

**CANAM**  
**GROUP**

Better Building Solutions

Quarterly Report  
June 30, 2007

**2**



## MESSAGE TO SHAREHOLDERS, EMPLOYEES AND PARTNERS

For the quarter ended June 30, 2007, Canam Group posted net earnings of \$13.3 million, or \$0.27 per share, up 35% from \$9.9 million, or \$0.22 per share, for the corresponding period in 2006. Consolidated sales rose by 32% to \$218.9 million, compared with \$166.2 million for the same quarter in 2006.

For the six-month period ended June 30, 2007, net earnings totaled \$19.6 million, or \$0.40 per share (based on 48,880,339 shares), up 28% compared with net earnings of \$15.3 million, or \$0.35 per share (based on 43,911,300 shares), for the same period in 2006. Consolidated sales for the first six months of 2007 increased by 21% to \$380 million, from \$314.9 million for the same period last year.

These results show that our business units were able to take advantage of a high level of activity to increase their profitability. We also wish to underscore the acquisition of a 49% interest in United Steel Structures Limited in Guangzhou, China, which took place in the second quarter, and the recent purchase of the assets of Eastern Bridge, LLC, located in Claremont, New Hampshire, both of which will allow Canam Group to expand its presence in markets outside Canada.

The quarterly results include a net loss of \$3.2 million arising from Canam Romsa in Mexico, consisting of an operating loss of \$1.4 million and a \$1.8 million impairment of such investment. We expect that the reorganization that is underway in Mexico will allow us to normalize the situation by the end of 2007.

Our balance sheet is sound, with shareholders' equity totaling \$350 million. The net debt amounted to \$105.9 million, reflecting a net debt to shareholders' equity ratio of 0.30. For the second quarter of 2007, Pro forma EBITDA stood at \$28.4 million, or 13% of sales, compared to \$21.1 million, or 12.7% of sales, for the corresponding quarter in 2006.

Our backlogs for all business units stood at \$392 million as at June 30, 2007, or a 65% increase, compared with \$237 million as at June 24, 2006.

The Board of Directors has approved a quarterly dividend of \$0.04 per common share payable on September 28, 2007 to shareholders of record on September 14, 2007.



Marcel Dutil, c.m.  
Chairman of the Board and Chief Executive Officer



Marc Dutil  
President and Chief Operating Officer

Ville de Saint-Georges, Beauce

August 2, 2007

# 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 Company's consolidated financial statements and the accompanying notes for the quarters ended June 30, 2007, March 31, 2007, June 24, 2006 as well as the audited consolidated financial statements for the fiscal year ended December 31, 2006. Reference should also be made to the annual MD&A of financial position and results of operations included in the Company's 2006 annual report, including the section describing risks and uncertainties. This MD&A is based on the Company's accounting policies that are in compliance with Canadian generally accepted accounting principles ("GAAP").

The preparation of consolidated financial statements requires the Company's financial management to make estimates and judgments that affect the amounts recorded as assets, liabilities, shareholders' equity, sales and expenses, as well as disclosures on contingencies. These assumptions are revised on a regular basis by the Company based on historical results and new events.

Financial management invites readers to refer to the notes to the consolidated financial statements presented in this report and those presented in the 2006 annual report. The significant accounting estimates are similar to those used as at December 31, 2006.

The Company's management is responsible for maintaining appropriate control systems, procedures and information systems, thereby ensuring that the information it discloses is reliable and complete.

The Company applies financial information disclosure rules and takes the necessary actions to comply with new accounting standards once they come into force. The Company also applies the standards set by the capital market regulatory authorities.

The Company establishes and maintains disclosure controls and procedures as well as internal control over financial reporting in order to provide reasonable assurance that material information related to the Company and its subsidiaries is disclosed as specified by Canadian Securities Administrators Regulation 52-109.

No material changes were made to internal control over financial information during the three-month period ended June 30, 2007, that could have had a significant impact or that could have been reasonably believed to have a significant impact on internal control over financial reporting.

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

### Exchange rates used

		June 30 2007	Dec. 31 2006	June 24 2006
Consolidated statements of earnings	CAN\$/US\$	1.0957	1.1400	1.1254
	CAN\$/Euro	1.4849	1.4659	1.4101
	CAN\$/Peso	0.1004	0.1046	0.1009
Consolidated balance sheets	CAN\$/US\$	1.0634	1.1653	1.1241
	CAN\$/Euro	1.4376	1.5377	1.4075
	CAN\$/Peso	0.0986	0.1079	0.0983

The Company'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 Company's manufacturing realities.

## Significant Events

### Canam Romsa de Mexico, S.A. de C.V. ("Canam Romsa")

Following the sale in June 2006 of 65% of the participating shares of Canam Romsa to Steelmax, S.A. de C.V., the Company holds a 35% interest in Canam Romsa, a joist and structural steel fabrication plant located in Monterrey, Mexico. In accordance with Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 15 ("AcG-15") pertaining to the consolidation of variable interest entities, the Company is the primary beneficiary of Canam Romsa and must therefore consolidate the accounts of this company despite the sale of 65% of its shares.

In the second quarter of 2007, Canam Romsa's operating activities resulted in a net loss of \$1.4 million. In addition, the Company wrote down its investment in Canam Romsa by \$1.8 million. These factors had the combined effect of generating a net loss of \$3.2 million for the second quarter of 2007 as opposed to net earnings of \$2.5 million recorded in the corresponding quarter of 2006, which included \$2.6 million in future income tax assets. For the six-month period ended June 30, 2007, Canam Romsa's operating activities (\$2.5 million) and the Company's impairment of its investment in the latter (\$1.8 million) generated a net loss of \$4.3 million, as compared with net earnings of \$2.8 million during the corresponding period in 2006. The net loss in 2007 is partially attributable to irregularities committed by some members of Canam Romsa's management team. These officers were replaced and measures are being taken to recover the amounts owed to Canam Romsa.

### Acquisition of a 49% interest in United Steel Structures Limited ("USSL") located in China

On May 30, 2007, the Company finalized the acquisition of a 49% interest in the share capital of USSL for US\$9.2 million (\$10 million). Because of the characteristics and rights associated with the shares held by the Company, USSL is a joint venture and its activities are accounted for using the proportionate consolidation method.

USSL operates a structural steel and bridge plant that has an annual production capacity of 40,000 tons. The plant is located in Guangzhou, China, and mainly serves international markets. The Company's majority shareholder in USSL is Guangzhou Shipyard International Co. Ltd.

### Acquisition of the assets of Eastern Bridge, LLC

On July 16, 2007, the Company acquired the majority of the assets of Eastern Bridge, a company located in Claremont, New Hampshire that specializes in the fabrication of steel structures for road and railway bridges. The Company acquired the production equipment for US\$4 million (\$4.2 million) and the working capital for US\$0.9 million (\$0.9 million). The Company also has the option, until September 16, 2009, to purchase the land (1 million sq. ft.) and building (0.4 million sq. ft.) for a consideration of US\$5 million (\$5.2 million).

### Dividends on common shares

On April 25, 2007, the Board of Directors approved the payment, on June 29, 2007, of a quarterly dividend of \$0.04 per common share to shareholders of record on June 15, 2007. The amount paid out on June 29 was \$2 million and has been applied against retained earnings.

### Operating Results

Net earnings for the second quarter of 2007 increased 34.6% to \$13.3 million or \$0.27 per basic share based on a weighted average number of 48,893,580 common shares, as compared with net earnings of \$9.9 million or \$0.22 per basic share during the second quarter of 2006, based on a weighted average number of 45,148,631 common shares. Net earnings from continuing operations increased to \$13.8 million or \$0.28 per basic share in the second quarter of 2007, as compared with \$10.2 million or \$0.23 per basic share for the same quarter in 2006.

After the first six months of fiscal 2007, net earnings increased 28.4% to \$19.6 million or \$0.40 per share based on a weighted average number of 48,880,339 common shares, as compared with net earnings of \$15.3 million or \$0.35 per share for the same period in 2006, based on a weighted average number of 43,911,300 common shares. Net earnings from continuing operations stood at \$20.3 million in 2007, or \$0.41 per share, as compared with \$16.2 million or \$0.37 per share in 2006.

The Company's consolidated sales for the second quarter of 2007 totaled \$218.9 million, which represents a \$52.8 million or 31.8% increase as compared with sales of \$166.2 million for the same quarter in 2006. The increase in sales is primarily attributable to the Canam Canada (joists and steel deck), Canam U.S. (joists and steel deck), as well as Structural-Heavy Steel Construction and Structural-Bridges business units. Consolidated sales after the first six months of 2007 were up \$65.1 million or 20.7% to \$380 million, as compared with sales of \$314.9 million for the same period in 2006. The increase in sales in 2007 is also attributable to the above-mentioned business units.

The gross margin was 19.9% of sales in the second quarter of 2007 as compared with 23.1% for the corresponding quarter in 2006. After six months in 2007, the gross margin represented 21% of sales as compared with 23.3% for the same period in 2006. The decline in the gross margin is attributable to a change in the sales mix in 2007 compared to that of 2006.

Selling and administrative expenses totaled \$18.5 million or 8.4% of sales in the second quarter of 2007 as compared with \$16.9 million or 10.2% of sales for the corresponding quarter in 2006. On a cumulative basis, the same expenses totaled \$38.4 million or 10.1% of sales in 2007, as compared with \$34.4 million or 10.9% of sales for the same period in 2006. The increase is mainly attributable to an increase in salaries due to sales growth.

The growth of the Canadian dollar versus the U.S. dollar resulted in a positive impact of \$4 million, before income taxes, on earnings during the second quarter of 2007, as compared with \$41,000 for the same period in 2006. After the first six months of 2007, the exchange gain totaled \$4.5 million. The gain is attributable to the US dollar fluctuation as regards the rates negotiated for the foreign currency forward contracts concluded by the Company, which were not designated as hedging instruments.

Interest income stood at \$0.3 million for the second quarter of 2007 as compared with \$0.6 million for the corresponding quarter in 2006. After the first six months of 2007, interest income stood at \$0.7 million as compared with \$1.1 million for the same period in 2006. The decrease results from a note receivable from Placements CMI Inc., the balance of which was \$3 million as at June 30, 2007, as compared with \$13.5 million as at June 24, 2006, and to an advance to a third party, the balance of which was \$3 million as at June 30, 2007 (\$4 million as at June 24, 2006). These notes bear interest at the same rates as those applicable to the Company's loans.

The increase in the redemption value of an investment in Finloc Inc. during the second quarter of 2007, in the amount of \$0.5 million, represents the growth of the investment in preferred shares based on the terms described in the MD&A for fiscal 2006. As at June 30, 2007, the balance of this investment totaled \$54.9 million.

### Non-GAAP measures

In this MD&A, the Company's financial management uses a measure that is not in accordance with GAAP. Earnings before interest, tax, depreciation and amortization ("Pro forma EBITDA") are not defined by GAAP and cannot be formally presented in financial statements. Nevertheless, management wishes to specify that Pro forma EBITDA corresponds to the amounts appearing on the line in the statements of earnings above the item "Depreciation of property, plant and equipment". The definition of Pro forma EBITDA does not take into account the loss (gain) on disposal of property, plant and equipment, the gain on disposal of investments, the impairment of the investment in a variable interest entity located in Mexico, the expenses related to plant closings and the share in earnings of companies subject to significant influence. The reader can establish the link between Pro forma EBITDA and net earnings. The definition of Pro forma EBITDA used by the Company may differ from that used by other companies.

Even though Pro forma EBITDA is a non-GAAP measure, it is used by management, analysts, investors and other financial stakeholders to assess the Company's performance and management.

### Reconciliation of Pro forma EBITDA and net earnings

Periods ended June 30, 2007 and June 24, 2006

(in thousands of dollars) (unaudited)	Three months	
	2007	2006 (restated)
Net earnings	\$ 13,282	\$ 9,870
Net loss from discontinued operations	555	294
Net earnings from continuing operations	13,837	10,164
PLUS:		
Share in earnings of companies subject to significant influence	(257)	(91)
Income tax expense	8,728	4,332
Expenses related to plant closings	--	800
Impairment of the investment in a variable interest entity located in Mexico	1,815	--
Gain on disposal of investments	(1,260)	(678)
Loss (gain) on disposal of property, plant and equipment	(258)	29
Financial expenses	1,830	2,570
Total depreciation and amortization	3,988	4,007
Pro forma EBITDA	\$ 28,423	\$ 21,133

**Reconciliation of Pro forma EBITDA and net earnings**

Periods ended June 30, 2007 and June 24, 2006

(in thousands of dollars) (unaudited)	Six months	
	2007	2006 (restated)
Net earnings	\$ 19,636	\$ 15,296
Net loss from discontinued operations	704	912
Net earnings from continuing operations	20,340	16,208
PLUS:		
Share in earnings of companies subject to significant influence	(253)	(239)
Income tax expense	13,661	8,561
Expenses related to plant closings	--	1,183
Impairment of the investment in a variable interest entity located in Mexico	1,815	--
Gain on disposal of investments	(1,304)	(678)
Loss (gain) on disposal of property, plant and equipment	(251)	39
Financial expenses	3,516	5,508
Total depreciation and amortization	8,146	7,769
Pro forma EBITDA	\$ 45,670	\$ 38,351

With regard to earnings for the second quarter of 2007, Pro forma EBITDA stood at \$28.4 million and accounted for 13% of sales, as compared with Pro forma EBITDA of \$21.1 million or 12.7% of sales for the corresponding quarter in 2006. After six months, Pro forma EBITDA is \$45.7 million representing 12% of sales, as compared with Pro forma EBITDA of \$38.4 million, or 12.2% of sales, for the same period in 2006.

For the second quarter of 2007, depreciation and amortization expenses totaled \$4 million, which is the same amount that was recorded for the corresponding quarter in 2006. After six months of fiscal 2007, these same expenses totaled \$8.1 million compared with \$7.8 million for the same period in 2006.

Still in the second quarter of 2007, financial expenses amounted to \$1.8 million, representing a decrease of \$0.7 million when compared with the second quarter of 2006, when they stood at \$2.6 million. On a cumulative basis, financial expenses amounted to \$3.5 million in 2007, representing a decrease of \$2 million when compared to 2006, when they stood at \$5.5 million. This decrease is due to a reduction in the Company's long-term debt and bank loans.

The effective tax rate was 39.1% for the second quarter ended June 30, 2007, as compared with an effective tax rate of 30.1% for the quarter ended June 24, 2006. The increase in the effective tax rate is attributable to the net loss of \$3.2 million incurred in the second quarter of 2007 by Canam Romsa for which no future income tax assets were recorded. In addition, in the second quarter of 2006, the Company had recorded future income tax assets of \$2.7 million following the Canam Romsa return to profitability, which had reduced the tax rate to 30.1%. After the first six months of 2007, the effective tax rate was 40.5% compared with 34.9% for the same period in 2006.

**Balance Sheet**

Current working capital went from \$159.4 million as at December 31, 2006 (for a current ratio of 2.06) to \$187.4 million as at June 30, 2007 (for a current ratio of 2.03).

The net debt, the balance of which stood at \$105.9 million as at June 30, 2007, increased by \$17.9 million compared with December 31, 2006, at which time the net debt totaled \$88 million. The rise is attributable to the increase in accounts receivable and inventories. Shareholders' equity rose to \$350 million as at June 30, 2007, compared with \$343.4 million as at December 31, 2006. It is important to note that the growth of the Canadian dollar in the first six months of 2007 resulted in an unrealized loss of \$10.1 million following the translation of the financial statements of self-sustaining foreign operations mainly attributable to the U.S. subsidiary. This amount has been applied against shareholders' equity.

The net debt to Pro forma EBITDA ratio for the last four quarters was 1.07 as at June 30, 2007, whereas it was 0.96 as at December 31, 2006.

The net debt to shareholders' equity ratio was 0.30 as at June 30, 2007, whereas it was 0.26 as at December 31, 2006.

**Financial information**

(in thousands of dollars, except for ratios)	Periods ended	
	June 30 2007	Dec. 31 2006
Working capital	\$187,407	\$ 159,359
Current ratio	2.03	2.06
Net debt	\$ 105,911	\$ 88,010
Pro forma EBITDA for the last four quarters	\$ 98,621	\$ 91,302
Shareholders' equity	\$350,031	\$343,360
Net debt to pro forma EBITDA ratio for the last four quarters	1.07	0.96
Net debt to shareholders' equity ratio	0.30	0.26

As at June 30, 2007, trade accounts receivable totaled \$161.2 million compared with \$137.2 million as at December 31, 2006. The increase in sales, considering that the Company had invoiced \$94.7 million in June 2007, as well as the 49% proportionate consolidation of USSL accounts receivable following the acquisition of an interest in this company, explain this increase.

The decrease in accounts receivable from related companies, which fell from \$6.6 million as at December 31, 2006 to \$3.1 million as at June 30, 2007, is mainly attributable to the repayment of \$3 million by Placements CMI. The latter has also guaranteed advances from a third party, the balance of which decreased from \$3.5 million as at December 31, 2006 to \$3 million as at June 30, 2007.

A committee of the Board of Directors composed of independent directors is mandated to monitor transactions between the Company and related companies, and to ensure an orderly opting out process.

Inventories increased by \$34.7 million to \$160.9 million as at June 30, 2007, as compared with \$126.1 million as at December 31, 2006. This rise is explained by an increase of \$23.3 million in raw materials inventories, and an increase of \$11.4 million in custom-made finished goods inventories. These rises are the result of the increase in the Company's level of business (the backlog stood at \$392 million as at June 30, 2007 as compared with \$287 million as at December 31, 2006). The rise in finished goods inventories is also explained by major heavy steel projects currently underway at the Structural-Heavy Steel Construction business unit.

## Cash Position

For the three-month period ended June 30, 2007, cash flows used in continuing operating activities totaled \$10 million as compared with \$7.6 million for the previous corresponding period. The increase is mainly attributable to a rise in accounts receivable.

Cash flows provided from financing activities stood at \$27.3 million for the second quarter of 2007 compared with \$9.2 million in the second quarter of 2006. The difference is mainly attributable to the increase in long-term debt and bank loans in 2007.

Still in the second quarter of 2007, cash flows used in investing activities totaled \$9.9 million compared with \$1.8 million for the corresponding period in 2006. The variation is mainly attributable to the acquisition of a 49% interest in USSL and an increase in long-term receivables.

### Cash flows

A comparison of the Company's cash flows for the periods ended June 30, 2007 and June 24, 2006 is presented below:

(in thousands of dollars) (unaudited)	Three months	
	2007	2006 (restated)
Cash flows from continuing operating activities	\$ (9,962)	\$ (7,629)
Cash flows from continuing financing activities	27,269	9,220
Cash flows from continuing investing activities	(9,895)	(1,777)
Effect of changes in foreign exchange rate on cash	1,084	(175)
Net change	8,496	(361)
Net cash flows from discontinued operations	1,914	(15)
Cash - beginning of period	5,280	3,271
Cash - end of period	\$ 15,690	\$ 2,895

(in thousands of dollars) (unaudited)	Six months	
	2007	2006 (restated)
Cash flows from continuing operating activities	\$ (947)	\$ 191
Cash flows from continuing financing activities	17,227	4,225
Cash flows from continuing investing activities	(15,012)	(7,018)
Effect of changes in foreign exchange rate on cash	1,051	(169)
Net change	2,319	(2,771)
Net cash flows from discontinued operations	4,394	387
Cash - beginning of period	8,977	5,279
Cash - end of period	\$ 15,690	\$ 2,895

## Discontinued Operations

During the first six months of 2007, except for the receipt of accounts receivable and the disposal of inventories of the Tanguay Industries joint venture, there were no significant changes related to discontinued operations items reflected in the balance sheet. As regards the statement of earnings, a net loss of \$0.6 million was recorded during the second quarter of 2007 as compared with a net loss of \$0.3 million for the same quarter in 2006. The net loss

in the second quarter of 2007 is largely attributable (\$0.4 million) to the growth of the Canadian dollar versus the Euro with regard to the long-term receivable of \$6.5 million in France.

## Foreign Currency Forward Contracts

The Company concluded foreign currency forward contracts to hedge future sales denominated in U.S. currency. As at June 30, 2007, foreign currency forward contracts designated as hedging instruments and maturing in the next 12 months totaled US\$15 million at an average conversion rate of 1.1653, while those maturing in 13 to 24 months totaled US\$9 million at an average conversion rate of 1.1600. Foreign currency forward contracts not designated as hedging instruments and maturing in the next 12 months totaled US\$25.4 million at an average conversion rate of 1.1482, while those maturing in 13 to 24 months totaled US\$3 million at an average conversion rate of 1.1450.

## Accounting Policies

The accounting policies are in accordance with those used in the preparation of the audited consolidated financial statements as at December 31, 2006, with the exception of the accounting changes listed below.

## Changes in Accounting Policies

On January 1, 2007, the Company adopted the following sections of the CICA Handbook:

- Section 3855, "Financial Instruments: Recognition and Measurement", which establishes recognition and measurement standards for financial instruments such as financial assets and liabilities as well as derivatives. It also specifies how financial instrument gains and losses are to be presented.
- Section 1530, "Comprehensive Income", and Section 3251, "Equity". Comprehensive income is the change in a company's net assets resulting from transactions and other events and circumstances from non-shareholder sources. This section establishes standards for reporting and display of comprehensive income and its components. Section 3251, "Equity", replaces Section 3250, "Surplus", and describes the standards for the presentation of equity and changes in equity resulting from the new requirements of Section 1530, "Comprehensive Income".
- Section 3865, "Hedges", under which hedge accounting is optional, describes the rules relating to the application of hedge accounting and the information to be presented in this respect. In accordance with its risk management strategy, the Company has chosen to apply hedge accounting to certain foreign currency forward contracts and designate them as cash flow hedges. These derivatives are valued at fair value and gains/losses resulting from the revaluation at the end of each period are recorded under comprehensive income to the extent that the hedging relationship is deemed effective.

The application of these new standards must be made without restating prior period consolidated financial statements, except for changes in the translation adjustment balances related to self-sustaining foreign operations. During the initial application, any adjustments to the previous carrying value of existing financial assets and liabilities must be recorded as an adjustment to the opening balance of retained earnings or accumulated other comprehensive income, depending on the classification of these financial assets and liabilities.

The application of these new standards resulted in an adjustment of \$0.5 million to the opening balance of accumulated other comprehensive income in relation to gains and losses on available-for-sale financial assets, as well as a \$1 million increase in investments, a \$0.2 million increase in future income tax liabilities, a \$0.4 million decrease in long-term receivables of discontinued operations, and a \$0.1 million increase in future income tax assets of discontinued operations. Furthermore, transaction costs related to financial instruments that are not classified as being held for trading are recorded on the balance sheet as an adjustment to the cost of the financial instrument at the time of its initial recognition and amortized using the effective interest rate method. Consequently, deferred financing expenses and long-term debt decreased by \$0.2 million as at January 1, 2007. Deferred financing expenses related to the revolving credit and recorded under long-term assets continue to be deferred and amortized over the related financing term. Finally, the comparative consolidated financial statements are restated to reflect the application of Section 1530, "Comprehensive Income", regarding changes in the translation adjustment balances related to self-sustaining foreign operations.

### Future Accounting Changes

The CICA published the following new sections that will apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007:

- a) Section 3862, "Financial Instruments – Disclosures", describes the required disclosure to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.
- b) Section 3863, "Financial Instruments – Presentation", establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments – Disclosure and Presentation".
- c) Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to establish whether the entity has complied with capital requirements and if not, the consequences of such non-compliance.

The Company has not assessed the effect of these new standards on its consolidated financial statements, which will apply in the fiscal year beginning on January 1, 2008.

### Outlook

The backlog stood at \$392 million as at June 30, 2007 compared to \$237 million as at June 24, 2006. This 65% increase is due to growth in economic activity in the non-residential construction sector.

### Risks and Uncertainties

The Company is confident in its medium-and long-term prospects. However, the reader should take into account the risks and uncertainties described in the 2006 annual report as they could impact the Company's ability to fulfill its strategic vision and growth objectives. The reader is therefore invited to take them into account.

### Other

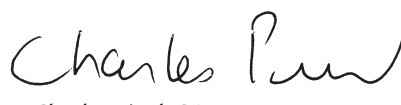
As at June 30, 2007, there were 49,104,306 common shares and 915,860 stock options outstanding.

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

The MD&A, and additional information, including the Annual Information Form, are available on the SEDAR web site ([www.sedar.com](http://www.sedar.com)) and the Company's web site ([www.canamgroup.ws](http://www.canamgroup.ws)).



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



Charles Pinel, CA  
Vice President and  
Chief Financial Officer

August 2, 2007

# QUARTERLY RESULTS

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

2007 Quarters ended	March 31	June 30	Total		
Sales	\$ 161,107	\$ 218,912	\$ 380,019		
Net earnings from continuing operations	6,503	13,837	20,340		
Net earnings	6,354	13,282	19,636		
Basic net earnings per share					
from continuing operations	0.13	0.28	0.41		
Basic net earnings per share	0.13	0.27	0.40		
Diluted net earnings per share					
from continuing operations	0.13	0.28	0.41		
Diluted net earnings per share	0.13	0.27	0.40		
Total assets	598,846	655,876			
Net debt <sup>(2)</sup>	83,941	105,911			
Shareholders' equity	345,917	350,031			
Cash dividend declared per common share	0.04	0.04	0.08		
2006 Quarters ended	March 25 <sup>(5)</sup>	June 24 <sup>(5)</sup>	Sept. 30	Dec. 31	Total
Sales	\$ 148,758	\$ 166,156	\$ 213,719	\$ 212,016	\$ 740,649
Net earnings from continuing operations	6,044	10,164	13,585	11,980	41,773
Net earnings	5,426	9,870	13,296	12,148	40,740
Basic net earnings per share					
from continuing operations	0.14	0.23	0.28	0.25	0.90
Basic net earnings per share	0.13	0.22	0.28	0.25	0.88
Diluted net earnings per share					
from continuing operations	0.14	0.22	0.28	0.24	0.89
Diluted net earnings per share	0.13	0.21	0.28	0.24	0.87
Total assets	571,395	599,247	610,765	600,192	
Net debt <sup>(2)</sup>	110,239	120,388	114,131	88,010	
Shareholders' equity	281,191	314,592	325,873	343,360	
Cash dividend declared:					
Per common share	0.04	0.04	0.04	0.04	0.16
Per Class "C" share	0.0067	0.0067	--	--	0.0134
2005 Quarters ended <sup>(1)(5)</sup>	March 26	June 25	Oct. 1	Dec. 31	Total
Sales	\$ 132,562	\$ 173,926	\$ 195,730	\$ 181,175	\$ 683,393
Net earnings from continuing operations	2,519	7,369	14,434	15,513	39,835
Net earnings	3,006	7,921	12,800	14,942	38,669
Basic net earnings per share					
from continuing operations	0.07	0.18	0.33	0.39	0.99
Basic net earnings per share	0.09	0.19	0.30	0.38	0.96
Diluted net earnings per share					
from continuing operations	0.07	0.17	0.32	0.36	0.95
Diluted net earnings per share	0.09	0.19	0.29	0.35	0.92
Total assets	591,691	601,571	585,059	582,185	
Net debt <sup>(2)</sup>	210,760	164,042	122,588	113,097	
Shareholders' equity	199,360	252,695	260,922	276,371	
2004 Quarters ended <sup>(1)(5)</sup>	March 27	June 26	Sept. 25	Dec. 31	Total
Sales	\$ 120,836	\$ 150,006	\$ 187,044	\$ 191,781	\$ 649,667
Net earnings (net loss) from continuing operations	(5,778)	(18,637)	6,381	9,010	(9,024)
Net earnings (net loss)	(7,402)	(10,143)	4,565	7,079	(5,901)
Basic net earnings (net loss) per share					
from continuing operations	(0.16)	(0.55)	0.19	0.26	(0.26)
Basic net earnings (net loss) per share	(0.22)	(0.29)	0.13	0.21	(0.17)
Diluted net earnings (net loss) per share					
from continuing operations	(0.16)	(0.55)	0.19	0.25	(0.26)
Diluted net earnings (net loss) per share	(0.22)	(0.29)	0.13	0.20	(0.17)
Total assets	707,421	631,183	643,719	604,651	
Net debt <sup>(2)</sup>	284,773	243,041	239,186	211,209	
Shareholders' equity	197,396	189,220	190,915	195,126	

<sup>(1)</sup> No cash dividend was declared in the said quarters of 2005 and 2004.

<sup>(2)</sup> Net debt comprises bank loans and the long-term debt, net of cash, and does not include convertible debentures.

<sup>(5)</sup> Restated.

# CONSOLIDATED STATEMENTS OF EARNINGS

Periods ended June 30, 2007 and June 24, 2006

(in thousands of dollars, except per share amounts) (unaudited)	Three months		Six months	
	2007	2006 (restated)	2007	2006 (restated)
Sales	\$ 218,912	\$ 166,156	\$ 380,019	\$ 314,914
Cost of sales	175,349	127,782	300,146	241,405
Gross profit	43,563	38,374	79,873	73,509
Selling and administrative expenses	18,478	16,905	38,404	34,428
Profit sharing and continuous improvement programs	1,452	1,426	1,920	2,788
Exchange gain	(4,023)	(41)	(4,510)	(18)
Interest income	(297)	(579)	(676)	(1,136)
Increase in the redemption value of an investment in a related company	(470)	(470)	(935)	(904)
	28,423	21,133	45,670	38,351
Depreciation of property, plant and equipment	3,628	3,793	7,332	7,321
Amortization of intangible assets	360	214	814	448
Financial expenses (note 7)	1,830	2,570	3,516	5,508
Loss (gain) on disposal of property, plant and equipment	(258)	29	(251)	39
Gain on disposal of investments	(1,260)	(678)	(1,304)	(678)
Impairment of the investment in a variable interest entity located in Mexico	1,815	--	1,815	--
Expenses related to plant closings	--	800	--	1,183
Earnings before income tax expense and undermentioned items	22,308	14,405	33,748	24,530
Income tax expense				
Current	7,393	6,871	12,015	10,736
Future	1,335	(2,539)	1,646	(2,175)
	8,728	4,332	13,661	8,561
Earnings before undermentioned items	13,580	10,073	20,087	15,969
Share in earnings of companies subject to significant influence	257	91	253	239
Net earnings from continuing operations	13,837	10,164	20,340	16,208
Net loss from discontinued operations (note 9)	(555)	(294)	(704)	(912)
Net earnings	\$ 13,282	\$ 9,870	\$ 19,636	\$ 15,296
Net earnings (net loss) per share				
Basic:				
From continuing operations	\$ 0.28	\$ 0.23	\$ 0.41	\$ 0.37
From discontinued operations	(0.01)	(0.01)	(0.01)	(0.02)
Total	\$ 0.27	\$ 0.22	\$ 0.40	\$ 0.35
Diluted:				
From continuing operations	\$ 0.28	\$ 0.22	\$ 0.41	\$ 0.37
From discontinued operations	(0.01)	(0.01)	(0.01)	(0.02)
Total	\$ 0.27	\$ 0.21	\$ 0.40	\$ 0.35
Weighted average number of shares (in thousands of shares)				
Basic	48,894	45,149	48,880	43,911
Diluted	49,386	47,550	49,357	46,232
Number of common shares			48,793	46,939

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Periods ended June 30, 2007 and June 24, 2006

(in thousands of dollars) (unaudited)	Three months		Six months	
	2007	2006 (restated)	2007	2006 (restated)
Net earnings	\$ 13,282	\$ 9,870	\$ 19,636	\$ 15,296
Other comprehensive income, net of income taxes:				
Unrealized losses on translating financial statements of self-sustaining foreign operations	\$ (10,522)	\$ (5,355)	\$ (12,038)	\$ (4,771)
Reclassification in earnings related to the reduction in the net investment in a self-sustaining foreign operation	1,815	189	1,959	189
Unrealized foreign currency translation losses	\$ (8,707)	\$ (5,166)	\$ (10,079)	\$ (4,582)
Unrealized losses on available-for-sale financial assets arising during the period	\$ (89)	\$ --	\$ (136)	\$ --
Reclassification in earnings	--	--	(64)	--
Unrealized losses on available-for-sale financial assets	\$ (89)	\$ --	\$ (200)	\$ --
Gains on derivatives designated as cash flow hedges	\$ 1,302	\$ --	\$ 1,425	\$ --
<b>Other comprehensive income</b>	<b>\$ (7,494)</b>	<b>\$ (5,166)</b>	<b>\$ (8,854)</b>	<b>\$ (4,582)</b>
<b>Comprehensive income</b>	<b>\$ 5,788</b>	<b>\$ 4,704</b>	<b>\$ 10,782</b>	<b>\$ 10,714</b>

# CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Periods ended June 30, 2007 and June 24, 2006

(in thousands of dollars) (unaudited)	Three months		Six months	
	2007	2006	2007	2006
Opening balance	\$ 165,231	\$ 131,358	\$ 160,840	\$ 127,633
Net earnings	13,282	9,870	19,636	15,296
Share issue expenses	--	(27)	--	(27)
Dividends	(1,964)	(1,884)	(3,927)	(3,585)
Closing balance	\$ 176,549	\$ 139,317	\$ 176,549	\$ 139,317

# CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)	As at June 30 2007 (unaudited)	As at December 31 2006
<b>Assets</b>		
Current assets		
Cash	\$ 15,690	\$ 8,977
Accounts receivable (note 3)	169,675	149,291
Inventories	160,854	126,149
Unrealized asset on foreign currency forward contracts (note 11)	3,105	--
Income taxes recoverable	201	209
Future income tax assets	5,019	6,380
Prepaid expenses and other assets	7,614	6,510
Current assets of discontinued operations (note 9)	6,437	12,618
Total current assets	<u>368,595</u>	<u>310,134</u>
Investments		
Property, plant and equipment	76,097	72,270
Property, plant and equipment held for sale (note 8)	165,585	172,025
Property, plant and equipment held for sale (note 8)	6,189	6,782
Intangible assets	3,015	2,713
Goodwill	312	160
Unrealized asset on foreign currency forward contracts (note 11)	1,085	--
Future income tax assets	3,339	3,487
Other assets (note 4)	10,773	8,704
Long-term assets of discontinued operations (note 9)	20,886	23,917
	<u>\$ 655,876</u>	<u>\$ 600,192</u>
<b>Liabilities</b>		
Current liabilities		
Bank loans	\$ 13,957	\$ 10,363
Accounts payable and accrued liabilities	157,753	129,083
Unrealized liability on foreign currency forward contracts (note 11)	--	1,450
Income taxes payable	3,361	4,246
Future income tax liabilities	1,030	37
Current portion of long-term debt	2,397	1,240
Current liabilities of discontinued operations (note 9)	2,690	4,356
Total current liabilities	<u>181,188</u>	<u>150,775</u>
Long-term debt	105,247	85,384
Deferred credits	5,138	5,287
Future income tax liabilities	9,416	9,556
Long-term liabilities of discontinued operations (note 9)	4,856	5,830
	<u>305,845</u>	<u>256,832</u>
<b>Shareholders' equity</b>		
Share capital (note 5)	194,623	195,822
Retained earnings	176,549	160,840
Contributed surplus (note 5)	2,490	2,020
Accumulated other comprehensive income (note 6)	(23,631)	(15,322)
	<u>350,031</u>	<u>343,360</u>
	<u>\$ 655,876</u>	<u>\$ 600,192</u>

Contingencies and commitments (note 10)  
Subsequent event (note 12)

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended June 30, 2007 and June 24, 2006

(in thousands of dollars) (unaudited)	Three months		Six months	
	2007	2006 (restated)	2007	2006 (restated)
Cash flows from the following activities:				
<b>Operating activities</b>				
Net earnings from continuing operations	\$ 13,837	\$ 10,164	\$ 20,340	\$ 16,208
Items not affecting cash				
Depreciation of property, plant and equipment	3,628	3,793	7,332	7,321
Amortization of intangible assets	360	214	814	448
Amortization of deferred financing expenses	95	181	201	706
Amortization of deferred issue expenses related to convertible debentures	--	19	--	74
Future income tax expense	1,335	(2,539)	1,646	(2,175)
Loss (gain) on disposal of property, plant and equipment	(258)	29	(251)	39
Unrealized loss (earnings) on foreign currency forward contracts	(2,616)	(66)	(3,544)	62
Gain on disposal of investments	(1,260)	(678)	(1,304)	(678)
Impairment of property, plant and equipment held for sale	--	800	--	800
Impairment of the investment in a variable interest entity located in Mexico	1,815	--	1,815	--
Pension expense	(210)	353	(366)	706
Compensation cost related to stock options	10	23	20	(61)
Amortization of compensation costs related to the employee share purchase plan on the open market	225	105	450	210
Increase in the fair value of convertible debentures	--	51	--	207
Increase in the redemption value of an investment in a related company	(470)	(470)	(935)	(904)
Share in earnings of companies subject to significant influence	(257)	(91)	(253)	(239)
	<u>16,234</u>	<u>11,888</u>	<u>25,965</u>	<u>22,724</u>
<b>Net change in non-cash operating working capital items</b>				
Decrease (increase) in accounts receivable	(35,393)	(13,493)	(22,224)	2,140
Increase in inventories	(13,842)	(32,792)	(35,038)	(38,940)
Decrease (increase) in income taxes recoverable	16	300	8	(1,105)
Decrease (increase) in prepaid expenses and other assets	(2,069)	199	(166)	1,031
Increase in accounts payable and accrued liabilities	26,685	28,662	32,159	19,822
Increase (decrease) in interest payable	(8)	159	(2)	(138)
Decrease in income taxes payable	(1,585)	(2,552)	(1,649)	(5,343)
	<u>(26,196)</u>	<u>(19,517)</u>	<u>(26,912)</u>	<u>(22,533)</u>
Cash flows from continuing operating activities	<u>(9,962)</u>	<u>(7,629)</u>	<u>(947)</u>	<u>191</u>
<b>Financing activities</b>				
Shares purchased in employee's name on the open market	--	--	(1,445)	(214)
Proceeds from issuance of shares	55	453	246	914
Issue expenses related to share issue	--	(27)	--	(27)
Dividends	(1,964)	(1,701)	(3,927)	(1,701)
Increase in long-term debt and bank loans	29,979	13,543	31,566	13,543
Repayment of long-term debt and bank loans	(803)	(3,526)	(9,204)	(8,400)
Issue expenses related to long-term debt	(108)	(15)	(126)	(129)
Deferred credits	110	693	117	439
Cash flows from continuing financing activities	<u>27,269</u>	<u>9,220</u>	<u>17,227</u>	<u>4,225</u>
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment	3,186	299	3,193	324
Additions to property, plant and equipment	(4,917)	(6,552)	(7,641)	(9,824)
Additions to intangible assets	(239)	(151)	(617)	(982)
Acquisition of investments	(5)	(150)	(2,311)	(150)
Proceeds from disposal of investments	--	1,124	168	1,124
Increase in long-term receivables	(2,617)	(147)	(2,401)	(846)
Business acquisitions, net of cash acquired (note 2)	(5,303)	--	(5,403)	--
Assets held for sale	--	3,807	--	3,336
Other assets	--	(7)	--	--
Cash flows from continuing investing activities	<u>(9,895)</u>	<u>(1,777)</u>	<u>(15,012)</u>	<u>(7,018)</u>
Effect of changes in foreign exchange rate on cash	1,084	(175)	1,051	(169)
Net change in cash from continuing operations	<u>8,496</u>	<u>(361)</u>	<u>2,319</u>	<u>(2,771)</u>
Net cash flows from discontinued operations (note 9)	1,914	(15)	4,394	387
Cash, beginning of period	5,280	3,271	8,977	5,279
Cash, end of period	<u>\$ 15,690</u>	<u>\$ 2,895</u>	<u>\$ 15,690</u>	<u>\$ 2,895</u>
Supplementary information				
Interest paid	\$ 1,577	3,218	\$ 3,134	\$ 5,368
Income taxes paid, net	\$ 5,954	7,126	\$ 10,577	\$ 15,074

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of dollars, except per share amounts)

## 1. Summary of Significant Accounting Policies

The unaudited interim consolidated financial statements of the Company, for the three-month and six-month periods ended June 30, 2007 and June 24, 2006, have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the 2006 audited annual consolidated financial statements.

The accounting policies are the same as those used for the 2006 audited annual financial statements, with the exception of the accounting changes listed below.

### Changes in accounting policies

On January 1, 2007, the Company adopted the following sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

- Section 3855, "Financial Instruments: Recognition and Measurement", which establishes recognition and measurement standards for financial instruments such as financial assets and liabilities as well as derivatives. It also specifies how financial instrument gains and losses are to be presented.
- Section 1530, "Comprehensive Income", and Section 3251, "Equity". Comprehensive income is the change in a company's net assets resulting from transactions and other events and circumstances from non-shareholder sources. This section establishes standards for the reporting and display of comprehensive income and its components. Section 3251, "Equity", replaces Section 3250, "Surplus", and describes the standards for the presentation of equity and changes in equity resulting from the new requirements of Section 1530, "Comprehensive Income".
- Section 3865, "Hedges", under which hedge accounting is optional, describes the rules relating to the application of hedge accounting and the information to be presented in this respect. In accordance with its risk management strategy, the Company has chosen to apply hedge accounting to certain foreign currency forward contracts and designate them as cash flow hedges. These derivatives are valued at fair value and gains/losses resulting from the revaluation at the end of each period are recorded under comprehensive income to the extent that the hedging relationship is deemed effective.

The application of these new standards must be made without restating prior period consolidated financial statements, except for changes in the translation adjustment balances related to self-sustaining foreign operations. During the initial application, any adjustments to the previous carrying value of existing financial assets and liabilities must be recorded as an adjustment to the opening balance of retained earnings or accumulated other comprehensive income, depending on the classification of these financial assets and liabilities.

The application of these new standards resulted in an adjustment of \$545 to the opening balance of accumulated other comprehensive income in relation to gains and losses on available-for-sale financial assets, as well as a \$990 increase in investments, a \$158 increase in future income tax liabilities, a \$434 decrease in long-term receivables of discontinued operations, and a \$148 increase in future income tax assets of discontinued operations. Furthermore, transaction costs related to financial instruments that are not classified as being held for trading are recorded on the balance sheet as an adjustment to the cost of the financial instrument at the time of its initial recognition and amortized using the effective interest rate method. Consequently, deferred financing expenses and long-term debt decreased by \$248 as at January 1, 2007. Deferred financing expenses related to the revolving credit and recorded under long-term assets continue to be deferred and amortized over the related financing term. Finally, the comparative consolidated financial statements are restated to reflect the application of Section 1530, "Comprehensive Income", regarding changes in the translation adjustment balances related to self-sustaining foreign operations.

## 2. Business Acquisitions

### a) Acquisition of a 49% interest in United Steel Structures Ltd. ("USSL")

On May 30, 2007, the Company finalized the acquisition of a 49% interest in the share capital of USSL for the amount of US\$9,200 (CAN\$9,982) following approval of the transaction by Chinese regulatory authorities. USSL operates a structural steel and bridge plant in Guangzhou, China. This transaction has been accounted for using the purchase method and the results of operations have been included in the consolidated financial statements since the acquisition date. Because of the characteristics and rights associated with the shares held by the Company, USSL is a joint venture and its activities are accounted for using the proportionate consolidation method.

The purchase price allocation relating to the 49% interest is preliminary and has been determined using management's best estimates taking into consideration all relevant information available to date.

Assets acquired, net of liabilities assumed	49% interest
Cash	\$ 4,873
Accounts receivable	6,046
Inventories	3,716
Prepaid expenses and other assets	1,226
Property, plant and equipment	745
Backlogs of orders	660
Bank loan	(3,647)
Accounts payable and accrued liabilities	(2,587)
Income taxes payable	(856)
Fair value of assets acquired, net of liabilities assumed	\$ 10,176
Consideration paid	
Cash payment	\$ 9,982
Transaction-related costs	194
	\$ 10,176

### b) Amcan Threaded Products ("Amcan")

On January 1, 2007, the Amcan joint venture acquired all issued and outstanding shares of Boulons Jumax inc. ("Jumax"), a company that markets threaded products, for a consideration of \$1,800, of which \$200 was paid in cash and \$1,600 was paid by the issuance of Amcan shares and allocated as follows:

Assets acquired, net of liabilities assumed	
Cash	\$ 404
Accounts receivable	828
Inventories	589
Property, plant and equipment	62
Intangible assets	4
Goodwill	367
Other assets	40
Accounts payable and accrued liabilities	(288)
Income taxes payable	(93)
Long-term debt	(113)
Fair value of assets acquired, net of liabilities assumed	\$ 1,800

Jumax was then wound up in Amcan, and the corporate name of the new company is Amcan-Jumax Inc. This transaction has been accounted for using the purchase method. Following this transaction, the Company's interest in Amcan-Jumax went from 50% to 37.5%. Because of the characteristics and rights associated with the shares held by the Company, Amcan-Jumax is a joint venture and its activities are accounted for using the proportionate consolidation method.

### c) Goodco and Z-Tech

During the first quarter of 2007, the Company completed the purchase price allocation related to the acquisition of the assets of Goodco Limited and Z-Tech/Geogard Inc. No significant adjustment was made to the preliminary purchase price allocation.

### 3. Accounts Receivable

	As at June 30 2007 (unaudited)	As at December 31 2006
Trade	\$ 161,166	\$ 137,221
Companies subject to significant influence	268	198
Joint ventures	1,461	1,224
Other related companies <sup>(1)</sup>	3,086	6,567
Advances <sup>(2)</sup>	3,694	4,081
	<u>\$ 169,675</u>	<u>\$ 149,291</u>

<sup>(1)</sup> Corresponds mainly to an account receivable from Placements CMI Inc, a company indirectly controlled by the Chairman of the Board and Chief Executive Officer of the Company, who holds 16.33% (16.35% as at December 31, 2006) of the Company's common shares.

<sup>(2)</sup> Advances in the amount of \$2,994 (\$3,500 as at December 31, 2006) are secured by a guarantee from Placements CMI Inc.

### 4. Other Assets

	As at June 30 2007 (unaudited)	As at December 31 2006
Long-term receivables <sup>(1)</sup>	\$ 9,657	\$ 7,284
Deferred financing expenses	950	1,302
Others	166	118
	<u>\$ 10,773</u>	<u>\$ 8,704</u>

<sup>(1)</sup> The balance of long-term receivables includes a receivable of \$4,250 as at June 30, 2007 and as at December 31, 2006, from a company controlled by Placements CMI Inc, which bears interest at the same rates as those related to the Company's loans, and \$2,277 (\$987 as at December 31, 2006) from joint ventures.

### 5. 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
Net balance outstanding as at December 31, 2006	48,887,856	\$ 195,822
Issuance of shares pursuant to options	48,250	246
Shares purchased in employees' name on the open market	(143,525)	(1,445)
Net balance outstanding as at June 30, 2007	<u>48,792,581</u>	<u>\$ 194,623</u>
Outstanding as at June 30, 2007	49,104,306	\$ 197,329
Shares purchased in employees' name on the open market	(311,725)	(2,706)
Net balance outstanding as at June 30, 2007	<u>48,792,581</u>	<u>\$ 194,623</u>

### Statement of changes in contributed surplus

Periods ended June 30, 2007 and June 24, 2006

	Six months	
(unaudited)	2007	2006
Opening balance	\$ 2,020	\$ 1,658
Compensation costs related to stock options	20	46
Decrease in compensation costs following the cancellation of stock options	--	(107)
Amortization of compensation costs related to the employee share purchase plan on the open market	450	210
Closing balance	<u>\$ 2,490</u>	<u>\$ 1,807</u>

### 6. Accumulated Other Comprehensive Income

Periods ended June 30, 2007 and June 24, 2006

	Six months	
(unaudited)	2007	2006 (restated)
Opening balance	\$ (15,322)	\$ (17,236)
Cumulative impact of accounting changes relating to financial instruments (note 1)	545	--
Restated opening balance	<u>\$ (14,777)</u>	<u>\$ (17,236)</u>
Unrealized foreign currency translation losses	(10,079)	(4,582)
Unrealized losses on available-for-sale financial assets	(200)	--
Gains on derivatives designated as cash flow hedges	1 425	--
Closing balance	<u>\$ (23,631)</u>	<u>\$ (21,818)</u>

### 7. Financial Expenses

Periods ended June 30, 2007 and June 24, 2006

	Three months	
(unaudited)	2007	2006 (restated)
Interest on bank loans	\$ 332	\$ 359
Interest on long-term debt	1,403	1,702
Interest on convertible debentures	--	210
Dividends on Class "C" shares	--	47
Amortization of deferred financing expenses	95	181
Amortization of convertible debenture issue expenses	--	19
Increase in the fair value of convertible debentures	--	52
	<u>\$ 1,830</u>	<u>\$ 2,570</u>

	Six months	
(unaudited)	2007	2006 (restated)
Interest on bank loans	\$ 778	\$ 498
Interest on long-term debt	2,537	3,145
Interest on convertible debentures	--	785
Dividends on Class "C" shares	--	93
Amortization of deferred financing expenses	201	706
Amortization of convertible debenture issue expenses	--	74
Increase in the fair value of convertible debentures	--	207
	<u>\$ 3,516</u>	<u>\$ 5,508</u>

## 8. Property, Plant and Equipment Held for Sale

	As at June 30 2007 (unaudited)	As at December 31 2006
	United States	United States
Property, plant and equipment held for sale	\$ 6,189	\$ 6,782

The Company closed the plants in Lafayette, Indiana and in Columbus, Ohio in 2003 and 2004 respectively. The Company decided to close these plants because of excess production capacity in the joist business in the Midwest region. Property, plant and equipment held for sale are accounted for at the lower of cost and net estimated realizable value.

## 9. Discontinued Operations

On April 15, 2002, the Board of Directors of the Company approved a plan to sell the operations of Canam S.A. which operated a structural steel plant in Niort, France.

The net assets of the Manac division, which specializes in the fabrication of semitrailers, were sold on April 25, 2004.

On August 15, 2005, the Company sold the assets of its operating facility located in Juárez, Mexico, as well as the plot of land and the building used by this subsidiary but owned by Grupo Canam Manac S.A. de C.V., a Company's subsidiary.

Management considers that all the criteria found in Section 3475 of the CICA Handbook were met after the Company's decision, on September 1, 2006, to cease the activities of manufacturing forestry equipment. The Company records the Tanguay Industries joint venture as a discontinued operation.

On September 22, 2006, the Company announced that it was ceasing activities at the reporting unit manufacturing multi-residential building envelope systems. The results of that reporting unit are presented as a discontinued operation.

The results of the discontinued operations for the periods ended June 30, 2007 and June 24, 2006 are as follows:

(unaudited)	2007						Three months 2006 (restated)					
	Semi-trailers	Forestry equipment	Multi-residential buildings	France	Mexico (Juárez)	Total	Semi-trailers	Forestry equipment	Multi-residential buildings	France	Mexico (Juárez)	Total
Sales	\$ 432	\$ 616	\$ 6	\$ --	\$ --	\$ 1,054	\$ 861	\$ 5,526	\$ 519	\$ --	\$ --	\$ 6,906
Net earnings (net loss) from discontinued operations	\$ 45	\$ (20)	\$ --	\$ (444)	\$ (136)	\$ (555)	\$ 389	\$ (130)	\$ (771)	\$ 48	\$ 170	\$ (294)

(unaudited)	2007						Six months 2006 (restated)					
	Semi-trailers	Forestry equipment	Multi-residential buildings	France	Mexico (Juárez)	Total	Semi-trailers	Forestry equipment	Multi-residential buildings	France	Mexico (Juárez)	Total
Sales	\$ 865	\$ 3,311	\$ 12	\$ --	\$ --	\$ 4,188	\$ 1,294	\$ 9,905	\$ 2,492	\$ --	\$ --	\$ 13,691
Net earnings (net loss) from discontinued operations	\$ 12	\$ (136)	\$ --	\$ (394)	\$ (186)	\$ (704)	\$ 372	\$ (342)	\$ (1,275)	\$ 55	\$ 278	\$ (912)

The assets and liabilities of the discontinued operations presented on the balance sheet are as follows:

	As at June 30 2007 (unaudited)					As at December 31 2006				
	Semi-trailers	Forestry equipment	France	Mexico (Juárez)	Total	Semi-trailers	Forestry equipment	France	Mexico (Juárez)	Total
<b>Assets</b>										
<b>Current assets</b>										
Cash	\$ --	\$ --	\$ --	\$ 174	\$ 174	\$ --	\$ --	\$ --	\$ 223	\$ 223
Accounts receivable	75	1,668	71	798 <sup>(4)</sup>	2,612	429	4,572	75	882 <sup>(4)</sup>	5,958
Inventories	--	1,480	--	--	1,480	--	4,410	--	--	4,410
Income taxes recoverable	375	707	--	--	1,082	--	1,064	--	--	1,064
Future income tax assets	210	855	--	--	1,065	210	741	--	--	951
Prepaid expenses	--	24	--	--	24	--	12	--	--	12
Total current assets of discontinued operations	660	4,734	71	972	6,437	639	10,799	75	1,105	12,618
Semitrailers and forestry equipment leased to clients <sup>(1)</sup>	5,571	625	--	--	6,196	6,369	709	--	--	7,078
Property, plant and equipment held for sale	--	1,697	--	604	2,301	--	2,392	--	662	3,054
Investments <sup>(2)</sup>	--	--	--	--	--	22	--	--	--	22
Long-term receivables	4,457 <sup>(3)</sup>	1,250	6,497	--	12,204	5,000 <sup>(3)</sup>	1,614	7,149	--	13,763
Future income tax assets	185	--	--	--	185	--	--	--	--	--
Total long-term assets of discontinued operations	10,213	3,572	6,497	604	20,886	11,391	4,715	7,149	662	23,917
Total assets of discontinued operations	\$ 10,873	\$ 8,306	\$ 6,568	\$ 1,576	\$ 27,323	\$ 12,030	\$ 15,514	\$ 7,224	\$ 1,767	\$ 36,535
<b>Liabilities</b>										
<b>Current liabilities</b>										
Accounts payable and accrued liabilities	\$ 13	\$ 708	\$ --	\$ 47	\$ 768	\$ 167	\$ 2,367	\$ --	\$ 51	\$ 2,585
Deferred revenue <sup>(1)</sup>	1,731	191	--	--	1,922	1,731	23	--	--	1,754
Income taxes payable	--	--	--	--	--	17	--	--	--	17
Total current liabilities of discontinued operations	1,744	899	--	47	2,690	1,915	2,390	--	51	4,356
Obligations relating to residual values	--	196	--	--	196	--	196	--	--	196
Deferred revenue <sup>(1)</sup>	4,264	315	--	--	4,579	5,130	423	--	--	5,553
Future income tax liabilities	--	58	--	--	58	--	58	--	--	58
Other liabilities	23	--	--	--	23	23	--	--	--	23
Total long-term liabilities of discontinued operations	4,287	569	--	--	4,856	5,153	677	--	--	5,830
Total liabilities of discontinued operations	\$ 6,031	\$ 1,468	\$ --	\$ 47	\$ 7,546	\$ 7,068	\$ 3,067	\$ --	\$ 51	\$ 10,186

<sup>(1)</sup> The amounts of \$5,571 (\$6,369 as at December 31, 2006) for semitrailers and \$625 (\$709 as at December 31, 2006) for forestry equipment leased to clients result from the application of EIC-84 and EIC-85 relating to guarantees provided to financial institutions regarding resale values or lease contracts. These assets and the related liabilities are amortized on a straight-line basis over the duration of the guarantees that expire at various dates through 2010.

The Company has guaranteed commitments for semitrailer and forestry equipment leased to clients for an amount of \$1,723 (\$2,755 as at December 31, 2006), which have been included under Contingencies and Commitments (note 10).

<sup>(2)</sup> The investment of \$22 as at December 31, 2006 represents the Class "D" shares the Company holds in Manac Inc. The consideration for this investment consists of the provision for warranties and financing guarantees that will be disbursed by Manac Inc. The initial total amount was \$2,969.

<sup>(3)</sup> Long-term debenture from Manac Inc., bearing interest at an annual rate of 6% and redeemable in February 2013. On January 1, 2007, this debenture was adjusted pursuant to Section 3855 of the CICA Handbook (note 1).

<sup>(4)</sup> Includes an amount of US\$750 under escrow in case of any potential claims following the sale of the Juárez assets in August 2005. The initial amount under escrow was US\$1,500.

The net cash flow amounts related to the discontinued operations are as follows:

Periods ended June 30, 2007 and June 24, 2006

(unaudited)	Three months	
	2007	2006 (restated)
Operating activities	\$ 1,851	\$ 966
Financing activities	--	(435)
Investing activities	63	(546)
	<u>\$ 1,914</u>	<u>\$ (15)</u>

(unaudited)	Six months	
	2007	2006 (restated)
Operating activities	\$ 4,105	\$ 2,039
Financing activities	--	(543)
Investing activities	289	(1,109)
	<u>\$ 4,394</u>	<u>\$ 387</u>

## 10. Contingencies and Commitments

- The Company 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 Company.

- The Company has guaranteed bank loans and letters of credit for an amount of up to \$6,684 as at June 30, 2007 (\$7,176 as at December 31, 2006). The guaranteed loans are as follows:

	As at June 30 2007 (unaudited)	As at December 31 2006
Portfolio investment	\$ 4,017	\$ 4,017
Third parties	2,667	3,159
	<u>\$ 6,684</u>	<u>\$ 7,176</u>

- In the normal course of business, the Company has guaranteed commitments for semitrailers and forestry equipment leased to clients for an amount of up to \$1,723 (\$2,755 as at December 31, 2006). The guaranteed loans are as follows:

	As at June 30 2007 (unaudited)	As at December 31 2006
Other related companies(1)	\$ 397	\$ --
Third parties	1,326	2,755
	<u>\$ 1,723</u>	<u>\$ 2,755</u>

(1) Corresponds to guarantees for a company controlled by Placements CMI Inc.

## 11. Financial Instruments

The Company is exposed to exchange risks for sales denominated in U.S. dollars. These risks are partially offset by purchases in U.S. dollars and foreign currency forward contracts.

The Company held the following foreign currency forward contracts:

### Designated as hedging instruments

As at June 30, 2007 (unaudited)

Maturity	Type	Average rate	Contract amounts (U.S. dollars)
From 0 to 12 months	Sale	1.1653	\$ 15,000
From 13 to 24 months	Sale	1.1600	\$ 9,000

### Not designated as hedging instruments

As at June 30, 2007 (unaudited)

Maturity	Type	Average rate	Contract amounts (U.S. dollars)
From 0 to 12 months	Sale	1.1482	\$ 25,425
From 13 to 24 months	Sale	1.1450	\$ 3,000

As at December 31, 2006

Maturity	Type	Average rate	Contract amounts (U.S. dollars)
From 0 to 12 months	Sale	1.1280	\$ 45,310
From 13 to 24 months	Sale	1.1407	\$ 7,000

## 12. Subsequent Event

On July 16, 2007, the Company acquired the majority of the assets of Eastern Bridge, LLC for a consideration of US\$4,936 (\$5,151). This company, which is located in the State of New Hampshire in the United States, specializes in the fabrication of steel structures for road and railway bridges.



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## SHAREHOLDER INFORMATION

### Stock Exchange Listing

Common shares  
TSX  
Trading symbol: CAM

### CUSIP Number

Common shares: 13710C 10 7  
ISIN CA 13710C1077

### Earnings Release Date

3rd quarter: November 2, 2007