



***FAB-FORM***  
***Financials***  
***3rd Quarter 2019***

# REPORT TO OUR SHAREHOLDERS

The cover is a photo from the Canadian Embassy's 40' x 40' booth at Expo CIHAC held in Mexico City, Mexico from the 15<sup>th</sup> to 19<sup>th</sup> of October this year. Fab-Form had one of the sub-booths as shown in the cover photo where it displayed Fast-Tube ([www.fast-tube.com](http://www.fast-tube.com)). The objective of the booth was to determine the size of the Fast-Tube market in Mexico and Central / South America.

On his return, sales manager Joey Fearn felt that there was excellent potential for Fast-Tube in these markets as shipping cardboard tube is very difficult. The largest distributor of construction materials in Mexico, Construrama.com (owned by Cemex.com) has 2,300 stores across the Mexico. If each store sold just a single box of FT10 per month, this would represent \$4 million in annual sales.

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  
31 October 2019



Don Russell  
Chief Financial Officer  
31 October 2019

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

	Notes	30 Sep 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 889,351	\$ 500,968
Accounts receivable		423,463	344,718
Prepaid expenses and advances		52,659	67,274
Inventory		328,544	424,269
<b>Total current assets</b>		<b>1,688,969</b>	1,337,229
<b>Property and equipment</b>		<b>55,927</b>	60,721
<b>Capitalization of leases</b>		<b>124,840</b>	-
<b>Deferred development</b>		<b>8,100</b>	6,840
<b>Patents</b>		<b>4,505</b>	5,119
		<b>193,372</b>	72,680
		<b>\$ 1,882,341</b>	\$ 1,409,909
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 301,500	\$ 65,366
Accounts payable – related		21,076	102,082
<b>Total current liabilities</b>		<b>322,576</b>	167,448
<b>Long term lease liability</b>		<b>\$ 56,746</b>	-
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital</b>		<b>1,120,875</b>	1,120,875
<b>Retained earnings</b>		<b>382,145</b>	121,586
		<b>1,503,020</b>	1,242,461
		<b>\$ 1,882,341</b>	\$ 1,409,909

Approved and authorized by the Board 31 October 2019



Rick Fearn, Director



Don Russell, Director

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

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

3rd Quarter and Three Quarters 2019 and 2018, unaudited

	Notes	3rd Quarter		Three Quarters	
		2019	2018	2019	2018
<b>Sales</b>		\$ 945,004	\$ 780,554	\$ 2,337,010	\$ 2,211,361
<b>Cost of sales</b>		<b>662,453</b>	551,156	<b>1,665,355</b>	1,595,577
<b>Gross profit</b>		\$ 282,550	\$ 229,398	\$ 671,666	\$ 615,620
(Percent Gross Profit)		29.9%	29.4%	28.7%	27.8%
<b>Administrative &amp; selling expenses</b>					
General and administrative expenses		51,239	42,715	167,571	120,762
Interest expense		11,048	37,243	19,302	129,741
Selling and marketing expenses		41,117	4,846	122,210	12,574
Wages and benefits		-	15,440	-	45,158
		<b>103,404</b>	100,244	<b>309,083</b>	308,235
<b>Net ordinary income</b>		\$ 179,146	\$ 129,153	\$ 362,583	\$ 307,549
<b>Other expense</b>					
Foreign exchange (gain) loss		4,393	1,712	2,797	(3,425)
Provision for corporate tax		42,760	27,464	95,878	53,157
Recovery of duties		-		3,349	
Inventory write-off		-	(15,144)	-	(14,091)
		<b>47,153</b>	14,032	<b>102,024</b>	35,641
<b>Comprehensive income</b>		\$ 131,153	\$ 115,122	\$ 260,558	\$ 271,908
<b>Average shares outstanding</b>					
Basic		8,822,065	8,500,698	8,822,065	8,500,698
<b>Income per share</b>					
Basic		0.015	0.014	0.030	0.032

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

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Three Quarters 2019 and 2018

	<i>Shares</i>	<i>Share capital</i>	<i>Deficit</i>	<i>Shareholders' equity</i>
Balance, 1 January 2018	7,797,988	\$ 769,520	\$ (215,738)	\$ 553,782
Private placement	702,710	\$ 351,355	-	351,355
Comprehensive income	-	-	271,908	271,908
Balance, 30 Sep 2018	8,500,698	\$ 1,120,875	\$ 56,170	\$ 1,177,045
Balance, 1 January 2019	8,822,065	\$ 1,120,875	\$ 121,586	\$ 1,242,461
Comprehensive income	-	-	260,558	260,558
Balance, 30 Sep 2019	8,822,065	\$ 1,120,875	\$ 382,144	\$ 1,503,019

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

## FAB-FORM INDUSTRIES LTD.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

*Periods ended 30 Sep, unaudited*

<b>Cash provided by (used in)</b>	Notes	3rd Quarter		Three Quarters	
		<b>2019</b>	2018	<b>2019</b>	2018
<b>Operations</b>					
Income for period		\$ <b>131,993</b>	\$ 115,112	\$ <b>260,558</b>	\$ 271,908
Items not involving use of cash					
Amortization and depreciation		<b>2,824</b>	7,426	<b>4,326</b>	12,409
		<b>134,817</b>	122,548	<b>264,885</b>	284,317
Changes in non-cash working capital items					
Accounts receivable		<b>(53,200)</b>	41,123	<b>(78,745)</b>	(128,937)
Prepaid expenses and advances		<b>6,257</b>	9,687)	<b>19,665</b>	2,934)
Inventory		<b>30,968</b>	(52,063)	<b>95,723</b>	(58,803)
Accounts payable and accrued liabilities		<b>(56,846)</b>	(62,312)	<b>239,799</b>	(129,279)
Accounts payable - related		<b>(69,194)</b>	(3,272)	<b>(84,670)</b>	(28,200)
		<b>\$ (142,015)</b>	(66,835)	<b>\$ 191,771</b>	(342,284)
<b>Financing</b>					
Long term lease liability		<b>(17,024)</b>	-	<b>56,746</b>	
Private placement		-	-	-	351,355
		<b>\$ (17,024)</b>	\$ -	<b>\$ 56,746</b>	\$ 351,355
<b>Investing</b>					
Property and equipment		<b>21,468</b>	(7,645)	<b>(122,936)</b>	(63,067)
Product development		<b>(428)</b>		<b>(2,463)</b>	
Patents		<b>380</b>	-	<b>380</b>	-
		<b>\$ 17,101</b>	\$ (7,645)	<b>\$ (125,019)</b>	\$ (63,067)
<b>Increase (decrease) in cash</b>		<b>(2,801)</b>	48,068	<b>388,382</b>	230,320
<b>Cash beginning of period</b>		<b>892,153</b>	534,564	<b>500,969</b>	352,312
<b>Cash end of period</b>		<b>\$ 889,352</b>	\$ 582,632	<b>\$ 889,352</b>	\$ 582,632

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Third quarter 2019, 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 also exclusively distributes Helix® micro rebar into the BC market and Nudura® insulating concrete form into the Lower Mainland of BC. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

**2. Basis of Presentation for 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 2018.

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 2018 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 2018.

**3. Product Sales**

	<u>Jul - Sep 19</u>	<u>Jul - Sep 18</u>	<u>Change</u>	<u>% Change</u>
<b>Fastfoot</b>	75,718	74,606	1,112	1.5%
<b>Fast-Tube</b>	7,953	2,120	5,833	275.1%
<b>Helix</b>	88,456	89,784	-1,329	-1.5%
<b>Sundry Income</b>	561	27	533	1,945.5%
<b>Monopour</b>	19,633	13,627	6,007	44.1%
<b>Nudura</b>	518,164	414,471	103,693	25.0%
<b>Rentals</b>	31,152	22,674	8,478	37.4%
<b>Bracing</b>	158,890	132,277	26,614	20.1%
<b>ICF Accessories</b>	41,424	30,324	11,101	36.6%
<b>Used bracing &amp; accessories</b>	<u>3,053</u>	<u>645</u>	<u>2,408</u>	<u>373.3%</u>
<b>Total Sales</b>	<u>945,004</u>	<u>780,554</u>	<u>164,450</u>	<u>21.1%</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Third quarter 2019, unaudited

**5. Cost of Sales**

	<u>Jul - Sep 19</u>	<u>Jul - Sep 18</u>	<u>Change</u>	<u>% Change</u>
<b>Total Direct Product COGS</b>	649,991	538,978	111,014	20.6%
<b>Indirect Product COGS</b>				
<b>Inventory adjustment account</b>	106	0	106	100.0%
<b>Waste disposal</b>	27	0	27	100.0%
<b>GS1 charges</b>	327	0	327	100.0%
<b>Packing materials</b>	26	0	26	100.0%
<b>Amortization production equip.</b>	1,106	2,102	-996	-47.4%
<b>Production tools</b>	18	82	-64	-78.1%
<b>Production rental</b>	9,453	8,801	652	7.4%
<b>Variable Overhead</b>	1,324	2,414	-1,090	-45.1%
<b>Wages not allocated</b>	75	25	50	200.0%
<b>Total Indirect Product COGS</b>	<u>12,462</u>	<u>13,423</u>	<u>-961</u>	<u>-7.2%</u>
<b>Total COGS</b>	<u>662,453</u>	<u>552,401</u>	<u>110,052</u>	<u>19.9%</u>

**6. General and administration**

	<u>Jul - Sep 19</u>	<u>Jul - Sep 18</u>	<u>Change</u>	<u>% Change</u>
<b>Amortization &amp; Depreciation</b>	967	1,074	-107	-10.0%
<b>Occupancy</b>	5,505	4,898	607	12.4%
<b>Patent &amp; TM Maintenance Fees</b>	451	0	451	100.0%
<b>Professional Fees</b>	5,965	7,925	-1,960	-24.7%
<b>Pubco</b>	3,963	5,581	-1,618	-29.0%
<b>General expenses</b>	8,083	4,761	3,322	69.8%
<b>Wages and benefits</b>	21,012	28,066	-7,054	-25.1%
<b>Telecommunications &amp; computers</b>	5,293	5,774	-481	-8.3%
<b>Total Admin Expenses</b>	<u>51,239</u>	<u>58,078</u>	<u>-6,839</u>	<u>-11.8%</u>

**7. Selling and marketing**

	<u>Jul - Sep 19</u>	<u>Jul - Sep 18</u>	<u>Change</u>	<u>% Change</u>
<b>Fastfoot</b>	4,893	7,600	-2,707	-35.6%
<b>Monopour</b>	2,061	579	1,483	256.1%
<b>Bracing</b>	13,348	9,353	3,995	42.7%
<b>Helix</b>	135	163	-29	-17.5%
<b>Nudura</b>	18,710	14,821	3,889	26.2%
<b>Fast-Tube</b>	1,320	1,889	-570	-30.2%
<b>Other</b>	650	769	-119	-15.5%
<b>Total Selling &amp; Marketing</b>	<u>41,117</u>	<u>35,175</u>	<u>5,943</u>	<u>16.9%</u>



FAB-FORM INDUSTRIES LTD.

## FURTHER INFORMATION

*Unaudited statements*

*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:

[www.fab-form.com/investor/overview.php](http://www.fab-form.com/investor/overview.php)

[www.vancouvericf.com](http://www.vancouvericf.com)

[www.steelfiberswest.com](http://www.steelfiberswest.com)

[www.icf-expo.org](http://www.icf-expo.org)