



**FAB-FORM INDUSTRIES LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2023**

FAB-FORM INDUSTRIES LTD
CONDENSED INTERIM FINANCIAL STATEMENTS

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FAB-FORM INDUSTRIES LTD
Management's Report to Shareholders

For the quarter ended 31 December 2023

The accompanying Condensed Interim Financial Statements are the responsibility of the management of Fab-Form Industries Ltd. The Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards including International Accounting Standard ("IAS") 34 – Interim Financial Reporting and, where appropriate, include management's best estimates and judgments.

The Company maintains an accounting system and related controls to provide management with reasonable assurance that transactions are executed and recorded in accordance with its authorizations, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Board of Directors oversees management's responsibilities for the Condensed Interim Financial Statements primarily through the activities of its Audit Committee. The Audit Committee meets with management of the Company to review the Company's Condensed Interim Financial Statements and MD&A. The Audit Committee also reviews internal accounting controls, risk management and accounting principles and practices. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the Condensed Interim Financial Statements.

The Condensed Interim Financial Statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies of the Company.

The Company's independent auditors have neither reviewed nor audited these Condensed Interim Financial Statements.



.....
Director
Joseph Fearn
28 February 2024



.....
Director
Don Russell
28 February 2024

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended 31 December 2023, 2022, and periods of six months ended 30 June 2023, and 31 December 2023

	Quarter ended		Period ended		Period of six months ended
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	30-Jun-23
	\$	\$			<i>Audited</i> \$
Revenue	1,020,614	1,004,813	2,561,290	3,119,899	2,591,065
Cost of sales	(677,243)	(631,055)	(1,620,845)	(1,961,007)	(1,520,727)
Gross profit	343,371	373,758	940,445	1,158,892	1,070,338
<i>Gross profit margin %</i>	<i>34%</i>	<i>37%</i>	<i>37%</i>	<i>37%</i>	<i>41%</i>
Other income	9,066	(8,458)	77,698	78,967	10,437
Expenses					
General and administration	(156,644)	(124,769)	(288,421)	(292,837)	(303,274)
Selling and marketing	(46,865)	(52,208)	(94,763)	(95,612)	(110,553)
Total expenses	(203,509)	(176,978)	(383,184)	(388,449)	(413,827)
Earnings from operations	148,928	188,322	634,959	849,410	666,948
Finance cost	(2,087)	(2,789)	(4,350)	(5,751)	(5,480)
Earnings before income taxes	146,841	185,533	630,609	843,659	661,468
Income taxes	(39,469)	(49,680)	(166,239)	(239,507)	(178,874)
Earnings for the quarter/period ended	107,372	135,853	464,370	604,152	482,594
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the quarter/period ended	107,372	135,853	464,370	604,152	482,594
Weighted average number of shares outstanding	9,174,507	9,090,233	9,174,507	9,090,233	9,174,507
Basic and diluted earnings per share	0.012	0.015	0.051	0.066	0.053

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

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023, 2022 and 30 June 2023

	31-Dec-23	31-Dec-22	30-Jun-23
	\$	\$	<i>Audited</i> \$
ASSETS			
Current			
Cash and cash equivalents	2,247,178	831,894	1,012,026
Short-term investments	1,509,708	2,018,634	2,043,332
Trade and other receivables	540,545	608,091	875,716
Inventories	674,962	654,286	625,972
	4,972,393	4,112,905	4,557,046
Non current assets			
Property, plant and equipment	178,123	83,761	108,364
Right of use assets	294,560	408,583	351,571
Deferred development	89,428	65,450	72,816
Intangible assets	136,994	88,933	114,570
	699,105	646,727	647,321
Total Assets	5,671,498	4,759,632	5,204,367
LIABILITIES			
Current			
Trade and other payables	241,229	165,656	247,837
Lease liabilities	115,884	113,031	114,449
Corporate tax payable	78,156	75,795	11,918
	435,269	354,482	374,204
Non current liabilities			
Lease liabilities	189,471	305,356	247,775
	189,471	305,356	247,775
Total liabilities	624,740	659,838	621,979
EQUITY			
Share capital	1,388,006	1,388,006	1,388,006
Retained earnings	3,658,752	2,711,788	3,194,382
Total equity	5,046,758	4,099,794	4,582,387
Total equity and liabilities	5,671,498	4,759,632	5,204,367

Approved and authorized by the Board 28 February 2024

"Joey Fearn"

....., CEO

"Vishwanath Kumar"

....., CFO

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF CHANGES IN EQUITY

For the period of six months ended 30 June 2023, and 31 December 2023

	Issued Capital		Retained	Total equity
	No of shares	Amount	earnings	
		\$	\$	\$
Balance, 1 January 2023	9,174,507	1,388,006	2,711,788	4,099,793
Total comprehensive income		-	482,594	482,594
Balance, 30 June 2023	<u>9,174,507</u>	<u>1,388,006</u>	<u>3,194,382</u>	<u>4,582,387</u>
Balance, 1 July 2023	9,174,507	1,388,006	3,194,382	4,582,387
Total comprehensive income		-	464,370	464,370
Balance, 31 December 2023	<u>9,174,507</u>	<u>1,388,006</u>	<u>3,658,752</u>	<u>5,046,757</u>

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENTS OF CASHFLOWS

For the quarters ended 31 December 2023, 2022, and periods of six months ended 30 June 2023, and 31 December 2023

	Quarter ended		Period ended		Period of six months ended
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	30-Jun-23 <i>Audited</i>
	\$	\$	\$	\$	\$
Cash flows form operating activities					
Earnings before income taxes	146,841	185,533	630,609	843,659	661,468
Items not involving use of cash					
Amortization and depreciation	16,344	5,639	16,790	9,678	21,028
Impairment of assets	-	21,824	-	22,456	1,122
Depreciation - Right of Use Assets	28,506	28,506	57,012	57,012	57,012
Finance cost - lease liabilities	2,087	2,789	4,350	5,751	5,055
	193,778	244,291	708,761	938,556	745,685
Changes in working capital items					
Trade and other receivables	274,272	559,416	335,171	264,516	(267,625)
Inventories	(128,379)	(40,802)	(48,990)	(15,861)	28,314
Trade and other payables	(124,583)	(496,865)	(6,610)	(252,388)	82,181
Cash generated from operating activities	215,088	266,040	988,332	934,823	588,556
Income taxes paid	(50,000)	(160,000)	(100,000)	(210,334)	(242,751)
Net cash generated from operating activities	165,088	106,040	888,332	724,489	345,804
Cash flows from investing activities					
Short-term investments	199,387	(2,018,634)	533,624	(2,018,634)	(24,698)
Purchase of property, plant and equipment	(60,200)	(3,729)	(95,883)	(5,217)	(34,392)
Deferred development	(749)	(13,221)	704	(26,503)	(8,056)
Intangible assets	(18,038)	(84,871)	(30,407)	(85,312)	(37,307)
Net cash used in investing activities	120,400	(2,120,455)	408,038	(2,135,666)	(104,453)
Cash flows from financing activities					
Lease payments	(30,609)	(30,609)	(61,218)	(61,218)	(61,220)
Net cash used in financing activities	(30,609)	(30,609)	(61,218)	(61,218)	(61,220)
Net increase in cash and cash equivalents	254,879	(2,045,024)	1,235,152	(1,472,395)	180,132
Cash and cash equivalents at beginning of the quarter/period ended	1,992,299	2,876,918	1,012,026	2,304,289	831,894
Cash and cash equivalents at end of the quarter/period ended	2,247,178	831,894	2,247,178	831,894	1,012,026

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

FAB-FORM INDUSTRIES LTD
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the quarter ended 31 December 2023

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 market. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

2 Basis of presentation

a) Basis of preparation

These condensed interim 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).

b) Basis of measurement

These condensed interim financial statements were prepared on the historical cost basis. The accounting policies of the company, and have been applied consistently to all periods presented in these financial statements.

c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, the Company's functional currency.

d) Use of significant estimates and judgements

The preparation of the condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which have the most significant effect on the amounts recognized in the financial statements:

• **Impairment of non-financial assets**

Impairment exists when the carrying value of a non-financial asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rates used.

• **Depreciation and amortization rates**

In calculating the depreciation and amortization expense, management is required to make estimates of the expected useful lives of property and equipment and intangible assets.

• **Taxes**

Deferred tax assets, if any, are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2 Basis of presentation (Continued)

d) Use of significant estimates and judgements (continued)

- **Credit losses**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Significant management judgement is required in developing segments and determining level of stratification. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

- **Provision for inventory obsolescence**

The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging and current and future expectations with respect to product offerings. The Company reviews future revenue trends and forecasts, expected inventory requirements and inventory composition necessary to support future revenues.

The estimate for the Company's allowance for inventory obsolescence could change from period to period due to changes in product offerings and customer acceptance of those products. If the inventory allowance was inadequate it would result in a charge to operations expense in the future.

- **Right of use assets and lease liability**

The Company applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the entity's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term applied if the lease is reasonably certain to be extended (or not terminated). The lease term for recognised leases is 5 years commencing from 01 Aug 2021. The Company also applied judgement in determining the incremental borrowing of 2.50% based on prime rate plus 0.05% as of the assessment date 31 July 2021.