



CANAM
GROUP

Better Building Solutions

Quarterly Report
June 25, 2011

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YEARS

BUILDING...
WITH PASSION

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MESSAGE TO SHAREHOLDERS, EMPLOYEES AND PARTNERS

Canam Group Inc.'s consolidated sales grew by 21% to \$218.5M for the second quarter ended June 25, 2011, compared with \$180M for the second quarter of 2010. Net loss was \$5.8M or \$0.13 per share for the second quarter of 2011, compared with a net loss of \$1.7M or \$0.04 per share, for the year-earlier quarter.

For the first six months of 2011, net loss amounted to \$45.5M or \$1.01 per share compared with a net loss of \$2.3M or \$0.05 per share over the same period last year. Consolidated sales for the first six months totaled \$369.1M versus \$281.8M for the corresponding period in 2010, representing a 31% increase.

The quarterly loss is mainly attributable to the execution of contracts listed in the backlog of orders, including the BC Place contract, for which sales prices and profit margins were compressed due to market conditions created by the economic slowdown that has been in place since 2009 in the Canadian and U.S. construction sector. For the first six months of 2011, the loss is mainly attributed to the cost overruns related to the BC Place project that were announced in the first quarter.

For the first six months of 2011, most of the Corporation's business units have contributed to the increase in sales. We note an increase in sales and new bookings in the joist and steel deck markets, in both Canada and the United States.

Canam Group's backlog of orders as at June 25, 2011, stood at \$512M compared with \$519M as at March 26, 2011.

With the current economic situation in North America, the Board of Directors of Canam Group considered prudent to suspend dividend payouts.



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



Marc Dutil
President and Chief Operating Officer

Saint-Georges, Beauce

August 3, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scope of Financial Management's Analysis

This Management's Discussion and Analysis (MD&A) should be read in conjunction with the Corporation's consolidated financial statements and the accompanying notes for the quarters ended June 25, 2011, March 26, 2011 and June 26, 2010, as well as the audited consolidated financial statements for the fiscal year ended December 31, 2010. Reference should also be made to the annual MD&A of financial position and results of operations included in the Corporation's 2010 Annual Report, including the sections describing significant accounting estimates, risks and uncertainties, and financial instruments. This MD&A is based on the Corporation's accounting policies that are in compliance with International Financial Reporting Standards (IFRS).

The preparation of consolidated financial statements requires the Corporation's financial management to make estimates and judgments that affect the amounts recorded as assets, liabilities, equity, revenues and expenses, as well as disclosures on contingencies. These assumptions are revised on a regular basis by the Corporation based on historical results and new events. Refer to Note 3 to the interim consolidated financial statements as at June 25, 2011 entitled "Use of Critical Estimates and Judgments".

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

During the three-month period ended June 25, 2011, there have been no significant changes in the Corporation's internal control over financial reporting that have materially affect, or are reasonably likely to materially affect this control.

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

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

Exchange rates used

	Consolidated statements of income (loss) US\$/CAN\$	Consolidated balance sheets US\$/CAN\$
June 25, 2011	0.9682	0.9870
March 26, 2011	0.9865	0.9817
December 31, 2010	1.0134	0.9946
June 26, 2010	1.0287	1.0359
March 27, 2010	1.0332	1.0267
December 31, 2009	1.0571	1.0510

Significant Events

Increase in the Credit Facility in Canada

In June 2011, the Corporation increased its credit facility in Canada by \$30M, i.e. from \$70M to \$100M, with a banking syndicate composed of National Bank Financial, Bank of Montreal and Caisse centrale Desjardins. The first tranche in the amount of \$70M matures in January 2016 and the second tranche in the amount of \$30M matures on June 1, 2012. The Corporation must meet certain financial covenants measured quarterly.

BC Place project

During the first quarter of 2011, the Corporation recorded a liability in the amount of \$34M consisting primarily of cost overruns for the completion of the cables for the retractable roof at BC Place in Vancouver. The Corporation considers that this amount represents the anticipated net loss for the realization of the project according to the terms and conditions of the contracts.

Dividends on Common Shares

On April 27, 2011, the Board of Directors approved the payment of a quarterly dividend of \$0.04 per common share to shareholders of record on June 16, 2011. The amount thus paid on June 30, 2011 was \$1.8M and has been applied against retained earnings.

Operating Results

Net loss for the second quarter of 2011 totaled \$5.8M or \$0.13 per basic share, based on a weighted average number of 45,264,400 common shares, as compared with a net loss of \$1.7M or \$0.04 per basic share during the second quarter of 2010, based on a weighted average number of 45,100,967 common shares. The quarterly loss is mainly attributable to the execution of contracts listed in the backlog of orders, including the BC Place contract, for which sales prices and profit margins were compressed due to market conditions created by the economic slowdown that has been in place since 2009 in the Canadian and U.S. construction sector. Refer to the section entitled "Risks and Uncertainties – Commercial context and economic conditions" in the 2010 Annual Report.

After the first six months of fiscal 2011, the net loss totaled \$45.5M or \$1.01 per basic share, based on a weighted average number of 45,268,751 common shares, as compared with a net loss of \$2.3M or \$0.05 per basic share for the same period in 2010, based on a weighted average number of 45,102,105 common shares. The loss is mainly attributable to the \$34M pre-tax provision recorded for the BC Place project in the first quarter as well as to the effects of the economic slowdown in Canada and the U.S. mentioned in the previous paragraph.

Consolidated revenues for the second quarter of 2011 totaled \$218.5M, representing a \$38.5M or 21.4% increase, as compared with revenues of \$180M for the same quarter of 2010. The increase in revenues is primarily attributable to Canam Canada and Canam U.S. (joists and steel deck). Consolidated revenues after the first six months of 2011 totaled \$369.1M, which represents a \$87.3M or 31% increase as compared with revenues of \$281.8M for the same

period in 2010. The increase in revenues is mainly attributable to Canam Canada, Canam U.S. and FabSouth.

The gross margin was 9.5% of revenues in the second quarter of 2011 as compared with 13.1% for the corresponding quarter last year. After six months in 2011, the negative gross margin represented 1.3% of revenues as compared with a positive gross margin of 13.4% for the same period in 2010. The decrease in the gross margin is primarily attributable to the loss recorded on the BC Place project and to a downward pressure on sales prices related to the increased competition resulting from the economic slowdown. Irrespective of the BC Place project, the gross margin would have been 8.5% for the first six months of 2011.

In the second quarter of 2011, the Corporation recorded an exchange gain of \$0.3M as compared with an exchange loss of \$0.2M for the same quarter in 2010. After the first six months of 2011, the exchange loss stood at \$0.1M as compared with an exchange loss of \$0.2M for the same period in 2010.

The increased depreciation of property, plant and equipment in 2011 is attributable to FabSouth and CMC Steel Fabricators Inc. (United Steel Deck). The decrease in the amortization of intangible assets is attributable to FabSouth, whose backlog of orders at the time of acquisition was fully amortized to earnings over one year, i.e. until February 2011. The Corporation acquired FabSouth and United Steel Deck on February 23, 2010 and August 16, 2010, respectively.

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

Finance costs totaled \$4.6M in the second quarter of 2011, compared to \$1.1M in 2010. After the first six months of 2011, finance costs stood at \$7.5M compared to \$1.6M for the same period in 2010. The increase is mainly attributable to the increase in debt and bank loans, to convertible debentures and to interest on the balances of purchase price of businesses.

In the second quarter of 2011, comprehensive loss stood at \$4.7M compared to a comprehensive loss of \$1.3M for the same quarter of 2010. The increase in comprehensive loss is primarily attributable to the net loss of \$5.8M in the second quarter of 2011 compared to a net loss of \$1.7M in the second quarter of 2010. After the first six months of 2011, comprehensive loss totaled \$46.2M compared with a comprehensive loss of \$5.4M for the same period in 2010.

Non-IFRS measures

In this MD&A, the Corporation's financial management uses a measure that is not in accordance with IFRS. Adjusted earnings (adjusted loss) before interest, tax, depreciation and amortization (Adjusted EBITDA) is not defined by IFRS and cannot be formally presented in consolidated financial statements. Nevertheless, management wishes to specify that Adjusted EBITDA corresponds to amounts appearing on the line in the consolidated statements of income (loss) above the item "Depreciation of property, plant and equipment". The definition of Adjusted EBITDA does not take into

account the Corporation's share of profit or loss of joint ventures and associates and the gain on revaluation of investments. The reader can establish the link between Adjusted EBITDA and net income (net loss). The definition of Adjusted EBITDA used by the Corporation may differ from that used by other companies.

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

Reconciliation of Adjusted EBITDA to net income (net loss)

Periods ended June 25, 2011 and June 26, 2010

(in thousands of Canadian dollars) (unaudited)	Three months	
	2011	2010
Net loss attributable to shareholders of Canam Group Inc.	\$ (5,801)	\$ (1,707)
PLUS:		
Tax income	(4,275)	(1,621)
Share of loss of joint ventures and associates	(459)	(190)
Finance costs	4,605	1,142
Total depreciation and amortization	5,453	6,178
Adjusted EBITDA	\$ (479)	\$ 3,802

(in thousands of Canadian dollars) (unaudited)	Six months	
	2011	2010
Net loss attributable to shareholders of Canam Group Inc.	\$ (45,538)	\$ (2,332)
PLUS:		
Tax income	(21,727)	(4,550)
Share of loss of joint ventures and associates	(238)	(24)
Gain on revaluation of investments	--	(3,888)
Finance costs	7,529	1,636
Total depreciation and amortization	11,274	11,069
Adjusted EBITDA	\$ (48,700)	\$ 1,911

In the second quarter of 2011, the Corporation recorded a negative Adjusted EBITDA of \$0.5M as compared with an Adjusted EBITDA of \$3.8M for the corresponding quarter of 2010.

Selling and administrative expenses in the second quarter of 2011 totaled \$21.5M or 9.9% of revenues as compared with \$19.6M or 10.9% of revenues for the corresponding quarter in 2010. The increase is mainly attributable to United Steel Deck's selling and administrative expenses, as well as to the payment of termination benefits following dismissals that were made in the second quarter.

The effective tax rate in the quarter ended June 25, 2011 was 42.4% as compared with 48.7% for the corresponding quarter in 2010. Excluding the \$3.9M gain on revaluation of investments, the effective tax rate totaled 32.3% after the first six months of 2011 compared to 42.2% in 2010. These decreases are attributable to the pre-tax loss recorded in Canada in 2011 that entitles the Corporation to an income tax recovery rate of 30.9% compared to the pre-tax loss recorded in the United States in 2010 that allowed for an income tax recovery rate of 40%. They are also due to unrealized items.

Balance Sheets

Working capital increased from \$186.5M as at December 31, 2010 (current ratio of 2.08) to \$188.7M as at June 25, 2011 (current ratio of 1.86).

The net debt, excluding convertible debentures, whose balance stood at \$191.4M as at June 25, 2011, increased by \$88.2M compared with December 31, 2010, when net debt totaled \$103.2M. The increase is mainly attributable to the net loss in the first six months of 2011, working capital requirements due to seasonality, additions to property, plant and equipment, and the payment of US\$6M to increase the Corporation's ownership interest in FabSouth from 80% to 86%.

Equity stood at \$351.9M as at June 25, 2011, compared to \$401.4M as at December 31, 2010.

As at June 25, 2011, the net debt, excluding convertible debentures, to equity ratio, was 0.54, whereas it was 0.26 as at December 31, 2010.

Financial information

(in thousands of Canadian dollars, except for ratios)	Periods ended	
	June 25, 2011	December 31, 2010
Working capital	\$ 188,743	\$ 186,536
Current ratio	1.86	2.08
Net debt ⁽¹⁾	\$ 191,444	\$ 103,221
Adjusted EBITDA		
for the last four quarters	\$ (35,734)	\$ 14,877
Equity	\$ 351,944	\$ 401,443
Net debt to equity ratio	0.54	0.26

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

As at June 25, 2011, accounts receivable stood at \$215.3M compared with \$198.8M as at December 31, 2010. The \$16.5M increase is attributable to the seasonality of revenues.

Inventories increased by \$23.1M to \$155.8M as at June 25, 2011, compared with \$132.7M as at December 31, 2010. The increase is explained by the \$14.4M increase in raw materials inventories and the \$8.7M increase in finished goods inventories.

As at June 25, 2011, current tax assets stood at \$15.7M compared with \$4.2M as at December 31, 2010. The increase is mainly attributable to the pre-tax loss in Canada, for which current tax assets have been recorded.

The increase in deferred tax assets, which stood at \$19.8M as at June 25, 2011 compared with \$13.8M as at December 31, 2010, is attributable to the pre-tax loss incurred by a U.S. subsidiary, for which deferred tax assets have been recognized.

The \$10.4M provision in current liabilities mainly represents the amount that the Corporation expects to pay to subcontractors for the BC Place project.

The balances of purchase price of businesses in non-current liabilities totaled \$18.9M as at June 25, 2011 compared with \$24.2M as at December 31, 2010. On March 15, 2011, the Corporation's

ownership interest in FabSouth increased, from a legal standpoint, from 80% to 86% following a payment in the amount of US\$6M.

After the first six months of 2011, equity decreased by \$49.5M to \$351.9M (\$401.4M as at December 31, 2010). The decrease is mainly attributable to the cumulative net loss of \$45.5M as at June 25, 2011 and the \$3.6M in dividends paid to shareholders.

Cash Position

For the three-month period ended June 25, 2011, cash flows used in continuing operating activities stood at \$53.3M as compared with \$24M for the corresponding period in 2010. The increase is mainly attributable to the decrease in net income and by the increase in accounts receivable, net of accounts payable and accrued liabilities.

Cash flows provided from financing activities stood at \$57.9M for the second quarter of 2011 compared with \$21.7M in the second quarter of 2010. The increase is mainly attributable to the increase in long-term debt and bank loans.

Still in the second quarter of 2011, cash flows used in investing activities stood at \$5.1M, compared with \$8.3M in the second quarter of 2010. The difference is mainly attributable to the decrease in additions to property, plant and equipment.

Cash flows

A comparison of the Corporation's cash flows for the periods ended June 25, 2011 and June 26, 2010 is presented below.

(in thousands of dollars) (unaudited)	Three months	
	2011	2010
Cash flows from		
continuing operating activities	\$ (53,270)	\$ (23,994)
Cash flows from		
continuing financing activities	57,864	21,720
Cash flows from		
continuing investing activities	(5,072)	(8,289)
Effect of changes in foreign exchange rate on cash	214	482
Net change	(264)	(10,081)
Net cash flows from discontinued operations	--	96
Cash and cash equivalents - Beginning of period	7,760	32,466
Cash and cash equivalents - End of period	\$ 7,496	\$ 22,481

(in thousands of dollars) (unaudited)	Six months	
	2011	2010
Cash flows from		
continuing operating activities	\$ (66,689)	\$ (29,838)
Cash flows from		
continuing financing activities	76,857	49,225
Cash flows from		
continuing investing activities	(11,445)	(53,825)
Effect of changes in foreign exchange rate on cash	243	(688)
Net change	(1,034)	(35,126)
Net cash flows from discontinued operations	--	138
Cash and cash equivalents - Beginning of period	8,530	57,469
Cash and cash equivalents - End of period	\$ 7,496	\$ 22,481

Accounting Policies

The reader is invited to refer to the summary of significant accounting policies presented in Note 2 to the interim consolidated financial statements as at June 25, 2011.

Changes in Accounting Policies

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

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

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (GAAP). Canadian GAAP differ from IFRS in certain respects. When preparing these IFRS financial statements, management made changes to certain recognition, measurement and consolidation methods that it previously applied to prepare financial statements according to Canadian GAAP. Note 20 includes a reconciliation of shareholders' equity, net income (loss) and comprehensive income (loss) under Canadian GAAP and IFRS, as well as a description of the impact of the changeover from Canadian GAAP to IFRS on these items. Note 20 also presents a reconciliation of each of the balance sheet items as at January 1, 2010, June 26, 2010 and December 31, 2010, of net income (loss) and comprehensive loss for the three-month and six-month periods ended June 26, 2010 and for the year ended December 31, 2010.

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

Outlook

The backlog of orders stood at \$512M as at June 25, 2011, compared to \$485M as at December 31, 2010.

Risks and Uncertainties

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

Other Items

As at August 3, 2011, there were 45,351,787 common shares and 231,000 stock options outstanding.

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

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



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



Charles Pinel, CA
Vice President and
Chief Financial Officer

August 3, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY RESULTS

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

2011 Quarters ended	March 26	June 25	Total		
Revenues	\$ 150,635	\$ 218,475	\$ 369,110		
Net loss	(39,737)	(5,801)	(45,538)		
Basic net loss per share	(0.88)	(0.13)	(1.01)		
Diluted net loss per share	(0.88)	(0.13)	(1.01)		
Total assets	791,137	858,726			
Net debt ⁽¹⁾	132,206	191,444			
Equity	358,264	351,944			
Cash dividend declared per common share	0.04	0.04	0.08		
2010 Quarters ended	March 27	June 26	Sept. 25	Dec. 31	Total
Revenues	\$ 101,854	\$ 179,969	\$ 207,062	\$ 243,789	\$ 732,674
Net income (net loss)	(625)	(1,707)	2,401	999	1,068
Basic net earnings (net loss) per share	(0.01)	(0.04)	0.05	0.02	0.02
Diluted net earnings (net loss) per share	(0.01)	(0.04)	0.05	0.02	0.02
Total assets	702,537	740,319	797,519	802,727	
Net debt ⁽¹⁾	72,553	106,242	136,407	103,221	
Equity	407,310	404,644	405,087	401,443	
Cash dividend declared per common share	0.04	0.04	0.04	0.04	0.16
2009 Quarters ended ⁽²⁾	March 28	June 27	Sept. 26	Dec. 31	Total
Revenues	\$ 180,204	\$ 151,239	\$ 144,722	\$ 149,678	\$ 625,843
Net income from continuing operations	6,789	5,221	4,352	5,054	21,416
Net income	5,465	5,321	4,524	5,122	20,432
Basic net earnings per share					
from continuing operations	0.15	0.12	0.10	0.11	0.47
Basic net earnings per share	0.12	0.12	0.10	0.11	0.45
Diluted net earnings per share					
from continuing operations	0.15	0.12	0.10	0.11	0.47
Diluted net earnings per share	0.12	0.12	0.10	0.11	0.45
Total assets	678,497	628,459	620,513	590,406	
Net debt ⁽¹⁾	56,188	29,263	8,443	296	
Equity	433,173	425,619	419,857	417,328	
Cash dividend declared per common share	0.04	0.04	0.04	0.04	0.16
2008 Quarters ended ⁽²⁾	March 29	June 28	Sept. 27	Dec. 31	Total
Revenues	\$ 159,591	\$ 187,344	\$ 218,247	\$ 230,898	\$ 796,080
Net income from continuing operations	7,161	11,642	14,802	14,413	48,018
Net income	7,633	12,057	15,024	13,717	48,431
Basic net earnings per share					
from continuing operations	0.15	0.24	0.30	0.31	0.99
Basic net earnings per share	0.16	0.25	0.31	0.29	1.00
Diluted net earnings per share					
from continuing operations	0.14	0.23	0.30	0.31	0.98
Diluted net earnings per share	0.15	0.24	0.30	0.29	0.99
Total assets	610,386	654,779	672,752	658,289	
Net debt ⁽¹⁾	51,820	75,694	79,789	69,881	
Equity	375,002	384,555	396,369	413,614	
Cash dividend declared per common share	0.04	0.04	0.04	0.04	0.16

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

⁽²⁾ These amounts have been established in accordance with Canadian GAAP and have not been restated to reflect the impact of the transition from Canadian GAAP to IFRS, as mentioned in Note 2 to the consolidated financial statements as at June 25, 2011.

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

Periods ended June 25, 2011 and June 26, 2010

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

	Notes	Three months		Six months	
		2011	2010	2011	2010
Revenues		\$ 218,475	\$ 179,969	\$ 369,110	\$ 281,823
Cost of sales	14	197,761	156,409	373,896	244,150
		20,714	23,560	(4,786)	37,673
Selling and administrative expenses	15	21,525	19,596	43,847	35,261
Profit sharing programs		121	200	219	508
Exchange loss (gain)		(324)	193	69	235
Gain on disposal of property, plant and equipment		(129)	(222)	(221)	(233)
Gain on disposal of investments		--	(9)	--	(9)
		(479)	3,802	(48,700)	1,911
Depreciation of property, plant and equipment		5,058	4,624	10,007	8,854
Amortization of intangible assets		395	1,554	1,267	2,215
Finance costs	16	4,603	1,142	7,529	1,636
Gain on revaluation of investments	4	--	--	--	(3,888)
Share of loss of joint ventures and associates		(459)	(190)	(238)	(24)
Loss before income tax		(10,076)	(3,328)	(67,265)	(6,882)
Tax expense (income)					
Current		(2,145)	1,242	(15,423)	350
Deferred		(2,130)	(2,863)	(6,304)	(4,900)
		(4,275)	(1,621)	(21,727)	(4,550)
Net loss attributable to shareholders of Canam Group Inc.		\$ (5,801)	\$ (1,707)	\$ (45,538)	\$ (2,332)
Net loss per share	13				
Basic		\$ (0.13)	\$ (0.04)	\$ (1.01)	\$ (0.05)
Diluted		\$ (0.13)	\$ (0.04)	\$ (1.01)	\$ (0.05)
Weighted average number of common shares (in thousands of shares)	13				
Basic		45,264	45,101	45,269	45,102
Diluted		45,385	45,429	45,387	45,414
Number of common shares outstanding				45,352	45,366

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Periods ended June 25, 2011 and June 26, 2010

(in thousands of Canadian dollars) (unaudited)	Three months		Six months	
	2011	2010	2011	2010
Net loss	\$ (5,801)	\$ (1,707)	\$ (45,538)	\$ (2,332)
Other comprehensive income (loss):				
Change in unrealized gains (losses) on translating foreign operations	1,074	517	(730)	(2,970)
Unrealized gains (losses) on available-for-sale financial assets arising during the period	7	(127)	115	(76)
Income tax expense	(1)	22	(15)	14
	<u>6</u>	<u>(105)</u>	<u>100</u>	<u>(62)</u>
Other comprehensive income (loss)	1,080	412	(630)	(3,032)
Comprehensive loss attributable to shareholders of Canam Group Inc.	\$ (4,721)	\$ (1,295)	\$ (46,168)	\$ (5,364)

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

INTERIM CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars) (unaudited)	Notes	As at June 25, 2011	As at December 31, 2010	As at January 1, 2010
Assets				
Current assets				
Cash and cash equivalents		\$ 7,496	\$ 8,530	\$ 57,469
Short-term investment pledged as collateral		9,870	9,946	--
Accounts receivable	5	215,260	198,807	97,196
Inventories		155,832	132,684	102,432
Current tax assets		15,666	4,190	6,701
Prepaid expenses and other assets		3,646	3,675	3,363
Current assets of discontinued operations		--	--	1,230
		<u>407,770</u>	<u>357,832</u>	<u>268,391</u>
Property, plant and equipment held for sale		1,454	1,465	1,549
		<u>409,224</u>	<u>359,297</u>	<u>269,940</u>
Non-current assets				
Investments		5,031	4,895	16,677
Ownership interests in joint ventures and associates		60,142	59,913	58,845
Property, plant and equipment	6	280,985	280,292	211,956
Intangible assets	7	10,114	11,156	1,127
Goodwill	8	48,991	49,366	150
Deferred tax assets	9	19,826	13,788	3,362
Long-term receivables and other assets	10	24,413	24,020	21,389
Non-current assets of discontinued operations		--	--	8,618
Total assets		\$ 858,726	\$ 802,727	\$ 592,064
Liabilities				
Current liabilities				
Bank loans		\$ 32,435	\$ 8,454	\$ --
Accounts payable and accrued liabilities		159,369	138,853	74,060
Provisions	11	10,431	6,500	--
Current tax liabilities		129	56	580
Current portion of long-term debt		9,138	8,855	5,477
Current portion of balances of purchase price of businesses	4	8,979	10,043	1,495
		<u>220,481</u>	<u>172,761</u>	<u>81,612</u>
Non-current liabilities				
Debt	12	167,237	104,388	62,212
Balances of purchase price of businesses	4	18,854	24,173	--
Convertible debentures		61,056	60,408	--
Provisions	11	1,337	1,325	3,335
Deferred tax liabilities	9	25,341	25,623	20,329
Other liabilities		12,476	12,606	9,661
Non-current liabilities of discontinued operations		--	--	1,604
Total liabilities		506,782	401,284	178,753
Equity				
Equity attributable to shareholders of Canam Group Inc.				
Share capital	13	180,883	179,102	178,024
Retained earnings		173,677	222,877	230,800
Other equity items		(2,616)	(536)	4,487
Total equity		351,944	401,443	413,311
Total equity and liabilities		\$ 858,726	\$ 802,727	\$ 592,064

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

ATTRIBUTABLE TO SHAREHOLDERS OF CANAM GROUP INC.

(in thousands of Canadian dollars) (unaudited)	Employee benefits paid in equity instruments	Exchange differences resulting from the translation of foreign operations	Available-for-sale financial assets	Debenture conversion options	Total other equity items	Share capital	Retained earnings	Total equity
Balance as at January 1, 2010	\$ 4,038	\$ --	\$ 449	\$ --	\$ 4,487	\$ 178,024	\$ 230,800	\$ 413,311
Net loss for the period	--	--	--	--	--	--	(2,332)	(2,332)
Comprehensive loss	--	(2,970)	(62)	--	(3,032)	--	--	(3,032)
Dividends	--	--	--	--	--	--	(3,629)	(3,629)
Issuance of shares pursuant to options	(4)	--	--	--	(4)	129	--	125
Shares purchased by a trust in employees' name on the secondary market	--	--	--	--	--	(364)	--	(364)
Shares acquired by employees	(1,382)	--	--	--	(1,382)	1,382	--	--
Repurchase of shares	--	--	--	--	--	(69)	--	(69)
Excess of acquisition cost over carrying amount of acquired common shares	--	--	--	--	--	--	(58)	(58)
Amortization of compensation costs related to the profit sharing program - stock ownership component	692	--	--	--	692	--	--	692
Balance as at June 26, 2010	\$ 3,344	\$ (2,970)	\$ 387	\$ --	\$ 761	\$ 179,102	\$ 224,781	\$ 404,644
Balance as at January 1, 2011	\$ 4,035	\$ (11,133)	\$ 798	\$ 5,764	\$ (536)	\$ 179,102	\$ 222,877	\$ 401,443
Net loss for the period	--	--	--	--	--	--	(45,538)	(45,538)
Comprehensive loss	--	(730)	100	--	(630)	--	--	(630)
Dividends	--	--	--	--	--	--	(3,592)	(3,592)
Issuance of shares pursuant to options	(13)	--	--	--	(13)	57	--	44
Shares acquired by employees	(1,810)	--	--	--	(1,810)	1,810	--	--
Repurchase of shares	--	--	--	--	--	(86)	--	(86)
Excess of acquisition cost over carrying amount of acquired common shares	--	--	--	--	--	--	(70)	(70)
Amortization of compensation costs related to the profit sharing program - stock ownership component	373	--	--	--	373	--	--	373
Balance as at June 25, 2011	\$ 2,585	\$ (11,863)	\$ 898	\$ 5,764	\$ (2,616)	\$ 180,883	\$ 173,677	\$ 351,944

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended June 25, 2011 and June 26, 2010

(in thousands of Canadian dollars) (unaudited)	Notes	Three months		Six months	
		2011	2010	2011	2010
Cash flows from the following activities:					
Operating activities					
Net loss		\$ (5,801)	\$ (1,707)	\$ (45,538)	\$ (2,332)
Adjustments:					
Amortization of compensation costs related to the profit sharing program - stock ownership component		187	345	373	691
Gain on revaluation of investments		--	--	--	(3,888)
Gain on disposal of investments		--	(9)	--	(9)
Gain on disposal of property, plant and equipment		(129)	(222)	(221)	(233)
Depreciation of property, plant and equipment		5,058	4,624	10,007	8,854
Amortization of intangible assets		395	1,554	1,267	2,215
Amortization of deferred financing expenses		132	62	244	117
Provisions		(9)	(3)	12	(689)
Interest rate swaps		308	--	191	--
Imputed interest		1,141	401	1,671	535
Pension expense		146	(187)	199	(438)
Deferred tax expense		(2,130)	(2,863)	(6,304)	(4,900)
Share of loss of joint ventures and associates		(459)	(190)	(238)	(24)
		<u>(1,161)</u>	<u>1,805</u>	<u>(38,337)</u>	<u>(101)</u>
Net change in non-cash operating working capital items					
Increase in accounts receivable		(58,735)	(24,084)	(16,641)	(12,441)
Increase in inventories		(5,939)	(21,498)	(23,558)	(28,067)
Decrease (increase) in current tax assets		30	787	(11,478)	(223)
Decrease in prepaid expenses and other assets		1,115	624	18	547
Increase in accounts payable and accrued liabilities		36,235	17,972	19,264	10,344
Increase (decrease) in provisions		(23,569)	--	3,931	--
Increase (decrease) in interest payable		(1,256)	387	(3)	586
Increase (decrease) in current tax liabilities		10	13	115	(483)
		<u>(52,109)</u>	<u>(25,799)</u>	<u>(28,352)</u>	<u>(29,737)</u>
Cash flows from continuing operating activities					
		<u>(53,270)</u>	<u>(23,994)</u>	<u>(66,689)</u>	<u>(29,838)</u>
Financing activities					
Shares purchased by a trust in employees' name on the secondary market		--	--	--	(364)
Repurchase of shares	13	--	(9)	(156)	(127)
Proceeds from issuance of shares		10	104	44	125
Dividends		--	(1,814)	(1,796)	(1,814)
Increase in debt and bank loans		60,897	25,156	91,299	54,027
Repayment of debt and bank loans		(2,511)	(1,729)	(4,304)	(2,645)
Repayment of balances of purchase price of businesses		(164)	--	(7,056)	--
Issue expenses related to debt and debenture		(173)	--	(768)	--
Other liabilities		(195)	12	(406)	23
Cash flows from continuing financing activities		<u>57,864</u>	<u>21,720</u>	<u>76,857</u>	<u>49,225</u>
Investing activities					
Proceeds from sale of property, plant and equipment		19	500	66	507
Additions to property, plant and equipment		(5,109)	(9,577)	(11,315)	(16,993)
Additions to intangible assets		(61)	(99)	(306)	(185)
Acquisition of investments		--	--	--	(120)
Proceeds from disposal of investments		--	3	--	3
Decrease in receivables and other assets		81	952	162	1,715
Increase in receivables and other assets		(2)	(68)	(52)	(68)
Business acquisitions, net of cash acquired	4	--	--	--	(38,684)
Cash flows from continuing investing activities		<u>(5,072)</u>	<u>(8,289)</u>	<u>(11,445)</u>	<u>(53,825)</u>
Effects of changes in foreign exchange rate on cash and cash equivalents		214	482	243	(688)
Net change in cash from continuing operations		<u>(264)</u>	<u>(10,081)</u>	<u>(1,034)</u>	<u>(35,126)</u>
Cash flows from discontinued operations					
Operating activities		--	96	--	123
Investing activities		--	--	--	15
		<u>--</u>	<u>96</u>	<u>--</u>	<u>138</u>
Cash and cash equivalents - Beginning of period		7,760	32,466	8,530	57,469
Cash and cash equivalents - End of period		<u>\$ 7,496</u>	<u>\$ 22,481</u>	<u>\$ 7,496</u>	<u>\$ 22,481</u>
Supplementary information					
Interest paid		\$ 2,644	\$ 1,289	\$ 3,934	\$ 2,019
Income taxes paid (recovered), net		\$ (2,054)	\$ (404)	\$ (3,121)	\$ 597

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. General Information

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

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

The consolidated financial statements were approved by the Board of Directors on August 3, 2011.

2. Summary of Significant Accounting Policies

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

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

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (GAAP). Canadian GAAP differ from IFRS in certain respects. When preparing these IFRS financial statements, management made changes to certain recognition, measurement and consolidation methods that it previously applied to prepare financial statements according to Canadian GAAP. Note 20 includes a reconciliation of equity, net income (loss) and comprehensive income (loss) under Canadian GAAP and IFRS, as well as a description of the impact of the changeover from Canadian GAAP to IFRS on these items. Note 20 also presents a reconciliation of each of the balance sheet items as at January 1, 2010, June 26, 2010 and December 31, 2010, of net income (loss) and comprehensive loss for the three-month and six-month periods ended June 26, 2010 and for the year ended December 31, 2010.

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

Basis of consolidation

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

Intercompany transactions and balances as well as unrealized gains and losses from transactions among these companies have been eliminated on consolidation.

Investments in associates

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

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

Joint ventures

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

Foreign currency

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

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

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

Revenue recognition

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

Inventories

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

Property, plant and equipment

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

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

Useful lives and residual values are revised annually.

Leases

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

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

Goodwill

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

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

Intangible assets

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

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

Useful lives and residual values are revised annually.

Impairment of non-current assets

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

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

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

Income taxes

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

a) Current tax

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

b) Deferred tax

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

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

Defined benefit pension plans

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

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

Defined contribution pension plan

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

Borrowing costs

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

Provisions

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

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

Research and development expenses

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

Earnings per share

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

Stock-based compensation and other stock-based payments

Stock option plan

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

Profit sharing program – Stock ownership component

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

Cash and cash equivalents

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

Financial assets and liabilities

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

Assets and liabilities at fair value through profit or loss

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

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

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

Available-for-sale assets

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

Derivative financial instruments

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

Transaction costs

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

3. Use of Critical Estimates and Judgments

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

Revenue recognition

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

Impairment of goodwill and non-current assets

At the end of each reporting period, the Corporation assesses whether there is any indication that non-current assets have been impaired. If any such indication exists, the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In the measurement of the value in use, estimates of future cash flows are discounted. The use of different assumptions could result in different fair values and therefore, in different carrying amounts for long-term assets. Goodwill is tested for impairment annually regardless of whether or not impairment indicators are present. The recoverable amount of the cash-generating unit to which goodwill has been allocated is determined. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of all goodwill allocated to the unit and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Employee future benefits

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

Provisions for lawsuits, claims and litigations

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

Income taxes

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

Useful lives of depreciable assets

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

4. Business Acquisitions

Business acquisitions in 2010

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

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

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

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

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

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

The following table summarizes the financial components of the transaction:

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

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

The amounts recognized as contingent consideration and distributions represent the discounted maximum amount indicated in the purchase agreement based on FabSouth's financial projections. The tax-deductible goodwill amounted to \$39,625 on the acquisition date. FabSouth's revenues and net profits included in the consolidated financial statements as at December 31, 2010 totalled \$147,396 and \$4,167, respectively. If FabSouth's overall revenues and profit for fiscal 2010 had been included in the consolidated financial statements as at December 31, 2010, revenues and profit would have totalled \$773,387 and \$330, respectively.

The purchase price allocation is as follows:

Fair value of net assets acquired on the acquisition date

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

Acquisition of the assets of CMC Steel Fabricators, Inc.

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

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

The purchase price allocation is as follows:

Fair value of net assets acquired on the acquisition date

	\$ CAN	\$ US
Assets		
Property, plant and equipment	\$ 26,932	\$ 25,817
Raw material inventories	5,337	5,116
Total assets	\$ 32,269	\$ 30,933
Liabilities		
Future income tax liabilities	\$ 3,000	\$ 2,876
Total liabilities	\$ 3,000	\$ 2,876
Fair value of net assets acquired on the acquisition date	\$ 29,269	\$ 28,057
Consideration paid		
Cash consideration:		
Property, plant and equipment	\$ 13,822	\$ 13,250
Raw material inventories	1,779	1,705
Balance of purchase price	9,204	8,823
	\$ 24,805	\$ 23,778

5. Accounts Receivable

(unaudited)	As at June 25, 2011	As at December 31, 2010	As at January 1, 2010
Trade	\$ 205,266	\$ 191,277	\$ 81,034
Joint ventures	607	621	--
Associates	2,860	3,164	5,735
Other related companies ⁽¹⁾	5,181	2,129	5,305
Advances and other	1,346	1,616	5,122
	<u>\$ 215,260</u>	<u>\$ 198,807</u>	<u>\$ 97,196</u>

⁽¹⁾ Corresponds mainly to accounts receivable from Placements CMI Inc. and one of its subsidiaries. Placements CMI Inc. is a company indirectly controlled by the Chairman of the Board and Chief Executive Officer of the Corporation, which holds 12.91% (12.86% as at December 31, 2010 and 16.13% as at January 1, 2010) of the Corporation's common shares. The balance also includes the current portion of \$2,000 (\$1,000 as at December 31, 2010 and \$4,000 as at January 1, 2010) of the note receivable from Placements CMI Inc. totaling \$15,000 (\$15,000 as at December 31, 2010 and \$20,000 as at January 1, 2010) (note 10).

6. Property, Plant and Equipment

(unaudited)	Land	Buildings and land improvements	Production equipment	Automotive equipment	Computer and office equipment	Non-depreciable assets	Semitrailers and forestry equipment leased to clients	Total
As at December 31, 2010								
Cost								
Balance as at January 1, 2010	\$ 14,458	\$ 172,884	\$ 158,744	\$ 13,116	\$ 19,912	\$ 1,276	\$ --	\$ 380,390
Transferred from discontinued operations	--	--	--	--	--	--	18,170	18,170
Acquisitions	215	16,835	19,879	1,431	1,048	2	--	39,410
Dispositions	--	(17)	(1,886)	(691)	(233)	--	(4,310)	(7,137)
Business acquisitions	8,599	28,829	16,008	760	395	--	--	54,591
Exchange differences	(612)	(5,673)	(4,762)	(312)	(459)	--	--	(11,818)
Balance as at December 31, 2010	<u>\$ 22,660</u>	<u>\$ 212,858</u>	<u>\$ 187,983</u>	<u>\$ 14,304</u>	<u>\$ 20,663</u>	<u>\$ 1,278</u>	<u>\$ 13,860</u>	<u>\$ 473,606</u>
Accumulated depreciation and impairment losses								
Balance as at January 1, 2010	\$ --	\$ (54,529)	\$ (87,082)	\$ (9,481)	\$ (17,342)	\$ --	\$ --	\$(168,434)
Transferred from discontinued operations	--	--	--	--	--	--	(15,172)	(15,172)
Dispositions	--	9	855	637	229	--	3,210	4,940
Depreciation	--	(6,338)	(9,661)	(816)	(1,099)	--	(404)	(18,318)
Exchange differences	--	1,174	1,931	193	372	--	--	3,670
Balance as at December 31, 2010	<u>\$ --</u>	<u>\$ (59,684)</u>	<u>\$ (93,957)</u>	<u>\$ (9,467)</u>	<u>\$ (17,840)</u>	<u>\$ --</u>	<u>\$ (12,366)</u>	<u>\$ (193,314)</u>
Net amount as at December 31, 2010	<u>\$ 22,660</u>	<u>\$ 153,174</u>	<u>\$ 94,026</u>	<u>\$ 4,837</u>	<u>\$ 2,823</u>	<u>\$ 1,278</u>	<u>\$ 1,494</u>	<u>\$ 280,292</u>
As at June 25, 2011								
Cost								
Balance as at January 1, 2011	\$ 22,660	\$ 212,858	\$ 187,983	\$ 14,304	\$ 20,663	\$ 1,278	\$ 13,860	473,606
Acquisitions	--	6,869	3,161	789	496	--	--	11,315
Dispositions	--	--	(55)	(108)	(29)	--	--	(192)
Writeoff of fully depreciated property, plant and equipment	--	--	--	--	(17)	--	--	(17)
Exchange differences	(52)	(252)	(616)	(41)	9	--	--	(952)
Balance as at June 25, 2011	<u>\$ 22,608</u>	<u>\$ 219,475</u>	<u>\$ 190,473</u>	<u>\$ 14,944</u>	<u>\$ 21,122</u>	<u>\$ 1,278</u>	<u>\$ 13,860</u>	<u>\$ 483,760</u>
Accumulated depreciation and impairment losses								
Balance as at January 1, 2011	\$ --	\$ (59,684)	\$ (93,957)	\$ (9,467)	\$ (17,840)	\$ --	\$ (12,366)	\$(193,314)
Dispositions	--	--	18	102	11	--	--	131
Depreciation	--	(3,355)	(5,265)	(458)	(552)	--	(377)	(10,007)
Writeoff of fully depreciated property, plant and equipment	--	--	--	--	17	--	--	17
Exchange differences	--	213	157	38	(10)	--	--	398
Balance as at June 25, 2011	<u>\$ --</u>	<u>\$ (62,826)</u>	<u>\$ (99,047)</u>	<u>\$ (9,785)</u>	<u>\$ (18,374)</u>	<u>\$ --</u>	<u>\$ (12,743)</u>	<u>\$ (202,775)</u>
Net amount as at June 25, 2011	<u>\$ 22,608</u>	<u>\$ 156,649</u>	<u>\$ 91,426</u>	<u>\$ 5,159</u>	<u>\$ 2,748</u>	<u>\$ 1,278</u>	<u>\$ 1,117</u>	<u>\$ 280,985</u>

7. Intangible Assets

(unaudited)	Software	Technologies	Backlogs of orders	Customer relationships	Total
As at December 31, 2010					
Cost					
Balance as at January 1, 2010	\$ 9,132	\$ 203	\$ --	\$ 189	\$ 9,524
Acquisitions	416	--	--	--	416
Business acquisitions	--	--	2,798	11,464	14,262
Writeoff of fully amortized intangible assets	(123)	(150)	--	(182)	(455)
Exchange differences	(292)	(53)	(152)	(630)	(1,127)
Balance as at December 31, 2010	\$ 9,133	\$ --	\$ 2,646	\$ 10,841	\$ 22,620
Accumulated amortization and impairment losses					
Balance as at January 1, 2010	\$ (8,075)	\$ (133)	\$ --	\$ (189)	\$ (8,397)
Amortization	(693)	(70)	(2,273)	(932)	(3,968)
Writeoff of fully amortized intangible assets	123	150	--	182	455
Exchange differences	289	53	68	36	446
Balance as at December 31, 2010	\$ (8,356)	\$ --	\$ (2,205)	\$ (903)	\$ (11,464)
Net amount as at December 31, 2010	\$ 777	\$ --	\$ 441	\$ 9,938	\$ 11,156
As at June 25, 2011					
Cost					
Balance as at January 1, 2011	\$ 9,133	\$ --	\$ 2,646	\$ 10,841	\$ 22,620
Acquisitions	143	163	--	--	306
Writeoff of fully amortized intangible assets	--	--	(2,626)	--	(2,626)
Exchange differences	100	--	(20)	(83)	(3)
Balance as at June 25, 2011	\$ 9,376	\$ 163	\$ --	\$ 10,758	\$ 20,297
Accumulated amortization and impairment losses					
Balance as at January 1, 2011	\$ (8,356)	\$ --	\$ (2,205)	\$ (903)	\$ (11,464)
Amortization	(295)	--	(439)	(533)	(1,267)
Writeoff of fully amortized intangible assets	--	--	2,626	--	2,626
Exchange differences	(97)	--	18	1	(78)
Balance as at June 25, 2011	\$ (8,748)	\$ --	\$ --	\$ (1,435)	\$ (10,183)
Net amount as at June 25, 2011	\$ 628	\$ 163	\$ --	\$ 9,323	\$ 10,114

8. Goodwill

(unaudited)	As at June 25, 2011	As at December 31, 2010
Cost		
Opening balance	\$ 49,366	\$ 150
Business acquisitions (note 4)	--	52,042
Exchange differences	(375)	(2,826)
Closing balance	\$ 48,991	\$ 49,366

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

9. Deferred Taxes

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

(unaudited)	As at June 25, 2011	As at December 31, 2010	As at January 1, 2010
Deferred tax assets			
Recoverable under 12 months	\$ 1,371	\$ 2,125	\$ 1,008
Recoverable over 12 months	18,455	11,663	2,354
	\$ 19,826	\$ 13,788	\$ 3,362
Deferred tax liabilities			
Payable under 12 months	\$ 194	\$ 409	\$ 876
Payable over 12 months	25,147	25,214	19,453
	\$ 25,341	\$ 25,623	\$ 20,329
Net deferred tax liabilities	\$ 5,515	\$ 11,835	\$ 16,967

10. Receivables and Other Assets

(unaudited)	As at June 25, 2011	As at December 31, 2010	As at January 1, 2010
Long-term receivables ⁽¹⁾	\$ 10,708	\$ 9,803	\$ 4,961
Placements CMI Inc. – Note receivable ⁽²⁾	13,000	14,000	16,000
Deferred financing expenses	705	217	428
	<u>\$ 24,413</u>	<u>\$ 24,020</u>	<u>\$ 21,389</u>

⁽¹⁾ The balance of long-term receivables includes the long-term debenture from Manac Inc., payable in February 2013, in the amount of \$4,968 (\$4,989 as at December 31, 2010 and \$4,929 as at January 1, 2010), which was included in discontinued operations as at January 1, 2010), and also comprised \$2,468 in receivables from associates as at January 1, 2010.

⁽²⁾ Refundable in quarterly payments and maturing in December 2018.

11. Provisions

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

Activity in the provision amounts are as follows:

As at December 31, 2010 (unaudited)	Onerous contracts	Litigations	Total
Opening balance	\$ --	\$ 3,335	\$ 3,335
Additional provisions recognized	6,500	225	6,725
Amounts paid	--	(36)	(36)
Unused reversed provisions	--	(1,049)	(1,049)
Netting against an account receivable	--	(1,150)	(1,150)
As at December 31, 2010	\$ 6,500	\$ 1,325	\$ 7,825
Current	\$ 6,500	\$ --	\$ 6,500
Non-current	--	1,325	1,325
	<u>\$ 6,500</u>	<u>\$ 1,325</u>	<u>\$ 7,825</u>

As at June 25, 2011 (unaudited)	Onerous contracts	Litigations	Total
Opening balance	\$ 6,500	\$ 1,325	\$ 7,825
Additional provisions recognized	34,000	80	34,080
Amounts paid	(30,069)	(19)	(30,088)
Unused reversed provisions	--	(49)	(49)
As at June 25, 2011	\$ 10,431	\$ 1,337	\$ 11,768
Current	\$ 10,431	\$ --	\$ 10,431
Non-current	--	1,337	1,337
	<u>\$ 10,431</u>	<u>\$ 1,337</u>	<u>\$ 11,768</u>

12. Debt

Increase in the Credit Facility in Canada

In June 2011, the Corporation increased its credit facility in Canada by \$30,000, i.e. from \$70,000 to \$100,000, with a banking syndicate. The first tranche in the amount of \$70,000 matures in January 2016 and the second tranche in the amount of \$30,000 matures in June 2012. The credit facility in question bears interest at a floating rate based on the bankers' acceptance rate plus a premium based on the net debt to Adjusted EBITDA ratio. Accounts receivable and inventories have been pledged as collateral.

13. 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

(unaudited)

Common shares	Number	Amount (in thousands of dollars)
Net balance outstanding as at December 31, 2010	44,736,392	\$ 179,102
Issuance of shares pursuant to options	6,600	57
Shares acquired by employees ⁽¹⁾	179,645	1,810
Repurchase of shares ⁽²⁾	(21,179)	(86)
Net balance outstanding as at June 25, 2011	44,901,458	\$ 180,883
Outstanding as at June 25, 2011	45,351,787	183,295
Shares purchased by a trust in employees' name on the secondary market	(450,329)	(2,412)
Net balance outstanding as at June 25, 2011	44,901,458	\$ 180,883

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

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

On August 11, 2010, the Corporation renewed its normal course issuer bid, which had been previously authorized by the Toronto Stock Exchange. Common shares may be repurchased during the 12-month period extending from August 11, 2010 to August 10, 2011. At the end of the buyback program, the Corporation may repurchase up to 3,120,589 of its outstanding common shares, representing 10% of the publicly held common shares. The acquired common shares will be cancelled. No common shares were repurchased as at June 25, 2011.

Net loss per share

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

Periods ended June 25, 2011 and June 26, 2010

(unaudited)	Three months		Six months	
	2011	2010	2011	2010
Numerator				
Net loss	\$ (5,801)	\$ (1,707)	\$ (45,538)	\$ (2,332)
Denominator				
Basic weighted average number of shares	45,264	45,101	45,269	45,102
Effect of dilutive securities				
Stock options	34	66	31	50
Shares purchased by a trust in employees' name on the secondary market	87	262	87	262
Diluted weighted average number of shares	\$ 45,385	\$ 45,429	\$ 45,387	\$ 45,414
Net loss per share				
Basic	\$ (0.13)	\$ (0.04)	\$ (1.01)	\$ (0.05)
Diluted	\$ (0.13)	\$ (0.04)	\$ (1.01)	\$ (0.05)

As at June 25, 2011, 53,000 stock options (53,000 as at December 31, 2010), as well as convertible debentures, were not included in the calculation of the potential dilutive effect of common shares because the exercise price was greater than the average market price of the common shares during the period.

14. Cost of Sales

The cost of sales includes the following:

Periods ended June 25, 2011 and June 26, 2010

(unaudited)	Three months		Six months	
	2011	2010	2011	2010
Salaries and fringe benefits	\$ 34,921	\$ 26,692	\$ 64,688	\$ 46,354
Inventories and transformation of inventories	162,840	129,717	309,208	197,796
	\$ 197,761	\$ 156,409	\$ 373,896	\$ 244,150

The following table presents the reconciliation of the cost of sales reflected in the statement of income (loss) to the inventory amount charged to expense. Periods ended June 25, 2011 and June 26, 2010

(unaudited)	Three months		Six months	
	2011	2010	2011	2010
Cost of sales	\$ 197,761	\$ 156,409	\$ 373,896	\$ 244,150
Depreciation of property, plant and equipment related to the transformation of inventories	4,337	4,078	8,647	7,936
Inventory amount charged to expense	\$ 202,098	\$ 160,487	\$ 382,543	\$ 252,086

15. Selling and Administrative Expenses

Periods ended June 25, 2011 and June 26, 2010

(unaudited)	Three months		Six months	
	2011	2010	2011	2010
Salaries and fringe benefits	\$ 14,367	\$ 12,587	\$ 27,032	\$ 23,486
Occupancy and maintenance expenses	1,337	1,221	2,602	1,593
Computer services	1,393	1,520	2,832	2,984
Other selling expenses	1,416	1,795	3,408	3,222
Other administrative expenses	3,012	2,473	7,973	3,976
	<u>\$ 21,525</u>	<u>\$ 19,596</u>	<u>\$ 43,847</u>	<u>\$ 35,261</u>

16. Financial Expenses

Periods ended June 25, 2011 and June 26, 2010

(unaudited)	Three months		Six months	
	2011	2010	2011	2010
Interest on bank loans	\$ 451	\$ 557	\$ 805	\$ 655
Interest on long-term debt	3,276	826	5,611	1,765
Imputed interest on balances of purchase price of businesses and on debentures	1,141	401	1,671	535
Interest income and other investment income	(397)	(704)	(802)	(1,436)
Amortization of deferred financing expenses	132	62	244	117
	<u>\$ 4,603</u>	<u>\$ 1,142</u>	<u>\$ 7,529</u>	<u>\$ 1,636</u>

17. Investments in Associates

The following table presents information on the Corporation's associates as at June 25, 2011:

Name of associate	Place of incorporation	Ownership %	Main activity
Alta Industrial Limited	Canada	50	Real estate development
Aviation CMP Inc/SEC GIPZ	Canada	17.75/21.7	Air transport service
Canam Asia Limited	Saudi Arabia	35	Manufacturing
Montacier International Inc.	Canada	40	Manufacturing
Nico Métal Inc.	Canada	47.4	Manufacturing
Steel Plus Network L.L.C	United States	46.7	Manufacturing

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

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

(unaudited)	As at June 25, 2011	As at December 31, 2010
Total assets	\$ 109,804	\$ 103,749
Total liabilities	52,055	53,100
Net assets	57,749	50,649
Total revenues	52,679	63,385
Total loss	(791)	(697)
Share of loss of associates attributable to the Corporation	(336)	(204)

18 Subsidiaries

The following table presents information on the Corporation's subsidiaries as at June 25, 2011:

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

19. Contingencies and Commitments

- The Corporation is a defendant in a number of lawsuits, claims and imminent litigations. In the opinion of management, the resolution of these lawsuits, claims and litigations will not have a significant adverse effect on the financial position of the Corporation.
- The Corporation contracted letters of credit for an amount of up to \$3,287 as at June 25, 2011 (\$3,660 as at December 31, 2010 and \$1,892 as at January 1, 2010).
- In the normal course of business, the Corporation has guaranteed commitments for semitrailers and forestry equipment leased to clients for an amount of up to \$234 as at June 25, 2011 (\$343 as at December 31, 2010 and \$481 as at January 1, 2010).
- The Corporation acts as a guarantor for a long-term debt of \$2,736 contracted by an associate (\$3,234 as at December 2010 and \$4,229 as at January 1, 2010).

20. Transition to IFRS

The Corporation's interim consolidated financial statements for the period ended June 25, 2011 have been prepared in accordance with IFRS, as described in note 2. The Corporation applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" in preparing its interim consolidated financial statements.

The Corporation's date of transition to IFRS is January 1, 2010, being the date of the first comparative period. The Corporation has prepared its balance sheet at that date. The reporting date of the interim consolidated financial statements is June 25, 2011. The date of adoption of IFRS by the Corporation is January 1, 2011.

Selection of exemptions from IFRS

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

a) Business combinations

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

b) Fair value or revaluation as deemed cost

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

c) Employee benefits

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

d) Cumulative exchange differences

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

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

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

f) Borrowing costs

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

Mandatory exception to IFRS

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

a) Estimates

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

Reconciliation of Consolidated Equity as at January 1, 2010

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

Reconciliation of Consolidated Equity as at June 26, 2010

(unaudited)	Notes	Canadian GAAP	Reclassification	Impact of transition to IFRS	IFRS
Assets					
Current assets					
Cash and cash equivalents	(a)	\$ 29,110	\$ --	\$ (6,629)	\$ 22,481
Accounts receivable	(a)	161,987	--	(4,978)	157,009
Inventories	(a)	143,401	--	(5,683)	137,718
Current tax assets	(a)	6,510	--	(30)	6,480
Deferred tax assets	(b)	5,671	(5,671)	--	--
Prepaid expenses and other assets	(a)	4,212	--	(286)	3,926
Current assets of discontinued operations		879	--	--	879
		351,770	(5,671)	(17,606)	328,493
Property, plant and equipment held for sale	(c)	--	1,526	--	1,526
		351,770	(4,145)	(17,606)	330,019
Non-current assets					
Investments	(d)	48,673	(43,926)	--	4,747
Investments in joint ventures and associates	(a) (d)	--	43,926	16,394	60,320
Property, plant and equipment	(a) (e)	244,897	--	61	244,958
Property, plant and equipment held for sale	(c)	1,526	(1,526)	--	--
Intangible assets	(a)	13,182	--	(87)	13,095
Goodwill	(a)	51,682	--	(216)	51,466
Deferred tax assets	(a) (b) (g)	246	5,671	1,976	7,893
Long-term receivables and other assets	(g)	20,134	--	(479)	19,655
Non-current assets of discontinued operations		8,166	--	--	8,166
		388,506	4,145	17,649	410,300
Total assets		\$ 740,276	\$ --	\$ 43	\$ 740,319
Liabilities					
Current liabilities					
Bank loans	(a)	\$ 4,704	\$ --	\$ (250)	\$ 4,454
Accounts payable and accrued liabilities	(a)	140,575	--	(2,075)	138,500
Current tax liabilities	(a)	153	--	(62)	91
Deferred tax liabilities	(b)	75	(75)	--	--
Current portion of long-term debt	(a)	5,953	--	(88)	5,865
Current portion of balances of purchase price of businesses		13,189	--	--	13,189
Current liabilities of discontinued operations		1,296	--	--	1,296
		165,945	(75)	(2,475)	163,395
Non-current liabilities					
Debt	(a)	120,009	--	(1,606)	118,403
Balances of purchase price of businesses		19,704	--	--	19,704
Deferred credits	(f) (g)	4,746	(4,746)	--	--
Provisions	(f)	--	2,646	--	2,646
Deferred tax liabilities	(a) (b) (h)	20,159	75	287	20,521
Other liabilities	(g)	--	2,100	7,810	9,910
Non-current liabilities of discontinued operations		1,096	--	--	1,096
		165,714	75	6,491	172,280
Total liabilities		331,659	--	4,016	335,675
Equity					
Equity attributable to shareholders of Canam Group Inc.					
Share capital		179,102	--	--	179,102
Retained earnings	(k)	255,676	824	(31,719)	224,781
Contributed surplus	(j)	4,167	(4,167)	--	--
Accumulated other comprehensive loss	(a) (i) (j)	(30,328)	2,582	27,746	--
Other equity items	(j)	--	761	--	761
Total equity		408,617	--	(3,973)	404,644
Total equity and liabilities		\$ 740,276	\$ --	\$ 43	\$ 740,319

Reconciliation of Consolidated Equity as at December 31, 2010

(unaudited)	Notes	Canadian GAAP	Reclassification	Impact of transition to IFRS	IFRS
Assets					
Current assets					
Cash and cash equivalents	(a)	\$ 15,968	\$ --	\$ (7,438)	\$ 8,530
Short-term investment pledged as collateral		9,946	--	--	9,946
Accounts receivable	(a)	202,963	--	(4,156)	198,807
Inventories	(a)	139,941	--	(7,257)	132,684
Current tax assets	(a)	4,092	--	98	4,190
Deferred tax assets	(b)	2,126	(2,126)	--	--
Prepaid expenses and other assets	(a)	4,170	--	(495)	3,675
		379,206	(2,126)	(19,248)	357,832
Property, plant and equipment held for sale	(c)	--	1,465	--	1,465
		379,206	(661)	(19,248)	359,297
Non-current assets					
Investments	(d)	48,063	(43,168)	--	4,895
Investments in joint ventures and associates	(a) (d)	--	43,168	16,745	59,913
Property, plant and equipment	(a) (e)	280,293	--	(1)	280,292
Property, plant and equipment held for sale	(c)	1,465	(1,465)	--	--
Intangible assets	(a)	11,242	--	(86)	11,156
Goodwill	(a)	49,582	--	(216)	49,366
Deferred tax assets	(a) (b) (g)	9,192	2,126	2,470	13,788
Long-term receivables and other assets	(g)	24,500	--	(480)	24,020
Total assets		\$ 803,543	\$ --	\$ (816)	\$ 802,727
Liabilities					
Current liabilities					
Bank loans	(a)	\$ 8,729	\$ --	\$ (275)	\$ 8,454
Accounts payable and accrued liabilities	(a)	149,206	(6,500)	(3,853)	138,853
Provisions		--	6,500	--	6,500
Current tax liabilities	(a)	56	--	--	56
Deferred tax liabilities	(b)	409	(409)	--	--
Current portion of long-term debt	(a)	8,943	--	(88)	8,855
Current portion of balances of purchase price of businesses		10,043	--	--	10,043
		177,386	(409)	(4,216)	172,761
Non-current liabilities					
Debt	(a)	105,850	--	(1,462)	104,388
Balances of purchase price of businesses		24,173	--	--	24,173
Convertible debentures		60,408	--	--	60,408
Deferred credits	(f) (g)	4,254	(4,254)	--	--
Provisions	(f)	--	1,325	--	1,325
Deferred tax liabilities	(a) (b) (h)	24,915	409	299	25,623
Other liabilities	(g)	--	2,929	9,677	12,606
Total liabilities		396,986	--	4,298	401,284
Equity					
Equity attributable to shareholders of Canam Group Inc.					
Share capital		179,102	--	--	179,102
Retained earnings	(k)	255,072	824	(33,019)	222,877
Debenture conversion options	(j)	5,764	(5,764)	--	--
Contributed surplus	(j)	4,859	(4,859)	--	--
Accumulated other comprehensive loss	(a) (i) (j)	(38,240)	10,335	27,905	--
Other equity items	(j)	--	(536)	--	(536)
Total equity		406,557	--	(5,114)	401,443
Total equity and liabilities		\$ 803,543	\$ --	\$ (816)	\$ 802,727

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

a) Investments in joint ventures and associates

Investments in joint ventures are accounted for using the equity accounting method. Under Canadian GAAP, investments in joint ventures were accounted for using the proportionate consolidation method. As at January 1, 2010, the Corporation held an interest in the United Steel Structures Ltd. (USSL) joint venture. As at June 26, and December 31, 2010, the Corporation held interests in the USSL and Amcan-Jumax Inc. joint ventures.

(unaudited)	As at January 1, 2010	As at June 26, 2010	As at December 31, 2010
Cash and cash equivalents	\$ 9,924	\$ 6,629	\$ 7,438
Accounts receivable	2,398	4,978	4,156
Inventories	2,108	5,683	7,257
Current tax assets	--	30	(98)
Prepaid expenses and other assets	121	286	495
Property, plant and equipment	286	2,513	2,698
Intangible assets	--	87	86
Goodwill	--	216	216
Deferred tax assets	289	173	163
Bank loans	--	(250)	(275)
Accounts payable and accrued liabilities	(3,052)	(2,075)	(3,853)
Current tax liabilities	(55)	(62)	--
Current portion of long-term debt	--	(88)	(88)
Debt	--	(1,606)	(1,462)
Deferred tax liabilities	--	(166)	(175)
Other equity items	--	46	187
Investments in joint ventures and associates	\$ 12,019	\$ 16,394	\$ 16,745

b) Deferred taxes

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

c) Property, plant and equipment held for sale

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

d) Investments in joint ventures and associates

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

e) Intangible assets

(unaudited)	As at January 1, 2010	As at June 26, 2010	As at December 31, 2010
Revaluation at fair value ⁽ⁱ⁾	\$ 3,038	\$ 2,574	\$ 2,697
Property, plant and equipment of joint ventures a)	(286)	(2,513)	(2,698)
	\$ 2,752	\$ 61	\$ (1)

(i) The Corporation revalued at fair value the building it owns in Romania and used this value as deemed cost. The appraisal value as at January 1, 2010 is 16,376,000 Romanian leus (\$5,807) while the net carrying amount under Canadian GAAP was \$2,769. The appraisal was performed by an independent appraiser.

f) Provisions

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

g) Defined benefit obligation

The Corporation has elected to make the transition required under IFRS 1 based on the "fresh start" approach as at January 1, 2010. As of this date, actuarial gains and losses are recognized in comprehensive income (loss) during the period in which they occur. In addition, following the application of IAS 19, "Employee Benefits", past service cost was recognized as at January 1, 2010 because participant benefits had vested. According to Canadian GAAP, past service cost was amortized on a straight-line basis over the average remaining service period of active employees at the date of the plan amendments. This adjustment had the effect of increasing the defined benefit obligation by \$8,800 as at January 1, 2010, which consisted of \$6,883 in unamortized net actuarial losses and \$1,917 in unamortized past service costs, by \$8,289 as at June 26, 2010 and by \$10,157 as at December 31, 2010. As at January 1, 2010, June 26, 2010 and December 31, 2010, accrued benefit assets of \$553, \$479 and \$480 have been recognized, respectively. The increase in the defined benefit obligation had the effect of increasing deferred tax assets by \$2,280 as at January 1, 2010, \$2,149 as at June 26, 2010 and \$2,633 as at December 31, 2010.

h) Deferred tax liabilities

The respective increases in deferred tax liabilities of \$535 as at January 1, 2010, \$453 as at June 26, 2010, and \$474 as at December 31, 2010 result from the revaluation of the building owned by the Corporation in Romania.

i) **Foreign currency translation**

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

j) **Other equity items**

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

The balances of other equity items include the following:

(unaudited)	As at January 1, 2010	As at June 26, 2010	As at December 31, 2010
Employee benefits paid in equity instruments	\$ 4,038	\$ 3,344	\$ 4,035
Exchange differences resulting from foreign operations i)	--	(2,970)	(11,133)
Available-for-sale financial assets	449	387	798
Debenture conversion options	--	--	5,764
	<u>\$ 4,487</u>	<u>\$ 761</u>	<u>\$ (536)</u>

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

(unaudited)	As at January 1, 2010	As at June 26, 2010	As at December 31, 2010
Property, plant and equipment e)	\$ 3,038	\$ 3,159	\$ 3,245
Defined benefit obligations g)	(8,800)	(8,289)	(9,537)
Deferred income tax assets g)	2,280	2,149	2,012
Deferred income tax liabilities h)	(535)	(538)	(539)
Exchange differences resulting from foreign operations i)	(28,200)	(28,200)	(28,200)
	<u>\$ (32,217)</u>	<u>\$ (31,719)</u>	<u>\$ (33,019)</u>

Reconciliation of Consolidated Net Loss and Comprehensive Loss as at June 26, 2010

(unaudited)	Notes	Three months		
		Canadian GAAP	Impact of transition to IFRS	IFRS
Revenues	(a)	\$ 185,400	\$ (5,431)	\$ 179,969
Cost of sales	(a)	161,115	(4,706)	156,409
		<u>24,285</u>	<u>(725)</u>	<u>23,560</u>
Selling and administrative expenses	(a) (b)	20,289	(693)	19,596
Profit sharing programs		200	--	200
Exchange loss	(a)	206	(13)	193
Gain on disposal of property, plant and equipment	(a)	(220)	(2)	(222)
Gain on disposal of investments		(9)	--	(9)
		<u>3,819</u>	<u>(17)</u>	<u>3,802</u>
Depreciation of property, plant and equipment	(a)	4,725	(101)	4,624
Amortization of intangible assets	(a)	1,555	(1)	1,554
Financial expenses	(a)	1,146	(4)	1,142
Share of loss of joint ventures and associates	(a)	(123)	(67)	(190)
Loss before income tax		<u>(3,484)</u>	<u>156</u>	<u>(3,328)</u>
Tax income				
Current	(a)	1,286	(44)	1,242
Deferred	(a) (c)	(2,815)	(48)	(2,863)
	(d)	<u>(1,529)</u>	<u>(92)</u>	<u>(1,621)</u>
Net loss attributable to shareholders of Canam Group Inc.		<u>\$ (1,955)</u>	<u>\$ 248</u>	<u>\$ (1,707)</u>
Other comprehensive loss:				
Change in unrealized gains on translating foreign operations		1,010	(493)	517
Unrealized losses on available-for-sale financial assets arising during the period		(127)	--	(127)
Income tax expense		22	--	22
Comprehensive loss		<u>\$ (1,050)</u>	<u>\$ (245)</u>	<u>\$ (1,295)</u>

Reconciliation of Consolidated Net Loss and Comprehensive Loss as at June 26, 2010

(unaudited)	Notes	Six months		
		Canadian GAAP	Impact of transition to IFRS	IFRS
Revenues	(a)	\$ 291,003	\$ (9,180)	\$ 281,823
Cost of sales	(a)	251,970	(7,820)	244,150
		39,033	(1,360)	37,673
Selling and administrative expenses	(a) (b)	36,648	(1,387)	35,261
Profit sharing programs		508	--	508
Exchange loss	(a)	250	(15)	235
Gain on disposal of property, plant and equipment	(a)	(231)	(2)	(233)
Gain on disposal of investments		(9)	--	(9)
		1,867	44	1,911
Depreciation of property, plant and equipment	(a)	9,049	(195)	8,854
Amortization of intangible assets	(a)	2,216	(1)	2,215
Financial expenses	(a)	1,656	(20)	1,636
Gain on revaluation of investment		(3,888)	--	(3,888)
Share of loss of joint ventures and associates	(a)	150	(174)	(24)
Loss before income tax		(7,316)	434	(6,882)
Tax income				
Current	(a)	434	(84)	350
Deferred	(a) (c)	(4,920)	20	(4,900)
	(d)	(4,486)	(64)	(4,550)
Net loss attributable to shareholders of Canam Group Inc.		\$ (2,830)	\$ 498	\$ (2,332)
Other comprehensive loss:				
Change in unrealized losses on translating foreign operations		(2,515)	(455)	(2,970)
Unrealized losses on available-for-sale financial assets arising during the period		(76)	--	(76)
Income tax expense		14	--	14
Comprehensive loss		\$ (5,407)	\$ 43	\$ (5,364)

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

(unaudited)	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS
Revenues	(a)	\$ 751,322	\$ (18,648)	\$ 732,674
Cost of sales	(a)	657,066	(15,501)	641,565
		94,256	(3,147)	91,109
Selling and administrative expenses	(a) (b)	77,972	(3,061)	74,911
Profit sharing programs		1,658	--	1,658
Exchange loss	(a)	78	(84)	(6)
Gain on disposal of investments	(a)	(448)	--	(448)
Loss on disposal of property, plant and equipment	(a)	125	(8)	117
		14,871	6	14,877
Depreciation of property, plant and equipment	(a)	18,678	(361)	18,317
Amortization of intangible assets	(a)	3,971	(3)	3,968
Financial expenses	(a)	6,460	(31)	6,429
Gain on revaluation of investments		(3,810)	--	(3,810)
Gain on business acquisition		(7,464)	--	(7,464)
Share of loss (profit) of joint ventures and associates	(a)	282	(546)	(264)
Loss before income tax		(3,246)	947	(2,299)
Tax income				
Current	(a)	458	(168)	290
Deferred	(a) (c)	(3,798)	141	(3,657)
		(3,340)	(27)	(3,367)
Net income attributable to shareholders of Canam Group Inc.	(d)	\$ 94	\$ 974	\$ 1,068
Other comprehensive loss:				
Change in unrealized losses on translating foreign operations		(10,838)	(295)	(11,133)
Actuarial losses of the defined benefit pension plan	(b)	--	(2,395)	(2,395)
Unrealized gains on available-for-sale financial assets arising during the year		839	--	839
Reclassification in income	(b)	(421)	--	(421)
Income tax expense		(70)	621	551
Comprehensive loss		\$ (10,396)	\$ (1,095)	\$ (11,491)

Notes on Consolidated Net Income (Loss) and Comprehensive Loss Reconciliations as at June 26, 2010 and December 31, 2010

a) Investments in joint ventures

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

b) Actuarial losses of the defined benefit pension plan

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

c) Tax income

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

d) Net income (loss)

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

(unaudited)	Three months		Six months
	As at June 26, 2010	As at June 26, 2010	As at December 31, 2010
Decrease in the pension expense for defined benefit pension plans	\$ 255	\$ 510	\$ 1,037
Decrease in depreciation of property, plant and equipment	61	123	210
Increase in the deferred tax expense	(68)	(135)	(273)
	\$ 248	\$ 498	\$ 974

Reconciliation of Consolidated Statements of Cash Flows as at June 26, 2010

(unaudited)	Notes	Three months		
		Canadian GAAP	Impact of transition to IFRS	IFRS
Cash flows from the following activities:				
Operating activities				
Net pre-tax loss from continuing operations	(a) (b) (c)	\$ (1,955)	\$ 248	\$ (1,707)
Adjustments:				
Amortization of compensation costs related to the profit sharing program – stock ownership component		345	--	345
Gain on disposal of investments		(9)	--	(9)
Gain on disposal of property, plant and equipment		(220)	(2)	(222)
Depreciation of property, plant and equipment	(c)	4,725	(101)	4,624
Amortization of intangible assets		1,555	(1)	1,554
Amortization of deferred financing expenses		62	--	62
Provisions		--	(3)	(3)
Imputed interest		401	--	401
Pension expense	(a)	69	(256)	(187)
Deferred tax expense	(b)	(2,815)	(48)	(2,863)
Share of loss of joint ventures and associates	(c)	(123)	(67)	(190)
		2,035	(230)	1,805
Net change in non-cash operating working capital items				
Increase in accounts receivable	(c)	(24,613)	529	(24,084)
Increase in inventories	(c)	(20,846)	(652)	(21,498)
Decrease in current tax assets	(c)	781	6	787
Decrease in prepaid expenses and other assets	(c)	877	(253)	624
Increase in accounts payable and accrued liabilities	(c)	17,894	78	17,972
Increase in interest payable	(c)	387	--	387
Increase (decrease) in current tax liabilities	(c)	(1)	14	13
		(25,521)	(278)	(25,799)
Cash flows from continuing operating activities		(23,486)	(508)	(23,994)
Financing activities				
Repurchase of shares		(9)	--	(9)
Proceeds from issuance of shares		104	--	104
Dividends		(1,814)	--	(1,814)
Increase in debt and bank loans		25,156	--	25,156
Repayment of debt and bank loans	(c)	(2,367)	638	(1,729)
Other liabilities	(c)	9	3	12
Cash flows from continuing financing activities		21,079	641	21,720
Investing activities				
Proceeds from sale of property, plant and equipment		500	--	500
Additions to property, plant and equipment	(c)	(9,617)	40	(9,577)
Additions to intangible assets		(99)	--	(99)
Proceeds from disposal of investments		3	--	3
Decrease in receivables and other assets		952	--	952
Increase in receivables and other assets		(68)	--	(68)
Cash flows from continuing investing activities		(8,329)	40	(8,289)
Effects of changes in foreign exchange rate on cash and cash equivalents	(c)	594	(112)	482
Net change in cash from continuing operations		(10,142)	61	(10,081)
Cash flows from discontinued operations				
Operating activities		96	--	96
Cash and cash equivalents, beginning of period	(c)	39,156	(6,690)	32,466
Cash and cash equivalents, end of period		\$ 29,110	\$ (6,629)	\$ 22,481
Supplementary information				
Interest paid	(c)	\$ 1,325	\$ (36)	\$ 1,289
Income taxes recovered, net	(c)	\$ (359)	\$ (45)	\$ (404)

Reconciliation of Consolidated Statements of Cash Flows as at June 26, 2010

(unaudited)	Notes	Six months		
		Canadian GAAP	Impact of transition to IFRS	IFRS
Cash flows from the following activities:				
Operating activities				
Net pre-tax loss from continuing operations	(a) (b) (c)	\$ (2,830)	\$ 498	\$ (2,332)
Adjustments:				
Amortization of compensation costs related to the profit sharing program – stock ownership component		691	--	691
Gain on revaluation of investments		(3,888)	--	(3,888)
Gain on disposal of investments		(9)	--	(9)
Gain on disposal of property, plant and equipment		(231)	(2)	(233)
Depreciation of property, plant and equipment	(c)	9,049	(195)	8,854
Amortization of intangible assets		2,216	(1)	2,215
Amortization of deferred financing expenses		117	--	117
Provisions		--	(689)	(689)
Imputed interest		535	--	535
Pension expense	(a)	74	(512)	(438)
Deferred tax expense	(b)	(4,920)	20	(4,900)
Share of loss of joint ventures and associates	(c)	150	(174)	(24)
		954	(1,055)	(101)
Net change in non-cash operating working capital items				
Increase in accounts receivable	(c)	(13,821)	1,380	(12,441)
Increase in inventories	(c)	(27,937)	(130)	(28,067)
Increase in current tax assets	(c)	(252)	29	(223)
Decrease in prepaid expenses and other assets	(c)	409	138	547
Increase in accounts payable and accrued liabilities	(c)	8,884	1,460	10,344
Increase in interest payable	(c)	586	--	586
Decrease in current tax liabilities	(c)	(477)	(6)	(483)
		(32,608)	2,871	(29,737)
Cash flows from continuing operating activities		(31,654)	1,816	(29,838)
Financing activities				
Shares purchased by a trust in employees' name on the secondary market		(364)	--	(364)
Repurchase of shares		(127)	--	(127)
Proceeds from issuance of shares		125	--	125
Dividends		(1,814)	--	(1,814)
Increase in debt and bank loans		54,027	--	54,027
Repayment of debt and bank loans	(c)	(3,349)	704	(2,645)
Other liabilities	(c)	(666)	689	23
Cash flows from continuing financing activities		47,832	1,393	49,225
Investing activities				
Proceeds from sale of property, plant and equipment		507	--	507
Additions to property, plant and equipment	(c)	(17,040)	47	(16,993)
Additions to intangible assets		(185)	--	(185)
Acquisition of investments		(120)	--	(120)
Proceeds from disposal of investments		3	--	3
Decrease in receivables and other assets		1,715	--	1,715
Increase in receivables and other assets		(68)	--	(68)
Business acquisitions, net of cash acquired		(38,684)	--	(38,684)
Cash flows from continuing investing activities		(53,872)	47	(53,825)
Effects of changes in foreign exchange rate on cash and cash equivalents	(c)	(727)	39	(688)
Net change in cash from continuing operations		(38,421)	3,295	(35,126)
Cash flows from discontinued operations				
Operating activities		123	--	123
Investing activities		15	--	15
		138	--	138
Cash and cash equivalents, beginning of period	(c)	67,393	(9,924)	57,469
Cash and cash equivalents, end of period		\$ 29,110	\$ (6,629)	\$ 22,481
Supplementary information				
Interest paid	(c)	\$ 2,085	\$ (66)	\$ 2,019
Income taxes paid (recovered), net	(c)	\$ 705	\$ (108)	\$ 597

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

(unaudited)	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS
Cash flows from the following activities:				
Operating activities				
Net pre-tax income from continuing operations	(a) (b) (c)	\$ 94	\$ 974	\$ 1,068
Adjustments:				
Amortization of compensation costs related to the profit sharing program – stock ownership component		1,383	--	1,383
Gain on revaluation of investments		(3,810)	--	(3,810)
Gain on business acquisition		(7,464)	--	(7,464)
Gain on acquisition of investments		(448)	--	(448)
Loss on disposal of property, plant and equipment		125	(8)	117
Depreciation of property, plant and equipment	(c)	18,678	(361)	18,317
Amortization of intangible assets	(c)	3,971	(3)	3,968
Amortization of deferred financing expenses	(c)	234	--	234
Provisions		--	(683)	(683)
Interest rate swaps		279	--	279
Imputed interest on convertible debentures and balances of purchase price of businesses		2,021	--	2,021
Pension expense	(a)	73	(1,037)	(964)
Deferred tax expense	(b)	(3,798)	141	(3,657)
Share of loss (profit) of joint ventures and associates	(c)	282	(546)	(264)
		11,620	(1,523)	10,097
Net change in non-cash operating working capital items				
Increase in the short-term investment pledged as collateral		(9,946)	--	(9,946)
Increase in accounts receivable	(c)	(58,837)	792	(58,045)
Increase in inventories	(c)	(20,561)	1,468	(19,093)
Decrease in current tax assets	(c)	977	(163)	814
Decrease in prepaid expenses and other assets	(c)	398	357	755
Increase in accounts payable and accrued liabilities	(c)	17,188	(8,093)	9,095
Increase in provisions		--	6,500	6,500
Increase in interest payable		916	--	916
Decrease in current tax liabilities	(c)	(368)	121	(247)
		(70,233)	982	(69,251)
Cash flows from continuing operating activities		(58,613)	(541)	(59,154)
Financing activities				
Shares purchased by a trust in employees' name on the secondary market		(364)	--	(364)
Repurchase of shares		(127)	--	(127)
Proceeds from issuance of shares		125	--	125
Dividends		(7,157)	--	(7,157)
Increase in debt and bank loans	(c)	112,867	(125)	112,742
Repayment of debt and bank loans	(c)	(67,234)	955	(66,279)
Payment of balances of purchase price of businesses		(5,217)	--	(5,217)
Issuance of convertible debentures		66,240	--	66,240
Issue expenses related to debt and debenture		(618)	--	(618)
Other liabilities	(c)	(2,500)	1,577	(923)
Cash flows from continuing financing activities		96,015	2,407	98,422
Investing activities				
Proceeds from sale of property, plant and equipment	(c)	465	(1)	464
Additions to property, plant and equipment	(c)	(39,134)	322	(38,812)
Additions to intangible assets	(c)	(418)	2	(416)
Acquisition of investments		(120)	--	(120)
Proceeds from disposal of investments		1,503	--	1,503
Distribution from an associate	(c)	379	150	529
Decrease in receivables and other assets		5,207	--	5,207
Increase in receivables and other assets		(176)	--	(176)
Business acquisitions, net of cash acquired		(54,139)	--	(54,139)
Cash flows from continuing investing activities		(86,433)	473	(85,960)
Effects of changes in foreign exchange rate on cash and cash equivalents	(c)	(2,532)	147	(2,385)
Net change in cash from continuing operations		(51,563)	2,486	(49,077)
Cash flows from discontinued operations				
Operating activities		124	--	124
Investing activities		14	--	14
		138	--	138
Cash and cash equivalents, beginning of year	(c)	67,393	(9,924)	57,469
Cash and cash equivalents, end of year		\$ 15,968	\$ (7,438)	\$ 8,530
Supplementary information				
Interest paid	(c)	\$ 5,145	\$ (131)	\$ 5,014
Income taxes recovered, net	(c)	\$ (1,708)	\$ (145)	\$ (1,853)

Notes on Consolidated Statements of Cash Flow Reconciliations as at June 26, 2010 and December 31, 2010

a) Defined benefit pension plan

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

b) Deferred taxes

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

c) Investments in joint ventures

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



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SHAREHOLDER INFORMATION

Stock Exchange Listing

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