

FAB-FORM
Fabric-Formed Concrete



ALL NEW FASTFOOT®



SEWN CORNER

NEWS

FAB-FORM
Management Discussion & Analysis
First Quarter 2014

MD&A TO OUR SHAREHOLDERS

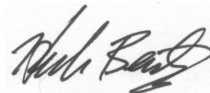
The cover is a screenprint of our current home page, showing our new product, sewn Fastfoot® corners. For more information, please go to www.fab-form.com.

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

Sincerely



Richard Fearn
President and CEO
29 May 2014



Herb Bentz
Chief Financial Officer
29 May 2014

MANAGEMENT DISCUSSION & ANALYSIS

This discussion and analysis of the financial results of Fab-Form Industries Ltd. (Fab-Form or the Company) should be read in conjunction with the interim consolidated unaudited financial statements for the first quarter of 2014 and accompanying notes. The results reported herein have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A constitute "forward-looking statements" as is defined in applicable securities laws. These statements include, without limitation, the success of developing, manufacturing and distributing new products and other similar statements concerning anticipated future events, conditions or results that are not historical in nature, and reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward-looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Such factors include, among others, risks and uncertainties relating to product development; the ability of the Company to obtain additional financing; the Company's limited operating history; the need to comply with environmental and governmental regulations; potential defects in product performance; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; the uncertainty of capturing market share and other risks and uncertainties. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the Report Date and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

COMPANY DESCRIPTION

Fab-Form is a Canadian manufacturing company which develops, manufactures and distributes products for the concrete forming industry around the world. The Company's objective is to identify patentable technology in concrete forming, develop, manufacture products and distribute them to world markets. The Company is currently selling products in North America. The Company is a reporting issuer in Alberta and British Columbia, and trades on the TSX Venture Exchange under the symbol "FBF".

INTERIM MD&A REPORTING

The reader should refer to our interim consolidated financial statements for the three month period ended 31 March 2014 and our consolidated financial statements for the year ended 31 December 2013 while reading this discussion. The reader should also refer to the MD&A in our 2013 Annual Report as any MD&A information that has not changed materially since year end is not repeated here.

FAB-FORM INDUSTRIES LTD.
MANAGEMENT DISCUSSION & ANALYSIS

OPERATING RESULTS

1. Product Sales

	Jan - Mar 14	Jan - Mar 13	Change	% Change
Fastfoot®	\$ 24,932	\$ 12,437	\$ 12,495	100%
Fastbag®	1,575	1,470	106	7%
Fast-Tube™	1,025	1,375	-350	-25%
Helix®	3,004	-	3,004	100%
Zont™	31,337	16,943	14,394	85%
Monopour	2,000	9,987	-7,987	-80%
Other	198	-	198	100%
Total Sales	\$ 64,071	\$ 42,211	\$ 21,860	52%

Sales for the first quarter showed a 52% improvement over 2013. Both Fastfoot® and Helix® increased 100% over the previous year, Zont™ bracing increased 85%. Monopour sales dropped 80% due to no projects completed in the local market.

In 2013 and prior years the 'Other' category was for shipping revenue. In 2014 these revenues are kept out of product sales so that the true gross margins on the products can be obtained. The first quarter of 2013 'Other' category has been adjusted to show comparable figures.

2. Cost of Sales

	Jan - Mar 14	Jan - Mar 13	\$ Change	% Change
Direct Product COGS	\$ 27,966	\$ 17,545	\$ 10,421	59%
<i>Direct Product gross margin</i>	<i>56%</i>	<i>58%</i>		
Indirect Product COGS				
Amortization Production Equip.	2,454	2,205	249	11%
Fixed overhead	8,004	3,995	4,009	100%
Variable Overhead	748	2,184	-1,436	-66%
Delivery Costs	674	646	27	4%
Total Indirect Product COGS	11,880	9,030	2,850	32%
Total COGS	\$ 39,846	\$ 26,575	\$ 13,271	50%
<i>Gross margin including COGS Overheads</i>	<i>38%</i>	<i>37%</i>		

'Direct Product COGS' includes material and variable labour costs that are directly involved in the production of the physical goods themselves. The 'Indirect Product Costs' include those production costs that are independent to the rate of production. The figures from 2013 have been restated to make them comparable.

Fixed overheads have almost doubled due to the warehouse being double the size of the previous. Variable overheads have increased in proportion to the 52% increase in sales. The 'Delivery Cost' category accumulates the revenues and associated expenses of customer shipments. We endeavour to have this net out to a zero balance.

Gross margins after both direct and indirect cost of goods sold were 38% and 37% in the first quarters 2014 and 2013 respectively.

FAB-FORM INDUSTRIES LTD.
MANAGEMENT DISCUSSION & ANALYSIS

3. General and Administrative Expenses

	Jan - Mar 14	Jan - Mar 13	Change	% Change
General	\$ 6,511	\$ 4,847	\$ 1,664	34%
Amortization & Depreciation	4,933	2,509	2,424	97%
Management Fees	381	4,381	-4,000	-91%
Occupancy	2,542	1,425	1,118	78%
Patent Maintenance Fees	835	83	752	905%
Professional Fees	3,200	3,000	200	7%
Public Company	2,990	2,562	428	17%
Telecommunications	2,274	1,164	1,110	95%
Total Admin Expenses	\$ 23,667	\$ 19,971	\$ 3,695	19%

Total administrative expenses increased 19% over the first quarter of 2013. This increase was due primarily to increased depreciation expenses on new vehicles and higher rent for the larger office. Management fees decreased significantly.

4. Selling and Marketing Expenses

	Jan - Mar 14	Jan - Mar 13	Change	% Change
Online advertising	\$ 742	\$ 680	\$ 62	9%
Selling Expenses	1,704	2,641	-937	-35%
Trade Shows	1,730	1,550	180	12%
Total	\$ 4,176	\$ 4,871	\$ -695	-14%

Marketing expenses were in line with those incurred in 2013.

SELECTED QUARTERLY FINANCIAL SUMMARY

The following table sets out selected quarterly financial information derived from the Company's financial statements, for each of the eight recently completed quarters.

	2014		2013		2012			
	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr
Revenues	64,071	148,903	136,148	163,528	47,098	59,871	122,438	103,293
Net Income (loss)	(5,251)	(21,652)	12,064	24,378	(13,242)	(6,432)	24,355	8,849
Shares outstanding (diluted)	7,797,988	7,797,988	7,797,988	7,797,987	7,797,988	7,797,988	7,797,988	7,797,988
Income (loss) per diluted share	(0.00)	(0.00)	0.00	0.00	(0.00)	(0.00)	0.00	0.00

Additional financial information on the Company can be found on SEDAR at www.sedar.com.

Approved
"Board of Directors"
29 May 2014

FAB-FORM INDUSTRIES LTD.

FURTHER INFORMATION

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 Delta, BC. Its common shares trade on the Toronto Venture Exchange under the symbol "FBF".

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Shareholders and interested investors should visit:

www.fab-form.com