



FAB-FORM INDUSTRIES LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2020

**FAB-FORM INDUSTRIES LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
GENERAL INFORMATION**

Nature of the business

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".

Board of Directors

Rick Fearn - President, CEO (rick@fab-form.com)
Joey Fearn - Chief Operating Officer (joey@fab-form.com)
Bruce Clark - Secretary (bruce@fab-form.com)
Don Russell - Chief Financial Officer (don@fab-form.com)

Registered office

Unit 19,
1610 Derwent Way
Delta, BC V3W 6W1, Canada
(604)596-3278

Shareholders and interested investors should visit:

www.fab-form.com/investor/overview.php

www.vancouvericf.com

www.steelfiberswest.com

Transfer agent

Computershare
100, University Avenue
11th Floor, South Tower
Toronto, ON.

Reporting currency

The financial statements are presented in the Canadian Dollars (CAD)

Our brands



FAB-FORM INDUSTRIES LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
For the quarter ended 30 September 2020

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FAB-FORM INDUSTRIES LTD
STATEMENT OF DIRECTORS RESPONSIBILITIES

For the quarter ended 30 September 2020

The accompanying Condensed Interim Financial Statements are the responsibility of the directors of Fab-Form Industries Ltd. The Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards including International Accounting Standard ("IAS") 34 – Interim Financial Reporting and, where appropriate, include management’s best estimates and judgments.

The Company maintains an accounting system and related controls to provide management with reasonable assurance that transactions are executed and recorded in accordance with its authorizations, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Board of Directors oversees management’s responsibilities for the Condensed Interim Financial Statements primarily through the activities of its Audit Committee. The Audit Committee meets with management of the Company to review the Company’s Condensed Interim Financial Statements and MD&A. The Audit Committee also reviews internal accounting controls, risk management and accounting principles and practices. 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 condensed interim financial statements.

The Condensed Interim Financial Statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies of the Company.

The Company's independent auditors have neither reviewed nor audited these condensed financial statements. The Board of Directors approves the Condensed Interim Financial Statements on 20 October 2020.



.....
Director
Rick Fearn



.....
Director
Don Russell

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2020

(Unaudited)

	Quarter ended		Period ended		Year ended
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Dec-19
	\$	\$	\$	\$	\$
Revenue	872,305	945,004	2,060,575	2,337,010	2,891,711
Cost of sales	(555,585)	(662,453)	(1,393,670)	(1,665,355)	(2,003,877)
Gross profit	316,720	282,551	666,905	671,655	887,834
Gross profit margin	36%	29.9%	32.4%	28.7%	30.7%
Other operating income/(expenses)	(6,489)	(4,393)	29,987	(6,146)	(10,280)
Expenses					
General and administration expenses	(80,997)	(51,239)	(181,671)	(167,571)	(229,543)
Selling and marketing expenses	(37,312)	(41,117)	(137,052)	(122,210)	(170,921)
Credit card processing fees	(10,321)	(11,048)	(19,425)	(19,302)	(26,375)
Provision for expected credit losses	(18,496)	-	(18,496)	-	-
Total expenses	(147,126)	(103,404)	(356,644)	(309,083)	(426,839)
Profit before interest and taxes	163,105	174,754	340,248	356,426	450,715
Net Finance cost	(510)	-	(316)	-	-
Profit before taxation	162,595	174,754	339,932	356,426	450,715
Income tax expense	(43,859)	(42,760)	(91,782)	(95,878)	(104,178)
Profit for the quarter/period/year	118,735	131,994	248,150	260,548	346,537
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	118,735	131,994	248,150	260,548	346,537
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company					
Basic earnings per share	0.013	0.015	0.028	0.030	0.039

The accompanying notes are an integral part of these Condensed Interim Financial Statements

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020
(Unaudited)

	30-Sep-20	30-Sep-19	31-Dec-19
	\$	\$	\$
ASSETS			
Current			
Cash and cash equivalent	1,178,615	889,351	878,154
Accounts receivable	278,049	423,463	236,801
Prepaid expenses and advances	168,812	47,611	44,292
Corporate tax receivables	-	-	16,000
Inventories	428,743	321,614	527,949
	2,054,219	1,682,039	1,703,196
Non current assets			
Property, plant and equipment	70,199	55,927	74,888
Right of use assets	543,089	124,840	153,818
Deferred development	10,906	8,100	9,378
Patents	4,181	4,505	4,427
	628,375	193,372	242,511
Total Assets	2,682,594	1,875,411	1,945,707
LIABILITIES			
Current			
Accounts and other payable	256,905	262,551	202,890
Lease liabilities	96,492	68,094	96,427
Corporate tax payable	43,859	15,000	-
	397,256	330,645	299,317
Non current liabilities			
Lease liabilities	448,190	56,746	57,392
	448,190	56,746	57,392
Total liabilities	845,446	387,391	356,709
EQUITY			
Share capital	1,120,875	1,120,875	1,120,875
Retained earnings	716,273	382,145	468,123
Total equity	1,837,148	1,503,020	1,588,998
Total equity and liabilities	2,682,594	1,890,411	1,945,707

Approved and authorized by the Board of Directors on 20 October 2020

“Richard Fearn”
.....
Director

“Don Russell”
.....
Director

The accompanying notes are an integral part of these Condensed Interim Financial Statements

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENT OF CHANGES IN EQUITY

For the quarter ended 30 September 2020

(Unaudited)

	Issued Capital		Accumulated earnings	Total shareholder
	No of shares	Amount		
		\$	\$	\$
Balance, 1 January 2019	8,822,055	1,120,875	121,586	1,242,461
Profit for the year	-	-	346,537	346,537
Other comprehensive income	-	-	-	-
Balance, 31 December 2019	<u>8,822,055</u>	<u>1,120,875</u>	<u>468,123</u>	<u>1,588,998</u>
Balance, 1 January 2020	8,822,055	1,120,875	468,123	1,588,998
Profit for the period ended	-	-	248,150	248,150
Other comprehensive income	-	-	-	-
Balance, 30 September 2020	<u>8,822,055</u>	<u>1,120,875</u>	<u>716,273</u>	<u>1,837,148</u>

FAB-FORM INDUSTRIES LTD
CONDENSED STATEMENT OF CASHFLOWS
For the quarter ended 30 September 2020
(Unaudited)

	Quarter ended		Period ended		Year ended
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Dec-19
	\$	\$	\$	\$	\$
Cash flows form operating activities					
Profit before taxation	162,595	174,754	339,932	356,426	450,715
Adjustments : Non cash items					
Depreciation and amortisation expenses	22,601	2,824	80,270	4,326	117,508
Profit on disposal of assets	-	-	7,705	-	-
Unwinding of interest - lease liabilities	618	-	618	-	5,053
	185,814	177,578	413,115	360,752	573,276
Changes in working capital items					
(Increase)/decrease in accounts receivables	95,147	(53,200)	(41,248)	(78,745)	195,358
(Increase)/decrease in inventories	(100,275)	30,968	99,206	95,723	(103,682)
(Increase)/decrease in other receivables	(126,234)	6,257	(124,520)	19,665	22,984
Increase/(decrease) in accounts and other payables	139,984	(126,040)	54,012	155,138	(51,999)
Cash generated from operating activities	194,436	35,563	400,564	552,533	635,937
Income taxes paid	(47,923)	(42,760)	(31,923)	(95,878)	(120,178)
Net cash generated/(used) from/in operating activities	146,513	(7,197)	368,642	456,655	515,759
Cash flows from investing activities					
Purchase of property, plant and equipment	(483)	-	(11,178)	(122,936)	(35,233)
Proceeds from sales of assets	-	21,468	18,696	-	-
Deferred development	(252)	(428)	(2,706)	(2,463)	(4,339)
Patent	-	380	-	380	-
Net cash used in investing activities	(735)	21,420	4,812	(125,019)	(39,572)
Cash flows from financing activities					
Lease payments	(25,091)	(17,024)	(72,994)	56,746	(99,002)
Net cash used in financing activities	(25,091)	(17,024)	(72,994)	56,746	(99,002)
Net increase in cash and cash equivalents	120,687	(2,801)	300,460	388,382	377,185
Cash and cash equivalents at beginning of the period/year	1,057,927	892,152	878,154	500,969	500,969
Cash and cash equivalents at end of the period/year	1,178,614	889,351	1,178,614	889,351	878,154

The above statement of cash flows should be read in conjunctions with the accompanying notes

FAB-FORM INDUSTRIES LTD**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the quarter ended 30 September 2020

1) Basis of preparation of condensed financial statements

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 of BC. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

2) Basis of preparation of condensed financial statements

This condensed interim financial report for the quarter ended 30 September 2020 has been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting year. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Title	Description
IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The Company has adopted the new standard with effect from 01 January 2020.

(b) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations relevant to the entity have been published that are not mandatory for 30 September 2020 reporting period and have not been early adopted by the entity. These standards are not expected to have a material impact on the entity in the current or future reporting period and on foreseeable future transactions.

Title	Description	Effective date
IAS 1 — Presentation of Financial Statements	Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	Annual reporting periods beginning on or after 01 January 2022.
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	Annual reporting periods beginning on or after 01 January 2022.

FAB-FORM INDUSTRIES LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the quarter ended 30 September 2020

3) Significant changes in the current reporting period

Although the global market conditions have affected by market confidence and consumer spending pattern, the Fab-Form remains well placed to grow revenue through ongoing product development. The company has reviewed its exposure to volatile market conditions and emerging business risks but has not identified any risk that could impact the performance or position of the Company as of 30 September 2020.

The financial position and performance of the Company was particularly affected by the following events and transactions during the quarter ended 30 September 2020.

- * An increase of right of use of assets and lease liabilities due to a modification of the existing lease period. Subsequent measurement of leases as required by IFRS 16 was concluded that the existing lease agreement likely to be renewed for further five years starting from 01 July 2021. Management has applied judgment in determination of lease period, rental amount and expected incremental borrowing rate under prevailing market conditions. Consequently, the right of use assets and lease liabilities were increased by \$463,240 respectively. Measurement was done as at 30 September 2020, hence no impact to the financial results for the quarter ended 30 September 2020. (see Note 4)
- * Trade receivables has grown during the period ended 30 September 2020 due to credit sales growth. Due to increased credit risk, remeasurement of impairment in accordance with IFRS 9 - Financial Instruments required to recognise an additional impairment of \$18,496 for the quarter ended 30 September 2020 (See Note 5 details).

4) Leases

The entity applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the entity's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term applied if the lease is reasonably certain to be extended (or not terminated). The lease term for recognised leases is 5 years. The Company also applied judgement in determining the incremental borrowing of 2.50% based on prime plus 0.05%.

4(a) Right of use of assets

Office space and warehouse

Balance at 01 January 2020

Day 1 adjustment

Modification during the period/year ended

Amortisation during the period/year ended

Balance at the end

Cost

Acumulated amortisation

Balance at the end

4(b) Lease liabilities

Balance at January

Day 1 adjustment

Modification during the period/year ended

Payments made during the period/year ended

Unwinding of interest

Balance at the end

Current

Non-Current

	30-Sep-20	31-Dec-19
	\$	\$
	153,818	-
	-	247,769
	463,240	-
	(73,969)	(93,951)
	543,089	153,818
	711,009	247,769
	(167,920)	(93,951)
	543,089	153,818
	153,818	-
	-	247,769
	463,240	-
	(72,994)	(93,951)
	618	-
	544,682	153,818
	96,492	96,426
	448,190	57,392
	544,682	153,818

FAB-FORM INDUSTRIES LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the quarter ended 30 September 2020

5) Credit Risk

The Company applies the simplified approach in measuring expected credit losses (ECL) allowance which is recommended by IFRS 9 on making impairment of trade receivables.

Provision Matrix – ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historical/proxy write offs to the payment profile of the sales population. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In the short term we do not expect the macro-economic factors such as GDP to affect the expected default rates and consequently all default rates applied in the calculation of ECL are based on historical credit. Qualitative assessments have also been performed, of which the impact was found to be immaterial.

30-Sep-20	0-30 Days	31-60 Days	61-90 Days	Over 91 Days	Total
	\$	\$	\$	\$	\$
Trade receivables - (CAD customers)	91,245	74,339	31,282	28,476	225,342
Trade receivables (US Dollar customers)	48,540	11,354	13,373	10,502	83,769
Total	139,785	85,693	44,655	38,977	309,110
Loss allowance %	4.96%	6.00%	2.26%	13.90%	5.98%
Expected credit losses	(6,928)	(5,143)	(1,009)	(5,416)	(18,496)
Specific provision				(12,565)	(12,565)
Net receivables	132,857	80,550	43,646	20,996	278,049

30-Dec-19	0-30 Days	31-60 Days	61-90 Days	Over 91 Days	Total
	\$	\$	\$	\$	\$
Trade receivables - (CAD customers)	94,880	37,418	40,143	26,294	198,736
Trade receivables (US Dollar customers)	16,457	9,546	-	19,588	45,590
Total	111,337	46,964	40,143	45,882	244,326
Loss allowance %	-	-	-	16.40%	3.08%
Expected credit losses	-	-	-	(7,525)	(7,525)
Net receivables	111,337	46,964	40,143	38,357	236,801

FAB-FORM INDUSTRIES LTD
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the quarter ended 30 September 2020

6) Contingent liabilities

No contingent liabilities have been noted as of the period ended 30 September 2020.

7) Events after reporting date

There were no events that occurred after the reporting date which would require adjustments to or disclosures in the condensed interim financial statements.

8) Going concern and Covid-19 consideration

The situation remains dynamic and new impacts on the business, which have not been considered in the current assessment may emerge. Similarly the anticipated impact of those identified may change materially. This is especially so if the pandemic spreads widely and the lockdown / business interruption continues in the future and affects to concrete forming industries.

The condensed financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business of the Company.