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***FAB-FORM***  
***MD&A***  
***1st Quarter 2017***

## MD&A TO OUR SHAREHOLDERS

The cover is a screen shot of one of our projects located in Vancouver, BC. The builder, Jeff Langford of JDL Homes discusses all of our products and how they have improved the quality and efficiency of his foundations. For more information, go to: <http://www.vancouvericf.com/nudura/jdlHomes.php>.

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

Sincerely



Richard Fearn  
President and CEO  
30 May 2017



Herb Bentz  
Chief Financial Officer  
30 May 2017

## MANAGEMENT DISCUSSION & ANALYSIS

*31 December 2016*

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 consolidated audited financial statements for the year 2016 and accompanying notes. The results reported therein 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).

### 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 several 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.

### COMPANY DESCRIPTION

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 also exclusively distributes Helix® micro rebar into the BC market and Nudura® insulating concrete form into the Lower Mainland market. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

### INTERIM MD&A REPORTING

The reader should refer to our interim consolidated financial statements for the three-month period ended 31 March 2017 and our consolidated financial statements for the year ended 31 December 2016 while reading this discussion. The reader should also refer to the MD&A in our 2016 Annual Report as any MD&A information that has not changed materially since year end is not repeated here.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

31 December 2016

## OPERATING RESULTS

## 1. First Quarter Profit &amp; Loss

	<b>Jan - Mar 17</b>	<b>Jan - Mar 16</b>	<b>Change</b>	<b>% Change</b>
<b>Sales</b>	<b>383,710</b>	374,385	9,325	2.5%
<b>Cost of sales</b>	<b>275,181</b>	271,846	3,335	1.2%
<b>Gross Profit</b> <i>(Percent gross profit)</i>	<b>108,529</b> <b>28.3%</b>	102,539 27.4%	5,989	5.8%
<b>Expenses</b>				
Admin Expenses	<b>27,022</b>	31,844	-4,822	-15.1%
Interest Expense	<b>2,634</b>	3,353	-719	-21.4%
Selling & Marketing	<b>35,874</b>	19,980	15,894	79.6%
Wages & Benefits	<b>2,868</b>	2,365	503	21.3%
	<b>68,398</b>	57,542	10,856	18.9%
<b>Net Ordinary Income</b>	<b>40,130</b>	44,997	-4,867	-10.8%
<b>Other Income/Expense</b>				
Forex loss	<b>646</b>	3,265	-2,620	-80.2%
Inventory Write-off	<b>0</b>	-30	30	100.0%
	<b>646</b>	3,235	-2,590	-80.0%
<b>Comprehensive income</b>	<b>39,485</b>	41,762	-2,277	-5.5%

Sales in the first quarter of 2017 increased 2.5% over the first quarter of 2016 due to the coldest winter on record for thirty-three years. Frozen ground conditions prevented foundation starts in our local market as well as in many parts of Canada and the USA.

Comprehensive income for the first quarter of 2017 was \$39,485, a 5.5% decrease over 2016's \$41,762. The decrease was due substantially to higher selling and marketing expenses.

## 2. Product Sales

	<b>Jan - Mar 17</b>	<b>Jan - Mar 16</b>	<b>Change</b>	<b>% Change</b>
<b>Fastbag</b>	<b>1,811</b>	3,329	-1,517	-45.6%
<b>Fastfoot</b>	<b>34,509</b>	36,683	-2,173	-5.9%
<b>Fast-Tube</b>	<b>2,846</b>	3,848	-1,002	-26.0%
<b>Helix</b>	<b>37,577</b>	38,552	-976	-2.5%
<b>Sundry Income</b>	<b>190</b>	7,195	-7,005	-97.4%
<b>Monopour</b>	<b>11,109</b>	7,146	3,963	55.5%
<b>Nudura</b>	<b>217,558</b>	200,405	17,153	8.6%
<b>Bracing</b>	<b>51,676</b>	69,830	-18,154	-26.0%
<b>ICF Accessories</b>	<b>26,433</b>	7,398	19,035	257.3%
<b>Total Sales</b>	<b>383,710</b>	374,385	9,325	2.5%

Nudura sales for the first quarter increased \$17,153 or 8.6% over 2016; ICF accessories increased \$19,035 or 257.3% over 2016. ICF Monopour showed a healthy 55.5% increase over 2016 due to wider acceptance in all markets. Other products increased or decreased marginally over 2016.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

31 December 2016

**3. Cost of Sales**

	Jan - Mar 17	Jan - Mar 16	Change	% Change
<b>Total Direct Product COGS</b>	<b>265,167</b>	259,575	5,592	2.2%
<b>Indirect Product COGS</b>				
<b>Packing Materials</b>	<b>552</b>	251	301	119.9%
<b>Customer Delivery VanICF</b>	<b>-784</b>	0	-784	-100.0%
<b>Brokerage</b>	<b>-169</b>	0	-169	-100.0%
<b>Amortization production equip.</b>	<b>1,688</b>	3,482	-1,794	-51.5%
<b>Production tools</b>	<b>0</b>	64	-64	-100.0%
<b>Production rental</b>	<b>7,639</b>	7,259	380	5.2%
<b>Variable Overhead</b>	<b>1,794</b>	930	864	92.9%
<b>Wages not allocated</b>	<b>248</b>	264	-16	-6.1%
<b>Customer Delivery FBF</b>	<b>-955</b>	20	-975	-4,771.1%
<b>Total Indirect Product COGS</b>	<b>10,014</b>	12,270	-2,256	-18.4%
<b>Total Cost of Goods Sold</b>	<b>275,181</b>	271,846	3,335	1.2%

Total direct product cost of goods sold increased less (2.2%) than the rate of sales due to an improved margin mix. Indirect product cost of goods decreased 18.4% in 2017 due substantially to lower amortization costs.

**4. General and Administration**

	Jan - Mar 17	Jan - Mar 16	Change	% Change
<b>Amortization &amp; Depreciation</b>	<b>1,877</b>	1,386	492	35.5%
<b>Occupancy</b>	<b>3,031</b>	3,124	-93	-3.0%
<b>Patent &amp; TM Maintenance Fees</b>	<b>205</b>	205	0	0.0%
<b>Professional Fees</b>	<b>1,945</b>	3,143	-1,198	-38.1%
<b>Pubco</b>	<b>3,601</b>	2,094	1,507	72.0%
<b>General expenses</b>	<b>14,721</b>	9,593	5,129	53.5%
<b>Management Fees</b>	<b>0</b>	10,320	-10,320	-100.0%
<b>Telecommunications</b>	<b>1,642</b>	1,980	-338	-17.1%
<b>Total Admin Expenses</b>	<b>27,022</b>	31,844	-4,822	-15.1%

General and administration expenses decreased 15.1% in the first quarter of 2017 due substantially to the allocation of management fees to respective products. This allows the determination of profit by product so that appropriate investment decisions can be made.

**5. Selling and Marketing**

	Jan - Mar 17	Jan - Mar 16	Change	% Change
<b>Total Selling &amp; Marketing</b>	<b>35,874</b>	19,980	15,894	79.6%

Selling and marketing expenses increased significantly in 2017 due to aggressive efforts in our local market to convert contractors to purchase our products. The ICF Expo ([www.icf-expo.org](http://www.icf-expo.org)) was part of this push. It is anticipated that these efforts will accrue significant benefits in the balance of 2017.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

31 December 2016

## i) SELECTED QUARTERLY FINANCIAL SUMMARY

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

	<b>2017</b>		<b>2016</b>		<b>2015</b>			
	<b>1st Qtr</b>	<b>4th Qtr</b>	<b>3rd Qtr</b>	<b>2nd Qtr</b>	<b>1st Qtr</b>	<b>4th Qtr</b>	<b>3rd Qtr</b>	<b>2nd Qtr</b>
Revenues	<b>383,710</b>	331,970	528,475	462,199	374,385	322,619	364,883	297,723
Net Income (loss)	<b>39,485</b>	30,885	80,453	61,285	41,772	(18917)	61,238	35,920
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>0.0051</b>	0.0040	0.0103	0.0079	0.0054	(0.0024)	0.0079	0.0046

Additional financial information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Approved

"Board of Directors"

30 May 2017

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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