



**Fab-Form Industries Ltd.**

**Schedule B – ANALYSIS OF EXPENSES & DEFERRED COSTS  
YEAR ENDING 31 DECEMBER 2002**

ANALYSIS OF EXPENSES AND DEFERRED COSTS

See consolidated financial statements for details.

1. RELATED PARTY TRANSACTIONS

See consolidated financial statements for details.

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

a) Securities issued:

NONE

b) Options granted:

NONE

3. 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.

4. 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

**Fab-Form Industries Ltd.**

## **Schedule C – MANAGEMENT DISCUSSION**

**YEAR ENDING 31 DECEMBER 2002**

### **DESCRIPTION OF BUSINESS**

Fab-Form Industries Ltd. is a developer, manufacturer and marketer of forming products using fabric in place of lumber to form and damp proof concrete for the building industry (see [www.fab-form.com](http://www.fab-form.com) for details).

### **MANAGEMENT DISCUSSION & ANALYSIS**

#### ***Analysis of Financial Results for the Quarter***

##### **Profitable Operations**

The Company's net profit for the year was \$70,358, compared with a loss of (\$99,104) for 2001.

##### **Working Capital Position**

The Company's working capital position was (\$116,123) at year end, compared to (\$339,983) in 2001. This was the result of a debt settlement which took place on April 2<sup>nd</sup>, 2002 as well as profitable operations.

##### **Finance & Cash Flow for the Third Quarter**

Operating activities for the year provided cash of \$60,190, compared with \$52,313 in 2001. Investing activities totaled \$44,781, compared with \$72,536 in 2001. The investment was primarily machinery for fabric production.

##### **Sales**

Sales for the year were \$260,926, a 39% increase over the previous year's \$188,366.

##### **Cost of Goods Sold**

Gross margins for the year were 55%, an improvement over the previous year's 42%. This was due to higher fabric sales which carry better margins than steel. The Cost of Goods Sold consisted of material costs 61%, labour 28% and transportation 11%.

##### **Expenses**

Operating expenses were reduced 28% for the year to \$130,030 compared to \$179,618 in 2001. This was mainly due to lower professional fees.

##### **Profit Before Other Items**

A profit of \$13,609 or \$0.03 per share was achieved, an improvement over the loss of \$99,104 or (\$0.05) per share in 2001. Increased profitability was due to higher sales with higher gross margins.

### **MATERIAL CONTRACTS**

There were no material contracts in 2002.

### **INVESTOR RELATIONS**

There are no agreements for investor relations at present.

### **SUBSEQUENT EVENTS**

On January 29<sup>th</sup>, 2003, the Company announced the issuance of 631,812 options to certain directors, officers, consultants and associates. On March 21<sup>st</sup>, 2003, the TSX accepted those options for filing.

On March 26<sup>th</sup>, 2003 the Business Development Bank of Canada with the support of the Western Economic Diversification of Canada and VanCity Credit Union provided financing for the manufacturing equipment of the Fast-Tube™ fabric column form. The Company will be introducing the Fast-Tube™ product into the North American market in the second quarter of 2003.