

**VANCOUVER**  
**ICF**

WHAT ARE ICFS? WHY NUDURA? ICF MONOPOUR ICF BRACING TRAINING CONTACT



**BUILDING GREEN  
WITH CONCRETE**

**FAB-FORM**  
**2015 3rd Quarter**  
**MD & A**

## MD&A TO OUR SHAREHOLDERS

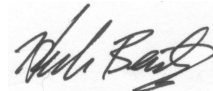
The cover is a screenprint of our current home page for the Fab-Form website, showing a recent training session done with ICFs, Zont bracing and Helix. Over one hundred attendees listened to the ourstanding presentations and the hands-on workshops. For more information and videos on this training session please go to our home page at [www.vancouvericf.com](http://www.vancouvericf.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  
12 November 2015



Herb Bentz  
Chief Financial Officer  
12 November 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 third 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](http://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: See: <http://www.vancouvericf.com/training/Oct2015/photosOct2015.php>

We have two categories of products:

1. Products invented and developed in house:
  - a. **Fastfoot®**: the use of fabric to form concrete footings: see [www.fastfoot.com](http://www.fastfoot.com) .
  - b. **Fast-Tube™**: uses fabric to form concrete columns: see [www.fast-tube.com](http://www.fast-tube.com) .
  - c. **Monopour System**: manufactured foundation panels that include the walls and footings: see [www.monopour.com](http://www.monopour.com) . As the foundation wall and footing are poured at the same time, this represents considerable cost savings to the contractor.
  - d. **Zont Bracing**: a wall alignment system for use with insulated concrete forms: see [www.zontbracing.com](http://www.zontbracing.com) . As ICF sales are taking an increasing percent of the market across North America, this represents a growing product category for us.

## MANAGEMENT DISCUSSION & ANALYSIS

2. Products distributed 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: see [www.helixwest.com](http://www.helixwest.com). Helix® is the most advanced steel fiber in the world today because of its patented twisted shape.
- 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: see [www.vancouvericf.com](http://www.vancouvericf.com) . Nudura® is the premiere ICF in the world market because of its size (12 ft2) and folding technology. With recent changes to the BC building code now requiring effective R22 thermal value on all foundations, the use of ICFs is now a more cost effective solution than forming with plywood. Housing starts in the metropolitan Vancouver area are trending around 20,000 per year, this represents a significant market for Nudura®.

FAB-FORM INDUSTRIES LTD.  
MANAGEMENT DISCUSSION & ANALYSIS

OPERATING RESULTS (3<sup>rd</sup> QUARTER 2015)

**1. Discussion of Operations and Financial Condition**

	<b>Jul - Sep 15</b>	<b>Jul - Sep 14</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Total income</b>	<b>364,883</b>	470,993	-106,110	-22.5%
<b>Direct product COGS</b>	<b>218,762</b>	350,016	-131,253	-37.5%
<b>Indirect product COGS</b>	<b>25,388</b>	18,098	7,291	40.3%
<b>Total COGS</b>	<b>244,151</b>	368,113	-123,963	-33.7%
<b>Gross profit</b>	<b>120,732</b>	102,879	17,853	17.4%
<b>Administration</b>	<b>34,172</b>	36,370	-2,198	-6.0%
<b>Interest</b>	<b>6,117</b>	6,855	-738	-10.8%
<b>Marketing</b>	<b>24,893</b>	20,305	4,588	22.6%
<b>Wages not allocated</b>	<b>500</b>	0	500	100.0%
<b>Total expense</b>	<b>65,682</b>	63,529	2,153	3.4%
<b>Net ordinary income</b>	<b>55,050</b>	39,350	15,700	39.9%
<b>Forex (gain) loss</b>	<b>-6,188</b>	2,897	-9,085	-313.6%
<b>Development cost write-down</b>	<b>-</b>	2,463	-2,463	-100.0%
<b>Total other expense</b>	<b>-6,188</b>	5,360	-11,548	-215.5%
<b>Comprehensive income</b>	<b>61,238</b>	<b>33,991</b>	<b>27,248</b>	<b>80.2%</b>

In the third quarter of 2015 overall sales dropped 22.5% from than the previous year's quarter. If the large Helix sale in the third quarter of 2014 is removed, sales of core products more than doubled over 2014. Comprehensive income was 80.2% higher in 2015 due higher margins of core products as well as forex gains resulting from the lowering value of the Canadian dollar.

Working capital at the end of the third quarter improved to \$164,327 from \$65,796 at the end of the third quarter of 2014.

**2. Product Sales**

	<b>Jul - Sep 15</b>	<b>Jul - Sep 14</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Fastfoot</b>	<b>41,109</b>	54,105	-12,996	-24.0%
<b>Fast-Tube</b>	<b>2,534</b>	4,955	-2,421	-48.9%
<b>Helix</b>	<b>44,112</b>	309,350	-265,238	-85.7%
<b>Sundry</b>	<b>1,023</b>	-1,414	2,437	100.0%
<b>Monopour</b>	<b>10,225</b>	30,745	-20,520	-66.7%
<b>ICF</b>	<b>150,196</b>	11,348	138,848	1,223.5%
<b>Zont</b>	<b>115,684</b>	61,903	53,781	86.9%
	<b>364,883</b>	470,993	-106,110	-22.5%

In the third quarter of 2015 Helix® dropped 85.7% due to a large US sale which occurred in 2014. Sales of the Zont bracing showed an 86.9% increase over 2014, following the increase of the US housing market. ICF sales showed a strong improvement of over 1,200% due to effective marketing and distribution efforts in the lower mainland. Monopour sales dropped 66.7% due to a focus on ICF sales in the local market.

FAB-FORM INDUSTRIES LTD.  
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### 3. Cost of Sales

	Jul - Sep 15	Jul - Sep 14	\$ Change	% Change
<b>Total direct product COGS</b>	<b>218,762</b>	350,016	-131,253	-37.5%
<i>Gross margins before indirect costs</i>	<b>40.0%</b>	25.7%		55.9%
<b>Indirect product COGS</b>				
<b>Amortization production equipment</b>	<b>2,975</b>	2,615	360	13.8%
<b>Production tools</b>	<b>437</b>	1,290	-852	-66.1%
<b>Production rental</b>	<b>7,298</b>	7,514	-216	-2.9%
<b>Variable overhead</b>	<b>9,994</b>	1,390	8,605	619.2%
<b>Customer delivery costs</b>	<b>4,684</b>	5,290	-606	-11.5%
<b>Total indirect product COGS</b>	<b>25,388</b>	18,098	7,291	40.3%
<b>Total cost of goods sold</b>	<b>244,151</b>	368,113	-123,963	-33.7%
<i>Gross margins after indirect costs</i>	<b>33.1%</b>	21.8%		51.5%

Direct product gross margins improved in the third quarter as a result of increased ICF and bracing sales which have higher gross margins. Gross margins after overheads also showed a strong increase of 51.5%.

### 4. General and Administrative Expenses

	Jul - Sep 15	Jul - Sep 14	Change	% Change
<b>Administrative expenses</b>				
<b>Amortization &amp; depreciation</b>	<b>3,763</b>	5,589	-1,826	-32.7%
<b>Occupancy</b>	<b>2,710</b>	3,573	-863	-24.1%
<b>Patent &amp; TM maintenance Fees</b>	<b>205</b>	205	-	-%
<b>Professional fees</b>	<b>3,274</b>	3,200	74	2.3%
<b>Pubco</b>	<b>3,380</b>	2,189	1,191	54.4%
<b>General expenses</b>	<b>16,253</b>	4,590	11,663	254.1%
<b>Management fees</b>	<b>2,821</b>	15,381	-12,560	-81.7%
<b>Telecommunications</b>	<b>1,765</b>	1,642	123	7.5%
<b>Total administrative expenses</b>	<b>34,172</b>	36,370	-2,198	-6.0%

Total administrative expenses were in line with the previous year's quarter.

### 5. Selling and Marketing Expenses

	Jul - Sep 15	Jul - Sep 14	Change	% Change
<b>Marketing expenses</b>				
<b>Advertising</b>	<b>1,964</b>	1,632	332	20.3%
<b>Adwords</b>	<b>954</b>	749	205	27.4%
<b>Selling</b>	<b>7,393</b>	2,631	4,762	181.0%
<b>Trade shows</b>	<b>4,093</b>	1,630	2,464	151.2%
<b>Associations</b>	<b>1,050</b>	0	1,050	100.0%
<b>Postage &amp; courier</b>	<b>-</b>	48	-48	-100.0%
<b>Promo materials</b>	<b>1,786</b>	600	1,186	197.6%
<b>Website</b>	<b>50</b>	252	-202	-80.1%
<b>Commissions &amp; fees</b>	<b>7,603</b>	12,764	-5,161	-40.4%
<b>Total marketing expenses</b>	<b>24,893</b>	20,305	4,588	22.6%

Selling and marketing expenses increased 22.6% over the previous year's quarter due to higher trade show and selling costs.

## MANAGEMENT DISCUSSION &amp; 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.

	<b>2015</b>				<b>2014</b>		<b>2013</b>	
	<b>3rd Qtr</b>	<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>
Revenues	<b>364,883</b>	297,723	124,133	295,968	470,993	269,283	64,071	148,903
Net Income (loss)	<b>61,238</b>	35,920	20,536	(23614)	33,991	29,017	(5251)	(21652)
Shares outstanding (diluted)	<b>7,797,988</b>	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	<b>0.01</b>	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](http://www.sedar.com).

Approved

*"Board of Directors"*

12 November 2015

FAB-FORM INDUSTRIES LTD.  
FURTHER INFORMATION

*FAB-FORM INDUSTRIES LTD., headquartered in Delta BC, is a manufacturer and distributor of green and cost effective concrete forming products for the building industry. 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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[www.helixwest.com](http://www.helixwest.com)