

# Quarterly Report 3

September 30, 2003



Beyond the cycles

# Message to Shareholders and Employees

The Canam Manac Group posted a net loss of \$7,114,000 or \$0.22 per share for the third quarter ending September 30, 2003, compared with a net loss of \$2,263,000 or \$0.07 per share for the same period in 2002. Cumulative results for the first nine months of the year show a net loss of \$19,223,000 or \$0.58 per share, compared with a net loss of \$14,475,000 or \$0.43 per share in 2002.

Consolidated sales for the third quarter decreased by 14.2%, declining from \$254,904,000 in 2002 to \$218,763,000 in 2003. Cumulative sales for the first nine months of the 2003 reached \$599,586,000 compared with \$703,703,000 in 2002.

Lower sales and the resulting losses are attributed primarily to the significant decline in the U.S. commercial and industrial construction market. During the first nine months of the year, the steel components sector posted sales of \$412,664,000, compared with \$522,966,000 last year. The loss for the quarter in the United States resulted from a 26% slowdown in fabrication and a marginal increase in selling prices. The Canadian market remains steady, particularly in Ontario and Western Canada.

In the semitrailer sector, Manac showed positive results despite current economic conditions. The division posted sales of \$175,512,000 for the first nine months of 2003, compared with \$171,840,000 during the same period in 2002. Manac reported a net loss of \$716,000 for the first nine months of the year compared with a net loss of \$1,476,000 in 2002.

Third quarter profit margin of \$24,488,000 for the Group represented 11.2% of sales. Profit margin for the first six months of 2003 was 10.2%. Sales and administration charges of \$21,950,000 were similar to charges in the same quarter last year. The company is pursuing its rationalization efforts to reduce costs and remain competitive. These reductions will allow recurrent annual savings of \$8,000,000. Operating results over the last quarters have improved and we expect this tendency to continue into the next several quarters. The effects of our cost reduction measures will begin to impact the company in the first quarter of 2004.

As at September 30, 2003, the backlog in the steel components sector represented a volume of 166,775 tons, or a 7%

increase over the same quarter last year. As at September 30, 2003, Steel Plus Network had 143 members, compared with 131 for the same period last year, an increase of 9%.

In the semitrailer sector, the backlog reached 955 units, a decrease when compared with 1,137 units in the second quarter. This reduction is the result of the temporary shutdown of the Orangeville plant announced in July.

As part of our new strategy to pursue value added applications, an agreement was reached between Canam Systems and Intelligent Engineering (IE) for the fabrication and marketing rights for the Sandwich Plate System (SPS) in North America and the Caribbean. This new product is used primarily for mid- and long-span bridge deck construction as well as other civil engineering applications. We believe that this new product has the potential to generate significant revenue and profit over the next several years.

The company is continuing its efforts to sell its joist operations in the United States and México or to find a strategic partner. The company remains confident that it will be able to reach its initial objectives to sell its operations or reach a strategic partnership agreement for these plants.

The Board of Directors did not declare a quarterly dividend for the third quarter.



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



Marc Dutil  
President and Chief Operating Officer

Ville de Saint-Georges, Beauce  
November 13, 2003

# Management's Discussion and Analysis

## Consolidated quarterly results

Consolidated sales of The Canam Manac Group reached \$218,763,000 for the third quarter of 2003, a decrease of 14.2% compared with \$254,904,000 for the same period in 2002. Since the beginning of the year, consolidated sales reached \$599,586,000, a decrease of 14.8% when compared with \$703,703,000 in sales in 2002.

This decrease reflects the unfavorable situation of the steel components sector, particularly in the United States. Sales for this industrial sector reached \$164,610,000 during the third quarter of the year, a decrease of 12.7% compared with the third quarter of 2002. In the United States, this decrease was 35.8% for the quarter. Cumulative sales in the United States for the first three quarters of 2003 represent 53.3% of sales for the same period in 2002.

In the semitrailer sector, Manac did not sustain the 16.1% sales increase that was recorded in the first quarter of the year, primarily resulting from the sudden increase in the value of the Canadian dollar compared with U.S. currency. The temporary closing of the Manac plant in Orangeville, Ontario, announced at the end of the second quarter, explains the lower sales figures, which were \$63,486,000 in 2002 and \$49,687,000 in the third quarter of 2003, a decrease of 21.7%. Manac's sales have increased 2.1% since the beginning of the year. A recovery in this industry combined with more stable currency markets is expected to have a positive effect on the Group's financial results.

Sales for Tanguay Industries division have increased 40.8% compared with third quarter sales in 2002 and have increased 22.8% since the start of 2003, compared with cumulative sales as at September 30, 2002. The temporary shutdown of forestry equipment manufacturing at the plant in Saint Prime, Quebec, contributed to lower inventories. This industrial sector is expecting a recovery following a settlement between Canada and the United States regarding the trade disagreement over softwood lumber.

For the third quarter, Canam Manac Group's gross margin rose above 10.0% to reach 11.2%. Since the beginning of 2003, gross margin is at 10.6%.

Sales and administration charges for the quarter are similar to last year decreasing by \$1,671,000 since the beginning of the year. Management will continue to closely control costs while maintaining its labor resources.

Financial expenses increased by 14.4% in the third quarter when compared with last year, and have increased 20.3% since the beginning of the year. These expenses include the commissions and fees related to the new bank loan agreement.

Net loss for the third quarter was \$7,114,000, or \$0.22 per share. Since the beginning of the year, net loss was \$19,223,000, or \$0.58 per share. Net loss for the last quarter was not reduced by exchange gains, as was the case in the second quarter, and to a lesser extent in the first quarter of 2003. Manufacturing activities were more profitable over the first two quarters of the year.

The Company's balance sheet reflects management's efforts to maintain tight control over inventory levels. Despite increased sales, inventory levels declined 8.6% compared with the second quarter of 2003 and by 4.0% compared with inventory levels as at December 31, 2002. Accounts receivable are comparable to second quarter levels, excluding the \$14,780,000 related to the transaction with Leroux steel collected during the third quarter. The level of accounts receivable and increased sales indicate careful management of the company's liquidity.

Fixed assets decreased by \$5,317,000 since the second quarter of the year, due particularly to the effects of the increase in the value of the Canadian dollar compared with the U.S. dollar. Since the beginning of 2003, the effect of the exchange rate on asset value was \$20,870,000. The exchange rate as at September 30, 2003, was 1.3546 for the U.S. dollar and 0.1240 for the Mexican peso. As at December 31, 2002, these rates were 1.5796 and 0.1516 respectively. During the quarter, fixed asset acquisitions were \$2,005,000, for a total of \$6,263,000 since the beginning of the year.

The portion of long-term debt posted to liabilities due in less than one year was reduced by \$11,241,000 to

## Management's Discussion and Analysis

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reach \$101,766,000 during the third quarter. This element includes the regular payment of US\$15,429,000 in outstanding Senior Notes in US dollars issued in 1997 maturing in May 2004 and the use of Canadian bank loans. Long-term debt remains at levels similar to those of June 30, 2003.

Convertible debentures of \$27,000,000 issued during the second quarter were posted to a specific item of shareholders' equity in accordance with the handbook of the Canadian Institute of Chartered Accountants (CICA).

In light of the financial results, the situation of the economy and the affirmative obligations in the loan agreement with the Company's bankers, the Board of directors has maintained its decision not to declare a dividend.

### Consolidated statement of cash flows

Operating activities for the third quarter generated a positive cash flow of \$3,257,000. Cash flows related to financing activities include the reimbursement of long-term debt and bank loans of \$11,542,000.

With regard to investing activities, the Company collected sales proceeds from its holdings in Leroux Steel and are posted as "Proceeds from disposal of investments". Acquisition of fixed assets reached \$2,005,000 during the third quarter

### Outlook

As at September 30, 2003, the backlog in the steel components sector was 166,775 tons, an increase of 7.2% compared with the same quarter in 2002. In the semitrailer sector, the temporary closing of the plant in Orangeville, Ontario, reduced the backlog to 955 units. The backlog in the second quarter of 2003 was 1,137 units.

### Mandate to Banc of America Securities

As stated in the second quarterly report of 2003, the Group has mandated Banc of America Securities to sell the Company's steel joist and deck production operations in the United States and México, or to find a strategic partner. This mandate continues according to the prescribed timeframe.

### Reference

Management of The Canam manac Group invites readers to consider the most recent annual financial statements of the Company when reading the present interim financial statements.



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



Daniel Paillé  
Vice President and Chief Financial Officer

# Quarterly Results

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

Quarter	2000		2001		2002		2003		
	Total	Per share	Total	Per share	Total	Per share	Total	Per share	
Net income	1 <sup>st</sup>	\$ 9,768	\$ 0.28	\$ 9,299	\$ 0.28	\$ 752	\$ 0.02	\$ (7,661)	\$(0.22)
(net loss)	2 <sup>nd</sup>	12,812	0.36	9,528	0.28	659	0.02	(4,448)	(0.14)
from continuing	3 <sup>rd</sup>	19,330	0.57	8,235	0.25	(2,263)	(0.07)	(7,114)	(0.22)
operations	4 <sup>th</sup>	22,693	0.66	7,306	0.21	(100)	0.00		
	Total	\$ 64,603	\$ 1.87	\$ 34,368	\$ 1.02	\$ (952)	\$(0.03)		
Net income	1 <sup>st</sup>	\$ 9,336	\$ 0.27	\$ 7,440	\$ 0.22	\$ (1,595)	\$(0.05)	\$ (7,661)	\$(0.22)
(net loss)	2 <sup>nd</sup>	11,841	0.33	8,268	0.25	(10,617)	(0.31)	(4,448)	(0.14)
	3 <sup>rd</sup>	17,113	0.50	6,918	0.21	(2,263)	(0.07)	(7,114)	(0.22)
	4 <sup>th</sup>	17,272	0.51	4,977	0.14	(100)	0.00		
	Total	\$ 55,562	\$ 1.61	\$ 27,603	\$ 0.82	\$(14,575)	\$(0.43)		
Sales	1 <sup>st</sup>	\$ 242,713		\$ 242,300		\$ 218,820		\$ 189,721	
	2 <sup>nd</sup>	240,954		242,281		229,979		191,102	
	3 <sup>rd</sup>	292,058		257,024		254,904		218,763	
	4 <sup>th</sup>	298,265		268,360		230,173			
	Total	\$ 1,073,990		\$ 1,009,965		\$ 933,876			

## Consolidated Statements of Earnings

Periods ended September 30 (in thousands of dollars, except per share amounts) (unaudited)	Three months		Nine months	
	2003	2002	2003	2002
Sales	\$ 218,763	\$ 254,904	\$ 599,586	\$ 703,703
Cost of sales	194,275	224,034	536,226	607,152
Gross profit	24,488	30,870	63,360	96,551
Selling and administrative expenses	21,950	21,886	62,459	64,130
Exchange losses (gain)	210	41	(10,541)	370
Continued Improvement Program	428	604	985	1,443
Other revenues	(517)	(540)	(1,700)	(1,775)
	2,417	8,879	12,157	32,383
Depreciation of fixed assets	8,266	7,425	25,340	22,269
Financial expenses	5,902	5,161	16,850	14,005
Loss on disposal of investment	--	--	986	--
Loss before income tax recovery and undermentioned items	(11,751)	(3,707)	(31,019)	(3,891)
Income tax recovery				
Current	(533)	(678)	(5,315)	(1,743)
Future	(4,104)	(766)	(6,721)	(1,292)
	(4,637)	(1,444)	(12,036)	(3,035)
Loss before undermentioned items	(7,114)	(2,263)	(18,983)	(856)
Share of earnings (loss) of limited partnership	--	--	(240)	4
Net loss from continuing operations	(7,114)	(2,263)	(19,223)	(852)
Net loss from discontinued operation (note 3)	--	--	--	(13,623)
Net loss	\$ (7,114)	\$ (2,263)	\$ (19,223)	\$ (14,475)
Net loss per Class "A" subordinate share				
Basic:				
From continuing operations	\$ (0.22)	\$ (0.07)	\$ (0.58)	\$ (0.03)
From discontinued operation	--	--	--	(0.40)
Total	\$ (0.22)	\$ (0.07)	\$ (0.58)	\$ (0.43)
Diluted:				
From continuing operations	\$ (0.22)	\$ (0.07)	\$ (0.58)	\$ (0.03)
From discontinued operation	--	--	--	(0.40)
Total	\$ (0.22)	\$ (0.07)	\$ (0.58)	\$ (0.43)
Weighted average number of shares				
Basic	34,136	34,057	34,120	34,037
Diluted	34,137	34,489	34,164	34,489
Number of Class "A" subordinate shares			34,136	34,075
Number of Class "C" shares			5,150	5,150

## Consolidated Statements of Retained Earnings

Periods ended September 30 (in thousands of dollars) (unaudited)	Three months		Nine months	
	2003	2002	2003	2002
Opening balance before restatement	\$ 124,153	\$ 143,043	\$ 137,955	\$ 160,543
Deferred exchange loss	--	--	--	(2,565)
Restated	124,153	143,043	137,955	157,978
Net loss	(7,114)	(2,263)	(19,223)	(14,475)
Dividends	--	(1,361)	(682)	(4,084)
Convertible debentures issue expenses, net of related income taxes of \$365	(5)	--	(741)	--
Interest on convertible debentures, net of related income taxes of \$357	(449)	--	(724)	--
Closing balance	\$ 116,585	\$ 139,419	\$ 116,585	\$ 139,419

# Consolidated Balance Sheets

(in thousands of dollars)	2003 As at September 30 (unaudited)	2002 As at December 31 (audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,443	\$ 2,917
Short-term investments	406	632
Accounts receivable	165,426	152,266
Inventories	126,153	131,412
Income taxes recoverable	5,472	11,545
Future income tax assets	14,926	10,461
Prepaid expenses and other assets	3,806	6,590
Current assets of discontinued operation	5,405	6,144
Total current assets	323,037	321,967
Investments	101,766	116,335
Fixed assets	267,513	303,886
Semitrailers sold as an operating lease	29,370	29,058
Other assets of discontinued operation	3,435	3,435
Future income tax assets	8,455	7,814
Other assets	9,898	15,682
	\$ 743,474	\$ 798,177
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank loans	\$ 24,473	\$ 22,403
Accounts payable and accrued liabilities	139,557	151,307
Income taxes payable	18	2,284
Future income tax liabilities	2,457	2,457
Long-term debt due within one year	110,563	113,844
Total current liabilities	277,068	292,295
Long-term debt (note 4)	162,976	200,084
Obligation relating to residual values	6,122	5,896
Deferred revenues	31,173	26,396
Future income tax liabilities	14,401	15,729
Class "C" shares	2,105	2,105
	493,845	542,505
<b>Shareholders' Equity</b>		
Share capital (note 5)	114,839	114,682
Convertible debentures (note 6)	27,000	-
Retained earnings	116,585	137,955
Contributed surplus	1,183	991
Cumulative translation adjustments	(9,978)	2,044
	249,629	255,672
	\$ 743,474	\$ 798,177

# Consolidated Statements of Cash Flows

Periods ended September 30 (in thousands of dollars) (unaudited)	Three months		Nine months	
	2003	2002	2003	2002
Cash flows related to the following activities:				
<b>Operations</b>				
Net loss from continuing operations	\$ (7,114)	\$ (2,263)	\$ (19,223)	\$ (852)
Items not affecting cash				
Depreciation	8,642	7,494	26,056	22,396
Future income tax recovery	(4,102)	(766)	(6,429)	(1,292)
Loss (gain) on disposal of fixed assets	613	547	(74)	410
Loss on disposal of investment	--	--	986	--
Other revenues	(207)	--	(1,516)	(164)
Deficiency in pension contributions over pension expense	219	25	659	260
Compensation cost related to stock options	64	--	192	--
Share of earnings (loss) of limited partnership	--	--	240	(4)
	<u>(1,885)</u>	<u>5,037</u>	<u>891</u>	<u>20,754</u>
<b>Net change in non-cash operating working capital items</b>				
Decrease (increase) in accounts receivable	3,165	(4,962)	(20,659)	(8,592)
Decrease (increase) in inventories	11,568	4,769	(963)	(4,423)
Decrease (increase) in income taxes recoverable	(526)	(1,455)	4,542	(3,961)
Decrease (increase) in prepaid expenses and other assets	1,587	(468)	2,327	(35)
Increase (decrease) in accounts payable	(10,085)	(783)	2,411	31,703
Increase (decrease) in deposit on contract	2	(6,775)	(497)	(25,940)
Increase (decrease) in interest payable	(2)	108	(369)	(3)
Increase (decrease) in income taxes payable	(567)	480	(2,151)	(26)
	<u>5,142</u>	<u>(9,086)</u>	<u>(15,359)</u>	<u>(11,277)</u>
Cash flows from continuing operations	<u>3,257</u>	<u>(4,049)</u>	<u>(14,468)</u>	<u>9,477</u>
<b>Financing</b>				
Proceeds from issuance of shares	--	109	157	293
Dividend paid	--	(1,361)	(682)	(29,590)
Increase in long-term debt and bank loans	1,841	90,084	17,335	141,969
Repayment of long-term debt and bank loans	(11,542)	(62,407)	(34,271)	(71,753)
Gross proceeds from debenture issue	--	--	27,000	--
Variation in long-term receivables	255	625	253	685
Issue expenses related to new long-term debt	(60)	(1,575)	(1,125)	(1,575)
Issue expenses related to debentures	(7)	--	(1,106)	--
Other	801	481	1,980	1,064
Cash flows from continuing financing activities	<u>(8,712)</u>	<u>25,956</u>	<u>9,541</u>	<u>41,093</u>
<b>Investment</b>				
Proceeds from disposal of fixed assets	(544)	964	59	1,213
Acquisition of fixed assets	(2,005)	(7,498)	(6,263)	(21,723)
Proceeds from disposal of investments	11,085	150	12,099	9,298
Acquisition of investments	(3,165)	(862)	(3,390)	(21,836)
Acquisition of assets	--	(6,813)	--	(6,813)
Distribution from limited partnership	29	--	511	--
Cash flows from continuing investing activities	<u>5,400</u>	<u>(14,059)</u>	<u>3,016</u>	<u>(39,861)</u>
<b>Effect of foreign exchange rate changes on cash</b>	<u>(22)</u>	<u>15</u>	<u>(302)</u>	<u>(125)</u>
<b>Net increase (decrease) in cash from continuing operations</b>	<u>(77)</u>	<u>7,863</u>	<u>(2,213)</u>	<u>10,584</u>
<b>Net cash flows of the discontinued operation</b>	<u>--</u>	<u>(6,697)</u>	<u>739</u>	<u>(8,927)</u>
<b>Cash - Beginning of period</b>	<u>1,520</u>	<u>2,267</u>	<u>2,917</u>	<u>1,776</u>
<b>Cash - End of period</b>	<u>\$ 1,443</u>	<u>\$ 3,433</u>	<u>\$ 1,443</u>	<u>\$ 3,433</u>
<b>Supplementary information</b>				
Interest paid	\$ 4,580	\$ 6,758	\$ 15,206	\$ 15,894
Income taxes paid	\$ 93	\$ 1,560	\$ 369	\$ 2,572

# Notes to Consolidated Financial Statements

## 1. Significant accounting policies

The interim unaudited consolidated financial statements of the Company, as at September 30, 2003, have been prepared in accordance with Canadian generally accepted accounting principles and must be examined considering the most recent annual financial statements.

These principles are according to those used in the audited 2002 annual financial statements.

## 2. Segmented information

Historically, the steel components sector generally has lower performance in the first six months of the year. The following statements do not include the discontinued operation.

Periods ended September 30 (in thousands) (unaudited)		Three months				Total
		Steel components	Semitrailers	Forestry equipment	Head office	
Sales	2003	\$ 164,610	\$ 49,687	\$ 4,334	\$ 132	\$ 218,763
	2002	\$ 188,465	\$ 63,486	\$ 3,079	\$ (126)	\$ 254,904
Segmented net revenues (loss)	2003	\$ (3,637)	\$ (368)	\$ (164)	\$ (2,945)	\$ (7,114)
	2002	\$ (557)	\$ 304	\$ (268)	\$ (1,742)	\$ (2,263)

Periods ended September 30 (in thousands) (unaudited)		Nine months				Total
		Steel components	Semitrailers	Forestry equipment	Head office	
Sales	2003	\$ 412,664	\$ 175,512	\$ 10,735	\$ 675	\$ 599,586
	2002	\$ 522,966	\$ 171,840	\$ 8,744	\$ 153	\$ 703,703
Segmented net revenues (loss)	2003	\$ (8,993)	\$ (716)	\$ (665)	\$ (8,849)	\$ (19,223)
	2002	\$ 5,394	\$ (1,476)	\$ (699)	\$ (4,071)	\$ (852)

Net loss - Head office	Three months		Nine months	
	2003	2002	2003	2002
Financial charges	\$ (3,440)	\$ (2,450)	\$ (9,831)	\$ (7,443)
Income taxes recovery	1,989	681	5,186	3,197
Other revenues (expenses)	(1,494)	27	(4,204)	175
	\$ (2,945)	\$ (1,742)	\$ (8,849)	\$ (4,071)

Sales <sup>(1)</sup>	Three months		Nine months	
	2003	2002	2003	2002
Canada	\$ 135,478	\$ 127,803	\$ 375,254	\$ 297,965
United States	77,474	120,657	206,749	388,408
México	5,811	6,444	17,583	17,330
	\$ 218,763	\$ 254,904	\$ 599,586	\$ 703,703

(1) Sales are attributed to different countries according to their origin.

## 3. Discontinued operation

On April 15, 2002, the Board of Directors of The Canam Manac Group Inc. approved a plan to sell the operations of Canam S.A. which operates the structural steel plant in Niort. The first plant located in Jarny ceased operations on April 19, 2002.

The results of the discontinued operation are as follows:

Periods ended September 30 (in thousands of dollars) (unaudited)	Three months		Nine months	
	2003	2002	2003	2002
Sales	\$ --	\$ 7,975	\$ --	\$ 19,286
Operating net loss <sup>(1)</sup>	--	--	--	(3,014)
Net loss on disposal of operation <sup>(1)</sup>	--	--	--	(10,609)
Net loss from discontinued operation	\$ --	\$ --	\$ --	\$ (13,623)

(1) No income tax expense applicable.

# Notes to Consolidated Financial Statements

## 4. Long-term Debt

On April 23, 2003, the Company replaced its current revolving loan of \$100,000,000 into a new 400-day \$100,000,000 credit facility consisting of a \$25,000,000 revolving credit and a \$75,000,000 non-revolving credit, renewable for an additional 400-day period. Both of these loans carry interest at a fixed or variable rate based on the prime rate. An amount of \$40,000,000 of non-revolving credit is guaranteed by the Company who granted a first mortgage on its moveable and immovable assets.

The Company also made financial commitments and is restricted by covenants, one of which states that dividends are to be paid according to certain ratios. For the quarter ending September 30, 2003, the Company did not pay any dividends.

## 5. Share Capital

### Authorized

- Unlimited number of Class "A" subordinate shares, without par value participating, entitling the holder to one vote per share.
- Unlimited number of Class "C" shares, without par value, entitling their holders to five votes per share, redeemable at the option of the holder at a redemption price equal to the average paid-up capital per Class "C" share, bearing an annual, preferential, fixed, non-cumulative dividend of \$0.02666 per share and conferring an anti-dilution right by providing a subscription right, as the case may be, to the issuance of an additional number of Class "C" shares should Class "A" subordinate shares be issued.
- 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 directors.

### Issued and paid

Class "A" subordinate shares	Number	Amount (in thousands of dollars)
Outstanding as at December 31, 2001	34,008,220	\$ 114,374
Issued Class "A" subordinate shares on options exercised	70,600	308
Outstanding as at December 31, 2002	34,078,820	\$ 114,682
Issued Class "A" subordinate shares on options exercised	57,000	157
Outstanding as at September 30, 2003	<b>34,135,820</b>	<b>\$ 114,839</b>

### Class "C" shares

Outstanding as at December 31, 2002 and September 2003	<b>5,150,000</b>	<b>\$ 2,105</b>
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### Stock Option Plan

In 1985, the Company introduced a stock option plan and made it available to key employees (the "Plan"). Within the terms of the Plan, the Company may issue a maximum of 3,500,000 Class "A" subordinate shares to key employees.

During the third quarter, 65,000 options were granted. The weighted average fair value of options granted during the quarter is \$1.49 each. The compensation costs charged to earnings in the third quarter for all options were \$64,000, the corresponding credit was accounted for in the contributed surplus.

As at September 30, 2003, 1,997,780 options were outstanding.

## 6. Debentures

On April 23, 2003, the Company closed the offering of \$27,000,000 aggregate principal amount convertible unsecured subordinated debentures due 2008. The debentures bear interest at an annual rate of 9.25%, payable semi-annually. Each debenture will be convertible into subordinate voting shares at the option of the holder at any time prior to maturity at a conversion price of \$6.25 per subordinate voting share. The Company has the option of reimbursing the debentures and paying the interest by issuing Class "A" subordinate shares.

## 7. Contingencies

The Company is contesting a small number of lawsuits, claims and imminent litigations for compensation. In the opinion of management, the resolution of any such lawsuits or claims will not have a significant adverse effect on the financial position of the Company.

Regarding the guaranteed loans of related companies, no significant changes have been made since December 31, 2002.



## SHAREHOLDERS INFORMATION

Stock Exchange Listing

Class "A" subordinate shares

The Toronto Stock Exchange

Trading symbol: CAM.A

CUSIP NUMBER

Class "A" subordinate shares: 13710C107



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