



IPL Inc.

Annual Information Form

Fiscal Year
Ended September 28, 2002

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IPL INC.

ANNUAL INFORMATION FORM

Fiscal Year Ended September 28, 2002

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ITEM 1: INCORPORATION

1.1 Incorporation of IPL Inc.

IPL Inc. (the “Company”) was incorporated under the corporate name of Les Industries Provinciales Limitée on March 14, 1945 pursuant to the *Companies Act* (Quebec). Supplementary letters patent amending, among other things, its corporate name and its share capital were granted on several occasions. The Company continued its existence under Part 1A of the *Companies Act* (Quebec) by a certificate of continuance issued on December 23, 1981. Certificates of amendment were granted on December 1, 1982, June 27, 1984, July 10, 1984, September 11, 1985, October 10, 1985, June 13, 1995 and March 3, 1997 to, among other things, amend the number of its directors, change its corporate name to “IPL Inc.” and amend its share capital.

As of the date hereof, the authorized share capital of the Company consists of an unlimited number of multiple voting shares, an unlimited number of subordinate voting shares, an unlimited of Class A and Class B preferred shares issuable in series and an unlimited number of Class C preferred shares. All the authorized classes of shares are without par value with the exception of Class C preferred shares which have a par value of \$1.00 each.

Except for the voting and conversion rights, the multiple voting shares and subordinate voting shares have the same rights in all respects. Holders of multiple voting shares are entitled to ten votes per share and holders of subordinate voting shares are entitled to one vote per share.

The Company's articles provided measures to protect the holders of Subordinate Voting Shares in the event of a take-over bid to acquire the Multiple Voting Shares.

The Company's head office is located at 140 rue Commerciale, St. Damien, Quebec, G0R 2Y0.

1.2 Subsidiaries

The Company has four wholly-owned subsidiaries, IPL Products, Ltd., a company incorporated pursuant to the laws of the State of New York, IPL Plastics Ltd., a company incorporated pursuant to the *Business Corporations Act* of New Brunswick, IPL Prelude Corp., a company incorporated pursuant to the *Business Corporations Act* of Ontario and IPL Estrie Inc., a company incorporated pursuant to the *Companies Act* (Quebec).

In this annual information form, “Company” means IPL Inc. and its subsidiaries collectively or IPL Inc., one of its subsidiaries or its subsidiaries, as the case may be and according to context.

Unless indicated otherwise, dollar (\$) amounts in this annual information form refer to Canadian currency.

ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Highlights

Before its incorporation into a company, the business founded in 1939 by Mr. J. Émile Métivier carried on its activities under the name “L’Industrie Provinciale Enregistrée” and was involved in the manufacture and sale of household articles.

The Company started to use plastic in manufacturing its products in the early 1950s. A few years later, the production of pails for maple syrup production marked the Company's start of manufacturing and merchandizing plastic industrial containers. In 1965, the Company also became involved in the manufacture of material handling products to transport soft drinks and milk products.

In 1979, in its endeavor to develop new markets, the Company created IPL Products, Ltd. to distribute its products in the United States.

The Company went public on November 12, 1985, the date on which it completed its first initial public offering with the issue of one million common shares which at the time represented 15 % of the outstanding common shares.

On May 1, 1987, through its IPL Plastics Ltd. subsidiary, the Company purchased from Edmundston Paper Box Ltd., 75 % of the assets of its plastic product division located in Edmundston, New Brunswick. In 1988, the Company became the sole owner of this division. This acquisition paved the way for the Company to penetrate Canadian and American markets in the small size food container sector.

On August 6, 1993, the Company became the first North American plastic transformation company in the sector of activities in which it operates to obtain, for its plant in St. Damien, Quebec, ISO 9001 certification with the Quality Management Institute (QMI), a division of the Canadian Standards Association (CSA). In December 1995, the Company has obtained, for its plant in St. Lazare, Quebec the same certification.

In November 1995, the Company has obtained, for its plant in Edmundston, New Brunswick, ISO 9003 quality systems certification, which it remains to date in full force.

In February 1996, the Company officially opened its new extrusion molding plant located in St. Lazare, Quebec. This new plant will now enable it to meet the growing demand for products resulting from this technology.

During the year 1997, the Company has obtained Key IMS certification (Interstate Milk Shippers) for its plant in St. Damien, Quebec and Edmundston, New Brunswick. This certification remains to date in full force.

On April 9, 1997, the Company has made a new public offering by the issue of one million Multiple Voting Shares. Within the context of this public offering, the Company has granted an option to the Underwriters to acquire up to an aggregate of 100,000 additional Multiple Voting Shares to cover over-allotments and for market stabilization purposes. On May 28, 1997, the Underwriters have exercised the over-allotment option for 94,250 Multiple Voting Shares. The net proceeds of the new issue of shares used essentially for the purchase state-of-the-art equipment for the St. Damien plant.

In August 1997, the Company has obtained, for its plant in Windsor, Ontario, ISO 9002 quality systems certification as well as the QS 9000 certification, such certifications remaining to date in full force.

In December 1998, the Company has obtained, for its plants in St. Damien, Quebec and St. Lazare, Quebec, the QS 9000 certification (second and third edition) based on the ISO 9001 confirming its ability to respond to the needs of the major North American automotive manufacturers. This certification remains to date in full force.

On December 8, 1998, through its IPL Prelude Corp. subsidiary, the Company purchased all the assets of Prelude Plastics Manufacturing Corporation. This acquisition will enable the Company to consolidate its position as the main Canadian-based Tier 2 supplier to clients in Canada and the United States and will enable it to increase its market share in the automotive products, material handling and industrial custom molding sectors in Ontario and in the Midwestern United States.

On June 29, 1999, the Company acquired a new 90,000 square foot plant located in Edmundston, New Brunswick. This acquisition will enable the Company to double production capacity with the addition of high performance machines as well as more multi-cavity molds.

In June 1999, the Company has obtained, for its plant in Lawrenceville, Quebec, ISO 9002 quality systems certification, which it remains to date in full force.

On May 1st, 2000, through IPL Estrie Inc., the Company purchased all the assets of Plastiques Gagnon Estrie Inc., company specialized in the manufacturing of industrial custom molding products. This acquisition allowed the Company to reinforce its competitive position on the North American plastic industry and to increase its operational effectiveness.

The Company ranks among the most important companies in the Canadian plastics industry. It employs more than 1,200 people and maintains commercial and technological relations with several national and international industrial leaders.

ITEM 3: NARRATIVE DESCRIPTION OF THE BUSINESS

3.1 General

The Company's primary business consists of the design, manufacture and marketing of resin-based thermoplastic products molded by injection and extrusion for processes. Almost all of the Company's output is targeted for industrial use.

The bulk of the Company's products are the packaging products, the material handling products, the environmental products, the custom automotive products, the industrial custom molding as well as the extruded products.

Packaging, handling and environmental products represent 63% of the Company's sales for its last fiscal year while the other products of the Company makes up the balance.

The Company manufactures over 400 products used by customers operating in industries as diverse as agri-food products, chemical products, telecommunications, fishery, transportation and integrated waste management. This diversification lessens the impact of economic cycles on the Company's results.

The Company's principal market is in North America. Its products are manufactured out of its five plants located in St. Damien, St. Lazare and Lawrenceville in Quebec, Edmundston in New Brunswick and Windsor in Ontario.

3.2 General View of the Industry

The North American plastic packaging and handling industry has been growing steadily. In certain sectors, namely in the industrial-bucket sector, plastic products currently represent approximately 85% of the sales whereas, in 1997, they represented 12%. This growth can be accounted, among other, by the positive impact of the environmental and public-health initiatives undertaken by governments and by the decision of the users to opt for a low-cost product combining durability, sturdiness, easy handling and transportation.

Moreover, the demand for plastic products has increased because plastic, which is durable and corrosion-resistant, has proven to be a better replacement for traditional materials used to manufacture recreational and automotive vehicles.

3.3 Development Strategy

The key aspects of the Company's development strategy are as follows:

Product Development

The Company focuses its development on innovation and on the diversity of the products it offers to its customer base. In accordance with this strategy, it has invested heavily in implementing state-of-the-art management methods, research and development of new products and processes, automation and in purchasing high-performing production equipment.

Quality-Assurance

The other aspect of the Company's strategy focuses on a quality-assurance policy intended to control the main factors likely to influence the quality of products and customer service. The continuing education of its employees, prevention to minimize the risks of defects and manufacturing rejects and the regular and systematic analysis of customer needs are factors which enable the Company to limit possible variations with respect to the quality of the product and customer service.

3.4 Products

Packaging Products

The Company manufactures and markets more than 100 sizes of pails and packaging containers ranging from 200 milliliters to 130 liters used to transport and market products as varied as marinated meats, jams, detergents, paint, chemical fertilizers, chlorine, plaster and paving and roof coating. These products are sold to over 2,000 companies throughout Quebec, Ontario, the Atlantic Provinces and the United States.

The Company also manufactures a product line equipped with a safety system marketed under the Shure-Lock™ name. With this system, the lid cannot be opened until the safety tab is broken. This system enables the visual detection of any attempt at tampering, guarantees product integrity and increases cover impermeability. This line of containers has enabled the Company to penetrate the North American market in the agri-food industry sector and it now services customers of Best Foods Canada, Inc., Kraft Canada, The Kroger Co., Unilever Ltd., Canadian Gypsum, Mapei, Inc., J.M. Smucker Canada, Inc., Les Aliments Trans-Gras, Inc., Lafarge Canada Inc., CSP Foods, Ozark Salad Co., Inc., Blue Ridge Farm, Inc., Desoto, Inc., Les Fromages Saputo, Inc, and Nabisco, Ltd.

Material Handling and Environmental Products

The Company has been involved in the material handling products market since 1965. Today, it offers more than 40 innovative products. It manufactures and distributes a wide variety of rigid boxes and baskets mainly to transport products for a multitude of industries as well as a variety of bins used for the selective collection of recyclable waste. Listed among its customers are industry leaders such as Georgia Pacific Corporation, The Plitt Company, Logtek, La Maison Simons, Inc., Avibro, Inc., Multi-Marques, Inc., Parmalat, S.P.A., Natrel, Inc., Alimentation Couche-Tard, Inc., Forestcare, Government of Quebec, Ministry of Natural Resources, Bell

Canada, Bellsouth Telecommunications, Unibroue, Inc., BFI, Ltd., Magna Food Corporation, GTE Supply, Tara-Nova, Levi's Strauss & Co., PepBoys, Rentacrate, Inc. and Intersan, Inc.

The Company is sensitive to the needs of material handling product users and each year develops new products for them. Over the last five years, the Company has invested heavily in developing integrated waste management products. In 1991, the Company was the first Canadian manufacturer to mold wheel-carts for the automated collection of waste and recyclable materials. During the 2001-2002 fiscal year, the signature of a major contract to manufacture wheeled carts for a customer in the American Midwest proved to be last year's highlight in the waste management sector.

The Company has introduced new high value-added products on the market. Hence, it recently introduced a telephone wire reel made entirely of plastic and a tray to carry bread, all fully reusable and recyclable. In 1995, further to a partnership agreement with a client in the United States, the Company marketed a special box to move and store documents. In 1996, the Company developed a new box to transport beer and wine and thus penetrated the brewing and wine industry. The Company has introduced, during the last few years, various plastic boxes, of which the one destined to the transportation of beer, floating crates for lobsters and maple syrup barrels. The FlapNest™ multi-functional containers introduced on the market during the fiscal year 1998 continued to enjoy a large popularity on the North American markets.

During the 1999-2000 fiscal year, the Company has signed a major long-term contract with the world's largest supplier of corrugated cardboard for food. This contract to supply of collapsible crates equipped with micro-chips for the storage and shipping of fruits and vegetables. Taking advantage of that success, the Company has developed, during its 2000-2001 fiscal year, two new models of crates that can be reused more than 100 times. These crates are in high demand among fruit and vegetable producers as well as among retailers.

New materials handling products were introduced during the 2001-2002 fiscal year, including in particular the FlapNest™ 2115 multifunctional attached-lid containers and a complete series of SmartCrate™ collapsible containers for various industries.

Custom Automotive Products and Industrial Custom Molding

While the Company's policy tends to focus on the development, manufacture and marketing of its own products, custom-molding that involves manufacturing products using molds that belong to the customer, is, nevertheless, an important area of development since it enables the Company to constantly improve its technological edge. To date, this activity sector has been intentionally maintained at below 37% of the Company's consolidated sales given the mobility of customers in this industry.

The Company has focused its specialized custom-molding activities on production that requires a high level of technical expertise used primarily in industrial applications. Manufactured products include, among other things, automobile parts, snowmobile components and railway separators.

In order to consolidate its presence and to become a privileged supplier (Tier 2) among the main manufacturers Tier 1 certified by major car companies such as GM, Ford Motors U.S.A. and DaimlerChrysler, said suppliers manufacturing all production parts for new car and truck models, the Company maintains an office in Detroit, Michigan. Furthermore, strategically located at the Canadian-American borders, the Windsor, Ontario plant offers an accrued production capacity and a privileged access to the important American and Ontarian markets. Moreover, the ISO 9002 certification obtained by the Company for its plant in Windsor, Ontario has enable it to bolster its activities in the automobile sector and the obtaining of the third edition of certification QS 9000 has enable the Company to respond to the needs of the major North American automotive manufacturers.

The development prospects for the industrial custom molding and automotive sectors brightened considerably during the 2001-2002 fiscal year with the signature of new contracts and the extension of existing commercial agreements for a total of \$45 million over three years. To continue strengthening its position among the main Tier 2 suppliers of plastic components to the automotive parts manufacturing industry, the Company has initiated various research and development programs related to new processes for the manufacturing of automotive parts and components.

Extruded Products

The St. Lazare plant has enabled the Company to manufacture various moldings by process of extrusion such as maple syrup production conduits, lawn borders and various industrial moldings. With an eye to innovation, the Company's extrusion sector developed a record number of new applications for a variety of industries in 2001-2002. Today, the extrusion sector uses an entirely new process enabling it to manufacture value-added automotive products, and is less dependent on the maple sap collection and telecommunications industries for sustained, long-term growth in profitability.

The following table shows the percentage of consolidated sales for each principal product of the Company for the periods indicated:

	Fiscal year ended		
	September 28th, 2002	September 29th, 2001	September 30th, 2000
Packaging products	44%	46%	49%
Material Handling and Environmental products	19%	18%	15%
Custom Automotive Products, Industrial Custom Molding and Extrusion	<u>37%</u>	<u>36%</u>	<u>36%</u>
	<u>100 %</u>	<u>100 %</u>	<u>100%</u>

3.5 Manufacturing Method

The Company has five production plants in Canada located in St. Damien, in St. Lazare and in Lawrenceville in Quebec, in Edmundston in New Brunswick and Windsor in Ontario.

Resin-based thermoplastic products manufactured by the Company are molded by injection and extrusion processes.

Injection Process

The injection process involves inserting the thermoplastic resin, in granulated form, into a plastic cylinder. Coloring agents and stabilizers may be added to the resin to change the physical properties of the product. Under the effects of heat from the cylinder linings, the melted resin is injected into a water-cooled mold. Once formed and cooled, the piece is ejected from the mold. The manufacturing cycle of a piece may vary from five to 120 seconds depending on the type of piece.

Extrusion Process

The extrusion process is identical to the injection process insofar as the plastification of the thermoplastic resin is concerned. Once plastic-coated, the resin is continuously forced out of the plastic cylinder through a mold which gives it the desired shape and dimensions. The molded product is then inserted by a caterpillar drive into a cooling system, through which it circulates at a pre-established speed. The pieces are then automatically cut or rolled into the desired length.

Equipment

Equipment which is among the most modern in the North American molded-plastics industry enables the Company to manufacture a wide range of top quality products. In fact, the Company has 111 injection molding machines varying from 150 to 3,000 metric tons, 17 imprinting presses for containers and covers, ten extruders and over 450 active molds belonging to the Company. Furthermore, the Company currently has about 75 robots carrying out different operations at all production levels.

Occasionally, the Company out-sources where demand for its products exceeds its production capacity. For its fiscal year ended September 28, 2002, the Company estimates that about 7% of its production has been out-sourced.

3.6 Supply

The Company procures thermoplastic-resin supplies from five main suppliers with plants in Canada as well as in the United States. Other raw materials, such as coloring agents, stabilizers and packaging products, are purchased from reliable suppliers and replacement sources are available in all cases.

The Company has not experienced any difficulties in procuring supplies in the past and does not foresee any difficulties in the near future. To respect its quality-assurance policy, the Company ensures that its suppliers have ISO or comparable certification.

3.7 Administration and Control

All the Company's activities are controlled from its head office by an executive committee made up of ten members. This centralized management system affords better product production and marketing control.

The Company has seven sectors, i.e., the Industrial Packaging and Retail Packaging which it represent the packaging products, and the Materials Handling, Waste Management, Automotive, Industrial Custom Molding and Extrusion sectors representing the industrial products. Periodically, the executive committee evaluates and analyses the performance in each sector and makes the corrective measures deemed necessary.

To promote optimal expansion and rapid and flexible customer service, each sector of the Company and its subsidiaries combines services responsible for sales, marketing, operations, customer service, engineering, quality control and production.

However, planning, development, financing, corporate control as well as the assessment of expansion and acquisition projects fall under the responsibility of the Company's senior management and are directed from its head office.

Furthermore, the Company has four departments grouped together at its head office, each headed by an officer who reports to the Executive Vice President and General Manager.

Administrative Department

The administrative department is responsible for financial controls, accounting and manages the Company's auxiliary services, in particular, those pertaining to office automation, data processing and telephony.

Finance Department

The finance department is responsible for budget planning, financing, governmental assistance, insurance, acquisitions and negotiating purchase contracts.

Operations Department

The operations department is responsible for production, procurement of raw material, organization and coordination of production teams and auxiliary services as well as expansion projects related to the Company's plants. This department also ensures the reliability of production equipment automation and maintenance programs and processes and thanks to the

self-supervision technique applicable to production employees, ensures that the production quality of the products respects the requisite quality criteria.

The control and quality department is in charge of managing preventive and remedial measures and ongoing quality improvement of respecting quality criteria established by the Company so as to comply with the requirements of Standards ISO 9001 and QS 9000 as well as verifying the compliance of products and manufacturing processes.

Human resources Department

Human resources also report to the operations department. This department hires and trains personnel on an ongoing basis and is responsible for organizational development, labor relations as well as the administration of salaries and fringe benefits.

3.8 Research and Development

The Company's research and development team consists of more than 40 engineers and technicians with cutting-edge expertise in thermoplastic resin molding. Each year, the Company invests between two and three percent of its sales in the work of its research team.

New Product Development

The Company's engineers have at their disposal all the computer-assisted design equipment necessary to design products and to digitally simulate their structure and flow and cooling parameters. In particular, the Company has a three-dimensional design and drafting software to optimize engineering operations, speed up the requisite design time and considerably reduce prototype production. The Company develops and markets about 20 new products each year.

Laboratory Performance Tests

The Company has a laboratory equipped with all the apparatus necessary to conduct various tests and analyses to ensure that the products perform and meet the customer's quality criteria.

Simultaneous Engineering

The work methods favored by the Company encourage engineer/customer contacts before, during and after product development to better understand customer needs and to clearly orient the production steps. Marketing and sales and research and development heads work closely together and form a team that focuses on total innovation.

3.9 Marketing, Sales and Distribution

The Company sells its products through sales representatives and where the volume of sales for a given area does not warrant the presence of sales representatives, the Company distributes its products through selling agencies. The Company operates an effective distribution network serving more than 2,000 customers in Canada and in the United States. For this purpose it has the services of regional sales offices and warehouses located at strategic points within the territory it serves namely, Montreal, Quebec, Brampton, Ontario, Moncton, New Brunswick, Mt Pearl, Newfoundland, Netaghan, Nova Scotia, Detroit, Michigan, Northboro, Massachusetts, Tulsa, Oklahoma, Atlanta, Georgia, Union City, California, Indianola, Mississippi, Baytar Spring, Kansas and Cincinnati, Ohio.

Marketing of the Company's packaging products falls under the responsibility of its Vice President - Packaging and marketing of the industrial products, being the Materials Handling, Waste Management, Automotive, Industrial Custom Molding and Extrusion sections falls under the responsibility of its Executive Vice President and General Manager, both of whom will be assisted by a team of skilled product or market managers.

Divisional and regional sales managers monitor supervise the selling of the Company's products. The Company has a sales team of four sales directors, 11 sales managers and ten sales representatives in Canada, four managers and 11 sales representatives in the United States.

The Company places considerable importance on the quality of customer service. It promotes the direct sale by its sales representatives assisted, when necessary, by product or market managers, thus enabling it to offer effective service and adequate technical support to its customer base.

The Company participates in various trade fairs in Canada and in the United States, distributes catalogues of its products and promotes them through specialty business magazines. Furthermore, the Company pre-sells its products through telemarketing.

The following table shows the breakdown of the Company's consolidated sales for the territories it services and for the indicated periods.

	Fiscal year ended		
	September 28th, 2002	September 29th, 2001	September 30th, 2000
Canada.....	63%	64%	67%
United States	37%	<u>36%</u>	<u>33%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

This improvement reflects recent inroads by the Company into the Northeastern and Midwestern United States, as well as the weakening of the Canadian dollar relative to the American currency during the year.

3.10 Competition

There are approximately ten major manufacturers of rigid plastic packaging containers on the Canadian market. In its target U.S. market, the Company competes with numerous manufacturers, six of which are major North American manufacturers. As for material handling products, the Company competes with at least five other major Canadian and American manufacturers. The custom-molding market includes a large number of small manufacturers but, as the Company has restricted its activities to very specific niches and benefits from long-term contracts, it is not affected by any serious competition.

Part of the competition facing the Company's products comes from products manufactured with material other than plastic such as steel, wood and cardboard. Plastic has proven to be superior to all these other materials in a large number of applications. The durability, appearance, recycling and resistance to corrosion of plastic products are some of the major attributes that ensure success in selling the Company's products in spite of competition.

Today, the Company is well positioned in the Canadian plastics industry where, at times, it has been able to set standards. With market globalization and the implementation of the North American Free Trade Agreement (NAFTA) intended to remove trade barriers, the Company intends to underscore its presence in light of increase competition and it will achieve this goal through its technological know-how and its ability to develop innovative, exclusive products, adapted to the specific needs of its customers.

Seasonal Fluctuations

The Company's annual sales are generally stable but are however subject to a slight decrease each year from December to February.

3.11 Quality-Assurance System

The Company maintains a quality-assurance system based on the following principles:

- continuing education of all its employees focused on an skills approach;
- participatory management by employees in responsible teams;
- prevention to minimize the risks of defects and to improve command of manufacturing processes;
- knowledge of the customer's needs through the regular and systematic analysis of complaints, feedback from its sales force and simultaneous engineering in collaboration with the customer;

- resource management based on the integration of key inter-departmental functions (marketing, quality, research and development, manufacturing operations and customer service).

Because of the importance the Company attaches to the quality command of its processes, it has undertaken a new standard certification process which it intends to finalize the implementation during its 2002-2003 fiscal year. This is, on the one hand, the ISO 14001 environmental standard which it intends to provide the Company with an efficient managing system of its environmental objectives and, on the other hand, the *Hazard Analysis Critical Control Points* (HACCP) food standard. This standard, stemming from the United Nation's *Codex Alimentarius*, is intended to prevent any contamination of the food products transformers by packaging containers manufactured by injection and intended to such industry.

3.12 Environmental Policy

As a North American manufacturer of molded plastic products through injection and extrusion, the Company demonstrates its profound commitment to the environment through a strict policy that well exceeds the current applicable regulatory requirements for its industry. In order to comply with its environmental policy and limit the environmental impact of its activities, IPL has developed and implemented concrete programs, strictly adhered to by its injection St. Damien and extrusion St. Lazare plants that, in particular, provide for:

- Conservation of the natural resources used in the Company's normal course of business, particularly "clean" energy sources like electricity and drinking water.
- Preventive measures aimed at protecting both ambient air quality and individuals through the control of toxic gas emissions (burnt plastic, freon gas (CFCs), propane, etc.), using the filtration and cooling systems best suited to the manufacturing methods used at the plants.
- Preventive measures aimed at protecting the water table and the sources of water used in the control and recovery of waste water, hydraulic oil, PCBs from machinery and hydroelectric transformers, soaps, chemical products, solvents, asbestos and any other residual toxic or hazardous waste in solid or liquid form.
- Appropriate management of its main recyclable solid plant by-products through in-house use or shipment to recycling companies. This would cover materials such as plastic material waste and granulates, machine purges, bags, cardboard boxes, packaging film, paper, cardboard and finally, wood pallets used to transport products.
- Creation of recovery and recycling programs in collaboration with its customers for which end-of-life products constitute the principal raw materials used in the manufacturing of their products.

- Development of leading-edge manufacturing processes that generate minimal waste, optimize the use of raw materials and prevent the presence of undesirable micro-organisms in the Company's products, particularly those destined for the food industry.
- Implementation of emergency measures for fires and accidental spills of regulated, toxic or hazardous materials.
- Development of innovative, high-performance products with minimal undesirable ecological impact, and implementation of domestic recycling and separate waste collection programs in many North American cities and towns.

Over the years, the Company has obtained world-recognized certifications, including ISO 9001, QS 9000 (automotive industry) and HACCP/IMS (food industry), a reflection of the optimal quality of the value-added products offered to its customers as well as its ongoing regard for the environmental standards governing its activities. In 2002, the Company pushed its pursuit of excellence one step further by initiating the ISO 14001 environmental certification process, which is to be completed in the near future.

Through the adoption of its environmental policy by all its officers and the implementation of its environmental management system (EMS), the Company pledges to respect all regulatory and other legal requirements that apply to its operations, and to introduce management practices in its plants that promote environmental protection and reflect the guidelines of the above-mentioned programs. In order to achieve this, ISO 14001 committee managers have identified those aspects of the organization that could have an environmental impact. The management programs proposed by the Company vary in duration depending on their size and scope. Based on objectives and targets, their effectiveness is measured in terms of appropriate performance indicators sampled at regular intervals by the program managers and Company management.

The Company considers its employees to be its most valuable asset, and therefore their health and safety is of primary importance. In keeping with its commitment to the continuing improvement of its employees' well-being and in accordance with the guidelines of its EMS, the Company has begun implementing an integrated health and safety risk management system. This effort involves all its administrative staff and plant personnel and constitutes the basis of its future ISO 18001 program. This system is to be integrated into the EMS, and allows for the systematic improvement of the Company's competitiveness by integrating to a greater degree the notion of accident prevention in relation to infrastructure and operational processes, from product design through to customer delivery.

3.13 Human Resources and Employee Relations

The Company and its subsidiaries currently employ more than 1,200 people.

Employees in the St. Damien, Quebec, production department and the employees of the plant located in St. Lazare, Quebec, have been unionized since 1974. In 1999-2000, the Company has renewed the collective agreement of its unionized employees of its St. Damien and St. Lazare

plants, represented by the *Union des employés de service* (F.T.Q. Local 800). This new contract will be in force until December 31, 2004. The collective agreements of the unionized employees of IPL Estrie Inc. and IPL Plastics Ltd. were signed in 2002 and will be in force until December 31, 2007 and December 31, 2006 respectively. The renewal of the collective agreement with the unionized employees of IPL Prelude Corp. is currently under negotiation. Employees of IPL Products, Ltd. are not unionized. The Company and non-unionized employees review their working conditions on an annual basis. The Company believes that the relationship with its employees is very good.

The Company offers its employees numerous continuing-education programs in order to meet the criteria of its quality-assurance policy. Furthermore, during the year 1998, the Company set up a bonus program for its employees based on Company profitability. In addition, a standing labor health and safety committee whose objective is to eliminate the risks of accidents has been active in the Company for many years.

3.14 Risks Related to Foreign Transactions

The Company distributes a significant part of its products in the United States and, consequently, it can be affected by exchange rate fluctuations. A drop in the value of the American dollar in relation to the Canadian dollar may lead to lower earnings or translate into higher prices for the Company's products on the American market and possibly a drop in sales volume. The Company partially covers the risk to which it is exposed in this respect by reaching supply agreements with its principal raw material suppliers which contain clauses authorizing it to pay for its purchases in Canadian or American currency. This enables it to match sales with purchases in American currency and to reduce risk factors related to exchange rate fluctuations.

3.15 Intellectual Property

The Company holds intellectual rights for many patents, industrial drawings and trademarks pertaining to its packaging and material handling products. In the Packaging sector, the Company holds, in particular, several Canadian and American patents on protection systems forming part of some of its container models. In the Material Handling sector, the Company also holds several Canadian, American and European patents for its telephone wire reel marketed under the Reelsaver™ name, its boxes used to transport fruits and vegetables, its tray to carry bread and its box to transport beer and wine. The Company also holds several other patents for products related to the maple syrup industry.

3.16 Fixed Assets

For the most part, the installations and equipment which the Company owns, leases or operates comprise manufacturing facilities that include land, buildings (plants, warehouses and offices), rolling stock, equipment and tooling. The civic addresses, the areas of the land and the buildings as well as the sites allocated for storage, production and offices are as follows:

<u>Address</u>	<u>Land</u>	<u>Warehouse</u>	<u>Plant</u>	<u>Offices</u>
	(area in square meters)			
<u>IPL Inc.</u>				
140 rue Commerciale St. –Damien, Quebec	600,000	19,475	17,096	2,903
<u>IPL Inc.</u>				
130 rue Aubé St. Lazare, Quebec	5,157	643	922	71
<u>IPL Plastics Ltd.</u>				
20 Boyd Street Edmundston, New Brunswick.....	40,013	2,989	4,552	1,115
<u>IPL Prelude Corp.</u>				
6135 Morton Industrial Parkway Windsor, Ontario	22,676	6,842	2,536	650
<u>IPL Estrie Inc.</u>				
2095 Dandenault Street Lawrenceville, Quebec ⁽¹⁾	13,000	2,798	1,225	270
<u>Distribution Centers</u>				
111 Advance Blvd. Brampton, Ontario ⁽¹⁾	-	2,138	-	186
20200, Woodruff Rd Gibraltar, Michigan ⁽¹⁾	-	2,229	-	-
10 Forbes Road Northboro, Massachusetts ⁽¹⁾	-	4,273	-	372

(1) This location is occupied pursuant to a lease

The Company's land and buildings located in St. Damien, Quebec, are encumbered by immovable hypothecs.

ITEM 4: PRINCIPAL CONSOLIDATED FINANCIAL INFORMATION

The following table shows certain consolidated financial information of the Company for the fiscal years indicated below.

(in thousands of dollars except for per-share amounts)

Fiscal years ended	September 28, 2002	September 29, 2001	September 30, 2000	October 2, 1999	October 3, 1998
Total income	\$206,023	\$187,898	\$155,735	\$135,409	\$113,775
Earnings before income tax	20,656	15,122	11,671	12,813	10,693
Net earnings	13,491	9,740	8,233	8,381	7,034
Net earnings per share ⁽¹⁾	\$1.87	\$1.34	\$1.13	\$1.15	\$0.97
Cash flow	28,324	23,728	21,033	17,923	15,050
Cash flow per share ⁽¹⁾	\$3.93	\$3.26	\$2.88	\$2.46	\$2.07
Dividend per share ⁽¹⁾	\$0.56	\$0.38	\$0.32	\$0.33	\$0.28
Total assets.....	176,256	166,632	167,020	121,981	95,087
Long-term debt (including the short-term portion).....	51,124	60,727	55,437	34,271	15,750
Shareholders' equity	80,696	73,355	66,592	60,345	54,366

(1) Calculated based on the weighted average number of outstanding Multiple Voting Shares during the fiscal year.

The following analysis should be read together with the principal consolidated financial information and the consolidated financial statements contained in the Company's annual report.

4.1 Comparison of Fiscal Years 2002 and 2001

The sales for the year ended September 28, 2002, totaled \$206.0 million, an increase of 9.6% in comparison to 2001 sales which totaled \$187.9 million. This increase in consolidated sales reflected the strong performance of high value – added proprietary products and significant expansion of the Company's activities in the United States and Canada.

Net earnings for the fiscal year ended September 28, 2002 settled at \$13.5 million which represent an increase of 38.5% as opposed to \$9.7 million for the preceding year. Net earnings per share went from \$1.34 in 2001 to \$1.87 in 2002.

Cash flow amount has rise up to \$28.3 million in 2002 or \$3.93 per share, compared with \$23.7 million in 2001 or \$3.26 per share.

4.2 Comparison of Fiscal Years 2000 and 2001

The sales for the year ended September 29, 2001, totaled \$187.9 million, an increase of 20.7 % in comparison to 2000 sales which totaled \$155.7 million. With the exception of the

Extrusion sector, all sectors of activity contributed to the growth in sales in 2000-2001, with the greatest improvements seen in the Materials Handling, Industrial Custom Molding and Retail Packaging sectors. The higher sales in 2000-2001 are also the result of the inclusion of IPL Estrie's results for one full year instead of only four months in 1999-2000.

Net earnings for the fiscal year ended September 29, 2001 settled at \$9.7 million which represent an increase of 18.3% as opposed to \$8.2 million for the preceding year. Net earnings per share went from \$1.13 in 2000 to \$1.34 in 2001. Such progression of the results is due to the significant improvements in the Packaging, Materials Handling, Automobile and Industrial Custom Molding sectors.

Cash flow amount has rise up to \$32.7 million in 2001 or \$3.26 per share, compared with \$21 million in 2000 or \$2.88 per share.

4.3 Comparison of Fiscal Years 2000 and 1999

Sales for the fiscal year ended September 30, 2000, totaled \$155.7 million, an increase of 15% in comparison to 1999 sales which totaled \$113.8 million. This increase is primarily due to the strong performance of the Packaging sector, whose consolidated income increased to \$77.6 million, up 15.6%. At the industrial division, net revenues rose despite weakness in the Material Handling sector. In addition, the inclusion of the activities of IPL Estrie Inc., for a five-month period, resulted the increase in consolidated sales in 1999-2000. These assets were acquired in May 2000.

Net earnings for the fiscal year ended September 30, 2000 settled at \$8.2 million as opposed to \$8.4 million for the preceding year. Net earnings per share went from \$1.13 in 2000 to \$1.15 in 1999. Various factors explain the slight fall of profitability. The industrial division suffered of the expenses related to intensive testing of molds, the launch of several new programs and products and an equipment breakdown.

Cash flow amount to \$21 million in 2000 or \$2.88 per share compared with \$17.9 million in 1999 or \$2.46 per share.

4.4 Comparison of Fiscal Years 1999 and 1998

Sales for the fiscal year ended October 2, 1999 totalled \$135.4 million, an increase of 19% in comparison to 1998 sales that totalled \$113.8 million. This increase is primarily due to strong sales growth for the industrial division is primarily attributable to strength in the Materials Handling, Waste Management, Automotive and Extrusion sectors as well as with a greater penetration of the markets in the United States for the Packaging sector of the Company.

Net earnings for the fiscal year ended October 2, 1999 settled at \$8.4 million as opposed to \$7.03 million for the preceding year, up 19%. Net earnings per share went from \$0.97 in 1998 to \$1.15 in 1999. The improved results can be attributed to increased sales by all divisions, both in Canada and in the United States and to operating costs that remained under control.

Cash flow amounted to \$17.9 million in 1999 or \$2.46 per share compared with \$15.05 million in 1998 or \$2.07 per share.

4.5 Comparison of Fiscal Years 1998 and 1997

Sales for the fiscal year ended October 3, 1998 totaled \$113.8 million, an increase of 4 % in comparison to 1997 sales that totaled \$110 million. This increase is primarily due to strong sales growth for the packaging division and a sharp rise in sales of auto parts.

Net earnings for the fiscal year ended October 3, 1998 settled at \$7.03 million as opposed to \$6.25 million for the preceding year, up 12.5 %. Net earnings per share went for \$0.95 to \$0.97 in 1998. The improved results can be attributed to increased sales by all divisions, both in Canada and in the United States and to operating costs that remained under control.

Cash flow amounted to \$15.05 million in 1998 or \$2.07 per share compared with \$13.49 million in 1997 or \$2.04 per share.

4.6 Selected Quarterly Financial Information

(in thousands of dollars except for per-share amounts)

Fiscal year ended September 28 th , 2002	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Total income	\$48,256	\$45,422	\$59,185	\$53,160
Earnings before income taxes.....	3,817	4,171	6,745	5,923
Net earnings	2,463	2,711	4,327	3,990
Net earnings per share ⁽¹⁾	\$0.34	\$0.37	\$0.62	\$0.55

1) Calculated in accordance with the weighted average number of Multiple Voting Shares outstanding for each quarter.

(in thousands of dollars except for per-share amounts)

Fiscal year ended September 29 th , 2001	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Total income	\$42,645	\$46,754	\$51,790	\$46,709
Earnings before income taxes.....	2,600	3,136	4,423	4,963
Net earnings	1,712	2,120	2,794	3,114
Net earnings per share ⁽¹⁾	\$0.24	\$0.29	\$0.38	\$0.43

1) Calculated in accordance with the weighted average number of Multiple Voting Shares outstanding for each quarter.

4.7 Dividends

The Company has paid dividends on its outstanding shares during the five years ended September 28, 2002 as follows:

Fiscal years ended	Multiple Voting Shares		Class C Preferred Shares ⁽¹⁾	
	<u>Per share</u>	<u>Total</u>	<u>Per share</u>	<u>Total</u>
September 20, 2002.....	\$0.56	\$4,042,246	-	\$1.00
September 29, 2001.....	0.38	2,763,101	-	1.00
September 30, 2000.....	0.32	2,329,360	-	1.00
October 2, 1999.....	0.33	2,402,000	-	1.00
October 3, 1998.....	0.28	2,038,190	-	1.00

1) These shares confer the right to a fixed, annual and non-cumulative dividend in a global amount of \$1.00.

Dividend Policy

The Company usually pays between 30 % and 35 % of its earnings in the form of dividends to its shareholders. Since 1983, the Company has always paid a dividend on its full participating shares. It intends to maintain this policy and increase its dividend as long as earnings permit and its investment activities are not affected. Given to the Company's performance in recent years, the Board of Directors approved a special non-recurring dividend of \$0.14 per Multiple Voting Share on December 12, 2002, payable on January 10, 2003 to shareholders of record on December 27, 2002.

ITEM 5: MARKET TO TRADE THE SECURITIES

The Company's Multiple Voting Shares have been listed on The Montreal Exchange from November 12, 1985 until December 6, 1999. Since this date, because of the reorganization of the Canadian Stock Exchanges, the Company's Multiple Voting Shares have been listed on The Toronto Stock Exchange.

The following table shows the market price and the trading volume on The Montreal Stock Exchange and on The Toronto Stock Exchange for the periods indicated:

<u>Period</u>	<u>Price Change</u>		<u>Number of shares traded</u>
	<u>High</u>	<u>Low</u>	
2001			
First quarter.....	\$10.50	\$7.55	292,152
Second quarter.....	11.15	10.00	189,952
Third quarter.....	12.00	10.60	130,465
Fourth quarter.....	14.40	10.75	482,493
2002			
First quarter.....	\$18.25	\$13.80	1,415,524
Second quarter.....	21.50	16.90	594,330
Third quarter.....	22.00	17.50	427,334
Fourth quarter.....	24.15	18.47	377,428
2003			
January.....	\$25.48	\$22.76	101,409

ITEM 6: DIRECTORS AND SENIOR EXECUTIVES

Company's by-laws provide that the members of the Board of Directors are to be elected annually, each to hold office until the next Annual Meeting of Shareholders or until a successor is elected or appointed.

<u>Directors Name</u>	<u>Municipality of residence</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Multiple Voting Shares Under his Control</u>
Rémi Métivier	St. Damien, Quebec	Chairman of the Board of the Company	July 30, 1964	1,251,458

<u>Directors Name</u>	<u>Municipality of residence</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Multiple Voting Shares Under his Control</u>
Julien Métivier	St. Damien, Quebec	President and Chief Executive Officer of the Company	January 27, 1965	1,305,208
Clément Métivier	St. Damien, Quebec	Costs System Director and Treasurer of the Company	January 27, 1965	1,301,795
Jean-Yves Bâcle	Quebec, Quebec	Vice President, Industrial Products Division of the Company	February 16, 1996	58,742
François Béchard ⁽¹⁾	Quebec, Quebec	Vice President, Finance, Chief Financial Officer and Secretary of the Company	February 14, 1975	66,500
Jean-Marie Chabot	St. Damien, Quebec	Vice President, Operations of the Company	February 14, 1975	57,000
Luc Houle ⁽¹⁾	St. Hubert, Quebec	Senior Vice President CDP Capital d'Amérique	February 16, 1996	595,500 ⁽²⁾
Pierre Racine ⁽¹⁾	Beaconsfields, Quebec	President, Rolls-Royce Canada Ltd.	February 13, 1998	2,800

(1) Member of the Company's audit committee.

(2) CDP Capital d'Amérique is the beneficial owner of these shares.

Senior Executive who is not Director

<u>Name</u>	<u>Main Occupation</u>
Alain Métivier	Assistant Director, Production Packaging of the Company
Luc Métivier	Vice President, Recyc RPM, Inc.
Serge Métivier	Sales Manager, Packaging of the Company

Over the last five years, all senior executives have filled different positions within the aforementioned companies, their subsidiaries, predecessors or affiliates.

ITEM 7: ADDITIONAL INFORMATION

Other information, including information on the compensation of directors and senior executives, on the principal holders of securities of the Company as well as on the interests of

insiders in material transactions, as the case may be, appear in the information circular prepared for the annual general meeting of the shareholders held on February 11, 2003. Other financial information is included in the Company's 2002 Annual Report. Copies of these documents may be obtained by sending a written request to the Company's head office at 140 rue Commerciale, St. Damien, Quebec, G0R 2Y0.

**ITEM 8: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
POSITION AND OPERATING RESULTS AND AUDITED FINANCIAL
STATEMENTS**

The information required by this heading is outlined in detail in the 2002 Annual Report. The headings "Management Discussion and Analysis of Operating Results and Financial Position" and "Consolidated Financial Statements" on pages 12 to 27 of the Company's 2002 Annual Report are incorporated herein by reference.