

INTERTAPE POLYMER GROUP INC
Form 6-K
October 02, 2006

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 October, 2006

Commission File Number 1-10928

INTERTAPE POLYMER GROUP INC.

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

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:
Form 20-F _____ Form 40-F 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: October 2, 2006

By: _____

Andrew M. Archibald, CA,

Chief Financial Officer

**Intertape Polymer Group to Explore
Strategic and Financial Alternatives**

Comments on third quarter revenue

Montréal, Québec and Bradenton, Florida October 2, 2006 Intertape Polymer Group Inc. (NYSE, TSX: ITP) announced today that its Board of Directors will initiate a process to explore and evaluate various strategic and financial alternatives available to enhance shareholder value.

Having completed an in-depth operational and financial review, the Board of Directors has authorized the Company to evaluate the strategic and financial options that may be available to it and to initiate a process to explore ways of enhancing shareholder value, stated Michael L. Richards, Chairman of the Board. He further stated, "The Board will consider a full range of alternatives with the best interests of the Company and its shareholders in mind." The Company has now engaged TD Securities Inc. as its financial advisor to assist with the process being announced today. As previously announced, the Company had retained TD Securities to assist with its operational and financial review.

H. Dale McSween, Interim Chief Executive Officer, said "Intertape has strong relationships with its customers, and as we go through this process, service to our customers will remain paramount.. As part of Intertape's continuing commitment to its customers and core markets, the Company recently announced new initiatives, including the market launch of the protective packaging air pillows product line, the installation of a new seven-layer cast film line scheduled for start up in late October and the commissioning of a new co-extrusion blown film line.

The Company also announced that it anticipates its revenue for the third quarter will be approximately US\$195 million as compared to US\$222 million in the second quarter of 2006. The decline in revenue reflects a softening of demand in the Company's markets, particularly those relating to the North American housing markets. To adjust to current market conditions, the Company has continued to implement various cost reduction measures designed to align its cost base with anticipated lower volumes. The Company expects to begin to realize the benefit of its previously disclosed cost cutting measures, including the Brighton plant closure which has been accelerated to November 1, 2006. In addition, the Company continues to make improvements in its working capital utilization.

The Company anticipates that when it reports its third quarter results it may not be in compliance with certain financial covenants under its term credit agreement and will be endeavoring to seek any required amendment of its

covenants under such agreement.

Mr. McSween added, "We have a good relationship with our lenders developed over a number of years and look forward to their support through the process being announced today."

As part of its continuing process of identifying a new Chief Executive Officer, Intertape has interviewed a number of highly qualified candidates, among whom a short list has been selected.

Mr. McSween concluded, "This process is designed to try and deliver enhanced value to shareholders while at the same time positioning the Company to take advantage of other opportunities. During this time, we will seek to strengthen our business for the benefit of our customers, employees, suppliers and lenders."

About Intertape Polymer Group

Intertape Polymer Group is a recognized leader in the development and manufacture of specialized polyolefin plastic and paper based packaging products and complementary packaging systems for industrial and retail use. Headquartered in Montreal, Quebec and Sarasota/Bradenton, Florida, the Company employs approximately 2450 employees with operations in 18 locations, including 13 manufacturing facilities in North America and one in Europe.

Safe Harbor Statement

Certain statements and information included in this release constitute forward-looking information within the meaning of applicable Canadian securities legislation and the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may relate to the Company's future outlook and anticipated events, the Company's business, its operations, its financial condition or its 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 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. These forward looking statements include unknown risks and uncertainties, including the results of the review of strategic alternatives by the Company and whether any transaction will be completed as a result thereof, disruption of normal management and business operations as a result of these activities, reliance on key personnel who may separate from the Company due to general attrition or due to uncertainties created by these activities, the ability of the Company to amend its credit facilities, whether a new chief executive officer will be identified and appointed, and such other matters as contained in the Company's filings with Canadian securities regulators and the U.S. Securities and Exchange Commission. Therefore, future events and results may vary significantly from what management currently foresees. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. 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.

FOR INFORMATION CONTACT:

H. Dale McSween

Interim Chief Executive Officer

Intertape Polymer Group Inc.

Tel.: 941-739-7502

E-mail: itp@info@itape.com

Web: www.intertapepolymer.com

Rick Leckner

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Tel.: 514-731-0000

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The following table sets forth certain information with respect to the Company's allowance for loan losses as of the dates and for the periods indicated.

| (Dollars in thousands) | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2003 | 2002 |
| Allowance for loan losses: | | |
| Balance at beginning of period | \$ 24,197 | \$ 24,564 |
| Provision for loan losses | | 300 |
| Loan charge-offs: | | |
| Real estate: | | |
| Mortgage-commercial | | |
| Mortgage-residential | | 65 |
| Commercial, financial and agricultural | 244 | |
| Consumer | 71 | 133 |
| Other | | 1 |
| Total loan charge-offs | 315 | 199 |
| Recoveries: | | |
| Real estate: | | |
| Mortgage-commercial | 997 | 1 |
| Mortgage-residential | 28 | 26 |
| Commercial, financial and agricultural | 184 | 1 |
| Consumer | 18 | 26 |
| Other | | |
| Total recoveries | 1,227 | 54 |
| Net loan charge-offs (recoveries) | (912) | 145 |
| Balance at end of period | \$ 25,109 | \$ 24,719 |
| Annualized ratio of net loan charge-offs to average loans | -0.27% | 0.05% |

There was no provision for loan losses recorded in the first quarter of 2003, as a result of net recoveries totaling \$0.9 million recorded during the same period. For the first quarter of 2002, the provision for loan losses was \$0.3 million and net charge-offs were \$0.1 million. Net loan charge-offs (recoveries), when expressed as an annualized percentage of average total loans, were (0.27)% for the first quarter of 2003. For 2002, the net loan charge-off ratio was 0.05% for the first quarter.

The allowance for loan losses expressed as a percentage of total loans was 1.87% at March 31, 2003, compared to 1.94% at March 31, 2002 and 1.88% at year-end 2002. Considering the relatively low level of net loan charge-offs, nonaccrual loans and delinquent loans, Management believes that the allowance for

loan losses is adequate to cover the credit risks inherent in the loan portfolio. Deterioration of Hawaii's economy could adversely affect borrowers' ability to repay, collateral values and, consequently, the level of nonperforming loans and provision for loan losses.

Nonperforming Assets

The following table sets forth nonperforming assets and accruing loans delinquent for 90 days or more at the dates indicated.

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| (Dollars in thousands) | March 31, 2003 | December 31, 2002 | March 31, 2002 |
|--|-------------------|----------------------|-------------------|
| Nonaccrual loans: | | | |
| Real estate: | | | |
| Construction | \$ | \$ | \$ |
| Mortgage-commercial | | | 2,629 |
| Mortgage-residential | | 311 | 487 |
| Commercial, financial and agricultural | 144 | 128 | 324 |
| Consumer | | | |
| Other | | | |
| Total nonaccrual loans | 144 | 439 | 3,440 |
| Other real estate | 547 | 1,903 | 437 |
| Total nonperforming assets | 691 | 2,342 | 3,877 |
| Loans delinquent for 90 days or more: | | | |
| Real estate: | | | |
| Mortgage-commercial | 542 | | |
| Mortgage-residential | 25 | 85 | 399 |
| Commercial, financial and agricultural | 154 | 87 | 2 |
| Consumer | 3 | 17 | 5 |
| Other | | | 11 |
| Total loans delinquent for 90 days or more | 724 | 189 | 417 |
| Total nonperforming assets, loans delinquent for 90 days or more and restructured loans still accruing interest | \$ 1,415 | \$ 2,531 | \$ 4,294 |
| Total nonperforming assets as a percentage of loans and other real estate | 0.05% | 0.18% | 0.30% |
| Total nonperforming assets and loans delinquent for 90 days or more as a percentage of loans and other real estate | 0.11% | 0.20% | 0.34% |
| Total nonperforming assets, loans delinquent for 90 days or more and restructured loans still accruing interest as a percentage of loans and other real estate | 0.11% | 0.20% | 0.34% |

Nonperforming assets, loans delinquent for 90 days or more and restructured loans still accruing interest totaled \$1.4 million at March 31, 2003, compared to \$4.3 million from a year ago and

\$2.5 million from year-end 2002

There were no impaired loans at March 31, 2003 and December 31, 2002, compared to 2 loans totaling \$1.8 million at the same period last year.

Management continues to closely monitor loan delinquencies, and work with borrowers to resolve loan problems. Deterioration of Hawaii's economy may impact loan quality, and may result in increases in delinquencies, nonperforming assets, and restructured loans.

Other Operating Income

For the first quarter of 2003, total other operating income was \$3.7 million, compared to \$3.9 million reported for the same period last year. Excluding securities transactions, other operating income increased by 5.5%, primarily driven by a 28.9% increase in trust income.

Other Operating Expense

Total other operating expense was \$13.1 million for the first quarter of 2003, a slight increase over the \$13.0 million reported for the same period last year. Salaries and benefits totaled \$7.1 million, a decrease of 7.7% from the same quarter last year. Other operating expense increased by 9.0% over the first quarter of 2002, as a result of increased advertising and promotional expenses.

Income Taxes

The effective tax rate for the first quarter was 34.11%, compared to 36.66% for the same period last year. This reduction was attributed to \$0.4 million in State of Hawaii tax credits which the Company realized in the first quarter of 2003. The State's high-technology tax credit program offers tax credits for investments in high-technology companies at diminishing levels over a 5-year period. In late 2002, the Company invested \$1.7 million in qualifying entities and received \$6.0 million in state tax credits to be realized through 2006.

Financial Condition

Total assets at March 31, 2003 were \$2.0 billion, an increase of \$172.5 million or 9.3% from March 31, 2002. Compared to year-end 2002, total assets were up \$5.3 million or 0.3%. Net loans grew 5.4% to \$1.3 billion from a year ago and 3.8% from year-end 2002. Investment securities totaled \$528.3 million, compared to \$409.6 million a year ago and \$540.9 million at year-end 2002. Total deposits at March 31, 2003 were \$1.7 billion, an increase

of \$178.3 million or 12.1% over March 31, 2003. Compared to year-end 2002, total deposits grew by \$13.3 million or 0.8%. Competition for deposits remains strong, and will continue to challenge the Company's ability to gather low-cost retail funds. Long-term debt decreased to \$161.8 million at March 31, 2003, compared to \$171.2 million at March 31, 2002 and \$147.2 million at year-end 2002.

Capital Resources

Shareholders' equity was \$178.6 million at March 31, 2003, an increase of \$26.8 million or 17.6% from a year ago, and an increase of \$5.2 million or 3.0% from year-end 2002. When expressed as a percentage of total assets, shareholders' equity increased to 8.78% at March 31, 2002, from 8.16% a year ago and 8.55% at year-end 2002. Book value per share at March 31, 2003 was \$11.16, compared to \$9.56 at March 31, 2002 and \$10.86 at year-end 2002.

On March 18, 2003, the board of directors declared a first quarter cash dividend of \$0.16 per share, a 77.8% increase over the dividend declared in the first quarter of 2002. Dividends declared in the first quarter of 2003 totaled \$2.6 million, an increase of \$1.1 million or 79.1% over the same quarter last year.

In March 2003, CPF Capital Trust I, a wholly owned subsidiary of the Company, issued \$15 million floating rate securities. The securities are reported as long-term debt on the balance sheet. The Federal Reserve has determined that certain cumulative preferred securities, such as the securities issued by CPF Capital Trust I, qualify as minority interest, and are included in Tier 1 capital.

The Company's objective with respect to capital resources is to maintain a level of capital that will support sustained asset growth and anticipated risks. Furthermore, the Company seeks to ensure that regulatory guidelines and industry standards for well-capitalized institutions are met.

Regulations on capital adequacy guidelines adopted by the Federal Reserve Board (the "FRB") and the Federal Deposit Insurance Corporation (the "FDIC") are as follows. An institution is required to maintain a minimum ratio of qualifying total capital to risk-adjusted assets of 8% and a minimum ratio of Tier 1 capital to risk-adjusted assets of 4%. In addition to the risk-based guidelines, federal banking regulators require banking organizations to maintain a minimum amount of Tier 1 capital to total assets, referred to as the leverage ratio. For a banking organization rated in the highest of the five categories used by regulators to rate banking organizations, the

minimum leverage ratio of Tier 1 capital to total assets must be 3%. In addition to these uniform risk-based capital guidelines and leverage ratios that apply across the industry, the regulators have the discretion to set individual minimum capital requirements for specific institutions at rates significantly above the minimum guidelines and ratios.

The following table sets forth the Company's capital ratios and capital adequacy requirements applicable to the Company as of the dates indicated.

| (Dollars in thousands) | Actual | | Minimum required for capital adequacy purposes | | Excess | |
|---------------------------|------------|-------|--|-------|------------|-------|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| At March 31, 2003: | | | | | | |
| Leverage capital | \$ 197,770 | 9.26% | \$ 78,915 | 4.00% | \$ 118,855 | 5.26% |
| Tier 1 risk-based capital | 197,770 | 11.79 | 61,983 | 4.00 | 135,787 | 7.79 |
| Total risk-based capital | 217,222 | 14.02 | 123,967 | 8.00 | 93,255 | 6.02 |
| At December 31, 2002: | | | | | | |
| Leverage capital | \$ 176,418 | 8.99% | \$ 78,487 | 4.00% | \$ 97,931 | 4.99% |
| Tier 1 risk-based capital | 176,418 | 11.57 | 60,991 | 4.00 | 115,427 | 7.57 |
| Total risk-based capital | 195,552 | 12.82 | 121,982 | 8.00 | 73,570 | 4.82 |

In addition, FDIC-insured institutions such as the Company's subsidiary, Central Pacific Bank (the Bank), must maintain leverage, Tier 1 and total risk-based capital ratios of at least 5%, 6% and 10%, respectively, to be considered well capitalized under the prompt corrective action provisions of the FDIC Improvement Act of 1991.

The following table sets forth the Bank's capital ratios and capital requirements to be considered well capitalized as of the dates indicated.

| (Dollars in thousands) | Actual | | Minimum required to be well capitalized | | Excess | |
|---------------------------|------------|-------|---|-------|-----------|-------|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| At March 31, 2003: | | | | | | |
| Leverage capital | \$ 172,693 | 8.77% | \$ 98,414 | 5.00% | \$ 74,279 | 3.77% |
| Tier 1 risk-based capital | 172,693 | 11.19 | 92,580 | 6.00 | 80,113 | 5.19 |
| Total risk-based capital | 192,063 | 12.45 | 154,300 | 10.00 | 37,763 | 2.45 |
| At December 31, 2002: | | | | | | |
| Leverage capital | \$ 170,708 | 8.71% | \$ 97,983 | 5.00% | \$ 72,725 | 3.71% |
| Tier 1 risk-based capital | 170,708 | 11.21 | 91,362 | 6.00 | 79,346 | 5.21 |
| Total risk-based capital | 189,817 | 12.47 | 152,271 | 10.00 | 37,546 | 2.47 |

Asset/Liability Management and Liquidity

The Company's asset/liability management and liquidity are discussed in the Annual Report on Form 10-K for the year ended December 31, 2002 filed with the SEC. No significant changes have occurred during the three months ended March 31, 2003.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company discussed the nature and extent of market risk exposure in the Annual Report on Form 10-K for the year ended December 31, 2002 filed with the SEC. No significant changes have occurred during the three months ended March 31, 2003.

Item 4. Controls and Procedures

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) promulgated under the Securities Exchange Act of 1934, as amended) are effective. Subsequent to the date of their evaluation, there were no significant changes in the Company's internal controls or in other factors that could significantly affect the disclosure controls.

PART II. OTHER INFORMATION

Items 1 to 5.

Items 1 to 5 are omitted pursuant to instructions to Part II.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 99.1 - Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 99.2 - Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

The Company filed no reports on Form 8-K during the first quarter of 2003.

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.

CENTRAL PACIFIC FINANCIAL CORP.
(Registrant)

Date: July 17, 2003

/s/ Clint Arnoldus
Clint Arnoldus
Chairman, President and
Chief Executive Officer

Date: July 17, 2003

/s/ Neal K. Kanda
Neal K. Kanda
Vice President and Treasurer
(Principal Financial and
Accounting Officer)

Certification of the Principal Executive Officer

Pursuant to 15 U.S.C. 78m(a) of 78o(d),

As Adopted Pursuant to

Section 302 of the Sarbanes-Oxley Act of 2002

I, Clint Arnoldus, Chief Executive Officer of Central Pacific Financial Corp. (the Company), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of the Company;
- (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects of the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
- (4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company's other certifying officers and I have

disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditor's any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 17, 2003

/s/ Clint Arnoldus
Clint Arnoldus
Chairman, President and
Chief Executive Officer

Certification of the Principal Financial and Accounting Officer

Pursuant to 15 U.S.C. 78m(a) of 78o(d),

As Adopted Pursuant to

Section 302 of the Sarbanes-Oxley Act of 2002

I, Neal K. Kanda, Principal Financial and Accounting Officer of Central Pacific Financial Corp. (the Company), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of the Company;
- (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects of the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
- (4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditor's any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 17, 2003

/s/ Neal K. Kanda
Neal K. Kanda
Vice-President and Treasurer
(Principal Financial
and Accounting Officer)