

SCHEDULE B

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS

See consolidated financial statements for details.

2. RELATED PARTY TRANSACTIONS

See consolidated financial statements for details.

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

a) Securities issued:

NONE

b) Options granted:

NONE

4. SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

a) Authorized share capital:

See consolidated financial statements for details.

b) Shares issued and outstanding:

See consolidated financial statements for details.

c) Options, warrants and convertible securities outstanding:

See consolidated financial statements for details.

d) Shares subject to escrow or pooling agreements.

See consolidated financial statements for details.

5. NAMES OF DIRECTORS AND OFFICERS AS AT THE DATE THIS REPORT IS SIGNED AND FILED

Richard Fearn - President, Director, CEO, CFO

Herb Bentz - Director, Corporate secretary

Chris Mattock - Director

SCHEDULE C: MANAGEMENT DISCUSSION

DESCRIPTION OF BUSINESS

Fab-Form Industries Ltd. is a developer, manufacturer and marketer of innovative forming products that use fabric in place of lumber to form and damp proof concrete for the building industry. The Company currently has the following products in production, under development, or about to be released:

Footing Forms

Fastfoot® Strip System

Concrete footings are one of the most important but often overlooked components of a building structure as the footing is the starting point of all construction. The footings are the interface between the uneven ground and the linear man-made components. The Fastfoot® System consists of three components:

1. Fast-yokes™ - adjustable steel assemblies that hold the 2x4s in the correct horizontal position
2. Kickers - 2x4s or rebar that create a level surface at the top of the footing
3. Fastfabric® - the flexible membrane which forms the concrete between the uneven ground and the kickers

Fastbags™

Fastbags® are fabric 'bags' used to form point load footings. The fabric is sewn into patterns which create the desired pad shape when filled with concrete. Fastbags® are an economic and environmental improvement to forming with lumber and stakes.

Fastfoot® Lite™

This product uses Fastfabric™ without the steel Fast-Yokes™. This enables contractors to obtain the benefits of fabric forming without any capital investment. The product has been tested locally in the last quarter of 2001 with complete success. Fastfoot® Lite™ will be formally introduced in the first quarter of 2002.

Fast-Ring™

This product uses a 'ring' of fabric to form pier pads and is held in place with steel stakes.

Fast-Ring™ comes in rolls 12" wide, and 1500 feet long, pre-printed with the name of the distributor or ready mix supplier. As a single roll of fabric can form any size pad up to 36" in height and 10 feet in diameter, the inventory requirements of the distributor are reduced to a single item.

The distributor will obtain site branding on each job site, and the contractor will obtain a cost effective method of forming pad footings. This product is in Stage II - Form Co-Development Partnerships.

Fastfabric® DPM

Indoor air quality studies confirm that concrete absorbs and transports moisture to interior building spaces. This moisture comes from either outside the concrete wall in the surrounding earth which leads to moisture wicking through the concrete wall to the interior where it vaporizes within the basement of the structure; or below the footing water where the water wicks up into the concrete footing and into the wall before vaporizing inside the building. Current design and installation practices for drainage ensure that footings typically sit in pools of water that are one to two inches deep.

Fastfabric® DPM will act as a waterproof membrane (DPM) that prevents water from wicking into the footing, allowing builders to construct drier, healthier concrete structures and interior spaces.

The product is in Stage I - Concept Design and Prototype Testing. Full commercialization is expected in the fourth quarter of 2002.

Wall Forms

For most below grade foundations, building codes require the foundation wall (as distinct from the footing) to be treated with a damp proof coating to prevent water from entering inside the structure.

Fabwall™ has the following features

- An (external) fabric form that doubles as a damp proofing membrane
- An expanded polystyrene (EPS) or extruded polystyrene (XPS) inside form that provides required insulation levels
- Drop stitches in the fabric that act as ties between the inside and outside form.

The benefits are significant

- The thickness of EPS or XPS is determined by insulation requirements, not concrete pressure. This is achieved by reducing the tie spacing to accommodate the concrete pressure.
- The form can be shipped flat, minimizing storage and shipping costs.
- The form is pre-manufactured, eliminating site labour to install ties, waterproof membrane, and insulation.
- The form panel size is not limited, and can be produced in sizes up to 10' high and 4' wide, reducing labour costs.
- No damp proofing is required as the outside fabric is the damp proof membrane
- No stripping is required as the forms are left in place

Research and Development

Significant progress has been made with the fabric wall form called Fabwall™. The Company is co-developing with a large multinational fabric manufacturer, and has recently developed machinery capable of weaving form panels up to 8' in height, and 4' in width. During 2001, development expenditures have continued on both Fastfoot® (\$8,726) and Fabwall™ (\$53,489).

Intellectual Property

The Company has continued to fund intellectual property with patent expenditures of \$17,444 and trademarks of \$2,544 during 2001.

MANAGEMENT DISCUSSION & ANALYSIS

Analysis of Financial Results for the Year

Current Working Capital Situation

The Company has been seriously under funded since going public in October 1999. The Company plans to improve its working capital position through various Debt Settlement Agreements. As of 31 December 2001, the Company's working capital deficiency was \$339,993.

Finance & Cash Flow

Operating activities for the year 2001 generated cash of \$52,313 (compared with a deficit of \$51,793 in 2000). Investments of \$72,467 were made to R&D and Intellectual property (very close to the \$72,634 made in 2000). Loans from Directors of \$16,749 financed the deficit in 2001, compared with equity funding of \$103,000 in 2000.

Income

Sales for the year increased only 10% over the previous year. Critical sales expected before winter freeze did not materialize because of the September 11th American tragedy.

Cost of Goods Sold

Gross margins for the year were 42%, a small improvement over the previous year (41%).

Expenses

Operating expenses were reduced 31% for the year to \$179,153 compared to \$259,427 for 2000.

For the year 2001, Fab-Form recorded a net loss of (\$99,104) or (\$0.05) per share, a significant 50% improvement from (\$193,259) or (\$0.10) per share in 2000.

Professional and management fees were \$61,509, little changed from \$61,604 in 2000. Cash flow constraints reduced marketing and advertising to \$19,184 from \$39,546 the previous year. Wages and benefits were reduced significantly in 2001 by subcontracting work rather than hiring employees.

MATERIAL CONTRACTS

There were no material contracts in the quarter.

INVESTOR RELATIONS

The Company's contract with Communications Capital Group Inc. was terminated at the end of August, and no new agreements for investor relations have been entered subsequent to that time.

SUBSEQUENT EVENTS

On January 18th, 2002, the Company announced it has negotiated Debt Settlement Agreements of approximately \$170,000, representing over 85% of the Company's qualifying debt, at a deemed price of \$0.18 per share.