

FAB-FORM
Fabric-Formed Concrete



HELIX



THE 12 HOUR FOUNDATION

NEWS

FAB-FORM
Financial Statements
2nd Quarter 2016

REPORT TO OUR SHAREHOLDERS

The cover is a screenprint of our current home page, showing a recent foundation project completed in 12 hours by SED Construction, Chilliwack, BC. For more information, see:

<http://www.fab-form.com/zontBracing/12hourFoundation.php>

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
26 August 2016



Herb Bentz
Chief Financial Officer
26 August 2016

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

	Notes	30 Jun 2016	31 Dec 2015
ASSETS			
Current			
Cash	\$	118,174	\$ 90,598
Accounts receivable		149,284	62,571
Prepaid expenses and advances		33,357	21,953
Inventory		210,960	156,300
Total current assets		511,775	331,422
Property and equipment		61,087	70,348
Deferred development		3,112	3,458
Patents		4,296	4,252
		68,495	78,058
		\$ 580,270	\$ 409,480
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$	172,197	\$ 83,189
Accounts payable – related		55,165	52,412
Current portion of long-term debt		44,355	44,654
Total current liabilities		271,717	180,255
Long-term debt		67,807	87,713
SHAREHOLDERS' EQUITY			
Share capital		769,520	769,520
Deficit		(528,774)	(628,008)
		240,746	141,512
		\$ 580,270	\$ 409,480

Approved and authorized by the Board 26 August 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

		2 nd Quarter		1 st Half	
	Notes	2016	2015	2016	2015
Sales	4	\$ 462,200	\$ 297,723	\$ 836,584	\$ 421,856
Cost of sales	5	342,116	200,563	613,961	271,513
Gross profit		\$ 120,084	\$ 97,160	\$ 222,623	\$ 150,343
(Percent Gross Profit)		26.0%	32.6%	26.6%	35.6%
Administrative & selling expenses					
General and administrative expenses	6	31,259	35,361	63,103	55,995
Selling and marketing expenses	7	19,666	16,465	29,636	29,934
Wages and benefits		1,929	-	4,294	
		52,854	51,826	107,032	85,929
Operating profit		\$ 67,230	\$ 45,334	\$ 115,591	\$ 64,784
Foreign exchange & interest					
Foreign exchange loss		3,291	741	6,556	(4,703)
Interest expense		6,467	7,692	9,820	11,661
		9,758	8,433	16,376	6,957
Net Profit before other items		\$ 57,472	\$ 36,901	\$ 99,214	\$ 57,827
Other items					
Inventory write-off (write-back)		-	1,372	(30)	1,372
Comprehensive income		\$ 57,472	\$ 35,529	\$ 99,244	\$ 56,455
Average shares outstanding					
Basic		7,797,988	7,797,988	7,797,988	7,797,988
Diluted	8	-	-	-	-
Income (loss) per share					
Basic		0.007	0.005	0.013	0.007
Diluted		-	-	-	-

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	-		-		56,065		56,065
Balance, 30 June 2015	7,797,988	\$	769,520	\$	(705,495)	\$	99,554
Balance, 1 January 2016	7,797,988	\$	769,520	\$	(628,008)	\$	141,512
Comprehensive income	-		-		99,244		99,244
Balance, 30 June 2016	7,797,988	\$	769,520	\$	(528,764)	\$	240,756

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	2 nd Quarter		1 st Half	
		2016	2015	2016	2015
Operations					
Income (loss) for period		\$ 57,472	\$ 35,529	\$ 99,244	\$ 56,065
Items not involving use of cash					
Amortization and depreciation		4,866	6,752	9,733	13,471
		62,338	42,281	108,977	69,536
Changes in non-cash working capital items					
Accounts receivable		45,675	(70,480)	(86,713)	(14,740)
Prepaid expenses and advances		(13,679)	43,148	(11,404)	(23,300)
Inventory		(66,404)	(4,176)	(54,660)	(105,428)
Accounts payable and accrued liabilities		48,930	(18,938)	87,268	24,696
Accounts payable - related		5,859	(2,326)	4,493	(3,557)
Current portion of long term debt		(354)	(358)	(299)	5,693
		\$ 22,553	(53,130)	\$ (61,316)	(116,636)
Financing					
Long term debt increase (repayment)		\$ (8,500)	(10,476)	\$ (19,917)	3,121
Investing					
Property and equipment		-	-	-	-
Deferred development		-	-	-	-
Patents		(170)	(610)	(170)	(2,280)
		\$ (170)	\$ (610)	\$ (170)	\$ (2,280)
Increase (decrease) in cash		76,222	(21,934)	27,575	(46,258)
Cash (bank indebtedness) beginning of period		41,952	37,457	90,598	61,781
Cash (bank indebtedness) end of period		\$ 118,173	\$ 15,523	\$ 118,173	\$ 15,523

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 second quarter of 2016 were approved and authorized for issue by the board of directors on the 26th August 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

	Apr - Jun 16	Apr - Jun 15	Change	% Change
Fastfoot	45,331	41,828	3,503	8.4%
Fast-Tube	3,726	4,225	-499	-11.8%
Fastbag	4,104	3,772	331	8.8%
Monopour	10,248	11,136	-888	-8.0%
Helix	52,690	22,238	30,452	136.9%
Nudura	245,059	117,611	127,448	108.4%
ICF Accessories	11,325	0	11,325	100.0%
Zont Bracing	89,560	96,814	-7,254	-7.5%
Sundry Income	156	98	58	58.9%
Total Sales	462,199	297,723	164,477	55.2%

In the second quarter of 2016 Helix, Nudura, and ICF Accessories all showed triple digit growth over the same period in 2015. Monopour sales declined because of supply issues. Zont Bracing dropped 7.5% in the quarter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Apr - Jun 16	Apr - Jun 15	Change	% Change
Total Direct Product COGS	326,484	186,736	139,749	74.8%
<i>Gross margins before indirect costs</i>	<i>29.4%</i>	<i>37.3%</i>		
Indirect Product COGS				
Amortization production equip.	1,827	2,975	-1,148	-38.6%
Production tools	41	407	-366	-90.0%
Production rental	7,267	7,298	-31	-0.4%
Variable Overhead	730	795	-65	-8.2%
Wages not allocated	1,083	0	1,083	100.0%
Customer Delivery	4,578	1,739	2,839	163.2%
Packing Materials	107	613	-506	-82.6%
Total Indirect Product COGS	<u>15,631</u>	<u>13,827</u>	<u>1,805</u>	<u>13.1%</u>
Total Cost of Goods Sold	342,116	200,563	141,553	70.6%
<i>Gross margins before indirect costs</i>	<i>26.0%</i>	<i>32.6%</i>		

Gross margins deteriorated in the second quarter of 2016 as a result of increased Nudura and Helix sales which have 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. The debit balance is a result of duty being paid to US Customs on the Zont bracing and Monopour products.

5. Administrative Expenses

	Apr - Jun 16	Apr - Jun 15	Change	% Change
Amortization & Depreciation	2,441	3,777	-1,336	-35.4%
Occupancy	2,822	2,824	-2	-0.1%
Patent & TM Maintenance Fees	205	205	0	0.0%
Professional Fees	8,447	3,760	4,687	124.7%
Pubco	2,667	3,204	-536	-16.7%
General expenses	12,525	12,394	131	1.1%
Management Fees	320	8,312	-7,992	-96.1%
Telecommunications	1,831	885	946	106.9%
Total Admin Expenses	<u>31,259</u>	<u>35,361</u>	<u>-4,102</u>	<u>-11.6%</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 were significantly lower than the previous year.

6. Selling and Marketing Expenses

	Apr - Jun 16	Apr - Jun 15	Change	% Change
Selling & Marketing	19,665	16,465	3,201	19.44%

In the second quarter of 2016 all sales and marketing expenses were allocated to each product line. As a result, it is not possible to compare with the previous year. Selling and marketing expenses increased by 19.4% 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".

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