Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2017

Report Contents

Richards

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

August 1, 2017

Richards Packaging has been providing packaging solutions to small-and medium-sized North American businesses since 1912. Over this period Richards Packaging has developed into the leading packaging distributor in Canada, and the third largest in North America, with one of the most diverse product and service offerings available to product marketers.

Second quarter performance exceeded our outlook as total revenue increased 7.1% due to organic revenue growth and a U.S./Cdn. 3.3¢ weakening of the dollar to 74¢, also down from 76¢ in the first quarter. Gross profit and EBITDA[1] as a percent of sales was slightly ahead of the first quarter at 17.7% and 13.6% respectively. EBITDA was up $1.0 million, or 9.9%, due to higher sales and the translation impact of Richards US. Net income increased $4.1 million, or 37.7¢, with higher EBITDA and no repeat of contingent consideration associated with the Healthmark acquisition offset by higher mark-to-market loss on the exchangeable shares and higher income taxes.

First half results reflect strong organic revenue growth of 4.3% while translation gains were muted as the dollar was flat at U.S./Cdn. 75¢. EBITDA[1] was up $1.3 million, or 7.0%, due to higher sales volumes. Net income was up $5.1 million when compared to the previous year as the higher EBITDA and no repeat of contingent consideration was offset by higher income taxes.

The $2.9 million of free cash flow[2] generated in the second quarter in addition to $4.7 million cash on hand at the end of the first quarter, was used to invest $2.5 million in working capital and $0.2 million of expansion capital, pay $1.6 million of income tax payable from the first quarter and pay $3.0 million of term debt. The Fund's leverage was reduced to 0.9x, from 1.0 at March 31, 2017.

The Fund paid monthly distributions of 11¢ per Unit during the second quarter, which represented an annualized yield of 4.4% on the June 30th closing price of $29.95 per Unit. The payout ratio[3] for the second quarter was 57% after an 18% increase in the monthly distribution rate from 9.35¢ per Unit. We expect the payout ratio to increase as the Canadian dollar strengthens and interest rates rise towards the levels outlined in our Distribution Policy of the annual report[4].

We appreciate the support of our customers, suppliers, employees and investors and will continue to execute on our commitments with the highest degree of quality, care and integrity.

"Gerry Glynn"
Chief Executive Officer
Richards Packaging Inc.
6095 Ordan Drive
Mississauga, Ontario
L4T 2M7

August 1, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 1, 2017

This management's discussion and analysis ("MD&A") of Richards Packaging Income Fund for the second quarter should be read in conjunction with the attached condensed interim financial statements dated June 30, 2017, the first quarter report dated May 5, 2017, the 2016 Annual Report and the 2016 Annual Information Form dated March 2, 2017 respectively. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a consistent basis with the 2016 annual financial statements.

Fund Profile and Description of the Business

Richards Packaging Income Fund (the "Fund") is an open-ended, limited purpose trust established under the laws of the Province of Ontario, Canada by a Declaration of Trust dated February 26, 2004. The Fund completed an initial public offering of trust Units (the "Units") on April 7, 2004, to facilitate the acquisition of Richards Packaging Inc. Units are listed on the Toronto Stock Exchange under the symbol RPI.UN.

Richards Packaging serves a wide customer base that is comprised of approximately 14,000 regional food, beverage, cosmetic, specialty chemical, pharmaceutical and other companies. The primary source of revenue is from the distribution of over 5,000 different types of packaging containers and related components sourced from over 600 suppliers and its three dedicated manufacturing facilities. Sales from these manufacturing facilities represent approximately 10% of the total revenues of Richards Packaging (2016 – 10%). In addition to providing its customers with a wide range of packaging solutions, Richards Packaging provides design and development services and comprehensive logistics management through 17 sales offices and one agency location.

Highlights and Selected Financial Information

Highlights of the overall performance for the second quarter include:

- Revenue up $5.2 mil., or 7.1%, due to organic growth of 4.0% and foreign exchange gain due to a 3.3¢ U.S./Cdn. drop to 74.3¢,
- EBITDA[1] up $1.0 mil., or 9.9%, at 13.6% of revenue similar to the first quarter,
- Current income taxes up $0.3 mil. due to higher EBITDA,
- Net income up $4.1 mil. due primarily to no repeat of contingent consideration associated with the Healthmark acquisition and higher EBITDA offset by higher mark-to-market loss on exchangeable shares,
- Non-cash working capital increased $2.5 mil. mainly due to increases in inventory of $3.0 mil. and prepaids of $0.9 mil. offset by an increase of $1.5 mil. in payables,
- Free cash flow[2] of $2.9 mil. in addition to $4.7 million cash on hand at the end of the first quarter, was used to invest $2.5 million in working capital and $0.2 million of expansion capital, pay $1.6 million of income tax payable from the first quarter and pay $3.0 million of term debt,
- Leverage ratio reduced to 0.9x from 1.0x at March 31, 2017,
- Distributable cash flow[2] up $0.7 mil., or 5.6¢ per Unit, resulting in a 57% payout ratio[3],
- Monthly distributions of 11¢ per Unit paid representing a 4.4% annualized return on the June 30th closing price of $29.95 per Unit.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 1, 2017

This MD&A covers the three and six months ended June 30, 2017 generally referred to in this MD&A as the "second quarter" and the "first half", respectively. The following table sets out selected consolidated financial information:

($ thousands)	**Qtr. 2**		**Six months**	
	2017	**2016**	**2017**	**2016**
Income Statement Data:				
Revenue	**77,701**	72,532	**150,603**	144,411
EBITDA[1]	**10,556**	9,606	**20,290**	18,962
Diluted per Unit	***90.3¢***	*82.2¢*	***$1.74***	*$1.62*
Net income	**2,971**	(1,133)	**7,255**	2,167
Diluted per Unit	***27.3¢***	*-10.4¢*	***66.8¢***	*20.0¢*
Financial Position Data:				
Working capital	**53,035**	59,298		
Net operating assets	**153,039**	155,136		
Bank debt	**36,903**	43,915		
Debt/EBITDA	***0.9***	*1.3*		
Cash Flow Statement Data:				
Distributions	**3,897**	3,307	**7,208**	5,915
Diluted per Unit	***33.3¢***	*28.3¢*	***61.6¢***	*50.6¢*
Payout ratio [3]	***57%***	*54%*	***55%***	*50%*
Unit purchases	**—**	—	**—**	289
Debt repayments	**3,000**	2,000	**5,000**	3,000

Distribution policy is set by the Trustees after giving careful consideration to the projected cash flows of the Fund, the long-term sustainability of the distribution level and the balance of risks and future prospects of the investments of the Fund. This policy is not set based upon net income due to various non-cash accounting charges that depress net income such as amortization, mark-to-market losses on exchangeable shares and deferred income taxes. Factors considered when setting this level included the foreign exchange outlook, the current low interest and foreign exchange rates and the cash needs of operations.

Review of Operations

Operations were split approximately half in the United States ("Richards Packaging US") and half in Canada. Approximately forty percent of sales are concentrated in Los Angeles, Reno and Portland and 40% in Toronto, Montreal, Winnipeg and Vancouver.

Revenue increased by $5.2 million, or 7.1%, for the second quarter from the same period in 2016 due to organic growth ($2.9 million) along with the translation impact of Richards US, with the Canadian dollar weakening by 3.3¢ to U.S./Cdn.$0.74 ($2.3 million). Revenue increased by $6.2 million, or 4.3%, for the first half from the same period in 2016 due to organic growth of $4.8 million, with minimal translation impact of Richards US, with the Canadian dollar flat at U.S./Cdn.$0.75.

($ thousands)	**Qtr. 2**		**Six months**	
	2017	**2016**	**2017**	**2016**
Revenue	**77,701**	72,532	**150,603**	144,411
Cost of products sold	**63,952**	60,090	**124,184**	119,567
Gross profit	**13,749**	12,442	**26,419**	24,844
	17.7%	*17.2%*	***17.5%***	*17.2%*
Administrative expenses	**3,098**	2,824	**5,991**	5,840
Foreign currency loss	**95**	12	**138**	42
EBITDA[1]	**10,556**	9,606	**20,290**	18,962
	13.6%	*13.2%*	***13.5%***	*13.1%*
Amortization	**949**	968	**1,891**	1,967
Financial expenses	**558**	652	**1,059**	1,292
Contingent consideration	—	4,000	**83**	4,000
Exchangeable shares	**3,438**	2,787	**4,813**	4,670
Share of income - Vision	**(35)**	(35)	**(40)**	(42)
Income tax expense	**2,675**	2,367	**5,229**	4,908
Net Income (loss)	**2,971**	(1,133)	**7,255**	2,167

Cost of products sold (before amortization) for the second quarter and the first half increased by $3.9 million, or 6.4%, and by $4.6 million, or 3.8%, from the same periods in 2016, respectively. Gross profit margins for the second quarter were similar to the first quarter levels at 17.7%. Resins price volatility did not have a material impact on margins as a result of management's practice of passing through increases and decreases to customers.

Administrative expenses (before amortization) for the second quarter and first half increased $0.3 million and $0.2 million, respectively, with the same periods in 2016 mainly due to the translation impact of expenses of Richards Packaging US.

The foreign currency loss from operations resulted from exchange rate changes applied to our U.S. dollar denominated working capital position within our Canadian operations. The net liability position increased in the second quarter leading to the loss with the weakening Canadian dollar.

EBITDA[1] for the second quarter and first half increased by $1.0 million, or 10.2%, and by $1.4 million, or 7.1%, from the same periods in 2016, respectively. As a percent of sales, EBITDA was at 13.6% for the second quarter and 13.5% for the first half, up 0.4% from the same periods in 2016. Changes were a result of the factors referred to above.

Amortization of $0.9 million for the second quarter and $1.9 million for the first half were mainly comprised of $0.6 million and $1.3 million respectively for intangibles assets amortization, which represents a charge for customer relationships and patents. Depreciation for capital assets was $0.3 million and $0.6 million for the second quarter and the first half respectively, which annualized, is approximately Richards Packaging's normalized annual maintenance capital expenditure requirement.

Financial expenses were lower for the second quarter and the first half compared to the same periods in 2016 due to lower term debt and credit card fees.

Exchangeable shares mark-to-market loss reflects a $3.85 per Unit price increase during the second quarter and a unit price increase of $5.16 for the first half to $29.95 per Unit. Exchangeable shares monthly distributions were 9.35¢ per Share in the first quarter and increased in March 2017 to 11¢ per Share beginning with the April payment.

Income tax expense increased $0.3 million for the second quarter and for the first half compared to the same periods in 2016, respectively, with current tax increases due to higher income.

Net income for the second quarter was $3.0 million and net income was $7.3 million for the first half, which represented 27.3¢ and 66.8¢ per Unit on a diluted basis, respectively. A time-weighted average of 10,863,351 Units and 829,662 Exchangeable shares, exchangeable into Units on a one-for-one basis, were outstanding for the first half.

Distributable Cash Flow[2]

The distributable cash flow[2] definition excludes changes in working capital and capital expenditures for the expansion of the business, as they are necessary to drive organic growth and are expected to be financed by a $5.0 million revolving facility (currently undrawn) or free cash flow.

Distributable cash flow[2] for the second quarter and first half was $0.7 million and $1.2 million higher than in the same periods in 2016. Overall the increase was attributed to increased EBITDA[1] and lower interest partially offset by higher taxes and maintenance capital. Current income taxes for the second quarter increased $0.3 million from the same period in 2016, due to the increase in earnings.

Free cash flow[2] of $2.9 million in addition to $4.7 million cash on hand at the end of the first quarter, was used to invest $2.5 million in working capital and $0.2 million of expansion capital, pay $1.6 million of income tax payable from the first quarter and pay $3.0 million of term debt.

Monthly distributions paid of 11¢ per Unit represent a payout ratio[3] of 57%. Monthly distributions were increased in April 2017 by 1.65¢ from 9.35¢ per Unit and represent an annual yield of 4.4% on a $29.95 price per Unit at June 30, 2017.

($ thousands)	**Qtr. 2**		**Six months**	
	2017	**2016**	**2017**	**2016**
Cash provided by operating activities	**3,292**	6,285	**14,071**	14,083
Working capital changes	**2,512**	(1,085)	**(798)**	(935)
Income taxes payments	**4,752**	4,406	**7,017**	5,814
EBITDA[1]	**10,556**	9,606	**20,290**	18,962
Interest	**534**	652	**1,035**	1,292
Current income tax	**2,923**	2,587	**5,662**	5,374
Maintenance capital	**278**	210	**550**	405
Distributable cash flow[2]	**6,821**	6,157	**13,043**	11,891
Diluted per Unit	***58.3¢***	*52.7¢*	***111.5¢***	*101.7¢*
Distributions	**3,897**	3,307	**7,208**	5,915
Diluted per Unit	***33.3¢***	*28.3¢*	***61.6¢***	*50.6¢*
Payout ratio [3]	***57%***	*54%*	***55%***	*50%*
Free cash flow[2]	**2,924**	2,850	**5,835**	5,976
Units outstanding *(average)*				
Diluted basis 000's	**11,693**	11,693	**11,693**	11,693

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the second quarter was $3.3 million, down $3.0 million over the same period in 2016, primarily due to the increase in working capital and higher income tax payments offset by higher EBITDA[1]. For the first half, cash flow from operating activities was flat at $14.1 million, primarily due higher income tax payments offset by higher profit from operations and lower working capital investment. During the second quarter, working capital increased by $2.5 million mainly on higher inventory and prepaids for inventory deposits of $2.5 million and $0.9 million offset by lower accounts payable of $1.5 million. For the first half, working capital decreased $0.8 million as inventory decreased $1.5 million and receivables decreased $0.5 million offset by an increase of $0.7 million in prepaids and a decrease of $0.5 million in payables.

The financial structure of the Fund allows for maximum distributions of cash flow from operations to the Unitholders and Exchangeable shareholders as outlined above in the distributable cash discussion. Actual distributions paid during the second quarter, including those declared for March 2017, were $3.9 million with $1.3 million declared for June, which was paid July 14th.

Normal Course Issuer Bid

On March 14, 2017, the Fund renewed the normal course issuer bid to purchase up to 200,000 Units prior to March 13, 2018. During the first half, nil Units were purchased (2016 – 16,000 at an average price of $18.05 per Unit).

Current income taxes

Current income tax expense increased $0.3 million for the second quarter and for the first half which reflects the higher EBITDA[1] offset by a deferral of withholding taxes on dividends received from Richards Packaging US.

Capital expenditures

Maintenance capital expenditures for the first half were $0.6 million (2016 – $0.4 million) mainly comprised of refurbishment of moulds for replacement packaging and computer equipment upgrades. Expansion capital expenditures for the first half were $0.2 million (2016 – $0.6 million) primarily for the addition of manufacturing equipment for new customer programs.

Financing activities and instruments

Credit facilities include a $37.0 million term loan (2016 – $44.0 million) with maturity on September 30, 2019 and up to $5.0 million in revolving debt to fund working capital expansion. The term loan facility bears interest at BA's plus a premium of 1.25% to 1.80% or a prime rate plus a premium of 0.25% to 0.80%. During the second quarter, $3.0 million was repaid (2016 – $2.0 million).

The credit facilities are subject to a number of covenants including the leverage ratio which was to maintain debt less than 2.75 times the trailing twelve months EBITDA[1]. As at June 30, 2017, our leverage ratio was 0.9 times down from 1.0 at March 31, 2017. Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future[4].

Outlook[4]

Management believes that the performance of Richards Packaging is on track to meet ongoing requirements for working capital, capital expenditures and to sustain monthly distributions to unitholders at the current level through 2017.

Organic revenue growth for the second quarter exceeded expectations and is expected to be at the historical 1-3% growth band for the third quarter. The impact of exchange translation is expected to reduce revenue by $2.4 mil. at current exchange rates of U.S./Cdn. 80¢ versus 77¢ for the same period in 2016. The sensitivity is $0.8 million for every 1¢ movement in the exchange rate.

EBITDA[1] for the second quarter and first half was $10.6 million and $20.3 million, up $1.0 million and $1.3 million against the same periods in 2016 and is expected to track above 13% of revenue for the third quarter. The impact of exchange translation is expected to be a reduction of $0.3 mil. for the third quarter at current exchange rates. The sensitivity is $0.1 million for every 1¢ movement.

Current income tax is expected to increase $1.3 million as Richards Packaging Canada refinanced US denominated intercompany notes. This will be offset by a decrease with the impact of exchange translation expected to be $0.1 million for the third quarter at current exchange rates.

Maintenance capital will continue to be funded by cash flow from operations and is expected to be $2.0 million in 2017 with an incremental $1.0 million to be incurred on IT systems in the second half of the year.

Distributable cash flow[2] sensitivity on an annual basis to foreign currency fluctuations is $0.1 million for every U.S./Cdn. 1¢ movement.

Cash on hand of $2.8 million will be utilized to repay term debt and fund future working and expansion capital requirements.

Distributable cash flow[2] from Richards Packaging US and Richards Canada's current tax profile are expected to allow for a full return of capital to Unitholders.

Risks and Uncertainties

Investment in Units involves risks inherent in the ordinary course of business including: sustainability of customer and supplier relationships, financial stability of customers, lack of written customer and supplier agreements, competition from other packaging companies, the extent and duration of an economic downturn, patent and trademark challenges, inventory obsolescence, trade risks, resin price and exchange rate fluctuations, interest rate volatility, liquidity risks, income taxes and reliance on key personnel. For a detailed description of these and other risks and uncertainties facing investors in the Fund please refer to the 2016 Annual Information Form dated March 2, 2017. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first half of 2017.

Critical Accounting Estimates

Preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported, and disclosure of contingent amounts for assets and liabilities as at June 30, 2017 and revenue and expenses for the period then ended. There have not been any significant changes in the critical accounting estimates of the Fund in the first half of 2017, relative to December 31, 2016. For more information on critical accounting estimates, see the Management's Discussion and Analysis, the audited consolidated financial statements and the notes to the consolidated financial statements included in the Fund's 2016 Annual Report.

Disclosure Controls and Internal Controls over Financial Reporting

There have been no changes in the Fund's internal controls over financial reporting during the first half that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Additional Information

Additional information relating to the Fund is available on Richards Packaging's website at www.richardspackaging.com, SEDAR at www.sedar.com or TSX at www.tmx.com

1 *Management defines EBITDA as earnings before amortization, contingent consideration revaluation, financial expenses, unrealized losses and dividends on exchangeable shares, share of income - Vision and taxes. EBITDA is the same as profit from operations as outlined in the annual financial statements after adding back amortization and contingent consideration revaluation. Management believes that in addition to net income, EBITDA is a useful supplemental measure for investors of earnings available for distribution prior to debt service, capital expenditures and taxes. Management uses this measure as a starting point in the determination of earnings available for distribution to unitholders and exchangeable shareholders. In addition, EBITDA is intended to provide additional information on operating performance. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA does not have a standardized meaning prescribed by IFRS and therefore the method of calculating EBITDA may not be comparable to similar measures presented by other companies.*

2 *Management defines distributable cash flow, in accordance with Richards Packaging's credit agreement, as EBITDA less interest, current income tax expense, and maintenance capital expenditures. Free cash flow is distributable cash flow less distributions. The objective of presenting this measure is to calculate the amount which is available for distribution to unitholders or exchangeable shareholders and to determine the amount available to fund increases in working capital or expansion capital. Investors are cautioned that distributable cash flow should not be construed as an alternative to cash flow from operating, investing and financing activities as a measure of liquidity and cash flows. Distributable cash flow does not have a standardized meaning prescribed by IFRS and therefore the method of calculating distributable cash flow may not be comparable to similar measures presented by other companies.*

3 *Management defines payout ratio as distributions declared over distributable cash flow[2]. The objective of presenting this measure is to calculate the percentage of distributions compared to the amount available for distribution. Payout ratio does not have a standardized meaning prescribed by IFRS. The method of calculating payout ratio may not be comparable to similar measures presented by other companies.*

4 *The Report to unitholders and this MD&A contains forward-looking information within the meaning of applicable securities laws. The forward-looking information reflects management's current beliefs and expectations regarding the future growth, results of operations, performance and business prospects and opportunities of the Fund and Richards Packaging. We use words such as "may", "will", "should", "anticipate", "plan", "expect", "believe", "predict", "estimate" and similar terminology to identify forward-looking information. It is based on assumptions, estimates and analysis made by us in light of our experience and our perception of trends, current conditions and expected developments, as well as other factors we believe to be reasonable and relevant in the circumstances. Forward-looking information involves significant known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those predicted, expressed or implied*

by the forward-looking information. Readers should not place undue reliance on forward-looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward-looking information. The risks and uncertainties include, among other things, changes in customer and supplier relationships, the extent and duration of the worldwide recession and the impact on order volumes and pricing, competition in the industry, inventory obsolescence, trade risks in respect of foreign suppliers, the ability to finance additional acquisitions and to successfully integrate the acquired businesses, fluctuations in raw material prices, fluctuations in foreign exchange and interest rates, liability claims, reliance on key personnel, compliance with environmental, trade and other laws, changes to applicable tax laws, as well as other risks and uncertainties, as more fully described in other reports and filings made by us with securities regulatory authorities and available at www.sedar.com. While management believes the expectations expressed and the assumptions underlying same are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. In evaluating forward-looking information, readers should carefully consider the foregoing factors and various other factors which could cause actual results or events to differ materially from those indicated in the forward-looking information. Neither the Fund nor Richards Packaging assumes any obligation to publicly update or revise any such assumptions or any of the forward-looking information contained herein to reflect subsequent information, events, developments or changes in risk factors.

Notice to Unitholders

The attached consolidated financial statements have not been reviewed by the Fund's external auditors

Richards Packaging Income Fund

STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

Unaudited

For the three and six months ended June 30 *[Consolidated]*

Cdn$ thousands	Notes	Three months 2017	Three months 2016	Six months 2017	Six months 2016
Revenue		**77,701**	72,532	**150,603**	144,411
Cost of products sold		**64,875**	61,032	**126,028**	121,482
Administrative expenses		**3,124**	2,850	**6,038**	5,892
Foreign currency loss		**95**	12	**138**	42
Contingent consideration revaluation		**—**	4,000	**83**	4,000
Profit from operations		**9,607**	4,638	**18,316**	12,995
Financial expenses		**558**	652	**1,059**	1,292
Exchangeable shares					
Mark-to-market loss		**3,132**	2,522	**4,227**	4,173
Distributions		**306**	265	**586**	497
Share of income - Vision		**(35)**	(35)	**(40)**	(42)
Profit before income taxes		**5,646**	1,234	**12,484**	7,075
Income tax expense (income)					
Current taxes	*3*	**2,923**	2,587	**5,662**	5,374
Deferred taxes	*3*	**(248)**	(220)	**(433)**	(466)
		2,675	2,367	**5,229**	4,908
Net income (loss) for the period		**2,971**	(1,133)	**7,255**	2,167
Basic and diluted income per Unit	*4*	***27.3¢***	*-10.4¢*	***66.8¢***	*20.0¢*
Other comprehensive income (loss)					
(subsequently recyclable to Net income)					
Richards Packaging US					
Currency translation adjustment		**(2,174)**	352	**(2,791)**	(5,392)
Comprehensive income (loss) for the period		**797**	(781)	**4,464**	(3,225)

See accompanying notes

"Susan Allen"	*"Gerry Glynn"*	*"Enzio Di Gennaro"*
Chair – Audit Committee	CEO – Richards Packaging Inc.	CFO – Richards Packaging Inc.

Richards Packaging Income Fund

STATEMENTS OF FINANCIAL POSITION

Unaudited

As at June 30 and December 31 *[Consolidated]*

Cdn$ thousands	Notes	June 30 2017	June 30 2016	Dec. 31 2016	Dec. 31 2015
Current Assets					
Cash and cash equivalents		**2,818**	3,213	**13,257**	794
Accounts receivable		**31,825**	31,538	**32,827**	30,281
Inventory		**45,310**	50,493	**47,791**	59,439
Prepaid expenses and deposits		**3,803**	4,388	**3,172**	2,267
		83,756	89,632	**97,047**	92,781
Current Liabilities *(excluding debt)*					
Accounts payable and accruals		**(28,646)**	(27,906)	**(29,562)**	(30,278)
Income tax payable	*3, 6*	**245**	(300)	**(1,110)**	(740)
Distributions payable		**(1,297)**	(1,103)	**(1,104)**	(870)
Contingent consideration		**—**	—	**(10,439)**	—
Due to previous shareholder		**(1,023)**	(1,025)	**(961)**	(1,091)
		(30,721)	(30,334)	**(43,176)**	(32,979)
WORKING CAPITAL		**53,035**	59,298	**53,871**	59,802
Long-term Assets					
Plant and equipment		**4,002**	4,011	**3,909**	3,743
Investment - Vision		**780**	754	**740**	712
Intangible assets		**15,931**	18,462	**17,459**	20,376
Goodwill		**84,924**	85,024	**86,326**	87,613
		105,637	108,251	**108,434**	112,444
Long-term Liabilities *(excluding debt)*					
Contingent consideration		**—**	(6,000)	**—**	(2,000)
Deferred income taxes	*3*	**(5,633)**	(6,413)	**(6,191)**	(7,149)
NET OPERATING ASSETS		**153,039**	155,136	**156,114**	163,097
Debt					
Term debt		**36,903**	43,915	**41,854**	46,883
Exchangeable shares - current	*4*	**24,273**	20,235	**20,904**	16,062
		61,176	64,150	**62,758**	62,945
Equity					
Unitholders' capital	*4*	**29,845**	41,887	**35,802**	47,828
Retained earnings		**50,129**	37,137	**42,874**	34,970
Accumulated other comprehensive income		**11,889**	11,962	**14,680**	17,354
		91,863	90,986	**93,356**	100,152
CAPITAL		**153,039**	155,136	**156,114**	163,097

See accompanying notes

Richards Packaging Income Fund

STATEMENTS OF CHANGES IN EQUITY

Unaudited

For the three and six months ended June 30 *[Consolidated]*

Cdn$ thousands	Notes	Unitholders' capital	Retained earnings	AOCI[a)]	Equity
March 31, 2016		44,930	38,270	11,610	94,810
Comprehensive income (loss)			(1,133)	352	(781)
Distributions		(3,043)			(3,043)
June 30, 2016		41,887	37,137	11,962	90,986
March 31, 2017		**33,435**	**47,158**	**14,063**	**94,656**
Comprehensive income (loss)			**2,971**	**(2,174)**	**797**
Distributions		**(3,590)**			**(3,590)**
June 30, 2017		**29,845**	**50,129**	**11,889**	**91,863**
December 31, 2015		47,828	34,970	17,354	100,152
Comprehensive income (loss)			2,167	(5,392)	(3,225)
Purchased for cancellation, net		(289)			(289)
Distributions	*4*	(5,652)			(5,652)
June 30, 2016		41,887	37,137	11,962	90,986
December 31, 2016		**35,802**	**42,874**	**14,680**	**93,356**
Comprehensive income (loss)			**7,255**	**(2,791)**	**4,464**
Share conversion		**858**			**858**
Distributions	*4*	**(6,815)**			**(6,815)**
June 30, 2017		**29,845**	**50,129**	**11,889**	**91,863**

a) AOCI - Accumulated other comprehensive income (loss) reflects the foreign currency translation of the net investment in Richards Packaging US.

See accompanying notes

Richards Packaging Income Fund

STATEMENTS OF CASH FLOWS

Unaudited

For the three and six months ended June 30 *[Consolidated]*

Cdn$ thousands	Notes	Three months 2017	Three months 2016	Six months 2017	Six months 2016
OPERATING ACTIVITIES					
Profit from operations		**9,607**	4,638	**18,316**	12,995
Add items not involving cash					
Plant and equipment depreciation		**330**	325	**632**	648
Intangible assets amortization		**619**	643	**1,259**	1,319
Contingent consideration revaluation		**—**	4,000	**83**	4,000
Income taxes payments	*3*	**(4,752)**	(4,406)	**(7,017)**	(5,814)
Changes in non-cash working capital	*5*	**(2,512)**	1,085	**798**	935
Cash provided by operating activities		**3,292**	6,285	**14,071**	14,083
INVESTING ACTIVITIES					
Additions to plant and equipment		**(429)**	(210)	**(778)**	(1,002)
Acquisition, contingent consideration		**—**	—	**(10,425)**	—
Cash used in investing activities		**(429)**	(210)	**(11,203)**	(1,002)
FINANCING ACTIVITIES					
Repayment of term debt		**(3,000)**	(2,000)	**(5,000)**	(3,000)
Financial expenses paid		**(534)**	(649)	**(1,036)**	(1,290)
Purchase of Fund units for cancellation		**—**	—	**—**	(289)
Distributions to Exchangeable Shareholders		**(306)**	(265)	**(586)**	(497)
Distributions to Unitholders		**(3,591)**	(3,042)	**(6,622)**	(5,418)
Cash used in financing activities		**(7,431)**	(5,956)	**(13,244)**	(10,494)
Net cash flow for the period		**(4,568)**	119	**(10,376)**	2,587
Cash, beginning of period		**7,535**	2,982	**13,257**	794
Foreign exchange effect		**(149)**	112	**(63)**	(168)
Cash, end of period		**2,818**	3,213	**2,818**	**3,213**

See accompanying notes

June 30, 2017 [Cdn$ thousands]

1. FORMATION OF THE FUND

Richards Packaging Income Fund [the "Fund"] is an open-ended, limited purpose trust established under the laws of the Province of Ontario, Canada by a Declaration of Trust dated February 26, 2004. The Fund completed an initial public offering of trust units [the "Units"] on April 7, 2004, through the Toronto Stock Exchange, to facilitate the acquisition of Richards Packaging Inc.

2. BASIS OF PRESENTATION

These condensed interim financial statements of the Fund have been prepared in accordance with International Financial Reporting Standard ["IFRS"] IAS 34 *Interim Financial Reporting*. As such these statements do not contain all the explanatory notes, descriptions or accounting policies or other disclosures that can be found in the Fund's 2016 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2016 audited annual financial statements.

3. INCOME TAXES

The income tax expense differs from the amount computed at statutory rates due to the various adjustments outlined below:

	Three months		**Six months**	
	2017	**2016**	**2017**	**2016**
Profit from operations	**9,607**	4,638	**18,316**	12,995
Financial expenses	**(558)**	(652)	**(1,059)**	(1,292)
Contingent consideration revaluation	—	4,000	**83**	4,000
Income subject to income taxes	**9,049**	7,986	**17,340**	15,703
Statutory tax rate	*26.7%*	*26.7%*	*26.7%*	*26.7%*
Income tax expense at statutory tax rate	**2,416**	2,132	**4,630**	4,193
Deferred income taxes	**248**	220	**433**	466
Current period adjustments				
Foreign tax differential	**(233)**	(203)	**(456)**	(437)
Foreign rate differential	**443**	372	**1,059**	1,044
Withholding tax	**—**	—	**—**	113
Other items	**49**	66	**(4)**	(5)
Current income taxes	**2,923**	2,587	**5,662**	5,374

June 30, 2017 [Cdn$ thousands]

4. UNITS AND EXCHANGEABLE SHARES

Number outstanding	**Units basic**	**Weighted average**	**Exchangeable Shares**	**Units diluted**	**Weighted average**
December 31, 2016	**10,846,578**	**10,846,578**	**846,435**	**11,693,013**	**11,693,013**
Share conversion	**33,000**		**(33,000)**		
June 30, 2017	**10,879,578**	**10,879,578**	**813,435**	**11,693,013**	**11,693,013**
Six months ended		**10,863,351**	**829,662**		**11,693,013**

Exchangeable shares mark-to-market loss reflects a unit price increase during the six months ended June 30, 2017 of $5.16 to $29.95 per Unit.

The impact on income per Unit of the mark-to-market loss and distributions to shareholders is anti-dilutive which reverts back to basic income per Unit. The calculation of the diluted income per Unit would yield 54.8¢ for the three month period of 2017 [2016 – 14.1¢] and $1.03 for the six month period of 2017 [2016 – 58.5¢].

5. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital consists of the following:

	Three months		**Six months**	
	2017	**2016**	**2017**	**2016**
Accounts receivable	**(131)**	1,329	**463**	(2,224)
Inventory	**(2,983)**	4,046	**1,519**	6,893
Prepaid expenses and deposits	**(939)**	(1,737)	**(711)**	(2,203)
Accounts payable and accruals	**1,541**	(2,553)	**(473)**	(1,531)
	(2,512)	1,085	**798**	935

For the three and six month periods the total foreign exchange translation excluded from the above values was $853 loss [2016 – $106 gain] and $1,141 loss [2016 – $2,271 loss] respectively.

6. SUBSEQUENT EVENT

On July 31, 2017, Richards Packaging Canada refinanced US denominated intercompany notes triggering a current income tax expense of $1,300.