

FAB-FORM
Sustainable Foundations



INVESTOR



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Investor Overview

FAB-FORM

Financial Statements

3rd Quarter 2016

REPORT TO OUR SHAREHOLDERS

The cover is a screen shot of the overview page of our new investor section, showing a building structure and plaza designed for a green and sustainable future. As our green products are obtaining more traction in a world more and more concerned with global warming and increasing levels of CO₂, our financials are reflecting the construction industries' desire for sustainable construction.

To be more transparent with our shareholders, our website now provides an overview of our company, a stock chart, links to all financials statements, governance and press releases.

If you wish to participate in our private placement, please contact one of our Board members.

As always, thank you Board Members, Shareholders, and progressive Dealers and Contractors for your continued support and commitment.

The Company's independent auditors have neither reviewed nor audited these Consolidated Financial Statements.

Sincerely



Richard Fearn
President and CEO
25 November 2016



Herb Bentz
Chief Financial Officer
25 November 2016

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

	Notes	30 Sep 2016	31 Dec 2015
ASSETS			
Current			
Cash	\$	34,986	\$ 90,598
Accounts receivable		274,817	62,571
Prepaid expenses and advances		33,777	21,953
Inventory		160,962	156,300
Total current assets		504,542	331,422
Property and equipment		57,521	70,348
Deferred development		2,940	3,458
Patents		4,263	4,252
		68,724	78,058
		\$ 569,266	\$ 409,480
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$	86,716	\$ 83,189
Accounts payable – related		52,111	52,412
Current portion of long-term debt		44,554	44,654
Total current liabilities		183,381	180,255
Long-term debt		64,686	87,713
SHAREHOLDERS' EQUITY			
Share capital		769,520	769,520
Deficit		(448,321)	(628,008)
		321,199	141,512
		\$ 569,266	\$ 409,480

Approved and authorized by the Board 25 November 2016

"Richard Fearn"

_____, Director

"Herb Bentz"

_____, Director

The accompanying notes are an integral part of these consolidated financial statements

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

2nd Quarter, Unaudited

	Notes	3 rd Quarter		Three Quarters	
		2016	2015	2016	2015
Sales	4	\$ 528,475	\$ 364,883	\$ 1,365,059	\$ 786,738
Cost of sales	5	372,477	244,151	986,438	515,313
Gross profit		\$ 155,998	\$ 120,732	\$ 378,621	\$ 271,425
(Percent Gross Profit)		29.5%	33.1%	27.7%	34.5%
Administrative & selling expenses					
General and administrative expenses	6	32,551	34,672	95,654	90,667
Selling and marketing expenses	7	35,799	24,893	75,435	54,827
Wages and benefits		2,518	-	6,812	
		70,868	59,665	177,901	145,494
Operating profit		\$ 85,133	\$ 61,167	\$ 200,720	\$ 125,931
Foreign exchange & interest					
Foreign exchange loss (gain)		(1,159)	(6,188)	5,397	(10,891)
Interest expense		5,836	6,117	15,656	17,797
		4,677	(71)	21,053	6,906
Net Profit before other items		\$ 80,453	\$ 61,238	\$ 179,667	\$ 119,025
Other items					
Inventory write-off (write-back)		-	-	(30)	1,372
Comprehensive income		\$ 80,453	\$ 61,238	\$ 179,697	\$ 117,653
Average shares outstanding					
Basic		7,797,988	7,797,988	7,797,988	7,797,988
Income (loss) per share					
Basic		0.010	.008	0.023	0.015

The accompanying notes are an integral part of these unaudited consolidated financial statements

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

	<i>Shares</i>		<i>Share capital</i>		<i>Deficit</i>		<i>Shareholders' equity</i>
Balance, 1 January 2015	7,797,988	\$	769,520	\$	(726,031)	\$	43,489
Comprehensive income	-		-		117,653		117,653
Balance, 30 September 2015	7,797,988	\$	769,520	\$	(608,378)	\$	161,142
Balance, 1 January 2016	7,797,988	\$	769,520	\$	(628,018)	\$	141,512
Comprehensive income	-		-		179,697		179,697
Balance, 30 September 2016	7,797,988	\$	769,520	\$	(448,321)	\$	321,199

The accompanying notes are an integral part of these consolidated financial statements

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Quarter ended 31 March, Unaudited

Cash provided by (used in)	Notes	3 rd Quarter		Three Quarters	
		2016	2015	2016	2015
Operations					
Income (loss) for period	:	80,453	\$ 61,588	\$ 179,697	\$ 117,663
Items not involving use of cash					
Amortization and depreciation		4,843	6,675	8,713	20,209
		85,296	68,263	188,426	137,862
Changes in non-cash working capital items					
Accounts receivable		(122,362)	(17,958)	(212,246)	(32,698)
Prepaid expenses and advances		(420)	18,663	(11,824)	(4,637)
Inventory		49,998	(4,052)	(4,662)	(109,480)
Accounts payable and accrued liabilities		(86,266)	(4,897)	3,454	19,799
Accounts payable - related		(4,722)	(9,428)	(229)	(12,985)
Current portion of long term debt		199	(53)	(100)	5,746
	:	(163,572)	(17,620)	\$(225,607)	(134,256)
Financing					
Long term debt increase (repayment)	:	(3,120)	(11,000)	\$ (23,037)	(7,879)
Investing					
Property and equipment		(1,105)	(440)	4,614	(2,110)
Deferred development		-	-		-
Patents		(33)	63	(11)	(610)
	:	(1,072)	\$ (377)	\$ 4,603	\$ (2,720)
Increase (decrease) in cash		(82,468)	39,266	(55,612)	(6,992)
Cash (bank indebtedness) beginning of period		117,453	15,523	90,598	61,781
Cash (bank indebtedness) end of period	:	34,986	\$ 54,790	\$ 34,986	\$ 54,790

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*2nd Quarter Notes, Unaudited***1. Reporting Entity**

Fab-Form Industries Ltd. (the "Company" or "Fab-Form") is a company domiciled in Canada and incorporated under the Company Act of British Columbia. The address of the Company's head office is Unit 19, 1610 Derwent Way, Delta BC V3M 6W1. The Company develops, manufactures and distributes proprietary technology to form concrete footings, columns, foundations and walls for building structures. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

These interim consolidated financial statements for the third quarter of 2016 were approved and authorized for issue by the board of directors on the 26th November 2016.

2. Basis of Preparation and Interim Period Reporting

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB) and the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC).

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as in the consolidated financial statements for the year ended 31 December 2015.

The disclosure contained in these interim consolidated financial statements is condensed and includes only selected explanatory notes and does not duplicate or repeat disclosure reported in the consolidated financial statements for the year ended 31 December 2015 that has not changed materially since their date of issue. Accordingly, these interim consolidated financial statements should only be read in conjunction with the consolidated financial statements of the company for the year ended 31 December 2015.

3. Product Sales

	<u>Jul - Sep 16</u>	<u>Jul - Sep 15</u>	<u>\$Change</u>	<u>% Change</u>
Fastfoot	53,859	39,025	14,834	38.0%
Fast-Tube	2,811	2,534	277	10.9%
Fastbag	733	2,084	-1,351	-64.8%
Monopour	19,861	10,225	9,636	94.2%
Helix	48,265	44,112	4,153	9.4%
Nudura	264,365	139,042	125,322	90.1%
ICF Accessories	23,046	11,154	11,892	106.6%
Bracing	115,246	115,684	-437	-0.4%
Sundry Income	290	1,023	-733	-71.6%
Total Sales	<u>528,475</u>	<u>364,883</u>	<u>163,592</u>	<u>44.8%</u>

In the third quarter of 2016 the Monopour, Nudura, and ICF Accessories all showed a doubling of growth over the same period in 2015. Zont Bracing maintained the same level of sales as in 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter Notes, Unaudited**4. Cost of Sales**

	<u>Jul - Sep 16</u>	<u>Jul - Sep 15</u>	<u>\$ Change</u>	<u>% Change</u>
Total Direct Product COGS	353,318	218,412	134,905	61.8%
<i>Gross margins before indirect costs</i>	<i>33.1%</i>	<i>40.1%</i>		
Indirect Product COGS				
Brokerage	2,097	0	2,097	100.0%
Amortization production equip.	1,866	2,975	-1,109	-37.3%
Production tools	14	437	-423	-96.8%
Production rental	7,259	7,298	-39	-0.5%
Variable Overhead	1,192	9,994	-8,802	-88.1%
Wages not allocated	2,712	0	2,712	100.0%
Customer Delivery Fab-Form	2,415	3,937	-1,522	-38.7%
Customer Delivery Van ICF	893	0	893	100.0%
Packing Materials	710	747	-36	-4.9%
Total Indirect Product COGS	<u>19,159</u>	<u>25,388</u>	<u>-6,229</u>	<u>-24.5%</u>
Total Cost of Goods Sold	372,477	243,801	128,676	52.8%
<i>Gross margins after indirect costs</i>	<i>29.5%</i>	<i>33.2%</i>		

Gross margins before indirect costs deteriorated in the second quarter of 2016 because of increased Nudura sales with lower gross margins. Production wages are allocated to specific products, 'Wages not allocated' are for work not related to a specific product. Customer delivery is a net account and should net out to zero.

5. Administrative Expenses

	<u>Jul - Sep 16</u>	<u>Jul - Sep 15</u>	<u>\$ Change</u>	<u>% Change</u>
Amortization & Depreciation	2,451	3,763	-1,312	-34.9%
Occupancy	2,706	2,710	-5	-0.2%
Patent & TM Maintenance Fees	205	205	0	0.0%
Professional Fees	6,217	3,274	2,942	89.9%
Pubco	3,095	3,380	-285	-8.4%
General expenses	15,825	16,253	-429	-2.6%
Management Fees	320	2,821	-2,501	-88.6%
Telecommunications	1,732	1,765	-32	-1.8%
Total Administrative Expenses	<u>32,551</u>	<u>34,172</u>	<u>-1,621</u>	<u>-4.7%</u>

Professional fees increased due to litigation charges with respect to duties paid to US Customs. It is the company's lawyers' opinion that the products qualify as duty free. Management fees are now allocated by product to get a better view of each products gross margin.

6. Selling and Marketing Expenses

	<u>Jul - Sep 16</u>	<u>Jul - Sep 15</u>	<u>Change</u>	<u>% Change</u>
Selling & Marketing	35,799	11,986	23,813	198.7%

In the second and third quarters of 2016 all sales and marketing expenses were allocated to each product line. Thus, it is not possible to compare with the previous year. Selling and marketing expenses increased by 198.7% over the previous year's quarter.

FAB-FORM INDUSTRIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter Notes, Unaudited

FAB-FORM INDUSTRIES LTD. is a manufacturer and marketer of forming products using poly membranes to form and damp-proof concrete for the building industry. Fab-Form is the only company in the world commercializing this technology, and is headquartered in Delta, BC. Its common shares trade on the Toronto Venture Exchange under the symbol "FBF".

For additional information, please contact:

Herb Bentz

Chief Financial Officer

herb@fab-form.com

Bruce Clark

Secretary

bruce@fab-form.com

Rick Fearn

President, CEO, CFO

rick@fab-form.com

Chris Mattock

Chairman of the Board

chris@fab-form.com

Don Russell

Director

don@fab-form.com



INDUSTRIES LTD.

Unit 19, 1610 Derwent Way

Delta, BC V3S 3C3, Canada

(604)596-3278

Shareholders and interested investors should visit:

www.fab-form.com

www.vancouvericf.com

www.helixwest.com