ADF Group Inc.

Unaudited Condensed Interim Consolidated Financial Statements

Three-Month Period Ended April 30, 2017

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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.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE TO THE READERS

These condensed interim consolidated financial statements have been prepared by the Management of ADF Group Inc. and have not been audited or reviewed by an external auditor.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	April 30, 2017	January 31, 2017
	(Unaudited)	(Audited)
(In thousands of Canadian dollars)	**$**	$
ASSETS		
Current assets		
Cash and cash equivalents	**191**	334
Accounts receivable	**37,655**	22,326
Holdbacks on contracts (Note 8)	**5,751**	3,613
Income tax assets	**835**	842
Work in progress (Note 8)	**23,372**	21,077
Inventories	**5,894**	6,957
Derivative financial instruments (Note 15)	**—**	696
Prepaid expenses and other current assets	**918**	1,137
Total current assets	**74,616**	56,982
Non-current assets		
Property, plant and equipment (Note 4)	**91,716**	90,060
Intangible assets (Note 5)	**2,937**	2,920
Other non-current assets	**3,424**	3,406
Deferred income tax assets	**5,736**	5,316
Total assets	**178,429**	158,684
LIABILITIES		
Current liabilities		
Credit facilities	**16,428**	13,336
Accounts payable and other current liabilities	**29,236**	16,585
Income tax liability	**602**	184
Deferred revenues (Note 8)	**754**	1,264
Derivative financial instruments (Note 15)	**1,849**	—
Current portion of long-term debt	**990**	844
Total current liabilities	**49,859**	32,213
Non-current liabilities		
Long-term debt	**17,981**	17,870
Deferred income tax liabilities	**2,970**	2,951
Total liabilities	**70,810**	53,034
SHAREHOLDERS' EQUITY		
Capital stock (Note 6)	**68,120**	68,088
Contributed surplus	**6,412**	6,422
Accumulated other comprehensive income (loss) (Note 7)	**8,660**	6,741
Retained income	**24,427**	24,399
Total shareholders' equity	**107,619**	105,650
Total liabilities and shareholders' equity	**178,429**	158,684

The accompanying notes are an integral part of these consolidated financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS,

Mr. Jean Paschini

/ Signed /

Director

Mr. Frank Di Tomaso, FCPA, FCA, ICD.D

/ Signed /

Director

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of Canadian dollars and in dollars per share)	**$**	$
Revenues (Note 8)	**48,638**	25,440
Cost of goods sold (Note 9)	**43,412**	19,306
Gross Margin	**5,226**	6,134
Selling and administrative expenses (Note 9)	**3,239**	4,258
Financial revenues	**(17)**	(35)
Financial expenses (Note 12)	**387**	190
Foreign exchange loss	**994**	375
	4,603	4,788
Income before income tax expense	**623**	1,346
Income tax expense	**269**	381
Net income for the period	**354**	965
Earnings per share		
Basic per share (Note 13)	**0.01**	0.03
Diluted per share (Note 13)	**0.01**	0.03
Average number of outstanding shares (in thousands) (Note 13)	**32,627**	32,621
Average number of outstanding diluted shares (in thousands) (Note 13)	**32,660**	32,749

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of Canadian dollars)	**$**	$
Net income for the period	**354**	965
Other comprehensive income (loss) (Note 7) [a] :		
Exchange differences on translation of foreign operations	**1,919**	(4,114)
Comprehensive income (loss) for the period	**2,273**	(3,149)

(a) Will subsequently be reclassified to net income.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(In thousands of Canadian dollars)	**Capital Stock**	**Contributed Surplus**	**Accumulated Other Comprehensive Income (Loss)**	**Retained Income**	**Total**
	$	$	$	$	$
Balance, February 1, 2016	68,077	6,397	9,507	23,552	107,533
Net income for the period	—	—	—	965	965
Other comprehensive income (loss)	—	—	(4,114)	—	(4,114)
Comprehensive income (loss) for the period	—	—	(4,114)	965	(3,149)
Share-based compensation (Note 6)	—	8	—	—	8
Dividends (Note 6)	—	—	—	(326)	(326)
Balance, April 30, 2016	68,077	6,405	5,393	24,191	104,066

(In thousands of Canadian dollars)	**Capital Stock**	**Contributed Surplus**	**Accumulated Other Comprehensive Income (Loss)**	**Retained Income**	**Total**
	$	**$**	**$**	**$**	**$**
Balance, February 1, 2017	**68,088**	**6,422**	**6,741**	**24,399**	**105,650**
Net income for the period	**—**	**—**	**—**	**354**	**354**
Other comprehensive income (loss)	**—**	**—**	**1,919**	**—**	**1,919**
Comprehensive income (loss) for the period	**—**	**—**	**1,919**	**354**	**2,273**
Share-based compensation (Note 6)	**—**	**5**	**—**	**—**	**5**
Options exercised	**32**	**(15)**	**—**	**—**	**17**
Dividends (Note 6)	**—**	**—**	**—**	**(326)**	**(326)**
Balance, April 30, 2017	**68,120**	**6,412**	**8,660**	**24,427**	**107,619**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of Canadian dollars)	**$**	$
OPERATING ACTIVITIES		
Net income for the period	**354**	965
Non-cash items:		
Amortization of property, plant and equipment (Note 4)	**997**	1,081
Amortization of intangible assets (Note 5)	**97**	86
Gain on disposal of property, plant and equipment	**(11)**	—
Unrealized loss (gain) on derivative financial instruments	**2,545**	(1,617)
Non-cash exchange loss (gain)	**(1,206)**	1,558
Share-based compensation (Note 6)	**(24)**	645
Income tax expense	**269**	381
Financial revenues	**(17)**	(35)
Financial expenses	**387**	190
Net income adjusted for non-cash items	**3,391**	3,254
Changes in non-cash working capital items (Note 14)	**(5,592)**	(4,254)
Income tax paid	**—**	(777)
Cash flows from (used in) operating activities	**(2,201)**	(1,777)
INVESTING ACTIVITIES		
Net acquisition of property, plant and equipment (Note 4)	**(328)**	(4,192)
Acquisition of intangible assets	**(114)**	(102)
Revenues from disposals of property, plant and equipment	**26**	—
Increase in other non-current assets	**(16)**	(10)
Interest received	**17**	35
Cash flows from (used in) investing activities	**(415)**	(4,269)
FINANCING ACTIVITIES		
Variation in credit facilities	**3,037**	—
Issuance of long-term debt	**—**	5,000
Repayment of long-term debt	**(215)**	(207)
Issuance of subordinate voting shares (Note 6)	**17**	—
Interest paid	**(387)**	(194)
Cash flows from (used in) financing activities	**2,452**	4,599
Impact of fluctuations in foreign exchange rate on cash flow	**21**	(127)
Net change in cash and cash equivalents during the period	**(143)**	(1,574)
Cash and cash equivalents, beginning of the period	**334**	2,377
Cash and cash equivalents, end of the period	**191**	803

Supplemental information on cash flows is provided in Note 14.

The accompanying notes are an integral part of these consolidated financial statements.

All tabular figures are in thousands of Canadian dollars (CA$) and in dollars per share, unless otherwise specified.

NOTE 1
NATURE OF BUSINESS

ADF GROUP INC. ("ADF", "ADF Group" or "the Corporation") is the parent company and is incorporated under the Canada Business Corporations Act. Its head office is located at 300 Henry-Bessemer Street, in Terrebonne, Quebec. The Corporation's securities are traded on the Toronto Stock Exchange under the ticker symbol DRX. The Corporation operates two fabrication plants and two paint shops, in Canada and in the United States. The Corporation concentrates its activities in the design and engineering of connections, fabrication, including the application of industrial coatings, and the 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 infrastructures.

NOTE 2
BASIS OF PREPARATION

a) **Statement of Compliance**

The Corporation prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), applicable to interim financial reports, including International Accounting Standard 34, "Interim Financial Reporting". These condensed interim consolidated financial statements are intended to provide an update on the January 31, 2017 annual audited consolidated financial statements. Accordingly, they do not include all of the information required for annual financial statements and must be read in conjunction with the Corporation's annual audited consolidated financial statements as at January 31, 2017.

The Board of Directors approved these condensed interim consolidated financial statements on June 13, 2017. The financial statements have been prepared using the same accounting policies as outlined in Note 2 to the Corporation's Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017.

b) **Basis of Assessment**

These consolidated financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments measured at the fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c) **Functional and Reporting Currency**

Items included in each of the Corporation's entities financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Corporation's functional currencies are the Canadian dollar for its Canadian entity, and the U.S. dollar for its U.S. entities. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation's reporting currency. All amounts are rounded to the nearest thousand dollars, except where otherwise indicated.

d) **Use of Estimates and Judgments**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. Areas involving a greater degree of judgment or complexity, or areas where assumptions and estimates have a significant impact on the consolidated financial statements, are disclosed in Note 4 to the Corporation's Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017, and remained unchanged for the three-month period ended April 30, 2017.

NOTE 3
RECENT IFRS PRONOUNCEMENTS NOT YET ADOPTED

A summary of recent IFRS pronouncements not yet adopted is included in Note 3 to the annual financial statements of January 31, 2017, and consists of the IFRS 15 "Revenue from Contracts with Customers" published by the IASB in May 2014, the IFRS 16 "Leases" published by the IASB in January 2016, as well as the IFRS 9 "Financial Instruments" published by the IASB in November 2009.

The Corporation is still conducting a detailed assessment of the impact these standards will have on its consolidated 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.

NOTE 4
PROPERTY, PLANT AND EQUIPMENT

For the three-month period ended April 30, 2017, the amortization of property, plant and equipment totalled $997,000 ($1,081,000 for the three-month period ended April 30, 2016), and was distributed as follows:

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Cost of goods sold	**805**	877
Selling and administrative expenses	**192**	204
	997	1,081

As at April 30, 2017 and 2016, all property, plant and equipment were subject to amortization. During the three-month period ended April 30, 2017 and 2016, the Corporation acquired $367,000 and $4,192,000, distributed as follows:

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Building and improvement to land	**—**	2,285
Equipment and overhead cranes	**299**	1,757
Others	**68**	150
	367	4,192

NOTE 5
INTANGIBLE ASSETS

As at April 30, 2017 and 2016, all intangible assets were subject to amortization.

For three-month period ended April 30, 2017, amortization of intangible assets totalled $97,000 ($86,000 for the three-month period ended April 30, 2016), and was distributed as follows:

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Cost of goods sold	**36**	36
Selling and administrative expenses	**61**	50
	97	86

NOTE 6
CAPITAL STOCK

a) **Capital Stocks**

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

	Subordinate Voting Shares		**Multiple Voting Shares**		**Total**	
(In thousands of CA$ and in number of shares)	Number	$	Number	$	Number	$
As at February 1, 2016	18,278,435	52,076	14,343,107	16,001	32,621,542	68,077
Issued on exercise of stock options	6,000	11	—	—	6,000	11
As at January 31, 2017	18,284,435	52,087	14,343,107	16,001	32,627,542	68,088
Issued on exercise of stock options	**7,664**	**32**	**—**	**—**	**7,664**	**32**
As at April 30, 2017	**18,292,099**	**52,119**	**14,343,107**	**16,001**	**32,635,206**	**68,120**

b) **Dividend**

During the three-month period ended April 30, 2017, the Corporation recognized as distribution to its Shareholders of Record as at April 28, 2017 and paid on May 16, 2017, semi-annual dividends totalling $326,000 or $0.01 per share, of which $183,000 for subordinate voting shares and $143,000 for multiple voting shares.

During the three-month period ended April 30, 2016, the Corporation recognized as distribution to its Shareholders of Record as at April 29, 2016 and paid on May 16, 2016, semi-annual dividends totalling $326,000 or $0.01 per share, of which $183,000 for subordinate voting shares and $143,000 for multiple voting shares.

c) **Stock Option Plan**

At April 30, 2017, a total of 3,542,629 subordinate voting shares (3,542,629 shares as at January 31, 2017) were reserved for the Stock Option Plan (the "Plan"), of which 1,473,029 shares as at April 30, 2017 (1,473,029 shares as at January 31, 2017) had not yet been granted.

The Plan requires that the exercise price of the options granted must not be less than the closing market value on the day the options are granted by the Corporation's Board of Directors. These options start vesting one year after the grant date, at the rate of 20% per year for the majority of the options. All options have a 10-year life from the date of the grant.

As at	**April 30, 2017**		January 31, 2017	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
(In dollars per option and in number of options)	**Number**	**$**	Number	$
Outstanding, at the beginning	**383,664**	**2.97**	461,664	2.68
Exercised	**(7,664)**	**2.14**	(6,000)	1.05
Canceled	**—**	**—**	(72,000)	1.28
Outstanding, at the end	**376,000**	**2.99**	383,664	2.97
Exercisable, at the end	**315,000**	**3.06**	322,664	3.04

As at April 30, 2017, the weighted average exercise price and the weighted average remaining contractual life of the options were as follows:

(In dollars per option and number of options)	**Outstanding Options**			**Exercisable Options**	
Exercise Price	**Outstanding**	**Weighted Average Remaining Life**	**Weighted Average Exercise Price**	**Exercisable**	**Weighted Average Exercise Price**
$	Number	Year	$	Number	$
6.48	5,000	0.70	6.48	5,000	6.48
5.65	60,000	0.96	5.65	60,000	5.65
2.66	100,000	7.21	2.66	40,000	2.66
2.52	60,000	2.62	2.52	60,000	2.52
2.45	96,000	2.21	2.45	96,000	2.45
1.88	50,000	3.37	1.88	50,000	1.88
1.21	5,000	5.12	1.21	4,000	1.21
	376,000	**3.58**	**2.99**	**315,000**	**3.06**

A total expense of $5,000 for share-based compensation was recorded in the Consolidated Statement of Income for the three-Month Period Ended April 30, 2017, and a corresponding amount was recognized in contributed surplus (an expense of $8,000 for the three-month period ended April 30, 2016).

No options were granted during the three-month periods ended April 30, 2017 and 2016.

d) **Deferred Share Units Plan ("DSU")**

i. **External Directors**

During the three-month periods ended April 30, 2017 and 2016, the DSU compensation amounted to a negative amount of $36,000 and a positive amount of $556,000 respectively, and are recorded in "Accounts payable and other current liabilities" in the Consolidated Statements of Financial Position. The fluctuation of the External Directors DSUs were as follows:

Three-Month Periods ended April 30,	**2017**	2016
(In number of deferred share units)	**Units**	Units
Outstanding, at the beginning of the period	**312,032**	121,346
Attributed (1)	**5,010**	179,477
Outstanding, at the end of the period	**317,042**	300,823
Vested, at the end of the period	**317,042**	300,823

(1) Includes 175,000 units issued on a discretionary basis for a total of $543,000 for the three-month period ended April 30, 2016 (no amount for the three-month period ended April 30, 2017).

The DSU's 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 three-month period ended April 30, 2017, the re-evaluation resulted in a $50,000 decrease in compensation expenses. During the three-month period ended April 30, 2016, no amount affected the compensation expense, since the outcome of the re-evaluation was immaterial. The External Directors' DSUs fair value amounts to $869,000 as at April 30, 2017 ($932,000 as at April 30, 2016).

ii. **Executive Officers and Key Employees**

As set forth in the DSU Plan (see Note 2 p) to the Notes to the Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017), the Corporation may grant Executive Officers and key employees DSUs on a discretionary basis, the vesting of which will extend over a 2-year to 5-year period, at a rate of 20% to 50% 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 fluctuation of the Executive Officers and key employees DSUs were as follows:

Three-Month Periods ended April 30,	**2017**	2016
(In number of deferred share units)	**Units**	Units
Outstanding, at the beginning of the period	**273,162**	—
Attributed (1)	**—**	236,162
Outstanding, at the end of the period	**273,162**	236,162
Vested, at the end of the period	**63,111**	—

(1) Issued on a discretionary basis.

The DSU are recognized as they are earned and their costs is determined using a valuation model, and re-evaluated at each reporting period.

The share-based compensation expense, totalling respectively $7,000 and $81,000, was recorded in the Consolidated Statement of Income for the Three-Month Periods Ended April 30, 2017 and 2016, and the corresponding amount was recognized in accounts payable and other current liabilities in the Consolidated Statements of Financial Position. As at April 30, 2017, the vested DSUs fair value was $172,900.

NOTE 7

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Exchange differences on translation of foreign operations		
Opening balance	**6,852**	9,668
Changes during the period	**1,919**	(4,114)
Closing balance	**8,771**	5,554
Hedging of foreign operations, net of related income taxes (1)		
Opening balance	**(300)**	(300)
Changes during the period	**—**	—
Closing balance	**(300)**	(300)
Change in value of available-for-sale financial assets		
Opening balance	**189**	139
Changes during the period	**—**	—
Closing balance	**189**	139

Allocated as follows:

As at	**April 30, 2017**	January 31, 2017
(In thousands of CA$)	**$**	$
Exchange differences on translation of foreign operations, net of related hedging activities, net of related income taxes (2)	**8,471**	6,552
Change in value of available-for-sale financial assets (3)	**189**	189
	8,660	6,741

(1) To protect itself against the foreign exchange risk related to net investments in its foreign subsidiaries, the Corporation used hedge accounting until July 2014 by fully designating one of its US-denominated long-term debts as a hedge. However, because this long-term debt was fully reimbursed in July 2014, hedge accounting ceased to apply on that date.

(2) The component "Translation of foreign operations" represents exchange differences relating to the translation from the functional currencies of the Corporation's foreign operations into Canadian dollars. On disposal of a foreign operation, the cumulative translation differences are reclassified to the Consolidated Statement of Income as part of the gain or loss on disposal.

(3) The component "Available-for-sale financial assets" arises upon the revaluation of available-for-sale financial assets. When a revaluated financial asset is sold, the portion of the component that relates to that financial asset, and is effectively realized, is recognized in the Consolidated Statement of Income. When a revaluated financial asset is impaired, the portion of the component that relates to that financial asset is recognized in Consolidated Statement of Income.

NOTE 8
INFORMATION RELATED TO CONTRACTS

Revenues from construction contracts totalling $48,638,000 for the three-month period ended April 30, 2017 ($25,440,000 for the three-month period ended April 30, 2016) have been included in revenues of the reporting period. The amounts recorded in the Consolidated Statement of Financial Position relate to current contracts at the end of the reporting period.

The amounts are calculated as net incurred costs, plus profits, less recognized losses and billings for the period. The carrying amount of assets and liabilities is as follows:

As at April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Total amount of cost incurred and profits and losses recorded on all ongoing contracts	**164,373**	130,139
Less progress billings	**(141,755)**	(128,366)
	22,618	1,773

Recognized as follows:

As at	**April 30, 2017**	January 31, 2017
(In thousands of CA$)	**$**	$
Amount owed by clients for work performed on contracts, recorded in work in progress	**23,372**	21,077
Amount owed to clients for work performed on contracts, recorded in deferred revenues	**(754)**	(1,264)
	22,618	19,813

Advances received from clients on contracts for work not yet realized are recognized in accounts payable and other current liabilities. These advances were nil as at April 30, 2017 ($299,000 as at January 31, 2017).

Holdbacks on contracts will be received at the time of the client's approval of the work performed and amounts to $5,751,000 as at April 30, 2017, ($3,613,000 as at January 31, 2017) and are included in current assets in the Consolidated Statement of Financial Position.

NOTE 9
CLASSIFICATION OF EXPENSES PER NATURE

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Raw material, consumables and subcontracting	**21,976**	6,861
Salaries and employees' benefit expenses (1) (Note 10)	**16,700**	11,038
Travelling expenses and representation	**1,291**	558
Transport	**1,255**	231
Drafting and engineering	**1,220**	1,294
Amortization expenses (Notes 4 and 5)	**1,094**	1,167
Professional fees	**754**	680
Maintenance and repairs	**495**	213
Electricity and heating	**415**	363
Management fees with related companies (Note 11)	**358**	337
Taxes and permits	**276**	297
Insurance	**257**	227
Office expenses	**153**	129
Other	**407**	169
	46,651	23,564

(1) For the three-month period ended April 30, 2017, salaries and employees' benefit expenses were decreased by a government grant of $297,000 mostly for jobs creation (no amount for the three-month fiscal year ended April 30, 2016).

Distributed as follows:

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Cost of goods sold	**43,412**	19,306
Selling and administrative expenses	**3,239**	4,258
	46,651	23,564

Cost of goods sold is as follows:

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Cost of goods sold excluding amortization	**42,571**	18,393
Amortization of property, plant and equipment and intangible assets	**841**	913
	43,412	19,306

NOTE 10
SALARIES AND EXPENSES RELATED TO EMPLOYEES BENEFITS

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Salaries and other short-term benefits	**11,842**	8,526
Social security costs	**4,244**	1,227
Pension plan contributions	**568**	570
Share-based compensation (Note 6)	**(24)**	645
Other	**70**	70
	16,700	11,038

NOTE 11
EXECUTIVES OFFICERS' COMPENSATION

The Corporation's principal executive officers are members of the Board of Directors and members of the Management Committee of ADF Group Inc. (the parent company) and their related persons. Their compensation includes the following expenses:

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Salaries and other short-term benefits	**408**	972
Social security costs	**55**	80
Management fees (1)	**358**	337
Pension plan contributions	**74**	86
Share-based compensation (Note 6)	**(33)**	628
Attendance fees	**70**	70
	932	2,173

(1) In the normal course of business, management agreements have been reached with companies held by a group of majority shareholders and are measured at exchange amount.

NOTE 12
FINANCIAL EXPENSES

Financial expenses were as follows:

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Interest on long-term debt	**214**	181
Interest on credit facilities	**137**	—
Other interest	**36**	9
	387	190

NOTE 13
EARNINGS PER SHARE

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

Three-Month Periods Ended April 30,	**2017**	2016
Numerator (in thousands of CA$)		
Numerator applicable to basic and diluted earnings per share	**354**	965
Denominator (in thousands)		
Basic weighted average number of shares	**32,627**	32,621
Effect of dilutive instruments:		
— Stock options	**33**	128
Diluted weighted average number of shares	**32,660**	32,749

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

During the three-month period ended April 30, 2017, only 211,000 stock options (303,664 stock options during the three-month period ended April 30, 2016) were included in the computation of diluted earnings per share since the other options were antidilutive.

NOTE 14
SUPPLEMENTAL CASH FLOWS INFORMATION

The following table sets out in detail the components of the "Changes in non-cash working capital items":

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Accounts receivable	**(13,713)**	(3,495)
Holdbacks on contracts	**(1,840)**	(145)
Work in progress	**(1,481)**	3,071
Inventories	**1,139**	(257)
Prepaid expenses and other current assets	**237**	555
Accounts payable and other current liabilities	**10,597**	(3,949)
Deferred revenues	**(531)**	(34)
Changes in non-cash working capital items	**(5,592)**	(4,254)

NOTE 15
FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) **Financial Risk Management**

As described in Note 28 to the Audited Consolidated Financial Statements for the fiscal year ended January 31, 2017, the Corporation is exposed to exchange rate fluctuations between the Canadian and U.S. dollars, since a significant portion of its revenues is generally recorded in U.S. dollars. During the three-month period ended April 30, 2017, 91% of the Corporation's revenues were concluded in U.S. dollars (60% during the three-month period ended April 30, 2016). As part of its foreign currency hedge policy, the Corporation uses different mechanisms, where appropriate, to mitigate the impact of these fluctuations on its results, such as:

- Maximizing purchases in U.S. dollars when possible to avail itself of a natural hedging;
- Acquiring fabrication equipment in U.S. dollars;
- Issuance of long-term debt into U.S. dollars;
- Using hedging accounting, the case may be; and
- Using foreign exchange forward contracts and/or foreign currency options to hedge part of the residual exchange risk.

The detail of the derivative financial instruments on hand as at April 30, 2017, in line with its hedging policy, was established as follows:

	As at April 30, 2017			
	In thousands of US$ (1)	**In thousands of CA$ (1)**	**Average rate**	**Maturity date**
Foreign Exchange Contracts	**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**
	4,016	**5,445**	**1.3557**	**July 31, 2017**
	400	**533**	**1.3313**	**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**
	200	**265**	**1.3263**	**January 31, 2018**
	2,000	**2,624**	**1.3121**	**January 31, 2018**
	2,500	**3,270**	**1.3081**	**January 31, 2018**
	3,500	**4,610**	**1.3171**	**January 31, 2018**
	2,900	**3,837**	**1.3232**	**April 30, 2018**
	3,500	**4,655**	**1.3301**	**July 31, 2018**
Foreign Currency Options	**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.

The Corporation's position is summarized below:

As at	**April 30, 2017**	January 31, 2017
(In thousands of CA$)	**$**	$
Current assets relating to derivative financial instruments:		
Foreign exchange forward contracts	**—**	578
Foreign currency options	**—**	118
	—	696
Current liabilities relating to derivative financial instruments		
Foreign exchange forward contracts	**1,759**	—
Foreign currency options	**90**	—
	1,849	—

b) **Financial Instruments**

Financial assets and liabilities have been classified in categories specifying their basis for measurement, and in the case of items measured at fair value specifying whether changes in the fair value are recognized in the net income or in other comprehensive income (loss). These categories are: fair value through net income, loans and receivables, assets available-for-sale and, in the case of liabilities, amortized cost.

As at April 30, 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 and cash equivalents, accounts receivable, other current assets, holdbacks on contracts, the credit facilities, as well as 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).

Therefore, to determine fair value, the financial instruments measured at the fair value at the Consolidated Statements of Financial Position are classified using the following fair value hierarchies in accordance with IFRS, which have been defined as follows:

- Fair value - Level 1: Quoted price (unadjusted) in active markets for identical assets or liabilities;
- Fair value - Level 2: For inputs, other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Fair value - Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Corporation classified its equity investments within fair value level 1, since they are based on inputs that are observable in an active market.

The Corporation classified its derivative financial instruments, which include forward foreign exchange contracts and foreign currency options within fair value level 2, since they are essentially based on inputs that are observable other than in an active market.

NOTE 16
SEGMENTED INFORMATION

The Corporation operates in the non-residential construction sector, primarily in the United States and Canada. Its operations include 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.

Three-Month Periods Ended April 30,	**2017**	2016
(In thousands of CA$)	**$**	$
Revenues		
Canada	**4,328**	1,442
United States	**44,310**	23,998
	48,638	25,440

As at	**April 30, 2017**	January 31, 2017
(In thousands of CA$)	**$**	$
Non-current assets (1)		
Canada	**49,759**	50,110
United States	**48,317**	46,276
	98,076	96,386

(1) The non-current assets mainly include property, plant and equipment, intangible assets, investment tax credits and others non-current assets.

Revenues from external clients were allocated to each country on the basis of project's location.

During the three-month period ended April 30, 2017, 87% of the Corporation's revenues were realized with three (3) clients, each representing more than 10% of revenues, for respective amounts of $15,209,000, $15,151,000 and $11,818,000, all from the United States, one (1) of whom was part of the Corporation's revenues concentration during the three-month period ended April 30, 2016.

During the three-month period ended April 30, 2016, 79% of the Corporation's revenues were realized with three (3) clients, each representing more than 10% of revenues, for respective amounts of $11,244,000 from Canada and the United States, and $6,274,000 and $2,604,000 from the United States.

NOTE 17
SUBSEQUENT EVENTS

a) **New Long-Term Debt**

On May 19, 2017, a subsidiary of the Corporation contracted a new loan in the amount of US$520,000 from a US bank, to finance the purchase of equipment for its fabrication plant in Great Falls, Montana. This 5-year term loan will carry a 3.84% fixed interest rate and will be repayable by monthly payments beginning in July 2017 and ending in June 2022.

b) **US Revolving Credit**

On that same date, pursuant the closing of the above-mentioned new debt, the available US revolving credit of US$800,000 as at January 31, 2017 (see Note 11 b) to the Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017) was reduced to an available amount of US$440,360. All other conditions thereof remain unchanged.

Both the new long-term debt and the US revolving credit are secured by a US$3,400,000 letter of credit.

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ADF 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