

Results for the First Quarter Ended April 30, 2010

## ADF GROUP MAINTAINS ITS FOCUS

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### Highlights of the Quarter Ended April 30, 2010:

- Revenues totalled \$13.6 million compared with \$16.8 million during the same quarter in 2009.
  - The Corporation maintained high profit margins, of which a gross margin of 34%, an EBITDA margin of 23% and a net profit margin of 9%.
  - ADF closed the first quarter of the 2011 fiscal year with net earnings of \$1.2 million or \$0.03 per share (basic and diluted), compared with \$2.2 million or \$0.06 per share (basic and diluted) in the first quarter of 2009.
  - As at April 30, 2010, ADF had a current ratio of 5.15:1 and a \$9 million liquidities surplus over its long-term debt (including the current portion).
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Terrebonne, Quebec, June 9, 2010

For the three-month period ended April 30, 2010, ADF Group ("ADF" or the "Corporation") (ticker symbol: DRX/TSX) recorded revenues of \$13.6 million, compared with \$16.8 million for the same quarter of the previous year. The first-quarter gross margin stood at \$4.6 million, representing 34% of revenues, compared with \$5.4 million or 32% of revenues for the same period the previous year.

The relative strong operational performance was in part impacted by the delays attributable to clients on certain projects and the sharp increase in the Canadian dollar in relation to the U.S. dollar between the two comparable periods ended April 30, 2010 and 2009.

EBITDA (*earnings before interest, taxes, depreciation and amortization*) margin also remained high, standing at 23.1%, compared with 24.4% in the same quarter of the previous year.

ADF closed the quarter with net earnings of \$1.2 million or \$0.03 per share (basic and diluted), compared with \$2.2 million or \$0.06 per share (basic and diluted) in the first quarter of the previous year. Besides the unfavourable impact of the appreciation in the Canadian dollar and the decrease in revenues due to delays caused by clients on certain projects, this variation reflects an increase in certain costs, including amortization and interest expenses resulting from the investments programs carried out over the past two fiscal years in order to expand, diversify and optimize ADF's production infrastructure.

Finally, as at April 30, 2010, the Corporation remains in an excellent financial position, as attested to by its 5.15:1 current ratio, its \$9 million liquidities surplus comprised of cash (including cash, cash equivalents and short term investments) over its long-term debt (including the current portion), and a long-term debt to equity ratio of just 0.12:1.

"During the first quarter of fiscal 2011, ADF Group continued to address the challenges of a difficult business environment with efficiency and discipline. By keeping our focus on ADF's quality and profitability objectives, we were able to maintain and even increase our profit margins, regardless of the delays in connection with certain projects, and despite an unfavourable exchange rate" said **Jean Paschini**, Chairman of the Board and Chief Executive Officer.

### Order Backlog

ADF Group's order backlog stood at approximately \$100 million as at April 30, 2010, up 8% over \$90 million at the same date a year earlier. Taking into account the various contractual additions brought to its existing contracts over the past months, the execution period of orders in hand will extend over a period of 15 to 18 months.

### **Redemption of Subordinate Voting Shares in the Normal Course of Business**

As at April 30, 2010, the Corporation redeemed 62,100 subordinate voting shares under the NCIB program announced on April 15, 2010, for a net consideration of \$0.15 million, representing an average price of \$2.41 per share.

### **Outlook**

Until such time as the economic recovery starts to have a tangible positive impact on our industry, ADF Group will strive to further enhance its competitive and technological edge in its current market segments, while seeking new growth avenues compatible with its targeted development, niche positioning and value-added objectives. "We will continue to make the Corporation's financial health our number one priority through structured and prudent management of its profit margins, liquidity, capital structure and business risks" said Mr. Jean Paschini.

### **Annual Shareholders' Meeting**

ADF Group Inc.'s Annual General and Special Meeting of Shareholders will be held on June 9, 2010 at 11:00 a.m. at the Omni Mont-Royal Hotel in Montreal.

### **About ADF Group Inc.**

ADF Group Inc. is a North American leader in the design, engineering, fabrication and selective installation in the non-residential construction industry of complex steel structures, heavy built-ups, as well as in miscellaneous and architectural metals. ADF is one of the few players in the industry capable of handling highly technically complex mega projects on fast-track schedules in the commercial, institutional, industrial and public sectors.

### **Forward-Looking Information**

This press release contains forward-looking statements reflecting ADF objectives and expectations. These statements are identified by the use of verbs such as "expect" as well as by the use of future or conditional tenses. By their very nature these types of statements involve risks and uncertainty. Consequently, reality may differ from ADF's expectations.

All amounts are in Canadian dollars.

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**CONFERENCE CALL WITH INVESTORS  
TO DISCUSS ADF GROUP'S RESULTS  
FOR THE FIRST QUARTER ENDED APRIL 30, 2010**

**June 9, 2010 at 10:00 a.m. (Montreal time)**

To participate in the conference call, please dial **1-866-865-3087** a few minutes before the start of the call.

For those unable to participate, a taped rebroadcast will be available from Wednesday, June 9, 2010 at 1:00 p.m. until midnight Tuesday, June 15, 2010, by dialing **1-800-642-1687**; **access code 78897320**

The conference call (audio) will also be available at [www.cnw.ca](http://www.cnw.ca).

**Members of the media are invited to listen in.**

## Consolidated Statements of Earnings and Comprehensive Income

<b>3-Month Periods Ended April 30,</b>	<b>2010</b>	<b>2009</b>
(In thousands of \$ except per-share amounts)	\$	\$
<b>Revenues</b>	<b>13,641</b>	16,752
Cost of goods sold	<b>9,060</b>	11,368
Gross margin before foreign exchange variation	<b>4,581</b>	5,384
Gain on foreign exchange	<b>(424)</b>	(561)
Gross margin	<b>5,005</b>	5,945
Selling and administrative expenses	<b>1,426</b>	1,304
Earnings before undernoted items:	<b>3,579</b>	4,641
Amortization		
Amortization of property, plant and equipment	<b>686</b>	664
Amortization of intangible assets	<b>84</b>	73
	<b>770</b>	737
Earnings before financial charges (interest income) and income taxes	<b>2,809</b>	3,904
Financial charges (interest income)		
Interest on long-term debt	<b>61</b>	60
Interest income	<b>(22)</b>	(159)
Other interest	<b>11</b>	18
	<b>50</b>	(81)
Earnings before income taxes	<b>2,759</b>	3,985
Income taxes		
Current	<b>121</b>	168
Future	<b>1,440</b>	1,577
	<b>1,561</b>	1,745
<b>Net earnings and comprehensive income</b>	<b>1,198</b>	2,240
<b>Basic earnings per share</b>	<b>0.03</b>	0.06
<b>Diluted earnings per share</b>	<b>0.03</b>	0.06
<b>Average number of outstanding shares</b> (in thousands)	<b>34,494</b>	36,196
<b>Average number of outstanding diluted shares</b> (in thousands)	<b>35,311</b>	36,890

## Consolidated Statements of Retained Earnings

<b>3-Month Periods Ended April 30,</b>	<b>2010</b>	2009
(In thousands of \$)	\$	\$
<b>Retained earnings, beginning of period</b>	<b>9,799</b>	2,807
Net earnings	<b>1,198</b>	2,240
<b>Retained earnings, end of period</b>	<b>10,997</b>	5,047

## Consolidated Statements of Contributed Surplus

<b>3-Month Periods Ended April 30,</b>	<b>2010</b>	2009
(In thousands of \$)	\$	\$
<b>Contributed surplus, beginning of period</b>	<b>3,371</b>	2,175
Stock-based compensation	<b>100</b>	61
Exercise of options	<b>(94)</b>	(7)
Excess of the book value over the acquisition cost of redeemed subordinate voting shares	<b>32</b>	144
<b>Contributed surplus, end of period</b>	<b>3,409</b>	2,373

## Consolidated Balance Sheets

	At April 30, 2010	At January 31, 2010 (Audited)
(In thousands of \$)	\$	\$
<b>ASSETS</b>		
Current		
Cash and cash equivalents	7,902	5,770
Short-term investments	11,562	11,652
Accounts receivable	19,552	14,850
Income taxes	103	442
Holdbacks on contracts	1,698	2,692
Investment tax credits	536	536
Work in progress	1,706	1,574
Inventories	3,488	3,093
Prepaid expenses	523	334
Derivative financial instruments	1,211	832
Future income tax assets	3,211	3,182
	<b>51,492</b>	<b>44,957</b>
Holdbacks on long-term contracts	664	1,297
Investment tax credits	2,065	2,065
Property, plant and equipment	43,775	42,760
Intangible assets	2,625	2,590
Other assets	244	247
Future income tax assets	7,742	9,452
	<b>108,607</b>	<b>103,368</b>
<b>LIABILITIES</b>		
Current		
Accounts payable	2,978	1,955
Accrued charges	876	994
Salaries and fringe benefits payable	1,963	1,732
Deferred revenues	1,682	2,242
Current portion of long-term debt	2,508	2,422
	<b>10,007</b>	<b>9,345</b>
Long-term debt	8,034	4,645
Future income tax liabilities	591	713
	<b>18,632</b>	<b>14,703</b>
<b>Shareholders' equity</b>		
Retained earnings	10,997	9,799
Accumulated other comprehensive income	144	144
	<b>11,141</b>	<b>9,943</b>
Capital stock	75,425	75,351
Contributed surplus	3,409	3,371
	<b>89,975</b>	<b>88,665</b>
	<b>108,607</b>	<b>103,368</b>

## Consolidated Statements of Cash Flows

<b>3-Month Periods Ended April 30,</b>	<b>2010</b>	2009
(In thousands of \$)	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net earnings	1,198	2,240
Adjustments for:		
Amortization of property, plant and equipment	686	664
Amortization of intangible assets	84	73
Gain on disposal of property, plant and equipment	(52)	—
Unrealized gain on derivative financial instruments	(379)	(1,183)
Non-cash exchange (gain) loss	(191)	292
Interest capitalized on long-term debt	4	5
Stock-based compensation	100	61
Future income taxes	1,440	1,577
Net earnings adjusted for non-monetary items	2,890	3,729
Changes in non-cash operating items		
Accounts receivable	(4,702)	(5,324)
Short-term and long-term holdbacks on contracts	1,627	633
Income taxes	339	(33)
Work in progress	(132)	(942)
Inventories	(395)	23
Prepaid expenses	(189)	340
Accounts payable, accrued charges, salaries and fringe benefits payable	1,136	(3,410)
Deferred revenues	(560)	1,161
	(2,876)	(7,552)
Cash flows from operating activities	14	(3,823)
<b>INVESTING ACTIVITIES</b>		
Disposal of short-term investments	90	600
Acquisition of property, plant and equipment	(1,649)	(390)
Acquisition of intangible assets	(119)	(338)
Decrease in other assets	3	—
Cash flows applied to investing activities	(1,675)	(128)
<b>FINANCING ACTIVITIES</b>		
Issuances of subordinate voting shares	162	17
Issuance of long-term debt	4,370	—
Repayment of long-term debt	(411)	(764)
Redemption of subordinate voting shares	(150)	(366)
Cash flows from financing activities	3,971	(1,113)
Impact of fluctuations in foreign exchange rate on cash	(178)	(74)
Net cash inflows (outflows)	2,132	(5,138)
Cash and cash equivalents, beginning of period	5,770	22,490
<b>Cash and cash equivalents, end of period</b> <sup>1</sup>	<b>7,902</b>	<b>17,352</b>
<b>Supplemental cash flow information</b>		
Income taxes paid	(191)	(204)
Interest received	33	18
Non-cash financing and investing activities:		
Property, plant and equipment given in exchange for new equipment	139	—

1. At April 30, 2010, cash and cash equivalents were composed of \$7,902,000 in cash (\$4,016,000 in cash and \$13,336,000 in cash equivalents as at April 30, 2009.)

**SEGMENTED INFORMATION**

The Corporation operates in the non-residential construction sector, primarily in North America. 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 work.

<b>3-Month Periods Ended April 30,</b>	<b>2010</b>	2009
(In thousands of \$)	\$	\$
<b>Revenues</b>		
– Canada	<b>440</b>	3,941
– United States	<b>13,201</b>	12,811
	<b>13,641</b>	16,752

	<b>As at April 30, 2010</b>	As at January 31, 2010 (Audited)
(In thousands of \$)	\$	\$
<b>Property, plant and equipment</b>		
– Canada	<b>43,649</b>	42,620
– United States	<b>126</b>	140
	<b>43,775</b>	42,760

During the three-month ended April 30, 2010, 90% of the Corporation's revenues were recorded with one client (93% with five clients during the same period in 2009, each of which accounted for more than 10% of revenues).