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INTERTAPE POLYMER GROUP INC

Form 6-K

November 29, 2002

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

For the month of November, 2002

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 annual reports under cover of Form 20-F or Form 40-F.]

Form 20-F Form 40-F X

[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):
82-_____]

SIGNATURES

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, thereunto duly authorized.

INTERTAPE POLYMER GROUP INC.

Date: November 27, 2002 By: /s/Andrew M. Archibald
Andrew M. Archibald,
CFO, Vice President
Administration, & Secretary

REVIEW OF OPERATIONS
SALES

Sales for the third quarter ended September 30, 2002 were
\$149.9 million as compared to \$148.6 million for the same
period last year; and were \$450.3 million for the nine
months ended September 30, 2002 as compared to \$448.7
million for the same period last year. The following chart
shows the effect of volume and pricing on sales:

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	Q3/02 vs Q3/01	Year to date
Volume	\$1.8 million	\$4.5 million
Price	(\$0.5 million)	(\$2.9 million)
Change	\$1.3 million	\$1.6 million

Unit Volume

Throughout 2001 and during 2002 to date, management has focused on increasing business volumes in the current difficult North American economy. Several strategies have been employed, including the introduction of new products, the addition of new customers, greater penetration into retail markets through the United Tape Company (UTC) acquisition in the third quarter of 2000, and the implementation of the Company's Regional Distribution Center (RDC) strategy. Management believed that these strategies would have a positive impact on sales volumes. However, the ongoing economic slowdown has continued to cause a significant downturn in demand. This brought about a slowing in unit growth during the third quarter of 2002.

Unit Pricing

Historically, the Company has been able to maintain a relatively consistent spread between raw material costs and selling prices. This spread is referred to as "value-added". Unit sales prices of the Company's products are influenced primarily by changes in raw material costs, and for the past several years the Company has seen a decline in raw material costs. Previously, efforts to maintain value-added as a percent of sales were generally successful despite general declines in unit selling prices.

Recently however, many components of the Company's raw material costs have started to increase. Management stated at the end of the second quarter that the Company should continue to be able to maintain its value-added percentages. In this regard, the Company initiated a number of price increases during the second quarter that should positively affect selling prices for the remainder of the year. During the third quarter the ongoing difficulties in the economic environment hampered this ability to pass on increases and, as a result, value added decreased by approximately 3.0%.

GROSS PROFIT AND GROSS MARGINS

During the third quarters ended September 2002 and 2001, the Company recorded non-recurring charges of \$2.5 million and \$3.7 million respectively in cost of goods sold; and for the nine month periods ended September 2002 and 2001, \$2.5 million and \$6.7 million respectively. The non-recurring charge for the third quarter of 2002 includes \$1.4 million for the effect of the decision to close the flexible intermediate bulk container (FIBC) manufacturing facilities in Canada and the U.S. Operations in Rayne, Louisiana as well as at the Edmundston, New Brunswick, Canada manufacturing plant are being closed and are being consolidated at the Company's Piedras Negras, Mexico facility as it has sufficient capacity to integrate these functions and operate at a lower cost. The third quarter 2002 non-recurring charge also includes a \$1.1 million for the disposal of certain manufacturing equipment not related to the FIBC facility closures.

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In addition, during the third quarter of 2002, the Company recorded a cost of approximately \$1.0 million for a product replacement. The product has been withdrawn from the market and replaced with a proven product. No further related losses are expected.

Excluding the non-recurring charges and the product replacement cost, gross profits for the third quarters ended 2002 and 2001 would have been \$31.9 million (21.3%) and \$29.8 million (20.1%) respectively.

Gross margins increased 1.2% despite a decrease in value added of approximately 3.0%, primarily as a result of cost cutting initiatives undertaken throughout 2000 and 2001. For the nine months ended September 2002 and 2001 gross profits would have been \$99.2 million (22.0%) and \$98.2 million (21.9%) respectively.

SELLING, GENERAL AND ADMINISTRATION EXPENSES (SG&A)

During the third quarters of 2002 and 2001, there were non-recurring charges included in SG&A of \$1.3 million and \$8.0 million respectively. The charges for 2002 are related to severance and other costs as a result of the decision to close the FIBC facilities. For the nine months ended September 2002 and 2001, the non-recurring charges were \$1.3 million and \$10.0 million respectively.

Excluding the non-recurring charges, SG&A for the third quarters of 2002 and 2001 would have been \$21.0 million (14.0% of sales) and \$19.8 million (13.3% of sales) respectively; and for the nine months ended September 2002 and 2001, would have been \$61.7 million (13.7% of sales) and \$59.8 million (13.3% of sales) respectively. Management intends to lower SG&A costs over the next five quarters as part of the recently announced reduction in costs. Based on current volumes, the FIBC consolidation is expected to result in SG&A cost reductions of approximately \$3.0 million pre-tax annually. The Company is also reducing headcount levels, reductions that are expected to decrease SG&A expenses by approximately \$2.5 million pre-tax annually.

OPERATING PROFITS

After taking into account the combined effect of non-recurring charges included in cost of goods sold and SG&A as well as the additional costs related to the product replacement, operating profits (defined as gross profit less SG&A) for the third quarters of 2002 and 2001 were \$10.9 million or 7.3% of sales and \$9.9 million or 6.7% of sales respectively. For the nine months ended September 2002 and 2001 operating profits were \$37.5 million or 8.3% of sales and \$38.5 million or 8.6% of sales respectively. Operating profits for 2002 are being reduced by both a decrease in selling prices and the decline in value-added of approximately 3.0%.

FINANCIAL EXPENSES

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Third quarter 2002 financial expenses were \$8.3 million as compared to \$13.2 million for the comparative quarter in 2001. Financial costs for the third quarter of 2001 include a non-recurring charge of \$6.7 million. For the nine months ended September 2002 and 2001 financial costs were \$25.2 million and \$29.4 million respectively. The nine month period of 2001 also includes the non-recurring charge of \$6.7 million. Interest costs for the comparative periods of 2002 reflect an overall increase in the base borrowing rate of 225 bps as a result of the renegotiated credit facilities that went into effect in the first quarter of 2002 offset by lower borrowings costs to the reduction in debt from the proceeds of the common share issue during March 2002. During the first quarter of 2002, the Company reduced long-term debt by approximately \$46.6 million and during the third quarter, further reduced one of the bank term loans by \$3.5 million. Subsequent to the third quarter, the Company repaid the \$8.6 million balance of one of the bank term debt facilities. Repayment was made more than one year earlier than anticipated.

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

EBITDAR (adjusted for those non-recurring items in the appropriate periods that did not require cash funding) is as follows:

	Millions of dollars	
Third quarter ended Sept. 2002 and 2001	\$15.8	\$14.4
Nine months ended Sept. 2002 and 2001	\$56.8	\$52.7
Trailing 12 month periods ended Sept. 2002 and 2001	\$70.4	\$71.3

NET EARNINGS

Recorded net earnings (loss) for the three month periods ended September 2002 and 2001 were (\$2.8) million or (\$0.08) per share and (\$12.7) million or (\$0.45) per share respectively. For the nine month periods ended September 2002 and 2001 they were \$4.3 million or \$0.13 per share and (\$11.2) million or (\$0.40) per share respectively. Adjusted to exclude non-recurring costs as well as the effect of the product replacement in 2002, net earnings for the three months ended September 2002 and 2001 were \$1.5 million and \$0.6 million; and for the nine months ended September 2002 and 2001 were \$8.6 million and \$5.0 million respectively.

LIQUIDITY AND CAPITAL RESOURCES

CAPITAL EXPENDITURES

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Capital expenditures were \$3.1 million during the third quarter of 2002 as compared to \$3.2 million for the comparative quarter last year. For the nine month periods ended September 2002 and 2001 capital expenditures were \$9.6 million and \$20.9 million respectively. This reduction in capital expenditures is as a result of management's decision to limit capital spending to only essential projects related to both new products and preventive maintenance programs. It is expected that this spending level of approximately \$3.0 million per quarter will be maintained throughout the balance of 2002 and through 2003.

CREDIT FACILITIES

On March 1, 2002 the Company completed a "Bought Deal" in Canada whereby the Company issued 5.1 million common shares from treasury for a per share price of \$9.71 (Cdn \$15.50) for total net proceeds of approximately \$47.4 million. Proceeds were initially used to reduce bank debt. Subsequently on April 15, 2002 approximately \$24.0 million was used to retire Senior Notes; and the remaining \$23.4 million was used to permanently reduce a two year term facility of the Company's recently refinanced bank debt.

During the third quarter the Company increased its borrowings under its three year committed revolving credit facility by \$3.9 million to \$22.8 million from \$19.9 million at the end of the second quarter. This increase was primarily derived by changes in non-cash working capital of \$9.3 million. It is anticipated that the Company should be able to substantially reduce borrowings under this facility throughout the remainder of the year as trade receivables and inventories are reduced during the fourth quarter.

During October 2002, the Company repaid and cancelled a term facility in the amount of \$8.6 million. This decision was taken after a review of cash flow requirements. The effect is a reduction in borrowing costs.

The Company remains in compliance with all of its borrowing facilities.

ACCOUNTING CHANGES

During the first quarter of 2002, the Company adopted, on a retroactive basis, the new CICA recommendations with respect to Section 3062, Goodwill and Other Intangible Assets. These standards are equivalent to the U.S. standards. Under the new recommendations, goodwill and intangible assets determined to have an indefinite useful life are no longer amortized and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Under these recommendations, the Company was required to complete a transitional goodwill impairment test as at January 1, 2002 by the end of the current fiscal year. Management has

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completed this test and has determined no adjustment for impairment of goodwill is necessary as a result of the change in accounting policy.

OUTLOOK

While the economic environment remains sluggish, management remains confident that strategies to increase sales volumes, combined with the introduction of new products, should have a positive effect on volumes going forward.

Management has identified cost savings opportunities which it plans to implement over the next twelve months and which will positively impact gross profit and gross margins. When completed, it is estimated these changes will reduce operating expenses by up to \$12.0 million pre-tax annually. No additional charges or provisions are currently foreseen for these changes. Combined with the savings outlined in the SG&A section, the cost reduction programs are expected to result in pre-tax annual savings of \$17.5 million. The impact of additional volume and increases in selling prices should positively impact net earnings.

Intertape Polymer Group Inc.

Consolidated Earnings

Periods ended September 30,

(In thousands of US dollars, except per share amounts)

	THREE MONTHS		NINE MONTHS	
	2002	2001	2002	2001
	\$	\$	\$	\$
Sales	149,920	148,602	450,314	448,730
Cost of sales	121,532	122,544	354,566	357,183
Gross profit	28,388	26,058	95,748	91,547
Selling, general and administrative expenses	22,309	27,837	63,062	69,785
Amortization of goodwill		1,757		5,297
Research and development	926	884	2,689	3,250
Financial expenses	8,297	13,212	25,152	29,384
	31,532	43,690	90,903	107,716
Earnings (loss) before income taxes	(3,144)	(17,632)	4,845	(16,169)
Income taxes (recovery)	(357)	(4,937)	525	(4,937)
Net earnings (loss)	(2,787)	(12,695)	4,320	(11,232)
Earnings per share (loss)				
Basic	(0.08)	(0.45)	0.13	(0.40)
Diluted	(0.08)	(0.45)	0.13	(0.40)

Consolidated Retained Earnings

Periods ended September 30,

(In thousands of US dollars)

	THREE MONTHS		NINE MONTHS	
	2002	2001	2002	2001
	\$	\$	\$	\$
Balance, beginning of year	111,674	118,272	104,567	116,966

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Net earnings (loss)	(2,787)	(12,695)	4,320	(11,232)
	108,887	105,577	108,887	105,734

Premium on purchase for
cancellation of common
shares

157

Balance, end of year	108,887	105,577	108,887	105,577
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Intertape Polymer Group Inc.
Consolidated Balance Sheets
(In thousands of US dollars)

	As at September 30 2002 \$	As at September 30 2001 \$	As at December 31 2001 \$
ASSETS			
Current assets			
Trade receivables (net of allowance for doubtful accounts of \$3,552 (\$7,694 in September 2001, \$6,670 in December 2001)	94,996	95,348	86,529
Other receivables	11,137	16,530	13,654
Inventories	71,637	70,786	70,688
Parts and supplies	12,566	11,390	11,592
Prepaid expenses	4,711	5,180	9,450
Future income tax assets	4,025	10,585	4,025
	199,072	209,819	195,938
Capital assets	357,041	368,985	366,567
Other assets	12,508	10,502	11,680
Goodwill, at amortized cost	228,525	229,192	227,804
	797,146	818,498	801,989
LIABILITIES			
Current liabilities			
Bank indebtedness	25,992	118,786	28,046
Accounts payable and accrued liabilities	73,433	88,226	91,507
Instalments on long- term debt	9,929	1,324	8,310
	109,354	208,336	127,863
Long-term debt	311,722	275,510	354,663
Other liabilities	3,785	4,500	3,785
Future income tax liabilities	22,112	36,078	21,588
	446,973	524,424	507,899
SHAREHOLDERS' EQUITY			
Capital stock and share purchase warrants			
	238,538	189,523	189,496
Retained earnings	108,887	105,577	104,567
Accumulated foreign currency translation adjustments	2,748	(1,026)	27
	350,173	294,074	294,090
	797,146	818,498	801,989

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Intertape Polymer Group Inc.
Consolidated Cash Flows
Periods ended September 30,
(In thousands of US dollars)

	THREE MONTHS		NINE MONTHS	
	2002	2001	2002	2001
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings (loss)	(2,787)	(12,695)	4,320	(11,232)
Non-cash items				
Depreciation and amortization	7,342	8,065	21,006	24,622
Loss on disposal of capital assets	1,250		1,250	
Future income taxes	(357)	(658)	525	(658)
Cash from operations before funding of changes in non-cash working capital items	5,448	(5,288)	27,101	12,732
Changes in non-cash working capital items				
Trade receivables	(5,237)	3,707	(8,350)	2,069
Other receivables	1,877	(4,769)	2,655	(5,058)
Inventories	4,713	14,667	(815)	17,807
Parts and supplies	(122)	(2,716)	(655)	(1,403)
Prepaid expenses	1,423	(68)	4,744	939
Accounts payable and accrued liabilities	(11,981)	2,345	(18,283)	8,845
	(9,327)	13,166	(20,704)	23,199
Cash flows from operating activities	(3,879)	7,878	6,397	35,931
INVESTING ACTIVITIES				
Capital assets, net of investment tax credits	(3,119)	(3,202)	(9,586)	(20,939)
Proceed on sale of capital assets				8,000
Other assets	(1,323)	(2,192)	(3,594)	(4,172)
Cash flows from investing activities	(4,442)	(5,394)	13,180	(17,111)
FINANCING ACTIVITIES				
Net change in bank indebtedness	6,269	(2,356)	2,106	(8,572)
Repayment of long-term debt	(3,635)	(402)	(41,324)	(9,374)
Issue of Common Shares	1,716	2,533	49,042	3,387
Common Shares purchased for cancellation				(923)
Cash flows from financing activities	4,350	(225)	5,612	(15,482)
Net increase (decrease) in cash position	(3,971)	2,259	(1,171)	3,338
Effect of foreign currency translation adjustments	3,971	(2,259)	1,171	(3,338)
Cash position, beginning and end of year	-	-	-	-

NOTE 1.

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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 as at September 30, 2002 and 2001 and December 31, 2001 as well as its results of operations and its cash flow for the three and nine month periods ended September 30, 2002 and 2001. 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 with the exception of accounting changes described in Note 2.

NOTE 2.

Accounting Changes

During the first quarter, the Company adopted, on a prospective basis, the new CICA recommendations with respect to Section 3870, Stock-based Compensation and Other Stock-based Payments. This new standard establishes, among other things, financial accounting and reporting standards for stock-based employee compensation plans. It defines a fair value method of accounting and encourages entities to adopt that method of accounting for its stock-based employee compensation plans. Under this method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the related service period. An entity that does not adopt the fair value method of accounting for its award granted to employees is required to include in its financial statements pro forma disclosures of net earnings and earnings per share as if the fair value method of accounting had been applied. The Company has adopted the latter alternative treatment. It does not expect adoption of the standard to have a material effect on the Company's financial position or results of operations.

Also during the first quarter, the Company adopted, on a retroactive basis, the new CICA recommendations with respect to Section 3062, Goodwill and Other Intangible Assets. These standards are equivalent to the U.S. standards. Under the new recommendations, goodwill and intangible assets determined to have an indefinite useful life are no longer amortized and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Under these recommendations, the Company is required to complete a transitional goodwill impairment test as at January 1, 2002 by the end of the current fiscal year. Management has completed this test and has determined no adjustment for impairment of goodwill is necessary as a result of the change in accounting policy.

The following table presents a reconciliation of the net

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earnings (loss) and earnings (loss) per share as reported for the prior periods to the corresponding financial information adjusted to exclude the amortization of goodwill recognized in those periods that is no longer taken as a result of applying Section 3062:

In thousands of US Dollars except per share amounts

For the periods ended

September 30	Three Months		Nine Months	
	2002	2001	2002	2001
	\$	\$	\$	\$
Net earnings (loss)	(2,787)	(12,695)	4,320	(11,232)
Add: Amortization of goodwill (net of \$0.6 and \$1.8 million of income taxes for the three and six months in 2001 respectively)	-	1,160	-	3,496
Adjusted net earnings (loss)	(2,787)	(11,535)	4,320	(7,736)
Basic earnings (loss) per share				
Net earnings (loss)	(0.08)	(0.45)	0.13	(0.40)
Add: Amortization of goodwill	-	0.04	-	0.12
Adjusted net earnings (loss)	(0.08)	(0.41)	0.13	(0.28)
Diluted earnings (loss) per share				
Net earnings (loss)	(0.08)	(0.45)	0.13	(0.40)
Add: Amortization of goodwill	-	0.04	-	0.12
Adjusted net earnings (loss)	(0.08)	(0.41)	0.13	(0.28)

NOTE 3.

Earnings per share

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

In thousands of US Dollars except per share amounts

For the periods ended

September 30	Three Months		Nine Months	
	2002	2001	2002	2001
	\$	\$	\$	\$
Net earnings (loss) applicable to common shares	(2,787)	(12,695)	4,320	(11,232)
Weighted average number of common shares	33,701	28,346	32,470	28,189
Effect of dilutive stock options and warrants (a)	-	-	431	-

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Weighted average number of dilutive common shares outstanding	33,701	28,346	32,901	28,189
Basic earnings (loss) per share	(0.08)	(0.45)	0.13	(0.40)
Diluted earnings (loss) per share	(0.08)	(0.45)	0.13	(0.40)

(a) Diluted earnings (loss) per share is calculated by adjusting outstanding shares, assuming any dilutive effects of stock options and warrants. For the three month period ended September 30, 2002 the effect of stock options and warrants numbering 271,978 were not included as the effect would be anti-dilutive. For the three and nine month periods ended September 30, 2001 the effect of stock options and warrants numbering 256,750 and 281,059 respectively were not included as the effect would be anti-dilutive.

NOTE 4.

Accounting for compensation programs

As at September 30, 2002 the Company had a stock-based compensation plan, which is described in the 2001 Annual Report. The Company does not record any compensation expense with respect to this plan.

Had compensation cost for the Company's stock-based compensation plan been determined using the fair value based method for awards at the grant date under the plan, the Company's net earnings (loss) and earnings (loss) per share and diluted earnings (loss) per share for the three and nine month periods ended September 30, 2002 would have been affected as follows:

In thousands of US Dollars except per share amounts

For the periods ended September 30	Three Months 2002	Nine Months 2002
	\$	\$
Net earnings (loss)	(2,787)	4,320
Fair value of stock based compensation	165	328
Adjusted net earnings (loss)	(2,952)	3,992
Adjusted basic earnings (loss) per share	(0.09)	0.12
Adjusted diluted earnings (loss) per share	(0.09)	0.12

NOTE 5.

Differences in Accounting Between The United

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States of America and Canada

Re-pricing of Stock Options

The re-pricing of stock options that occurred in 2001 has resulted, under US GAAP, in variable plan accounting for the re-priced options. Under US GAAP, the Company's net earnings (loss), basic earnings (loss) per share and diluted earnings (loss) per share would have been reduced as follows:

In thousands of US Dollars except per share amounts

For the periods ended

September 30	Three Months		Nine Months	
	2002	2001	2002	2001
	\$	\$	\$	\$
Net earnings (loss)	(2,787)	(12,695)	4,320	(11,232)
Fair value of stock repricing	(1,268)	(2,600)	891	-
Adjusted net earnings (loss)	(1,519)	(10,095)	3,429	(11,232)
Adjusted basic earnings (loss) per share	(0.05)	(0.36)	0.11	(0.40)
Adjusted diluted earnings (loss) per share	(0.05)	(0.36)	0.10	(0.40)

NOTE 6.

Capital Stock

Average number of common shares outstanding

For the periods ended

September 30	Three Months		Nine Months	
	2002	2001	2002	2001
Cdn GAAP Basic	33,701,307	28,346,102	32,469,521	28,188,650
Cdn GAAP Diluted	33,701,307	28,346,102	32,900,516	28,188,650
US GAAP Basic	33,701,307	28,346,102	32,469,521	28,188,650
US GAAP Diluted	33,701,307	28,346,102	32,900,516	28,188,650

NOTE 7.

Items included in earnings

2002

In September 2002, management approved a plan for the consolidation of its operations related to the Flexible Intermediate Bulk Container division to be completed in June 2003. The plan involves the closing of two manufacturing plants and a reduction of 77 employees. The total charge for the restructuring is \$2.7 million, of which \$0.9 million represents non-cash items. Of the total charge, \$1.4 million was recorded in the cost of goods sold and \$1.3 million in the selling, general and

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administrative expenses.

The following table details restructuring charge for the three and nine- month periods ended September 30, 2002

	Provision for restructuring charges	Cumulative drawdowns Cash	Non-cash	Bal of Provision as at Sept 30 2002
	\$	\$	\$	\$
Employee termination				
benefits	1,825	-	-	1,825
Inventory write downs	600	-	600	-
Equipment write downs	150	-	150	-
Other	150	-	150	-
	2,725	-	900	1,825

Also included in cost of sales for the three and nine-month periods ended September 30, 2002, is \$1.1 million related to the disposal of certain manufacturing equipment.

2001

Included in cost of sales for the three month period ended September 30, 2001 is \$3.7 million to write down of finished goods inventory and for severance costs on planned workforce reductions.

Included in cost of sales for the nine month period ended September 30, 2001 is \$6.7 million to write down finished goods inventory, finalize the set up of the regional distribution centers and for severance costs on planned workforce reductions.

Included in selling, general and administrative expenses for the three month period ended September 30, 2001 is \$8.0 million to increase the Company's bad debt reserve and for severance costs on planned workforce reductions. Included in selling, general and administrative expenses for the nine month period ended September 30, 2001 is \$10.0 million to increase the Company's bad debt reserve and for severance costs on planned workforce reductions.

Included in financial expenses for the three and nine month period ended September 30, 2001 is \$6.7 million related to the Company's refinancing of its debt.

Safe Harbor Statement

The reader should note that the Company's forward-looking statements speak only as of the date this MD&A 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 to be materially different from any future results, performance or achievements expressed or implied

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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 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.