



CANAM
GROUP

Better Building Solutions

Quarterly Report
March 26, 2011

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YEARS

BUILDING...
WITH PASSION

MESSAGE TO SHAREHOLDERS, EMPLOYEES AND PARTNERS

Canam Group Inc. posted a net loss of \$39.7M, or \$0.88 per share, for the first quarter ended March 26, 2011, compared with a net loss of \$0.6M, or \$0.01 per share, for the corresponding period in 2010. Consolidated sales were \$150.6M, up 48% from \$101.9M for the year-earlier quarter.

The cost overrun provision related to the installation of cables for the BC Place project and the monetary out-of-court settlement of a claim had a major negative impact on the results of the first quarter. We stress that these charges are non-recurring and that the expected negative impact of the BC Place project as a whole will be limited to these charges.

The order backlog at Canam Group increased 7% from \$485M as at December 31, 2010 to \$519M as at March 26, 2011. This increase resulted from the addition of the backlog at the Corporation's Canam U.S. and FabSouth business units.

We wish to announce the re-election of eleven members to the Board of Directors at the Annual General Meeting of Shareholders. We also wish to say a special thank you to Mr. Robert Parizeau, who chose not to renew his mandate after 10 years of loyal service.

The Board of Directors approved the payment of a quarterly dividend of \$0.04 per common share on June 30, 2011 to shareholders of record on June 16, 2011.



Marcel Dutil, C.M.
Chairman of the Board and Chief Executive Officer



Marc Dutil
President and Chief Operating Officer

Saint-Georges, Beauce

April 27, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scope of Financial Management's Analysis

This Management's Discussion and Analysis (MD&A) should be read in conjunction with the Corporation's consolidated financial statements and the accompanying notes for the quarters ended March 26, 2011 and March 27, 2010, as well as the audited consolidated financial statements for the fiscal year ended December 31, 2010. Reference should also be made to the annual MD&A of financial position and results of operations included in the Corporation's 2010 annual report, including the sections describing significant accounting estimates, risks and uncertainties, and financial instruments. This MD&A is based on the Corporation's accounting policies that are in compliance with International Financial Reporting Standards (IFRS).

The preparation of consolidated financial statements requires the Corporation's financial management to make estimates and judgments that affect the amounts recorded as assets, liabilities, equity, sales and expenses, as well as disclosures on contingencies. These assumptions are revised on a regular basis by the Corporation based on historical results and new events. Refer to Note 3 to the interim consolidated financial statements as at March 26, 2011 entitled "Use of Estimates and Critical Judgments".

The Corporation's financial management invites readers to refer to the notes to the consolidated financial statements presented in this report and those presented in the 2010 annual report.

During the three-month period ended March 26, 2011, there have been no changes in the Corporation's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect this control.

The Corporation's fiscal year-end is December 31. The interim financial results published on a quarterly basis reflect the results to the last Saturday of the reporting period, in keeping with the realities of the manufacturing industry.

All amounts are expressed in Canadian dollars unless otherwise indicated. The table below indicates the exchange rates used, i.e. the average exchange rate of the reporting quarter for the statement of income (loss) and the exchange period-end rate for the balance sheets.

Exchange rates used

	Consolidated statements of income (loss) US\$/CAN\$	Consolidated balance sheets US\$/CAN\$
March 26, 2011	0.9865	0.9817
December 31, 2010	1.0134	0.9946
March 27, 2010	1.0332	1.0267
December 31, 2009	1.0571	1.0510

Significant Events

BC Place project

During the first quarter of 2011, the Corporation recorded a liability in the amount of \$34M consisting primarily of cost overruns for the completion of the cables for the retractable roof at BC Place in Vancouver. The Corporation considers that this amount represents the total anticipated costs in excess of total anticipated profits on the contract; discussions are underway with various project intermediaries in order to reduce the impact of these cost overruns.

Settlement of a claim

The Corporation agreed to settle a claim that had been made against it out of court. The terms of the settlement are confidential.

Dividends on Common Shares

On February 14, 2011, the Board of Directors approved the payment of a quarterly dividend of \$0.04 per common share to shareholders of record on March 17, 2011. The amount thus paid on March 31, 2011 was \$1.8M and has been applied against retained earnings.

Operating Results

Net loss for the first quarter of 2011 totaled \$39.7M or \$0.88 per basic share, based on a weighted average number of 45,237,495 common shares, as compared with a net loss of \$0.6M or \$0.01 per basic share during the first quarter of 2010, based on a weighted average number of 45,051,544 common shares.

The loss is primarily attributable to the \$34M provision recorded for the BC Place project in the first quarter as well as to an expense related to the out-of-court settlement of a claim.

Consolidated revenues for the first quarter of 2011 totaled \$150.6M, representing a \$48.8M or 47.9% increase, as compared with revenues of \$101.9M for the same quarter of 2010. The increase in sales is primarily attributable to sales by FabSouth and Canam U.S. (joists and steel deck).

The negative gross margin was 16.9% of sales in the first quarter of 2011 as compared with a positive gross margin of 13.9% for the corresponding quarter last year. The decrease in the gross margin is primarily attributable to the loss recorded on the BC Place project and to a downward pressure on prices related to the increased competition resulting from the economic slowdown.

In the first quarter of 2011, the Corporation recorded an exchange loss of \$0.4M as compared with no exchange gain or loss for the same period in 2010.

The 2011 increase in depreciation of property, plant and equipment and amortization of intangible assets is attributable to FabSouth LLC and CMC Steel Fabricators (United Steel Deck) and to additions to property, plant and equipment in 2010 totaling \$38.7M. The Corporation acquired FabSouth and United Steel Deck on February 23, 2010 and August 16, 2010, respectively.

The \$3.9M gain on revaluation of investments in 2010 is attributable to the revaluation of the 15% investment in FabSouth, which was acquired in December 2009 given the acquisition of ownership control in the first quarter of 2010.

Finance costs totaled \$2.9M in 2011, compared to \$0.5M in 2010. The increase is mainly attributable to the increase in debt and bank loans, to convertible debentures and to interest on the balances of purchase price of businesses.

In the first quarter of 2011, comprehensive loss stood at \$41.4M compared to a comprehensive loss of \$4.1M for the same quarter of 2010. The increase in comprehensive loss is primarily attributable to the \$39.1M increase in net debt in the first quarter of 2011 compared to the first quarter of 2010, and to the unrealized exchange loss of \$1.8M on translating financial statements of self-sustaining foreign operations compared to an unrealized exchange loss of \$3.5M for the same quarter of 2010.

Non-IFRS measures

In this MD&A, the Corporation's financial management uses a measure that is not in accordance with IFRS. Adjusted earnings (adjusted loss) before interest, tax, depreciation and amortization (Adjusted EBITDA) is not defined by IFRS and cannot be formally presented in consolidated financial statements. Nevertheless, management wishes to specify that Adjusted EBITDA corresponds to amounts appearing on the line in the statements of income (loss) above the item "Depreciation of property, plant and equipment". The definition of Adjusted EBITDA does not take into account the Corporation's share of profit or loss of joint ventures and associates and the gain on revaluation of investments. The reader can establish the link between Adjusted EBITDA and net income (net loss). The definition of Adjusted EBITDA used by the Corporation may differ from that used by other companies.

Even though EBITDA is a non-IFRS measure, it is used by managers, analysts, investors and other financial stakeholders to assess the Corporation's performance and management from a financial and operational standpoint.

Reconciliation of Adjusted EBITDA and net income (net loss)

Periods ended March 26, 2011 and March 27, 2010

(in thousands of Canadian dollars) (unaudited)	Three months	
	2011	2010
Net loss attributable to shareholders of Canam Group Inc.	\$ (39,737)	\$ (625)
PLUS:		
Tax recovery	(17,452)	(2,929)
Share of loss of joint ventures and associates	221	166
Gain on revaluation of investments	--	(3,888)
Finance costs	2,926	494
Total depreciation and amortization	5,821	4,891
Adjusted EBITDA	\$ (48,221)	\$ (1,891)

In the first quarter of 2011, the Corporation recorded a negative Adjusted EBITDA of \$48.2M as compared with a negative Adjusted EBITDA of \$1.9M for the corresponding quarter of 2010.

Selling and administrative expenses in the first quarter of 2011 totaled \$22.3M or 14.8% of sales as compared with \$15.7M or 15.4% of sales for the corresponding quarter in 2010. The increase results mainly from FabSouth's and United Steel Deck's selling and administrative expenses.

Excluding the non-taxable gain on revaluation of investments of \$3.9M, the effective tax rate in the quarter ended March 26, 2011 was 30.5% as compared with 39.4% for the corresponding quarter in 2010. This decrease is attributable to the loss recorded in Canada

that entitles the Corporation to an income tax recovery rate of 29% compared to the loss recorded in the United States in the first quarter of 2010 that allowed for an income tax recovery rate of 37%.

Balance Sheets

Working capital decreased from \$186.5M as at December 31, 2010 (current ratio of 2.08) to \$154.3M as at March 26, 2011 (current ratio of 1.81).

The net debt, excluding convertible debentures, whose balance stood at \$132.2M as at March 26, 2011, increased by \$29M compared with December 31, 2010, when net debt totaled \$103.2M. The increase is mainly attributable to the net loss in the first quarter of 2011 and the payment of US\$6M to increase the Corporation's ownership interest in FabSouth from 80% to 86%.

Equity stood at \$358.3M as at March 26, 2011, compared to \$401.4M as at December 31, 2010.

As at March 26, 2011, the net debt to equity ratio was 0.37, whereas it was 0.26 as at December 31, 2010.

Financial information

(in thousands of Canadian dollars, except for ratios)	Periods ended	
	March 26, 2011	December 31, 2010
Working capital	\$ 154,328	\$ 186,536
Current ratio	1.81	2.08
Net debt ⁽¹⁾	\$ 132,206	\$ 103,221
Adjusted EBITDA		
for the last four quarters	\$ (31,453)	\$ 14,877
Equity	\$ 358,264	\$ 401,443
Net debt to equity ratio	0.37	0.26

⁽¹⁾ Net debt comprises bank loans and the long-term debt, net of cash and cash equivalents and the short-term investment pledged as collateral, but excludes the balances of purchase price of businesses and convertible debentures.

As at March 26, 2011, accounts receivable stood at \$155.1M compared with \$198.8M as at December 31, 2010. The \$43.7M decrease is attributable to the seasonality of sales, which totaled \$243.8M in the fourth quarter of 2010 compared to \$150.6M in the first quarter of 2011.

Inventories increased by \$16.9M to \$149.6M as at March 26, 2011, compared with \$132.7M as at December 31, 2010. The increase is explained by the \$13.8M increase in raw materials inventories and the \$3.1M increase in finished goods inventories.

As at March 26, 2011, current tax assets stood at \$15.7M compared with \$4.2M as at December 31, 2010. The increase is mainly attributable to the pre-tax loss in Canada, for which current tax assets have been recorded.

The increase in deferred tax assets, which stood at \$17.7M as at March 26, 2011 compared with \$13.8M as at December 31, 2010, is attributable to the pre-tax loss incurred by a U.S. subsidiary, for which deferred tax assets have been recognized.

The balances of purchase price of businesses in non-current liabilities totaled \$18.7M as at March 26, 2011 compared with \$24.2M as at December 31, 2010. On March 15, 2011, the Corporation's ownership interest in FabSouth increased from 80% to 86% following a payment in the amount of US\$6M.

Management's Discussion and Analysis

In the first quarter of 2011, equity decreased by \$43.2M to \$358.3M (\$401.4M as at December 31, 2010). In addition to the net loss in the first quarter totaling \$39.7M, the following elements had an impact on equity: i) the Canadian dollar's rise against the US dollar generated an unrealized exchange loss of \$1.8M resulting from the translation of the self-sustaining foreign operations' financial statements, mainly those of the U.S. subsidiary; and ii) the \$1.8M in dividends paid to shareholders.

Cash Position

For the three-month period ended March 26, 2011, cash flows used in continuing operating activities stood at \$13.4M as compared with \$5.8M for the corresponding period in 2010. The decline is mainly due to the decrease in net income and accounts receivable as well as to the increase in inventories, accounts payable and accrued liabilities.

Cash flows provided from financing activities stood at \$19M for the first quarter of 2011 compared with \$27.5M in the first quarter of 2010. The decrease is primarily attributable to the repayment of balances of purchase price of businesses in the amount of \$6.9M. No amounts were repaid during the corresponding quarter in 2010.

Still in the first quarter of 2011, cash flows used in investing activities stood at \$6.4M, compared with \$45.5M in the first quarter of 2010. The difference is mainly attributable to the acquisition of FabSouth, net of the cash acquired from the latter, for an amount of \$38.7M in the first quarter of 2010.

Cash flows

A comparison of the Corporation's cash flows for the periods ended March 26, 2011 and March 27, 2010 is presented below.

(in thousands of Canadian dollars) (unaudited)	Three months	
	2011	2010
Cash flows from continuing operating activities	\$ (13,419)	\$ (5,844)
Cash flows from continuing financing activities	18,993	27,505
Cash flows from continuing investing activities	(6,373)	(45,536)
Effect of changes in foreign exchange rate on cash	29	(1,170)
Net change	(770)	25,045
Net cash flows from discontinued operations	--	42
Cash and cash equivalents - Beginning of period	8,530	57,469
Cash and cash equivalents - End of period	\$ 7,760	\$ 32,466

Subsequent Event

Dividends on common shares

On April 27, 2011, the Board of Directors approved the payment of a quarterly dividend of \$0.04 per common share that will be paid on June 30, 2011 to shareholders of record on June 16, 2011.

Accounting Policies

The reader is invited to refer to the summary of significant accounting policies presented in note 2 to the interim consolidated financial statements as at March 26, 2011.

Changes in Accounting Policies

These consolidated financial statements are the first interim financial statements to be prepared by the Corporation and its subsidiaries in accordance with International Financial Accounting Standards (IFRS), as published by the International Accounting Standards Board (IASB), particularly IAS 34, "Interim Financial Reporting", and IFRS 1, "First-time Adoption of International Financial Reporting Standards". The first application date for IFRS is January 1, 2010. In compliance with IFRS, the Corporation has:

- provided comparative financial information;
- used the same accounting policies throughout all reporting periods;
- applied retrospectively all IFRS that will ultimately be effective as at December 31, 2011, as required;
- applied certain optional exemptions and certain mandatory exceptions concerning first-time adopters of IFRS.

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (GAAP). Canadian GAAP differ from IFRS in certain respects. When preparing these IFRS financial statements, management made changes to certain recognition, measurement and consolidation methods that it previously applied to prepare financial statements according to Canadian GAAP. Note 19 includes a reconciliation of equity, net income (loss) and comprehensive income (loss) under Canadian GAAP and IFRS, as well as a description of the impact of the changeover from Canadian GAAP to IFRS on these items. Note 19 also presents a reconciliation of each of the balance sheet items as at January 1, 2010, March 27, 2010 and December 31, 2010, of net income (loss) and comprehensive income (loss) for the three-month period ended March 27, 2010 and for the year ended December 31, 2010.

These financial statements have been prepared based on the going concern assumption and the historical cost method of accounting, with the exception of financial assets and financial liabilities (including derivative instruments) that are revalued at fair value through profit (loss) or comprehensive income (loss). The preparation of IFRS financial statements calls for critical accounting estimates. It also requires management to exercise judgment in the use of accounting policies chosen by the Corporation. Note 3 describes the areas that are particularly complex and requiring sound judgment as well as those where assumptions and estimates have a significant impact on financial statements.

Future Accounting Changes

IFRS 9 – Financial instruments

The new IFRS 9 changes guidance relating to classification and measurement presented in IAS 39 as regards financial assets. An entity shall classify financial assets as subsequently measured at either amortized cost or fair value, on the basis of the entity's business model for managing the financial assets and contractual cash flows of the financial asset. A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an "accounting mismatch". This standard will be effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Corporation expects to adopt this new standard as from its effective date. The Corporation considers that the adoption of this standard will not have any impact on its consolidated financial statements.

Outlook

The backlog of orders stood at \$519M as at March 26, 2011, compared to \$485M as at December 31, 2010.

Risks and Uncertainties

The Corporation is confident in its medium and long-term prospects. However, the reader should take into account the risks and uncertainties described in the 2010 annual report. They could impact on the Corporation's ability to fulfill its strategic vision and growth objectives. The reader is therefore invited to take them into account.

Other Items

As at April 27, 2011, there were 45,350,187 common shares and 232,600 stock options outstanding.

The Corporation's common shares are identified on the Toronto Stock Exchange (TSX) under ticker symbol "CAM". The Corporation's convertible debentures are identified on the TSX under ticker symbol CAM.DB.

The MD&A and audited financial statements as well as additional information, including the Annual Information Form, are available on the SEDAR website (www.sedar.com) and the Corporation's website (www.canamgroup.ws).



Marcel Dutil, C.M.
Chairman of the Board and
Chief Executive Officer



Charles Pinel, CA
Vice President and
Chief Financial Officer

April 27, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY RESULTS

(unaudited quarterly results – in thousands of Canadian dollars, except per share amounts)

2011 Quarter ended	March 26				Total
Revenues	\$ 150,635				\$ 150,635
Net loss	(39,737)				(39,737)
Basic net loss per share	(0.88)				(0.88)
Diluted net loss per share	(0.88)				(0.88)
Total assets	791,137				
Net debt ⁽¹⁾	132,206				
Equity	358,264				
Cash dividend declared per common share	0.04				0.04
2010 Quarters ended	March 27	June 26	Sept. 25	Dec. 31	Total
Revenues	\$ 101,854	\$ 179,969	\$ 207,062	\$ 243,789	\$ 732,674
Net income (net loss)	(625)	(1,707)	2,401	999	1,068
Basic net income (net loss) per share	(0.01)	(0.04)	0.05	0.02	0.02
Diluted net income (net loss) per share	(0.01)	(0.04)	0.05	0.02	0.02
Total assets	702,537	740,319	797,519	802,727	
Net debt ⁽¹⁾	72,553	106,242	136,407	103,221	
Equity	407,310	404,644	405,087	401,443	
Cash dividend declared per common share	0.04	0.04	0.04	0.04	0.16
2009 Quarters ended ⁽²⁾	March 28	June 27	Sept. 26	Dec. 31	Total
Revenues	\$ 180,204	\$ 151,239	\$ 144,722	\$ 149,678	\$ 625,843
Net income from continuing operations	6,789	5,221	4,352	5,054	21,416
Net income	5,465	5,321	4,524	5,122	20,432
Basic net income per share					
from continuing operations	0.15	0.12	0.10	0.11	0.47
Basic net income per share	0.12	0.12	0.10	0.11	0.45
Diluted net income per share					
from continuing operations	0.15	0.12	0.10	0.11	0.47
Diluted net income per share	0.12	0.12	0.10	0.11	0.45
Total assets	678,497	628,459	620,513	590,406	
Net debt ⁽¹⁾	56,188	29,263	8,443	296	
Equity	433,173	425,619	419,857	417,328	
Cash dividend declared per common share	0.04	0.04	0.04	0.04	0.16
2008 Quarters ended ⁽²⁾	March 29	June 28	Sept. 27	Dec. 31	Total
Revenues	\$ 159,591	\$ 187,344	\$ 218,247	\$ 230,898	\$ 796,080
Net income from continuing operations	7,161	11,642	14,802	14,413	48,018
Net income	7,633	12,057	15,024	13,717	48,431
Basic net income per share					
from continuing operations	0.15	0.24	0.30	0.31	0.99
Basic net income per share	0.16	0.25	0.31	0.29	1.00
Diluted net income per share					
from continuing operations	0.14	0.23	0.30	0.31	0.98
Diluted net income per share	0.15	0.24	0.30	0.29	0.99
Total assets	610,386	654,779	672,752	658,289	
Net debt ⁽¹⁾	51,820	75,694	79,789	69,881	
Equity	375,002	384,555	396,369	413,614	
Cash dividend declared per common share	0.04	0.04	0.04	0.04	0.16

⁽¹⁾ Net debt comprises bank loans and the long-term debt, net of cash, cash equivalents and the short-term investment pledged as collateral, but excludes the balances of purchase price of businesses and convertible debentures.

⁽²⁾ These amounts have been established in accordance with Canadian GAAP and have not been restated to reflect the impact of the transition from Canadian GAAP to IFRS, as mentioned in Note 2 to the consolidated financial statements as at March 26, 2011.

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

Periods ended March 26, 2011 and March 27, 2010

(in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Notes	Three months	
		2011	2010
Revenues	13	\$ 150,635	\$ 101,854
Cost of sales		176,135	87,741
		(25,500)	14,113
Selling and administrative expenses	14	22,322	15,665
Profit sharing programs		98	308
Exchange loss		393	42
Gain on disposal of property, plant and equipment		(92)	(11)
		(48,221)	(1,891)
Depreciation of property, plant and equipment		4,949	4,230
Amortization of intangible assets		872	661
Finance costs	15	2,926	494
Gain on revaluation of investments	4	--	(3,888)
Share of loss of joint ventures and associates		221	166
Loss before income tax		(57,189)	(3,554)
Tax recovery			
Current		(13,278)	(892)
Deferred		(4,174)	(2,037)
		(17,452)	(2,929)
Net loss attributable to shareholders of Canam Group Inc.		\$ (39,737)	\$ (625)
Net loss per share	12		
Basic		\$ (0.88)	\$ (0.01)
Diluted		\$ (0.88)	\$ (0.01)
Weighted average number of common shares (in thousands of shares)	12		
Basic		45,237	45,052
Diluted		45,390	45,399
Number of common shares outstanding		45,350	45,355

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Periods ended March 26, 2011 and March 27, 2010

(in thousands of Canadian dollars) (unaudited)	Three months	
	2011	2010
Net loss	\$ (39,737)	\$ (625)
Other comprehensive loss:		
Change in unrealized losses		
on translating foreign operations	(1,804)	(3,487)
Unrealized gains on available-for-sale		
financial assets arising during the period	108	51
Income tax expense	(14)	(8)
	<u>94</u>	<u>43</u>
Other comprehensive loss	<u>(1,710)</u>	<u>(3,444)</u>
Comprehensive loss attributable		
to shareholders of Canam Group Inc.	<u>\$ (41,447)</u>	<u>\$ (4,069)</u>

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

INTERIM CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars) (unaudited)	Notes	As at March 26, 2011	As at December 31, 2010	As at January 1, 2010
Assets				
Current assets				
Cash and cash equivalents		\$ 7,760	\$ 8,530	\$ 57,469
Short-term investment pledged as collateral		9,817	9,946	--
Accounts receivable	5	155,077	198,807	97,196
Inventories		149,606	132,684	102,432
Current tax assets		15,693	4,190	6,701
Prepaid expenses and other assets		4,753	3,675	3,363
Current assets of discontinued operations		--	--	1,230
		<u>342,706</u>	<u>357,832</u>	<u>268,391</u>
Property, plant and equipment held for sale		1,446	1,465	1,549
		<u>344,152</u>	<u>359,297</u>	<u>269,940</u>
Non-current assets				
Investments		5,025	4,895	16,677
Ownership interests in joint ventures and associates		59,656	59,913	58,845
Property, plant and equipment	6	280,274	280,292	211,956
Intangible assets	7	10,401	11,156	1,127
Goodwill	8	48,729	49,366	150
Deferred tax assets	9	17,690	13,788	3,362
Long-term receivables and other assets	10	25,210	24,020	21,389
Non-current assets of discontinued operations		--	--	8,618
Total assets		<u>\$ 791,137</u>	<u>\$ 802,727</u>	<u>\$ 592,064</u>
Liabilities				
Current liabilities				
Bank loans		\$ 16,014	\$ 8,454	\$ --
Accounts payable and accrued liabilities	11	155,915	145,353	74,060
Current tax liabilities		120	56	580
Current portion of long-term debt		9,039	8,855	5,477
Current portion of balances of purchase price of businesses	4	8,736	10,043	1,495
		<u>189,824</u>	<u>172,761</u>	<u>81,612</u>
Non-current liabilities				
Debt		124,730	104,388	62,212
Balances of purchase price of businesses	4	18,690	24,173	--
Convertible debentures		60,690	60,408	--
Provisions	11	1,346	1,325	3,335
Deferred tax liabilities	9	25,373	25,623	20,329
Other liabilities		12,220	12,606	9,661
Non-current liabilities of discontinued operations		--	--	1,604
Total liabilities		<u>432,873</u>	<u>401,284</u>	<u>178,753</u>
Equity				
Equity attributable to shareholders of Canam Group Inc.				
Share capital	12	180,869	179,102	178,024
Retained earnings		181,274	222,877	230,800
Other equity items		(3,879)	(2,278)	4,487
Total equity		<u>358,264</u>	<u>401,443</u>	<u>413,311</u>
Total equity and liabilities		<u>\$ 791,137</u>	<u>\$ 802,727</u>	<u>\$ 592,064</u>

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at March 26, 2011

ATTRIBUTABLE TO SHAREHOLDERS OF CANAM GROUP INC.

(in thousands of Canadian dollars) (unaudited)	Employee benefits paid in equity instruments	Exchange differences resulting from the translation of foreign operations	Available-for-sale financial assets	Debenture conversion options	Total other equity items	Share capital	Retained earnings	Total equity
Balance as at January 1, 2010	\$ 4,038	\$ --	\$ 449	\$ --	\$ 4,487	\$ 178,024	\$ 230,800	\$ 413,311
Net loss for the period	--	--	--	--	--	--	(625)	(625)
Comprehensive loss	--	(3,487)	43	--	(3,444)	--	--	(3,444)
Dividends	--	--	--	--	--	--	(1,815)	(1,815)
Issuance of shares pursuant to options	(4)	--	--	--	(4)	25	--	21
Shares purchased by a trust in employees' name on the secondary market	--	--	--	--	--	(364)	--	(364)
Shares acquired by employees	(1,382)	--	--	--	(1,382)	1,382	--	--
Repurchase of shares	--	--	--	--	--	(65)	--	(65)
Excess of acquisition cost over carrying amount of acquired common shares	--	--	--	--	--	--	(53)	(53)
Amortization of compensation costs related to the profit sharing program - stock ownership component	344	--	--	--	344	--	--	344
Balance as at March 27, 2010	\$ 2,996	\$ (3,487)	\$ 492	\$ --	\$ 1	\$ 179,002	\$ 228,307	\$ 407,310
Balance as at January 1, 2011	\$ 4,035	\$ (11,133)	\$ 798	\$ 5,764	\$ (536)	\$ 179,102	\$ 222,877	\$ 401,443
Net loss for the period	--	--	--	--	--	--	(39,737)	(39,737)
Comprehensive loss	--	(1,804)	94	--	(1,710)	--	--	(1,710)
Dividends	--	--	--	--	--	--	(1,796)	(1,796)
Issuance of shares pursuant to options	(9)	--	--	--	(9)	43	--	34
Shares acquired by employees	(1,810)	--	--	--	(1,810)	1,810	--	--
Repurchase of shares	--	--	--	--	--	(86)	--	(86)
Excess of acquisition cost over carrying amount of acquired common shares	--	--	--	--	--	--	(70)	(70)
Amortization of compensation costs related to the profit sharing program - stock ownership component	186	--	--	--	186	--	--	186
Balance as at March 26, 2011	\$ 2,402	\$ (12,937)	\$ 892	\$ 5,764	\$ (3,879)	\$ 180,869	\$ 181,274	\$ 358,264

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended March 26, 2011 and March 27, 2010

(in thousands of Canadian dollars) (unaudited)	Notes	Three months	
		2011	2010
Cash flows from the following activities:			
Operating activities			
Net loss		\$ (39,737)	\$ (625)
Adjustments:			
Amortization of compensation costs related to the profit sharing program - stock ownership component		186	346
Gain on revaluation of investments		--	(3,888)
Gain on disposal of property, plant and equipment		(92)	(11)
Depreciation of property, plant and equipment		4,949	4,230
Amortization of intangible assets		872	661
Amortization of deferred financing expenses		112	55
Provisions		21	(686)
Interest rate swaps		(117)	--
Imputed interest		495	--
Deferred tax expense		(4,174)	(2,037)
Pension expense		53	(251)
Share of loss of joint ventures and associates		221	166
		<u>(37,211)</u>	<u>(2,040)</u>
Net change in non-cash operating working capital items			
Decrease in accounts receivable		42,094	11,643
Increase in inventories		(17,619)	(6,569)
Increase in current tax assets		(11,508)	(1,010)
Increase in prepaid expenses and other assets		(1,097)	(77)
Increase (decrease) in accounts payable and accrued liabilities		10,564	(7,494)
Increase in interest payable		1,253	199
Increase (decrease) in current tax liabilities		105	(496)
		<u>23,792</u>	<u>(3,804)</u>
Cash flows from continuing operating activities			
		<u>(13,419)</u>	<u>(5,844)</u>
Financing activities			
Shares purchased by a trust in employees' name on the secondary market		--	(364)
Repurchase of shares	12	(156)	(118)
Proceeds from issuance of shares		34	21
Dividends		(1,796)	--
Increase in debt and bank loans		30,402	28,871
Repayment of debt and bank loans		(1,793)	(916)
Repayment of balances of purchase price of businesses		(6,892)	--
Issue expenses related to debt and debenture		(595)	--
Other liabilities		(211)	11
Cash flows from continuing financing activities			
		<u>18,993</u>	<u>27,505</u>
Investing activities			
Proceeds from sale of property, plant and equipment		47	7
Additions to property, plant and equipment		(6,206)	(7,416)
Additions to intangible assets		(245)	(86)
Acquisition of investments		--	(120)
Decrease in receivables and other assets		81	763
Increase in receivables and other assets		(50)	--
Business acquisitions, net of cash acquired	4	--	(38,684)
Cash flows from continuing investing activities			
		<u>(6,373)</u>	<u>(45,536)</u>
Effects of changes in foreign exchange rate on cash and cash equivalents			
		29	(1,170)
Net change in cash from continuing operations			
		<u>(770)</u>	<u>(25,045)</u>
Cash flows from discontinued operations			
Operating activities		--	27
Investing activities		--	15
			<u>42</u>
Cash and cash equivalents - Beginning of period			
		8,530	57,469
Cash and cash equivalents - End of period			
		<u>\$ 7,760</u>	<u>\$ 32,466</u>
Supplementary information			
Interest paid		\$ 1,290	\$ 730
Income taxes paid (recovered), net		\$ (1,067)	\$ 1,001

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except per share amounts)

1. General Information

Canam Group Inc. (the Corporation) is a leader in the design and fabrication of construction products and solutions and a leading provider of design-build and building information modeling services. The Corporation operates more than 25 manufacturing plants and engineering offices in Canada, the United States, Romania, India and China, and has partnerships with companies in Quebec, Saudi Arabia, the United Arab Emirates and China.

The Corporation is listed on the Toronto Stock Exchange. It is incorporated under Part 1A of the Companies Act (Quebec). The head office is located at 11535, 1^{re} Avenue, bureau 500, Saint-Georges (Québec), Canada.

The consolidated financial statements were approved by the Board of Directors on April 27, 2011.

2. Summary of Significant Accounting Policies

These consolidated financial statements are the first interim financial statements to be prepared by the Corporation and its subsidiaries in accordance with International Financial Accounting Standards (IFRS), as published by the International Accounting Standards Board (IASB), particularly IAS 34, "Interim Financial Reporting", and IFRS 1, "First-time Adoption of International Financial Reporting Standards". The first application date for IFRS is January 1, 2010. In compliance with IFRS, the Corporation has:

- provided comparative financial information;
- used the same accounting policies throughout all reporting periods;
- applied retrospectively all IFRS that will ultimately be effective as at December 31, 2011, as required;
- applied certain optional exemptions and certain mandatory exceptions concerning first-time adopters of IFRS.

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (GAAP). Canadian GAAP differ from IFRS in certain respects. When preparing these IFRS financial statements, management made changes to certain recognition, measurement and consolidation methods that it previously applied to prepare financial statements according to Canadian GAAP. Note 19 includes a reconciliation of equity, net income (loss) and comprehensive income (loss) under Canadian GAAP and IFRS, as well as a description of the impact of the changeover from Canadian GAAP to IFRS on these items. Note 19 also presents a reconciliation of each of the balance sheet items as at January 1, 2010, March 27, 2010 and December 31, 2010, of net income (loss) and comprehensive income (loss) for the three-month period ended March 27, 2010 and for the year ended December 31, 2010.

These financial statements have been prepared based on the going concern assumption and the historical cost method of accounting, with the exception of financial assets and financial liabilities (including derivative instruments) that are revalued at fair value through profit (loss) or comprehensive income (loss). The preparation of IFRS financial statements calls for critical accounting estimates. It also requires management to exercise judgment in the use of accounting policies chosen by the Corporation. Note 3 describes the areas that are particularly complex and requiring sound judgment as well as those where assumptions and estimates have a significant impact on financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation as well as those of all companies in which it holds, directly or indirectly, over 50% of the voting rights or in which it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Entities enter into the basis of consolidation on the date that the Corporation acquires their control and until such time as this control ends. Intercompany transactions and balances as well as unrealized gains and losses from transactions among these companies have been eliminated on consolidation.

Investments in associates

An associate is an entity over which the Corporation has significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those decisions.

Investments in associates are accounted for using the equity method that corresponds to the cost recorded on the consolidated balance sheet, which is adjusted according to variations in the Corporation's share in the associate's net assets after the acquisition date less any loss in value in relation to each investment.

Joint ventures

A joint venture is a contractual agreement whereby the Corporation agrees with other parties to undertake an economic activity that is subject to joint control, i.e. strategic financial and operating decisions relating to the joint venture's activities require the unanimous consent of the parties sharing control. The Corporation's interests in joint ventures are accounted for using the equity method.

Foreign currency

The presentation currency for the consolidated financial statements is the Canadian dollar. The results of operations and balance sheets of the entities included in the consolidated financial statements and whose functional currency differs from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated into Canadian dollars at the exchange rate in effect on the balance sheet date;
- results of operations are translated into Canadian dollars at the average monthly exchange rate;
- exchange differences resulting from exchange rate fluctuations are accounted for in comprehensive income (loss) and equity.

Foreign currency transactions are translated into the functional currency at the exchange rate in effect at the date of the transaction. Exchange differences are recognized in income or loss. Monetary assets and liabilities denominated in foreign currency are translated at the exchange in effect on the closing date. Non-monetary elements denominated in foreign currency are recognized at historical cost.

Revenue recognition

Revenues are recorded according to IAS 11, "Construction Contracts", when they meet this definition; otherwise, they are recorded according to IAS 18, "Revenue". A construction contract is a contract specifically negotiated for the construction of an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function, or their ultimate purpose or use. In the case of revenues from the sale of construction products, the stage of completion of the work is determined according to the physical progress of the contracted work, with the exception of erection contracts, for which the stage of completion is determined according to the erection costs incurred versus projected costs. The Corporation concludes multiple deliverable revenue arrangements, which include fabrication, storage and delivery. A multiple deliverable arrangement is divided into several cash-generating units and the recognition data for applicable revenues are evaluated separately for each unit. The assessment of revenues applicable to each service revenue is the subject of a case-by-case evaluation that takes the particularities of each contract into consideration. Revenues are recognized when they can be reliably estimated and are most likely recoverable.

Inventories

Inventories of raw materials, work in process and finished goods are valued at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value corresponds to the sale price, net of estimated completion costs and those required to realize the sale.

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation, accumulated impairment losses and subsequent reversals, if applicable. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, taking into account any residual values. Useful lives are as follows:

Land improvements	20 years
Buildings	30 years
Production equipment	10 and 15 years
Automotive equipment	4 to 10 years
Semitrailers and forestry equipment leased to clients	4 to 10 years
Computer and office equipment	3 to 7 years

Useful lives and residual values are revised annually.

Leases

Leases for which risks and rewards are retained by the lessor are considered to be operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Leases for which substantially all the risks and rewards incidental to ownership are transferred to the Corporation are classified as finance leases. Assets held under finance leases are initially recognized as the Corporation's assets at their fair value determined at the inception of the lease or, if lower, at the present value of the minimum lease payments. The related liability payable to the lessor is recognized in the balance sheet as a debt resulting from a finance lease. Minimum lease payments are apportioned between the interest expense and the reduction of the outstanding liability. The interest expense shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Goodwill

Goodwill is the excess of the acquisition cost over the Corporation's share in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary or the jointly controlled entity, accounted for at the acquisition date. Goodwill is initially recognized at cost as an asset and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units that are expected to benefit from the synergies of combination. The cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Intangible assets

Intangible assets acquired separately are recorded at cost, net of accumulated amortization, accumulated impairment losses and reversals, if applicable. Intangible assets acquired through a business combination are recognized at fair value at the date of acquisition. Intangible assets are amortized on a straight-line basis over their useful lives according to the following annual terms:

Software	1 to 5 years
Technologies	3 years
Customer relationships	10 years
Backlogs of orders	1 year

Useful lives and residual values are revised annually.

Impairment of non-current assets

At the end of each reporting period, the Corporation assesses whether there is any indication that the non-current assets have been impaired. If any such indication exists, the recoverable amount of the asset is determined. An impairment loss is recognized in profit or loss when the carrying amount of the asset exceeds its recoverable amount.

If it is not possible to estimate the recoverable amount of the individual asset, the Corporation determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In the measurement of the value in use, estimates of future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of cash flows have not been adjusted.

Except for goodwill, the Corporation assesses whether there is any indication that an impairment loss recognized in profit or loss may no longer exist or may have decreased. The reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of an impairment loss is immediately recognized in profit or loss.

Income taxes

Tax expense is the aggregate amount of current tax and deferred tax. Tax is recognized as income or an expense, except if it relates to items that are included in equity or comprehensive income (loss).

a) Current tax

Tax receivable or payable represents the taxation authorities' obligations or claims for prior or current periods which are not received or paid at the end of the reporting period. Current tax is based on taxable profit which differs from accounting profit. Current tax liabilities are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax

Deferred tax is determined based on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. Deferred tax assets or liabilities are measured based on tax rates that have been enacted or substantively enacted by the end of the reporting period, and that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets or liabilities are recognized for all deductible or taxable temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, if it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

Defined benefit pension plans

The Corporation has two defined benefit pension plans that are accounted for as follows:

- plan assets are recorded at fair value;
- the cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of, among others, the expected rate of return on plan assets, salary escalation and retirement age;
- past service cost is recognized immediately to the extent that benefits have already vested; otherwise, they are amortized on a straight-line basis over the average remaining period to be covered until the benefits vest;
- actuarial gains and losses are recognized in comprehensive income (loss) immediately as they occur. The defined benefit obligation is recognized in full and included in the item "Other liabilities" in the consolidated balance sheets.

Defined contribution pension plan

The contributions made in relation to defined contribution pension plans are recorded as an expense when employees have rendered services entitling them to these contributions.

Borrowing costs

Borrowing costs, which mainly consist of interest incurred on the Corporation's borrowings, include borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which take a substantial period of time to get ready for their intended use or sale. Borrowing costs are included in the cost of these assets until the asset is substantially ready for its intended use or sale.

Provisions

A provision is recognized when the Corporation has a legal or constructive obligation as a result of a past event, if it is probable that the Corporation will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties related to the obligation. When a provision is measured based on estimates of future cash flows required to settle the present obligation, its carrying amount is the present value of these cash flows.

Research and development expenses

Research expenses are charged to income or loss. Development expenses are charged to income or loss, except for those meeting the following criteria: the feasibility of the product has been established, management intends to manufacture the product and has the capacity to use or sell it, the future economic benefits are likely to occur, the market for the product is defined, the Corporation has the resources to complete the project and can reliably measure development costs. Research and development expenses charged to income or loss for the period are included under "Cost of sales".

Earnings per share

Basic net earnings per share are based on the weighted average number of common shares issued and outstanding, and obtained by dividing net earnings by the weighted average number of outstanding shares during the period. Diluted net earnings per share are obtained by dividing basic net earnings by the sum of: a) the weighted average number of common shares used to calculate basic net earnings per share; b) the weighted average number of common shares that would be issued if all of the potentially dilutive outstanding common shares were converted using the treasury stock method for stock options; and c) the number of unamortized shares over the three-year vesting period related to the profit sharing program – stock ownership component.

Stock-based compensation and other stock-based payments

Stock option plan

Awards granted under the Corporation's stock option plan are recognized in income or loss using the fair value method. The Corporation ceased granting new stock options in 2004 following a change to its variable pay program.

Profit sharing program – Stock ownership component

Under its profit sharing program, the Corporation has introduced a stock ownership component whereby common shares are purchased on the secondary market and held by a trust on behalf of employees. Compensation costs are recognized over a three-year vesting period. These are charged to income or loss and offset by a recorded increase in other equity items. On delivery of the shares to the employees, a reduction in other equity items and an increase in share capital will be recorded.

Cash and cash equivalents

Cash and cash equivalents mainly include cash and highly liquid investments that are readily convertible to determinable amounts of cash and have maturities of three months or less from the date of acquisition.

Financial assets and liabilities

Financial assets and liabilities are initially recognized at fair value and subsequently recognized according to their classification. The classification depends on the intention with which the financial instruments were acquired and their characteristics. Unless specific circumstances are present, the classification is not modified after initial recognition.

Assets and liabilities at fair value through profit or loss

Financial instruments classified as assets or liabilities held for trading are recognized at fair value at each balance sheet date, and any change in the fair value is reflected in profit or loss in the period during which these changes take place.

Held-to-maturity investments, loans and receivables and other financial liabilities

Financial instruments classified as held-to-maturity investments, loans and receivables, and other financial liabilities are accounted for at amortized cost using the effective interest method. Interest income or expense is included in profit or loss over the expected life of the financial instrument.

Available-for-sale assets

Financial instruments classified as available for sale are recorded at fair value, and the gains/losses resulting from the revaluation at the end of each period are recognized in comprehensive income (loss). Securities classified as available for sale and whose fair value cannot be recorded in a reliable manner are recognized at cost. Available-for-sale securities are reduced to fair value (recognition of a loss in profit or loss) when it is necessary to reflect a permanent decline in value. Upon derecognition, all cumulative gains or losses previously recognized in accumulated other comprehensive income (loss) are reflected in profit or loss.

Derivative financial instruments

While foreign currency forward contracts and interest rate swaps offer an effective hedge against economic risks, they were not designated as hedging instruments for accounting purposes. These derivative financial instruments are recognized at fair value and any subsequent change in fair value is recognized in profit or loss.

Transaction costs

Transaction costs related to financial instruments that are not classified as assets and liabilities at fair value through profit or loss, are recognized on the balance sheet as an adjustment to the cost of the financial instrument upon initial recognition and amortized using the effective interest rate method. Deferred financing expenses related to revolving loans and recognized under long-term assets are amortized over the financing period.

Future accounting changes

IFRS 9 – Financial instruments

The new IFRS 9 changes guidance relating to continued classification and measurement in IAS 39 as regards financial assets. An entity shall classify financial assets as subsequently measured at either amortized cost or fair value, on the basis of the entity's business model for managing the financial assets and contractual cash flows of the financial asset. A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an "accounting mismatch". This standard will be effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Corporation expects to adopt this new standard as from its effective date. The Corporation considers that the adoption of this standard will not have any impact on its consolidated financial statements.

3. Use of Estimates and Critical Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the amounts recorded as assets, liabilities and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and judgments. The items whose actual results could differ significantly from those estimates and judgments are described below.

Revenue recognition

The Corporation recognizes revenues from erection contracts using the percentage-of-completion accounting method based on erection costs incurred as compared to projected costs. Estimated losses on contracts are immediately recognized and take into account estimated completion costs for estimated overruns. Revenue estimates are based on management assumptions supported by historical experience. There can be no assurance that these estimates will not vary from the actual results.

Impairment of goodwill and non-current assets

At the end of each reporting period, the Corporation assesses whether there is any indication that the goodwill and non-current assets have been impaired. If any such indication exists, the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In the measurement of the value in use, estimates of future cash flows are discounted. The use of different assumptions could result in different fair values and therefore, in different carrying amounts for long-term assets.

Employee future benefits

The Corporation offers defined benefit plans. The cost of pension benefits and other retirement benefits earned by participants is actuarially determined using the projected benefit method prorated on service. This method is based on management's best estimate regarding the expected long-term rate of return on plan assets, salary escalation and the retirement age of participants. The use of different assumptions could result in different carrying amounts for accrued benefit assets and thus affect the defined benefit expense.

Provisions for lawsuits, claims and litigations

The Corporation is a defendant in a number of lawsuits, claims and litigations in the normal course of its operations. These lawsuits, claims and litigations represent a risk of loss for the Corporation. A provision is established to cover professional and compensation fees, where applicable. The estimation of this provision is based on internal investigations and consultations with independent experts and legal advisors. Actual amounts could differ from those estimates.

Income taxes

The Corporation accounts for income taxes using the asset and liability method. Under this method, future income tax assets and liabilities are recognized based on deductible or taxable temporary timing differences between the carrying amounts and tax bases of the assets and liabilities. Future income tax assets and liabilities are measured using substantively enacted and enacted tax rates expected to apply in the years in which the timing differences are expected to reverse. The Corporation establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized. If the estimates and assumptions are modified in the future, the Corporation may be required to reduce or increase the value of deferred tax assets or liabilities resulting in, where applicable, an income tax expense or recovery. The Corporation regularly evaluates deferred tax assets and liabilities.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets on an annual basis. Management considers the useful lives of assets to be the period of time over which these assets are expected to be used by the Corporation. Actual useful lives could differ from estimates.

4. Business Acquisitions

Business acquisitions in 2010

FabSouth LLC and FS Real Estate Holdings, LLC (collectively FabSouth)

On February 23, 2010, the Corporation signed a final agreement to acquire a 65% interest in FabSouth LLC and a 63.33% interest in FS Real Estate Holdings, LLC. FabSouth, a leading fabricator and erector of structural steel products in the United States, operates six plants in Florida, North Carolina and Georgia. FabSouth's activities will complement those of the Structural-Heavy Steel Construction business unit. The acquisition was settled for a cash consideration of US\$64,794 with a working capital value of US\$30,000. An amount of US\$5,000 was withheld as a provision for adjustments, of which US\$2,500 was paid on September 1, 2010, US\$1,500 on December 1, 2010 and US\$1,000 on February 14, 2011.

In addition, the Corporation has agreed to purchase the balance of the membership interest in FabSouth, i.e. 20%, over a three-year period for a consideration ranging from US\$15,000 to US\$25,000, based on the earnings before interest, tax, depreciation and amortization of fiscal years 2010, 2011 and 2012. During this period, FabSouth must pay the other members their share of pre-tax earnings. In view of its obligation to purchase the balance of the membership interest in FabSouth, the Corporation has accounted for this interest as a subsidiary and has consolidated 100% of its financial statements.

The acquisition cost of this 85% interest in FabSouth LLC and 83.33% interest in FS Real Estate Holdings, LLC is US\$92,418. This amount takes into account the cash consideration paid (US\$59,794), the discounted balances of purchase price (US\$18,415), the discounted contingent consideration (US\$7,655), and the discounted share in future pre-tax earnings that may be paid to the other members (US\$6,554).

It is worth mentioning that on December 21, 2009, the Corporation acquired a 15% interest in FabSouth LLC and in FS Real Estate Holdings, LLC. This transaction was concluded with a company controlled by the Chairman of the Board and Chief Executive Officer of the Corporation. The acquisition was settled for a consideration of US\$11,250, plus an amount of US\$3,916, equivalent to 15% of the difference between the working capital value that was determined based on FabSouth's audited financial statements as at December 31, 2009 and US\$20,000. On December 31, 2009, the Corporation also acquired an additional 1.67% interest in FS Real Estate Holdings, LLC for a consideration of US\$83. On February 22, 2010, FabSouth made a distribution and the Corporation cashed its share totaling US\$2,315.

On March 15, 2011, the Corporation's interest in FabSouth increased from 80% to 86% following a payment in the amount of US\$6,000.

The following table summarizes the financial components of the transaction:

	SCAN	US\$
15% interest		
Cash consideration	\$ 16,038	\$ 15,250
Distribution	(2,435)	(2,315)
Acquisition cost	\$ 13,603	\$ 12,935
85% interest		
Cash consideration	\$ 62,886	\$ 59,794
Balance of purchase price	19,351	18,415
Contingent consideration and distributions	14,944	14,209
Acquisition cost	\$ 97,181	\$ 92,418
Gain on revaluation of investments	3,810	3,608
Total value	\$ 114,594	\$ 108,961

This 15% ownership interest was revalued at fair value upon the acquisition of the 85% interest, and a gain on revaluation of investments of US\$3,608 was recognized in the statement of income (loss). The total carrying amount of the transaction is therefore US\$108,961.

The amounts recognized as contingent consideration and distributions represent the discounted maximum amount indicated in the purchase agreement based on FabSouth's financial projections.

The purchase price allocation is as follows:

Fair value of net assets acquired on the acquisition date

	\$ CAN	\$ US
Assets		
Cash and cash equivalents	\$ 24,074	\$ 22,891
Accounts receivable	48,857	46,456
Inventories	7,721	7,342
Prepaid expenses and other assets	1,132	1,077
Investments	42	40
Property, plant and equipment	27,659	26,299
Intangible assets	14,262	13,560
Goodwill	52,042	49,484
Long-term receivables and other assets	66	62
Total assets	\$ 175,855	\$ 167,211
Liabilities		
Accounts payable and accrued liabilities	\$ 49,374	\$ 46,948
Deferred credits	728	692
Current portion of long-term debt	326	310
Future income tax liabilities	1,265	1,202
Long-term debt	9,568	9,098
Total liabilities	\$ 61,261	\$ 58,250
Fair value of net assets acquired on the acquisition date	\$ 114,594	\$ 108,961

Acquisition of the assets of CMC Steel Fabricators, Inc.

On August 16, 2010, the Corporation acquired the majority of the steel deck assets of CMC Steel Fabricators, Inc. (United Steel Deck), namely two plants located in South Plainfield, New Jersey, and Peru, Illinois, as well as their production equipment, and that of a plant located in Rock Hill, South Carolina. This acquisition was settled as follows: a cash consideration of US\$19,250, plus US\$5,116 for the raw materials inventories. Of the US\$19,250 consideration, US\$13,250 was paid at the close of the transaction while the balance of US\$6,000 is payable, free of interest, on the third anniversary of the transaction, i.e. August 16, 2013. The present value of the US\$6,000 balance is US\$5,412. Property, plant and equipment were revalued at fair value upon the acquisition and a pre-tax gain on business acquisition of US\$7,155 (US\$4,279 net of tax) was recognized in the statement of income (loss).

This transaction will allow the Corporation to expand its geographic reach and at the same time, increase the range of products it fabricates in the United States. The transaction has been accounted for using the purchase method and the results of operations have been included in the consolidated financial statements as of the acquisition date.

The purchase price allocation is as follows:

Fair value of net assets acquired on the acquisition date

	\$ CAN	\$ US
Assets		
Property, plant and equipment	\$ 26,932	\$ 25,817
Raw material inventories	5,337	5,116
Total assets	\$ 32,269	\$ 30,933
Liabilities		
Future income tax liabilities	\$ 3,000	\$ 2,876
Total liabilities	\$ 3,000	\$ 2,876
Fair value of net assets acquired on the acquisition date	\$ 29,269	\$ 28,057

Consideration paid

Cash consideration:

Property, plant and equipment	\$ 13,822	\$ 13,250
Raw material inventories	1,779	1,705
Balance of purchase price	9,204	8,823
	\$ 24,805	\$ 23,778

5. Accounts Receivable

(unaudited)	As at March 26, 2011	As at December 31, 2010	As at January 1, 2010
Trade	\$ 147,646	\$ 191,277	\$ 81,034
Associates	2,879	3,785	5,735
Other related companies ⁽¹⁾	2,909	2,129	5,305
Advances and other	1,643	1,616	5,122
	<u>\$ 155,077</u>	<u>\$ 198,807</u>	<u>\$ 97,196</u>

⁽¹⁾ Corresponds mainly to accounts receivable from Placements CMI Inc. and one of its subsidiaries. Placements CMI Inc. is a company indirectly controlled by the Chairman of the Board and Chief Executive Officer of the Corporation, which holds 12.91% (12.86% as at December 31, 2010 and 16.13% as at January 1, 2010) of the Corporation's common shares. The balance also includes the current portion of \$1,000 (\$1,000 as at December 31, 2010 and \$4,000 as at January 1, 2010) of the note receivable from Placements CMI Inc. totaling \$15,000 (\$15,000 as at December 31, 2010 and \$20,000 as at January 1, 2010) (note 10).

No provision was recorded for the other categories of accounts receivable.

6. Property, Plant and Equipment

(unaudited)	Land	Buildings and land improvements	Production equipment	Automotive equipment	Computer and office equipment	Non-depreciable assets	Semitrailers and forestry equipment leased to clients	Total
As at December 31, 2010								
Cost								
Balance as at January 1, 2010	\$ 14,458	\$ 172,884	\$ 158,744	\$ 13,116	\$ 19,912	\$ 1,276	\$ --	\$ 380,390
Transferred from discontinued operations	--	--	--	--	--	--	18,170	18,170
Acquisitions	215	16,835	19,879	1,431	1,048	2	--	39,410
Dispositions	--	(17)	(1,886)	(691)	(233)	--	(4,310)	(7,137)
Business acquisitions	8,599	28,829	16,008	760	395	--	--	54,591
Translation differences	(612)	(5,673)	(4,762)	(312)	(459)	--	--	(11,818)
Balance as at December 31, 2010	<u>\$ 22,660</u>	<u>\$ 212,858</u>	<u>\$ 187,983</u>	<u>\$ 14,304</u>	<u>\$ 20,663</u>	<u>\$ 1,278</u>	<u>\$ 13,860</u>	<u>\$ 473,606</u>
Accumulated depreciation and impairment losses								
Balance as at January 1, 2010	\$ --	\$ (54,529)	\$ (87,082)	\$ (9,481)	\$ (17,342)	\$ --	\$ --	\$ (168,434)
Transferred from discontinued operations	--	--	--	--	--	--	(15,172)	(15,172)
Dispositions	--	9	855	637	229	--	3,210	4,940
Depreciation	--	(6,338)	(9,661)	(816)	(1,099)	--	(404)	(18,318)
Translation differences	--	1,174	1,931	193	372	--	--	3,670
Balance as at December 31, 2010	<u>\$ --</u>	<u>\$ (59,684)</u>	<u>\$ (93,957)</u>	<u>\$ (9,467)</u>	<u>\$ (17,840)</u>	<u>\$ --</u>	<u>\$ (12,366)</u>	<u>\$ (193,314)</u>
Net amount as at December 31, 2010	<u>\$ 22,660</u>	<u>\$ 153,174</u>	<u>\$ 94,026</u>	<u>\$ 4,837</u>	<u>\$ 2,823</u>	<u>\$ 1,278</u>	<u>\$ 1,494</u>	<u>\$ 280,292</u>
As at March 26, 2011								
Cost								
Balance as at January 1, 2011	\$ 22,660	\$ 212,858	\$ 187,983	\$ 14,304	\$ 20,663	\$ 1,278	\$ 13,860	473,606
Acquisitions	--	3,247	2,043	729	187	--	--	6,206
Dispositions	--	--	(54)	(77)	--	--	--	(131)
Translation differences	(115)	(726)	(1,168)	(70)	(2)	--	--	(2,081)
Balance as at March 26, 2011	<u>\$ 22,545</u>	<u>\$ 215,379</u>	<u>\$ 188,804</u>	<u>\$ 14,886</u>	<u>\$ 20,848</u>	<u>\$ 1,278</u>	<u>\$ 13,860</u>	<u>\$ 477,600</u>
Accumulated depreciation and impairment losses								
Balance as at January 1, 2011	--	(59,684)	(93,957)	(9,467)	(17,840)	--	(12,366)	(193,314)
Dispositions	--	--	18	77	--	--	--	95
Depreciation	--	(1,647)	(2,610)	(227)	(277)	--	(188)	(4,949)
Translation differences	--	341	438	58	5	--	--	842
Balance as at March 26, 2011	<u>\$ --</u>	<u>\$ (60,990)</u>	<u>\$ (96,111)</u>	<u>\$ (9,559)</u>	<u>\$ (18,112)</u>	<u>\$ --</u>	<u>\$ (12,554)</u>	<u>\$ (197,326)</u>
Net amount as at March 26, 2011	<u>\$ 22,545</u>	<u>\$ 154,389</u>	<u>\$ 92,693</u>	<u>\$ 5,327</u>	<u>\$ 2,736</u>	<u>\$ 1,278</u>	<u>\$ 1,306</u>	<u>\$ 280,274</u>

7. Intangible Assets

(unaudited)	Software	Technologies	Backlogs of orders	Customer relationships	Total
As at December 31, 2010					
Cost					
Balance as at January 1, 2010	\$ 9,132	\$ 203	\$ --	\$ 189	\$ 9,524
Acquisitions	416	--	--	--	416
Business acquisitions	--	--	2,798	11,464	14,262
Writeoff of fully amortized intangible assets	(123)	(150)	--	(182)	(455)
Exchange differences	(292)	(53)	(152)	(630)	(1,127)
Balance as at December 31, 2010	\$ 9,133	\$ --	\$ 2,646	\$ 10,841	\$ 22,620
Accumulated amortization and impairment losses					
Balance as at January 1, 2010	\$ (8,075)	\$ (133)	\$ --	\$ (189)	\$ (8,397)
Amortization	(693)	(70)	(2,273)	(932)	(3,968)
Writeoff of fully amortized intangible assets	123	150	--	182	455
Exchange differences	289	53	68	36	446
Balance as at December 31, 2010	\$ (8,356)	\$ --	\$ (2,205)	\$ (903)	\$ (11,464)
Net amount as at December 31, 2010	\$ 777	\$ --	\$ 441	\$ 9,938	\$ 11,156
As at March 26, 2011					
Cost					
Balance as at January 1, 2011	\$ 9,133	\$ --	\$ 2,646	\$ 10,841	\$ 22,620
Acquisitions	83	162	--	--	245
Exchange differences	134	--	(35)	(141)	(42)
Balance as at March 26, 2011	\$ 9,350	\$ 162	\$ 2,611	\$ 10,700	\$ 22,823
Accumulated depreciation and impairment losses					
Balance as at January 1, 2011	\$ (8,356)	\$ --	\$ (2,205)	\$ (903)	\$ (11,464)
Amortization	(164)	--	(439)	(269)	(872)
Exchange differences	(132)	--	33	13	(86)
Balance as at March 26, 2011	\$ (8,652)	\$ --	\$ (2,611)	\$ (1,159)	\$ (12,422)
Net amount as at March 26, 2011	\$ 698	\$ 162	\$ --	\$ 9,541	\$ 10,401

8. Goodwill

(unaudited)	As at March 26, 2011	As at December 31, 2010
Cost		
Opening balance	\$ 49,366	\$ 150
Business acquisitions	--	52,042
Exchange differences	(637)	(2,826)
Closing balance	<u>\$ 48,729</u>	<u>\$ 49,366</u>

Value-in-use was used to determine the recoverable amount of the "FabSouth LLC and FS Real Estate Holdings, LLC – subsidiaries acquired in 2010" cash-generating unit. The recoverable amount was determined using discounted projections of future cash flows based on a six-year financial projection approved by management.

9. Deferred Taxes

Deferred tax assets and liabilities are offset when the Corporation has the legal enforceable right to offset tax assets by tax liabilities and when they are collected by the same taxation authority on the same fiscal entity or on separate entities that plan to settle current tax assets and liabilities based on their net amount.

(unaudited)	As at March 26, 2011	As at December 31, 2010	As at January 1, 2010
Deferred tax assets			
Recoverable under 12 months	\$ 1,371	\$ 2,125	\$ 1,008
Recoverable over 12 months	16,319	11,663	2,354
	<u>\$ 17,690</u>	<u>\$ 13,788</u>	<u>\$ 3,362</u>
Deferred tax liabilities			
Payable under 12 months	\$ 306	\$ 409	\$ 876
Payable over 12 months	25,067	25,214	19,453
	<u>\$ 25,373</u>	<u>\$ 25,623</u>	<u>\$ 20,329</u>
Net deferred tax liabilities	<u>\$ 7,683</u>	<u>\$ 11,835</u>	<u>\$ 16,967</u>

10. Receivables and Other Assets

(unaudited)	As at March 26, 2011	As at December 31, 2010	As at January 1, 2010
Long-term receivables ⁽¹⁾	\$ 10,613	\$ 9,803	\$ 4,961
Placements CMI Inc. – Note receivable	14,000	14,000	16,000
Deferred financing expenses	597	217	428
	<u>\$ 25,210</u>	<u>\$ 24,020</u>	<u>\$ 21,389</u>

⁽¹⁾ The balance of long-term receivables includes the long-term debenture from Manac Inc. in the amount of \$4,968 (\$4,989 as at December 31, 2010 and \$4,929 as at January 1, 2010), which was included in discontinued operations as at January 1, 2010, and comprised \$2,468 in receivables from associates as at January 1, 2010.

11. Provisions

Provisions are related to litigations, claims, lawsuits and onerous contracts. The amounts recorded for provisions correspond to best estimate assumptions made by management and advisors employed by the Corporation.

Activity in the provision amounts are as follows:

(unaudited)	As at March 26, 2011	As at December 31, 2010
Opening balance	\$ 1,325	\$ 3,335
Additional provisions recognized	34,030	225
Amounts paid	(9)	(36)
Unused reversed provisions	--	(1,049)
Netting against an account receivable	--	(1,150)
Closing balance	<u>\$ 35,346</u>	<u>\$ 1,325</u>
Less: Current portion included in accounts payable and accrued liabilities	<u>(34,000)</u>	<u>--</u>
	<u>\$ 1,346</u>	<u>\$ 1,325</u>

12. Share Capital

Authorized

- Unlimited number of common shares, without par value, participating, entitling the holder to one vote per share.
- Unlimited number of Class "D", "E" and "F" shares, without par value, issuable in one or more series and whose attributes are to be determined by the Board of Directors.

Issued and fully paid

Common shares	Number	Amount (in thousands dollars)
Net balance outstanding as at December 31, 2010	44,736,392	\$ 179,102
Issuance of shares pursuant to options	5,000	43
Shares acquired by employees ⁽¹⁾	179,645	1,810
Repurchase of shares ⁽²⁾	(21,179)	(86)
Net balance outstanding as at March 26, 2011	44,899,858	\$ 180,869
Outstanding as at March 26, 2011	45,350,187	183,281
Shares purchased by a trust in employees' name on the secondary market	(450,329)	(2,412)
Net balance outstanding as at March 26, 2011	44,899,858	\$ 180,869

⁽¹⁾ These shares were delivered to employees. A reduction in employee benefits paid in equity instruments, included in other equity items, and an increase in share capital was recorded.

⁽²⁾ Under the stock ownership component of its profit sharing program, the Corporation repurchased 21,179 common shares at an average price of \$7.37 per share for a total amount of \$156. An amount of \$86 has been applied against share capital and an amount of \$70 has been applied against retained earnings.

On August 11, 2010, the Corporation renewed its normal course issuer bid, which had been previously authorized by the Toronto Stock Exchange. Common shares may be repurchased during the 12-month period extending from August 11, 2010 to August 10, 2011. At the end of the buyback program, the Corporation may repurchase up to 3,120,589 of its outstanding common shares, representing 10% of the publicly held common shares. The acquired common shares will be cancelled. No common shares were repurchased as at March 26, 2011.

Net loss per share

Net loss per share and diluted net loss per share were calculated as follows:

Periods ended March 26, 2011 and March 27, 2010

(unaudited)	Three months	
	2011	2010
Numerator		
Net loss	\$ (39,737)	\$ (625)
Denominator		
Basic weighted average number of shares	45,237	45,052
Effect of dilutive securities		
Stock options	30	33
Shares purchased by a trust in employees' name on the secondary market	123	314
Diluted weighted average number of shares	\$ 45,390	\$ 45,399
Net loss per share		
Basic	\$ (0.88)	\$ (0.01)
Diluted	\$ (0.88)	\$ (0.01)

As at March 26, 2011, 53,000 stock options (53,000 as at December 31, 2010), as well as convertible debentures, were not included in the calculation of the potential dilutive effect of common shares because the exercise price was greater than the average market price of the common shares during the period.

13. Cost of Sales

The cost of sales includes the following:

Periods ended March 26, 2011 and March 27, 2010

(unaudited)	Three months	
	2011	2010
Salaries and fringe benefits	\$ 29,766	\$ 19,662
Inventories and transformation of inventories	146,369	68,079
	\$ 176,135	\$ 87,741

The following table presents the reconciliation of the cost of sales reflected in the statement of income (loss) to the inventory amount charged to expense.

Periods ended March 26, 2011 and March 27, 2010

(unaudited)	Three months	
	2011	2010
Cost of sales	\$ 176,135	\$ 87,741
Depreciation of property, plant and equipment related to the transformation of inventories	4,310	3,858
Inventory amount charged to expense	\$180,445	\$ 91,599

14. Selling and Administrative Expenses

Periods ended March 26, 2011 and March 27, 2010

(unaudited)	Three months	
	2011	2010
Salaries and fringe benefits	\$ 12,665	\$ 10,899
Occupancy and maintenance expenses	1,265	372
Computer services	1,439	1,464
Other selling expenses	1,992	1,427
Other administrative expenses	4,961	1,503
	<u>\$ 22,322</u>	<u>\$ 15,665</u>

15. Financial Expenses

Periods ended March 26, 2011 and March 27, 2010

(unaudited)	Three months	
	2011	2010
Interest on bank loans	\$ 354	\$ 98
Interest on long-term debt	2,335	939
Imputed interest on balances of purchase price of businesses and on debentures	530	134
Interest income and other investment income	(405)	(732)
Amortization of deferred financing expenses	112	55
	<u>\$ 2,926</u>	<u>\$ 494</u>

16. Investments in Associates

The following table presents information on the Corporation's associates as at March 26, 2011:

Name of associate	Place of incorporation	Ownership %	Main activity
Alta Industrial Limited	Canada	50	Real estate development
Aviation CMP Inc/SEC GIPZ	Canada	17.75/20.2	Air transport service
Canam Asia Limited	Saudi Arabia	35	Manufacturing
Montacier Canada Inc.	Canada	40	Manufacturing
Nico Métal Inc.	Canada	47.4	Manufacturing
Steel Plus Network L.L.C	United States	46.7	Manufacturing

All investments in associates do not have quoted prices on active markets.

The table below presents a summary of financial information on associates:

(in thousands of Canadian dollars) (unaudited)	As at March 26, 2011	As at December 31, 2010
Total assets	\$ 104,955	\$ 103,749
Total liabilities	54,777	53,100
Net assets	50,178	50,649
Total revenues	15,993	63,385
Total loss	(104)	(697)
Share of loss of associates attributable to the Corporation	(153)	(204)

17. Subsidiaries

The following table presents information on the Corporation's subsidiaries as at March 26, 2011:

Name of subsidiary	Place of incorporation	Ownership %	Main activity
Canam de Juarez S.A. de C.V.	Mexico	100	Property, plant and equipment lease
Canam Steel Corporation	United States	100	Manufacturing
Canam Steel Romania	Romania	100	Building lease
FabSouth LLC	United States	100	Manufacturing
FS Real Estate, LLC	United States	100	Building lease
Steel Plus Limited	Cyprus	100	Management company
Technyx Euro Services S.R.L.	Romania	100	Design, technical drafting and engineering

18. Contingencies and Commitments

- The Corporation is a defendant in a number of lawsuits, claims and imminent litigations. In the opinion of management, the resolution of these lawsuits, claims and litigations will not have a significant adverse effect on the financial position of the Corporation.
- The Corporation contracted letters of credit for an amount of up to \$3,613 as at March 26, 2011 (\$3,660 as at December 31, 2010 and \$1,892 as at January 1, 2010).
- In the normal course of business, the Corporation has guaranteed commitments for semitrailers and forestry equipment leased to clients for an amount of up to \$318 as at March 26, 2011 (\$343 as at December 31, 2010 and \$481 as at January 1, 2010).
- The Corporation acts as a guarantor for a long-term debt of \$2,985 contracted by an associate (\$3,234 as at December 2010 and \$4,229 as at January 1, 2010).

19. Transition to IFRS

The Corporation's interim consolidated financial statements for the period ending March 26, 2011 have been prepared as described in note 2. The Corporation applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" in preparing its interim consolidated financial statements. The Corporation's date of transition to IFRS is January 1, 2010, being the date of the first comparative period. The Corporation has prepared its balance sheet at that date. The reporting date of the interim consolidated financial statements is March 26, 2011. The date of adoption of IFRS by the Corporation is January 1, 2011.

Selection of exemptions from IFRS

The Corporation has elected to use the following exemptions allowed under IFRS 1:

a) Business combinations

The Corporation used the exemption provided for under IFRS 1. The business combinations that occurred before the date of transition to IFRS have not been restated. The classification determined under Canadian GAAP has been maintained.

b) Fair value or revaluation as deemed cost

The Corporation has elected to revalue at fair value the building and land it owns in Romania at the date of transition, being January 1, 2010.

c) Employee benefits

The Corporation has elected to make the transition required by IFRS 1 based on the "fresh start" approach as at January 1, 2010. Under this approach, the cumulative unamortized actuarial losses have been applied against retained earnings in equity.

d) Cumulative exchange differences

Under IAS 21, "The Effects of Changes in Foreign Exchange Rates", the Corporation shall recognize exchange differences resulting from foreign operations in other comprehensive income (loss). IFRS 1 allows bringing to zero the cumulative exchange differences at the date of transition to IFRS, which was applied by the Corporation.

e) Fair value measurement of financial assets or financial liabilities at initial recognition

Under IAS 39, "Financial Instruments: Recognition and Measurement", investments in equity instruments that are classified as available for sale and with no quoted prices on active markets shall be measured at fair value, if fair value can be reliably measured, or otherwise at cost. IFRS 1 allows an entity to determine if the fair value can be reliably measured as from the date of transition to IFRS, being January 1, 2010, and not retrospectively. The Corporation used this exemption.

f) Borrowing costs

The Corporation has elected to apply the transitional provision set out in IAS 23 whereby borrowing costs relating to qualifying assets must be included in the cost of these assets as from the date of transition to IFRS, being January 1, 2010.

Mandatory exception to IFRS

The Corporation has applied the following mandatory exception to the retrospective application of other IFRS:

a) Estimates

Estimates as at January 1, 2010 are consistent with estimates made at the same date under Canadian GAAP.

Reconciliation of Consolidated Equity as at January 1, 2010

(unaudited)	Notes	Canadian GAAP	Reclassification	Impact of transition to IFRS	IFRS
Assets					
Current assets					
Cash and cash equivalents	(a)	\$ 67,393	\$ --	\$ (9,924)	\$ 57,469
Accounts receivable	(a)	99,594	--	(2,398)	97,196
Inventories	(a)	104,540	--	(2,108)	102,432
Current tax assets		6,701	--	--	6,701
Deferred tax assets	(b)	1,008	(1,008)	--	--
Prepaid expenses and other assets	(a)	3,484	--	(121)	3,363
Current assets of discontinued operations		1,230	--	--	1,230
		283,950	(1,008)	(14,551)	268,391
Property, plant and equipment held for sale	(c)	--	1,549	--	1,549
		283,950	541	(14,551)	269,940
Non-current assets					
Investments	(d)	63,503	(46,826)	--	16,677
Investments in joint ventures and associates	(a) (d)	--	46,826	12,019	58,845
Property, plant and equipment	(a) (e)	209,204	--	2,752	211,956
Available-for-sale property, plant and equipment	(c)	1,549	(1,549)	--	--
Intangible assets		1,127	--	--	1,127
Goodwill		150	--	--	150
Deferred tax assets	(a) (b) (g)	363	1,008	1,991	3,362
Long-term receivables and other assets	(g)	21,942	--	(553)	21,389
Non-current assets of discontinued operations		8,618	--	--	8,618
Total assets		\$ 590,406	\$ --	\$ 1,658	\$ 592,064
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	(a)	\$ 77,112	\$ --	\$ (3,052)	\$ 74,060
Current tax liabilities	(a)	635	--	(55)	580
Deferred tax liabilities	(b)	876	(876)	--	--
Current portion of long-term debt		5,477	--	--	5,477
Current liabilities of discontinued operations		1,495	--	--	1,495
		85,595	(876)	(3,107)	81,612
Non-current liabilities					
Debt		62,212	--	--	62,212
Deferred credits	(f) (g)	4,749	(4,749)	--	--
Provisions	(f)	--	3,335	--	3,335
Deferred tax liabilities	(b) (h)	18,918	876	535	20,329
Other liabilities	(g)	--	1,414	8,247	9,661
Non-current liabilities of discontinued operations		1,604	--	--	1,604
Total liabilities		173,078	--	5,675	178,753
Equity					
Equity attributable to shareholders of Canam Group Inc.					
Share capital		178,024	--	--	178,024
Retained earnings	(k)	262,193	824	(32,217)	230,800
Contributed surplus	(j)	4,862	(4,862)	--	--
Accumulated other comprehensive loss	(i) (j)	(27,751)	(449)	28,200	--
Other equity items	(j)	--	4,487	--	4,487
Total equity		417,328	--	(4,017)	413,311
Total equity and liabilities		\$ 590,406	\$ --	\$ 1,658	\$ 592,064

Reconciliation of Consolidated Equity as at March 27, 2010

(unaudited)	Notes	Canadian GAAP	Reclassification	Impact of transition to IFRS	IFRS
Assets					
Current assets					
Cash and cash equivalents	(a)	\$ 39,156	\$ --	\$ (6,690)	\$ 32,466
Accounts receivable	(a)	137,536	--	(4,417)	133,119
Inventories	(a)	122,218	--	(6,308)	115,910
Current tax assets	(a)	7,578	--	(24)	7,554
Deferred tax assets	(b)	4,539	(4,539)	--	--
Prepaid expenses and other assets	(a)	5,074	--	(530)	4,544
Current assets of discontinued operations		1,110	--	--	1,110
		317,211	(4,539)	(17,969)	294,703
Available-for-sale property, plant and equipment	(c)	--	1,513	--	1,513
		317,211	(3,026)	(17,969)	296,216
Non-current assets					
Investments	(d)	48,681	(43,843)	--	4,838
Investments in joint ventures and associates	(a) (d)	--	43,843	16,327	60,170
Property, plant and equipment	(a) (e)	239,729	--	395	240,124
Available-for-sale property, plant and equipment	(c)	1,513	(1,513)	--	--
Intangible assets	(a)	14,550	--	(86)	14,464
Goodwill	(a)	51,213	--	(216)	50,997
Deferred tax assets	(a) (b) (g)	356	4,539	1,930	6,825
Long-term receivables and other assets	(g)	21,063	--	(549)	20,514
Non-current assets of discontinued operations		8,389	--	--	8,389
Total assets		\$ 702,705	\$ --	\$ (168)	\$ 702,537
Liabilities					
Current liabilities					
Bank loans	(a)	\$ 901	\$ --	\$ (875)	\$ 26
Accounts payable and accrued liabilities	(a)	121,288	--	(2,114)	119,174
Current tax liabilities	(a)	156	--	(74)	82
Deferred tax liabilities	(b)	262	(262)	--	--
Current portion of long-term debt	(a)	5,901	--	(88)	5,813
Current portion of balances of purchase price of businesses		13,595	--	--	13,595
Current liabilities of discontinued operations		1,393	--	--	1,393
		143,496	(262)	(3,151)	140,083
Non-current liabilities					
Debt	(a)	100,808	--	(1,628)	99,180
Balances of purchase price of businesses		19,505	--	--	19,505
Deferred credits	(f) (g)	4,751	(4,751)	--	--
Provisions	(f)	--	2,648	--	2,648
Deferred tax liabilities	(a) (b) (h)	21,701	262	345	22,308
Other liabilities	(g)	--	2,103	7,997	10,100
Non-current liabilities of discontinued operations		1,403	--	--	1,403
Total liabilities		291,664	--	3,563	295,227
Equity					
Equity attributable to shareholders of Canam Group Inc.					
Share capital		179,002	--	--	179,002
Retained earnings	(k)	259,452	824	(31,969)	228,307
Contributed surplus	(j)	3,822	(3,822)	--	--
Accumulated other comprehensive loss	(a) (i) (j)	(31,255)	2,997	28,258	--
Other equity items	(j)	--	1	--	1
Total equity		411,041	--	(3,731)	407,310
Total equity and liabilities		\$ 702,705	\$ --	\$ (168)	\$ 702,537

Reconciliation of Consolidated Equity as at December 31, 2010

(unaudited)	Notes	Canadian GAAP	Reclassification	Impact of transition to IFRS	IFRS
Assets					
Current assets					
Cash and cash equivalents	(a)	\$ 15,968	\$ --	\$ (7,438)	\$ 8,530
Short-term investment pledged as collateral		9,946	--	--	9,946
Accounts receivable	(a)	202,963	--	(4,156)	198,807
Inventories	(a)	139,941	--	(7,257)	132,684
Current tax assets	(a)	4,092	--	98	4,190
Deferred tax assets	(b)	2,126	(2,126)	--	--
Prepaid expenses and other assets	(a)	4,170	--	(495)	3,675
		379,206	(2,126)	(19,248)	357,832
Available-for-sale property, plant and equipment	(c)	--	1,465	--	1,465
		379,206	(661)	(19,248)	359,297
Non-current assets					
Investments	(d)	48,063	(43,168)	--	4,895
Investments in joint ventures and associates	(a) (d)	--	43,168	16,745	59,913
Property, plant and equipment	(a) (e)	280,293	--	(1)	280,292
Available-for-sale property, plant and equipment	(c)	1,465	(1,465)	--	--
Intangible assets	(a)	11,242	--	(86)	11,156
Goodwill	(a)	49,582	--	(216)	49,366
Deferred tax assets	(a) (b) (g)	9,192	2,126	2,470	13,788
Long-term receivables and other assets	(g)	24,500	--	(480)	24,020
Total assets		\$ 803,543	\$ --	\$ (816)	\$ 802,727
Liabilities					
Current liabilities					
Bank loans	(a)	\$ 8,729	\$ --	\$ (275)	\$ 8,454
Accounts payable and accrued liabilities	(a)	149,206	--	(3,853)	145,353
Current tax liabilities	(a)	56	--	--	56
Deferred tax liabilities	(b)	409	(409)	--	--
Current portion of long-term debt	(a)	8,943	--	(88)	8,855
Current portion of balances of purchase price of businesses		10,043	--	--	10,043
		177,386	(409)	(4,216)	172,761
Non-current liabilities					
Debt	(a)	105,850	--	(1,462)	104,388
Balances of purchase price of businesses		24,173	--	--	24,173
Convertible debentures		60,408	--	--	60,408
Deferred credits	(f) (g)	4,254	(4,254)	--	--
Provisions	(f)	--	1,325	--	1,325
Deferred tax liabilities	(a) (b) (h)	24,915	409	299	25,623
Other liabilities	(g)	--	2,929	9,677	12,606
Total liabilities		396,986	--	4,298	401,284
Equity					
Equity attributable to shareholders of Canam Group Inc.					
Share capital		179,102	--	--	179,102
Retained earnings	(k)	255,072	824	(33,019)	222,877
Debenture conversion options	(j)	5,764	(5,764)	--	--
Contributed surplus	(j)	4,859	(4,859)	--	--
Accumulated other comprehensive loss	(a) (i) (j)	(38,240)	10,335	27,905	--
Other equity items	(j)	--	(536)	--	(536)
Total equity		406,557	--	(5,114)	401,443
Total equity and liabilities		\$ 803,543	\$ --	\$ (816)	\$ 802,727

Notes on Consolidated Equity Reconciliations as at January 1, March 27, and December 31, 2010

a) Investments in joint ventures and associates

Investments in joint ventures are accounted for using the equity accounting method. Under Canadian GAAP, investments in joint ventures were accounted for using the proportionate consolidation method. As at January 1, 2010, the Corporation held an interest in the United Steel Structures Ltd. (USSL) joint venture. As at March 27, and December 31, 2010, the Corporation held interests in the USSL and Amcan-Jumax Inc. joint ventures.

	As at January 1, 2010	As at March 27, 2010	As at December 31, 2010
Cash and cash equivalents	\$ 9,924	\$ 6,690	\$ 7,438
Accounts receivable	2,398	4,417	4,156
Inventories	2,108	6,308	7,257
Current tax assets	--	24	(98)
Prepaid expenses and other assets	121	530	495
Property, plant and equipment	286	2,512	2,698
Intangible assets	--	86	86
Goodwill	--	216	216
Deferred tax assets	289	286	163
Bank loans	--	(875)	(275)
Accounts payable and accrued liabilities	(3,052)	(2,114)	(3,853)
Current tax liabilities	(55)	(74)	--
Current portion of long-term debt	--	(88)	(88)
Debt	--	(1,628)	(1,462)
Deferred tax liabilities	--	(166)	(175)
Other equity items	--	203	187
Investments in joint ventures and associates	\$ 12,019	\$ 16,327	\$ 16,745

b) Deferred taxes

Under IFRS, deferred tax balances shall not be classified as current, irrespective of the classification of assets or liabilities to which deferred income taxes are related or the expected timing of the reversal of temporary differences. Under Canadian GAAP, deferred taxes related to current assets or current liabilities should be classified as current. Therefore, current deferred taxes recognized under Canadian GAAP have been reclassified as non-current under IFRS.

c) Available-for-sale property, plant and equipment

Available-for-sale property, plant and equipment are included in current assets under IFRS, whereas they were presented as non-current assets under Canadian GAAP.

d) Investments in joint ventures and associates

Under IAS 1 "Presentation of Financial Statements", investments in joint ventures and associates that are accounted for using the equity accounting method shall be presented separately in the balance sheet.

e) Intangible assets

(unaudited)	As at January 1, 2010	As at March 27, 2010	As at December 31, 2010
Revaluation at fair value ⁽ⁱ⁾	\$ 3,038	\$ 2,907	\$ 2,697
Property, plant and equipment of joint ventures a)	(286)	(2,512)	(2,698)
	\$ 2,752	\$ 395	\$ (1)

(i) The Corporation revalued at fair value the building it owns in Romania and used this value as deemed cost. The appraisal value as at January 1, 2010 is 16,376,000 Romanian leus (\$5,807) while the net carrying amount under Canadian GAAP was \$3,053. The appraisal was performed by an independent appraiser. As at March 27, 2010 and December 31, 2010, the net carrying amount under Canadian GAAP was \$2,871 and \$2,525, respectively.

f) Provisions

Under IAS 1, provisions shall be presented separately in the balance sheet. Provisions recognized for deferred credits have been reclassified accordingly.

g) Defined benefit obligation

The Corporation has elected to make the transition required under IFRS 1 based on the "fresh start" approach as at January 1, 2010. As of this date, actuarial gains and losses are recognized in comprehensive income (loss) during the period in which they occur. This adjustment had the effect of increasing the defined benefit obligation by \$8,800 as at January 1, 2010, \$8,546 as at March 27, 2010, and \$10,157 as at December 31, 2010. As at January 1, 2010, March 27, 2010 and December 31, 2010, accrued benefit assets of \$553, \$549 and \$480 have been recognized, respectively. The increase in the defined benefit obligation had the effect of increasing deferred tax assets by \$2,280 as at January 1, 2010, \$2,216 as at March 27, 2010 and \$2,633 as at December 31, 2010.

h) Deferred tax liabilities

The respective increases in deferred tax liabilities of \$535 as at January 1, 2010, \$511 as at March 27, 2010, and \$474 as at December 31, 2010 result from the revaluation of the building owned by the Corporation in Romania.

i) Foreign currency translation

Under IFRS 1, an entity may elect that the exchange differences for all foreign operations be deemed to be zero at the date of transition and that they be applied against retained earnings. The Corporation has made this election, and an amount of \$28,200 has been applied against retained earnings as at January 1, 2010. As from this date, the exchange differences will be recognized in other equity items.

j) **Other equity items**

Unrealized exchange losses on translating foreign operations and unrealized gains on available-for-sale financial assets, included in Accumulated other comprehensive loss, as well as the debenture conversion option and contributed surplus, have been reclassified into other equity items.

The balances of other equity items include the following:

(unaudited)	As at January 1, 2010	As at March 27, 2010	As at December 31, 2010
Employee benefits paid in equity instruments	\$ 4,038	\$ 2,996	\$ 4,035
Exchange differences resulting from foreign operations i)	--	(3,487)	(11,133)
Available-for-sale financial assets	449	492	798
Debenture conversion options	--	--	5,764
	<u>\$ 4,487</u>	<u>\$ 1</u>	<u>\$ (536)</u>

k) **Adjustments to retained earnings are as follows:**

(unaudited)	As at January 1, 2010	As at March 27, 2010	As at December 31, 2010
Property, plant and equipment e)	\$ 3,038	\$ 3,097	\$ 3,245
Actuarial losses to defined benefit pension plans g)	(8,800)	(8,546)	(9,537)
Deferred income tax assets g)	2,280	2,215	2,012
Deferred income tax liabilities h)	(535)	(535)	(539)
Translation differences resulting from foreign operations i)	(28,200)	(28,200)	(28,200)
	<u>\$ (32,217)</u>	<u>\$ (31,969)</u>	<u>\$ (33,019)</u>

**Reconciliation of Consolidated Net Income (Loss)
and Comprehensive Loss as at March 27, 2010**

(unaudited)	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS
Revenues	(a)	\$ 105,603	\$ (3,749)	\$ 101,854
Cost of sales	(a)	90,855	(3,114)	87,741
		<u>14,748</u>	<u>(635)</u>	<u>14,113</u>
Selling and administrative expenses	(a) (b)	16,359	(694)	15,665
Profit sharing programs		308	--	308
Exchange loss	(a)	44	(2)	42
Gain on disposal of property, plant and equipment	(a)	(11)	--	(11)
		<u>(1,952)</u>	<u>61</u>	<u>(1,891)</u>
Depreciation of property, plant and equipment	(a)	4,324	(94)	4,230
Amortization of intangible assets	(a)	661	--	661
Financial expenses	(a)	510	(16)	494
Gain on revaluation of investment		(3,888)	--	(3,888)
Share of loss of joint ventures and associates	(a)	273	(107)	166
Loss before income tax		<u>(3,832)</u>	<u>278</u>	<u>(3,554)</u>
Tax recovery				
Current	(a)	(852)	(40)	(892)
Deferred	(a) (c)	(2,105)	68	(2,037)
	(e)	<u>(2,957)</u>	<u>28</u>	<u>(2,929)</u>
Net loss attributable to shareholders of Canam Group Inc.		<u>\$ (875)</u>	<u>\$ 250</u>	<u>\$ (625)</u>
Other comprehensive loss:				
Change in unrealized losses on translating foreign operations		(3,525)	38	(3,487)
Unrealized gains on available-for-sale financial assets arising during the period		51	--	51
Income tax expense		(8)	--	(8)
Comprehensive loss		<u>\$ (4,357)</u>	<u>\$ 288</u>	<u>\$ (4,069)</u>

Reconciliation of Consolidated Net Income (Loss) and Comprehensive Loss as at December 31, 2010

(unaudited)	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS
Revenues	(a)	\$ 751,322	\$ (18,648)	\$ 732,674
Cost of sales	(a)	657,066	(15,501)	641,565
		94,256	(3,147)	91,109
Selling and administrative expenses	(a) (b)	77,972	(3,061)	74,911
Profit sharing programs		1,658	--	1,658
Exchange loss	(a)	78	(84)	(6)
Gain on disposal of investment	(a)	(448)	--	(448)
Loss on disposal of property, plant and equipment	(a)	125	(8)	117
		14,871	6	14,877
Depreciation of property, plant and equipment	(a)	18,678	(361)	18,317
Amortization of intangible assets	(a)	3,971	(3)	3,968
Financial expenses	(a)	6,460	(31)	6,429
Gain on revaluation of investment		(3,810)	--	(3,810)
Gain on business acquisition		(7,464)	--	(7,464)
Share of loss (profit) of joint ventures and associates	(a)	282	(546)	(264)
Loss before income tax		(3,246)	947	(2,299)
Tax recovery				
Current	(a)	458	(168)	290
Deferred	(a) (c)	(3,798)	141	(3,657)
		(3,340)	(27)	(3,367)
Net income attributable to shareholders of Canam Group Inc.		\$ 94	\$ 974	\$ 1,068
Other comprehensive loss:				
Change in unrealized losses				
on translating of foreign operations		(10,838)	(295)	(11,133)
Actuarial losses of the defined benefit pension plan	(b)	--	(2,395)	(2,395)
Income tax expense	(b)	--	621	621
Unrealized gains on available-for-sale financial assets				
arising during the period		839	--	839
Reclassification in income (loss)		(421)	--	(421)
Income tax expense		(70)	--	(70)
Comprehensive loss		\$ (10,396)	\$ (1,095)	\$ (11,491)

Notes on Consolidated Net Income (Loss) and Comprehensive Loss Reconciliations as at March 27, 2010 and December 31, 2010

a) Investments in joint ventures

Joint ventures are accounted for using the equity method. Under Canadian GAAP, joint ventures were accounted for using the proportionate consolidation method.

b) Actuarial losses of the defined benefit pension plan

As of January 1, 2010, actuarial gains and losses are recognized in comprehensive income (loss) during the period in which they arise. Under Canadian GAAP, they were amortized against income (loss) over the estimated average remaining service period of active employees.

c) Income tax recovery

The adjustment to the pension expense related to the defined benefit pension plan resulted in an increase to the deferred tax expense.

d) Net income (loss)

The following elements had an impact on net income (loss):

	As at March 27, 2010	As at December 31, 2010
Decrease in the pension expense for defined benefit pension plans	\$ 255	\$ 1,037
Decrease in depreciation of property, plant and equipment	62	210
Increase in the deferred tax expense	(67)	(273)
	\$ 250	\$ 974

Reconciliation of Consolidated Statements of Cash Flows as at March 27, 2010

(unaudited)	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS
Cash flows from the following activities:				
Operating activities				
Net pre-tax loss from continuing operations	(a) (b) (c)	\$ (875)	\$ 250	\$ (625)
Adjustments				
Amortization of compensation costs related to the profit sharing program – stock ownership component		346	--	346
Gain on revaluation of investments		(3,888)	--	(3,888)
Gain on disposal of property, plant and equipment		(11)	--	(11)
Depreciation of property, plant and equipment	(c)	4,324	(94)	4,230
Amortization of intangible assets		661	--	661
Amortization of deferred financing expenses		55	--	55
Provisions		--	(686)	(686)
Pension expense	(a)	5	(256)	(251)
Deferred tax expense	(b)	(2,105)	68	(2,037)
Share of loss of joint ventures and associates	(c)	273	(107)	166
		(1,215)	(825)	(2,040)
Net change in non-cash operating working capital items				
Increase in accounts receivable	(c)	10,792	851	11,643
Decrease (increase) in inventories	(c)	(7,091)	522	(6,569)
Decrease (increase) in current tax assets	(c)	(1,033)	23	(1,010)
Decrease (increase) in prepaid expenses and other assets	(c)	(468)	391	(77)
Increase (decrease) in accounts payable and accrued liabilities	(c)	(8,876)	1,382	(7,494)
Increase in interest payable	(c)	199	--	199
Decrease in current tax liabilities	(c)	(476)	(20)	(496)
		(6,953)	3,149	(3,804)
Cash flows from continuing operating activities		(8,168)	2,324	(5,844)
Financing activities				
Shares purchased by a trust in employees' name on the secondary market		(364)	--	(364)
Repurchase of shares		(118)	--	(118)
Proceeds from issuance of shares		21	--	21
Increase in debt and bank loans		28,871	--	28,871
Repayment of debt and bank loans	(c)	(982)	66	(916)
Issue expenses related to debt		--	--	--
Other liabilities		(675)	686	11
Cash flows from continuing financing activities		26,753	752	27,505
Investing activities				
Proceeds from sales of property, plant and equipment		7	--	7
Additions to property, plant and equipment	(c)	(7,423)	7	(7,416)
Additions to intangible assets		(86)	--	(86)
Acquisition of investments		(120)	--	(120)
Proceeds from disposal of investments		--	--	--
Distribution from an associate		--	--	--
Decrease in receivables and other assets		763	--	763
Increase in receivables and other assets		--	--	--
Business acquisitions, net of cash acquired		(38,684)	--	(38,684)
Cash flows from continuing investing activities		(45,543)	7	(45,536)
Effects of changes in foreign exchange rate on cash and cash equivalents	(c)	(1,321)	151	(1,170)
Net change in cash from continuing operations		(28,279)	3,234	(25,045)
Cash flows from discontinued operations				
Operating activities		27	--	27
Investing activities		15	--	15
		42	--	42
Cash and cash equivalents, beginning of period	(c)	67,393	(9,924)	57,469
Cash and cash equivalents, end of period		\$ 39,156	\$ (6,690)	\$ 32,466
Supplementary information				
Interest paid	(c)	\$ 760	\$ (30)	\$ 730
Income taxes paid (recovered), net	(c)	\$ 1,064	\$ (63)	\$ 1,001

Reconciliation of Consolidated Statements of Cash Flows as at December 31, 2010

(unaudited)	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS
Cash flows from the following activities:				
Operating activities				
Net pre-tax income from continuing operations	(a) (b) (c)	\$ 94	\$ 974	\$ 1,068
Adjustments				
Amortization of compensation costs related to the profit sharing program – stock ownership component		1,383	--	1,383
Gain on revaluation of investment		(3,810)	--	(3,810)
Gain on business acquisition		(7,464)	--	(7,464)
Gain on acquisition of investments		(448)	--	(448)
Loss on disposal of property, plant and equipment		125	(8)	117
Depreciation of property, plant and equipment	(c)	18,678	(361)	18,317
Amortization of intangible assets	(c)	3,971	(3)	3,968
Amortization of deferred financing expenses	(c)	234	--	234
Provisions		--	(683)	(683)
Interest rate swaps		279	--	279
Imputed interest on convertible debentures and balances of purchase price of businesses		2,021	--	2,021
Pension expense	(a)	73	(1,037)	(964)
Deferred tax expense	(b)	(3,798)	141	(3,657)
Share of loss (profit) of joint ventures and associates	(c)	282	(546)	(264)
		11,620	(1,523)	10,097
Net change in non-cash operating working capital items				
Increase in the short-term investment pledged as collateral		(9,946)	--	(9,946)
Increase in accounts receivable	(c)	(58,837)	792	(58,045)
Increase in inventories	(c)	(20,561)	1,468	(19,093)
Decrease in current tax assets	(c)	977	(163)	814
Decrease in prepaid expenses and other assets	(c)	398	357	755
Decrease in accounts payable and accrued liabilities	(c)	17,188	(1,593)	15,595
Increase in interest payable		916	--	916
Increase (decrease) in current tax liabilities	(c)	(368)	121	(247)
		(70,233)	982	(69,251)
Cash flows from continuing operating activities		(58,613)	(541)	(59,154)
Financing activities				
Shares purchased by a trust in employees' name on the secondary market		(364)	--	(364)
Repurchase of shares		(127)	--	(127)
Proceeds from issuance of shares		125	--	125
Dividends		(7,157)	--	(7,157)
Increase in debt and bank loans	(c)	112,867	(125)	112,742
Repayment of debt and bank loans	(c)	(67,234)	955	(66,279)
Payment of balances of purchase price of businesses		(5,217)	--	(5,217)
Issuance of convertible debentures		66,240	--	66,240
Issue expenses related to debt and debenture		(618)	--	(618)
Other liabilities	(c)	(2,500)	1,577	(923)
Cash flows from continuing financing activities		96,015	2,407	98,422
Investing activities				
Proceeds from sales of property, plant and equipment	(c)	465	(1)	464
Additions to property, plant and equipment	(c)	(39,134)	322	(38,812)
Additions to intangible assets	(c)	(418)	2	(416)
Acquisition of investments		(120)	--	(120)
Proceeds from disposal of investments		1,503	--	1,503
Distribution from an associate	(c)	379	150	529
Decrease in receivables and other assets		5,207	--	5,207
Increase in receivables and other assets		(176)	--	(176)
Business acquisitions, net of cash acquired		(54,139)	--	(54,139)
Cash flows from continuing investing activities		(86,433)	473	(85,960)
Effects of changes in foreign exchange rate on cash and cash equivalents	(c)	(2,532)	147	(2,385)
Net change in cash from continuing operations		(51,563)	2,486	(49,077)
Cash flows from discontinued operations				
Operating activities		124	--	124
Investing activities		14	--	14
		138	--	138
Cash and cash equivalents, beginning of period	(c)	67,393	(9,924)	57,469
Cash and cash equivalents, end of period		\$ 15,968	\$ (7,438)	\$ 8,530
Supplementary information				
Interest paid	(c)	\$ 5,145	\$ (131)	\$ 5,014
Income taxes paid (recovered), net	(c)	\$ (1,708)	\$ (145)	\$ (1,853)

Notes on Consolidated Statements of Cash Flow Reconciliations as at March 27, 2010 and December 31, 2010

a) Defined benefit pension plan

As of January 1, 2010, actuarial gains and losses are recognized in comprehensive income (loss) during the period in which they arise. Under Canadian GAAP, they were amortized against earnings over the remaining service period.

b) Deferred taxes

The adjustment to the pension expense related to the defined benefit pension plan resulted in an increase to the deferred tax expense.

c) Investments in joint ventures

Joint ventures are accounted for using the equity method. Under Canadian GAAP, joint ventures were accounted for using the proportionate consolidation method.



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SHAREHOLDER INFORMATION

Stock Exchange Listing

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TSX
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CUSIP Number

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Earnings Release Date

2nd quarter: August 4, 2011