

FAB-FORM

Fabric-Formed Concrete



HELIX



NEWS

COST COMPARE

See video and cost analysis showing ICF and Zont bracing is 37% less than plywood formwork [More](#)



50,000 Zont™ Braces now in market

In every province and state of North America [More](#)



Nudura® used in Vancouver MP

White Rock builder succeeds with ICF Monopour [More](#)



Cirrus Homes ICF Monopour

Greg Hanberry, President, discusses the Fab-Form Monopour [More](#)



FAB-FORM

2015 2nd Quarter

MD & A

MD&A TO OUR SHAREHOLDERS

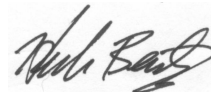
The cover is a screenprint of our current home page for the Fab-Form website, showing a recent project done with ICFs and our Zont bracing. With recent changes in the building code requiring R22 effective insulation, it is now more cost effective to form with insulated concrete forms than with traditional plywood. This change in coding bodes well for all our green products. For more information and a video on this project please go to our home page at www.fab-form.com.

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

Sincerely



Richard Fearn
President and CEO
27 August 2015



Herb Bentz
Chief Financial Officer
27 August 2015

MANAGEMENT DISCUSSION & ANALYSIS

This discussion and analysis of the financial results of Fab-Form Industries Ltd. (Fab-Form or the Company) should be read in conjunction with the interim consolidated unaudited financial statements for the second quarter of 2015 and accompanying notes. The reader should also refer to the MD&A in our 2014 Annual Report as any MD&A information that has not changed materially since year end is not repeated here.

The results reported herein have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com.

The Company is a reporting issuer in Alberta and British Columbia, and trades on the TSX Venture Exchange under the symbol "FBF".

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A constitute "forward-looking statements" as is defined in applicable securities laws. These statements include, without limitation, the success of developing, manufacturing and distributing new products and other similar statements concerning anticipated future events, conditions or results that are not historical in nature, and reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward-looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Such factors include, among others, risks and uncertainties relating to product development; the ability of the Company to obtain additional financing; the Company's limited operating history; the need to comply with environmental and governmental regulations; potential defects in product performance; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; the uncertainty of capturing market share and other risks and uncertainties. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the Report Date and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

VISION & MISSION

We seek to be a world leader in inventing, developing and distributing the greenest and most cost effective foundation and wall systems for the construction industry.

We will lead through constant innovation in technology and production methodology. We believe the power of the internet must be harnessed effectively to communicate innovation to our customers.

We believe that online and hands on training is an important part of achieving market penetration: <http://www.vancouvericf.com/training/Mar2015/information.php>.

OUR PRODUCTS

We have two categories of products:

1. Products invented and developed in house:
 - a. **Fastfoot®**: the use of fabric to form concrete footings: www.fastfoot.com ;
 - b. **Fast-Tube™**: uses fabric to form concrete columns: www.fast-tube.com ;
 - c. Monopour System: manufactured foundation panels that include the walls and footings: www.monopour.com ;
 - d. **Zont Bracing**: a wall alignment system for use with insulated concrete forms: www.zontbracing.com ;
2. Products carried with exclusive distribution agreements:
 - a. **Helix® Micro Rebar**: this fiber is a structural replacement for conventional rebar. Our license agreement is for the province of BC: www.helixwest.com. Helix® is the most advanced steel fiber in the world today because of its patented twisted shape.

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- b. **Nudura® Insulated Concrete Forms:** these are a lightweight wall form that provides at least R24 effective thermal value. Our license agreement is for the lower mainland, sunshine coast and Sea to Sky corridor: www.vancouvericf.com . Nudura® is the premiere ICF in the world market because of its size (12 ft2) and folding technology.

FAB-FORM INDUSTRIES LTD.
MANAGEMENT DISCUSSION & ANALYSIS

OPERATING RESULTS (2nd QUARTER 2015)

1. Discussion of Operations and Financial Condition

	Apr - Jun 15	Apr - Jun 14	\$ Change	% Change
Sales	297,723	269,283	28,440	10.6%
Direct product COGS	186,386	178,488	7,898	4.4%
Indirect product COGS	13,806	10,685	3,121	29.2%
COGS	200,192	189,173	11,019	5.8%
Gross profit	97,531	80,110	17,420	21.8%
Administrative expense	35,361	23,582	11,780	49.9%
Interest expense	7,673	6,940	733	10.6%
Marketing	16,465	15,913	552	3.5%
Total expense	59,499	46,434	13,064	28.1%
Net ordinary income	38,032	33,676	4,356	12.9%
Forex (gain) loss	741	2,135	-1,394	-65.3%
Inventory write-off	1,372	2,525	-1,153	-45.7%
Total other expense	2,113	4,659	-2,547	-54.7%
Comprehensive income	35,920	29,017	6,903	23.8%

In the second quarter of 2015 sales continued their upward trend with gross sales 11% higher than the previous year's quarter. If the large Helix sale in the second quarter of 2014 is removed, sales of our base products doubled over 2014. Comprehensive income was 23.8% higher in 2015 due the higher margins of our core products.

Working capital at the end of the second quarter improved to \$107,831 from \$37,063 at the end of the second quarter of 2014.

2. Product Sales

	Apr - Jun 15	Apr - Jun 14	\$ Change	% Change
Fastbag	3,772	3,129	643	21%
Fastfoot	41,828	41,734	95	0%
Fast-Tube	4,225	1,337	2,888	216%
Helix	22,238	107,732	(85,494)	(79%)
Sundry	98	3,188	(3,090)	(97%)
Monopour	11,136	22,213	(11,077)	(50%)
ICF	117,611	10,101	107,509	1064%
Bracing	96,814	79,849	16,965	21%
Total	297,723	269,283	28,440	11%

In the second quarter of 2015 Helix® dropped off 79% due to a large US sale which occurred in 2014. Sales of the Zont bracing continued to increase, following the increase of the US housing market. ICF sales showed a strong improvement of over 1,000% due to effective marketing and distribution efforts in the lower mainland. Monopour sales dropped off due a focus on ICF sales.

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3. Cost of Sales

	Apr - Jun 15	Apr - Jun 14	\$ Change	% Change
Total direct product COGS	186,386	178,194	8,192	4.6%
<i>Gross margins before indirect costs</i>	<i>37.4%</i>	<i>33.8%</i>		<i>10.6%</i>
Indirect product COGS				
Amortization of prod. equip	2,975	2,545	430	16.9%
Production tools	407	202	205	101.4%
Production occupancy	7,298	7,941	-643	-8.1%
Variable overhead	795	671	124	18.4%
Unabsorbed delivery costs	2,332	-674	3,005	446.1%
Total indirect product COGS	13,806	10,685	3,121	29.2%
Total COGS	200,192	188,879	11,313	6.0%
<i>Gross margins after indirect costs</i>	<i>32.8%</i>	<i>29.9%</i>		<i>9.7%</i>

Direct product gross margins improved in the second quarter as a result of increased ICF and bracing sales which have higher gross margins. Gross margins after overheads also showed a similar increase of 9.7%.

4. General and Administrative Expenses

	Apr - Jun 15	Apr - Jun 14	\$ Change	% Change
Amortization	3,777	4,935	-1,158	-23.5%
Occupancy	2,824	2,752	73	2.6%
Patent maintenance	205	205	0	0.0%
Professional fees	3,760	3,939	-179	-4.5%
Public company	3,204	4,435	-1,232	-27.8%
General expenses	12,394	5,322	7,073	132.9%
Management fees	8,312	381	7,931	2,079.1%
Telecommunications	885	1,612	-728	-45.1%
Total	35,361	23,582	11,780	50.0%

General expenses reflected higher liability insurance costs due to increased sales. Management fees increase over 2014 levels.

5. Selling and Marketing Expenses

	Apr - Jun 15	Apr - Jun 14	\$ Change	% Change
Advertising	3,324	4,304	-980	-22.8%
Adwords	955	732	223	30.5%
Selling expenses	1,650	2,254	-604	-26.8%
Trade shows	3,543	1,630	1,914	117.4%
Associations	200	0	200	100.0%
Postage & courier	10	140	-130	-93.0%
Promo materials	735	1,264	-529	-41.8%
Website	48	0	48	100.0%
Commissions and fees	6,000	5,590	410	7.3%
Total	16,465	15,913	552	3.5%

Selling and marketing expenses were in line with the previous year's quarter.

MANAGEMENT DISCUSSION & ANALYSIS

SELECTED QUARTERLY FINANCIAL SUMMARY

The following table sets out selected quarterly financial information derived from the Company's financial statements, for each of the eight recently completed quarters.

	<i>2015</i>			<i>2014</i>			<i>2013</i>	
	<i>2nd Qtr</i>	<i>1st Qtr</i>	<i>4th Qtr</i>	<i>3rd Qtr</i>	<i>2nd Qtr</i>	<i>1st Qtr</i>	<i>4th Qtr</i>	<i>3rd Qtr</i>
Revenues	297,723	124,133	295,968	470,993	269,283	64,071	148,903	136,148
Net Income (loss)	35,920	20,536	(23614)	33,991	29,017	(5251)	(21652)	12,064
Shares outstanding (diluted)	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988
Income (loss) per diluted share	0.00	0.00	(0.00)	0.00	0.00	(0.00)	(0.00)	0.00

Additional financial information on the Company can be found on SEDAR at www.sedar.com.

Approved

"Board of Directors"

27 August 2015

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FURTHER INFORMATION

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".

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Shareholders and interested investors should visit:

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