

# FAB-FORM

Fabric-Formed Concrete



**FASTFOOT®**  
Forms largest  
solar farm in  
the USA



**WORLD OF  
CONCRETE**

See us in booth **N1916**  
Tues Feb 2nd to Fri Feb 5th

## NEWS

Largest solar farm  
uses Fastfoot®

### COST COMPARE

See video, cost analysis  
showing ICF, Helix and Zont

Nudura® used in  
Vancouver MP

Cirrus Homes ICF  
Monopour

**FAB-FORM**  
**MD&A**  
**1st Quarter 2016**

## MD&A TO OUR SHAREHOLDERS

The cover is a screenprint of our current home page, showing the President of the United States discussing the importance of renewable energy. What he neglected to mention was that all foundations of the accumulator stations were formed with Fastfoot®. For more information on this interesting project, see:

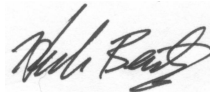
<http://www.fab-form.com/fastfoot/solarFarm.php>

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

Sincerely



Richard Fearn  
President and CEO  
26 May 2016



Herb Bentz  
Chief Financial Officer  
26 May 2016

## 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 2016 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](http://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 2016 and our consolidated financial statements for the year ended 31 December 2015 while reading this discussion. The reader should also refer to the MD&A in our 2015 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. Discussion of Operations and Financial Condition

	<b>Jan - Mar 16</b>	<b>Jan - Mar 15</b>	<b>Change</b>	<b>% Change</b>
<b>Sales</b>	<b>374,385</b>	124,133	250,252	202%
<b>Cost of Goods Sold</b>	<b>271,846</b>	70,950	200,895	283%
<i>(% gross profit)</i>	<i>27.4%</i>	<i>42.8%</i>		
<b>Gross Profit</b>	<b>102,539</b>	53,183	49,357	93%
<b>Expense</b>				
<b>Administrative</b>	<b>31,844</b>	20,221	11,624	57%
<b>Interest</b>	<b>3,353</b>	3,988	(635)	(16%)
<b>Marketing</b>	<b>19,970</b>	13,469	6,500	48%
<b>Wages &amp; benefits</b>	<b>2,365</b>	413	1,952	473%
	<b>57,532</b>	38,091	19,441	51%
<b>Net ordinary income</b>	<b>45,007</b>	15,091	29,916	198%
<b>Other income &amp; expense</b>				
<b>Forex (gain) loss</b>	<b>3,265</b>	(5,444)	8,710	160%
<b>Inventory write-off (back)</b>	<b>(30)</b>	0	(30)	(100%)
	<b>3,235</b>	(5,444)	8,680	159%
<b>Comprehensive income</b>	<b>41,772</b>	<b>20,536</b>	<b>21,236</b>	<b>103%</b>

In the first quarter of 2016 sales continued their upward trend with gross sales 202% higher than the previous year. As the first quarter of the year is traditionally a quiet one in the foundation industry, this increase bodes well for the balance of the year. Comprehensive income increased 103% to \$41,772 from \$20,536 the previous year. Working capital at the end of the first quarter improved to \$186,389 from \$76,245 at the end of the first quarter of 2015.

2. Product Sales

	<b>Jan - Mar 16</b>	<b>Jan - Mar 15</b>	<b>Change</b>	<b>% Change</b>
<b>Fastbag®</b>	<b>3,329</b>	951	<b>2,378</b>	250%
<b>Fastfoot®</b>	<b>36,683</b>	20,777	<b>15,905</b>	77%
<b>Fast-Tube™</b>	<b>3,848</b>	897	<b>2,951</b>	329%
<b>Helix®</b>	<b>38,552</b>	13,017	<b>25,535</b>	196%
<b>Sundry</b>	<b>7,195</b>	67	<b>7,128</b>	10,607%
<b>Marketing material</b>	<b>0</b>	237	<b>-237</b>	-100%
<b>Monopour</b>	<b>7,146</b>	25,709	<b>-18,564</b>	-72%
<b>Nudura®</b>	<b>200,405</b>	5,288	<b>195,117</b>	3690%
<b>Gorilla Buck®</b>	<b>4,474</b>	0	<b>4,474</b>	100%
<b>ICF accessories</b>	<b>2,924</b>	0	<b>2,924</b>	100%
<b>Zont™</b>	<b>44,044</b>	37,303	<b>6,741</b>	18%
<b>Zuckle™</b>	<b>21,966</b>	19,886	<b>2,080</b>	10%
<b>Bracing rentals</b>	<b>3,820</b>	0	<b>3,820</b>	100%
<b>Total</b>	<b>374,385</b>	124,133	<b>250,252</b>	202%

In the first quarter of 2016 Fastbag, Fast-Tube, Helix, Nudura, Gorilla Buck and ICF Accessories all showed triple digit growth over 2015. Global warming and climate change are creating strong demand for Fab-Form's product line.

FAB-FORM INDUSTRIES LTD.  
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**3. Cost of Sales**

	<b>Jan - Mar 16</b>	<b>Jan - Mar 15</b>	<b>Change</b>	<b>% Change</b>
<b>Total Direct Product COGS</b>	259,575	57,568	202,007	351%
<i>Gross margins before indirect costs</i>	<i>31%</i>	<i>54%</i>		
<b>Indirect Product COGS</b>				
<b>Amortization Production Equip.</b>	3,482	4,933	-1,452	-29%
<b>Production tools</b>	64	531	-467	-88%
<b>Production rental</b>	7,259	7,298	-39	-1%
<b>Variable Overhead</b>	930	1,031	-101	-10%
<b>Wages not allocated</b>	264	0	264	100%
<b>Customer Delivery Costs</b>	272	-411	682	166%
<b>Total Indirect Product COGS</b>	12,270	13,382	-1,112	-8%
<b>Total Cost of Goods Sold</b>	271,846	70,950	200,895	283%
<i>Gross margins before indirect costs</i>	<i>27%</i>	<i>43%</i>		

Gross margins deteriorated in the first quarter of 2016 as a result of increased Nudura and Helix sales which have lower margins.

**4. Administrative Expenses**

	<b>Jan - Mar 16</b>	<b>Jan - Mar 15</b>	<b>Change</b>	<b>% Change</b>
<b>Amortization &amp; Depreciation</b>	1,386	1,786	-400	-22%
<b>Occupancy</b>	3,124	2,302	822	36%
<b>Patent &amp; TM Maintenance Fees</b>	205	205	0	0%
<b>Professional Fees</b>	3,143	3,200	-57	-2%
<b>Pubco</b>	2,094	2,045	49	2%
<b>Administrative</b>	9,593	7,512	2,081	28%
<b>Management Fees</b>	10,320	320	10,000	3,123%
<b>Telecommunications</b>	1,980	2,851	-871	-31%
<b>Total</b>	31,844	20,221	11,624	57%

General and administrative expenses for the quarter increased 57% due to higher management fee over the previous year's quarter.

FAB-FORM INDUSTRIES LTD.  
MANAGEMENT DISCUSSION & ANALYSIS

**5. Selling and Marketing Expenses**

	<b>Jan - Mar 16</b>	<b>Jan - Mar 15</b>	<b>Change</b>	<b>% Change</b>
<b>Vancouver ICF promotion</b>	1,340	0	1,340	100%
<b>Advertising</b>	2,053	1,905	148	8%
<b>Google Adwords</b>	1,033	977	56	6%
<b>Selling Expenses</b>	14,267	1,758	12,509	711%
<b>Trade Shows</b>	1,057	3,905	-2,848	-73%
<b>Associations</b>	111	225	-114	-51%
<b>Postage &amp; courier</b>	124	16	108	674%
<b>Promo Materials</b>	-260	2,183	-2,444	-112%
<b>Website</b>	245	0	245	100%
<b>Commissions &amp; Fees</b>	0	2,500	-2,500	-100%
<b>Total</b>	19,970	13,469	6,500	48%

Selling and marketing expenses increased 48% over the previous year's first quarter. This increase was due to higher selling expenses.

**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.

	<b>2016</b>		<b>2015</b>		<b>2014</b>			
	<b>1st Qtr</b>	<b>4th Qtr</b>	<b>3rd Qtr</b>	<b>2nd Qtr</b>	<b>1st Qtr</b>	<b>4th Qtr</b>	<b>3rd Qtr</b>	<b>2nd Qtr</b>
Revenues	<b>374,385</b>	322,619	364,883	297,723	124,133	295,968	470,993	269,283
Net Income (loss)	<b>41,772</b>	(18917)	61,238	35,920	20,536	(23614)	33,991	29,017
Shares outstanding (diluted)	<b>7,797,988</b>	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988
Income (loss) per diluted share	<b>0.01</b>	(0.00)	0.01	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](http://www.sedar.com).

Approved  
"Board of Directors"  
26 May 2016

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".

For additional information, please contact:

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Shareholders and interested investors should visit:  
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