ADF Group Inc.

Quarterly Report 3

For the nine-month period ended October 31, 2008

Complex Steel Components
for the Construction Industry

Third Quarter Ended October 31, 2008

Keeping pace with previous quarters, ADF Group continued to post a strong financial performance during the third quarter of fiscal 2008-2009 and first nine months ended October 31, 2008.

Growing Revenues and Profitability

Third-quarter revenues rose 62% to $25.1 million, versus $15.5 million for the corresponding period in 2007. Revenues for the first nine months of fiscal 2008-2009 reached $74.3 million, up 85% over the comparable period last year.

During the third quarter, ADF recorded earnings before interest, taxes and amortization, excluding exchange gains or losses (or EBITDA)[1] of $5.8 million, representing 23% of revenues, compared with EBITDA of $4.4 million or 28% of revenues for the third quarter of the previous year. For the first nine months of fiscal 2008-2009, EBITDA rose 59% to $17.8 million or 24% of revenues, compared with $11.2 million or 28% of revenues for the same period one year ago.

Finally, ADF Group posted net earnings of $6.5 million or $0.18 per share (basic and diluted) during the third quarter, up 171% over the net earnings of $2.4 million recorded in the same quarter of 2007, excluding the recognition of prior-year net tax attributes of $25.2 million from last year's third-quarter results. ADF's year-to-date net earnings for the first nine months of the current fiscal year more than doubled, to stand at $13.8 million or $0.38 basic per share and $0.37 diluted per share, compared with $5.9 million for the corresponding period of 2007 (excluding the recognition of net tax attributes.)

As at October 31, 2008, ADF had $12.1 million in cash and cash equivalents compared with $7.7 million as at January 31, 2008.

Proposed Reduction in Stated Capital of Subordinate Voting Shares

At the date hereof, ADF Group's Board of Directors adopted a resolution whereby the stated capital of the Corporation's subordinate voting shares will be reduced by $61.7 million,, in order to completely eliminate the accumulated deficit as at October 31, 2008. This proposed reduction in stated capital is subject to shareholder approval at a Special Meeting of the Corporation scheduled for January 29, 2009. The reduction in the stated capital of the Corporation's subordinate voting shares will not result in any monetary or other payment to their holders. It will not change the amount of shareholders' equity, but solely its composition. In order to simplify the process, the Corporation does not plan to reduce the stated capital of its multiple voting shares since they are not traded on the stock exchange.

The accumulated deficit results from losses incurred by ADF Group during fiscal 2002-2003 and 2003-2004. The Corporation restored its profitability beginning in fiscal 2004-2005 and has achieved a growing financial performance since then. As it will eliminate the accumulated deficit, which is not represented by the Corporation's realizable assets, we believe that the reduction in stated capital will more accurately reflect the Corporation's share capital and shareholders' equity. It will promote greater transparency of ADF Group's balance sheet and facilitate the future management of its capital.

Order Backlog and Outlook

For the fiscal year ending January 31, 2009, the Corporation looks forward to a performance in line with the expectations and objectives stated at the beginning of the year, in regard to both revenues and EBITDA. Although a slowdown is expected in subsequent quarters in light of the current economic situation, the size of our current order backlog should sustain a significant volume of plant activity over the next 12 to 16 months.

As at October 31, 2008, our order backlog effectively totalled $115 million, compared with $173 million on the same date in 2007. Although lower than last year, ADF's current backlog is particularly robust in that close to 80% of its value consists of fabrication hours to be executed by our specialized labour force. Therefore, it is mostly comprised of contracts based on our core expertise, which offer superior earnings potential combined with a relatively lower risk level.

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[1] **EBITDA** – See Section 9 "Non-Canadian GAAP Financial Indicators" of this Management's Report

Meanwhile, our volume of bidding activity remains strong, although certain projects that had reached the final negotiation stage, and for which ADF was well positioned, have been postponed.

Despite the current global economic crisis, we remain confident as to ADF Group's short, medium and long-term outlook. Indeed, the Corporation has strong fundamentals to face the situation, including its positioning in a highly specialized and value-added niche of the non-residential construction market, a modern and flexible operational infrastructure that enables us to easily adapt our costs to the market reality, and its healthy balance sheet. In the future, we will continue to primarily target large-scale high-complexity projects that differentiate ADF from the competition by showcasing the Corporation's distinctive strengths, and whose contractual terms are consistent with our objectives of profitable growth.

(Signature)

Jean Paschini
Chairman of the Board and Chief Executive Officer

Terrebonne, Quebec, December 8, 2008

Third Quarter Ended October 31, 2008

(Dated December 8, 2008)

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1 GENERAL

This interim management's report concerns the operating results of ADF Group Inc. ("ADF" or the "Corporation") for the third quarter and the nine-month period ended October 31, 2008, compared with the corresponding periods of 2007 and 2006, as well as the Corporation's financial position at those dates. It should be read in conjunction with the Corporation's consolidated financial statements and related notes appearing in this Interim Report, as well as with the Corporation's audited consolidated financial statements for the fiscal year ended January 31, 2008.

Management's report on operating results and changes in financial position for the third quarter ended October 31, 2008, covers all major events that occurred between August 1, 2008 and December 8, 2008, on which date ADF Group's Board of Directors approved the management's report and the consolidated financial statements for the third quarter and nine-month period ended October 31, 2008.

All amounts and tabular figures herein are expressed in thousands of Canadian dollars, unless otherwise specified.

During the third quarter ended October 31, 2008 and prior quarters, the Corporation used the following exchange rates between the Canadian and U.S. dollars:

	Statements of Earnings and Comprehensive Income (Can$/US$)	Balance Sheets (Can$/US$)
Third quarter – October 31, 2008	**1.0381**	**1.2045**
Second quarter – July 31, 2008	1.0077	1.0240
First quarter – April 30, 2008	1.0053	1.0072
Fourth quarter – January 31, 2008	1.0606	1.0038
Third quarter – October 31, 2007	1.0824	0.9447

2 CORPORATE PROFILE

From a blacksmith shop founded in 1956, ADF GROUP Inc. has become over the years a North American leader in the design and engineering of connections, fabrication and selective installation of complex steel superstructures, heavy steel built-ups, as well as miscellaneous and architectural metalwork for the three principal segments of the non-residential construction market, namely: commercial and institutional buildings (office towers, hotels, convention centers, government buildings, recreational and sports complexes, museums, etc.), industrial complexes (power stations, petrochemical complexes, automotive assembly lines, various manufacturing facilities) and public infrastructures (airport facilities, aerospace complexes, bridges and overpasses.) The Corporation operates a modern 58,500-square-metre (630,000-square-foot) fabrication plant in Canada and uses the latest technologies in its industry.

A pioneer in the development and implementation of innovative solutions, the Corporation is recognized for its engineering expertise, its project management, its fabrication capacity and its skills in the fabrication of steel superstructures. Its commitment to deliver every project in accordance with the industry's highest quality standards constitutes a core aspect of the Corporation's mission.

3 FINANCIAL INFORMATION AND FORWARD-LOOKING STATEMENTS

The Corporation's management is responsible for maintaining appropriate information systems, procedures and control systems to ensure that the information disclosed by the Corporation is complete and reliable. The Corporation applies the financial reporting rules and takes the necessary actions to comply with the new accounting standards once they come into force. The Corporation also applies the standards imposed by the capital market regulatory authorities. The Corporation maintains reporting controls and procedures designed to provide reasonable assurance that material information about the Corporation and its consolidated subsidiaries is publicly disclosed. No important changes to internal reporting controls regarding financial information that had or that could be reasonably believed to have a material impact on internal reporting controls were reported during the three-month and nine-month periods ended October 31, 2008.

The financial information presented herein has been prepared in accordance with the applicable Canadian generally accepted accounting principles ("GAAP"), with the exception of certain financial indicators. In fact, the Corporation regularly measures its operating efficiency using financial indicators, some of which are not defined by GAAP, and are consequently not standard, and thus they lend themselves with difficulty to a comparison with similar measurements presented by other public companies. When such indicators are used, they are defined and the reader is informed.

In addition, in various sections of this MD&A and in other sections of this report, management's expectations regarding the future performance of ADF Group may be discussed. These forward-looking statements are based on currently available data in regard to competition, financial position, economic situation and operating plans, but are subject to certain risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations and the financial position of ADF Group. Important factors, in addition to those presented in this document, could affect the future results of ADF Group and could cause those results to differ materially from those expressed in any forward-looking statements.

4 SIGNIFICANT EVENTS DURING THE THIRD QUARTER ENDED OCTOBER 31, 2008, AND SUBSEQUENT EVENTS

Management believes that the following events, which took place between the end of the second quarter, being July 31, 2008 and December 8, 2008, are relatively important for any investor seeking to form an opinion about the Corporation's activities and financial results.

4.1 Capital Expenditures

The installation of new equipment is progressing as planned and as budgeted. At the date hereof, 75% of all new equipment is operational.

4.2 Order Backlog

On October 31, 2008, ADF had a total order backlog of $115 million, compared with $173 million at the same date last year, which represents a 34% decrease. Most contracts will be gradually executed over a 12 to 16-month period. Despite uncertainties related to the financial market and global economy, the Corporation believes it will be able to progressively add new contracts to its order backlog in the coming quarters, notably given the current number of bids in North America.

4.3 Financing Agreement

On September 2, 2008, the Corporation and its short-term lender agreed on new terms and conditions for its $10 million credit facility. This financing agreement covered notably financial ratios, applicable interest rates and guarantees granted. This credit facility now bears interest at the bank's prime Canadian rate without markup or at the banker's acceptance rates plus 1.50% or at the U.S. LIBOR rate plus 1.50%, according to the choice of ADF. In addition, according to the new terms and conditions, the credit facility is not based on calculation of the lending value in regard to accounts receivable and inventories. This credit facility is from now on secured by inventories and accounts receivable excluding holdbacks receivable. It should be noted that given its liquidities in hand, the Corporation has not used its short-term credit since January 2007.

4.4 Foreign Currency Hedge

In accordance with the policy on foreign currency hedge adopted by the Corporation's Board of Directors, about 30% of the net risk between the future cash inflows and outflows denominated in U.S. dollars in regards with the current order backlog is currently hedged by foreign exchange contracts maturing on January 31, 2009, April 30, 2009, July 31, 2009 and October 31, 2009 respectively, at an average rate of CA$1.156 for US$1.00. The Corporation has agreed to sell US$20,000,000, equally allocated between these four scheduled maturities.

4.5 Subsequent Events

At the date hereof, the Corporation adopted a resolution to reduce the stated capital of its subordinate voting shares by $61.7 million to completely eliminate the Corporation's accumulated deficit as at October 31, 2008. The accumulated deficit resulted from losses incurred by ADF during the 2002-2003 and 2003-2004 fiscal years. The Corporation returned to profitability as of the fiscal year ended January 31, 2005 and has achieved a growing financial performance ever since. This capital reduction was subject to a formal recommendation by the Board of Directors on December 8, 2008. In addition, the proposed reduction is subject to the approval of the Corporation's shareholders, who will be asked to vote on this matter at a special meeting scheduled for January 29, 2009. The reduction in the stated capital of the Corporation's subordinate voting shares will not result in any monetary or other payment to their holders. It will not change the amount of shareholders' equity, but solely its composition. In order to simplify the process, the Corporation does not plan to reduce the stated capital of its multiple voting shares since they are not traded on the stock exchange.

As it will eliminate the accumulated deficit, which is not represented by the Corporation's realizable assets, management believes that the reduction in stated capital will more accurately reflect the Corporation's share capital and shareholders' equity. It will promote greater transparency of ADF's balance sheet and facilitate the future management of its capital.

5 SELECTED QUARTERLY FINANCIAL INFORMATION

The financial information discussed in the following sections is presented in accordance with Canadian GAAP, unless otherwise indicated.

Three-month periods ended October 31,	**2008**	2007	2006
(In thousands of $, except per-share amounts)	**$**	$	$
Revenues	**25,104**	15,535	13,034
Net earnings [(1)]	**6,518**	27,576	761
– Basic per share [(1)]	**0.18**	0.80	0.03
– Diluted per share [(1)]	**0.18**	0.77	0.02
Total assets	**118,063**	86,168	51,207
Long-term liabilities	**7,456**	12,716	23,981
Dividend per share	**n.a.**	n.a.	n.a.

(1) Net earnings for the above periods represent net earnings from continuing operations.

Analysis of the table shows the following changes:

- a 62% increase in revenues during the third quarter ended October 31, 2008, compared with the same period in 2007 and a 93% increase compared with the corresponding period in 2006, stemming primarily from the growth in the backlog;
- notwithstanding the recognition of net tax attributes of $25.2 million during the third quarter ended October 31, 2007, net earnings for the third quarter ended October 31, 2008, would have exceeded by $4.1 million or 171% those of the same period in 2007. Net earnings for the third quarter of 2008 were eight times higher than those of the same period in 2006. This increase is attributable to the growth in revenues, which notably allowed for a better absorption of fixed costs. Finally, the increase in net earnings was positively affected by a foreign exchange gain, as opposed to foreign exchange losses in 2007 and 2006;
- increased assets as at October 31, 2008, compared with October 31, 2007 and 2006, primarily attributable to the growth in cash and cash equivalents, accounts receivable, property, plant and equipment and intangible assets; and
- a significant reduction in long-term liabilities compared with the corresponding periods in 2007 and 2006, consistent with the Corporation's objective to reduce the use of its financial leverage.

The Corporation has not declared any dividends in the past years, and reinvested its liquidity in its continuing operations, the acquisition of property, plant and equipment and intangible assets and the reduction of its long-term debt.

6 ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND NINE-MONTH PERIOD ENDED OCTOBER 31, 2008

6.1 Revenues and Gross Margin

Three-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Revenues	**25,104**	15,535	*9,569*	*62*	13,034	*12,070*	*93*
Cost of goods sold	**17,809**	10,180	*7,629*	*75*	9,892	*7,917*	*80*
Gross margin before foreign exchange variation	**7,295**	5,355	*1,940*	*36*	3,142	*4,153*	*132*
% of revenues	**29%**	34%	*n.a.*	*(5)%*	24 %	*n.a.*	*5%*
(Gain) loss on foreign exchange	**(3,944)**	1,160	*(5,104)*	*440*	47	*(3,991)*	*n.a.*
Gross margin	**11,239**	4,195	*7,044*	*168*	3,095	*8,144*	*263*
% of revenues	**45%**	27%	*n.a.*	*18%*	24%	*n.a.*	*21%*

Nine-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Revenues	**74,257**	40,221	*34,036*	*85*	38,023	*36,234*	*95*
Cost of goods sold	**52,904**	25,655	*27,249*	*106*	28,348	*24,556*	*87*
Gross margin before foreign exchange variation	**21,353**	14,566	*6,787*	*47*	9,675	*11,678*	*121*
% of revenues	**29%**	36%	*n.a.*	*(7)%*	25%	*n.a.*	*4%*
(Gain) loss on foreign exchange	**(4,585)**	2,196	*(6,781)*	*309*	165	*(4,750)*	*n.a.*
Gross margin	**25,938**	12,370	*13,568*	*110*	9,510	*16,428*	*173*
% of revenues	**35%**	31%	*n.a.*	*4%*	25%	*n.a.*	*10%*

a) Revenues

The rise in revenues during the third quarter and nine-month period ended October 31, 2008, compared with the corresponding periods in 2007 and 2006 is explained mainly by the increase in the volume of fabrication contracts and contracts for which the Corporation supplies, in addition to direct labour hours, the raw material, connection engineering and installation services, in accordance with its specialization in the higher value-added complex steel structure niche.

In terms of economic dependency, three clients together accounted for more than 75% of revenues for the nine-month period ended October 31, 2008, each of which having accounted for more than 10% of the Corporation's revenues, being $37.7 million, $9.1 million and $8.7 million respectively. Although the Corporation strives to limit the concentration of its revenues, given the nature of its activities and market, its revenues are likely to remain concentrated among a restricted number of clients during the next quarters. However, it is rarely the same clients who account for a significant proportion of its revenues from one year to the next.

b) Gross Margin Before Foreign Exchange Variation

During the third quarter and nine-month period ended October 31, 2008, the gross margin before foreign exchange variation increased in dollar value over the corresponding periods in 2007 and 2006 as a result, among other factors, of the growth in revenues, the significant increase in the number of hours worked in the plant, and the efficient execution of contracts. As management had forecasted and disclosed in the Corporation's Annual Report for the fiscal year ended January 31, 2008, the gross margin before foreign exchange variation as a percentage of revenues decreased compared with corresponding periods in 2007, due to the change in the revenue mix according to the type of contracts executed, that is, projects for which ADF supplies labour hours only, and projects for which it also supplies the raw material, connection engineering and installation services.

For information purposes, 81% of the revenues earned during the nine-month period ended October 31, 2008 (compared with 52% during the same period in 2007) included, in addition to labour, the supply of the raw material, connection engineering and installation.

Increased prices of raw material (steel) did not have a material impact on the gross margin before foreign exchange variation, since the majority of the steel orders were made below the cost estimates. In addition, the Corporation includes contingencies in its contracts, notably to absorb increases in raw material priced, if any.

c) (Gain) Loss on Foreign Exchange

The gain on foreign exchange realized in the third quarter ended October 31, 2008, is explained by a depreciation of about $0.18 of the Canadian dollar in relation to the U.S. dollar. Conversely, foreign exchange losses were recorded during the same periods in 2007 and 2006.

As mentioned in Section 4.4 "Foreign Currency Hedge", the Corporation hedges by means of foreign exchange contracts about 30% of its risk between future cash inflows and outflows denominated in U.S. dollars. These derivatives are classified as held for trading and are assessed at their fair value at the end of each quarter since they are not designated as part of an efficient hedging relationship. As at October 31, 2008, foreign currency forwards showed an unfavourable fair value position of $970,000. An equivalent foreign exchange loss was recorded under the heading "(Gain) Loss on Foreign Exchange" for the three and nine-month periods ended October 31, 2008.

The Corporation is exposed to a certain exchange rate risk, due mainly to the fact that its revenues are mostly denominated in U.S. dollars while the majority of its costs, other than raw material, are mostly in Canadian dollars. As at October 31, 2008, the net exchange risk between the assets and liabilities denominated in U.S. dollars was $23.4 million, excluding foreign currency forwards (see Note 13 "Financial Instruments" herein.) Taking into account these foreign exchange contracts, a $0.01 fluctuation in the exchange rate between the Canadian and U.S. currencies could result in a $0.03 million variation in earnings before income taxes.

d) Gross Margin

For the three-month and nine-month periods ended October 31, 2008, the increase of the gross margin compared with the corresponding quarters in 2007 and 2006 is mainly attributable to the reasons mentioned previously in Sections 6.1(b) "Gross Margin Before Foreign Exchange Variation" and 6.1(c) "(Gain) Loss on Foreign Exchange".

6.2 Selling and Administrative Expenses

Three-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Selling and Administrative Expenses	**1,519**	983	*536*	*55*	999	*520*	*52*
% of revenues	**6%**	6%	*n.a.*	*0%*	8%	*n.a.*	*(2)%*

Nine-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Selling and Administrative Expenses	**3,596**	3,410	*186*	*5*	3,298	*298*	*9*
% of revenues	**5%**	8%	*n.a.*	*(3)%*	9%	*n.a.*	*(4)%*

Selling and administrative expenses increased in dollar value during the three-month and nine-month periods ended October 31, 2008, compared with the same periods in 2007 and 2006. These changes are mainly due to the increase in salaries paid to management and office personnel, in accordance with the recommendation of the Compensation, Nominating and Corporate Governance Committee, as well as the hiring of a new employee.

It should be noted that a $975,000 gain on disposal of property, plant and equipment was recorded during the second quarter ended July 31, 2008, which contributed to lower selling and administration expenses during the nine-month period ended October 31, 2008. However, during the three-month and nine-month periods ended October 31, 2007, selling and administrative expenses had been lowered by a $450,000 amount approximately, comprising a disposal of property, plant and equipment and a decrease in the provision for doubtful accounts.

As a percentage of revenues, selling and administrative expenses have nonetheless decreased compared with the corresponding periods in 2007 and 2006.

6.3 Amortization

Three-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Amortization	**550**	567	*(17)*	*(3)*	762	*(212)*	*(28)*
% of revenues	**2%**	4%	*n.a.*	*(2)%*	6%	*n.a.*	*(4)%*

Nine-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Amortization	**1,759**	1,903	*(144)*	*(8)*	2,265	*(506)*	*(22)*
% of revenues	**2%**	5%	*n.a.*	*(3)%*	6%	*n.a.*	*(4)%*

The reduction in amortization during the three-month and nine-month periods ended October 31, 2008, from the corresponding periods in 2007 and 2006, can be explained mainly by a decrease in the amortization of intangible assets and by the disposal of equipment. However, it should be noted that during the fiscal year ended January 31, 2008, as well as during the nine-month period ended October 31, 2008, acquisitions of property, plant and equipment and intangible assets were higher than amortization expenses. This situation will generate an increase in amortization expenses when these intangible assets and property, plant and equipment are gradually started up, which will take place partly during the fourth quarter of the current fiscal year and partly during the first quarter of the 2009-2010 fiscal year.

6.4 Financial Charges

Three-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Financial Charges	**78**	268	*(190)*	*(71)*	572	*(494)*	*(86)*
% of revenues	**0%**	2%	*n.a.*	*(2)%*	4%	*n.a.*	*(4)%*

Nine-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Financial Charges	**257**	1,192	*(935)*	*(78)*	1,412	*(1,155)*	*(82)*
% of revenues	**0%**	3%	*n.a.*	*(3)%*	4%	*n.a.*	*(4)%*

During the three-month and nine-month periods ended October 31, 2008, financial charges decreased compared with the corresponding periods in 2007 and 2006, due to the fact that the credit facility was unused during the first nine months of the current fiscal year, and also due to the monthly and exceptional repayments of the long-term debt since April 30, 2007, the decrease in the floating interest rate and the higher interest income from available liquidities.

The Corporation estimates that a 1% fluctuation in the effective interest rate on the long-term debt would have an impact of about $100,000 on earnings before income taxes calculated as at October 31, 2008. However, the interest income from cash and cash equivalents could partially offset the impact of a fluctuation in interest rates.

6.5 Unusual Items

Three-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Unusual Items	**—**	(2,514)	*2,514*	*100*	—	*—*	*—*
% of revenues	**—**	(16)%	*n.a.*	*16%*	—	*—*	*—*

Nine-month periods ended October 31,	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
(In thousands of $, except %)	**$**	$	*$*	*%*	$	*$*	*%*
Unusual Items	**—**	(2,514)	*2,514*	*100*	(2,500)	*2,500*	*100*
% of revenues	**—**	(6)%	*n.a.*	*6%*	(7)%	*n.a.*	*7%*

There were no unusual items during the three-month and nine-month periods ended October 31, 2008. During the same periods in 2007 and 2006, the following unusual items were respectively recorded: federal tax credits for scientific research and experimental development, and a write-off of a portion of the interest due to a long-term lender.

6.6 Income Taxes

Three-month periods ended October 31, (In thousands of $, except %)	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
	$	$	*$*	*%*	$	*$*	*%*
Income Taxes	**2,574**	(22,685)	*25,259*	*n.a.*	1	*2,573*	*n.a.*
% of revenues	**10%**	(146)%	*n.a.*	*n.a.*	n.a.	*n.a.*	*n.a.*

Nine-month periods ended October 31, (In thousands of $, except %)	**2008**	2007	*Change 2008 vs 2007*		2006	*Change 2008 vs 2006*	
	$	$	*$*	*%*	$	*$*	*%*
Income Taxes	**6,524**	(22,811)	*29,335*	*n.a.*	(30)	*6,554*	*n.a.*
% of revenues	**9%**	(57)%	*n.a.*	*n.a.*	n.a.	*n.a.*	*n.a.*

For the three-month and nine-month periods ended October 31, 2008, income tax expenses represent an effective tax rate of 28.3% and 32.1% respectively, taking into account the profit weighting based on the different Canadian and American jurisdictions where the Corporation has to produce tax returns.

As mentioned in Section 5 "Selected Quarterly Financial Information", during the third quarter ended October 31, 2007, the Corporation recorded the balance of the tax attributes since it met the criteria set forth in CICA Handbook Section 3465, "Income Taxes", which made it more likely than not that the Corporation would use these tax attributes. The changes between 2008 and 2007 are mainly explained by this recognition. In 2006, the Corporation was only recording the loss carry-overs in that current fiscal year since it did not meet the criteria set forth in Section 3465 as previously described.

Because of the available tax attributes, a $162,000 expense only during the nine-month period ended October 31, 2008 represents a disbursement.

6.7 Net Earnings, Basic and Diluted Earnings Per Share

	Three (3) Months			Nine (9) Months		
Periods ended October 31,	**2008**	2007	2006	**2008**	2007	2006
(In thousands of $, except per-share amounts and %)	**$**	$	$	**$**	$	$
Net earnings from:						
– Continuing operations	**6,518**	27,576	761	**13,802**	31,190	5,065
– Discontinued operations	**–**	–	–	**–**	–	858
Total net earnings	**6,518**	27,576	761	**13,802**	31,190	5,923
% of revenues	**26%**	178%	6%	**19%**	78%	16%
Basic earnings per share from:						
– Continuing operations	**0.18**	0.80	0.03	**0.38**	0.96	0.18
– Discontinued operations	**–**	–	–	**–**	–	0.03
Total basic earnings per share	**0.18**	0.80	0.03	**0.38**	0.96	0.21
Diluted earnings per share from:						
– Continuing operations	**0.18**	0.77	0.02	**0.37**	0.92	0.18
– Discontinued operations	**–**	–	–	**–**	–	0.03
Total diluted earnings per share	**0.18**	0.77	0.02	**0.37**	0.92	0.21

The improvement in net earnings from continuing operations during the three-month and nine-month periods ended October 31, 2008, over the corresponding periods in 2007 and 2006 accounts for the following factors:

- the increase in revenues and the achievement of contractual gross margins consistent with management's forecasts;
- the depreciation of the Canadian dollar in relation to the U.S. dollar;
- the increase in selling and administration expenses despite the gains on disposal of property, plant and equipment during the second quarter ended July 31, 2008;
- the decrease in amortization expenses resulting from the disposal of property, plant and equipment, which was however offset by the gradual start-up of new property, plant and equipment and intangible assets acquired in 2007 and 2008; and
- the positive impact on financial charges of the progressive reduction of the long-term debt, together with the increase in interest income from available liquidities.

6.8 Quarterly Results

The following financial information is presented in compliance with the effective guidelines governing public companies. Trends observed in the analysis of such results may not accurately represent the future results of the Corporation.

Historically, ADF's sales have not been subject to seasonal fluctuations. However, the non-residential construction market in which the Corporation is active goes through upwards and downwards cycles.

Fiscal years ending January 31	2009			2008				2007
	Q3 Oct .31	Q2 July 31	Q1 Apr. 30	Q4 Jan. 31	Q3 Oct. 31	Q2 July 31	Q1 Apr. 30	Q4 Jan. 31
(In thousands of $, except per-share amounts and %)	**$**	$	$	$	$	$	$	$
Revenues from continuing operations	**25,104**	23,994	25,159	19,249	15,535	13,767	10,919	15,537
Gross margin before foreign exchange variation	**7,295**	6,943	7,115	4,921	5,355	5,281	3,930	6,571
% of revenues	**29%**	29%	28%	26%	34%	38%	36%	42%
EBITDA [(1)]	**5,776**	6,081	5,900	3,913	4,372	4,094	2,690	4,501
% of revenues	**23%**	25%	23%	20%	28%	30%	25%	29%
Earnings before discontinued operations	**6,518**	4,050	3,234	2,773	27,576	2,211	1,403	4,244
– Basic per share	**0.18**	0.11	0.09	0.08	0.80	0.07	0.05	0.14
– Diluted per share	**0.18**	0.11	0.09	0.08	0.77	0.07	0.04	0.13
Net earnings	**6,518**	4,050	3,234	2,773	27,576	2,211	1,403	4,498
– Basic per share	**0.18**	0.11	0.09	0.08	0.80	0.07	0.05	0.15
– Diluted per share	**0.18**	0.11	0.09	0.08	0.77	0.07	0.04	0.14

(1) See Section 9 "Non-Canadian GAAP Financial Indicators" for the definition of EBITDA.

Besides the recognition of tax attributes in the third quarter of the fiscal year ended January 31, 2008, no unusual items were recorded in the past quarters.

7 RESULTS OF THE PAST FOUR QUARTERS

Changes in the Corporation's results on an annual basis are presented in the table below :

Fiscal years ending January 31,	2009			2008	Total [(1)] Past Four Quarters
	Q3 Oct. 31, 2008	Q2 Jul. 31, 2008	Q1 Apr. 30, 2008	Q4 Jan. 31, 2008	
(In thousands of $, except per-share amounts and %)	**$**	$	$	$	$
Revenues	**25,104**	23,994	25,159	19,249	93,506
Gross margin before foreign exchange variation	**7,295**	6,943	7,115	4,921	26,274
% of revenues	**29%**	29%	28%	26%	28%
EBITDA [(2)]	**5,776**	6,081	5,900	3,913	21,670
% of revenues	**23%**	25%	23%	20%	23%
Net earnings	**6,518**	4,050	3,234	2,773	16,575
– % of revenues	**26%**	17%	13%	14%	18%
– Basic per share	**0.18**	0.11	0.09	0.08	0.46
– Diluted per share	**0.18**	0.11	0.09	0.08	0.46

(1) The cumulative amounts are for information only. They represent the sum of the past four quarters results in order to provide an annualized trend of the Corporation's results.
(2) See Section 9 "Non-Canadian GAAP Financial Indicators" for the definition of EBITDA.

8 CHANGES IN ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY AS AT OCTOBER 31, 2008, COMPARED WITH JANUARY 31, 2008

8.1 Assets

ADF closed the third quarter ended October 31, 2008, with assets of $118 million, compared with $95 million on January 31, 2008. This $23 million increase is explained by the following factors:

— *Cash and Cash Equivalents* $4.5 million increase, representing the difference between the $15 million funds generated by operating activities, and the $9 million and $1.5 million funds used by investment and financing activities respectively.

— *Accounts Receivable*	Increase of $7.7 million, mainly attributable to the increase in billing ($9 million) and the reduction in deposits for new equipment commissioned ($2 million). It should be noted that after October 31, 2008, the Corporation collected more than $4.7 million in accounts receivable that were overdue under the contractual terms (See Note 13 "Financial instruments" of the Notes to the Consolidated Financial Statements for October 31, 2008.)
— *Holdbacks on Contracts*	Increase of $1.8 million due to the net change between the billing of holdbacks on certain contracts and the reclassification as short-term of long-term holdbacks for which the collection is expected in less than 12 months.
— *Work in Progress*	Increase of $1.7 million attributable to the variation between fabrication and client billing.
— *Future Income Tax Assets (Current)*	Reduction of $2.7 million resulting from the assumptions used for the Corporation's earnings and income tax provision thereof.
— *Future Income Tax Assets (Long-Term)*	Increase of $0.6 million resulting from the assumptions used for the Corporation's earnings and income tax provision thereof.
— *Property, Plant and Equipment*	Increase of $7.6 million due to the favourable variation between the acquisitions, disposals, and amortization of property, plant and equipment.
— *Intangible Assets*	Increase of $0.9 million attributable to the development of a software program designed primarily to optimize fabrication.

8.2 Liabilities

ADF closed the third quarter ended October 31, 2008, with liabilities of $35 million, compared with $26 million on January 31, 2008. This $9 million increase is itemized as follows:

— *Accounts Payable and Accrued Charges*	Increase of $4.7 million stemming mainly from the increase in accounts payable and accrued charges relating to ongoing contracts.
— *Deferred Revenues*	Increase of $2.4 million due to the variance between the degree of work in progress in relation to client billing.
— *Derivatives*	Increase of $1 million representing the discount not realized on foreign exchange contracts maturing in the next four quarters.
— *Long-Term Debt (Current and Long-Term)*	Immaterial change despite the debt repayments totalling US$1.8 million, as the decrease in the Canadian dollar in relation to the U.S. dollar had an upward impact on the balance of the debt denominated in U.S. dollars.
— *Future Income Tax Liabilities*	Increase of $0.9 million resulting from the assumptions used for the Corporation's earnings and income tax provision thereof.

8.3 Shareholders' Equity

At the close of ADF's third quarter ended October 31, 2008, shareholders' equity amounted to $83 million, compared with $69 million on January 31, 2008. This $14 million increase resulted mainly from the Corporation's operating profitability.

9 NON-CANADIAN GAAP FINANCIAL INDICATORS

The following financial ratios are not defined by Canadian GAAP and therefore cannot be compared with similar measures presented by other issuers. The Corporation and its financial partners use these financial indicators.

(In thousands of $, except ratios and %)		**9-Month Period ended October 31, 2008**	12-Month Period ended January 31, 2008
Section 9.1	Working capital	**$31,695**	$26,622
	Current ratio	**2.18:1**	2.47:1
Section 9.2	Long-term debt to shareholders' equity	**0.13:1**	0.15:1
Section 9.3	Long-term debt, net of cash and cash equivalents, to shareholders' equity	**–**	0.04:1
Section 9.4	Cash and cash equivalents, net of long-term debt, to shareholders' equity	**0.02:1** (1)	–
Section 9.5	Liabilities to shareholders' equity	**0.42:1**	0.38:1
Section 9.6	EBITDA	**$17,757**	$15,069
	EBITDA as a percentage of revenues	**24%**	25%
Section 9.7	Return on shareholders' equity	**20%**	49%

(1) Indicates that cash and cash equivalents were higher than the long-term debt.

9.1 Working Capital

The working capital indicator is used by the Corporation to assess if its current assets are sufficient to meet its current obligations. Working capital is equal to current assets less current liabilities, whereas the current ratio is calculated by dividing current assets by current liabilities.

Management's overall goal is to maintain the current ratio at about 2:1 in upcoming quarters. Even with the expected increase in revenues, management expects it will achieve this goal through the pursuit of its strategy focusing on the execution of contracts generating positive cash flows throughout their execution.

9.2 Long-Term Debt to Shareholders' Equity Ratio

This ratio indicates the extent to which the Corporation depends on long-term financing, as it measures the relationship between the Corporation's indebtedness and the capital invested by shareholders. It represents the Corporation's total long-term debt, including the current portion, over shareholders' equity.

The Corporation intends to further improve this ratio in the next quarters given the monthly reimbursements to debtors and the expected profitability of its operations during the fiscal year ending January 31, 2009.

However, because the majority of the long-term debt is denominated in U.S. dollars, fluctuations in the Canadian dollar in relation to the U.S. dollar could affect the achievement of this goal.

9.3 Long-Term Debt, Net of Cash and Cash Equivalents, to Shareholders' Equity

This ratio indicates the extent to which the Corporation depends on long-term financing, taking into account however its available liquidities. It measures the relationship between the Corporation's indebtedness, net of cash and cash equivalents, and the capital invested by shareholders. It represents the Corporation's total long-term debt, including the current portion, less cash and cash equivalents, over shareholders' equity.

As at October 31, 2008, the Corporation had more cash and cash equivalents than long-term debt.

9.4 Cash and Cash Equivalents, Net of Long-Term Debt, to Shareholders' Equity

This ratio measures the level of cash and cash equivalents, net of long-term financing in relation to the capital invested by its shareholders. It represents the Corporation's total cash and cash equivalents, net of long-term debt, including the current portion, over shareholders' equity.

As at October 31, 2008, the Corporation had more cash and cash equivalents than long-term debt. However, this situation could change given, among other things, fluctuations in the Canadian dollar in relation to the U.S. dollar or the signing of new contracts that would not generate positive cash flows throughout their execution.

9.5 Liabilities to Shareholders' Equity

This ratio indicates the extent to which the Corporation uses debt to finance its operations and measures the relationship between the Corporation's indebtedness and capital invested by its shareholders. It represents the Corporation's total liabilities over shareholders' equity.

The Corporation also intends to further improve this ratio in the coming quarters given, among other things, monthly repayments of long-term debt and the expected profitability of its operations during the fiscal year ending January 31, 2009.

However, increases in accounts payable and accrued charges together with fluctuations in the Canadian dollar in relation to the U.S. dollar could affect the achievement of this goal in the short term.

9.6 EBITDA

This indicator shows the extent to which the Corporation generates profits from operations, not taking into account the following items:

- financial charges;
- income taxes;
- gains or losses on foreign exchange; and
- amortization of property, plant and equipment, and of intangible assets.

The Corporation expects to achieve an EBITDA margin of between 23% and 25% for the fiscal year ending January 31, 2009.

Net earnings are reconciled with EBITDA in the table below:

	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
(In thousands of $, except %)	**$**	$	**$**	$
Net earnings	**6,518**	27,576	**13,802**	31,190
Income taxes	**2,574**	(22,685)	**6,524**	(22,811)
Financial charges	**78**	268	**257**	1,192
Unusual Items	**—**	(2,514)	**—**	(2,514)
Amortization	**550**	567	**1,759**	1,903
(Gain) loss on foreign exchange	**(3,944)**	1,160	**(4,585)**	2,196
EBITDA	**5,776**	4,372	**17,757**	11,156
% of revenues	**23%**	28%	**24%**	28%

9.7 Return on Shareholders' Equity

This ratio indicates the return on shareholders' equity during the targeted period, on an annual basis. It represents the Corporation's annualized net earnings to shareholders' equity.

Based on annualized net earnings of $16.6 million, presented in table in Section 7 "Results of the Past Four Quarters", the return on equity as at October 31, 2008, was 20% compared with a 49% annual return on shareholders' equity during the fiscal year ended January 31, 2008. It should be noted however that the return on shareholders' equity for the fiscal year ended January 31, 2008, included the recognition of net tax attributes of $25.2 million. Had it not been for the recognition of these net tax attributes, the annual return on shareholders' equity would have been 13%.

10 ANALYSIS OF CASH POSITION

As at October 31, 2008, the Corporation had $12.2 million in cash and cash equivalents, and its authorized short-term credit facility of $10 million remained unused. Management believes that this will be sufficient to support the expected revenues during the fiscal year ending January 31, 2009, given the strict management of its cash inflows and outflows, especially while executing contracts awarded.

The Corporation is currently examining different projects for the use of its liquidities that could give it additional long-term competitive advantages.

10.1 Cash Flows Trend

The following table shows that during the third quarter ended October 31, 2008, the Corporation generated cash flows of $3.1 million from operations, used $1.1 million for investment activities, mostly for the acquisition of new equipment, and used $0.6 million for contractual repayments of its long-term debt.

During the nine-month period ended October 31, 2008, the Corporation generated cash flows of $15.1 million from operations, used $9.2 million for investment activities, mostly for the acquisition of new equipment, and used $1.6 million for contractual repayments of its long-term debt.

	Three (3) Months			Nine (9) Months		
Periods ended October 31,	**2008**	2007	2006	**2008**	2007	2006
(In thousands of $)	**$**	$	$	**$**	$	$
Operating Activities						
Adjusted net earnings from continuing operations	**8,952**	2,806	1,654	**20,302**	7,967	5,157
Accounts receivable and holdbacks on contracts	**(3,582)**	(1,709)	(2,252)	**(9,643)**	(3,011)	(1,331)
Work in progress and deferred revenues	**(2,445)**	675	(1,671)	**803**	(1,990)	(5,301)
Accounts payable and accrued charges	**223**	2,244	(3,552)	**4,649**	(1,156)	(1,800)
Income taxes	**33**	(162)	(491)	**57**	(133)	(303)
Inventories	**(357)**	49	(10)	**(655)**	970	1,766
Discontinued operations	**–**	–	–	**–**	–	(1,002)
Other	**268**	463	45	**(377)**	266	2
	3,092	4,366	(6,277)	**15,136**	2,913	(2,812)
Investing Activities						
Acquisition of intangible assets	**(303)**	(253)	(22)	**(942)**	(622)	(27)
Acquisition of property, plant and equipment	**(830)**	(2,708)	(95)	**(8,306)**	(3,972)	(822)
Other	**7**	145	–	**6**	176	1,607
	(1,126)	(2,816)	(117)	**(9,242)**	(4,418)	758
Financing Activities						
Repayment of bank indebtedness	**–**	–	–	**–**	(263)	(371)
Repayment of the credit facility	**–**	–	2,850	**–**	–	(50)
Repayment of the long-term debt	**(607)**	(2,687)	(13)	**(1,620)**	(11,397)	(53)
Issuances of the long-term debt	**–**	94	50	**–**	583	122
Issuances of subordinate voting shares	**2**	32	3,123	**49**	10,739	3,123
	(605)	(2,561)	6,010	**(1,571)**	(338)	2,771
Impact of fluctuations in foreign exchange rate on cash	**245**	(63)	(7)	**149**	(222)	(3)
Total net cash inflows (outflows)	**1,606**	(1,074)	(391)	**4,472**	(2,065)	714

11 CAPITAL STOCK

Information on the Corporation's outstanding shares, including stock options:

	Subordinate voting shares		Multiple voting shares (1)		Total outstanding shares		Stock options(2)
	Number	$	Number	$	Number	$	Number
As at January 31, 2008	21,759,569	126,329	14,343,107	16,001	36,102,676	142,330	1,518,900
Issued	–	–	–	–	–	–	60,000
Cancelled	–	–	–	–	–	–	(2,800)
Issued on exercise of stock options	69,900	66	–	–	69,900	66	(69,900)
As at October 31, 2008 and December 8, 2008	**21,829,469**	**126,395**	**14,343,107**	**16,001**	**36,172,576**	**142,396**	**1,506,200**

(1) These shares carry ten (10) votes per share.
(2) The weighted average price as at October 31, 2008, of the outstanding stock options is $1.02 per unit.

12 GENERAL OUTLOOK

During the nine-month period ended October 31, 2008, ADF Group met its key objectives fixed on January 31, 2008, namely:

- revenues and net earnings growth;
- monthly reductions in the long-term debt denominated in U.S. dollars;
- increase in shareholders' equity;
- maintenance of a strict cash flow management; and
- further optimization of the plant's fabrication areas.

ADF today benefits from a solid balance sheet as attested to by the cash and cash equivalents, net of long-term debt, to total invested capital ratio of 0.02:1 as at October 31, 2008 (see Section 9 "Non-Canadian GAAP Financial Indicators".)

In addition, the business strategy implemented in the past years in response to market fundamentals is yielding tangible results as reflected by, among other things, the achievement of a gross margin before foreign exchange variation of 29% of revenues during the nine-month period ended October 31, 2008.

In upcoming quarters, management of the Corporation will focus its efforts on the following actions:

- pursue the gradual start-up of the new fabrication equipment in order to increase the automation and efficiency of fabrication processes;
- increase the order backlog by bidding on projects offering profit margins and cash flows consistent with the Corporation's objectives, while ensuring the targeted projects' financing are secured by their owners prior to signing the contracts;
- further promote ADF's competitive advantages in its current markets and emerging markets, with a focus on its strengths in project management, connection engineering and its Terrebonne plant's fabrication capacity;
- optimize the profitability of contracts currently underway through strict cost management and continuous improvement of fabrication methods, by way of innovation and targeted investments;
- steadily improve the Corporation's operational systems through the development and reinforcement of management tools; and
- maintain strict cash flows management.

13 EXTERNAL FACTORS TO WHICH THE CORPORATION'S PERFORMANCE IS EXPOSED

The major changes that occurred with respect to the Corporation's operating risks and uncertainties since the analysis presented in the interim management report dated September 8, 2008, are as follows:

- The Corporation entered into an indemnity agreement when it sold a subsidiary in 2004. This former subsidiary is currently involved in legal proceedings. The Corporation is presently studying the impact and amounts that could be due by the Corporation under the terms of this agreement, which can therefore not be determined; and
- The uncertainties related to today's global economy could have a negative impact on the Corporation's business segment, i.e. the non-residential construction market, more particularly in North America, the Corporation's key market. However, this impact could be offset by the expected falling prices of raw material (steel), as previously mentioned, and of crude oil. Although the Corporation's order backlog will produce work in the plant for the next 12 to 16 months, this situation could negatively impact the revenues and profitability beyond that period.

14 ACCOUNTING POLICIES AND CHANGES

The Corporation's interim unaudited consolidated financial statements have been prepared in accordance with Canadian GAAP and use the same accounting policies and methods used in the preparation of the Corporation's January 31, 2008, annual audited consolidated financial statements, with the exception as described below. See Note 2 "Significant Accounting Policies" in the notes of the consolidated financial statements for the fiscal year January 31, 2008, for further information concerning the principle accounting policies used in the preparation of the financial statements.

On February 1, 2008, the Corporation adopted the following recommendations of the new sections published by the Canadian Institute of Chartered Accountants ("CICA"):

a) Financial Instruments – Disclosures

Handbook Section 3862 "Financial Instruments – Disclosures" describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Sections 3855 "Financial Instruments – Recognition and Measurement", 3863 "Financial Instruments – Presentation" and 3865 "Hedges". The Corporation adopted Section 3862 for the preparation of the 2008 interim financial statements. Consequently, additional information is provided under Note 13 of the unaudited consolidated financial statements for the third quarter ended October 31, 2008.

b) Financial Instruments – Presentation

Handbook Section 3863 "Financial Instruments – Presentation" establishes disclosure standards for financial instruments and non-financial derivatives. It carries forward the presentation requirements of Section 3861 "Financial Instruments – Disclosure and Presentation". The adoption of Section 3863 had no significant impact on the Corporation's interim consolidated financial statements.

c) Capital Disclosures

Handbook Section 1535 "Capital Disclosures" establishes standards for disclosing information about an entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital. The Corporation adopted Section 1535 for the preparation of the 2008 interim financial statements. Consequently, additional information is provided under Note 12 of the unaudited consolidated financial statements for the third quarter ended October 31, 2008.

d) Inventories

Handbook Section 3031 "Inventories" establishes inventory valuation standards and inventory costing methods. The adoption of Section 3031 had no impact on the Corporation's interim consolidated financial statements.

15 FUTURE ACCOUNTING CHANGES

a) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which supersedes Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This Section applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets.

b) International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the changeover date for Canadian publicly accountable companies to start using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. As a result, the Corporation is developing a plan to convert its consolidated financial statements to IFRS. The plan will address the impact of IFRS in regard to:

- accounting policies and implementation decisions;
- information technology and data systems;
- internal control over financial reporting;
- disclosure controls and procedures;
- financial reporting expertise; and
- business activities.

The Corporation will provide specific training to key employees concerned by this new standard.

The Corporation will assess the differences between Corporation's current accounting policies and IFRS, as well as the alternatives available at the time of adoption. This assessment will include the impact of conversion on information technology and data systems, internal control over financial reporting, disclosure controls and procedures and business activities. The Corporation will present this new plan to its Audit Committee and Board of Directors who will adopt the financial statements for January 31, 2009. Changes in accounting policies are likely. These changes may materially impact the Corporation's consolidated financial statements.

The effect of the adoption of these new sections and standards on its consolidated statements is to be evaluated.

16 HUMAN RESOURCES

As at October 31, 2008, the Corporation employed a total of 327 people in its offices, fabrication plant and construction sites in Florida, which represents a 5% increase since July 31, 2008.

17 ADDITIONAL INFORMATION

Management's report on operating results and changes in financial position for the three and nine-month periods ended October 31, 2008, has been approved as of December 8, 2008.

The Corporation regularly discloses information through press releases, quarterly and annual reports and the Annual Information Form, available on the Corporation's website at www.adfgroup.com and SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com.

(Signature)

Marise Paschini
Executive Vice-President,
Treasurer and Corporate Secretary

(Signature)

Louis Potvin, CA, MBA
Chief Financial Officer

Terrebonne, Quebec, December 8, 2008

NOTE TO THE READERS

The interim consolidated financial statements
hereinafter have been prepared by the Management of ADF Group Inc.
and have not been reviewed by an external auditor.

ADF Group Inc.

CONSOLIDATED STATEMENTS OF EARNINGS

Periods ended October 31,	Three (3) Months		Nine (9) Months	
	2008	2007	**2008**	2007
(In thousands of $, except per-share amounts)	**$**	$	**$**	$
REVENUES	**25,104**	15,535	**74,257**	40,221
Cost of goods sold	**17,809**	10,180	**52,904**	25,655
Gross margin before foreign exchange variation	**7,295**	5,355	**21,353**	14,566
(Gain) loss on foreign exchange	**(3,944)**	1,160	**(4,585)**	2,196
Gross margin	**11,239**	4,195	**25,938**	12,370
Selling and administrative expenses	**1,519**	983	**3,596**	3,410
Earnings before the undernoted items:	**9,720**	3,212	**22,342**	8,960
Amortization				
Amortization of intangible assets	**15**	12	**41**	224
Amortization of property, plant and equipment	**535**	555	**1,718**	1,679
	550	567	**1,759**	1,903
Earnings before financial charges, unusual items and income taxes	**9,170**	2,645	**20,583**	7,057
Financial charges				
Interest on long-term debt	**130**	333	**369**	1,317
Interest income	**(81)**	(73)	**(213)**	(179)
Other interest and financial charges	**29**	8	**101**	54
	78	268	**257**	1,192
Earnings before unusual items and income taxes	**9,092**	2,377	**20,326**	5,865
Unusual items - Investment tax credits	**—**	(2,514)	**—**	(2,514)
Earnings before income taxes	**9,092**	4,891	**20,326**	8,379
Income taxes				
Current	**3**	(1)	**174**	38
Future	**2,571**	(22,684)	**6,350**	(22,849)
	2,574	(22,685)	**6,524**	(22,811)
Net earnings	**6,518**	27,576	**13,802**	31,190
Basic earnings per share (Note 10)	**0.18**	0.80	**0.38**	0.96
Diluted earnings per share (Note 10)	**0.18**	0.77	**0.37**	0.92
Average number of outstanding shares (in thousands) (Note 10)	**36,171**	34,269	**36,141**	32,530
Average number of diluted outstanding shares (in thousands) (Note 10)	**37,097**	35,691	**37,267**	33,856

See Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
(In thousands of $)	**$**	$	**$**	$
Net earnings	**6,518**	27,576	**13,802**	31,190
Other comprehensive income				
Contingent loss on assets available for sale during the period	**(113)**	–	**(113)**	–
Income taxes	**18**	–	**18**	–
	(95)	–	**(95)**	–
Comprehensive income	**6,423**	27,576	**13,707**	31,190

CONSOLIDATED STATEMENTS OF DEFICIT

	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
(In thousands of $)	**$**	$	**$**	$
Deficit, at the beginning of the period	**(68,254)**	(105,373)	**(75,538)**	(108,365)
Net earnings	**6,518**	27,576	**13,802**	31,190
Share issuance costs, net of taxes of $286,000	**–**	14	**–**	(608)
Deficit, at the end of the period	**(61,736)**	(77,783)	**(61,736)**	(77,783)

CONSOLIDATED STATEMENTS OF CONTRIBUTED SURPLUS

	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
(In thousands of $)	**$**	$	**$**	$
Contributed surplus, at the beginning of the period	**2,059**	2,076	**1,965**	1,988
Stock-based compensation (Note 10)	**62**	46	**173**	134
Exercise of options	**–**	(23)	**(17)**	(23)
Contributed surplus, at the end of the period	**2,121**	2,099	**2,121**	2,099

See Notes to the Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

(In thousands of $)	At October 31, 2008 $	At January 31, 2008 (Audited) $
ASSETS		
Current		
Cash and cash equivalents	**12,158**	7,686
Accounts receivable (Note 4)	**25,578**	17,877
Holdbacks on contracts	**4,916**	3,158
Work in progress	**2,929**	1,312
Inventories	**3,206**	2,551
Prepaid expenses	**643**	266
Income taxes	**124**	181
Future income tax assets	**8,962**	11,660
	58,516	44,691
Holdbacks on long-term contracts	**529**	345
Property, plant and equipment	**40,644**	33,082
Intangible assets	**2,054**	1,153
Other assets	**209**	328
Future income tax assets	**13,714**	13,066
Investment tax credits	**2,397**	2,514
	118,063	95,179
LIABILITIES		
Current		
Credit facility (Note 6)	**—**	—
Accounts payable and accrued charges (Note 7)	**14,424**	9,775
Deferred revenues	**8,486**	6,066
Derivatives (Note 13)	**970**	—
Current portion of long-term debt	**2,941**	2,228
	26,821	18,069
Long-term debt	**7,456**	8,089
Future income tax liabilities	**836**	—
	35,113	26,158
Contingencies (Note 11)		
Shareholders' Equity		
Deficit	**(61,736)**	(75,538)
Accumulated other comprehensive income (Note 9)	**169**	264
	(61,567)	(75,274)
Capital stock (Note 8)	**142,396**	142,330
Contributed surplus	**2,121**	1,965
	82,950	69,021
	118,063	95,179

See Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
(In thousands of $)	**$**	$	**$**	$
OPERATING REVENUES				
Net earnings	**6,518**	27,576	**13,802**	31,190
Adjustments for:				
Amortization of property, plant and equipment	**535**	555	**1,718**	1,679
Amortization of intangible assets	**15**	12	**41**	224
Amortization of other assets	**—**	—	**—**	143
Loss (gain) on disposal of property, plant and equipment	**1**	(68)	**(974)**	(89)
Non-cash exchange (gain) loss	**(1,725)**	(122)	**(1,792)**	37
Unrealized loss on derivatives	**970**	—	**970**	—
Future income taxes	**2,571**	(22,684)	**6,350**	(22,849)
Investment tax credits	**—**	(2,514)	**—**	(2,514)
Capitalized interest on interest-free long-term debt	**5**	5	**14**	12
Stock-based compensation	**62**	46	**173**	134
Net earnings adjusted	**8,952**	2,806	**20,302**	7,967
Changes in non-cash operating working capital items				
Accounts receivable	**(2,733)**	(2,027)	**(7,701)**	(5,114)
Short-term and long-term holdbacks on contracts	**(849)**	318	**(1,942)**	2,103
Work in progress	**(2,119)**	70	**(1,617)**	1,829
Inventories	**(357)**	49	**(655)**	970
Income taxes	**33**	(162)	**57**	(133)
Prepaid expenses	**268**	463	**(377)**	266
Accounts payable and accrued charges	**223**	2,244	**4,649**	(1,156)
Deferred revenues	**(326)**	605	**2,420**	(3,819)
	(5,860)	1,560	**(5,166)**	(5,054)
Cash flows applied to operating activities	**3,092**	4,366	**15,136**	2,913
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	**(830)**	(2,708)	**(8,306)**	(3,972)
Acquisition of intangible assets	**(303)**	(253)	**(942)**	(622)
Disposal of capital assets, net	**—**	143	**—**	172
Decrease in other assets	**7**	2	**6**	4
Cash flows applied to investing activities	**(1,126)**	(2,816)	**(9,242)**	(4,418)
FINANCING ACTIVITIES				
Repayment of bank indebtedness	**—**	—	**—**	(263)
Increase in long-term debt	**—**	94	**—**	583
Repayment of long-term debt	**(607)**	(2,687)	**(1,620)**	(11,397)
Issuance of subordinate voting shares	**2**	32	**49**	10,739
Cash flows applied to financing activities	**(605)**	(2,561)	**(1,571)**	(338)
Impact of fluctuation in foreign exchange rate on cash	**245**	(63)	**149**	(222)
Net cash inflows (outflows)	**1,606**	(1,074)	**4,472**	(2,065)
Cash and cash equivalents, at the beginning of the period	**10,552**	5,025	**7,686**	6,016
Cash and cash equivalents, at the end of the period	**12,158**	3,951	**12,158**	3,951
Supplemental cash flow information				
Income taxes paid	**—**	—	**162**	23
Interest paid	**58**	264	**262**	1,190
Non-cash financing and investing activities:				
Property, plant and equipment given in exchange for new ones	**—**	—	**2,261**	—

See Notes to the Consolidated Financial Statements

NOTE 1 BASIS OF PRESENTATION

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and use the same accounting policies and methods used in the preparation of the Corporation's January 31, 2008 annual audited consolidated financial statements, with the exception as described below under Note 2 "Changes in Accounting Policies". All disclosures required for annual audited consolidated financial statements have not been included in these interim unaudited consolidated financial statements. Therefore, these interim unaudited consolidated financial statements should be read in conjunction with the Corporation's most recent annual audited consolidated financial statements.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results may differ from those estimates.

NOTE 2 CHANGES IN ACCOUNTING POLICIES

On February 1, 2008, the Corporation adopted the following recommendations of the new sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

a) Financial Instruments – Disclosures

Handbook Section 3862 "Financial instruments – Disclosures" describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Sections 3855 "Financial Instruments – Recognition and Measurement", 3863 "Financial Instruments – Presentation" and 3865 "Hedges". The Corporation adopted Section 3862 for the preparation of its interim consolidated financial statements. Consequently, additional information is provided under Note 13.

b) Financial Instruments – Presentation

Handbook Section 3863 "Financial Instruments – Presentation" establishes disclosure standards for financial instruments and non-financial derivatives. It carries forward the presentation requirements of Section 3861 "Financial Instruments – Disclosure and Presentation". The adoption of Section 3863 had no significant impact on the Corporation's interim consolidated financial statements.

c) Capital Disclosures

Handbook Section 1535 "Capital Disclosures" establishes standards for disclosing information about an entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital. The Corporation adopted Section 1535 for the preparation of its interim consolidated financial statements. Consequently, additional information is provided under Note 12.

d) Inventories

Handbook Section 3031 "Inventories" establishes inventory valuation standards and inventory costing methods. The adoption of Section 3031 had no impact on the Corporation's interim consolidated financial statements.

NOTE 3 FUTURE ACCOUNTING CHANGES

a) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which supersedes Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This Section applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets.

b) International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the changeover date for Canadian publicly accountable companies to start using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Corporation will adopt these new standards according to the implementation schedule for these new standards.

The effect of the adoption of these new sections and standards on its consolidated statements is to be evaluated.

NOTE 4 ACCOUNTS RECEIVABLE

	At October 31, 2008	At January 31, 2008 (Audited)
	$	$
Contract receivables	**24,135**	14,860
Allowance for doubtful accounts	**(287)**	(287)
	23,848	14,573
Other receivables	**1,730**	3,304
	25,578	17,877

NOTE 5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the nine-month period ended October 31, 2008, the Corporation acquired property, plant and equipment totalling $10,567,000, as well as intangible assets worth a total of $942,000. The book value of the property, plant and equipment currently under construction and not yet amortized stood at $6,603,000 as at October 31, 2008. This property, plant and equipment is mostly comprised of fabrication equipment, overhead cranes and modifications to the existing building. The book value of the intangible assets in development for the past two years and tnot yet amortized totalled $1,671,000 as at October 31, 2008. These assets are comprised of an integrated management program designed mainly for fabrication.

NOTE 6 CREDIT FACILITY

Since June 20, 2008, new terms and conditions are applicable to the $10,000,000 credit facility of the Corporation, in accordance with the draft financing offer signed by the management of the Corporation on that date. This credit facility is not based on a calculation of the lending value in regard to the accounts receivable and inventories, bears interest at the bank's prime Canadian rate without markup or at the banker's acceptance rates plus 1.50% or at the U.S. LIBOR rate plus 1.50%, according to the choice of ADF. This credit facility is secured by inventories and accounts receivable, excluding holdbacks receivable. This final agreement was executed on September 2, 2008.

Under the terms of this credit facility, the Corporation is subject to certain covenants and must respect the following financial ratios:

- maintain at all time a current ratio of at least 1.40:1;
- maintain a quarterly total liabilities to tangible net worth ratio not exceeding 1.00:1;
- maintain an annual interest coverage ratio of at least 1.20:1; and
- maintain a total interest-bearing debt (including authorized credit facility, net of cash and cash equivalents) to EBITDA of the past four quarters not exceeding 1.00:1.

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED CHARGES

	At October 31, 2008	At January 31, 2008 (Audited)
	$	$
Suppliers	**6,786**	3,338
Accrued charges	**4,952**	3,943
Salaries and fringe benefits	**2,686**	2,494
	14,424	9,775

NOTE 8 CAPITAL STOCK

a) Capital Stock

Authorized:

- unlimited number of subordinate voting shares, carrying one vote per share;
- unlimited number of multiple voting shares, carrying 10 votes per share; and
- unlimited number of preferred shares, issuable in series.

Issued and paid:

	Subordinate voting shares		**Multiple voting shares**		**Total outstanding shares**		**Warrants**	
	Number	$	Number	$	Number	$	Number	$
As at January 31, 2007	16,517,983	104,318	14,343,107	16,001	30,861,090	120,319	236,486	–
Issued	4,800,000	21,300	–	–	4,800,000	21,300	–	–
Issued on exercise of options and warrants	441,586	711	–	–	441,586	711	(236,486)	–
As at January 31, 2008	21,759,569	126,329	14,343,107	16,001	36,102,676	142,330	–	–
Issued on exercise of options	69,900	66	–	–	69,900	66	–	–
As at October 31, 2008	**21,829,469**	**126,395**	**14,343,107**	**16,001**	**36,172,576**	**142,396**	**–**	**–**

(All tabular figures are in thousands of $, unless otherwise specified and except percentages and ratios.)

b) Stock Option Plan

On July 7, 1999, the Corporation established a stock option plan. At October 31, 2008, 3,250,229 outstanding subordinate voting shares (3,320,129 at January 31, 2008) were reserved for issuance. The plan requires that the exercise price of the options granted must not be less than the closing market value on the day the options are granted by the Corporation's Board of Directors. These options start vesting one year after the grant date, at the rate of 20% per year, except those issued on February 20, 2007, which vest at a rate of 50% per year. All options have a 10-year life from the grant date.

Under the stock option plan, the following options were granted by the Corporation and are outstanding as (in units):

	At October 31, 2008		At January 31, 2008 (Audited)	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
	Number	**$**	Number	$
Outstanding, beginning of the period	**1,518,900**	**0.84**	1,683,000	0.78
Granted	**60,000**	**5.65**	57,000	2.63
Exercised	**(69,900)**	**0.71**	(205,100)	0.77
Forfeited	**(2,800)**	**0.95**	(16,000)	1.60
Outstanding, end of the period	**1,506,200**	**1.02**	1,518,900	0.84
Exercisable, end of the period	**705,200**	**0.77**	450,100	0.76

As at October 31, 2008, the exercise price, the weighted average exercise price and the weighted average remaining contractual life of the options were as follows:

	Options outstanding			**Options exercisable**	
Exercise price	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$		Years	$		$
6.48	5,000	9.20	6.48	–	6.48
5.12	2,000	9.22	5.12	–	5.12
5.65	60,000	9.46	5.65	–	5.65
2.14	40,000	8.30	2.14	8,000	2.14
1.79	48,000	8.12	1.79	–	1.79
1.63	50,000	6.65	1.63	30,000	1.63
1.14	20,000	7.61	1.14	8,000	1.14
1.05	8,000	7.56	1.05	3,200	1.05
0.71	1,273,200	6.45	0.71	656,000	0.71
	1,506,200	**6.71**	**1.02**	**705,200**	**0.77**

c) Options Granted After January 31, 2003

The Corporation granted 60,000 options during the nine-month period ended October 31, 2008 (57,000 during the fiscal year ended January 31, 2008.) Total expenses of $62,000 and $173,000 were recorded in the consolidated statement of income for the three-month and nine-month periods ended October 31, 2008 respectively ($46,000 and $134,000 respectively in 2007.) Corresponding amounts were recorded as contributed surplus as at October 31, 2008.

The fair value of the options granted during the nine-month period ended October 31, 2008, was estimated at the grant date using the Black-Scholes option pricing model based on the following assumptions:

	April 17, 2008
Options issued	60,000
Dividend yield	0%
Expected volatility	107%
Risk-free interest rate	3.66%
Expected life	8 years

NOTE 9 ACCUMULATED OTHER COMPREHENSIVE INCOME

	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
(In thousands of $)	**$**	$	**$**	$
Balance, at the beginning of the period	**264**	–	**264**	–
Other comprehensive income of the period	**(95)**	–	**(95)**	–
Balance, at the end of period	**169**	–	**169**	–

Accumulated other comprehensive income includes contingent losses on investments classified as held for sale and included in other assets.

NOTE 10 EARNINGS PER SHARE

Diluted earnings per share were calculated using the treasury stock method for warrants and for outstanding stock options. The table hereafter reconciles the numerator and denominator used in the calculation of basic and diluted earnings per share:

	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
Numerator				
Numerator applicable to basic and diluted earnings per share from continuing operations	**6,518**	27,576	**13,802**	31,190
Denominator (in thousands)				
Average number of shares – basic	**36,171**	34,269	**36,141**	32,530
Effect of dilutive instruments:				
— Warrants	—	163	—	140
— Stock options	**926**	1,259	**1,126**	1,186
Average number of shares – diluted	**37,097**	35,691	**37,267**	33,856

For the purpose of computing diluted earnings per share, the Corporation must account for the following two dilutive instruments:

- stock options; and
- warrants (2007 only.)

For the three-month and nine-month periods ended October 31, 2008, only 1,350,200 and 1,448,200 stock options respectively were included in the computation of diluted earnings per share (1,615,700 and 1,565,700 respectively for the same periods in 2007), since the other options were antidilutive.

NOTE 11 CONTINGENCIES

The Corporation entered into an indemnity agreement when it sold a subsidiary in 2004. This former subsidiary is currently involved in legal proceedings. The Corporation is presently studying the impact and amounts that could be due by the Corporation under the terms of this agreement, which can therefore not be determined.

NOTE 12 CAPITAL DISCLOSURES

The Corporation's objectives when managing capital are to:

- maintain a structure in order to optimize the cost of capital based on an acceptable risk level, while offering a suitable return to the shareholders;
- manage capital in an optimal manner to ensure that the lenders' financial covenants are respected;
- uphold a bonding capacity in line with the Corporation's growth objectives; and
- further increase capital in order to preserve the trust of the investors, lenders, suppliers and clients.

The Corporation defines capital as shareholders' equity, long-term debt (including current portion) and short-term bank loans, as the case may be.

The Corporation has not made any change to its capital management since the close of the last fiscal year, being January 31, 2008. Globally, the Corporation manages its capital and brings adjustments based on the objectives previously mentioned, economic trends, as well as all underlying risks related to the contracts in hand. In order to adjust its capital, the Corporation could issue new shares, make exceptional repayments on its long-term prior to its maturity or incur new debts.

The "Liabilities to Shareholders' Equity" ratio is used by the Corporation to periodically monitor its capital.

This ratio indicates the extent to which the Corporation uses debt to finance its operations and measures the relationship between the Corporation's indebtedness and capital invested by its shareholders. It represents the Corporation's total liabilities over shareholders' equity. However, this financial indicator is not defined by GAAP, and is consequently not standard, thus lending itself with difficulty to a comparison with similar measurements presented by other issuers.

	At October 31, 2008	At January 31, 2008
	$	$
Current and long-term liabilities	**$35,113**	$26,158
Shareholders' equity	**$82,950**	$69,021
Liability to shareholders' equity	**0.42:1**	0.38:1

Management's goal is to maintain this ratio below 1:1.

During the third quarter ended October 31, 2008, the Corporation respected all covenants on its credit facility, long-term loans as well as on its bonding agreements.

NOTE 13 FINANCIAL INSTRUMENTS

The Corporation is exposed to risks that vary in materiality, which could have an impact on its capacity to reach its strategic growth objectives. The Corporation strives to control and mitigate its financial risks through management practices that require the identification and analysis of the risks related to its operations. Periodic monitoring and review of these risks are performed based on market conditions and the Corporation's level of activity.

The following are a description of the Corporation's main financial risks:

Credit Risks

In the normal course of business, the Corporation's exposure to credit risks results from the possibility that a client or financial institution may default, in part or in whole, on their financial obligations, as they come due. Concentration of credit risk relates to cash equivalents, accounts receivable and holdbacks on contracts.

Cash equivalents are mainly short-term investments, such as term deposits. None of the cash equivalents consist of asset-backed commercial paper. The Corporation has deposited its cash equivalents with respected financial institutions.

In the normal course of business, the Corporation grants credit to its clients. The Corporation carries out credit checks on its clients, declares their contracts directly to the owner and when relevant, to the bonding company involved in the project, and finally establishes allowances for doubtful accounts. For other accounts receivable, the Corporation determines, on a continuing basis, the probable losses and establishes an allowance for losses based on the estimated realizable value.

Credit risk with respect to receivables is mitigated considering the clients' payment history, the available mechanisms of protection in case of non-payment, such as a lien on a building, and given that the Corporation's clients tend to be large general contractors, or companies doing business with large contractors, governed by rigorous practices, and servicing adequately funded projects.

Consequently, despite the concentration of its clients, the credit risk is mitigated through monitoring and the measures available to the Corporation, as previously described. Globally, three clients accounted for 75% of all revenues during the nine-month period ended October 31, 2008 (82% of revenues were achieved with three clients during the fiscal year ended January 31, 2008.) It should be noted that given the specialization of its market niche, it is most likely that such concentration risk will continue. However, from one year to the next it is seldom the same clients that make up this concentration. In addition, the Corporation is not dependent on a business sector in particular, as attested by its diversified order backlog, which is broken down among the Corporation's three key market segments, specifically: the commercial building segment (67%), the public infrastructures segment (31%), and the industrial complexes segment (2%).

As at October 31, 2008, a total amount of $7,600,000, representing 32% of accounts receivable, was overdue under contractual terms (19% or $4,020,000 as at July 31, 2008), although management estimates that these accounts are not considered doubtful. At the date hereof, the Corporation collected more than 60%, or $4,700,000 of the balance of the accounts receivable that were overdue under contractual terms as at October 31, 2008, bringing it down to $2,900,000 or 12%. As was mentioned in the interim report for the second quarter ended July 31, 2008, the Corporation asserted its rights to secure the collection of a specific contract receivable, which yielded positive results, since an important part of that sum was collected after October 31, 2008. The book value of the accounts receivable is reduced by a specific provision for doubtful accounts. Any change to this provision either increases or reduces the operating expenses. Historically, this provision is nominal and has not changed since January 31, 2008.

Liquidity Risks

The liquidity risk is the risk that the Corporation cannot meet its obligations as they come due. To fund its liquidity requirements, the Corporation uses cash flows from operations, the credit facility, debt and issuance of shares. In addition, the Corporation has for policy to mainly target contracts that will generate positive cash flows throughout their execution.

As at October 31, 2008, accounts payable and accrued charges that were due in the next 12 months totalled $14,424,000. The long-term monthly repayments are US$200,000 (see Note 13 "Long-Term Debt" included in the Annual Report for the fiscal year ended January 31, 2008.) As at October 31, 2008, in addition to a $10,000,000 credit facility that was not used, the Corporation had cash and cash equivalents totalling $12,158,000. Given the available liquidities to meet its obligations, the Corporation's exposure to liquidity risks is nominal.

Foreign Currency Exchange Rate Risk

The Corporation is exposed to foreign currency exchange rate variation between the Canadian and U.S. dollars, since 93% of its revenues for the nine-month period ended October 31, 2008, was recorded in U.S. dollars (92% for the nine-month period ended October 31, 2007.) To mitigate the impact of currency fluctuations on its results, the Corporation uses different mechanisms, such as maximizing purchases in U.S. dollars when possible to avail itself of a natural hedging, acquiring fabrication equipment and setting up the long-term debt in U.S. dollars, and using foreign currency forwards to hedge part of the residual exchange risk.

The Corporation concluded foreign currency forwards during the three-month period ended October 31, 2008. In fact, the Corporation is committed to sell US$20,000,000 at an average rate of CA$1.156 for US$1.00, which represents about 30% of the net risk between the current order backlog future cash inflows and outflows denominated in U.S. dollars. The foreign currency forwards mature equally on January 31, 2009, April 30, 2009, July 31, 2009 and October 31, 2009.

(All tabular figures are in thousands of $, unless otherwise specified and except percentages and ratios.)

These financial instruments are classified as held for trading and are assessed at their fair value at the end of each quarter since they are not designated as part of an efficient hedging relationship. As at October 31, 2008, foreign currency forwards had an unfavourable fair value position of $970,000. An equal foreign exchange loss was recorded under the heading "(Gain) Loss on Foreign Exchange" for the three-month and nine-month periods ended October 31, 2008.

As at October 31, 2008, the assets and liabilities denominated in U.S. dollars, included the following amounts:

	$US	$CA
Cash and cash equivalents	**1,347**	**1,623**
Accounts receivable	**19,263**	**23,202**
Holdbacks on contracts receivable	**4,350**	**5,239**
Work in progress	**277**	**334**
Future income tax assets	**16,308**	**19,643**
Other assets	**43**	**52**
	41,588	**50,093**
Accounts payable and accrued charges	**(3,974)**	**(4,787)**
Deferred revenues	**(5,806)**	**(6,994)**
Long-term debt	**(8,400)**	**(10,118)**
	(18,180)	**(21,899)**
Net currency risk of the balance sheet items	**23,408**	**28,194**
Foreign currency forwards	**(20,000)**	**(20,970)**
Net exchange risk	**3,408**	**7,224**

Consequently, a $0.01 fluctuation in the exchange rate between the Canadian and U.S. dollars could result in a $34,000 variation in earnings before income taxes, taking into account the net currency risk of the balance sheet items and foreign currency forwards, as previously mentioned.

Interest Rate Risk

The Corporation is exposed to interest rate fluctuations related to its long-term debt only, since it does not use its credit facility. The Corporation does not use derivatives to mitigate this risk.

As at October 31, 2008, a 1% fluctuation in the long-term debt's effective interest rate would have resulted approximately in a $100,000 variation in earnings before income taxes. However, the impact of fluctuations in the effective rates could be partially offset by the interest income from cash and cash equivalents.

NOTE 14 SEGMENTED REPORTING

The Corporation operates in the non-residential construction sector, primarily in the United States and in Canada. Its operations include the connections design and engineering, fabrication and selective installation of complex steel structures, heavy built-ups as well as miscellaneous and architectural metal works.

	Revenues			
	Three (3) Months		Nine (9) Months	
Periods ended October 31,	**2008**	2007	**2008**	2007
	$	$	**$**	$
Canada	**2,506**	419	**5,560**	3,059
United States	**22,598**	15,116	**68,697**	37,162
	25,104	15,535	**74,257**	40,221

	Property, Plant and Equipment	
	At October 31, 2008	At January 31, 2008 (Audited)
	$	$
Canada	**40,408**	32,889
United States	**236**	193
	40,644	33,082

During the first nine-month period ended October 31, 2008, 75% of the Corporation's revenues was achieved with three clients, each of which accounted for more than 10% of revenues.

NOTE 15 COMPARATIVE FIGURES

Certain period figures of 2007 have been reclassified to conform to the presentation adopted in 2008.

(All tabular figures are in thousands of $, unless otherwise specified and except percentages and ratios.)

NOTE 16 SUBSEQUENT EVENTS

The Corporation adopted a resolution to reduce the stated capital of its subordinate voting shares by $61,736,000 to completely eliminate the Corporation's accumulated deficit as at October 31, 2008.

Although the Corporation returned to profitability as of the fiscal year ended January 31, 2005 and has achieved a growing financial performance ever since, the accumulated deficit results from losses incurred by ADF during the 2002-2003 and 2003-2004 fiscal years. This capital reduction was the subject of a formal recommendation by the Board of Directors on December 8, 2008. In addition, the proposed reduction is subject to approval by the Corporation's shareholders, who will be asked to vote on this matter at a Special Meeting scheduled for January 29, 2009. The reduction in the stated capital of the Corporation's subordinate voting shares will not result in any monetary or other payment to their holders. . It will not change the amount of shareholders' equity, but solely its composition. In order to simplify the process, the Corporation does not plan to reduce the stated capital of its multiple voting shares since they are not traded on the stock exchange.

As it will eliminate the accumulated deficit, which is not represented by the Corporation's realizable assets, management believes that the reduction in stated capital will more accurately reflect the Corporation's share capital and shareholders' equity. It will promote greater transparency of ADF's balance sheet and facilitate the future management of its capital.