

**SECOND QUARTER
ENDED JULY 31, 2015**

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR
2016



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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, 2015.

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

Three-Month and Six-Month Periods Ended July 31, 2015

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 February 1, 2015 and July 31, 2015. It also compares the operating results and cash flows for the three-month and six-month periods ended July 31, 2015 to those for the same periods of the previous year. This MD&A covers all major events that occurred between February 1, 2015 and September 10, 2015, on which date ADF Group Inc.'s Board of Directors approved the consolidated financial statements, as well as the MD&A for the three-month and six-month periods ended July 31, 2015.

This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and the notes thereto for the three-month and six-month periods ended July 31, 2015. The unaudited condensed interim consolidated financial statements and the comparative information have been prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable to interim financial reports, including International Accounting Standard 34 "Interim Financial Reporting".

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 19 "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. 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 market: office towers and high-rises, commercial and recreational buildings, airport facilities, industrial complexes and transport infrastructures. The Corporation uses the latest technologies in its industry and operates two state-of-the-art fabrication plants; one of 58,530-square-metre (630,000-square-foot) in Canada and one of 9,290-square-metre (100,000-square-foot) in the United States, where the Corporation operates since the beginning of 2015 a new 4,430-square-meter (48,000-square-foot) paint shop.

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 sector 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 markets served by the Corporation are not all faced with the same realities. First, given the fall in the price of crude oil, most of the investments announced in that sector are either cancelled or at the very least postponed. The impact of this slowdown, which is particularly felt in Alberta, together with the global Canadian economic downturn, does not provide the environment for stimulating promising projects. Even if some Canadian provinces are trying to stimulate their respective economies through major investment programs in public infrastructures, the credit agencies are quick to remind governments of budget deficits. For now, in light of these realities, aside of the small number of promising projects, the Canadian market is uncertain.

On the other hand, we see positive signs on the U.S. market. The U.S. Architectural Billing Index – ABI recently hit levels that have not been reached since 2007. The indexes in the South, Northeast and Western regions were all up, which is conducive to ADF, as well as the indexes in the commercial and industrial sectors. This measure is a good indication of the projects to come and attests to the U.S. economic recovery. Today, thanks to its state-of-the-art plants in Terrebonne, Quebec and in Great Falls, Montana, ADF is well positioned to take advantage of the recovery in these markets.

6. SIGNIFICANT EVENTS OF THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JULY 31, 2015

On May 8, 2015, the Corporation announced that Mr. Marc A. Benoît and Mr. Marc Filion, would not stand for re-election to the Corporation's Board of Directors at the Shareholders meeting in June 2015, and they have tendered their resignation as members of the Board of Directors effective May 1st, 2015. The Corporation also announced the appointment of Ms. Michèle Desjardins and Mr. Frank Di Tomaso, as independent members of the Corporation's Board of Directors, effective May 1st, 2015.

7. 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 currencies. 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 three-month and six-month periods ended July 31, 2015, as well as during each of the last four quarters, the Corporation used the following exchange rates between the Canadian and U.S. dollars:

(CA\$/US\$)	Statements of Income and Comprehensive Income		Statements of Financial Position
	Quarterly	Cumulative	
Second quarter (July 31, 2014)	1.0817	1.0932	1.0904
Third quarter (October 31, 2014)	1.1055	1.0973	1.1271
Fourth quarter (January 31, 2015)	1.1674	1.1144	1.2711
First quarter (April 30, 2015)	1.2482	1.2482	1.2064
Second quarter (July 31, 2015)	1.2478	1.2480	1.3080

The Canadian dollar continued its downfall in relation to the U.S. dollar. During the three-month and six-month periods ended July 31, 2015, the Canadian dollar lost 15% and 14% respectively, compared with the corresponding periods a year ago.

Since the Corporation has assets denominated in Canadian dollars and in U.S. dollars, and because the breakdown of the Corporation's revenues (sales) is also denominated in both Canadian and U.S. dollars, results may vary. However, as explained in Section 9 "Analysis of Operating Results for the three-month and six-month periods ended July 31, 2015", paragraph e) "Foreign Exchange (Gain) Loss", the Corporation has a hedging policy in place to mitigate its currency risk.

8. 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-generally accepted accounting principles ("GAAP"). 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:

	6-Month Periods Ended July 31,		12-Month Periods Ended January 31,	
	2015	2014	2015	2014
Working capital (in thousands of dollars)	\$17,743	\$30,758	\$19,476	\$29,615
Current ratio	2.35:1	3.46:1	1.88 :1	2.53:1
Long-term debt to shareholders' equity ratio	9.70:1	0.09:1	0.10:1	0.06:1
Total debt, net of liquidities (total liquidities, net of debt) (in thousands of dollars)	\$8,470	\$2,472	\$1,402	\$(13,452)
Total cash, cash equivalents and short-term investments, net of long-term debt, to shareholders' equity ratio	(0.08):1	(0.02):1	(0.01):1	0.13:1
Liabilities to shareholders' equity ratio	0.24:1	0.24:1	0.33:1	0.26:1
Earnings before interest taxes, depreciation and amortization (EBITDA) (in thousands of dollars)	\$2,313	\$1,902	\$1,594	\$14,234
EBITDA margin (as a percentage of revenues)	4.8%	4.2%	2.1%	15.3%
Book value per share (in dollars)	\$3.16	\$3.11	\$3.20	\$3.13
Return on shareholders' equity	(2.2)%	6.8%	(1.5)%	7.5%

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;
- Foreign exchange gains or losses; and
- Depreciation and amortization of property, plant and equipment and intangible assets.

Net income is reconciled with EBITDA in the table below:

Periods Ended July 31,	3-Month Period		6-Month Period	
	2015	2014	2015	2014
(In thousands of dollars and in percentages)	\$	\$	\$	\$
Net income	(537)	(347)	(480)	124
Income tax expense (recovery)	117	(304)	222	(419)
Financial revenues	(16)	(34)	(32)	(94)
Financial expenses	124	114	222	164
Amortization	1,128	1,056	2,234	2,105
Foreign exchange (gain) loss	(341)	11	147	22
EBITDA	475	496	2,313	1,902
— As a % of revenues	2.5%	2.4%	4.8%	4.2%

9. ANALYSIS OF OPERATING RESULTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JULY 31, 2015

a) Revenues and Gross Margin

Three-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Revenues	19,063	20,435	(1,372)	(6.7)
Cost of goods sold	17,174	18,233	(1,059)	(5.8)
Gross margin	1,889	2,202	(313)	(14.2)
— As a % of revenues	9.9%	10.8%		(0.9)

Six-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Revenues	47,745	44,837	2,908	6.5
Cost of goods sold	42,288	39,803	2,485	6.2
Gross margin	5,457	5,034	423	8.4
— As a % of revenues	11.4%	11.2%		0.2

Revenues

Revenues during the three-month period ended July 31, 2015, totalled \$19.1 million, down by \$1.4 million compared with the same period of the 2015 fiscal year. Revenues for the six-month period ended July 31, 2015, totalled \$47.7 million, up by \$2.9 million compared with the same period a year ago.

The revenues are determined on the basis of the costs incurred on the various projects executed by the Corporation during the period. The revenues are essentially the same as those for the corresponding periods. Projects announced since October 2014 have replaced the ones that were in fabrication a year ago, namely the Quebec City's new amphitheater.

In terms of economic dependency, 70% of the Corporation's revenues during the six-month period ended July 31, 2015, were realized with three (3) clients for respective amounts of \$18.4 million from the United States, \$8.4 million and \$6.5 million from Canada (56% of the revenues were realized with one (1) client during the six-month period ended July 31, 2014, for an amount of \$25.0 million, from Canada), and therefore each accounted for more than 10% of the Corporation's revenues. 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.

Gross Margin

During the three-month period ended July 31, 2015, the gross margin in dollar value totalled \$1.9 million, which is \$0.3 million less than for the same period ended July 31, 2014. As a percentage of revenues, the gross margin went from 10.8% during the three-month period ended July 31, 2014 to 9.9% for the same period ended July 31, 2015.

However, the change in the gross margin during the six-month periods ended July 31, 2015 and 2014, is positive. During the six-month period ended July 31, 2015, the gross margin in dollar value stood at \$5.5 million or 11.4% of revenues, compared with \$5.0 million or 11.2% of revenues during a year ago.

When compared with the quarter ended July 31, 2014 and with the quarter ended April 30, 2015, the decrease in gross margin as a percentage of revenues during the three-month period ended July 31, 2015, is for the most part explained by the fabrication schedules at the Terrebonne plant, which were negatively impacted by delays in the start of certain projects. Although these delays will be recovered in the coming quarters, they generated a lack of efficiency during the quarter ended July 31, 2015.

During the three-month and six-month periods ended July 31, 2015, revenues included 59% and 51% of fabrication hours respectively, compared with 38% and 43% respectively for the same periods a year ago. As previously mentioned, fabrication is not only the Corporation's core activity, but it is generally also its highest value-added activity.

Increases or decreases in raw material (mainly steel) prices do not generally have a material impact on the gross margin since in most cases, 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.

b) Selling and Administrative Expenses

Three-Month Periods Ended July 31, (In thousands of dollars and in percentages)	2015	2014	Changes 2015/2014	
	\$	\$	\$	%
Selling and administrative expenses	2,542	2,762	(220)	(8.0)
— As a % of revenues	13.3%	13.5%		(0.2)

Six-Month Periods Ended July 31, (In thousands of dollars and in percentages)	2015	2014	Changes 2015/2014	
	\$	\$	\$	%
Selling and administrative expenses	5,378	5,237	141	2.7
— As a % of revenues	11.3%	11.7%		(0.4)

During the three-month period ended July 31, 2015, selling and administrative expenses amounted to \$2.5 million, posting a \$0.2 million decrease compared with the same period ended July 31, 2014. For the six-month period ended July 31, 2015, selling and administrative expenses amounted to \$5.4 million, posting a slight increase of \$0.1 million over the same period ended July 31, 2014.

Although the selling and administration expenses as a percentage of revenues remain high, and despite the higher expense incurred by the Corporation's U.S. operations created by the currency fluctuation, these expenses remained essentially at the same level over the same period last fiscal year. The Corporation maintains its market development and bidding efforts, which will continue to exert pressure on this income statement item.

c) Amortization

Three-Month Periods Ended July 31, (In thousands of dollars and in percentages)	2015	2014	Changes 2015/2014	
	\$	\$	\$	%
Amortization	1,128	1,056	72	6.8
— As a % of revenues	5.9%	5.2%		0.7

Six-Month Periods Ended July 31, (In thousands of dollars and in percentages)	2015	2014	Changes 2015/2014	
	\$	\$	\$	%
Amortization	2,234	2,105	129	6.1
— As a % of revenues	4.7%	4.7%		—

Three-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Amortization expense included in cost of goods sold	911	698	213	30.5
Amortization expense included in selling and administrative expenses	217	358	(141)	(39.4)
Total amortization	1,128	1,056	72	6.8

Six-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Amortization expense included in cost of goods sold	1,807	1,542	265	17.2
Amortization expense included in selling and administrative expenses	427	563	(136)	(24.2)
Total amortization	2,234	2,105	129	6.1

In accordance with IFRS standards, amortization expense is included in cost of goods sold and selling and administrative expenses (see Note 11 "Classification of Expenses by Nature" to the Unaudited Condensed Interim Consolidated Financial Statements as at July 31, 2015, included in this MD&A). However, Management considers it appropriate to continue separately commenting on the trend in amortization expense since it is considered a significant, although non-cash, component in the analysis of the Corporation's profit margins.

The \$2.2 million amortization expense during the six-month period ended July 31, 2015, is slightly higher than during the same period ended July 31, 2014. This increase is almost exclusively attributable to the start-up of the new operations in Great Falls, Montana.

d) **Financial Revenues and Financial Expenses**

Three-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Financial revenues	(16)	(34)	18	52.9
Financial expenses	124	114	10	8.8
	108	80	28	35.0
— As a % of revenues	0.6%	0.4%		0.2

Six-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Financial revenues	(32)	(94)	62	66.0
Financial expenses	222	164	58	35.4
	190	70	120	Pos.
— As a % of revenues	0.4%	0.2%		0.2

The \$28,000 and \$120,000 increases in net financial expense during the quarter and the six-month period ended July 31, 2015 respectively, are mainly explained by the new US-denominated debts incurred in connection with the investments made in the State of Montana and the conversion of these expenses in Canadian dollar.

The interest rate swap implemented in April 2010 that covered 25% of the balance of one of the U.S. denominated debt allowing the Corporation to partially protect itself against fluctuations in interest rates, came to maturity during the 2015 fiscal year. This derivative financial instrument is classified as held-for-trading and measured at its fair value at the end of every quarter; since it was not designated as part of an effective hedging relationship, hedge accounting was not applied.

As at July 31, 2015, the interest rate swap was no longer necessary to protect against the fluctuations in interest rates, since the balance of the long-term debt included fixed interest rates and the floating rate credit facility was unused.

e) **Foreign Exchange (Gain) Loss**

Three-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Foreign exchange (gain) loss	(341)	11	(352)	Neg.
— As a % of revenues	(1.8)%	0.1%		(1.9)

Six-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Foreign exchange (gain) loss	147	22	125	Pos.
— As a % of revenues	0.3%	0.1%		0.2

The foreign exchange gains and losses recorded during the three-month period ended July 31, 2015 include a \$1.2 million foreign exchange gain on ongoing operations and a \$0.9 million realized and unrealized foreign exchange loss relating to the fair value of financial derivatives. During the three-month period ended July 31, 2015, a \$2.9 million foreign exchange gain on the translation of foreign subsidiaries was recorded in comprehensive income.

The foreign exchange gains and losses recorded during the six-month period ended July 31, 2015 include a \$0.4 million foreign exchange gain on ongoing operations and a \$0.5 million realized and unrealized foreign exchange loss relating to the fair value of financial derivatives. During the six-month period ended July 31, 2015, a \$1.7 million foreign exchange gain on the translation of foreign subsidiaries was recorded in comprehensive income.

As for the \$11,000 and \$22,000 foreign exchange losses recorded during the three-month and six-month periods ended July 31, 2014, they came from ongoing operations. Foreign exchange losses of \$0.2 million and \$0.7 million on the translation of foreign subsidiaries were recorded in comprehensive income during the three-month and six-month periods ended July 31, 2014, respectively.

The Corporation is exposed to exchange rate fluctuations between the Canadian and U.S. dollars since a usually significant portion of its revenues is generally recorded in U.S. dollars. During the three-month and six-month periods ended July 31, 2015, the portion of revenues realized in U.S. dollars was respectively 82% and 72% (10% and 5% during the three-month and six-month periods ended July 31, 2014, and 21% during the fiscal year ended January 31, 2015). Considering the improvement in U.S. markets and the commissioning of its new fabrication plant and new paint shop in Great Falls, Montana, the Corporation expects that the percentage of its revenues in U.S. dollars should continue to increase in fiscal 2016.

During the fiscal year ended January 31, 2015, in line with its hedging policy, given the increase in its net risk between future U.S. denominated cash inflows and outflows, the Corporation purchased 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 in hand as at July 31, 2015, was established as follows:

	As at July 31, 2015			
	In thousands of \$US ⁽¹⁾	In thousands \$CA ⁽¹⁾	Average rate	Expiration date
Forward foreign exchange contracts	(775)	(881)	1.1372	October 2015
	2,850	3,449	1.2100	October 2015
	3,325	4,303	1.2940	October 2015
	(700)	(797)	1.1390	November 2015
	3,325	4,303	1.2940	January 2016

(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 of the Corporation's financial instruments denominated in foreign currencies as at July 31, 2015, a 10% fluctuation in the exchange rate between the Canadian and the U.S. dollars (all other variables remaining constant) would have resulted in a \$0.4 million variation in net income before income tax and comprehensive income before income tax. However, this information only applies to financial instruments based on period-end balances and does not take into account the impact of foreign exchange fluctuations on revenues and other miscellaneous expenses for a complete fiscal year.

f) **Income Tax Expense (Recovery)**

Three-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Income tax expense (recovery)	117	(304)	421	Pos.
— As a % of revenues	0.6%	(1.5)%		2.1

Six-Month Periods Ended July 31,	2015	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	\$	\$	\$	%
Income tax expense (recovery)	222	(419)	641	Pos.
— As a % of revenues	0.5%	(0.9)%		1.4

Although the Corporation posted a negative income before tax during the three-month and six-month periods ended July 31, 2015, an income tax expense has nevertheless been recorded during these two periods. The Corporation's consolidated results included a loss from its Canadian operations, which are subject to an effective tax rate of 27%. This loss was partially offset by a positive income before income tax from its U.S. operations, which use an average effective tax higher than 40%. This mix explains the reason an income tax expense was recognized, despite a loss before tax.

Income tax expense or recovery has currently no material impact on the Corporation's cash outflows and inflows. Given the available tax attributes, no amount was paid during the six-month period ended July 31, 2015 (an immaterial amount was collected during the same period of the 2015 fiscal year).

A balance of \$4.1 million relating to net deferred income tax assets remained available as at July 31, 2015. This will have a favourable impact on the future cash outflows of the Corporation, which will not have to pay future income taxes until the full amount of available tax attributes has been used in the different jurisdictions where the Corporation executes contracts. Once these future tax attributes are fully used in a given jurisdiction, the Corporation will be required to resume paying income taxes in that jurisdiction.

g) **Net Income, Basic and Diluted Earnings per Share**

Three-Month Periods Ended July 31,	2015	2014
(In thousands of dollars and in dollars per share)	\$	\$
Total net income	(537)	(347)
— As a % of revenues	(2.8)%	(1.7)%
Total basic earnings per share	(0.02)	(0.01)
Total diluted earnings per share	(0.02)	(0.01)

Six-Month Periods Ended July 31,	2015	2014
(In thousands of dollars and in dollars per share)	\$	\$
Total net income	(480)	124
— As a % of revenues	(1.0)%	0.3%
Total basic earnings per share	(0.01)	0.00
Total diluted earnings per share	(0.01)	0.00

The decrease in net income during the three-month and six-month periods ended July 31, 2015, compared with the same periods a year ago, is for the most part explained by what precedes.

10. **COMPARATIVE INFORMATION FOR THE LAST EIGHT QUARTERS**

Trends observed in the analysis of quarterly results do not necessarily represent those of the future results of the Corporation. ADF's fabrication 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 the costs recognized on different projects underway and for each 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 quarters presented below, the variations from one quarter to the other are mostly explained by the respective fabrication schedules of the various 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.

Fiscal Years	2016		2015				2014	
	2 nd Quarter (07.31.2015)	1 st Quarter (04.30.2015)	4 th Quarter (01.31.2015)	3 rd Quarter (10.31.2014)	2 nd Quarter (07.31.2014)	1 st Quarter (04.30.2014)	4 th Quarter (01.31.2014)	3 rd Quarter (10.31.2013)
(In thousands of dollars and in dollars per share)	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	19,063	28,682	18,750	12,471	20,435	24,402	29,291	33,781
Gross margin ⁽¹⁾	1,889	3,568	1,456	777	2,202	2,832	5,864	8,751
— As a % of revenues	10%	12%	8%	6%	11%	12%	20%	26%
EBITDA ⁽²⁾	475	1,838	203	(511)	496	1,406	4,408	6,789
— As a % of revenues	2%	6%	1%	(4)%	2%	6%	15%	20%
Income before income tax expense (recovery)	(420)	162	(872)	(1,610)	(651)	356	3,316	5,962
— As a % of revenues	(2)%	1%	(5)%	(13)%	(3)%	2%	11%	18%
Net income	(537)	57	(554)	(1,140)	(347)	471	2,352	4,380
— Basic per share	(0.02)	0.00	(0.02)	(0.04)	(0.01)	0.01	0.07	0.13
— Diluted per share	(0.02)	0.00	(0.02)	(0.04)	(0.01)	0.01	0.07	0.13

(1) Gross margin excluding foreign exchange variations.

(2) See Section 8 "Non-GAAP Measures" for the definition of EBITDA.

11. **CASH FLOWS AND FINANCIAL POSITION**

The Corporation posts 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 credit facility and the level of planned capital spending, the Corporation does not expect any liquidity risk in a foreseeable future.

As at July 31, 2015, the Corporation had \$1.6 million in cash, cash equivalents and short-term investments, which is \$7.2 million less than as at January 31, 2015.

In addition, as at August 28, 2015, the Corporation contracted a new Canadian-denominated debt allowing it to borrow up to an additional CA\$20.0 million (see Section 25 "Subsequent Event", for more information).

Considering the above, Management believes that these available funds will allow it to support the execution of its order backlog in hand on July 31, 2015, and to meet its expected financial commitments for the 2016 fiscal year.

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 24 "Outlook"). It also looks at opportunities for accelerated payments discounts negotiated with suppliers.

a) Operating Activities

During the three-month and six-month periods ended July 31, 2015, the Corporation generated cash flows from its operating activities and assigned it as follows:

Periods Ended July 31,	3-Month Period		6-Month Period	
	2015	2014	2015	2014
(In thousands of dollars)	\$	\$	\$	\$
Net income adjusted for non-cash items	(166)	459	1,048	1,826
Changes in non-cash operating working capital items:				
Accounts receivable	(461)	(4,966)	(1,269)	(2,852)
Holdbacks on contracts	(815)	(1,852)	362	(2,905)
Income tax	9	—	9	—
Work in progress	2,541	743	4,342	(1,199)
Inventories	300	(673)	329	(266)
Prepaid expenses and others current assets	1,089	3	(33)	(160)
Accounts payable and other current liabilities	(5,555)	(4,524)	(6,916)	(4,210)
Deferred revenues	1,223	1,166	(1,324)	(1,442)
	(1,669)	(10,103)	(4,500)	(13,034)
Income tax expense recovery	—	—	—	4
Cash flows from (used in) operating activities	(1,835)	(9,644)	(3,452)	(11,204)

During the three-month period ended July 31, 2015, the Corporation recorded a negative net income adjusted for non-cash items of \$0.2 million, which is \$0.6 million less than the same period ended July 31, 2014. This decrease is mainly explained by the results and the impact of the unrealized foreign exchange gain on financial derivatives. For the same reasons previously stated, the net income adjusted for non-cash items decreased by \$0.8 million for the six-month period ended July 31, 2015, compared with the same period ended July 31, 2014.

During the three-month period ended July 31, 2015, the change in non-cash operating working capital items used cash outflows of \$1.7 million, which is mostly explained by the decrease in accounts payable and other current liabilities, net of the decrease in work in progress and prepaid expenses and other current assets. Overall, these variations are directly attributable to the level of activities at July 31, 2015, compared with the same period a year ago. During the six-month period ended July 31, 2015, the change in non-cash operating working capital items used cash outflows of \$4.5 million, which is mostly explained by the same previously cited factors.

During the three-month and six-month periods ended July 31, 2014, changes in non-cash working capital items used cash flows of \$10.1 million and \$13.0 million respectively. These cash outflows were mostly attributable to the increase in accounts receivable, contract holdbacks and the decrease in accounts payable and other current liabilities; these variations being directly related to the Corporation's operational activity.

b) Investing Activities

The Corporation's investing activities are summarized as follows:

Periods Ended July 31,	3-Month Period		6-Month Period	
	2015	2014	2015	2014
(In thousands of dollars)	\$	\$	\$	\$
Net acquisition of property, plant and equipment	(556)	(2,078)	(2,178)	(4,600)
Acquisition of intangible assets	(114)	(103)	(202)	(184)
Decrease (increase) in other non-current assets	(13)	11	637	(548)
Disposal of a short-term investment	9	—	9	—
Interest received	25	40	38	94
Cash flows from (used in) investing activities	(649)	(2,130)	(1,696)	(5,238)

During the three-month and six-month periods ended July 31, 2015, \$0.6 million and \$1.7 million in liquidities were used, mostly to complete the construction of the paint shop in Great Falls, Montana, while investing activities during the same periods ended July 31, 2014, used respectively a net total of \$2.1 million and \$5.2 million in liquidities mostly for the acquisition of property, plant and equipment, in connection with the construction of the new fabrication plant in Great Falls, Montana.

The Corporation estimates capital expenditures for fiscal 2016 at approximately \$5.0 million, which will primarily be used to maintain the fabrication equipment current at both of ADF's plants in Terrebonne, Quebec and Great Falls, Montana.

c) **Financing Activities**

The Corporation's financing activities were as follows:

Periods Ended July 31,	3-Month Period		6-Month Period	
	2015	2014	2015	2014
(In thousands of dollars)	\$	\$	\$	\$
Issuance of long-term debt	—	—	—	5,516
Repayment of long-term debt	(183)	(761)	(370)	(1,532)
Repurchase of subordinate voting shares	—	—	(1,800)	—
Issuance of subordinate voting shares	125	7	688	7
Dividend paid	(326)	(325)	(326)	(325)
Interest paid	(120)	(94)	(220)	(141)
Interest paid on interest rate swap	—	(1)	—	(2)
Cash flows from (used in) financing activities	(504)	(1,174)	(2,028)	3,523

During the three-month periods ended July 31, 2015 and 2014, financing activities used liquidities of \$0.5 million and \$1.2 million respectively, mainly to repay the long-term debts, for the payment of the first semi-annual dividend and interest.

During the six-month period ended July 31, 2015, financing activities required liquidities of \$2.0 million, compared with cash inflows of \$3.5 million for the same quarter the previous year. This cash outflow stems from the repurchase of the 750,000 subordinate voting shares (refer to Section 14 "Normal Course Issuer Bid" hereinafter).

During the six-month period ended July 31, 2014, the Corporation received \$5.5 million in financing (US\$5.0 million) from U.S. public authorities, as part of its investment in the State of Montana. This financing is in addition to the US\$4.4 million in financing received during the third and fourth quarters of the 2014 fiscal year.

During the three and six-month periods ended July 31, 2015, the Corporation issued respectively 74,000 and 867,400 subordinate voting shares under its Stock Option Plan for a cash consideration of \$0.1 million and \$0.7 million respectively (9,600 shares issued during the three and six-month period ended July 31, 2014 for cash considerations of \$7,000).

d) **Payment of Rents and Interest and Payment of Principal on Debt**

The Corporation pays interest on its long-term loans. The interest rates on these loans were between 1.98% and 2.785% as at July 31, 2015. The Corporation is making total monthly principal repayments of US\$0.1 million on these loans. Other rent payments are described under Note 25 "Commitments and Guarantees" of the Notes to the Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2015.

e) **Debt Covenants**

As at July 31, 2015, 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 the fiscal year 2016.

f) **Commitments Related to Letters of Credit as at July 31, 2015**

The Corporation contracted letter of credits, the balance of which was \$4.5 million as at July 31, 2015, compared with \$3.7 million as at July 31, 2014 and \$4.8 million as at January 31, 2015.

12. **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, 2014	18,148,235	53,138	14,343,107	16,001	32,491,342	69,139	1,368,864
Issued on exercise of stock options	42,800	46	—	—	42,800	46	(42,800)
Granted (forfeited)	—	—	—	—	—	—	100,000
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	867,400	1,092	—	—	867,400	1,092	(867,400)
Share repurchase ⁽³⁾	(750,000)	(2,139)	—	—	(750,000)	(2,139)	—
Granted (forfeited)	—	—	—	—	—	—	(77,000)
As at July 30 2015	18,308,435	52,137	14,343,107	16,001	32,651,542	68,138	481,664

(1) These shares carry 10 votes per share.

(2) The weighted average exercise price of the current stock options is \$2.66 per unit.

(3) See Section 14 "Normal Course Issuer Bid".

As at July 31, 2015, the Corporation had 32,651,542 shares outstanding (32,534,142 as at January 31, 2015). During the six-month period ended July 31, 2015, the Corporation did not grant stock options and issued 867,400 subordinate voting shares, under its Stock Options Plan (9,600 issued during the six-month period ended July 31, 2014). At the date hereof, being September 10, 2015, the number of shares outstanding remained practically unchanged.

On July 31, 2015, a total of 481,664 stock options were issued and outstanding. These options, which had a weighted average life of 2.64 years before maturity, had a weighted average exercise price of \$2.66 (see Note 8 "Capital Stock" to the Unaudited Condensed Interim Consolidated Financial Statements for the Three-Month and Six-Month Periods Ended July 31, 2015).

13. DEFERRED SHARE UNITS PLAN

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. DSUs are not convertible into shares of the Corporation and do not result in a dilution to shareholders.

When the Corporation pays dividends on subordinate and multiple voting shares, the accounts of the directors 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 issued during the three-month and six-month periods ended July 31, 2015, amounted to \$11,000 and \$25,000 respectively, each representing 5,138 units and 11,275 units (\$12,500 and \$27,500 respectively, each representing 5,256 units and 10,263 units during the three-month and six-month periods ended July 31, 2014).

Three-Month Periods Ended July 31,	2015	2014
(Number of deferred share units)		
Outstanding, at the beginning of period	181,782	158,126
Attributed	5,138	5,256
Exercised	(36,809)	—
Outstanding, at the end of period	150,111	163,382

Six-Month Periods Ended July 31,	2015	2014
(Number of deferred share units)		
Outstanding, at the beginning of period	175,645	153,119
Attributed	11,275	10,263
Exercised	(36,809)	—
Outstanding, at the end of period	150,111	163,382

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 six-month period ended July 31, 2015, an upward re-evaluation in the amount of \$23,000 was recorded as an increase to the compensation expense (none during the three-month period ended July 31, 2015).

During the six-month period ended July 31, 2014, this re-evaluation generated a \$73,000 decrease to the compensation expense (none during the three-month period ended July 31, 2014).

14. NORMAL COURSE ISSUER BID

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

Except for the repurchased subordinate voting shares mentioned in the following paragraph, the Corporation did not repurchase any other subordinate voting shares under its NCIB during the three-month and six-month periods ended July 31, 2015 and 2014.

During the quarter ended April 30, 2015, the Corporation repurchased 750,000 subordinate voting shares held by three of its directors, pursuant to the exercise of the stock options awarded to them in April 2005. 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 Canadian 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 be repurchased until June 3, 2015, under the NCIB.

15. DIVIDEND

On September 10, 2015, the Corporation's Board of Directors approved a semi-annual dividend of \$0.01 per subordinate and multiple voting shares (totalling \$0.3 million), payable on October 15, 2015, to shareholders of record as at September 30, 2015.

16. ORDER BACKLOG

ADF Group's order backlog totalled \$52.7 million on July 31, 2015, compared with \$9.0 million on the same date a year earlier and \$48.0 million on January 31, 2015. This increase, compared with January 31, 2015, is attributable to the new contracts and contractual changes, net of the execution of contracts.

As at July 31, 2015, 66% of the order backlog consisted of fabrication hours – the Corporation's core business and most value-added activity – compared with 69% on January 31, 2015. Most of the contracts in hand on July 31, 2015, will be progressively executed between now and the spring of 2016.

17. FINANCIAL POSITION

As at July 31, 2015, 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, 2015 and July 31, 2015.

Sections	Changes	Explanatory Notes
	(In millions of dollars)	
Cash, cash equivalents and short-term investments	(7.2)	Refer to Section 11 "Cash Flow and Financial Situation" hereinabove.
Accounts receivable	1.5	Increase in billing and impact of the fluctuation in the foreign exchange rate on US-denominated accounts receivable.
Work in progress/Deferred revenues (net)	(3.0)	Net difference between the work progress and revenue invoicing.
Property, plant and equipment and intangible assets	1.5	Difference stemming from acquisition of property, plant and equipment and intangible assets (\$2.4 million) and the impact of the fluctuation in the foreign exchange rate (\$1.3 million), net of amortization (\$2.2 million).
Accounts payable and other current liabilities	(6.6)	In line with the level of activities as at July 31, 2015 and more particularly, the higher level in raw material purchases as at January 31, 2015 compared with July 31, 2015.
Long-term debt (including current portion)	(0.1)	Repayment of the debt (\$0.4 million), net of the impact of the fluctuation in foreign exchange rates (\$0.3 million).
Derivative financial instruments	(1.0)	Variation created by the foreign exchange contract and the currency options expiration, as well as by the change in foreign exchange rates between the Canadian and US dollars on financial instruments in hand as at July 31, 2015.
Capital Stock	(1.0)	Variation consisting of the buyback of 750,000 subordinate voting shares (\$2.1 million), net of the issuance of subordinate voting shares.
Accumulated other comprehensive income	1.1	Impact of the variation in the foreign exchange on the translation of foreign operations.

18. ISSUES RELATING TO THE 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 solid 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 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 24 "Outlook") and does not currently foresee any short-term elements that could compromise its course of business.

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

a) Exchange Rate

The exchange rate fluctuation between the Canadian and U.S. dollars has an impact on the Corporation's results. Thus, an exchange gain of \$0.3 million and an exchange loss of \$0.1 million were recorded for the three-month and six-month periods ended July 31, 2015, compared with exchange losses of \$11,000 and \$22,000 for the three-month and six-month periods ended July 31, 2014.

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.

b) Operating Risks and Uncertainties

ADF's markets are subject to several risk and uncertainty factors, which could have an impact on its business, financial position and operating results. These risks and uncertainties include, but are not limited to the following factors, which are further detailed in the section 25 "External Factors to Which the Corporation's Performance is Exposed" in the MD&A for the fiscal year ended January 31, 2015:

- Indemnity agreement;
- Uncertainties relating to the world economy;
- Bonding capacity and irrevocable letters of credit; and
- Operational risks and uncertainties that could have an impact on the Corporation's financial position and operating results.

20. FINANCIAL INSTRUMENTS

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

As at July 31, 2015, 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, short-term investments, accounts receivable, holdbacks on contracts receivable, accounts payable and other current liabilities), or because the Corporation believes 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 18 b) "Financial Instruments" to the Unaudited Condensed Interim Consolidated Financial Statements for the Three-Month and Six-Month Periods Ended July 31, 2015, included in this MD&A).

Derivative financial instruments are typically used to manage the Corporation's foreign exchange and interest rate risk exposure. They are mostly comprised of foreign exchange forward contracts and/or foreign currency options, as well as interest rate swaps, the case may be.

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 18 a) "Financial Risk Management and b) "Financial Instruments" to the Unaudited Condensed Interim Consolidated Financial Statements for the Three-Month and Six-Month Periods Ended July 31, 2015.

21. 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 at July 31, 2015, 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 ended July 31, 2015, 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.

22. ACCOUNTING POLICIES

The significant accounting policies applied by the Corporation in accordance with IFRS are presented in Note 2 "Summary of Significant Accounting Policies" to the Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2015.

A summary of the recent IFRS pronouncements not yet adopted is included in Note 3 "Recent IFRS Pronouncements not yet Adopted" to the Unaudited Condensed Interim Consolidated Financial Statements for the three and six-month periods Ended July 31, 2015.

23. HUMAN RESOURCES

As at July 31, 2015, the Corporation employed a total of 538 people in its fabrication plant and head office in Terrebonne, Quebec, its offices and plants in Great Falls, Montana, as well as the sales office and various construction sites in Florida, U.S.A.

24. OUTLOOK

Despite the mixed results, the Corporation's Management remains optimistic in light of the opportunities that its markets offer. Although the Canadian economy is hit by the drop in crude oil and that the provincial debt levels are driving down the recovery efforts, the steps we have taken over the last years to diversify our geographic footprint and our service offer allows us to face these challenges with a more efficient approach. The outlook of the U.S. market is promising and the marketing efforts put forward at the beginning of the 2015 fiscal year, mainly in Florida and now in California, are starting to yield results.

We are pursuing our efforts to achieve not only the objectives that we have set, but also those of our business partners and shareholders.

25. SUBSEQUENT EVENT

Long-term debt

The Corporation obtained a \$20.0 million long-term loan from a government corporation to finance, among others, its working capital. This bank loan is guaranteed by a movable and immovable hypothec of \$24.0 million on the universality of all movable and immovable, tangible and intangible assets, present and future of the parent-company, ADF Group Inc. The disbursement of this loan will be as follows:

- A first tranche of \$5.0 million drawn on August 28, 2015.
- A second tranche of \$5.0 million at the request of the Corporation, but before April 23, 2016.
- The balance of \$10.0 million will be disbursed in increments of \$2.5 million or more at the request of the Corporation, under certain conditions.

This loan will bear interest of the Development Bank of Canada annual floating rate and will be payable monthly. The first principal repayment in the amount of \$95,850 will be made on March 1st, 2018, followed by equal monthly installments of \$98,050, beginning April 1st, 2018 and ending February 1st, 2035, being the loan's maturity date.

26. ADDITIONAL INFORMATION

Management's discussion and analysis of changes in financial position and operating results for the three-month and six-month periods ended July 31, 2015, has been approved by the Corporation's Board of Directors as of September 10, 2015.

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

Mr. Jean-François Boursier, CPA, CA

/ Signed /

/ Signed /

Executive Vice-President, Treasurer and Corporate Secretary

Chief Financial Officer

Terrebonne, Quebec, Canada, September 10, 2015

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

Ce rapport de gestion intermédiaire est également disponible en français.



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