

**FAB-FORM**  
Fabric-Formed Concrete



**FASTFOOT®**  
*Green from the ground up*

**FAB-FORM**  
2nd Quarter Report  
**2014**

# REPORT TO OUR SHAREHOLDERS

The cover is a screenprint of our current home page, showing another satisfied customer. This customer was delighted with both Fastfoot® to form his footers as well as Zont™ bracing used to align his ICF foundation walls. For more information, please go to [www.fab-form.com](http://www.fab-form.com).

The accompanying Consolidated Financial Statements and Management Discussion & Analysis for the three and six month periods ended 30 June 2014 and 2013 are the responsibility of Fab-Form Industries Ltd.'s management. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards which recognize the necessity of relying on some of management's best estimates and informed judgements.


**The Company's independent auditors have neither reviewed nor audited these Consolidated Financial Statements.**

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

Sincerely



Richard Fearn  
President and CEO  
14 August 2014



Herb Bentz  
Chief Financial Officer  
14 August 2014

## FAB-FORM INDUSTRIES LTD.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*Unaudited*

	Notes	<b>30 June 2014</b>	31 Dec 2013
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$	<b>18,748</b>	\$ -
Accounts receivable		<b>65,486</b>	76,096
Prepaid expenses and advances		<b>19,364</b>	18,306
Inventory		<b>100,915</b>	79,290
<b>Total current assets</b>		<b>204,513</b>	173,692
<b>Property and equipment</b>		<b>103,843</b>	113,287
<b>Deferred development</b>		<b>7,425</b>	7,860
<b>Patents</b>		<b>4,007</b>	4,119
		<b>115,275</b>	125,266
		<b>\$ 319,788</b>	<b>\$ 298,958</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Bank indebtedness	\$	-	\$ 26,909
Accounts payable and accrued liabilities		<b>73,671</b>	36,204
Accounts payable – related		<b>50,876</b>	96,031
Current portion of long-term debt		<b>38,427</b>	27,716
<b>Total current liabilities</b>		<b>162,974</b>	186,860
<b>Long-term debt</b>		<b>136,170</b>	105,511
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital</b>		<b>769,520</b>	769,520
<b>Deficit</b>		<b>(739,168)</b>	(762,933)
		<b>30,352</b>	6,587
		<b>\$ 319,788</b>	<b>\$ 298,958</b>

Approved and authorized by the Board 6 August 2014

**"Richard Fearn"**

\_\_\_\_\_, Director

**"Herb Bentz"**

\_\_\_\_\_, Director

*The accompanying notes are an integral part of these consolidated financial statements*

## FAB-FORM INDUSTRIES LTD.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited

	Notes	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
		2014	2013	2014	2013
<b>Sales</b>	4	\$ <b>269,283</b>	\$ 148,401	\$ <b>333,354</b>	\$ 190,732
<b>Cost of Sales</b>	5	<b>(188,879)</b>	(78,863)	<b>(228,686)</b>	(104,983)
<b>Gross Profit</b>		\$ <b>80,404</b>	\$ 69,538	\$ <b>104,668</b>	\$ 85,749
(Percent Gross Profit)		<b>29.9%</b>	46.9%	<b>31.4%</b>	45.0%
<b>General and administrative expenses</b>	6	\$ <b>(23,876)</b>	\$ (28,161)	\$ <b>(47,581)</b>	\$ (46,886)
<b>Selling and marketing expenses</b>	7	\$ <b>(15,913)</b>	\$ (8,471)	\$ <b>(20,089)</b>	\$ (13,342)
<b>Operating profit (loss)</b>		\$ <b>40,616</b>	\$ 32,907	\$ <b>36,998</b>	\$ 25,521
<b>Foreign exchange gain (loss)</b>		\$ <b>(2,135)</b>	\$ 986	\$ <b>(120)</b>	\$ 1,308
<b>Interest expense</b>		\$ <b>(6,940)</b>	\$ (4,806)	\$ <b>(10,285)</b>	\$ (8,387)
<b>Net Profit before other items (loss)</b>		\$ <b>31,541</b>	\$ 29,087	\$ <b>26,290</b>	\$ 18,442
<b>Other items</b>					
Inventory write-off		\$ <b>(2,525)</b>	(7,019)	<b>(2,525)</b>	(7,019)
Patent write-off			(288)		(288)
<b>Comprehensive income (loss)</b>		\$ <b>29,017</b>	\$ 21,780	\$ <b>23,765</b>	\$ 11,135
<b>Average shares outstanding</b>					
Basic		<b>4,852,382</b>	4,852,382	<b>4,852,382</b>	4,852,382
Diluted		<b>7,797,988</b>	7,797,988	<b>7,797,988</b>	7,797,988
<b>Income (loss) per share</b>					
Basic		<b>0.01</b>	0.00	<b>0.01</b>	0.00
Diluted		<b>0.00</b>	0.00	<b>0.00</b>	0.00

The accompanying notes are an integral part of these unaudited consolidated financial statements

FAB-FORM INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*Unaudited*

	<i>Shares</i>		<i>Share capital</i>		<i>Deficit</i>		<i>Shareholders equity</i>
Balance, 1 January 2013	7,797,988	\$	769,520	\$	(753,346)	\$	5,039
Comprehensive income	-		-		24,378		24,378
Balance, 30 June 2013	7,797,988	\$	769,520	\$	(740,103)	\$	29,417
Balance, 1 January 2014	7,797,988	\$	769,520	\$	(762,933)	\$	6,587
Comprehensive income	-		-		23,765		23,765
Balance, 30 June 2014	7,797,988	\$	769,520	\$	(739,168)	\$	30,352

*The accompanying notes are an integral part of these consolidated financial statements*

## FAB-FORM INDUSTRIES LTD.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

*Quarter ended 31 March, Unaudited*

<b>Cash provided by (used in)</b>	Notes	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
		<b>2014</b>	2013	<b>2014</b>	2013
<b>Operations</b>					
Income (loss) for period		\$ <b>29,017</b>	\$ (13,242)	\$ <b>23,765</b>	\$ (13,242)
Items not involving use of cash					
Amortization and depreciation		<b>7,480</b>	5,491	<b>14,867</b>	5,491
		<b>36,497</b>	(7,751)	<b>38,632</b>	(7,751)
Changes in non-cash working capital items					
Accounts receivable		<b>(28,767)</b>	6,603	<b>10,609</b>	6,603
Prepaid expenses and advances		<b>9,844</b>	5,320	<b>(1,059)</b>	5,320
Inventory		<b>(8,863)</b>	(41,124)	<b>(21,624)</b>	(41,124)
Accounts payable and accrued liabilities		<b>31,789</b>	1,166	<b>37,467</b>	1,166
Accounts payable - related		<b>(3,516)</b>	(8,414)	<b>(45,155)</b>	(8,414)
Current portion of long term debt		-	3,415	<b>10,711</b>	3,415
		<b>\$ 485</b>	(33,034)	<b>\$ (9,049)</b>	(33,034)
<b>Financing</b>					
Long term debt increase (repayment)		<b>\$ (9,708)</b>	(6,192)	<b>\$ 20,951</b>	(6,192)
<b>Investing</b>					
Property and equipment		<b>(1,912)</b>	-	<b>(4,506)</b>	-
Deferred development		-	(53)	<b>(371)</b>	(53)
Patents		-	53	-	53
		<b>\$ (1,912)</b>	\$ -	<b>\$ (4,877)</b>	\$ -
<b>Increase (decrease) in cash</b>		<b>25,362</b>	(46,977)	<b>45,657</b>	(46,977)
<b>Cash (bank indebtedness) beginning of period</b>		<b>(6,614)</b>	25,095	<b>(26,909)</b>	25,095
<b>Cash (bank indebtedness) end of period</b>		<b>\$ 18,748</b>	\$ (21,882)	<b>\$ 18,748</b>	\$ (21,882)

*The accompanying notes are an integral part of these consolidated financial statements*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*1<sup>st</sup> Quarter Notes, Unaudited***1. Reporting Entity**

Fab-Form Industries Ltd. (the "Company" or "Fab-Form") is a company domiciled in Canada and incorporated under the Company Act of British Columbia. The address of the Company's head office is Unit 19, 1610 Derwent Way, Delta BC V3M 6W1. The Company develops, manufactures and distributes proprietary technology to form concrete footings, columns, foundations and walls for building structures. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

These interim consolidated financial statements were approved and authorized for issue by the board of directors on the 14 August 2014.

**2. Basis of Preparation and Interim Period Reporting**

The interim consolidated financial statements of the company are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting, ("IAS 34"). The policies applied in these interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending 31 December 2013 could result in restatement of these interim consolidated financial statements.

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as in the consolidated financial statements for the year ended 31 December 2013.

The disclosure contained in these interim consolidated financial statements is condensed and includes only selected explanatory notes and does not duplicate or repeat disclosure reported in the consolidated financial statements for the year ended 31 December 2013 that has not changed materially since their date of issue. Accordingly, these interim consolidated financial statements should only be read in conjunction with the consolidated financial statements of the company for the year ended 31 December 2013.

**3. Product Sales**

	<b>Apr - Jun 14</b>	Apr - Jun 13	\$ Change	% Change
<b>Fastfoot®</b>	<b>41,734</b>	48,837	-7,103	-15%
<b>Fastbag®</b>	<b>3,129</b>	1,836	1,293	70%
<b>Fast-Tube™</b>	<b>1,337</b>	2,640	-1,303	-49%
<b>Helix®</b>	<b>107,732</b>	16,727	91,005	544%
<b>Zont™ bracing</b>	<b>79,849</b>	44,195	35,653	81%
<b>Monopour</b>	<b>32,314</b>	34,046	-1,732	-5%
<b>Sundry</b>	<b>3,188</b>	120	3,068	2,557%
	<b>269,283</b>	148,401	120,882	82%

**4. Cost of Sales**

	<b>Apr - Jun 14</b>	Apr - Jun 13	\$ Change	% Change
<b>Direct Product COGS</b>	<b>\$ 178,194</b>	\$ 71,915	\$ 106,279	148%
<i>Direct Product gross margin</i>	<i>34.0%</i>	<i>51.5%</i>		
<b>Indirect Product COGS</b>				
<b>Amortization Production Equip.</b>	<b>2,454</b>	2,598	-144	-6%
<b>Fixed overhead</b>	<b>7941</b>	3,350	4,591	137%
<b>Variable Overhead</b>	<b>200</b>	614	-414	-67%
<b>Total Indirect Product COGS</b>	<b>10,685</b>	6,562	4,123	63%
<b>Total COGS</b>	<b>\$ 188,879</b>	\$ 78,477	\$ 110,402	141%
<i>Gross margin including COGS Overheads</i>	<i>29.9%</i>	<i>47.1%</i>		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*1<sup>st</sup> Quarter Notes, Unaudited*

'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.

**5. General and Administrative Expenses**

	<b>Jan - Mar 14</b>	Jan - Mar 13	Change	% Change
<b>General</b>	<b>\$ 5,616</b>	\$ 7,975	\$ 1,664	-30%
<b>Amortization &amp; Depreciation</b>	<b>4,935</b>	3,302	2,424	49%
<b>Management Fees</b>	<b>381</b>	5,381	-4,000	-93%
<b>Occupancy</b>	<b>2,752</b>	1,561	1,118	76%
<b>Patent Maintenance Fees</b>	<b>205</b>	1,413	752	-85%
<b>Professional Fees</b>	<b>3,939</b>	3,400	200	16%
<b>Public Company</b>	<b>4,435</b>	3,317	428	34%
<b>Telecommunications</b>	<b>1,613</b>	1,812	1,110	-11%
<b>Total Admin Expenses</b>	<b>\$ 23,876</b>	\$ 28,161	\$ 3,695	-15%

**6. Selling and Marketing Expenses**

	<b>Jan - Mar 14</b>	Jan - Mar 13	Change	% Change
<b>Online advertising</b>	<b>\$ 732</b>	\$ 733	\$ -1	-1%
<b>Selling Expenses</b>	<b>13,551</b>	6,419	7,132	111%
<b>Trade Shows</b>	<b>1,630</b>	1,319	311	24%
<b>Total</b>	<b>\$ 15,913</b>	\$ 8,471	\$ 7,442	88%



FAB-FORM INDUSTRIES LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*1<sup>st</sup> Quarter Notes, 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 Delta, BC. Its common shares trade on the Toronto Venture Exchange under the symbol "FBF".

For additional information, please contact:

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**Chris Mattock**

Chairman of the Board

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Shareholders and interested investors should visit:

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