



FAB-FORM
3rd QUARTER
2006

REPORT TO SHAREHOLDERS

NEW FASTBAG® IN SCENIC NEVADA

Our cover photo shows the footings for a luxury home near Carson City, Nevada formed by Golden Bear Construction. President Mike Bell saved 80% using Fastbags®. Stu Oates, Builders Wholesale, distributed the bags.

Fastbag® advantages:

- Simple drop and fill installation;
- No forming lumber or stakes;
- No screeding of concrete; just kick the 'bag';
- No stripping, leave Fastbag® in place;

We recently improved the Fastbag® design and automated production to increase efficiency. We're rolling out the new Fastbag® to our distributors over the next quarter.

I would like to thank our Board Members, Shareholders, Dealers and Contractors for their continued enthusiasm and commitment to fabric forming technology.

Sincerely



Richard Fearn
President
November 28th 2006

2006 THIRD QUARTER REPORT

MANAGEMENT DISCUSSION & ANALYSIS

Unaudited

This management discussion and analysis (MD&A) provides a detailed analysis of the business of Fab-Form Industries Ltd. and compares the Company's three most recently completed financial years. This should be read in conjunction with the Company's financial statements and related notes for the period ended 30 September 2006.

QUARTERLY FINANCIAL SUMMARY

	<i>3rd Qtr</i>	<i>2nd Qtr</i>	<i>1st Qtr</i>	<i>4th Qtr</i>	<i>3rd Qtr</i>	<i>2nd Qtr</i>	<i>1st Qtr</i>	<i>4th Qtr</i>	<i>3rd Qtr</i>
Revenues	77,332	113,972	87,658	69,030	77,735	166,781	76,491	36,071	112,454
Net Income (loss)	(9,994)	6,951	(8,156)	(1,382)	(3,173)	48,190	(7,019)	(21,499)	22,587
Shares outstanding (diluted)	7,283,604	7,283,604	7,283,604	7,283,604	7,283,604	7,283,604	6,794,928	6,794,928	6,794,928
Income (loss) per diluted share	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00

FINANCIAL RESULTS

Sales

Sales for the third quarter of 2006 were \$77,332, \$403 below 2005 sales of \$77,735. The table below shows sales of Fastfoot® increased 11% and Fastbags® 8.4% over 2005. The Fast-Tube™ decrease of 31.5% was due to a large return by a master distributor.

	<u>Jul - Sep 06</u>	<u>Jul - Sep 05</u>	<u>\$ Change</u>	<u>% Change</u>
Fastfoot®	48,480.20	43,644.85	4,835.35	11.08%
Fastbag®	12,171.95	11,225.22	946.73	8.43%
Fast-Tube™	11,486.09	16,766.44	-5,280.35	-31.49%
Other	5,193.50	6,098.65	-905.15	-14.84%
Total Sales	<u>77,331.74</u>	<u>77,735.16</u>	<u>-403.42</u>	<u>-0.52%</u>

Cost of Goods Sold

Gross margins for the quarter were 52%, compared with 53% in 2005, in line with expectations.

Expenses

Operating expenses increased to \$50,330 from \$44,295 the previous year, an increase of 13.6% due to increased administrative, management and public company expenses.

Statement of Operations & Income

The Company's loss for the second quarter was \$9,994, compared with a loss of \$3,173 in the same quarter in 2005.

Investing Activities

There were minimal investing activities in the third quarter.

Financing Activities

No financing took place in the quarter.

Cash Flow

Operating activities for the quarter provided cash of \$13,000, compared with \$1,055 in 2005. The net increase in cash for the quarter was \$7,453, compared with (\$8,060) the previous year.

Liquidity

The Company's working capital at the end of the quarter was \$40,672, an improvement over the previous year's \$22,753.

2006 THIRD QUARTER REPORT
MANAGEMENT DISCUSSION & ANALYSIS

Unaudited

DISCUSSION OF NON FINANCIAL ITEMS

Improving Fab-Form's Distribution Channel

Changing the industry's mindset is Fab-Form's biggest challenge. Fab-Form continues to aggressively seeking agents throughout Canada and the USA to promote sales to contractors, dealers and distributors.

Off Balance Sheet Arrangements

None

Material Contracts

None

Changes in Accounting Policy

There have been no changes in accounting policies.

Internal Control over Financial Reporting

Fab-Form management has provided adequate internal controls to ensure correct financial information is stated.

Effectiveness of Disclosure Controls

The Fab-Form board has placed the required controls to ensure all relevant information is properly disclosed to the market.

Subsequent Events

None

2006 THIRD QUARTER REPORT
MANAGEMENT DISCUSSION & ANALYSIS

Unaudited

SELECTED ANNUAL INFORMATION

<i>Year ended</i>	<i>31-Dec-05</i>	<i>31-Dec-04</i>	<i>31-Dec-03</i>	<i>31-Dec-02</i>
Revenues	\$ 390,037	\$ 258,273	\$ 151,624	\$ 260,926
Cost of sales	\$ 175,358	\$ 117,083	\$ 69,921	\$ 117,248
Gross profit	\$ 214,679	\$ 141,190	\$ 81,703	\$ 143,678
% gross profit	55%	55%	54%	55%
Expenses	\$ 178,063	\$ 133,711	\$ 126,902	\$ 130,029
Net income (loss)	\$ 36,616	\$ 7,479	\$ (45,199)	\$ (70,358)
Shares outstanding (diluted)	7,283,604	6,794,928	6,794,928	6,433,116
Income (loss) per diluted share	\$ 0.01	\$ 0.00	\$ (0.01)	\$ (0.01)
Total assets	\$ 501,714	\$ 463,380	\$ 454,322	\$ 435,008
Long term debt (excluding current portion)	\$ 61,347	\$ 79,227	\$ 37,360	\$ 1,980
Cash Dividends Declared	\$ None	\$ None	\$ None	\$ None

Approved
"Board of Directors"
November 28 2006

Unaudited

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safe guarded. All transactions are authorized and duly recorded, and financial records are properly maintained to facilitate financial statements in a timely manner. 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 financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the financial statements with management. Culver & Co., an independent firm of chartered accountants, appointed as external auditors by the shareholders, have not audited the consolidated financial statements.

Richard N. Fearn
President, CEO & CFO
FAB-FORM INDUSTRIES LTD.
28 November 2006

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEETS

30 September (Unaudited)

ASSETS	2006	2005
Current		
Cash	\$ 21,277	\$ 29,323
GST receivable	2,191	3,274
Accounts receivable	25,471	42,590
Prepaid expenses and advances	13,127	13,206
Inventory	46,881	40,768
Total current assets	108,947	129,161
Property, plant and equipment (Note 5)	80,137	97,381
Deferred development (Note 6)	156,362	188,128
Patents (Note 7)	107,175	105,070
Trademarks (Note 8)	7,541	9,016
	351,215	399,595
	\$ 460,162	\$ 528,756
LIABILITIES		
Current		
Accounts payable and accrued liabilities	46,414	84,760
Loan from related party (Notes 10 and 14)	3,981	3,768
Current portion of long-term debt (Note 11)	17,880	17,880
Total current liabilities	68,275	106,408
Long-term debt (Note 11)	47,937	65,817
Obligation to issue shares (Note 12)	63,500	63,500
	115,907	129,317
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	691,942	691,942
Deficit	(411,492)	(398,911)
	280,450	293,031
	\$ 460,162	\$ 560,175

ON BEHALF OF THE BOARD:

"Richard Fearn"

_____, Director

"Herb Bentz"

_____, Director

See accompanying notes to the consolidated financial statements

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

STATEMENTS OF OPERATIONS AND DEFICIT

30 September 2006 (unaudited)

	THREE MONTHS		NINE MONTHS	
	2006	2005	2006	2005
Sales	\$ 77,332	\$ 77,735	\$ 278,962	\$ 321,007
Cost of Sales	36,996	36,613	129,162	144,087
Gross Profit	40,336	41,122	149,800	176,920
(Percent Gross Profit)	52%	53%	54%	55%
Expenses				
Administrative expenses	4,796	3,164	15,895	9,886
Amortization and depreciation	14,842	13,119	44,439	43,349
Interest on short-term debt, bank charges	1,162	831	2,780	3,297
Interest on long-term debt	1,232	1,392	4,102	4,689
Foreign exchange loss (gain)	(146)	1,676	1,363	934
Management fees	10,751	8,505	36,720	29,002
Marketing	6,324	10,023	19,951	25,279
Occupancy	5,385	4,585	14,761	12,993
Patent maintenance	199	208	955	475
Production	20	107	385	669
Professional fees	2,000	838	6,285	5,669
Public company expenses	2,303	(1,385)	8,029	(575)
Telecommunications	1,215	1,126	3,603	3,067
Wages and benefits	243	106	1,731	188
	50,330	44,295	160,999	138,922
Net income	(9,994)	(3,173)	(11,199)	37,998
Deficit – beginning of period	(401,498)	(395,738)	(400,293)	(436,909)
Deficit – end of period	\$ (411,492)	\$ (398,911)	\$ (411,492)	\$ (398,911)
Average shares outstanding				
Basic	3,387,985	2,898,809	3,387,985	2,898,809
Diluted	6,807,292	7,283,604	6,807,292	7,283,604
Earnings per share				
Basic	0.00	0.02	0.00	0.01
Diluted	0.00	0.01	0.00	0.01

See accompanying notes to the consolidated financial statements

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOW

30 September 2006 (unaudited)

Cash resources provided by (used in)	THREE MONTHS		NINE MONTHS	
	2006	2005	2006	2005
Operating activities				
Cash receipts from customers	\$ 110,045	\$ 96,781	\$ 288,517	\$ 291,036
Direct costs	(42,840)	(37,869)	(136,015)	(159,166)
Cash paid to suppliers and employees	(54,205)	(57,857)	(134,258)	(105,649)
	13,000	1,055	18,244	26,221
Investing activities				
Property, plant and equipment	(547)	(317)	(3,821)	(7,521)
Research and development	-	(234)	-	(234)
Patents	(831)	(1,221)	(3,742)	(17,346)
	(1,378)	(1,772)	(7,563)	(25,101)
Financing activities				
Long term debt	(4,470)	(4,470)	(13,410)	(13,410)
Due to related parties	(242)	(2,914)	(1,018)	(9,159)
Shares issued for cash	-	-	-	78,268
Obligation to issue shares	-	-	-	-
Directors loan	59	41	168	(1,853)
	(4,169)	(7,343)	(14,260)	53,846
Net increase in cash	7,453	(8,060)	(3,579)	54,966
Cash position, opening	13,824	37,383	24,856	(25,643)
Cash position, ending	\$ 21,277	\$ 29,323	\$ 21,277	\$ 29,323
Supplementary cash flow information				
Cash paid for interest	\$ 2,335	\$ 2,784	\$ 5,297	\$ 5,663
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the consolidated financial statements

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30 September 2006 (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. 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 the going concern assumption was not appropriate for these financial statements adjustments would be necessary to the carrying values of assets and liabilities. At 30 September 2006 the Company had working capital of \$40,672 (2005, \$22,753) and a deficit of \$411,492 (2005, \$398,911).

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.

In 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) Consolidation

These consolidated financial statements include the accounts of the company, its wholly owned subsidiary Maxito, and the wholly owned subsidiary of Maxito, Fab-Form Industries (1986) Ltd.

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

30 September 2006 (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, or are expected to be available, 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 the product is sold commercially.

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 2005, 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 adopted prospectively in 2003 the recommendations of the Canadian Institute of Chartered Accountants for stock-based compensation. The 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 13 (d).

j) Revenue recognition

Revenue is recorded and related costs are recognized at the time the product is shipped, the title to the goods has passed, and collection is reasonably assured.

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.

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30 September 2006 (unaudited)

l) Use of estimates

The preparation of financial statements 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, 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 US funds, there is significant exposure to the foreign currency fluctuation risk.

5. Property, plant and equipment

	2006			2005
	Cost	Accum. Amort.	Net Book Value	Net Book Value
Manufacturing equipment	\$ 135,644	\$ (60,846)	\$ 74,798	\$ 89,856
Office furniture	6,272	(5,697)	575	719
Computers	26,198	(24,688)	1,510	2,158
Vehicle	29,391	(26,137)	3,254	4,648
Software	1,678	(1,678)	-	-
Total	\$ 199,183	\$ (119,046)	\$ 80,137	\$ 97,381

6. Deferred development costs

	2006			2005
	Cost	Accum. Amort.	Net Book Value	Net Book Value
Fabwall™	\$ 134,368	\$ -	\$ 134,368	\$ 134,368
Fastfoot®	124,858	(116,665)	8,193	38,292
Fast-Tube™	16,975	(3,174)	13,801	15,468
Total	\$ 276,201	\$ (119,839)	\$ 156,362	\$ 188,128

i) The company amortizes the Fastfoot® (started in 2000) and Fast-Tube™ (started in 2004) technology using a reversed sum-of-the-years'-digits method over seven years.

ii) No amortization of Fabwall™ has been recorded as this project is still under development. No material revenue has resulted from this technology.

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:

	2006			2005
	Cost	Accum. Amort.	Net Book Value	Net Book Value
Fabwall™	\$ 16,865	\$ -	\$ 16,865	\$ 16,865
Fastfoot®	77,384	(21,598)	55,786	60,337
Foundation & Floor System	11,105	(8,982)	2,123	2,776
Concrete Foundation Wall	6,957	(3,580)	3,377	3,786
Fast-Tube™	29,024	-	29,024	21,306
Total	\$ 141,335	\$ (34,160)	\$ 107,175	\$ 105,070

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30 September 2006 (unaudited)

8. Trademarks

The company has three registered trademarks:

	2006			2005	
	Cost	Accum. Amort.	Net Book Value	Net Book Value	
Fastfoot®	\$ 6,212	\$ (3,915)	\$ 2,297	\$ 2,877	
Fastfabric®	3,883	(1,844)	2,038	2,427	
Fastbag®	5,070	(1,865)	3,205	3,714	
Total	\$ 15,165	\$ (7,624)	\$ 7,541	\$ 9,016	

9. Bank overdraft

The company has one bank overdraft provision to a maximum of \$30,000 with an interest rate of prime plus 4% per annum, secured by a general security agreement.

10. Loan 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	2006	2005
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	\$ 22,907
Less current portion	-	-
Long-term portion	22,907	22,907
Machinery loan from the Business Development Bank for \$50,000. Secured by guarantee payable \$840 per month, plus current interest rate of 8.75%, maturing May 18 th , 2008	20,160	30,240
Less current portion	(10,080)	(10,080)
Long-term portion	10,080	20,160
Working capital loan from the Business Development Bank for \$40,000. Secured by guarantee payable \$650 per month, plus current interest of 9.5%, maturing Aug 23 2009.	22,750	30,550
Less current portion	(7,800)	(7,800)
Long-term portion	14,950	22,750
Total long-term debt	65,817	83,697
Less current portion	(17,880)	(17,880)
Long-term portion	\$ 47,937	\$ 65,817

Future principal payments on long-term debt are:

2006	\$ 4,470
2007	17,880
2008	15,360
2009	5,200
Future	22,907
Total	\$ 65,817

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30 September 2006 (unaudited)

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.

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

<i>Common shares</i>	<i>Quantity</i>	<i>Amount</i>
Balance – 31 December 2003 and 2004	6,318,116	\$ 613,674
Private placement – 2 June 2005	489,176	78,268
Balance – 30 September 2006	6,807,292	\$ 691,942

As at 30 September 2006, 55.9% (2005 – 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 2006:

- i) As a result of the 1999 reverse takeover, 3,419,307 (2005 - 3,419,307) shares were held in escrow to be released for every \$1.014 of cumulative positive cash flow before tax. The release of escrow shares must be made before 30 June 2009.

d) Options and warrants

There are no warrants or options outstanding.

14. Related party transactions

The following related party transactions occurred during the fiscal quarter:

<i>Category</i>	<i>Description</i>	<i>Year</i>	<i>Director & Officer</i>	<i>Relative of a Director & Officer</i>	<i>Director or Company Controlled by Director</i>
Asset	Deferred Development Costs	2006	\$ -	\$ -	\$ -
		2005	-	-	-
Asset	Capital Asset	2006	-	-	-
		2005	-	-	-
Liability	Balance due to Related Parties incurred in the ordinary course of business	2006	-	-	59
		2005	-	242	-
Expenses	Management Fees	2006	5,376	5,375	-
		2005	5,258	5,258	-

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30 September 2006 (unaudited)

15. Income taxes

There is no income tax payable on the current year's income as a result of the application of prior year's losses. The company and its subsidiaries have available non-capital losses for tax purposes of approximately \$342,000, which may be carried forward and used to reduce taxable income of future years. These losses expire as follows:

2007	130,000
2008	76,000
2009	3,000
2010	57,000
2011	12,000
2012	3,000
<u>Total</u>	<u>\$ 342,000</u>

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 \$40,000 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.

16. Concentration of customers

In the third quarter of 2006, **14.0%** (2005, 9.5%) of the company's sales were made to one customer.

17. Segmented information (nine months)

	2006		2005	
<i>Gross sales</i>	Canada	\$ 114,634 41.1%	\$ 132,897	41.4%
	USA	164,328 58.9%	188,110	58.6%
	Total	\$ 278,962 100.0%	\$ 321,007	100.0%
<i>Total assets</i>	Canada	\$ 351,215 100.0%	\$ 399,595	100.0%
	USA	0 0.0%	0	0.0%
	Total	\$ 351,215 100.0%	\$ 399,595	100.0%
<i>Capital expenditures</i>	Canada	\$ 7,563 100.0%	\$ 25,101	100.0%
	USA	0 0.0%	0	0.0%
	Total	\$ 1,378 100.0%	\$ 7,563	100.0%

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

30 September 2006 (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".

For additional information, please contact:

Richard Fearn

President, CEO, CFO

richard.fearn@fab-form.com

Herb Bentz

Chairman of the Board

herb.bentz@fab-form.com

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Shareholders and interested investors should visit our website:

www.fab-form.com