Q3 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended September 30, 2008

Report Contents

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

September 30, 2008

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.

Revenue during the third quarter reflected strong organic growth of 2% in Canada, double-digit in the United States and the McKernan acquisition. Revenue increased 27% to $48.5 million, EBITDA[1] increased 34% to $5.5 million and distributable cash[2] increased 8% to $3.4 million from the same period in 2007. EBITDA as a percent of sales dropped 1% to 11% for the third quarter reflecting the one time impact of moving our distribution center and plant in Toronto which will lead to an annual savings of $0.1 million in facilities costs[4]. Net income was $0.5 million, or 5.1¢ per Unit, down $2.8 million from the same period in 2007 which mainly reflects non-cash foreign currency translation of our U.S. dollar denominated debt.

Richards Packaging lowered aged inventory on hand by $1.0 million in Canada by deploying marketing approaches learned from the McKernan organization. The associated cash realized was deployed to reduce bank debt.

The Fund paid monthly distributions of 9.35¢ per Unit for January through September, which represents an annualized yield of 13.7% on the September 30th closing price of $8.20 per Unit. The payout ratio[3] for the third quarter was 91%, after adjusting for the impact of the Toronto facilities reorganization, down from 96% in 2007. During the third quarter, an additional 43,705 Units were purchased at an average price of $8.70 per Unit.

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" October 30, 2008
Chief Executive Officer
Richards Packaging Inc.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

[expressed in thousands, except where otherwise indicated]

October 30, 2008

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 interim unaudited consolidated financial statements dated September 30, 2008, the second quarter report dated July 31, 2008, the first quarter report dated May 5, 2008, the 2007 Annual Report and the 2007 Annual Information Form dated March 4, 2008 respectively. Results are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a consistent basis with the 2007 annual financial statements.

Fund Profile and Description of the Business

Richards Packaging Income Fund (the "Fund") is a limited purpose, open-ended trust created on February 26, 2004 to invest in packaging distribution businesses throughout North America. The Fund commenced operations on April 7, 2004 when the Fund completed an initial public offering of 8,569,913 trust units of the Fund ("Units") at a price of $10 per Unit and indirectly through Richards Packaging Holdings Inc. ("Holdings") purchased 96% of the securities of Richards Packaging Inc. ("Richards Packaging"). The ownership is currently at 85% due to the issuance of shares exchangeable into Units in order to facilitate the financing of two acquisitions. The Units are listed on the Toronto Stock Exchange under the symbol RPI.UN.

Richards Packaging serves a wide customer base that is comprised of over 9,000 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 19% of the total revenues of Richards Packaging. 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 15 sales offices and one agency location.

Highlights and Selected Financial Information

Highlights of the overall performance of the Fund for the third quarter 2008 include:

- Revenue growth of $10.4 million, or 27.4% from the same period in 2007, mainly due to double digit growth in the United States and the McKernan acquisition,
- EBITDA[1] growth of $1.4 million, or 34.3% from the same period in 2007, representing 11.3% of sales, which includes one-time reorganization costs at 0.5% of sales,
- Reorganized the Toronto area facilities reducing leased space by 29,000 square feet,
- Lowered inventory on hand and in transit by $1.0 million, cash used to pay down debt,
- Increased distributable cash flow[2] by $0.3 million resulting in an 98% payout ratio[3], up from 96% for the 2007 year; payout ratio at 91% pre reorganization costs,
- Purchased 43,705 Units (@$8.70/Unit) under our buyback program,
- Paid monthly distributions of 9.35¢ per Unit to yield a 13.7% annualized return on the September 30th closing price of $8.20.

Richards Packaging Income Fund

[expressed in thousands, except where otherwise indicated]

October 30, 2008

This MD&A covers the three and nine months ended September 30, 2008 (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 of the Fund:

	Qtr. 3		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Income Statement Data:				
Revenue	**48,476**	**38,064**	**141,916**	**118,227**
EBITDA[1]	**5,488**	**4,085**	**16,980**	**12,813**
Diluted per Unit	***46.1¢***	***37.9¢***	***$1.419***	***$1.188***
Net income	**525**	**3,313**	**3,951**	**9,274**
Diluted per Unit	***5.1¢***	***32.3¢***	***38.5¢***	***90.4¢***
Balance Sheet Data:				
Total assets	**180,686**	**143,476**		
Bank debt	**55,115**	**31,127**		
Cash Flow Statement Data:				
Distributions and dividends	**3,357**	**3,024**	**10,092**	**9,072**
Diluted per Unit	***28.1¢***	***28.0¢***	***84.3¢***	***84.1¢***
Payout ratio[3]	***98%***	***95%***	***89%***	***97%***

The 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 on net income due to various non-cash accounting charges that depress net income such as amortization, unrealized gains and losses on financial instruments and future income taxes.

Review of Operations

Richards Packaging's operations during the third quarter were approximately 55% (2007 – 70%) in Canada and 45% (2007 – 30%) in the United States ("Richards US"). Approximately one-third of Richards Packaging's sales are concentrated in Toronto, Montreal and Vancouver and one-third in Los Angeles, Seattle, Reno and Portland.

Revenue for the third quarter increased by $10.4 million, or 27.4% from the same period in 2007 due to organic growth and revenue from McKernan of 25.1% ($10.1 million) along with the translation of Richards US revenue with the Canadian dollar strengthening by 0.4¢ to U.S./Cdn.$0.96 ($0.3 million). Revenue for the nine months increased by $23.7 million, or 20.0%, from the same period in 2007 entirely due to organic growth and revenue from McKernan of 22.0% ($26.1 million) offset by the translation impact on Richards US revenue of the Canadian dollar strengthening by 7.4¢ to U.S./Cdn.$0.98 ($2.4 million).

[expressed in thousands, except where otherwise indicated]

	Qtr. 3		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Revenue	**48,476**	**38,064**	**141,916**	**118,227**
Cost of products sold	**40,216**	**31,566**	**117,064**	**98,379**
Gross profit	**8,260**	**6,498**	**24,852**	**19,848**
	17.0%	*17.1%*	*17.5%*	*16.8%*
Expenses	**2,457**	**2,314**	**7,428**	**6,906**
Reorganization costs	**253**	**149**	**253**	**149**
Foreign exchange loss (gain) from operations	**40**	**(74)**	**126**	**(128)**
Long-term incentive plan	**22**	**24**	**65**	**108**
EBITDA[1]	**5,488**	**4,085**	**16,980**	**12,813**
	11.3%	*10.7%*	*12.0%*	*10.8%*
Amortization and debt accretion	**2,076**	**1,947**	**6,371**	**5,857**
Interest expense	**1,136**	**745**	**3,175**	**2,311**
Unrealized losses (gains) on financial instruments	**1,950**	**(2,013)**	**3,648**	**(5,070)**
Income tax recovery	**(286)**	**(77)**	**(817)**	**(34)**
Non-controlling interests	**87**	**170**	**652**	**475**
Net Income	**525**	**3,313**	**3,951**	**9,274**

Cost of products sold for the third quarter and the nine months increased by $8.7 million, or 27.4%, and by $18.7 million or 19.0%, respectively, from the same periods in 2007 on higher revenue. Gross profit margins at 17% for the third quarter were consistent with and up 0.7% for the nine months from the same period in 2007, respectively. This, however, was down 0.5% from previous quarters in 2008 due to lower margins achieved by selling aged inventory on hand deploying the marketing knowledge learned from the McKernan organization. The volatility in the price of resins during the nine months did not have a material impact on gross profit as a result of management's practice of immediately passing through increases or decreases to customers.

General and administrative expenses for the third quarter and the nine months increased $0.1 million and $0.5 million against the same periods in 2007, respectively. This was due to expenses associated with the McKernan operation, partially offset by reductions in the Canadian operations.

Reorganization costs were one time costs incurred in the third quarter to move the plant and distribution offices in the Toronto region as leases expired. Reorganization fees in the same period in 2007 related to an internal financial reorganization.

The foreign exchange loss from operations resulted from exchange rate changes applied to our US dollar denominated working capital position in the Canadian operations.

EBITDA[1] for the third quarter increased by $1.4 million, or 34.3%, and increased $4.2 million, or 32.5% for the nine months, respectively from the same periods in 2007. As a percent of sales, EBITDA was 11.3% for the third quarter and 12% for the nine months compared to 10.7% and 10.8%, respectively form the same periods in 2007. Changes were a result of the factors referred to above. Significant progress continues to be made to optimize the performance and exceed management's long-term target of 12%[4].

Amortization and debt accretion of $2.1 million for the third quarter and $6.4 million for the nine months was mainly comprised of $1.6 million and $4.8 million respectively for intangibles, which represents a charge for customer relationships and patents. The remaining amortization amounts consisted of debt accretion of $0.4 million for the nine months (previously deferred financing amortization) and capital asset amortization of $0.4 million per quarter, which is approximately twice Richards Packaging's annual maintenance capital expenditure spending requirement.

Interest expense for the third quarter and the nine months increased by $0.4 million and $0.9 million, respectively, from the same periods in 2007 due to the $22.0 million additional borrowing mainly for the McKernan acquisition. This was offset by net interest rate reductions of 1.0% from the same periods in 2007 as the U.S. Federal Reserve rate reductions of 3.0% were offset by the negative impact of our interest rate hedge on $30.0 million of debt and a 0.75% refinancing margin increase.

Unrealized losses (gains) on financial instruments are comprised of foreign currency translation of debt and mark-to-market adjustments of our fixed interest rate swap. The term loan outstanding at September 30, 2008 totaled U.S.$52.0 million, which gave rise to an unrealized foreign currency translation loss of $2.1 million in the third quarter and $3.7 million for the nine months. Richards Packaging has borrowed mainly in U.S. dollars to match the U.S. dollar interest obligations with the cash it receives from Richards US.

Current income taxes of $0.8 million for the third quarter and $2.0 million for the nine months mainly reflect tax leakage for Richards US. The increase over the same period in 2007 is due primarily to the significant growth experienced in Richards US. Net future tax assets available to shield income taxes are $3.8 million.

Net income for the third quarter was $0.5 million and $4.0 million for the nine months, which represented 5.1¢ and 38.5¢ per Unit on a diluted basis, respectively. A weighted-average total of 10,172,966 Units and 1,793,533 exchangeable shares, were outstanding throughout the nine months.

Distributable Cash Flow[2]

The distributable cash flow[2] definition excludes changes in working capital as they are necessary to drive organic growth and are expected to be financed by a $7.0 million revolving facility available to Richards Packaging (nil drawn; 2007 - $1.2 million drawn). Likewise capital expenditures for expansion of the business are excluded as they are intended to generate future growth in distributable cash and are financed primarily by a U.S.$10.0 million acquisition facility (nil drawn; 2007 – nil drawn).

[expressed in thousands, except where otherwise indicated]

	Qtr. 3		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Cash provided by operating activities	**5,853**	**1,980**	**11,000**	**6,712**
Working capital changes	**(2,275)**	**1,347**	**814**	**3,271**
Non-cash charges	**2,163**	**758**	**5,419**	**2,830**
	5,741	**4,085**	**17,233**	**12,813**
Reorganization costs	**253**	**(149)**	**253**	**(149)**
Interest expense	**1,136**	**745**	**3,175**	**2,311**
Cash income tax expense	**774**	**13**	**1,991**	**519**
Maintenance capital expenditures	**137**	**291**	**486**	**735**
Loan principal payments	**7**	**10**	**27**	**30**
Distributable cash flow[2]	**3,434**	**3,175**	**11,301**	**9,367**
Diluted per Unit	***28.8¢***	***29.4¢***	***94.4¢***	***86.9¢***
Distributions and dividends	**3,357**	**3,024**	**10,088**	**9,072**
Diluted per Unit	***28.1¢***	***28.0¢***	***84.3¢***	***84.1¢***
Payout ratio[3]	***98%***	***95%***	***89%***	***97%***
Purchase of Units	**382**	**—**	**1,018**	**—**
Units outstanding on a diluted basis	**11,914**	**10,781**	**11,966**	**10,781**

Distributable cash flow[2] of $3.4 million for the third quarter and $11.3 million for the nine months increased by $0.3 million and $1.9 million, respectively compared to the same periods in 2007. Overall, the increases were attributable to higher EBITDA[1] offset by higher current income taxes and interest associated with strengthening in the performance of Richards US. Maintenance capital expenditures are expected to track at management's annual target of $0.8 million[4] for the year. Reorganization costs for 2008 are included in the distributable cash flow calculation as they are operational in nature whereas reorganization costs in 2007 were excluded as they pertained to the internal financial reorganization.

Monthly distributions for the third quarter at 9.35¢ per Unit, represents an annual yield of 13.7% on an $8.20 price per Unit and a payout ratio of 98%, or 91% pre reorganization costs. The Fund's payout ratio of 89% for the nine months reflects the accretive nature of the McKernan acquisition. Approximately 80% of the surplus distributable cash available from the nine months was deployed in our unit buyback program. Based upon the nine months, 81% of the distributions will represent interest on the subordinated note held by the Fund and 19% will be treated as a return of capital to the unitholders.

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the third quarter was $5.9 million, up $3.9 million over the same period in 2007 primarily due to increased EBITDA[1] net of items not involving cash of $0.3 million along with $3.6 million from reduced working capital over the same period in 2007. During the third quarter, working capital was reduced by $2.3 million comprised of $1.3 million inventory reduction and an increase in accounts payable and accrued liabilities of $1.0 million. For the nine months, cash flow from operating activities was $11.0 million, up $4.3 million primarily due to increased EBITDA net of items not involving cash of $1.8 million along with $2.5 million of working capital.

The financial structure of the Fund allows for maximum distributions of cash flow from operations to the unitholders and shareholders as outlined above in the distributable cash discussion. Actual distributions and dividends paid during the third quarter were $3.4 million.

Normal Course Issuer Bid

On November 15, 2007, the Fund initiated a normal course issuer bid to purchase up to 307,700 Units prior to November 14, 2008. During the nine months, 116,305 Units were purchased at an average price of $8.72 per Unit representing just over 80% of the available distributable cash after distributions. Since inception, the Fund has acquired 141,605 Units at an average price of $8.81 per Unit.

Cash income taxes

The cash income tax expense for the third quarter was $0.8 million and $2.0 million for the nine months of 2008, representing current income tax for Richards US. The loss carry forwards in Richards Packaging ensure that income tax leakage will be limited to Richards US.

Capital expenditures

Capital expenditures for the third quarter were $0.4 million, of which $0.2 million were incurred each on account of expansion and maintenance. For the nine months of 2008, capital expenditures were $0.9 million, of which $0.5 were incurred on account of maintenance capital. Expenditures classified as maintenance capital are mainly comprised of new moulds or refurbishment of moulds for replacement packaging driven by customer marketing programs. Maintenance capital is expected to be an additional $0.4 million for the remainder of the year[4]. Expansion capital of $0.4 million was incurred during the nine months on new customer programs and associated business lines.

Financing activities and instruments

Richards Packaging's credit facilities include a U.S.$52.0 million term loan with repayment on June 3, 2011, up to $7.0 million in revolving debt to fund working capital expansion and up to U.S.$10.0 million for expansion capital and/or acquisition financing. On June 3, 2008, Richards Packaging Inc. repaid the outstanding balance of the revolving and acquisition credit facilities with proceeds from a new term debt facility bringing the total term debt to U.S.$52 million and providing up to U.S.$10.0 million in credit for future acquisitions. Due dates of the revolving and acquisition credits were extended to June 3, 2009 and the term debt facility to June 3, 2011. Also, the interest premium over LIBOR, or prime rate, was increased by 0.75% to reflect current market conditions.

Richards Packaging's credit facilities are subject to a leverage ratio covenant. The leverage ratio covenant is to ensure that our debt at the end of the quarter is less than 2.75 times the trailing twelve month EBITDA[1]. As of September 30, 2008 our proforma leverage ratio was 2.42. Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future[4].

Approximately one-half (2007-33%) of distributable cash flow for the nine months was provided by Richards US. The increase reflects the growth experienced in the United States and the McKernan acquisition. The interest on the U.S. denominated debt and dividends on the U.S. denominated exchangeable shares negate approximately two-thirds of the inherent foreign currency exchange risk.

Richards Packaging is exposed to interest rate risk due to variable interest rates on drawn amounts in the revolving credit facility, acquisition facility and term loans. During 2007, Richards Packaging entered into interest rate swap contracts with approved creditworthy counterparties to June 5, 2009 on a notional principal amount equal to U.S.$30 million. The mark-to-market valuation of the swap contracts as at September 30, 2008 gave rise to an unrealized gain of $0.1 million in the nine months.

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 levels for the remainder of the year.

Exchange translation at the prevailing U.S./Cdn. exchange rates (U.S./Cdn.$0.82) will impact fourth quarter revenue by adding approximately $5 million[4].

EBITDA[1] for the third quarter was $5.5 million and $17.0 million for the nine months, up $1.4 million and $4.2 million, respectively over the same periods in 2007. At the current exchange rate of U.S./Cdn.$0.82, management expects an incremental $0.7 million due to the effects of translation. Management's target continues to be to deliver a compounded annual growth rate in distributable cash flow[2] in excess of 7.5% in order to allow the Fund to maintain distributions for 2011 and beyond at current levels.

Interest expense is expected to be $0.3 million higher in the fourth quarter at the current exchange rate of U.S./Cdn.$0.82 due to the effects of translation.

Cash income tax expense is expected to come in at $2.7 million for 2008 due to the significant growth experienced in Richards US and the effects of translation as the Canadian dollar weakens. Based upon Richards Canada's current tax profile, we expect to have approximately $5 million of loss carry forwards which will partially shield taxes in 2011.

Maintenance capital will continue to be funded by cash flow from operations and is expected to grow in line with sales.

The Fund intends to continue to deploy a prudent portion of surplus distributable cash flow[2] in our Unit buyback program and/or debt reduction.

Risks and Uncertainties

Investment in Units involves risks inherent in the ordinary course of business of Richards Packaging including: the sustainability of customer and supplier relationships, the financial stability of customers, lack of written customer and supplier agreements, competition from other packaging companies, patent and trademark challenges, inventory obsolescence, trade risks, resin price and exchange rate fluctuations, interest rate volatility, 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 2007 Annual Information Form dated March 4, 2008 and the first and second quarter reports dated May 5, 2008 and July 31, 2008, respectively. To management's knowledge, no additional risks and uncertainties have occurred in the third quarter of 2008.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting practices requires the Fund to make estimates and assumptions which affect the reported, and disclosure of, amounts for assets and liabilities as at September 30, 2008 and revenue and expenses for the period then ended. Changes in these accounting estimates may have an impact on the financial results of Richards Packaging and the Fund. There have not been any significant changes in the critical accounting estimates of the Fund in the nine months of 2008, relative to December 31, 2007. 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 2007 Annual Report.

Change in Accounting Policies

Effective January 1, 2008 the Fund adopted the Canadian Institute of Chartered Accountants Handbook Section 3031, *Inventories* and Section 3862, *Financial Instruments - Disclosure*.

The adoption of Section 3031 had no impact, given the short-term nature of our raw material inventory changing the inventory valuation policy from the lower of replacement cost to net realizable value was negligible. Richards Packaging did not experience any partial write-downs or write-ups during the nine months ended September 30, 2008 and has no partially written-down inventory that would require separate disclosure.

In accordance with Sections 3862, "*Credit risk*", "*Interest rate risk*" and "*Foreign currency risk*" subsections formerly disclosed in the annual financial statements "FINANCIAL INSTRUMENTS" note were incorporated in "Risks and Uncertainties" section of the first quarter report. The "*Leverage and restrictive covenants*" section were renamed "*Liquidity risk*" and the disclosure enhanced to incorporate working capital management and the leverage covenant. Disclosures were also enhanced in the "*Credit risk*" section to include an analysis of the short-term accounts receivable arising from the sale of goods that are past due.

Disclosure Controls and Internal Controls over Financial Reporting

Richards Packaging Inc.'s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the disclosure controls and procedures as well as the design of internal controls over financial reporting as of September 30, 2008 and have concluded that such controls and procedures are adequate and effective. There have been no changes in the Fund's internal controls over financial reporting during the quarter and nine months ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, its internal control 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 on TSX at www.tsx.com

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1 *Management defines EBITDA as earnings before amortization, debt accretion, interest, unrealized gain / loss on financial instruments and taxes. EBITDA is the same as income before under noted items, income taxes and non-controlling interests as outlined in the interim consolidated financial statements. 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 the Fund's 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 the Fund's liquidity and cash flows. EBITDA does not have a standardized meaning prescribed by GAAP and therefore the Fund's method of calculating EBITDA may not be comparable to similar measures presented by other companies or income trusts.*

2 *Management defines distributable cash flow, in accordance with Richards Packaging's credit agreement, as EBITDA less interest, cash income tax expense, maintenance capital expenditures and loan payments. The objective of presenting this measure is to calculate the amount which is available for distribution to unitholders and exchangeable shareholders. 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 the Fund's liquidity and cash flows. Distributable cash flow does not have a standardized meaning prescribed by GAAP and therefore the Fund's method of calculating distributable cash flow may not be comparable to similar measures presented by other income trusts.*

3 *Management defines payout ratio as distributions and dividends declared over distributable cash flow[2]. The objective of presenting this measure is to calculate the percentage of actual distributions in comparison to the amount available for distribution. Payout ratio does not have a standardized meaning prescribed by GAAP. The Fund's method of calculating the payout ratio may not be comparable to similar measures presented by other income trusts.*

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. The risks and uncertainties include, among other things, changes in customer and supplier relationships 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 herein under "Risks and Uncertainties" and in other reports and filings made by us with securities regulatory authorities and available at www.sedar.com. While management believes that 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 various 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

CONSOLIDATED BALANCE SHEETS

Unaudited
[expressed in thousands of dollars]

As at September 30, 2008 and December 31, 2007

	2008 $	2007 $
ASSETS		
Current		
Cash and cash equivalents	**325**	**103**
Accounts receivable	**21,502**	**21,177**
Inventory *[note 3]*	**33,967**	**31,835**
Prepaid expenses	**2,163**	**2,267**
Income taxes recoverable	**40**	**20**
Total current assets	**57,997**	**55,402**
Capital assets	**4,143**	**4,395**
Intangible assets	**46,122**	**49,847**
Future income tax assets	**—**	**74**
Goodwill	**72,424**	**70,187**
	180,686	**179,905**
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	**123**	**1,259**
Accounts payable and accrued liabilities	**20,811**	**20,395**
Income taxes payable	**4**	**277**
Distributions and dividends payable	**1,119**	**1,123**
Due to previous shareholder of acquired company	**835**	**779**
Short-term debt and current portion of long-term debt *[note 4]*	**—**	**18,804**
Total current liabilities	**22,892**	**42,637**
Long-term debt *[note 4]*	**54,653**	**29,426**
Future income tax liabilities	**11,612**	**14,176**
Total liabilities	**89,157**	**86,239**
Non-controlling interests *[note 5]*	**14,926**	**15,409**
Unitholders' equity		
Units *[note 6]*	**94,508**	**95,526**
Deficit	**(14,678)**	**(10,068)**
Accumulated other comprehensive loss	**(3,227)**	**(7,201)**
	(17,905)	**(17,269)**
Total unitholders' equity	**76,603**	**78,257**
	180,686	**179,905**

See accompanying notes

"Wayne McLeod"	*"Gerry Glynn"*	*"Enzio Di Gennaro"*
Chair - Audit Committee	CEO - Richards Packaging Inc.	CFO - Richards Packaging In

Richards Packaging Income Fund

CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME, DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Unaudited

[expressed in thousands of dollars except for per Unit amounts]

For the three and nine months ended September 30

	Three months		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Revenue	**48,476**	**38,064**	**141,916**	**118,227**
Cost of products sold	**40,299**	**31,566**	**117,147**	**98,379**
	8,177	**6,498**	**24,769**	**19,848**
General and administrative expenses	**2,627**	**2,463**	**7,598**	**7,055**
Foreign currency loss (gain) from operations	**40**	**(74)**	**126**	**(128)**
Long-term incentive plan	**22**	**24**	**65**	**108**
Income before under noted items, income taxes and non-controlling interests	**5,488**	**4,085**	**16,980**	**12,813**
Amortization				
Capital assets	**430**	**469**	**1,233**	**1,425**
Intangible assets	**1,604**	**1,439**	**4,801**	**4,315**
Debt accretion	**42**	**39**	**337**	**117**
Interest expense	**1,136**	**745**	**3,175**	**2,311**
Unrealized losses (gains) on financial instruments				
Interest rate swap contracts	**(198)**	**—**	**(18)**	**—**
Foreign currency translation of debt	**2,148**	**(2,013)**	**3,666**	**(5,070)**
Income before income taxes and non-controlling interests	**326**	**3,406**	**3,786**	**9,715**
Provision for (recovery of) income taxes *[note 7]*				
Current	**774**	**13**	**1,991**	**519**
Future	**(1,060)**	**(90)**	**(2,808)**	**(553)**
	(286)	**(77)**	**(817)**	**(34)**
Non-controlling interests	**87**	**170**	**652**	**475**
Net income for the period	**525**	**3,313**	**3,951**	**9,274**
Basic and diluted income per Unit *[note 6]*	**$0.05**	**$0.32**	**$0.39**	**$0.90**
Other comprehensive income (loss)				
Unrealized foreign currency translation of US operations	**2,716**	**(1,847)**	**3,974**	**(4,947)**
Comprehensive income for the period	**3,241**	**1,466**	**7,925**	**4,327**
STATEMENT OF DEFICIT				
Deficit, beginning of period	**(12,364)**	**(9,636)**	**(10,068)**	**(9,843)**
Net income for the period	**525**	**3,313**	**3,951**	**9,274**
Distributions declared to unitholders	**(2,839)**	**(2,877)**	**(8,561)**	**(8,631)**
Deficit, end of period	**(14,678)**	**(9,200)**	**(14,678)**	**(9,200)**
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Accumulated other comprehensive loss, beginning of period	**(5,943)**	**(6,628)**	**(7,201)**	**(3,528)**
Other comprehensive income (loss)	**2,716**	**(1,847)**	**3,974**	**(4,947)**
Accumulated other comprehensive loss, end of period	**(3,227)**	**(8,475)**	**(3,227)**	**(8,475)**

See accompanying notes

Richards Packaging Income Fund

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
[expressed in thousands of dollars]

For the three and nine months ended September 30

	Three months		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
OPERATING ACTIVITIES				
Net income for the period	**525**	**3,313**	**3,951**	**9,274**
Add (deduct) items not involving cash				
Amortization and debt accretion	**2,076**	**1,947**	**6,371**	**5,857**
Future income taxes	**(1,060)**	**(90)**	**(2,808)**	**(553)**
Non-controlling interests	**87**	**170**	**652**	**475**
Unrealized losses (gains) on financial instruments	**(198)**	**—**	**(18)**	**—**
Unrealized foreign currency loss (gain) on debt	**2,148**	**(2,013)**	**3,666**	**(5,070)**
	3,578	**3,327**	**11,814**	**9,983**
Net change in non-cash operating elements of working capital *[note 8]*	**2,275**	**(1,347)**	**(814)**	**(3,271)**
Cash provided by operating activities	**5,853**	**1,980**	**11,000**	**6,712**
INVESTING ACTIVITIES				
Additions to capital assets	**(370)**	**(357)**	**(934)**	**(864)**
Expenditures on patents	**(23)**	**(18)**	**(198)**	**(118)**
Cash used in investing activities	**(393)**	**(375)**	**(1,132)**	**(982)**
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	**(1,091)**	**451**	**(1,136)**	**1,559**
Proceeds from debt, net	**(1,000)**	**1,200**	**2,457**	**1,200**
Repayment of short-term debt	**(7)**	**(10)**	**(27)**	**(30)**
Purchase of trust units for cancellation	**(382)**	**—**	**(1,018)**	**—**
Dividends paid to exchangeable shareholders	**(514)**	**(147)**	**(1,520)**	**(441)**
Distributions paid to unitholders	**(2,843)**	**(2,877)**	**(8,572)**	**(8,631)**
Cash used in financing activities	**(5,837)**	**(1,383)**	**(9,816)**	**(6,343)**
Foreign exchange gain/(loss)	**459**	**(149)**	**170**	**(878)**
Net increase (decrease) in cash and cash equivalents	**82**	**73**	**222**	**(1,491)**
Cash and cash equivalents, beginning of period	**243**	**294**	**103**	**1,858**
Cash and cash equivalents, end of period	**325**	**367**	**325**	**367**

See accompanying notes

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited
[expressed in thousands of dollars]

September *30, 2008*

1. FORMATION OF THE FUND AND ACQUISITIONS

Richards Packaging Income Fund [the "Fund"] is an open-ended, limited purpose trust established under the laws of the Province of Ontario by a Declaration of Trust dated February 26, 2004. The Fund completed an initial public offering of trust units of the Fund [the "Units"] on April 7, 2004 to facilitate the indirect acquisition of 96% of the shares of Richards Packaging Inc. and an indenture note through a series of transactions for consideration of $86,161. The ownership position is currently at 85% due to the issuance of shares exchangeable into Units in order to facilitate the financing of two subsequent acquisitions.

The Fund indirectly acquired all the shares of Kay Containers Ltd., Calgary Plastics Container Supply Ltd. and M.A. Foss Distributors Ltd. on November 30, 2004 for consideration of $7,636, Dispill Inc. on July 29, 2005 for consideration of $7,514 and The E.J. McKernan Co. on October 31, 2007 for consideration of $28,587.

2. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of the Fund have been prepared in accordance with Canadian generally accepted accounting principles using disclosure standards appropriate for interim financial statements. 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 2007 audited annual consolidated financial statements. The accounting policies used in the preparation of these unaudited interim consolidated financial statements are consistent with the 2007 audited annual consolidated financial statements except as disclosed in note 3.

3. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2008 the Fund adopted the following new Canadian Institute of Chartered Accountants Handbook recommendations and in accordance with the transitional provisions these standards were adopted on a prospective basis.

Inventories *[Section 3031]*

Given the short-term nature of our inventory there was no impact to changing valuation policy from the lower of replacement cost to net realizable value. Richards Packaging did not experience any partial write-downs or write-ups during nine months ended September 30, 2008 and had no partially written-down inventory that would require separate disclosure.

Financial Instruments – Disclosure *[Section 3862]*

In accordance with Sections 3862, "*Credit risk*", "*Interest rate risk*" and "*Foreign currency risk*" subsections formerly disclosed in the annual financial statements "FINANCIAL INSTRUMENTS" note were incorporated in "Risks and Uncertainties" section of the first quarter report. The "*Leverage and restrictive covenants*" section were renamed "*Liquidity risk*" and the disclosure enhanced to incorporate working capital management and the leverage covenant. Disclosures were also enhanced in the "*Credit risk*" section to include an analysis of the short-term accounts receivable arising from the sale of goods that are past due.

[expressed in thousands of dollars]

4. SHORT- AND LONG-TERM DEBT

Richards Packaging Inc. has a revolving credit facility of $7,000 and an acquisition credit facility of U.S.$10,000 both of which were not drawn as at September 30, 2008. Long-term debt reflects a decrease of $462 for unamortized debt issue costs [2007 – $426].

On June 3, 2008 Richards Packaging Inc. repaid the outstanding balance of the revolving and acquisition credit facilities with proceeds from a new term debt facility bringing the total term debt to U.S.$52,000 and providing up to U.S.$10,000 in credit for future acquisitions. Due dates of the revolving and acquisition credits were extended to June 3, 2009 and the term debt facility was renewed to mature on June 3, 2011. Also, the interest premium over LIBOR, or prime rate, was increased by 0.75% to reflect current market conditions.

5. NON-CONTROLLING INTERESTS

As at September 30, 2008, 1,793,533 exchangeable shares remain outstanding [December 31, 2007 – 1,793,533]. Changes in carrying value of the non-controlling interests for the nine months ended September 30, 2008 represents $652 of net income [2007 – $475] and $392 of unrealized gain from the translation of Richards US [2007 – loss of $253], offset by $1,527 of dividends [2007 – $441].

6. UNITS

The change in capital contributed by unitholders is as follows:	**Number of Units**	**$**
Balance, December 31, 2007	**10,231,027**	**95,526**
Units purchased, including costs incurred	**(116,305)**	**(1,018)**
Balance, September 30, 2008	**10,114,722**	**94,508**

	Three months		**Nine months**	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Weighted average number of Units outstanding				
Basic	**10,120,688**	**10,256,327**	**10,172,966**	**10,256,327**
Diluted	**11,914,221**	**10,781,012**	**11,966,499**	**10,781,012**

[expressed in thousands of dollars]

7. INCOME TAXES

The income tax expense differs from the provision computed at statutory rates as outlined below:

	Three months		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Income before income taxes and non-controlling interests	**326**	**3,406**	**3,786**	**9,715**
Distributions to unitholders, not subject to tax in the Fund	**(2,381)**	**(2,453)**	**(7,146)**	**(7,295)**
Income subject to income taxes	**(2,055)**	**953**	**(3,360)**	**2,420**
Statutory tax rate	***36.1%***	***36.1%***	***36.1%***	***36.1%***
Income taxes at statutory tax rate	**(742)**	**344**	**(1,213)**	**874**
Recovery of future income taxes	**1,060**	**90**	**2,808**	**553**
Current period adjustments	**456**	**(421)**	**396**	**(908)**
Provision for current income taxes	**774**	**13**	**1,991**	**519**

8. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash operating elements of working capital consists of the following:

	Three months		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Accounts receivable	**383**	**270**	**218**	**194**
Inventory	**1,266**	**(348)**	**(761)**	**(487)**
Prepaid expenses	**(408)**	**47**	**158**	**(573)**
Accounts payable and accrued liabilities	**1,111**	**(1,194)**	**(120)**	**(1,862)**
Income taxes recoverable/payable	**(77)**	**(122)**	**(309)**	**(543)**
	2,275	**(1,347)**	**(814)**	**(3,271)**

The cash flow impact of interest and income taxes consists of the following:

	Three months		Nine months	
	2008	**2007**	**2008**	**2007**
	$	$	$	$
Interest paid	**1,118**	**774**	**3,199**	**2,351**
Income taxes paid	**871**	**11**	**2,364**	**887**