

Management's Report

The consolidated financial statements and all other information in the Annual Report are the responsibility of the Corporation's management and have been approved by its Board of Directors.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts that are based on management's best estimates and judgments. Financial information provided elsewhere in the Annual Report is consistent with that shown in the financial statements.

Management maintains accounting and internal control systems that are designed to provide reasonable assurance that accounting records are reliable and assets are safeguarded.

The Board of Directors carries out its responsibility for the financial statements included in this Annual Report, primarily through its Audit Committee, consisting solely of outside directors. The Audit Committee reviews the Corporation's annual consolidated financial statements and formulates the appropriate recommendations to the Board of Directors. The auditors appointed by the shareholders have full access to the Audit Committee, with or without management being present.

The firm PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., Chartered Accountants, has been appointed to audit these consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit included tests and other procedures they deemed necessary under the circumstances. Their independent opinion on these financial statements is presented hereafter.

Jean Paschini

Louis Potvin, CA, MBA

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/ Signed /

Chairman of the Board and
Chief Executive Officer

Chief Financial Officer

Terrebonne, Quebec, Canada, April 14, 2010

Auditors' Report

To the Shareholders of ADF Group Inc.

We have audited the consolidated balance sheet of ADF Group Inc. as at January 31, 2010 and the consolidated statements of earnings, comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at January 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at January 31, 2009 and for the year then ended, prior to adjustment in order to reflect the correction of error related to the gain on the equipment disposal as described in Note 8, were audited by other auditors who expressed an opinion without reservation on those consolidated financial statements in their report dated April 14, 2009. We have audited the adjustments to the January 31, 2009 consolidated financial statements and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.¹

/ Signed /

Montreal, Quebec, Canada, April 14, 2010

1 Chartered Accountant, permit no 14707

Consolidated Statements of Earnings

Fiscal Years Ended January 31,	(In thousands of \$, except per share amounts)	
	2010	2009
	\$	\$
Revenues	65,740	98,851
Cost of goods sold (Note 7)	47,087	69,396
Gross margin before foreign exchange variation	18,653	29,455
Gain on foreign exchange	(1,680)	(3,759)
Gross margin	20,333	33,214
Selling and administrative expenses (Note 19)	4,493	6,496
Earnings before undernoted items:	15,840	26,718
Amortization		
Amortization of property, plant and equipment	2,657	2,319
Amortization of intangible assets	400	53
	3,057	2,372
Earnings before (interest income) financial charges and income taxes	12,783	24,346
(Interest income) financial charges		
Interest on long-term debt	198	469
Interest income	(715)	(328)
Other interest	28	166
	(489)	307
Earnings before income taxes	13,272	24,039
Income taxes (Note 14)		
Current	235	207
Future	6,045	8,258
	6,280	8,465
Net earnings	6,992	15,574
Basic earnings per share (Note 16)	0.20	0.43
Diluted earnings per share (Note 16)	0.19	0.42
Average number of outstanding shares (in thousands) (Note 16)	35,480	36,152
Average number of outstanding diluted shares (in thousands) (Note 16)	36,334	37,206

See the notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Net earnings	6,992	15,574
Other comprehensive income		
Unrealized losses on assets available for sale	—	(142)
Related income taxes	—	22
	—	(120)
Comprehensive income	6,992	15,454

Consolidated Statements of Retained Earnings (Deficit)

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	Restated* 2009
	\$	\$
Retained earnings (deficit), beginning of year	2,807	(75,538)
Adjustment (Note 8)	—	1,035
Retained earnings (deficit), beginning of year, restated	2,807	(74,503)
Net earnings	6,992	15,574
Reduction in stated capital (Note 13)	—	61,736
Retained earnings, end of year	9,799	2,807

* See Note 8.

Consolidated Statements of Contributed Surplus

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Contributed surplus, beginning of year	2,175	1,965
Stock-based compensation (Note 13)	308	234
Exercise of options	(44)	(24)
Excess of the book value over the acquisition cost of redeemed subordinate voting shares (Note 13)	932	—
Contributed surplus, end of year	3,371	2,175

Consolidated Balance Sheets

At January 31,

(In thousands of \$)

	2010	Restated*
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	5,770	22,490
Short-term investments (Note 5)	11,652	6,000
Accounts receivable (Note 6)	14,850	11,165
Income taxes	442	—
Holdbacks on contracts	2,692	3,462
Investment tax credits (Note 14)	536	—
Work in progress	1,574	628
Inventories (Note 7)	3,093	3,271
Prepaid expenses	334	660
Derivative financial instruments (Note 22)	832	—
Future income tax assets (Note 14)	3,182	6,666
	44,957	54,342
Holdbacks on long-term contracts	1,297	1,129
Investment tax credits (Note 14)	2,065	2,505
Property, plant and equipment (Note 8)	42,760	41,395
Intangible assets (Note 9)	2,590	2,402
Other assets (Note 10)	247	185
Future income tax assets (Note 14)	9,452	13,444
	103,368	115,402
LIABILITIES		
Current		
Accounts payable	1,955	5,170
Accrued charges	994	4,716
Salaries and fringe benefits payable	1,732	3,762
Income taxes	—	226
Deferred revenues	2,242	4,767
Derivative financial instruments (Note 22)	—	1,058
Current portion of long-term debt (Note 12)	2,422	3,018
	9,345	22,717
Long-term debt (Note 12)	4,645	6,827
Future income tax liabilities (Note 14)	713	47
	14,703	29,591
Commitments and contingencies (Notes 17 and 18)		
Shareholders' equity		
Retained earnings	9,799	2,807
Accumulated other comprehensive income (Note 15)	144	144
	9,943	2,951
Capital stock (Note 13)	75,351	80,685
Contributed surplus	3,371	2,175
	88,665	85,811
	103,368	115,402

* See Note 8.

See notes to consolidated financial statements.

Approved on behalf of the Board of Directors

/ Signed /

Jean Paschini, Director

/ Signed /

Marc A. Benoît, CA, Director

Consolidated Statements of Cash Flows

Fiscal Years Ended January 31,

(In thousands of \$)

	2010	2009
	\$	\$
OPERATING REVENUES		
Net earnings	6,992	15,574
Adjustments for:		
Amortization of property, plant and equipment	2,657	2,319
Amortization of intangible assets	400	53
Gain on disposal of property, plant and equipment	(9)	(974)
Unrealized (gain) loss on derivative financial instruments	(1,890)	1,058
Non-cash exchange loss (gain)	1,541	(1,992)
Interest capitalized on long-term debt	20	19
Stock-based compensation	308	234
Future income taxes	6,045	8,258
Net earnings adjusted for non-monetary items	16,064	24,549
Changes in non-cash operating working capital items		
Accounts receivable	(3,685)	6,712
Short-term and long-term holdbacks on contracts	602	(1,088)
Income taxes	(668)	407
Investment tax credits	(96)	—
Work in progress	(946)	684
Inventories	178	(720)
Prepaid expenses	326	(394)
Accounts payable, accrued charges, salaries and fringe benefits payable	(8,967)	3,873
Deferred revenues	(2,525)	(1,299)
	(15,781)	8,175
Cash flows from operating activities	283	32,724
INVESTING ACTIVITIES		
Acquisitions of short-term investments	(5,652)	(6,000)
Acquisition of property, plant and equipment (net of grants of \$444 in 2010 and \$198 in 2009)	(4,046)	(8,623)
Acquisition of intangible assets (net of grants of \$126 in 2010)	(588)	(1,302)
Proceeds from disposal of property, plant and equipment	33	—
(Increase) decrease in other assets	(62)	1
Cash flows applied to investing activities	(10,315)	(15,924)
FINANCING ACTIVITIES		
Redemption of shares (Note 13)	(4,533)	—
Repayment of long-term debt	(1,718)	(2,228)
Issuance of subordinate voting shares	87	68
Cash flows applied financing activities	(6,164)	(2,160)
Impact of fluctuations in foreign exchange rate on cash	(524)	164
Net cash (outflows) inflows	(16,720)	14,804
Cash and cash equivalents, beginning of year	22,490	7,686
Cash and cash equivalents, end of year ¹	5,770	22,490
Supplemental cash flow information		
Income taxes paid	206	162
Interest (received) paid	(144)	397
Non-cash financing and investing activities:		
Property, plant and equipment given in exchange for new equipment	—	2,261

1. At January 31, 2010, cash and cash equivalents were composed of \$5,770,000 in cash (\$17,690,000 in cash and \$4,800,000 in cash equivalents as at January 31, 2009.)

See the notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

Fiscal years ended January 31, 2010 and 2009

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

1. NATURE OF BUSINESS

ADF GROUP Inc. ("ADF" or the "Corporation") is incorporated under the Canada Business Corporations Act. The Corporation operates a 58,530-square-metre (630,000-square-foot) plant in Canada and concentrates its activities in the design and engineering of connections, fabrication and installation of complex steel superstructures, heavy and oversized built-ups, architectural and miscellaneous metals for the five principal segments of the non-residential construction market, namely: office towers and high-rises, commercial and recreational buildings, airport facilities, industrial complexes and transport infrastructures.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the significant accounting policies detailed below:

a) Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. Inter-company transactions and balances have been eliminated.

b) Revenue and Cost Recognition

Like the construction industry as a whole, ADF uses the percentage-of-completion method to estimate the revenues and costs recorded for every contract and for every given financial period. This method requires management to make estimates with regard to the work completed, as well as the costs to complete the remainder of the work in order to recognize revenues and profits at the end of every period. Under the percentage-of-completion method, the profits recognized are dependent on a variety of estimates, including the progress of the engineering work, the quantities of material, the achievement of certain contractual milestones, cost estimates with regard to the changes made by the professionals hired by the project's owner, site conditions and other situations having an impact on costs. These estimates depend on the judgment of such factors at a specific date and certain estimates are difficult to determine before the project is sufficiently advanced.

Given the complexity of the estimation process, even with the best business practices, it is possible that actual costs could vary from the estimates. The revision of such estimates could reduce or increase the profit on a contract and also, under certain circumstances, result in the immediate recognition of estimated losses. Furthermore, in the normal course of business, changes to contracts often occur while they are in progress. The revenues relating to those contract changes are included in the total estimated revenues up to the anticipated costs when there is a verbal agreement with the client. Consequently, the profits related to these changes are recognized only upon the written approval of these contract change orders. In most cases, the costs are incurred and recognized before a settlement is finalized and recorded. This situation often leads to the recognition of losses when the costs are incurred before an agreement is reached with the client, and the recognition of profits when the negotiated agreement is signed and posted to the Corporation's books.

The mechanisms related to the percentage-of-completion method can cause fluctuations in the recognition of revenues and costs from one quarter to another with regard to the contracts underway. Consequently, while the Corporation tends to realize its profitability objective on its overall order backlog and the full project execution term, gross margins can vary from quarter to quarter based on specific mix of revenues and costs recorded on all projects for every given period.

Claims are included in total estimated contract revenues once a final settlement is reached. This leads to a situation where losses are recognized when costs are incurred, before the client signs an agreement, and revenues and profits are recognized when an agreement is signed.

Construction contracts with clients generally provide that billings are to be made periodically based on the extent of performance under the contracts. Contract receivables arise principally from the invoicing under the contractual terms. Holdbacks on contract receivables are amounts invoiced on the contracts, which are withheld by the client as per milestones established in the contract.

Work in progress represents revenue earned under the percentage-of completion method, which has not been billed and also costs incurred in excess of billings on contracts for which sufficient work has not been performed to allow for the recognition of revenue. Deferred revenues represent amounts billed on contracts in excess of the revenue allowed to be recognized under the percentage-of-completion method on those contracts.

c) Cash Equivalents

Cash equivalents include liquid investments readily convertible in the short-term to a known amount of cash, with maturity of less than three months at the acquisition date.

d) Inventories

Inventories are valued at the lower of cost or net realizable value. The cost is determined using the specific cost method.

e) Property, Plant and Equipment and Amortization

Property, plant and equipment are recorded at cost. Amortization is recorded at rates that allocate the cost of depreciable assets over their estimated useful lives, as follows:

- Buildings and land improvements, using the straight-line method over periods varying from 5 to 40 years or the declining-balance method at rates varying from 5% to 20%;
- Equipment and travelling cranes, using the straight-line method over periods varying from 5 to 25 years; and
- Office furniture, rolling stock and computer hardware, using the straight-line method over a 5 to 10-year period or the declining balance method at rates varying from 20% to 30%.

f) Intangible Assets and Amortization

Intangible assets, which currently mainly consist of an integrated management software program designed primarily for fabrication, are recorded at cost and are amortized at rates that allocate the cost of amortizable assets over their estimated useful lives, that is, using the straight-line method over a 5 to 15-year period or the declining-balance method at a rate of 20% to 30%.

g) Impairment of Long-Lived Assets

The Corporation complies with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063, "Impairment of Long-lived Assets", which requires the Corporation to carry out an impairment test for its long-lived assets to determine whether they have incurred a loss in value when events or changes in circumstances indicate that their carrying value might not be recoverable. In such an event, the Corporation recognizes an impairment loss for long-lived assets to be held and used when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The impairment loss is calculated by deducting the fair value of the long-lived assets from their carrying value.

h) Income Taxes

The Corporation utilizes the asset and liability method of accounting for income taxes. Accordingly, future income taxes are determined based on the available tax attributes and on the differences between the carrying value and the tax basis of assets and liabilities, computed based on the enacted and substantively enacted rates and tax laws that will become effective at the expected date the differences will reverse. Management records future income tax assets only to the extent that it believes that realization is considered more likely than not.

i) Tax Credits and Government Assistance

Within the course of its activities, the Corporation may receive governmental assistance, which is recorded against the expenses or in reduction of the related capital assets. During the fiscal year ended January 31, 2010, the Corporation recorded governmental assistance of \$447,000 in reduction of selling and administrative costs. The Corporation also benefits from tax credits derived from investments, jobs creation and scientific research and experimental development ("SR&ED") activities. These tax credits are recorded using the cost reduction method, under which the tax credits related to eligible expenditures, capitalized or expensed, as long as their realization is reasonably assured, are recognized in reduction of the related costs during the fiscal year in which they are incurred. During the fiscal year ended January 31, 2010, tax credits of \$26,000 have been recorded in earnings, \$126,000 have been applied against intangible assets and \$444,000 have been applied against property, plant and equipment.

j) Stock-Based Compensation and Other Stock-Based Payments

The Corporation accounts for its stock option plan for certain employees and directors, as well as warrants, using the method, which requires that all stock-based compensation measured on a fair value basis be recognized in the consolidated statement of earnings, for the option-related compensation expense or the financial charge upon the grant of warrants for those granted since February 1, 2003.

k) Earnings Per Share

Basic net earnings per share are based on the weighted average number of voting shares issued and outstanding, and obtained by dividing net earnings by the weighted average number of outstanding shares during the fiscal year. Diluted net earnings per share are obtained by dividing basic net earnings by the sum of the weighted average number of voting shares used to calculate basic net earnings per share and the weighted average number of voting shares that would be issued if all of the potentially dilutive outstanding voting shares were converted using the treasury stock method for stock options.

l) Foreign Currency Translation

The accounts of the Corporation and its integrated foreign subsidiaries denominated in foreign currencies have been converted into Canadian dollars as follows:

- Monetary assets and liabilities, using the exchange rate prevailing at the balance sheet date;
- Non-monetary assets and liabilities, using the exchange rate prevailing at the date of the transaction; and
- Revenues and expenses, using average monthly exchange rates during the fiscal year, except for amortization, which is converted at the exchange rate prevailing at the date the related assets were acquired.

Exchange gains and losses resulting from conversion of currencies in Canadian dollars are included in net earnings.

m) Financial Instruments

CICA Handbook Section 3855 "Financial Instruments - Recognition and Measurement" establishes standards for recognizing and measuring financial instruments, in particular, the classification of financial assets in one of the following categories: "Held to maturity", "Held for trading", "Available for sale" or "Loans and receivables", and of financial liabilities in one of the following categories: "Held for trading" or "Other financial liabilities". Consequently, the Corporation classified its financial assets and liabilities as follows:

- Cash, cash equivalents and short-term investments are classified as assets held for trading and are measured at fair value. Gains and losses from periodic revaluation are recognized in net earnings;
- Accounts receivable and holdbacks on contracts are classified as loans and receivables and are measured as amortized cost using the effective interest rate method;
- Equity investments in public companies whose securities are traded on the Stock Exchange are classified as available for sale and are measured at fair value. Variations are recognized in other comprehensive income at the end of each period;
- Accounts payable, accrued charges, salaries and fringe benefits payable and the long-term debt are classified as other liabilities and are measured at amortized cost using the effective interest rate method; and
- The Corporation did not classify any financial asset as "Held to maturity", nor any financial liabilities as "Held for trading".

The transition costs are capitalized at the cost of the assets and liabilities that are not classified as "Held for trading". As such, the transition costs applied to the long-term debt are classified against the long-term debt and are amortized using the effective interest rate method.

n) Derivatives and Hedging Relationships

According to its Foreign Currency Hedge policy, the Corporation can use derivative instruments such as foreign exchange contracts to eliminate or mitigate the risk of currency fluctuations related to its operations and its assets and liabilities in foreign currency. Management is responsible for the establishment of the acceptable risk levels and does not use derivatives for speculation purposes. The Corporation only uses these derivatives to hedge possible future transactions. Since the Corporation did not apply hedge accounting, the foreign exchange contracts are recognized at their fair value at the end of each period. The gains or losses from the revaluation are recorded in earnings under "Gain on foreign exchange".

o) Pension Plan

The Corporation offers its eligible employees a defined contribution pension plan for which the Corporation can contribute an amount equal to the employee's contribution or an amount predetermined under the collective agreement. The contributions are disbursed monthly to the pension plan. Contributions are charged to earnings when they are payable.

p) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the fiscal year. As a result, actual results could differ from those estimates. As indicated hereinabove, the valuation of work in progress requires management to estimate the percentage of completion, cost of completion and anticipated gross margin. The measurement of long-term assets and related impairment, stock options, warrants, taxes, provisions and contingencies, also requires estimates.

3. CHANGES IN ACCOUNTING POLICIES

The Corporation adopted the following recommendations of the new sections published by the CICA:

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, retroactively with comparative figures, 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. More precisely, the new Section was issued to clarify the recognition and measurement of internally generated intangible assets, including research and development costs. Section 3064 reinforces the approach under which assets are recorded only if they meet the definition of an asset and the asset recognition criteria. Adoption of this Section, on February 1, 2009, had no impact on the Corporation's consolidated financial statements.

b) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, CICA issued Emerging Issue Committee Abstract ("EIC") 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This standard provides guidance on determining the fair value of financial assets and liabilities, whereby the Corporation's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. This standard applies retrospectively, without restatement of prior periods, to interim and annual financial statements published on or after January 20, 2009. The application of this new recommendation, on February 1, 2009, had no significant effect on the Corporation's consolidated financial statements.

c) Financial Instruments - Disclosures

In June 2009, ICCA amended Section 3862 "Financial Instruments - Disclosures" to require enhance disclosures about financial instruments, in particular, the classification of the financial instruments measured at a fair value hierarchy according to the significance of the inputs to fair value measurements and the entities' exposure to liquidity risk. The new requirements apply to annual financial statements for fiscal years ending after September 30, 2009. The Corporation applied this standard in its January 31, 2010 annual financial statements. The Corporation is exempt from providing comparative information in the year of adoption. The application of these new amendments had no effect on the Corporation's statements of earnings, balance sheet and cash flows. These amendments aim specifically the disclosure. (See Note 22 "Financial Instruments".)

4. FUTURE ACCOUNTING CHANGES

The CICA has released the following new sections, which apply to future fiscal years:

a) Business Combinations, Consolidated Financial Statements and Non-Controlling Interest

CICA Handbook Section 1582, "Business Combinations", applies to business combinations for which the acquisition date is on or after January 1, 2011. This Section requires the measurement of the fair value, recognition of additional assets and liabilities, and disclosure of supplemental information. Adoption of this Section should have a significant impact on how the Corporation's recognizes future business combinations. Sections 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" must be adopted concurrently with Section 1582. These sections will require modification in the measurement of non-controlling interest and disclosure of that interest as shareholder's equity on the balance sheet. Moreover, the controlling parent company's income statement will include 100% of its subsidiary's results and will then present the breakdown between the controlling and non-controlling interests. These sections come into effect on January 1, 2011, although earlier adoption is permitted. Changes resulting from the adoption of Section 1582 will apply prospectively, while changes subsequent to the adoption of Section 1601 and 1602 will be applied retrospectively. The Corporation is currently evaluating the impact of the adoption of these new sections and standards on its consolidated financial statements.

b) Revenue Arrangements with Multiple Deliverables

In December 2009, the CICA issued Emerging Issue Committee Abstract ("EIC") 175, "Revenue Arrangements with Multiple Deliverables", replacing EIC 142, "Revenue Arrangements with Multiple Deliverables". EIC 175 provides guidance on certain aspects of the accounting for arrangements under which the Corporation will perform multiple revenue-generating activities. Under the new guidance, when vendor specific evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price methods. EIC 175 also includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. EIC 175 is effective prospectively, with retrospective adoption permitted, for revenue arrangements entered into or materially modified in fiscal years beginning on or after January 1, 2011. Early adoption is also permitted; however, early adoption during an interim period requires retrospective application from the beginning of the fiscal year.

5. SHORT-TERM INVESTMENTS

As at January 31, 2010, the Corporation held \$11,652,000 in guaranteed deposit certificates (\$6,000,000 at January 31, 2009) bearing a weighted average rate of 3.38% (3.88% at January 31, 2009), and cashable at any time.

6. ACCOUNTS RECEIVABLE

At January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Contracts receivable	13,736	10,911
Allowance for doubtful accounts	(315)	(607)
	13,421	10,304
Other receivables	1,429	861
	14,850	11,165

7. INVENTORIES

The inventories amount charged to expenses were as follows:

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Cost of goods sold	47,087	69,396
Amortization of property, plant and equipment and intangible assets related to the transformation of inventories	2,346	1,169

8. PROPERTY, PLANT AND EQUIPMENT

At January 31,	(In thousands of \$)		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
2010			
Land	527	—	527
Building and land improvement	37,510	10,927	26,583
Equipment and travelling cranes	22,625	7,790	14,835
Office furniture, rolling stock and computer hardware	6,223	5,408	815
	66,885	24,125	42,760

At January 31,	(In thousands of \$)		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
2009 (Restated) ¹			
Land	527	—	527
Building and land improvement	35,873	10,067	25,806
Equipment and travelling cranes	20,829	6,622	14,207
Office furniture, rolling stock and computer hardware	6,250	5,395	855
	<u>63,479</u>	<u>22,084</u>	<u>41,395</u>

1. During the fiscal year ended January 31, 2001, a subsidiary of the Corporation realized a \$1,035,000 gain on disposal of property, plant and equipment. Because this property, plant and equipment was transferred to a sister company, the gain was written off in the consolidated statements. However, during the fiscal year ended January 31, 2005, ADF Group sold this subsidiary and thus the write-off of the previous gain on disposal of property, plant and equipment of the aforementioned subsidiary in the consolidated statements should have been reversed. Because of this omission, the property, plant and equipment and the retained earnings were undervalued by \$1,035,000 as at January 31, 2005 and subsequently. Consequently, as at February 1, 2008, in order to rectify this omission, the cost of the property, plant and equipment with regard to equipment and overhead cranes was retroactively increased by \$900,000, whereas the accumulated amortization was reduced by \$135,000, and the retained earnings at the beginning of the fiscal year ended January 31, 2009, were increased by \$1,035,000.

As at January 31, 2010, property, plant and equipment were reduced to take into account the government grants of \$444,000 in the form of investment tax credits applied to the purchase of equipment used for fabrication and transformation. As at January 31, 2009, a government grant related to tax on capital of \$198,000 has also reduced the property, plant and equipment.

As at January 31, 2010, the book value of the property, plant and equipment currently under construction and not yet amortized, stood at \$1,555,000. This property, plant and equipment is mostly comprised of equipment and changes to the main building (\$3,571,000 as at January 31, 2009, comprised of equipment and travelling cranes.)

The 2009 fiscal year's acquisitions, which take into account the property, plant and equipment given in exchange for new ones, and are summarized below:

	(In thousands of \$)
	2009
	\$
Acquisitions of property, plant and equipment	(10,884)
Property, plant and equipment given in exchange	2,261
Net acquisitions of property, plant and equipment	<u>(8,623)</u>

9. INTANGIBLE ASSETS

At January 31,	(In thousands of \$)		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
2010			
Software	7,125	4,585	2,540
Software licences	56	6	50
	<u>7,181</u>	<u>4,591</u>	<u>2,590</u>
2009			
Software	9,180	6,781	2,399
Software Licences	4	1	3
	<u>9,184</u>	<u>6,782</u>	<u>2,402</u>

At January 31, 2010, a governmental grant of \$126,000 (none at January 31, 2009) for a SR&ED tax credit reduced the cost of software.

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Acquired	54	15
Developed internally	653	1,288
	<u>707</u>	<u>1,303</u>

As at January 31, 2010, all intangible assets are subject to amortization. The book value of the intangible assets not amortized as at January 31, 2009, totalled \$2,191,000.

10. OTHER ASSETS

At January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Equity investments	163	163
Other	84	22
	<u>247</u>	<u>185</u>

11. CREDIT FACILITY

The \$10,000,000 credit facility was renewed on September 29, 2009. The credit facility is not based on margination of the lending value in regard to contracts receivable and inventories. This credit facility, at the option of the Corporation, 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%. This credit facility is secured by inventories and contracts receivable excluding holdbacks receivable. This agreement is renewable annually. During the fiscal years ended January 31, 2010 and 2009, no sum was drawn from this credit facility.

Under the terms of this credit facility, the Corporation is subject to certain covenants and must respect the financial ratios and covenants. As at January 31, 2010, the Corporation lived up to all covenants and financial ratios.

12. LONG-TERM DEBT

At January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Bank loan, secured by first rank hypothec, including a movable and immovable hypothecs on certain specific equipment of the Corporation. This \$6,400,000 loan as at January 31, 2010, denominated in U.S. dollars, bears interest at one month US Libor plus 2%, and is repayable by monthly instalments of US\$200,000 until October 1, 2012. ¹	6,844	9,567
Unsecured term loan, bearing interest at an effective rate of 7%, repayable in 10 equal semi-annual instalments of \$31,344 beginning in May 2009. ²	213	256
Other	10	22
	<u>7,067</u>	<u>9,845</u>
Current portion	<u>2,422</u>	<u>3,018</u>
	<u>4,645</u>	<u>6,827</u>

1. As at January 31, 2009, this loan denominated in U.S. dollars bore interest at one month US Libor plus 2%, and is repayable by monthly instalments of US\$200,000 beginning March 1, 2008 until April 1, 2012. As at October 30, 2009, the Corporation concluded a new agreement with this lender, which included a moratorium on principal repayment from September 1, 2009 until February 1, 2010 inclusively. This new agreement includes an additional loan of US\$4,155,000, with the same terms and conditions previously mentioned, with the exception of the repayment schedule, which will begin on March 1, 2010 until July 1, 2014. The receipt of this additional loan began in February 2010, and confirmed the issue of the collateral security on certain specific equipment. (See Note 25 "Subsequent Events" hereinafter.)

2. The Corporation was granted an unsecured loan of \$313,440 from a Crown corporation. This loan is interest-free and refundable over 10 equal semi-annual instalments beginning in May 2009. Under the provisions of CICA Handbook Section 3855, this loan was measured at fair value using a commonly used interest market rate. The difference of \$93,000 between the fair value of \$220,000 and the cash received of \$313,000 was recorded as a grant against the related property, plant and equipment. An effective interest rate of 7% is calculated monthly and accounted for in accretion of the debt value.

During the fiscal year ended January 31, 2010, the Corporation respected all covenants of its long-term loans and bonding agreements.

The long-term debt matures as follows:

(In thousands of \$)	
	Principal
	\$
2011	2,422
2012	2,613
2013	1,979
2014	53
	<u>7,067</u>

13. CAPITAL STOCK

a) Capital Stock

Authorized: Unlimited number of subordinate voting shares, carrying one (1) vote per share.
 Unlimited number of multiple voting shares, carrying ten (10) votes per share.
 Unlimited number of preferred shares, issuable in series.

(In thousands of \$, except number of shares)

	Subordinate voting shares		Multiple voting shares		Total	
	Number	\$	Number	\$	Number	\$
As at January 31, 2008	21,759,569	126,329	14,343,107	16,001	36,102,676	142,330
Issued on exercise of stock options	94,900	91	—	—	94,900	91
Reduction in stated capital	—	(61,736)	—	—	—	(61,736)
As at January 31, 2009	21,854,469	64,684	14,343,107	16,001	36,197,576	80,685
Issued on exercise of stock options	118,136	131	—	—	118,136	131
Redemption of shares	(1,850,000)	(5,465)	—	—	(1,850,000)	(5,465)
As at January 31, 2010	20,122,605	59,350	14,343,107	16,001	34,465,712	75,351

b) Subordinate Voting Shares

During the fiscal year ended January 31, 2010, the Corporation issued, under its stock option plan, 118,136 subordinate voting shares for a total of \$131,000 (94,900 subordinate voting shares during the fiscal year ended January 31, 2009 for a total of \$91,000). (See "Stock Option Plan" hereinafter).

Moreover, as announced on April 14, 2009, the Corporation redeemed, for cancellation purposes, 1,850,000 of its outstanding subordinate voting shares, representing approximately 10% of this class of shares held by the public and outstanding, for a net consideration of \$4,533,000.

On January 29, 2009, at a Special Meeting of Shareholders of the Corporation, shareholders approved that the stated capital of the Corporation' subordinate voting shares be reduced by \$61,736,000 on January 29, 2009. The reduction in the stated capital did not result in any monetary or other payment to their holders, nor has it changed the total shareholders' equity, but solely its component. The number of shares held by shareholders as well as the book value per share remained unchanged.

c) Stock Option Plan

At January 31, 2010, 3,107,093 outstanding subordinate voting shares (3,225,229 at January 31, 2009) were reserved for the stock option plan. 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, and those issued on July 17, 2009 and December 14, 2009, which are exercisable over a three-year period, commencing at these dates. All options have a 10-year life from the grant date.

At January 31,

	2010		2009	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	(in units)	(In \$)	(in units)	(In \$)
Outstanding, beginning of the year	1,481,200	1,04	1,518,900	0,84
Granted	228,000	2,47	62,000	5,50
Exercised	(118,136)	0,74	(94,900)	0,71
Forfeited	—	—	(4,800)	2,69
Outstanding, end of the year	1,591,064	1,27	1,481,200	1,04
Exercisable, end of the year	1,048,664	1,05	705,200	0,82

At January 31, 2010, the weighted average exercise price and the weighted average remaining contractual life of the options were as follows:

Exercise price	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price
	(In \$)	(Years)	(In \$)		(In \$)
6.48	5,000	7.95	6.48	2,000	6.48
5.65	60,000	8.21	5.65	12,000	5.65
2.52	60,000	9.87	2.52	20,000	2.52
2.45	168,000	9.46	2.45	72,000	2.45
2.14	37,664	7.05	2.14	37,664	2.14
1.79	48,000	6.87	1.79	24,000	1.79
1.63	50,000	5.40	1.63	40,000	1.63
1.15	2,000	8.89	1.15	400	1.15
1.14	20,000	6.36	1.14	12,000	1.14
1.05	8,000	6.31	1.05	4,800	1.05
0.71	1,132,400	5.19	0.71	823,800	0.71
	1,591,064	6.07	1.27	1,048,664	1.05

The Corporation granted 228,000 options during the fiscal year ended January 31, 2010 (62,000 during the fiscal year ended January 31, 2009.) A total expense of \$308,000 was recorded in the consolidated statement of earnings for the fiscal year ended January 31, 2010, and a corresponding amount was recorded as contributed surplus (\$234,000 for the fiscal year ended January 31, 2009.)

The weighted average fair value of the options granted during the fiscal year ended January 31, 2010, was estimated at \$2.47 (\$4.89 in 2009) at the grant date using the Black-Scholes option pricing model based on the following assumptions:

	July 17, 2009	December 14, 2009
Options issued (in units)	168,000	60,000
Dividend yield	0%	0%
Expected volatility	90%	90%
Risk-free interest rate	3.16%	3.16%
Expected life	8 years	8 years

14. INCOME TAXES

Fiscal Year Ended January 31	(In thousands of \$)	
	2010	2009
	\$	\$
Provision using basic income tax rates	4,090	7,428
Increase (decrease) resulting from:		
Difference in rate for foreign subsidiaries	1,428	763
Non-deductible loss (non-taxable gain) on foreign currency conversion of foreign subsidiaries	834	(821)
Non-deductible expenditures and (portion of non-taxable capital gains) portion of non deductible capital losses	(184)	602
Future income tax assets not recognized on unrealized capital loss	—	245
Other	112	248
	6,280	8,465

As at January 31, future income tax assets and liabilities were as follows:

	(In thousands of \$)	
	2010	2009
	\$	\$
Future income tax assets		
Tax loss carry-overs	12,309	18,565
SR&ED expenditures	1,998	2,001
Financial charges and other deferred charges	1,185	3,090
Foreign exchange forward contracts	—	326
Other	287	—
	15,779	23,982
Future income tax liabilities		
Property, plant and equipment and intangible assets	2,133	2,134
Work in progress	19	211
Holdbacks receivable	750	845
Foreign exchange forward contracts	248	—
Investment tax credits	708	720
Other	—	9
	3,858	3,919
Net future income tax assets	11,921	20,063
Distributed as follows:		
Current future income tax assets	3,182	6,666
Long-term future income tax assets	9,452	13,444
Long-term future income tax liabilities	(713)	(47)
	11,921	20,063

As at January 31, 2010, the balance of tax attributes was as follows:

	(In thousands of \$)	
	Amount	Maturing
Federal tax losses	\$10,771	2015 to 2027
Provincial tax losses	\$2,653	2026 to 2027
Foreign tax losses	US\$20,770	2020 to 2028
Deferred charges	US\$1,053	Indefinitely
Investment tax credits	\$2,601	2022 to 2028
Federal - SR&ED expenditures not deducted	\$5,833	Indefinitely
Provincial - SR&ED expenditures not deducted	\$9,433	Indefinitely

15. ACCUMULATED OTHER COMPREHENSIVE INCOME

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Balance, at the beginning of the year	144	264
Other comprehensive income	—	(120)
Balance, at the end of year	144	144

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

16. EARNINGS PER SHARE

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

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Numerator (in thousands of \$)		
Numerator applicable to basic and diluted earnings per share	6,992	15,574
Denominator (in units)		
Weighted average number of shares - basic	35,480	36,152
Effect of dilutive instruments:		
— Stock options	854	1,054
Weighted average number of shares - diluted	36,334	37,206

For the purpose of computing diluted earnings per share, the Corporation must account for stock options as a dilutive instrument.

For the fiscal year ended January 31, 2010, only 1,207,595 stock options were included in the computation of diluted earnings per share (1,373,200 for the fiscal year ended January 31, 2009), since the other options were antidilutive.

17. COMMITMENTS

- As at January 31, 2010, the Corporation is committed to pay a balance of \$735,000 to suppliers to for new equipment it acquired under its new investment program. These commitments will be entirely paid in the fiscal year ending January 31, 2011.
- As at January 31, 2010, the Corporation contracted letters of credit for an amount of \$800,000.
- Since December 21, 2007, the Corporation is committed to pay 22 quarterly instalments of \$5,500 for the rental of office equipment, maturing on June 21, 2013.

18. CONTINGENCIES

a) Bonding Agreements

In the normal course of business, the Corporation may be required by clients to provide performance bonds for the execution of work. In order to provide such bonds, some subsidiaries of the Corporation have entered into general indemnity agreements with bonding companies. To guarantee their obligations under the terms of these agreements, the Corporation and these subsidiaries have granted the bonding companies a movable hypothec on certain assets such as rights, titles, licenses, equipment and work in progress.

b) Litigation

In the normal course of business, the Corporation becomes involved in various legal proceedings. While the final outcome with respect to legal proceedings pending as at January 31, 2010, cannot be predicted with certainty, management believes that their resolution will not have a material adverse effect on the financial position or results of the Corporation.

c) Indemnity Agreement

The Corporation entered into an indemnity agreement when it sold a subsidiary in 2004. This former subsidiary is currently involved in legal proceedings. The impact, as well as the amounts that could be due by the Corporation under the terms of this indemnity agreement, were estimated at more than \$1,000,000, including legal fees incurred to date, and recorded at January 31, 2009. At January 31, 2010, this lawsuit was still ongoing.

19. RELATED-PARTY TRANSACTIONS

In the normal course of business, certain transactions were concluded with companies held by controlling shareholders and other related companies. These transactions are measured at the exchange amount, which approximates market value, and are summarized below:

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Management fees	1,487	1,417

PENSION PLAN

The Corporation offers to all eligible employees a defined contribution pension plan for which the Corporation contributes an amount equal to a percentage of the employee's salary or equal to a predetermined amount. Expenses related to this pension plan amounted to \$329,000 in the fiscal year ended January 31, 2010 (\$280,000 in 2009.)

20. 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 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 investors, lenders, suppliers and clients.

The Corporation defines capital as the sum of shareholders' equity, long-term debt (including current portion) and short-term bank loans, where appropriate.

The Corporation has not made any change to its capital management since the fiscal year ended January 31, 2009. 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 debt prior to its maturity or incur new debts.

In addition, 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 a non-GAAP measure and therefore may not be comparable to similar measurements presented by other issuers.

At January 31,	(In thousands of \$)	
	2010	Restated * 2009
Current and long-term liabilities	\$14,703	\$29,591
Shareholders' equity	\$88,665	\$85,811
Liabilities to shareholders' equity ratio	0.17:1	0.35:1

* See Note 8.

Management's goal is to maintain this ratio below 1:1. However, this objective could be reviewed in light of potential development projects that ADF will deem strategic and favourable.

21. FINANCIAL INSTRUMENTS

The Corporation is exposed to risks having various significance, 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 main financial risks to which the Corporation is exposed:

a) 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, short-term investments, accounts receivable and holdbacks on contracts.

Cash equivalents as well as short-term investments are mainly risk-free or low risk investments, such as term deposits, bonds or mutual funds. None of the cash equivalents or short-term investments consists of asset-backed commercial paper. The Corporation has deposited its cash equivalents and short-term investments with recognized 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, if applicable. For other accounts receivable, the Corporation determines, on a continuing basis, the probable losses and establishes a provision for losses based on the estimated realizable value. Most of the order backlog in hand at January 31, 2010, consists of projects financed by government agencies.

Credit risk with respect to accounts receivable is mitigated by 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.

Despite the concentration of its clients, the credit risk is mitigated through monitoring and the measures available to the Corporation, as previously described. Globally, two clients accounted for 70% of all revenues during the fiscal year ended January 31, 2010 (63% of revenues were achieved with two clients during the fiscal year ended January 31, 2009.) As at January 31, 2010, 84% of contracts receivable was with one client (63% of contracts receivable attributable to four clients as at January 31, 2009.) 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 rare that the same clients make up this concentration.

In addition, in terms of market niche, 85% of the Corporation's order backlog was concentrated in the office towers and high-rises market segment, and 15% in the transport infrastructure market segment. In management's opinion, this breakdown reflects the market reality and is not prejudicial to the Corporation.

As at January 31, 2010, 8.5% of contracts receivable, representing a total amount of \$1,162,000 was overdue under contractual terms (20% or \$2,100,000 as at January 31, 2009.) Management estimates that most of these accounts are not considered doubtful. The book value of the contract receivables is reduced by a specific allowance for doubtful accounts. However, because most of the contracts in hand are financed by government agencies, the delay in the collection of contracts receivable could be affected upward.

b) 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 target contracts that will generate positive cash flows throughout their execution.

As at January 31, 2010, accounts payable, accrued charges and salaries and fringe benefits payable that were due by the Corporation in the next 12 months totalled \$4,681,000. The long-term debt monthly instalments are US\$200,000. (See Note 12 "Long-Term Debt"). As at January 31, 2010, in addition to a \$10,000,000 credit facility that was not used, the Corporation had cash, cash equivalents and short-term investments totalling \$17,422,000. Considering the available liquidities to meet its obligations, the Corporation's exposure to liquidity risks is nominal.

c) Interest Rate Risk

The Corporation estimates that a 1% fluctuation in the long-term debt's effective interest rate would have resulted approximately in a \$62,000 variation in earnings before income taxes. However, the impact of the fluctuation in effective rates on interest expenses could be offset by the impact of the same fluctuation on interest income from cash, cash equivalents and short-term investments.

d) Market Risk Related to Exchange Rate Fluctuations

The Corporation is exposed to foreign currency exchange rate variation between the Canadian and U.S. dollars, since 84% of its revenues for the fiscal year ended January 31, 2010, was recorded in U.S. dollars (90% for the fiscal year ended January 31, 2009.) To mitigate the impact of currency fluctuations on its earnings and in accordance with the foreign currency hedge policy, 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 in U.S. dollars;
- 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 fiscal year ended January 31, 2010 and has committed to sell US\$45,000,000 at an average rate of CA\$1.1646 for US\$1.00. The balance of these unmatured foreign currency forwards totalled US\$17,000,000, at an average rate of CA\$1.1224 for US\$1.00, which represents 45% of the net risk between the future cash inflows and outflows denominated in U.S. dollars in regard to the order backlog in hand for the fiscal year ended January 31, 2011. These foreign currency forwards mature as follows: US\$5 million in April 2010, US\$5 million in July 2010, US\$5 million in October 2010 and US\$2 million in January 2011.

These derivative financial instruments are classified as held for trading and are measured at their fair value at the end of each year since they are not designated as part of an effective hedging relationship. As at January 31, 2010, foreign currency forwards in the amount of US\$17,000,000 had a favourable fair value position of \$832,000. Moreover, the Corporation collected \$2,537,000 with regard to an exchange gain on contracts that matured during the fiscal year, and a fair value of US\$28,000,000, at an average rate of CA\$1.1903 for US\$1.00. The portion of the gain on foreign exchange related to the derivative financial instruments included in "Gain on Foreign Exchange" totalled \$4,426,000 taking into account the unfavourable position of \$1,058,000 at January 31, 2009.

As at January 31, 2010, the assets and liabilities denominated in U.S. dollars included the following amounts:

	(In thousands of \$)	
	US\$	CA\$
Cash and cash equivalents	3,334	3,565
Accounts receivable	12,319	13,173
Holdbacks on contracts receivable	3,188	3,409
Work in progress	1,417	1,515
Future income tax assets	10,571	11,304
	<u>30,829</u>	<u>32,966</u>
Accounts payable and accrued charges	(621)	(664)
Deferred revenues	(1,835)	(1,962)
Long-term debt	(6,400)	(6,844)
Other liabilities	(55)	(59)
	<u>(8,911)</u>	<u>(9,529)</u>
Net currency risk related to the balance sheet items	21,918	23,437
Foreign currency forwards	(17,000)	(19,080)
Net foreign exchange position	<u>4,918</u>	<u>4,357</u>

For every 10% fluctuation in the exchange rate between the Canadian and U.S. dollars could result in a \$2,344,000 variation in earnings before income taxes, taking into account the net foreign exchange position.

However, the above analysis applies only to the financial instruments based on the balances prevailing at year-end, and does not take into account the impact of the fluctuations in foreign exchange on revenues and other miscellaneous expenses for a complete fiscal year.

e) **Fair Value of Financial Instruments**

Book value per class of financial assets and liabilities:

At January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Assets held for trading:		
Cash and cash equivalents	5,770	22,490
Short-term investments	11,652	6,000
	<u>17,422</u>	<u>28,490</u>
Loans and receivables:		
Accounts receivable	14,850	11,165
Holdbacks on contract receivables	3,989	4,591
	<u>18,839</u>	<u>15,756</u>
Assets classified as available for sale:		
Equity investments	163	163
	<u>163</u>	<u>163</u>
Financial liabilities:		
Accounts payable, accrued charges and salaries and fringe benefits payable	4,681	13,648
Long-term debt	7,067	9,845
	<u>11,748</u>	<u>23,493</u>

As at January 31, 2010 and 2009, the fair value of cash, cash equivalents, short-term investments, accounts receivable, holdbacks on contracts receivable, accounts payable, accrued charges and salaries and fringe benefits payable was similar to their book value because of their upcoming expiry dates.

As at January 31, 2010 and 2009, the book value of the equity investments reflected their fair value based on the accounting criteria of CICA Handbook Section 3855 "Financial Instruments - Recognition and Measurement", described in Note 2 m) "Significant Accounting Policies - Financial Instruments".

The fair value of the long-term debt did not differ significantly from its book value as at January 31, 2010 and 2009, since the long-term debt bears variable interest rates and the Corporation is of the view that it can obtain similar terms and expiry dates at year-end.

f) **Fair Value Hierarchy of Financial Assets and Liabilities**

The fair value of a financial instrument is the price a willing buyer would pay a willing seller if neither was under any compulsion to buy or sell, under arm's length conditions. During 2009, CICA Handbook Section 3862 was amended to include new requirements about disclosures of the data used to measure the fair values of its financial instruments, and includes the classification of financial instruments measured at fair value on the balance sheet within the following hierarchies:

Level 1: Measurement according to unadjusted quoted price in active markets for identical assets or liabilities.

Level 2: Measurement methods based primarily on inputs, other than quoted prices, that are observable either directly or indirectly on the market.

Level 3: Measurement methods that are not based primarily on observable market data.

The classification of a fair value measurement is determined on the basis of the lowest level input that is significant to the fair value measurement of this financial instrument in its entirety.

The Corporation classified its cash, cash equivalents, short-term investment, equity investment and foreign currency forwards, within fair value level 1, since they are based on inputs that are observable in an active market.

22. SEGMENTED INFORMATION

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

Fiscal Years Ended January 31,	(In thousands of \$)	
	2010	2009
	\$	\$
Revenues		
Canada	10,312	9,634
United-States	55,428	89,217
	<u>65,740</u>	<u>98,851</u>

At January 31,	(In thousands of \$)	
	2010	Restated * 2009
	\$	\$
Property, Plant and Equipment		
Canada	42,620	41,183
United-States	140	212
	42,760	41,395

* See Note 8.

During the fiscal year ended January 31, 2010, 70% of the Corporation's revenues were recorded with two clients (63% with two clients during the fiscal year ended January 31, 2009), each of which accounted for more than 10% of revenues.

23. COMPARATIVE FIGURES

Certain figures for the fiscal year ended January 31, 2009 have been reclassified to conform to the presentation adopted for the fiscal year ended January 31, 2010.

24. SUBSEQUENT EVENTS

Further to the amendment of its long term debt with its principal long-term lender in October 2009, the Corporation received, on February 11, 2010, an additional US\$4,155,000 in financing. These funds were applied to the working capital further to the investments in property, plant and equipment since July 2009. The terms and conditions of this additional financing are essentially the same as those of the financing in place, in particular with regard to the interest rate and the monthly instalments, only the repayment schedule of which will be extended for a 21-month period. In addition to the universal guarantee on the building and on specific equipment, the long-term lender has a specific guarantee on the new equipment acquired as part of this new investment program.

On April 15, 2010, the Corporation announced its intention to redeem, over a 12-month period ending no later than April 18, 2011, for cancellation purposes, up to 1,940,000 of its outstanding subordinate voting shares, representing approximately 10% of this class of shares held by the public and outstanding. When the Corporation considers it appropriate, the shares will be redeemed through the Toronto Stock Exchange mechanisms and in compliance with its requirements.