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QUARTERLY REPORT
MARCH 31, 2004



People with Talent and Dedication

The Canam Manac Group Inc. reduces its loss in the first quarter ending March 31, 2004, mainly in the construction products sector. We expect that increase in our order book and selling prices since the beginning of the year will have a positive effect during the next quarters.

Consolidated sales reached \$179.7 million compared to \$189.7 million in 2003 while net loss was \$6.8 million or \$0.21 per share compared with a net loss of \$7.7 million or \$0.22 per share in 2003.

Business improved in the construction products sector with an increase of 4% in sales to reach \$127.1 million and the segmented net loss was reduced by 35% or \$1.8 million to reach \$3.4 million.

In general, all the fields of activity of the recently reorganized business units announced at the beginning of April have improved their performance over the first quarter of 2004 compared with 2003, particularly in the joists and deck segment.

In all, our 13 plants of the construction products segment processed 83,614 tons of steel compared with 76,285 tons in 2003, an increase of 10%.

Sales in the semitrailer sector decreased 25.0% to reach \$48.5 million compared to \$64.4 million in 2003. Sales during the first quarter of 2003, were not affected by the sudden and significant increase of the value of the Canadian dollar. Segmented net loss in 2004 was \$725,000 compared with earnings of \$243,000 for the same period in 2003. The closing of the plant in Orangeville announced during the summer of 2003 explains the drop in sales. For the period ending March 31, 2004, Manac manufactured a total of 1,411 semitrailers compared with 1,984 in 2003.

Sales of forestry equipment by Tanguay Industries is \$4.0 million compared with \$3.3 millions in 2003 and the segmented net loss was \$375,000 compared with a loss of \$223,000.

For the entire Canam Manac Group, gross profit is \$21.1 million compared to \$22.4 million in 2003. Selling and administration expenses decreased by 10% to reach \$18.9 million in 2004 compared with \$21.1 million in 2003. Financial charges were \$5.3 million,

a decrease compared with \$5.4 million in 2003. Depreciation of property, plant and equipment and amortization of intangible assets reached \$7.4 million compared with \$8.6 million in 2003.

The outlook for the remainder of 2004 is encouraging. The backlog of orders for all segments in the construction products sector is \$161.5 million compared with \$135.0 million for the same period in 2003, an increase of 20%. A recovery in non-residential construction in Canada and the United States indicates a positive outlook for this year and subsequent years.

We also announced the appointment of Pierre Lortie, to the Board of Directors to replace Claude Lessard who chose not to seek re-election as director.

The Board of Directors decided that no dividend would be paid for the current 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

April 30, 2004

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the Company's consolidated financial statements and the related accompanying notes for the quarter ended March 31, 2004 as well as with the annual management report on financial condition and results of operations contained in the Company's 2003 annual report, including the section describing risks and uncertainties.

The Company's accounting principles are in conformity with Canadian generally accepted accounting principles. The preparation of consolidated financial statements requires management to make estimates and pass judgments that affect the amounts recorded as assets, liabilities, sales and costs, as well as disclosures regarding contingent assets and liabilities. The Company reevaluates periodically the estimates based on historical precedents and reasonable assumptions.

All amounts are expressed in Canadian dollars unless otherwise indicated. As at March 31, 2004, the exchange rate used for the balance sheet was CAN\$/US\$1.3200 while it was CAN\$/US\$1.2924 as at December 31, 2003. For the statement of earnings, the average exchange rate for the first quarter of 2004 was CAN\$/US\$1.3184 compared to CAN\$/US\$1.5111 for the first quarter of 2003.

RESULTS OF OPERATIONS

During the first quarter ended March 31, 2004, the Company's consolidated sales reached \$179.7 million, a decrease of 5.3% compared with sales of \$189.7 million recorded for the first quarter of 2003. This \$10 million decrease is mainly due to sales of semitrailers which declined by \$15.9 million. Sales of steel components increased by \$5.3 million.

The combined sales of steel components has evolved since the first quarter of 2003. The recovery in sales of steel joists and steel deck has materialized during the first quarter of 2004 in Canada and in the United States with an increase of 6.4% over the corresponding quarter. This growth is due to the increase in the tonnage of processed steel and to the rise in prices. However, this segment also includes sales of heavy structural steel which have declined by 19.4% due,

among others, to the management's decision to limit its activities and to reduce its production capacity in order to focus on projects allowing to reach more acceptable gross margins.

The business recovery recorded during the first quarter of 2003 for the semitrailer sector did not materialize for the 2003 fiscal year, primarily resulting from the sudden and significant increase in the exchange rate after the first quarter of 2003. The permanent closing of the Orangeville plant in Ontario explains the decrease in Manac's sales, the latter having chosen to focus its activities mainly on specialized products with a more significant value added.

During the first quarter of 2004, the Company's gross margin was comparable to the margin recorded for the corresponding quarter of 2003, being 11.7% of sales, and exceeded the margins registered for the last three quarters of 2003. This situation represents another recovery indicator. For comparison purposes, the average steel price used during the first quarter of 2004 exceeded by 13.8% the average price for the end of 2003.

Selling and administrative expenses totalled \$18.9 million during the first quarter of 2004 compared to \$21.1 million for the corresponding quarter of 2003. The 10.5% decline is higher than the decline registered for sales and is mainly explained by the 12.0% decrease in administrative expenses as a result of the cost reduction measures applied by the Company.

During the first quarter of 2003, the Company realized exchange gains before income taxes of \$1.8 million by managing adequately its foreign currency hedging instruments against exchange rate fluctuations. The first quarter of 2004 did not show such an exceptional gain. The \$478,000 gain recorded in the earnings of the current quarter is mainly attributable to business transactions.

The depreciation and amortization expenses of property, plant and equipment and intangible assets amounted to \$7.4 million, a decrease of \$1.2 million over last year. The accelerated rate of capital expenditures realized at the end of the last upward cycle allowed to significantly reduce the use of funds for fixed assets during the last few years and this, by ensuring the leading-edge technology of our equipment.

Interest expenses stood at \$5.3 million during the first quarter of 2004, representing an amount slightly lower than the one recorded in the corresponding period of 2003. The decrease is mainly explained by interest of \$204,000 cashed on income taxes recovered and accounted for in the first quarter of 2004.

Under the stock-based compensation plan, the fair value method at the granting date has been used for awards granted since the beginning of 2002 and has been included in the Company's earnings. The related costs accounted for during the first quarter of 2004 were \$60,000. Moreover, the Company's management is currently analyzing other types of incentive compensation based on results instead of being based only on stock market price fluctuations.

The net loss from continuing operations stood at \$6.6 million in the first quarter of 2004, a \$1.0 million decrease over the corresponding period of 2003, which included an exceptional exchange gain before income taxes of \$1.8 million.

The results for the first quarter of the year are usually affected by the seasonal nature of the steel components sector.

The net loss from discontinued operation represents the application of a different Canadian dollar exchange rate in relation to the EURO (CAN\$1.6280 / EURO as at December 31, 2003 and CAN\$1.5961 / EURO as at March 31, 2004) on the Company's assets in France.

The net loss from continuing operations per Class A subordinate share was \$0.21 on a basic or diluted basis and also stood at \$0.21 with the addition of the discontinued operation. Interest on convertible debentures, net of related income taxes, has been included in the net loss per share calculations.

BALANCE SHEETS

The balance sheet items that significantly varied from the last corresponding period are accounts receivable and inventories, which increased by \$8.7 million and \$13.2 million, respectively. This situation is

directly attributable to the business recovery in the steel components sector, more specifically in the steel joists and steel deck sectors.

On the other hand, accounts payable and accrued liabilities increased by \$19.3 million and the portion of long-term debt due within one year increased by \$5.2 million. This increase is mainly explained by a \$4.7 million rise in the revolving credit outstanding and the exchange rate effect of \$426,000 on the US\$15.4 million instalment payable on May 5, 2004.

CASH POSITION

The business recovery has affected consolidated cash flows. Cash flows from continuing operating activities were negative and amounted to \$4.5 million, compared to a positive balance of \$315,000 in the first quarter of 2003.

The main components are the following: the net loss from continued operations which decreased by \$1.0 million and which was offset by a \$1.2 million decrease in depreciation and amortization, the \$1.1 million increase in income tax recovery, the increase in accounts receivable, inventories and income taxes recoverable partially offset by the increase in accounts payable and income taxes payable.

Concerning cash flows from financing activities, they amounted to \$4.8 million whereas cash flows from investing activities were almost nil since the additions to property, plant and equipment and intangible assets were only \$1.2 million and proceeds from sales of property, plant and equipment amounted to \$1.3 million.

As at March 31, 2004, the Company's cash position remained almost at the same level in comparison with the cash position as at December 31, 2003.

As at March 31, 2004, the current ratio was the same as the one recorded as at December 31, 2003, being 1.10: 1.0 or \$27.9 million compared to \$27.1 million at the end of the last quarter of 2003.

CONTRACTUAL OBLIGATIONS

In the normal course of operations, the Company maintains contractual obligations which are detailed in the following table:

Payments required per period

As at March 31, 2004 (in thousands of dollars)	Total	Less than one fiscal year	From 1 to 3 fiscal years	From 4 to 5 fiscal years	Over 5 fiscal years
Long-term debt	\$264,283	\$104,506	\$72,477	\$20,000	\$67,300
Operating lease	22,733	4,381	9,041	3,531	5,780
Obligation related to residual values	6,447	840	5,134	473	-
Deferred revenues ⁽¹⁾	23,550	5,828	11,649	3,788	2,285

⁽¹⁾ The deferred revenues recorded in the balance sheet also include deferred credits of \$8,336,000 for which it is not possible to set a maturity date other than a long-term one.

OFF-BALANCE SHEET ARRANGEMENTS

The Company entered into forward exchange contracts in order to hedge future purchases denominated in US dollars. As at March 31, 2004, the total amount of these contracts was \$13,900,000 at the average exchange rate of \$1.3278.

The Company has guaranteed bank loans and letters of credit on behalf of non-related companies, common control companies or related companies up to a maximum amount of \$52,299,025 (\$53,081,080 as at December 31, 2003). The Company has also guaranteed commitments entered into by non-related companies or common control companies for contracts related to semitrailers and equipment leased to customers up to a maximum amount of \$34,443,900 (\$33,376,200 as at December 31, 2003).

RELATED PARTY TRANSACTIONS

The Company did not conclude any significant transactions during the first quarter.

SIGNIFICANT ACCOUNTING ESTIMATES

Property, plant and equipment held for sale totalling \$14,037,000, current assets of discontinued operation amounting to \$6,973,000 as well as property, plant and equipment and other assets of discontinued operation totalling \$1,706,000 have been presented in accordance with the recommendations of the

CICA Handbook. The Company still considers that these amounts represent the lower of cost and net estimated realizable value, and the changes in balances only result from the exchange rate effect reflected in the net loss from discontinued operation for an amount of \$176,000.

CHANGES IN ACCOUNTING POLICIES

Accounting policies are consistent with those used for the annual financial statements, except for forward exchange contracts. As permitted, the Company has elected not to comply with the criteria related to hedge accounting. Accordingly, the forward exchange contracts have been accounted for at fair value. A loss of \$72,680 has been recognized in the earnings for the first quarter of 2004 in order to reflect the variation in the fair value of the outstanding forward exchange contracts.

In accordance with the recommendations of CICA Handbook Section 3860 related to financial instruments, effective from fiscal year 2005, convertible debentures will be presented as a liability rather than under shareholders' equity. Interest on debentures will be charged to earnings instead of being applied against retained earnings.

OUTLOOK

At the end of the first quarter of 2004, the backlogs in the steel components sector amounted to \$161.5 million compared to an amount of \$135.0 million in the corresponding quarter of 2003, representing an increase of 20%.

RISKS AND UNCERTAINTIES

The Company is confident in its long-term future prospects. However, the risks and uncertainties described in the 2003 annual report have to be considered. They might affect the Company's ability to realize its strategic vision and growth objectives. The reader is invited to consider these risks and uncertainties.

INTEGRITY OF RESULTS PRESENTATION

The Company's management is responsible for maintaining appropriate information systems, processes and control procedures ensuring that the information disclosed by the Company is complete and reliable.

SUBSEQUENT EVENTS - OPERATIONS

Manac

The Company announced the conclusion of an agreement with Solidarity Fund QFL, Financière Bourgie, Les Partenaires de Montréal and with a holding company controlled by Mr. Charles Dutil in order to proceed to the sale of the production and current assets of the Manac division, which is part of the Canam Manac Group. The transaction should be completed during the second quarter of 2004.

The transaction should yield approximately \$70.0 million to the Company and this, based on the current ratio at the closing of the transaction. This sum of \$70.0 million will be used to repay the Company's debt.

An independent committee of the Company's Board of Directors was formed and ruled that the consideration offered was financially fair. The independent committee, among others, took into consideration the equitable opinions prepared by BMO Nesbitt Burns Inc.

Assets in the United States

The Company found that the offers received as part of the selling of production assets related to steel joists and steel deck in the United States were deemed unsatisfactory, considering the market. While continuing to review the consolidation status of steel mills, steel manufacturers and steel joists and deck producers in the United States, the management announced its intention of closing permanently its facilities in Columbus, Ohio. This gradual closure will be completed during the third quarter of 2004.

Assets in Mexico

The Company announced the conclusion of a letter of intent with Mexican partners entitling them to acquire the Company's assets in Monterrey, Mexico. This agreement should be completed during the second quarter of 2004.

Tanguay Industries

During the first quarter of 2004, the management resumed the discussions related to a disinvestment in Tanguay Industries. The forestry equipment sector suffered the effects of the dispute over softwood lumber between Canada and the United States, and an industry consolidation is still required.

An agreement in principle has been completed in order to contemplate the sale of Tanguay Industries during fiscal 2004.

Business Segments

The Company's management announced a new management structure for its business segments, focussing more on the financial results of each niche. The Canam Manac group will remain the manufacturer of each product marketed under different trademarks.

SUBSEQUENT EVENTS - FINANCING

The Company's management maintains appropriate business relations with its bank creditors and ensures the renewal and renegotiation of its long-term bank and credit agreements. According to management, the Company will be able to refinance harmoniously its credit facilities.

The Company's loans bear interest at a rate based on banker's acceptances in Canadian dollars or at LIBOR rate in US dollars or at prime rate, plus a varying margin based on credit agreements. Loan agreements include covenants, and more specifically covenants requiring the respect of certain financial ratios on a quarterly basis. Agreements also limit the dividend amounts to be paid by the Company. Considering the results recorded in the first quarter of 2004, no dividend may be declared.

Revolving Credit

The Company and its bankers, the National Bank of Canada, the Royal Bank of Canada and the Caisse Centrale Desjardins entered into a global credit agreement of \$100.0 million on April 23, 2003, for a term of 400 days, renewable for another period of 400 days. This credit is now \$90.1 million, of which \$25.0 million of revolving credit and the balance in the form of non-revolving credit. As at March 31, 2004, the available balance was \$6.0 million. In accordance with the credit agreement, the Company requested the financial institutions concerned to renew the non-revolving and revolving credits for an additional period of 400 days. Based on ongoing discussions, the Company's management expects that the credits will be renewed.

Bank of America

The Company and Bank of America in the United States have entered into a revolving and non-revolving credit agreement since 2001, mainly to cover the current operations of the subsidiary Canam Steel Corporation and the latter's guarantees. An agreement was concluded in April 2004 between the Company and Bank of America for the short-term renewal of this credit. This agreement will be finalized in the second quarter.

Other

As at March 31, 2004, there were 34,135,820 shares and 1,940,980 stock options outstanding. The convertible debentures in the amount of \$27,000,000 are convertible at the holder's option into Class "A" shares, at all times before maturity, at a conversion price of \$6.25 per share for a maximum number of 4,320,000 shares. The Company has the option to reimburse the debentures and pay interest by issuing Class "A" subordinate shares.

The financial analysis, additional information, and the annual information form are available from SEDAR at www.sedar.com, the Web site of the Canadian securities administrators, as well as at the Company's Web site at www.canammanac.com.

The interim financial statements are unaudited and have not been subjected to a review engagement by the Company's external auditors.



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)

2004 Quarters	March 31 ⁽¹⁾	June 30	Sept. 30	Dec. 31	Total
Sales	\$179,731				\$179,731
Net loss from continuing operations	(6,634)				(6,634)
Net loss	(6,810)				(6,810)
Basic and diluted net loss per share from continuing operations	(0.21)				(0.21)
Basic and diluted net loss per share	(0.21)				(0.21)
Total assets	706,813				
Long-term debt	159,777				
2003 Quarters					
Sales	\$189,721	\$191,102	\$218,763	\$226,146	\$825,732
Net loss from continuing operations	(7,661)	(4,448)	(7,114)	(19,366)	(38,589)
Net loss	(7,661)	(4,448)	(7,114)	(19,522)	(38,745)
Basic and diluted net loss per share from continuing operations	(0.22)	(0.14)	(0.22)	(0.59)	(1.17)
Basic and diluted net loss per share	(0.22)	(0.14)	(0.22)	(0.59)	(1.17)
Total assets	770,488	771,337	743,474	686,873	
Long-term debt	190,581	162,464	161,979	158,545	
Cash dividend declared:					
Per Class "A" subordinate share	0.02	--	--	--	0.02
Per Class "C" share	0.005	--	--	--	0.01
2002 Quarters					
Sales	\$218,820	\$229,979	\$254,904	\$230,173	\$933,876
Net earnings (loss) from continuing operations	752	659	(2,263)	(100)	(952)
Net loss	(1,595)	(10,617)	(2,263)	(100)	(14,575)
Basic and diluted net earnings (loss) per share from continuing operations	0.02	0.02	(0.07)	0.00	(0.03)
Basic and diluted net loss per share	(0.05)	(0.31)	(0.07)	0.00	(0.43)
Total assets	733,831	747,392	774,838	798,177	
Long-term debt	218,536	106,029	199,029	198,870	
Cash dividend declared:					
Per Class "A" subordinate share	0.04	0.04	0.04	0.04	0.16
Per Class "C" share	0.005	0.005	0.005	0.005	0.02
2001 Quarters					
Sales	\$242,300	\$242,281	\$257,024	\$268,360	\$1,009,965
Net earnings from continuing operations	9,299	9,528	8,235	7,306	34,368
Net earnings	7,440	8,268	6,918	4,977	27,603
Net earnings per share from continuing operations					
Basic	0.28	0.28	0.25	0.21	1.02
Diluted	0.28	0.27	0.25	0.21	1.01
Net earnings per share					
Basic	0.22	0.25	0.21	0.14	0.82
Diluted	0.22	0.24	0.21	0.14	0.81
Total assets	794,850	747,392	774,838	745,480	
Long-term debt	234,587	201,379	225,152	192,701	
Cash dividend declared:					
Per Class "A" subordinate share	0.04	0.04	0.04	0.79	0.91
Per Class "C" share	0.005	0.005	0.005	0.005	0.02

(1) No cash dividend declared for the first quarter of 2004.

CONSOLIDATED STATEMENTS OF EARNINGS

Periods ended March 31 (in thousands of dollars, except per share amounts)	Three months	
	2004 ⁽¹⁾	2003 ⁽¹⁾
Sales	\$ 179,731	\$ 189,721
Cost of sales	158,666	167,369
Gross profit	21,065	22,352
Selling and administrative expenses	18,909	21,116
Exchange gain	(478)	(912)
Continuous improvement program	266	238
Dividend income from a common control company	(500)	(520)
	2,868	2,430
Depreciation of property, plant and equipment	7,236	8,420
Amortization of intangible assets	187	160
Financial expenses	5,288	5,416
Loss (gain) on disposal of investments	9	(148)
Expenses related to the closing of a plant	- -	1,120
Loss before income tax recovery and undermentioned items	(9,852)	(12,538)
Income tax recovery		
Current	(1,423)	(4,170)
Future	(1,772)	(702)
	(3,195)	(4,872)
Loss before undermentioned items	(6,657)	(7,666)
Share in significantly-influenced companies' earnings	23	5
Net loss from continuing operations	(6,634)	(7,661)
Net loss from discontinued operation (note 3)	(176)	- -
Net loss	\$ (6,810)	\$ (7,661)
Net loss per share		
Basic and diluted:		
From continuing operations	\$ (0.21)	\$ (0.22)
From discontinued operation	- -	- -
Total	\$ (0.21)	\$ (0.22)
Weighted average number of shares		
Basic	34,136	34,089
Diluted	34,176	34,308
Number of Class "A" subordinate shares outstanding	34,136	34,111
Number of Class "C" shares	5,150	5,150

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Periods ended March 31 (in thousands of dollars)	Three months	
	2004 ⁽¹⁾	2003 ⁽¹⁾
Opening balance	\$ 96,628	\$ 137,955
Net loss	(6,810)	(7,661)
Dividends	- -	(682)
Interest on convertible debentures, net of related income taxes of \$196	(399)	- -
Closing balance	\$ 89,419	\$ 129,612

⁽¹⁾ The interim financial statements are unaudited and have not been subjected to a review engagement by the Company's external auditors.

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)	2004 As at March 31 ⁽¹⁾	2003 As at December 31 (audited)
Assets		
Current assets		
Cash	\$ 2,507	\$ 2,356
Short-term investments	264	258
Accounts receivable	157,236	148,565
Inventories	117,675	104,497
Income taxes recoverable	9,436	6,693
Future income tax assets	7,430	6,165
Prepaid expenses and other assets	5,417	4,845
Current assets of discontinued operation	6,973	7,079
Total current assets	306,938	280,458
Investments		
Property, plant and equipment	98,204	99,916
Semitrailers and forestry equipment leased to customers	236,019	239,729
Property, plant and equipment held for sale	27,696	29,013
Property, plant and equipment and other assets of discontinued operation	14,037	13,946
Future income tax assets	1,706	1,740
Intangible assets	9,949	9,939
Other assets	7,173	7,278
	5,091	4,854
	\$ 706,813	\$ 686,873
Liabilities		
Current liabilities		
Bank loans	\$ 23,791	\$ 22,534
Accounts payable and accrued liabilities	150,067	130,766
Income taxes payable	604	668
Future income tax liabilities	70	66
Portion of long-term debt due within one year	104,506	99,352
Total current liabilities	279,038	253,386
Long-term debt		
Obligation relating to residual values	159,777	158,545
Deferred revenues	5,607	5,599
Future income tax liabilities	26,058	27,264
Class "C" shares	12,981	12,977
	2,105	2,105
	485,566	459,876
Shareholders' Equity		
Share capital (note 5)	114,839	114,839
Convertible debentures	27,000	27,000
Retained earnings	89,419	96,628
Contributed surplus	1,322	1,262
Cumulative translation adjustments	(11,333)	(12,732)
	221,247	226,997
	\$ 706,813	\$ 686,873

⁽¹⁾ The interim financial statements are unaudited and have not been subjected to a review engagement by the Company's external auditors.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended March 31 (in thousands of dollars)	Three months	
	2004 ⁽¹⁾	2003 ⁽¹⁾
Cash flows from the following activities:		
Operating		
Net loss from continuing operations	\$ (6,634)	\$ (7,661)
Items not affecting cash		
Depreciation of property, plant and equipment	7,236	8,420
Amortization of intangible assets	187	160
Amortization of financial expenses	411	88
Future income tax recovery	(1,772)	(702)
Gain on disposal of property, plant and equipment	(9)	(64)
Loss on disposal of investment	11	--
Revenue from leased semitrailers and forestry equipment	(1,416)	(1,308)
Deficiency in pension contributions over pension expense	220	46
Compensation cost related to stock options	60	64
Share in significantly-influenced companies' earnings	(23)	(5)
	(1,729)	(962)
Net change in non-cash operating working capital items		
Decrease (increase) in accounts receivable	(4,977)	5,047
Decrease (increase) in inventories	(12,481)	(10,376)
Decrease (increase) in income taxes recoverable	(2,459)	5,788
Decrease (increase) in prepaid expenses and other assets	(499)	(455)
Increase (decrease) in accounts payable and accrued liabilities	16,789	2,721
Increase (decrease) in deposit on contract	--	(366)
Increase (decrease) in interest payable	60	(76)
Increase (decrease) in income taxes payable	751	(1,006)
	(2,816)	1,277
Cash flows from continuing operating activities	(4,545)	315
Financing		
Proceeds from issuance of shares	--	88
Dividends paid	--	(682)
Increase in long-term debt and bank loans	5,511	2,476
Repayment of long-term debt and bank loans	(251)	(728)
Variation in long-term receivables	(373)	29
Issue expenses related to long-term debt	(57)	(300)
Other	(77)	186
Cash flows from continuing financing activities	4,753	1,069
Investing		
Proceeds from disposal of property, plant and equipment	1,293	182
Additions to property, plant and equipment	(1,060)	(1,557)
Additions to intangible assets	(130)	(153)
Acquisition of investments	--	(186)
Financial expenses related to new investment	(223)	--
Distribution from limited partnership	--	482
Other assets	14	--
Cash flows from continuing investing activities	(106)	(1,232)
Effect of foreign exchange rate changes on cash	49	(154)
Net change in cash from continuing operations	151	(2)
Cash - Beginning of period	2,356	2,917
Cash - End of period	\$ 2,507	\$ 2,915
Supplementary information		
Interest paid	\$ 4,434	\$ 5,457
Income taxes paid	\$ 177	\$ 188

(1) The interim financial statements are unaudited and have not been subjected to a review engagement by the Company's external auditors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The interim unaudited consolidated financial statements of the Company, as at March 31, 2004, 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 2003 annual financial statements except for the foreign exchange forwards contracts. Since January 1, 2004, the Company has posted its foreign exchange contracts at fair value and any subsequent variation of this value is reflected in the earnings.

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 March 31 (in thousands of dollars)		Three months				
		Steel components	Semitrailers	Forestry equipment	Head office	Total
Sales	2004 ⁽¹⁾	\$ 127,056	\$ 48,541	\$ 3,968	\$ 166	\$ 179,731
	2003 ⁽¹⁾	\$ 121,727	\$ 64,436	\$ 3,289	\$ 269	\$ 189,721
Segmented net revenues (loss)	2004 ⁽¹⁾	\$ (3,361)	\$ (725)	\$ (375)	\$ (2,173)	\$ (6,634)
	2003 ⁽¹⁾	\$ (5,162)	\$ 243	\$ (223)	\$ (2,519)	\$ (7,661)

Net loss - Head office	Three months	
	2004	2003
Financial charges	\$ (3,120)	\$ (3,136)
Income taxes recovery	1,632	1,777
Other expenses	(685)	(1,160)
	\$ (2,173)	\$ (2,519)

Sales ⁽²⁾	Three months	
	2004	2003
Canada	\$ 109,782	\$ 115,177
United States	66,090	69,019
Mexico	3,731	5,525
Europe and Asia	128	--
	\$ 179,731	\$ 189,721

⁽¹⁾ The interim financial statements are unaudited and have not been subjected to a review engagement by the Company's external auditors.

⁽²⁾ 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 March 31 (in thousands of dollars)	Three months	
	2004 ⁽¹⁾	2003 ⁽¹⁾
Sales	\$ --	\$ --
Operating net loss	--	--
Net loss on disposal of operation	(176)	--
Net loss from discontinued operation ⁽²⁾	\$ (176)	\$ --

⁽¹⁾ The interim financial statements are unaudited and have not been subjected to a review engagement by the Company's external auditors.

⁽²⁾ Loss attributed to exchange rate fluctuations of assets

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SUBSEQUENT EVENTS

The Company issued press releases announcing the following decisions:

Manac

The Company has announced the conclusion of an agreement with a group of institutional and private investors for the sale of production and short-term assets of Manac. The transaction excludes property, plant and equipment held for sale of the Orangeville plant which was shut down during the summer of 2003. The closing of the transaction should occur during the month of May.

Mexico

The Company has announced that a letter of agreement was signed for the sale of the Monterrey facility assets in Mexico to a group of local investors. The transaction is set to close during the second quarter of 2004.

Tanguay Industries

The Company has announced that an agreement of principle was reached for the sale of Tanguay Industries in 2004.

Assets in United States

The Company has announced its intent to permanently close its production facility located in Columbus, Ohio. The progressive closing will be completed during the third quarter of 2004.

The Company cannot give an estimation on the financial impact of these transactions.

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) ⁽¹⁾
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 December 31, 2003	34,135,820	\$ 114,839
Issued Class "A" subordinate shares on options exercised	- -	- -
Outstanding as at March 31, 2004	34,135,820	\$ 114,839
Class "C" shares		
Outstanding as at December 31, 2003 and March 2004	5,150,000	\$ 2,105

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.

The compensation costs charged to earnings in the first quarter for all options were \$60,000, the corresponding credit was accounted for in the contributed surplus.

As at March 31, 2004, 1,940,980 options were outstanding. No options were granted during the quarter.

6. CONTINGENCIES

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 key employees.

Regarding the guaranteed loans of related companies, no significant changes have been made since December 31, 2003.

SHAREHOLDERS INFORMATION

STOCK EXCHANGE LISTING

Class "A" subordinated shares

TSX

Trading symbol: CAM.A

Non-secured subordinate convertible
debentures at a rate of 9.25% expiring in 2008

TSX

Trading symbol: CAM.DB

CUSIP NUMBERS

Class "A" subordinate shares: 13710C107

Convertible debentures: CA13710CAB3

EARNINGS RELEASE DATE

2nd quarter: August 9, 2004



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