INTERTAPE POLYMER GROUP INC
Form 6-K
May 02, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of April, 2005

Commission File Number 1-10928

INTERTAPE POLMER GROUP INC.

110E Montee de Liesse, St. Laurent, Quebec, Canada, H4T 1N4

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

Form 20-F   Form 40-F   X

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

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

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes   No   X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-______

The Information contained in this Report is incorporated by reference into Registration Statement No. 333-109944

SIGNATURES

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

INTERTAPE POLYMER GROUP INC.

Date: April 29, 2005   By: /s/Andrew M. Archibald
Andrew M. Archibald, C.A.,
Chief Financial Officer & Secretary

2005 FIRST QUARTERLY REPORT
INTERTAPE POLYMER GROUP (TM)
(LOGO)(TM)

April 29, 2005

This Management's Discussion and Analysis ("MD&A") supplements the consolidated financial statements and related notes for the three months ended March 31, 2005. Except where otherwise indicated, all financial information reflected herein is prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and is expressed in US dollars.

OVERVIEW

Intertape Polymer Group Inc. (the "Company" or "IPG") experienced a 15.8% increase in sales for the three months ended March 31, 2005 as compared to the corresponding period in 2004. Earnings for the three months ended March 31, 2005 were $0.15 per share, both basic and diluted, as compared to earnings of $0.06 per share, both basic and diluted, for the same period in 2004. Excluding the manufacturing facility closure costs and related tax benefits, earnings for the three months ended March 31, 2005 were $0.16 per share, both basic and diluted.

The increase in net earnings for 2005 compared to 2004 was due to several factors, including increased sales volumes, sales price increases, lower manufacturing costs due in part to the manufacturing facility closures announced in the fourth quarter of 2004 and lower financing expenses as a result of the debt refinancing completed in August 2004.
An explosion occurred the night of March 30, 2005 in an external steam generation unit at the Company's manufacturing facility in Columbia, South Carolina. Regrettably, one of the Company's employees was killed in the explosion. The plant remained closed in whole or in part for five days during which the accident investigation commenced, electrical power was restored, the damage to the facility was repaired and employees were provided counseling. The results of the investigation, being performed by several government agencies, are not known at this date. In assessing the financial impact of the accident, the Company's preliminary assessment is that no loss provision is required, and the Company should incur only applicable insurance policy deductibles.

Except as discussed under the captions "Sales" and "Gross Profit and Gross Margin" below, economic and industrial factors during the first quarter of 2005 were substantially unchanged from December 31, 2004.

RESULTS OF OPERATIONS

SALES

Sales for the first quarter of 2005 were $187.7 million, an increase of 15.8% over the first quarter of 2004 sales of $162.1 million. The increase includes approximately 4.0% of volume growth and the balance is due to sales price increases.

The Company and the industry as a whole are experiencing a shortage of synthetic rubber, an essential ingredient in the formulation of some of the Company's tape adhesives. The shortage is expected to continue through the summer and possibly into next year, until additional capacity becomes available. As a result, the Company is unable to supply selected tapes at levels that meet all of its customers' demand. Fortunately, the Company is uniquely positioned with its broad assortment of products to satisfy some of its customers' demand with alternative products not currently experiencing raw material shortages. The cost of synthetic rubber has also increased substantially during the first quarter of 2005, but to date, the Company has been able to recover the higher cost through sales price increases. Despite the raw material shortage, the Company believes that it can achieve sales for 2005 in the range of $775 million to $790 million due to its broad range of products and the sales price increases it has implemented in recent months.

GROSS PROFIT AND GROSS MARGIN

Gross profit for the first quarter of 2005 totaled $39.0 million at a gross margin of 20.8%, as compared to gross profit of $32.1 million for the first quarter of 2004 at a gross margin of 19.8%. The margin improvement in the first quarter of 2005 as compared to the first quarter of 2004 was due to higher selling prices in 2005, lower manufacturing costs in the first quarter of 2005, in part as a result of the closure of two manufacturing facilities in the fourth quarter of 2004, and an absence of some of the production difficulties encountered in the first quarter of 2004.

SELLING, GENERAL AND ADMINSTRATIVE EXPENSES

Selling, general and administrative expenses were $23.9 million for the first quarter of 2005 (12.7% of sales), compared to $22.3 million for the first quarter of 2004 (13.8% of sales).

STOCK-BASED COMPENSATION EXPENSE

Stock-based compensation expense for the first quarter of 2005 was $0.5 million compared to $0.1 million in the first quarter of 2004. The increase in stock-based compensation expense is attributable to the increasing number of stock option grants being expensed in accordance with the fair value method of accounting adopted by the Company in 2003.

OPERATING PROFIT

Operating profit is not a financial measure under GAAP in Canada or the United States. The Company's Management uses operating profit to measure and evaluate the profit contributions of the Company's product offerings as well as the contribution by channel of distribution.

Because "operating profit" is a non-GAAP financial measure, companies may present similar titled items determined with differing adjustments. Presented below is a table reconciling this non-GAAP financial measure with the most comparable GAAP measurement. The reader is encouraged to review this reconciliation. Operating profit is defined by the Company as gross profit less selling, general and administrative expenses and stock-based compensation expense.

Operating Profit Reconciliation
(in millions of US dollars)

For the three months ended March 31,	2005	2004
	$	$
Gross Profit	39.0	32.1
Less: SG&A Expense	23.9	22.3
Less: Stock-Based Compensation	0.5	0.1

Operating Profit	14.6	9.7

Operating profit was $14.6 million for the first quarter of 2005, compared to $9.7 million for the first quarter of 2004. The 50.7% increase in the first quarter of 2005 over the corresponding amount in 2004 was the result of increased sales and improved gross margin.

FINANCIAL EXPENSES

Financial expenses for the first quarter of 2005 were $5.6 million compared to $6.8 million in the first quarter of 2004, a 16.5% reduction. The decrease in financial expenses is the result of refinancing virtually all of the Company's indebtedness in August 2004. The refinancing resulted in lower interest costs (at current interest rate levels) despite increasing the Company's indebtedness. The Company increased its indebtedness in part to pay the costs of the refinancing and in part to provide cash for general corporate purposes.

FACILITY RATIONALIZATIONS

In the fourth quarter of 2004, as part of the Company's on-going review of the efficiency and effectiveness of its production and distribution network, the Company announced and substantially completed the closure of two of its manufacturing facilities located in Cumming, Georgia and Montreal, Quebec, as well as its distribution center located in Cumming, Georgia. The total estimated cost for these closures is $8.7 million, of which $7.4 million was recorded in the fourth quarter of 2004. The Company estimates total one-time charges for facility closures to approximate $1.3 million during 2005, of which $0.6 million was incurred during the three months ended March 31, 2005.

EBITDA

A reconciliation of the Company's EBITDA and adjusted EBITDA, non-GAAP financial measures, to GAAP net earnings is set out in the EBITDA reconciliation table below. EBITDA should not be construed as earnings before income taxes, net earnings or cash from operating activities as determined by GAAP. The Company defines EBITDA as net income before (i) income taxes; (ii) financial expenses, net of amortization; (iii) amortization of other intangibles and capitalized software costs; and (iv) depreciation. Adjusted EBITDA is defined as EBITDA before manufacturing facility closure costs. Other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do. EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP and should not be considered as alternatives to cash flow from operating activities or as alternatives to net income as indicators of our 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 IPG's performance between periods presented. In addition, the Company's covenants contained in the loan agreement with its lenders require certain debt to Adjusted EBITDA ratios be maintained, thus EBITDA and Adjusted EBITDA are used by Management and the Company's lenders in evaluating the Company's performance.

EBITDA Reconciliation to Net Earnings
(in millions of US dollars)

For the three months ended March 31,	2005	2004
	$	$
Net earnings - As Reported	6.0	2.3
Add back (deduct):		
Financial expenses, net of amortization	5.3	6.3
Income taxes	1.3	(0.3)
Depreciation and amortization	7.9	7.1
EBITDA	20.5	15.4
Manufacturing facility closure costs	0.6	-
Adjusted EBITDA	21.1	15.4

INCOME TAXES

The Company is subject to income taxation in multiple tax jurisdictions around the world. As a result, 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 Company estimates its annual effective income tax rate and utilizes that rate in its quarterly financial statements. For the three months ended March 31, 2005, the Company has an estimated effective income tax rate of approximately 18.2% compared to an estimated effective income tax rate of approximately (14.1)% for the three months ended March 31, 2004.

NET EARNINGS

Net earnings for the first quarter of 2005 were $6.0 million or $0.15 per share, both basic and diluted, compared to net earnings of $2.3 million or $0.06 per share, both basic and diluted for the first quarter of 2004.

Excluding manufacturing facility closure costs and related tax benefits, adjusted net earnings for the three months ended were $6.4 million or $0.16 per share, both basic and diluted. A reconciliation of the Company's adjusted net earnings is set out in the table below:

Reconciliation of Net Earnings to Adjusted Net Earnings
(in millions of US dollars)

For the three months ended March 31,	2005	2004
	$	$
Net earnings - As reported	6.0	2.3
Add back:		
Manufacturing facility closure costs (after-tax)	0.4	-
Adjusted net earnings	6.4	2.3

FINANCIAL POSITION

Trade receivables increased $11.7 million between December 31, 2004 and

March 31, 2005. The increase is primarily due to the higher level of sales as well as higher selling prices for the month of March 2005 compared to the month of December 2004. Aside from the trade receivables, other current assets were substantially unchanged between December 31, 2004 and March 31, 2005. Current liabilities increased by $3.3 million between December 31, 2004 and March 31, 2005 due to $5.0 million in borrowings under the Company's revolving credit facilities.

Property, plant and equipment, net of accumulated depreciation and amortization, decreased by $3.7 million in the first quarter of 2005 due to depreciation and amortization in excess of capital expenditures for the period.

OFF-BALANCE SHEET ARRANGEMENTS AND RELATED PARTY TRANSACTIONS

The Company maintains no off-balance sheet arrangements and is not a party to any related party transactions.

LIQUIDITY AND CAPITAL RESOURCES

Cash from operations before changes in non-cash working capital items was $15.6 million for the first quarter of 2005 compared to $8.6 million for the first quarter of 2004. Changes in non-cash working capital items required $17.5 million in cash flows for the three months ended March 31, 2005 compared to using $2.3 million in cash during the same three month period in 2004 before changes in non-cash items.

The improved cash flow from operating activities before changes in non-cash working capital items in the first quarter of 2005 compared to the first quarter of 2004 is the result of improved profitability.

Cash flows used in investing activities was $6.2 million in the first three months of 2005 compared to using $11.9 million in cash in the first three months of 2004. The decrease was due to the $5.5 million used to acquire the duct and masking tape operations of tesa tape, inc. during the first quarter of 2004.

The Company increased total indebtedness during the three months ended March 31, 2005 by $4.5 million to finance investing activities in excess of cash flows from operations. Total indebtedness increased during the three months ended March 31, 2004 by $5.7 million for the same reason.

The Company's cash liquidity is influenced by several factors, the most significant of which is the Company's level of inventory investment. The Company periodically increases its inventory levels when business conditions suggest that it is in the Company's best interest to do so, such as buying opportunities to mitigate the impact of rising new material costs. The Company does not expect these higher inventory investments to continue indefinitely, but until the circumstances reverse themselves, the Company believes it has adequate cash and credit available to support these strategies. Further, the Company believes that it has the ability to generate sufficient working capital, both long and short term, to meet the requirements of its day-to-day operations, given its operating margins and projected budgets.

BANK INDEBTEDNESS AND CREDIT FACILITIES

The Company maintains a US$65.0 million five-year revolving credit facility available in US dollars and a US$10.0 million five-year revolving credit facility available in Canadian dollars. At March 31, 2005, the Company had borrowed $9.4 million under its US$65.0 million revolving credit facility, including $4.4 million in letters of credit. No amounts were borrowed under the revolving credit facilities at December 31, 2004 except for $3.8 million in letters of credit. When added with the cash on-hand, cash equivalents and temporary investments, the Company's cash and credit availability, subject to covenant restrictions, totaled $84.2 million at March 31, 2005 compared to $93.6 million at December 31, 2004.

CONTRACTUAL OBLIGATIONS

At March 31, 2005, there were no material changes in the contractual obligations set forth in the Company's 2004 Annual Report that were outside the ordinary course of the Company's business.

CAPITAL STOCK

As at March 31, 2005 there were 41,237,711 common shares of the Company outstanding.

During the first quarter of 2005, employees exercised 750 stock options worth $2,925. During the first quarter of 2004, employees exercised 115,125 stock options worth $970,000.

During November 2004, the Company announced that it had registered a Normal Course Issuer Bid in Canada, under which the Company is authorized to repurchase for cancellation up to 5.0% of its outstanding common shares. In the first quarter of 2005, there were no shares purchased for cancellation.

CURRENCY RISK

The Company is subject to currency risks through its Canadian and European operations. Changes in the exchange rates may result in decreases or increases in the foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk, as historically these risks have not been significant.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the reporting period. On an on-going basis, management reviews its estimates, including those relating to the allowance for doubtful accounts, reserve for slow moving and unmarketable inventories and income taxes based on currently available information. Actual results may differ from those estimates.

The discussion on the methodology and assumptions underlying these critical accounting estimates, their effect on the Company's results of operations and financial position for the year ended December 31, 2004 can be found in the Company's 2004 Annual Report and have not materially changed since that date.

SUMMARY OF QUARTERLY RESULTS

A table of Consolidated Quarterly Statements of Earnings for the eight most recent quarters can be found at the end of this MD&A.

DISCLOSURE REQUIRED BY THE NEW YORK STOCK EXCHANGE

A summary of the significant ways that the governance of the Company differs from that of a US listed company is available on the Company's website at www.intertapepolymer.com under "Investor Relations."

ADDITIONAL INFORMATION

Additional information relating to IPG, including its Annual Information Form is filed on SEDAR at www.sedar.com in Canada and on EDGAR at www.sec.gov in the U.S.

FORWARD-LOOKING STATEMENTS

Certain statements and information set forth in this Quarterly Report, including statements regarding the business and anticipated financial performance of the Company, constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve 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. Forward-looking statements include, but are not limited to, statements regarding the Company's cost savings from its consolidation efforts, projected sales and earnings, the success of new products, the Company's product mix, and future financing plans. Forward-looking statements can be identified in some cases by terms such as "may", "should", "could", "intends", "anticipates", "potential", and similar expressions intended to identify forward-looking statements. These statements, which reflect our current views regarding future events, are based on assumptions and subject to risks and uncertainties.

Among the factors that could cause actual results to differ from the forward-looking statements include, but are not limited to, inflation and general economic conditions, changes in the level of demand for the Company's products, competitive pricing pressures, general market trends, failure to achieve planned cost savings associated with consolidation, restrictions and limitations placed on the Company by its debt instruments, international risks including exchange rate fluctuations, trade disruptions, and political instability of foreign markets that we produce in or purchase materials from, and the availability and price of raw materials.

This Quarterly Report contains certain non-GAAP financial measures as defined under SEC rules, including operating profit, EBITDA, and adjusted EBITDA. The Company believes such non-GAAP financials measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results from its core business operations, excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations. As required by SEC rules, the Company has provided reconciliations of those measures to the most directly comparable GAAP measures.

Additional discussion of factors that could cause actual results to differ materially from management's projections, estimates and expectations is contained in the Company's SEC filings. These and other factors should be considered carefully and undue reliance should not be placed on forward-looking statements. The Company undertakes no duty to update its forward-looking statements, including its sales and earnings outlook, other than as required under applicable law.

This Quarterly Report contains certain non-GAAP financial measures, including operating profit and EBITDA. The Company has included these non-GAAP financial measures because it believes they provide investors with a more meaningful period-to-period comparison of the Company's performance. Further, EBITDA is used by IPG's Management, lenders and noteholders to evaluate the Company's performance. IPG has included in this Quarterly Report reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures as required by the Securities and Exchange Commission.

INTERTAPE POLYMER GROUP INC.
CONSOLIDATED QUARTERLY STATEMENTS OF EARNINGS

Three months ended
(in thousands of US dollars, except per share amounts)
(Unaudited)

	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
	$	$	$	$
Sales	187,697	180,744	177,671	171,934
Cost of sales	148,649	144,689	140,480	134,097
Gross Profit	39,048	36,055	37,191	37,837
Selling, general and administrative expenses	23,917	25,799	23,327	22,793
Stock-based compensation expense	455	355	270	351
Research and development	1,011	997	1,121	1,153
Financial expenses	5,649	4,302	5,948	7,235
Refinancing expense			30,444	
Manufacturing facility closure costs	644	7,386		
	31,676	38,839	61,110	31,532
Earnings(loss)before income taxes	7,372	(2,784)	(23,919)	6,305
Income taxes (recovery)	1,339	(20,455)	(9,664)	654
Net earnings (loss)	6,033	17,671	(14,255)	5,651
Earnings(loss)per share				
Cdn GAAP - Basic - US $	0.15	0.43	(0.35)	0.14
Cdn GAAP - Diluted - US $	0.15	0.43	(0.35)	0.14
US GAAP - Basic - US $	0.15	0.43	(0.35)	0.14
US GAAP - Diluted - US $	0.15	0.43	(0.35)	0.14
Weighted average number of shares outstanding				
Cdn GAAP - Basic	41,237,461	41,273,840	41,285,161	41,215,111
Cdn GAAP - Diluted	41,444,870	41,468,992	41,285,161	41,396,403
US GAAP -Basic	41,237,461	41,273,840	41,285,161	41,215,111
US GAAP - Diluted	41,444,870	41,468,992	41,285,161	41,396,403

	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
	$	$	$	$
Sales	162,100	157,682	159,798	150,249
Cost of sales	129,986	122,975	123,489	116,166
Gross Profit	32,114	34,707	36,309	34,083
Selling, general and administrative expenses	22,307	24,843	22,264	20,830
Stock-based compensation expense	70	130		
Research and development	962	212	1,080	1,086
Financial expenses	6,768	5,587	7,409	7,825
Refinancing expense				
Manufacturing facility closure costs		3,005		
	30,107	33,777	30,753	29,741
Earnings(loss)before income taxes	2,007	930	5,556	4,342
Income taxes (recovery)	(284)	(4,244)	(643)	439
Net earnings (loss)	2,291	5,174	6,199	3,903
Earnings(loss)per share				
Cdn GAAP - Basic - US $	0.06	0.13	0.18	0.12
Cdn GAAP - Diluted - US $	0.06	0.13	0.18	0.12
US GAAP - Basic - US $	0.06	0.13	0.18	0.12
US GAAP - Diluted - US $	0.06	0.13	0.18	0.12
Weighted average number of shares outstanding				
Cdn GAAP - Basic	40,971,739	40,870,426	35,302,174	33,832,527
Cdn GAAP - Diluted	41,528,581	41,225,776	35,397,800	33,912,232
US GAAP -Basic	40,971,739	40,870,426	35,302,174	33,832,527
US GAAP - Diluted	41,528,581	41,225,776	35,397,800	33,912,232

Intertape Polymer Group Inc.
Consolidated Earnings
Three month ended
(In thousands of US dollars, except per share amounts)

	March 31,	
	2005	2004
	$	$
Sales	187,697	162,100
Cost of sales	148,649	129,986

Gross profit	39,048	32,114
Selling, general and administrative expenses	23,917	22,307
Stock-based compensation expense	455	70
Research and development	1,011	962
Financial expenses	5,649	6,768
Manufacturing facility closure costs	644	
	31,676	30,107
Earnings before income taxes	7,372	2,007
Income taxes (recovery)	1,339	(284)
Net earnings	6,033	2,291
Earnings per share		
Basic	0.15	0.06
Diluted	0.15	0.06

Consolidated Retained Earnings
Three months ended
(In thousands of US dollars)

	March 31,	
	2005	2004
	$	$
Balance, beginning of year	79,609	68,291
Net earnings	6,033	2,291
Balance, end of period	85,642	70,582

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

Intertape Polymer Group Inc.
Consolidated Balance Sheets
As at
(In thousands of US dollars)

	March 31, 2005 (Unaudited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)
	$	$	$
ASSETS			

Current assets			
Cash and cash equivalents	18,083		21,882
Temporary investment	493		497
Trade receivables, net of allowance for doubtful accounts of $4,139 ($4,102 in March 2004, $4,065 in December 2004)	113,283	99,320	101,628
Other receivables	13,384	11,364	13,381
Inventories	93,589	70,383	90,677
Parts and supplies	13,908	13,344	13,618
Prepaid expenses	8,100	6,820	7,788
Future income tax assets	1,509	2,682	1,509
	262,349	203,913	250,980
Property, plant and equipment	348,955	362,066	352,610
Other assets	16,983	12,928	16,474
Future income taxes	35,220	4,700	36,689
Goodwill	180,004	176,953	179,958
	843,511	760,560	836,711
LIABILITIES			
Current liabilities			
Bank indebtedness	5,000	18,922	
Accounts payable and accrued liabilities	96,197	102,072	97,849
Instalments on long-term debt	2,995	34,036	3,032
	104,192	155,030	100,881
Long-term debt	330,541	225,936	331,095
Other liabilities	435	530	435
	435,168	381,496	432,411
SHAREHOLDERS' EQUITY			
Capital stock	289,183	287,811	289,180
Contributed surplus	4,781	3,220	4,326
Retained earnings	85,642	70,582	79,609
Accumulated currency translation adjustments	28,737	17,451	31,185
	408,343	379,064	404,300
	843,511	760,560	836,711

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

Intertape Polymer Group Inc.
Consolidated Cash Flows
Three months ended
(In thousands of US dollars)
(Unaudited)

	March 31, 2005	March 31, 2004

	$	$
OPERATING ACTIVITIES		
Net earnings	6,033	2,291
Non-cash items		
Depreciation and amortization	7,908	7,123
Other non-cash charges in connection with facility closures	46	
Future income taxes	1,169	(896)
Stock-based compensation expense	455	70
Cash flows from operations before changes in non-cash working capital items	15,611	8,588
Changes in non-cash working capital items		
Trade receivables	(11,901)	(10,085)
Other receivables	(65)	487
Inventories	(3,197)	(512)
Parts and supplies	(313)	(191)
Prepaid expenses	(317)	1,101
Accounts payable and accrued liabilities	(1,669)	6,938
	(17,462)	(2,262)
Cash flows from operating activities	(1,851)	6,326
INVESTING ACTIVITIES		
Property, plant and equipment	(4,989)	(5,820)
Business acquisition		(5,500)
Other assets	(921)	(563)
Goodwill	(300)	
Cash flows from investing activities	(6,210)	(11,883)
FINANCING ACTIVITIES		
Net change in bank indebtedness	5,000	4,933
Issue of long-term debt		787
Repayment of long-term debt	(539)	
Issue of common shares	3	970
Cash flows from financing activities	4,464	6,690
Net increase (decrease) in cash position	(3,597)	1,133
Effect of currency translation adjustments	(202)	(1,133)
Cash, beginning of period	21,882	-
Cash, end of period	18,083	-

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

NOTE 1.
Basis of Presentation

In the opinion of management, the accompanying unaudited interim consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles, contain all adjustments necessary to present fairly Intertape Polymer Group Inc.'s ("IPG" or the "Company") financial position as at March 31, 2005 and 2004, as well as its results of operations and its cash flows for the three months ended March 31, 2005 and 2004.

These unaudited interim consolidated financial statements and notes should be read in conjunction with IPG's annual consolidated financial statements.

These unaudited interim consolidated financial statements and notes follow the same accounting policies as the most recent annual consolidated financial statements.

NOTE 2.
Earnings per Share

The following table provides a reconciliation between basic and diluted earnings per share:

In thousands of US dollars
(Except per share amounts)

For the three months ended	March 31, 2005	2004
	$	$
Net earnings applicable to common shares	6,033	2,291
Weighted average number of common shares outstanding (000's)	41,237	40,972
Effect of dilutive stock options (000's)(a)	207	557
Weighted average number of diluted common shares outstanding (000's)	41,444	41,529
Basic earnings per share	0.15	0.06
Diluted earnings per share	0.15	0.06

(a) Diluted earnings per share is calculated by adjusting outstanding shares, assuming any dilutive effects of stock options.

NOTE 3.
Accounting for Compensation Programs

As at March 31, 2005 the Company had a stock-based compensation plan, which is described in the 2004 Annual Report. Under the transitional provisions prescribed by the Canadian Institute of Chartered Accountants ("CICA"), the Company is prospectively applying the recognition provisions to stock options issued in 2003 and thereafter. The transitional provisions of the CICA are similar to those of the US Financial Accounting Standards Board ("FASB"). To determine the compensation cost, the fair value of stock options is recognized on a straight-line basis over the vesting periods. For stock options granted during the year ended December 31, 2002, the Company is required to make pro forma disclosures of net earnings and basic and diluted earnings per share as if the fair value based method of accounting had been applied.

Accordingly, the Company's net earnings and basic and diluted earnings per share for the periods ended March 31, 2005 and 2004 would have decreased to the pro forma amounts indicated in the following table:

In thousands of US dollars
(Except per share amounts)

For the three months ended	March 31, 2005	2004
	$	$
Net earnings as reported	6,033	2,291
Add: Stock-based employee compensation expense included in reported net earnings	455	70
Deduct: Total stock-based employee compensation expense determined under fair value based method	(755)	(457)
Pro forma net earnings	5,733	1,904
Earnings per share:		
Basic - as reported	0.15	0.06
Basic - pro forma	0.14	0.05
Diluted - as reported	0.15	0.06
Diluted -pro forma	0.14	0.05

NOTE 4.
Pension and Post-Retirement Benefit Plans

In thousands of US dollars

For the three months ended	March 31, 2005	2004
	$	$
Net periodic benefit cost for defined benefit pension plans	471	453

NOTE 5.
Information Included in the Interim Consolidated Statements of Earnings

In thousands of US dollars

For the three months ended	March 31, 2005	2004
	$	$
Depreciation of property, plant and equipment	7,549	6,612
Amortization of other deferred charges	7	
Amortization of debt issue expenses included in financial expenses below	352	511
Financial expenses		
Interest on long-term debt	5,196	5,911
Interest on credit facilities	30	371
Other	573	636
Interest capitalized to property, plant & equipment	(150)	(150)
	5,649	6,768

Foreign exchange loss	119	50
Investment tax credits recorded as a reduction of research and development expenses	20	154

NOTE 6.
Manufacturing Facility Closure Costs

The Company incurred one-time costs associated with facility closures of $0.6 million during the three months ended March 31, 2005. There were no costs associated with facility closures during the three months ended March 31, 2004.

NOTE 7.
Capital Stock

During the three months ended March 31, 2005, 750 shares at a value of $2,925 were issued to employees who exercised stock options.

During the three months ended March 31, 2004, 115,125 common shares at a value of $970,000 were issued to employees who exercised stock options.

The Company's shares outstanding as at March 31, 2005, December 31, 2004 and March 31, 2004 were 41,237,711, 41,236,961 and 41,060,001 respectively.

Weighted average number of common shares outstanding:

CDN GAAP - Basic	41,237,461	40,971,739
CDN GAAP - Diluted	41,444,870	41,528,581
U.S. GAAP -Basic	41,237,461	40,971,739
U.S. GAAP - Diluted	41,444,870	41,528,581

The Company did not declare or pay dividends during the three months ended March 31, 2005 or the three months ended March 31, 2004.

NOTE 8.
Business Acquisition

In February 2004, the Company purchased for a cash consideration of $5.5 million plus contingent consideration (dependent on business retention), assets relating to the masking and duct tape operations of tesa tape, inc. ("tesa tape"). At the same time, the Company finalized its three-year agreement to supply duct tape and masking tape to tesa tape.

The purchase was accounted for as a business combination and, accordingly, the purchase method of accounting was used. The purchase price was allocated to the assets purchased based on their estimated fair values as at the date of acquisition and included $0.9 million of equipment and $4.6 million of goodwill. The goodwill is deductible over 15 years for income tax purposes. Any contingent consideration paid will be recorded as an increase in goodwill. During the three months ended March 31, 2005, the Company recorded $0.3 million of contingent consideration.

Information Request Form

I would like to o receive or o continue receiving financial information on Intertape Polymer Group Inc.

Name:	________________
Title:	________________
Firm:	________________
Address:	________________
Province/State:	________________
Postal Code/Zip:	________________
Telephone:	________________
Fax:	________________
E-mail:	________________

Please send me now on a regular basis. (Please indicate number of copies requested)

o Annual Reports	Quantity:________________
o Fax Updates (Press releases only)	Quantity:________________

Please indicate your occupation:

o Invesment Dealer	o Analyst
o Institution/Corporation	o Journalist
o Institutional Broker	o Retail Broker
o Institutional Investor	o Shareholder
o Investment Banker	o Other

Please Fax a copy of this page to:
The Secretary
Intertape Polymer Group Inc.
Fax: 941-727-3798

110E Montee de Liesse
Montreal Quebec
Canada, H4T 1N4
Investor Relations
Toll Free: 866-202-4713
www.intertapepolymer.com
itp$info@intertapeipg.com

Form 52-109FT2 - Certification of Interim Filings during Transition Period

I, Melbourne F. Yull, Chairman of the Board and Chief Executive Officer of INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC. certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC., (the "issuer") for the interim period ending March 31, 2005;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required

to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: April 29, 2005

/s/Melbourne F. Yull
Melbourne F. Yull
Chairman of the Board and Chief Executive Officer

Form 52-109FT2 - Certification of Interim Filings during Transition Period

I, Andrew M. Archibald, Chief Financial Officer and Secretary of INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC. certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC., (the "issuer") for the interim period ending March 31, 2005;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings.

Date: April 29, 2005

/s/Andrew M. Archibald
Andrew M. Archibald, C.A.
Chief Financial Officer and Secretary