THIRD QUARTER
ENDED OCTOBER 31, 2015

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR

2016

ADF Group Inc.

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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 Nine-Month Periods Ended October 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 October 31, 2015. It also compares the operating results and cash flows for the three-month and nine-month periods ended October 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 December 9, 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 nine-month periods ended October 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 nine-month periods ended October 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 20 "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 infrastructures sector: 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 4,460-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 infrastructures 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 doing better in general. As mentioned in our most recent quarterly report for the three-month period ended July 31, 2015, the slowdown in the oil and gas industry continues, and as such, negatively impacts the Western Canadian region's economy. The promise of massive infrastructure investments from the recently-elected Liberal government is most certainly welcome in today's economic context. However, it will take some times before we can see if these investments will have a direct impact on our specific markets.

The US market is currently more dynamic and more specifically the U.S. East Coast, which bodes well for our Corporation. Actually, the state of Florida, which is one of ADF's long-standing key markets, presents numerous opportunities, some of which are already included in our current order backlog. Moreover, the states of Colorado and North Dakota are among the top six states with the highest economic growth rate. Given the proximity of these states to our facilities located in Great Falls, Montana, we are well positioned to take advantage of this growth.

6. **SIGNIFICANT EVENTS OF THE THREE-MONTH AND NINE-MONTH PERIODS ENDED OCTOBER 31, 2015**

On September 10, 2015, the Corporation's Board of Directors approved a semi-annual dividend of $0.01 per subordinate voting share and multiple voting share paid on October 15, 2015 to shareholders of record as at September 30, 2015.

7. **SIGNIFICANT EVENTS THAT OCCURED AFTER OCTOBER 31, 2015**

On November 2, 2015, the Corporation announced contracts totalling close to $50.0 million. All these new orders, which were concluded in the days prior to the announcement, were for the most part awarded in the U.S. East Coast and Quebec, and are part of different new construction projects for commercial and industrial buildings, and transport infrastructure projects. The new contracts consist in fabrication work, which includes the shop drawings and the supply of material (steel), and the installation of various steel structures and heavy steel built-up components. In addition, a number of these contracts also include special surface treatment.

On that same date, the Corporation announced having received the approval of its Board of Directors and the permit from Quebec's *Ministère du Développement durable et de l'Environnement et de la Lutte contre les changements climatiques*, to start construction on the new 3,900 square-meter (42,000-square-foot) paint shop at its own Terrebonne complex. This development project is a strategic investment of $6.0 million. ADF's management expects this new paint shop, which will be complementary to its core structural steel fabrication activities, to be operational in the month of April 2016. As at December 9, 2015, these commitments total $0.5 million.

On November 20, 2015, the Corporation closed the purchase of a property (land and building), in Florida, USA, where it will move its US installation operations and sales office. This acquisition provides the Corporation with larger facilities for the storage of its installation equipment used to erect steel structures. The cost of this transaction is US$1.3 million and is financed through the Corporation's liquidities. On the other hand, the property owned by the Corporation which previously housed its sales office and warehouse has been sold on December 1st, 2015 for the total sum of US$1.1 million.

8. **EXCHANGE RATE**

The Corporation is subject to foreign currency fluctuations from the translation of revenues, expenses, assets and liabilities of its foreign operations and from commercial transactions denominated in foreign 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 nine-month periods ended October 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 Quarterly	 Cumulative	Statements of Financial Position
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
Third quarter (October 31, 2015)	**1.3160**	**1.2707**	**1.3075**

The Canadian dollar continued its downfall in relation to the U.S. dollar. Between the quarters ended October 31, 2015 and 2014, the Canadian dollar dropped 19%, and fell 16% between the nine-month periods ended October 31, 2015 and 2014. Although this decline has a positive impact on the US projects being fabricated at our Terrebonne plant, it still exert a certain pressure on the expenses incurred in US dollars, particularly where the purchase of raw material (steel) is concerned.

However, as explained in Section 10 "Analysis of Operating Results for the Three-Month and Nine-Month Periods Ended October 31, 2015", paragraph e) "Foreign Exchange Loss (Gain) ", the Corporation has a hedging policy in place to mitigate its currency risk.

9. 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:

	9-Month Periods Ended October 31,		12-Month Periods Ended January 31,	
	2015	2014	2015	2014
Working capital (in thousands of dollars)	**$23,891**	$24,529	$19,476	$29,615
Current ratio	**2.91:1**	2.94:1	1.88 :1	2.53:1
Long-term debt to shareholders’ equity ratio	**0.14:1**	0.09:1	0.10:1	0.06:1
Total debt, net of liquidities (total liquidities, net of debt) (in thousands of dollars)	**$9,356**	$3,976	$1,402	$(13,452)
Total cash, cash equivalents and short-term investments, net of long-term debt, to shareholders’ equity ratio	**(0.09):1**	(0.04):1	(0.01):1	0.13:1
Liabilities to shareholders’ equity ratio	**0.28:1**	0.24:1	0.33:1	0.26:1
Earnings before interest taxes, depreciation and amortization (EBITDA) (in thousands of dollars)	**$5,161**	$1,391	$1,594	$14,234
EBITDA margin (as a percentage of revenues)	**7.5%**	2.4%	2.1%	15.3%
Book value per share (in dollars)	**$3.18**	$3.10	$3.20	$3.13
Return on shareholders’ equity	**0.0%**	1.3%	(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 or recovery;
— 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:

	3 Months		9 Months	
Periods Ended October 31,	**2015**	2014	**2015**	2014
(In thousands of dollars and in percentages)	**$**	$	**$**	$
Net income	**1,041**	(1,140)	**561**	(1,016)
Income tax expense (recovery)	**483**	(470)	**705**	(889)
(Financial revenues) Financial expenses	**118**	66	**308**	136
Amortization	**1,181**	1,070	**3,415**	3,175
Foreign exchange loss (gain)	**25**	(37)	**172**	(15)
EBITDA	**2,848**	(511)	**5,161**	1,391
— As a % of revenues	**13.4%**	(4.1)%	**7.5%**	2.4%

10. ANALYSIS OF OPERATING RESULTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED OCTOBER 31, 2015

a) Revenues and Gross Margin

Three-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Revenues	**21,260**	12,471	8,789	70.5
Cost of goods sold	**16,760**	11,694	5,066	43.3
Gross margin	**4,500**	777	3,723	Pos.
— As a % of revenues	**21.2%**	6.2%		15.0

Nine-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Revenues	**69,005**	57,308	11,697	20.4
Cost of goods sold	**59,048**	51,497	7,551	14.7
Gross margin	**9,957**	5,811	4,146	71.3
— As a % of revenues	**14.4%**	10.1%		4.3

Revenues

Revenues during the three-month period ended October 31, 2015, totalled $21.3 million, up by $8.8 million compared with the same period of the 2015 fiscal year. Revenues for the nine-month period ended October 31, 2015, totalled $69.0 million, up by $11.7 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 variation in revenues compared to those for the corresponding period a year ago, is essentially explained by the acceleration of a major project in New York, USA, as well as the start of the fabrication projects announced in April 2015.

In terms of economic dependency, 74% of the Corporation's revenues during the nine-month period ended October 31, 2015, were realized with three (3) clients for respective amounts of $25.9 million from the United States, $12.9 million and $12.1 million from Canada (47% of the revenues were realized with one client during the nine-month period ended October 31, 2014, for an amount of $27.0 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 and nine-month periods ended October 31, 2015, the gross margin in dollar value increased by $3.7 million and $4.1 million respectively compared with the same periods a year ago. As a percentage of revenues, the gross margin went from 6.2% during the three-month period ended October 31, 2014 to 21.2% for the same period ended October 31, 2015, whereas it went from 10.1% during the nine-month period ended October 31, 2014, to 14.4% during the same period ended October 31, 2015.

These increases as a percentage of revenues are for the most part explained by the revenue mix and a better absorption of the fixed costs related to fabrication, in line with the volume at both our fabrication plants. It should also be noted that last year's corresponding periods were negatively impacted by a low fabrication volume. For reference, the order backlog as at July 31, 2014 was only $9.0 million.

During the nine-month period ended October 31, 2015, revenues included 56% of fabrication hours, compared with only 50% during the same period a year ago. Given the fact that fabrication is generally a higher value-added activity, this breakdown has a positive impact on gross margins.

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 October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Selling and administrative expenses	**2,833**	2,358	475	20.1
— As a % of revenues	**13.3%**	18.9%		(5.6)

Nine-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Selling and administrative expenses	**8,211**	7,595	616	8.1
— As a % of revenues	**11.9%**	13.3%		(1.4)

During the three-month period ended October 31, 2015, selling and administrative expenses amounted to $2.8 million, posting a $0.5 million increase compared with the same period ended October 31, 2014. For the nine-month period ended October 31, 2015, selling and administrative expenses amounted to $8.2 million, posting an increase of $0.6 million over the same period ended October 31, 2014.

As a percentage of revenues, these expenses decreased by 5.6% and 1.4% respectively for the three-month and nine-month periods ended October 31, 2015 compared with the same periods a year ago. These increases, in dollar value, are mainly explained by the increase in the number of bids as well as the impact of foreign exchange on selling and administration expenses, which alone accounts for respectively $0.1 million and $0.3 million of the increases for the three-month and nine-month periods analyzed.

c) **Amortization**

Three-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Amortization	**1,181**	1,070	111	10.4
— As a % of revenues	**5.6%**	8.6%		(3.0)

Nine-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Amortization	**3,415**	3,175	240	7.6
— As a % of revenues	**4.9%**	5.5%		(0.6)

Three-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Amortization expense included in cost of goods sold	**931**	1,013	(82)	(8.1)
Amortization expense included in selling and administrative expenses	**250**	57	193	Pos.
Total amortization	**1,181**	1,070	111	10.4

Nine-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Amortization expense included in cost of goods sold	**2,738**	2,555	183	7.2
Amortization expense included in selling and administrative expenses	**677**	620	57	9.2
Total amortization	**3,415**	3,175	240	7.6

In accordance with IFRS standards, amortization expense is included in cost of goods sold and selling and administrative expenses (see Note 13 "Classification of Expenses by Nature" to the Unaudited Condensed Interim Consolidated Financial Statements as at October 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 $3.4 million amortization expense during the nine-month period ended October 31, 2015, was somewhat higher than the same period ended October 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 October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Financial revenues	**(33)**	(35)	2	5.7
Financial expenses	**151**	101	50	49.5
	118	66	52	78.8
— As a % of revenues	**0.6%**	0.5%		0.1

Nine-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Financial revenues	**(65)**	(129)	64	49.6
Financial expenses	**373**	265	108	40.8
	308	136	172	126.5
— As a % of revenues	**0.4%**	0.2%		0.2

The increase in net financial expense during the three-month and the nine-month periods ended October 31, 2015, is mainly explained by the new US-denominated debt relating to the investments made in Montana, USA, by the conversion of these fees in Canadian dollars and as well as the financial expenses relating to the new CAD-denominated debt contracted at the beginning of the quarter ended October 31, 2015.

The Corporation estimates that a 1% fluctuation in the effective interest rate of the long-term debt would have an immaterial impact on income before income tax expense on an annual basis.

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

Three-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Foreign exchange loss (gain)	**25**	(37)	62	Pos.
— As a % of revenues	**0.1%**	(0.3)%		0.4

Nine-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Foreign exchange loss (gain)	**172**	(15)	187	Pos.
— As a % of revenues	**0.2%**	—		0.2

The foreign exchange losses recorded during the three-month period ended October 31, 2015 include immaterial foreign exchange losses on ongoing operations and on a realized and unrealized foreign exchange variation relating to the fair value of financial derivatives. During the three-month period ended October 31, 2015, an immaterial foreign exchange loss on the translation of foreign subsidiaries was also recorded in comprehensive income.

The foreign exchange loss recorded during the nine-month period ended October 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 nine-month period ended October 31, 2015, a $1.1 million foreign exchange gain on the translation of foreign subsidiaries was recorded in comprehensive income.

As for the $37,000 and $15,000 foreign exchange gains recorded during the three-month and nine-month periods ended October 31, 2014, they came from ongoing operations. Foreign exchange gains of $1.0 million and $0.4 million on the translation of foreign subsidiaries were recorded in comprehensive income during the three-month and nine-month periods ended October 31, 2014, respectively.

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 and nine-month periods ended October 31, 2015, the portion of revenues realized in U.S. dollars was respectively 88% and 77% (46% and 14% during the three-month and nine-month periods ended October 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 the fiscal year ending January 31, 2016.

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 October 31, 2015, was established as follows:

	As at October 31, 2015			
	In thousands of $US (1)	**In thousands $CA (1)**	**Average rate**	**Expiration date**
Forward foreign exchange contracts	**(700)**	**(797)**	**1.1390**	**November 2015**
	3,325	**4,303**	**1.2940**	**January 2016**
	2,000	**2,632**	**1.3162**	**July 2016**
	2,000	**2,631**	**1.3156**	**October 2016**
	1,000	**1,315**	**1.3146**	**January 2017**

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

Based on the balance of the Corporation's financial instruments denominated in foreign currencies as at October 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 $0.7 million variation in net income before income tax, and a variation of $0.2 million in 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 October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Income tax expense (recovery)	**483**	(470)	953	Pos.
— As a % of revenues	**2.3%**	(3.8)%		6.1

Nine-month periods ended October 31,	**2015**	2014	Changes 2015/2014	
(In thousands of dollars and in percentages)	**$**	$	$	%
Income tax expense (recovery)	**705**	(889)	1,594	Pos.
— As a % of revenues	**1.0%**	(1.6)%		2.6

For the three-month and nine-month periods ended October 31, 2015, the income tax expense represented an average effective tax rate of 32% and 56% respectively, compared with an income tax recovery that represented an average effective tax rate of 29% and 47% respectively for the same periods of the 2015 fiscal year. The difference between these rates and the Corporation's Canadian effective rate (27%) is mainly explained by the breakdown of income before income tax (profits or losses) from U.S. and Canadian jurisdictions which use different income tax rates.

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 nine-month period ended October 31, 2015 (an immaterial amount was collected during the same period of the 2015 fiscal year).

A balance of $3.6 million relating to net deferred income tax assets remained available as at October 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 October 31,	**2015**	2014
(In thousands of dollars and in dollars per share)	**$**	$
Total net income	**1,041**	(1,140)
— As a % of revenues	**4.9%**	(9.1)%
Total basic earnings per share	**0.03**	(0.04)
Total diluted earnings per share	**0.03**	(0.04)

Nine-month periods ended October 31,	**2015**	2014
(In thousands of dollars and in dollars per share)	**$**	$
Total net income	**561**	(1,016)
— As a % of revenues	**0.8%**	(1.8)%
Total basic earnings per share	**0.02**	(0.03)
Total diluted earnings per share	**0.02**	(0.03)

The increase in net income during the three-month and nine-month periods ended October 31, 2015, compared with the same periods a year ago, is for the most part explained by what precedes, but more specifically by the clear improvement in gross margin.

11. 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 infrastructures 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
Three-Month Periods Ended	**3rd Quarter (10.31.2015)**	2nd Quarter (07.31.2015)	1st Quarter (04.30.2015)	4th Quarter (01.31.2015)	3rd Quarter (10.31.2014)	2nd Quarter (07.31.2014)	1st Quarter (04.30.2014)	4th Quarter (01.31.2014)
(In thousands of dollars and in dollars per share)	**$**	$	$	$	$	$	$	$
Revenues	**21,260**	19,063	28,682	18,750	12,471	20,435	24,402	29,291
Gross margin (1)	**4,500**	1,889	3,568	1,456	777	2,202	2,832	5,864
— As a % of revenues	**21%**	10%	12%	8%	6%	11%	12%	20%
EBITDA (2)	**2,848**	475	1,838	203	(511)	496	1,406	4,408
— As a % of revenues	**13%**	2%	6%	1%	(4)%	2%	6%	15%
Income before income tax expense (recovery)	**1,524**	(420)	162	(872)	(1,610)	(651)	356	3,316
— As a % of revenues	**7%**	(2)%	1%	(5)%	(13)%	(3)%	2%	11%
Net income	**1,041**	(537)	57	(554)	(1,140)	(347)	471	2,352
— Basic per share	**0.03**	(0.02)	0.00	(0.02)	(0.04)	(0.01)	0.01	0.07
— Diluted per share	**0.03**	(0.02)	0.00	(0.02)	(0.04)	(0.01)	0.01	0.07

(1) Gross margin excluding foreign exchange variations.
(2) See Section 9 "Non-GAAP Measures" for the definition of EBITDA.

12. 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 October 31, 2015, the Corporation had $5.4 million in cash, cash equivalents and short-term investments, which is $3.4 million less than as at January 31, 2015.

Management believes that these available funds will allow it to support the execution of its order backlog in hand on October 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 26 "Subsequent Events"). It also looks at opportunities for accelerated payments discounts negotiated with suppliers.

a) Operating Activities

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

	3 Months		9 Months	
Periods Ended October 31,	**2015**	2014	**2015**	2014
(In thousands of dollars)	**$**	$	**$**	$
Net income adjusted for non-cash items	**2,506**	(358)	**3,554**	1,392
Changes in non-cash operating working capital items:				
Accounts receivable	**(1,494)**	2,765	**(2,763)**	(87)
Holdbacks on contracts	**2,513**	1,148	**2,875**	(1,757)
Income tax	**—**	—	**9**	—
Work in progress	**(499)**	1,369	**3,843**	170
Inventories	**(1,065)**	(29)	**(736)**	(295)
Prepaid expenses and others current assets	**(364)**	(368)	**(397)**	(528)
Accounts payable and other current liabilities	**421**	1,753	**(6,495)**	(2,457)
Deferred revenues	**(967)**	(1,869)	**(2,291)**	(3,311)
	(1,455)	4,769	**(5,955)**	(8,265)
	1,051	4,411	**(2,401)**	(6,873)
Income tax expense recovery	**—**	—	**—**	4
Cash flows from (used in) operating activities	**1,051**	4,411	**(2,401)**	(6,869)

During the three-month period ended October 31, 2015, the Corporation recorded a $2.5 million net income adjusted for non-cash items, which is $2.9 million higher than the same period ended October 31, 2014. This increase is mainly explained by the increase in the Corporation's net income. For the same reasons previously stated, the net income adjusted for non-cash items increased by $2.2 million to $3.6 million for the nine-month period ended October 31, 2015, compared with the same period ended October 31, 2014.

During the three-month period ended October 31, 2015, change in non-cash operating working capital items used cash outflows of $1.5 million. During the nine-month period ended on October 31, 2015, the change in non-cash operating working capital items used liquidities of $6.0 million, which is mostly explained by the increase in accounts receivable and the decrease in accounts payable, other current liabilities and deferred revenues; net of the decrease in contract holdbacks and work in progress. Overall, during the three-month and nine-month periods ended October 31, 2015, these variations are directly attributable to the level of activities during the reference periods.

During the three-month period ended October 31, 2014, changes in non-cash working capital items generated $4.8 million. This $4.8 million cash inflow is mostly explained by the decrease in accounts receivable, contract holdbacks and work in progress, together with the increase in accounts payable and other current liabilities; these variations being directly related to the Corporation's operational activity. During the nine-month period ended October 31, 2014, changes in non-cash working capital items used cash of $8.3 million mainly due to the increase in contract holdbacks and the decrease in accounts payable and other current liabilities and deferred revenues.

b) **Investing Activities**

The Corporation's investing activities are summarized as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2015**	2014	**2015**	2014
(In thousands of dollars)	**$**	$	**$**	$
Net acquisition of property, plant and equipment	**(1,295)**	(5,052)	**(3,473)**	(9,652)
Acquisition of intangible assets	**(104)**	(130)	**(306)**	(314)
Disposal of an investment	**—**	34	**9**	34
Decrease (increase) in other non-current assets	**(5)**	(62)	**632**	(610)
Disposal of property, plant and equipment	**12**	—	**12**	—
Interest received	**31**	28	**69**	122
Cash flows from (used in) investing activities	**(1,361)**	(5,182)	**(3,057)**	(10,420)

During the three-month and nine-month periods ended October 31, 2015, liquidities of $1.4 million and $3.1 million respectively, were used mostly to complete the construction of the paint shop in Great Falls, Montana, as well as for the construction of a paint shop at the Corporation's own Terrebonne facilities, in Quebec.

Investing activities during the same periods ended October 31, 2014, used respectively a net total of $5.2 million and $10.4 million in liquidities mostly for the acquisition of property, plant and equipment, in connection with the construction of the new paint shop in Great Falls, Montana.

The Corporation estimates total capital expenditures for fiscal 2016 to be approximately $8.0 million, which will primarily be used for the construction of the paint shop at ADF's Terrebonne facilities previously mentioned and to maintain the production equipment current at both of ADF's plants in Terrebonne and Great Falls.

c) **Financing Activities**

The Corporation's financing activities were as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2015**	2014	**2015**	2014
(In thousands of dollars)	**$**	$	**$**	$
Issuance of long-term debt (1)	**4,893**	—	**4,893**	5,516
Repayment of long-term debt	**(196)**	(158)	**(566)**	(1,690)
Repurchase of subordinate voting shares	**(118)**	—	**(1,918)**	—
Issuance of subordinate voting shares	**—**	3	**688**	10
Dividend paid	**(326)**	(325)	**(652)**	(650)
Interest paid	**(131)**	(99)	**(351)**	(240)
Interest paid on interest rate swap	**—**	—	**—**	(2)
Cash flows from (used in) financing activities	**4,122**	(579)	**2,094**	2,944

(1) Net of $0.1 million of financing costs for the three-month and nine-month periods ended October 31, 2015.

During the three-month period ended October 31, 2015, financing activities generated liquidities of $4.1 million. This cash inflow is for the most part explained by the payment of the first $5.0 million tranche of a $20.0 million loan. The issuance of this loan's second tranche, also in the amount of $5.0 million, is at the Corporation's request, but must be drawn no later than April 23, 2016. The final tranche of $10.0 million is entirely at the Corporation's request (see Note 9 to the Interim Consolidated Financial Statements for the Three-Month and Nine-Month Periods ended October 31, 2015).

During the nine-month period ended October 31, 2015, financing activities generated liquidities of $2.1 million, compared with cash inflows of $2.9 million for the same period a year ago. This cash inflow stems from the new above-mentioned loan, net of the redemption of 800,000 subordinate voting shares.

During the nine-month period ended October 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.

During the nine-month period ended October 31, 2015, the Corporation issued 867,400 subordinate voting shares under its Stock Option Plan for a cash consideration of $1.1 million (no issuance during the three-month period ended October 31, 2015) whereas 2,500 and 12,100 subordinate voting shares were issued during the respective three-month and nine-month periods ended October 31, 2014 for a respective cash considerations of $3,000 and $10,000.

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 4.7% as at October 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 October 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 October 31, 2015**

The Corporation contracted letter of credits, the balance of which was $4.9 million as at October 31, 2015, compared with $4.2 million as at October 31, 2014 and $4.8 million as at January 31, 2015.

13. CAPITAL STOCK

Information on the outstanding shares, including stock options:

	Subordinate Voting Shares		**Multiple Voting Shares (1)**		**Total Outstanding Shares**		**Stock Options (2)**
(In thousands of dollars, and in number of shares and options)	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)	**(800,000)**	**(2,282)**	—	—	**(800,000)**	**(2,282)**	—
Granted (forfeited)	—	—	—	—	—	—	**(77,000)**
As at October 31, 2015	**18,258,435**	**51,994**	**14,343,107**	**16,001**	**32,601,542**	**67,995**	**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 15 “Normal Course Issuer Bid”.

As at October 31, 2015, the Corporation had 32,601,542 shares outstanding (32,534,142 as at January 31, 2015). During the nine-month period ended October 31, 2015, the Corporation did not grant stock options and issued 867,400 subordinate voting shares, under its Stock Options Plan (12,100 issued during the nine-month period ended October 31, 2014). At the date hereof, being December 9, 2015, the number of shares outstanding remained practically unchanged.

On October 31, 2015, a total of 481,664 stock options were issued and outstanding. These options, which had a weighted average life of 2.46 years before maturity, had a weighted average exercise price of $2.66 (see Note 10 "Capital Stock" to the Unaudited Condensed Interim Consolidated Financial Statements for the Three-Month and Nine-Month Periods Ended October 31, 2015).

14. 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. DSU 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 nine-month periods ended October 31, 2015, amounted to $12,000 and $61,000 respectively, each representing 4,818 units and 16,093 units ($13,000 and $40,000 respectively, each representing 5,655 units and 15,918 units during the three-month and nine-month periods ended October 31, 2014).

Three-month periods ended October 31,	**2015**	2014
(Number of deferred share units)		
Outstanding, at the beginning of period	**150,111**	163,382
Attributed	**4,818**	5,655
Exercised	**—**	—
Outstanding, at the end of period	**154,929**	169,037

Nine-month periods ended October 31,	**2015**	2014
(Number of deferred share units)		
Outstanding, at the beginning of period	**175,645**	153,119
Attributed	**16,093**	15,918
Exercised	**(36,809)**	—
Outstanding, at the end of period	**154,929**	169,037

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 nine-month period ended October 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 October 31, 2015).

During the nine-month period ended October 31, 2014, this re-evaluation generated a $73,000 decrease to the compensation expense (no re-evaluation for the three-month period ended October 31, 2014).

15. **NORMAL COURSE ISSUER BID**

On May 30, 2014, the Corporation announced the renewal of its normal course issuer bid ("NCIB") under which it was able to repurchase, for cancellation purposes, up to 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.

The Corporation did not repurchase any subordinate voting shares under this NCIB during the three-month periods ended October 31, 2015 and 2014.

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.

During the three-month period ended October 31, 2015, the Corporation repurchased, pursuant to an exemption under applicable securities legislation, a total of 50,000 subordinate voting shares held by a former director, for a total amount of $143,000 ($2.85 per share), made up of a $118,000 monetary compensation and $25,000 from contributed surplus.

16. **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), that was paid on October 15, 2015, to shareholders of record as at September 30, 2015.

For the three-month period ended October 31, 2014, the Corporation recognized as distribution to its shareholders of record as at September 30, 2014 and paid on October 15, 2014, a semi-annual dividend of $0.01 per share, totalling $325,000, which represented dividends of $182,000 for subordinate voting shares and $143,000 for multiple voting shares.

The dividend distribution made during the third quarter ended October 31, 2015, brings the total amount of dividends declared and paid for the nine-month period ended October 31, 2015, to $652,000 or $0.02 per share, representing total dividends of $365,000 for subordinate voting shares and $287,000 for multiple voting shares (representing total dividends of $363,000 for subordinate voting shares and $287,000 for multiple voting shares, totaling $650,000 or $0.02 per share for the nine-month period ended October 31, 2014).

17. **ORDER BACKLOG**

ADF Group's order backlog totalled $89.4 million on October 31, 2015, compared with $46.0 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 contracts execution.

As at October 31, 2015, 57% 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 October 31, 2015, will be progressively executed between now and the end of the fiscal year ending January 31, 2017.

18. FINANCIAL POSITION

As at October 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 October 31, 2015.

Sections	Changes	Explanatory Notes
	(In millions of dollars)	
Cash, cash equivalents and short-term investments	**(3.4)**	Refer to Section 12 "Cash Flow and Financial Position" herein above.
Accounts receivable	**3.1**	Increase in billing and impact of exchange rate fluctuations on accounts receivable denominated in US dollars.
Holdbacks on contracts	**(2.9)**	Decrease in line with the billing schedule of contracts on hand.
Work in progress/Deferred revenues (net)	**(1.6)**	Difference between work in progress and revenues billing.
Inventory	**0.8**	Increase due to the purchase of raw material relating to recently awarded contracts and the impact of foreign exchange rate fluctuations on the US-denominated inventory of ADF's fabrication plant in Great Falls, Montana.
Property, plant and equipment and intangible assets	**1.0**	Difference stemming from acquisition of property, plant and equipment and intangible assets ($3.8 million) and the impact of the fluctuation in the foreign exchange rates ($1.2 million), net of amortization ($3.4 million) and the $0.6 million property, plant and equipment transfer to current assets held for sale.
Accounts payable and other current liabilities	**(6.2)**	In line with the level of activities as at October 31, 2015.
Long-term debt (including current portion)	**4.6**	Increase attributable to impact of the foreign exchange rate ($0.3 million) and the issuance of a new loan, net of issuance fees ($4.9 million) and debt repayments ($0.6 million).
Derivative financial instruments	**(1.2)**	Variation coming from the fair value of the foreign exchange contracts in place as at October 31, 2015.
Capital Stock	**(1.2)**	Variation consisting of the buyback of 800,000 subordinate voting shares ($2.3 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.

19. 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 25 "Outlook") and does not currently foresee any short-term elements that could compromise its course of business.

That being said, and in light of the fact that the Corporation does not enjoy all the visibility from which it normally benefits in its markets, the Corporation will continue to use caution and will closely monitor the situation (see Section 20 "External Factors to Which the Corporation's Performance is Exposed" and Section 25 "Outlook").

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

a) Exchange Rate

The foreign exchange rate fluctuation between the Canadian and U.S. dollars has an impact on the Corporation's results. Thus, exchange losses of $25,000 and $172,000 were recorded for the three-month and nine-month periods ended October 31, 2015, respectively, compared with exchange gains of $37,000 and $15,000 respectively for the three-month and nine-month periods ended October 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 26 "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.

21. 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 October 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 20 b) "Financial Instruments" to the Unaudited Condensed Interim Consolidated Financial Statements for the Three-Month and Nine-Month periods ended October 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 20 a) "Financial Risk Management and b) "Financial Instruments" to the Unaudited Condensed Interim Consolidated Financial Statements for the Three-Month and Nine-Month periods ended October 31, 2015.

22. 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 October 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 October 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.

23. 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-Month and Nine-Month Periods Ended October 31, 2015.

24. HUMAN RESOURCES

As at October 31, 2015, the Corporation employed a total of 554 people in its fabrication plant and head office in Terrebonne, Quebec, its offices, fabrication plant and paint shop in Great Falls, Montana, as well as the sales office and various construction sites in Florida, USA.

25. OUTLOOK

The announcements made in November namely the newly awarded contracts worth a total of close to $50.0 million and the construction of a new 3,900 square-meter (42,000 square feet) paint shop at our own facilities in Terrebonne, attest to our commitment to grow and move forward. We are without a doubt encouraged by our recent financial performance, but we will remain vigilant in our business approach, because we know very well that our markets are uncertain.

As previously explained in Section 5 "Market Trends", although the markets served by our Corporation are generally doing better, they have not yet return to comparable levels of preceding years. We are proud of the investments we have made in Great Falls, Montana over the past years, and the more recently announced investment of $6.0 million to set up a new state-of-the-art paint shop at our own Terrebonne fabrication complex. These investments, together with our operational excellence, and soon ADF's 60 years of industry experience, show that we spare no effort in improving our operational and financial performances.

26. SUBSEQUENT EVENTS

Commitments to Purchase Property, Plant and Equipment

— On November 2, 2015, the Corporation announced having received the approval of its Board of Directors and the permit from Quebec's *Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques*, to start construction on the new 3,900 square-meter (42,000-square-foot) paint shop at its own Terrebonne complex. This development project is a strategic investment of $6.0 million. ADF's management expects that its new paint shop, which will be complementary to its core structural steel fabrication activities, to be operational in the month of April 2016.

— On November 20, 2015, the Corporation closed the purchase of a property (land and buildings), in Florida, USA, where it will move its US installation operations and sales office. This acquisition provides the Corporation with larger facilities for the storage of its installation equipment used to erect steel structures. The cost of this transaction is US$1.3 million and is financed through the Corporation's liquidities. On the other hand, the property owned by the Corporation, which previously housed its sales office and warehouse has been sold on December 1st, 2015 for the total sum of US$1.1 million. Both of these amounts are exclusive of transaction fees.

27. ADDITIONAL INFORMATION

Management's discussion and analysis of changes in financial position and operating results for the three-month and nine-month periods ended October 31, 2015, has been approved by the Corporation's Board of Directors as of December 9, 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, December 9, 2015

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

Ce rapport de gestion intermédiaire est également disponible en français.

Group Inc.

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