

INTERTAPE POLYMER GROUP INC

Form 6-K

March 07, 2013

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**UNITED STATES**  
**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, 2013**

**Commission File Number 1-10928**

**INTERTAPE POLYMER GROUP INC.**

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

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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): ☐

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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 7, 2013

By: /s/ Bernard J. Pitz  
Bernard J. Pitz, Chief Financial Officer

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## **Management's Responsibility for Financial Statements**

The consolidated financial statements of Intertape Polymer Group Inc. (the "Company") and other financial information are the responsibility of the Company's management and have been examined and approved by its Board of Directors. These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and include some amounts that are based on management's best estimates and judgments. The selection of accounting principles and methods is management's responsibility.

Management is responsible for the design, establishment and maintenance of appropriate internal control and procedures over financial reporting, to ensure that financial statements for external purposes are fairly presented in conformity with International Financial Reporting Standards. Pursuant to these internal control and procedures, processes have been designed to ensure that the Company's transactions are properly authorized, the Company's assets are safeguarded against unauthorized or improper use, and the Company's transactions are properly recorded and reported to permit the preparation of the Company's consolidated financial statements in conformity with International Financial Reporting Standards.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and for maintaining proper standards of conduct in its activities.

The Board of Directors assigns its responsibility for the consolidated financial statements and other financial information to the Audit Committee, all of whom are independent directors.

The Audit Committee's role is to examine the consolidated financial statements and annual report and once approved, recommend that the Board of Directors approve them, examine internal control over financial reporting and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the Audit Committee meets periodically with the external auditors to review their audit plan and discuss the results of their examinations. The Audit Committee is also responsible for recommending the nomination of the external auditors.

The Company's external independent registered public accounting firm, Raymond Chabot Grant Thornton LLP was appointed by the Shareholders at the Annual Meeting of Shareholders on May 16, 2012, to conduct the integrated audit of the Company's consolidated financial statements, and the Company's internal control over financial reporting. Their reports indicating the scope of their audits and their opinions on the consolidated financial statements and the Company's internal control over financial reporting follow.

**/s/ Gregory A.C. Yull**

Gregory A.C. Yull

President and Chief Executive Officer

**/s/ Bernard J. Pitz**

Bernard J. Pitz

Chief Financial Officer

Bradenton, Florida and Montreal, Quebec

March 6, 2013

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## **Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the Company's financial reporting as well as the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards.

Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective can only provide reasonable assurance with respect to financial statements preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2012 based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2012 based on those criteria.

The Company's internal control over financial reporting as of December 31, 2012 has been audited by Raymond Chabot Grant Thornton LLP, the Company's external independent registered public accounting firm, as stated in their report which follows.

**/s/ Gregory A.C. Yull**

Gregory A.C. Yull

President and Chief Executive Officer

**/s/ Bernard J. Pitz**

Bernard J. Pitz

Chief Financial Officer

Bradenton, Florida and Montreal, Quebec

March 6, 2013

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## **Independent Auditor's Report of Registered Public Accounting Firm**

To the Shareholders of

Intertape Polymer Group Inc.

### ***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of Intertape Polymer Group Inc. which comprise the consolidated statements of financial position as at December 31, 2012 and 2011 and the consolidated statements of earnings (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the years in the three year-period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Intertape Polymer Group Inc. as at December 31, 2012 and 2011, and its financial performance and its cash flows for each of the years in the three-year period ended December 31, 2012

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in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

***Other Matter***

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Intertape Polymer Group Inc.'s internal control over financial reporting as at December 31, 2012, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2013, expressed an unqualified opinion on Intertape Polymer Group Inc.'s internal control over financial reporting.

Montreal, Canada

March 6, 2013

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120795



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**Independent Auditor's Report of  
Registered Public Accounting Firm  
on Internal Control over Financial Reporting**

To the Shareholders of

Intertape Polymer Group Inc.

We have audited Intertape Polymer Group Inc.'s internal control over financial reporting as at December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

***Management's Responsibility***

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management's Report on Internal Control over Financial Reporting.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal control over financial reporting.

***Definition of internal control over financial reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

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***Inherent limitations***

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Opinion***

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2012 based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with Canadian generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Intertape Polymer Group Inc. as at December 31, 2012, 2011 and for each of the years in the three-year period ended December 31, 2012 and our report dated March 6, 2013 expressed an unqualified opinion thereon.

Montreal, Canada

March 6, 2013

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120795

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**Intertape Polymer Group Inc.****Consolidated Earnings (Loss)**

Years ended December 31, 2012, 2011 and 2010

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

	2012 \$	2011 \$	2010 \$
Revenue	<b>784,430</b>	786,737	720,516
Cost of sales	<b>643,393</b>	672,262	636,194
Gross profit	<b>141,037</b>	114,475	84,322
Selling, general and administrative expenses	<b>79,135</b>	76,969	73,302
Research expenses	<b>6,227</b>	6,200	6,252
	<b>85,362</b>	83,169	79,554
Operating profit before manufacturing facility closures, restructuring and other related charges	<b>55,675</b>	31,306	4,768
Manufacturing facility closures, restructuring and other related charges (Note 4)	<b>18,257</b>	2,891	3,534
Operating profit	<b>37,418</b>	28,415	1,234
Finance costs			
Interest	<b>13,233</b>	15,361	15,670
Other expense	<b>1,303</b>	2,180	880
	<b>14,536</b>	17,541	16,550
Earnings (loss) before income tax expense (benefit)	<b>22,882</b>	10,874	(15,316)
Income tax expense (benefit) (Note 5)			
Current	<b>927</b>	688	(10)
Deferred	<b>(552)</b>	1,232	33,243
	<b>375</b>	1,920	33,233

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Net earnings (loss)	<b>22,507</b>	8,954	(48,549)
Earnings (loss) per share (Note 6)			
Basic	<b>0.38</b>	0.15	(0.82)
Diluted	<b>0.37</b>	0.15	(0.82)

The accompanying notes are an integral part of the consolidated financial statements and Note 3 presents additional information on consolidated earnings (loss).

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**Intertape Polymer Group Inc.****Consolidated Comprehensive Income (Loss)**

Years ended December 31, 2012, 2011 and 2010

(In thousands of US dollars)

	<b>2012</b>	2011	2010
	\$	\$	\$
Net earnings (loss)	<b>22,507</b>	8,954	(48,549)
Other comprehensive income (loss)			
Changes in fair value of interest rate swap agreements designated as cash flow hedges (net of deferred income tax expense of nil, nil in 2011 and nil in 2010)	-	(30)	(599)
Settlements of interest rate swap agreements, transferred to earnings (net of income tax expense of nil, nil in 2011 and nil in 2010)	-	927	1,249
Changes in fair value of forward foreign exchange rate contracts, designated as cash flow hedges (net of deferred income tax expense of nil, nil in 2011 and nil in 2010)	<b>227</b>	867	1,828
Settlements of forward foreign exchange rate contracts, transferred to earnings (net of income tax expense of nil, nil in 2011 and nil in 2010)	<b>(214)</b>	(1,015)	(869)
Gain on forward foreign exchange rate contracts recorded in earnings pursuant to recognition of the hedged item in cost of sales upon discontinuance of the related hedging relationships (net of income tax expense of nil, nil in 2011 and nil in 2010)	-	(998)	(616)
Change in cumulative translation adjustments	<b>2,002</b>	(1,729)	2,935
Actuarial gains or losses and change in asset ceiling and minimum funding requirements on defined benefit plans (net of income tax benefit of \$1,209, \$1,427 in 2011 and \$768 in 2010) (Note 17)	<b>(6,436)</b>	(14,701)	(2,091)
Other comprehensive income (loss)	<b>(4,421)</b>	(16,679)	1,837
Comprehensive income (loss) for the period	<b>18,086</b>	(7,725)	(46,712)

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

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**Intertape Polymer Group Inc.****Consolidated Changes in Shareholders' Equity**

Year ended December 31, 2010

(In thousands of US dollars, except for number of common shares)

	Capital stock			Accumulated other comprehensive income				Total
	Number	Amount \$	Contributed surplus \$	Cumulative translation adjustment account \$	Reserve for cash flow hedges \$	Total \$	Deficit \$	shareholders equity \$
Balance as of January 1, 2010	58,951,050	348,143	15,024	-	(757)	(757)	(172,387)	190,023
Transactions with owners								
Exercise of stock options (Note 15)	10,000	5						5
Stock-based compensation expense (Note 15)			769					769
	10,000	5	769					774
Net earnings (loss)							(48,549)	(48,549)
Other comprehensive income								
Changes in fair value of interest rate swap agreements, designated as cash flow hedges (net of deferred income tax expense of nil)					(599)	(599)		(599)
Settlement of interest rate swap agreements, transferred to earnings (net of income tax expense of nil)					1,249	1,249		1,249
Changes in fair value of forward foreign					1,828	1,828		1,828

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exchange rate contracts, designated as cash flow hedges (net of deferred income tax expense of nil)								
Settlement of forward foreign exchange rate contracts, transferred to earnings (net of income tax expense of nil)				(869)		(869)		(869)
Gain on forward foreign exchange rate contracts recorded in earnings pursuant to recognition of the hedged item in cost of sales upon discontinuance of the related hedging relationships (net of income tax expense of nil)				(616)		(616)		(616)
Actuarial gains or losses and change in minimum funding requirements on defined benefit plans (net of income tax benefit of \$768) (Note 17)							(2,091)	(2,091)
Changes to cumulative translation adjustments			2,935			2,935		2,935
			2,935	993		3,928		1,837
Balance as of December 31, 2010	58,961,050	348,148	15,793	2,935	236	3,171	(223,027)	144,085

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

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**Intertape Polymer Group Inc.****Consolidated Changes in Shareholders' Equity**

Year ended December 31, 2011

(In thousands of US dollars, except for number of common shares)

	Capital stock		Accumulated other comprehensive income			Total		Total shareholders equity
	Number	Amount \$	Contributed surplus \$	Cumulative translation adjustment account \$	Reserve for cash flow hedges \$	Total \$	Deficit \$	equity \$
Balance as of December 31, 2010 (balance carried forward)	58,961,050	348,148	15,793	2,935	236	3,171	(223,027)	144,085
Transactions with owners								
Stock-based compensation expense (Note 15)			818					818
Net earnings							8,954	8,954
Other comprehensive loss								
Changes in fair value of interest rate swap agreements, designated as cash flow hedges (net of deferred income tax expense of nil)					(30)	(30)		(30)
Settlement of interest rate swap agreements, transferred to earnings (net of income tax expense of nil)					927	927		927
Changes in fair value of forward foreign exchange rate					867	867		867



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contracts, designated  
as cash flow hedges  
(net of deferred  
income tax expense  
of nil)

Settlement of forward  
foreign exchange rate  
contracts, transferred  
to earnings (net of  
income tax expense  
of nil)

(1,015) (1,015) (1,015)

Gain on forward  
foreign exchange rate  
contracts recorded in  
earnings pursuant to  
recognition of the  
hedged item in cost  
of sales upon  
discontinuance of the  
related hedging  
relationships (net of  
income tax expense  
of nil)

(998) (998) (998)

Actuarial gains or  
losses and change in  
minimum funding  
requirements on  
defined benefit plans  
(net of income tax  
benefit of \$1,427)  
(Note 17)

(14,701) (14,701)

Changes to  
cumulative  
translation  
adjustments

(1,729) (1,729) (1,729)

(1,729) (249) (1,978) (16,679)

Balance as of  
December 31, 2011

58,961,050 348,148 16,611 1,206 (13) 1,193 (228,774) 137,178

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

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**Intertape Polymer Group Inc.****Consolidated Changes in Shareholders' Equity**

Year ended December 31, 2012

(In thousands of US dollars, except for number of common shares)

	Capital stock		Accumulated other comprehensive income		Reserve for cash flow hedges		Total	Deficit	Total shareholders equity
	Number	Amount \$	Contributed surplus \$	translation adjustment account \$			\$	\$	\$
Balance as of December 31, 2011 (balance carried forward)	58,961,050	348,148	16,611	1,206	(13)	1,193	(228,774)		137,178
Transactions with owners									
Exercise of stock options (Note 15)	663,989	2,017							2,017
Excess tax benefit on stock options (Note 5)		773							773
Stock-based compensation expense (Note 15)			539						539
Stock-based compensation expense credited to capital on options exercised (Note 15)		764	(764)						
Dividends on common stock							(4,759)		(4,759)
	663,989	3,554	(225)				(4,759)		(1,430)
Net earnings							22,507		22,507
Other comprehensive loss									
Changes in fair value of forward foreign exchange rate contracts, designated as cash flow hedges (net of deferred income tax expense of nil)					227	227			227
Settlement of forward foreign exchange rate contracts, transferred to earnings (net of income tax expense of nil)					(214)	(214)			(214)
Actuarial gains or losses and change in minimum funding requirements							(6,436)		(6,436)

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on defined benefit plans (net of  
income tax benefit of \$1,209) (Note  
17)

Changes to cumulative translation  
adjustments

2,002 2,002 2,002

2,002 13 2,015 (4,421)

**Balance as of December 31, 2012 59,625,039 351,702 16,386**