

B.C. FORM 51-901F

QUARTERLY AND YEAR END REPORT

Incorporated as part of:

<u> X </u>	Schedule A
<u> X </u>	Schedules B & C

ISSUER DETAILS:

Name of Issuer: Fab-Form Industries Ltd.
Issuer Address: #212 - 6333 148th Street, Surrey, B.C. V3S 3C3
Issuer Fax No.: (604) 501-6090
Issuer Telephone No.: (604) 596-3278
Contact Name: Mr. Richard Fearn
Contact Position: President
Contact Telephone Number: (604) 596-3278
Contact Email Address: rfearn@fab-form.com
Web Site Address: www.fab-form.com
For Quarter Ended: 31 March 2002
Date of Report: 22 May 2002

CERTIFICATE:

THE THREE SCHEDULES REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE, THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

<u>"Richard Fearn"</u>	Richard Fearn	22 May, 2002
<u>"Herb Bentz"</u>	Herb Bentz	22 May, 2002

FAB-FORM INDUSTRIES LTD.

(Formerly Fastfoot Industries Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2002 and 2001

UNAUDITED, PREPARED BY MANAGEMENT

Fab-Form Industries Ltd.*(Formerly Fastfoot Industries Ltd.)*

Statement 1

Consolidated Balance Sheet**As at 31 March***Canadian Funds**Unaudited, prepared by Management*

ASSETS	31/03/02	31/03/01
Current		
Cash and short-term deposits	-	-
GST receivable	10,736	4,879
Accounts receivable	29,274	28,440
Prepaid expenses and advances	10,088	7,999
Inventory	10,642	33,320
	60,741	74,638
Reclamation Deposit Receivable	-	10,000
Capital Assets <i>(Note 5)</i>	35,893	47,889
Deferred Development Costs <i>(Note 6)</i>	237,635	211,727
Patents <i>(Note 7)</i>	102,263	82,546
Trademarks <i>(Note 8)</i>	12,862	11,472
	449,393	438,272
LIABILITIES		
Current		
Bank overdraft <i>(Note 9)</i>	3,437	811
Accounts payable and accrued liabilities	214,155	210,535
Due to related parties <i>(Notes 14b and 18)</i>	169,067	81,688
Loans from related parties <i>(Notes 10 and 18)</i>	16,706	15,440
Current portion of long-term debt <i>(Note 10)</i>	7,488	7,380
	410,853	315,854
Long-Term Debt <i>(Note 10)</i>	7,715	15,186
Obligation to Issue Shares <i>(Note 16)</i>	63,500	63,500
SHAREHOLDERS' EQUITY		
Share Capital <i>(Note 11)</i>	440,682	440,682
Deficit - <i>Statement 2</i>	(473,356)	(396,950)
	(32,674)	43,732
	449,393	438,272

ON BEHALF OF THE BOARD:

"Richard Fearn"

_____, Director

"Herb Bentz"

_____, Director

- See Accompanying Notes -

Consolidated Statement of Loss and Deficit

For the First Quarter

Canadian Funds

Unaudited, prepared by Management

	THREE MONTHS	
	2002	2001
Sales	65,550	62,169
Cost of Sales	33,228	40,070
Gross Profit	32,321	22,099
(Percent Gross Profit)	49%	36%
Expenses		
Administration fees	5,233	7,760
Investor relations	1,210	1,200
Professional fees	1,392	217
Public company expenses	5,169	4,621
Wages and benefits	11,238	10,316
Marketing and advertising	1,569	14,743
Amortization and depreciation	6,215	5,813
Production	1,087	(96)
Patent maintenance	486	200
Occupancy	2,705	2,735
Foreign exchange loss (gain)	(174)	1,086
	36,131	48,595
Loss Before Other Items	(3,810)	(26,496)
Net Income (Loss) for the Period	(3,810)	(26,496)
Deficit - Beginning of Period	(469,547)	(370,454)
Deficit - End of Period	(473,356)	(396,950)
Common shares outstanding		
Basic	5,357,066	5,357,066
Diluted	5,472,066	6,161,566
Earnings per share (loss)		
Basic	(0.001)	(0.005)
Diluted	(0.001)	(0.004)

- See Accompanying Notes -

Consolidated Statement of Cash Flows

For the First Quarter

Canadian Funds

Unaudited, prepared by Management

	THREE MONTHS	
Cash Resources Provided By (Used In)	2002	2001
Operating Activities		
Cash receipts from customers	41,187	59,086
Direct costs	(33,211)	(31,736)
Cash paid to suppliers and employees	8,970	(11,862)
	16,946	15,488
Investing Activities		
Capital assets	(1,050)	(70)
Research & Development	(4,682)	(20,734)
Patents	(3,594)	(258)
Purchases of Trademarks	(1,337)	(1,814)
	(10,663)	(22,876)
Financing Activities		
Long term debt	(1,872)	(1,861)
Directors loan	(43)	15,440
	(1,915)	13,579
Net Increase (Decrease) in Cash	4,368	6,191
Cash position, opening	(7,805)	(7,002)
Cash position, ending	(3,437)	(811)

- See Accompanying Notes -

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

1. Continued Operations

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The company is planning to meet its current obligations by raising funds via a private placement and issuing shares for debt (*Note 18*). The company's continued existence is dependent upon its ability to complete the private placement, obtain additional financing and continued support of its debtors and/or achieve profitable operations.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions and events which raise doubts about the validity of the going concern assumption used in preparing these financial statements.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

2. Incorporation and Nature of Business

Fab-Form Industries Ltd. (the "company" or "Fab-Form") was incorporated 13 June 1995 under the Company Act of British Columbia as 498620 B.C. Ltd. On 11 October 1995 the company changed its name to Capital Gold Corporation. On 16 November 1995 the company changed its name to First Gold Corporation. On 25 October 1999 the company changed its name to Fastfoot Industries Ltd. On 14 December 2001 the company changed its name to Fab-Form Industries Ltd.

Initially, the company was involved in exploration and development of mineral properties. On 28 October 1999 the company acquired 100% of the issued and outstanding shares of Maxito Industries Ltd. ("Maxito") (*Note 3a*). Maxito develops proprietary technology to construct concrete footings, foundations, and walls for residential and commercial building structures. Maxito's wholly owned subsidiary, Fastfoot Industries (1986) Ltd. ("Fastfoot (1986)") is the operating company for the technology.

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

3. Significant Accounting Policies

a) **Basis of Consolidation**

These consolidated financial statements include the accounts of the company, its wholly owned subsidiary Maxito, and the wholly owned subsidiary of Maxito, Fastfoot (1986). Maxito was incorporated under the Company Act of British Columbia on 28 May 1990. Fastfoot (1986) was incorporated under the Company Act of British Columbia on 18 November 1986.

Maxito's acquisition of Fastfoot (1986) has been accounted for using the pooling of interests method of accounting ("pooling method"). Included in these financial statements are the results of operations of each entity since their respective incorporation dates.

The company's acquisition of Maxito has been accounted for using the purchase method as a reverse takeover.

b) **Inventory**

Inventory is valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out basis.

c) **Amortization**

The company provides for amortization of capital assets on the following basis:

- Manufacturing equipment - 20% declining balance method
- Office furniture and equipment - 20% declining balance method
- Computer equipment - 30% declining balance method
- Vehicle - 30% declining balance method
- Software - 100% declining balance method

One-half of the above rate is taken in the year of acquisition.

d) **Research and Development Costs**

New product development costs are deferred to future periods when the product or process is clearly defined, the costs can be identified, the technical feasibility has been established, management intends to market the product or process, a market exists for the product or process, and adequate resources exist to complete the project. The company provides for amortization using the reversed sum-of-the-years'-digits method, over the estimated useful life of the product or process from the date of completion. Research, as well as development costs that do not meet the preceding criteria are expensed in the period incurred. Research and development investment tax credits and government grants are applied against the deferred costs or expense, as applicable, in the period in which the investment tax credits and government grants are received.

Deferred development costs consist of:

- i) direct costs of materials and services consumed during the development stage,
- ii) salaries, wages and benefits of personnel directly engaged in the development activities,
- iii) a reasonable portion of overhead costs,
- iv) amortization of capital assets used in the development activities.

e) **Patents**

Patent costs are recorded at cost and are being amortized on a straight-line basis over 17 years, commencing in the year in which the patent certificate is received.

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

3. Significant Accounting Policies - Continued

f) Trademarks

Trademarks are recorded at cost and are being amortized on a straight-line basis over 10 years, commencing in the year in which the trademark certificate is received.

g) Foreign Currency Translation

The company's foreign denominated transactions have been translated into Canadian dollars as follows:

- Monetary assets and liabilities at year-end rates,
- All other assets and liabilities at historical rates, and
- Revenue and expense and exploration and development items at the average rate of exchange prevailing during the year.

Exchange gains and losses arising from these transactions are reflected in income or expense in the year.

h) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

i) Share Capital

- i)* The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the company. No compensation expense is recognized for stock options.
- ii)* Share capital issued for non-monetary consideration is recorded at an amount based on fair market value reduced by an estimate of transaction costs normally incurred when issuing shares for cash, as determined by the board of directors of the company.

j) Revenue Recognition

Revenue is recorded and related costs are recognized on the income statement at the time the product is shipped or the service is provided.

k) Loss per Share

Loss per share amounts have been calculated and presented in accordance with the new recommendations of the Canadian Institute of Chartered Accountants.

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

3. Significant Accounting Policies - Continued

k) Loss per Share - Continued

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Fully diluted loss per share is not presented because it is anti-dilutive.

l) Management's Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

4. Fair Value of Financial Instruments

The company's financial instruments consist of GST receivable, accounts receivable, bank overdraft, accounts payable, amounts due to related parties, loans from related parties and long-term debt. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. A significant portion of the company's sales is made in U.S. funds. Consequently, the company has significant exposure to the foreign currency fluctuation risk.

5. Capital Assets

	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Manufacturing equipment	\$ 23,554	\$ 12,913	\$ 10,641	\$ 11,989
Office furniture and equipment	6,273	4,701	1,572	1,965
Computer equipment	26,198	18,692	7,506	10,712
Vehicle	29,391	13,216	16,175	23,108
Software	1,678	1,678	-	153
	<u>\$ 87,094</u>	<u>\$ 51,200</u>	<u>\$ 35,893</u>	<u>\$ 49,927</u>

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

6. Deferred Development Costs

a) Details of the company's deferred development costs are as follows:

	Fastfoot Technology (i)	Fabwall Technology (ii)	Total
Balance - 31 December 2001	101,618	134,534	236,152
Costs incurred	4,849	10,923	15,772
Government grant (iii)	-	(11,089)	(11,089)
Amortization	(3,200)	-	(3,200)
Balance - 31 March 2002	\$ 103,267	\$ 134,368	\$ 237,635

(i) The company amortizes Fastfoot costs using a reversed sum-of-the-years'-digits method over seven years commencing in fiscal 2000.

(ii) No amortization of Fabwall has been recorded as the project is still under development. No material revenue relates to the Fabwall technology.

(iii) During the current year, the company received a non-refundable grant of \$11,089 from the provincial government to support development of the Fabwall™ technology.

b) Details of the accumulated deferred costs and amortization are as follows:

	Fastfoot Technology	Fabwall Technology	Total
Prototype development	\$ 20,872	\$ 7,903	\$ 28,775
Design and testing	41,111	40,974	82,085
Consulting and management fees	33,899	58,510	92,409
Wages	6,266	24,354	30,620
Overhead costs	18,985	25,126	44,111
SR&D Investment Tax Credit refund received	(1,673)	(1,674)	(3,347)
Government grant received	-	(20,825)	(20,825)
Accumulated amortization	(16,192)	-	(16,192)
	\$ 103,267	\$ 134,368	\$ 237,635

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

7. Patents

The company's proprietary technology is protected by a number of currently held and pending patents. Pending patents are for (1) Reusable Building Foundation Form and Method and (2) Fabric Wall Form and Method. Details are as follows:

	Patents					Total
	Building Foundation and Floor Assembly	Concrete Foundation and Wall Form Apparatus and Method	Reusable Building Foundation Form and Method	Fabric Wall Form and Method		
Balance - 31 December 2001	\$ 5,225	\$ 5,321	\$ 76,861	\$ 11,528	\$ 98,935	
Costs incurred	-	-	190	3,404	3,594	
Amortization	(163)	(102)	-	-	(265)	
Balance - 31 December 2001	\$ 5,062	\$ 5,219	\$ 77,051	\$ 14,932	\$ 102,263	

The details of the accumulated patent costs and amortization are as follows:

	2002		2001	
Legal cost	\$	139,720	\$	118,941
Accumulated amortization		(37,457)		(36,359)
	\$	102,263	\$	82,546

8. Trademarks

The company has three registered trademark (Fastfoot®, Fastfabric® and Fastbag®).

	Trademarks			
	Fastfoot®	Fastfabric®	Fastbag®	Total
Balance - 31 December 2001	\$ 5,052	\$ 3,883	\$ 2,832	\$ 11,767
Costs incurred	-	-	1,336	1,336
Amortization	(145)	(97)	-	(242)
Balance - 31 March 2002	\$ 4,907	\$ 3,786	\$ 4,168	\$ 12,861

The details of the accumulated cost and amortization are as follows:

	2002		2001	
Legal cost	\$	14,264	\$	12,197
Accumulated amortization		(1,402)		(725)
	\$	12,862	\$	11,472

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

9. Bank Overdraft

The company can have a bank overdraft position to a maximum of \$10,000 with an interest rate of prime rate plus 5% per annum, secured by a general security agreement.

10. Loans from Related Parties

Loans from related parties are due on demand and bear interest at prime plus 2% compounded monthly. Details are as follows:

Due to a director and officer of the company	\$	7,061
Due to former directors of the company		<u>9,645</u>
	\$	<u>16,706</u>

11. Long-Term Debt

Details are as follows:

	<u>2002</u>	2001
General Motors Acceptance Corporation of Canada, vehicle loan bearing interest at 1.9% per annum, repayable in blended monthly principal and interest payments of \$644, maturing 6 March 2004, secured by vehicle	\$ 15,203	\$ 22,524
Less: Current portion	(7,488)	(7,338)
	\$ 7,715	<u>\$ 15,186</u>

Principal repayments required in the next three years are as follows:

	<u>Amount</u>
2002	\$ 5,616
2003	7,612
2004	<u>1,975</u>
	<u>\$ 15,203</u>

12. Obligation to Issue Shares / Contingent Liability

During the 2000 fiscal year, a former director and officer of the parent company ("the plaintiff") initiated legal action against the company. The plaintiff alleges that during the 2000 fiscal year he made \$64,500 in loans to the company, and that the company owes him this money plus accrued interest. The company's current management believes that only \$63,500 was advanced to the company and that these funds were advanced for the exercise of warrants. No further legal action has been undertaken by the plaintiff or the company since fiscal 2000. The outcome of the dispute is still unknown.

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

13. Share Capital

a) **Basis of Presentation**

These consolidated financial statements are prepared using reverse takeover accounting, under which the capital structure of the consolidated entity is that of the legal parent (the company), but the dollar amount at the date of the reverse takeover of the issued share capital is that of the legal subsidiary (Maxito).

b) **Details of Share Capital**

i) Authorized share capital: 100,000,000 common shares without par value and 100,000,000 class A preferred shares without par value

ii) The share capital of the company, is as follows:

	Common Shares		Amount
Issued and outstanding:			
Balance - 31 December 1999	15,971,200	\$	401,182
Exercise of warrants	100,000		39,500
Balance - 31 December 2000 and 14 December 2001 - pre-consolidated	16,071,200	\$	440,682
Balance - 14 December 2001 and 31 December 2001 - post-consolidated	5,357,066	\$	440,682

On 14 December 2001, the company consolidated its share capital on a one new for three old basis and concurrently increased the authorized common shares to 100,000,000.

All shares mentioned in these financial statements are reported on a post-consolidated basis unless otherwise noted.

As at 31 March 2002, 50.2% (2001 - 50.2%) of the issued and outstanding voting common shares of the company were owned by a director and officer of the company and a relative of the director and officer.

c) **Escrow Shares**

As at 31 March 2002, 3,419,307 (2000 - 3,419,307) shares were held in escrow to be released with the consent of the governing regulatory bodies. One escrow share will be released for every \$1.014 of cumulative positive cash flow before tax.

d) **Options and Warrants**

Details of stock options outstanding at 31 March 2002 are as follows:

	Number	Price per Share	Expiry Date
Options	115,000	\$ 0.45	1 November 2003

There were no warrants outstanding at 31 March 2002.

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

14. Related Party Transactions

- a) During the current year, the following costs were included in deferred development costs:
 - (i) \$4,250 (2001 - \$7,500) of management fees were paid or accrued to a director and officer of the company.
 - (ii) \$4,250 (2001 - \$750) of administration fees were paid or accrued to a relative of a director and officer of the company.
 - (iii) \$NIL (2001 - \$NIL) of consulting and design fees were paid or accrued to a company controlled by a director of the company

 - b) Amounts due to related parties were incurred in the ordinary course of business, are non-interest bearing, without any specific terms of repayment and consist of :
 - (i) \$76,349 (2001 - \$10,454) due to a director and officer of the company.
 - (ii) \$9,153 (2001 - \$9,153) due to a former director and officer of the company.
 - (iii) \$48,246 (2001 - \$24,446) due to relatives of a director and officer of the company.
 - (iv) \$30,319 (2001 - \$NIL) due to a company controlled by a director of the company.

 - c) Management fees expense includes \$4,250 (2001 - \$7,500) paid or accrued to a director and officer of the company.

 - d) Wages and benefits expense includes \$NIL (2001 - \$NIL) paid or accrued to a former officer of the company.

 - e) Investor relations fees include \$NIL (2001 - \$NIL) paid or accrued to a former officer of the company.

 - f) Administration fees include \$4,250 (2001 - \$750) paid or accrued to a relative of a director and officer of the company.

 - g) Marketing consulting expense includes \$NIL (2000 - \$NIL) paid or accrued to a former officer of the company.
-

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

15. Income Taxes

The company and its subsidiaries have incurred non-capital losses for tax purposes of approximately \$479,000 which may be carried forward and used to reduce taxable income of future years. These losses expire as follows:

	Amount
2005	\$ 4,000
2006	244,000
2007	155,000
2008	76,000
	<u>\$ 479,000</u>

The company's subsidiary has incurred scientific research and experimental development expenditures for tax purposes of approximately \$180,000. They may be carried forward indefinitely and used to reduce taxable income of future years.

The company's subsidiary has accumulated investments tax credits of approximately \$29,000 with respect to its scientific research and experimental development expenditures. These tax credits may be carried forward indefinitely and used to reduce taxes payable in future years.

The potential future tax benefits of these losses, expenditures and tax credits have not been recognized in these financial statements.

16. Economic Dependence

In 2002, 59% (2001 - 10%) of the company's sales were made to one customer.

17. Segmented Information

Details are as follows:

31 March 2002	Canada		U.S.		Total
Gross revenue	\$ 0	\$ 65,550	\$	\$ 65,550	
Total assets	\$ 449,393	\$ -	\$	\$ 449,393	
Capital expenditures	\$ 10,663	\$ -	\$	\$ 10,663	
31 March 2001	Canada		U.S.		Total
Gross revenue	\$ 15,602	\$ 46,567	\$	\$ 62,169	
Total assets	\$ 438,272	\$ -	\$	\$ 438,272	
Capital expenditures	\$ 22,876	\$ -	\$	\$ 22,876	

Fab-Form Industries Ltd.

Notes to Consolidated Financial Statements

31 March 2002 and 2001

Canadian Funds

Unaudited, prepared by Management

18. Subsequent Events

On April 2nd, 2002, the company settled \$172,992 of its debt by issuing one common share for each \$0.18 of debt. Shares settled all loans from related parties, most of the amounts due to related parties and a portion of accounts payable.

19. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

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 is currently marketing the following products: (see www.fab-form.com for details):

Footing Forms

Fastfoot® Strip System

This system consists of adjustable Fast-Yokes™, 2x4s kickers, and Fastfabric® which forms the concrete footing. The system is ideal on rocky uneven ground where it is difficult to drive stakes.

Fastbags®

These fabric 'bags' are used to form point load footings, and are an economic and environmental improvement to forming with lumber and stakes.

Fastfoot® Lite™

This product uses Fastfabric® without the steel Fast-Yokes™ to form strip footings. This product provides all the environmental and economic benefits without requiring any up front investment.

The Company is currently developing the following products:

Fast-Ring™

This product uses a 'ring' of fabric to form pier pads. 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.

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. 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.

Fabwall™

This wall forming system uses fabric to form the outside membrane, and consists of the following components:

- 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.

MANAGEMENT DISCUSSION & ANALYSIS

Analysis of Financial Results for the Quarter

Positive Cash Flow

For the first time since going public, the company has achieved a positive cash flow of \$2405 for the quarter. This is a significant event for the Company as it is a precondition for the release of escrowed shares to original investors.

Working Capital Position

The Company's working capital position was (\$350,112) at the end of the first quarter, compared to (\$241,216) in 2001. The Debt Settlement took place on April 2nd, 2002, improving the working capital position significantly (see subsequent event section).

Finance & Cash Flow for the First Quarter

Operating activities for the first quarter of 2002 generated cash of \$16,946 (compared with \$15,488 in 2001). Investing activities totaled \$10,663, half the level of \$22,876 in 2001. The investments were funded by operating activities.

Sales

Sales for the quarter of \$65,550 increased marginally (5.4%) over the previous year's \$62,169.

Cost of Goods Sold

Gross margins for the quarter were 49%, a strong improvement over the previous year's 36%. This was largely due to higher fabric sales, which carry better margins than steel.

Expenses

Operating expenses were reduced 12% for the quarter to \$36,131 compared to \$48,595 in 2001. This was due to a reduction in marketing expenditures, with other expenditures remaining at approximately the same level as 2001.

Net Income

For the first quarter, Fab-Form recorded a net loss of \$3,810 or \$0.001 per share, a significant improvement over the loss of \$26,496 or \$0.004 per share in 2001.

MATERIAL CONTRACTS

There were no material contracts in the quarter.

INVESTOR RELATIONS

There are no agreements for investor relations at present.

SUBSEQUENT EVENTS

On April 2nd, 2002, the company settled \$172,992 of its debt by issuing one common share for each \$0.18 of debt. The 961,058 shares settled all loans from related parties, most of the amounts due to related parties and a portion of accounts payable, reducing the working capital deficit from (\$350,112) to (\$177,120). This will assist that Company's ability to operate.

On April 16th, the Company held its Annual General Meeting. All items in the Information Circular were unanimously carried. The Board of Directors consists of Herb Bentz, Chris Mattock, and Rick Fearn.

At the Board meeting held on the same day, it was recognized that the Company had not been successful in raising money. A strategic decision was made to focus entirely on selling existing products into known markets, with minimal efforts on product development. The Board also agreed to improve the production capability for the existing products.

As of May 17th the Company has made the following improvements to its production equipment:

- **Slitting Machine:** can now slit rolls of PE fabric into any width, enabling the manufacture of Fastfabric® to any width;
- **C-Folding Machine:** can now C-fold any width of fabric, with changes in width achieved on the fly;
- **Rewind Machine:** its capacity has increased 4000%.