

INTERTAPE POLYMER GROUP INC

Form 11-K

June 27, 2011

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission File Number 1-10928

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

INTERTAPE POLYMER CORP. USA EMPLOYEES

STOCK OWNERSHIP AND RETIREMENT SAVINGS PLAN

(f/k/a Intertape Polymer Group Inc. USA Employees

Stock Ownership and Retirement Savings Plan)

3647 Cortez Road West

Bradenton, Florida 34210

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

INTERTAPE POLYMER GROUP INC.

9999 Cavendish Blvd., Suite 200

Ville St. Laurent, Quebec, Canada H4M 2X5

Table of Contents

Intertape Polymer Corp. USA

Employees Stock Ownership and Retirement Savings Plan

December 31, 2010 and 2009

TABLE OF CONTENTS

	Page Number
<u>Report of Independent Registered Public Accounting Firm</u>	3
<u>Financial Statements</u>	
<u>Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009</u>	4
<u>Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2010 and 2009</u>	5
<u>Notes to Financial Statements</u>	6
<u>Supplemental Schedule</u>	
<u>Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2010</u>	20
<u>Signatures</u>	21
<u>Exhibit Index</u>	22
<u>Exhibit 23.1 Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm</u>	
<u>Exhibit 99.1 First Amendment to the Intertape Polymer Corp. USA Employees Stock Ownership and Retirement Savings Plan</u>	
<u>Exhibit 99.2 Second Amendment to the Intertape Polymer Corp. USA Employees Stock Ownership and Retirement Savings Plan</u>	
<u>Exhibit 99.3 Third Amendment to the Intertape Polymer Corp. USA Employees Stock Ownership and Retirement Savings Plan</u>	

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Trustees

Intertape Polymer Corp. USA Employees' Stock Ownership and Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of Intertape Polymer Corp. USA Employees' Stock Ownership and Retirement Savings Plan as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Intertape Polymer Corp. USA Employees' Stock Ownership and Retirement Savings Plan as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule, Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2010, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ GRANT THORNTON LLP

Tampa, Florida
June 27, 2011

Table of Contents

Intertape Polymer Corp. USA
Employees Stock Ownership and Retirement Savings Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2010	2009
ASSETS		
Investments, at fair value:		
Mutual funds	\$ 38,833,533	\$ 33,753,040
Bond fund	2,101,750	1,930,478
Collective trust fund	12,865,877	13,514,658
Common trust fund - Intertape Polymer Group	1,284,309	2,710,407
Total investments at fair value	55,085,469	51,908,583
Receivables:		
Notes receivable from participants	2,607,542	2,347,667
Participant contributions receivable		88,135
Total receivables	2,607,542	2,435,802
Total assets	57,693,011	54,344,385
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(310,537)	(55,815)
Net assets available for benefits	\$ 57,382,474	\$ 54,288,570

The accompanying notes are an integral part of these financial statements.

Table of Contents**Intertape Polymer Corp. USA****Employees Stock Ownership and Retirement Savings Plan****Statements of Changes in Net Assets Available for Benefits**

	Year Ended December 31,	
	2010	2009
ADDITIONS		
Contributions from:		
Employer	\$	\$ 91,532
Participants	3,252,014	3,061,975
Total contributions	3,252,014	3,153,507
Investment income:		
Interest and dividends	1,225,056	1,140,110
Net appreciation in fair value of investments	2,689,689	8,688,208
Total investment income	3,914,745	9,828,318
Total additions	7,166,759	12,981,825
DEDUCTIONS		
Benefits paid to participants	(4,021,237)	(3,958,636)
Fees and commission expenses	(51,618)	(50,413)
Total deductions	(4,072,855)	(4,009,049)
Net increase in net assets available for benefits	3,093,904	8,972,776
Net assets available for benefits at beginning of year	54,288,570	45,315,794
Net assets available for benefits at end of year	\$ 57,382,474	\$ 54,288,570

The accompanying notes are an integral part of these financial statements.

Table of Contents

Intertape Polymer Corp. USA

Employees Stock Ownership and Retirement Savings Plan

Notes to Financial Statements

December 31, 2010 and 2009

1 Description of the Plan

The following description of the Intertape Polymer Corp. USA Employees Stock Ownership and Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

Intertape Polymer Group Inc. and its participating subsidiaries (the Company) established the Intertape Polymer Group Inc. Employees Stock Ownership and Retirement Savings Plan effective November 29, 1994. As of January 1, 2001, the Plan was amended and operates as an employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code (IRC) of 1986 as amended and is subject to the applicable provisions of the Employee Retirement Security Act of 1974, as amended (ERISA). As of January 1, 2008, the Plan's name was changed to Intertape Polymer Corp. USA Employees Stock Ownership and Retirement Savings Plan. All other aspects of the plan remained unchanged.

Eligibility

To be eligible to enter the Plan, participants must complete 90 consecutive days of service with the Company and have attained the age of 18.

Contributions

Participants may contribute up to 25 percent of their pretax annual compensation, subject to Internal Revenue Service (IRS) limitations based upon the participant's compensation level. The Company may elect to match a portion of elective contributions if participants are credited with at least 180 service days during the Plan year and the participant is employed on the last day of the year. Matching contributions are generally based upon management's discretion, but cannot exceed 6% of compensation. In addition, the Board of Directors, at its discretion, may make an ESOP contribution. The Company's contributions for 2010, if any, have not been determined as of the date of this report. In 2009 for the 2008 plan year, the Company matched at a rate of 45% of a participant's contributions up to 6% of the participant's eligible salary but made no profit-sharing contribution. In 2010 for the 2009 plan year, the Company matched at a rate of 45% of a participant's contributions up to 6% of the participant's eligible salary and made a profit-sharing contribution of 1% of participant's eligible salaries. These contributions were funded by funds available in unallocated accounts. See *Unallocated Accounts* in Note 2.

Participant Accounts and Voting Rights

Each participant's account is credited with the participant's contributions, Company contributions, and an allocation of the Plan earnings or losses. Allocations are based on participant earnings or account balances, as defined by the Plan. Each participant is entitled to the vested portion of their account. Participants may direct the investment of their account balances into various investment options offered by the Plan.

Table of Contents

Intertape Polymer Corp. USA

Employees Stock Ownership and Retirement Savings Plan

Notes to Financial Statements (continued)

December 31, 2010 and 2009

1 Description of the Plan (continued)

Each participant is entitled to exercise voting rights attributable to the Company's common stock allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company contributions portion of their accounts plus earnings thereon is based on years of continuous service. A participant is 20 percent vested after each year and 100 percent vested after the earlier of five years of service, upon reaching normal retirement age, death, or becoming totally and permanently disabled.

Participant Loans

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of the vested portion of the participant's account balance. The loans are secured by the balance in the participant's account and bear interest at a rate of one point above the prime borrowing rate, defined in the Plan document as the prime rate of interest as published in the Wall Street Journal on the date of the loan commitment. Principal and interest repayments are made ratably through payroll deductions over a period not to exceed five years, unless the loans were used to purchase a primary residence in which case the loan terms may exceed five years, up to a maximum loan term of 15 years. Interest rates for loans outstanding at December 31, 2010 range from 4.25% to 9.25%. The Plan Administrator will suspend loan repayments for a military service leave of absence. During 2010, the Plan was amended to allow for participants to have up to two loans outstanding at any one time.

Payment of Benefits

Upon separation of service due to death, disability, or retirement, a participant will receive their benefits as a lump-sum amount equal to the value of the participant's vested interest in his or her account. Certain in-service withdrawals are allowed by the Plan, in accordance with IRS limitations, for participants meeting minimum age requirements. Additionally, under certain circumstances of financial hardship, the participant is allowed to withdraw funds from the Plan.

Table of Contents

Intertape Polymer Corp. USA

Employees Stock Ownership and Retirement Savings Plan

Notes to Financial Statements (continued)

December 31, 2010 and 2009

2 Summary of Significant Accounting Policies

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, (ASU 2010-06). ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each class of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances and settlements of Level 3 assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 is effective for reporting periods beginning after December 15, 2009. Since ASU 2010-06 only affects fair value measurement disclosures, adoption of ASU 2010-06 did not affect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In September 2010, the FASB issued Accounting Standards Update 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*, (ASU 2010-25). ASU 2010-25 requires participant loans to be measured at their unpaid principal balance plus any accrued but unpaid interest and classified as notes receivable from participants. Previously, loans were measured at fair value and classified as investments. ASU 2010-25 is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. Adoption of ASU 2010-25 did not change the value of participant loans from the amount previously reported as of December 31, 2009. Participant loans have been reclassified from investments to notes receivable as of December 31, 2009.

Forfeited Accounts

When certain terminations of participation in the Plan occur, the non-vested portion of the participant's account, as defined in the Plan, represents a forfeiture. Forfeitures used to offset employer contributions totaled \$170,910 during the year ended December 31, 2010 and totaled \$156,929 during the year ended December 31, 2009. Total unallocated forfeitures, which can be used to reduce future employer contributions, were \$28,452 and \$161,588 at December 31, 2010 and 2009, respectively.

Table of Contents

Intertape Polymer Corp. USA

Employees Stock Ownership and Retirement Savings Plan

Notes to Financial Statements (continued)

December 31, 2010 and 2009

2 Summary of Significant Accounting Policies (continued)

Unallocated Accounts

Prior to 2009, the Company made contributions to the Plan that have not been allocated to participants and have been recorded in unallocated accounts. Funds used to offset employer contributions from these unallocated accounts totaled \$1,277,009 during the year ended December 31, 2010 and totaled \$874,449 during the year ended December 31, 2009. Funds available to reduce future employer contributions totaled \$113,134 and \$1,368,792 at December 31, 2010 and 2009, respectively.

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets available for benefits and the reported amounts of additions and deductions from assets available for benefits during the reported period. Actual results could differ from those estimates.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Plan administrative expenses are paid by the Company. Participant-related fees and expenses are paid by the Plan through charges to participant accounts.

Table of Contents

Intertape Polymer Corp. USA

Employees Stock Ownership and Retirement Savings Plan

Notes to Financial Statements (continued)

December 31, 2010 and 2009

2 Summary of Significant Accounting Policies (continued)

Valuation of Investments, Notes Receivable from Participants and Income Recognition

The Plan's investments are stated at fair value. Investments in mutual funds and bond funds are based on published market quotations on national exchanges. The fair value of the collective trust is calculated based on the net asset value per share derived from the audited financial statements of the Bank of America, N.A. Stable Asset Fund for Employee Benefit Plans (Stable Asset Fund) as of December 31, 2010 times the number of shares held by the Plan. The fair value of the common trust fund is calculated based on the net asset value per share of the Company's common stock from the published market quotation plus cash and cash equivalents. Purchases and sales of securities are recorded on a trade confirmation-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. See Note 5 for disclosures regarding fair value measurements.

The Plan's investment in the collective trust fund is carried at fair value in investments (See Note 3). However, the Stable Asset Fund invests in fully benefit-responsive investment contracts which it has adjusted to contract value in its statement of assets and liabilities as of December 31, 2009. Contract value is the relevant measurement attribute for the collective trust fund because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, an adjustment has been made on the Statements of Net Assets Available for Benefits as of December 31, 2010 to reflect the Plan's investment in the collective trust at contract value. The Statements of Changes in Net Assets Available for Benefits are prepared and presented on a contract value basis.

Notes receivable from participants are valued at amortized cost plus accrued interest. Delinquent loans are treated as distributions pursuant to the terms of the Plan document.

Subsequent Events

The Plan's management evaluated its December 31, 2010 financial statements for subsequent events through June 27, 2011, the date the financial statements were available to be issued.

3 Investments

The Plan's investments are held by the trustee of the Plan and invested for the benefit of the Plan's participants. Bank of America, N.A. (Bank of America) is the trustee of the Plan.

Table of Contents**Intertape Polymer Corp. USA****Employees Stock Ownership and Retirement Savings Plan****Notes to Financial Statements (continued)****December 31, 2010 and 2009****3 Investments (continued)**

The following presents investments which are 5 percent or more of the Plan's net assets available for benefits:

	December 31,	
	2010	2009
Mutual and Bond Funds:		
Van Kampen Equity and Income Fund	\$ 4,670,154	\$ 4,273,480
Columbia Large Cap Index Fund	6,142,065	5,553,285
American Century Livestrong 2025 Fund	3,115,705	
Franklin Growth Fund Share Class A	4,764,236	
American Century Mid Cap Value Fund	3,672,954	
Janus Growth and Income Fund	*	4,629,194
Columbia Mid Cap Value Fund	*	2,983,014
Collective Trust Fund:		
Bank of America, N.A. Stable Asset Fund	12,865,877	13,514,658

* - Fund was eliminated as an investment option during 2010.

The Plan's investments (including investments bought, sold, and held during the year) appreciated in value as follows:

	Year Ended December 31,	
	2010	2009
Mutual funds	\$ 4,234,913	\$ 6,159,140
Bond fund	52,238	122,651
Collective trust fund		(8,716)
Common trust fund - Intertape Polymer Group	(1,597,462)	2,415,133
Total net appreciation in fair value	\$ 2,689,689	\$ 8,688,208

At December 31, 2010 and 2009, the Plan held 1,057,291 shares (average cost per share of \$1.090; market value per share of \$1.150) and 947,891 shares (average cost per share of \$0.910; market value per share of \$2.842), respectively, of Company common stock in the common trust fund, all of which was allocated to participant accounts. The common trust fund also had cash and cash equivalents at December 31, 2010 and 2009 of \$68,243 and \$17,067, respectively.

Table of Contents**Intertape Polymer Corp. USA****Employees Stock Ownership and Retirement Savings Plan****Notes to Financial Statements (continued)****December 31, 2010 and 2009****4 Collective Trust Funds**

The Plan invests in the Stable Asset Fund with Bank of America, the trustee of the Plan. Funds of this type primarily invest in a variety of investment contracts such as Guaranteed Investment Contracts (GICs) issued by financial institutions and other investment products (separate account contracts and synthetic GICs) with similar characteristics. The traditional GICs are backed by the general credit of the issuer. The fund deposits a lump sum with the issuers and receives a guaranteed interest rate for a specified time.

The guaranteed rates for the years ended December 31, 2010 and 2009 varied depending on the issuer and contract. Separate account GICs are similar in structure to traditional GICs, except that the underlying assets are held in a separate account for the benefit of the fund. A synthetic GIC is an investment contract issued by an insurance company or bank, backed by a portfolio of bonds that are owned by the fund. These assets underlying the wrap contract are maintained separate from the contract issuer's general assets, usually by a third party custodian. The wrapper contracts are obligated to provide an interest rate of not less than zero.

The issuers of these investment contracts guarantee that all qualified participant withdrawals will occur at contract value. There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers.

Average yields for the year ended December 31, 2010:	
Based on actual earnings	1.44%
Based on interest rates credited to participants	2.96%
Average yields for the year ended December 31, 2009:	
Based on actual earnings	0.84%
Based on interest rates credited to participants	3.00%

5 Fair Value Measurements

The Financial Accounting Standards Board Accounting Standards Codification (the Codification) provides a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under this guidance are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Table of Contents

Intertape Polymer Corp. USA

Employees Stock Ownership and Retirement Savings Plan

Notes to Financial Statements (continued)

December 31, 2010 and 2009

5 Fair Value Measurements (continued)

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability; or

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Fund/Bond Fund: Valued at the net asset value (NAV) of shares held by the Plan at year end.

Collective trust fund: Valued based on contractual terms of the underlying investment contracts.

Common trust fund: Valued at the fair value of the underlying assets of the fund, which includes cash and Company common stock valued at the closing price reported on the active market on which the Company's common stock is traded.

Table of Contents**Intertape Polymer Corp. USA****Employees Stock Ownership and Retirement Savings Plan****Notes to Financial Statements (continued)****December 31, 2010 and 2009****5 Fair Value Measurements (continued)**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value:

	December 31, 2010			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Van Kampen Equity and Income Fund	\$ 4,670,154	\$	\$	\$ 4,670,154
American Funds EuroPacific Growth Fund	1,459,645			1,459,645
Columbia Large Cap Index Fund	6,142,065			6,142,065
American Funds Capital World Growth and Income Fund	2,406,653			2,406,653
Janus Orion Fund	1,867,418			1,867,418
American Century Livestrong Income Fund	512,415			512,415
Columbia Small Cap Value I Fund	578,379		&n	