MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE FINANCIAL POSITION AND OPERATING RESULTS

FISCAL YEAR ENDED JANUARY 31, 2017

FORWARD-LOOKING STATEMENTS

Management of ADF Group Inc. wishes to inform the reader that this document contains forward-looking statements within the meaning of applicable securities laws, in which Management's expectations regarding ADF Group Inc.'s future performance may be discussed. These forward-looking statements include information concerning ADF Group's probable or foreseeable future operating results and financial position, and involve certain risks and uncertainties with regard to their future realization. These forward-looking statements are based on currently available data in regard to competition, financial position, economic conditions and operating plans. The principal risks and uncertainties that could affect ADF Group Inc.'s results, such that those results could differ materially from those expressed in any forward-looking statements, are presented in Sections "Current Economic Environment" and "External Factors to Which the Corporation's Performance is Exposed" of the MD&A Report for the fiscal year ended January 31, 2017.

TABLE OF CONTENTS

1. GENERAL

The purpose of this management's discussion and analysis of the financial position and operating results ("MD&A") is to provide the reader with an overview of the changes in the financial position of ADF Group Inc. ("ADF", "ADF Group" or "the Corporation") between January 31, 2016 and January 31, 2017. It also compares the operating results and cash flows for the fiscal year ended January 31, 2017 to those of the previous year. This MD&A covers all major events that occurred during the 2017 fiscal year and between February 1, 2017 and April 12, 2017, on which date ADF Group Inc.'s Board of Directors approved the consolidated financial statements, as well as the MD&A for the fiscal year ended January 31, 2017.

This analysis should be read in conjunction with the Corporation's audited consolidated financial statements and the notes thereto for the fiscal year ended January 31, 2017. The consolidated financial statements and the comparative information have been prepared in accordance with the International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied by the Corporation in accordance with IFRS are presented in Note 2 to the consolidated financial statements for the fiscal year ended January 31, 2017.

The Corporation reports its results in Canadian dollars. All amounts in this MD&A are expressed in Canadian dollars, except where otherwise indicated.

2. FORWARD-LOOKING STATEMENTS

In order to provide shareholders and potential investors with additional information regarding ADF, in particular Management's assessment of future plans and operations, certain statements in this MD&A are forward-looking statements subject to risks, uncertainties and other important factors that could cause the Corporation's actual performance to differ from those expressed in or implied by these forward-looking statements.

Such factors include, but are not limited to: the impact of economic conditions in Canada and the United States; industry conditions including amendments in laws and regulations; increased competition; potential shortfall of qualified personnel or managers; availability and fluctuations in commodity prices; foreign exchange or interest rate fluctuations; stock market volatility; and the impact of accounting policies issued by Canadian, U.S. and international standard setters. Some of these factors are further discussed under Section 26 "External Factors to Which the Corporation's Performance is Exposed" in this MD&A. It should be noted that the list of factors that may affect future growth, results and performance, provided in this MD&A, is not exhaustive. The reader should not place undue reliance on forward-looking statements.

The expectations expressed by the forward-looking statements are based on information available to the Corporation on the date such statements were made. However, there can be no assurance that such estimates will prove to be correct. All subsequent forward-looking statements made, whether written or verbally, by the Corporation or persons acting on its behalf, are expressly qualified in their entirety by the caveats referred to above. Unless otherwise required by applicable securities legislation, the Corporation expressly disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

3. GENERAL OVERVIEW

From a blacksmith shop founded in 1956, ADF Group has become over the years a North American leader in the design and engineering of connections, fabrication, including industrial coating, and installation of complex steel structures, heavy steel built-ups, as well as miscellaneous and architectural metalwork. The Corporation's products and services are intended for the following five principal segments of the non-residential construction industry: office towers and high-rises, commercial and recreational buildings, airport facilities, industrial complexes and transport infrastructure. The Corporation uses the latest technologies in its industry and operates two state-of-the-art fabrication plants and two cutting-edge paint shops. ADF Group's complex located in Canada houses the Corporation's head office, the 58,530-square-metre (630,000-square-foot) fabrication plant, which includes the 3,900 square-meter (42,000 square feet) paint shop. ADF's complex in the United-States is home to the 9,290-square-metre (100,000 square feet) fabrication plant, the 60-acre pre-assembly yard and the 4,460-square-meter (48,000 square feet) paint shop built next to the fabrication plant.

A pioneer in the development and implementation of innovative solutions, the Corporation is recognized for its engineering expertise, its project management, its important fabrication capacity and its skills in two specialized market niches: the fabrication of steel superstructures with a high level of architectural and geometric complexity, and projects subject to fast-track schedules. ADF Group's commitment to deliver every project in accordance with the industry's highest quality standards constitutes a core aspect of the Corporation's mission.

4. COMMERCIAL POSITIONING

ADF Group serves a diversified client base in the non-residential construction market in Canada and the United States:

— General contractors;
— Project owners;
— Engineering firms and project architects;
— Structural steel erectors; and
— Other steel structure fabricators.

5. MARKET TRENDS

The non-residential construction industry includes the products and services related to the construction of commercial, institutional and industrial buildings, such as office towers, commercial buildings, hotels, sports complexes, museums, recreational complexes, as well as manufacturing plants and other industrial facilities. This sector also encompasses public works, including the construction and renovation of infrastructures and buildings, notably, hydroelectric dams, airports, bridges and overpasses. It should be noted that the demand in this sector is related to business cycles. Generally, there are more private projects in a bull cycle, whereas government projects take over in a bear cycle.

According to Management, approximately half of the non-residential projects use structural steel as a structural component, while the other half primarily uses concrete. Generally, structural steel accounts for about 10% to 20% of a project's total cost, depending on the project's nature. Structural steel offers a number of advantages when compared to other materials, which explains its increasing use in the construction of complex structures. These advantages include durability, speed of installation, greater flexibility in fast-track projects, lower installation and maintenance costs, as well as its high strength/weight ratio as a result of improved alloys.

Generally, there are more complex steel structure projects in the United States than in Canada, which can result in a certain dependence of the Corporation on the U.S. market.

The fiscal year ended January 31, 2017 saw the markets served by ADF Group be influenced by different factors.

On the Canadian side, although the investments promised by the Federal Government are starting to be announced, the provincial deficits combined with the economic downturn in the Western Canada caused by the decline in the oil prices and the forest fires in Northern Alberta have had the effect of reducing investments and limit the opportunities for growth. At the time of writing these lines, we still see a certain level of uncertainty in Canada and there are not as many major projects as we hoped for. We will continue to follow the Canadian market and make sure the Corporation is well positioned to take advantage of business opportunities that could arise.

For its part, the American market has been much more robust. The Architectural Billings Index (ABI) closed the 2016 year with an increase compared to the previous year, which foreshadows the trend of new projects that will get the go ahead that will remain on the rise. It is equally interesting to point out that the regions in which our Corporation is present have recorded a sustained growth last fiscal year. These regions include Western USA, which we can now serve much more efficiently given the major investments made in the State of Montana. During the next fiscal year ending January 31, 2018, the economists predict sustained growth for all US markets. These forecasts take into account the infrastructure programs promised by the new administration in Washington, as well as by the deregulation the new US presidential administration is seeking.

As at the date hereof and in light of the new data analysis available to us at the time of writing these lines, we are generally optimistic about the economic outlook for the next fiscal year. All of our assets allow us to serve all markets across North America, to be active in growth markets, all the while limiting the risks associated with less promising markets.

6. SIGNIFICANT EVENTS OF THE FISCAL YEAR

The following main events marked the fiscal year ended January 31, 2017:

— On February 22, 2016, the Corporation draw the second $5.0 million tranche of the new loan obtained during the third quarter of the 2016 fiscal year. The Corporation obtained a long-term loan, which could reach $20.0 million, from a government corporation, to finance, among others, its working capital. The first $5.0 million tranche was received at the issuance of the loan in August 2015, whereas the final tranche of $10.0 million will be issued, when appropriate, at the Corporation's request, under certain conditions.

— On March 30, 2016, the Corporation announced the award of a series of commercial agreements, totalling in excess of $43.0 million. These new orders were mostly awarded in Quebec and in the U.S. East Coast. These new orders mainly consist in the fabrication work, which includes the shop drawings and the supply of the raw material (steel), as well as the application of special industrial coatings and installation of various steel structures and heavy steel built-up components for industrial and commercial buildings and transport infrastructure projects, including the new Champlain Bridge project in Montreal. These new projects will extend until July 2017.

- On April 13, 2016, ADF Group's Board of Directors approved the payment of a semi-annual dividend of $0.01 per share that was paid on May 16, 2016 to shareholders of record as at April 29, 2016.
- On September 13, 2016, ADF Group's Board of Directors approved the payment of a second semi-annual dividend of $0.01 per subordinate voting share and multiple voting share, which was paid on October 17, 2016 to shareholders of record as at September 30, 2016.
- On October 4, 2016, the Corporation announced the award of new major contracts in the United States, totalling $133.0 million. The largest of the contracts is part of Salt Lake City's new terminal redevelopment program, and which includes the fabrication, industrial coatings and the steel structures and miscellaneous metals erecting work for the new terminal, two concourses and the airport's passenger gateway. ADF's contract also includes the supply of the shop drawings, the design and engineering of connections, as well as the supply of the raw material (steel). The project is scheduled to extend until the second quarter of ADF Group's 2019 fiscal year. The second contract concerns the fabrication and installation of various steel structures and miscellaneous metals for a new building in Miami, Florida. This project is expected to be completed by December 2017.
- On October 31, 2016, the Corporation announced the award of new major contracts in the transport infrastructure sector in the United States, totalling $42.0 million. These new contracts mainly call for the fabrication of steel components for various transport infrastructure projects in Northeast USA and Midwest USA. These projects will extend until the end of the fiscal year ending January 31, 2018.
- On November 18, 2016, the Corporation finalized the renewal of its Canadian operating credit facility, and increasing at the same time the total credit available from $10 million to $20 million, or its equivalent in U.S. dollars. This facility is not based on margination of the lending value, unless the order backlog is below $70 million (was formerly $50 million under the previous agreement). Effective February 1, 2018, this limit will increase to $100 million. All other conditions, including the guarantees, remain unchanged.

7. SIGNIFICANT EVENT THAT OCCURRED SINCE JANUARY 31, 2017

On April 12, 2017, the Corporation's Board of Directors approved a semi-annual dividend of $0.01 per share to be paid on May 16, 2017 to shareholders of record as at April 28, 2017.

8. EXCHANGE RATE

The Corporation is subject to foreign currency fluctuations from the translation of revenues, expenses, assets and liabilities of its foreign operations and from commercial transactions denominated in foreign currency. Average monthly rates (considered a reasonable approximation to actual rates at the date of transactions) are used to translate revenues (except for foreign exchange forward contracts) and expenses for the periods mentioned, while closing rates translate assets and liabilities.

During the fiscal year ended January 31, 2017, as well as during the previous fiscal year, the Corporation used the following exchange rates between the Canadian and U.S. dollars:

	Statements of Income and Comprehensive Income (Loss)				**Statements of Financial Position**	
	Quarterly		*Cumulative*			
($ CA/$ US)	**2017**	2016	**2017**	2016	**2017**	2016
First quarter (April 30)	**1.3263**	1.2482	**1.3263**	1.2482	**1.2548**	1.2064
Second quarter (July 31)	**1.2957**	1.2478	**1.3109**	1.2480	**1.3056**	1.3080
Third quarter (October 31)	**1.3112**	1.3160	**1.3110**	1.2707	**1.3411**	1.3075
Fourth quarter (January 31)	**1.3327**	1.3734	**1.3161**	1.2957	**1.3012**	1.4006
Annual averages	**1.3161**	1.2957				

On a cumulative basis, the Canadian dollar continued its downward trend in relation to its U.S. counterpart. The fourth quarter was the only quarter in which the Canadian dollar was higher than the U.S. dollar (1.3327 versus 1.3734, or 3.0%) compared with the same quarter in 2016. For fiscal 2017, the 1.6% devaluation of the Canadian dollar lead to a positive impact of $0.5 million on the Corporation's gross margin during the fiscal year ended January 31, 2017.

Moreover, as explained further in this MD&A, from time to time and accordingly to its internal policy, the Corporation enters into foreign exchange forward contracts to mitigate the exchange risk.

9. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The summary of ADF's significant accounting policies is described in Note 2 "Summary of Significant Accounting Policies" of the notes to consolidated financial statements for the fiscal year ended January 31, 2017. The policies that the Corporation deems the most critical to adequately understand and assess its reported financial results, include the following:

9.1 **Revenue and Cost Recognition**

ADF uses the percentage-of-completion method to establish 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 and the costs to complete the remainder of the work in order to determine the amount of revenues and profits to be recognized at the end of every period. Under this method, the profits recognized are dependent on a variety of estimates, including the progress of the engineering work, quantities of material, achievement of certain contractual milestones, costs to complete, 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 Management's judgment with respect to these factors at a specific date, and certain of these estimates are difficult to determine before the project is sufficiently advanced.

Given the complexity of the estimation process, even when applying business practices, the projected costs can 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. Generally, 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 contract changes are generally recognized upon their written approval. In certain cases, however, the costs are incurred and recognized before a settlement is finalized with the client. This situation often leads to the recognition of losses before an agreement is reached with the client, since profits are recognized when the negotiated agreement is signed.

In summary, Management would like to point out that the mechanisms related to the percentage-of-completion method can cause fluctuations in the recognition of revenues and costs from one period 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 margin can vary from period to period based on the specific mix of revenues and costs recorded on all projects for every given period.

9.2 **Measurement Uncertainty**

The preparation of financial statements in conformity with IFRS requires Management to make judgments in applying accounting methods used and to make estimates and assumptions for the future that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Because financial reporting involves accounting judgments and entails the use of estimates, actual results could differ from those estimates.

As indicated hereinabove, the valuation of work in progress and deferred revenues requires Management to estimate the percentage of completion, cost of completion and anticipated gross margin. The identification and assessment of claims and contract changes, the assessment of long-term assets and related impairment, as well as the valuation of stock options, taxes, provisions and contingencies, also require estimates.

10. NON-GAAP MEASURES

The financial information in this MD&A has been prepared in accordance with IFRS, with the exception of certain financial indicators that do not have standardized meaning as prescribed by IFRS and therefore are considered non-GAAP (Generally Accepted Accounting Principles). When such indicators are used, they are defined and the reader is informed. The Corporation uses the following non-GAAP indicators to measure its operating performance and the achievement of objectives:

Fiscal Year Ended January 31,	**2017**	2016
Working capital (in thousands of dollars)	**$24,769**	$20,961
Current ratio	**1.77 :1**	1.96 :1
Long-term debt to shareholders' equity ratio	**0.30 :1**	0.14:1
Total debt, net of liquidities (in thousands of dollars)	**$31,716**	$12,842
Total cash and cash equivalents, net of credit facilities and long-term debt, to shareholders' equity ratio	**(0.30):1**	(0.12):1
Liabilities to shareholders' equity ratio	**0.50:1**	0.36:1
Earnings before interest, tax, depreciation and amortization (EBITDA) (in thousands of dollars)	**$8,462**	$7,244
EBITDA margin (as a percentage of revenues)	**8.2%**	7.4%
Book value per share (in dollars)	**$3.24**	$3.30
Return on shareholders' equity	**1.4%**	1.6%

10.1 **Working Capital**

The working capital indicator is used by the Corporation to assess whether current assets are sufficient to meet 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.

Generally, Management's goal is to maintain a current ratio of at least 2:1. Although this ratio was a little below this goal as at January 31, 2017 and 2016, the Corporation establishes the achievement of this goal on the pursuit of its strategy focusing on the execution of contracts generating positive cash flows throughout their execution. It should be noted that the drawing up and/or revision of this corporate goal depends on a number of factors, such as the economic context, the renewal of the normal course issuer bid ("NCIB") program, where appropriate, and expansion projects that might arise.

More specifically, for fiscal year ended January 31, 2017, although the working capital at $24.8 million, is $3.8 million higher than the previous fiscal year, this ratio's decrease (1.96 to 1.77) attests to the pressure on the Corporation's liquidities exerted by the start of certain major projects, mainly the one of the new Salt Lake City airport.

10.2 **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.

Generally, the Corporation's goal is to reduce this ratio through monthly reimbursements to creditors and the expected operating profitability. However, the pursuit of this goal could be hindered by the increase in the U.S. dollar in relation to the Canadian dollar since a significant portion of the long-term debt is denominated in U.S. dollars. In the long term, Management's strategy is to maintain prudent management of its capital structure and debt ratio based on its potential development projects, economic context and business opportunities.

During the 2017 fiscal year, the long-term debt to shareholders' equity ratio and the total debt net of liquidities (see paragraphs 10.3 and 10.4 below) have been impacted by the use of the operational credit facility during the year. As explained in Section 6 "Significant Events that Occurred During the Fiscal Year" the operating credit facility went from $10 million to $20 million during the last quarter of the 2017 fiscal year, in order to remedy, among others, the pressure on the Corporation's liquidities exerted by the start of new fabrication projects.

10.3 **Total Debt, Net of Liquidities**

This indicator indicates, in absolute value, the Corporation's total net leverage. Although total debts exceed the liquidities, the Corporation believes that a reasonable leverage represents an effective use of its liquidities and its borrowing power.

The table below reconciles this indicator with the items in the Consolidated Statement of Financial Position:

As at January 31,	**2017**	2016
(In thousands of dollars)	**$**	$
Cash and cash equivalents	**(334)**	(2,377)
Credit Facilities	**13,336**	—
Current portion of long term debt	**844**	868
Long-term debt	**17,870**	14,351
Total debt, net of liquidities	**31,716**	12,842

10.4 **Total Cash and Cash Equivalents, Net of Credit Facilities and Long-Term Debt, to Shareholders' Equity Ratio**

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

As at January 31, 2017 and 2016, the Corporation's total cash and cash equivalents were lower than its long-term debt and credit facilities, thus explaining this negative ratio.

10.5 **Liabilities to Shareholders' Equity Ratio**

This ratio indicates the extent to which the Corporation depends on debt financing. It represents the Corporation's total liabilities over shareholders' equity.

In the short term, Management's goal is to maintain this ratio at a comfortable level through, among other things, monthly repayments of the long-term debt and the anticipated operating profitability. However, the achievement of this objective could be slowed down by certain factors, of which:

— An increase in accounts payable and other current liabilities;

— The renewal of its NCIB, where appropriate; and

— The impact of fluctuations in the Canadian dollar in relation to the U.S. dollar on liabilities denominated in U.S. dollars.

10.6 **EBITDA and EBITDA Margin**

EBITDA shows the extent to which the Corporation generates profits from operations, without considering the following items:

— Financial revenues and financial expenses;

— Income tax expense;

— Other losses (gains);

— Depreciation and amortization of property, plant and equipment and intangible assets.

Net income is reconciled with EBITDA in the table below:

Fiscal Years Ended January 31,	**2017**	2016
(In thousands of dollars)	**$**	$
Net income	**1,499**	1,699
Income tax expense	**1,014**	1,088
Financial revenues	**(49)**	(79)
Financial expenses	**1,057**	574
Amortization	**4,687**	4,615
Other losses (gains)	**254**	(653)
EBITDA	**8,462**	7,244
— As a % of revenues	**8.2%**	7.4%

10.7 **Book Value**

This financial ratio indicates the book value of each outstanding share (multiple voting shares and subordinate voting shares) issued at the end of the targeted quarter. The book value is equal to shareholders' equity divided by the total number of shares outstanding.

The book value per share went from $3.30 on January 31, 2016 to $3.24 on January 31, 2017, which represents a decrease of 1.8%. This decrease is mainly due to the exchange loss on the translation of the Corporation's foreign subsidiaries. This loss is recorded in the Comprehensive Income (loss) Statement. More specifically, this loss is explained by the decrease in the value of the Corporation's assets that are located in the USA, whose translation rate went from 1.4006 as at January 31, 2016 to 1.3012 as at January 31, 2017, representing a loss of more than 7.0%. Although this loss has no impact on the Corporation's earnings per share, it however reduced the other cumulative income (loss) included in the shareholders' equity.

Management expects this value to further increase because it anticipates that the Corporation will be profitable throughout the fiscal year ending January 31, 2018, and, when appropriate, will continue to repurchase subordinate voting shares in the normal course of business.

10.8 **Return on Shareholders' Equity**

This ratio indicates the return on shareholders' investment during the relevant fiscal year. It is equal to net income over shareholders' equity.

Based on net income for the fiscal year ended January 31, 2017, return on shareholders' equity worked out to 1.4% compared with 1.6% for the fiscal year ended January 31, 2016.

11. **KEY PERFORMANCE INDICATORS ("KPI")**

The Corporation measures its performance on a company-wide basis through the following elements:

— Profitability;
— Liquidities;
— Growth and competitive positioning;
— Financial position and returns.

To this end, the Corporation developed KPIs. The indicators against which each item is assessed are presented below:

Items measured	Profitability	Liquidities	Growth and Competitive Positioning	Financial Position and Returns
KPI	Gross margin	EBITDA	Revenues	Working capital
	EBITDA	Cash flows	Order backlog	Long-term debt to shareholders' equity ratio
	Production capacity utilization			Total net debt to shareholders' equity ratio Return on equity
What is being measured	Operating performance assessment	Assessment of liquidity generation	Assessment of growth, future revenues and competitive positioning	Assessment of short-term and long-term financial position soundness, and return to shareholders

Most of these KPIs are discussed later in this MD&A. Some of these KPIs are not publicly disclosed since they are of a competitive nature.

Moreover, the Corporation's incentive plan is based on the achievement of financial objectives and specific personal goals.

12. SELECTED ANNUAL FINANCIAL INFORMATION

Fiscal Years Ended January 31,	**2017**	2016	2015
(In thousands of dollars and in dollars per share)	**$**	$	$
Revenues	**102,846**	98,089	76,058
Net income	**1,499**	1,699	(1,570)
— Basic per share	**0.05**	0.05	(0.05)
— Diluted per share	**0.05**	0.05	(0.05)
Total assets	**158,684**	146,471	137,815
Non-current liabilities	**20,821**	17,093	11,835
Annual dividend per share	**0.02**	0.02	0.02

During the fiscal year ended January 31, 2017, revenues totalled $102.8 million, recording a $4.8 million increase compared with the previous fiscal year. Net income has recorded a slight loss during the fiscal year ended January 31, 2017.

As further explained below, the increase in revenues stems from an increased level of activities during the fiscal year ended January 31, 2017. Moreover, and in line with the volume, the gross margin also recorded an increase compared with previous fiscal years. These increases were more than offset by the increases in selling and administrative costs and in net financial expenses, causing the net income to fall back slightly during the 2017 fiscal year.

The increase in total net assets resulted from the increase in working capital as at January 31, 2017, which stemmed from an increase activity level, which in turn more than offset the decrease in the value of U.S. assets translated at a lower closing rate.

Finally, the increase in non-current liabilities during the fiscal year 2017 is mainly explained by the increase in long-term debt as explained herein in Section 6 "Significant Events of the Fiscal Year".

13. ANALYSIS OF OPERATING RESULTS FOR THE FISCAL YEAR ENDED JANUARY 31, 2017

During the 12 months of operations between February 1, 2016 and January 31, 2017, the Corporation pursued its activities consisting of the design and engineering of connections, fabrication, including industrial coating, and installation of complex steel structures and heavy steel built-ups, in Canada and the United States.

13.1 Revenues and Gross Margin

Fiscal Years Ended January 31,	**2017**	2016	Changes 2017/2016	
(In thousands of dollars and in percentages)	**$**	$	$	%
Revenues	**102,846**	98,089	4,757	4.8
Cost of goods sold	**85,635**	84,069	1,566	1.9
Gross margin	**17,211**	14,020	3,191	22.8
— As a % of revenues	**16.7%**	14.3%		2.4

a. **Revenues**

Revenues during the fiscal year ended January 31, 2017, totalled $102.8 million, up by $4.8 million compared with the 2016 fiscal year.

The revenues are determined on the basis of the costs incurred on the various projects executed during the fiscal year.

The increase in revenues stems mainly from the increase in fabrication activities across ADF's operational units and by the year-to-year variation in the average exchange rate, which added $1.2 million to the revenues as at January 31, 2017 compared with last year's average conversion rate.

In terms of economic dependency, 60% of the Corporation's revenues during the fiscal year ended January 31, 2017, were realized with two (2) clients (one (1) of whom was part of the revenues concentration for the fiscal year ended January 31, 2016), for amounts of $36.8 million from the United States and $24.3 million from the United States and Canada, who each accounted for 10% or more of the Corporation's revenues.

During the fiscal year ended January 31, 2016, 70% of the Corporation's revenues were realized with three (3) clients, for respective amounts of $30.5 million from the United States, $24.5 million from the United States and Canada, and $13.3 million from Canada, one (1) of whom was part of the Corporation's revenues concentration during the fiscal year ended January 31, 2015.

Although the Corporation attempts 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 in upcoming quarters.

b. **Gross Margin**

The gross margin in dollar value increased by $3.2 million during the 2017 fiscal year compared with the 2016 fiscal year. As a percentage of revenues, the gross margin went from 14.3% during the fiscal year ended January 31, 2016 to 16.7% during the fiscal year ended January 31, 2017.

This increase as a percentage of revenues is mainly driven by the increase in the activity level, by a better absorption of fixed costs and the impact of the foreign exchange.

In addition, as described in Section 21 "Order Backlog", the fabrication hours are not only the Corporation's core activity, but are also its most value-added activity. To that effect, the revenues during the fiscal year ended January 31, 2016, were comprised of 53% of fabrication hours, which also includes industrial coating, compared with 60% for the fiscal year ended January 31, 2017, which also explains the improvement in gross margin.

Increases or decreases in raw material (mainly steel) prices do not generally have a material impact on the gross margin since in some of the contracts in hand, the clients supply the steel to be transformed by ADF, whereas protection clauses with regard to price changes are usually included in contracts where ADF supplies the steel. In addition, the natural hedge attributable to revenues and the purchase of raw materials in U.S. dollars mitigates the impact of exchange rate fluctuations.

13.2 Selling and Administrative Expenses

Fiscal Years Ended January 31,	**2017**	2016	Changes 2017/2016	
(In thousands of dollars and in percentages)	**$**	$	$	%
Selling and administrative expenses	**13,436**	11,391	2,045	18.0
— As a % of revenues	**13.1%**	11.6%		1.5

Selling and administrative expenses amounted to $13.4 million, posting a $2.0 million increase over the 2016 fiscal year. This increase is essentially attributable to the change to the Corporation compensation programs for Directors, Executive Officers and key employees. In order to align their respective compensation to the Corporation's performance, and in light of the benchmarking conducted by an independent firm, deferred share units (DSUs) were granted on February 1, 2016, on a discretionary basis, to five (5) External Directors, as well as to four (4) Executive Officers and key employees of the Corporation.

The Directors' DSUs are vested from the date of the grant, whereas those of senior executives and key employees are vested over a five (5) year period. The total expense recognized during the fiscal year ended January 31, 2017 for all DSUs, totalled $0.9 million.

In addition to this impact, the increase in selling and administrative expenses is driven by the increase in bid costs, the impact of the translation of selling and administrative expenses denominated in U.S. dollars, as well as by market development efforts and the implementation of the new business plan adopted in fiscal year 2016. The goal of the new business plan aims at optimizing all the operations of the Corporation, including the new paint shops in Great Falls, Montana and in Terrebonne, Quebec, as well as the fabrication plant also in Great Falls, Montana, all the while developing new markets that have become accessible to the Corporation following these investments. These initiatives will continue to exert pressure on selling and administrative expenses during coming quarters.

13.3 Amortization

In accordance with IFRS standards, amortization expense is included in the cost of goods sold and selling and administrative expenses (see Note 17 "Classification of Expenses by Nature" to the consolidated financial statements). However, Management considers it appropriate to continue separately commenting on amortization expense since it is considered a significant, although non-cash, component in the analysis of the Corporation's profit margins.

Fiscal Years Ended January 31,	**2017**	2016	Changes 2017/2016	
(In thousands of dollars and in percentages)	**$**	$	$	%
Amortization	**4,687**	4,615	72	1.6
— As a % of revenues	**4.6%**	4.7%		0.1

The amortization expense for the 2017 fiscal year amounted to $4.7 million, which was $0.1 million more than that of the 2016 fiscal year.

Fiscal Years Ended January 31,	**2017**	2016	Changes 2017/2016	
(In thousands of dollars and in percentages)	**$**	$	$	%
Amortization expense included in cost of goods sold	**3,631**	3,675	(44)	(1.2)
Amortization expense included in selling and administrative expenses	**1,056**	940	116	12.3
Total amortization	**4,687**	4,615	72	1.6

13.4 Financial Revenue and Financial Expenses

Fiscal Years Ended January 31,	**2017**	2016	Changes 2017/2016	
(In thousands of dollars and in percentages)	**$**	$	$	%
Financial revenues	**(49)**	(79)	30	38.0
Financial expenses	**1,057**	574	483	84.1
	1,008	495	513	103.6
— As a % of revenues	**1.0%**	0.5%		0.5

The increase in net financial expenses relates to the issuance of new debts, the collection of short-term investments and the use of the credit facilities during the fiscal year ended January 31, 2017.

13.5 Other Losses (Gains)

Fiscal Years Ended January 31,	**2017**	2016	Changes 2017/2016	
(In thousands of dollars and in percentages)	**$**	$	$	%
Foreign exchange loss (gain)	**254**	(35)	289	Pos.
Gain on disposal of property, plant and equipment	**—**	(618)	618	100.0
	254	(653)	907	Pos.
— As a % of revenues	**0.2%**	(0.7)%		0.9

a. **Foreign Exchange Loss (Gain)**

The foreign exchange loss recorded during the fiscal year ended January 31, 2017, includes a $1.4 million foreign exchange loss on ongoing operations and a $1.1 million realized and not realized foreign exchange gain relating to the fair value of financial derivatives. During the 2017 fiscal year, in accordance with the new IFRS standards, a $2.8 million foreign exchange loss on the translation of foreign subsidiaries was recorded in Comprehensive Income (Loss).

The foreign exchange gain recorded during the fiscal year ended January 31, 2016, included a $1.3 million foreign exchange gain on ongoing operations and a $1.2 million realized and not realized foreign exchange loss relating to the fair value of financial derivatives. During the 2016 fiscal year, in accordance with the new IFRS standards, a $3.7 million foreign exchange gain on the translation of foreign subsidiaries was recorded in Comprehensive Income (Loss).

The Corporation is exposed to exchange rate fluctuations between the Canadian and U.S. dollar, since a significant portion of its revenues is generally recorded in U.S. dollars. For the fiscal year ended January 31, 2017, 72% of the Corporation's revenues were recorded in U.S. dollars (58% during the fiscal year ended January 31, 2016). Considering the improvement in U.S. markets and the commissioning of its new plant in Great Falls, Montana, the Corporation expects that the percentage of its revenues in U.S. dollars will continue to be significant during the fiscal year 2018.

During the fiscal year ended January 31, 2017, in line with its hedging policy, given the increase in its net risk between future U.S. denominated cash inflows and outflows, the Corporation used the following derivative financial instruments, which are classified as held-for-trading and measured at their fair value at the end of each period, since they are not designated as part of an effective hedging relationship.

The detail of the derivative financial instruments on hand as at January 31, 2017, was established as follows:

	As at January 31, 2017			
	In thousands US$ (1)	In thousands CA$ (1)	Average Rate	Maturity Date
Foreign Exchange Forward Contracts	**800**	**1,096**	**1.3700**	**February 01, 2017**
	(800)	**(1,039)**	**1.2990**	**February 01, 2017**
	3,500	**4,566**	**1.3045**	**April 28, 2017**
	1,000	**1,316**	**1.3163**	**April 28, 2017**
	750	**955**	**1.2732**	**April 28, 2017**
	1,000	**1,384**	**1.3837**	**April 28, 2017**
	1,000	**1,320**	**1.3200**	**July 31, 2017**
	5,400	**7,039**	**1.3035**	**July 31, 2017**
	3,950	**5,155**	**1.3050**	**July 31, 2017**
	2,000	**2,668**	**1.3338**	**October 31, 2017**
	4,300	**5,736**	**1.3340**	**October 31, 2017**
	6,000	**7,804**	**1.3007**	**October 31, 2017**
	800	**1,038**	**1.2976**	**October 31, 2017**
	1,700	**2,296**	**1.3503**	**January 31, 2018**
Foreign Currency Options	**10,000**	**12,960**	**1.2960**	**February 24, 2017**
	750	**960**	**1.2800**	**April 28, 2017**
	(750)	**(986)**	**1.3150**	**April 28, 2017**
	750	**945**	**1.2600**	**July 31, 2017**
	(750)	**(965)**	**1.2860**	**July 31, 2017**
	2,000	**2,600**	**1.3000**	**October 31, 2017**
	(2,000)	**(2,752)**	**1.3760**	**October 31, 2017**

(1) A positive amount represents the sale of U.S. dollars, whereas a negative amount represents the purchase of U.S. dollars.

Based on the balance, as at January 31, 2017, of the Corporation's financial instruments denominated in foreign currencies, a 10% fluctuation in the exchange rate between the Canadian and U.S. dollars (all other variables remaining constant), would have resulted in a $401,000 variation in net income before tax and in comprehensive income (loss) before tax ($86,000 and $464,000 respectively in 2016). However, this information only applies to financial instruments based on year-end balances and does not take into account the impact of foreign exchange fluctuations on revenues and other miscellaneous expenses for a complete year.

b. **Gain on Disposal of Property, Plant and Equipment**

During the fourth quarter of the 2016 fiscal year, the Corporation sold a land and its building located in Florida, USA. This disposal generated a $0.6 million gain.

13.6 Income Tax Expense

For the 2017 fiscal year, the income tax expense represented an average effective tax rate of 40.4%, compared with an average effective tax rate of 39% for the 2016 fiscal year. The difference between these rates and the Corporation's Canadian effective rate (27%) is mainly explained by the breakdown of income before income tax (profits or losses) from American and Canadian jurisdictions, which use different income tax rates. It should be noted that the U.S. average effective rate is higher than 40%.

Fiscal Years Ended January 31,	**2017**	2016	Changes 2017/2016	
(In thousands of dollars and in percentages)	**$**	$	$	%
Income tax expense	**1,014**	1,088	(74)	(6.8)
— As a % of revenues	**1.0%**	1.1%		(0.1)

Income tax expense has currently no material impact on the Corporation's cash inflows and outflows.

A balance of $2.4 million relating to net deferred income tax assets was recorded in the Consolidated Statements of Financial Position as at January 31, 2017. This will have a favourable impact on future cash outflows of the Corporation, which will not have to pay future income tax until the full amount of available tax attributes has been used in the different jurisdictions where the Corporation executes contracts. Once these future income tax assets are fully used in a given jurisdiction, the Corporation will be required to resume paying income taxes in that jurisdiction.

13.7 Net Income, Basic and Diluted Earnings per Share

Fiscal Years Ended January 31,	**2017**	2016
(In thousands of dollars and in dollars per share)	**$**	$
Total net income	**1,499**	1,699
— As a % of revenues	**1.5%**	1.7%
Total basic earnings per share	**0.05**	0.05
Total diluted earnings per share	**0.05**	0.05

The decrease in net income recorded during the fiscal year ended January 31, 2017, compared with the 2016 fiscal year, is previously explained in this section, but more specifically it essentially results from the increase in selling and administrative expenses and in financial expenses, which more than offset the increase in gross margin.

14. COMMENTS ON QUARTERLY RESULTS

The trends observed in the analysis of quarterly results do not necessarily represent those of the future results of the Corporation. ADF's activities are not, as such, subject to seasonal fluctuations. However, the non-residential construction market in which the Corporation is active goes through upward and downward cycles.

Overall, quarterly fluctuations in the following indicators result mainly from the changes in the revenue mix and accrued costs within different projects and for every given period, together with the lags between the recognition of costs and revenues, where appropriate, that could result from the use of estimates based on the percentage-of-completion method.

More specifically, and in light of the results for the last eight (8) quarters presented below, these fluctuations are mostly explained by the fabrication schedules of the different projects announced by the Corporation. Considering that revenues are established based on incurred costs on these different projects carried out by the Corporation, revenues and operating results can differ significantly from quarter to quarter because of these execution schedules.

14.1 **Results for the Last Eight Quarters**

Fiscal Years Ended January 31,	**2017**				2016			
	4th Quarter (01.31.2017)	**3rd Quarter (10.31.2016)**	**2nd Quarter (07.31.2016)**	**1st Quarter (04.30.2016)**	4th Quarter (01.31.2016)	3rd Quarter (10.31.2015)	2nd Quarter (07.31.2015)	1st Quarter (04.30.2015)
(In thousands of dollars and in dollars per share)	**$**	**$**	**$**	**$**	$	$	$	$
Revenues	**36,456**	**21,089**	**19,861**	**25,440**	29,084	21,260	19,063	28,682
Gross margin	**4,833**	**3,253**	**2,990**	**6,134**	4,063	4,500	1,889	3,568
— As a % of revenues	**13%**	**15%**	**15%**	**24%**	14%	21%	10%	12%
EBITDA (1)	**2,313**	**1,437**	**1,669**	**3,043**	2,083	2,848	475	1,838
— As a % of revenues	**6%**	**7%**	**8%**	**12%**	7%	13%	2%	6%
Income before income tax expense (recovery)	**871**	**45**	**251**	**1,346**	1,521	1,524	(420)	162
— As a % of revenues	**2%**	**0%**	**1%**	**5%**	5%	7%	(2)%	1%
Net income	**253**	**36**	**245**	**965**	1,138	1,041	(537)	57
— Basic per share	**0.01**	**0.00**	**0.01**	**0.03**	0.03	0.03	(0.02)	0.00
— Diluted per share	**0.01**	**0.00**	**0.01**	**0.03**	0.03	0.03	(0.02)	0.00

(1) See Section 10 "Non-GAAP Measures" for the definition of EBITDA.

14.2 **Results for the Fourth Quarter Ended January 31, 2017**

The Corporation recorded revenues of $36.5 million during the quarter ended January 31, 2017, up by $7.4 million over the fourth quarter of fiscal 2016. This variation is largely due to a higher activity level, which has been lessened by the impact of the foreign exchange, which reduced the analyzed quarters' revenues by $1.1 million.

The gross margin as a percentage of revenues stood at 13% for the fourth quarter ended January 31, 2017, compared with 14% for the same quarter in the 2016 fiscal year. This variation stems from the mix of products in fabrication for the periods presented. When analyzing more specifically the quarters of the 2017 fiscal year, the decline in gross margin during the fourth quarter is also attributable to the start of major projects, such as the new Salt Lake City airport for which the start-up phase generates a little less profitability. The mix of products has also had a downward impact on the gross margins when taking into account the percentages of fabrication and installation activities, which respectively went from 45% and 1% during the quarter ended January 31, 2016 to 36% and 22% respectively during the same quarter ended January 31, 2017. As previously mentioned, fabrication is an activity that has a higher value-added and therefore a higher value on gross margins.

The Corporation recorded a net income of $253,000 during the last quarter of 2017 fiscal year compared with a net income of $1.1 million for the same period in fiscal 2016. This decrease is driven by the increase in selling and administrative expenses and financial expenses, as well as by a higher average tax rate.

15. **CASH FLOWS AND FINANCIAL POSITION**

Although under pressure, the Corporation has a sound financial position and is on a solid footing to address its financial needs. Taking into account its cash and cash equivalents position, its short-term credit facilities and the level of planned capital spending, the Corporation does not expect any liquidity risk in a foreseeable future.

On January 31, 2017, cash and cash equivalents totalled $334,000, down by $2.0 million compared with January 31, 2016. In addition, as at January 31, 2017, the Corporation used $13.3 million on its credit facilities, whereas they were unused as at January 31, 2016.

As further described hereinafter, the decrease in available cash is explained by the start of new projects, including the new Salt Lake City airport, whereby raw material purchases, including steel, requires significant liquidities.

Despite this situation, Management believes that these available funds are sufficient to support the execution of its order backlog in hand on January 31, 2017, and to meet its financial commitments for the 2018 fiscal year.

Furthermore, the Corporation continually appraises the opportunities to use part of its liquidities to finance certain projects that could provide additional long-term competitive advantages (see Section 34 "Outlook"). It also looks at opportunities for accelerated payments discounts negotiated with suppliers.

15.1 **Operating Activities**

During the 2017 fiscal year the Corporation used cash flows from its operating activities and assigned its cash flows as follows:

Fiscal Years Ended January 31,	**2017**	2016
(In thousands of dollars)	**$**	$
Net income adjusted for non-cash items	**8,952**	5,902
Changes in non-cash operating working capital items:		
Accounts receivable	**13**	(8,008)
Holdbacks on contracts	**(1,895)**	2,636
Work in progress	**(13,688)**	(399)
Inventories	**(1,057)**	(309)
Prepaid expenses and other current assets	**688**	(139)
Accounts payable and other current liabilities	**(1,310)**	651
Deferred revenues	**(1,437)**	(1,491)
	(18,686)	(7,059)
	(9,734)	(1,157)
Income tax expense paid	**(901)**	—
Cash flows from (used in) operating activities	**(10,635)**	(1,157)

Net income adjusted for non-cash items, totalling $9.0 million during the 2017 fiscal year, is $3.0 million higher than the 2016 fiscal year. This increase results mainly from the increase in non-cash foreign exchange losses, the increase in financial expenses and the increase in expenses related to the share base compensation.

During the 2017 fiscal year, changes in non-cash operating working capital items used cash of $18.7 million. This cash outflow is mostly explained by the increase in work in progress ($13.7 million), holdbacks on contracts ($1.9 million) and the decrease in accounts payable and other current liabilities ($1.3 million) and deferred revenues ($1.4 million). This variations related to the activity level as at January 31, 2017, compared with the same date a year ago.

During the 2016 fiscal year, changes in non-cash operating working capital items used cash of $7.1 million. This cash outflow is mostly explained by the increase in accounts receivable ($8.0 million).

15.2 **Investing Activities**

The Corporation's investing activities are summarized as follows:

Fiscal Years Ended January 31,	**2017**	2016
(In thousands of dollars)	**$**	$
Disposal of short-term investments	**—**	778
Net acquisition of property, plant and equipment	**(6,809)**	(8,591)
Revenues from disposal of property, plant and equipment	**—**	1,457
Acquisition of intangible assets	**(410)**	(411)
Decrease (increase) in other non-current assets	**(12)**	641
Interest received	**49**	96
Cash flows from (used in) investing activities	**(7,182)**	(6,030)

During the 2017 fiscal year, $7.2 million in liquidities were used to essentially complete the construction of the new paint shop in Terrebonne, Quebec. Investing activities during the 2016 fiscal year used a net total of $6.0 million in liquidities mostly to purchase property, plant and equipment, mainly for the construction of that new paint shop.

The increase in intangible assets for both fiscal years related primarily to the internal development and implementation of production and financial software.

The Corporation estimates capital expenditure for fiscal 2018 at approximately $5.0 million, which will primarily be dedicated to keeping up the production equipment current at its plants in Terrebonne, Quebec and in Great Falls, Montana.

15.3 Financing Activities

The Corporation's financing activities were as follows:

Fiscal Years Ended January 31,	**2017**	2016
(In thousands of dollars)	**$**	$
Issuance of long-term debt [(1)]	**5,000**	4,893
Variation in the credit facilities	**13,329**	—
Repayment of long-term debt	**(816)**	(772)
Redemption of subordinate voting shares	**—**	(1,918)
Issuance of subordinate voting shares	**6**	730
Dividends paid	**(652)**	(652)
Interest paid	**(1,040)**	(552)
Cash flow from financing activities	**15,827**	1,729

(1) Net of the $0.1 million financing fees during fiscal 2016

During fiscal 2017, financing activities generated liquidities of $15.8 million compared with a cash inflow of $1.7 million the previous year. The funds for the 2017 fiscal year came from the second $5.0 million tranche drawn during the first quarter ended April 30, 2016, of the new long-term loan agreement concluded during the fiscal year ended January 31, 2016, and the variation in the credit facilities.

During the fiscal years 2017 and 2016, the Corporation reimbursed $0.8 million respectively on these long-term debts. During the 2017 and 2016 fiscal years the Corporation also paid $0.7 million in dividend to its shareholders of record.

During the 2017 fiscal year, the Corporation issued 6,000 subordinate voting shares, under its Stock Option Plan, for a cash consideration of $6,000 (887 400 shares were issued during the 2016 fiscal year for a cash consideration of $0.7 million).

During the 2017 fiscal year, the Corporation did not redeem subordinate voting shares (800,000 shares redeemed during the 2016 fiscal year for a cash consideration of $1.9 million).

15.4 Payment of Rents and Interest and Payment of Principal on Debt

The Corporation pays interest on its long-term debts, based on interest rates that ranged between 1.98% and 3.55% as of January 31, 2017. The Corporation is currently making monthly principal repayments totalling less than US$0.1 million on these debts. Other rent payments are described in paragraph 15.6) below.

15.5 Debt Covenants

During the fiscal year ended January 31, 2017, the Corporation respected all covenants with its lenders, and still did at the date hereof. Management expects it will continue to respect its commitments during fiscal 2018.

15.6 Contractual Obligations

Long-term debt, including the obligations under a financial lease agreement, before interest:

(In thousands of dollars)	**$**
Less than one year	**844**
2 to 3 years	**2,859**
4 to 5 years	**3,038**
And more	**11,973**
Total	**18,714**

As at January 31, 2017, the Corporation was committed under operating leases for cars, office equipment and information technology equipment. These commitments amounted to $1.1 million, for which minimum annual payments due for the next five (5) fiscal years are as follows: $421,000 in 2018, $367,000 in 2019, $223,000 in 2020, $82,000 in 2021 and $39,000 in 2022.

As at January 31, 2017, the Corporation had no commitments relating to the purchase of property, plant and equipment. As at January 31, 2016, these commitments totalled $2.3 million.

Commitments Related to Letters of Credit as at January 31, 2017

As at January 31, 2017, the Corporation held letters of credit, totalling $4.5 million compared with $5.4 million as at January 31, 2016.

16. CAPITAL STOCK

Information on the outstanding shares, including stock options:

(In thousands of dollars, and in number of shares and options)	Subordinate Voting Shares		Multiple Voting Shares (1)		Total Outstanding Shares		Stock Options (2)
	Number	$	Number	$	Number	$	Number
As at January 31, 2015	18,191,035	53,184	14,343,107	16,001	32,534,142	69,185	1,426,064
Issued on exercise of stock options	887,400	1,174	—	—	887,400	1,174	(887,400)
Share repurchase (3)	(800,000)	(2,282)	—	—	(800,000)	(2,282)	—
Granted (forfeited)	—	—	—	—	—	—	(77,000)
As at January 31, 2016	18,278,435	52,076	14,343,107	16,001	32,621,542	68,077	461,664
Issued on exercise of stock options	**6,000**	**11**	**—**	**—**	**6,000**	**11**	**(6,000)**
Granted (forfeited)	**—**	**—**	**—**	**—**	**—**	**—**	**(72,000)**
As at January 31, 2017	**18,284,435**	**52,087**	**14,343,107**	**16,001**	**32,627,542**	**68,088**	**383,664**

(1) These shares carry 10 votes per share.
(2) The weighted average exercise price of the current stock options is $2.97 per unit.
(3) See Section 19 "Normal Course Issuer Bid".

17. STOCK OPTION PLAN

As at January 31, 2017, the Corporation had 32,627,542 shares outstanding (32,621,542 on January 31, 2016). During the 2017 fiscal year, the Corporation did not issue stock options and issued 6,000 subordinate voting shares under its Stock Option Plan. At the date hereof, being April 12, 2017, the number of shares outstanding was practically unchanged.

During the 2016 fiscal year, the Corporation issued, under its stock option plan, 887,400 subordinate voting shares at a weighted average price of $0.82 per share, for a total consideration of $1.2 million.

As at January 31, 2017, a total of 383,664 stock options were issued and outstanding. These options, which had a weighted average life of 3.75 years before maturity, had a weighted average exercise price of $2.97 (see Note 14 "Capital Stock" in the Notes to the Consolidated Financial Statements).

18. DEFERRED SHARE UNITS PLAN

18.1 External Directors

This deferred compensation plan allows every external director, who wants to participate, to defer in whole or in part his/her director's compensation (including fees and attendance fees), by electing to receive a percentage of this compensation in the form of DSUs, which will be bought back in cash by the Corporation on the date the external director ceases to be a director of the Corporation by reason of death, retirement or loss of function as director.

When a director elects to participate in this plan, the Corporation credits the account of the director for a number of units equal to the deferred compensation divided by the market value of the subordinate voting shares, which is established using the average closing price during the five (5) trading days preceding the date of grant. DSU are not convertible into shares of the Corporation and do not result in a dilution to shareholders.

In addition and independently to DSUs that can be granted to external directors for the purposes of deferring their directors' compensation, the Deferred Share Units Plan also allows the Corporation's Board of Directors to award, at its discretion, DSUs to any external director, executive officer and key employee. If it sees fit, the Board of Directors can attach conditions related to time and/or to the Corporation's performance to the vesting of these DSUs. The Corporation therefore provides a letter to the beneficiary attesting such award, including the number of DSUs awarded and all vesting conditions.

When the Corporation pays dividends on subordinate and multiple voting shares, the accounts of the directors, executive officers and key employees (see paragraph 18.2 below) are credited for the amount in the form of additional units using the same basis of calculation previously described.

For every DSU awarded, as well as for the variation in fair value, the Corporation recognizes a compensation expense with the counterpart in "Accounts payable and other current liabilities" of the Consolidated Statement of Financial Position.

DSU compensation during the fiscal years ended January 31, 2017 and 2016, amounted to $588,000 and $48,000 respectively, each representing 190,686 and 19,319 units.

DSU compensation during the fiscal year ended January 31, 2017 includes 175,000 units granted on a discretionary basis, for a total amount of $543,000 (no units granted during the fiscal year ended January 31, 2016).

Fiscal Years Ended January 31,	**2017**	2016
(Number of deferred share units)		
Outstanding, at the beginning of year	**121,346**	175,645
Attributed	**190,686**	19,319
Exercised	**—**	(73,618)
Outstanding, at the end of year	**312,032**	121,346

The DSUs are re-evaluated at fair market value at the end of each reporting period until the vesting date, using the market price of the Corporation's subordinate voting shares.

During the fiscal year ended January 31, 2017, a downward re-evaluation in the amount of $59,000 was recorded as a decrease in compensation expense, with the consideration recorded as a decrease in accounts payable and other current liabilities in the Consolidated Statement of Financial Position.

During the fiscal year ended January 31, 2016, this re-evaluation resulted in an upward of $113,000 ,recorded as an increase in compensation expense, with the consideration recorded as an increase in accounts payable and other current liabilities in the Consolidated Statement of Financial Position.

18.2 Executive Officers and Key Employees

As set forth in the DSU Plan on February 1, 2016, the Corporation granted, on a discretionary basis, Executive Officers and key employees a total of 236,162 DSUs, the vesting of which will extend over a 5-year period, at a rate of 20% per year. The vested DSUs will be bought back in cash by the Corporation on the date its holder ceases to be an officer or employee of the Corporation by reason of death, retirement or loss of function as officer or employee. The DSU are recognized as they are vested and their costs is determined using a valuation model, and re-evaluated at each reporting period.

The share base compensation expense, totalling $377,000 representing 125,278 units, was recorded in the Consolidated Statement of Income for the Fiscal Years Ended January 31, 2017, and the corresponding amount was recognized as an increase in accounts payable and other current liabilities in the Consolidated Statements of Financial Position.

19. NORMAL COURSE ISSUER BID

On May 30, 2014, the Corporation announced the renewal of its normal course issuer bid ("NCIB"), under which it was able to repurchase, for cancellation purposes, up to up to 1,375,824 subordinate voting shares, between June 4, 2014 and June 3, 2015. These 1,375,824 shares represent approximately 10% of the public float of the subordinate voting shares.

During the fiscal year ended January 31, 2016, the Corporation repurchased the 750,000 subordinate voting shares held by three of its executive officers, pursuant to the exercise of the stock options awarded to them in April 2005, for a total amount of $2.1 million ($2.85 per share) including a disbursement of $1.8 million ($2.40 per share) and $0.3 million from contributed surplus. In the context of the share repurchase, the Corporation amended its NCIB in order to specifically authorize off-Exchange purchases under the exemptions provided under applicable securities legislation or issued by securities regulatory authorities. In accordance with the Toronto Stock Exchange's rules, the share repurchase was factored in the computation of the annual aggregate limit of shares eligible for buyback by the Corporation under the NCIB. Therefore, following this transaction, a balance of 625,824 shares could have been eligible for repurchase until June 3, 2015, under the NCIB.

Also during the fiscal year ended January 31, 2016, the Corporation repurchased off-Exchange, under the exemptions provided under applicable securities legislation, a total of 50,000 subordinate voting shares held by a former executive officer for a total amount of $143,000 ($2.85 per share), made up of a $118,000 disbursement and $25,000 from contributed surplus.

Since the NCIB came to maturity on June 3, 2015, the Corporation did not redeem subordinate voting shares under the NCIB during the fiscal year ended January 31, 2017.

20. **DIVIDEND**

During the fiscal year ended January 31, 2012, the Corporation's Board of Directors approved a dividend policy, payable semi-annually, which was extended since.

Consequently, during the fiscal year ended January 31, 2017, two semi-annual dividends of $326,000 each (or $0.01 per share), representing $652,000 were recognized as distribution to its shareholders of record as at April 29, 2016 and September 30, 2016, of which $366,000 was for subordinate voting shares and $286,000 for multiple voting shares. These sums were paid on May 16, 2016 and October 17, 2016, respectively.

In addition, during the fiscal year ended January 31, 2016, two semi-annual dividends of $326,000 each (or $0.01 per share), representing $652,000 were recognized as distribution to its shareholders of record as at April 30, 2015 and September 30, 2015, of which $365,000 was for subordinate voting shares and $287,000 for multiple voting shares. These sums were paid on May 15, 2015 and October 15, 2015, respectively.

21. **ORDER BACKLOG**

ADF Group's order backlog totalled $194.5 million on January 31, 2017, compared with $70.6 million on the same date a year earlier. This variation is attributable to new contracts and contract changes, net of contracts execution.

As at January 31, 2017, 40% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 61% on January 31, 2016. Most of the contracts in hand as at January 31, 2017, will progressively be executed between now and the second quarter of Fiscal 2019.

22. **FINANCIAL POSITION**

As at January 31, 2017, the Corporation had a sound financial position. The Corporation's solid Consolidated Statement of Financial Position allowed it to obtain, when required, the necessary bonding for the award of large-scale contracts. This represents a major advantage for ADF within its markets.

The following table provides details on the major changes in the Consolidated Statement of Financial Position between January 31, 2017 and January 31, 2016.

Sections	Changes	Explanatory Notes
	(In millions of dollars)	
Cash and cash equivalents, net of the variation in credit facilities	**(15.4)**	See Section 15 "Cash Flow and Financial Position" hereinabove.
Accounts receivable	**(0.8)**	Variation in line with the progress schedule and contracts billing.
Holdbacks on contracts	**1.9**	Variation in line with the billing schedules of contracts on hand.
Work in progress/Deferred revenues (net)	**15.0**	Net difference between the work progress and revenues billing.
Property, plant and equipment and intangible assets	**(1.0)**	Difference resulting from the acquisition of property, plant and equipment and intangible assets ($7.2 million), net of amortization ($4.7 million) and the exchange rate impact ($3.5 million).
Accounts payable and other current liabilities	**(1.2)**	In line with the activity level as at January 31, 2017.
Long-term debt (including current portion)	**3.5**	Impact of the issuance of the second $5.0 million tranche of the financing agreement concluded during the 2016 fiscal year, net of the debt reimbursement ($0.8 million) and the impact of the exchange rate ($0.7 million).
Accumulated other comprehensive income (loss)	**(2.8)**	Impact of the variation in the foreign exchange rates on the translation of foreign operations.

23. CURRENT ECONOMIC ENVIRONMENT

Although the trends are improving in certain markets served by the Corporation, a degree of uncertainty remains regarding the economic context. In times of economic uncertainty, the Corporation is faced with the following challenges:

— Its business segment is strongly dependent on project owners' capacity to finance their projects. For lack of financing, certain projects can be delayed or simply abandoned. Although the Corporation strives to mitigate this risk by focusing its marketing efforts on projects whose financing is most likely to materialize, it has no control over financial market trends; and

— Certain project owners who secured financing on the start-up of projects could be forced to cease the work pursuant to the withdrawal of financing, due to a lack of capital of either the project lender or the owner. The Corporation mitigates this risk by ensuring that amounts due are diligently collected and, insofar as possible, maintaining at all times a positive cash flow for every project. Moreover, the Corporation does business with owners who are financially solid. At the date hereof, no project of the Corporation is subject to such constraints.

From a financing point of view, the Corporation has a sound financial position and currently respects all its financial covenants. It expects it will continue to do so during the next 12 months. Capital expenditures are subject to very close monitoring by Management. The Corporation does not anticipate any liquidity problems, in particular since its principal credit facility is issued by a Canadian chartered bank with a solid credit rating, and the Corporation's major clients are leaders in their respective fields. Based on the foregoing, the Corporation maintains its short-term prospects (see Section 34 "Outlook") and does not currently foresee any short-term elements that could compromise its course of business.

That being said, and in light of the fact that the Corporation does not enjoy all the visibility from which it normally benefits in its markets, the Corporation will continue to use caution and will closely monitor the situation (see Sections 26 " External Factors to Which the Corporation's Performance is Exposed" and 34 "Outlook").

24. RELATED PARTY TRANSACTIONS

During the fiscal year ended January 31, 2015, the Corporation granted advances to two Executive-Shareholders. These advances bear interest at the rate prescribed (1.0%) by the tax authorities and repayable during the fiscal year ended January 31, 2016. As at January 31, 2016, these advances were completely paid. During the fiscal year ended January 31, 2017, certain advances were granted to Executive-Shareholders. These advances were fully reimbursed at the date hereof and no outstanding balances remained as at January 31, 2017.

Moreover, in the normal course of business, management agreements have been reached with companies held by a group of majority shareholders. These transactions are measured at the exchange value, which is the consideration established and accepted by the related parties:

Company	**Type**	**Transactions with ADF Group Inc.**	**Fiscal Years Ended January 31,**	
			2017	2016
			(In $)	(In $)
Groupe JPMP Inc.	Executives	Three executives of ADF Group are compensated through this company for their work within the Corporation, as stipulated in their contracts of employment (see Section 10 of the Management Information Circular for the 2017 fiscal year).	**1,331,335**	1,300,690
ADF Group Inc.	Executives	Other compensation paid directly to Executives.	**364,706**	96,708

25. EXECUTIVE OFFICERS' AND DIRECTORS' COMPENSATION

Base salaries of the Corporation's executive officers are competitive and are generally placed either between the 50th and 75th percentile or around the 75th percentile of a reference group made up of 14 publicly-traded Canadian companies similar to the Corporation in terms of size and operating in the same business segment as the Corporation, that is, construction, design and/or fabrication.

Regarding the compensation of external directors (other than the Co-Chair of the Board of Directors and Independent Board Leader) is deemed competitive, considering that the annual fees are placed at the median of the reference group and the attendance fees are placed between the median and the 75th percentile. As for the single flat fee of the Co-Chair of the Board of Directors and Independent Board Leader, it is deemed competitive when taking into account the size of the company and responsibilities delegated or shared by the Chief Executive Officer (See Sections 10 "Executive Compensation" and 11 "Compensation of Directors" of the 2017 Management Information Circular, for more details).

26. EXTERNAL FACTORS TO WHICH THE CORPORATION'S PERFORMANCE IS EXPOSED

26.1 Exchange Rate

The exchange rate fluctuation between the Canadian and U.S. dollars has an impact on the Corporation's results. Thus, a $254,000 exchange loss was recorded for the fiscal year ended January 31, 2017, compared with a $35,000 exchange gain for the 2016 fiscal year.

In order to minimize the impact of exchange rate fluctuations on its results, the Corporation implemented the following protective measures:

— Issuance of two new debts in U.S. dollars during the fiscal year ended January 31, 2014, and one debt during the fiscal year ended January 31, 2015;

— When advantageous, the raw material (steel) and welding products required for fabrication are purchased in U.S. dollars; and

— Implementation of a foreign exchange policy to protect a portion of the net exchange risk between cash inflows and outflows denominated in U.S. dollars.

26.2 Operating Risks and Uncertainties

The following is a description of the Corporation's main operating risks and uncertainties:

a. **Indemnity Agreement**

The Corporation entered into an indemnity agreement when it sold a subsidiary in 2004. This former subsidiary was involved in legal proceedings. During fiscal 2014, this lawsuit's main dispute was settled out of court. At the date hereof, certain smaller disputes of secondary importance relating to this same lawsuit, are still pending, and in this context, the Corporation does not expect incurring significant disbursements.

b. **Uncertainties Relating to the World Economy**

The uncertainty related to the global economy could have a negative impact on the Corporation's business segment, i.e. the non-residential construction industry, particularly in North America, its primary market. At the date hereof, although the Corporation's order backlog will provide work for the next quarters, the uncertainty relating to the global economy could adversely affect the Corporation's revenues and profitability beyond that period.

c. **Bonding Capacity and Irrevocable Letters of Credit**

During the fiscal year ended January 31, 2017, the Corporation maintained the necessary bid bonds and/or letters of credit to its business partners, required for bids, as well as in the scope of contractual commitments, or other financial instruments, such as performance, payment and supply bonds or an irrevocable letter of credit.

d. **Operational Risks and Uncertainties That Could Have an Impact on the Corporation's Financial Position and Operating Results**

Normally, ADF's contracts are performed under contractual arrangements at firm prices. ADF has developed and applies rigorous risk assessment and management practices to reduce the nature and extent of the financial, technical and legal risks specific to each of these contractual agreements. ADF's continued commitment to strict risk management practices when undertaking and executing contracts includes the technical risks assessment, legal review of contracts, application of tight cost controls and scheduling of projects, regular review of projects' revenues, costs and cash flows, and implementation of agreements aimed at generating positive cash flows from projects and other provisions aimed at mitigating risks.

The following items could have an impact on the Corporation's future financial position and operating results:

— Economic conditions could exert pressure on the profit margins on new projects to be negotiated with clients and have an impact on the order backlog and the award of new contracts;

— Contractual changes overlapping two periods, that is, for which costs would have been recognized but no revenues recorded during a given period and no final settlement concluded with the client at the end of that period, could have an impact on the Corporation's results and cash flows in the following period, subsequent to the signing of this agreement;

— An increase in the price of steel might be a risk, although it would be mitigated by the sale price adjustment clauses concluded with clients and included in contracts;

- The risk associated with the fluctuations in interest rates is also mitigated by having a good mix between fixed-rate and variable-rate debts, as well as available liquidities, when appropriate, that can generate financial revenues;
- Competition in the Corporation's business segment;
- Economic dependency related to the concentration of its client base; the Corporation strives to mitigate this risk through its development strategy of broadening its geographical and market sectors;
- The assessment of custom duties or other protectionist measures by the United States, ADF's main market, on fabricated steel imports;
- Fluctuations in the exchange rate between the Canadian and U.S. dollars. However, this risk is mitigated in part by the foreign currency hedge policy adopted by the Corporation's Executive Officers; and
- The nature of contracts in hand, depending on the type of client, can influence the delay of collection. When these contracts are funded by government agencies, it is possible that the collection period of contract receivables is not impacted upward. However, the risk related to the collection is minimal given that these sums are actually guaranteed by government agencies. When these same contracts are funded by non-governmental organizations, Management believes that the vast majority of these accounts are not doubtful accounts since that they are with well-established companies.

27. FINANCIAL INSTRUMENTS

A significant number of items in the Corporation's Statement of Financial Position include financial instruments. The Corporation's financial assets consist of cash, cash equivalents, accounts receivable, holdbacks on contracts, equity investments, as well as derivative financial instruments, whose fair market value is positive. Financial liabilities include credit facilities, accounts payable and other current liabilities, long-term debt and derivative financial instruments, whose fair market value is negative.

As at January 31, 2017, the carrying amount of these financial instruments did not significantly differ from the fair market value, either because of their forthcoming maturity date (in the case of cash, cash equivalents, accounts receivable, holdbacks on contracts receivable, credit facilities and accounts payable and other current liabilities), or because the Corporation believed it could obtain similar conditions and schedules (in the case of the long-term debt) or since they are re-evaluated at their fair value at the end of every period (in the case of equity investments and derivative financial instruments) (see Note 29 "Financial Instruments" in the Notes to the Consolidated Financial Statements for the fiscal year ended January 31, 2017).

Derivative financial instruments are typically used to manage the Corporation's foreign exchange and interest rate risk exposure. They are generally comprised of foreign exchange forward contracts and an interest rate swap.

The Corporation is mostly exposed to credit, liquidity and market risks, including exchange rate and interest rate risks, when using financial instruments. A description of how the Corporation manages these risks is included hereinabove in this MD&A, as well as in Note 28 "Financial Risk Management" in the Notes to the Consolidated Financial Statements for the fiscal year ended January 31, 2017.

28. ASSESSMENT OF THE EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES, AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures have been designed to provide reasonable assurance that the information that must be presented in Corporation's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Corporation's disclosure controls and procedures as of January 31, 2017, as well as the effectiveness of Corporation's internal control over financial reporting as of the same date using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 Framework) and have concluded that they are effective.

During the quarter and the year ended January 31, 2017, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

29. DISCLOSURE AND INSIDER TRADING POLICIES

In accordance with its internal policies and guidelines, the Corporation diligently reports all relevant financial information. In addition, when the Corporation publishes its financial results or announces major contract awards or any other material information, it enforces a blackout period for its directors and managers, as well as for its personnel who wish to trade on ADF Group's securities, in order to ensure compliance and transparency of any trading by persons regarded as insiders. With regard to the employees, this blackout period can, under the circumstances, be either enforced for all the Corporation's employees or limited to a more restricted number of employees according to their knowledge of privilege information concerning the event to be disclosed.

In addition, in the context of the NCIB, the brokerage firm retained for the buyback is subject to the same rules with regard to the blackout period.

30. RECENT IFRS PRONOUNCEMENTS NOT YET ADOPTED

a. IFRS 9 "Financial Instruments"

In November 2009, the IASB issued IFRS 9 - Financial Instruments. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments with fair value measurement adjustments for such instruments recognized either through profit or loss or through other comprehensive income (loss).

Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends, to the extent that they do not clearly represent a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. In addition, the standard includes guidance on financial liabilities and derecognition of financial instruments.

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments. The new standard will replace IAS 39 - Financial Instruments: Recognition and Measurement. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income (loss). The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income (loss), lease receivables, contract assets and certain written loan commitments and financial guarantee contracts.

The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exception. Early application is permitted. Restatement of prior periods in relation to the classification and measurement, including impairment, is not required.

The Corporation is still evaluating the impact of these changes on its consolidated financial statements.

b. IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and a number of revenue-related interpretations (IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers", and SIC-31 "Revenue - Barter Transactions Involving Advertising Service").

The IASB published in May 2014, IFRS 15 which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. It provides a single model in order to depict the transfer of promised goods or services to the customers. In accordance with IFRS 15 basic principle, an entity recognizes revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. In addition, IFRS 15 requires more comprehensive disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

The Corporation is conducting a detailed assessment of the impact of this standard will have on its financial statements.

c. IFRS 16 "Leases"

In January 2016, the IASB released IFRS 16, Leases, to replace the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 will be effective for the Corporation's fiscal year beginning on January 1, 2019, with earlier application permitted only if the Corporation applies IFRS 15 "Revenue from contracts with customers".

The Corporation is currently evaluating the impact of this standard on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Corporation.

31. ENVIRONNEMENT

ADF's operations are subject to various laws and regulations adopted by federal, provincial, state and local governments pertaining to environmental protection.

The Corporation's Terrebonne and Great Falls facilities were built on vacant land. The operations that could have a potential impact on the environment are welding, which generates smoke, and equipment maintenance, which generates waste oil and industrial coating, which generate fumes and vapours, ADF has installed appropriate pollution control equipment in order to comply with the existing laws and regulations.

Waste oil is recuperated by specialized firms. The Corporation has the necessary environmental certificates of authorization for its two fabrication plants and for all expansion phases subsequently carried out.

Moreover, as part of the construction of its new paint shop in Terrebonne, the Corporation updated its environmental certificate of authorization for all its operations located in Terrebonne, including its fabrication plant. Following these investments, ADF Group's facilities in Terrebonne meet the highest environmental standards.

For the fiscal years ended January 31, 2017 and 2016, and taking into account the preceding paragraph, the requirements with regard to environmental protection did not have a significant financial or operational impact on the Corporation's capital expenditures, net income and competitive position. The Corporation does not expect to incur any costs outside the normal course of business to comply with environmental requirements.

32. HUMAN RESOURCES

As at January 31, 2017, the Corporation employed a total of 710 people across its head office, fabrication complex and paint shop in Terrebonne, Quebec, and its office, fabrication plant and paint shop in Great Falls, Montana, U.S.A. , and as well as the sales office and various construction sites in Florida, U.S.A.

33. SUBSEQUENT EVENT

On April 12, 2017, the Corporation's Board of Directors approved a semi-annual dividend of $0.01 per share to be paid on May 16, 2017 to shareholders of record as at April 28, 2017.

34. OUTLOOK

Starting the 2018 fiscal year with an order book of over $194 million, the Corporation is pursuing its efforts in maintaining a high level of work across its operations. As previously mentioned, ADF's success is driven by a high number of projects in order to achieve a gain in efficiency throughout our operations. It is important to point out that these efforts do not come at the expense of the corporate Risk Management Policy. The Corporation maintains the approach it implemented a few years ago allowing it to minimize operational risks, thus limiting exposure to significant fluctuations in its results.

As described in Section 5 "Market Trends", a certain level of uncertainties hovers over the markets targeted by the Corporation, however, we remain optimistic about our growth prospects. Our recent investments continue their progression and our geographical footprint give us the ability to take advantage of business opportunities as they arise.

The 2018 fiscal year will be a year during which ADF Group will continue to grow its revenues. For the fiscal year ended January 31, 2017, our revenues have surpassed for the first time since the 2004 fiscal year, the $100-million mark. We expect to grow our revenues while improving at the same time our operational efficiency. Managing our working capital requirements will remain a key element of fiscal 2018, especially during this period of growth of our order book. We have, however, set up credit facilities to manage this growth, and we still have the ability to carry out our projects.

The Corporation celebrated its 60th anniversary during the 2017 fiscal year. Not only do we have extensive experience, but also a dynamic workforce to pursue the work and ensure the sustained growth of our Corporation.

35. ADDITIONAL INFORMATION

Management's discussion and analysis of changes in financial position and operating results for the fiscal year ended January 31, 2017 has been approved by the Corporation's Board of Directors as of April 12, 2017.

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 the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.SEDAR.com.

Ms. Marise Paschini

/ Signed /

Executive Vice-President, Treasurer and Corporate Secretary

Mr. Jean-François Boursier, CPA, CA

/ Signed /

Chief Financial Officer

Terrebonne, Quebec, Canada, April 12, 2017

The electronic version of this report is available at www.adfgroup.com and at www.sedar.com.

Ce rapport est aussi disponible en français.

Group Inc.

300 Henry-Bessemer
Terrebonne, Quebec J6Y 1T3
Canada

T. (450) 965-1911
Toll free 1 (800) 263-7560
F. (450) 965-8558

infos@adfgroup.com
www.adfgroup.com

Toronto Stock Exchange: **TSX/DRX**