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Our second quarter interim financial report 2001

HYDRO ONE ANNOUNCES SECOND QUARTER, 2001 FINANCIAL RESULTS

TORONTO, August 14, 2001 — Hydro One announced today that revenues for the second quarter ended June 30, 2001 increased by 6 % to $722 million compared to $679 million a year ago. Revenues for the first six months were $1.54 billion, up 2 % from the same period in 2000.

"Our revenues have increased primarily as a result of our distribution utility acquisition program which has added some 68,000 new customers to our base this year," said Eleanor Clitheroe, President and CEO of Hydro One. "We have successfully integrated 63 municipal electrical utilities and have plans to close on another 25 by the end of the year, including the acquisition of Brampton Hydro which was renamed Hydro One Brampton" (closed July 31, 2001).

Second quarter net income was down $4 million to $114 million as a result of higher corporate income taxes. Net income for the first six months of 2001 increased by $4 million or 2 % to $248 million compared to the same period in 2000. Total operation, maintenance and administration costs declined by $28 million, or 15 %, to $154 million for the second quarter and $61 million to $325 million for the six-month period. Cost reductions in our core transmission and distribution work programs were primarily a result of our staff reduction program and initiatives to enhance productivity. Net cash flow provided from operations increased 77 % to $219 million compared with $124 million in 2000 largely as a result of lower working capital.

In the second quarter there was also the sale of the initial series of notes under Hydro One's Medium Term Note Program. Proceeds of $547 million, from the over-subscribed issue, will be used to repay maturing debt and to finance net capital requirements.

Hydro One Inc., through its subsidiaries, is principally engaged in electricity transmission, distribution and energy services businesses. Through a wholly owned subsidiary, Hydro One Networks Inc., it owns and operates the largest transmission and distribution system in Ontario and one of the 10 largest in North America.

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HYDRO ONE INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Net income declined marginally by $4 million to $114 million in the three months ended June 30, 2001 and increased by $4 million, or 2%, to $248 million in the first six months of 2001 compared to the same periods in 2000. We continue to benefit from lower operation, maintenance and administration (OM&A) costs, net of external work. In addition, gross profit from our retail distribution business increased, primarily on volume. The effect of these increases was impacted by increases in the provision for payments in lieu of corporate income taxes from lower deductions recognized for tax purposes, primarily related to the 1999 staff reduction program. In addition, lower net deductions were available in the second quarter for capital cost allowance and employee future benefit payments.

Total revenues increased by $43 million, or 6%, to $722 million in the second quarter and by $31 million, or 2%, to $1,538 million in the first six months, compared to the same periods in 2000. Of this, distribution (including retail) revenues increased by 16% to $408 million in the second quarter and by 7% to $913 million in the first half. These increases reflect volume growth, primarily from the acquisitions of municipal electricity utilities, and the June 1, 2001 rate increase in the wholesale cost of power which we passed through to our customers as billing agent. The impact of these increases was greater in the quarter because of the acceleration in the number of acquisitions and the timing of the rate increase. In the second quarter, we acquired 34 utilities representing approximately 51,000 customers bringing the total to 46 utilities and approximately 68,000 customers year-to-date. Higher revenues from the distribution business were partially offset by a reduction in transmission revenue. Transmission revenue declined by 5% in both the second quarter and first half to $304 million and $608 million, respectively, due to a reduction in services provided to external parties. During the first six months of 2000, we were awarded and substantially completed work related to preparations for the opening of the competitive electricity market (Open Access). Tariff revenue for both business segments was consistent with the comparative periods as a result of the extension of the transmission and distribution rate orders. Other revenue of $10 million for the second quarter and $17 million for the first six months of 2001 was reasonably consistent with 2000.

Operating costs increased by $11 million, or 3%, to $446 million in the second quarter and declined by $18 million, or 2%, to $964 million in the first six months, compared to the same periods in 2000. Higher purchased power costs, primarily from volume and the rate increase, as well as marginal increases in depreciation expense, were partially offset by reductions in OM&A for the quarter and more than offset by these reductions in the first half. Total OM&A declined by $28 million in the second quarter to $154 million and by $61 million in the first six months to $325 million. Cost reductions in core transmission and distribution work programs were partially offset by marginal increases from our other business segment.

OM&A for our transmission business declined by $25 million and $62 million in the second quarter and year-to-date, respectively. These reductions were due to lower costs in sustaining and recoverable, or external, work programs. Lower sustaining work program costs reflect our focus on reducing costs. While we have achieved savings as a result of our staff reduction program, we have also embarked on a number of initiatives to enhance productivity, such as improving labour utilization. Key initiatives to improve labour utilization include the hiring hall established with the Power Worker's Union to provide flexibility in resourcing levels and extensive use of temporary headquarters to reduce travelling time for our line and forestry crews. The reductions in recoverable work program costs are consistent with the reductions in services provided to external parties. OM&A for our distribution business declined by $13 million in the quarter and by $11 million year-to-date. These reductions reflect similar productivity initiatives as our transmission business, partially offset by increased vegetation management costs associated with higher activity levels.

Financing charges increased by $2 million, or 2%, to $86 million in the second quarter and by $6 million, or 4% to $172 million in the first six months compared to the same periods in 2000. These marginal increases reflect higher average interest rates on our debt portfolio, lower interest income from temporary investments, partially offset by the impact from lower average debt levels. The debt issued through our inaugural bond offering and under our new Medium Term Note program has attracted average interest rates of approximately 7%, compared to average interest rates of approximately 6% on Ontario Electricity Financial Corporation (OEFC) debt repaid.

Provision for payments in lieu of corporate income taxes increased by $34 million, or 81%, to $76 million in the second quarter and by $39 million, or 34%, to $154 million in the first six months compared to the same periods in 2000. These increases primarily reflect the higher levels of income and lower deductions recognized in the current periods for tax purposes, partially offset by a reduction in the statutory tax rate. Lower deductions in the second quarter and first half primarily relate to the 1999 staff reduction program. The related deductions were taken for tax purposes during the first and second quarters of 2000 when the cash payments were made. In addition, lower net deductions were available in the second quarter for capital cost allowance and employee future benefit payments.

CASH FLOWS AND BALANCE SHEETS

Cash and cash equivalents increased in the second quarter and first six months of 2001 by $482 million and $528 million, respectively, to a balance of $504 million at June 30, 2001. This increase in cash flow was primarily associated with cash generated from financing activities.

Cash generated from financing activities increased by $510 million to $462 million in the second quarter and by $591 million to $372 million in the first half compared to the same periods of 2000. On June 22, 2001 we issued notes with an aggregate principal amount of $550 million under our new Medium Term Note program. The net proceeds of $547 million were substantially invested in short-term commercial paper and will be used to repay indebtedness to OEFC and to finance net capital requirements. In the comparative period, the proceeds of our $1 billion inaugural bond issue were primarily used to repay $954 million of debt owing to OEFC. Principal repayments in the current year pertained to the first quarter and included $34 million in long-term debt due to OEFC and $30 million in short-term debt due under our commercial paper program. Dividends paid in the second quarter of $87 million were consistent with the amount paid in the comparative quarter of 2000. On a year-to-date basis, however, dividends paid were substantially lower because dividends of $171 million pertaining to 1999 were paid in the first quarter of 2000 in conjunction with the issuance of shares to the Province of Ontario.

The remaining increases in cash flow in the second quarter and first six months were due to increases of $95 million and $151 million in net cash generated from operations, partially offset by increases of $59 million and $51 million in net cash used in investing activities. In addition to the increase in cash from operations, working capital requirements were lower than the comparative periods. The increase in cash used in investing activities reflects the funding requirements for our municipal electricity utility acquisition program, which were partially mitigated by reductions in other programs. During the second quarter, we spent $73 million on acquisitions, bring the total to $93 million in 2001.

The increase in regulatory assets and long-term accounts payable and accrued charges reported on the Consolidated Balance Sheets does not substantially impact cash flow. We changed our accounting policy for estimated future expenditures required to remediate past environmental contamination. We now provide for the net present value of these estimated future expenditures rather than charging them to operations as incurred. The corresponding increase in regulatory assets reflects our expectation that we will continue to recover these expenditures in future rates (See Note 3 to the Consolidated Financial Statements).

LIQUIDITY AND CAPITAL RESOURCES

In addition to the costs and expenses incurred to conduct our ongoing operations, principal liquidity and capital resource requirements continue to consist of capital expenditures primarily to sustain, improve and expand our transmission and distribution assets, debt servicing, dividend payments and payments in lieu of corporate taxes.

Capital expenditures in the second quarter were $201 million compared with $129 million in the second quarter of 2000. For the first six months, capital expenditures amounted to $303 million for 2001 and $242 million for 2000. Increased distribution investments, primarily related to our municipal electricity utility acquisition program, were partially offset by lower spending within transmission. Capital expenditures for other operations of $6 million and $10 million in the second quarter and first half, respectively, also increased over the same periods in 2000.

Capital expenditures for our transmission business amounted to $65 million in the second quarter and $104 million in the first six months, representing reductions of $16 million and $59 million, respectively, over the comparative periods. In the second quarter, investments of $38 million in our transmission stations, lines, equipment and telecommunications refurbishments were $16 million lower than in the second quarter of 2000. On a year-to-date basis, such spending amounted to $64 million, a $47 million reduction over the same period last year. In the first and second quarters of 2001, spending to replace our aging analog protection and control microwave radio system with fibre-optic lines reflected the planning and early construction stages of phase 3 involving 11 sites in Southwestern Ontario. During the same period in 2000, construction of phase 2 was well underway. Capital expenditures incurred to expand the transmission system were consistent at $16 million quarter-over-quarter. However, expenditures for the first six months of $23 million were lower by about $12 million. During the first quarter of 2000 work on a dedicated transmission service to the auto industry and basic construction of the first phase shifter at the interconnection with the State of Michigan was substantially complete. Capital expenditures to support operations, increase efficiency and reduce costs amounted to $11 million in the second quarter and $17 million in the first six months of 2001, reasonably consistent with the same periods in 2000.

Capital expenditures for our distribution (including retail) business increased by $84 million to $130 million in the second quarter and by $114 million to $189 million in the first six months of 2001, compared to the same periods in 2000. These expenditures include $69 million related to the acquisitions of municipal electricity utilities in the second quarter, bringing the capital total for acquisitions to $90 million in the first six months of 2001. Customer-demand-driven and asset sustainment capital expenditures of $45 million in the second quarter and $75 million in the first half, increased by $12 million and $17 million, respectively, due to connection volume. Expenditures to support operations, enhance efficiency and reduce costs amounted to $16 million in the second quarter, an increase of $3 million over the comparative period. For the first six months of the year, such expenditures increased by $7 million to $24 million. These increases reflect the continued preparation of our systems and processes for the opening of the competitive electricity market.

Sources of liquidity and capital resources include cash generated from operations, our commercial paper program and our Medium Term Note program that was filed with Canadian securities regulators on June 4, 2001. This program allows us to offer and issue medium term notes in an aggregate principal amount of up to $2.5 billion. We expect this program to provide us with sufficient flexibility to meet most of our 2001 and 2002 borrowing requirements

RISK MANAGEMENT

As disclosed in our 2000 Annual Report and our First Quarter Interim Report for 2001, we are exposed to market, credit, regulatory, environment and operational risks. We are continuing to implement an enterprise risk management policy and framework that aims to balance these risks while optimizing returns.

On April 1, 2001, the Province passed a regulation that increased the cost of wholesale power generated by Ontario Power Generation Inc. by 0.7 cents per kWh, effective June 1, 2001. On that date, we began passing this non-distribution-related increase through to customers in our capacity as billing agent. On May 26, 2001, this regulation was amended to further increase our cost of power to be consistent with the rate paid by other large distribution companies, effective October 1, 2001. On August 8, 2001, we filed a rate application with the Ontario Energy Board (OEB) to factor the October increase in the cost of power into existing bundled rates over the next 3 years, commencing October 1, 2001. This will result in levels of distribution rate revenues which effectively align with those proposed in our January application. Should our proposal for the new bundled rates be accepted, the reduction in our distribution tariff pertaining to the first rate period originally contemplated in the January application would now commence on the effective date of the amendment, October 1, 2001. We have instituted a number of cost reduction and mitigation actions to enable us to manage the distribution business on a short-term basis within this revenue envelope. Our distribution rate hearing is contemplated to occur late in 2001, or early 2002.

The OEB continues to focus on the readiness of the Province's electricity distributors for the opening of the competitive electricity market. In so doing, it extended transmission and distribution licenses to March 31, 2003. As for all distributors, fulfilment of market ready preparations will become a condition of our distribution license. We believe that our distribution business is well positioned to meet its market ready obligations.

SUPPLEMENTARY INFORMATION

As a result of filing the short-form shelf prospectus for our Medium Term Note program, we are required under securities legislation to provide the following information:

Twelve months ended (Canadian dollars in millions)	**June 30, 2001**	**December 31, 2000**
Earnings coverage ratio[1]	2.48	2.30[2]

[1]The earnings coverage ratio has been calculated as the sum of net income, gross interest expensed (which excludes capitalized interest) and provision for payments in lieu of corporate income taxes divided by the sum of gross interest plus preferred dividends declared.
[2]On March 31, 2000, preferred dividends of $13 million were declared in respect of the nine months ended December 31, 1999. Assuming dividends of $18 million, which is the annual entitlement, the earnings coverage ratio would have been 2.37.

FORWARD LOOKING STATEMENTS AND INFORMATION

We have included forward-looking statements in this report that are subject to risks, uncertainties and assumptions. Such information represents our current views based on information as at the date of this report. We do not intend to update this information and disclaim any legal obligation to the contrary.

HYDRO ONE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(Canadian dollars in millions)	**Three months ended June 30, 2001**	**2000**	**Six months ended June 30, 2001**	**2000**
Revenues				
Transmission	304	319	608	641
Distribution (including retail)	408	353	913	851
Other	10	7	17	15
	722	679	1,538	1,507
Costs				
Operation, maintenance and administration	154	182	325	386
Purchased power	205	172	468	433
Depreciation and amortization	87	81	171	163
	446	435	964	982
Income before financing charges and provision for payments in lieu of corporate income taxes	276	244	574	525
Financing charges	86	84	172	166
Income before provision for payments in lieu of corporate income taxes	190	160	402	359
Provision for payments in lieu of corporate income taxes	76	42	154	115
Net income	114	118	248	244

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (unaudited)

(Canadian dollars in millions)	**Three months ended June 30, 2001**	**2000**	**Six months ended June 30, 2001**	**2000**
Retained earnings, beginning of period	348	220	241	265
Net income	114	118	248	244
Dividends	(87)	(84)	(114)	(255)
Retained earnings, end of period	375	254	375	254

See accompanying notes to the Consolidated Financial Statements.

HYDRO ONE INC.
CONSOLIDATED BALANCE SHEETS

(Canadian dollars in millions)	**June 30, 2001** **(unaudited)**	**December 31, 2000**
Assets		
Current assets		
Cash and cash equivalents	504	-
Accounts receivable (net of allowance for doubtful accounts)	466	511
Materials and supplies	64	65
	1,034	576
Fixed assets		
Fixed assets in service	12,554	12,375
Less: accumulated depreciation	4,258	4,108
	8,296	8,267
Construction in progress	340	252
	8,636	8,519
Other long-term assets		
Regulatory assets	525	352
Deferred pension asset	452	452
Long-term accounts receivable and other assets	71	78
Goodwill (net of amortization)	41	6
Deferred debt costs	14	14
	1,103	902
Total assets	10,773	9,997
Liabilities		
Current liabilities		
Bank indebtedness	-	24
Accounts payable and accrued charges	355	357
Accrued interest	63	64
Short-term notes payable	100	130
Long-term debt payable within one year	635	474
	1,153	1,049
Long-term debt *(Note 5)*	4,327	3,972
Other long-term liabilities		
Employee future benefits other than pension	528	509
Regulatory liability	452	452
Long-term accounts payable and accrued charges	179	15
	1,159	976
Total liabilities	6,639	5,997
Shareholder's equity *(Note 2)*		
Preferred shares (authorized: unlimited; issued: 12,920,000)	323	323
Common shares (authorized: unlimited; issued: 100,000)	3,436	3,436
Retained earnings	375	241
Total shareholder's equity	4,134	4,000
Total liabilities and shareholder's equity	10,773	9,997

See accompanying notes to the Consolidated Financial Statements.

HYDRO ONE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(Canadian dollars in millions)	**Three months ended June 30, 2001**	**2000**	**Six months ended June 30, 2001**	**2000**
Operating activities				
Net income	114	118	248	244
Adjustment for non-cash items:				
Depreciation and amortization (net of removal costs)	84	79	168	156
	198	197	416	400
Changes in non-cash balances related to operations	21	(73)	44	(91)
Net cash generated from operations	219	124	460	309
Financing activities				
Debt for long-term financing:				
Issued	550	1,000	550	1,000
Retired	-	(954)	(34)	(954)
Debt for short-term financing	-	-	(30)	-
Deferred debt costs	(1)	(10)	-	(10)
Dividends paid	(87)	(84)	(114)	(255)
Net cash generated from (used in) financing activities	462	(48)	372	(219)
Investing activities				
Fixed assets	(130)	(129)	(213)	(242)
Acquisitions of municipal electricity utilities	(73)	-	(93)	-
Other assets	4	(11)	2	(11)
Net cash used in investing activities	(199)	(140)	(304)	(253)
Net change in cash and cash equivalents	482	(64)	528	(163)
Cash and cash equivalents, beginning of period	22	369	(24)	468
Cash and cash equivalents, end of period	504	305	504	305

See accompanying notes to the Consolidated Financial Statements.

HYDRO ONE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements presented herein have been prepared in accordance with the accounting policies described in the Consolidated Financial Statements for the years ended December 31, 2000 and December 31, 1999, except as described in Note 3, and should be read in conjunction with those financial statements.

2. CAPITALIZATION

On March 31, 2000, Hydro One Inc. (Hydro One or the Company) issued to the Province of Ontario (the Province) 12,920,000 5.5% cumulative preferred shares with a redemption value of $25.00 per share, and 99,990 common shares bringing the total number of outstanding common shares to 100,000. As consideration, the Province assumed Hydro One's obligations, including accrued interest from April 1, 1999 under a promissory note and, in connection with the assumption of the Company's obligations by the Province, the Ontario Electricity Financial Corporation released Hydro One, effective as of March 31, 2000, from its obligations under the promissory note.

The preferred shares are entitled to an annual aggregate cumulative dividend of $18 million which is payable on a quarterly basis. The preferred shares are redeemable at the option of the Province at a price of $25.00 per share plus any accrued unpaid dividends if the Province sells the Company's common shares to the public such that the Province's holdings are reduced to less than 50% of the Company's common shares. Hydro One may elect to pay all or part of this redemption price by issuing additional common shares to the Province. If the Province does not exercise its redemption right, the Company would have the ability to adjust the dividend yield on the preferred shares to produce a yield that is .50% less than the then-current dividend market yield, for similarly rated preferred shares. The preferred shares do not carry voting rights, except in limited circumstances, and would rank in priority to the common shares upon liquidation.

The common dividends are declared at the sole discretion of the Hydro One Board of Directors, and recommended by management based on results of operations, financial condition, cash requirements and other relevant factors such as industry practice and shareholder expectations.

During the six months ended June 30, 2001, preferred dividends in the amount of $9 million (2000 - $18 million) and common dividends in the amount of $105 million (2000 - $237 million) were declared. Dividends declared during 2000 include $13 million in preferred dividends and $158 million in common dividends that were declared in respect of the nine months ended December 31, 1999.

3. CHANGE IN ACCOUNTING POLICY

Hydro One changed its accounting policy for estimated future expenditures required to remediate past environmental contamination. The Company now provides for the net present value of these estimated future expenditures and, effective January 1, 2001, recorded a provision in the amount of $190 million. Previously, such expenditures were charged to operations as incurred. Expenditures of this nature have been recoverable through rates in the past and, because Hydro One expects this rate treatment to continue, a regulatory asset was recognized in an amount equivalent to the environmental provision. This regulatory asset is expected to be amortized over the period to 2020.

4. ACQUISTIONS OF MUNICIPAL ELECTRICITY UTILITIES

Hydro One has entered into numerous agreements to acquire the outstanding shares or assets of municipal electricity utilities. The Company accounts for such acquisitions using the purchase method with the acquired companies' results of operations being included in the Consolidated Statement of Operations from the date of acquisition. The purchase of each municipal electricity utility must be approved by the Ontario Energy Board prior to closing.

During the six months ended June 30, 2001, Hydro One acquired 46 small municipal electricity utilities for net cash consideration of approximately $93 million. Net identifiable assets acquired amounted to approximately $59 million, representing assets of $76 million and liabilities of $17 million. Based on the allocation of the purchase price, the transactions resulted in goodwill of $34 million.

In addition, Hydro One has entered into agreements for the purchase of 25 other municipal electricity utilities. Deposits in the amount of $52 million have been made in respect of these acquisitions. The estimated aggregate cost of these municipal electricity utilities will be an additional $350 million, including Brampton Hydro Corporation which closed on July 31, 2001. The outstanding shares of Brampton Hydro Corporation were acquired for cash consideration of $260 million. Net identifiable assets acquired amounted to approximately $221 million, representing assets of $247 million and liabilities of $26 million. Based on the allocation of the purchase price, the acquisition of Brampton Hydro Corporation resulted in goodwill of $39 million.

5. DEBT

On June 22, 2001, Hydro One issued notes for par value of $550 million under the Company's Medium Term Note program. The notes were issued in two series: $250 million at a coupon rate of 6.40% due December 1, 2011 and $300 million at a coupon rate of 6.93% due June 1, 2032. Hydro One is authorized to issue notes in an aggregate principal amount of $2.5 billion under its Medium Term Note program.

Hydro One enters into forward interest rate swap agreements to hedge against the effect of future interest rate movements on long-term borrowing requirements. The Company follows hedge accounting for interest rate swap agreements whereby the net interest rate differentials to be paid or received are recorded as adjustments to financing charges.

Derivative financial instruments, such as forward interest rate swap agreements, result in exposure to credit risk since there is a risk of counter-party default. To minimize this risk, the Company enters into such transactions with highly rated counter-parties and incorporates netting provisions into the agreements. Netting provisions enable the settlement of derivative financial assets and liabilities with the counter-party on a net basis in the event of counter-party default.

As at June 30, 2001, Hydro One had a net forward start interest rate swap position of nil. Offsetting forward start interest rate swap agreements were entered into with the same counter-party with a notional principal amount of $167 million. The agreements mature in 2011.

6. SEGMENTED INFORMATION

Hydro One has three reportable segments:

I. The transmission business, which comprises the core business of providing transportation and connection services, as well as various services such as telecommunications and secondary land use, is responsible for transmitting electricity throughout the Ontario electricity grid;
II. The distribution (including retail) business, which comprises the core business of delivering and selling electricity to customers; and
III. An "other" segment primarily consisting of energy services, power procurement, telecom and head office.

The designation of segments has been based on a combination of regulatory status and the nature of the products and services provided. Segment information on the above basis is as follows:

	Three months ended June 30,		**Six months ended June 30,**	
(Canadian dollars in millions)	**2001**	**2000**	**2001**	**2000**
Transmission				
Revenues	304	319	608	641
Operation, maintenance and administration	67	92	142	204
Depreciation and amortization	50	43	101	90
Income before financing charges and provision for payments in lieu of corporate income taxes	187	184	365	347
Distribution (including retail)				
Revenues	408	353	913	851
Operation, maintenance and administration	71	84	155	166
Purchased power	205	171	467	432
Depreciation and amortization	35	37	67	70
Income before financing charges and provision for payments in lieu of corporate income taxes	97	61	224	183
Other				
Revenues	10	7	17	15
Operation, maintenance and administration	16	6	28	16
Purchased power	-	1	1	1
Depreciation and amortization	2	1	3	3
Loss before financing charges and provision for payments in lieu of corporate income taxes	(8)	(1)	(15)	(5)
Capital expenditures				
Transmission	65	81	104	163
Distribution (including retail)	130	46	189	75
Other	6	2	10	4
	201	129	303	242

(Canadian dollars in millions)	**June 30, 2001**	**December 31, 2000**
Total assets		
Transmission	6,541	6,492
Distribution (including retail)	3,632	3,434
Other	600	71
	10,773	9,997

All consolidated revenues, costs and assets are earned, incurred or held in Canada.

7. COMPARATIVE FIGURES

The comparative Consolidated Financial Statements have been reclassified from statements previously presented to conform to the presentation of the June 30, 2001 Consolidated Financial Statements.