Ameresco, Inc.
Form SC 13G
February 08, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No.)*

AMERESCO INC-CL A

(Name of Issuer)

Common Stock

(Title of Class of Securities)

02361E108

(CUSIP Number)

December 31, 2018

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

x Rule 13d-1(b)

¨ Rule 13d-1(c)

¨ Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 02361E108

1. Names of Reporting Persons.

   I.R.S. Identification Nos. of above persons (entities only).

   Dimensional Fund Advisors LP (Tax ID: 30-0447847)

2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (a) ¨

   (b) x

3. SEC Use Only

4. Citizenship or Place of Organization

   Delaware Limited Partnership

Number of Shares Beneficially Owned by Each Reporting Person With	5. Sole Voting Power 1434162 **see Note 1**
	6. Shared Voting Power 0
	7. Sole Dispositive Power 1519356 **see Note 1**
	8. Shared Dispositive Power

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person

1519356 **see Note 1**

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

N/A

11. Percent of Class Represented by Amount in Row (9)

5.43%

12. Type of Reporting Person (See Instructions)

IA

Item 1.

(a) Name of Issuer

AMERESCO INC-CL A

(b) Address of Issuer s Principal Executive Offices

111 Speen Street, Framingham, MA 01701

Item 2.

(a) Name of Person Filing

Dimensional Fund Advisors LP

(b) Address of Principal Business Office, or if none, Residence

Building One

6300 Bee Cave Road

Austin, Texas, 78746

(c) Citizenship

Delaware Limited Partnership

(d) Title of Class of Securities

Common Stock

(e) CUSIP Number

02361E108

Item 3. If this statement is filed pursuant to Sec. 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(a) ¨ Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o);

(b) ¨ Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);

(c) ¨ Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c);

(d) ¨ Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);

(e) x An investment adviser in accordance with Sec. 240.13d-1(b)(1)(ii)(E);

(f) ¨ An employee benefit plan or endowment fund in accordance with Sec. 240.13d-1(b)(1)(ii)(F);

(g) ¨ A parent holding company or control person in accordance with Sec. 240.13d-1(b)(1)(ii)(G);

(h) ¨ A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

(i) ¨ A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

(j) ¨ A non-U.S. institution in accordance with Sec. 240.13d-1(b)(1)(ii)(J);

(k) ¨ Group, in accordance with Sec. 240.13d-1(b)(1)(ii)(J).

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

1519356 **see Note 1**

(b) Percent of class:

5.43%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote:

1434162 **see Note 1**

(ii) Shared power to vote or to direct the vote:

0

(iii) Sole power to dispose or to direct the disposition of:

1519356 **see Note 1**

(iv) Shared power to dispose or to direct the disposition of:

0

** Note 1 ** Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the Funds). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, Dimensional) may possess voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, all securities reported in this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities. In addition, the filing of this Schedule 13G shall not be construed as an admission that the reporting person or any of its affiliates is the beneficial owner of any securities covered by this Schedule 13G for any other purposes than Section 13(d) of the Securities Exchange Act of 1934.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ].

Item 6. Ownership of More than Five Percent on Behalf of Another Person

The Funds described in Note 1 above have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the securities held in their respective accounts. To the knowledge of Dimensional, the interest of any one such Fund does not exceed 5% of the class of securities. Dimensional Fund Advisors LP disclaims beneficial ownership of all such securities.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

N/A

Item 8. Identification and Classification of Members of the Group

N/A

Item 9. Notice of Dissolution of Group

N/A

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under Sec. 240.14a-11.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DIMENSIONAL FUND ADVISORS LP

February 8, 2019

Date

By: Dimensional Holdings Inc., General Partner

/s/ Christopher Crossan

Signature

Global Chief Compliance Officer

Title

133>

Refinancing (Note 8)

6,031

22,985

24,208

67,267

77,777

Earnings (loss) before income taxes

3,408

4,998

(4,525)

5,956

Income taxes (recovery)

Current

155

(374)

549

(48)

Future

1,253

1,153

773

(990)

1,408

779

1,322

(1,038)

Net earnings (loss)

2,000

4,219

(5,847)

6,994

Earnings (loss) per share

Basic

0.03

0.07

(0.10)

0.12

Diluted

0.03

0.07

(0.10)

0.12

The accompanying notes are an integral part of the interim consolidated financial statements and Note 4 presents additional information on consolidated earnings.

Intertape Polymer Group Inc.

Consolidated Deficit

Periods ended September 30,
(In thousands of US dollars)
(Unaudited)

	Three months		Nine months	
	2009	2008	**2009**	2008
	$	$	**$**	$
Balance, beginning of period	**(168,367)**	(64,959)	**(160,533)**	(67,482)
Cumulative impact of accounting changes relating to inventories				(252)
Balance, beginning of period, as restated	**(168,367)**	(64,959)	**(160,533)**	(67,734)
Net earnings (loss)	**2,000**	4,219	**(5,847)**	6,994
Repurchase of common shares			**13**	
Balance, end of period	**(166,367)**	(60,740)	**(166,367)**	(60,740)

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

Intertape Polymer Group Inc.

Consolidated Comprehensive Income (Loss)

Periods ended September 30,
(In thousands of US dollars)
(Unaudited)

	Three months		Nine months	
	2009	2008	**2009**	2008
	$	$	**$**	$
Net earnings (loss)	**2,000**	4,219	**(5,847)**	6,994
Other comprehensive income (loss):				
Changes in fair value of interest rate swap agreements, designated as cash flow hedges (net of future income taxes of nil for the three and nine months ended September 30, 2009, $105 and $680 for the three and nine months ended September 30, 2008, respectively)	**103**	179	**(137)**	(1,158)
Settlement of interest rate swap agreements, recorded in the consolidated earnings (net of income taxes of $1,080)				1,840
Changes in fair value of investment in publicly traded securities designated as available-for-sale	**(21)**		**1,044**	
Gain on sale of investment in publicly traded securities, recorded in the consolidated earnings	**(1,044)**		**(1,044)**	
Changes in fair value of forward foreign exchange rate contracts, designated as cash flow hedges (net of future income taxes of nil for the three and nine months ended September 30, 2009)	**1,732**		**3,154**	
Settlement of forward foreign exchange rate contracts, recorded in the consolidated earnings (net of income taxes of nil for the three and nine months ended September 30, 2009)	**(423)**		**(353)**	

Gain on forward foreign exchange rate contracts recorded in the consolidated earnings pursuant to recognition of the hedged item in cost of sales			**(453)**	
Reduction in net investment in a foreign subsidiary			**(125)**	(1,143)
Changes in accumulated currency translation adjustments	**8,073**	(6,401)	**13,236**	(9,356)
Other comprehensive income (loss)	**8,420**	(6,222)	**15,322**	(9,817)
Comprehensive income (loss) for the period	**10,420**	(2,003)	**9,475**	(2,823)

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

Intertape Polymer Group Inc.

Consolidated Cash Flows

Periods ended September 30,
(In thousands of US dollars)
(Unaudited)

	Three months		Nine months	
	2009	2008	**2009**	2008
	$	$	**$**	$
OPERATING ACTIVITIES				
Net earnings (loss)	**2,000**	4,219	**(5,847)**	6,994
Non-cash items				
Depreciation, amortization and accretion expense	**9,480**	9,081	**27,974**	27,306
Loss on disposal of property, plant and equipment	**155**	304	**478**	207
Write-off of debt issue expenses in connection with debt refinancing				3,111
Write-down of inventories	**782**		**1,046**	
Reversal of a portion of a write-down of inventories	**(390)**		**(2,082)**	
Future income taxes	**1,253**	1,153	**773**	(990)
Stock-based compensation expense	**255**	349	**767**	1,099
Pension and post-retirement benefits funding in excess of amounts expensed	**435**	(340)	**1,228**	(1,240)
Gain on forward foreign exchange rate contracts	**453**			
Change in fair value of forward foreign exchange rate contracts	**(110)**			
Unrealized foreign exchange loss	**3**		**57**	
Gain on sale of publicly traded securities	**(1,044)**		**(1,044)**	
Foreign exchange gain resulting from reduction in net investment in a foreign subsidiary			**(125)**	
Other	**166**		**288**	
Cash flows from operations before changes in working capital items	**13,438**	14,766	**23,513**	36,487

Changes in working capital items				
Trade receivables	**164**	(5,100)	**(4,922)**	(18,349)
Other receivables	**(688)**	231	**451**	(460)
Inventories	**(1,445)**	(4,713)	**12,243**	(16,043)
Parts and supplies	**(9)**	(283)	**(420)**	(638)
Prepaid expenses	**172**	(270)	**(700)**	17
Accounts payable and accrued liabilities	**(21,996)**	4,560	**(19,770)**	7,620
	(23,802)	(5,575)	**(13,118)**	(27,853)
Cash flows from operating activities	**(10,364)**	9,191	**10,395**	8,634
INVESTING ACTIVITIES				
Property, plant and equipment	**(2,435)**	(8,972)	**(9,695)**	(17,964)
Proceeds on disposal of property, plant and equipment	**10**	8	**10**	3,122
Proceeds on disposal of investment in publicly traded securities	**1,044**		**1,044**	
Other assets	**(53)**	(260)	**(107)**	(684)
Intangible assets		(2,637)	**(933)**	(2,637)
Cash flows from investing activities	**(1,434)**	(11,861)	**(9,681)**	(18,163)
FINANCING ACTIVITIES				
Long-term debt	**9,143**	9,622	**13,752**	136,211
Debt issue expenses				(2,643)
Repayment of long-term debt	**(182)**	(6,187)	**(23,928)**	(127,999)
Repurchase of common shares			**(18)**	
Cash flows from financing activities	**8,961**	3,435	**(10,194)**	5,569
Net increase (decrease) in cash	**(2,837)**	765	**(9,480)**	(3,960)
Effect of foreign currency translation adjustments	**319**	(621)	**479**	(632)
Cash, beginning of period	**8,907**	10,793	**15,390**	15,529
Cash, end of period	**6,389**	10,937	**6,389**	10,937

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

Intertape Polymer Group Inc.

Consolidated Balance Sheets

As at
(In thousands of US dollars)

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
	$	$
ASSETS		
Current assets		
Cash	**6,389**	15,390
Trade receivables	**82,003**	75,467
Other receivables	**3,834**	4,093
Inventories	**82,647**	90,846
Parts and supplies	**14,796**	14,119
Prepaid expenses	**3,767**	3,037
Derivative financial instruments	**2,091**	
Future income taxes	**9,129**	9,064
	204,656	212,016
Property, plant and equipment	**278,966**	289,763
Other assets	**22,134**	22,364
Intangible assets (Note 7)	**3,662**	3,956
Future income taxes	**48,103**	47,067
	557,521	575,166
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**59,486**	78,249
Installments on long-term debt	**1,002**	623
	60,488	78,872
Long-term debt (Note 8)	**240,850**	250,802
Pension and post-retirement benefits	**10,113**	9,206
Derivative financial instruments	**1,750**	2,969
Other liabilities (Note 9)	**779**	

	313,980	341,849
SHAREHOLDERS EQUITY		
Capital stock (Note 10)	**348,143**	348,174
Contributed surplus (Note 10)	**13,891**	13,124
Deficit	**(166,367)**	(160,533)
Accumulated other comprehensive income (Note 11)	**47,874**	32,552
	(118,493)	(127,981)
	243,541	233,317
	557,521	575,166

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

1.

BASIS OF PRESENTATION

In the opinion of management, the accompanying interim unaudited consolidated financial statements, expressed in US dollars and prepared in accordance with Canadian generally accepted accounting principles (GAAP), contain all adjustments necessary to present fairly Intertape Polymer Group Inc. s (the Company) consolidated financial position as at September 30, 2009 as well as its consolidated results of operations and cash flows for the three and nine months ended September 30, 2009 and 2008.

These interim unaudited consolidated financial statements and notes thereto should be read in conjunction with the Company s 2008 annual audited consolidated financial statements.

These interim unaudited consolidated financial statements and notes thereto follow the same accounting policies as those described in the most recent annual audited consolidated financial statements except as described in Note 2 below.

2.

Accounting changes

Recently adopted standards

On January 1, 2009, in accordance with the applicable transitional provisions, the Company adopted the new recommendations of the following Canadian Institute of Chartered Accountants (CICA) Handbook Sections:

Goodwill and intangible assets

Section 3064, Goodwill and Intangible Assets , replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs . This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions of this Section, relating to the definition and initial recognition of intangible assets, are equivalent to the corresponding provisions under International Financial Reporting Standards (IFRS). Section 1000, Financial Statement Concepts , was also amended to provide consistency with this new Section. The adoption of this Section had no material effect on the Company s consolidated financial result and position. The additional disclosures required by this new Section have been included in Note 7 to these interim unaudited consolidated financial statements.

Credit risk and the fair value of financial assets and financial liabilities

Emerging Issues Committee of the CICA Abstract No. 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC-173) clarifies that an entity s own credit risk and the credit risk of its counterparty should be taken into account in determining the fair value of financial assets and liabilities. The adoption of EIC-173 did not have a material impact on the Company s consolidated financial statements or on the fair value determination of its financial assets and liabilities, including derivative financial instruments.

2 ACCOUNTING CHANGES (Continued)

Future accounting standards

Business combinations

Section 1582, Business Combinations replaces Section 1581 of the same title. This Section establishes new standards for the accounting for a business combination. This Section constitutes the GAAP equivalent to the corresponding IFRS. This Section shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and the Company will adopt this new Section as of such date upon its conversion to IFRS. Earlier application is permitted. The Company is currently evaluating the impact of adoption of this new Section on its consolidated financial statements and on future business combinations.

Consolidated financial statements

Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests together replace Section 1600, Consolidated Financial Statements . Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements subsequent to a business combination. These Sections constitute the GAAP equivalent to the corresponding IFRS. These Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 and the Company will adopt these new Sections as of such date upon its conversion to IFRS. Earlier adoption is permitted as of the beginning of a fiscal year. The Company is currently evaluating the impact of adoption of these new Sections on its consolidated financial statements.

Financial instruments disclosures

In June 2009, the CICA issued revisions release No. 54, which among others, includes several amendments to Section 3862 Financial Instruments - Disclosures . This Section has been amended to primarily include additional disclosure requirements with respect to fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009. Earlier adoption is permitted. The Company is currently evaluating these new requirements and would include the additional disclosures in its annual consolidated financial statements as at and for the year ending December 31, 2009 upon its adoption of this amendment.

3.

PENSION AND POST-RETIREMENT BENEFITS

	Three months		Nine months	
	2009	2008	**2009**	2008
	$	$	**$**	$
Net periodic benefit cost for defined pension plans	**1,324**	452	**3,011**	1,362

4.

INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

	Three months			Nine months
	2009	2008	**2009**	2008
	$	$	**$**	$
Interest				
Interest on long-term debt	**3,920**	4,119	**11,779**	13,825
Amortization of debt issue expenses on long-term debt and accretion expense	**317**	261	**858**	793
Interest on credit facilities	**6**		**47**	244
Amortization of debt issue expenses on credit facilities				141
Interest capitalized to property, plant and equipment	**(193)**	(150)	**(579)**	(450)
	4,050	4,230	**12,105**	14,553
Other				
Foreign exchange gain resulting from the reduction in net investment in a foreign subsidiary (1)			**(125)**	(1,143)
Foreign exchange loss	**26**	289	**9**	247
Interest income and other financial expenses	**365**	517	**1,427**	373
Gain on sale of investment in publicly traded securities (2)	**(916)**		**(916)**	
Change in fair value of forward foreign exchange rate contracts			**110**	
	(525)	806	**505**	(523)
Refinancing				
Write-off of debt issue expenses				3,111
Settlement of interest rate swap agreements				2,920
				6,031

Depreciation of property, plant and equipment	**8,964**	8,795	**26,542**	26,296
Amortization of other deferred charges	**16**	25	**45**	76
Amortization of intangible assets	**183**		**529**	
Loss on disposal of property, plant and equipment	**155**	304	**478**	207
Write-down of inventories to net realizable value	**782**		**1,046**	
Reversal of a portion of a write-down of inventories to net realizable value, recognized as a reduction of cost of sales (3)	**390**		**2,082**	
Advisory services fees	**447**	567	**1,264**	1,590

4 INFORMATION INCLUDED IN CONSOLIDATED EARNINGS (Continued)

(1)

During the nine months ended September 30, 2009 and 2008, the Company reclassified from consolidated accumulated other comprehensive income, a foreign exchange gain amounting to $0.1 million and $1.1 million, respectively, as a result of a partial repayment of notes previously contracted with one of the Company s self-sustaining foreign operations (the Subsidiary). This repayment ultimately reduced the Company s net investment in this Subsidiary.

(2)

In the course of the three months ended September 30, 2009, the Company sold its investment in publicly traded securities, previously classified as available for sale, and accordingly, reclassified from accumulated other comprehensive income to its consolidated earnings for the three and nine months ended September 30, 2009, a gain amounting to approximately $1.0 million ($0.1 million was included under the caption cost of sales).

(3)

Representing the reversal of a portion of previously recorded write-down of inventories to net realizable value, including certain raw materials to be purchased by virtue of firm purchase commitments. The Company s management determined that circumstances, prevailing as at December 31, 2008 and June 30, 2009, ceased to exist during the three and nine months ended September 30, 2009, whereby, the subsequent sale of these inventories have demonstrated a sufficient level of profitability to no longer warrant a write-down to net realizable value. The increased profitability was primarily due to an improved relationship between selling prices and raw material costs.

5.

INCOME TAXES

During the nine months ended September 30, 2009, the Company recorded $1.0 million of future income tax assets. In assessing the realizability of its future income tax assets, the Company s management considers whether it is more likely than not that a portion or all of its future income tax assets will not be realized. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Accordingly, and in connection with the long-term uncertainties inherent in the current economic environment, which commenced in the latter part of 2008 and continued to prevail in 2009, the Company recorded a $1.3 million increase to its future income tax assets valuation allowance. These future income tax assets are available to the Company in order to reduce taxable income in future periods.

During the three and nine months ended September 30, 2008, and due to the improvement in the financial performance of the Company s Engineered Coated Products Division, the Company implemented certain tax planning strategies. These strategies allowed the Company to retain a portion of its expiring tax losses. Accordingly, the Company recorded a $2.0 million reduction to its income tax assets valuation allowance.

The Company expects that the future income tax assets, recorded on its consolidated balance sheet as at September 30, 2009, will be realized as a result of the reversal of existing taxable temporary differences, projection of taxable income and the implementation of tax planning strategies.

6.

Manufacturing Facility Closures, Restructuring, Strategic Alternatives and Other Charges

During the nine months ended September 30, 2009 and 2008, the Company did not incur any additional costs in connection with its manufacturing facility closures, restructuring, strategic alternatives and other charges given that the Company had substantially completed all announced activities.

During the nine months ended September 30, 2009 and 2008 the Company settled previously recorded obligations relating to these activities in the amount of nil and $1.1 million, respectively.

As at September 30, 2009 and December 31, 2008, the Company s outstanding obligation in connection with its manufacturing facility closures, restructuring, strategic alternatives and other charges, included in accounts payable and accrued liabilities, on the Company s consolidated balance sheets, amounted to approximately $0.3 million and $0.4 million, respectively.

7.

INTANGIBLE ASSETS

The Company s intangible assets were all acquired through an asset purchase and are subject to amortization as described in Notes 2 and 11 to Company s annual audited consolidated financial statements as at and for the year ended December 31, 2008.

The Company s intangible assets are as follows as at:

			September 30, 2009
	Cost	**Accumulated Amortization**	**Net**
	$	**$**	**$**
Distribution rights	**3,265**	**544**	**2,721**
Customer contracts	**1,166**	**225**	**941**
	4,431	**769**	**3,662**

			December 31, 2008
	Cost	Accumulated Amortization	Net
	$	$	$
Distribution rights	3,090	129	2,961
Customer contracts	1,038	43	995
	4,128	172	3,956

7 INTANGIBLE ASSETS (Continued)

In the latter part of 2008, the Company entered into an Asset Purchase Agreement (the Agreement), which contains several performance commitments. In connection with these commitments, the Company assumed certain contingencies to pay, to the vendor, additional considerations or penalties. The Agreement, including the related commitments and contingencies, is disclosed in the Company s annual audited consolidated financial statements as at and for the year ended December 31, 2008.

Effective September 30, 2009, and due to the adverse economic conditions impacting several of the Company s key operating markets targeted under the Agreement, the Company did not fully meet the performance criteria included in the first milestone of the Agreement. Accordingly, the Company recorded in its consolidated earnings for the three and nine months ended September 30, 2009 charges amounting to $0.2 million and $0.4 million, respectively, representing the penalties due to the vendor.

8.

LONG-TERM DEBT

Refinancing

On March 27, 2008, the Company successfully refinanced its entire senior secured credit facility (the Facility), which included the Company s revolving credit facility and term loan, with a five-year, $200.0 million Asset-based loan (ABL) entered into with a syndicate of financial institutions. The ABL is described in detail in Note 14 to the Company s annual audited consolidated financial statements as at and for the year ended December 31, 2008.

In connection with this refinancing, the Company has reported a refinancing charge amounting to $6.0 million, comprised of $3.1 million representing the write-off of debt issue expenses incurred in connection with the issuance and subsequent amendments of the Facility and $2.9 million representing the settlement of the interest rate swap agreements, designated as cash flow hedges, on a portion of the term loan.

Finally, in securing the ABL the Company incurred debt issue expenses amounting to approximately $2.8 million, primarily comprised of $1.4 million paid to the primary lender and $1.4 million representing professional and other fees. These expenses were capitalized as part of other assets, on the Company s consolidated balance sheet, and are amortized over the term of the ABL of five years using the straight-line method.

9.

OTHER LIABILITIES

During the second quarter of 2009, the Company began renegotiating the terms and conditions included in the operating lease (the Lease) for one of its operating facilities in Canada. The Company s primary intention in renegotiating this Lease was the extension of its term.

During the course of the renegotiation, and in accordance with GAAP, the Company has concluded that it is subject to an asset retirement legal obligation, by virtue of a written contract, to restore the leased property to the same condition which existed at the time of the Lease renewal. This asset retirement obligation (ARO) includes, among other costs, the permanent removal of the Company s manufacturing equipment used in this facility.

Accordingly, the Company recorded an ARO obligation and a corresponding asset included under the captions other liabilities and property plant and equipment on the Company s consolidated balance sheet, respectively. These amounts represent the estimated fair value of the asset and obligation restricted for the purpose of settling the ARO.

The initial recorded ARO, which has been discounted using the Company s credit-adjusted risk free-rate, will be reviewed periodically to reflect the passage of time and changes in the estimated future costs underlying the ARO. The Company amortizes the amount capitalized to property, plant and equipment on a straight-line basis over the Lease s term and recognizes accretion expense in connection with the discounted obligation over the same period.

The assumptions, on which the carrying amount of the ARO is based on, are as follows:

Undiscounted cash flows required to settle the obligation	$1.2 million
Timing of payment of the cash flows required to settle the obligation	4 years
Credit-adjusted risk-free rate	15.0%

The reconciliation of the Company s ARO liability is as follows as at September 30, 2009:

	$
Balance, beginning of period	691
Accretion expense	41
Foreign exchange impact	47
Balance, end of period	779

10.

Capital stock

Common Shares

The Company s common shares outstanding as at September 30, 2009 and December 31, 2008 were 58,951,050 and 58,956,350, respectively.

The Company did not declare or pay dividends during the three and nine months ended September 30, 2009 and 2008.

Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

						Three months ended September 30
			2009			2008
	Net earnings	**Weighted average number of common shares outstanding(1)**	**Earnings per share**	Net earnings	Weighted average number of common shares outstanding(1)	Earnings per share
	$		**$**	$		$
Basic	**2,000**	**58,951,050**	**0.03**	4,219	58,956,350	0.07
Dilutive options(2)	-	**30,250**	-	-	-	-
Diluted	**2,000**	**58,981,300**	**0.03**	4,219	58,956,350	0.07

						Nine months ended September 30
			2009			2008
	Net loss	**Weighted average number of common shares outstanding(1)**	**Earnings per share**	Net earnings	Weighted average number of common shares outstanding(1)	Earnings per share
	$		**$**	$		$
Basic	**(5,847)**	**58,951,050**	**(0.10)**	6,994	58,956,350	0.12
Dilutive options(2)	**-**	-	**-**	-	-	-
Diluted	**(5,847)**	**58,951,050**	**(0.10)**	6,994	58,956,350	0.12

(1)

The Company has accounted for the repurchase of 5,300 common shares for cancellation under the normal course issuer bid, which resulted in a decrease of approximately $31,000 and $13,000 of the Company s consolidated capital stock and deficit, respectively. The terms and conditions of the Company s normal course issuer bid are included in its annual audited consolidated financial statements as at and for the year ended December 31, 2008. The normal course issuer bid expired in August 2009.

(2)

The calculation of the dilutive options excludes all anti-dilutive options that would not be exercised because their exercise price is higher than the average market value of the Company s common shares for each of the periods presented. The number of options excluded from this calculation was 3,066,126 for the three and nine months ended September 30, 2009 and 3,511,462 for the three and nine months ended September 30, 2008.

10 CAPITAL STOCK (Continued)

Stock Options

During the nine months ended September 30, 2009, 50,000 stock options were granted (nil in 2008) at a weighted average exercise price and fair value of $0.44 and $0.23, respectively.

The fair value of options granted was estimated using the Black-Scholes option pricing model, taking into account the following weighted average assumptions:

Expected life

5.5 years
Expected volatility

56%
Risk-free interest rate

1.85%
Expected dividends

$0.00

The market value of the Company s common shares at the date of the grant was $0.44.

No stock options were exercised during the three and nine months ended September 30, 2009 and 2008.

Contributed Surplus

During the three and nine months ended September 30, 2009, the contributed surplus account increased by approximately $0.3 million and $0.8 million, respectively, representing the stock-based compensation expense recorded for these periods.

11.

Accumulated Other Comprehensive Income

	Three months		Nine months	
	2009	2008	**2009**	2008
	$	$	**$**	$
Balance, beginning of period	**39,454**	63,867	**32,552**	67,462
Other comprehensive income (loss)	**8,420**	(6,222)	**15,322**	(9,817)
Balance, end of period	**47,874**	57,645	**47,874**	57,645

The components of accumulated other comprehensive income are as follows as at:

	September 30, 2009	December 31, 2008
	$	$
Accumulated currency translation adjustments	**47,533**	34,422
Cumulative changes in fair value of interest rate swap agreements (net of future income taxes of nil, $948 in 2008)	**(1,750)**	(1,613)
Cumulative changes in fair value of forward foreign exchange rate contracts (net of future income taxes of nil, $151 in 2008)	**2,091**	(257)
	47,874	32,552

12 SEGMENTED DISCLOSURES

The Company s organizational and related internal reporting structures consist of three reportable segments including two operating segments and a corporate segment. The two operating segments are the Tapes and Films Division (T&F) and the Engineered Coated Products Division (ECP).

The accounting policies of the reportable segments, the basis for segmentation and the segments measures of profit and losses are the same as those applied and described in Notes 2 and 18 to the annual audited consolidated financial statements as at and for the year ended December 31, 2008.

The following tables set forth information by segment for the three months ended September 30:

			2009
	T&F	**ECP**	**Total**
	$	**$**	**$**
Sales from external customers	**135,185**	**28,503**	**163,688**
Costs of sales	**110,792**	**26,503**	**137,295**
Gross profit	**24,393**	**2,000**	**26,393**
EBITDA before unallocated expenses	**16,278**	**805**	**17,083**
Depreciation and amortization	**7,450**	**1,713**	**9,163**
Unallocated corporate expenses			**732**
Stock-based compensation expense			**255**
Financial expenses			**3,525**
Earnings before income taxes			**3,408**

			2008
	T&F	ECP	Total
	$	$	$
Sales from external customers	161,398	40,580	201,978
Costs of sales	137,809	34,963	172,772
Gross profit	23,589	5,617	29,206
EBITDA before unallocated expenses	15,774	3,759	19,533
Depreciation and amortization	7,316	1,478	8,794
Unallocated corporate expenses			357
Stock-based compensation expense			348

Financial expenses	5,036
Earnings before income taxes	4,998

12 SEGMENTED DISCLOSURES (Continued)

The following tables set forth information by segment for the nine months ended September 30:

			2009
	T&F	**ECP**	**Total**
	$	**$**	**$**
Sales from external customers	**377,558**	**77,110**	**454,668**
Costs of sales	**319,851**	**72,075**	**391,926**
Gross profit	**57,707**	**5,035**	**62,742**
EBITDA before unallocated expenses	**36,435**	**1,386**	**37,821**
Depreciation and amortization	**22,270**	**4,846**	**27,116**
Unallocated corporate expenses			**1,853**
Stock-based compensation expense			**767**
Financial expenses			**12,610**
Loss before income taxes			**(4,525)**

			2008
	T&F	ECP	Total
	$	$	$
Sales from external customers	469,565	114,448	584,013
Costs of sales	399,355	100,925	500,280
Gross profit	70,210	13,523	83,733
EBITDA before unallocated expenses	47,047	7,508	54,555
Depreciation and amortization	21,922	4,421	26,343
Unallocated corporate expenses			1,097
Stock-based compensation expense			1,098
Financial expenses (1)			20,061
Earnings before income taxes			5,956

(1)

Financial expenses for the nine months ended September 30, 2008, include a refinancing expense amounting to approximately $6.0 million as described in Notes 4 and 8 to these interim consolidated financial statements.

13 FINANCIAL instruments

Fair value and classification of financial instruments

The classification of financial instruments, excluding derivative financial instruments designated as part of an effective hedging relationship, as well as their carrying amounts and respective fair values are as follows as at:

				September 30, 2009
			Carrying amount	**Fair value**
	Held for trading	**Loans and receivables**	**Other liabilities**	
	$	**$**	**$**	**$**
Financial assets				
Cash	**6,389**			**6,389**
Trade receivables		**82,003**		**82,003**
Other receivables [(1)]		**2,017**		**2,017**
Loans to officers and directors		**108**		**108**
Total	**6,389**	**84,128**		**90,517**
Financial liabilities				
Accounts payable and accrued liabilities			**59,486**	**59,486**
Senior subordinated notes			**121,592**	**96,875**
Other long-term debt			**120,260**	**120,260**
Total			**301,338**	**276,621**

				December 31, 2008
			Carrying amount	Fair value
	Held for trading	Loans and receivables	Other liabilities	
	$	**$**	**$**	**$**
Financial assets				
Cash	15,390			15,390
Trade receivables		75,467		75,467
Other receivables [(1)]		2,876		2,876
Loans to officers and directors		108		108
Total	15,390	78,451		93,841
Financial liabilities				

Accounts payable and accrued liabilities	78,249	78,249
Senior subordinated notes	121,184	81,875
Other long-term debt	130,241	130,241
Total	329,674	290,365

(1)

Consists primarily of supplier rebates receivable.

13 FINANCIAL INSTRUMENTS (Continued)

As at September 30, 2009, the Company interest rate swap agreements and forward foreign exchange rate contracts carrying amounts and fair values were a liability and an asset amounting to $1.8 and $2.1, respectively (liabilities of $2.6 million and $0.4 million as at December 31, 2008, respectively).

The methods and assumptions used to determine the estimated fair value of each class of financial instruments are included in Note 21 to the Company s annual audited consolidated financial statements as at and for the year ended December 31, 2008.

Interest Rate Risk

One of the Company s interest rate swap agreements is scheduled to mature on October 13, 2009, as described in the Company s annual audited consolidated financial statements as at and for the year ended December 31, 2008. The Company expects that the estimated net amount of existing loss, recorded in accumulated other comprehensive income as at September 30, 2009, in the amount of approximately $31,000 will be reclassified to consolidated net earnings. The reclassified amount is estimated to approximate the current loss value given the short maturity of this interest rate swap agreement.

Exchange Risk

During the nine months ended September 30, 2009, one of the Company s US self-sustaining foreign operations (the Subsidiary) purchased an aggregate of CAD$41.3 million of inventories. Included in this amount is approximately CAD$30.0 million of inventories purchases previously designated as part of a hedging relationship using forward foreign exchange rate contracts (the Contracts). Certain of these Contracts, used to reduce the exposure related to the Subsidiary s anticipated inventory purchases during the period of January through August 2009, were settled during the period of February through August of the same year. All inventories purchased, and subject to the hedging relationship pursuant to these Contracts, were sold as at September 30, 2009.

The cumulative change in these settled Contracts fair value was recognized in the consolidated earnings under the caption cost of sales in the amount of $0.8 million for the nine months ended September 30, 2009 ($0.4 million for the three months ended September 30, 2009). In accordance with GAAP, the cumulative change in the Contracts fair value was recognized in consolidated earnings as a result of the following:

(a)

The Contracts have been settled, and

(b)

The hedging item (the Contracts) is recognized in consolidated earnings at the same period the hedged item (the inventories) is recognized in consolidated earnings.

The Contracts terms and conditions and the Company s foreign exchange risk policy and related management strategies are presented in Note 21 to the Company s annual audited consolidated financial statements as at and for the year ended December 31, 2008.

13 FINANCIAL INSTRUMENTS (Continued)

Discontinued Hedging

Effective June 11, 2009, the Company s management decided to discontinue hedge accounting for specific hedging relationships by terminating the designation of these relationships. The discontinued hedging relationships consisted of three forward foreign exchange rate contracts (the Terminated Contracts), which were settled on July 2, 2009, and represent the Company s hedged inventory purchases during the month of June 2009. All inventory purchases covered under these Terminated Contracts were sold and consequently were included in the determination of net earnings for the nine months ended September 30, 2009. The settlement of these Terminated Contracts, during the three months ended September 30, 2009, resulted in no additional charge to consolidated earnings.

Accordingly, included in the Company s consolidated earnings for the nine months ended September 30, 2009 are $0.5 million under the caption cost of sales, representing the gain on these Terminated Contracts, which had been previously recognized in accumulated other comprehensive income as a result of applying hedge accounting and a loss of $0.1 million under the caption financial expenses other, representing the change in fair value of these Terminated Contracts arising subsequent to the Company s management decision to terminate its designation of these specific hedging relationships.

New Contracts

During the three months ended September 30, 2009, and in accordance with the Company s foreign exchange risk policy, the Company executed a new series of twelve Contracts to purchase an aggregate CDN$20.0 million beginning in February 2010, at fixed foreign exchange rates ranging from CDN$1.0934 to CDN$1.0952 to the US dollar. These new Contracts will continue to mitigate the Company s foreign exchange risk associated with a portion of the anticipated monthly inventory purchases of its US self-sustaining foreign operations that are to be settled in Canadian dollars. The Company designated these Contracts as cash flow hedges.

14 SUBSEQUENT EVENT

Effective November 10, 2009, the Company decided to terminate the operations of its manufacturing facility located in Hawkesbury, Ontario, Canada. Accordingly, in the fourth quarter of 2009, the Company expects to incur related closure costs amounting to approximately $1.0 million. The terminated operations will be transferred and consolidated into the Company s manufacturing facility located in Truro, Nova Scotia, Canada by December 31, 2009.