



FAB-FORM REPORTS THIRD QUARTER RESULTS SALES INCREASE 184% OVER SAME PERIOD LAST YEAR

SUMMARY

	Three months ended September 30 th		Nine months ended September 30 th	
	2004	2003	2004	2003
Sales	112,454	39,597	222,202	110,787
Gross Profit	61,512	26,065	123,376	59,893
Net Income (loss)	22,587	(3,089)	28,978	(37,269)
Earnings per share (loss)				
Basic	0.008	(0.001)	0.010	(0.013)
Diluted	0.003	(0.000)	0.004	(0.006)

HIGHLIGHTS

- ✓ Record third quarter sales of \$112,454, an increase of 184% over the previous year's quarter.
- ✓ Record third quarter net income of \$22,587, an increase of \$25,676 over the previous year's quarter loss of \$3,089.
- ✓ New master distributors Can-Cell Industries Inc. and Can-Save selling to 3,100 lumberyards across Canada
- ✓ Gross margins maintained at high levels (54%)
- ✓ Now manufacturing 6", 8", 10" and 12" diameter Fast-Tube™ column forms
- ✓ Now manufacturing 37", 62" and 74" Fastfoot® footing forms
- ✓ Fastfoot® and Fast-Tube™ videos now web accessible

REPORT TO OUR SHAREHOLDERS

To the Shareholders of Fab-Form Industries Ltd.

We are pleased to report the results of our operations for the third quarter of 2004, setting new records in profits and sales, as tabled on the previous page. We now have the production facilities, marketing strategy, and distribution structure solidly in place to expand fabric formwork's share of the concrete forming market.

Production

Production machinery now produces 6", 8", 10" and 12" diameters of Fast-Tube™ as well as 37", 62" and 74" widths of Fastfoot® footing fabric. All products are UPC coded for electronic identification throughout the distribution network. We now manufacture a complete product range for North American lumberyards and ICF dealers.

Marketing

The Company has videos on the installation of Fastfoot® and Fast-Tube™, available on our website. As our products have low unit values, web videos communicate to our contractors at a very low unit cost.

The Company has outstanding point of purchase displays for lumberyards highlighting features and benefits of Fast-Tube™ and Fastfoot®. Our displays, brochures, and web videos form the backbone of our communications strategy to the contractor.

Distribution

In August, we entered into an exclusive agreement with Can-Cell Industries of Edmonton, to distribute our products into 1,500 lumberyards across western Canada. Can-Cell, a master distributor with multiple product lines, efficiently supplies all lumberyards.

Yesterday we entered into a distribution agreement with Can-Save, a master distributor located in Barrie, Ontario, servicing 1,600 lumberyards in eastern Canada. Can-Save, known for their innovative marketing strategies, is an aggressive marketer and distributor of building products.

Can-Cell and Can-Save provide us with broad distribution to lumberyards across Canada. We are currently pursuing master distribution in the USA market.

Sincerely



Richard Fearn
President
November 25 2004

2004 THIRD QUARTER REPORT

MANAGEMENT DISCUSSION & ANALYSIS

(Canadian funds, unaudited)

The following Management Discussion and Analysis ("MD&A") was prepared on November 25th to review third quarter 2004 as compared to the previous period. This MD&A should be read in conjunction with the unaudited consolidated interim financial statements for the nine months ended September 30, 2004 and 2003 and the audited consolidated financial statements for the year ended December 31, 2003.

This MD&A may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties which could cause events or results to differ materially from those reflected in the MD&A. Forward-looking statements are based on the estimates and opinions of Fab-Form's management at the time the statements were made.

Fab-Form was incorporated as a private company, commencing operations in 1986. In 1999, Fab-Form became a publicly traded company through a reverse takeover of First Gold Corporation. The Company maintains its head office in Surrey, BC and manufactures and distributes concrete forming products using poly membranes to form and damp-proof concrete for the building industry. Fab-Form is the only Company in the world holding patents and commercializing this technology.

The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol 'FBF'.

QUARTERLY FINANCIAL SUMMARY

The following is a summary of selected financial information:

	2004				2003			2002	
	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr
Revenues	112,454	63,852	45,896	40,837	39,597	43,109	28,081	42,531	77,372
Net Income (loss)	22,587	5,077	1,314	-7,930	-3,089	-16,087	-18,093	3,250	6,777
Shares outstanding (diluted)	6,794,928	6,794,928	6,794,928	6,613,772	6,872,178	6,872,178	6,433,116	5,952,587	5,952,587
Income (loss) per diluted share	0.003	0.001	0.000	-0.001	0.000	-0.002	-0.003	0.001	0.001

THIRD QUARTER FINANCIAL RESULTS

Sales

Sales for the quarter were \$112,454, a 184% increase over the previous year's \$39,597. Sales of Fastfoot® increased 84% over 2003, while Fastbag® dropped 59% in the same period. Fast-Tube™ sales are larger than Fastfoot® after only six months in the market.

	3 rd Qtr 04	3 rd Qtr 03	\$ Change	% Change
Fastfoot®	\$ 33,660	\$ 18,245	\$ 15,415	84%
Fastbag®	7,634	18,550	-10,916	-59%
Fast-Tube™	56,824	0	56,824	100%
Other	14,336	2,802	11,534	412%
Total	112,454	39,597	72,857	184%

Cost of Goods Sold

Gross margins for the quarter were 55%, in line with expectations. The Cost of Goods Sold components remained relatively unchanged from the previous quarter.

Expenses

Operating expenses of \$38,926 increased 28% from the previous year's quarter of \$28,154. This increase was due to marketing expenses and the expensing of management fees rather than capitalizing under product development. Interest costs increased from \$490 in 2003 to \$1,790 in 2004 due to loans for the production machinery and working capital for the Fast-Tube™.

2004 THIRD QUARTER REPORT

MANAGEMENT DISCUSSION & ANALYSIS

(Canadian funds, unaudited)

Statement of Operations & Deficit

Due to increased sales, the Company's net income for the quarter was \$22,587, compared with the previous year's quarterly loss of \$16,087.

Finance & Cash Flow

Operating activities for the quarter generated cash of \$13,979, compared with \$8,384 in 2003. Investing activities totalled \$8,050, compared with \$6,322 in 2003. Investment was in machinery and product development for the Fast-Tube™. Financing activities were \$4,137 (pay down of long term debt) in 2004, compared with \$11,916 (pay down of debt and related parties payables) the previous year's quarter.

Liquidity

The Company's working capital position at the end of the third quarter was (\$106,806), an improvement over the previous year's quarter of (\$123,672).

DISCUSSION OF NON FINANCIAL ITEMS

Distribution Strategy

The Fast-Tube™ is now being distributed into all lumberyards in western Canada by the master distributor Can-Cell Industries Inc. (www.can-cell.com). The Company is currently pursuing other master distributors in eastern Canada and the USA.

Off Balance Sheet Arrangements

None

Material Contracts

The Company has entered into an exclusive distribution agreement with Can-Cell Industries Inc. to distribute products to the lumberyard sector of the concrete forming industry in western Canada.

Changes in Accounting Policy

There have been no changes in accounting policies. The unaudited consolidated interim financial statements for the three months ended September 30 2004 have been prepared in accordance with Canadian generally accepted accounting principles.

Subsequent Events

On November 24th the Company entered into a distribution agreement with Can-Save, located in Barrie, Ontario to distribute Fab-Form products into eastern Canada.

SELECTED ANNUAL INFORMATION

	31-Dec-03	31-Dec-02	31-Dec-01
Revenues	\$ 151,624	\$ 260,926	\$ 188,366
Cost of Sales	\$ 69,921	\$ 117,248	\$ 108,317
Gross Profit	\$ 81,703	\$ 143,678	\$ 80,049
% Gross Profit	54%	55%	42%
Expenses	\$ 126,902	\$ 130,029	\$ 179,153
Net Income (loss)	\$ (45,199)	\$ 70,358	\$ (99,104)
Shares outstanding (diluted)	6,794,928	6,433,116	5,472,058
Income (loss) per diluted share	\$ (0.007)	\$ 0.011	\$ (0.018)
Total Assets	\$ 454,322	\$ 435,008	\$ 405,389
Total Long Term Financial Liabilities	\$ 37,360	\$ 1,980	\$ 9,587
Cash Dividends Declared	None	None	None

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEETS

(Canadian funds, unaudited)

ASSETS	30-Sep-04	30-Sep-03	31-Dec-03
Current			
Cash	-	-	-
GST receivable	13	907	1,224
Accounts receivable	61,802	8,593	13,095
Prepaid expenses and advances	5,493	7,084	4,246
Inventory	30,118	14,586	14,425
	97,426	31,170	32,991
Property, Plant and Equipment (Note 5)	110,545	89,384	96,670
Deferred Development costs (Note 6)	214,986	220,850	216,391
Patents (Note 7)	93,337	94,384	96,673
Trademarks (Note 8)	10,491	11,957	11,598
	526,785	447,745	454,321
LIABILITIES			
Current			
Bank overdraft (Note 9)	20,811	25,255	30,597
Accounts payable and accrued liabilities	121,019	93,925	108,864
Accounts payable - related (Note 14)	16,054	16,537	14,552
Loans from related parties (Notes 10 and 14)	5,561	5,153	5,400
Current portion of long-term debt (Note 11)	40,787	13,972	24,763
	204,232	154,842	184,176
Long-Term Debt (Note 11)	60,790	52,187	37,360
Obligation to Issue Shares (Note 12)	63,500	63,500	63,500
SHAREHOLDERS' EQUITY			
Share Capital (Note 13)	613,674	613,674	613,674
Deficit	(415,410)	(436,458)	(444,388)
	198,264	177,216	169,286
	526,785	447,744	454,321

See accompanying notes to the consolidated financial statements

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

(Canadian funds, unaudited)

	THREE months ending Sep 30		NINE months ending Sep 30	
	2004	2003	2004	2003
Sales	112,454	39,597	222,202	110,787
Cost of Sales	50,941	14,532	98,826	50,894
Gross Profit	61,512	26,065	123,376	59,893
(Percent Gross Profit)	55%	63%	56%	54%
Expenses				
Administrative expenses	5,532	3,801	14,147	12,637
Amortization and depreciation	8,713	8,095	26,137	24,279
Bad debt expense (recovery)	-	-	-	-
Interest, bank charges, short term debt	1,257	1,942	4,040	3,487
Interest, long term debt	1,780	490	4,722	2,200
Foreign exchange loss (gain)	452	(166)	273	1,208
Investor relations	-	-	-	-
Management fees	6,907	2,100	10,515	3,500
Marketing and advertising	5,048	3,651	8,196	22,234
Occupancy	3,428	2,497	8,704	7,682
Patent maintenance	240	240	721	721
Production	195	12	687	370
Professional fees	2,933	2,833	8,367	7,667
Public company expenses	2,075	1,735	5,411	7,870
Telecommunications	890	923	2,689	3,304
Wages and benefits	(526)	-	(210)	4
	38,926	28,154	94,398	97,162
Net Income (Loss) for the Period	22,587	(3,089)	28,978	(37,269)
Deficit - Beginning of Period	(437,997)	(433,369)	(444,388)	(399,189)
Deficit - End of Period	(415,410)	(436,458)	(415,410)	(436,458)
Asset shares outstanding				
Basic	2,898,809	2,898,809	2,898,809	2,898,809
Diluted	6,794,428	6,872,178	6,794,428	6,613,772
Earnings per share (loss)				
Basic	0.008	(0.001)	0.010	(0.013)
Diluted	0.003	(0.000)	0.004	(0.006)

See accompanying notes to the consolidated financial statements

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

(Canadian funds, unaudited)

Cash Resources Provided By (Used In)	THREE months ending Sep 30		NINE months ending Sep 30	
	2004	2003	2004	2003
Operating Activities				
Cash receipts from customers	67,025	37,979	173,495	113,468
Direct costs	(47,250)	(13,926)	(114,519)	(48,775)
Cash paid to suppliers and employees	(5,796)	(15,669)	(40,118)	(76,816)
	13,979	8,384	18,858	(12,123)
Investing Activities				
Capital assets	(3,312)	(6,179)	(17,974)	(41,295)
Research & development	(4,426)	-	(15,315)	(216)
Patents	(315)	(146)	(875)	(2,895)
Trademarks	-	-	-	(361)
	(8,050)	(6,322)	(34,166)	(38,445)
Financing Activities				
Long term debt	(4,170)	(4,800)	23,430	50,208
Due to related parties	(129)	(7,116)	1,502	(6,974)
Directors loan	162	-	162	-
	(4,137)	(11,916)	25,094	43,234
Net Increase (Decrease) in Cash	1,792	(9,854)	9,786	(13,656)
Cash position, opening	(22,603)	(15,401)	(30,597)	(11,599)
Cash position, ending	(20,811)	(25,255)	(20,811)	(25,255)

See accompanying notes to the consolidated financial statements

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(3rd quarter, Canadian funds, unaudited)

1. Future operations

These financial statements have been prepared on a going concern basis, which presumes the recovery of assets and settlement of liabilities at their carrying values in the normal course of business for the foreseeable future. The company has a working capital deficiency and an accumulated deficit. Continued operations and the recovery of carrying value of property, plant and equipment, deferred development, patent and trademark costs are dependent on the company's ability to continue product development, generate net income and positive cash flows on a commercial scale.

If going concern assumption was not appropriate for these financial statements the adjustments would be necessary to the carrying values of assets and liabilities.

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 BC 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"). Maxito develops proprietary technology to construct concrete footings, foundations, and walls for residential and commercial building structures. Maxito's wholly owned subsidiary, Fab-Form Industries (1986) Ltd. ("Fab-Form (1986)") is the operating company for the technology.

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.

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 property, plant and equipment on the declining balance basis using the following annual rates:

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

One-half of the above rates are taken in the year of acquisition. No amortization is taken on equipment under development.

d) Patents

Expenditures relating to patents are recorded at cost and are amortized on a straight-line basis over 17 years, commencing in the year in which the patent certificate is received.

NOTES TO FINANCIAL STATEMENTS

(3rd quarter, Canadian funds, unaudited)

e) Deferred development costs

New product research and 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. Research, as well as development costs that do not meet the preceding criteria are expensed in the period incurred.

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 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 include:

- i) direct costs of materials and services consumed during the development stage,
- ii) remuneration 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.

f) Trademarks

Trademarks are recorded at cost and are 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 research 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. Under this method, future income tax assets and liabilities are determined based on temporary differences between the financial statement carrying amount and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future income tax assets and liabilities from a change in tax rates is included in income in the period that includes the substantive enactment date. Future income tax assets are evaluated periodically and if realization is not considered more likely than not, a valuation allowance is provided.

As at 31 December 2003, the Company has recorded a valuation allowance to reduce the future income tax asset to \$nil, as the Company has not met the "more likely than not" criteria in respect of recovery of future income taxes.

i) Stock-based compensation

The company has adopted the recommendations of the Canadian Institute of Chartered Accountants for stock-based compensation. The new recommendations are applicable only to awards granted by the company after the date of adoption. No compensation expense relating to options was recorded during the year. Any consideration paid on the exercise of stock options is credited to share capital. See note 12 (d).

j) Revenue recognition

Revenue is recorded and related costs are recognized at the time the product is shipped.

k) Earnings per share

Basic earnings and loss per share are calculated using the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method and reflects the potential dilution of securities by including stock options in the weighted average number of shares outstanding, if dilutive.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(3rd quarter, Canadian funds, unaudited)

1) Use of 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. Financial instruments

The company's financial instruments consist of 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. As a significant portion of the company's sales is made in U.S. funds, there is significant exposure to the foreign currency fluctuation risk.

5. Property, plant and equipment

	2004		Net Book Value	2003
	Cost	Accum. Amort.		Net Book Value
Manufacturing equipment	26,697	(20,336)	6,361	7,900
Equipment under development	93,562	-	93,562	66,471
Office furniture	6,272	(5,321)	899	1,123
Computers	26,198	(23,117)	3,082	4,403
Vehicle	29,391	(22,107)	6,641	9,487
Software	1,678	(1,678)	-	-
Total	183,755	(71,887)	110,545	89,384

6. Deferred development costs

	2004		Net Book Value	2003
	Cost	Accum. Amort.		Net Book Value
Fabwall™	134,368	-	134,368	134,368
Fastfoot®	124,858	(60,925)	63,933	85,114
Fast-Tube™	16,685	-	16,685	1,368
Total	275,911	(60,925)	214,986	220,850

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

ii) No amortization of Fabwall™ or Fast-Tube™ has been recorded as these projects are still under development. No material revenue has resulted from these technologies.

7. Patents

The company has an exclusive license agreement with its majority shareholder for use of proprietary technology protected by a number of current and pending patents for the life of the patents. No license fees are payable under the agreement except for the costs to register and maintain the patents. Costs and amortization of held patents are as follows:

	2004		Net Book Value	2003
	Cost	Accum. Amort.		Net Book Value
Fabwall™	16,865	-	16,865	16,306
Fastfoot®	77,384	(12,496)	64,888	69,120
Foundation & Floor System	11,105	(7,676)	3,430	4,083
Concrete Foundation Wall	6,957	(2,762)	4,196	4,605
Fast-Tube™	3,959	-	3,959	271
Total	116,271	(22,933)	93,337	94,384

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(3rd quarter, Canadian funds, unaudited)

8. Trademarks

The company has three registered trademarks:

	2004		2003	
	Cost	Accum. Amort.	Net Book Value	Net Book Value
Fastfoot®	6,212	(2,755)	3,457	4,037
Fastfabric®	3,883	(1,068)	2,815	3,203
Fastbag®	5,070	(851)	4,219	4,717
Total	15,165	(4,674)	10,491	11,957

9. Bank overdraft

The company has two bank overdraft positions: one to a maximum of \$10,000 with an interest rate of prime plus 5% per annum secured by a general security agreement; the second to a maximum of \$30,000 with an interest rate of prime plus 4% per annum, secured by a general security agreement.

10. Loans from related parties

The loans are due from a director and officer, are due on demand and bear interest at prime compounded monthly.

11. Long-term debt

Description	2004	2003
Loan from the Program for Export Market Development. This money has been advanced to the company for allowable marketing expenditures, up to a maximum of \$39,854. The loan is repayable if sales target is exceeded.	22,907	12,707
Less current portion	(22,907)	-
Long-term portion	-	12,707
Machinery loan from the Business Development Bank for \$50,000. Secured by guarantee payable \$840 per month with interest presently at 8.00%, maturing May 18 th , 2008.	40,320	49,560
Less current portion	(10,080)	(10,080)
Long-term portion	30,240	39,480
Working capital loan from the Business Development Bank for \$40,000. Secured by guarantee payable \$350 per month with interest presently at 8.25%, maturing Aug 23 2009. First principal payment is in July 2004.	38,350	-
Less current portion	(7,800)	-
Long-term portion	30,550	-
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	-	3,892
Less current portion	-	(3,892)
Long-term portion	-	-
Total long term loans	101,577	66,159
Less current portion	(40,787)	(13,972)
Long-term portion	60,790	52,187

Future payments on long-term debt are:

2004	\$	4,470
2005		17,880
2006		17,880
2007		17,880
2008		14,520

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(3rd quarter, Canadian funds, unaudited)

12. 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: 100,000,000 common shares without par value and 100,000,000 class A preferred shares without par value
- ii) Issued:

	Quantity	\$ 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	5,357,058	440,682
Debt settlement – 2 April 2002	961,058	172,992
Balance – 30 Sep 2004	6,318,116	\$ 613,674

As at 30 Sep 2004, 55.9% (2003 – 55.9%) 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 30 September 2004, 3,419,307 (2003 - 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. The release of escrow shares must be made before June 30 2009.

d) **Options and warrants**

Details of stock options are as follows:

Date	Description	Expiry	Value	Quantity	Balance
31-Dec-03	Opening balance	01-Nov-03	\$ 0.15	115,000	115,000
01-Feb-03	Cancellation of existing	01-Feb-06	\$ 0.15	(115,000)	-
01-Feb-03	New options	01-Feb-06	\$ 0.10	631,812	631,812
30-Apr-03	Cancellation of options	01-Feb-06	\$ 0.10	(155,000)	476,812
30-Sep-04	Ending balance	01-Feb-06	\$ 0.10		476,812

There were no warrants outstanding.

e) **Stock based compensation**

The company accounts for its grants of share options under the fair value method. Under this method, options granted to non-employees are charged against income at the time of granting while no compensation expense is recorded for options granted to employees when the exercise price of the company's employee stock awards is not less than the fair value of the options at the date of grant.

The options are exercisable at \$0.10 per share until February 1, 2006. The exercise price of all options granted was not less than the fair value of the options at the date of the grant.

The fair value of each option granted is estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 2.5%, dividend yield of 0%, volatility of 80% and an expected life of 2.5 years.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(3rd quarter, Canadian funds, unaudited)

e) Stock based compensation (cont'd)

Had compensation cost for the stock based employee compensation been recorded, based on the fair value of share options, compensation expense for the year ended December 31, 2003 would have been \$17,037. The pro forma loss per share, assuming this additional compensation expense, would be as follows:

Pro forma loss for the year	\$	(62,235)
Pro forma loss per share	\$	(0.02)

Pro forma results may be materially different from actual results realized.

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options, which are fully transferable and highly traded. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

13. Related party transactions

Category	Description	Year	Director & Officer	Relative of a Director & Officer	Director or Company Controlled by Director	Former Director
Asset	Deferred Development Costs	2004	\$ 17,330	\$ 17,330	\$ -	-
		2003	12,177	12,177	-	-
Asset	Capital Asset	2004	19,741	19,741	-	-
		2003	13,930	13,930	-	-
Liability	Balance due to Related Parties incurred in the ordinary course of business	2004	-	1,901	-	14,153
		2003	-	2,384	-	14,153
	Expenses Management Fees (9 months)	2004	5,258	5,258	-	-
		2003	2,600	2,600	-	-

14. Income taxes

There are no income taxes payable on the current year's income as a result of the application of prior years losses. The company and its subsidiaries have available non-capital losses for tax purposes of approximately \$432,000, which may be carried forward and used to reduce taxable income of future years. These losses expire as follows:

2006	\$	167,000
2007		130,000
2008		76,000
2009		3,000
2010		56,000
Total	\$	432,000

Timing differences between accounting and tax values of property and intangible assets of \$78,000 will be offset against these losses in future years.

The company claims tax credits under the Scientific Research and Experimental Development investment tax credit program ("SR&D ITC"). SR&D ITC credits of \$74,000 are available to offset future income taxes.

Due to the uncertainty of future recovery, the potential tax benefit of these items has not been recognized in these consolidated financial statements.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(3rd quarter, Canadian funds, unaudited)

15. Concentration of customers

In 2004, 23.7% (2003, 17.0%) of the company's sales were made to one customer.

16. Segmental information

		2004		2003	
		\$	%	\$	%
<i>Gross sales</i>	Canada	113,381	51.0%	35,291	31.5%
	U.S.	108,821	49.9%	76,777	68.5%
	Total	222,202	100.0%	112,068	100.0%
<i>Total assets</i>	Canada	526,785	100.0%	447,745	100.0%
	U.S.	-	0.0%	-	0.0%
	Total	526,785	100.0%	447,745	100.0%
<i>Capital expenditures</i>	Canada	8,050	100.0%	6,179	100.0%
	U.S.	-	0.0%	-	0.0%
	Total	8,050	100.0%	6,179	100.0%

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

(Canadian funds, unaudited)

FAB-FORM INDUSTRIES LTD. is a manufacturer and marketer of forming products using poly membranes to form and damp-proof concrete for the building industry. Fab-Form is the only company in the world commercializing this technology, and is headquartered in Surrey, BC. Its common shares trade on the Toronto Venture Exchange under the symbol "FBF"

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Forward Looking Statements – Certain information regarding Fab-Form Industries Ltd. set forth in this document, including management's assessment of Fab-Form's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward looking statements are subject to numerous risks and uncertainties, certain of which are beyond Fab-Form's control, including the impact of general economic conditions, industry conditions, currency fluctuations, environmental risks, competition from other producers and ability to access sufficient capital from internal and external sources. Fab-Form's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Fab-Form will derive there from.