FAB-FORM
MD&A
2017 Year End

MD&A TO OUR SHAREHOLDERS

On the cover of our financial statements is a picture of a new product called the "ZEE", for which we have invested in tooling to manufacture in container load quantities. The ZEE allows contractors to eliminate T-blocks from their foundations which are expensive to manufacture and transport. They are also very weak under hydraulic loads. Furthermore the use of T-blocks require the installation of three marriage lines on the three sides of the T-junction. The ZEE bracket elimates the use of T-blocks, saving materials and labour. We believe there is significant potential for the ZEE across North America and the world.

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

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

Sincerely

Richard Fearn

President and CEO

30 April 2018

Herb Bentz

Chief Financial Officer

30 April 2018

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 2017 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.

OPERATING RESULTS

1. Fourth Quarter Income Analysis

	Oct - Dec 17	Oct - Dec 16	Change	% Change
Sales	**617,345**	331,970	**285,376**	86.0%
Cost of Goods Sold	**428,579**	224,928	**203,651**	90.5%
Gross Profit	**188,766**	107,042	**81,725**	76.3%
Gross margin	*30.6%*	*32.2%*		
Expense				
Admin Expenses	**50,060**	35,064	**14,996**	42.8%
Selling & Marketing	**43,045**	40,345	**2,700**	6.7%
Interest Expense	**3,360**	3,996	**-637**	-15.9%
Wages & Benefits	**17,520**	6,764	**10,756**	159.0%
Total Expense	**113,984**	86,170	**27,814**	32.3%
Net Ordinary Income	**74,782**	20,872	**53,910**	258.3%
Other items				
Bad Debt Expense	**14**	2,689	**-2,675**	-99.5%
Forex (gain) loss	**-840**	-2,485	**1,644**	66.2%
Inventory Write-off	**74,767**	0	**74,767**	100.0%
Total Other Items	**73,941**	204	**73,737**	36,152.5%
Income before provision of income taxes	**841**	20,668	**-19,827**	-95.9%
Provision for income taxes	**55,000**	0	**55,000**	100.0%
Net income after provision of taxes	**-54,159**	20,668	**-74,827**	-362.0%

Fourth quarter sales increased a healthy 86% over the previous year's fourth quarter. Gross margins dropped slightly from 32.3% in 2016 to 30.6% in 2017. Net ordinary income increased 258.3% in the final quarter of 2017 over the previous year. This was due a sales increase of 86.0%, containment of cost of goods sold and an increase in expenses lower than the sales increase.

The manufacturer of the Fast-Tube fabric produced a product where the weft threads were not perpendicular to the warp and the tension on the warp threads was not consistent. The manufacturer, while recognizing the defects, has refused to reimburse. The Company felt it prudent to write-off all the defective fabric for $74,767 in the final quarter of 2017.

A provision of $55,000 for income taxes produced a loss of $54,159 compared with a profit of $20,668 in 2016, a decrease of 362.0%.

i) Product Sales in 4th Quarter

	Oct - Dec 17	Oct - Dec 16	Change	% Change
Fastbag	**1,155**	3,160	-2,005	-63.4%
Fastfoot	**55,179**	27,939	27,240	97.5%
Fast-Tube	**1,699**	3,687	-1,988	-53.9%
Helix	**62,257**	21,139	41,118	194.5%
Sundry Income	**212**	40	172	429.3%
Monopour	**10,093**	3,660	6,433	175.8%
Nudura	**408,094**	190,356	217,739	114.4%
Bracing	**32,084**	54,193	-22,109	-40.8%
Rentals	**11,474**	5,006	6,467	129.2%
ICF Accessories	**35,098**	22,790	12,308	54.0%
Total Sales	**617,345**	331,970	285,376	86.0%

Fastfoot, Helix, Monopour, Nudura and bracing rentals all showed healthy three digit growth over the last quarter in 2016. Fast-Tube sales were disappointing due to the inability to produce a satisfactory product. Overall sales increase for the fourth quarter were 86.0% higher than the previous year's quarter.

ii) Cost of goods sold in the 4th Quarter

	Oct - Dec 17	Oct - Dec 16	Change	% Change
Total Direct Product COGS	**401,524**	206,616	**194,908**	94.3%
Indirect Product COGS				
Customer Delivery VanICF	**5,002**	3,629	**1,373**	37.8%
Customer Delivery FBF	**2,214**	1,773	**441**	24.9%
Brokerage	**3,258**	1,560	**1,697**	108.8%
Packing Materials	**1,426**	798	**628**	78.7%
Amortization production equip.	**2,043**	1,827	**216**	11.8%
Production tools	**523**	142	**381**	269.2%
Production rental	**7,320**	7,298	**22**	0.3%
Variable Overhead	**2,085**	828	**1,257**	151.8%
Wages not allocated	**2,371**	458	**1,913**	418.2%
Product testing	**813**	0	**813**	100.0%
Total Indirect Product COGS	**27,055**	18,312	**8,743**	47.7%
Total Cost of Goods Sold	**428,579**	224,928	**203,651**	90.5%

Direct product COGS increase of 94.3% was slightly higher than the sales increase for the quarter of 86.0%. This increase as offset by lower indirect COGS of 47.7%, leading to a total COGS increase of 90.5% over that of 2016. Wages not allocated represent wages not allocated to specific product lines. Product testing was for the new ZAT bracket.

iii) General and administrative expenses in the 4th Quarter

	Oct - Dec 17	Oct - Dec 16	Change	% Change
Admin Expenses				
Amortization & Depreciation	2,439	2,445	-6	-0.3%
Occupancy	3,208	3,020	187	6.2%
Patent & TM Maintenance Fees	205	205	0	0.0%
Professional Fees	4,895	4,996	-101	-2.0%
Pubco	13,806	9,284	4,522	48.7%
General expenses	23,949	11,462	12,487	108.9%
Management Fees	0	2,000	-2,000	-100.0%
Telecommunications	1,559	1,653	-94	-5.7%
Total Admin Expenses	50,060	35,064	14,996	42.8%

Public company expenses increased by 48.7% in 2017's final quarter due to the private placement. In 2017 Management Fees were allocated to each product to determine net profit by product line. Higher general expenses were due substantially to higher administration wages. In 2016 management fees were shown as a separate line item where as in 2017 management fees are allocated to products to better enable the determination of gross margin per product. Overall administration expenses increased 42.% above 2016 levels.

iv) Marketing and selling expenses in the 4th Quarter

	Oct - Dec 17	Oct - Dec 16	Change	% Change
Selling & Marketing				
Fastfoot	7,093	5,947	1,146	19.3%
Monopour	2,681	2,114	568	26.9%
Bracing	4,164	8,200	-4,036	-49.2%
Helix	277	0	277	100.0%
Nudura	25,085	21,841	3,244	14.9%
Fast-Tube	1,394	183	1,212	663.0%
Other	2,350	2,061	289	14.0%
Total Selling & Marketing	43,045	40,345	2,700	6.7%

Marketing and selling expenses increased 6.7% in the final quarter of 2017 over 2016, below the level of sales increase of 86% in the final quarter. Bracing marketing decreased due to the discontinuance of print advertising.

v) Net income, 4th Quarter

The company's net loss for the fourth quarter in 2017 was $54,159 compared with a profit of $20,668 in the fourth quarter of 2016. Before the tax provision of $55,000 and the write-off of defective Fast-Tube fabric, profits would have been $75,609 for the fourth quarter compared with $20,668 in 2016, a 265.8% increase.

2. Profit and Loss Analysis for the full year

	Jan - Dec 17	Jan - Dec 16	Change	% Change
Sales	**2,410,042**	1,697,029	**713,013**	42.0%
Cost of goods sold	**1,689,065**	1,211,366	**477,698**	39.4%
Gross Profit	**720,978**	485,663	**235,315**	48.5%
Expenses				
Admin expenses	**151,160**	122,246	**28,915**	23.7%
Selling & marketing	**150,720**	115,790	**34,930**	30.2%
Interest expense	**16,900**	19,652	**-2,752**	-14.0%
Wages & benefits	**55,610**	22,049	**33,561**	152.2%
Total expense	**374,391**	279,737	**94,654**	33.8%
Operating income	**346,587**	205,926	**140,661**	68.3%
Other expense				
Bad debt expense	**14**	2,689	**-2,675**	-99.5%
Forex loss	**4,890**	2,912	**1,978**	67.9%
Inventory write-off	**74,767**	-30	**74,797**	249,324.1%
Total other expense	**-79,671**	-5,571	**-74,101**	-1,330.2%
Net income before income tax provision	**266,916**	200,355	**66,560**	33.2%
Provision for income taxes	**55,000**	0	**55,000**	100.0%
Net income after tax provision	**211,916**	200,355	**11,560**	5.8%

Sales for 2017 increased 42.0% over 2016, with GOGS increasing slightly less at 39.4%. This lead to an increase in gross profit of $720,978 over 2016's $485,663, an increase of 48.5%. Total expenses increased from $279,737 in 2016 to $374,587 in 2017, an increase of 33.8%, well under the increase in sales. This lead to an increase in operating income of $346,587 in 2017 compared with $205,927, an increase of 68.3%.

The inventory write-off and provision for income taxes resulted in a final net income of $211,916 in 2017, compared with $200,355, an increase of 5.8%. If the profits are calculated before the inventory write-off and the provision for income taxes, net income would have been $341,683, an increase of 70.5% over 2016.

i) Product Sales for the full year

	Jan - Dec 17	Jan - Dec 16	Change	% Change
Fastfoot	**235,780**	163,812	**71,968**	43.9%
Fast-Tube	**12,647**	14,072	**-1,425**	-10.1%
Helix	**267,008**	160,646	**106,362**	66.2%
Sundry Income	**798**	7,681	**-6,884**	-89.6%
Monopour	**67,385**	40,915	**26,470**	64.7%
Nudura	**1,357,019**	900,184	**456,835**	50.7%
Bracing	**283,847**	313,745	**-29,898**	-9.5%
Rentals	**47,217**	20,090	**27,127**	135.0%
ICF Accessories	**125,700**	64,560	**61,141**	94.7%
Total Sales	**2,410,042**	1,697,029	**713,013**	42.0%

Sales for the year increased 42.0% over 2016, with Fastfoot up 43.9%, Helix up 66.2%, Monopour up 64.7% and Nudura up 50.7%. All fabric based products showed growth of from 29.2% to 45.4%. Bracing sales dropped 9.5% over 2016, however bracing rentals in the local market increased 135%, due to the successful rental of the ZAT bracket.

ii) Cost of sales for full year

	Jan - Dec 17	Jan - Dec 16	Change	% Change
Total Direct Product COGS	**1,617,868**	1,145,994	**471,875**	41.2%
Indirect Product COGS				
Customer Delivery VanICF	**9,956**	4,522	**5,434**	120.2%
Customer Delivery FBF	**2,258**	8,786	**-6,529**	-74.3%
Brokerage	**3,769**	3,658	**112**	3.1%
Packing Materials	**2,961**	1,866	**1,095**	58.7%
Amortization production equip.	**7,458**	9,002	**-1,544**	-17.1%
Production tools	**1,392**	260	**1,132**	435.8%
Production rental	**29,688**	29,083	**604**	2.1%
Variable Overhead	**6,145**	3,680	**2,465**	67.0%
Wages not allocated	**6,756**	4,516	**2,240**	49.6%
Product testing	**813**	0	**813**	100.0%
Total Indirect Product COGS	**71,196**	65,373	**5,824**	8.9%
Total Cost of Goods Sold	**1,689,065**	1,211,366	**477,698**	39.4%

Direct product COGS increased 41.2% in 2017, in line with the sales increase of 42.0%. Wages not allocated represents warehouse wages not allocated to specific product lines. Indirect product COGS increased only 8.9%, well under the sales increase of 42.0%, leading to a total COGS increase of 39.4%.

iii) General and administrative expenses

	Jan - Dec 17	Jan - Dec 16	Change	% Change
Amortization & Depreciation	8,383	8,723	-340	-3.9%
Occupancy	13,913	11,672	2,241	19.2%
Order processing	8	0	8	100.0%
Patent & TM Maintenance Fees	821	821	0	0.0%
Professional Fees	18,905	22,803	-3,898	-17.1%
Pubco	25,667	17,140	8,527	49.8%
General expenses	77,157	40,932	36,225	88.5%
Management Fees	0	12,961	-12,961	-100.0%
Telecommunications	6,308	7,195	-888	-12.3%
Total Admin Expenses	151,160	122,246	28,915	23.7%

General and administrative expenses for 2017 increased 88.5% over 2016 due substantially to higher administrative wages and employee benefits.

iv) Selling and marketing expenses

Selling and marketing expenses increased 30.2% to $150,720 from $115,790 in 2016, under the sales increase of 42.0%. Nudura selling expense increased from $46,711 in 2016 to $94,458 in 2017 a 102.2% increase compared with the actual Nudura sales increase of 50.7%.

v) Other items

None

vi) Comprehensive Income

The company's net income after a $55,000 tax provision was $211,916, a 5.8% increase over the prior year's net income of $200,355.

DISCUSSION OF OTHER ITEMS

1. Investing activities

None

2. Financing activities

On the 31st October 2017, the Company announced its intention to complete a non-brokered private placement of up to 1,000,000 common shares. As of 31st December 2017, $184,885 had been received by the company with an obligation to issue 369,770 common shares.

On the 12th January 2018, the Company completed the private placement and issued 702,710 common shares in exchange for the proceeds of $351,355. No options nor warrants formed part of this private placement.

OPERATING RISK AND UNCERTAINTIES

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business.

Production and distribution operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of developing and producing of products, there are risks that the products being produced do not meet specifications. Risk of product failure on the jobsite must be considered. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

The operating risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to, and other risks may apply.

1. **Product Development**

   Product development is a speculative business, characterized by significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover operating problems with a product, but also from poor acceptance in the market.

   Upon discovery of a patentable product, several stages of development and assessment are required before its economic viability can be determined. Development of the product will follow only if favourable results are determined at each stage of assessment.

   There is no assurance that the Company's current product development activities will result in commercially viable products. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its new product development programs.

   The development of new products carries the risk of non-acceptance by the forming contractor and the distribution channel. High marketing costs of innovative products risk reducing profit levels even though gross margins for the product may exceed industry standards.

2. **Commodity price risk**

   The manufacturing industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of products produced even if a viable market for the product is discovered. Factors beyond the control of the Company may affect the marketability of products. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns for concrete formwork. There is no assurance that the selling price of a product will have sufficient margin to contribute to the operating viability of the Company.

3. **Dependence on Management**

   The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

4. **Conflict of Interest**

   The Directors and Officers of the Company are not in conflict of interest with any other companies. While the Company is engaged in the business of product development, such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to uphold the best interest of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether the Company will participate in any product or opportunity, the directors, will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

5. **Economic conditions risk**

   Current and future unfavourable economic conditions could negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets, and negatively impact any of the availability of credit facilities to the Company.

6. **Currency risks**

   As the Company sells to the USA and purchases raw materials from other countries that price their goods in US dollars, the Company is exposed to considerable currency risk. The Company does not hedge any of this foreign currency exposure.

7. **Environmental Regulations, Safety, Permits and Licenses**

   The Company's products are subject to various laws and building codes governing the protection of the environment, safety in construction, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation may provide restrictions and prohibitions on concrete spills which would result in environmental pollution. Fab-Form has taken out liability insurance which is normal for a manufacturer. The Company intends to fully comply with all environmental regulations.

CONTROLS AND PROCEDURES CERTIFICATION

1. Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be known to them, and by others, within those entities.

The Company has a Disclosure Policy in place to mitigate risks associated with the disclosure of inaccurate or incomplete information, or failure to disclose required information. The Disclosure Policy sets out accountabilities, authorized spokespersons, and the Company's approach to the determination, preparation, and dissemination of material information. The policy also defines restrictions on insider trading and the handling of confidential information.

2. Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There has been no change in the design of the Company's internal control over financial reporting during the year ended 31 December 2016 that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

While the officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting, they are aware that these controls and procedures may not prevent all errors and fraud.

3. Evaluation of Effectiveness

As required by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) issued by the Canadian Securities regulatory authorities, an evaluation of the design and testing of the effectiveness of the operation of the Company's disclosure controls and procedures and internal control over financial reporting were conducted as of 31 December 2017, by and under the supervision of management, including the CEO and CFO. In making the assessment of the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework. The evaluation included documentation review, enquiries, testing, and other procedures considered by management to be appropriate in the circumstances.

Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures and internal control over financial reporting were effective as of 31 December 2017.

DISCUSSION OF NON-FINANCIAL ITEMS

1. Off balance sheet arrangements

None

2. Subsequent events

None

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.

	2017				**2016**			
	4th Qtr	*3rd Qtr*	*2nd Qtr*	*1st Qtr*	*4th Qtr*	*3rd Qtr*	*2nd Qtr*	*1st Qtr*
Revenues	**617,345**	650,546	758,441	383,710	331,970	528,475	462,199	374,385
Net Income (loss)	**(54,159)**	123,089	104,019	41,772	30,885	80,453	61,285	41,762
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	**(0.0069)**	0.0158	0.0133	0.0054	0.0040	0.0103	0.0079	0.0054

SELECTED ANNUAL FINANCIAL SUMMARY

The following table sets out selected annual financial information of Fab-Form. The Company's annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are expressed in Canadian dollars.

Year ended	***2017***	*2016*	*2015*	*2014*
Revenues	**$ 2,410,042**	$ 1,697,029	$ 1,108,644	$ 1,100,315
Cost of sales	**$ 1,689,065**	$ 1,211,366	$ 761,054	$ 833,293
Gross profit	**$ 720,977**	$ 485,663	$ 347,590	$ 267,021
% gross profit	**29.9%**	28.6%	31.4%	24.3%
Expenses	**$ 374,391**	$ 279,737	$ 224,558	$ 198,349
Net income after other items	**$ 266,916**	$ 200,355	$ 98,023	$ 36,902
Shares outstanding	**7,797,988**	7,797,988	7,797,988	7,797,988
Income per diluted share	**$ 0.027**	$ 0.026	$ 0.01	$ 0.01
Total assets	**$ 1,085,088**	$ 696,133	$ 409,480	$ 385,184
Long term debt (excluding current portion)	**$ -**	$ -	$ 87,713	$ 107,807
Cash dividends declared	**$ None**	$ None	$ None	$ None

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

Approved
"Board of Directors"
30 April 2018

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:

Herb Bentz
Chief Financial Officer
herb@fab-form.com

Bruce Clark
Secretary
bruce@fab-form.com

Rick Fearn
President, CEO, CFO
rick@fab-form.com

Chris Mattock
Chairman of the Board
chris@fab-form.com

Don Russell
Director
don@fab-form.com

INDUSTRIES LTD.
Unit 19, 1610 Derwent Way
Delta, BC V3M 6W1, Canada
(604)596-3278

Shareholders and interested investors should visit:
www.fab-form.com/investor/overview.php
www.vancouvericf.com
www.helixwest.com
www.icf-expo.com