for an issuer with limited operations the discussion may not be as extensive (e.g. one page).
- (d) The discussion must be factual, balanced and non-promotional.
- (e) Where the discussion relates to a mineral project, as defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects," the disclosure must comply with NI 43-101.

2. Description of Business

Provide a brief description of the issuer's business. Where an issuer is inactive and has no business, disclose these facts together with a description of any plans to reactivate and the business the issuer intends to pursue.

3. Discussion of Operations and Financial Condition

Provide a meaningful discussion and analysis of the issuer's operations for the current year-to-date period presented in the financial statements. Discuss the issuer's financial condition as at the date of the most recent balance sheet presented in the financial statements.

The following is a list of items that should be addressed in management's discussion and analysis of the issuer's operations and financial condition. This is not intended to be an exhaustive list of the relevant items.

- (a) expenditures included in the analysis of expenses and deferred costs required under Securities Rule 3(9)(b) and Schedule B;
- (b) acquisition or abandonment of resource properties material to the issuer including material terms of any acquisition or disposition;
- (c) acquisition or disposition of other material capital assets including material terms of the acquisition, or disposition;
- (d) material write-off or write-down of assets;
- (e) transactions with related parties, disclosed in Schedule B or the notes to the financial statements;
- (f) material contracts or commitments;
- (g) material variances between the issuer's financial results and information previously disclosed by the issuer, (for example if the issuer does not achieve revenue and profit estimates previously released, discuss this fact and the reasons for the variance);
- (h) material terms of any existing third party investor relations arrangements or contracts including:

- i. the name of the person;
- ii. the amount paid during the reporting period; and
- iii. the services provided during the reporting period;
- (j) legal proceedings;
- (k) contingent liabilities;
- (l) default under debt or other contractual obligations;
- (m) a breach of corporate, securities or other laws, or of an issuer's listing agreement with the Canadian Venture exchange including the nature of the breach, potential ramifications and what is being done to remedy it;
- (n) regulatory approval requirements for a significant transaction including whether the issuer has obtained the required approval or has applied for the approval;
- (o) management changes; or
- (p) special resolutions passed by shareholders.

4. Subsequent Events

Discuss any significant events and transactions that occurred during the time from the date of the financial statements up to the date that this report is certified by the issuer.

5. Financings, Principal Purposes and Milestones

- (a) In a tabular format, compare any previously disclosed principal purposes from a financing to actual expenditures made during the reporting period.
- (b) Explain any material variances and the impact, if any, on the issuer's ability to achieve previously disclosed objectives and milestones.

6. Liquidity and Solvency

Discuss the issuer's working capital position and its ability to meet its ongoing obligations as they become due.

How to File Under National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR)

BC Form 51 -901 F Quarterly and Year End Reports are filed under Category of Filing: Continuous Disclosure and Filing Type: Interim Financial Statements or Annual Financial Statements. Schedule A (Financial Statements) is filed under Document Type: Interim Financial Statements or Annual Financial Statements. Schedule B (Supplementary Information) and Schedule C (Management Discussion) are filed under Document Type: BC Form 51 -901 F (previously Document Type Form 61 (BC)).

Meeting the Form Requirements

BC Form 51 -901 F consists of three parts: Instructions to schedules A, B and C, issuer details and a certificate. To comply with National Instrument 13-101 it is not necessary to reproduce the instructions that are set out in BC Form 51 -901 F. A cover page to the schedules titled BC Form 51 -901 F that includes the issuer details and certificate is all that is required to meet the BC Form 51 -901 F requirements. The form of certificate should be amended so as to refer to one or two of the three schedules required to complete the report.

ISSUER DETAILS		FOR THE QUARTER ENDED	DATE OF REPORT
NAME OF ISSUER			YY/MM/DD
QHR TECHNOLOGIES INC.		June 30, 2001	01/08/28
ISSUER'S ADDRESS			
1708 Dolphin Avenue, 5 th Floor			
CITY/PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Kelowna BC	V1Y 9S4	(250) 717-5266	(250) 763-3122
CONTACT PERSON	CONTACT'S POSITION		CONTACT TELEPHONE NO.
Dave Goertz	Director		(250) 763-3122
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS	
dgoertz@achieversgroup.com		www.quadranthr.com	

CERTIFICATE

The three schedules 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.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED					
▶ "Dave Goertz"	Dave Goertz	Y	Y	M	M	D	D
		0	1	0	8	2	8
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED					
▶ "James R. Bond"	James R. Bond	Y	Y	M	M	D	D
		0	1	0	8	2	8

QHR TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2001

(Unaudited – See Notice to Reader)

TERRY AMISANO, LTD.
KEVIN HANSON, C.A.

AMISANO HANSON
CHARTERED ACCOUNTANTS

NOTICE TO READER

We have compiled the consolidated balance sheets of QHR Technologies Inc. as at June 30, 2001 and the consolidated statements of loss and deficit and cash flows for the six months 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, Canada
August 21, 2001

“AMISANO HANSON”
Chartered Accountants

QHR TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2001
(Unaudited – See Notice to Reader)

	June 30, <u>2001</u>	December 31, <u>2000</u>
<u>ASSETS</u>		
Current		
Cash	\$ 45	\$ 6,807
Accounts receivable	274,069	52,259
Prepaid expenses and deposits	6,244	24,782
	<hr/>	<hr/>
	280,358	83,848
Capital assets	85,300	99,941
Goodwill	149,985	224,975
	<hr/>	<hr/>
	\$ 515,643	\$ 408,764
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES</u>		
Current		
Bank indebtedness – operating line	\$ 50,537	\$ 90,000
– loan	25,000	62,500
Accounts payable	443,968	317,388
Due to related parties – Note 3	248,439	260,129
Deferred revenue	598,350	347,799
	<hr/>	<hr/>
	1,366,294	1,077,816
	<hr/>	<hr/>
<u>SHAREHOLDERS' DEFICIENCY</u>		
Share capital – Note 4	2,822,634	2,822,634
Units subscribed – Note 4	550,000	-
Contributed surplus	11	11
Deficit	(4,223,296)	(3,491,697)
	<hr/>	<hr/>
	(850,651)	(669,052)
	<hr/>	<hr/>
	\$ 515,643	\$ 408,764
	<hr/> <hr/>	<hr/> <hr/>

SEE ACCOMPANYING NOTES

QHR TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
for the six months ended June 30, 2001 and 2000
(Unaudited – See Notice to Reader)

	Three months ended June 30,		Six months ended June 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenue				
Software license fees	\$ 115,742	\$ 84,671	\$ 115,742	\$ 211,821
Software services – Note 3	235,118	121,387	370,772	210,432
Consulting services and other	35,472	17,623	59,535	35,398
	<u>386,332</u>	<u>223,681</u>	<u>546,049</u>	<u>457,651</u>
Operating Expenses				
Sales and marketing – Schedule 1	33,029	263,166	66,979	395,133
Service delivery – Schedule 2	114,751	156,117	212,092	280,806
	<u>147,780</u>	<u>419,283</u>	<u>279,071</u>	<u>675,939</u>
Gross profit (loss)	<u>238,552</u>	<u>(195,602)</u>	<u>266,978</u>	<u>(218,288)</u>
Other Expenses				
Administrative expenses				
Accounting and audit	31,647	-	34,884	-
Amortization – capital assets	2,100	2,503	5,468	6,182
Consulting – Note 3	54,143	31,544	93,114	73,686
Interest and bank charges	8,215	2,561	12,729	6,922
Legal	1,804	16,325	6,823	40,088
Management fees – Note 3	13,768	-	30,462	-
Office and miscellaneous	6,788	20,025	10,970	28,986
Rent	2,111	2,111	4,223	4,223
Staff training and recruitment	-	-	-	150
Travel	541	9,062	1,773	10,744
Transfer agent	2,603	-	3,323	-
Wages and benefits – Note 3	28,189	36,398	46,937	76,340
	<u>151,909</u>	<u>120,529</u>	<u>250,706</u>	<u>247,321</u>
Product management and development – Schedule 3	352,361	159,491	672,881	336,940
	<u>504,270</u>	<u>280,020</u>	<u>923,587</u>	<u>584,261</u>
Loss for the period before amortization of acquisition goodwill	(265,718)	(475,622)	(656,609)	(802,549)
Amortization of acquisition goodwill	(37,495)	-	(74,990)	-
Net loss for the period	(303,213)	(475,622)	(731,599)	(802,549)
Deficit, beginning of the period	(3,920,083)	(1,829,643)	(3,491,697)	(1,502,716)
Deficit, end of the period	<u>\$ (4,223,296)</u>	<u>\$ (2,305,265)</u>	<u>\$ (4,223,296)</u>	<u>\$ (2,305,265)</u>
Loss per share before amortization of acquisition goodwill	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>	<u>\$ (0.05)</u>	<u>\$ (0.09)</u>
Net loss per share	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ (0.09)</u>

SEE ACCOMPANYING NOTES

QHR TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended June 30, 2001 and 2000
(Unaudited – See Notice to Reader)

	Three months ended June 30,		Six months ended June 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Operating Activities				
Net loss for the period	\$ (303,213)	\$ (475,622)	\$ (731,599)	\$ (802,549)
Charge to income not affecting cash:				
Amortization	46,533	11,447	96,086	22,666
	<u>(256,680)</u>	<u>(464,175)</u>	<u>(635,513)</u>	<u>(779,883)</u>
Changes in non-cash working capital items related to operations:				
Accounts receivable	(124,230)	94,206	(221,810)	5,822
Prepaid expenses and deposits	9,829	15,899	18,538	(8,140)
Accounts payable	91,188	42,402	126,580	94,840
	<u>(279,893)</u>	<u>(311,668)</u>	<u>(712,205)</u>	<u>(687,361)</u>
Investing Activities				
Acquisition of capital assets	(6,455)	(18,028)	(6,455)	(39,037)
Financing Activities				
Bank loan payable	(18,750)	(18,750)	(37,500)	(37,500)
Deferred revenue	117,365	9,363	250,551	225,545
Advance payable	-	400,000	-	500,000
Advance from related parties	(329,859)	31,316	(11,690)	103,112
Proceeds from sale of units	550,000	-	550,000	-
	<u>318,756</u>	<u>421,929</u>	<u>751,361</u>	<u>791,157</u>
Increase (decrease) in cash during the period	32,408	92,233	32,701	64,759
Cash deficiency, beginning of the period	(82,900)	(73,514)	(83,193)	(46,040)
Cash deficiency, end of the period	<u>\$ (50,492)</u>	<u>\$ 18,719</u>	<u>\$ (50,492)</u>	<u>\$ 18,719</u>
Cash deficiency is comprised of:				
Cash	\$ 45	\$ 18,719	\$ 45	\$ 18,719
Bank indebtedness	(50,537)	-	(50,537)	-
	<u>\$ (50,492)</u>	<u>\$ 18,719</u>	<u>\$ (50,492)</u>	<u>\$ 18,719</u>

SEE ACCOMPANYING NOTES

QHR TECHNOLOGIES INC.
for the six months ended June 30, 2001 and 2000
(Unaudited – See Notice to Reader)

	<u>2001</u>	<u>2000</u>
Schedule 1 – SALES AND MARKETING		
Amortization	\$ 513	\$ 3,001
Consulting	906	50,489
Office and miscellaneous	3,894	31,147
Product promotion	6,006	40,774
Rent	1,684	8,447
Staff training and recruitment	-	9,843
Travel	10,608	61,250
Wages and benefits	43,368	190,182
	<u>\$ 66,979</u>	<u>\$ 395,133</u>
Schedule 2 – SERVICE DELIVERY		
Amortization	\$ 2,208	\$ 3,369
Consulting	14,946	-
Office and miscellaneous	11,429	16,507
Legal fees	-	169
Rent	9,903	14,782
Staff training and recruitment	462	4,078
Travel	35,313	48,706
Wages and benefits	137,831	193,195
	<u>\$ 212,092</u>	<u>\$ 280,806</u>
Schedule 3 – PRODUCT MANAGEMENT AND DEVELOPMENT		
Amortization	\$ 12,907	\$ 10,114
Office and miscellaneous	51,371	7,314
Legal	-	1,206
Rent	26,422	14,782
Staff training and recruitment	(1,039)	2,804
Travel	51,539	6,146
Wages and benefits	531,681	294,574
	<u>\$ 672,881</u>	<u>\$ 336,940</u>

SEE ACCOMPANYING NOTES

QHR TECHNOLOGIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2001
(Unaudited – See Notice to Reader)

Note 1 Interim Reporting

While the information presented in the accompanying interim six months to June 30, 2001 financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the consolidated financial position, results of operations and cash flows for the interim periods presented. All adjustments are of a recurring nature. It is suggested that these consolidated financial statements be read in conjunction with the Company's annual December 31, 2000 audited consolidated financial statements.

Note 2 Significant Accounting Policy

Principles of Consolidation

These consolidated financial statements include the accounts of QHR Technologies Inc. and its wholly-owned subsidiary New Horizon Technologies Inc., a company incorporated under the laws of the Province of British Columbia. All significant inter-company transactions and balances have been eliminated.

Note 3 Related Party Transactions

During the six months ended June 30, 2001 and 2000, the Company charged the following revenues to companies related by virtue of common directors:

	<u>2001</u>	<u>2000</u>
Software services	\$ 1,539	\$ 6,350
	<u> </u>	<u> </u>

During the six months ended June 30, 2001, and 2000, the Company incurred the following expenses charged by directors, officers and private companies with common directors with the Company and a significant shareholder:

	<u>2001</u>	<u>2000</u>
Consulting	\$ 50,650	\$ 18,000
Management fees	30,462	-
Wages and benefits – administrative expenses	36,900	58,737
Rent	-	42,234
	<u> </u>	<u> </u>
	\$ 118,012	\$ 118,971
	<u> </u>	<u> </u>

These revenues and expenses were measured by the exchange amount, which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

Due to related parties at June 30, 2001, in the amount of \$248,439 (December 31, 2000: \$260,129) are amounts owing to companies with common directors and shareholders with respect to unpaid advances, fees and expenses. These amounts are unsecured, non-interest bearing with no specific terms for repayment.

Note 4 Share Capital

a) Authorized:

100,000,000 Common shares without par value

b) Issued:

	<u>#</u>	<u>\$</u>
Balance, December 31, 1999	8,430,000	1,050,738
Less: cancelled shares	-	-
10:1 share split	-	-
Shares issued to settle debt	-	-
Pursuant to the acquisition of New Horizon Technologies Inc.	(8,430,000)	-
	7,380,000	449,015
Less: share issue costs	-	(70,719)
- outstanding common shares of the company prior to reverse take-over	3,291,358	-
<u>Post-acquisition Transactions:</u>		
For cash:		
Pursuant to the exercise of share purchase options – at \$1.00	67,400	67,400
Pursuant to a private placement – at \$1.25	800,000	1,000,000
– at \$1.00	400,000	400,000
Less: share issue costs	-	(88,800)
Less: issue costs – at \$1.25	12,000	15,000
	<u>11,950,758</u>	<u>2,822,634</u>

The acquisition of New Horizon Technologies Inc. was accounted for as a reverse take-over transaction. Consequently, pursuant to reverse take-over accounting, the June 30, 2001 and the December 31, 2000 amount of share capital is that of New Horizon Technologies Inc. The number of shares issued and outstanding is that of the Company.

c) Escrow:

At June 30, 2001, 6,642,000 shares are held in escrow by the Company's transfer agent. The release of these shares is subject to the direction of the relevant regulatory authorities.

d) Commitments:

Stock-based Compensation Plan

The Company has granted employees and directors common share purchase options. These options are granted with an exercise price equal to the market price of the Company's stock on the date of the grant.

Note 4 Share Capital – (cont'd)

d) Commitments: - (cont'd)

Stock-based Compensation Plan – (cont'd)

A summary of the status of the stock option plan as of June 30, 2001 and June 30, 2000 and changes during the periods ending on those dates is presented below:

	<u>June 30, 2001</u>		<u>June 30, 2000</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at beginning of period	1,032,600	\$1.05	-	-
Granted	-	-	-	-
Exercised	-	-	-	-
Options outstanding and exercisable at end of period	<u>1,032,600</u>	<u>\$1.05</u>	<u>-</u>	<u>-</u>

At June 30, 2001, the Company had 932,600 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held at \$1.00 per share. These options expire on June 28, 2005.

On September 12, 2000, the Company entered into an investor relations contract with a company for \$5,000 per month for one year. In addition, the Company granted an option to this company entitling it the right to purchase 100,000 common shares at \$1.50 per share. This option expires on September 23, 2003.

Share Purchase Warrants

At June 30, 2001, the Company had 640,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

<u>#</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
200,000	\$1.25	April 10, 2002
440,000	\$1.50	May 5, 2002
<u>640,000</u>		

Units Subscribed

At June 30, 2001, the Company had received \$550,000 to purchase 733,333 units at \$0.75 each. Each unit consists of one common share and one-half common share purchase warrant. Each share purchase warrant will allow the holder thereof to purchase one additional common share for \$1.00 in year one and for \$1.25 in year two.



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Annual audited financial statements prepared on a comparative basis.

Exchange Issuers with a fiscal year less than or greater than 12 Months should refer to National Policy No. 51 *Changes in Ending Date of a Financial Year and in Reporting Status* for guidance.

Issuers in the development stage are directed to the guidance provided in CICA Accounting Guidelines AcG-11 *Enterprises in the Development Stage* that states "enterprises in the development Stage are encouraged to disclose in the income statement and in the cash flow statement cumulative balances from the inception of the development stage."

Issues that have been involved in a reverse take-over should refer to the guidance found in BCIN #52-701 (previously NIN #91/21) with respect to such transactions including the requirement for disclosure of supplementary information regarding the legal parent's prior financial operations.

SCHEDULE B. SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. *Analysis of expenses and deferred costs*

Provide a breakdown of amounts presented in the financial statements for the following: deferred or expensed exploration, expensed research, deferred or expensed development, cost of sales, marketing expenses, general and administrative expenses, and any other material expenses reported in the income statement and any other material deferred costs presented in the balance sheet.

The breakdown should separately present, at a minimum, each component that comprises 20% or more of the total amount for a material classification presented on the face of the financial statements. All other components of a material classification may be grouped together under the heading "miscellaneous" or "other" in the cost breakdown; the total for "miscellaneous" should not exceed 30% of the total for a material classification.

Breakdowns are required for the year-to-date period only

Breakdowns are not required for comparative periods.

Issuers in the development stage are reminded that Section 3(9)(b) of the BC Securities Commission's Rules requires a schedule or note to the financial statements containing an analysis of each of exploration, research, development and administration costs, whether expensed or deferred and if the issuer is a natural resource issuer, that analysis for each material property. Because the analysis required by Rule 3(9)(b) must be included in the financial statements, the information does not have to be repeated in Schedule B. Consistent with CICA Accounting Guidelines AcG-1 1, staff considers an issuer to be in the development stage when it is devoting substantially all of its operations have not commenced. Further, in staff's view, the lack of significant revenues for the past two years normally indicates that an issuer is in the development stage.

2. *Related party transactions*

Provide disclosure of all related party transactions as specified in Section 3840 of the CICA Handbook.

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

Provide the following information for the year-to-date period:

- (a) summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.) number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid, and
- (b) summary of options granted during the period, including date, number, name of optionee for those options granted to insiders, generic description of other optionees (e.g. employees",) exercise price and expiry date.

4. *Summary of securities as at the end of the reporting period*

Provide the following information as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion and
- (b) number and recorded value for shares issued and outstanding
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements.

5. *List the names of the directors and officers as at the date this report is signed and filed.*

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

1. General Instructions

- (a) Management discussion and analysis provides management with the opportunity to discuss an issuer's business, current financial results, position and future prospects.
- (b) Focus the discussion on material information, including liquidity, capital resources, known trends, commitments, events, risks or uncertainties, that is reasonably expected to have a material effect on the issuer.
- (c) For an issuer with active ongoing operations the discussion should be substantive (e.g. generally two to four pages in length); for an issuer with limited operations the discussion may not be as extensive (e.g. one page).
- (d) The discussion must be factual, balanced and non-promotional.
- (e) Where the discussion relates to a mineral project, as defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects," the disclosure must comply with NI 43-101.

2. Description of Business

Provide a brief description of the issuer's business. Where an issuer is inactive and has no business, disclose these facts together with a description of any plans to reactivate and the business the issuer intends to pursue.

3. Discussion of Operations and Financial Condition

Provide a meaningful discussion and analysis of the issuer's operations for the current year-to-date period presented in the financial statements. Discuss the issuer's financial condition as at the date of the most recent balance sheet presented in the financial statements.

The following is a list of items that should be addressed in management's discussion and analysis of the issuer's operations and financial condition. This is not intended to be an exhaustive list of the relevant items.

- (a) expenditures included in the analysis of expenses and deferred costs required under Securities Rule 3(9)(b) and Schedule B;
- (b) acquisition or abandonment of resource properties material to the issuer including material terms of any acquisition or disposition;
- (c) acquisition or disposition of other material capital assets including material terms of the acquisition, or disposition;
- (d) material write-off or write-down of assets;
- (e) transactions with related parties, disclosed in Schedule B or the notes to the financial statements;
- (f) material contracts or commitments;
- (g) material variances between the issuer's financial results and information previously disclosed by the issuer, (for example if the issuer does not achieve revenue and profit estimates previously released, discuss this fact and the reasons for the variance);
- (h) material terms of any existing third party investor relations arrangements or contracts including:

- i. the name of the person;
- ii. the amount paid during the reporting period; and
- iii. the services provided during the reporting period;
- (j) legal proceedings;
- (k) contingent liabilities;
- (l) default under debt or other contractual obligations;
- (m) a breach of corporate, securities or other laws, or of an issuer's listing agreement with the Canadian Venture exchange including the nature of the breach, potential ramifications and what is being done to remedy it;
- (n) regulatory approval requirements for a significant transaction including whether the issuer has obtained the required approval or has applied for the approval;
- (o) management changes; or
- (p) special resolutions passed by shareholders.

4. Subsequent Events

Discuss any significant events and transactions that occurred during the time from the date of the financial statements up to the date that this report is certified by the issuer.

5. Financings, Principal Purposes and Milestones

- (a) In a tabular format, compare any previously disclosed principal purposes from a financing to actual expenditures made during the reporting period.
- (b) Explain any material variances and the impact, if any, on the issuer's ability to achieve previously disclosed objectives and milestones.

6. Liquidity and Solvency

Discuss the issuer's working capital position and its ability to meet its ongoing obligations as they become due.

How to File Under National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR)

BC Form 51 -901 F Quarterly and Year End Reports are filed under Category of Filing: Continuous Disclosure and Filing Type: Interim Financial Statements or Annual Financial Statements. Schedule A (Financial Statements) is filed under Document Type: Interim Financial Statements or Annual Financial Statements. Schedule B (Supplementary Information) and Schedule C (Management Discussion) are filed under Document Type: BC Form 51 -901 F (previously Document Type Form 61 (BC)).

Meeting the Form Requirements

BC Form 51 -901 F consists of three parts: Instructions to schedules A, B and C, issuer details and a certificate. To comply with National Instrument 13-101 it is not necessary to reproduce the instructions that are set out in BC Form 51 -901 F. A cover page to the schedules titled BC Form 51 -901 F that includes the issuer details and certificate is all that is required to meet the BC Form 51 -901 F requirements. The form of certificate should be amended so as to refer to one or two of the three schedules required to complete the report.

ISSUER DETAILS		FOR THE QUARTER ENDED	DATE OF REPORT
NAME OF ISSUER			YY/MM/DD
QHR TECHNOLOGIES INC.		June 30, 2001	01/08/28
ISSUER'S ADDRESS			
1708 Dolphin Avenue, 5 th Floor			
CITY/PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Kelowna BC	V1Y 9S4	(250) 717-5266	(250) 763-3122
CONTACT PERSON	CONTACT'S POSITION		CONTACT TELEPHONE NO.
Dave Goertz	Director		(250) 763-3122
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS	
dgoertz@achieversgroup.com		www.quadranthr.com	

CERTIFICATE

The three schedules 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.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED					
		Y	Y	M	M	D	D
▶ "Dave Goertz"	Dave Goertz	0	1	0	8	2	8
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED					
		Y	Y	M	M	D	D
▶ "James R. Bond"	James R. Bond	0	1	0	8	2	8

QHR TECHNOLOGIES INC.
QUARTERLY REPORT
for the six months ended June 30, 2001

- Schedule A: Financial Information
– See financial statements attached
- Schedule B: Supplementary Information
1. Analysis of expenses:
– See financial statements attached
 2. Related party transactions:
– See Note 3 to the financial statements attached
 3. Summary of securities issued and options granted during the period:
 - a) Summary of common shares issued during the period: None
 - b) The following options were granted during the period: None
 4. Summary of securities as at the end of the reporting period:
 - a) Description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion.
– See Note 4 to the financial statements attached
 - b) Number and recorded value for shares issued and outstanding
– See Note 4 to the financial statements attached
 - c) Description of options, warrants and convertible securities outstanding including number or amount exercise or conversion price and expiry date, and any recorded value
– See Note 4 to the financial statements attached
 - d) Number of shares in each class of shares subject to escrow or pooling agreements
– See Note 4 to the financial statements attached
 5. List of Directors and Officers: James R. Bond, President and Director
Al Hildebrandt, Chief Executive Officer and Director
Dave Goertz, Director
Kathy Love, Secretary
- Schedule C: Management Discussion
– See attached

QHR TECHNOLOGIES INC.
QUARTERLY REPORT
for the six months ended June 30, 2001

Schedule C: Management Discussion

Overview

QHR Technologies Inc. (the "Company" or "QHR") is engaged in the business of developing and implementing software products for the management of human resources ("HR") in large and medium sized organizations. On June 27, 2000, QHR acquired 100% of New Horizon Technologies Inc. ("NHT"), a company that provides HR software to large and medium healthcare enterprises.

NHT is an innovative Canadian, software company that has developed an enterprise software solution for automating all facets of human resource ("HR") issues in large complex organizations. NHT is focused on the design, development, marketing and implementation of computer software for HR management in large enterprises such as health care facilities. NHT's payroll and HR software products enable managers to collect, track and utilize employee information from many sources including staff scheduling and workload measurement. This information is available from one central data repository. The product is marketed under the trade name, Quadrant HR (trademarks are pending in Canada and the United States). No other company currently integrates this combination of products, which gives NHT a unique marketing opportunity that the Company wishes to develop and exploit in the marketplace.

Quadrant HR is designed to automate the current business practice of many HR managers that perform their duties manually or with limited computer support such as general-purpose spreadsheet applications. It eliminates the practice of recording personnel data several different times in order to complete the requirements of staff scheduling, workload measurement and payroll. The software model is designed to provide a reliable single-entry personnel database that is accessible by all managers that significantly improve the effectiveness and efficiency of the organization's HR management.

The Financial Statements for the six months ending June 30, 2001 for the Company are prepared on a consolidated basis.

Products

The Company's software products are all designed to provide HR managers with useful automation to handle the unique needs of today's complex human resource environment. QHR markets these products under the name Quadrant HR. It is designed to be a powerful management tool and provides software assistance to HR managers for:

- ◆ Payroll processing
- ◆ Compensation planning
- ◆ Performance management
- ◆ Organization/position management
- ◆ Recruitment and selection
- ◆ Central employee database
- ◆ Compliance reporting
- ◆ Employee relations
- ◆ HR planning
- ◆ Staff scheduling
- ◆ Workflow management
- ◆ Employee training and development

Markets

We currently offer Quadrant HR software products in Canada and the United States for healthcare applications. The market for HR services is highly competitive, rapidly evolving and subject to rapid technological change. QHR's market development is indicative of a start-up technology company that is beginning to make the transition from development to market.

It is essential that Quadrant HR must become a reliable best-of-breed software product handling multiple HR processes for its clients. Our only competitive advantage is for our products to out perform their competition and for our customer service to be the best available in the market.

Target markets that are ideal candidates for Quadrant HR include:

- ◆ Healthcare facilities,
- ◆ Public safety organizations such as fire, police and emergency service departments
- ◆ Hotel, casino and entertainment operations
- ◆ Civil services such as post office and military

One of the main barriers to entry into these markets for QHR is its financial condition and the limited resources at its disposal. QHR is a relatively new company with a good suite of products but must demonstrate to potential customers that we will be able to service any software applications we install. The Company is therefore marketing our products to large integration companies that can offer that assurance to customers.

Results of Operations

QHR and NHT consolidated their operations for the purpose of financial reporting and the financial statements are a continuation of the operations of NHT. The operations of QHR are included in the consolidated financial statements. The Company's year-end is December 31.

Results of operations are not necessarily indicative of results to be expected in future periods. Various trends and factors must be managed in order to achieve revenue growth and profitability. The introduction and market acceptance of Quadrant HR has taken a greater investment of Company resources than management had originally anticipated. The result has been poor financial health, limited access to investment capital due to general market conditions and the size and timing of customer orders has not materialized as projected.

The Company's revenues and expenditures are indicative of a junior organization making the transition from a product development enterprise to a marketing company. Much investment has been required to introduce the Company products to the marketplace and assess customer requirements. Company resources are limited and the rate of customer adoption has been slower than originally anticipated.

Recognized revenues for the period ending June 30, 2001 reached \$546,049 compared to \$457,651 for the same period in 2000, a increase of 19% over the previous period with gross profits recorded at 48% of revenues.

Backlog revenue reached \$598,350 in the period compared to \$305,776 for 2000, up 96% from the previous year.

The Company invested \$66,979 in sales and market development during the period compared with \$395,133 for 2000. This investment has begun to establish Quadrant HR in the marketplace and the contract success has developed over the past several months.

Competition for technical personnel in the high-technology industry is intense. We believe that our future success depends in part on our continued ability to hire and retain qualified personnel. It is difficult for a small company such as QHR to recruit and retain personnel because of our size of operation and our limited resources. Therefore, we have had to pay a premium for the personnel we been able to recruit. Our failure to recruit qualified personnel could have a material adverse effect on our business, results of operations and financial condition.

Salaries for the period reached \$759,817 compared to \$754,291 for the same period in 2000.

Travel expenditures for the period for customer service, trade shows and market development was \$99,233 compared to \$126,846 for 2000. Many of these costs are associated with the active market introduction of Quadrant HR.

Consulting fees for the period were \$108,966 compared to \$124,175 for the same period in 2000. These were spent for market research, Website construction and general management.

Legal fees were \$6,823 compared to \$41,463 for 2000.

Product development expenditures for the period reached \$672,881 compared to \$336,940 for the same period in 2000. The bulk of these expenditures were for continuous improvements to the product line and additional functions that are necessary for Quadrant HR to gain market acceptance.

Milestones

The Company has over 25 clients using various software products and on September 25, 2000, QHR entered a Joint Marketing Agreement with Medical Services Management Inc. (MSM) of Wakefield Massachusetts, for the purpose of developing business from healthcare organizations. MSM currently provides healthcare applications to over 500 North American, United Kingdom and South African healthcare providers. This agreement is expected to generate software sales of a minimum of \$1,500,000 in 2001.

Investor Relations

On September 12, 2000, the Company entered an Agreement for Investor Relations with Dragonfly Promotions Ltd., a British Columbia company, wholly owned by Mr. James Lee, a businessman with 15 years on investment industry experience. The agreement runs for twelve months. Either party can terminate the agreement upon 30 days notice to the other party. In consideration of the services provided by Dragonfly, QHR has agreed to pay Dragonfly a monthly fee of \$5,000.00. In addition to the monthly fee, QHR granted an incentive option to Dragonfly entitling Dragonfly to acquire up to 100,000 common shares of QHR at an exercise price of \$1.50 per share subject to regulatory approval. During the term of the agreement, 25,000 shares of the stock option will vest and be eligible for exercise at the end of each consecutive 90 day period.

Legal Proceedings

The Company is not involved in any legal proceedings at the time of this report.

Subsequent Events

The Company is undertaking to complete a private placement for \$1,000,000. At August 28, 2001 the Company has raised \$750,000 of its objective. The private placement consists of 1,333,334 units. Each unit consists of one common share and one-half common share purchase warrant. Each full share purchase warrant entitles the purchaser to buy one common share at a price of \$1.00 per share in the first year or \$1.25 in the second year. This placement is subject to regulatory approval.

On July 11, 2001, the Company entered a Letter of Intent to manage the business operations and customer contracts of Total Care Technologies Inc., Total Care Holdings Inc. and its subsidiary companies (collectively known as "TCT"). Subsequent to this Letter of Intent, TCT was assigned into bankruptcy. On August 22, 2001, the Board of Directors in accordance with the terms of the Letter of Intent decided not to proceed with this transaction.

Lukas Lundin resigned as a director of the Company in August 2001.

Related Party Transactions

Bondwest Enterprises Inc., a wholly owned company of the President and Director, was paid \$39,000 during the period for management and consulting services. Bondwest has an outstanding stock option of 150,000 common shares exercisable at \$1.00 per common share for a period of five years.

Gearhead Enterprises Inc, a wholly owned company of a Director of the Company, was paid \$18,000 during the period for consulting services. Gearhead has an outstanding stock option of 150,000 common shares exercisable at \$1.00 per common share for a period of five years.

Achievers Choice Technologies Inc., a company controlled by the CEO and Director of the Company, was paid \$15,462 during the period for management services. The CEO has an outstanding stock option of 450,000 common shares exercisable at \$1.00 per common share for a period of five years.

New Horizon Technologies Inc. the Company's wholly-owned subsidiary, paid it's president \$36,900 during the period.

The Corporate Secretary of the Company was paid \$8,650 during the period for consulting services. This officer has an outstanding stock option of 5,000 common shares exercisable at \$1.00 per common share for a period of five years.

Liquidity and Capital Resources

The working capital deficiency at June 30, 2001 was \$1,085,936, an increase of \$252,737 from June 30, 2000 and an increase of \$91,968 from December 31, 2000.

This working capital deficiency is primarily the result of a slower than anticipated adoption rate for the Company's products by potential customers and limited access to equity capital due to general market conditions for technology. Expenditures made for the continued development the Company's products, market penetration and implementation the business plans of the Company have contributed to the deficiency. The working capital deficiency also includes advances from a control shareholder in the amount of \$ 248,439 and deferred revenue of \$ 598,350.

Gross profits from operations contributed \$266,978 for the period compared to a loss of \$218,288 for the same period in 2000.

Cash flows from financing activities included \$750,000 in new equity funding. The Company has undertaken to raise \$1,000,000 in additional equity capital. At June 30, 2001; \$550,000 has been raised. Subsequent to June 30, 2001 an additional \$200,000 was raised.

Cash flows were secured from an operating line of credit from the Royal Bank of Canada in the amount of \$100,000. At June 30, 2001, \$50,537 was utilized.

Unsecured advances in the amount of \$11,690 were repaid during the period ended June 30, 2001 to a company controlled by the Chief Executive Officer, control shareholder and director of the Company. The total amount outstanding at June 30, 2001 is \$248,439.

The Company's common shares have experienced price volatility as a result of the slow pace of our operational development. In addition, the stock market for technology issues as a whole has experienced extreme price fluctuations. This major decline in interest in technology companies and the market price of our common shares may negatively impact our ability to raise capital, retain employees and continue to implement our business plan.