UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE-MONTH AND NINE-MONTH PERIODS ENDED OCTOBER 31, 2017

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FORWARD-LOOKING STATEMENTS

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE TO THE READERS

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	October 31, 2017	January 31, 2017
(In thousands of Canadian dollars)	**(Unaudited)**	(Audited)
ASSETS	**$**	$
Current assets		
Cash and cash equivalents	**5,340**	334
Accounts receivable	**41,605**	22,326
Holdbacks on contracts (Note 10)	**5,334**	3,613
Income tax assets	**140**	842
Work in progress (Note 10)	**12,688**	21,077
Inventories	**5,761**	6,957
Derivative financial instruments (note 17)	**—**	696
Prepaid expenses and other current assets	**1,943**	1,137
Total current assets	**72,811**	56,982
Non-current assets		
Property, plant and equipment (Note 4)	**89,758**	90,060
Intangible assets (Note 5)	**3,152**	2,920
Other non-current assets	**3,431**	3,406
Deferred income tax assets	**6,471**	5,316
Total assets	**175,623**	158,684
LIABILITIES		
Current liabilities		
Credit facilities (Note 6)	**14,150**	13,336
Accounts payable and other current liabilities	**22,350**	16,585
Income tax liability	**146**	184
Deferred revenues (Note 10)	**4,100**	1,264
Derivative financial instruments (Note 17)	**624**	—
Current portion of long-term debt	**1,633**	844
Total current liabilities	**43,003**	32,213
Non-current liabilities		
Long-term debt (Note 7)	**22,219**	17,870
Deferred income tax liabilities	**4,189**	2,951
Total liabilities	**69,411**	53,034
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)	**68,120**	68,088
Contributed surplus	**6,420**	6,422
Accumulated other comprehensive income loss (Note 9)	**6,343**	6,741
Retained income	**25,329**	24,399
Total shareholders' equity	**106,212**	105,650
Total liabilities and shareholders' equity	**175,623**	158,684

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

ON BEHALF OF THE BOARD OF DIRECTORS,

Mr. Jean Paschini

/ Signed /

Director

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

/ Signed /

Director

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of Canadian dollars and in dollars per share)	**$**	$	**$**	$
Revenues (Note 10)	**37,212**	21,089	**131,128**	66,390
Cost of goods sold (Note 11)	**34,793**	17,836	**119,194**	54,013
Gross Margin	**2,419**	3,253	**11,934**	12,377
Selling and administrative expenses (Note 11)	**3,058**	2,997	**9,604**	9,787
Financial revenues	**(2)**	(2)	**(28)**	(45)
Financial expenses (Note 14)	**412**	243	**1,190**	667
Foreign exchange loss (gain)	**270**	(30)	**(451)**	326
	3,738	3,208	**10,315**	10,735
Income before income tax expense	**(1,319)**	45	**1,619**	1,642
Income tax (recovery) expense	**(621)**	9	**36**	396
Net income for the period	**(698)**	36	**1,583**	1,246
Earnings per share (Note 15)				
— Basic per share	**(0.02)**	0.00	**0.05**	0.04
— Diluted per share	**(0.02)**	0.00	**0.05**	0.04
Average number of outstanding shares (in thousands) (Note 15)	**32,635**	32,627	**32,632**	32,624
Average number of outstanding diluted shares (in thousands) (Note 15)	**32,635**	32,677	**32,664**	32,690

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of Canadian dollars)	**$**	$	**$**	$
Net income for the period	**(698)**	36	**1,583**	1,246
Other comprehensive income (loss) (Note 9) [(a)] :				
Exchange differences on translation of foreign operations	**1,122**	1,008	**(398)**	(1,674)
Comprehensive income (loss) for the period	**424**	1,044	**1,185**	(428)

(a) Will subsequently be reclassified to net income.

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(In thousands of Canadian dollars)	**Capital Stock**	**Contributed Surplus**	**Accumulated Other Comprehensive Income (Loss)**	**Retained Income**	**Total**
	$	$	$	$	$
Balance as at February 1, 2016	68,077	6,397	9,507	23,552	107,533
Net income for the period	—	—	—	1,246	1,246
Other comprehensive income (loss)	—	—	(1,674)	—	(1,674)
Comprehensive income (loss) for the period	—	—	(1,674)	1,246	(428)
Share-based compensation (Note 8)	—	27	—	—	27
Option Exercised	11	(5)	—	—	6
Dividends (Note 8)	—	—	—	(652)	(652)
Balance as at October 31, 2016	68,088	6,419	7,833	24,146	106,486

(In thousands of Canadian dollars)	**Capital Stock**	**Contributed Surplus**	**Accumulated Other Comprehensive Income (Loss)**	**Retained Income**	**Total**
	$	**$**	**$**	**$**	**$**
Balance as at February 1, 2017	**68,088**	**6,422**	**6,741**	**24,399**	**105,650**
Net income for the period	**—**	**—**	**—**	**1,583**	**1,583**
Other comprehensive income (loss)	**—**	**—**	**(398)**	**—**	**(398)**
Comprehensive income (loss) for the period	**—**	**—**	**(398)**	**1,583**	**1,185**
Share-based compensation (Note 8)	**—**	**13**	**—**	**—**	**13**
Option Exercised	**32**	**(15)**	**—**	**—**	**17**
Dividends (Note 8)	**—**	**—**	**—**	**(653)**	**(653)**
Balance as at October 31, 2017	**68,120**	**6,420**	**6,343**	**25,329**	**106,212**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of Canadian dollars)	**$**	$	**$**	$
OPERATING ACTIVITIES				
Net income for the period	**(698)**	36	**1,583**	1,246
Non-cash items:				
Amortization of property, plant and equipment (Note 4)	**1,003**	1,090	**3,020**	3,293
Amortization of intangible assets (Note 5)	**104**	91	**301**	266
Gain on disposal of property, plant and equipment	**—**	—	**(35)**	—
Unrealized loss on derivative financial instruments	**4,088**	406	**1,320**	71
Non-cash exchange (gain) loss	**(1,172)**	(150)	**(61)**	670
Share-based compensation	**25**	216	**223**	806
Income tax (recovery) expense	**(621)**	9	**36**	396
Financial revenues	**(2)**	(2)	**(28)**	(45)
Financial expenses	**412**	243	**1,190**	667
Net income adjusted for non-cash items	**3,139**	1,939	**7,549**	7,370
Changes in non-cash working capital items (Note 16)	**(5,771)**	(2,794)	**(3,789)**	(9,705)
Income tax recovery (paid)	**661**	(191)	**661**	(1,128)
Cash flows from (used in) operating activities	**(1,971)**	(1,046)	**4,421**	(3,463)
INVESTING ACTIVITIES				
Net acquisition of property, plant and equipment (Note 4)	**(880)**	(561)	**(3,026)**	(5,854)
Acquisition of intangible assets	**(140)**	(90)	**(533)**	(295)
Revenues from disposals of property, plant and equipment	**—**	—	**125**	—
Decrease (increase) in other non-current assets	**9**	2	**(27)**	(7)
Interest received	**2**	—	**28**	43
Cash flows from (used in) investing activities	**(1,009)**	(649)	**(3,433)**	(6,113)
FINANCING ACTIVITIES				
Variation in credit facilities (Note 6)	**(1,480)**	(762)	**841**	4,738
Issuance of long-term debt (Note 7)	**—**	—	**5,702**	5,000
Repayment of long-term debt	**(245)**	(200)	**(693)**	(607)
Issuance of subordinate voting shares (Note 8)	**—**	—	**17**	6
Dividends paid (Note 8)	**(327)**	(326)	**(653)**	(652)
Interest paid	**(413)**	(241)	**(1,190)**	(667)
Cash flows from (used in) financing activities	**(2,465)**	(1,529)	**4,024**	7,818
Impact of fluctuations in foreign exchange rate on cash flows	**184**	21	**(6)**	(34)
Net change in cash and cash equivalents during the period	**(5,261)**	(3,203)	**5,006**	(1,792)
Cash and cash equivalents, beginning of the period	**10,601**	3,788	**334**	2,377
Cash and cash equivalents, end of the period	**5,340**	585	**5,340**	585

Supplemental information on cash flows is provided in Note 16.

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

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

NOTE 1
NATURE OF BUSINESS

ADF GROUP INC. ("ADF", "ADF Group" or "the Corporation") is the parent company and is incorporated under the Canada Business Corporations Act. Its head office is located at 300 Henry-Bessemer Street, in Terrebonne, Quebec. The Corporation's securities are traded on the Toronto Stock Exchange under the ticker symbol DRX. The Corporation operates two fabrication plants and two paint shops, in Canada and in the United States. The Corporation concentrates its activities in the design and engineering of connections, fabrication, including the application of industrial coatings, and the installation of complex steel structures, heavy steel built-ups, as well as miscellaneous and architectural metalwork. The Corporation's products and services are intended for the following five principal segments of the non-residential construction industry: office towers and high-rises, commercial and recreational buildings, airport facilities, industrial complexes, and transport infrastructure.

NOTE 2
BASIS OF PREPARATION

a) **Statement of Compliance**

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

The Board of Directors approved these condensed interim consolidated financial statements on December 6, 2017. The financial statements have been prepared using the same accounting policies as outlined in Note 2 to the Corporation's Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017.

b) **Basis of Assessment**

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

c) **Functional and Reporting Currency**

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

d) **Use of Estimates and Judgments**

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

NOTE 3
RECENT IFRS PRONOUNCEMENTS NOT YET ADOPTED

a) **IFRS 9 "Financial Instruments"**

In July 2014, the IASB completed the three-part project to replace IAS 39 "Financial Instruments: Recognition and Measurement" by issuing IFRS 9 applicable to fiscal years beginning on or after January 1, 2018 and should be applied retrospectively, except for certain exceptions.

IFRS 9 includes classification and measurement of financial assets and financial liabilities, and introduces a forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.

IFRS 9 uses a new approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. However, the portion of the changes in fair value related to the entity's own credit risk, in measuring a financial liability at fair value through net income, will be presented in Other Comprehensive Income (Loss) rather than in the Consolidated Statement of Income.

IFRS 9 also introduced a new expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a more timely basis.

Lastly, IFRS 9 introduced a new hedge accounting model, together with corresponding disclosures about risk management activities. The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

IFRS 9 will be effective for the Corporation’s fiscal year beginning on February 1, 2018. The Corporation is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

b) **IFRS 15 "Revenue from Contracts with Customers"**

Published by the IASB in May 2014, the IFRS 15 will be effective for fiscal years beginning on or after January 1, 2018 and supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and a number of revenue related interpretations (IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers", and SIC-31 "Revenue - Barter Transactions Involving Advertising Service").

IFRS 15 introduces a unique single five-step global model for the revenue recognition on contracts with customers. Such model requires to: 1) identify the contract with a customer; 2) identify the performance obligations related to that contract; 3) determine the transaction price of the contract; 4) allocate such transaction price between the performance obligations; 5) determine under which method revenue will be recognized.

The Corporation has developed and initiated an implementation plan to assess the impact of IFRS 15 and ensure the Corporation’s compliance with IFRS 15. As part of this plan, the Corporation has collected a sample of significant contracts signed with customers and identified preliminary accounting topics that may impact the Corporation’s results.

The Corporation continues to execute its implementation plan and is currently reviewing all of its customer contracts to determine the impact of this new standard on its consolidated financial statements. In addition to a change in the accounting for revenue recognition, IFRS 15 is also expected to have an impact on presentation and disclosures, which may impact the Corporation's financial systems and internal controls and policies, which are currently being analyzed by the Corporation. As a result, the Corporation continues to assess the impact of this standard on the consolidated financial statements and it is not yet in a position to make a reliable estimate of its impact.

The Corporation will adopt IFRS 15 in its consolidated financial statements for the fiscal year beginning on February 1, 2018 and may be applied using one of the following two methods: retrospectively to each prior reporting period for which financial information is presented, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" or retrospectively by recognizing the cumulative effect the initial application of IFRS 15 at the date of the first application in the opening balance of retained earnings (i.e., February 1, 2018 for the Corporation). The Corporation is currently evaluating the transition methods prescribed under IFRS 15.

c) **IFRS 16 "Leases"**

In January 2016, the IASB released IFRS 16, to replace the previous leases Standard, IAS 17 “Leases”, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 will be effective for the fiscal year beginning on January 1, 2019 (February 1, 2019 for the Corporation), and early application permitted only if the Corporation applies IRFS 15 "Revenues from Contracts with Customers". The Corporation is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements and the date when it will adopt. Where the Corporation is a lessee, the Corporation expects IFRS 16 will result in financial position recognition of most of its leases that are considered operating leases under IAS 17. This will result in the gross-up of the consolidated statement of financial position through the recognition of a right-of-use asset and a liability for the present value of the future lease payments. Depreciation expense on the right-of-use asset and interest expense on the lease liability will replace the operating lease expense.

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

NOTE 4
PROPERTY, PLANT AND EQUIPMENT

For the three-month and nine-month periods ended October 31, 2017, the amortization of property, plant and equipment totalled $1,003,000 and $3,020,000 respectively (respectively $1,090,000 and $3,293,000 for the three-month and nine-month periods ended October 31, 2016), and was distributed as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Cost of goods sold	**813**	877	**2,451**	2,671
Selling and administrative expenses	**190**	213	**569**	622
	1,003	1,090	**3,020**	3,293

As at October 31, 2017 and 2016, all property, plant and equipment were subject to amortization. During the nine-month periods ended October 31, 2017 and 2016, the Corporation acquired property, plant and equipment totalling $3,258,000 and $5,886,000 respectively, which was distributed as follows:

Nine-Month Periods Ended October 31,	**2017**	2016
(In thousands of CA$)	**$**	$
Building and improvement to land	**1,579**	2,903
Equipment and overhead cranes	**1,110**	2,654
Others (1)	**569**	329
	3,258	5,886

(1) Include acquisitions of $232,000 and $32,000 under finance lease contracts with no impact on cash and cash equivalents for the nine-month periods ended October 31, 2017 and 2016 respectively.

NOTE 5
INTANGIBLE ASSETS

As at October 31, 2017 and 2016, all intangible assets were subject to amortization. For the three-month and nine-month periods ended October 31, 2017, the amortization of intangible assets totalled respectively $104,000 and $301,000 ($91,000 and $266,000 respectively for the three-month and nine-month periods ended October 31, 2016), and was distributed as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Cost of goods sold	**36**	35	**107**	106
Selling and administrative expenses	**68**	56	**194**	160
	104	91	**301**	266

NOTE 6
CREDIT FACILITIES

a) **Canadian Operating Credit Facility**

In July 2017, the Corporation obtained a temporary increase of its Canadian operating credit facility. Effective on that date, the available amount increased from $20,000,000 to $24,400,000, until September 30, 2017, on which date the facility was reduced back to $20,000,000. Other than the credit facility's amount, all other terms and conditions remained unchanged. As at October 31, 2017, $14,150,000 was used on that credit facility ($12,650,000 as at January 31, 2017).

b) **U.S. Revolving Credit**

In May 2017, in order to contract a new long-term loan of US$520,000 (see Note 7), the current available revolving credit of US$800,000 as at January 31, 2017 (see Note 11 b) to the Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017) was reduced to an available amount of US$440,360. All other conditions related to this revolving credit remain unchanged. As at October 31, 2017, this credit facility was not used (as at January 31, 2017, a balance of US$527,000 (CA$686,000) was used).

NOTE 7
LONG-TERM DEBT

a) In May 2017, a subsidiary of the Corporation contracted a new loan to finance the purchase of equipment for its fabrication plant in Great Falls, Montana. This US$520,000 loan from a U.S. bank has a 5-year term and bears an annual 3.84% fixed interest rate. This new long-term debt and US revolving credit (see Note 6 b) above) are secured by a letter of credit of US$3,400,000. The principal will be repaid by monthly installments of approximately $8,000 beginning in July 2017 and ending in June 2022.

b) In June 2017, the Corporation drew a $5,000,000 tranche of a loan obtained during the third quarter of the 2016 fiscal year (see Note 13 to the Audited Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017). The Corporation obtained this long-term loan, which could reach $20,000,000, from a government corporation, to finance, among others, its working capital. The initial $5,000,000 tranche was received at the issuance of the loan in August 2015, whereas the second $5,000,000 tranche was received in February 2016. The balance, which is the fourth $5,000,000 tranche will be issued, when appropriate, at the Corporation's request.

The principal on this third installment of debt, in the first amount of $26,500 is scheduled for March 1, 2018, and will be followed by equal monthly installments of $24,500 beginning on April 1, 2018 and ending February 1, 2035, being the loan's maturity date.

c) In July 2017, the Corporation contacted a new loan of $194,000 through a finance lease agreement to purchase computer equipment. This new loan, bearing interest at the annual implicit rate of 2.41%, is repayable in minimum monthly installments of $5,600 beginning in August 2017 and ending in July 2020.

NOTE 8
CAPITAL STOCK

a) **Capital Stocks**

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

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

b) **Dividend**

During the three-month period ended October 31, 2017, the Corporation recognized as distribution to its shareholders of record as at September 29, 2017, and paid on October 17, 2017, semi-annual dividends totalling $327,000 or $0.01 per share, representing dividends of $184,000 for subordinate voting shares and $143,000 for multiple voting shares.

During the three-month period ended October 31, 2016, the Corporation recognized as distribution to its shareholders of record as at September 30, 2016, and paid on October 17, 2016, semi-annual dividends totalling $326,000 or $0.01 per share, representing dividends of $183,000 for subordinate voting shares and $143,000 for multiple voting shares.

This distribution made during the third quarter ended October 31, 2017, brings the total amount of dividends declared and paid to $653,000 or $0.02 per share for the nine-month period ended October 31, 2017, representing dividends of $367,000 for subordinate voting shares and $286,000 for multiple voting shares (representing dividends of $365,000 for subordinate voting shares and $287,000 for multiple voting shares totaling $652,000 or $0.02 per share for the nine-month period ended October 31, 2016).

c) **Stock Option Plan**

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

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

As at	**October 31, 2017**		January 31, 2017	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
(In dollars per option and in number of options)	**Number**	**$**	Number	$
Outstanding, at the beginning	**383,664**	**2.97**	461,664	2.68
Exercised	**(7,664)**	**2.14**	(6,000)	1.05
Canceled	**—**	**—**	(72,000)	1.28
Outstanding, at the end	**376,000**	**2.99**	383,664	2.97
Exercisable, at the end	**336,000**	**3.03**	322,664	3.04

As at October 31, 2017, the weighted average exercise price and the weighted average remaining contractual life of the options were as follows:

(In dollars per option and number of options)	Outstanding Options			Exercisable Options	
Exercise Price	Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Exercisable	Weighted Average Exercise Price
$	Number	Year	$	Number	$
6.48	5,000	0.20	6.48	5,000	6.48
5.65	60,000	0.45	5.65	60,000	5.65
2.66	100,000	6.70	2.66	60,000	2.66
2.52	60,000	2.12	2.52	60,000	2.52
2.45	96,000	1.70	2.45	96,000	2.45
1.88	50,000	2.87	1.88	50,000	1.88
1.21	5,000	4.62	1.21	5,000	1.21
	376,000	**3.07**	**2.99**	**336,000**	**3.03**

For the three-month and nine-month periods ended October 31, 2017, total expenses of $3,000 and $13,000 respectively for share-based compensation were recorded in the Consolidated Statement of Income, and corresponding amounts were recognized in contributed surplus (expenses of $11,000 and $27,000 for the three-month and nine-month periods ended October 31, 2016).

No options were granted during the three-month and nine-month periods ended October 31, 2017 and 2016.

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

i. **External Directors**

During the three-month and nine-month periods ended October 31, 2017, the external directors DSU compensation amounted to a negative amount of $19,000 and a positive amount of $97,000 respectively (positive amounts of $13,000 and $579,000 respectively during the three-month and nine-month periods ended October 31, 2016), and were recorded in "Accounts payable and other current liabilities" in the Consolidated Statements of Financial Position.

The fluctuation of the External Directors DSUs were as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In number of deferred share units)	**Number**	Number	**Number**	Number
Outstanding, at the beginning of the period	**380,997**	304,597	**312,032**	121,346
Attributed	**5,565**	4,194	**74,530**	187,445
Outstanding, at the end of the period	**386,562**	308,791	**386,562**	308,791
Vested, at the end of the period	**386,562**	308,791	**386,562**	308,791

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

During the three-month and nine-month periods ended October 31, 2017, the re-evaluation resulted respectively in decreases of $34,000 and $107,000 in compensation expenses. During the three-month period ended October 31, 2016, an upward re-evaluation in the amount of $96,000 was recorded as an increase in compensation expense, as opposed to an immaterial decrease in compensation expense for the nine-month period ended October 31, 2016, with the consideration recorded in accounts payable and other current liabilities in the Consolidated Statement of Financial Position.

The External Directors' DSUs fair value amounted to $1,001,000 as at October 31, 2017 ($917,000 as at October 31, 2016).

ii. **Executive Officers and Key Employees**

As set forth in the DSU Plan (see Note 2 p) to the Notes to the Consolidated Financial Statements for the Fiscal Year Ended January 31, 2017), the Corporation may grant Executive Officers and key employees DSUs on a discretionary basis, the vesting of which will extend over a 2-year to 5-year period, at a rate of 20% to 50% per year. The vested DSUs will be bought back in cash by the Corporation on the date its holder ceases to be an officer or employee of the Corporation by reason of death, retirement or loss of function as officer or employee.

The share-based compensation expense for the executive officers and key employees, totalling respectively $41,000 and $113,000, was recorded in the Consolidated Statement of Income for the Three-Month and Nine-month Periods Ended October 31, 2017 ($96,000 and $239,000 respectively for the three-month and nine-month periods ended October 31, 2016), and the corresponding amount was recognized in accounts payable and other current liabilities in the Consolidated Statements of Financial Position.

The fluctuation of the Executive Officers and key employees DSUs were as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In number of deferred share units)	**Units**	Units	**Units**	Units
Outstanding, at the beginning of the period	**303,162**	236,162	273,162	—
Granted	**571**	37,000	30,571	273,162
Outstanding, at the end of the period	**303,733**	273,162	303,733	273,162
Vested, at the end of the period	**74,243**	63,111	74,243	63,111

The DSU are progressively expensed during the vesting period and their costs is determined using a valuation model, and re-evaluated at each reporting period. This revaluation was not significant for the three-month and nine-month periods ended October 31, 2017.

As at October 31, 2017, the executive officers and key employees vested DSUs fair value was $192,000 ($187,000 as at October 31, 2016).

NOTE 9
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Exchange differences on translation of foreign operations, net of related hedging activities, net of related income taxes(1)				
Opening balance	**5,032**	6,686	**6,552**	9,368
Changes during the period	**1,122**	1,008	**(398)**	(1,674)
	6,154	7,694	**6,154**	7,694
Change in value of available-for-sale financial assets (2)				
Opening balance	**189**	139	**189**	139
Changes during the period	**—**	—	**—**	—
	189	139	**189**	139
Closing balance	**6,343**	7,833	**6,343**	7,833

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

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

NOTE 10
INFORMATION RELATED TO CONTRACTS

For the three-month nine-month periods ended October 31, 2017, revenues from construction contracts totalling respectively $37,212,000 and $131,128,000 (respectively $21,089,000 and $66,390,000 for the three-month and nine-month periods ended October 31, 2016) have been included in revenues of the reporting period. The amounts recorded in the Consolidated Statement of Financial Position relate to current contracts at the end of the reporting period.

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

As at October 31,	**2017**	2016
(In thousands of CA$)	**$**	$
Total amount of cost incurred and profits and losses recorded on all ongoing contracts	**246,225**	170,743
Less progress billings	**(237,637)**	(164,821)
	8,588	5,922

Recognized as follows:

As at	**October 31, 2017**	January 31, 2017
(In thousands of CA$)	**$**	$
Amount owed by customers for work performed on contracts, recorded in work in progress	**12,688**	21,077
Amount owed to customers for work performed on contracts, recorded in deferred revenues	**(4,100)**	(1,264)
	8,588	19,813

Advances received from customers on contracts for work not yet realized are recognized in accounts payable and other current liabilities. These advances were $2,374,000 as at October 31, 2017 ($299,000 as at January 31, 2017).

Holdbacks on contracts will be received upon the customer's approval of the work performed, and amount to $5,334,000 as at October 31, 2017, ($3,613,000 as at January 31, 2017) and are included in current assets in the Consolidated Statement of Financial Position.

NOTE 11
CLASSIFICATION OF EXPENSES PER NATURE

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Raw material, consumables and subcontracting	**16,167**	3,990	**56,643**	14,231
Salaries and employees' benefit expenses (1) (Note 12)	**13,143**	10,849	**46,157**	32,520
Transport	**2,354**	315	**5,721**	815
Drafting and engineering	**1,315**	1,660	**4,315**	3,807
Amortization expenses (Notes 4 and 5)	**1,107**	1,181	**3,321**	3,559
Travelling expenses and representation	**849**	589	**3,190**	1,689
Professional fees	**614**	514	**2,085**	1,927
Rental equipment	**362**	119	**1,493**	252
Maintenance and repairs	**431**	257	**1,472**	724
Electricity and heating	**355**	306	**1,143**	1,003
Management fees with related companies (Note 13)	**358**	338	**1,025**	965
Insurance	**268**	286	**802**	771
Taxes and permits	**286**	243	**724**	833
Office expenses	**165**	116	**503**	406
Other	**77**	70	**204**	298
	37,851	20,833	**128,798**	63,800

(1) For the nine-month period ended October 31, 2017, salaries and employees' benefit expenses were decreased by a government grant of $297,000 mostly for jobs creation (no amount for the three-month period ended October 31, 2017 as well as for the three-month and nine-month periods ended October 31, 2016).

Distributed as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Cost of goods sold	**34,793**	17,836	119,194	54,013
Selling and administrative expenses	**3,058**	2,997	9,604	9,787
	37,851	20,833	128,798	63,800

Cost of goods sold is as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Cost of goods sold excluding amortization	**33,944**	16,924	116,636	51,236
Amortization of property, plant and equipment and intangible assets	**849**	912	2,558	2,777
	34,793	17,836	119,194	54,013

NOTE 12
SALARIES AND EXPENSES RELATED TO EMPLOYEES BENEFITS

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Salaries and other short-term benefits	**10,280**	8,280	**34,569**	24,961
Social security costs	**2,389**	1,938	**9,822**	5,273
Pension plan contributions	**379**	348	**1,332**	1,274
Share-based compensation (Note 8)	**25**	216	**223**	806
Other	**70**	67	**211**	206
	13,143	10,849	**46,157**	32,520

NOTE 13
EXECUTIVES OFFICERS' COMPENSATION

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

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Salaries and other short-term benefits	**412**	355	**1,395**	1 ,783
Social security costs	**45**	36	**156**	167
Management fees (1)	**358**	338	**1,025**	965
Pension plan contributions	**14**	9	**115**	114
Share-based compensation (Note 8)	**18**	196	**198**	752
Attendance fees	**70**	67	**211**	206
	917	1,001	**3,100**	3,987

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

NOTE 14
FINANCIAL EXPENSES

Financial expenses were as follows:

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Interest on long-term debt	**261**	184	**695**	566
Interest on credit facilities	**146**	—	**426**	—
Other interest	**5**	59	**69**	101
	412	243	**1 190**	667

NOTE 15
EARNINGS PER SHARE

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

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
Numerator (in thousands of CA$)				
Numerator applicable to basic and diluted earnings per share	**(698)**	36	**1,583**	1,246
Denominator (in thousands)				
Basic weighted average number of shares	**32,635**	32,627	**32,632**	32,624
Effect of dilutive instruments:				
— Stock options	**—**	50	**32**	66
Diluted weighted average number of shares	**32,635**	32,677	**32,664**	32,690

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

Given the negative net income during the three-month period ended October 31, 2017, no stock options were included in the computation of diluted earnings per share because of their antidilutive effect.

During the nine-month period ended October 31, 2017, only 211 000 stock options (218,664 stock options during the three-month and nine-month periods ended October 31, 2016) were included in the computation of diluted earnings per share since the other options were antidilutive.

NOTE 16
SUPPLEMENTAL CASH FLOWS INFORMATION

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

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Accounts receivable	**(11,519)**	(5,322)	**(18,443)**	(2,000)
Holdbacks on contracts	**(1,444)**	(839)	**(1,682)**	(1,267)
Work in progress	**7,687**	(1,307)	**7,911**	(891)
Inventories	**294**	(185)	**1,168**	(542)
Prepaid expenses and other current assets	**132**	(5)	**(802)**	68
Accounts payable and other current liabilities	**(473)**	3,518	**5,423**	(4,832)
Deferred revenues	**(448)**	1,346	**2,636**	(241)
Changes in non-cash working capital items	**(5,771)**	(2,794)	**(3,789)**	(9,705)

NOTE 17
FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) **Financial Risk Management**

As described in Note 28 to the Audited Consolidated Financial Statements for the fiscal year ended January 31, 2017, the Corporation is exposed to exchange rate fluctuations between the Canadian and U.S. dollars, since a significant portion of its revenues is generally recorded in U.S. dollars.

During the three-month and nine-month periods ended October 31, 2017, 91% of the Corporation's revenues were concluded in U.S. dollars (64 % and 63% respectively during the three-month and nine-month periods ended October 31, 2016).

As part of its foreign currency hedge policy, the Corporation uses different mechanisms, where appropriate, to mitigate the impact of these fluctuations on its results, such as:

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

The detail of the derivative financial instruments on hand as at October 31, 2017, in line with its hedging policy, was established as follows:

	As at October 31, 2017			
	In thousands of US$ (1)	**In thousands of CA$ (1)**	**Average rate**	**Maturity date**
Foreign Exchange Contracts	**8,143**	**10,437**	**1.2818**	**November 30, 2017**
	15,000	**18,979**	**1.2653**	**January 31, 2018**
	2,000	**2,529**	**1.2646**	**April 30, 2018**
	500	**632**	**1.2632**	**October 31, 2018**
	6,300	**7,946**	**1.2613**	**January 31, 2019**

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

The Corporation's position is summarized below:

As at	**October 31, 2017**	January 31, 2017
(In thousands of CA$)	**$**	$
Current assets relating to derivative financial instruments:		
Foreign exchange forward contracts	**—**	578
Foreign currency options	**—**	118
	—	696
Current liabilities relating to derivative financial instruments:		
Foreign exchange forward contracts	**(624)**	—
	(624)	—

b) **Financial Instruments**

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

As at October 31, 2017, the carrying amount of these financial instruments did not significantly differ from the fair market value, either because of their forthcoming maturity date (in the case of cash and cash equivalents, accounts receivable, other current assets, holdbacks on contracts, the credit facilities, as well as accounts payable and other current liabilities), or because the Corporation believed it could obtain similar conditions and schedules (in the case of the long-term debt) or since they are re-evaluated at their fair value at the end of every period (in the case of equity investments and derivative financial instruments).

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

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

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

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

NOTE 18
SEGMENTED INFORMATION

The Corporation operates in the non-residential construction sector, primarily in the United States and Canada. Its operations include the design and engineering of connections, fabrication, including industrial coating, and installation of complex steel structures, heavy steel built-ups, as well as miscellaneous and architectural metalwork.

	3 Months		9 Months	
Periods Ended October 31,	**2017**	2016	**2017**	2016
(In thousands of CA$)	**$**	$	**$**	$
Revenues				
Canada	**2,711**	7,491	**11,614**	13,019
United States	**34,501**	13,598	**119,514**	53,371
	37,212	21,089	**131,128**	66,390

As at	**October 31, 2017**	January 31, 2017
(In thousands of CA$)	**$**	$
Non-current assets (1)		
Canada	**50,649**	50,110
United States	**45,691**	46,276
	96,340	96,386

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

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

During the nine-month period ended October 31, 2017, 86% of the Corporation's revenues were realized with three (3) customers, each representing more than 10% of revenues, for respective amounts of $27,861,000, $29,619,000 and $55,014,000, all from the United States, one (1) of whom was part of the Corporation's revenues concentration during the nine-month period ended October 31, 2016.

During the nine-month period ended October 31, 2016, 84% of the Corporation's revenues were realized with four (4) customers, each representing more than 10% of revenues, for respective amounts of $21,384,000 from Canada and the United States, $19,975,000 and $6,561,000 from the United States and $7,563,000 from Canada.

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

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