

INTERTAPE POLYMER GROUP INC  
Form 6-K  
March 30, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

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

For the month of March, 2009

Commission File Number 1-10928

INTERTAPE POLYMER GROUP INC.

9999 Cavendish Blvd., Suite 200, Ville St. Laurent, Quebec, Canada, H4M 2X5

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

SIGNATURES

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

INTERTAPE POLYMER GROUP INC.

Date: March 30, 2009

By: /s/ Victor DiTommaso

Victor DiTommaso, Chief Financial Officer

**Intertape Polymer Reports Fourth Quarter and Full-Year Results**

- Company adversely impacted by economic downturn
- Solid financial footing enabled Company to weather fourth quarter storm

Montreal, Quebec and Bradenton, Florida March 30, 2009 -- Intertape Polymer Group Inc. (TSX:ITP)(NYSE:ITP) ("Intertape" or the "Company") today released results for the three months and full year ended December 31, 2008. All dollar amounts are US denominated unless otherwise indicated.

"The majority of 2008 reflected the benefits of business model revisions, capital structure improvements, new product introductions, and cost reduction measures undertaken in the past several years. In the first nine months we achieved a \$14.7 million (\$0.25 per share, both basic and diluted) improvement in earnings despite the fact that the United States economy entered into recession in the fourth quarter of 2007 and resin-based raw materials costs had increased sharply and rapidly during this period," stated Intertape Chairman Eric E. Baker.

"A number of unprecedented events beyond our control combined to create a very disappointing fourth quarter. These included the failure of several financial institutions, the tightening of restrictions on the ability to access credit, a deepening recession, and specific to our industry, a rapid 60% decrease in resin costs and an inventory destocking throughout the supply chain. These factors resulted in a significant impact on our fourth quarter and full-year results. Nonetheless, we believe that the actions taken in late 2008 and early 2009 to stabilize our financial base, along with additional extensive cost cutting and cash conservation measures that we are implementing enable us to weather the severe recession," commented Intertape Executive Director, Melbourne F. Yull.

### **Earnings**

The Company incurred a net loss in the fourth quarter of \$99.8 million or \$1.69 per share, which included a \$66.7 million charge for goodwill impairment, compared to a net loss of \$0.7 million or \$0.01 per share for the corresponding quarter a year ago. In addition to the goodwill charge, the Company's fourth quarter results were adversely affected by a significant decline in customer demand, a rapid decline in the price of resin-based raw materials and other selected raw materials and an adjustment of the income tax valuation allowance. Adjusted net earnings for the fourth quarter of 2008 were a loss of \$16.1 million, versus an adjusted net loss of \$0.7 million for the fourth quarter of 2007.

For the full-year 2008, the Company recorded a net loss of \$92.8 million or \$1.57 per share versus a fiscal 2007 net loss of \$8.4 million or \$0.19 per share. The decrease is attributable primarily to the decline in fourth quarter results. The Company's profits for the first nine months of 2008 totaled \$7.0 million (\$0.12 per share, both basic and diluted), compared to a loss of \$7.7 million (\$0.19 per share, both basic and diluted) for the first nine months of 2007. For the full year 2008, adjusted net earnings were a loss of \$3.1 million, versus an adjusted net loss of \$2.2 million for 2007.

### **Sales**

Sales for the fourth quarter were \$153.1 million compared to the \$191.5 million posted for the fourth quarter a year ago. Unit volumes decreased 22.4% from the fourth quarter of 2007 due to weaker end-user demand as well as inventory destocking by both end-users and the Company's distributor customer base.

Sales for the full year were \$737.2 million compared to \$767.3 million in 2007. The year-over-year drop was primarily attributable to the lower fourth quarter 2008 sales. For the first nine months of 2008, sales were essentially flat with the same period in 2007.

### **Gross profit and gross margin**

Gross profit for the fourth quarter was a negative \$5.5 million, compared to a gross profit of \$28.4 million at a gross margin of 14.9% a year ago. The significant decline in gross profits for the fourth quarter is a result of \$17.3 million in lower sales volumes and \$16.6 million in gross margin compression. Included in the \$16.6 million of gross margin compression is a non-cash charge of \$7.7 million reducing inventories on hand at year-end to their net realizable value. Much of the remaining gross margin compression experienced in the fourth quarter related to the sale of inventories on hand at September 30, 2008.

Gross profit and gross margin for 2008 was \$78.3 million and 10.6% respectively, compared to \$116.3 million and 15.2% for 2007. Through the first nine months of 2008 gross profit was down \$4.2 million compared to the same period in 2007 because of slightly lower sales volumes. The remainder of the decrease was due to the drop in the gross profit for the fourth quarter of 2008.

### **SG&A expenses**

Selling, general and administrative expenses ("SG&A") were \$15.9 million (10.4% of sales) for the fourth quarter, compared to \$18.7 million (9.8% of sales) a year ago. 2008 SG&A expenses were \$68.2 million (9.3% of sales) compared to \$71.2 million (9.3% of sales) for 2007. The 2008 reduction in SG&A was primarily the result of lower professional fees paid to third parties.

### **EBITDA**

EBITDA in the fourth quarter was a negative \$80.6 million compared to \$18.1 million for the same quarter a year ago and for 2008 was a negative \$28.2 million versus \$66.7 million last year. Adjusted EBITDA in the fourth quarter was \$3.1 million compared to \$18.1 million for the same quarter a year ago and for 2008 was \$55.5 million versus \$74.8 million last year. The lower adjusted EBITDA in the fourth quarter of 2008 compared to the fourth quarter of 2007 is the result of lower gross profits.

## Segmented Information

### Tapes & Films Division

Sales for the Tapes and Films ("T&F") Division for the fourth quarter were \$122.6 million, an 18.8% decrease from sales in the fourth quarter of 2007. The decrease in sales volume was across substantially all product lines and reflected the deep economic downturn that impacted the global economy as a whole and the packaging industry in particular.

2008 sales decreased 2.2% to \$592.2 million compared to \$605.7 million for 2007. The Division had a sales volume (unit) decrease of 7.9% for 2008 and 2.7% for 2007. The sales volume decline in both 2008 and 2007 was not limited to particular product lines or channels of distribution. Approximately half of the 2008 sales volume decline occurred in the fourth quarter.

Gross profits for the fourth quarter were a negative \$2.8 million compared to \$24.5 million at a gross margin of 16.2% for the fourth quarter of 2007. Of the total decrease, \$13.5 million was the result of lower sales, the balance was attributable to gross margin compression. Additionally, at December 31, 2008, the T&F Division recorded a non-cash charge reducing the carrying value of its on-hand inventories by \$1.5 million to reflect net realizable value. The T&F Division recorded an additional non-cash charge of \$1.9 million at December 31, 2008, representing the expected loss arising from outstanding raw material purchase commitments that are at above market price levels and that the Division does not expect to be able to recover through selling prices in 2009.

Gross profit and gross margin for 2008 were \$67.4 million and 11.4% compared to \$99.1 million and 16.4% for the same period a year ago, due to lower sales volumes and the compression of gross margins. Of the total decrease, \$4.3 million was incurred in the first nine months of 2008, while the remainder, \$27.4 million, in the fourth quarter.

EBITDA for the fourth quarter was a negative \$9.0 million compared to \$16.9 million for the fourth quarter of 2007. The decline in EBITDA in the fourth quarter of 2008 compared to the fourth quarter of 2007 is the result of a decrease in gross profits. EBITDA was \$38.1 million in 2008 and \$69.3 million in 2007 respectively. Adjusted EBITDA for the fourth quarter was \$4.9 million compared to \$16.9 million for the fourth quarter of 2007. Adjusted EBITDA was \$52.0 million in 2008 and \$69.3 million in 2007 respectively.

### Tapes and Films Division EBITDA

#### Reconciliation to Net Earnings

(in millions of US dollars)

(unaudited)

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	Three months	Twelve months	
For the periods ended December 31, 2008	2007	2008	2007

	\$	\$	\$	\$
Divisional earnings before				
impairment of goodwill and				
income taxes	(16.5)	8.9	8.7	39.2
Depreciation and				
amortization	7.5	8.0	29.4	30.1
EBITDA	(9.0)	16.9	38.1	69.3
Add back:				
Gross profit margin compression	13.9		13.9	
Adjusted EBITDA	4.9	16.9	52.0	69.3

### Engineered Coated Products Division

Fourth quarter sales for the Engineered Coated Products ("ECP") Division were \$30.5 million, compared to \$40.5 million for the fourth quarter of 2007. Sales volumes (units) decreased 24.3% for the fourth quarter of 2008 compared to the fourth quarter of 2007. Selling prices were relatively unchanged in the fourth quarter of 2008 compared to the fourth quarter of 2007, however, did decrease on a sequential basis. The weakening of the Canadian dollar relative to the US dollar during the fourth quarter of 2008 also contributed to the fourth quarter decline in sales. The sales volume decrease for the fourth quarter was across most of the ECP Division's products and was reflective of the deep global economic downturn that occurred in the fourth quarter.

2008 sales decreased 10.3% to \$145.0 million compared to \$161.6 million for 2007. The sales volume (units) decrease for 2008 compared to 2007 was 15.8%. The largest market for ECP products is the North American residential construction market, which experienced a slowdown starting in the summer of 2006 and dramatically intensified through 2008. For the first nine months of 2008, the decline in sales of traditional ECP products was mitigated by the introduction of several new residential construction market products that allowed the Company to participate in segments of the residential construction market that it previously had either not participated in or participated only on a small scale. In response to rising raw material costs, the ECP Division instituted substantial selling price increases

during the first nine months of 2008. Selling prices declined in the fourth quarter of 2008 on a sequential basis as raw material costs decreased.

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Gross profits for the fourth quarter totalled a negative \$2.7 million at a gross margin of negative 8.7% compared to \$4.0 million at a gross margin of 9.7% for the fourth quarter of 2007. Of the total decrease, \$3.9 million was due to lower sales volumes and the remainder to gross margin compression. Additionally, at December 31, 2008, the ECP Division recorded a non-cash charge reducing the carrying value of its on-hand inventories by \$3.9 million to reflect net realizable value. The ECP Division recorded an additional non-cash charge of \$0.4 million at December 31, 2008, representing the expected loss arising from outstanding raw material purchase commitments that are at above market price levels and that the Division does not expect to be able to recover through selling prices in 2009.

Gross profits and gross margins were \$10.9 million at 7.5% and \$17.2 million at 10.7%, respectively in 2008 and 2007. The gross profit and gross margin decline for 2008 occurred in the fourth quarter. In the first nine months of 2008, the gross profit and gross margin improved slightly compared to the first nine months of 2007 due to increased selling prices and improved product mix.

EBITDA for the fourth quarter was a negative \$3.9 million compared to \$2.2 million for the fourth quarter of 2007. EBITDA for 2008 was \$3.6 million, compared to \$9.7 million for 2007. The decline was attributable to the lower gross profits. Adjusted EBITDA for the fourth quarter was a loss of \$1.2 million compared to \$2.2 million for the fourth quarter of 2007. Adjusted EBITDA was \$6.3 million in 2008 and \$9.7 million in 2007 respectively.

**ECP Division EBITDA**

**Reconciliation to Net Earnings**

(in millions of US dollars)

(unaudited)

	Three months		Twelve months	
For the periods ended December 31, 2008	2008	2007	2008	2007
	\$	\$	\$	\$
Divisional earnings before				
impairment of goodwill and				
income taxes	(5.9)	0.7	(2.8)	4.2
Depreciation and amortization	2.0	1.5	6.4	5.5
EBITDA	(3.9)	2.2	3.6	9.7
Add back:				
Gross profit margin compression	2.7		2.7	



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Adjusted EBITDA	(1.2)	2.2	6.3	9.7
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### **Cash flow from operations**

The Company generated cash flows from operating activities in the fourth quarter of 2008 of \$12.2 million compared to \$16.1 million for the fourth quarter of 2007. The decrease was due to the decline in profitability, offset somewhat by cash generated as a result of working capital changes.

For 2008, cash flows from operating activities were \$20.8 million, versus \$37.8 million for 2007, because of the decline in profitability.

### **Liquidity**

The Company relies upon the funds generated from operations and funds available to it under its five-year asset-backed loan ("ABL") to meet working capital requirements and anticipated obligations under its ABL and the Senior Subordinated Notes and to finance capital expenditures for the foreseeable future. As at December 31, 2008, the Company had cash and unused availability under its ABL totalling \$50.7 million.

The ABL has a financial covenant, a fixed charge ratio, the target for which is 1.0 to 1.0. The financial covenant becomes effective only when unused availability drops below \$25.0 million. While the Company did not meet the ratio at December 31, 2008, it was not in effect as cash and unused availability was in excess of \$50.0 million. To date, in the first quarter of 2009, the Company has maintained availability in excess of \$25.0 million despite having capital expenditures and a semi-annual interest payment on the Senior Subordinated Notes totalling approximately \$11.0 million. In addition, the Company has paid down its outstanding borrowings under the ABL by approximately \$12.0 million in the first two months of 2009. It is the Company's intention to remain above the \$25.0 million of unused availability threshold during 2009.

### **Income taxes**

Included in deferred income tax expense for 2008 is \$17.2 million of increases to the valuation allowance due to management's revised assessment of the recoverability of the Company's future income tax amounts in the current economic environment. Included in deferred income tax expense for 2007 is \$2.6 million of increases to the valuation allowance.

### **Cost reduction efforts**

Intertape has taken several measures in response to the challenges presented by the deep economic downturn including the reduction in staff and the elimination of many third party service providers. These cost reduction efforts are expected to save an estimated \$7.0 million a year in operating expenses. In mid-January 2009 a temporary compensation reduction was implemented for salaried employees totaling approximately \$3.5 million annually. In addition, the Company expects to continue to reduce costs throughout 2009 by approximately \$23.0 million as part of

its ongoing productivity improvement programs. Not all of the 2009 improvements are expected to contribute to an increase in the Company's earnings. Some of these cost savings are necessary to offset the increased economic costs of the Company's manufacturing operations, as well as to remain competitive in the marketplace.

**Outlook**

"While the general economic outlook remains quite uncertain, higher sales volumes within the Tapes and Films Division and the benefits of the expense reduction initiatives are expected to contribute to a sequential quarterly improvement in the EBITDA of the Company. The most significant improvements expected in the first quarter of 2009 compared to the fourth quarter of 2008 are the absence of the \$16.6 million in gross margin compression and the \$66.7 million goodwill impairment charge that were recorded in the fourth quarter of 2008. The Company anticipates earning positive EBITDA in the first quarter of 2009," commented Mr. Yull.

Unit order entry in the T&F Division for the first quarter is currently running at 8-10% above fourth quarter levels. Looking forward to the second and third quarters, the T&F Division is expecting an improvement in sales volumes due to the seasonal nature of some products and the expected benefits of the new product and market initiatives. Seasonal improvement is expected in the ECP Division during the second and third quarters of 2009, along with benefits from new product and market initiatives. The first quarter of the year is traditionally the slowest period for this Division as its two largest market product classes are residential construction and agriculture.

"In addition to the cost cutting and cash conservation measures that we have put in place over the past year, we plan to limit our 2009 capital spending to maintenance items, once certain outstanding commitments are fulfilled, until the outlook becomes clearer," stated Victor DiTommaso, Chief Financial Officer.

The Company estimates that its maintenance capital expenditures approximate \$8.0 million a year.

**Non-GAAP information**

This release contains certain non-GAAP financial measures, including adjusted net earnings, EBITDA and Adjusted EBITDA. The Company believes the inclusion of such non-GAAP financial measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results from its core business operations by excluding the impact of items not related to the Company's ongoing core business operations, improve the period-to-period comparability of the Company's results from its core business operations, and are used by management and the Company's investors in evaluating the financial measures to the most directly comparable GAAP measures.

"Adjusted net earnings" does not have any standardized meaning prescribed by Canadian or U.S. GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. "Adjusted net earnings" is defined by the Company as net earnings (as reported) less manufacturing facility closure costs, restructuring, strategic alternative and other charges, impairment of property, plant and equipment, impairment of goodwill, and unprecedented gross profit margin compression. A reconciliation of adjusted net earnings to GAAP net earnings is set forth below.

**Adjusted Net Earnings (Loss)**

**Reconciliation to Net Earnings (Loss)**

**(in millions of US dollars)**

**(Unaudited)**

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Three months

Twelve months



Net earnings (loss) -

as reported (1.69) (0.01) (1.57) (0.19) (4.07)

Adjusted net earnings

(loss) (0.27) (0.01) (0.05) (0.05) (0.17)

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A reconciliation of the Company's EBITDA and adjusted EBITDA, both non-GAAP financial measures, to GAAP net earnings (loss) is set out in the EBITDA reconciliation table below. EBITDA should not be construed as earnings (loss) before income taxes, net earnings (loss) or cash flows from operating activities as determined by GAAP. The Company defines EBITDA as net earnings (loss) before (i) income taxes (recovery); (ii) financial expenses, net of amortization; (iii) refinancing expense, net of amortization; (iv) amortization of other intangibles and capitalized software costs; and (v) depreciation. The Company defines adjusted EBITDA as EBITDA before manufacturing facility closures, restructuring, strategic alternatives and other charges, impairment of property, plant and equipment, impairment of goodwill and unprecedented gross profit margin compression. Other companies in the Company's industry may calculate EBITDA and adjusted EBITDA differently than the Company does.

EBITDA and adjusted EBITDA are not measurements of financial performance under GAAP and should not be considered as alternatives to cash flows from operating activities or as alternatives to net earnings (loss) as indicators of the Company's operating performance or any other measures of performance derived in accordance with GAAP. The Company has included these non-GAAP financial measures because they permit investors to make a more meaningful comparison of the Company's performance between the periods presented. In addition, EBITDA and adjusted EBITDA are used by management in evaluating the Company's performance.

#### **EBITDA Reconciliation to**

#### **Net Earnings (Loss)**

**(in millions of US dollars)**

**(Unaudited)**

	Three months		Twelve months		
For the periods ended					
December 31,	2008	2007	2008	2007	2006
	\$	\$	\$	\$	\$
Net earnings (loss) -					
As reported	(99.8)	(0.7)	(92.8)	(8.4)	(166.7)
Add Back:					
Financial expenses,					
net of amortization	5.6	5.1	21.6	23.9	25.3

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Income taxes (recovery)	4.4	3.4	3.4	12.3	(30.7)
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Depreciation &

Amortization	9.2	10.3	39.6	38.9	36.6
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EBITDA	(80.6)	18.1	(28.2)	66.7	(135.5)
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Gross profit margin

Compression	16.6		16.6		
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Manufacturing facility

closures, restructuring,

strategic alternatives

and other charges			8.1	76.1	
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Impairment of property,

plant & equipment	0.4		0.4		
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Impairment of goodwill	66.7		66.7		120.0
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Adjusted EBITDA	3.1	18.1	55.5	74.8	60.6
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**Conference Call**

A conference call to discuss Intertape's 2008 fourth quarter and full-year results will be held this morning at 10 A.M. Eastern Time. Participants may dial 1-800-230-1059 (U.S. and Canada) and 1-612-332-0637 (International).

You may access a replay of the call by dialing 1-800-475-6701 (U.S. and Canada), or 1-320-365-3844 (International), and entering the Access Code 993310. The recording will be available from today, March 30, 2009 at 12:00 P.M. until Thursday, April 30, 2009 at 11:59 P.M., Eastern Time.

**About Intertape Polymer Group**

Intertape Polymer Group is a recognized leader in the development and manufacture of specialized polyolefin plastic and paper based packaging products and complementary packaging systems for industrial and retail use.

Headquartered in Montreal, Quebec and Sarasota/Bradenton, Florida, the Company employs approximately 2,100 employees with operations in 17 locations, including 13 manufacturing facilities in North America and one in Europe.

**Safe Harbor Statement**

Certain statements and information included in this press release constitute forward-looking information within the meaning of applicable Canadian securities legislation and the Federal Private Securities Litigation Reform Act of 1995.



Forward-looking statements may relate to the Company's future outlook and anticipated events, the Company's business, its operations, financial condition or results. Particularly, statements about the Company's objectives and strategies to achieve those objectives are forward looking statements. While these statements are based on certain factors and assumptions which management considers to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied in such forward-looking statements. The risks include, but are not limited to, the factors contained in the Company's filings with the Canadian securities regulators and the U.S. Securities and Exchange Commission. Except as required by applicable law, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This press release contains certain non-GAAP financial measures as defined under SEC rules, including EBITDA adjusted EBITDA and adjusted net earnings. The Company believes such non-GAAP financial measures improve the transparency of the Company's disclosures, provide a meaningful presentation of the Company's results from its core business operations, by excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations. As required by SEC rules, the Company has provided reconciliations of those measures to the most directly comparable GAAP measures.

**Intertape Polymer Group Inc.**

**Consolidated Earnings**

**Periods ended December 31,**

**(In thousands of US dollars,**

**except per share amounts)**

**(Unaudited)**

	Three months		Twelve months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	153,142	191,453	737,155	767,272
Cost of sales	158,620	163,010	658,900	650,931
Gross profit	(5,478)	28,443	78,255	116,341

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Selling, general and

administrative expenses      15,874      18,664      68,189      71,169

Stock-based compensation

expense                      170      289      1,268      1,780

Research and development

expenses                      1,307      947      5,610      4,135

Financial expenses

Interest                      3,812      5,706      18,365      27,425

Other                          1,948      205      1,425      (206)

Refinancing                                      6,031

Manufacturing facility

closures, restructuring,

strategic alternatives,

and other charges                                      8,114

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23,111      25,811      100,888      112,417

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Earnings (loss) before

impairment of goodwill and

income taxes                      (28,589)      2,632      (22,633)      3,924

Impairment of goodwill                      66,726                      66,726

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Earnings (loss) before

income taxes                      (95,315)      2,632      (89,359)      3,924

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Income taxes	4,478	3,349	3,440	12,317
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Net loss	(99,793)	(717)	(92,799)	(8,393)
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Loss per share

Basic	(1.69)	(0.01)	(1.57)	(0.19)
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Diluted	(1.69)	(0.01)	(1.57)	(0.19)
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Consolidated Deficit

Periods ended December 31,

(In thousands of US dollars)

(Unaudited)

	Three months		Twelve months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance, beginning of period	(60,740)	(66,765)	(67,482)	(59,532)
Cummulative impact of accounting changes relating to financial instruments and hedges			443	
Cummulative impact of accounting changes relating to inventories			(252)	
Balance as at beginning of period, as restated	(60,740)	(66,765)	(67,734)	(59,089)
Net loss	(99,793)	(717)	(92,799)	(8,393)
Balance, end of period	(160,533)	(67,482)	(160,533)	(67,482)

Weighted average  
number of common  
shares outstanding

Basic	58,951,050	58,185,756	58,956,348	45,286,644
Diluted	58,951,050	58,185,756	58,956,348	45,286,644

**Intertape Polymer Group Inc.**

**Consolidated Comprehensive Income (Loss)**

**Periods ended December 31,**

**(In thousands of US dollars)**

**(Unaudited)**

	Three months		Twelve months	
	2008	2007	2008	2007
	\$	\$	\$	\$

Net loss	(99,793)	(717)	(92,799)	(8,393)
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**Other comprehensive income**

Change in fair value of

interest rate swap

agreements, designated

as a cash flow hedges

(net of future income

taxes of \$1,053 and \$1,733

for the three and twelve

months ended December 31,

2008, respectively; \$565

and \$964 for the three

and twelve months ended

December 31, 2007,

respectively)	(1,792)	(961)	(2,950)	(1,641)
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Settlement of interest

rate swap

agreements, recorded in

consolidated earnings

(net of income taxes of

\$1,080)		1,840		
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Change in fair value of

forward foreign exchange

rate contracts,

designated as cash flow

hedges (net of future

income taxes of \$151)	(257)		(257)	
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Reduction of the net

investment in a foreign

subsidiary	244		(899)	
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Change in accumulated

currency translation

adjustments (23,288) 4,870 (32,644) 31,824

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 Other comprehensive income (25,093) 3,909 (34,910) 30,183

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 Comprehensive income (loss)

for the period (124,886) 3,192 (127,709) 21,790

**Intertape Polymer Group Inc.**

**Consolidated Cash Flows**

**Periods ended December 31,**

**(In thousands of US dollars)**

**(Unaudited)**

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                     Three months                    Twelve months

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                     2008          2007          2008          2007

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                     \$          \$          \$          \$

**OPERATING ACTIVITIES**

Net loss (99,793) (717) (92,799) (8,393)

Non-cash items

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Depreciation and amortization	9,232	10,343	36,538	38,902
Impairment of goodwill	66,726	0	66,726	
Loss on disposal of property, plant and equipment	325	353	532	460
Property, plant and equipment impairment and other charges in connection with manufacturing facility closures, restructuring, strategic alternatives and other charges			1,373	
Write-down of inventories	7,703		7,703	
Impairment of property, plant and equipment	424		424	
Write-off of debt issue expenses in connection with debt refinancing			3,111	
Future income taxes	4,996	3,461	4,006	11,439
Stock-based compensation expense	169	289	1,268	1,780
Pension and post-retirement benefits funding in excess of amounts expensed	(239)	(504)	(1,479)	(2,356)
Foreign exchange gain resulting from the reduction of a net investment in a				



foreign subsidiary	(899)		(899)	
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## Cash flows from operations

before changes in non-cash

working capital items	(11,356)	13,225	25,131	43,205
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## Changes in non-cash working

capital items

Trade receivables	30,659	21,736	12,310	9,545
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Other receivables	(1,031)	(763)	(1,491)	(791)
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Inventories	9,487	(8,952)	(6,556)	(18,736)
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Parts and supplies	(668)	(157)	(1,306)	(817)
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Prepaid expenses	347	301	364	515
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Accounts payable and

accrued liabilities	(15,284)	(9,298)	(7,664)	4,835
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	23,510	2,867	(4,343)	(5,449)
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## Cash flows from operating

activities	12,154	16,092	20,788	37,756
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## INVESTING ACTIVITIES

Property, plant and

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equipment (3,084) (6,003) (21,048) (18,470)

Proceeds on the disposal

of property, plant and

equipment 80 419 3,202 1,376

Other assets (111) 525 (795) (1,308)

Intangible assets (570) (3,207)

Goodwill (300)

-----  
Cash flows from investing

activities (3,685) (5,059) (21,848) (18,702)

-----  
FINANCING ACTIVITIES

Change in bank indebtedness (53)

Long-term debt 23,908 (121) 160,119 73

Debt issue expenses (134) 33 (2,777) (2,269)

Repayment of long-term debt (26,953) (16,877) (154,952) (80,738)

Proceeds from shareholders'

rights offering 16,875 62,753

Shareholders' rights

offering costs (1,902) (1,902)

-----  
Cash flows from financing

activities (3,179) (2,045) 2,390 (22,083)

-----  
Net increase (decrease)

in cash	5,290	8,988	1,330	(3,029)
Effect of foreign currency				
translation adjustments	(837)	461	(1,469)	1,259
Cash, beginning of period	10,937	6,080	15,529	17,299
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Cash, end of period	15,390	15,529	15,390	15,529
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### Consolidated Balance Sheets

As at December 31,

(In thousands of US dollars)

(Unaudited)

	2008	2007
	\$	\$
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ASSETS		
Current assets		
Cash	15,390	15,529
Trade receivables	75,467	91,427
Other receivables	4,093	2,970
Inventories	90,846	99,482

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Parts and supplies	14,119	13,356
Prepaid expenses	3,037	3,522
Future income taxes	9,064	11,231

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212,016 237,517

Property, plant and equipment	289,763	317,866
Other assets	22,364	23,176
Intangible assets	3,956	
Future income taxes	47,067	53,990
Goodwill	70,250	

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575,166 702,799

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LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	78,249	88,866
Installments on long-term debt	623	3,074

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78,872 91,940

Long-term debt	250,802	240,285
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Pension and post-retirement benefits	9,206	9,765
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Derivative financial instruments	2,969	799
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	341,849	342,789
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SHAREHOLDERS' EQUITY

Capital stock	348,174	348,174
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Contributed surplus	13,124	11,856
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Deficit	(160,533)	(67,482)
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Accumulated other comprehensive income	32,552	67,462
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	(127,981)	(20)
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	233,317	360,010
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	575,166	702,799
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**CONTACT INFORMATION:**

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