



FAB-FORM

MD&A

2nd Quarter 2017

MD&A TO OUR SHAREHOLDERS

The cover shows a layout drawing with cross-sectional details for a pre-fabricated monopour project in Richmond BC. This project uses the Nudura ICF, Helix micro rebar and Zont bracing. Each product is innovative in itself; yet together the system becomes highly economic and very fast to install. Monopour sales in the last quarter increased 115.3% over the previous year. This patented product shows excellent market potential.

We intend to capitalize on this growth opportunity by pre-fabricating this product in our local market (see items 6, 7 and 8 below). For more information on the monopour system, go to:

<http://www.fab-form.com/fastfootMp/fastfootMpOverview.php>.

As always, thank you Board Members, Employees, Shareholders, and progressive Dealers and Contractors for your continued support and commitment to our sustainable products.

Sincerely



Richard Fearn
President and CEO
24 August 2017



Herb Bentz
Chief Financial Officer
24 August 2017

MANAGEMENT DISCUSSION & ANALYSIS

2nd Quarter 2017

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 consolidated audited financial statements for the year 2016 and accompanying notes. The results reported therein 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 several 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 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 also exclusively distributes Helix® micro rebar into the BC market and Nudura® insulating concrete form into the Lower Mainland market. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

INTERIM MD&A REPORTING

The reader should refer to our interim consolidated financial statements for the three-month period ended 31 March 2017 and our consolidated financial statements for the year ended 31 December 2016 while reading this discussion. The reader should also refer to the MD&A in our 2016 Annual Report as any MD&A information that has not changed materially since year end is not repeated here.

MANAGEMENT DISCUSSION & ANALYSIS

2nd Quarter 2017

OPERATING RESULTS

1. Profit & Loss, Second Quarter

	Apr - Jun 17	Apr - Jun 16	Change	% Change
Sales	758,441	462,199	296,242	64.1%
Cost of Goods Sold	558,517	342,116	216,401	63.3%
Gross Profit <i>(Percent gross profit)</i>	199,924 26.4%	120,084 26.0%	79,840	66.5%
Expense				
Admin expense	39,907	28,754	11,152	38.8%
Interest expense	5,883	6,467	-584	-9.0%
Selling & marketing	35,702	19,666	16,037	81.5%
Wages & benefits	12,694	4,433	8,261	186.3%
Total Expense	94,187	59,320	34,866	58.8%
Net Ordinary Income	105,737	60,763	44,974	74.0%
Other Income/Expense				
Forex (gain) loss	1,718	3,291	-1,573	-47.8%
Net Income	104,019	57,472	46,547	81.0%

Sales in the second quarter of 2017 increased 64.1% over the second quarter of 2016 due to robust sales in our local market as well as solid sales across North America. Gross profit was maintained between the two years.

Comprehensive income for the second quarter of 2017 was \$104,019, an 81.0% increase over 2016's \$57,472. The increase was due to higher sales and containment of expenses below the rate of sales growth.

2. Product Sales, Second Quarter

	Apr - Jun 17	Apr - Jun 16	Change	% Change
Fastbag	2,537	4,104	-1,566	-38.2%
Fastfoot	76,074	45,331	30,742	67.8%
Fast-Tube	3,149	3,726	-577	-15.5%
Helix	120,703	52,690	68,014	129.1%
Sundry Income	198	156	42	26.6%
Monopour	22,069	10,248	11,820	115.3%
Nudura	376,418	245,059	131,360	53.6%
Bracing	127,134	89,560	37,574	42.0%
ICF Accessories	30,159	11,325	18,833	166.3%
Sales	758,441	462,199	296,242	64.1%

Helix, monopour and ICF accessories achieved triple digit growth in the second quarter of 2017 over 2016. Fastfoot, Nudura and bracing achieved growth rates of 67.8%, 53.6% and 42.0% respectively. Overall sales increased 64.1% over the previous years quarter.

MANAGEMENT DISCUSSION & ANALYSIS

2nd Quarter 2017**Cost of Sales, Second Quarter**

	Apr - Jun 17	Apr - Jun 16	Change	% Change
Total Direct Product COGS	539,507	326,484	213,023	65.2%
Indirect Product COGS				
Packing Materials	842	107	736	690.2%
Customer Delivery VanICF	3,722	0	3,722	100.0%
Brokerage	869	0	869	100.0%
Amortization production equip.	1,827	1,827	0	0.0%
Production tools	41	41	0	0.9%
Production rental	7,406	7,267	139	1.9%
Variable Overhead	1,203	730	474	64.9%
Wages not allocated	2,960	1,083	1,878	173.4%
Customer Delivery FBFB	140	4,578	-4,438	-96.9%
Total Indirect Product COGS	19,010	15,631	3,379	21.6%
Total COGS	558,517	342,116	216,401	63.3%

Total direct product cost of goods sold was in line with the rate of sales (65.2% vs. 64.1%). Indirect product cost of goods was substantially lower than the level of sales increase (21.6% vs.64.1%) showing production efficiencies.

3. General and Administration, Second Quarter

	Apr - Jun 17	Apr - Jun 16	Change	% Change
Amortization & Depreciation	1,905	2,441	-536	-22.0%
General expenses	18,346	10,021	8,325	83.1%
Occupancy	5,197	2,822	2,375	84.2%
Patent & TM Maintenance Fees	205	205	0	0.0%
Professional Fees	7,761	8,447	-687	-8.1%
Management Fees	0	320	-320	-100.0%
Pubco	4,948	2,667	2,281	85.5%
Telecommunications	1,544	1,831	-287	-15.7%
Total Admin Expenses	39,907	28,754	11,152	38.8%

General and administration expenses increased 38.8% in the second quarter of 2017 due to addition of office staff to handle the increased work flow. A wellness fund has been established for all employees.

4. Selling and Marketing

	Apr - Jun 17	Apr - Jun 16	Change	% Change
Total Selling & Marketing	35,702	19,666	16,037	81.6%

Selling and marketing expenses increased significantly in 2017 due to aggressive efforts in our local market to convert contractors to purchase our products.

5. Introduction of New Products

Over the next two months, Fab-Form will be introducing three new products into local, national and international markets. Product testing has been completed in our local markets with excellent market feedback: the company is preparing marketing materials and websites for the national launch. Two of these products are patented.

6. Commitments and contractual obligations

On the 16th August 2017, an adjacent warehouse (Unit 21, 2,918 square feet) was rented on a month to month basis for the manufacture of modular foundation components for the Vancouver market. As the lease for units 19 and 20 expires in July 2018, the Company will negotiate a new lease in these premises or find a new facility with 10,000 to 15,000 square feet.

MANAGEMENT DISCUSSION & ANALYSIS

2nd Quarter 2017

7. Private Placement

It is our intention to complete a private placement in September 2017 to raise funds for the following:

- Purchase of equipment for the manufacture of modular foundation components;
- Provision of marketing, sales materials for the new products;
- Provide shares for employees so that they can participate in our growth;
- Provide additional working capital to finance this rapid growth.

If you are interested in participating, please contact Rick Fearn, CEO, (604)596-3278, extension 101 or email rick@fab-form.com. This placement will be restricted so that existing shareholders will not suffer excessive dilution.

MANAGEMENT DISCUSSION & ANALYSIS

2nd Quarter 2017

i) SELECTED QUARTERLY FINANCIAL SUMMARY

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

	2017			2016		2015		
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr
Revenues	758,441	383,710	331,970	528,475	462,199	374,385	322,619	364,883
Net Income (loss)	104,019	39,485	30,885	80,453	61,285	41,772	(18917)	61,238
Shares outstanding (diluted)	7,797,988	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	0.0133	0.0051	0.0040	0.0103	0.0079	0.0054	(0.0024)	0.0079

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

Approved

"Board of Directors"

24 August 2017

FAB-FORM INDUSTRIES LTD.
FURTHER INFORMATION

FAB-FORM INDUSTRIES LTD., headquartered in Delta BC, is a manufacturer and distributor of green and cost effective concrete forming products for the building industry. 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:

www.fab-form.com/investor/overview.php
www.vancouvericf.com
www.helixwest.com
www.icf-expo.com