

Q3 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended September 30, 2017

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Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

September 30, 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.

As expected, third quarter performance reflects a reversion to the long term exchange rates, as total revenue increased 2.4%, 3.8% organic growth offset by a U.S./Cdn. 3.2¢ strengthening of the dollar to 80¢, up 6¢ from the second quarter. Organic growth was above our outlook but in line with GDP growth in both Canada and the United States. Gross profit and EBITDA¹ as a percent of sales were similar to the first half at 17.8% and 13.5% respectively. EBITDA was up \$0.4 million, or 4.7%, due to higher sales. Net income was up \$1.0 million, or 2.6¢ per Unit, with higher EBITDA and no repeat of contingent consideration revaluation for the Healthmark acquisition and a higher mark-to-market gain on exchangeable shares offset by increased income taxes.

Nine month performance reflects strong total revenue growth of 3.7% due to organic revenue growth of 3.5% and a U.S./Cdn. 0.9¢ strengthening of the dollar to 77¢. EBITDA¹ was up \$1.8 million, or 6.2%, due to higher sales volumes. Net income increased by \$6.1 million, or 56.3¢ per Unit, when compared to the previous year as higher EBITDA and no repeat of contingent consideration revaluation for the Healthmark acquisition, a lower mark-to-market loss on the exchangeable shares and increased taxes.

The \$0.9 million of free cash flow² generated in the third quarter was deployed to pay down the debt by \$1.0 million. We have set aside \$1.3 million of cash to fund the taxes associated with the refinancing of the US dollar denominated intercompany notes. The Fund's leverage remained at 0.9x as it was at June 30, 2017.

The Fund paid monthly distributions of 11¢ per Unit during the third quarter, which represented an annualized yield of 4.6% on the September 30th closing price of \$28.49 per Unit. The payout ratio³ for the third quarter was 81%. The impact of the tax accrual for refinancing the intercompany debt was 17%.

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
L5T 2M7

Oct. 26, 2017

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 26, 2017

This management's discussion and analysis ("MD&A") of Richards Packaging Income Fund for the third quarter should be read in conjunction with the attached condensed interim financial statements dated September 30, 2017, the second quarter report dated August 1, 2017, the first quarter report dated May 5, 2017, the 2016 Annual Report and the 2016 Annual Information Form both dated March 2, 2017. 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.

Description of the Business

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.

Financial Highlights

Highlights of the overall performance for the third quarter include:

- Revenue up \$1.8 mil., or 2.4%, due to organic growth of 3.8% offset by foreign exchange impact of 1.4% due to a 3.2¢ U.S./Cdn. increase to 79.8¢,
- EBITDA¹ up \$0.4 mil., or 4.7%, representing 13.5% of sales,
- Current income taxes up \$1.4 mil. mainly due to intercompany refinancing,
- Net income increased \$1.0 mil. due primarily to revaluation of contingent consideration not repeating, higher EBITDA and a higher mark-to-market gain on exchangeable shares offset by higher taxes,
- Changes in non-cash working capital increased \$2.2 mil. due to higher inventory (\$1.6 mil.) and accounts receivable (\$1.4 mil.) and lower accounts payable (\$0.2 mil.) offset by lower prepaid expenses (\$1.0 mil.),
- Free cash flow² of \$0.9 mil. was utilized to pay \$1.0 million of term debt.
- Leverage ratio of 0.9x remained the same as at June 30, 2017,
- Distributable cash flow² decreased by \$1.1 mil., or 9.4¢ per Unit, mainly due to \$1.3 million of taxes associated with the intercompany refinancing, which resulted in an 81% payout ratio³, and
- Monthly distributions of 11¢ per Unit representing a 4.6% annualized return on the Sept. 30th closing price of \$28.49 per Unit.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 26, 2017

This MD&A covers the three and nine months ended September 30, 2017 generally referred to in this MD&A as the “third quarter” and the “nine months”, respectively. The following table sets out selected consolidated financial information:

(\$ thousands)	Qtr. 3		Nine months	
	2017	2016	2017	2016
INCOME STATEMENT DATA:				
Revenue.....	73,546	71,794	224,149	216,205
EBITDA ¹	9,920	9,478	30,210	28,440
<i>Diluted per Unit</i>	84.8¢	81.1¢	\$2.58	\$2.43
Net income.....	5,190	4,147	12,445	6,314
<i>Diluted per Unit</i>	36.7¢	34.1¢	\$1.15	\$0.59
FINANCIAL POSITION DATA:				
Working capital.....	51,254	62,206		
Bank debt.....	35,927	43,829		
<i>Debt/EBITDA</i>	0.9	1.2		
CASH FLOW STATEMENT DATA:				
Distributions.....	3,886	3,309	11,094	9,224
<i>Diluted per Unit</i>	33.2¢	28.3¢	94.9¢	78.9¢
<i>Payout ratio</i> ³	81%	56%	62%	52%
Unit purchases.....	—	—	—	289
Debt repayment.....	1,000	—	6,000	3,000

Review of Operations

Operations were 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 \$1.8 million, or 2.4%, for the third quarter from the same period in 2016 due to organic growth (\$2.7 million) reduced by the translation impact of Richards Packaging US, with the Canadian dollar strengthening by 3.2¢ to U.S./Cdn.\$0.80 (\$0.9 million). Revenue increased by \$7.9 million, or 3.7%, for the nine months from the same period in 2016 due to organic growth of \$7.5 million along with the translation impact of Richards Packaging US, with the Canadian dollar strengthening by 0.9¢ to U.S./Cdn.\$0.77 (\$0.4 million).

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 26, 2017

(\$ thousands)	Qtr. 3		Nine months	
	2017	2016	2017	2016
Revenue	73,546	71,794	224,149	216,205
Cost of products sold.....	60,480	59,242	184,664	178,809
Gross profit.....	13,066	12,552	39,485	37,396
	<i>17.8%</i>	<i>17.5%</i>	<i>17.6%</i>	<i>17.3%</i>
Administrative expenses.....	3,054	2,893	9,045	8,733
Foreign currency loss	92	181	230	223
EBITDA ¹	9,920	9,478	30,210	28,440
	<i>13.5%</i>	<i>13.2%</i>	<i>13.5%</i>	<i>13.2%</i>
Amortization.....	943	991	2,834	2,958
Financial expenses.....	661	665	1,720	1,957
Exceptional gains.....	—	(259)	83	(259)
Contingent consideration.....	—	1,500	—	5,500
Exchangeable shares loss (gain).....	(894)	(156)	3,919	4,514
Share of income - Vision.....	1	(26)	(39)	(68)
Income tax expense.....	4,019	2,616	9,248	7,524
Net Income	5,190	4,147	12,445	6,314

Cost of products sold (before amortization) for the third quarter and the nine months increased by \$1.2 million and by \$5.9 million from the same periods in 2016, respectively. Gross profit margins were similar to the first half at 17.8%. Resin 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 third quarter were \$0.2 million higher and for the nine months \$0.3 million higher from the same periods in 2016, respectively primarily due to the translation 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.

EBITDA¹ for the third quarter and the nine months increased by \$0.4 million, or 4.7%, and by \$1.8 million, or 6.2%, from the same periods in 2016, respectively. As a percent of sales, EBITDA was at 13.5% for the third quarter and the nine months. Changes were a result of the factors referred to above.

Amortization of \$0.9 million for the third quarter and \$2.8 million for the nine months was comprised of \$0.6 million and \$1.9 million respectively for intangibles assets amortization, which represents a charge for customer relationships and patents. Depreciation for capital assets was \$0.3 million and \$0.9 million for the third quarter and the nine months respectively, which annualized, is approximately Richards Packaging's normalized annual maintenance capital expenditure requirement.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 26, 2017

Financial expenses were comparable for the third quarter compared to the same period in 2016 as credit card fees and higher interest rates were offset by lower term debt.

Exchangeable shares mark-to-market loss (gain) reflects a \$1.46 per Unit decrease during the third quarter to \$28.49 and an increase of \$3.70 per Unit for the nine months. Exchangeable shares monthly distributions were 9.35¢ per Share in the first quarter and 11¢ per share thereafter.

Income tax expense increased \$1.4 million for the third quarter and \$1.7 million for the nine months compared to the same periods in 2016, respectively, with current tax increases due primarily to \$1.3 million of taxes associated with the currency gain on refinancing of intercompany notes.

Net income for the third quarter was \$5.2 million and \$12.4 million for the nine months, which represented 36.7¢ and \$1.15 per Unit on a diluted basis, respectively.

Distributable Cash Flow²

The distributable cash flow 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 debt facility (currently undrawn) or free cash flow.

Distributable cash flow² for the third quarter was \$1.1 million lower and flat for the nine months compared to the same periods in 2016, respectively. Overall the decrease was mainly due to higher income taxes which was offset by higher EBITDA¹. Current income taxes for the third quarter increased \$1.4 million from the same period in 2016 mainly due to the currency gain on the refinancing of intercompany notes.

Free cash flow² of \$0.9 million for the third quarter was deployed to repay \$1.0 million of term debt.

Monthly distributions paid of 11¢ per Unit for the third quarter represent a payout ratio³ of 81%. Monthly distributions were increased in April by 1.65¢ from 9.35¢ per Unit and represent an annual yield of 4.6% on a \$28.49 price per Unit at September 30, 2017.

Richards Packaging Income Fund

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(\$ thousands)	Qtr. 3		Nine months	
	2017	2016	2017	2016
Cash provided by operating activities.....	5,475	7,809	19,546	21,892
Dividends - Vision.....	—	—	—	—
Exceptional gains.....	—	(259)	—	(259)
Working capital changes.....	2,238	(567)	1,440	(1,502)
Income tax payments.....	2,207	2,495	9,224	8,309
EBITDA¹	9,920	9,478	30,210	28,440
Interest.....	661	665	1,696	1,957
Current income tax.....	4,149	2,778	9,811	8,152
Maintenance capital.....	302	128	852	533
Distributable cash flow²	4,808	5,907	17,851	17,798
<i>Diluted per Unit</i>	<i>41.1¢</i>	<i>50.5¢</i>	<i>\$1.53</i>	<i>\$1.52</i>
Distributions	3,886	3,309	11,094	9,224
<i>Diluted per Unit</i>	<i>33.2¢</i>	<i>28.3¢</i>	<i>94.9¢</i>	<i>78.9¢</i>
<i>Payout ratio³</i>	<i>81%</i>	<i>56%</i>	<i>62%</i>	<i>52%</i>
Free cash flow²	922	2,598	6,757	8,574
Units outstanding (average)				
<i>Diluted basis 000's</i>	11,693	11,693	11,693	11,693

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the third quarter was \$5.5 million, down \$2.3 million over the same period in 2016 primarily due to the increase in working capital. During the third quarter, working capital increased by \$2.2 million mainly due to higher inventories of \$1.6 million, higher accounts receivable of \$1.4 million and lower accounts payable of \$0.2 million offset by lower prepaids of \$1.0 million. For the nine months, cash flow from operating activities was down \$2.3 million primarily due to the increase in working capital and higher tax payments offset by higher profit from operations. Working capital increased \$1.4 million as accounts receivable increased \$0.9 million and accounts payable decreased of \$0.7 million, offset by lower prepaids of \$0.2 million.

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 third quarter, including those declared for June 2017, were \$3.9 million with \$1.3 million declared for September, which was paid October 13th.

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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 nine months, nil Units were purchased (2016 – 16,000 at an average price of \$18.05 per Unit).

Current income taxes

Current income tax expense increased \$1.4 million for the third quarter and \$1.7 million for the nine months, which includes \$1.3 million for the gain on refinancing of intercompany debt and \$0.3 million of withholding taxes on dividends received from Richards Packaging US (2016 – \$0.3 million).

Capital expenditures

Maintenance capital expenditures for the nine months were \$0.9 million mainly comprised of refurbishment of moulds. Expansion capital expenditures for the nine months were \$0.4 million (2016 – \$0.8 million) primarily for the addition of manufacturing equipment for new customer programs.

Financing activities

Credit facilities include a \$36.0 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 revolving and term loan facilities bear 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 quarter, \$1.0 million was repaid (2016 – nil).

The credit facilities are subject to a number of covenants including the leverage ratio which is to maintain debt less than 2.75 times the trailing twelve months EBITDA¹. As at September 30, 2017, our leverage ratio was 0.9 times. Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future⁴.

On July 31, 2017, Richards Packaging Canada refinanced the US denominated intercompany notes with maturity on July 31, 2022.

Outlook⁴

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 third quarter was slightly ahead of our second quarter outlook at 3.8%, and we expect this to reset back down to the historical 1-3% growth band for the fourth quarter in line with our outlook for GDP growth. The impact of exchange translation is expected to reduce revenue by \$1.6 million for the fourth quarter at current exchange rates of U.S./Cdn. 79¢

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versus U.S./Cdn. 75¢ for the same period in 2016. The sensitivity is \$0.4 million for every 1¢ movement in the exchange rate.

EBITDA¹ for the third quarter and nine months was \$9.9 million and \$30.2 million, up \$0.4 million and \$1.8 million against the same periods in 2016 respectively, and is expected to track above 13% of revenue for the fourth quarter. The impact of exchange translation is expected to be a reduction of \$0.2 million for the fourth quarter at current exchange rates. The sensitivity is \$0.05 million for every 1¢ movement.

Current income tax expense is expected to decrease \$0.1 million for the fourth quarter with decreases due to the impact of exchange translation offset by increases from organic growth.

Maintenance expenditures will continue to be funded by cash flow from operations and is expected to be \$1.2 million in 2017 with the additional \$1.0 million for IT systems now earmarked for 2018.

Distributable cash flow² sensitivity on an annual basis to foreign currency fluctuations is \$0.03 million for every U.S./Cdn. 1¢ movement.

Cash on hand of \$2.1 million has \$1.3 million set aside to fund the income taxes payable.

Distributable cash flow² 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 of 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 nine months 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 reported, and disclosure of, amounts for assets and liabilities as at September 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 nine months 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.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 26, 2017

Disclosure Controls and Internal Controls over Financial Reporting

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

Cautionary Statements

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, exceptional gains, 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, exceptional gains 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 EBITDA¹ less interest, cash 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 flow². 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*

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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, competition in the industry, inventory obsolescence, trade risks in respect of foreign suppliers, fluctuations in foreign exchange and interest rates, product liability claims, reliance on key personnel, changes to applicable tax laws, as well as other risks and uncertainties, as more fully described in the 2016 Annual Information Form dated Mar. 2, 2017 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 nine months ended September 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Three months		Nine months	
		2017	2016	2017	2016
Revenue		73,546	71,794	224,149	216,205
Cost of products sold		61,400	60,205	187,428	181,687
Administrative expenses		3,077	2,921	9,115	8,813
Foreign currency loss		92	181	230	223
Exceptional gains		—	(259)	—	(259)
Contingent consideration revaluation		—	1,500	83	5,500
Profit from operations		8,977	7,246	27,293	20,241
Financial expenses		661	665	1,720	1,957
Exchangeable shares					
Mark-to-market loss (gain)		(1,188)	(423)	3,039	3,750
Distributions		294	267	880	764
Share of income - Vision		1	(26)	(39)	(68)
Income before income taxes		9,209	6,763	21,693	13,838
Income tax expense (income)					
Current taxes	2	4,149	2,778	9,811	8,152
Deferred taxes	2	(130)	(162)	(563)	(628)
		4,019	2,616	9,248	7,524
Net income for the period		5,190	4,147	12,445	6,314
Basic income per Unit	3	47.6¢	38.2¢	\$1.15	\$0.58
Diluted income per Unit	3	36.7¢	34.1¢	\$1.15	\$0.58
Other comprehensive income (loss)					
<i>(subsequently recyclable to net income)</i>					
Richards Packaging US					
Currency translation adjustment		(3,276)	702	(6,067)	(4,690)
Comprehensive income for the period		1,914	4,849	6,378	1,624

See accompanying notes

“Susan Allen”
Chair – Audit Committee

“Gerry Glynn”
CEO – Richards Packaging Inc.

“Enzio Di Gennaro”
CFO – Richards Packaging Inc.

Richards Packaging Income Fund

STATEMENTS OF FINANCIAL POSITION

Unaudited

As at September 30 and December 31

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Sept. 30		Dec. 31	
		2017	2016	2016	2015
Current Assets					
Cash and cash equivalents		2,086	6,787	13,257	794
Accounts receivable		32,593	33,063	32,827	30,281
Inventory		45,744	48,517	47,791	59,439
Prepaid expenses and deposits		2,792	3,345	3,172	2,267
		83,215	91,712	97,047	92,781
Current Liabilities (excluding debt)					
Accounts payable and accruals		(27,985)	(26,786)	(29,562)	(30,278)
Income tax payable	2	(1,697)	(583)	(1,110)	(740)
Distributions payable		(1,295)	(1,103)	(1,104)	(870)
Contingent consideration		—	—	(10,439)	—
Due to previous shareholder		(984)	(1,034)	(961)	(1,091)
		(31,961)	(29,506)	(43,176)	(32,979)
WORKING CAPITAL		51,254	62,206	53,871	59,802
Long-term Assets					
Plant and equipment		4,149	3,970	3,909	3,743
Investment - Vision		779	780	740	712
Intangible assets		15,008	17,902	17,459	20,376
Goodwill		83,376	85,360	86,326	87,613
		103,312	108,012	108,434	112,444
Long-term Liabilities (excluding debt)					
Contingent consideration		—	(7,500)	—	(2,000)
Deferred income taxes	2	(5,369)	(6,284)	(6,191)	(7,149)
NET OPERATING ASSETS		149,197	156,434	156,114	163,097
Debt					
Term debt		35,927	43,829	41,854	46,883
Exchangeable shares - current	3	22,694	19,812	20,904	16,062
		58,621	63,641	62,758	62,945
Equity					
Unitholders' capital	3	26,644	38,845	35,802	47,828
Retained earnings		55,319	41,284	42,874	34,970
Accumulated other comprehensive income		8,613	12,664	14,680	17,354
		90,576	92,793	93,356	100,152
CAPITAL		149,197	156,434	156,114	163,097

See accompanying notes

Richards Packaging Income Fund

STATEMENT OF CHANGES IN EQUITY
Unaudited

For the three and nine months ended September 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Unitholders' capital	Retained earnings	AOCI^{a)}	
June 30, 2016		41,887	37,137	11,962	90,986
Comprehensive income (loss)			4,147	702	4,849
Distributions		(3,042)			(3,042)
September 30, 2016		38,845	41,284	12,664	92,793
June 30, 2017		29,845	50,129	11,889	91,863
Comprehensive income (loss)			5,190	(3,276)	1,914
Distributions		(3,592)			(3,592)
Share conversion		391			391
September 30, 2017		26,644	55,319	8,613	90,576
December 31, 2015		47,828	34,970	17,354	100,152
Comprehensive income (loss)			6,314	(4,690)	1,624
Distributions		(8,694)			(8,694)
Purchased for cancellation, net		(289)			(289)
September 30, 2016		38,845	41,284	12,664	92,793
December 31, 2016		35,802	42,874	14,680	93,356
Comprehensive income (loss)			12,445	(6,067)	6,378
Distributions		(10,407)			(10,407)
Share conversion		1,249			1,249
September 30, 2017		26,644	55,319	8,613	90,576

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***STATEMENT OF CASH FLOWS***Unaudited**For the three and nine months ended September 30**[Consolidated]*

<i>Cdn\$ thousands</i>	Notes	Three months		Nine months	
		2017	2016	2017	2016
OPERATING ACTIVITIES					
Profit from operations		8,977	7,246	27,293	20,241
Add items not involving cash					
Plant and equipment depreciation		339	356	971	1,004
Intangible assets amortization		604	635	1,863	1,954
Contingent consideration revaluation		—	1,500	83	5,500
Income tax payments	2	(2,207)	(2,495)	(9,224)	(8,309)
Changes in non-cash working capital	4	(2,238)	567	(1,440)	1,502
Cash provided by operating activities		5,475	7,809	19,546	21,892
INVESTING ACTIVITIES					
Additions to plant and equipment		(546)	(302)	(1,324)	(1,304)
Acquisition, contingent consideration		—	—	(10,425)	—
Cash used in investing activities		(546)	(302)	(11,749)	(1,304)
FINANCING ACTIVITIES					
Repayment of term debt		(1,000)	—	(6,000)	(3,000)
Financial expenses paid		(643)	(640)	(1,679)	(1,930)
Purchase of Fund units for cancellation	3	—	—	—	(289)
Distributions to Exchangeable Shareholders		(294)	(267)	(880)	(764)
Distributions to Unitholders		(3,592)	(3,042)	(10,214)	(8,460)
Cash used in financing activities		(5,529)	(3,949)	(18,773)	(14,443)
Net cash flow for the period		(600)	3,558	(10,976)	6,145
Cash, beginning of period		2,818	3,213	13,257	794
Foreign exchange effect		(132)	16	(195)	(152)
Cash, end of period		2,086	6,787	2,086	6,787

See accompanying notes

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

September 30, 2017

[Cdn\$ thousands]

1. 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.

2. INCOME TAXES

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

	Three months		Nine months	
	2017	2016	2017	2016
Profit from operations	8,977	7,246	27,293	20,241
Financial expenses	(661)	(665)	(1,720)	(1,957)
Contingent consideration revaluation	—	1,500	83	5,500
Income subject to income taxes	8,316	8,081	25,656	23,784
Statutory tax rate	26.7%	26.7%	26.7%	26.7%
Income tax expense at statutory tax rate	2,220	2,158	6,849	6,351
Deferred income taxes	130	162	563	628
Current period adjustments				
Intercompany refinancing	1,281	—	1,281	—
Foreign tax differential	(210)	(225)	(666)	(662)
Foreign rate differential	503	522	1,562	1,566
Withholding tax	250	157	250	270
Other items	(25)	4	(28)	(1)
Current income taxes	4,149	2,778	9,811	8,152

3. UNITS AND EXCHANGEABLE SHARES

Exchangeable shares mark-to-market loss reflects a unit price increase during the nine months ended September 30, 2017 of \$3.70 to \$28.49 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 \$1.40 for the nine month period of 2017 [2016 – \$0.93].

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

September 30, 2017

[Cdn\$ thousands]

<i>Number outstanding</i>	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)		
Units purchased	—			—	
June 30, 2017	10,879,578	10,879,578	813,435	11,693,013	11,693,013
Share conversion	13,787		(13,787)		
Units purchased	—			—	
September 30, 2017	10,893,365	10,893,365	799,648	11,693,013	11,693,013
nine months		10,868,921	824,092		11,693,013

4. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital consists of the following:

	Three months		Nine months	
	2017	2016	2017	2016
Accounts receivable	(1,402)	(1,400)	(939)	(3,624)
Inventory	(1,581)	2,219	(62)	9,112
Prepaid expenses and deposits	957	1,053	246	(1,150)
Accounts payable and accruals	(212)	(1,305)	(685)	(2,836)
	(2,238)	567	(1,440)	1,502

For the three and nine month periods, the foreign exchange translation impact excluded from the above was \$1,393 loss [2016 – \$296 gain] and \$2,533 loss [2016 – \$1,975] respectively.