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INTERTAPE POLYMER GROUP INC

Form 6-K

November 26, 2001

[LOGO - intertape polymer group(TM)]

Form 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer
Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934

Intertape Polymer Group Inc.
Announces September 2001
Third Quarter Results

Intertape Polymer Group Inc.

110E Montee de Liesse, St. Laurent, Quebec, Canada, H4T 1N4

(Indicate by check mark whether the registrant files or will file
quarterly reports under cover Form 20-F or Form 40-F

Form 20-F (X)

Form 40-F ()

(Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ()

No (X)

(If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b):

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by the
undersigned, hereunto duly authorized.

Intertape Polymer Group Inc.

November 21, 2001

By: /s/ John Fain

John Fain
Vice President, Corporate Marketing
Intertape Polymer Group Inc.

[GLOBE 2001 LOGO]

THIRD
QUARTERLY
REPORT

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Intertape
Polymer
Group Inc.

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[GLOBE 2001 LOGO] THIRD QUARTERLY REPORT

SAFE HARBOR STATEMENT

Certain statements and information set forth in this report, as well as other written or oral statements made from time to time by the Company or by its authorized executive officers on its behalf, constitute "forward-looking statements" within the meaning of the United States Federal Private Securities Litigation Reform Act of 1995. The Company intends for its forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The reader should note that the Company's forward-looking statements speak only as of the date of this report or when made and the Company undertakes no duty or obligation to update or revise its forward-looking statements. Although management believes that the expectations, plans, intentions and projections reflected in its forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements expressed or implied by the forward-looking statements. The risks, uncertainties and other factors that the Company's stockholders and prospective investors should consider include, but are not limited to, the following: risks associated with pricing, volume and continued strength of markets where the Company's products are sold; delays and disruptions associated with terrorist attacks and reprisals, political instability, heightened security and war in countries of the world that affect the Company's business; the Company's ability to successfully complete negotiations with its lenders; the effect of competition on the Company's ability to maintain margins on existing or acquired operations; and other risk factors listed from time to time in the Company's reports (including its Annual Report on Form 40-F) filed with the U.S. Securities and Exchange Commission.

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[GLOBE 2001 LOGO] THIRD QUARTERLY REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS

REVIEW OF OPERATIONS

SALES

Sales declined 10.6% or \$17.8 million to \$148.6 million for the three-month period ended September 30, 2001 as compared to \$166.4 million for the same period in 2000. Sales declined 10.8% or \$54.2 million to \$448.7 million for the nine-month period ended September 30, 2001 as compared to \$502.9 million for the

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same period in 2000. The decline in sales is related to the softening of both domestic and export economies; and to lower selling prices.

Prior to September 11, domestic markets had been slowing over the past year. Sales in the third quarter were impacted by the events of September 11, which resulted in cross-border transportation slowdowns effecting deliveries to both customers and from suppliers. Export markets have also negatively impacted sales. The Company has withdrawn from commodity export markets in Masking Tape, which were derived from previous acquisitions and do not fall within our overall strategy.

Declines of 1.8% in average selling prices had a negative effect on sales of approximately \$8.0 million for the nine-month period ended September 30, 2001. These declines are mostly related to lower raw material prices.

GROSS PROFIT AND GROSS MARGINS

Gross margins declined 9.4% to 17.5% for the third quarter and declined 4.2% to 20.4% for the nine months. Included in gross profits for the three and nine-month period ended September 2001 are three unusual charges. The Company has completed its Regional Distribution Centers (RDC's) strategy and all five locations are now open and fully functional. The Company has been able to close the approximately twenty-five leased warehouse facilities during the year and has consolidated shipments through the five RDC's. The relocation of inventory and the necessary product brand changes related to the acquisition of United Tape Co, (UTC) has resulted in a reduction in finished goods inventory value of \$3.2 million related to obsolete product.

Even though IPG's order entry has remained relatively steady since September 11, management has determined further staff cuts are necessary to insure the Company is prepared for any further erosion in the economy. During the third quarter, \$0.5 million of additional severance related charges were recorded in addition to the \$0.7 million recorded in the first half. Finally, during the first half of the year, the Company also recorded a charge of \$2.3 million for the cost of setting up the RDC's. Before these charges, gross margins for the three and nine-month period ended September 30, 2001 would have been 20.0% and 21.9%.

Over the next four quarters, gross margins should start to recover. Raw material prices appear to have levelled off. Fixed costs in the various facilities will continue to decline as a result of the various cost reduction initiatives. Order entry levels are also holding at the current time. The Company's overall strategy should provide for growth provided the economy does not erode further.

SELLING, GENERAL AND ADMINISTRATION EXPENSES

Selling, general and administration (SG&A) costs were \$27.8 million for the third quarter of 2001 as compared to \$21.3 million for the same period last year; and were \$69.8 million and \$59.2 million for the nine-month period ended September 30, 2001 and 2000 respectively. Included in SG&A for the three and nine-month period ended September 30, 2001 are two factors as a result of management decisions. First of all, the uncertain economy and the events of September 11 have adversely effected several segments of the Company's customer base (steel, lumber, export retail etc.). As a result, management has increased reserves for bad debts by \$4.0 million. In addition, bad debt reserves set up during the fourth quarter of 2000 against accounts receivable have proven to be insufficient related to the migration of Central Products during the second quarter; and a further \$3.0 million has been recorded in the third quarter of 2001. Total charges for the third quarter related to reserves for bad debts are \$7.0 million. Second of all, in addition to the charges for severance included in cost of sales are \$1.0 million of such charges

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[GLOBE 2001 LOGO] THIRD QUARTERLY REPORT MANAGEMENT'S DISCUSSION & ANALYSIS

included in SG&A for the third quarter of 2001 and an additional \$2.0 million from the previous first half. Excluding these charges, SG&A for the three and nine-month period ended September 30, 2001 were \$19.8 million and \$59.8 million respectively.

Included in SG&A for 2001 are the costs related to UTC; an acquisition which was completed on September 1, 2000. The SG&A costs of UTC are approximately \$2.0 million per quarter.

OPERATING PROFIT

Operating profit for the three months ended September 30, 2001 was a loss of \$1.8 million after the effect of the above noted charges or a profit of \$9.9 million before the effect of these charges. This compares to a profit of \$23.4 million for the same period last year. The nine-month comparisons are profits of \$21.8 million as reported and \$38.5 million after the effect of the above noted charges; compared to \$64.5 million for the same period in 2000. This decline in operating profits for 2001 is as a result of lower sales volume and lower unit selling prices, the impact of lower value added applied against fixed manufacturing costs and selling general and administrative costs which are not related to changes in volume.

FINANCIAL EXPENSES

During the course of 2001, the Company has successfully resolved its long-term financing needs. Final closing is expected to take place by November 30, 2001. In this regard, \$6.7 million in related financing costs have been accrued and expensed in the third quarter. These costs have been recorded in financial expenses.

EARNINGS BEFORE INTEREST, TAXES AND DEPRECIATION AND AMORTIZATION COSTS (EBITDA).

EBITDA for the three-month period ended September 30, 2001 were \$3.6 million as reported and \$15.3 million before the effect of the above mentioned charges. This compares to \$28.4 million for the same period last year. For the nine-month period ended September 30, 2001, EBITDA was \$37.8 million as reported and \$54.5 million before the effect of the above noted charges. This compares to \$84.2 million for the nine-month period in 2000.

NET EARNINGS

As a result of lower volume, compressed margins and the above noted charges, the Company recorded a net loss of \$12.7 million for the third quarter compared to net earnings of \$9.6 million last year. For the nine-month period ended September 30, 2001, the comparison is a net loss of \$11.2 million as compared to a net earnings of \$29.8 million. Excluding the above noted charges, the third quarter and nine-month period ended September 30, net earnings for 2001 would have been \$0.6 million and \$5.0 million.

LIQUIDITY AND CAPITAL RESOURCES

CHANGES IN CASH FLOW

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THIRD QUARTER 2001 COMPARED TO 2000

During the third quarter of 2001, the Company reduced debt. This was accomplished by generating of \$13.2 million from working capital less cash operating losses of \$5.2 million. To these net funds from operations of \$7.9 million was a further amount of \$2.5 million derived from the issue of capital stock. The combined net cash inflows of \$10.4 million were used to acquire capital and other assets of \$5.4 million, repay long-term debt of \$0.4 million, fund foreign exchange changes of \$2.3 million, and reduce bank indebtedness in the amount of \$2.4 million.

The third quarter of 2000 was different. Bank indebtedness increased by \$28.2 million. The Company generated funds from operations of \$20.1 million but used \$4.4 million to increase working capital. The Company borrowed \$40.0 million and used these funds to acquire UTC for \$28.2 million, purchase capital and other assets of \$16.9 million, repay long-term debt and repurchase common shares in the amount of \$2.2 million and fund foreign exchange of \$2.8 million.

[INTERTAPE POLYMER GROUP LOGO]

[GLOBE 2001 LOGO] THIRD QUARTERLY REPORT MANAGEMENT'S DISCUSSION & ANALYSIS

NINE MONTHS ENDED SEPTEMBER 2001 COMPARED TO 2000

The nine months ended September 30, 2001 can be characterized as being one of debt reduction and operational consolidation. During this period, the Company reduced its bank indebtedness by \$8.6 million and repaid long-term debt by \$9.4 million. This total reduction of interest bearing debt in the amount of \$18.0 million was accomplished by funds provided through operations of \$12.7 million and a decrease in working capital of \$23.2 million; proceeds from the sale of a capital asset of \$8.0 million and the issuance of common shares of \$3.4 million. Total funds provided of \$47.3 million were used to acquire capital and other assets of \$25.1 million, repurchase common shares in the amount of \$0.9 million and fund foreign exchange of \$3.3 million with the balance used to reduce debts.

The nine months ended September 30, 2000 was the end of a five-year period of rapid expansion through acquisitions and capacity increases for new and current products. The Company generated cash of \$62.8 million but increased working capital in the amount of \$40.8 million leaving a balance of \$21.8 million from operations. The Company generated an additional \$23.2 million as a result of the sale of its interest in IFCO Systems. However, the Company had to increase its bank indebtedness by \$38.4 million as funds were required to purchase UTC for \$28.2 million, acquire capital assets in the amount of \$36.0 million, repay long-term debt and pay dividends of \$2.0 million and \$3.0 million respectively, repurchase common shares for a net cost of \$1.0 million and fund foreign exchange in the amount of \$3.8 million.

CAPITAL EXPENDITURES

Capital expenditures for the three and nine-month period ended September 30, 2001 were \$3.2 million and \$20.9 million respectively. For the same periods in 2000, the expenditures were \$15.6 million and \$36.0 million. In light of the current economic climate, the Company has curtailed most significant capital expenditures programs related to new products and capacity increases beyond the level of approximately \$2.5 million per quarter.

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CREDIT FACILITIES

The Company has reported that it has concluded the discussions with the Senior Unsecured Noteholders (Noteholders) and its Banks. It is anticipated that closing of these new arrangements will take place before November 30, 2001. The financial effect of these new arrangements is that interest due on the \$274.0 million Noteholders' debt will increase by approximately \$1.5 million per quarter commencing with the fourth quarter of 2001.

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[GLOBE 2001 LOGO] THIRD QUARTERLY REPORT CONSOLIDATED EARNINGS
AND RETAINED EARNINGS

(Unaudited)/ Using Canadian GAAP

CONSOLIDATED EARNINGS

(In thousands of U.S. dollars; except per share amounts)

FOR THE PERIOD ENDED SEPTEMBER 30,	THREE MONTHS		NINE MONTHS
	2001	2000	2001
	\$	\$	\$
SALES	148,602	166,356	448,730
Cost of sales (Note 4)	122,544	121,612	357,183
GROSS PROFIT	26,058	44,744	91,547
	17.5%	26.9%	20.4%
Selling, general and administrative expenses (Note 4)	27,837	21,306	69,785
Amortization of goodwill	1,757	1,663	5,297
Research and development	884	1,073	3,250
Financial expenses (Note 4)	13,212	7,345	29,384
Gain on sale of interest in joint venture	43,690	31,387	107,716
	--	--	--
	43,690	31,387	107,716
Earnings (loss) before income taxes	(17,632)	13,357	(16,169)
Income taxes (recovery)	(4,937)	3,741	(4,937)
NET EARNINGS (LOSS) FOR THE PERIOD	(12,695)	9,616	(11,232)
EARNINGS (LOSS) PER SHARE			
Basic	(0.45)	0.34	(0.40)
Diluted (Note 2)	(0.45)	0.33	(0.40)

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COMMON SHARES

Average number of shares outstanding

Basic	28,346,102	28,342,803	28,188,650	28,188,650
Diluted (Note 2)	28,346,102	28,763,582	28,188,650	28,188,650

CONSOLIDATED RETAINED EARNINGS

(In thousands of U.S. dollars)

FOR THE PERIOD ENDED SEPTEMBER 30,	THREE MONTHS		NINE MONTHS
	2001	2000	2001
	\$	\$	\$
Retained earnings - beginning of period	118,272	105,523	116,966
Net earnings (loss) for the period	(12,695)	9,616	(11,232)
Premium on purchase for cancellation of common shares	--	(589)	(157)
Dividends paid	--	--	--
RETAINED EARNINGS - END OF PERIOD	105,577	114,550	105,577

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CONSOLIDATED CASH FLOWS

In thousands of U.S. dollars
(Unaudited)/ Using Canadian GAAP

FOR THE PERIOD ENDED SEPTEMBER 30,	THREE MONTHS		NINE MONTHS
	2001	2000	2001
	\$	\$	\$
OPERATING ACTIVITIES			
Net earnings (loss) for the period	(12,695)	9,616	(11,232)
Non-cash items			
Depreciation and amortization	8,065	7,736	24,622
Future income taxes (recovery)	(658)	2,737	(658)
Write-off of capital assets	--	--	--
CASH FROM OPERATIONS BEFORE FUNDING OF CHANGES IN NON-CASH WORKING CAPITAL ITEMS	(5,288)	20,089	12,732
Changes in non-cash working capital items			
Trade and other receivables	(1,062)	(8,094)	(2,989)
Inventories and parts and supplies	11,951	(6,524)	16,404

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Prepaid expenses	(68)	(1,183)	939
Accounts payable and accrued liabilities	2,345	11,394	8,845
	13,166	(4,407)	23,199
CASH FLOWS FROM OPERATING ACTIVITIES	7,878	15,682	35,931
INVESTING ACTIVITIES			
Business acquisitions	--	(28,195)	--
Capital assets	(3,202)	(15,601)	(20,939)
Proceeds on sale of capital assets	--	(15)	8,000
Other assets	(2,192)	(1,291)	(4,172)
CASH FLOWS FROM INVESTING ACTIVITIES	(5,394)	(45,102)	(17,111)
FINANCING ACTIVITIES			
Net change in bank indebtedness	(2,356)	39,971	(8,572)
Repayment of long-term debt	(402)	(1,226)	(9,374)
Issue of common shares	2,533	53	3,387
Common shares purchased for cancellation	--	(990)	(923)
Dividends paid	--	--	--
CASH FLOWS FROM FINANCING ACTIVITIES	(225)	37,808	(15,482)
NET INCREASE IN CASH DURING THE PERIOD	2,259	8,388	3,338
Effect of foreign currency translation adjustments	(2,259)	(2,813)	(3,338)
Bank indebtedness assumed on business acquisitions	--	(9,424)	--
CASH POSITION, BEGINNING OF PERIOD	--	3,849	--
CASH POSITION, END OF PERIOD	--	--	--

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CONSOLIDATED BALANCE SHEET

In thousands of U.S. dollars
(Unaudited)/ Using Canadian GAAP

	AS AT SEPTEMBER 30, 2001	AS AT 2000
	\$	\$
ASSETS		

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Current assets		
Trade receivables	95,348	122,725
Other receivables	16,530	15,282
Inventories	70,786	98,151
Parts and supplies	11,390	9,768
Prepaid expenses	5,180	5,274
Future income tax assets	10,585	10,907
	209,819	262,107
Capital assets	368,985	362,843
Other assets	10,502	11,615
Goodwill, at amortized cost	229,192	232,525
TOTAL ASSETS	818,498	869,090
LIABILITIES		
Current liabilities		
Bank indebtedness (including checks in circulation of \$7.9M)	118,786	129,487
Accounts payable and accrued liabilities	88,226	85,093
Installments on long-term debt	1,324	10,014
	208,336	224,594
Long-term debt	275,510	276,442
Other liabilities	4,500	14,000
Future income tax liabilities	36,078	45,200
TOTAL LIABILITIES	524,424	560,236
SHAREHOLDERS' EQUITY		
Capital stock and share purchase warrants	189,523	188,784
Retained earnings	105,577	114,550
Accumulated foreign currency translation adjustments	(1,026)	5,520
TOTAL SHAREHOLDERS' EQUITY	294,074	308,854
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	818,498	869,090

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[GLOBE 2001 LOGO] THIRD QUARTERLY REPORT NOTES TO FINANCIAL STATEMENTS

In thousands of U.S. dollars; except per share amounts
(Unaudited)/ Using Canadian GAAP

NOTE 1.

BASIS OF PRESENTATION

In the opinion of Management, the accompanying unaudited, interim consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles, contain all adjustments necessary to present fairly Intertape Polymer Group Inc.'s (IPG) financial position for the three-month and

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nine-month periods ended September 30, 2001 and 2000 and December 31, 2000 as well as its results of operations and its cash flow for the three-month and nine-month periods ended September 30, 2001 and 2000.

While Management believes that the disclosures presented are adequate, these unaudited interim consolidated financial statements and notes should be read in conjunction with IPG's annual consolidated financial statements.

These unaudited interim consolidated financial statements and notes follow the same accounting policies as the most recent annual consolidated financial statements.

NOTE 2.

ACCOUNTING CHANGES

Effective December 1, 2000, IPG has adopted the Canadian Institute of Chartered Accountants recommendations related to the accounting for earnings per share. The recommendations require the application of the treasury stock method for the calculation of the dilutive effect of stock options and other dilutive securities. In accordance with the provisions of the new recommendations, IPG has restated the diluted earnings per share for comparative periods.

During the first quarter of 2001, IPG has adopted retroactively the Canadian Institute of Chartered Accountants recommendations on the presentation of the interim financial statements. The new recommendations require minimal disclosures including the basis of presentation. These new recommendations also require a comparative balance sheet established as of December 31st.

NOTE 3.

EARNINGS PER SHARE

The following table provides a reconciliation between basic and diluted earnings per share:

FOR THE PERIOD ENDED SEPT. 30,	THREE MONTHS		NINE MONTHS	
	2001	2000	2001	2000
	\$	\$	\$	\$
Net earnings (loss) applicable to common shares	(12,695)	9,616	(11,232)	29,837
Weighted average number of common shares outstanding	28,346	28,343	28,188	28,311
Effect of dilutive stock options and warrants(a)	-	421	-	473
Weighted average number of diluted common shares Outstanding	28,346	28,764	28,188	28,784
Basic earnings (loss) per share	(0.45)	0.34	(0.40)	1.05
Diluted earnings (loss) per share	(0.45)	0.33	(0.40)	1.03

(a) Diluted earnings per share is calculated by adjusting outstanding shares,

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assuming any dilutive effects of stock options and warrants. For the nine-month and the three-month periods ended September 30, 2001, the effect of stock options and warrants were not included, as the effect would be anti-dilutive.

NOTE 4.

STATEMENT OF CONSOLIDATED EARNINGS

Included in the Statement of Consolidated Earnings are the following items:

COST OF SALES:

- a) The Company has undertaken a series of workforce reductions. During the third quarter, \$0.5 million charge was recorded for workforce reductions. An additional \$0.7 million was recorded during the first half for a total amount of \$1.2 million. As at September 30, 2001, a provision of \$2.4 million in respect of a program of workforce reductions was reflected in the consolidated accounts payable and accrued liabilities.

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In thousands of U.S. dollars; except per share amounts
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- b) The Company has completed the opening of its five Regional Distribution Centers (RDC) and as a result, has been able to close approximately 25 leased warehouses. The relocation of inventory to these centers plus the necessary product brand changes related to the acquisition of United Tape has resulted in a charge for finished goods inventory reduction of \$3.2 million related to obsolete inventory in the third quarter.
- c) During the second quarter, a one-time charge was recorded in the amount of \$2.3 million in cost of sales related to the cost of setting up the five RDC's.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

During the third quarter, the allowance for doubtful accounts was increased resulting in a charge of \$7.0 million - of this amount, \$4.0 million is as a result of current economic conditions and \$3.0 million is as a result of the migration of Central Product Company's business onto the Company's systems.

FINANCIAL EXPENSES

During the quarter, the Company recorded \$6.7 million of costs related to debt refinancing.

NOTE 5.

BANK INDEBTEDNESS AND LONG-TERM-DEBT

The Company accepted a term sheet provided by the Company's bankers. The term sheet provides for three facilities as follows:

- a \$50.0 million revolving line of credit for a period of one year

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extendable annually at the option of the banks and, if not extended, converting to a one year term loan with a \$50.0 million payment due at the expiration of the term;

- a \$40.0 million term loan repayable over eight quarters ending December 31, 2003;
- and a \$60.0 million four year term loan with semi-annual payments commencing March 2004.

Proceeds of these three facilities will be used to repay all bank indebtedness outstanding at the time of closing, of approximately \$111.0 million. Interest rates on the three facilities will initially be 395 bps over Libor, and will be adjusted downwards by as much as 300 bps in the event certain financial thresholds are achieved. The Company currently pays 395 bps over Libor on most of its bank facilities. The term sheet contemplates that certain security will be granted to the Banks and the Senior Unsecured Noteholders. In the event that certain financial thresholds are achieved, the security will be released. It is anticipated that these new facilities will close before November 30, 2001.

NOTE 6.

DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA

RE-PRICING OF STOCK OPTIONS

The re-pricing of stock options that occurred in January 2001 has resulted, under US GAAP, in variable plan accounting for the re-priced options. Under US GAAP, the Company would have recorded a non-cash gain of \$2.6 million in the quarter ended September 30, 2001 and a non-cash charge of \$2.6 million in the quarter ended June 30, 2001. These would have no income tax consequences for the Company and would reflect the changes in the market price of the common shares.

Accordingly, the Company's net loss, basic loss per share and diluted loss per share would have been reduced by \$2.6 million, \$0.09 and \$0.10 respectively for the three-month period ended September 30, 2001. The net loss, basic loss per share and diluted loss per share would not have been impacted by the re-pricing of stock options for the nine months ended September 30, 2001 as the cumulative impact is nil. There would be no impact for the three-month and nine-month periods ended September 30, 2000.

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NOTES TO FINANCIAL STATEMENTS

In thousands of U.S. dollars; except per share amounts
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NOTE 7.

NEW ACCOUNTING PRONOUNCEMENTS

Over the past several months, the Financial Accounting Standards Board approved the issuance of SFAS No. 141, "Business Combinations" and SFAS 142, "Goodwill and Other Intangible Assets". The new standards require that all business combinations initiated after June 30, 2001 must be accounted for under the purchase method. In addition, all intangible assets acquired that are obtained through contractual or legal right, or are capable of being separately sold, transferred, licensed, rented or exchanged shall be recognized as an asset apart

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from goodwill. Goodwill and intangibles with indefinite lives will no longer be subject to amortization, but will be subject to at least an annual assessment for impairment by applying a fair value based test.

The Company will continue to amortize goodwill under its current method until January 1, 2002. Thereafter, annual and quarterly goodwill amortization will no longer be recognized. The impact of this change cannot be determined with certainty at this time. By June 30, 2002, the Company will perform a transitional fair value based impairment test. If the fair value is less than the recorded value at January 1, 2002, the Company will recognise any such impairment as a loss in the March 31, 2002 quarter, as a cumulative effect of a change in accounting principle.

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