INTERTAPE POLYMER GROUP INC
Form 20-F
March 07, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from to

Commission file number: 1-10928

INTERTAPE POLYMER GROUP INC.

(Exact name of Registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

9999 Cavendish Blvd., Suite 200,	
Ville St. Laurent, Quebec, Canada	**H4M 2X5**
(Address of principal executive offices)	**(Zip Code)**

Burgess H. Hildreth,

(941) 739-7500, bhildret@itape.com,

3647 Cortez Road West, Bradenton, Florida **34219**

(Name, Telephone, E-mail, and Address of Company Contact Person) **(Zip Code)**

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of each class	**Name of each exchange on which registered**
Common Shares, without nominal or par value	Toronto Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act

Not applicable

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not applicable

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report. As of December 31, 2011, there were 58,961,050 common shares outstanding

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ¨ Yes x No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ¨ Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ¨ International Financial Reporting Standards as issued by the International Accounting Standards Board x Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ¨ Item 17 ¨ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ¨ Yes ¨ No

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PART I

Item 1: Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2: Offer Statistics and Expected Timetable

Not applicable.

Item 3: Key Information

A. SELECTED FINANCIAL DATA

The selected financial data presented below for the two years ended December 31, 2011 is presented in U.S. dollars and is derived from Intertape Polymer Group Inc. s (Intertape , Intertape Polymer Group , or the Company) consolidated financial statements in U.S. dollars and prepared in accordance with International Financial Reporting Standards (IFRS). The information set forth below was extracted from the consolidated financial statements and related notes included in this annual report and annual reports previously filed and should be read in conjunction with such consolidated financial statements. As required by the Canadian Accounting Standards Board, the Company adopted IFRS on January 1, 2011 and the Company s financial information for 2010, with the exception of statements as of the transition date of January 1, 2010, has been restated to comply with IFRS. Information prior to the transition date has not been restated.

	As at and for the Year Ended December 31	
	2011	**2010**
	(in thousands of U.S. dollars except percentages, shares and per share data)	
Statements of Consolidated Earnings (Loss):		
Revenue	786,737	720,516
Net Earnings (Loss) before Taxes	10,874	(15,316)
Net Earnings (Loss)	8,954	(48,549)
Earnings (Loss) per Share		
Basic	0.15	(0.82)
Diluted	0.15	(0.82)
Balance Sheets:		
Total Assets	446,723	476,614
Capital Stock	348,148	348,148
Shareholders Equity	137,178	144,085
Number of Common Shares Outstanding	58,961,050	58,961,050
Dividends Declared per Share		

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

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D. RISK FACTORS

Current economic conditions and uncertain economic forecast adversely affect the Company s results of operations and financial conditions.

Unfavorable changes in the global economy have affected the demand for the Company s products. Adverse economic conditions could also increase the likelihood of customer delinquencies. A prolonged period of economic decline would have a material adverse effect on the results of operations, gross margins, and the overall financial condition of the Company, as well as exacerbate the other risk factors set forth below.

Fluctuations in the amount of available funds under the Company s Asset Based Loan would restrict the Company s available credit and could require unscheduled repayments.

The Company s credit facility is an asset-backed loan. A reduction in the eligible assets and receivables included in the borrowing base or an increase in the required reserves will reduce the Company s available credit under the Asset Based Loan (ABL). A decline in the borrowing base could also require an unscheduled repayment of funds already advanced in excess of the available credit amount.

The Company s Asset Based Loan contains a financial covenant which if not met, will result in an event of default.

The Company s ABL contains a fixed charge ratio which becomes effective only when unused availability under the borrowing base drops below $25 million. The Company s failure to comply with this covenant could result in an event of default, which, if not cured or waived, could result in the Company being required to repay these borrowings before their scheduled due date. If the Company were unable to make this repayment or otherwise refinance these borrowings, the lenders under the ABL could elect to declare all amounts borrowed under the Company s ABL, together with accrued interest, to be due and payable, which, in some instances, would be an event of default under the Indenture governing the Senior Subordinated Notes. In addition, these lenders could foreclose on the Company s assets. If the Company were unable to refinance these borrowings on favourable terms, the Company s results of operations and financial condition could be adversely impacted by increased costs and less favorable terms, including interest rates and covenants. Any future refinancing of the Company s ABL is likely to contain similar or more restrictive covenants and financial tests.

The Company may not be able to generate sufficient cash flow to meet its debt service obligations.

The Company s ability to generate sufficient cash flows from operations to make scheduled payments on its debt obligations will depend on its future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative and business factors, many of which are outside of the Company s control. If the Company does not generate sufficient cash flows from operations to satisfy its debt obligations, the Company may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. The Company cannot assure that any refinancing would be possible or that any assets could be sold on acceptable terms or otherwise. The Company s inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its obligations on commercially reasonable terms, would have an adverse effect on the Company s business, financial condition and results of operations. In addition, any refinancing of the Company s debt could be at higher interest rates and may require the Company to comply with more onerous covenants, which could further restrict its business operations.

The Company s substantial debt could adversely affect its financial condition and prevent it from fulfilling its obligations under its ABL or Senior Subordinated Notes.

The Company has a significant amount of indebtedness. As of December 31, 2011, the Company had outstanding debt of $194.3 million, which represented 59% of its total capitalization. Of such total debt, approximately $66.9 million, or all of the Company s outstanding senior debt, was secured.

The Company s substantial indebtedness could adversely affect its financial condition and make it more difficult for the Company to satisfy its obligations with respect to the Senior Subordinated Notes, as well as its obligations under its ABL. The Company s substantial indebtedness could also increase its vulnerability to adverse general economic and industry conditions; require the Company to dedicate a substantial portion of its cash flows from operations to payments on its indebtedness, thereby

reducing the availability of the Company s cash flows to fund working capital, capital expenditures, research and development efforts and other general corporate purposes; limit the Company s flexibility in planning for, or reacting to, changes in its business and the industry in which it operates; place the Company at a competitive disadvantage compared to its competitors that have less debt; and limit the Company s ability to borrow additional funds on terms that are satisfactory to it or at all.

Fluctuations in raw material costs or the unavailability of raw materials may adversely affect the Company s profitability.

Intertape Polymer Group has historically been able to pass on significant raw material cost increases through price increases to its customers. Nevertheless, the Company s results of operations for 2011 and certain individual quarters in prior years can and have been negatively impacted by raw material cost increases and decreases. These fluctuations adversely affected the Company s profitability. As a result of raw material cost fluctuations, the Company has to either hold prices firm which results in a reduced market share or decrease prices which compresses the Company s gross margins. The Company s profitability in the future may be adversely affected due to continuing fluctuations in raw material prices. Additionally, the Company relies on its suppliers for deliveries of raw materials. If any of its suppliers were unable to deliver raw materials to the Company for an extended period of time, there is no assurance that the Company s raw material requirements would be met by other suppliers on acceptable terms, or at all, which could have a material adverse effect on the Company s results of operations.

Despite the Company s level of indebtedness, it will be able to incur substantially more debt. Incurring such debt could further exacerbate the risks to the Company s financial condition described above.

The Company will be able to incur substantial additional indebtedness in the future. Although the Indenture governing the Senior Subordinated Notes and the loan and security agreement governing the ABL each contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and the indebtedness incurred in compliance with these restrictions could be substantial. The restrictions also do not prevent the Company from incurring obligations that do not constitute indebtedness. To the extent new debt is added to the Company s currently anticipated debt levels, the substantial leverage risks described above would increase.

The Company s Senior Subordinated Notes and ABL contain covenants that limit its flexibility and prevents the Company from taking certain actions.

The Indenture governing the Company s Senior Subordinated Notes and the loan and security agreement governing the Company s ABL include a number of significant restrictive covenants. These covenants could adversely limit the Company s ability to plan for or react to market conditions, meet its capital needs and execute its business strategy. These covenants, among other things, limit the Company s ability and the ability of its subsidiaries to incur additional debt; pay dividends and make other restricted payments; create or permit certain liens; issue or sell capital stock of restricted subsidiaries; use the proceeds from sales of assets; make certain investments; create or permit restrictions on the ability of the guarantors to pay dividends or to make other distributions to the Company; enter into certain types of transactions with affiliates; engage in unrelated businesses; enter into sale and leaseback transactions; and consolidate or merge or sell the Company s assets substantially as an entirety.

The Company s ABL includes other and more restrictive covenants, some of which can restrict the Company s ability to prepay its other debt.

A downgrade of the Company s credit ratings would have a negative impact on the Company s ability to obtain credit and on the trading price of its common shares.

The Company s Senior Subordinated Notes are currently rated Caa1 by Moody Investor Services, Inc. and CCC by Standard & Poor s Financial Services, LLC. These ratings are considered below investment grade. In the event the Company s credit ratings are downgraded, it would adversely affect the Company s cost of borrowing, access to capital markets and trading price of its common shares.

The failure to maintain effective internal control over financial reporting in accordance with applicable securities laws could cause the Company s stock price to decline.

Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission, as well as applicable Canadian securities laws require annual management assessments of the effectiveness of

the Company s internal control over financial reporting and a report by the Company s independent registered public accounting firm attesting to and reporting on these assessments. If the Company fails to maintain effective internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, the Company may not be able to conclude that it has effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission or applicable Canadian securities laws. For the fiscal year ended December 31, 2011 the Chief Executive Officer and Chief Financial Officer concluded that the Company s internal control over financial reporting was effective as of December 31, 2011. If the Company cannot in the future favorably assess, or the Company s independent registered public accounting firm is unable to provide an unqualified attestation report on the Company s assessment of, the effectiveness of its internal control over financial reporting, investors may lose confidence in the reliability of the Company s financial reports, which could cause the Company s stock price to decline.

The Company s pension and post-retirement benefit plans are unfunded which could require Company contributions.

The Company s pension and post-retirement benefit plans currently have an unfunded deficit of $36.8 million as of December 31, 2011 as compared to $22.3 million at the end of 2010. For 2011 and 2010, the Company contributed $4.3 million and $4.7 million, respectively, to its funded pension plans and to beneficiaries for its unfunded other benefit plans. The Company may need to divert certain of its resources in the future in order to resolve this funding deficit. In addition, the Company cannot predict whether a change in factors such as pension asset performance or interest rates, will require the Company to make a contribution in excess of its current expectations. Further, the Company may not have the funds necessary to meet future minimum pension funding requirements or be able to meet its pension benefit plan funding obligation through cash flows from operations.

The Company s ability to achieve its growth objectives depends in part on the timing and market acceptance of its new products.

Intertape Polymer Group s business plan involves the introduction of new products, which are both developed internally and obtained through acquisitions. The Company s ability to introduce these products successfully depends on the demand for the products, as well as their price and quality. In the event the market does not accept these products or competitors introduce similar products, the Company s ability to expand its markets and generate organic growth could be negatively impacted which could have an adverse affect on its operating results.

The Company s competition and customer preferences could impact the Company s profitability.

The markets for Intertape Polymer Group s products are highly competitive. Competition in its markets is primarily based upon the quality, breadth and performance characteristics of its products, customer service and price. The Company s ability to compete successfully depends upon a variety of factors, including its ability to maintain high plant efficiencies and operating rates and low manufacturing costs, as well as its access to quality, low-cost raw materials.

Some of the Company s competitors may, at times, have lower raw material, energy and labor costs and less restrictive environmental and governmental regulations to comply with than the Company does. Other competitors may be larger in size or scope than the Company, which may allow them to achieve greater economies of scale on a global basis or allow them to better withstand periods of declining prices and adverse operating conditions.

Demand for the Company s products and, in turn, its revenue and profit margins, are affected by customer preferences and changes in customer ordering patterns which occur as a result of changes in inventory levels and timing of purchases which may be triggered by price changes and incentive programs.

The Company s customer contracts contain termination provisions that could decrease our future revenues and earnings.

Most of the Company s customer contracts can be terminated by the customer on short notice without penalty. The Company s customers are, therefore, not contractually obligated to continue to do business with it in the future. This creates uncertainty with respect to the revenues and earnings the Company may recognize with respect to its customer contracts.

Intertape Polymer Group faces risks related to its international operations.

The Company has customers and operations located outside the United States and Canada. In 2011, sales to customers located outside the United States and Canada represented approximately 11% of its sales. The Company s international operations present it with a number of risks and challenges, including the effective marketing of the Company s products in other countries; tariffs and other trade barriers; and different regulatory schemes and political environments applicable to its operations in these areas, such as environmental and health and safety compliance.

In addition, the Company s financial statements are reported in U.S. dollars while a portion of its sales is made in other currencies, primarily the Canadian dollar and the Euro. A portion of the Company s debt is also denominated in currencies other than the U.S. dollar. As a result, fluctuations in exchange rates between the U.S. dollar and foreign currencies can have a negative impact on the Company s reported operating results and financial condition. Moreover, in some cases, the currency of the Company s sales does not match the currency in which it incurs costs, which can negatively affect its profitability. Fluctuations in exchange rates can also affect the relative competitive position of a particular facility where the facility faces competition from non-local producers, as well as the Company s ability to successfully market its products in export markets.

The Company s operations are subject to comprehensive environmental regulation and involve expenditures which may be material in relation to its operating cash flow.

The Company s operations are subject to extensive environmental regulation in each of the countries in which it maintains facilities. For example, United States (Federal, state and local) and Canadian (Federal, provincial and local) environmental laws applicable to the Company include statutes and regulations intended to impose certain obligations with respect to site contamination and to allocate the cost of investigating, monitoring and remedying soil and groundwater contamination among specifically identified parties, as well as to prevent future soil and groundwater contamination; imposing ambient standards and, in some cases, emission standards, for air pollutants which present a risk to public health, welfare or the natural environment; governing the handling, management, treatment, storage and disposal of hazardous wastes and substances; and regulating the discharge of pollutants into waterways.

The Company s use of hazardous substances in its manufacturing processes and the generation of hazardous wastes not only by the Company, but by prior occupants of its facilities suggest that hazardous substances may be present at or near certain of the Company s facilities or may come to be located there in the future. Consequently, the Company is required to monitor closely its compliance under all the various environmental laws and regulations applicable to it. In addition, the Company arranges for the off-site disposal of hazardous substances generated in the ordinary course of its business.

The Company obtains Phase I or similar environmental site assessments, and Phase II environmental site assessments, if necessary, for most of the manufacturing facilities it owns or leases at the time it either acquires or leases such facilities. These assessments typically include general inspections and may involve soil sampling and/or ground water analysis. The assessments have not revealed any environmental liability that, based on current information, the Company believes will have a material adverse effect on it. Nevertheless, these assessments may not reveal all potential environmental liabilities and current assessments are not available for all facilities. Consequently, there may be material environmental liabilities that the Company is not aware of. In addition, ongoing clean up and containment operations may not be adequate for purposes of future laws and regulations. The conditions of the Company s properties could also be affected in the future by neighboring operations or the conditions of the land in the vicinity of its properties. These developments and others, such as increasingly stringent environmental laws and regulations, increasingly strict enforcement of environmental laws and regulations, or claims for damage to property or injury to persons resulting from the environmental, health or safety impact of its operations, may cause the Company to incur significant costs and liabilities that could have a material adverse effect on it.

Except as described in Item 4B(8) below, the Company believes that all of its facilities are in material compliance with applicable environmental laws and regulations and that it has obtained, and is in material compliance with, all material permits required under environmental laws and regulations. Although certain of the Company s facilities emit toluene and other pollutants into the air, these emissions are within current permitted limitations. The Company believes that these emissions from its U.S. facilities will meet the applicable future federal Maximum Available Control Technology (MACT) requirements, although additional testing or modifications at the facilities may be required. The Company believes that the ultimate resolution of these matters should not have a material adverse effect on its financial condition or results of operations.

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The Company s facilities are required to maintain numerous environmental permits and governmental approvals for its operations. Some of the environmental permits and governmental approvals that have been issued to the Company or to its facilities contain conditions and restrictions, including restrictions or limits on emissions and discharges of pollutants and contaminants, or may have limited terms. If the Company fails to satisfy these conditions or to comply with these restrictions, it may become subject to enforcement actions and the operation of the relevant facilities could be adversely affected. The Company may also be subject to fines, penalties or additional costs. The Company may not be able to renew, maintain or obtain all environmental permits and governmental approvals required for the continued operation or further development of the facilities, as a result of which the operation of the facilities may be limited or suspended.

The Company may become involved in litigation relating to its intellectual property rights, which could have an adverse impact on its business.

Intertape Polymer Group relies on patent protection, as well as a combination of copyright, trade secret and trademark laws, nondisclosure and confidentiality agreements and other contractual restrictions to protect its proprietary technology. Litigation may be necessary to enforce these rights, which could result in substantial costs to the Company and a substantial diversion of management attention. If the Company does not adequately protect its intellectual property, its competitors or other parties could use the intellectual property that the Company has developed to enhance their products or make products similar to the Company s and compete more efficiently with it, which could result in a decrease in the Company s market share.

While the Company has attempted to ensure that its products and the operations of its business do not infringe other parties patents and proprietary rights, its competitors or other parties may assert that the Company s products and operations may be covered by patents held by them. In addition, because patent applications can take many years to issue, there may be applications now pending of which the Company is unaware, which may later result in issued patents which the Company s products may infringe. If any of the Company s products infringe a valid patent, it could be prevented from selling them unless the Company can obtain a license or redesign the products to avoid infringement. A license may not always be available or may require the Company to pay substantial royalties. The Company may not be successful in any attempt to redesign any of its products to avoid any infringement. Infringement or other intellectual property claims, regardless of merit or ultimate outcome, can be expensive and time-consuming and can divert management s attention from the Company s core business.

The Company may become involved in labor disputes or employees could form or join unions increasing the Company s costs to do business.

Some of Intertape Polymer Group s employees are subject to collective bargaining agreements. Other employees are not part of a union and there are no assurances that such employees will not form or join a union. Any attempt by employees to form or join a union could result in increased labor costs and adversely affect the Company s business, its financial condition and/or results of operations.

Except for the strike which occurred at the Company s Brantford, Ontario plant, which is now closed, the Company has never experienced any work stoppages due to employee related disputes. Management believes that it has a good relationship with its employees. There can be no assurance that work stoppages, or other labor disturbances will not occur in the future. Such occurrences could adversely affect Intertape Polymer Group s business, financial condition and/or results of operations.

The Company may become involved in litigation which could have an adverse impact on its business.

Intertape Polymer Group, like other manufacturers and sellers, is subject to potential liabilities connected with its business operations, including potential liabilities and expenses associated with product defects, performance, reliability or delivery delays. Intertape Polymer Group is threatened from time to time with, or is named as a defendant in, legal proceedings, including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damages claims, in the ordinary course of conducting its business. A significant judgment against Intertape Polymer Group, or the imposition of a significant fine or penalty, as a result of a finding that the Company failed to comply with laws or regulations, or being named as a defendant on multiple claims could adversely affect the Company s business, financial condition and/or results of operations.

Uninsured and underinsured losses and rising insurance costs could adversely affect the Company s business.

Intertape Polymer Group maintains property, general liability and business interruption insurance and directors and officers liability insurance on such terms as it deems appropriate. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay for the full current market value or current replacement cost of the Company s lost investment. Not all risks are covered by insurance.

Intertape Polymer Group s cost of maintaining property, general liability and business interruption insurance and director and officer liability insurance is significant. The Company could experience higher insurance premiums as a result of adverse claims experience or because of general increases in premiums by insurance carriers for reasons unrelated to its own claims experience. Generally, the Company s insurance policies must be renewed annually. Intertape Polymer Group s ability to continue to obtain insurance at affordable premiums also depends upon its ability to continue to operate with an acceptable claims record. A significant increase in the number of claims against the Company, the assertion of one or more claims in excess of its policy limits or the inability to obtain adequate insurance coverage at acceptable rates, or at all, could adversely affect the Company s business, financial condition and/or results of operations.

Product liability could adversely affect the Company s business.

Difficulties in product design, performance and reliability could result in lost sales, delays in customer acceptance of Intertape Polymer Group s products and lawsuits and would be detrimental to the Company s market reputation. Intertape Polymer Group s products and the products supplied by third parties, on behalf of the Company, are not error free. Undetected errors or performance problems may be discovered in the future. The Company may not be able to successfully complete the development of planned or future products in a timely manner or to adequately address product defects, which could harm the Company s business and prospects. In addition, product defects may expose Intertape Polymer Group to product liability claims, for which it may not have sufficient product liability insurance. Difficulties in product design, performance and reliability or product liability claims could adversely affect Intertape Polymer Group s business, financial condition and/or results of operations.

Acquisitions have been a substantial part of the Company s growth strategy, which could expose it to significant business risks.

An important aspect of Intertape Polymer Group s business strategy was to make strategic acquisitions that would complement its existing products, expand its customer base and markets, improve distribution efficiencies and enhance its technological capabilities. Financial risks from these acquisitions include the use of the Company s cash resources and incurring additional debt and liabilities. Further, there are possible operational risks including difficulties in assimilating and integrating the operations, products, technology, information systems and personnel of acquired companies; the loss of key personnel of acquired entities; the entry into markets in which the Company has no or limited prior experience; and difficulties honoring commitments made to customers of the acquired companies prior to the acquisition. The failure to adequately address these risks could adversely affect the Company s business.

Although the Company performs due diligence investigations of the businesses and assets that it acquires, and anticipates continuing to do so for future acquisitions, there may be liabilities related to the acquired business or assets that the Company fails to, or is unable to, uncover during its due diligence investigation and for which the Company, as a successor owner, may be responsible. When feasible, the Company seeks to minimize the impact of these types of potential liabilities by obtaining indemnities and warranties from the seller, which may in some instances be supported by deferring payment of a portion of the purchase price. However, these indemnities and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor or other reasons.

Because Intertape Polymer Group is a Canadian company, it may be difficult to enforce rights under U.S. bankruptcy laws.

Intertape Polymer Group and certain of its subsidiaries are incorporated under the laws of Canada and a substantial amount of its assets are located outside of the United States. Under bankruptcy laws in the United States, courts typically assert jurisdiction over a debtor s property, wherever located, including property situated in other countries. However, courts outside of the United States may not recognize the United States bankruptcy court s jurisdiction over property located outside of the territorial limits of the United States. Accordingly, difficulties may arise in administering a United States bankruptcy case involving a Canadian debtor with property located outside of the United States, and any orders or judgments of a bankruptcy court in the United States may not be enforceable outside the territorial limits of the United States.

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It may be difficult for investors to enforce civil liabilities against Intertape Polymer Group under U.S. federal and state securities laws.

Intertape Polymer Group and certain of its subsidiaries are incorporated under the laws of Canada. Certain of their directors and executive officers are residents of Canada and a portion of their assets are located outside of the United States. In addition, certain subsidiaries are located in other foreign jurisdictions. As a result, it may be difficult or impossible for U.S. investors to effect service of process within the United States upon Intertape Polymer Group, its Canadian subsidiaries, or its other foreign subsidiaries, or those directors and officers or to realize against them upon judgments of courts of the United States predicated upon the civil liability provisions of U.S. federal securities laws or securities or blue sky laws of any state within the United States. The Company believes that a judgment of a U.S. court predicated solely upon the civil liability provisions of the Securities Act of 1933, as amended and/or the Exchange Act of 1934, as amended (Exchange Act) would likely be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Company cannot assure that this will be the case. There is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

The Company s exemptions under the Securities Exchange Act of 1934, as amended, as a foreign private issuer limits the protections and information afforded investors.

Intertape Polymer Group is a foreign private issuer within the meaning of the rules promulgated under the Exchange Act. As such, it is exempt from certain provisions applicable to United States companies with securities registered under the Exchange Act, including: the rules under the Exchange Act requiring the filing with the Securities and Exchange Commission of quarterly reports on Form 10-Q or current reports on Form 8-K; the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; and the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any short-swing trading transaction (*i.e.,* a purchase and sale, or sale and purchase, of the issuers equity securities within a period of less than six months). Because of these exemptions, purchasers of Intertape Polymer Group s securities are not afforded the same protections or information generally available to investors in public companies organized in the United States. Prior to December 31, 2000, the Company filed its annual reports on Form 20-F. Commencing with the year ended December 31, 2000 through December 31, 2007, and again for the year ended December 31, 2009, the Company filed its annual reports on Form 40-F. For the years ended December 31, 2008 and December 31, 2010, and again this year, Intertape Polymer Group filed and will file its annual report on Form 20-F. Intertape Polymer Group reports on Form 6-K with the United States Securities and Exchange Commission and publicly releases quarterly financial reports.

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

The business of Intertape was established when Intertape Systems Inc., a predecessor of the Company, established a pressure-sensitive tape manufacturing facility in Montreal. Intertape Polymer Group was incorporated under the *Canada Business Corporations Act* on December 22, 1989 under the name 171695 Canada Inc. On October 8, 1991, the Company filed a Certificate of Amendment changing its name to Intertape Polymer Group Inc. A Certificate of Amalgamation was filed by the Company on August 31, 1993, at which time the Company was amalgamated with EBAC Holdings Inc. The Shareholders, at the Company s June 11, 2003 annual and special meeting, voted on the replacement of the Company s By-Law No. 1 with a new General By-Law 2003-1. The intent of the replacement by-law was to conform the Company s general by-laws with amendments that were made to the *Canada Business Corporations Act* since the adoption of the general by-laws and to simplify certain aspects of the governance of the Company. On August 6, 2006, the Company filed a Certificate of Amendment to permit the Board of Directors of the Company to appoint one or more additional Directors to hold office for a term expiring not later than the close of the next annual meeting of the Company s Shareholders, so long as the total number of Directors so appointed does not exceed one-third of the number of Directors elected at the previous annual meeting of the Shareholders of the Company.

Intertape Polymer Group s corporate headquarters is located at 9999 Cavendish Blvd., Suite 200, Ville St. Laurent, Quebec, Canada H4M 2X5 and the address and telephone number of its registered office is 1250 René-Lévesque Blvd. West, Suite 2500, Montreal, Quebec, Canada H3B 4Y1, c/o Heenan Blaikie LLP, (514) 846-1212.

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Intertape Polymer Group closed its Brantford, Ontario, facility during the second quarter of 2011 as scheduled and discontinued the manufacture of certain products that were produced solely at the Brantford, Ontario, plant. Intertape Polymer Group also sold various assets of the Brantford, Ontario, facility.

During 2011 the Company made progress in its strategy to increase sales of higher margin products and reduced sales of low margin products. The Company also entered into an Asset Purchase Agreement in July 2011 to acquire equipment, a customer list and intellectual property to supplement the Company s existing water activated tape business.

The Company operates in various geographic locations and develops, manufactures and sells a variety of paper and film based pressure sensitive and water activated tapes, specialized polyolefin films, woven fabrics and complementary packaging systems to a diverse customer base. Most of the Company s products are made from similar processes. A vast majority of the Company s products, while brought to market through various distribution channels, generally have similar economic characteristics.

The Company s total capital expenditures in connection with property, plant and equipment were $14.0 million and $8.6 million for the years 2011 and 2010, respectively. The majority of the expenditures were to update existing manufacturing equipment and to obtain new equipment.

There has not been any indication of any public takeover offers by third parties in respect of the Company s shares or by the Company in respect of other companies shares during the last and current fiscal year.

B. BUSINESS OVERVIEW

Intertape Polymer Group is a leader in the specialty packaging industry. Management believes the Company is the second largest manufacturer of tape products in North America and is recognized for its development, manufacture and sale of a variety of paper and film based pressure sensitive and water activated tapes, specialized polyolefin films, woven fabrics and complementary packaging systems for industrial use and retail applications. The Company s products include carton sealing tapes, including Intertape® pressure-sensitive and water-activated tapes; industrial and performance specialty tapes, including masking, duct, electrical and reinforced filament tapes; Exlfilm® shrink film; Stretchflex® stretch wrap, engineered coated fabric products, and flexible intermediate bulk containers (FIBCs).

The Company has approximately 1,800 employees with operations in 19 locations, including 11 manufacturing facilities in North America and one in Europe.

Intertape Polymer Group has assembled a broad range of products by leveraging its manufacturing technologies, its research and development capabilities, global sourcing expertise and its strategic acquisition program. Over the years, the Company has made a number of strategic acquisitions in order to offer a broader range of products to better serve its markets. The Company s extensive product line permits Intertape Polymer Group to offer tailored solutions to a wide range of end-markets including food and beverage, consumer, industrial, building and construction, oil and gas, water supply, automotive, medical, agriculture, aerospace and military applications.

Overview of Periods

2009

During 2009, the Company implemented its long term strategic plan in an effort to mitigate the impact of the global economic downturn on the Company. The Company s strategy was to deal with the situation proactively by continuing and expanding its several cost reduction measures, opening new market channels, the development and sales of new products, and productivity improvements. In addition, a key element of the Company s strategy was and continues to be cash management.

The challenges to the industry persisted throughout 2009. Raw material prices fluctuated with propylene-related raw material costs rising significantly and resin based raw material costs dropping, both of which resulted in intense pricing pressure, no pricing power and significantly impacted selling prices. Also, the North American residential housing market remained soft throughout the year which caused the supply chain supporting this market to carry excess inventories significantly reducing product demand.

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Although the struggling economy affected sales, the initiatives taken by the Company throughout 2009 enabled the Company to somewhat soften its impact. The Company s new products attracted attention in the market. An increased focus on cash management was a factor in increased cash flows. Also, as a part of the Company s objectives to lower costs, enhance customer order fulfillment and optimize inventory investment, during the fourth quarter, the Company made the decision to consolidate the operations of its manufacturing facility located in Hawkesbury, Ontario, into the Company s manufacturing facility located in Truro, Nova Scotia, and to sell the buildings located in Hawkesbury. The buildings were sold separately, one in April 2011 and the other in May 2011.

In January 2009, the Company received a notice from the New York Stock Exchange (the Exchange) that it was not in compliance with the Exchange s listing standards because the 30-trading day average closing price of the Company s common shares dropped below $1.00, which the Company believes was as a result of several factors, most of which were related to the downturn in the economy. The Company had six months to cure the deficiency, however due to the then current economic conditions, the Exchange temporarily suspended its $1.00 minimum price requirement. The Company notified the Exchange that it intended to cure the deficiency and, in fact, the price of the Company s common stock rose above $1.00 and continued to trade above $1.00 per share until the Company s common shares were voluntarily delisted from the Exchange. The Company concluded that the overall trading volume of the Company s common shares was not sufficient to justify listing on two exchanges so the Company delisted its stock from the Exchange effective December 3, 2009. The delisting from the Exchange did not constitute a default under the Company s ABL or Indenture governing the Company s Senior Subordinated Notes and did not affect the Company s operations or change its reporting requirements with the U.S. Securities and Exchange Commission. The Company s shares of common stock continue to be traded on the Toronto Stock Exchange. The Company continues to be subject to the federal laws of Canada, the jurisdiction in which the Company is incorporated, as well as Canadian and U.S. securities laws and corporate governance rules applicable to Canadian publicly listed companies, including the rules of the Toronto Stock Exchange.

On November 12, 2009, the Company named Bernard J. Pitz as its Chief Financial Officer. Mr. Pitz brought with him almost twenty years of experience serving as a Chief Financial Officer and in other executive capacities. He holds a B.S. and M.B.A. from Northern Illinois University and University of Chicago, respectively.

During the fourth quarter of 2009, the Company repurchased certain of its Senior Subordinated Notes with a face value of $6.3 million resulting in the reduction of the total face value of outstanding Senior Subordinated Notes governed by the Company s Indenture from $125.0 million to $118.7 million. The repurchase also reduced the Company s annual interest expense by $0.5 million.

2010

During 2010, the Company remained in prudent management mode focusing on cost and debt reductions while making productivity improvements, introducing new products, and opening new market channels.

On June 8, 2010, Gregory A. Yull was named President and Chief Executive Officer of the Company, and was appointed to the Board on August 2, 2010. Mr. Yull has been with the Company many years and brought with him extensive industry knowledge, hands-on experience and a full understanding of the Company s objectives.

In May 2010, the Company announced that the Toronto Stock Exchange had approved the Company s normal course issuer bid pursuant to which the Company was entitled to repurchase for cancellation up to 2,947,552 common shares over the twelve-month period commencing May 26, 2010 and ending on May 25, 2011. The Company did not repurchase any common shares pursuant to the normal course issuer bid.

In October 2010 the Company obtained a $3 million mortgage loan on its owned real estate located in Danville, Virginia. The mortgage is for a term of 32 months bearing interest at an annual rate of 10%. The mortgage requires monthly payments of principal and interest in the amount of $63,741.00 with a lump sum payment of all remaining unpaid principal and accrued interest due on July 1, 2013.

The Company has had a sales presence in Europe for many years with supply and services coming from the United States. In December 2010, the Company established a local facility near Flensburg, Germany, to support the Company s increased focus in Europe with expansion into several different market segments through an increased sales force. The new facility allows the Company to service its customers with pressure sensitive tapes including the following Intertape® branded

products: masking tapes, flatback tapes, aluminum foil tapes, double coated tapes, cloth duct tapes as well as several electrical and electronic grade tapes. In addition, Central® Brands of water activated tapes have been stocked in the distribution center. This new facility is helping service the Company s European customers with faster deliveries and smaller minimum order quantities and is succeeding in increasing the Company s brand recognition in Europe.

2011

During 2011, the Company maintained its focus on its long term strategic plan of reducing debt and manufacturing costs and improving its product mix. Although the global economy continued to be sluggish during 2011, the Company s selling prices increased more than both conversion costs and raw material costs; however, the spread between selling prices and raw material costs remained compressed when compared to periods prior to 2010.

As a result of the ongoing strike of its unionized employees at the Company s Brantford, Ontario plant, operations at the plant remained unprofitable. The Company concluded that a turnaround was highly improbable and during the fourth quarter of 2010, decided to terminate operations. The plant closed in the second quarter of 2011. Some of the Brantford production was transferred to other facilities of Intertape Polymer Group, however, the majority of the activities at the Brantford plant were discontinued. In addition, during 2011 the Company selectively stopped selling certain low-margin products manufactured at its other locations and actively worked to increase sales of high-margin products.

Through December 31, 2010, the Company s financial statements were prepared in accordance with Canadian generally accepted accounting principles. As required by the Canadian Accounting Standards Board, Intertape Polymer Group adopted the International Financial Reporting Standards (IFRS) on January 1, 2011. As required by the applicable standards, the Company restated its financial information for 2010 to comply with IFRS with the exception of statements as of the transition dated of January 1, 2010. The impact of the conversion to IFRS on the Company s current and future key financial metrics is immaterial.

In 2009, the Company filed a complaint in the U.S. District Court for the Middle District of Florida against Inspired Technologies, Inc. (ITI) alleging that ITI had breached its obligations under a supply agreement with the Company and ITI filed a counterclaim against the Company alleging that the Company had breached its obligations under the agreements. On April 13, 2011, after two trials on the issues, the Court entered a Judgment against the Company in the amount of approximately $1.0 million.

On May 19, 2011, the Company entered into a settlement agreement with ITI with respect to all outstanding litigation between the parties. Pursuant to the terms of the settlement, the Company paid approximately $1.0 million to ITI in full and complete settlement of all matters between them with respect to the litigation.

In July 2011, the Company entered into an Asset Purchase Agreement for total consideration of $0.9 million to acquire assets primarily consisting of equipment, a customer list, and intellectual property to supplement the Company s existing water activated tape business.

In August 2008, the Company acquired the exclusive North American rights to a pending patent with respect to an automatic wrapping system. The system is designed to automate the process of wrapping packages of up to 65 feet in length. The technology targets industries such as wood products, which are traditionally manually wrapped. Along with the distribution rights, the Company acquired wrapping machines and existing customer contracts for a total consideration of CDN$5.5 million. As part of acquiring the distribution rights, the Company also made future performance commitments, which required additional considerations or penalties if these commitments were not met. However, within the first two years of the purchase agreement, the automatic wrapping system had to achieve certain market acceptance parameters or the Company had the right to renegotiate the future performance commitments with the vendor and if such renegotiation was not concluded on terms satisfactory to the Company, then the future performance commitments would not be binding on the Company. Effective September 30, 2009 and due to the adverse economic conditions impacting the lumber wrap film market targeted under the Asset Purchase Agreement, the Company did not meet the performance criteria included in the first milestone of the Asset Purchase Agreement. In August 2011, the Company entered into a Contract Adjustment Agreement. Under the Agreement the Company and the vendor agreed all accrued and future penalties, film purchase minimums and machine placement thresholds were eliminated.

(1) Products, Markets and Distribution

(a) Tapes and Films

The Company manufactures a variety of paper and film based pressure sensitive and water activated tapes, specialized polyolefin films, as well as complementary packaging systems for industrial use and retail applications. These products include Intertape® pressure sensitive and Central water-activated carton sealing tapes; industrial and performance specialty tapes including paper, duct, electrical and reinforced filament tapes; Exlfilm® shrink film and StretchFLEX® stretch wrap.

The Company s tape and film products are manufactured and sold under Intertape brands including Intertape®, Central , Exlfilm® and StretchFLEX® to industrial distributors and retailers, and are manufactured for sale to third parties under private brands.

The Company introduced its new line of Intertape® brand Double-Coated Tapes in phases, the first of which began in June 2010 which introduced three double-coated tissue tapes and three double-coated polyester tapes. These high-performance technical products are used in a number of applications including corrugated splicing, gasket attachment, plastic housing and component assembly, nameplates, interior and exterior trim attachments and lens bonding. The Company s products are also convertible for a wide variety of applications requiring die cuts and custom parts.

In December 2010, the Company established a local distribution facility near Flensburg, Germany, to service its European customers with pressure sensitive tapes including the following Intertape® branded products: masking tapes, filament tapes, flatback tapes, aluminum foil tapes, double coated tapes, cloth duct tapes, as well as several electrical and electronic grade tapes. In addition, Central® brands of water activated tapes were stocked in the distribution center.

During August 2009, the Company reaffirmed its commitment to the alternative energy industry by announcing plans to continue the development of additional products for its current portfolio designed for wind, solar, geothermal and biofuel generation markets. The Company s stated goal continues to be single source dedicated to the ongoing development of performance tapes and films that are an integral part of powering the alternative energy market.

During September 2009, the Company announced the launch of a new product line of aluminum foil tapes to address the industrial, HVAC, aerospace, appliance, and transportation industries, the most significant markets in this category. This product line aligns with the strategic direction of the Company to leverage its expertise at the operations and customer level.

In September 2008, the Company reopened its Brighton, Colorado, facility which is the site of the Company s in-house solvent coater. The coater supports the low cost manufacture of products. The added capacity permitted growth of existing products and increased the Company s ability to rapidly and cost-effectively bring to market new products developed by the Company.

During the third quarter of 2008, the Company introduced the first product in its low environmental impact line (LILI), a biodegradable film for its iCusion Air Pillow Protective Packaging product. The goal of LILI is to reduce the impact of Intertape Polymer Group and its customers on the environment.

For the years ending December 31, 2011, and December 31, 2010, tapes and films accounted for 85% and 83%, respectively, of the Company s revenue.

The Company s tape and film products consist of four main product groups: (A) Carton Sealing Tapes, (B) Industrial & Specialty Tapes, (C) Films and (D) Protective Packaging.

Carton Sealing Tapes

Carton sealing tapes are sold primarily under the Intertape® and Central brands to industrial distributors and leading retailers, as well as to third parties under private brands. Management believes Intertape is the only company worldwide that produces carton sealing tapes using all four adhesive technologies: hot melt, acrylic, natural rubber and water-activated. The Company also sells the application equipment required for the dispensing of its carton sealing tapes.

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Hot Melt Tape

Hot melt carton sealing tape is a polypropylene film coated with a synthetic rubber adhesive which offers a wide range of application flexibility and is typically used in carton sealing applications. The Company s primary competitors are 3M Co., Shurtape Technologies LLC and Vibac Group.

Acrylic Tape

Acrylic carton sealing tape is a polypropylene film coated with an aqueous, pressure sensitive acrylic adhesive which is best suited for applications where performance is required within a broad range of temperatures from less than 40°F(4°C) to greater than 120°F(49°C). The Company s primary competitors are 3M Co. and Sekisui TA Industries Inc.

Natural Rubber Tape

Natural rubber carton sealing tape is a polypropylene film coated with natural rubber adhesive and is unique among the carton sealing tapes because of its aggressive adhesion properties. This tape is ideally suited for conditions involving hot, dusty, humid or cold environments. Typical uses include moving and storage industry applications, as well as packaging and shipping. The Company s primary competitors are Evotape SpA of Italy and Monta of Germany.

Water Activated Tape

Water-activated carton sealing tape is typically manufactured using a filament reinforced kraft paper substrate and a starch based adhesive that is activated by water. Water-activated tape is used primarily in applications where a strong mechanical bond or tamper evidence is required. Typical end-use markets include fulfillment centers, mail order operations, furniture manufacturers and the apparel industry. The Company s primary competitor is Holland Manufacturing Co. Inc.

Industrial & Specialty Tapes

The Company produces eight primary industrial and specialty products: paper tape, flatback tape, duct tape, filament tape, stencil products, electrical tape, double-coated tape, and foil tape.

Paper Tape

Paper tape is manufactured from a crepe paper substrate coated with a natural rubber or a synthetic rubber adhesive. Paper tape is used for a variety of performance and general purpose end-use applications. Product applications include paint masking (consumer, contractor, automotive, aerospace and marine), splicing, bundling/packaging, and general light duty applications. The Company s primary competitors for this product are 3M Co., Shurtape Technologies, LLC, Cantech and tesa tape inc.

Flatback Tape

Flatback tape is manufactured using a smooth kraft paper substrate coated with a natural rubber/SIS blended adhesive. Flatback tape is designed with low elongation and is widely used in applications such as splicing where the tape should not be distorted. Typical applications for flatback tape include printable identification tapes, label products and carton closure. The Company s primary competitors for this product are Shurtape Technologies, LLC, and 3M Co.

Duct Tape

Duct tape is manufactured from a polyethylene film that has been reinforced with scrim and coated with natural/synthetic rubber blend adhesive or speciality polymer adhesives. Duct tape is primarily used by general consumers for a wide range of applications. Duct tapes are also used in maintenance, repair and operations, in the heating, ventilation and air conditioning markets, construction and in the convention and entertainment industries. The Company s primary competitors for this product are Berry Plastics Corp., 3M Co. and Shurtape Technologies, LLC.

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Filament Tape

Filament tape is a film or paper adhesive tape with fiberglass strands or polyester fibers embedded in the adhesive to provide high tensile strength. Primary applications for filament tape include appliance packing, bundling and unitizing, and agricultural applications. The Company s primary competitors for this product are 3M Co., TaraTape, Inc. and Shurtape Technologies, LLC.

Stencil Products

Stencil products are manufactured from a calendared natural/synthetic rubber blended substrate with an acrylic adhesive. Stencil products are used in applications within the sign and monument manufacturing markets to protect a surface where sandblasting is required. The Company s primary competitor for this product is 3M Co.

Electrical and Electronic Tapes

Electrical and electronic tapes are manufactured from a number of different substrates, including paper, polyester, glass cloth and a variety of adhesive systems that include rubber, acrylic and silicone adhesives. Electrical and electronic tapes are Underwriters Laboratories (UL) approved and engineered to meet stringent application specifications. The Company s primary competitors for this product are 3M Co., and Nitto Denko.

Double-Coated Tapes

Double-coated tapes are manufactured from a paper, foam, or film substrate and are coated on both sides with a variety of adhesive systems. Double-coated tapes also use a release liner made from paper or film that prevents the tape from sticking to itself. Double-coated tapes are typically used to join two dissimilar surfaces. The Company s double-coated tape products are used in the manufacture and regripping of golf clubs, with smaller sales to the carpet installation and the graphics industries. The Company s primary competitors for this product are 3M Co., Avery Dennison Corp., tesa tape, inc., and Scapa Group plc.

Foil Tapes

Foil tapes are manufactured using aluminum and a variety of adhesive systems. The shiny, UV resistant foil backing offers an enhanced appearance, excellent reflective and flame retardant properties, and remains flexible to resist cracking and lifting around irregular or curved surfaces. These tapes have application in various industries including aerospace, transportation, HVAC and industrial. The Company s primary competitors for this product are 3M Co., Berry Plastics and Avery Dennison Corp.

Films

The Company primarily produces two film product lines: Exlfilm® Shrink Film and StretchFLEX® Stretch Wrap.

Exlfilm® Shrink Film

Exlfilm® shrink film is a specialty plastic film which shrinks under controlled heat to conform to a package s shape. The process permits the over-wrapping of a vast array of products of varying sizes and dimensions with a single packaging line. Exfilm® is used to package paper products, consumer products such as bottled water, toys, games, sporting goods, hardware and housewares and a variety of other products. In 2009, the Company introduced Exlfilm OXO, an oxo-biodegradable shrink film. The Company s primary competitors for this product are Sealed Air Corp. and Bemis Co. Inc.

Intertape Polymer Group entered the European shrink film market through its investment in Fibope in April 1995. The Company initially purchased a 50% equity interest in Fibope, acquiring the remaining 50% equity stake in July 2003 to serve as a platform to penetrate European and African markets with other products of the Company. Fibope operates as an autonomous unit within Intertape Polymer Group.

Fibope produces a full range of shrink film products for sale in the European Community. Raw materials are primarily sourced within Europe, with multiple sources utilized to ensure stability of supply and a competitive price environment.

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StretchFLEX® Stretch Wrap

Stretch wrap is a single or multi-layer plastic film that can be stretched without application of heat. It is used industrially to wrap pallets of various products ensuring a solid load for shipping.

The Company uses state-of-the-art multi-layer technology for the manufacturing of its StretchFLEX® stretch wrap. This technology has allowed the Company to focus on the introduction of a high performance product while reducing manufacturing costs. The Company introduced Genesys in 2005, Fortress in 2007, and Prolite in 2008, which are light gauge high performance films created for wrapping irregularly shaped packages. In 2009, the Company introduced StretchFLEX®. The Company s primary competitors for these products include Sigma Plastics Group, Berry Plastics Corp., Pliant Corp. and AEP Industries, Inc.

Protective Packaging

Air Pillows

Air pillows are manufactured from polyethylene film and are inflated at the point of use with an air pillow machine. The Company markets both traditional polyethylene, as well as oxo-biodegradable, air pillow products. Also, as mentioned above, the Company has added a biodegradable film to its iCusion air pillow protective packaging products. Air pillows are used as packaging material for void fill and cushioning applications. Typical end-use markets for air pillows include fulfillment houses, contract packagers, and mail order pharmacies. The Company s primary competitors for this product are Pregis Corp., Sealed Air Corp., Storopack, Inc., Free-Flow Packaging International Inc. and Polyair Inter Pack Inc.

(b) Engineered Coated Products

The Company is a North American leader in the development and manufacture of innovative industrial packaging, protective covering, barrier and liner products utilizing engineered coated polyolefin fabrics, paper and other laminated materials. Its products are sold primarily direct to end-users in a wide number of industries including lumber, construction, food, paper, and agriculture.

On October 5, 2005, Intertape Polymer Inc., a subsidiary of the Company, acquired all of the issued and outstanding shares of Flexia Corporation Ltd., being the body corporate that resulted from the amalgamation of Flexia Corporation and Fib-Pak Industries, Inc. The businesses of such companies are now operating under wholly-owned Canadian entities, ECP L.P. and ECP GP II Inc. ECP GP II Inc. is a producer of a wide range of engineered coated and laminated products with its facilities located in Langley, British Columbia and Truro, Nova Scotia.

The Company s engineered coated products are categorized in six markets: (A) building and construction, (B) agro-environmental, (C) consumer packaging, (D) specialty fabrics, (E) industrial packaging, and (F) FIBCs. For the years ended December 31, 2011 and December 31, 2010, engineered coated products accounted for approximately 15% and 17%, respectively, of the Company s sales.

Building and Construction Products

The Company s building and construction product group includes protective wrap for kiln dried lumber and a variety of other membrane barrier products such as roof underlayment, house wrap, window and door flashing and insulation facing, which are used directly in residential and commercial construction. The Company also supplies packaging over-wrap sleeves for unitizing multiple bags of fiberglass insulation. Intertape s lumber wrap is used to package, unitize, protect and brand lumber during transportation and storage. The product is available in polyethylene or polypropylene coated fabrics and polyethylene films printed to customer specifications. Lumber wrap is produced at the Company s plants in Langley, British Columbia, and Truro, Nova Scotia. The Company s primary competitors for these products include Interwrap, Inc., Fabrene Inc., Mai Weave LLC, Alpha ProTech and various producers from China and Korea.

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Agro-Environmental Products

The Company has developed a range of Agro-Environmental products, including membrane structure fabrics, bags for packaging processed cotton, fabrics designed for conversion into hay covers, grain covers, landfill covers, oil field membranes, and canal and pond liners. These fabrics are intended to provide protection during transit and storage and to line waterways and ponds to prevent loss of water and other liquids.

NovaShield® Membrane Structure Fabrics

NovaShield is a lightweight, wide-width, and durable polyolefin fabric used as the outer skin layer for flexible membrane structures. The introduction and continuous improvement of the NovaShield® fabric in the membrane structure market enabled membrane structure manufacturers to expand the use of this product beyond agricultural applications such as agriculture barns into larger structures for human occupancy such as amphitheaters, recreational facilities, trade show pavilions, aircraft hangers, and casinos. Developments in the product line include the patented stacked weave, and AmorKote coatings. The Company sells the NovaShield fabrics to membrane structure manufacturers who design, fabricate, and install the structures. The Company s primary competitors are Fabrene Inc. and a number of polyvinyl chloride producers. The Company produces these products primarily at its plant in Truro, Nova Scotia.

Nova-Seal® and Nova-Seal® Premium

The Company began commercial production of Nova-Seal®II at its Truro, Nova Scotia facility in August, 2008. It is a roof underlay that is lighter and easier to install than standard #30 building felt and costs less. In November 2010, the Company introduced new product names for its roof underlayment to insure consistency across products and to help customers distinguish among levels of product performance so they may specify and use the best solution for their particular application. The Company s primary competitors in this market are Interwrap, W.R. Grace, Alpha ProTech and a variety of #30 felt producers.

AquaMaster® Geomembrane Fabrics

The Company s AquaMaster® line of oil pit linens and geomembrane fabrics is used as irrigation canal liners, golf course and aquascape pond liners, and in aquaculture operations. The Company s primary competitors for this product include Fabrene Inc., Mai Weave LLC, Interwrap and Inland Tarp.

Poultry Fabrics

Woven coated polyolefin fabrics are used in the construction of poultry houses in the southern United States. Materials with high ultraviolet resistance are fabricated into side curtains that regulate ventilation and temperature in buildings. Other materials are used in ceiling construction. The Company s primary competitors for this product are Fabrene Inc. and Mai Weave LLC. These products are primarily produced at the Company s plant in Truro, Nova Scotia.

Consumer Packaging Products

The Company s consumer packaging products include ream wrap, form, fill & seal packaging, deli wrap, and other coated and laminated products.

The Company competes with a number of local and multinational companies in this market. These products are primarily produced at the Company s plant in Langley, British Columbia.

Specialty Fabrics

The Company s specialty fabric product category is comprised of a variety of specialty materials custom designed for unique applications or specific customers. The Company s ability to provide polyolefin fabrics in a variety of weights, widths, colors and styles, and to slit, print and perform various other conversion steps, allows it to provide an array of coated products designed to meet the specific needs of its customers.

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Products and applications of specialty fabrics include fabrics designed for conversion into pool covers, field covers, disaster relief materials, protective covers and construction sheeting, brattice cloth for mine ventilation, underground marking tapes, salt pile covers and industrial packaging.

Primary competitors of the Company for this product include Fabrene Inc., Mai Weave LLC and producers from China and Korea. The Company primarily produces these products at its Truro, Nova Scotia, plant.

Industrial Packaging Products

The Company s metal wrap is used to protect large coils of steel and aluminum during transit and storage. Primary competitors of the Company for this product include Interwrap Inc. and Covalence Specialty Materials Corp.

The Company also manufactures paper mill roll wrap for newsprint, specialty, and fine papers and custom designed fabrics for dunnage bags, which are used to fill space in a shipping container or to position the contents in a container. The production of the dunnage bag fabrics are primarily produced at the Company s Truro, Nova Scotia, facility while paper packaging products are produced at the Company s Langley, British Columbia, facility.

FIBC Products

FIBCs are flexible, semi-bulk containers generally designed to carry and discharge 1,500 to 3,500 pounds of dry flowable products such as chemicals, minerals and dry food ingredients. The market for FIBC s is highly fragmented. The Company has established proven supply lines with integrated bag manufacturers in India, China and Mexico.

(2) Sales and Marketing

As of December 31, 2011, the Company had 197 sales personnel, including manufacturer representatives. The Company participates in industry trade shows and uses trade advertising as part of its marketing efforts. The Company s customer base is diverse, with no single customer accounting for more than 2.5% of total sales in 2011. Sales of products from facilities located in the United States, Canada and Europe accounted for approximately 82%, 15% and 3% of total sales, respectively, in 2011, 80%, 17% and 3% in 2010; and 81%, 16% and 3% in 2009.

Many tape and film products are sold to the market through a network of paper and packaging distributors throughout North America. Products distributed in this manner include carton sealing, masking, duct and reinforced tapes, Exlfilm® and Stretchflex®. In order to enhance sales of the Company s pressure-sensitive carton sealing tape, it also sells carton closing systems, including automatic and semi-automatic carton sealing equipment. The Company s Exlfilm® and Stretchflex® products are sold through an existing industrial distribution base primarily to manufacturers of packaged goods and printing and paper products which package their products internally. The industrial electrical tapes are sold to the electronics and electrical industries. The Company s engineered coated products are primarily sold directly to end-users. The Company offers a line of lumberwrap, FIBCs, and specialty fabrics manufactured from plastic resins. The Company s engineered coated products are marketed throughout North America.

(3) Manufacturing and Quality Control

Intertape Polymer Group s philosophy is to manufacture those products that are efficient for it from a cost and customer-service perspective. In cases in which the Company manufactures its own products, the Company seeks to do so utilizing the lowest cost raw material and add value to such products by vertical integration.

The Company maintains at each of its manufacturing facilities a quality control laboratory and a process control program on a 24-hour basis to monitor the quality of all packaging and engineered fabric products it manufactures. At the end of 2011, seven of the Company s plants were certified under the ISO-9001:2000 quality standards program.

The majority of the Company s products are manufactured through a process which starts with a variety of polyolefin resins which are extruded into film for further processing. Wide width biaxially oriented polypropylene film is extruded in the Company s facilities and this film is then coated in high-speed equipment with in-house-produced or purchased adhesives and cut to various widths and lengths for carton sealing tape. The same basic process applies for reinforced filament tape, which also uses polypropylene film and adhesive but has fiberglass strands inserted

between the layers. Specific markets demand different

adhesives and the Company compounds natural rubber, hot melt, and water-activated adhesives to respond to its customer demands. Masking tapes utilize the same process with paper as the coating substrate. Duct tapes utilize a similar process with polyethylene coated cloth.

The Company is the only North American manufacturer of all four technologies of carton sealing tape: hot melt, acrylic, water-activated and natural rubber. This broad family of carton sealing tapes is further enhanced by the Company s tape application equipment which is based in Florida.

The Company has utilized its technology for basic film extrusion, essential to the low cost production of pressure-sensitive tape products, to expand its product line. Extrusion of up to seven layers of various resins is done in five of the Company s plants. These high value added films service the shrink and stretch wrap markets.

Coated fabrics are manufactured in a multi-step operation comprised of slit filament extrusion, traditional scrim manufacturing, coating and laminating and finishing or converting processes. Conversion and value-added processes consist of slit tape extrusion, weaving extrusion coating, slitting, rewinding, printing and converting materials into finished products.

(4) Equipment and Raw Materials

Intertape Polymer Group purchases mostly custom designed manufacturing equipment, including extruders, coaters, finishing equipment, looms, printers, bag manufacturing machines and injection molds, from manufacturers located in the United States and Western Europe, and participates in the design and upgrading of such equipment. The Company is not dependent on any one manufacturer for its equipment.

The major raw materials purchased for the Company s tape products are polypropylene resin, synthetic rubber, hydrocarbon resin, and paper (crepe and kraft). The resins and synthetic rubber are generated from petrochemicals which are by-products of crude oil and natural gas. Almost all of these products are sourced from North American manufacturers. The paper products are produced by North American paper manufacturers and are derived from the North American pulp and paper industry.

The major raw material used in our film products is polyethylene resin. Polyethylene is a derivative of crude oil and/or natural gas petrochemical by-products.

The major raw materials used to produce the Company s engineered coated products are polyethylene and polypropylene resins. Both of these products are petrochemical based products derived from crude oil and/or natural gas. These products are predominantly sourced from North American petrochemical manufacturers.

During 2011 selling prices increased slightly more than raw material costs, however, the spread between selling prices and raw material costs was still compressed when compared to periods prior to 2010. During 2010 resin-based, paper and adhesive raw material costs significantly increased and the Company was unable to pass on a portion of the cost increases to its customers due to pricing pressure. During 2011, raw material costs increased by 10% for resin-based items, 20% for adhesives, and 5% for paper.

(5) Research and Development and New Products

Intertape Polymer Group s strategy is to create growth opportunities through enhancements of existing products and the introduction of new products. The Company s research and development efforts continue to focus on new products, technology developments, new product processes and formulations. As described in the sections that follow, the Company introduced numerous new high margin products in 2011 and plans to launch more in 2012.

During 2010, Intertape introduced its line of Intertape® brand double-coated tapes. These high-performance technical products are used in a number of applications including corrugated splicing, gasket attachment, plastic housing and component assembly, nameplates, interior and exterior trim attachments, and lens bonding. The double-coated tapes are also convertible for a wide variety of applications requiring die cuts and custom parts. During 2011, Intertape Polymer Group launched its new transfer adhesives product line introducing four new products developed as part of the Company s on-going product line development in double coated tapes. Intertape® brand ATA200 and ATA400, a 2 mil and 4 mil acrylic transfer adhesive, was designed for use in general purpose applications such as core starting, paper/film splicing, arts and crafts bonding, picture framing and lamination. The Company also introduced ATA201 and ATA401 which are more suitable for more demanding and specialized applications requiring long term bonding and high temperature and solvent resistance.

In 2011 Intertape Polymer Group launched its tensilized polypropylene pressure sensitive tape which removes cleanly from many surfaces, including painted metals, stainless steel, ABS plastic and fiberglass. The product was designed for temporary holding applications of appliances and electronics.

In 2009, Research and Development (R&D) introduced a line of filament tapes targeted for use in various appliance manufacturing applications. These filament tapes are high margin, high performance products which are manufactured at the Company s Richmond, Kentucky, Marysville, Michigan and Carbondale, Illinois facilities.

Intertape Polymer Group entered the foil tape market with a full line of aluminum foil tapes manufactured at its Carbondale, Illinois facility in 2010. These tapes have application in various industries including aerospace, transportation, HVAC and industrial. The product line offers performance ranges within a variety of foil thicknesses and adhesive systems. The shiny, UV resistant foil backing offers an enhanced appearance, excellent reflective and flame retardant properties, and remains flexible to resist cracking and lifting around irregular or curved surfaces. The Company s foil products include linered, self-wound, FSK, ASJ, foil barrier laminates and metalized films.

During 2011 Intertape introduced a new aluminum foil tape designed primarily for HVAC applications. In developing this product the Company focused on producing a finished product that supported both the rigid duct and flexible duct application requirements. The finished product received dual certifications which permits its use to support both flexible and rigid duct HVAC criteria for building codes throughout the United States. The Company also introduced Intertape® brand ALF175L to meet the need of a UL723 rated multi-purpose foil tape. This product was designed to give exceptional performance where use of a thinner gauge foil base material is acceptable for the application.

In 2009, the Company also worked to introduce new high margin products. It developed a new 5x5 Nova-Seal® product to strengthen the Company s position and entry into roofing distribution channels which was renamed in 2010, Nova-Seal®. The Company s line of Nova-Seal® underlayment is waterproof, wind resistant and has a patent pending anti-slip surface that is effective in both wet and dry weather. The Company also introduced a new woven product for waste containment which complemented its existing AquaMaster® line.

In 2009, Intertape also created a new technology called roll edge face coated which creates cleaner sharper paint lines with the Company s BLOC-IT painters tape. The Company also introduced PROLITE , a lightweight clear film which offered superior load retention at a lower wrap cost per load. The film resists punctures and tears and has a lower reduction in width as it is stretched, thus allowing for narrower initial film widths and a reduced number of wraps to cover a load.

The Company s R&D expenses in 2011 and 2010 totaled $6.2 million and $6.3 million, respectively.

(6) Trademarks and Patents

Intertape has embarked on a new corporate branding strategy during 2009 to create and communicate overall consistency and simplicity to its markets. The Company adopted a new look to its corporate logo and redid its sub-brand logos which are clearer and will help identify the individual product lines.

Intertape Polymer Group markets its tape products under the trademarks Intertape® and Central , and various private labels. The Company s shrink wrap is sold under the registered trademark Exlfilm®. Its stretch films are sold under the registered trademark Stretchflex®.

The Company markets its open mouth bags under the registered trademark Nova-Pac®. The other key engineered coated products are sold under the registered trademarks Nova-Thene Haymaster®, AquaMaster®, NovaShield , NovaSeal® and NovaWrap . Its engineered fabric polyolefin fabrics are sold under the registered trademark Nova-Thene®. FIBC s are sold under the registered trademark Cajun® bags. The Company has approximately 183 active registered trademarks, 78 in the United States, 40 in Canada, 13 in Mexico, and 72 foreign, which include trademarks acquired from American Tape, Anchor, Rexford Paper Company, Central Products Company, and Flexia. The Company currently has 4 pending trademark applications in the United States, 2 in Canada, and 14 foreign.

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Intertape Polymer Group does not have, nor does management believe it important to the Company s business to have, patent protection for its carton sealing tape products. However, the Company has pursued patents in select areas where unique products offer a competitive advantage in profitable markets, primarily in engineered coated products for which the Company has 9 patents and 3 patents pending, film for which it has 10 patents and no patents pending, tape products for which it has 11 patents and 16 patents pending, adhesive products for which it has 2 patents and 10 patents pending, container products for which it has 1 patent and no patents pending, and retail for which it has 2 patents pending.

(7) Competition

The Company competes with other manufacturers of plastic packaging products as well as manufacturers of alternative packaging products, such as paper, cardboard and paper-plastic combinations. Some of these competitors are larger companies with greater financial resources than the Company. Management believes that competition, while primarily based on price and quality, is also based on other factors, including product performance characteristics and service. No statistics, however, on the packaging market as a whole are currently publicly available. Please refer to Section B(1) above for a discussion of the Company s main competitors by product.

The Company believes that significant barriers to entry exist in the packaging market. Management considers the principal barriers to be the high cost of vertical integration which is necessary to operate competitively, the significant number of patents which already have been issued in respect of various processes and equipment, and the difficulties and expense of developing an adequate distribution network.

(8) Environmental Initiatives and Regulation

(a) Initiatives

Intertape Polymer Group has and continues to be focused on reducing waste and minimizing any harmful environmental impact throughout its manufacturing process, or footprint left behind by the line of products manufactured and marketed by the Company. Lili is the Company s environmental stewardship program and stands for low environmental impact line from Intertape , however it is more than just the growing number of environmentally preferred products that the Company has and continues to develop, but is also a commitment by management and employees of the Company to continually look for opportunities to lower the Company s environmental impact. Intertape Polymer Group has and continues to implement activities, changes and programs that are designed to reduce waste in the manufacturing process; reduce the footprint left behind by its products, processes and employees; increase the recycle ability of products through mainstream recycling; provide an alternative solution to a less environmentally friendly product or application; reduces consumption of raw materials, fuel and other energy sources; reduces pollutants released through air, water and waste; and improves the safety and health of employees.

The Company s latest environmental initiative has been to focus on energy savings. In August 2009, the Company became an Energy Star® Partner, which is a voluntary partnership with the U.S. Environmental Protection Agency to improve energy efficiency and fight global warming. Intertape Polymer Group as an Energy Star® Partner joined the fight against global warming by improving the efficiency of its buildings and facilities. Products and buildings that have earned the Energy Star® designation prevent greenhouse gas emissions by meeting strict energy efficiency specifications set by the government. In 2011 Intertape Polymer Group was recognized for meeting the U.S. EPA Energy Star Challenge by improving energy efficiency at commercial and industrial facilities by ten percent or more within five years. Only the efforts of 34 facilities operated by 14 companies were publicly acknowledged for successfully reducing emissions at their manufacturing sites. Intertape was cited for energy efficiency improvements of 29.1% in Carbondale, Illinois, 23.4% in Richmond, Kentucky, and 18.3% in Menasha, Wisconsin.

(b) Regulation

Intertape Polymer Group s operations are subject to extensive environmental regulation in each of the countries in which it maintains facilities. For example, United States (federal, state and local) and Canadian (federal, provincial and municipal) environmental laws applicable to the Company include statutes and regulations intended to (i) impose certain obligations with respect to site contamination and to allocate the cost of investigating, monitoring and remedying soil and groundwater contamination among specifically identified parties, (ii) prevent future soil and groundwater contamination; (iii) impose national ambient standards and, in some cases, emission standards, for air pollutants which present a risk to public health, welfare or the natural environment; (iv) govern the handling, management, treatment, storage and disposal of hazardous wastes and substances; and (v) regulate the discharge of pollutants into waterways.

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The Company s use of hazardous substances in its manufacturing processes and the generation of hazardous wastes not only by the Company, but by prior occupants of its facilities, suggest that hazardous substances may be present at or near certain of the Company s facilities or may come to be located there in the future. Consequently, the Company is required to monitor closely its compliance under all the various environmental laws and regulations applicable to the Company. In addition, the Company arranges for the off-site disposal of hazardous substances generated in the ordinary course of its business.

Intertape Polymer Group obtains Phase I or similar environmental site assessments, and Phase II environmental site assessments, if necessary, for most of the manufacturing facilities it owns or leases at the time the Company either acquires or leases such facilities. These assessments typically include general inspections and may involve soil sampling and/or ground water analysis. The assessments have not revealed any environmental liability that, based on current information, the Company believes will have a material adverse effect on the Company. Nevertheless, these assessments may not reveal all potential environmental liabilities and current assessments are not available for all facilities. Consequently, there may be material environmental liabilities that the Company is not aware of. In addition, ongoing clean up and containment operations may not be adequate for purposes of future laws and regulations. The conditions of the Company s properties could also be affected in the future by neighboring operations or the conditions of the land in the vicinity of the Company s properties. These developments and others, such as increasingly stringent environmental laws and regulations, increasingly strict enforcement of environmental laws and regulations, or claims for damage to property or injury to persons resulting from the environmental, health or safety impact of the Company s operations, may cause it to incur significant costs and liabilities that could have a material adverse effect on the Company.

Except as described below, the Company believes that all of its facilities are in material compliance with applicable environmental laws and regulations, and that the Company has obtained, and is in material compliance with, all material permits required under environmental laws and regulations.

The Company is currently remediating contamination at its Columbia, South Carolina plant, but believes that the ultimate resolution of this matter should not have a material adverse effect on its financial condition or results of operations. In addition, although certain of the Company s facilities emit regulated pollutants into the air, the emissions are within current permitted limitations, including applicable Maximum Achievable Control Technology (MACT) requirements.

Intertape Polymer Group and its operating subsidiaries are required to maintain numerous environmental permits and governmental approvals for their operations. Some of the environmental permits and governmental approvals that have been issued to the Company or its operating subsidiaries contain conditions and restrictions, including restrictions or limits on emissions and discharges of pollutants and contaminants, or may have limited terms. If the Company or any of its operating subsidiaries fails to satisfy these conditions or to comply with these restrictions, it may become subject to enforcement action and the operation of the relevant facilities could be adversely affected. The Company may also be subject to fines, penalties or additional costs. The Company or its operating subsidiaries may not be able to renew, maintain or obtain all environmental permits and governmental approvals required for the continued operation or further development of its facilities, as a result of which the operation of its facilities may be limited or suspended.

C. ORGANIZATIONAL STRUCTURE

Intertape Polymer Group is a holding company which owns various operating companies in the United States, Canada and internationally. ECP GP II Inc., a Canadian corporation, is the principal operating company for the Company s Canadian operations. Intertape Polymer Corp., a Delaware corporation, is the principal operating company for the Company s United States and international operations.

The table below lists for each of the subsidiaries of the Company their respective place of incorporation or constitution, as the case may be, and the percentage of voting securities beneficially owned or over which control or direction is exercised directly or indirectly by Intertape Polymer Group.

Corporation	Place of Incorporation or Constitution	Percentage of Ownership or Control
Intertape Polymer Group Inc.	Canada	Parent
Intertape Polymer Inc.	Canada	100%
ECP GP II Inc.	Canada	100%
ECP L.P.	Province of Ontario	100%
Spuntech Fabrics Inc. *	Canada	100%
Intertape Polymer Corp.	Delaware	100%
Intertape Woven Products Services S.A. de C.V.	Mexico	100%
Intertape Woven Products, S.A. de C.V.	Mexico	100%
IPG Holdings LP *	Delaware	100%
Polymer International Corp. *	Virginia	100%
IPG (US) Inc.	Delaware	100%
IPG (US) Holdings Inc.	Delaware	100%
Intertape Polymer US Inc.	Delaware	100%
Fibope Portuguesa-Filmes Biorientados S.A.	Portugal	100%
Intertape Polymer Europe GmbH	Germany	100%

* Dormant

D. PROPERTY, PLANTS AND EQUIPMENT

Location	Status	Use	Products	Square Feet	Property Size (Acres)
3647 Cortez Road West (1) Bradenton, FL 34210	Owned	Office Building	N/A	1 Building - 20,806	3.71
369 Elgin Street Brantford, Ontario N3S 7P5	Owned	Manufacturing	Closed	1 Building 169,000	9.20
2000 South Beltline Boulevard Columbia, South Carolina 29201	Owned	Manufacturing	Tapes (paper duct)	7 Buildings 499,770	85.15
360 Ringgold Industrial Pkwy. Danville, VA 24540	Leased	Regional Distribution Center	All products	199,600	
1201 and 1301 Spence Avenue Hawkesbury, Ontario K6A 3T4	Owned	Manufacturing	(Sold in 2011)	2 Buildings - 64,900	6.30
19680 94A Avenue Langley, British Columbia V1M 3B7	Leased	Manufacturing	ECPs	136,000	
317 Kendall Street Marysville, Michigan 48040	Owned	Manufacturing	Tapes (paper reinforced)	5 Buildings 226,016	11.53

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Location	Status	Use	Products	Square Feet	Property Size (Acres)
741 4th Street Menasha, Wisconsin 54952	Owned	Manufacturing	Tapes (water activated)	1 Building 168,000	5.81
748 4th Street Menasha, Wisconsin 54953	Owned	Office Building	N/A	1 Building 23,100	n/a
333 Bay Street Bay Adelaide Centre Suite 2900 Toronto, Ontario M5H 2T4	Leased	Office	N/A		N/A
2000 Enterprise Drive Richmond, Kentucky 40475	Owned	Manufacturing	carton sealing tape, masking tape, and reinforced tape	1 Building 194,000	35.00
760 West 1000 North Tremonton, Utah 84337	Owned	Manufacturing	Exlfilm®, Stretchflex®	1 Building 115,000	17.00
50 Abbey Avenue Truro, Nova Scotia	Owned	Manufacturing	engineered fabric products and ExlFilm®	1 Building 306,200	13.00
543 Willow Street Truro, Nova Scotia	Leased	Warehouse			
9942 Currie Davis Dr., Ste 23B Tampa, Florida 33619	Leased		Assembles tape dispensing machinery		
2200 North McRoy Drive Carbondale, Illinois 62901	Owned	Manufacturing	Tapes - electrical	190,324	
1095 S. 4th Avenue Brighton, Colorado 80601	Leased	Manufacturing	Film	Manufacturing & Office 252,940 Warehouse 21,450	
1101 Eagle Springs Road (2) Danville, Virginia 24540	Owned	Manufacturing	Carton sealing tape, Stretchflex®, acrylic coating	1 Building 289,195	26.0
341 Bullys Street Eagle Pass, Texas 78852	Leased	Warehouse	FIBCs	20,000	
772 Specialists Avenue Neenah, Wisconsin 54956	Leased	Distribution	Tapes water activated		
1407 The Boulevard, Suite E	Leased	Offices	N/A		

Rayne, Louisiana 70578				
185 McQueen Street West Columbia, South Carolina 29172	Leased	Warehouse	Tapes	
4061 E. Francis Street Ontario, California 91761	Leased	Warehouse and Distribution	Tapes Packaging products	45,630
9999 Cavendish Blvd., Suite 200 St. Laurent, Quebec H4M 2X5	Leased	Offices	N/A	
100 Vaughan Valley Blvd. Vaughan, Ontario L4H 3C5	Leased	Warehouse		
4447 46th Avenue Calgary, Alberta T2B 2M1	Leased	Warehouse		

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Location	Status	Use	Products	Square Feet	Property Size (Acres)
23 Lower Truro Road Truro, Nova Scotia B2N 6W4	Leased	Warehouse			
Industrieweg 30 24955 Harrislee Germany	Leased	Office	N/A		
Philipp-Reis-Stra Be5 Flensburg, Germany 24941	Leased	Warehouse	N/A		
Trevino Norte No. 1125 Pedras Negras, 26080 Coahuila, Mexico	Leased	Manufacturing	Tapes - rewinding	38,500	
Lugar de Vilares-Barqueiros 4740-676 Barqueiros BCL Barcelos, Portugal	Owned	Manufacturing and Distribution	ExlFilm®	35,500	

(1) $1,765,500 Commercial Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Filing
(2) $3,000,000 Deed of Trust and Security Agreement

Item 4A. Unresolved Staff Comments
Not Applicable.

Item 5. Operating and Financial Review and Prospects (Management s Discussion & Analysis)
Business Overview

Intertape Polymer Group was founded in 1981 and is a recognized leader in the specialty packaging industry in North America. The Company develops, manufactures and sells a variety of paper and film based pressure sensitive and water activated tapes, specialized polyolefin films, woven fabrics and complementary packaging systems for industrial use and retail applications. The Company designs its specialty products for aerospace, automotive and industrial applications. The Company s tape and film products are sold to a broad range of industrial and specialty distributors, consumer outlets and large end-users in diverse markets. Other tape products include carton sealing tapes, including Intertape® pressure-sensitive and water-activated tapes; industrial and performance specialty tapes, including paper, duct, electrical and reinforced filament tapes; ExIFilm® shrink film; and Stretchflex® stretch wrap. The Company also manufactures engineered coated fabrics and FIBCs. These products are sold through a variety of industrial and specialty distributors with a focus on sales to the construction and agricultural markets as well as the flexible packaging market.

In 2011, the Company reported revenue of $786.7 million, an increase of 9.2% compared to $720.5 million for 2010. Gross profit totalled $114.5 million in 2011 as compared to $84.3 million in 2010, a 35.8% increase. Significant raw material cost increases occurred in 2010 that were not reflected in the market price for the Company s products until the first half of 2011. This contributed to a 2.9% increase in gross margin from 2010 to 2011. Sales volume in 2011 decreased approximately 4% compared to 2010 primarily due to progress made toward reducing sales of low-margin products and to the closure of the Brantford facility. The primary reasons for the increase in both gross profit and gross margin during 2011 were:

An improved pricing environment;

Reduction in sales of low-margin products;

Increase in sales of higher margin products;

Continued success in reducing manufacturing costs; and

Closure of the Brantford facility.

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For the fiscal year 2011, the Company reported net earnings of $9.0 million ($0.15 per share, both basic and diluted) as compared to a net loss of $48.5 million (($0.82) per share, both basic and diluted) in 2010. The significant increase in net earnings for the year ended December 31, 2011 over 2010 is mainly due to:

- A derecognition of deferred tax assets of $36.7 million that negatively impacted 2010 earnings; and
- The above group of gross profit increases.

The Company continued its efforts to focus on increasing its sales and marketing of higher margin products which include recently launched products and a portfolio of existing products. Manufacturing cost reduction programs, which included productivity improvements, waste reduction and energy conservation, were implemented during 2011 and totalled approximately $17 million.

Manufacturing cost reductions are expected to total $15 to $20 million in 2012. The Company believes that some of these cost savings will be offset by continued pricing pressures in the marketplace as well as rising material, labor and energy costs. New product sales and penetration into recently entered markets are also expected to continue in 2012. The combination of these factors, together with the cost savings from the Brantford, Ontario facility closure and expected improvement in the spread between raw material costs and selling prices are projected to contribute to increased gross margin in 2012. The Company continues to strive for a long term target gross margin of 18% to 19%.

As required by Canadian Accounting Standards, the Company adopted IFRS on January 1, 2011. As required by the applicable standards, financial information, with the exception of statements prior to the transition date of January 1, 2010, has been restated to comply with IFRS. Information prior to the transition date was not restated and therefore, is presented and labeled in accordance with Canadian generally accepted accounting principles (GAAP). Note 22 to the 2011 audited annual consolidated financial statements provides a detailed description of the Company s conversion to IFRS and a reconciliation of the Company s 2010 audited annual financial statements previously prepared in accordance with GAAP to the restated audited financial statements prepared in accordance with IFRS.

The most significant impacts of the conversion to IFRS on the Company s current and future key financial metrics are as follows:

- Lower pension costs resulting from the recognition of actuarial losses at transition favourably impacting:
  - Earnings
  - EBITDA
  - Adjusted EBITDA
  - Fixed charge ratio
- Lower depreciation and amortization costs resulting from impairments taken at transition favourably impacting:
  - Earnings

In all cases, the impact on current and future key financial metrics is immaterial.

The Brantford, Ontario facility was closed in the second quarter of 2011. As projected, the closure has resulted in a positive contribution to EBITDA and a decrease in revenue on an annualized basis. During the year ended December 31, 2011, closure costs of $2.9 million were recorded. It is anticipated that any further costs associated with the closure are expected to be immaterial.

Liquidity

The Company has a $200.0 million ABL, entered into with a syndicate of financial institutions. The amount of borrowings available to the Company under the ABL is determined by its applicable borrowing base from time to time. The borrowing base is determined by calculating a percentage of eligible trade accounts receivable, inventories, and equipment. The ABL is priced at libor plus a loan margin determined from a pricing grid. The loan margin declines as unused availability increases. The pricing grid ranges from 1.50% to 2.25%. Unencumbered real estate is subject to a negative pledge in favour of the ABL lenders. However, the Company retains the ability to secure financing on all or a portion of its owned real estate and

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have the negative pledge in favour of the ABL lenders subordinated to real estate mortgage financing up to $35.0 million. As of December 31, 2011, the Company had secured real estate mortgage financing of $4.0 million, leaving the Company the ability to obtain an additional $31.0 million of real estate mortgage financing.

The ABL has one financial covenant, a fixed charge ratio of 1.0 to 1.0. The ratio compares EBITDA (as defined in the ABL agreement) less capital expenditures and pension plan contributions in excess of pension plan expense to the sum of debt service and the amortization of the value of the equipment included in the borrowing base. The financial covenant becomes effective only when unused availability drops below $25.0 million. Although not in effect, the Company was above the $25.0 million threshold of unused availability throughout 2011 and was in compliance with this fixed charge ratio covenant as of December 31, 2011.

The ABL was scheduled to mature in March 2013. In February 2012, the Company entered into an amendment to the ABL extending its maturity date to February 2017. The new ABL maturity date can be accelerated to 90 days prior to August 1, 2014 (the maturity date of the Company s existing senior subordinated notes) if such notes have not been retired or if other conditions have not been met. Under the amendment, the interest rate will increase modestly while several other modifications in the terms provide the Company with greater flexibility. The pricing grid of the extended ABL ranges from 1.75% to 2.25%. The Company s remaining $118.7 million Senior Subordinated Notes mature in August 2014.

The Company relies upon cash flows from operating activities and funds available under its ABL to meet working capital requirements, anticipated obligations under its debt instruments, and to finance capital expenditures for the foreseeable future. The Company was required to post a bond of $13.2 million in 2010 pertaining to litigation with Inspired Technologies, Inc. (ITI). This bond was released during 2011 as a result of the litigation settlement with ITI which increased availability under the ABL. During this past year, the Company reduced its indebtedness by $25.4 million from $219.7 million as of December 31, 2010 to $194.3 million as of December 31, 2011, due to $27.0 million of net cash repayments of debt, partially offset by the impact of deferred financing fee amortization and capital leases. As of December 31, 2011, the Company had cash and unused availability under its ABL of $58.0 million. As of March 6, 2012, the Company had cash and unused availability under its ABL exceeding $74 million.

Outlook

The Company anticipates sequentially higher revenue and adjusted EBITDA in the first quarter of 2012 compared to the fourth quarter of 2011. Gross margin for the first quarter of 2012 is expected to be similar to the fourth quarter of 2011. Cash flows from operations are expected to be lower than the fourth quarter of 2011 primarily due to changes in working capital requirements related to payments of amounts expensed in 2011 and due to higher trade receivables associated with the increase in revenue. Please see the section entitled EBITDA below for the Company s definitions of EBITDA and adjusted EBITDA and a reconciliation of these non-GAAP financial measures.

Results of Operations

The following discussion and analysis of operating results includes adjusted financial results for the years ended December 31, 2011 and 2010. A reconciliation from the operating results found in the audited consolidated financial statements to the adjusted operating results discussed herein, a non-GAAP financial measure, can be found in the Adjusted Consolidated Earnings (Loss) tables set forth below in the section titled Net Earnings(Loss).

Included in this Item as well as in the Company s Management s Discussion and Analysis, are references to events and circumstances which have influenced the Company s quarterly operating results presented in the table of Consolidated Quarterly Statements of Earnings set forth in the Company s Management s Discussion and Analysis.

Net earnings for 2011 were $9.0 million compared to a net loss of $48.5 million for 2010. The net earnings for 2011 include the following:

- Gross margin expansion resulting from implemented price increases;

- Increased sales of higher margin products and reduction in sales of low-margin products;

Manufacturing cost reductions; and

Facility closure costs of $2.9 million, primarily related to the Brantford, Ontario manufacturing facility closure.

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Net loss for 2010 included the following:

- Gross margin compression resulting from raw material cost increases;
- A derecognition of deferred tax assets of $36.7 million, which included a $32.5 million increase in the fourth quarter with respect to the US jurisdiction;
- Facility closure costs of $3.5 million, including $2.9 million related to the Brantford, Ontario manufacturing facility closure; and
- Asset impairments of $4.0 million, including $2.9 million related to the lumber film automatic wrapping machines and related assets.

Revenue

Revenue for the year ended December 31, 2011 was $786.7 million, a 9.2% increase compared to $720.5 million for the year ended December 31, 2010. Sales volume decreased approximately 4% and selling prices, including the impact of product mix changes, increased approximately 13% in 2011 compared to 2010.

The Company s revenue for the fourth quarter of 2011 was $183.0 million, a 1.6% increase compared to $180.1 million for the fourth quarter of 2010. Sales volume decreased approximately 12% during the fourth quarter of 2011 compared to the fourth quarter of 2010. The sales volume decrease was primarily due to reduction in sales of low-margin products.

The Company closed its Brantford facility in the second quarter of 2011. The sales volume decrease year over year was approximately 2% after adjusting for the closure of the Brantford facility. The adjusted sales volume decline from 2010 was due to the Company s reduction in sales of low-margin products and, without such reduction, sales volume would have increased slightly. Selling prices, including the impact of product mix changes, increased approximately 12% in 2011 compared to 2010 after adjusting for the closure of the Brantford facility. An improved pricing environment was the primary reason for the increase. The additional favourable impact of product mix was driven by both the reduction in sales of low-margin products and on selling higher margin products. Selling prices, including the impact of these product mix changes, increased approximately 13% in the fourth quarter of 2011 compared to the fourth quarter of 2010 after adjusting for the closure of the Brantford facility.

Gross Profit and Gross Margin

Gross profit totalled $114.5 million for the year ended December 31, 2011, an increase of 35.8% from $84.3 million for the year ended December 31, 2010. Gross margin was 14.6% in 2011 and 11.7% in 2010. The increase in gross profit and gross margin year over year was primarily due to increased selling prices, improved product mix and manufacturing cost reductions, partially offset by lower volume.

Gross profit for the fourth quarter of 2011 was $27.6 million compared to a gross profit of $21.2 million in the fourth quarter of 2010, a 30.2% increase. Gross margin was 15.1% in the fourth quarter of 2011 and 11.8% in the fourth quarter of 2010. As compared to the fourth quarter of 2010, gross profit and gross margin increased primarily due to higher selling prices and improved product mix. Selling prices increased more than both conversion costs and raw material costs increased, however the spread between selling prices and raw material costs is still compressed when compared to periods prior to 2010.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses (SG&A) totalled $77.0 million and $73.3 million, for 2011 and 2010, respectively. The increase of $3.7 million in 2011 over 2010 was primarily the result of higher selling expenses and other compensation costs related to higher revenue and profitability, and included the $1.0 million settlement payment in 2011 to ITI. As a percentage of revenue, SG&A expenses were 9.8% and 10.2% for 2011 and 2010, respectively.

When compared to SG&A in the fourth quarter of 2010 of $18.8 million, SG&A for the fourth quarter of 2011 of $18.4 million was $0.4 million lower. The lower costs in the fourth quarter of 2011 compared to the fourth quarter of 2010 were primarily due to decreased costs of customer programs.

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Operating Profit

Operating profit for 2011 amounted to $28.4 million compared to $1.2 million for 2010. The 2011 increase is primarily due to gross profit improvement related to price increases implemented in 2011 to offset increases in raw material costs that compressed gross profit in 2010. The increase in gross profit in 2011 was partially offset by higher selling expenses and other compensation costs related to higher revenue and profitability, and included the $1.0 million litigation settlement payment in 2011 to ITI.

The Company s operating profit for the fourth quarter of 2011 was $7.2 million compared to a loss of $2.5 million for the fourth quarter of 2010. The 2011 increase is primarily due to gross profit improvement related to higher selling prices and a decrease in manufacturing facility closures, restructuring and other charges.

Manufacturing Facility Closures, Restructuring, and Other Charges

The Company terminated the operations of its manufacturing facility located in Brantford, Ontario, Canada during the second quarter of 2011. The decision to close the facility was made at the end of 2010 and a charge of $2.9 million was recorded in the fourth quarter of 2010. The $2.9 million charge was related to employee severance and inventory write-downs. In 2011, $3.0 million was recorded for additional severance, retention incentives, equipment transfers and other costs related to this facility closure.

The Hawkesbury manufacturing operations were shut down at the end of 2009. Asset impairments of $0.7 million were recorded in 2010 on remaining assets that were not sold as of December 31, 2010. The remaining assets were sold in 2011 and the Company recovered $0.2 million of the asset impairment charge.

Research Expenses

Research expenses remain an important function within the Company. Taken as a percentage of revenue, research expenses represented 0.8% for 2011 and 0.9% for 2010. The Company continues to focus its research efforts on new products, new technology developments and new processes and formulations for existing products.

EBITDA

A reconciliation of the Company s EBITDA, a non-GAAP financial measure, 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) interest and other (income) expense; (iii) refinancing expense, net of amortization; (iv) amortization of debt issue expenses; (v) amortization of intangible assets and deferred charges; and (vi) depreciation of property, plant and equipment. Adjusted EBITDA is defined as EBITDA before (i) manufacturing facility closures, restructuring and other charges; (ii) impairment of goodwill; (iii) impairment of long-lived assets and other assets; (iv) write-down on assets classified as held-for-sale; and (v) other items as disclosed. The terms EBITDA and adjusted EBITDA do not have any standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. 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 it believes that it permits investors to make a more meaningful comparison of the Company s performance between periods presented. In addition, EBITDA and adjusted EBITDA are used by Management and the Company s lenders in evaluating the Company s performance.

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ADJUSTED EBITDA RECONCILIATION TO NET EARNINGS (LOSS) (in millions of US dollars) (Unaudited)	Three months ended December 31		Year ended December 31	
	2011	2010	2011	2010
	$	$	$	$
Net earnings (loss)	2.3	(38.5)	9.0	(48.5)
Add back: Interest and other (income) expense	4.1	3.9	17.5	16.6
Income taxes	0.8	32.2	1.9	33.2
Depreciation and amortization	7.7	8.2	30.9	33.5
EBITDA	**14.9**	**5.7**	**59.3**	**34.7**
Manufacturing facility closures, restructuring and other charges	0.4	3.5	2.9	3.5
Impairment of long-lived assets		2.9		2.9
Write-down of assets held-for-sale		0.1		0.7
ITI litigation settlement			1.0	
Adjusted EBITDA	**15.3**	**12.2**	**63.1**	**41.9**

Adjusted EBITDA was $15.3 million for the fourth quarter of 2011 and $12.2 million for the fourth quarter of 2010. The increase over the fourth quarter of 2010 to the fourth quarter of 2011 was primarily a result of higher revenue and gross margin as discussed above. As compared to the year ended December 31, 2010, adjusted EBITDA increased by $21.2 million from $41.9 million to $63.1 million for the year ended December 31, 2011. The increase was primarily due to higher revenue and gross margin as discussed above.

Interest

Interest was $15.4 million and $15.7 million for the years ended December 31, 2011 and 2010, respectively. Interest for the fourth quarter of 2011 of $3.7 million was lower by $0.3 million when compared to interest in the fourth quarter of 2010 of $4.0 million. The decrease in interest expense from 2010 to 2011 as well as from the fourth quarter of 2010 to the fourth quarter of 2011 was primarily due to the expiration in September 2011 of the interest rate swap agreement and partially due to a lower average level of ABL borrowings.

Other (Income) Expense

Other expense for 2011 totalled $2.2 million, a $1.3 million increase over 2010 expenses of $0.9 million. The increase over 2010 was due primarily to foreign exchange losses during 2011. Other expense for the fourth quarter of 2011 of $0.4 million, an increase of $0.5 million when compared to income of $0.1 million in the fourth quarter of 2010, was primarily due to foreign exchange gains during the fourth quarter of 2010.

Income Taxes

The Company is subject to income taxation in multiple tax jurisdictions around the world. Accordingly, the Company s effective income tax rate fluctuates depending upon the geographic source of its earnings. The Company s effective income tax rate is also impacted by tax planning strategies that the Company implements. The effective tax rate for 2011 was approximately

17.7% compared to approximately a negative 217% for 2010. The increase in the effective tax rate was primarily due to the derecognition of $36.7 million of deferred tax assets in 2010 and improved earnings during 2011.

While there were increases to deferred tax assets as a result of the accounting adjustments made to transition to IFRS, the most significant change to the Company s accounting for income taxes upon transitioning to IFRS was the reclassification of $6.3 million of investment tax credits from Other Assets to Deferred Tax Assets on its opening balance sheet as of January 1, 2010.

In assessing the recoverability of deferred tax assets, the Company s Management determines, at each balance sheet date, whether it is more likely than not that a portion or all of its deferred tax assets will be realized. In accordance with GAAP, this determination is based on quantitative and qualitative assessments by the Company s Management and the weighing of all available evidence, both positive and negative. Such evidence includes the scheduled reversal of deferred tax liabilities, projected future taxable income, and the implementation of tax planning strategies. However, GAAP place a significant weight on the Company s historical financial performance when making such a determination. Accordingly, the expectation of generating taxable income in future periods may not be sufficient to overcome the negative presumption associated with historical and cumulative operational losses.

Accordingly, as of December 31, 2011 and December 31, 2010, while the Company s Management is projecting a positive outlook from increased revenue, the implementation and realization of cost reduction measures, and the continued increase in sales of new products with higher gross margins, the Company s Management must consider the significant weight that GAAP places on historical cumulative operational losses in determining the amount of deferred tax assets it must derecognize. As such, for the year ended December 31, 2010, the Company derecognized $33.4 million of deferred tax assets related to its US jurisdiction and $3.3 million deferred tax assets related to its Canadian jurisdiction. For the year ended December 31, 2011, the Company generated but did not recognize additional deferred tax assets of $2.7 million in the Canadian jurisdictions. These deferred tax assets remain available, and the Company expects to use them to reduce taxable income in future periods.

As of December 31, 2011, the Company has $44.6 million (CDN$45.4 million) of Canadian operating loss carry-forwards expiring in 2014 through 2031, including $24.0 million (CDN$24.4 million) which has been derecognized, and $186.8 million of US federal and state operating losses expiring in 2012 through 2030, $92.9 of which have been derecognized.

Net Earnings (Loss)

Net earnings for the year ended December 31, 2011 totalled $9.0 million compared to a net loss of $48.5 million for the year ended December 31, 2010. The increase in earnings for 2011 compared to 2010 was primarily due to the derecognition of $36.7 million of deferred tax assets in 2010 and increased revenue and gross margin in 2011 as discussed above.

Net earnings for the fourth quarter of 2011 were $2.3 million compared to a net loss of $38.5 million in the fourth quarter of 2010. The increase in earnings for the fourth quarter of 2011 compared to the fourth quarter of 2010 was primarily due to the derecognition of $32.5 million of deferred tax assets in the fourth quarter of 2010 and increased revenue and gross margin in 2011 as discussed above.

A reconciliation of the Company s adjusted net earnings (loss), a non-GAAP financial measure, to GAAP net earnings (loss) is set out in the adjusted net earnings (loss) reconciliation table below. Adjusted net earnings (loss) should not be construed as net earnings (loss) as determined by GAAP. The Company defines adjusted net earnings (loss) as net earnings (loss) before (i) manufacturing facility closures, restructuring and other charges; and (ii) other items as disclosed. The term adjusted net earnings (loss) does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted net earnings (loss) is not a measurement of financial performance under GAAP and should not be considered as an alternative to net earnings (loss) as an indicator of the Company s operating performance or any other measures of performance derived in accordance with GAAP. The Company has included this non-GAAP financial measure because it believes that it permits investors to make a more meaningful comparison of the Company s performance between periods presented. In addition, adjusted net earnings (loss) is used by Management in evaluating the Company s performance because it believes it provides a more accurate indicator of the Company s performance.

Adjusted earnings (loss) per share is also presented in the following table and is a non-GAAP financial measure. Adjusted earnings (loss) per share should not be construed as earnings (loss) per share as determined by GAAP. The Company

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defines adjusted earnings (loss) per share as adjusted net earnings (loss) divided by the weighted average number of common shares outstanding, both basic and diluted. The term adjusted earnings (loss) per share does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted earnings (loss) per share is not a measurement of financial performance under GAAP and should not be considered as an alternative to earnings (loss) per share as an indicator of the Company s operating performance or any other measures of performance derived in accordance with GAAP. The Company has included this non-GAAP financial measure because it believes that it permits investors to make a more meaningful comparison of the Company s performance between periods presented. In addition, adjusted earnings (loss) per share is used by Management in evaluating the Company s performance because it believes it provides a more accurate indicator of the Company s performance.

Adjusted net earnings amounted to earnings of $12.8 million for 2011 compared to an adjusted net loss of $41.4 million for 2010. The Company is including adjusted net earnings here because it believes that adjusted net earnings provides a better comparison of results for the periods presented since it does not include manufacturing facility closures, restructuring and other charges or other items as disclosed. Adjusted net earnings were $54.2 million higher in 2011 compared to 2010 primarily due to higher revenue and gross margin as discussed above. Adjusted net earnings were $2.7 million for the fourth quarter of 2011 as compared to an adjusted net loss of $32.1 million for the fourth quarter of 2010. The increase is primarily due to the derecognition of $32.5 million of deferred tax assets in the fourth quarter of 2010 and higher revenue and gross margin in 2011 as discussed above.

ADJUSTED NET EARNINGS (LOSS) RECONCILIATION TO NET EARNINGS (LOSS)

(in millions of US dollars)	**Three months ended December 31**		**Year ended December 31**	
(Unaudited)	**2011**	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Net earnings (loss)	2.3	(38.5)	9.0	(48.5)
Add back: Manufacturing facility closures, restructuring, and other charges	0.4	3.5	2.9	3.5
Impairment of long-lived assets		2.9		2.9
Write-down of assets held-for-sale		0.1		0.7
ITI litigation settlement			1.0	
Adjusted net earnings (loss)	2.7	(32.1)	12.8	(41.4)
Earnings (loss) per share				
Basic	0.04	(0.65)	0.15	(0.82)
Diluted	0.04	(0.65)	0.15	(0.82)
Adjusted earnings (loss) per share				
Basic	0.05	(0.54)	0.22	(0.70)
Diluted	0.05	(0.54)	0.22	(0.70)
Weighted average number of common shares outstanding				
Basic	58,961,050	58,961,050	58,961,050	58,961,050
Diluted	59,526,474	58,961,050	59,099,198	58,961,050

Earnings (Loss) Per Share

The Company reported earnings per share of $0.15 both basic and diluted for 2011 as compared to a loss per share of $0.82 both basic and diluted for 2010. The weighted-average number of common shares outstanding for the purpose of the basic earnings per share calculations was 59.0 million for 2011 and 59.0 million for 2010. The weighted-average number of common shares outstanding for the purpose of the diluted earnings per share calculations was 59.1 million for 2011 and 59.0 million for 2010.

Adjusted earnings per share (see table above) for 2011, both basic and diluted, was $0.22 per share, a $0.92 per share increase over the 2010 adjusted loss per share, both basic and diluted, of $0.70 per share.

Comprehensive Income (Loss)

Comprehensive income is comprised of net earnings and other comprehensive income. For the years ended December 31, 2011 and 2010, the Company reported a comprehensive loss of $7.7 million and $46.7 million, respectively. The decrease in comprehensive loss in 2011 was primarily due to the derecognition of deferred tax assets recorded in 2010 partially offset by the increase in net earnings in 2011.

Results of Operations by Business

As a result of the Company s structural, operational, management and reporting realignments during 2010, the Company no longer has operating divisions and now operates as a single segment. The Company is not required to present operating results at a divisional level; however, in the interest of historical reporting consistency, the results discussed below are as per the previously-defined divisions. The Company does not expect to continue reporting on previously-defined divisions in the future.

Results of Operations Tapes and Films Business

Revenue for the Tapes and Films Business (T&F) in 2011 was $666.7 million, an 11.6% increase compared to $597.6 million in 2010. Sales volume decreased approximately 1% in 2011 compared to 2010. The decrease was primarily due to the progress made toward reducing sales of low-margin products. Selling prices, including the impact of product mix, increased approximately 13%. The increase was primarily due to an improved pricing environment.

T&F revenue in the fourth quarter of 2011 was $156.4 million, a 4.7% increase compared to $149.5 million for the fourth quarter of 2010. Sales volume decreased approximately 8% compared to the fourth quarter of 2010. The sales volume decrease from the fourth quarter of 2010 is primarily due to the reduction in sales of low-margin products. Selling prices including the impact of product mix increased approximately 13% in the fourth quarter of 2011 compared to the fourth quarter of 2010. An improved pricing environment was the primary reason for the increase. The additional favourable impact of product mix was driven by reducing sales of low-margin products.

Gross profit and gross margin for the years ended December 31, 2011 and 2010 were $100.1 million at 15.0% and $77.0 million at 12.9%, respectively. Gross profit for the fourth quarter of 2011 totalled $24.7 million at a gross margin of 15.8% compared to $20.9 million at a gross margin of 14.0% for the fourth quarter of 2010. As compared to the fourth quarter of 2010, gross profit and gross margin for the fourth quarter of 2011 increased primarily due to higher selling prices, improved product mix and manufacturing cost reductions as well as the decision to actively reduce sales of low-margin products. Selling prices increased more than both conversion costs and raw material costs increased. The spread between selling prices and raw material costs is still compressed when compared to periods prior to 2010.

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T&F BUSINESS RESULTS AND ADJUSTED EBITDA RECONCILIATION TO EARNINGS BEFORE INCOME TAXES

(in millions of US dollars) (Unaudited)	Three months ended December 31		Year ended December 31	
	2011 $	2010 $	2011 $	2010 $
Revenue	156.4	149.5	666.7	597.6
Gross Profit	24.7	20.9	100.1	77.0
Earnings before income taxes	8.0	4.8	31.7	13.8
Depreciation and amortization and other (income) expense	6.7	7.1	25.7	28.8
EBITDA	**14.7**	**11.9**	**57.5**	**42.6**
Adjusted EBITDA	**14.7**	**11.9**	**57.5**	**42.6**

Adjusted EBITDA for the fourth quarter of 2011 and fourth quarter of 2010 was $14.7 million and $11.9 million, respectively. Adjusted EBITDA for the years ended December 31, 2011 and 2010 was $57.5 million and $42.6 million, respectively. The increase in adjusted EBITDA in 2011 compared to 2010 was primarily due to the increase in selling prices partially offset by lower sales volume.

Results of Operations Engineered Coated Products Business

The Brantford, Ontario facility was shut down in the second quarter of 2011. The closure is anticipated to result in a positive contribution to EBITDA and a decrease in revenue on an annualized basis as discussed previously. During the year ended December 31, 2011, closure costs of $3.0 million were recorded and future anticipated costs associated with the closure are expected to be immaterial.

Revenue for the Engineered Coated Products Business (ECP) for the year ended December 31, 2011 was $120.0 million, a 2.4% decrease when compared to $123.0 million for 2010. After adjusting for the closure of the Brantford facility, revenue increased 2.5% for the year ended December 31, 2011 compared to the twelve months of 2010. Sales volume for 2011 compared to 2010 decreased approximately 7% after adjusting for the closure of the Brantford facility. The decrease was primarily due to the progress made toward reducing sales of low-margin products from non-Brantford facilities. Selling prices, including the impact of product mix changes, increased approximately 11% after adjusting for the closure of the Brantford facility. Improved product mix was the primary reason for the increase. The favourable impact of product mix was driven by both the progress made toward reducing sales of low-margin products and on selling higher margin products.

ECP revenue in the fourth quarter of 2011 was $26.6 million, a 13.1% decrease when compared to $30.6 million for the fourth quarter of 2010. The revenue decrease in the fourth quarter of 2011 compared to the fourth quarter of 2010 was 5.5% after adjusting for the closure of the Brantford facility. The sales volume decrease in the fourth quarter of 2011 compared to the fourth quarter of 2010 was approximately 13% after adjusting for the closure of the Brantford facility. The adjusted sales volume decline from the fourth quarter of 2010 was due to the progress made toward reducing sales of low-margin products. Selling prices including the impact of product mix increased approximately 8% in the fourth quarter of 2011 compared to the fourth quarter of 2010 after adjusting for the closure of the Brantford facility. Improved product mix was the primary reason for the increase. The favourable impact of product mix was driven by both the progress made toward reducing sales of low-margin products and on selling higher margin products. An improved pricing environment also contributed to the higher selling prices.

Gross profit and gross margin for the years ended December 31, 2011 and 2010 were $14.4 million at 12.0% and $7.3 million at 5.9%, respectively. Gross profit for the fourth quarter of 2011 totalled $2.9 million, representing a gross margin of 10.9%, compared to $0.3 million and a gross margin of 1.1% for the fourth quarter of 2010. As compared to the fourth quarter of

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2010, gross profit and gross margin for the fourth quarter of 2011 increased primarily due to higher selling prices and improved product mix as well as lower manufacturing overhead due to the closure of the Brantford facility. Selling prices increased more than both conversion costs and raw material costs increased, however the spread between selling prices and raw material costs is still compressed when compared to periods prior to 2010.

ECP BUSINESS RESULTS AND ADJUSTED EBITDA RECONCILIATION TO LOSS BEFORE INCOME TAXES

(in millions of US dollars)	Three months ended December 31		Year ended December 31	
(Unaudited)	2011	2010	2011	2010
	$	$	$	$
Revenue	26.6	30.6	120.0	123.0
Gross Profit	2.9	0.3	14.4	7.3
Loss before income taxes	(0.5)	(8.3)	(0.3)	(11.3)
Depreciation and amortization and other (income) expense	1.2	2.7	5.6	6.5
EBITDA	**0.7**	**(5.6)**	**5.3**	**(4.9)**
Manufacturing facility closures, restructuring and other charges	0.4	3.5	2.9	3.5
Impairment of long-lived assets		2.9		2.9
Adjusted EBITDA	**1.1**	**0.8**	**8.2**	**1.6**

Adjusted EBITDA for the fourth quarter of 2011 and fourth quarter of 2010 was $1.1 million and $0.8 million, respectively. Adjusted EBITDA for years ended December 31, 2011 and 2010 was $8.2 million and $1.6 million, respectively. The increase in adjusted EBITDA in 2011 over 2010 was primarily due to a shift in mix of products sold as discussed above as well as the closure of the Brantford facility which had a favourable impact of $2.3 million in 2011.

Results of Operations   Corporate

The Company does not allocate the cost of manufacturing facility closures, restructuring, strategic alternatives or other charges to its two businesses. These expenses are retained at the corporate level as are stock-based compensation expense, interest, other income and expense and the costs of being a public company. The unallocated corporate expenses for 2011 and 2010 totalled $3.5 million and $2.9 million, respectively. Unallocated corporate expenses in 2011 included the $1.0 million ITI litigation settlement. Unallocated corporate expenses in 2010 included the $0.7 million write-down of assets held-for-sale.

Off-Balance Sheet Arrangements

The Company maintains no off-balance sheet arrangements except for the letters of credit issued and outstanding.

Related Party Transactions

In prior reporting periods, the Company entered into two agreements, each with a company controlled by two of the current members of its Board of Directors. These agreements required the provision of support services that included the duties of the Executive Director and the Chairman of the Board of Directors. The Executive Director support services agreement was effective through September 30, 2010 and provided for monthly compensation beginning January 2010 in the amount of $50,000. The Chairman of the Board of Directors support services agreement was effective through June 30, 2011 and provided monthly compensation beginning January 2010 in the amount of CDN$25,000. These amounts were in lieu of the fees otherwise paid to Directors for their services. During the year ended December 31, 2011, an amount of CDN$150,000 was recorded with respect to the support services agreement with the Chairman of the Board of Directors. During the year ended December 31, 2010, amounts of $300,000 and CDN $450,000 were recorded with respect to the support services agreements with the

Executive Director and Chairman of the Board of Directors, respectively. Support service-related expenses of $79,000 and $76,000 were recorded for the years ended December 31, 2011 and December 31, 2010, respectively.

Advisory services agreements from prior reporting periods had provided for an aggregate performance fee payable on July 1, 2010 based on the difference between the average price of the Company s common shares for the ten trading days prior to July 1, 2010 on the TSX (the Average Price) and the Canadian offering price included in the Company s 2007 rights offering of CDN$3.61 multiplied by an aggregate of 2.2 million, provided that the Average Price exceeds CDN$4.76. This provision survived the expiration of the agreements (as of December 31, 2009) until July 1, 2010. The average share price for the ten trading days prior to July 1, 2010 did not exceed CDN$4.76 therefore no performance fee was paid.

Liquidity and Capital Resources

Cash Flow

Cash flows from operations before changes in working capital items increased in 2011 by $15.2 million to $54.2 million from $39.0 million in 2010. The increase was primarily due to the increase in gross margin and the increase in revenue, partially offset by an increase in SG&A and other finance costs. Cash flows from operations before changes in working capital items for the fourth quarter of 2011 was $14.9 million compared to $9.8 million for the fourth quarter of 2010. The $5.1 million increase in the fourth quarter of 2011 over the fourth quarter of 2010 was primarily due to the increase in gross margin and a decrease in facility closure costs.

In 2011, the Company generated cash flows from operating activities of $48.8 million compared to cash flows from operating activities of $26.5 million in 2010. The increase was primarily due to the increase in cash flows from operations before changes in working capital items, as discussed above and a reduction in cash used for working capital. Cash used for working capital totalled $5.4 million in 2011 and $12.4 million in 2010. The reduction was primarily due to inventory, which decreased $1.1 million in 2011, but which had increased by $15.2 million in 2010. The impact of inventory was partially offset by the change in accounts payable and accrued liabilities which decreased by $5.7 million in 2011, largely due to the timing of payments to obtain early payment discounts, and increased by $16.9 million in 2010. Trade receivables decreased in 2011, largely due to the mix of customers, and increased in 2010 due to the increase in revenue. The Company generated cash flows from operating activities in the fourth quarter of 2011 of $27.8 million compared to $6.5 million for the fourth quarter of 2010. The increase was primarily due to changes in working capital, which were a source of cash in the fourth quarter of 2011 and a use of cash in the fourth quarter of 2010. The largest changes were in accounts payable and accrued liabilities, which decreased due to the timing of payments to obtain early payment discounts, and the decrease in trade receivables which decreased more in 2011 than in 2010 due to the larger sequential decrease in revenue and to a change in the mix of customers.

Changes in working capital items for the fourth quarter of 2011 resulted in a net source of cash of $12.9 million compared to changes in working capital items for the fourth quarter of 2010 that resulted in a net use of cash of $3.3 million. The decrease of $16.2 million in cash used for working capital items was primarily due to accounts payable and accrued liabilities decreasing in the fourth quarter of 2010. This change was mainly due to the timing of payments made by the Company in order to obtain early payment discounts.

In 2011, changes in working capital items resulted in $5.4 million of net cash usage which was primarily due to the Company continuing to make payments to obtain early payment discounts. The most significant use of cash was a $5.7 million decrease in accounts payable and accrued liabilities. The most significant source of cash was a $3.4 million decrease in trade receivables. Changes in working capital items resulted in a net source of cash of $12.9 million in the fourth quarter of 2011. During the fourth quarter, trade receivables provided $17.4 million of cash, inventories used $2.0 million of cash and other current assets used $1.4 million of cash.

In 2010, changes in working capital items resulted in $12.4 million of net cash usage which was primarily due to increased revenue and gross margin compression. The most significant use of cash was an increase in inventories of $15.2 million. The most significant source of cash was a $16.9 million increase in accounts payable and accrued liabilities.

Cash flows used in investing activities was $5.3 million in 2011 and $15.5 million in 2010. The decrease of $10.2 million in cash used for investing activities in 2011 as compared to 2010 is primarily due to the release in 2011 of cash restricted

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in 2010 for the bond posted in connection with the ITI litigation which was settled in 2011 as well as proceeds from the disposal of assets, partially offset by increased capital expenditures and the purchase of intangible assets related to customer lists. Cash flows used in investing activities was $4.3 million for the fourth quarter of 2011 as compared to $6.6 million for the fourth quarter of 2010, a decrease of $2.3 million. The decrease in cash used for investing activities in the fourth quarter of 2011 as compared to the fourth quarter of 2010 is primarily due to the release of cash restricted in 2010 for the bond posted in connection with the ITI litigation which was settled in 2011 partially offset by an increase in capital expenditures in the fourth quarter of 2011.

Cash flows used in financing activities were $42.9 million in 2011 and $10.5 million in 2010. The increase of $32.4 million in cash used for financing activities in 2011 is primarily due to the reduction of debt under the ABL. The Company decreased total indebtedness during the year ended December 31, 2011 by $27.0 million. The Company increased total indebtedness during the year ended December 31, 2010 by $4.0 million.

Free cash flows, a non-GAAP measurement that is defined by the Company as cash flows from operating activities less purchases of property, plant and equipment and other assets, was $34.7 million in 2011 compared to $17.9 million in 2010. The increase in free cash flows in 2011 was primarily a result of increased cash flows from operations partially offset by an increase in capital expenditures. The Company is including free cash flows because it is used by Management and investors in evaluating the Company s performance and liquidity. Free cash flows does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. A reconciliation of free cash flows to cash flows from operating activities, the most directly comparable GAAP measure, is set forth below. The reader is encouraged to review this reconciliation.

FREE CASH FLOWS RECONCILIATION

(in millions of US dollars) (Unaudited)	**Year ended December 31**	
	2011 **$**	**2010** **$**
Cash flows from operating activities	48.8	26.5
Less purchases of property, plant and equipment and other assets	14.0	8.6
Free cash flows	34.7	17.9

Balance Sheet

One of the metrics the Company uses to measure inventory performance is Days Inventory. Days Inventory remained constant from the fourth quarter of 2010 to the fourth quarter of 2011. The Company expects Days Inventory to remain at a similar level or slightly lower during the first quarter of 2012.

One of the metrics the Company uses to measure trade receivables is Days Sales Outstanding (DSO s). DSO s decreased by two days from the fourth quarter of 2010 to the fourth quarter of 2011. DSO s are expected to be in the mid to upper 40 s during the first quarter of 2012.

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The calculations are shown in the following tables:

	Quarter ended Dec 31,	
	2011 $	2010 $
Cost of Sales	$ 155.4	$ 158.9
Days in Quarter	92	92
Cost of Sales Per Day	$ 1.69	$ 1.73
Average Inventory	$ 89.9	$ 91.9
Days Inventory	**53**	**53**

Days Inventory is calculated as follows:

Cost of Sales ÷Days in Quarter = Cost of Sales Per Day

(Beginning Inventory + Ending Inventory) ÷ 2 = Avg Inventory

Average inventory ÷ Cost of Goods Sold Per Day = Days Inventory

	Quarter ended Dec 31,	
	2011 $	2010 $
Revenue	$ 183.0	$ 180.1
Days in Quarter	92	92
Revenue Per Day	$ 1.99	$ 1.96
Trade Receivables	$ 82.6	$ 86.5
DSO s	**42**	**44**

DSO s is calculated as follows:

Revenue ÷ Days in Quarter = Revenue Per Day

Ending Trade Receivables ÷ Revenue Per Day = DSO s

Accounts payable and accrued liabilities decreased $8.3 million to $74.0 million as of December 31, 2011 from $82.3 million as of December 31, 2010, primarily due to timing of payments made by the Company in order to obtain early payment discounts. Inventories decreased $1.9 million to $90.7 million as of December 31, 2011 from $92.6 million as of December 31, 2010. Trade receivables decreased $3.9 million to $82.6 million as of December 31, 2011 from $86.5 million as of December 31, 2010 as noted in the table above.

Financial Risk Management, Objectives and Policies

The Company is exposed to various financial risks including: foreign exchange rate risk, interest rate risk, credit risk, liquidity risk and price risk resulting from its operations and business activities. The Company s Management is responsible for setting acceptable levels of risks and reviewing management activities as necessary.

The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

This MD&A includes the significant highlights, events and transactions which have taken place in the course of the years ended December 31, 2011 and 2010 with respect to the Company s financial risks and management thereof. For a complete discussion of the Company s financial risks, management policies and procedures and objectives, please refer to Note 21 to the Consolidated Financial Statements as of and for the year ended December 31, 2011.

In 2011, in accordance with the Company s foreign exchange rate risk policy, the Company executed a series of 9 monthly forward foreign exchange rate contracts to purchase an aggregate CDN$10.0 million beginning in July 2011 through March 2012, at fixed exchange rates ranging from CDN$0.9692 to CDN$0.9766 to the US dollar and a series of 5 monthly forward foreign exchange rate contracts to purchase an aggregate CDN$10.0 million beginning in March 2012 through July 2012, at fixed exchange rates ranging from CDN$1.0564 to CDN$1.0568 to the US dollar. These forward foreign exchange rate contracts will mitigate foreign exchange rate risk associated with a portion of anticipated monthly inventory purchases of the Company s US self-sustaining foreign operations that are to be settled in Canadian dollars. The Company designated these forward foreign exchange rate contracts as cash flow hedges, effectively mitigating the cash flow risk associated with the settlement of the inventory purchases.

In 2010, in accordance with the Company s foreign exchange rate risk policy, the Company executed a series of 8 monthly forward foreign exchange rate contracts to purchase an aggregate CDN$10.0 million beginning in January 2011, at fixed exchange rates ranging from CDN$1.0260 to CDN$1.0318 to the US dollar; a series of 6 monthly forward foreign exchange rate contracts to purchase an aggregate CDN$13.5 million beginning in August 2011, at fixed exchange rates ranging from CDN$1.0173 to CDN$1.0223 to the US dollar; and a series of 13 monthly forward foreign exchange rate contracts to purchase

an aggregate CDN$20.0 million beginning in July 2010, at fixed exchange rates ranging from CDN$1.0610 to CDN$1.0636 to the US dollar. These forward foreign exchange rate contracts will mitigate foreign exchange rate risk associated with a portion of anticipated monthly inventory purchases of the Company s US self-sustaining foreign operations that are to be settled in Canadian dollars. The Company designated these forward foreign exchange rate contracts as cash flow hedges, effectively mitigating the cash flow risk associated with the settlement of the inventory purchases.

Finally, in 2010, the Company executed a series of 12 monthly forward foreign exchange rate contracts to purchase an aggregate USD$2.0 million beginning in August 2010, at fixed exchange rates ranging from USD$1.1870 to USD$1.1923 to the Euro. These forward foreign exchange rate contracts comply with Management s foreign exchange rate risk policy whereby these forward foreign exchange rate contracts will mitigate the foreign exchange rate risk associated with the Company s translation of foreign generated Euro denominated net earnings. However, these forward foreign exchange rate contracts did not comply with the requirements for hedge accounting and thus were not designated as such.

The Company is exposed to a risk of change in cash flows due to the fluctuations in interest rates applicable on its variable rate ABL. To mitigate this risk, the Company entered into an interest rate swap agreement (the Swap Agreement), designated as a cash flow hedge which expired on September 22, 2011. The terms of this Swap Agreement were as follows:

	Notional amount $	Settlement	Fixed interest rate paid %
Swap Agreement maturing in September 2011	40,000,000	Monthly	3.35

Other than the expiration of the Swap Agreement in September 2011 which was not renewed, there have been no material changes with respect to the Company s financial risks and management thereof during 2011. Please refer to Note 21 of the Company s audited consolidated financial statements as of December 31, 2011, and the year then ended for a complete discussion of the Company s risk factors, risk management, objectives, and policies.

Capital Expenditures

Total expenditures in connection with property, plant and equipment and other assets were $14.0 million and $8.6 million for the years 2011 and 2010, respectively.

Based on current volume and anticipated market demand, the Company believes it has sufficient capacity available to accommodate increases in volumes in most products without additional capital expenditures. In addition, the Company believes that it is positioned to take advantage of opportunities that may arise to grow its market share in existing products, expand its products offerings and expand its markets.

Long-Term Debt

As discussed under the Liquidity section, the Company has a $200 million ABL with a syndicate of financial institutions. The amount of borrowings available to the Company under the ABL is determined by its applicable borrowing base from time to time. The borrowing base is determined by calculating a percentage of eligible trade receivables, inventories, and manufacturing equipment. As of December 31, 2011, the Company had borrowed $66.1 million under its ABL, including $2.4 million in letters of credit. As of December 31, 2010, $97.5 million had been borrowed, including $9.5 million in letters of credit. When combined with cash on-hand and cash equivalents, the Company had total cash and credit availability of $58.0 million as of December 31, 2011 and $43.1 million as of December 31, 2010. The increase in total cash and credit availability between December 31, 2011 and December 31, 2010 was primarily due to the increase in free cash flow that allowed for the reduction in debt and the release of the requirement to post a $13.2 million bond pertaining to the ITI litigation, partially offset by amortization of machinery and equipment in the borrowing base. Total debt decreased by $25.4 million from $219.7 million as of December 31, 2010 to $194.3 million as of December 31, 2011, due to $27.0 million of net cash repayments of debt, partially offset by the impact of deferred financing fee amortization and capital leases.

Contractual Obligations

The Company s principal contractual obligations and commercial commitments relate to its outstanding debt and its operating lease obligations. The following table summarizes these obligations as of December 31, 2011:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
(in millions of US dollars)	$	$	$	$	$
Debt Principal Obligations	190.9	2.6	186.8	0.1	1.3
Finance Lease Obligations	6.1	0.5	1.0	0.9	3.7
Operating Lease Obligations	6.2	2.6	3.2	0.3	
Other Liabilities	3.9	1.9	2.0		
Total	**207.0**	**7.7**	**193.0**	**1.3**	**5.0**

Capital Stock and Dividends

As of March 1, 2012 there were 58,961,050 common shares of the Company outstanding.

During the year ended December 31, 2011, 875,000 stock options were granted at a weighted average exercise price of CDN$1.66 and a weighted fair market value of CDN$1.01. No stock options were exercised in 2011. During the year ended December 31, 2010, 825,000 stock options were granted and 10,000 were exercised.

The Company announced a normal course issuer bid effective May 20, 2010, which entitled the Company to repurchase for cancellation up to 2,947,552 of its 58,951,050 common shares issued and outstanding, representing 5% of the Company s common shares issued and outstanding as of that date. The normal course issuer bid expired May 2011 and the Company did not repurchase any shares. The Company believes that the purchase of its own common shares may, in appropriate circumstances, be a responsible investment of available funds on hand.

No dividends were declared on the Company s stock in 2011 or 2010.

Litigation

In 2009, the Company filed a complaint in the U.S. District Court for the Middle District of Florida against Inspired Technologies, Inc. (ITI) alleging that ITI had breached its obligations under a supply agreement with the Company and ITI filed a counterclaim against the Company alleging that the Company had breached its obligations under the agreements. On April 13, 2011, after two trials on the issues, the Court entered a Judgment against the Company in the amount of approximately $1.0 million.

On May 19, 2011, the Company entered into a settlement agreement with ITI with respect to all outstanding litigation between the parties. Pursuant to the terms of the settlement, the Company paid approximately $1.0 million to ITI in full and complete settlement of all matters between them with respect to the litigation.

On February 10, 2012, Multilayer Stretch Cling Film Holdings, Inc. (Multilayer) filed a complaint against the Company in the U.S. District Court for Western District of Tennessee, alleging that the Company has infringed a U.S. patent issued to Multilayer that covers certain aspects of the manufacture of stretch film. Multilayer has filed substantially similar complaints against several other manufacturers of stretch film. In its complaint against the Company, Multilayer is seeking an injunction against the Company s alleged infringement, damages of not less than a reasonable royalty, trebling of the damage award and attorneys fees. This matter is presently in the pre-discovery phase of litigation. At this time, it is not possible to assess the likelihood of an adverse outcome or determine an estimate, or a range of estimates, of potential damages. The Company believes it has meritorious legal positions and intends to vigorously defend this litigation.

Distribution Rights Purchase Agreement

In August 2008, the Company acquired the exclusive North American rights to a pending patent with respect to an automatic wrapping system. The system is designed to automate the process of wrapping packages of up to 65 feet in length. The technology targets industries such as wood products, which are traditionally manually wrapped. Along with the distribution rights, the Company acquired wrapping machines and existing customer contracts for a total consideration of CDN$5.5 million.

As part of acquiring the distribution rights, the Company also made future performance commitments, which required additional considerations or penalties if these commitments were not met. However, within the first two years of the purchase agreement, the automatic wrapping system had to achieve certain market acceptance parameters or the Company had the right to renegotiate the future performance commitments with the vendor and if such renegotiation was not concluded on terms satisfactory to the Company, then the future performance commitments would not be binding on the Company. Circumstances changed significantly related to the original customer as well as the prospects for obtaining additional contracts. In August 2011, the Company entered into a Contract Adjustment Agreement pursuant to which all previously incurred penalties were waived and the penalty provisions and all of the performance criteria going forward were deleted. In addition, the revenue sharing formula and renewal fee contained in the Asset Agreement were modified.

After evaluating the future prospects for this business, the Company concluded in 2010 that the future cash flows related to the automatic wrapping system are less than the book value of these assets. Accordingly, an asset impairment charge of $2.9 million was recorded in cost of sales during 2010.

Pension and Post-Retirement Benefit Plans

The Company s pension and post-retirement benefit plans currently have an unfunded deficit of $36.8 million as of December 31, 2011 as compared to $22.3 million at the end of 2010. The increase is primarily due to a decrease in the discount rate which resulted in an increase in the net present value of the liability. For 2011 and 2010, the Company contributed $4.3 million and $4.0 million, respectively, to its funded pension plans and to beneficiaries for its unfunded other benefit plans. The Company may need to divert certain of its resources in the future in order to resolve this funding deficit but expects to meet its minimum required pension benefit plan funding obligations in 2012 through cash flows from operations.

Critical Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, Management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about these significant judgments, assumptions and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are summarized below:

Impairments

At the end of each reporting period the Company performs a test of Impairment, if there are indicators of impairment. An impairment loss is recognized when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which in turn is the higher of its fair value less costs to sell and its value in use. The value in use is based on discounted estimated future cash flows. The cash flows are derived from the budget or forecasts for the estimated remaining useful lives of the cash generating units and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the asset or cash generating unit being tested. The value in use will vary depending on the discount rate applied to the discounted cash flows, the estimated future cash inflows, and the growth rate used for extrapolation purposes. Refer to Note 12 of the Audited Consolidated Financial Statements for more information regarding impairment testing.

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Pension and post-retirement benefits

The cost of defined benefit pension plans and other post-employment benefits and the present value of the related obligations are determined using actuarial valuations. The determination of benefits expense and related obligations requires assumptions such as the expected return on assets available to fund pension obligations, the discount rate to measure obligations, expected mortality, the expected future compensation and the expected healthcare cost trend. Actual results will differ from results which are estimated based on assumptions. Refer to Note 17 of the Audited Consolidated Financial Statements for more information regarding the assumptions related to the pension and post-retirement benefits.

Uncertain tax positions

The Company is subject to taxation in numerous jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, liabilities in excess of the Company s provisions could result from audits by, or litigation with, the relevant taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred income taxes

Deferred tax assets are recognized for unused tax losses and tax credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of the reversal of existing timing differences, future taxable income and future tax planning strategies. Refer to Note 5 of the Audited Consolidated Financial Statements for more information regarding the income tax provisions.

Fair value measurement of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 21 of the Audited Consolidated Financial Statements for more information regarding the fair value measurement of financial instruments.

Leases

Management considers its leases of building and equipment to be operating leases. In some cases, the assessment of a lease contract is not always conclusive and Management uses its judgement in determining if an agreement is a finance lease that transfers substantially all risks and rewards incidental to ownership, or an operating lease.

Useful lives of depreciable assets

Management reviews the useful lives, depreciation methods and residual values of depreciable assets at each reporting date. As of the reporting date, Management assesses the useful lives which represent the expected utility of the assets to the Company. Actual results, however, may vary due to technical or commercial obsolescence, particularly with respect to computers and manufacturing equipment.

Net realizable value of inventories

Inventories and parts and supplies are measured at the lower of cost or net realizable value. In estimating net realizable values of inventories and parts and supplies, Management takes into account the most reliable evidence available at the time the estimate is made.

Allowance for doubtful accounts and revenue adjustments

Each reporting period, the Company makes an assessment of whether accounts receivable are collectible from customers. Accordingly, Management establishes an allowance for estimated losses arising from non-payment and other revenue adjustments, taking into consideration customer creditworthiness, current economic trends and past experience. The Company also records reductions to revenue for estimated returns, claims, customer rebates, and other incentives that are estimated based on historical experience and current economic trends. If future collections and trends differ from estimates, future earnings will be affected. Refer to Note 21 of the Audited Consolidated Financial Statements for more information regarding the allowance for doubtful accounts and the related credit risks.

Provisions for restoration

Provisions for restoration represent the estimated value of the present obligation to restore one or more leased facilities at the end of the related lease. The estimated value reflects a combination of Management s assessment of the cost of performing the work required, the timing of the cash flows and the discount rate, as applicable when the effect of the time value of money is material. A change in any or a combination of the three key assumptions used to determine the provisions could have an impact on earnings and on the carrying value of the provision.

Provisions for restructuring

Termination benefits are recognized as a liability and an expense when, and only when, the Company is demonstrably committed to terminate the employment of an employee or group of employees before normal retirement date. The measurement of termination benefits is based on the expected costs and the number of employees expected to be terminated.

Provisions for litigation

The Company is currently defending certain litigation where the actual outcome may vary from the amount recognized in the financial statements. Refer to Note 14 of the Audited Consolidated Financial Statements for more information relating to the provisions for restoration, restructuring and litigation.

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Future Accounting Policies

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual periods beginning after January 1, 2013. The Company has not elected to early adopt any of these standards. The new standards which could potentially impact the Company s consolidated financial statements are detailed as follows:

IFRS 9 *Financial Instruments*: The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management has yet to assess the impact that these amendments are likely to have on the financial statements of the Company.

IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities*: IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10

replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation Special Purpose Entities*. IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. As a consequence of these new IFRS, the IASB also issued amended and retitled IAS 27 *Separate Financial Statements*. IAS 28 *Investments in Associates and Joint Ventures* has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13. The new requirements are effective for annual periods beginning on or after January 1, 2013. The impact of these new standards on the Company is expected to be minimal, given that it has interests only in fully owned subsidiaries.

IFRS 13 *Fair Value Measurement*: IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and required disclosures about fair value measurements. IFRS 13 applies when other IFRS standards require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS standards or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013. Management has yet to assess the impact that these amendments are likely to have on the financial statements of the Company.

Amended IAS 19 *Employee Benefits*: Amended IAS 19 key provisions include eliminating an option to defer the recognition of actuarial gains and losses, improving comparability and faithfulness of presentation, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income (OCI), thereby separating those changes from changes that many perceive to be the result of an entity s day-to-day operations and enhancing the disclosure requirements for defined benefit plans, by providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The new requirements are effective for annual periods beginning on or after January 1, 2013. Management has yet to assess the impact that these amendments are likely to have on the financial statements of the Company.

Amended IAS 1 *Presentation of Financial Statements*: Amended IAS 1 includes a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss. The new requirement is effective for annual periods beginning on or after July 1, 2012. Management has yet to assess the impact that these amendments are likely to have on the financial statements of the Company.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company s consolidated financial statements.

Impact of Adoption of IFRS on the Company

With respect to the calculation of financial covenants for the Company s $200.0 million ABL revolver facility, the Company has obtained an amendment from its lender related to the adoption of IFRS. The adoption of IFRS has had an immaterial impact on the fixed charge ratio which is the only financial covenant in the ABL.

Summary of Quarterly Results

A table of Consolidated Quarterly Statements of Earnings for the eight most recent quarters can be found at the beginning of the Company s Management s Discussion and Analysis. Financial information for 2011 and 2010 has been restated to comply with IFRS. Information prior to the transition date has not been restated and therefore is not presented within this MD&A discussion.

Internal Control Over Financial Reporting

In accordance with the Canadian Securities Administrators National Instrument 52-109, Certification of Disclosure in Issuers Annual and Interim Filings (NI 52-109), the Company has filed interim certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design of disclosure controls and procedures and design of internal control over financial reporting. With regards to the annual certification requirements of NI 52-109, the Company relies on the statutory exemption contained in section 8.2 of NI 52-109, which allows it to file with the Canadian securities regulatory authorities the certificates required under the Sarbanes-Oxley Act of 2002 at the same time such certificates are required to be filed in the United States of America.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company s financial reporting and its compliance with GAAP (as derived in accordance with IFRS) in its consolidated financial statements. The Chief Executive Officer and Chief Financial Officer of the Company have evaluated whether there were changes to the Company s internal control over financial reporting during 2011 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting. The Chief Executive Officer and the Chief Financial Officer have concluded that there was none.

The Chief Executive Officer and Chief Financial Officer of the Company conducted an evaluation of the effectiveness of the Company s disclosure controls and procedures and internal control over financial reporting as of December 31, 2011. They concluded based on such evaluation that, as of December 31, 2011 the Company maintained in all material respects, effective disclosure controls and procedures and internal control over financial reporting to ensure that material information regarding this MD&A and other required filings were made known to them on a timely basis.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Additional Information

Additional information relating to the Company, including this Form 20-F filed in lieu of an Annual Information Form for 2011, is filed on SEDAR at www.sedar.com in Canada and on EDGAR at www.sec.gov in the US.

Forward-Looking Statements

Certain statements and information included in this Form 20-F constitute forward-looking information within the meaning of applicable Canadian securities legislation and the United States 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 US Securities and Exchange Commission. While the Company may elect to, it is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time.

Item 6. Directors, Senior Management and Employees

A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth the name, residence, position, and principal occupations for the last five (5) years of each Director of the Company as of the date hereof, as well as the date upon which each Director was first elected. Each Director is elected for a term of one year and may be nominated for re-election at the Company s following annual shareholders meeting. The next annual shareholders meeting is scheduled to be held on May 16, 2012, at which time the current term of each Director will expire.

Name and City of Residence	Position and Occupation	First Year as Director
Eric E. Baker	Director Chairman of the Board	1989-2000
Long Sault, Ontario, Canada	President, Altacap Investors Inc. (private equity manager)	2007
Robert M. Beil	Director	2007
Phoenix, Arizona	September 2006 Retired	
	Sales, Marketing, Business and Executive Management, the Dow Chemical Company, 1975 to September 2006	
George J. Bunze	Director	2007
Ile Bizard, Quebec, Canada	Vice-Chairman, Kruger Inc. (pulp and paper company)	
Robert J. Foster	Director	2010
Toronto, Ontario	CEO and President, Capital Canada Limited (investment banking firm)	
Jorge N. Quintas	Director	2009
Porto, Portugal	President, Nelson Quintas SGPS, SA (manufacturer of electrical and telecommunication cables)	
Torsten A. Schermer	Director	2007
Charlotte, North Carolina	President, MESC Corporation (franchise development company) May 2005 to December 2006, pursued investment opportunities in the tape industry, manufacturing and franchise	
Gregory A. Yull	Director	2010
Sarasota, Florida	CEO and President of the Company since June 2010, President Tapes and Films Division of the Company, 2008 through 2010; prior to that served as Executive Vice President, Industrial Business Unit for Tapes and Films since November 2004	
Melbourne F. Yull	Director	1989-2006
Sarasota, Florida	Executive Director through June 8, 2010	2007
	June, 2006 June, 2007 Retired	
	Prior thereto he was Chairman of the Board and CEO of the Company	

The following table sets forth the name, residence and position of each member of senior management of the Company as of the date hereof, as well as the date upon which each was first elected:

Name and City of Residence	Position and Occupation	First Elected To Office
Gregory A. Yull	CEO & President	2010
Sarasota, Florida	President, Tapes & Films	2008

	President, Distribution Products	2005
Bernard J. Pitz	Chief Financial Officer	2009
Lakewood Ranch, Florida		
Burgess H. Hildreth	Senior Vice President Administration	2010
	Vice President Human Resources	1998
Sarasota, Florida		
Jim Bob Carpenter[1]	Sr. Vice President Global Sourcing	2012
	Sr. Vice President, ECP & Procurement	2010
Sarasota, Florida	President, ECP Division	2008
	Executive Vice President, Global Sourcing	2004

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Name and City of Residence	Position and Occupation	First Elected To Office
Shawn Nelson[1]	Senior Vice President Sales	2010
Bradenton, Florida	Vice President	2006
Douglas Nalette[1]	Senior Vice President, Operations	2011
Parrish, Florida		

[1] Officer of Intertape Polymer Corp., a wholly owned subsidiary of the Company

The principal occupations of each member of senior management for the last five (5) years is as follows:

Gregory A. Yull was appointed Chief Executive Officer and President on June 8, 2010. He was President, Tapes & Films, since 2008. Prior to that he was President, Distribution Products (Tapes & Films), since October, 2005. Prior to that he served as Executive Vice President, Industrial Business Unit (for Tapes and Films) since November, 2004, and prior to that was President, Film Products, since June, 1999. Prior to that he was Products Manager Films since 1995. Gregory A. Yull is a son of Melbourne F. Yull.

Bernard J. Pitz was appointed Chief Financial Officer on November 12, 2009. Prior to that he served as the Chief Financial Officer and Senior Vice President of SonoSite Inc. from May, 2008 to October, 2008. Prior to that he served as Vice President of Finance, Chief Financial Officer and Treasurer at Sybron Dental Specialties, Inc. since May 11, 2005.

Burgess H. Hildreth was appointed Senior Vice President Administration on August 15, 2010. He was Vice President, Human Resources, since October, 1998. Prior to that he had been the Vice President Administration of Anchor Continental, Inc.

Jim Bob Carpenter was appointed Senior Vice President Global Sourcing in 2012. He was Senior Vice President ECP and Procurement since 2010. Prior to that he was President, ECP Division since 2008. Prior to that he was Executive Vice President, Global Sourcing since January, 2005. Prior to that he served as the President, Woven Products (now ECP), since 1998 and prior to that, he was the General Manager of Polypropylene Resin Division of Fina Oil & Chemical Co.

Shawn Nelson was appointed Senior Vice President Sales in 2010. Prior to that he served as Senior Vice President Industrial Channel since 2006. In 2005 he was Vice President Packaging. Prior to that he was ExlFilm General Manager since 2000 and ExlFilm Director of Sales since 1998. In 1997 he was Midwest Regional Sales Manager and a Sales Representative since 1995. Prior to that he had been the Regional Sales Manager of Polychem.

Douglas Nalette was appointed Senior Vice President Operations in 2006. He was Director of Carton Sealing Manufacturing since 2004. Prior to that he was the Director of Manufacturing Pressure Sensitive Tape for Central Products Company.

B. COMPENSATION

The following table sets forth the compensation paid, and benefits in kind granted, to the Company s Directors and senior management for the last fiscal year for services in all capacities to the Company, including contingent and deferred compensation.

2011	Annual Compensation				Long-Term Compensation Awards	
Name and principal position	Salary $	Bonus $	Other $	Director/ Committee Fees $	Number of options granted	GTL[(4)] $

Eric E. Baker [2] Director, Chairman	49,500	20,000

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2011	Annual Compensation				Long-Term Compensation Awards	
Name and principal position	**Salary $**	**Bonus $**	**Other $**	**Director/ Committee Fees $**	**Number of options granted**	**GTL[(4)] $**
Robert M. Beil Director				40,500	20,000	
George J. Bunze Director				50,500	20,000	
Robert J. Foster Director				45,500	20,000	
Jorge N. Quintas Director				36,000	20,000	
Torsten A. Schermer Director				48,000	20,000	
Melbourne F. Yull Director			260,935[(1)]	44,500	20,000	
Gregory A. Yull Director, CEO & President	464,711	475,000	17,151[(3)]		350,000	1,581
Bernard J. Pitz Chief Financial Officer	368,141	370,800			100,000	1,894
Jim Bob Carpenter Sr. Vice-President, Global Sourcing	310,300	196,746			25,000	2,947
Shawn Nelson Sr. Vice-President Sales	297,616	193,385			50,000	978
Douglas Nalette Sr. Vice-President Operations	281,385	183,874			50,000	2,638
Burgess H. Hildreth Sr. Vice-President Administration	240,277	153,440			25,000	10,636

(1) Mr. Yull receives a pension from the Company (see Pension and Post-Retirement Benefit Plans subsection below).
(2) Pursuant to the terms of that certain Support Services Agreement dated February 18, 2010, during 2011 the Company paid Altacap II Inc., the sole shareholder of which is Eric E. Baker, fees in the amount of CDN$150,000.00. The Agreement expired June 30, 2011 and was not replaced.
(3) Company Leased Vehicle per terms of employment agreement.
(4) Group Term Life Insurance

2011 Senior Management Bonus Plan

Each of the members of senior management received a performance bonus for 2011. Bonuses paid depend on the level of achievement of financial objectives of the Company. The Company attributes to each executive, depending on his or her hierarchic level, a bonus target level set as a percentage of his or her salary, representing the amount which will be paid if all objectives are achieved according to the targets set. Actual bonuses may vary between zero and twice the target bonus, based on the level of achievement of the predetermined objectives set out at the beginning of the fiscal year. The objectives and weight attached thereto are re-evaluated on an annual basis by the Compensation Committee and communicated to the relevant individuals.

For the fiscal year ended December 31, 2011, the bonuses were based on the Company achieving certain target amounts for:

(i) Adjusted EBITDA, which the Company defines as EBITDA before (i) manufacturing facility closures, restructuring and other charges; (ii) impairment of goodwill; (iii) impairment of long-lived assets and other assets; (iv) write-down on assets classified as held-for-sale; and (v) other items as disclosed; and

(ii) cash flows from operations after changes in working capital.

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The Board of Directors elected to use Adjusted EBITDA instead of EBITDA (which the Company defines as net earnings (loss) before (i) income taxes (recovery); (ii) interest and other (income) expense; (iii) refinancing expense, net of amortization; (iv) amortization of debt issue expenses; (v) amortization of intangibles assets and deferred charges; and (vi) depreciation of property, plant and equipment) in determining bonuses for 2011 inasmuch as certain expenses and charges incurred by the Company during the year (*i.e.*, manufacturing facility closure costs) were in the long term interest of the Company and that such amounts should not impact the ability of senior management to achieve the performance bonus targets.

The target amount for Adjusted EBITDA for 2011 was set at $59,900,000 (the EBITDA Target) and the target amount for cash flows from operations after changes in working capital was $37,200,000 (the Cash Flows Target). The Company s EBITDA for 2011 was $59,296,000 which was 99% of the EBITDA Target. The utilization of Adjusted EBITDA had the effect of increasing the bonus payable to the members of senior management other than Mr. Yull and Mr. Pitz.

The following table presents the target incentive compensation as a percentage of salary, the indicators used in 2011 to measure the Company s performance for purposes of the short term incentive compensation program and their relative weight.

		Gregory A. Yull	Bernard J. Pitz	Jim Bob Carpenter	Burgess H. Hildreth	Shawn Nelson	Douglas Nalette
Incentive compensation as a percentage of salary	Minimum	0%	0%	0%	0%	0%	0%
	Target	100%	100%	50%	50%	50%	50%
	Maximum	100%	100%	100%	100%	100%	100%
Relative weight of financial indicators							
Adjusted EBITDA		50%	50%	50%	50%	100%	100%
Cash flows from operations after changes in working capital		50%	50%	50%	50%		
Total		100%	100%	100%	100%	100%	100%

The bonus is calculated using, for each objective, the following formula and is equal to the sum of all results:

Annual salary X number of applicable months X Target bonus percentage X Weight of financial indicator
12 months

The members of senior management other than Messrs. Yull and Pitz were also eligible for an additional bonus calculated using an Adjusted EBITDA target amount of $72,000,000 (the Reach Target). This additional bonus is calculated using the following formula:

Actual Adjusted EBITDA EBITDA Target X Maximum bonus amount
Target bonus amount
Reach Target EBITDA Target

The following table presents the objectives for 2011 approved by the Board of Directors and the results achieved by the Company:

	Target	Result	Evaluation of Performance
EBITDA	$ 59,900,000	$ 59,296,000	98.99%

Adjusted EBITDA	$ 59,900,000	$ 63,144,000	105.42%
Cash flows from operations after changes in working capital	$ 37,200,000	$ 48,752,000	131.05%
Reach EBITDA	$ 72,000,000	$ 63,144,000	87.70%

Members of senior management were also eligible for prorated bonus amounts if between 90% and 100% of the target objectives were achieved by the Company.

The following table presents, for each target objective, the bonus amount earned by each member of senior management for 2011.

	Gregory A. Yull	Bernard J. Pitz	Jim Bob Carpenter	Burgess H. Hildreth	Shawn Nelson	Douglas Nalette
EBITDA Target	$ 237,500	$ 185,400	$ 77,575	$ 60,500	152,500	$ 145,000
Cash Flows Target	$ 237,500	$ 185,400	$ 77,575	$ 60,500		
Reach Target			$ 41,596	$ 32,440	$ 40,885	$ 38,874
Total	$ 475,000	$ 370,800	$ 196,746	$ 153,440	$ 193,385	$ 183,874

Defined Contribution Pension Plans

The Company maintains defined contribution pension plans in the United States and Canada. Each member of senior management participates in the US Plan . The US Plan is a defined contribution pension plan and qualifies as a deferred salary arrangement under section 401(k) of the United States Internal Revenue Code. Under the US Plan, employees who have been employed for at least 90 days may defer a portion of their pre-tax earnings subject to statutory limitations. The Company may make discretionary contributions for the benefit of eligible employees. The US Plan permits eligible employees to choose how their account balances are invested on their behalf within a range of investment options provided by third-party fund managers. The following table sets out the Company s contributions to the pension plan in 2011 for each member of senior management.

Name	Company Contributions ($)
Gregory A. Yull	9,065
Bernard J. Pitz	9,065
Jim Bob Carpenter	9,065
Shawn Nelson	9,065
Douglas Nalette	4,168
Burgess H. Hildreth	9,065

Total Cash Payments

Total cash payments for employee future benefits for 2011, consisting of cash contributed by the Company to its funded pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans, cash contributed to its defined contribution plans and cash contributed to its multi-employer defined benefit plans, were $5.0 million ($4.7 million in 2010).

Executive Employment Contracts and Change of Control Agreements

The following agreements between the Company and members of senior management were in effect at the end of the Company s most recently-completed financial year.

The Company entered into change of control agreements as of January 2001 with each of Messrs. Jim Bob Carpenter (Sr. Vice-President, Global Sourcing), Burgess Hildreth (Sr. Vice-President, Administration), Shawn Nelson (Sr. Vice-President Sales), as of October 28, 2004 with Douglas Nalette (Sr. Vice-President Operations), and as of November 17, 2009 with Bernard J. Pitz (Chief Financial Officer). These agreements provide that if, within a period of six months after a change of control of the Company: (a) the executive voluntarily terminates his employment with the Company; or (b) the Company terminates the executive s employment without cause, such executive will be entitled to, subject to the restrictions of Section 409A of the Internal Revenue Code of 1986, in deferred compensation, a lump sum in the case of his resignation or an indemnity in lieu of notice in a lump sum in the case of his termination, equal to 12 to 24 months of such executive s base remuneration at the effective date of such resignation or termination, depending on his seniority.

Furthermore, these agreements also provide that if during the term of the executive s employment a *bona fide* offer is made to all shareholders of the Company which, if accepted, would result in a change of control of the Company, then, subject to

any applicable law, all of the executive s options which have not yet become vested and exercisable shall become vested and exercisable immediately. Upon expiry of such *bona fide* offer, if it does not result in a change of control of the Company, all of the executive s unexercised options which were not vested prior to such offer, shall immediately revert to their unvested status and to their former provisions with respect to the time of their vesting.

On August 2, 2010, the Company entered into an Executive Employment Agreement with Gregory A. Yull. Pursuant to the terms of the Agreement, Mr. Yull shall receive an annual base salary of $450,000, increased to $475,000 commencing June 1, 2011 and $500,000 commencing on June 1, 2012. Mr. Yull shall also be entitled to a performance bonus for each fiscal year ranging from zero to 100% of his then current annual base salary based on the achievement of specific goals that are mutually agreed to between Mr. Yull and the Board. For 2011, Mr. Yull s bonus was based on the Company achieving certain target amounts for adjusted EBITDA after changes in working capital as set forth above in the Section entitled 2011 Senior Management Bonus Plan . During the first three years of Mr. Yull s employment, commencing June 8, 2010, Mr. Yull shall be granted 350,000 stock options annually in accordance with the Company s Executive Stock Option Plan (ESOP) and thereafter at the discretion of the Board. The options to be granted during each of the first three years shall become exercisable in annual increments of 25% on each of the first four anniversaries of the grant date. Such options shall expire on the tenth anniversary of the grant date, subject to the early expiry provisions of the ESOP. The exercise price of such options shall be equal to the closing market price on the last trading day prior to the date of such grant. Fifty percent (50%) of the shares acquired by Mr. Yull pursuant to the exercise of the options granted under the Executive Employment Agreement must be retained by Mr. Yull and not sold or disposed of for a period of three years following the date when the option was exercised. Further, pursuant to the Agreement, Mr. Yull shall receive a reasonable car allowance or leased vehicle, be entitled to participate in all employee benefit programs established by the Company, and be reimbursed for his annual dues for the Laurel Oak Golf and Country Club and the Restigouche Club.

Provided Mr. Yull has served under the Agreement a minimum of five years, unless earlier terminated by the Company without cause or by Mr. Yull for Good Reason as defined in the Agreement, he shall receive a defined benefit supplementary pension annually for life equal to the lesser of (i) $600,000 if he separates from service at age 65 or older, $570,000 at age 64, $540,000 at age 63, $510,000 at age 62, $480,000 at age 61, or $450,000 at age 60, and (ii) two percent of the average of his total cash compensation (base salary and performance bonus) for the highest five years of his employment during the prior ten years as of the time of separation, multiplied by his years of service with the Company. In the event of Mr. Yull s death, his surviving spouse would receive 50% of the annual supplement pension benefit within ninety days of his death and continuing annually during her lifetime.

In the event the Company terminates Mr. Yull s employment for any reason other than cause, or Mr. Yull terminates his employment for Good Reason as defined in the Agreement, Mr. Yull shall be entitled to severance pay in an amount equal to two times the sum of his base salary and the average performance bonus paid to Mr. Yull in the last two fiscal years ending on the date prior to his date of termination. Subject to the restrictions of Section 409A of the Internal Revenue Code of 1986, such amount shall be paid 65% in a lump sum and the balance in eight equal quarterly instalments. In addition, all unvested options that would otherwise vest during the 24 months following the date of termination shall be immediately vested and remain exercisable for a period of twelve months. Lastly, the retirement benefits set forth above shall vest.

In the event that Mr. Yull s employment is terminated as a result of his Permanent Disability, as defined in the Agreement, or death, he shall be entitled to receive (i) accrued and unpaid base salary earned up to the date of termination, (ii) a pro-rated performance bonus that he would have received in respect of the fiscal year in which the termination occurred, (iii) vacation pay earned up to the date of termination, and (iv) provided the date of termination is on or after the fifth year anniversary of the Agreement, the retirement benefits set forth above shall vest. In addition, all unvested stock options held by Mr. Yull shall immediately vest and remain exercisable for a period of nine months following the date of termination for Permanent Disability or death.

In the event that Mr. Yull s employment is terminated by the Company without cause or for Good Reason within two years of a Change of Control, as defined in the Agreement, then he shall be entitled to receive (i) accrued and unpaid base salary earned up to the date of termination, (ii) a pro-rated performance bonus that he would have received in respect of the

fiscal year in which the termination occurred, based upon the average performance bonus paid to Mr. Yull in the last two fiscal years, (iii) vacation pay earned up to the date of termination, and (iv) severance pay in an amount equal to three times the sum of his base salary and the average performance bonus paid in the last two fiscal years immediately preceding the date of termination. In addition, all unvested stock options held by Mr. Yull shall immediately vest and remain exercisable for a period of 36 months following the date of termination, and the retirement benefits set forth above shall vest. Mr. Yull shall also be entitled to participate, at his cost, in the benefits under the Company s medical and dental benefit program until such time as he reaches the age of eligibility for coverage under Medicare. Lastly, disability and life insurance benefits shall be provided for the benefit of Mr. Yull pursuant to any benefit plans and programs then provided by the Company generally to its executives and continue for a period of 36 months following the date of termination.

Mr. Yull has also agreed to a customary non-compete for two years from the date of termination.

On October 30, 2009, the Company entered into an employment letter agreement with Bernard J. Pitz. Pursuant to the terms of the letter agreement, Mr. Pitz receives an annual base salary of $360,000. Mr. Pitz is also entitled to a bonus ranging from zero to 100% of his then current annual base salary based on the achievement of specific goals that are mutually agreed to between Mr. Pitz and the Board. For 2011, Mr. Pitz bonus was based on the Company s achieving certain target amounts for adjusted EBITDA, and cash flows from operations after changes in working capital as set forth above in the Section entitled 2011 Senior Management Bonus Plan . Further, Mr. Pitz was awarded 182,927 options with a grant price of $3.44. In addition, the Company agreed to cover Mr. Pitz relocation costs.

On November 17, 2009, the Company entered into a second letter agreement with Mr. Pitz. Pursuant to the terms of the letter agreement, in the event the Company terminates Mr. Pitz employment for any reason other than Cause as defined in the letter agreement, or Mr. Pitz terminates his employment for Good Reason as defined in the letter agreement, Mr. Pitz shall be entitled to severance pay in an amount equal to 12 times his highest total base monthly salary received in any one month during the twelve months prior to Mr. Pitz last day of employment, provided that if Mr. Pitz termination of employment occurs within twelve months of the appointment of a Chief Executive Officer of the Company other than Gregory A. Yull, then the severance payment due to Mr. Pitz shall be equal to 24 times Mr. Pitz highest monthly salary. Subject to the restrictions of Section 409A of the Internal Revenue Code of 1986 (Section 409A), such amount shall be paid in either 12 or 24 equal monthly instalments as applicable (Severance Period). In the event there is a Section 409A Change in Control within 6 months prior to Mr. Pitz termination of employment or during the Severance Period, the remainder of the unpaid severance payments shall be accelerated and paid in a single lump sum within 10 days after the 409A Change in Control occurs, subject to Section 409A. In the event there is an occurrence of Good Reason and Mr. Pitz does not terminate his employment within 60 days of the occurrence, he shall be deemed to have waived such Good Reason. If Mr. Pitz employment is terminated for Cause, or he resigns without Good Reason, or retires, then Mr. Pitz will not be eligible for severance pay. Mr. Pitz shall also be entitled to participate in the benefits under the Company s medical, dental, vision, life insurance and accidental death and dismemberment coverage, subject to the then current cost sharing features of the plans. In the event Mr. Pitz obtains other employment during the first twelve months of severance payments, the Company s obligation to pay such severance shall cease. In the event Mr. Pitz obtains employment after twelve months but during the remainder of the Severance Period, the severance payments shall be reduced by the amount of compensation paid to Mr. Pitz by his subsequent employer.

On July 19, 2010, the Company entered into a letter agreement with Mr. Jim Bob Carpenter. Pursuant to the terms of the letter agreement, in the event the Company terminates Mr. Carpenter s employment for any reason other than Cause as defined in the letter agreement, or Mr. Carpenter terminates his employment for Good Reason as defined in the letter agreement, Mr. Carpenter shall be entitled to severance pay in an amount equal to 24 times his highest total base monthly salary received in any one month during the twelve months prior to Mr. Carpenter s last day of employment. Subject to the restrictions of Section 409A of the Internal Revenue Code of 1986 (Section 409A), such amount shall be paid in 24 equal monthly instalments (Severance Period). In the event there is a Section 409A Change in Control within 6 months prior to Mr. Carpenter s termination of employment or during the Severance Period, the remainder of the unpaid severance payments shall be accelerated and paid in a single lump sum within 10 days after the 409A Change in Control occurs, subject to Section 409A. In the event there is an occurrence of Good Reason and Mr. Carpenter does not terminate his employment within 60 days of the occurrence, he shall be deemed to have waived such Good Reason. If Mr. Carpenter s employment is terminated for Cause, or he resigns without Good Reason, or retires, then Mr. Carpenter will not be eligible for severance pay. Mr. Carpenter shall also be entitled to participate in the benefits under the Company s medical, dental, vision, life insurance and accidental death and dismemberment coverage, subject to the then current cost sharing features of the plans. In the event Mr. Carpenter obtains other employment during the Severance Period, the Company s obligation to pay such severance shall cease.

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Option Grants During the Most Recently Completed Fiscal Year

The following table sets out the details of all grants of options to the Directors and members of senior management during the fiscal year ended December 31, 2011.

Name	Options granted	% of total options granted to employees in financial year	Exercise price CDN$	Market value on date of grant CDN$	Expiration date
Eric F. Baker	20,000	2.3	1.55	1.55	06/07/2017
Robert M. Beil	20,000	2.3	1.55	1.55	06/07/2017
George J. Bunze	20,000	2.3	1.55	1.55	06/07/2017
Robert J. Foster	20,000	2.3	1.55	1.55	06/07/2017
Jorge N. Quintas	20,000	2.3	1.55	1.55	06/07/2017
Torsten A. Schermer	20,000	2.3	1.55	1.55	06/07/2017
Gregory A. Yull	350,000	40.0	1.55	1.55	06/07/2021
Melbourne F. Yull	20,000	2.3	1.55	1.55	06/07/2017
Bernard J. Pitz	100,000	11.4	1.80	1.80	06/27/2017
Jim Bob Carpenter	25,000	2.9	1.80	1.80	06/27/2017
Shawn Nelson	50,000	5.7	1.80	1.80	06/27/2017
Douglas Nalette	50,000	5.7	1.80	1.80	06/27/2017
Burgess H. Hildreth	25,000	2.9	1.80	1.80	06/27/2017

Option Exercises In Last Fiscal Year and Fiscal Year-End Option Value

No options to purchase common shares of the Company were exercised by the Directors or senior management during the fiscal year ended December 31, 2011. The following table sets out for each of the Directors and members of senior management the total number of unexercised options held as at December 31, 2011 and the value of such unexercised options at that date.

Name	**Number of unexercised options at fiscal year-end Exercisable / Unexercisable**	**Value of unexercised in the money options at fiscal year-end Exercisable / Unexercisable ($) (1)**
Eric E. Baker	30,000/40,000	54,400/36,800
Robert M. Beil	47,500/22,500	39,175/35,925
George J. Bunze	47,500/22,500	38,900/35,100
Robert J. Foster	20,000/30,000	43,200/25,600
Jorge N. Quintas	32,500/27,500	43,325/48,375
Torsten A. Schermer	47,500/22,500	39,175/35,925
Gregory A. Yull	634,573/612,500	986,125/123,375
Melbourne F. Yull	140,000/40,000	54,400/36,800
Bernard J. Pitz	91,462/191,465	151,000/0
Jim Bob Carpenter	121,657/76,500	67,150/9,800
Shawn Nelson	193,689/76,250	104,900/9,800
Douglas Nalette	184,102/76,250	104,900/9,800
Burgess H. Hildreth	186,189/51,250	67,150/9,800

(1) The value of unexercised in-the-money options is calculated using the closing price of the common shares of the Company on the Toronto Stock Exchange on December 31, 2011 (CDN$3.31) less the respective exercise prices of the options.

Executive Stock Option Plan

In 1992, Intertape established the Executive Stock Option Plan (the ESOP) in respect of the common shares of the Company, which has been amended from time-to-time. At a special meeting of shareholders of the Company held on September 5, 2007, shareholders approved the most recent amendment to the ESOP, which increased the maximum number of common shares that may be issued under the ESOP to a number equal to 10% of the issued and outstanding common shares of the Company from time-to-time. The ESOP is administered by the Board of Directors of the Company.

The purpose of the ESOP is to promote a proprietary interest in the Company among the executives, key employees and directors of the Company and its subsidiaries, in order to both encourage such persons to further the development of the Company and assist the Company in attracting and retaining key personnel necessary for the Company s long-term success. The Board of Directors designates from time-to-time those persons to whom options are to be granted and determines the number of common shares covered by such options. Generally, participation in the ESOP is limited to persons holding positions that can have an impact on the Company s long-term results.

The number of common shares to which the options relate is determined by taking into account, *inter alia*, the market value of the common shares and each optionee s base salary.

The following is a description of certain features of the ESOP, as required by the Toronto Stock Exchange:

(a) options expire not later than ten years after the date of grant and, unless otherwise determined by the Board of Directors, all vested options under a particular grant expire 24 months after the vesting date of the last tranche of such grant;

(b) options vest at the rate of 25% per year, beginning, in the case of options granted to employees, on the first anniversary date of the grant and, in the case of options granted to non-management directors, on the date of the grant;

(c) the aggregate number of options that may be granted to directors who are not part of management may not exceed 1% of the number of issued and outstanding common shares of the Company;

(d) the exercise price of the options is determined by the Board of Directors, but cannot be less than the Market Value of the common shares of the Company, defined in the ESOP as the closing price of the common shares on the Toronto Stock Exchange for the day immediately preceding the effective date of the grant;

(e) notwithstanding the foregoing, Market Value cannot be lower than the closing price of the common shares on the Toronto Stock Exchange for the day immediately preceding the effective date of the grant;

(f) the number of common shares reserved for issuance to any person cannot exceed 5% of the number of issued and outstanding common shares of the Company;

(g) the number of common shares issuable to any one reporting insider (as defined in National Instrument 55-104-Insider Reporting Requirements and Exceptions) of the Company and such person s associates within a one-year period cannot exceed 5% of the number of issued and outstanding common shares of the Company;

(h) the number of common shares reserved for issuance pursuant to stock options granted to insiders under the ESOP or any other compensation arrangement of the Company cannot exceed 10% of the number of issued and outstanding common shares of the Company, and the number of common shares issuable to insiders within a one-year period under the ESOP or any other compensation arrangement of the Company cannot exceed 10% of the number of issued and outstanding common shares of the Company;

(i) options granted under the ESOP may not at any time be repriced;

(j) options granted under the ESOP may not be assigned;

(k) in the event that a *bona fide* offer to purchase all or part of the outstanding common shares is made to all shareholders, notice thereof must be given by the Company to all optionees and all options will become immediately exercisable, but only to the extent necessary to enable an optionee to tender his or her shares should the optionee so desire;

(l) the ESOP does not provide for financial assistance from the Company to optionees;

(m) when a director of the Company ceases to be a director, all non-vested options are immediately cancelled and the former director is entitled to exercise, within a period of three months from such event, options that had vested at the time the director ceased to be a director;

(n) in the case of retirement, all non-vested options are immediately cancelled and the former employee is entitled to exercise, within a period of twelve months from retirement, options that had vested at the time of retirement;

(o) in the case of an optionee s or director s death, all non-vested options are immediately cancelled and the estate is entitled to exercise, within a period of twelve months from death, options that had vested at the time of death; and

(p) when an optionee ceases to be an employee of the Company or a subsidiary for any reason other than retirement or death, all non-vested options are immediately cancelled and the optionee is entitled to exercise, within a period of three months from the termination of employment, options that had vested at the time of termination of employment.

As at December 31, 2011, there were options outstanding under the ESOP to purchase an aggregate of 3,774,026 common shares, representing 6.4% of the issued and outstanding common shares of the Company, and a total of 2,247,563 options exercisable.

Pension and Post Retirement Benefit Plans

Melbourne F. Yull was Chairman of the Board of Directors and Chief Executive Officer of the Company from January 11, 1995 to June 14, 2006. Prior thereto, Mr. Yull was the President and a director of the Company or a predecessor thereof, from 1981. The former employment agreement entered into between the Company and Mr. Yull provides that Mr. Yull receive from the Company a defined benefit supplementary pension annually for life in an amount equal to 2% of the average of Mr. Yull s annual gross salary for the final five years of his employment with the Company, multiplied by his years of service with the Company to retirement. Accordingly, Mr. Yull receives a pension from the Company in an amount of $260,935 per year.

C. BOARD PRACTICES

Term

The Company has eight Directors. Each Director is elected for a term of one year and may be nominated for re-election at the Company s following annual shareholders meeting. The next annual shareholders meeting is scheduled to be held on May 16, 2012, at which time the current term of each Director will expire.

Service Contracts

In 2010, the Company entered into agreements with companies controlled by two of the current members of the Board of Directors. These agreements required the provision of support services that included the duties of Executive Director and Chairman of the Board.

The Executive Director support services agreement was effective from January 1, 2010 through September 30, 2010 and provided for monthly compensation in the amount of $50,000. This agreement expired on September 30, 2010 and was not

replaced. The Chairman of the Board support services agreement was effective from January 1, 2010 through June 30, 2011 and provided for monthly compensation in the amount of CDN$25,000. The agreement was not replaced. These amounts were in lieu of the fees otherwise paid to Directors for their services.

Compensation Committee

The Compensation Committee is appointed by the Board and is currently composed of three directors, that is, Robert M. Beil (Chairman), Torsten A. Schermer, and Jorge N. Quintas, none of whom is or has been at any previous time an employee of the Company or any of its subsidiaries.

The Compensation Committee administers the Company s compensation program in accordance with the mandate set out in the Compensation Committee s charter, which has been adopted by the Board. Part of the mandate is to evaluate and recommend to the Board compensation policies and programs for the Company s directors, executive officers and senior management, including option grants under the ESOP described above. The Compensation Committee has the authority to retain compensation consultants to assist in the evaluation of director, chief executive officer or senior executive compensation. The Company has engaged the services of the Hay Group, Inc. to conduct an analysis of the competitive market position for the Company s senior management.

Three primary components comprise the Company s compensation program: basic salary, annual incentive bonuses based on performance, and long-term stock options granted pursuant to the Company s ESOP. Each element of compensation fulfills a different role in the attraction, retention and motivation of qualified executives and employees with the expertise and skills required in the business of the Company, who can effectively contribute to the long-term success and objectives of the Company.

The Compensation Committee annually reviews the compensation levels for the executive officers and certain members of senior management. The Compensation Committee reviews information it receives from the Chief Executive Officer. It uses this information to determine and approve such changes to the general compensation levels that it considered appropriate. In addition, on the recommendation of the Chief Executive Officer, the Compensation Committee approves and recommends to the Board discretionary stock option awards for executive officers and senior management. In arriving at its decisions, the Compensation Committee reviews industry comparisons for similar-sized companies and for other companies in the packaging materials sector.

The base salaries of senior management are reviewed annually to ensure that they take into account the following factors: market and economic conditions; levels of responsibility and accountability of each member of senior management; skill and competencies of each member of senior management; retention considerations; and level of demonstrated performance.

The Compensation Committee s philosophy with respect to senior management bonuses is to align the payments of bonuses with the performance of the Company, based on predefined goals and objectives established by the Compensation Committee and management and the relative contribution of each of the members of senior management to that performance.

The Company provides long-term incentive compensation to its senior management through the ESOP. The Compensation Committee recommends the granting of stock options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of stock options already outstanding and overall market conditions. The Compensation Committee views the granting of stock options as a means of promoting the success of the Company and higher returns to its shareholders. As such, the Compensation Committee does not grant stock options in excessively dilutive numbers or at exercise prices not reflective of the Company s underlying value.

The Compensation Committee believes that the perquisites for senior management should be limited in scope and value and commensurate with perquisites offered by peer group companies.

Directors who are not officers or employees of the Company receive both cash compensation and options based on the recommendations of the Compensation Committee following its review of compensation arrangements for directors of public companies with comparable market capitalization.

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Audit Committee

The members of the Audit Committee of Intertape are George J. Bunze, Robert J. Foster, and Torsten Schermer. Each of the Audit Committee members are independent and financially literate as such terms are defined by Canadian Multilateral Instrument 52-110-*Audit Committees*.

Mr. Bunze graduated from the commerce certification CMA program at McGill University, Montreal, Quebec, and is a professional accountant and Certified Management Accountant. Mr. Bunze is the Vice-Chairman and Director and a member of the Executive Committee of Kruger Inc., one of the largest private pulp and paper companies in North America. He also served as the Chief Financial Officer of Kruger Inc. and its various subsidiaries from 1982 to 2003. Mr. Bunze is a Director of Stella-Jones Inc. and Chairman of its Audit Committee. He was previously a Director of B2B Trust Inc. and Chairman of its Audit Committee.

Mr. Foster graduated from Queen s University with an MA in Economics, earning his CFA, managed the research department and worked in corporate finance at one of the major investment dealers in Canada. He founded and serves as President and Chief Executive Officer of Capital Canada Limited, a boutique investment banking firm. He serves on a number of not-for-profit boards and was on the board and audit committee of CHC Helicopters Corporation and Golf Town Income Trust.

Mr. Schermer earned a Bachelor of Arts Degree and an MBA from the University of Hamburg. Mr. Schermer was the General Manager, Eastern Europe, of Tesa Tape Kft. of Budapest, Hungary. Prior to that he was the President and Chief Executive Officer of Tesa Tape, Inc. In 2006 Mr. Schermer founded a franchise development company.

Intertape s Audit Committee pre-approves all audit engagement fees and the terms of all significant permissible non-audit services provided by independent auditors. The Audit Committee s Charter is attached hereto as **Exhibit 14.1 .**

D. EMPLOYEES

As of December 31, 2011, the Company had approximately 1,800 total employees. As of December 31, 2011, 270 held either sales-related or administrative positions and 1,530 of whom were employed in operations. The Company s Portuguese subsidiary had 52 employees, 2 in sales positions and the rest were employed in operations. Approximately 123 hourly employees at the Company s Marysville plant are unionized and subject to a collective bargaining agreement which expires on April 30, 2015. Approximately 148 hourly employees at the Company s Menasha plant are unionized and subject to a collective bargaining agreement which expired on March 3, 2012. A new agreement is being negotiated. Approximately 53 hourly employees at the Company s Carbondale plant are unionized and subject to a collective bargaining agreement which expired on March 3, 2012. A new agreement is being negotiated. In Langley, British Columbia, 26 employees are unionized and their collective bargaining agreement expires on March 31, 2014. Other than the strike at its Brantford, Ontario plant, the Company has never experienced a work stoppage and it considers its employee relations to be satisfactory. The Company does not employ a significant number of temporary employees.

As of December 31, 2010, the Company had approximately 2,024 total employees. As of December 31, 2010, 334 held either sales-related or administrative positions and 1,680 of whom were employed in operations. The Company s Portuguese subsidiary had 54 employees, 4 in sales positions and the rest were employed in operations.

As of December 31, 2009, the Company had approximately 1,916 total employees. As of December 31, 2009, 276 held either sales-related or administrative positions and 1,589 of whom were employed in operations. The Company s Portuguese subsidiary had 53 employees, 3 in sales positions and the rest were employed in operations.

E. SHARE OWNERSHIP

The following table sets out for each of the Directors and members of senior management as of February 25, 2012, the number of shares of the Company owned or controlled by each.

NAME	NUMBER OF SHARES OWNED
Eric E. Baker	2,878,689
Robert M. Beil	30,000
George J. Bunze	25,250
Robert J. Foster	35,000
Jorge N. Quintas	1,833,468
Torsten Schermer	22,720
Gregory A. Yull	190,374
Melbourne F. Yull	2,505,109
Bernard J. Pitz	12,640
Jim Bob Carpenter	26,003
Shawn Nelson	26,688
Douglas Nalette	27,412
Burgess H. Hildreth	31,535

As of February 25, 2012, the Directors and senior management own an aggregate of 7,644,888 common shares of the Company, being 13.0% of the issued and outstanding common shares of the Company. The common shares held by the Directors and senior management do not have different voting rights from those held by the other shareholders of the Company.

Please see the heading Executive Stock Option above in this section for a description of the Company s Amended Executive Stock Option Plan.

Item 7: Major Shareholders and Related Party Transactions

A. MAJOR SHAREHOLDERS

As at December 31, 2011, to the knowledge of the Company, the following are the only persons who beneficially own, or exercise control or direction over, more than 5% of the issued and outstanding common shares of the Company (Major Shareholders), along with a three-year history of their stock ownership:

Name and place of residence	# / % 12/31/2011	# / % 12/31/2010	# / % 12/31/2009
Letko, Brosseau & Associates Inc.[(1)]			
Montreal, Québec	12,798,950 / 21.71	13,411,823 / 22.75	13,517,913 / 22.99
Wells Fargo & Company[(2)]			
San Francisco, California	11,278,974 / 19.13	11,756,371 / 19.94	12,086,816 / 20.50
KSA Capital Management, LLC[(3)]			
Bernardsville, New Jersey	3,676,590 / 6.24	3,676,590 / 6.24	3,676,590 / 6.24

(1) Based on report dated December 31, 2011 filed by Letko, Brosseau & Associates Inc. with the United States Securities and Exchange Commission.
(2) Based on report dated December 31, 2011 filed by Wells Fargo & Company with the United States Securities and Exchange Commission.
(3) Based on report dated July 31, 2009 filed by KSA Capital Management, LLC with the United States Securities and Exchange Commission.

The Major Shareholders of the Company do not have any voting rights that differ from the other shareholders of the Company.

As of February 16, 2012, of the 58,961,050 common shares issued and outstanding, approximately 40,243,431 are held in Canada and 18,717,619 in the United States, being 68.25% and 31.75%, respectively.

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The Company is not directly or indirectly owned or controlled by another corporation, by any foreign government or by any natural or legal person. There are no arrangements known to the Company that could result at a subsequent date in a change of control of the Company.

B. RELATED PARTY TRANSACTIONS

The Company is unaware of any material interest of any of its directors or officers or of any person who beneficially owns or exercises control or direction over shares carrying more than ten percent of the voting rights attached to the Company s shares, or any associate or affiliate of any such person, in any transaction since the beginning of the last completed financial year or in any proposed transactions that has materially affected or will materially affect the Company or any of its affiliates.

Prior to July 31, 2002, the Company made certain interest-free loans payable on demand to certain of its directors and officers. Only one loan remains outstanding to Gregory A. Yull with a balance of US$90,962.00, which Mr. Yull is repaying over thirty-six months commencing June 1, 2011.

In 2010, the Company entered into agreements with companies controlled by two of the current members of the Board of Directors. These agreements replaced the advisory services agreements noted below that expired on December 31, 2009. These agreements required the provision of support services that included the duties of Executive Director and Chairman of the Board.

The Executive Director support services agreement was effective from January 1, 2010 through September 30, 2010 and provided for monthly compensation in the amount of $50,000. This agreement expired on September 30, 2010 and was not replaced. The Chairman of the Board support services agreement was effective from January 1, 2010 through June 30, 2011 and provided for monthly compensation in the amount of CDN$25,000. This agreement expired on June 30, 2011 and was not replaced. These amounts are in lieu of the fees otherwise paid to Directors for their services.

During the year ended December 31, 2007, the Company entered into three advisory services agreements, two with companies controlled by two current members of the Board of Directors and one with a company controlled by a former senior officer of the Company. The advisory services included business planning and corporate finance activities and qualified as related party transactions in the normal course of operations. Effective December 31, 2008, the Company terminated the advisory service agreement with the company controlled by one of its former senior officers.

The agreements with the companies controlled by the two current members of the Board of Directors were effective through December 31, 2009. The agreements provided for monthly compensation beginning January 2008 in the amounts of $75,000 and CDN$100,000 per month for a minimum of at least three months. Beginning April 1, 2008, the Company s financial commitment relating to the services of two of the three companies was $50,000 and CDN$100,000 per month and remained in effect through December 31, 2009. Effective November 2008, the companies controlled by the two current members of the Board of Directors each agreed to a 10% reduction in their monthly compensation. This reduction in compensation continued through November 2009.

The advisory services agreements also provided for an aggregate performance fee payable on July 1, 2010 based on the difference between the average price of the Company s common shares for the ten trading days prior to July 1, 2010 on the Toronto Stock Exchange (the Average Price) and the Canadian offering price included in the Company s 2007 rights offering of CDN$3.61 multiplied by an aggregate of 2.2 million, provided that the Average Price exceeds CDN$4.76. This provision survived the expiration of the term of the agreements until July 1, 2010. The average stock price for the ten trading days prior to July 1, 2010 did not exceed CDN$4.76 therefore no performance fee was paid.

C. INTERESTS OF EXPERTS AND COUNSEL

Not Applicable.

Item 8: Financial Information

Intertape s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. Until December 31, 2010, the Company s consolidated financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). These consolidated financial statements are the first filing with

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the Securities and Exchange Commission of consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In preparing these consolidated financial statements, Management applied IFRS 1, *First-time Adoption of International Financial Reporting Standards* and amended certain recognition and measurement methods to comply with IFRS. The comparative figures for 2010 were restated to reflect these adjustments. Certain reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS are contained in Note 22 to the Consolidated Financial Statements. The IFRS 1 applicable optional exemptions and mandatory exceptions that were applied by the Company in the conversion from Canadian GAAP to IFRS are set forth in Note 22 to the Consolidated Financial Statements. In this Form 20-F, unless otherwise specified, all amounts are expressed in U.S. dollars.

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The Consolidated Financial Statements of Intertape for the years ended December 31, 2011 and 2010 include the following:

Management s Responsibility for Financial Statements

Management s Report on Internal Control over Financial Reporting

Independent Auditor s Report of Registered Public Accounting Firm

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

Consolidated Financial Statements

Consolidated Earnings (Loss)

Consolidated Comprehensive Income (Loss)

Consolidated Changes in Shareholders Equity

Consolidated Cash Flows

Consolidated Balance Sheets

Notes to Consolidated Financial Statements

Dividend Distributions

The Company has no written policy for the payment of dividends. So long as the payment would not result in a violation of the Company s covenants with its lenders and noteholders, there are no other restrictions that would prevent the Company from paying dividends. The Company has not paid dividends in the past three years. For details regarding the Company s covenants with its lenders and noteholders please refer to the Registration Statement filed on *www.sec.gov* in the U.S. on October 26, 2004 as Registration No. 333-119982, as amended, and the Indenture and the ABL Loan and Security Agreement filed on *www.sedar.com* in Canada.

B. SIGNIFICANT CHANGES

No significant changes have occurred since the date of the annual financial statements.

Item 9: The Offer and Listing

A. OFFER AND LISTING DETAILS

The following table sets forth the reporting of the high and low closing prices for Intertape shares on the Toronto Stock Exchange for the periods indicated. Also set forth below are the high and low closing prices for Intertape shares on the New York Stock Exchange through December 2009 and the OTC Pink Sheets for 2010 and 2011. As previously discussed, the Company voluntarily delisted its shares of common stock from the New York Stock Exchange effective December 3, 2009.

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Year	Period	Toronto Stock Exchange ($CDN) High	Toronto Stock Exchange ($CDN) Low	New York Stock Exchange ($US)* OTC Pink Sheets High	New York Stock Exchange ($US)* OTC Pink Sheets Low
2007	Annual	6.40	2.49	5.34*	2.36*
2008	Annual	3.53	0.80	3.59*	0.67*
2009	Annual	3.07	0.39	2.90*	0.26*
2010	Annual	3.60	0.92	3.43	0.93
2011	Annual				
2011	First Quarter	1.29	1.02	1.30	1.04
	Second Quarter	1.89	1.20	1.88	1.24
	Third Quarter	2.59	1.73	2.64	1.81
	Fourth Quarter	3.39	1.78	3.30	1.71
2010	First Quarter	3.60	2.39	3.43	2.31
	Second Quarter	3.38	2.10	3.31	2.03
	Third Quarter	2.25	1.52	2.09	1.50
	Fourth Quarter	1.65	0.92	1.54	0.93
2011	September	2.40	1.90	2.42	1.84
	October	2.95	1.78	2.94	1.71
	November	3.39	2.46	3.30	2.41
	December	3.39	2.73	3.30	2.74
2012	January	3.91	3.12	3.90	3.08
	February	4.05	3.73	4.04	3.80

Intertape has authorized an unlimited number of voting common shares without par value. The Company also has authorized an unlimited number of non-voting Class A preferred shares issuable in a series, ranking in priority to the common shares with respect to dividends and return of capital on dissolution. The Board of Directors is authorized to fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to the shares of each series of Class A preferred shares. As of December 31, 2011, there were 58,961,050 issued and outstanding common shares and no issued and outstanding preferred shares of the Company.

B. PLAN OF DISTRIBUTION

Not Applicable.

C. MARKETS

The Company s common shares are traded on the Toronto Stock Exchange under the symbol ITP. The Company s common shares were traded on the New York Stock Exchange under the symbol ITP until December 3, 2009, the effective date of the Company s voluntary delisting. The Company s common shares are traded in the U.S. on the OTC Pink Sheets.

D. SELLING SHAREHOLDERS

Not Applicable.

E. DILUTION

Not Applicable.

F. EXPENSES OF THE ISSUE

Not Applicable.

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Item 10: Additional Information

A. SHARE CAPITAL

Not Applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

1. The business of Intertape was established when Intertape Systems Inc., a predecessor of the Company, established a pressure-sensitive tape manufacturing facility in Montreal. Intertape Polymer Group was incorporated under the *Canada Business Corporations Act* (the Act) on December 22, 1989 under the name 171695 Canada Inc. On October 8, 1991, the Company filed a Certificate of Amendment changing its name to Intertape Polymer Group Inc. A Certificate of Amalgamation was filed by the Company on August 31, 1993, at which time the Company was amalgamated with EBAC Holdings Inc. The Shareholders, at the Company s June 11, 2003 annual and special meeting, voted on the replacement of the Company s By-Law No. 1 with a new General By-Law 2003-1. The intent of the replacement by-law was to conform the Company s general by-laws with amendments that were made to the Act since the adoption of the general by-laws and to simplify certain aspects of the governance of the Company. On August 6, 2006, the Company filed a Certificate of Amendment to permit the Board of Directors of the Company to appoint one or more additional Directors to hold office for a term expiring not later than the close of the next annual meeting of the Company s Shareholders, so long as the total number of Directors so appointed does not exceed one-third of the number of Directors elected at the previous annual meeting of the Shareholders of the Company

2. The directors of the Company may, when deemed expedient:

(a) borrow money upon the credit of the Company;

(b) issue debentures or other securities of the Company, and pledge or sell the same for such sums and at such prices as may be deemed expedient;

(c) notwithstanding the provisions of the Civil Code, hypothecate, mortgage or pledge the moveable or immoveable property, present or future, of the Company, to secure any such debentures, or other securities, or give part only of such guarantee for such purposes; and constitute the hypothec, mortgage or pledge above mentioned, by trust deed, or on any other manner; and

(d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any moveable or personal, immoveable or real or other property of the Company, owned or subsequently acquired, to secure any obligation of the Company.

Each director is required to own a minimum of USD$20,000.00 of the Company s common shares, such amount to be measured based on the original purchase price of such shares. Each director is in compliance with this requirement.

3. Description of Share Capital:

The authorized capital of the Company consists of an unlimited number of common shares and non-voting Class A preferred shares, issuable in series. The following is a summary of the material provisions which attach to the common shares and Class A preferred shares, and is qualified by reference to the full text of the rights, privileges, restrictions and conditions of such shares.

Common Shares

Voting Rights Each common share entitles the holder thereof to one vote at all meetings of the shareholders of the Company.

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Payment of Dividends   The holders of the Company s common shares are entitled to receive during each year, as and when declared by the Board of Directors, dividends payable in money, property or by issue of fully-paid shares of the capital of the Company.

Distribution of Assets Upon Winding-Up   In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of assets of the Company among shareholders for the purpose of winding-up its affairs, the holders of the Company s common shares are entitled to receive the remaining property of the Company.

Class A Preferred Shares

The Board of Directors may at any time and from time to time issue non-voting Class A preferred shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board of Directors. The Class A preferred shares are entitled to preference over the common shares with respect to the payment of dividends. In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding-up its affairs, the holders of the Class A preferred shares will, before any amount is paid to, or any property or assets of the Company distributed among, the holders of the common shares, be entitled to receive: (i) an amount equal to the amount paid-up on such shares together with, in the case of cumulative Class A preferred shares, all unpaid cumulative dividends and, in the case of non-cumulative Class A preferred shares, all declared and unpaid non-cumulative dividends; and (ii) if such liquidation, dissolution, winding-up or distribution is voluntary, an additional amount equal to the premium, if any, which would have been payable on the redemption of the Class A preferred shares if they had been called for redemption by the Company on the date of distribution.

4. The rights of the holders of the Class A preferred shares may be amended only with the prior approval of two-thirds of the holders of the Class A preferred shares in addition to any other approvals required by the Act.

There are no preferred shares currently issued and outstanding.

5. Subject to compliance with the Act, the annual shareholders meeting shall be convened on such day each year and at such time as the Board of Directors may by resolution determine. Special meetings of the shareholders may be convened by order of the Chairman of the Board, the President or a Vice President who is a director or by the Board of Directors to be held at such time and place as may be specified in such order. Special meetings of the shareholders may also be called by written request to the Board of Directors signed by shareholders holding between them not less than five percent (5%) of the outstanding shares of the Company entitled to vote at such meeting. Such request shall state the business to be transacted at the meeting and sent to the registered office of the Company. In the event the Board of Directors does not call the meeting within twenty-one (21) days after receiving the request, then any shareholder who signed the request may call the meeting.

6. The Articles of Amalgamation of Intertape do not contain limitations on the rights of non-resident or foreign shareholders to hold or exercise voting rights on the Company s shares.

7. The Articles of Amalgamation and the Bylaws contain no provision that would have an effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company or any of its subsidiaries.

C. MATERIAL CONTRACTS

The following is a description of the material contracts the Company was a party to during the last two fiscal years ended December 31, 2011, regardless of when they were initially entered into by Intertape Polymer Group, either directly or through one of its subsidiaries, and that are not in the ordinary course of the Company s business:

a **Purchase Agreement, Registration Rights Agreement and Indenture** each dated as of July 28, 2004, in connection with the issuance by Intertape Polymer US Inc., a finance subsidiary of Intertape Polymer Group, of the aggregate principal amount of US$125.0 million of 8-$^{1}/2$% Senior Subordinated Notes due 2014. The Notes were offered to institutional investors and are guaranteed on a senior subordinated basis by the Company and substantially all of its subsidiaries. Interest will accrue and be payable on the Notes semi-annually in arrears on February 1 and August 1. For a copy of the Purchase Agreement, Registration Rights Agreement, and Indenture, as well as details of

the terms of the Senior Subordinated Notes, see the Registration Statement filed on October 26, 2004 as Registration No. 333-119982 as amended on www.sec.gov in the United States.

a **Loan and Security Agreement** dated March 28, 2008, among certain subsidiaries of the Company, the Lenders referred to therein, Bank of America, N.A., as Agent, and Banc of America Securities LLC, as Sole Lead Arranger and Book Manager for a $200.0 million asset based loan (ABL). The amount of borrowings available to the Company under the ABL is determined by its applicable borrowing base from time to time. The borrowing base is determined by calculating a percentage of eligible trade accounts receivable, inventories and property, plant, and equipment. The ABL is priced at Libor plus a loan margin determined from a pricing grid. The loan margin declines as unused availability increases. The loan grid ranges from 1.50% to 2.25% (1.75% to 2.25% as amended see below). Unencumbered real estate is subject to a negative pledge in favor of the ABL lenders. However, the Company retains the ability to secure financing on all or a portion of its owned real estate and have the negative pledge of the ABL lenders subordinated to up to $35.0 million of real estate mortgage financing. The ABL has one financial covenant, a fixed charge ratio of 1.0 to 1.0. The ratio compares EBITDA (as defined in the ABL) less capital expenditures and pension plan payments in excess of pension plan expense to the sum of debt service and the amortization of the value of equipment in the borrowing base. The financial covenant becomes effective only when unused availability drops below $25.0 million. The ABL matures in March 2013 (February 2017 as amended see below). For a copy of the Loan and Security Agreement see the 6-K filed on May 8, 2008, Film No. 088 13597. For a copy of the First and Second Amendments see the 6-K filed on April 29, 2011, Film No. 11793224.

a **Third Amendment to Loan and Security Agreement** dated February 1, 2012, among certain subsidiaries of the Company, the Lenders referred to therein, Bank of America, N.A., as agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Lead Arranger and Wells Fargo Capital Finance, LLC, as right side joint lead arranger. The Third Amendment extended the maturity date of the ABL (as defined above) to February 2017 from March 2013, however the new maturity date can be accelerated to 90 days prior to August 1, 2014 (the maturity date of the Company s existing Senior Subordinated Notes) if such Notes have not been retired or if certain other conditions have not been met. The Third Amendment also modified the loan grid range to 1.75% to 2.25%. In addition, certain other modifications in the terms were made to provide the Company greater flexibility. For a copy of the Third Amendment to Loan and Security Agreement see the 6-K filed on February 2, 2012, Film No. 12566721.

A copy of all of the foregoing contracts, except as otherwise noted, are available on *www.sedar.com* and on *www.sec.gov*.

D. EXCHANGE CONTROLS

As of the date hereof, there are no governmental laws, decrees or regulations in Canada on the export or import of capital, or which impose foreign exchange controls or affect the remittance of interest, dividends or other payments to non-resident holders of Intertape s common stock, except as described under Item 10E Taxation below.

Except as provided in the Investment Canada Act (Canada), the Competition Act (Canada), and/or the Canada Transportation Act (Canada) which have provisions that may potentially restrict the holding of voting shares by non-Canadians, there are no limitations specific to the rights of non-Canadians to hold or vote the Company s common shares under the laws of Canada or in its charter documents. The following summarizes the principal features of the Investment Canada Act, the Competition Act and the Canada Transportation Act for non-Canadian residents proposing to acquire the Company s common shares.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal advice to any holder or prospective holder of the Company s common shares, and no opinion or representation to any holder or prospective holder of the Company s common shares is hereby made. Accordingly, holders and prospective holders of the Company s common shares should consult with their own legal advisors with respect to the consequences of purchasing and owning the Company s common shares.

1. Investment Canada Act

The Investment Canada Act governs acquisitions of control of Canadian businesses by non-Canadians. Under the Investment Canada Act, non-Canadian individuals or entities acquiring control (as defined in the Investment Canada Act) of a

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corporation carrying on business in Canada are required to either notify, or file an application for review with, Industry Canada (or in the case of cultural businesses , Heritage Canada), subject to certain statutory exemptions. The relevant Minister may review any transaction which constitutes an acquisition of control of a Canadian business, where the book value of the assets acquired exceeds certain thresholds (which are higher for investors from members of the World Trade Organization, including United States residents, or World Trade Organization member-controlled companies) or where the activity of the business is a cultural business (as defined in the legislation and its regulations), or where the investment could be injurious to Canada s national security. For acquisitions of control of businesses which do not involve a cultural business or present national security issues, no change of voting control will be deemed to have occurred, for purposes of the Investment Canada Act, if less than one-third of the voting control of a Canadian corporation is acquired by an investor. Different rules apply to acquisitions of control of businesses related to Canada s cultural heritage or national identity, or present national security concerns.

If an investment is reviewable under the Investment Canada Act, an application for review in the form prescribed is normally required to be filed with Industry Canada or Heritage Canada prior to implementation of the investment. An investment subject to review may not be implemented until the review has been completed and the Minister responsible is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian cannot implement the investment, or if the investment has been implemented, may be required to divest itself of control of the Canadian business that is the subject of the investment. Different rules apply if the Minister determines that the investment may be injurious to Canada s national security.

Certain transactions relating to Intertape s common stock would be exempt from the Investment Canada Act, unless they are found to be potentially injurious to Canada s national security by the Minister responsible, including:

(a) the acquisition of the Company s common stock by a person in the ordinary course of that person s business as a trader or dealer in securities;

(b) the acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Canada Act; and

(c) the acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the Company, through ownership of our common stock, remains unchanged.

These exemptions do not apply to an acquisition of control of a Canadian business that is deemed to be potentially injurious to Canada s national security.

2. Competition Act

The Competition Act requires notification to the Commissioner of Competition of specified merger transactions that exceed certain monetary and share thresholds prior to their completion.

If a proposed merger is subject to pre-merger notification, each party to the proposed merger must file a notification with the Commissioner of Competition.

Proposed mergers that are subject to pre-merger notification under the Competition Act are prohibited from being completed before the end of 30 days following the receipt of a complete notification by the Commissioner of Competition, unless a waiver of the waiting period is obtained from the Commissioner of Competition. The waiting period may be extended by the issuance of a supplementary information request by the Commissioner of Competition within the initial 30 day waiting period. In the event that a supplementary information request is issued by the Commissioner of Competition, the parties may not complete the proposed merger until the end of a further 30 day waiting period that commences on the date on which the information requested pursuant to the supplementary information request has been provided to the Commissioner of Competition.

Whether or not a merger is subject to pre-merger notification to the Commissioner of Competition, the Commissioner of Competition may commence an application for relief in the Competition Tribunal on the basis that the merger prevents or lessens, or is likely to prevent or lessen

competition substantially in a relevant market. Such applications for relief are subject to a one-year limitation period from the merger s substantial completion.

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3. Canada Transportation Act

If a proposed transaction involves a transportation undertaking, and is subject to pre-merger notification to the Commissioner of Competition pursuant to the Competition Act, the parties to the proposed transaction must also provide pre-closing notification to the Minister of Transportation under the Canada Transportation Act. Such transactions require a 42 day waiting period which may be extended.

The parties to a proposed transaction subject to pre-merger notification to the Minister of Transportation may not complete the proposed transaction unless the Minister of Transportation issues a notice of his opinion that the proposed transaction does not raise issues with respect to the public interest as it relates to national transportation, or unless the transaction is approved by the Governor in Council.

E. TAXATION

Material Canadian Federal Income Tax Consequences

The following general summary describes the principal Canadian federal income tax consequences applicable to a holder of the Company s common stock who is a resident of the United States, who is not, will not be and will not be deemed to be a resident of Canada for purposes of the Income Tax Act (Canada) (the Income Tax Act) and any applicable tax treaty and who does not use or hold, and is not deemed to use or hold, his common stock in the capital of the Company in connection with carrying on a business in Canada (a non-resident holder). This summary applies only to non-resident holders who hold their Intertape common stock as capital property. This summary does not apply to non-resident holders who are financial institutions (within the meaning of the Income Tax Act) or insurers.

This summary is based upon the current provisions of the Income Tax Act, the regulations thereunder (the Regulations), the current publicly announced administrative and assessing policies of the Canada Revenue Agency and the Canada- United States Tax Convention (1980), as amended (the Treaty). This summary also takes into account the amendments to the Income Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the Tax Proposals) and assumes that all such Tax Proposals will be enacted in their present form. However, no assurances can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax consequences applicable to a non-resident holder of the Company s common stock and, except for the foregoing, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax consequences described herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of Intertape s common stock, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of the Company s common stock is made. Accordingly, holders and prospective holders of the Company s common stock should consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of Intertape s common stock in their particular circumstances.

Dividends

Dividends paid on the Company s common stock to a non-resident holder will be subject under the Income Tax Act to withholding tax which tax is deducted at source by the Company. The withholding tax rate for dividends prescribed by the Income Tax Act is 25% but this rate may be reduced under the provisions of an applicable tax treaty. Under the Treaty, the withholding tax rate is reduced to 15% on dividends paid by the Company to a resident of the United States who is the beneficial owner of such dividend and is eligible to benefits under the Treaty. The rate is further reduced to 5% where the beneficial owner of the dividend is a corporation resident in the United States that is eligible for benefits under the Treaty and that owns at least 10% of the voting stock of the Company.

Capital Gains

A non-resident holder is not subject to tax under the Income Tax Act in respect of a capital gain realized upon the disposition of a common share of the Company unless such share is (or is deemed to be) taxable Canadian property (as

defined in the Income Tax Act) of the non-resident holder. As long as they are listed on a designated stock exchange (which includes the TSX) at the time they are disposed of, Intertape s common stock generally will not be taxable Canadian property of a non-resident holder unless the non-resident holder, persons with whom the non-resident holder does not deal at arm s length or the non-resident holder together with such non-arm s length persons owned, or had an interest in an option in respect of, 25% or more of the issued stock of any class or series of the Company s capital stock at any time during the 60 month period immediately preceding the disposition of the stock. In the case of a non-resident holder resident in the United States who is eligible for benefits under the Treaty and for whom stock of the Company are taxable Canadian property, no Canadian taxes will generally be payable on a capital gain realized on such stock by reason of the Treaty unless the value of such stock is derived principally from real property situated in Canada.

United States Federal Income Tax Consequences

The following is a general discussion of the material United States federal income tax consequences, under current law, generally applicable to a U.S. Holder (as hereinafter defined) of common shares of the Company. This discussion does not address individual consequences to persons subject to special provisions of federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. (See Canadian Federal Tax Consequences).

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations, published Internal Revenue Service (IRS) rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. This discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. This discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of common shares of the Company and no opinion or representation with respect to the United States federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares of the Company are urged to consult their own tax advisors about the federal, state, local, and foreign tax consequences of purchasing, owning and disposing of common shares of the Company.

U.S. Holders

As used herein, a U.S. Holder means a holder of common shares of the Company who is a citizen or individual resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof or a trust whose income is taxable in the United States irrespective of source.

This summary does not address the tax consequences to, and U.S. Holder does not include, persons subject to specific provisions of federal income tax law, such as tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a functional currency other than the U.S. dollar, shareholders who hold common shares as part of a straddle, hedging or a conversion transaction, and shareholders who acquired their common shares through the exercise of employee stock options or otherwise as compensation for services. This summary is limited to U.S. Holders who own common shares as capital assets. This summary does not address the consequences to a person or entity holding an interest in a shareholder or the consequences to a person of the ownership, exercise or disposition of any options, warrants or other rights to acquire common shares.

Distribution on Common Shares of the Company

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States federal income tax purposes the gross amount of such distributions equal to the U.S. dollar value of such dividends on the date of receipt (based on the exchange rate on such date) to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder s federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder s federal taxable income by those who itemize deductions. (See more detailed discussion at Foreign Tax Credit below). To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holder s adjusted basis in the common shares and thereafter as gain from the sale or exchange of the common shares. Preferential tax

rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder which is a corporation.

Foreign Tax Credit

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of the Company may be entitled, at the option of the U.S. Holder, to either receive a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer s income subject to tax. This election is made on a year-by-year basis and applies to all foreign taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder s United States income tax liability that the U.S. Holder s foreign sources income bears to his or its worldwide taxable income. In the determination of the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as passive income, high withholding tax interest, financial services income, shipping income, and certain other classifications of income. Dividends distributed by the Company will generally constitute passive income or, in the case of certain U.S. Holders, financial services income for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific, and U.S. Holders of common shares of the Company should consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares of the Company

A U.S. Holder will recognize gain or loss upon the sale of common shares of the Company equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder s tax basis in the common shares of the Company. Preferential tax rates apply to long-term capital gains of U.S. Holders who are individuals, estates or trusts. This gain or loss will be capital gain or loss if the common shares are a capital asset in the hands of the U.S. Holder, which will be long-term capital gain or loss if the common shares of the Company are held for more than one year.

Other Considerations

In the following circumstances, the above sections of this discussion may not describe the United States federal income tax consequences resulting from the holding and disposition of common shares:

Passive Foreign Investment Company

Certain United States income tax legislation contains rules governing passive foreign investment companies (PFIC) which can have significant tax effects on U.S. Holders of foreign corporations. These rules do not apply to non-U.S. Holders.

Section 1297 of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is passive income , which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by fair market value (or, if the Company is a controlled foreign corporation or makes an election, adjusted tax basis) of its assets that produce or are held for the production of passive income is 50% or more. The Company does not believe that it is a PFIC. Each U.S. Holder of the Company is urged to consult a tax advisor with respect to how the PFIC rules affect their tax situation.

A U.S. Holder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to United States federal income taxation under one of two alternative tax regimes at the election of each such U.S. Holder. The following is a discussion of such two alternative tax regimes applied to such U.S. Holders of the Company. In addition, special rules apply if a foreign corporation qualifies as both a PFIC and a controlled foreign corporation (as defined below) and a U.S. Holder owns, directly or indirectly, ten percent (10%) or more of the total combined voting power of classes of shares of such foreign corporation (See more detailed discussion at Controlled Foreign Company below).

A U.S. Holder who makes an election (an Electing U.S. Holder) in a timely manner to treat the Company as a Qualified Electing Fund (QEF) will be subject, under Section 1293 of the Code, to current federal income tax for any taxable year in which the

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Company qualifies as a PFIC on his pro rata share of the Company s (i) net capital gain (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder and (ii) ordinary earnings (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the shareholder s taxable year in which (or with which) the Company s taxable year ends, regardless of whether such amounts are actually distributed.

The effective QEF election also allows the Electing U.S. Holder to (i) generally treat any gain realized on the disposition of their common shares of the Company (or deemed to be realized on the pledge of their shares) as capital gain; (ii) treat his share of the Company s net capital gain, if any, as long-term capital gain instead of ordinary income; and (iii) either avoid interest charges resulting from PFIC status altogether, or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of the Company s annual realized net capital gain and ordinary earnings subject, however, to an interest charge. If the Electing U.S. Holder is not a corporation, such an interest charge would be treated as personal interest that is not deductible.

If a U.S. Holder does not make a timely QEF election during a year in which it holds (or is deemed to have held) the shares in question and the Company is a PFIC (a Non-electing U.S. Holder), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reasons of a pledge) of his common shares of the Company and (ii) certain excess distributions , as specifically defined, by the Company.

A Non-electing U.S. Holder generally would be required to pro rate all gains realized on the disposition of his common shares of the Company and all excess distribution of his common shares and all excess distributions over the entire holding period for the Company.

All gains or excess distributions allocated to prior years of the U.S. Holder (other than years prior to the first taxable year of the Company during such U.S. Holder s holding period and beginning after January 1, 1987 for which it was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. Holder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-electing U.S. Holder that is not a corporation must treat this interest charge as personal interest which, as discussed above, is wholly non-deductible. The balance of the gain of the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance.

If the Company is a PFIC for any taxable year during which a Non-electing U.S. Holder holds common shares of the Company, then the Company will continue to be treated as a PFIC with respect to such common shares, even if it is no longer definitionally a PFIC. A Non-electing U.S. Holder may terminate this deemed PFIC status by electing to recognize a gain (which will be taxed under the rules discussed above for Non-electing U.S. Holders) as if such common shares had been sold on the last day of the last taxable year for which it was a PFIC.

Under Section 1291(f) of the Code, the IRS has issued proposed regulations that, subject to certain exceptions, would treat as taxable certain transfers of PFIC stock by Non-Electing U.S. Holders that are generally not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death. Generally, in such cases the basis of the Company common shares in the hands of the transferee and the basis of any property received in the exchange for those common shares would be increased by the amount of gain recognized. An Electing U.S. Holder would not be taxed on certain transfers of PFIC stock, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death. The transferee s basis in this case will depend on the manner of the transfer. In a transfer at death, for example, the transferee s basis is equal to (i) the fair market value of the Electing U.S. Holder s common shares, less (ii) the excess of the fair market value of the Electing U.S. Holder s common shares reduced by the U.S. Holder s adjusted basis in these common shares at death. The specific tax effect to the U.S. Holder and the transferee may vary based on the manner in which the common shares are transferred. Each U.S. Holder of the Company is urged to consult a tax advisor with respect to how the PFIC rules affect their tax situation.

Certain special, generally adverse, rules will apply with respect to common shares of the Company while the Company is a PFIC whether or not it is treated as a QEF. For example under Section 1297(b)(6) of the Code, a U.S. Holder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such shares.

Controlled Foreign Company

If more than 50% of the voting power of all classes of shares or the total value of the shares of the Company is owned, directly or indirectly, by citizens or residents of the United States, United States domestic partnerships and corporations or estates or trusts other than foreign estates or trusts, each of whom own 10% or more of the total combined voting power of all classes of shares of the Company (United States shareholder), the Company could be treated as a controlled foreign corporation under Subpart F of the Code. This classification would effect many complex results one of which is the inclusion of certain income of a CFC which is subject to current U.S. tax. The United States generally taxes a United States shareholder of a CFC currently on their pro rata shares of the Subpart F income of the CFC. Such U.S. shareholders are generally treated as having received a current distribution out of the CFC s Subpart F income and are also subject to current U.S. tax on their pro rata shares of the CFC s earnings invested in U.S. property. The foreign tax credit described above may reduce the U.S. tax on these amounts. In addition, under Section 1248 of the Code, gain from the sale or exchange of shares by a U.S. Holder of common shares of the Company who is or was a United States shareholder at any time during the five-year period ending with the sale or exchange is treated as ordinary income to the extent of earnings and profits of the Company attributable to the shares sold or exchanged. If a foreign corporation is both a PFIC and a CFC, the foreign corporation generally will not be treated as a PFIC with respect to United States shareholders of the CFC. This rule generally will be effective for taxable years of United States shareholders beginning after 1997 and for taxable years of foreign corporations ending with or within such taxable years of United States shareholders. Special rules apply to United States shareholders who are subject to the special taxation rules under Section 1291 discussed above with respect to a PFIC. Because of the complexity of Subpart F, and because it is not clear that Subpart F would apply to U.S. Holders of common shares of the Company, a more detailed review of these rules is outside of the scope of this discussion.

F. DIVIDENDS AND PAYING AGENTS

Not Applicable.

G. STATEMENT BY EXPERTS

Not Applicable.

H. DOCUMENTS ON DISPLAY

The documents referred to in this Form 20-F may be viewed at the Company s office located at 3647 Cortez Road West, Bradenton, Florida 34210.

I. SUBSIDIARY INFORMATION

Not Applicable.

Item 11: Quantitative and Qualitative Disclosures About Market Risk

Information for this Item is set forth in Note 21 to the 2011 audited Consolidated Financial Statements under Item 18 hereof.

Item 12: Description of Securities Other than Equity Securities

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not Applicable.

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Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not Applicable.

Item 15. Controls and Procedures

Disclosure Controls and Procedures. Intertape Polymer Group Inc. (Intertape Polymer Group or the Company) maintains disclosure controls and procedures designed to ensure not only that information required to be disclosed in its reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, but also that information required to be disclosed by Intertape Polymer Group is accumulated and communicated to management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer of Intertape Polymer Group conducted an evaluation of the effectiveness of the Company s disclosure controls and procedures and internal control over financial reporting as of December 31, 2011. They concluded based on such evaluation that the Company s disclosure controls and procedures were effective.

Management s Annual 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 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 consolidated 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 at December 31, 2011 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 at December 31, 2011 based on those criteria.

The Company s independent auditors, Raymond Chabot Grant Thornton LLP, audited the financial statements included in this annual report and audited the Company s internal control over financial reporting as of December 31, 2011 and included in the Consolidated Financial Statements referenced in Item 18 of this Form 20-F its report on the Company s internal control over financial reporting.

Changes in Internal Control Over Financial Reporting. There have been no changes in Intertape Polymer Group s internal control over financial reporting that occurred during 2011 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

Item 16: [RESERVED]

Item 16A: Audit Committee Financial Expert

The Board of Directors of Intertape has determined that it has at least one audit committee financial expert serving on its audit committee. Mr. George J. Bunze, having been the Chief Financial Officer of Kruger Inc., and having the attributes set forth in Paragraph 16A(b) of the General Instructions to Form 20-F, has been determined to be an audit committee financial expert. Further, Mr. Bunze is independent as that term is defined by the Toronto Stock Exchange and Sarbanes-Oxley Act.

The Securities and Exchange Commission has stated that the designation of Mr. Bunze as an audit committee financial expert does not make him an expert for any purpose, including, without limitation, for purposes of Section 11 of the Securities Act of 1933. Further, such designation does not impose any duties, obligations or liability on Mr. Bunze greater than those imposed on members of the audit committee and Board of Directors not designated as an audit committee financial expert, nor does it affect the duties, obligations or liability of any other member of the audit committee or Board of Directors.

Item 16B: Code of Ethics

Intertape has adopted a code of ethics entitled Intertape Polymer Group Inc. Code of Business Conduct and Ethics , which is applicable to all of its employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, and all persons performing similar functions. During the 2011 fiscal year, Intertape did not amend its Code of Business Conduct and Ethics and did not grant a waiver from any provision of its Code of Business Conduct and Ethics. Intertape will provide, without charge, to any person upon written or oral request, a copy of its Code of Business Conduct and Ethics. Requests should be directed to Burgess H. Hildreth, Intertape Polymer Group Inc., 3647 Cortez Road West, Bradenton, Florida 34210. Mr. Hildreth may be reached by telephone at (941) 739-7500.

Item 16C: Principal Accountant Fees and Services

The following table sets forth the fees billed for professional services rendered by Raymond Chabot Grant Thornton LLP, Chartered Accountants, Intertape s independent auditors, for the fiscal years ended December 31, 2011 and December 31, 2010:

	Year ended December 31,	
	2011	**2010**
Audit Fees	1,052,114	1,010,902
Audit-Related Fees	119,253	39,643
Tax Fees	268,614	248,776
All Other Fees		
Total Fees	**1,439,981**	**1,299,321**

Audit Fees. Audit fees were for professional services rendered for the integrated audit of Intertape s consolidated financial statements and internal control over financial reporting, assisting its Audit Committee in discharging its responsibilities for the review of the Company s interim unaudited consolidated financial statements and services that generally only the independent auditor can reasonably provide, such as consent letters and assistance and review of documents filed with the Securities and Exchange Commission and Canadian securities regulatory authorities.

Audit-Related Fees. Audit-related fees were for assurance and related services that are reasonably related to the performance of the audit or review of Intertape s consolidated interim unaudited financial statements and are not reported under the caption Audit Fees above. These services included consultations concerning financial accounting and reporting standards, as well as the Company s transition to International Financial Reporting Standards.

Tax Fees. Tax fees were for tax compliance, tax advice and tax planning. These services included the preparation of the Canadian subsidiaries income tax returns, assistance with questions regarding tax audits from the various taxation authorities in Canada and tax planning relating to

common forms of domestic and international taxation.

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All Other Fees. All other fees were for services provided other than the audit fees, audit-related fees and tax fees described above. No such fees have been billed in the last two years.

Intertape s Audit Committee pre-approves all audit engagement fees and the terms of all significant permissible non-audit services provided by independent auditors.

Item 16D: Exemptions From the Listing Standards for Audit Committee
Not Applicable.

Item 16E: Purchase of Equity Securities by the Issuer and Affiliated Purchasers
Not Applicable.

Item 16F: Change In Registrant s Certifying Accountant.
Not Applicable.

Item 16G: Corporate Governance
Not Applicable.

PART III

Item 17. Financial Statements
Not Applicable.

Item 18. Financial Statements
The Consolidated Financial Statements required under Item 18 of this Form 20-F are attached hereto as Exhibit A .

Item 19. Exhibits
The Consolidated Financial Statements and the following exhibits are filed as part of this Annual Report on Form 20-F and are incorporated herein by reference.

A. Consolidated Financial Statements

Management s Responsibility for Financial Statements

Management s Report on Internal Control over Financial Reporting

Independent Auditor s Report of Registered Public Accounting Firm

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

Consolidated Financial Statements

Consolidated Earnings (Loss)

Consolidated Comprehensive Income (Loss)

Consolidated Changes In Shareholders Equity

Consolidated Cash Flows

Consolidated Balance Sheets

Notes to Consolidated Financial Statements

B. Exhibits:

1.1	Articles of Amalgamation as amended incorporated herein by reference to Exhibit 3.3 to S-4 filed October 26, 2004, File No. 333-119982-26
1.2	General By-law 2003-1 incorporated herein by reference to Exhibit 3.4 to S-4 filed October 26, 2004, File No. 333-119982-26
4.1	Amended Executive Stock Option Plan incorporated herein by reference to S-8 filed July 5, 2006, File No. 333-135599
4.2	Purchase Agreement, Registration Rights Agreement and Indenture incorporated herein by reference to the Registration Statement filed on October 26, 2004 as Registration No. 333-119982 as amended on *www.sec.gov* in the United States
4.3	Loan and Security Agreement filed under 6-K on May 8, 2008, Film No. 08813597
4.4	Third Amendment to Loan and Security Agreement filed under 6-K on February 2, 2012, Film No. 12566721.
8.1	A list of all of Intertape s significant subsidiaries is set forth in Item 4C of this Form 20-F.
10.1	During 2011, Intertape was not required to send its directors and executive officers notices pursuant to Rule 104 of Regulation BTR concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR. Intertape s blackout periods are regularly scheduled and a description of such periods, including their frequency and duration and plan transactions to be suspended or affected are included in the documents under which Intertape s plans operate and is disclosed to employees before enrollment or within thirty (30) days thereafter.
12.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a))
12.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) (17 CFR 240.13a-14(a) or Rule 15d-14(a) (17 CFR 240.15d-14(a))
13.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)
13.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)
14.1	Audit Committee Charter incorporated herein by reference
15.1	Consent of Independent Registered Public Accounting Firm

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SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Intertape Polymer Group Inc.

By: /s/ Gregory A. Yull
Gregory A. Yull, Chief Executive Officer

Dated March 6, 2012

EXHIBIT 14.1 to Form 20-F

INTERTAPE POLYMER GROUP INC.

AUDIT COMMITTEE CHARTER

CHARTER

The Audit Committee of the Board of Directors (the Board) of Intertape Polymer Group Inc. (the Company) will be responsible for assisting the Board in carrying out its duties and responsibilities relating to corporate accounting policies, financial reporting and procedures, and the quality and integrity of the financial reports of the Company. The external auditors are ultimately accountable to the Board and the Audit Committee, as representatives of the shareholders. The Audit Committee, subject to any action that may be taken by the Board, shall have the ultimate authority and responsibility to select and nominate for shareholder approval, evaluate and, as deemed appropriate, recommend to the shareholders the removal of the external auditors. The Audit Committee shall be responsible for overseeing the independence of the external auditors.

In discharging its role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Audit Committee for this purpose.

COMMITTEE MEMBERSHIP

The Audit Committee shall consist of no fewer than three directors. The members of the Audit Committee shall meet the independence and experience requirements of the Sarbanes-Oxley Act, the New York Stock Exchange, and The Toronto Stock Exchange.

The members of the Audit Committee shall be appointed annually by the Board on the recommendation of the Nominating & Governance Committee. Audit Committee members may be replaced by the Board.

COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Audit Committee shall have the sole authority to recommend to the shareholders the appointment or replacement of the external auditors, and shall approve all audit engagement fees and terms and all significant non-audit engagements with the external auditors. The Audit Committee shall consult with management but shall not delegate these responsibilities.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee may form and delegate authority to subcommittees when appropriate.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the Company s legal counsel or external auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Audit Committee shall meet with management and the external auditors in separate executive sessions at least quarterly.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee s own performance.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

FINANCIAL STATEMENT AND DISCLOSURE MATTERS

1. Review and discuss with management and the external auditors the annual audited financial statements, including disclosures made in management s discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company s Form 20-F and Annual Report to Shareholders.

2. Review and discuss with management and the external auditors the Company s quarterly financial statements prior to their filing and publication, including the results of the external auditors reviews of the quarterly financial statements.

3. Discuss with management and the external auditors significant financial reporting issues and judgments made in connection with the preparation of the Company s financial statements, including any significant changes in the Company s selection or application of accounting principles, any major issues as to the adequacy of the Company s internal controls, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company s financial statements.

4. Discuss with management the Company s earnings press releases, including the use of pro forma or adjusted non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.

5. Discuss with management and the external auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company s financial statements.

6. Discuss with management the Company s major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company s risk assessment and risk management policies.

7. Discuss with the external auditors the matters required to be discussed by auditing standards relating to the conduct of the audit. In particular, discuss:

   (a) The adoption of, or changes to, the Company s significant auditing and accounting principles and practices as suggested by the external auditors or management.

   (b) The management letter provided by the external auditors and the Company s response to that letter.

   (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

OVERSIGHT OF THE CORPORATION S RELATIONSHIP WITH THE EXTERNAL AUDITORS

8. Review the experience and qualifications of the senior members of the external auditors team.

9. Obtain and review a report from the external auditors at least annually regarding (a) the auditors internal quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the external auditors and the Company. Evaluate the qualifications, performance and independence of the external auditors, including considering whether the auditor s quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditors independence, and taking into account the opinions of management. The Audit Committee shall present its conclusions to the Board and, if so determined by the Audit Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditors.

10. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the lead audit partner or even the external auditing firm itself on a regular basis.

11. Recommend to the Board policies for the Company s hiring of employees or former employees of the external auditors who were engaged on the Company s account.

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12. Determine from the audit team of the external auditors any professional matters dealt with at the national office level of the external auditors.

13. Meet with the external auditors prior to the audit to discuss the planning and staffing of the audit.

OVERSIGHT OF THE CORPORATION'S INTERNAL AUDIT FUNCTION

14. Review and discuss with management and the external auditors the appropriateness of having a senior internal auditing executive.

15. If a senior internal auditing executive is appointed, review the significant reports to management prepared by the internal auditing department and management s responses.

COMPLIANCE OVERSIGHT RESPONSIBILITIES

17. Obtain from the external auditors assurance that Section 10A of the Securities Exchange Act of 1934 has been complied with.

18. Obtain reports from management, the Company s senior internal auditing executive if one is appointed and the external auditors that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Corporation s Code of Business Conduct and Ethics. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Corporation s policies and procedures regarding compliance with applicable laws and regulations and with the Corporation s Code of Business Conduct and Ethics.

19. Discuss with management and the external auditors any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation s financial statements or accounting policies.

20. Discuss with the Corporation s legal counsel matters that may have a material impact on the financial statements or the Corporation s compliance policies.

LIMITATION OF AUDIT COMMITTEE S ROLE

While the Audit Committee has the responsibilities and powers set forth herein, it is not the duty of the Committee to prepare the Corporation s financial statements, to plan or conduct audits of those financial statements, or to determine that those financial statements are complete and accurate and in accordance with generally accepted accounting principles in Canada or any other country. This is the responsibility of the Corporation s management and the external auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the external auditors or to assure compliance with applicable laws and regulations.

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Intertape Polymer Group Inc.

Consolidated Financial Statements

December 31, 2011 and 2010

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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 appointment of the external auditors or the renewal of their engagement.

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 June 3, 2011, 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, Canada
March 6, 2012

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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, 2011 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, 2011 based on those criteria.

The Company s internal control over financial reporting as of December 31, 2011 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, Canada

March 6, 2012

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Raymond Chabot

Grant Thornton

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, 2011, and 2010 and January 1, 2010 and the consolidated statements of comprehensive income (loss), changes in shareholders equity and cash flows for the years ended December 31, 2011 and 2010, 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.

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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, 2011 and 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 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 of December 31, 2011, 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, 2012, expressed an unqualified opinion on Intertape Polymer Group Inc. s internal control over financial reporting.

/s/ Raymond Chabot Grant Thornton LLP

Montreal, Canada

March 6, 2012

[1] Chartered accountant auditor permit no. 20154

Raymond Chabot

Grant Thornton

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 of December 31, 2011, 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.

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, 2011 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, 2011 and 2010 and January 1, 2010 and for the years ended December 31, 2011 and 2010 and our report dated March 6, 2012 expressed an unqualified opinion thereon.

/s/ Raymond Chabot Grant Thornton LLP

Montreal, Canada

March 6, 2012

[1] Chartered accountant auditor permit no. 20154

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Intertape Polymer Group Inc.

Consolidated Earnings (Loss)

Years ended December 31, 2011 and 2010

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

	2011 **$**	2010 $
Revenue	**786,737**	720,516
Cost of sales	**672,262**	636,194
Gross profit	**114,475**	84,322
Selling, general and administrative expenses	**76,969**	73,302
Research expenses	**6,200**	6,252
	83,169	79,554
Operating profit before manufacturing facility closures, restructuring and other charges	**31,306**	4,768
Manufacturing facility closures, restructuring and other charges (Note 4)	**2,891**	3,534
Operating profit	**28,415**	1,234
Finance Costs		
Interest	**15,361**	15,670