

**Report from the CEO / 2008-2009**

This past year, 2008-09, was a stepping stone to the next level of Failure Prevention Services growth. Our manufacturing division is advancing rapidly with interest in out environmentally friendly stainless steel products from a wide range of customers. We have experienced many changes as part of the long term plan for our corporate success. It is management's objective, as well as my personal goal, to keep Failure Prevention Service a fulfilling place to work.

Implementation of a new integrated computer software system is providing us with much more accurate information in all areas of company operations. We can now track costs on individual items and projects far more effectively than ever before. This system has been designed to allow for company growth.

Our ultrasonic stainless steel cleaning system has advanced to include a fluid clarifier and other associated equipment to clean waste water to a state that it can be reused or released into community sewage systems.

Some of the initiatives undertaken illustrate how have we have progressed this past year. Our youthful management team has allowed us to effectively base many of our long term corporate directions and decisions. Their input has been greatly valued and has been instrumental in making a number of projects a success. After a careful review of operations, the Calgary location has been closed and the activities carried out through that office are, for the time being, now handled from the Watson head office. Contract labor has been used more fully to provide flexibility of sales for as well as talent in specific market areas such as oil and gas, and mining. Failure Prevention Services human resources team has done a lot of work developing employee manuals, job descriptions, pay range scales, and employee manuals.

The worldwide economic downturn that happened has had a minimal effect on the company, and in some areas has proven to be beneficial. Many of our clients are experiencing lower profits which has increased their focus on both long term cost savings and environmental issues, two elements that make FPS a leader in our industry.

In closing it has been an extremely interesting and pleasant year at Failure Prevention Services. It promises to be an exciting and satisfying future for all of us at FPS.

Dan Beuker
President & CEO

