

FAB-FORM - 3rd Quarter 2008

THE WORLD'S FIRST

**No stakes
No lumber
No stripping**

MonoPour System



FASTFOOT^{MP}

*The only footing
form providing
complete moisture
& mold protection*

**www.fastfoot.com
(888) 303-FAST**

REPORT TO OUR SHAREHOLDERS

Our cover shows a recent advertisement in the ICF Builder Magazine of Fab-Form's revolutionary Fastfoot® MP System which eliminates all footing forms and stakes. The contractor sets the ICF block on proprietary supports, adjusts for z-height and x-y location, installs steel reinforcing, attaches Fastfoot® to the base of block and pours concrete. It's that simple.

Recently Centre Construction, of London, Ontario used Fastfoot® MP and found it easy to us, saving considerable time and money.

The ability to pour a concrete wall without constructing the footing forms will have a huge impact on the foundation industry:

- Reduces 1 or 2 days from schedule;
- Eliminates 1 visit by the pump and concrete truck;
- Eliminates screeding labour for the footing concrete;
- Eliminates all forming lumber and stakes;
- Eliminates all stripping of footing formwork.

The Fastfoot® MP is a **green** solution providing savings to both the contractor and homeowner.

As always, thank you Board Members, Shareholders, and progressive Dealers and Contractors for continued support and commitment to fabric forming.

Sincerely



Richard Fearn
President
November 28 2008

THIRD QUARTER REPORT 2008
MANAGEMENT DISCUSSION & ANALYSIS

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 2008.

QUARTERLY FINANCIAL SUMMARY

	2008			2007			2006		
	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr
Revenues	\$ 60,456	\$ 56,628	\$ 38,163	\$ 57,646	\$ 91,044	\$105,874	\$ 62,994	\$ 76,752	\$ 77,332
Net Income (loss)	\$ (5,861)	\$ (11,538)	\$ (19,380)	\$ 4,025	\$ (6,694)	\$ 3,647	\$ (20,290)	(177,670)	\$ (9,994)
Shares outstanding (diluted)	6,807,292	6,807,292	6,807,292	6,807,292	6,807,292	6,807,292	6,807,292	6,807,292	6,807,292
Income (loss) per diluted share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.03)	\$ 0.00

FINANCIAL RESULTS

Sales

Sales for the third quarter were \$60,456, a 33.6% decrease compared with 2007. Sales in Canada for the third quarter were \$20,481, a 44.5% decrease over 2007. US sales continue to suffer, dropping from \$54,112 in the third quarter of 2007 to \$39,975 2008. Slow housing sales are expected to continue in both the USA and Canada for the next 12 months as inflated house prices return to normal levels through massive deleveraging of world money supplies.

Sales of Fastfoot® decreased 34.8%, Fastbags® 6.4%, and Fast-Tube™ 39.2% over the previous year's quarter. The 'Other' category is for shipping and marketing materials.

	<u>Jul - Sep 08</u>	<u>Jul - Sep 07</u>	<u>\$ Change</u>	<u>% Change</u>
Fastfoot®	42,059	64,522	-22,463	-34.8%
Fastbag®	5,225	5,585	-360	-6.4%
Fast-Tube™	8,577	14,097	-5,519	-39.2%
Other	4,595	6,834	-2,239	-32.8%
Total	<u>60,456</u>	<u>91,038</u>	<u>-30,582</u>	<u>-33.6%</u>

Cost of goods sold

Gross margins for the quarter were 57%, an improvement over 2007's 52%.

Expenses

Operating expenses for the second quarter decreased by 25.4% to \$40,241 from \$53,962 the previous year's quarter. The largest changes are due to:

	<i>2nd Qtr, 2008</i>	<i>2nd Qtr, 2007</i>	<i>\$ Diff.</i>	<i>% Diff.</i>
Marketing	\$ 3,491	\$ 8,967	\$ (5,476)	61.1%
Administrative expenses	\$ 4,747	\$ 8,166	\$ (3,419)	41.9%
Foreign exchange loss (gain)	\$ (843)	\$ 1,949	\$ (2,792)	143.3%
Management fees	\$10,970	\$12,400	\$ (1,430)	11.5%

Marketing administrative and management expenses were reduced to conserve working capital. A drop of the Canadian dollar enabled a gain on exchange in this year's quarter compared with 2007.

Statement of operations & deficit

The company's net loss for the quarter was (\$5,861), compared with 2007's loss of (\$6,694). This loss was attributable to lower sales to the US and now Canada.

Investing activities

Minimal investing activities took place this period.

Financing activities

The company reduced long term debt by \$4,350.

THIRD QUARTER REPORT 2008
MANAGEMENT DISCUSSION & ANALYSIS

Cash flow

Operating activities for the quarter generated cash of \$29,057, compared with \$51,698 in 2007. The net increase in cash for the quarter was \$25,121 compared with an increase of \$12,316 in 2007.

Liquidity

The Company's working capital at the end of the third quarter was (\$39,312), a worsening from the previous year's quarter of \$26,388.

DISCUSSION OF NON FINANCIAL ITEMS

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 produced.

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

On November 14 2008 the Company announced a non-brokered private placement and debt settlement consisting of 1,666,666 units, priced at \$0.06 per unit. Each unit consists of one common share and one-half non-transferable share purchase warrant in the capital stock of the Company to net the treasury an aggregate of \$100,000. One share purchase warrant entitles the investor to purchase one common share of the Company for a period of two years from the closing at \$0.10 per share. The proceeds of the private placement and debt settlement will be used to manufacture and market the Fastfoot® MP™ System and improve general working capital.

SELECTED ANNUAL INFORMATION

<i>Year ended</i>	<i>31-Dec-07</i>	<i>31-Dec-06</i>	<i>31-Dec-05</i>	<i>31-Dec-04</i>
Revenues	\$ 317,558	\$ 355,714	\$ 390,037	\$ 258,273
Cost of sales	\$ 141,619	\$ 162,879	\$ 175,358	\$ 117,083
Gross profit	\$ 175,939	\$ 192,835	\$ 214,679	\$ 141,190
% gross profit	55%	54%	55%	55%
Expenses	\$ 218,159	\$ 219,272	\$ 178,063	\$ 133,711
Net income (loss)	\$ (19,312)	\$ (177,670)	\$ 36,616	\$ 7,479
Shares outstanding (diluted)	6,807,292	6,807,292	7,283,604	6,794,928
Income (loss) per diluted share	\$ (0.00)	\$ (0.00)	\$ 0.01	\$ 0.00
Total assets	\$ 310,489	\$ 284,476	\$ 501,714	\$ 463,380
Long term debt (excluding current portion)	\$ 40,400	\$ 43,467	\$ 61,347	\$ 79,227
Cash Dividends Declared	\$ None	\$ None	\$ None	\$ None

Approved
"Board of Directors"
November 28 2008

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.

Richard N. Fearn
President, CEO & CFO
FAB-FORM INDUSTRIES LTD.
28 November 2008

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEETS

30th September

ASSETS	2008	2007
Current		
Cash	\$ -	\$ 26,543
Accounts receivable	25,982	48,745
Prepaid expenses and advances	15,602	22,360
Inventory	41,044	41,935
Total current assets	82,628	139,583
Property, plant and equipment (Note 6)	69,547	85,009
Deferred development (Note 7)	17,696	12,316
Patents (Note 8)	89,917	92,021
Trademarks (Note 9)	4,590	6,065
	181,750	195,411
	\$ 264,378	\$ 334,994
LIABILITIES		
Current		
Bank overdraft	\$ 1,095	\$ -
Accounts payable and accrued liabilities	80,597	80,932
Accounts payable – related (Note 14)	11,349	-
Due to related parties (Note 14)	6,459	4,783
Current portion of long-term debt (Note 11)	22,440	27,480
Total current liabilities	121,940	113,195
Long-term debt (Note 11)	36,050	67,657
Obligation to issue shares (Note 12)	63,500	63,500
	99,550	131,157
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	691,942	691,942
Deficit	(649,054)	(601,300)
	42,888	90,642
	\$ 264,378	\$ 334,994

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

30th September

	THREE MONTHS		NINE MONTHS	
	2008	2007	2008	2007
Sales	\$ 60,456	\$ 91,044	\$ 155,247	\$ 259,912
Cost of Sales	26,076	43,776	61,364	116,503
Gross Profit	34,380	47,268	93,883	143,409
(Percent Gross Profit)	57%	52%	60%	55%
Expenses				
Administrative expenses	4,747	8,166	13,717	18,950
Amortization and depreciation	6,670	7,271	20,003	22,194
Interest on short-term debt, bank charges	1,701	1,159	4,415	2,705
Interest on long-term debt	1,401	1,763	5,043	5,838
Foreign exchange loss (gain)	(843)	1,949	(422)	3,986
Management fees	10,970	12,400	32,770	45,316
Marketing	3,491	8,967	23,361	27,939
Occupancy	5,126	4,763	14,354	14,842
Patent maintenance	199	199	598	1,117
Production	-	32	25	1,236
Professional fees	2,000	3,000	7,400	8,985
Public company expenses	3,548	2,463	20,009	8,599
Telecommunications	1,152	1,308	3,220	3,228
Wages and benefits	79	522	1,169	1,811
	40,241	53,962	145,662	166,746
Net income	(5,861)	(6,694)	(51,779)	(23,337)
Deficit – beginning of period	(643,193)	(594,606)	(597,275)	(577,963)
Deficit – end of period	\$ (649,054)	\$ (601,300)	\$ (649,054)	\$ (601,300)
Average shares outstanding				
Basic	3,387,985	3,387,985	3,387,985	3,387,985
Diluted	6,807,292	6,807,292	6,807,292	6,807,292
Earnings per share				
Basic	0.00	0.00	0.02	0.01
Diluted	0.00	0.00	0.01	0.00

See accompanying notes to the consolidated financial statements

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOW

30th September

Cash resources provided by (used in)	THREE MONTHS		SIX MONTHS	
	2008	2007	2008	2007
Operating activities				
Cash receipts from customers	\$ 80,576	\$ 97,920	\$ 163,815	\$ 239,419
Direct costs	(15,309)	(29,765)	(33,819)	(124,577)
Cash paid to suppliers and employees	(36,211)	(16,457)	(144,777)	(95,882)
	29,056	51,698	15,219	(18,960)
Investing activities				
Property, plant and equipment	(35)	(8,494)	(477)	(21,082)
Research and development	(335)	-	(9,049)	(788)
Patents	(1,468)	(1,779)	(1,987)	(3,259)
	(1,838)	(10,273)	(11,513)	(25,129)
Financing activities				
Long term debt	(4,350)	(6,870)	4,350	24,190
Due to related parties	2,200	554	10,795	554
Shares issued for cash	-	-	-	-
Obligation to issue shares	-	-	-	-
Directors loan	53	66	2,165	188
	(2,097)	(6,250)	8,610	24,932
Net increase in cash	25,121	35,175	12,316	18,763
Cash position, opening	(26,216)	(8,632)	(13,411)	7,780
Cash position, ending	\$ (1,095)	\$ 26,543	\$ (1,095)	\$ 26,543
Supplementary cash flow information				
Cash paid for interest	\$ 3,155	\$ 2,856	\$ 9,570	\$ 8,355
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the consolidated financial statements

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30th September 2008

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.

2. Nature of business

Fab-Form Industries Ltd. (the "company" or "Fab-Form") was incorporated 13 June 1995 under the Company Act of British Columbia. Fab-Form develops, manufactures and distributes proprietary fabric-based technology to form concrete footings, foundations, and walls for building structures. The company is currently distributing three products: Fastfoot® footing form, Fastbag® point load footing form, and Fast-Tube™ column form.

3. Significant accounting policies

a) Consolidation

These consolidated financial statements include the accounts of the company, its wholly owned subsidiary Maxito Industries Ltd., and its wholly owned subsidiary 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 of assets

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) 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 lesser of seven years and 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.

NOTES TO FINANCIAL STATEMENTS

30th September 2008

d) Deferred development costs (continued)

Deferred development costs include:

- direct costs of materials and services consumed during the development stage,
- remuneration of personnel directly engaged in the development activities,
- a reasonable portion of overhead costs,
- amortization of capital assets used in the development activities.

e) 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.

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) Impairment of long-lived assets

Long-lived assets, including capital assets and intangible assets with finite useful lives, are amortized over their useful lives. The company annually reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The company performs an impairment assessment of long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value, which is estimated as the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. At March 31 2007 and 2006, no events or changes in circumstances had occurred which indicated that the carrying amounts of long-lived assets may not be recoverable except for the costs of \$151,233 related to the development of Fabwall written off in 2006.

h) Comparative figures

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

i) 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 2007, 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.

NOTES TO FINANCIAL STATEMENTS

30th September 2008

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 held in escrow in the weighted average number of shares outstanding, if dilutive.

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. Significant amounts that require estimates as a basis for determining the stated amounts include plant and equipment, deferred development and patents.

4. Change in Accounting Policies

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

a) Financial Instruments – Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized to cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income. All financial assets and liabilities are recognized when the Company becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair value of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income. All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- (i) Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- (ii) Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- (iii) Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- (iv) All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period they arise. In accordance with this new standard, the Company has classified its financial instruments as follows: Marketable securities and investments are classified as available-for-sale securities. Such securities are measured at fair market value in the consolidated financial statements with unrealized gains or losses recorded in comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net earnings (loss).

b) Hedging (Section 3865)

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30th September 2008

c) Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components, in a separate financial statement that is displayed with the same prominence as the other financial statements.

The Company had no "other comprehensive income or loss" transactions during the year ended December 31 2007 and no opening or closing balances for accumulated other comprehensive income or loss.

5. 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. The company does not use derivative instruments to reduce its currency risk.

6. Property, plant and equipment

	2008			2007		
	Cost	Accum. Amort.	NBV	Cost	Accum. Amort.	NBV
Manufact. equip	\$ 153,453	\$ (85,500)	\$ 67,953	\$ 152,130	\$ (69,399)	\$ 82,731
Office furniture	-	-	-	-	-	-
Computers	-	-	-	-	-	-
Vehicle	29,391	(27,797)	1,594	29,391	(27,113)	2,278
Total	\$ 182,844	\$ (113,297)	\$ 69,547	\$ 181,521	\$ (96,512)	\$ 85,009

7. Deferred development

	2008			2007		
	Cost	Accum. Amort.	NBV	Cost	Accum. Amort.	NBV
Fast-Tube™	\$ 17,928	\$ (8,328)	\$ 9,599	\$ 17,457	\$ (5,449)	\$ 12,008
Fastfoot®	\$ 8,096	-	\$ 8,096	\$ 307	-	\$ 307
Total	\$ 26,024	\$ (8,328)	\$ 17,696	\$ 17,764	\$ (5,449)	\$ 12,316

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

8. 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:

	2008			2007		
	Cost	Accum. Amort.	NBV	Cost	Accum. Amort.	NBV
Fastfoot®	\$ 77,384	\$ (30,699)	\$ 46,685	\$ 77,384	\$ (26,149)	\$ 51,235
Found. & Floor System	11,105	(10,289)	816	11,105	(9,636)	1,469
Concrete Found Wall	6,957	(4,399)	2,558	6,957	(3,989)	2,968
Fast-Tube™	39,858	-	39,858	36,349	-	36,349
Total	\$ 135,304	\$ (45,387)	\$ 89,917	\$ 131,795	\$ (39,774)	\$ 92,021

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30th September 2008

9. Trademarks

The company has three registered trademarks:

	2008			2007		
	Cost	Accum. Amort.	NBV	Cost	Accum. Amort.	NBV
Fastfoot®	\$ 6,212	\$ (5,075)	\$ 1,137	\$ 6,212	\$ (4,495)	\$ 1,717
Fastfabric®	3,883	(2,621)	1,262	3,883	(2,233)	1,650
Fastbag®	5,070	(2,879)	2,191	5,070	(2,372)	2,698
Total	\$ 15,165	\$ (10,575)	\$ 4,590	\$ 15,165	\$ (9,100)	\$ 6,065

10. Amortization and depreciation

	2008	2007
Property, plant and equipment	\$ 12,414	\$ 15,059
Deferred development	2,273	1,819
Patents	4,210	4,210
Trademarks	1,106	1,106
Total	\$ 20,003	\$ 22,194

11. Long-term debt

Description	2008	2007
Loan from the Program for Export Market Development. This money has been advanced to the company for allowable marketing expenditures. The loan is repayable if a sales target is exceeded. The loan agreement expired on December 19 2007.	\$ -	\$ 22,907
Less current portion	-	-
Long-term portion	-	22,907
Machinery loan from the Business Development Bank for \$50,000. Secured by guarantee, payable \$840 per month plus interest currently 8.75%, maturing May 18 2008	5,050	10,800
Less current portion	(5,040)	(10,080)
Long-term portion	-	-
Working capital loan from the Business Development Bank for \$40,000. Secured by guarantee, payable \$650 per month plus interest, currently 9.5%, maturing August 23 2009.	11,050	14,950
Less current portion	(7,800)	(7,800)
Long-term portion	3,250	7,150
Working capital loan from the Business Development Bank for \$50,000. Secured by guarantee, payable \$800 per month plus interest, currently 10.5%, maturing August 23 2012.	42,400	47,200
Less current portion	(9,600)	(9,600)
Long-term portion	32,800	37,600
Total long-term debt	58,490	95,137
Less current portion	(22,440)	(27,480)
Long-term portion	\$ 36,050	\$ 67,657

Future principal payments on long-term debt are:

2008	\$ 6,870
2009	19,080
2010	10,900
2011	9,600
2012	9,600
2013	1,600
Total	\$ 58,490

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30th September 2008

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) 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 2004	6,318,116	\$ 613,674
Private placement – 2 June 2005	489,176	78,268
Balance – 30 Sep 2005, 2006, 2007, 2008	6,807,292	\$ 691,942

As at 30 September 2008, 51.9% (2007 – 51.9%) 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.

- iii) Escrow: As at 30 September 2008 3,419,307 (2007 - 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.

b) Options and warrants

There are no stock options or warrants 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	Capital asset	2008	-	-	-
		2007	-	-	-
Liability	Balance due to Related Parties incurred in the course of business	2008	-	-	53
		2007	-	554	65
Expenses	Management fees	2008	5,485	5,485	-
		2007	6,200	6,200	-

These transactions were in the normal course of operations and are measured at the exchange value which represented the amount of the consideration established and agreed to by the related parties.

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

30th September 2008

15. Income taxes

A reconciliation of income tax at statutory rates with the reported taxes is as follows:

	2007	2006
Income (loss) for the year	\$ (19,312)	\$ (177,670)
Expected income tax (recovery)	(6,566)	(60,585)
Non taxable items	(9,841)	(71,550)
Unrecognized benefit of non-capital losses	16,400	132,135
	<u>\$</u>	<u>\$</u>

Details of future income taxes assets are as follows:

	2007	2006
Non capital loss carry forwards	\$ 56,000	\$ 96,500
Equipment, patents and trademarks	(3,500)	(11,300)
Development	62,500	54,000
Research tax credits	40,000	40,000
Total future income tax assets	155,000	179,200
Less valuation allowance	(155,000)	(179,200)
	<u>\$</u>	<u>\$</u>

At 31 December 2007 the company had tax losses of approximately \$164,000 available for deduction against future taxable income. The losses expire as follows:

2008	76,000
2009	3,000
2010	57,000
2014	12,000
2015	3,000
2026	13,000
	<u>\$ 164,000</u>

16. Concentration of customers

In the third quarter of **2008, 9.2%** (2007, 15.6%) of the company's sales were made to one customer.

17. Segmented information

	2008		2007	
<i>Gross sales</i>	Canada	\$ 20,481 33.9%	\$ 36,932	40.6%
	U.S.	39,975 66.1%	54,112	59.4%
	Total	\$ 60,456 100.0%	\$ 91,044	100.0%
<i>Total assets</i>	Canada	\$ 264,378 100.0%	\$ 334,994	100.0%
	U.S.	0 0.0%	0	0.0%
	Total	\$ 264,378 100.0%	\$ 334,994	100.0%
<i>Capital expenditures</i>	Canada	\$ 1,838 100.0%	\$ 10,273	100.0%
	U.S.	0 0.0%	0	0.0%
	Total	\$ 1,838 100.0%	\$ 10,273	100.0%

THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

30th September 2008

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



Unit 212, 6333 148th Street
Surrey, BC V3S 3C3, Canada
(604)596-3278

Shareholders and interested investors should visit:

www.fab-form.com