Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2009

Report Contents

Richards

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

June 30, 2009

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.

The second quarter results were a mirror image of last year with flat revenue and EBITDA[1] at 12.5% of sales. Total revenue was up 0.5% as organic revenue shrinkage of 6.2% was offset with the translation of Richards US revenue as the Canadian dollar weakened by U.S./Cdn. 13¢. EBITDA increased $0.1 million primarily through stronger gross profit margins. Gross profit margins are back above 17% up 1.1% from the first quarter as the customer inventory level stabilized and production returned to normal. Net income was $6.6 million, or 64.8¢ per Unit, up 114.8% over the same period in 2008, due primarily to a higher unrealized gain on financial instruments ($4.6 million).

Richards Packaging made three U.S.$1.0 million payments during the second quarter and one payment on July 31st on the term debt with the funds diverted from distributions. We also repaid half of the $2.0 million borrowed on the revolving credit facility during the first quarter to invest in working capital.

Our leverage ratio improved in the second quarter decreasing from 3.0:1 to 2.6:1, reflecting a decreased borrowing on the revolver and the revaluation of the term debt ($5.0 million) as a result of a 6.7¢ increase in the Canadian dollar to U.S./Cdn.$0.86. As at July 31, 2009 the U.S. denominated term loan was converted to a Canadian dollar debt at U.S./Cdn.$0.923 resulting in a proforma leverage ratio of 2.3:1 at the quarter end.

The Fund suspended distributions beginning in March until a leverage ratio of less than 2.5:1 is achieved. The above noted conversion of debt is expected to significantly remove the risk of not achieving the 2.5:1 ratio, however, given the economic uncertainty we believe it is prudent to continue with the debt repayment program through to September 30th. The Trustees of the Fund will review the distribution policy and communicate their decision with the release of the third quarter results.

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.

July 31, 2009

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

[expressed in thousands, except where otherwise indicated]

July 31, 2009

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 interim unaudited consolidated financial statements dated June 30, 2009, the first quarter report dated May 8, 2009, the 2008 Annual Report and the 2008 Annual Information Form dated March 5, 2009 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 2008 annual financial statement, ,except as disclosed in Changes in Accounting Policy.

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"). Ownership is currently at 85% due to the issuance of shares exchangeable into Units in order to facilitate the financing of two acquisitions and purchases under the normal course issuer bid. 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 17% 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 second quarter 2009 include:

- Revenue growth of $0.3 million, or 0.5%, with 6.2% negative organic growth being more than offset by foreign currency translation of Richards US,
- EBITDA[1] growth of $0.1 million, or 2.1%, representing 12.5% of sales,
- Inventory reduced by $0.6 million and payables by $0.4 million,
- Repaid U.S.$3.0 million term debt and $1.0 million revolver; extended the revolving credit maturity at an additional cost of 0.5% in bank margining,
- Leverage ratio dropped 0.4 to a 2.6:1 debt to EBITDA – at U.S./Cdn.$0.86,
- Subsequent to quarter end converted U.S. term loan at U.S./Cdn.$0.92 resulting in 2.3:1 proforma leverage ratio and a $3.0 million f/x translation gain, and
- Maintained distributable cash flow[2] at just over 34¢ per Unit.

[expressed in thousands, except where otherwise indicated]

July 31, 2009

This MD&A covers the three and six months ended June 30, 2009 (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 of the Fund:

	Qtr. 2		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Income Statement Data:				
Revenue	**49,158**	**48,899**	**95,575**	**93,440**
EBITDA[1]	**6,160**	**6,034**	**11,193**	**11,492**
Diluted per Unit	***51.7¢***	***50.4¢***	***94.0¢***	***95.8¢***
Net income	**6,561**	**3,055**	**6,900**	**3,332**
Diluted per Unit	***64.8¢***	***30.0¢***	***68.2¢***	***32.7¢***
Balance Sheet Data:				
Total assets	**179,428**	**179,875**		
Bank debt outstanding	**56,800**	**53,975**		
Cash Flow Statement Data:				
Distributions and dividends	—	**3,365**	**2,277**	**6,735**
Diluted per Unit	—	***28.1¢***	***19.1¢***	***56.2¢***
Payout ratio[3]	—	***82%***	***31%***	***86%***

The distribution policy is set by the Trustees after giving careful consideration to the projected cash flows, 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. The Fund suspended distributions effective March 2009 until a leverage ratio of less than 2.5:1 is achieved. Total cash distributions and dividends paid in the first quarter reflected in the Consolidated Statements of Cash Flows were $3.4 million.

Review of Operations

Richards Packaging's operations during the second quarter were approximately half in Canada and half in the United States ("Richards US") similar to performance in 2008. 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 second quarter increased by $0.3 million, or 0.5% from the same period in 2008 due to the translation of Richards US revenue with the Canadian dollar weakening by 13¢ to U.S./Cdn.$0.86 ($3.3 million) offset by organic revenue contraction of 6.2% ($3.0 million). Revenue for the first half increased by $2.1 million, or 2.3%, from the same period in 2008 due to the translation impact on Richards US revenue of the Canadian dollar strengthening by 16¢ to U.S./Cdn.$0.83 ($7.5 million) offset by organic revenue contraction of 5.8% ($5.4 million).

[expressed in thousands, except where otherwise indicated]

	Qtr. 2		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Revenue	**49,158**	**48,899**	**95,575**	**93,440**
Cost of products sold	**40,457**	**40,318**	**79,155**	**76,848**
Gross profit	**8,701**	**8,581**	**16,420**	**16,592**
	17.7%	*17.5%*	*17.2%*	*17.8%*
Expenses	**2,692**	**2,505**	**5,307**	**5,014**
Foreign exchange loss (gain) from operations	**(151)**	**42**	**(80)**	**86**
EBITDA[1]	**6,160**	**6,034**	**11,193**	**11,492**
	12.5%	*12.3%*	*11.7%*	*12.3%*
Amortization and debt accretion	**2,068**	**2,119**	**4,130**	**4,263**
Patent defense costs	**33**	**60**	**105**	**175**
Interest expense	**1,124**	**1,019**	**2,430**	**2,039**
Unrealized losses (gains) on financial instruments	**(5,390)**	**(778)**	**(3,862)**	**1,698**
Income tax expense (recovery)	**601**	**59**	**267**	**(563)**
Non-controlling interests	**1,163**	**500**	**1,223**	**548**
Net Income	**6,561**	**3,055**	**6,900**	**3,332**

Cost of products sold for the second quarter and the first half increased by $0.1 million, or 0.3%, and by $2.3 million or 3.0%, respectively, from the same periods in 2008 on higher revenue. Gross profit margins returned to exceed 17% for the second quarter, consistent from the same period in 2008 and up 1.1% from the first quarter on higher plant volumes The volatility in the price of resins during the first half 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 second quarter and the first half increased by $0.2 million and $0.3 million, respectively, from the same periods in 2008 primarily due to the translation of U.S. dollar denominated expenses of Richards US.

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

EBITDA[1] for the second quarter increased by $0.1 million, or 2.1%, and decreased $0.3 million, or 2.6% for the first half. As a percent of sales, EBITDA was 12.5% for the second quarter and 11.7% for the first half compared to 12.3% for the same periods in 2008, respectively. Changes were a result of the factors referred to above.

Patent defense costs relate to ongoing expenditures incurred to defend an action against Richards Packaging to establish that a product launched in July 2006 does not infringe our Dispill patent and trademark. These costs were previously included in intangible assets and amortized over the patent's remaining useful life.

Amortization and debt accretion of $2.1 million for the second quarter and $4.1 million for the first half was mainly comprised of $1.7 million and $3.4 million respectively for intangibles, which represents a charge for customer relationships and patents. The remaining amortization amounts consisted of debt accretion of $0.1 million for the first half and capital asset amortization of $0.3 million per quarter, which is approximately twice Richards Packaging's annual maintenance capital expenditure spending requirement.

[expressed in thousands, except where otherwise indicated]

Interest expense for the second quarter and the first half increased by $0.1 million and $0.4 million, respectively from the same periods in 2008 due to the negative impact of exchange translation on U.S. denominated interest and a 2.0% increase in bank margining ($0.2 million) partially offset by principal repayments and LIBOR interest rate reductions of over 3.0% on our debt not subject to the interest rate swap ($0.1 million). The $0.2 million improvement over the first quarter was mainly due to the interest rate swap maturing on June 5th.

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 June 30, 2009 totaled U.S.$48.0 million, which gave rise to an unrealized foreign currency translation gain of $5.0 million in the second quarter.

Current income taxes of $0.8 million for the second quarter and $1.3 million for the first half reflect tax leakage for Richards US. The increase over the same period in 2008 is due to higher taxable income out of Richards US. Net future tax assets available to shield income taxes are $4.4 million.

Net income for the second quarter was $6.6 million and $6.9 million for the first half, which represented 64.8¢ and 68.2¢ per Unit on a diluted basis, respectively. A weighted-average total of 10,114,722 Units and 1,793,533 exchangeable shares, were outstanding throughout the first half.

Distributable Cash Flow[2]

	Qtr. 2		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Cash provided by operating activities	**4,363**	**3,432**	**6,345**	**4,972**
Working capital changes	**(189)**	**848**	**1,054**	**3,089**
Non-cash charges	**1,986**	**1,754**	**3,794**	**3,431**
	6,160	**6,034**	**11,193**	**11,492**
Interest expense	**1,124**	**1,019**	**2,430**	**2,039**
Cash income tax expense	**829**	**675**	**1,259**	**1,217**
Maintenance capital expenditures	**136**	**213**	**204**	**349**
Loan principal payments	**—**	**10**	**—**	**20**
Distributable cash flow[2]	**4,071**	**4,117**	**7,300**	**7,867**
Diluted per Unit	***34.2¢***	***34.4¢***	***61.3¢***	***65.6¢***
Distributions and dividends	**—**	**3,361**	**2,277**	**6,731**
Diluted per Unit	**—**	***28.1¢***	***19.1¢***	***56.2¢***
Payout ratio[3]	**—**	***82%***	***31%***	***86%***
Purchase of Units	**—**	**379**	**—**	**636**
Units outstanding on a diluted basis	**11,908**	**11,971**	**11,908**	**11,993**

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 ($1.0 million drawn; 2008 – $1.0).

Distributable cash flow[2] of $4.1 million for the second quarter and $7.3 million for the first half decreased by $0.1 million and $0.6 million, respectively compared to the same periods in 2008. Overall, the decreases during the first half were attributable to lower EBITDA and higher interest expense offset by lower maintenance capital. Maintenance capital expenditures are expected to fall slightly short of management's annual target of $0.8 million[4] for the year.

Monthly distributions were suspended effective March 2009 until a leverage ratio of less than 2.5:1 is achieved.

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the second quarter was $4.4 million, up $0.9 million over the same period in 2008 primarily due to $1.0 million of reduced working capital from the same period in 2008. For the first half, cash flow from operating activities was $6.3 million, up $1.4 million primarily due to $2.0 million of reduced working capital offset by items not involving cash of $0.4 million and decreased EBITDA of $0.3 million. During the first half, working capital increased by $1.1 million mainly on higher receivables while reflecting the same past due profile as at year end. The decrease of $2.9 million in inventory was offset by the corresponding drop in payables.

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. Distributions and dividends were suspended during the second quarter with U.S.$3.0 million of cash flow being diverted to repay long-term debt.

Cash income taxes

The cash income tax expense for the second quarter was $0.8 million and $1.3 million for the first half of 2009, 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 until the new tax imposed upon publicly traded income trusts takes effect in 2011[4].

During the second quarter an internal reorganization was executed by way of a series of inter-company transfers to minimize cash tax leakage as a consequence of the suspension of distributions.

Capital expenditures

Capital expenditures for the second quarter were $0.5 million (2008 – $0.4 million), primarily incurred on account of expansion capital. For the first half of 2009, capital expenditures were $0.6 million, $0.2 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. Expansion capital of $0.4 million was incurred during the first half on new customer programs and associated business lines.

Financing activities and instruments

Richards Packaging's credit facilities include a U.S.$48.0 million long-term loan (2008 – U.S.$52.0 million) with repayment on June 3, 2011 and up to $7.0 million in revolving debt to fund working capital expansion. The term loan facility bears interest at LIBOR plus a premium of 3.25% to 3.75% (2008 – 2.25% to 2.75%) or at the prime rate plus a premium of 2.25% to 2.75% (2008 – 1.25% to 1.75%). The revolving credit facility bears interest at the prime rate plus a premium of 2.75% to 3.25% (2008 – 1.25% to 1.75%) and was renewed for an additional year, maturing on June 2, 2010. During the second quarter, U.S.$3.0 million of long-term debt was repaid and subsequent to quarter end, an additional U.S.$1.0 million repayment was made.

Richards Packaging's credit facilities are subject to a number of covenants and restrictions including the requirement to meet certain financial ratios, most notably the leverage ratio. The leverage ratio covenant is to ensure that our debt is less than 3.25 times the trailing twelve month EBITDA[1] and is reduced to 2.75 as at September 30, 2009. As of June 30, 2009 our proforma leverage ratio was 2.55. In order to ensure we achieve our target of 2.50 times leverage ratio by September 30, 2009, distributions were temporarily suspended beginning in March 2009. Subsequent to quarter end, Richards Packaging converted the U.S. denominated term loan at U.S./Cdn.$0.92 resulting in a $3.0 million currency translation gain and a proforma leverage ratio of 2.33:1. Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future[4].

Approximately 60% (2008-50%) of distributable cash flow for the first half was provided by Richards US. Interest on the U.S. denominated debt and dividends on the U.S. denominated exchangeable shares negated approximately two-thirds of the inherent foreign currency exchange risk. As a consequence of converting the U.S. denominated debt subsequent to quarter end, management will explore hedging strategies to mitigate the foreign currency exchange risk that was previously negated by the interest on the U.S. denominated debt.

Richards Packaging had 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 of term debt outstanding. The mark-to-market valuation of the swap contracts as at June 30, 2009 gave rise to an unrealized loss of $0.7 million in the first half.

Outlook[4]

Management believes that the performance of Richards Packaging is on track to meet ongoing requirements for working capital and capital expenditures for the remainder of the year.

The impact of exchange translation on revenue for the remainder of 2009 is expected to subside to a $1.0 million increase for the third quarter and reverse to a $2.0 million decrease for the fourth quarter at the current exchange rates of U.S./Cdn.$0.92.

EBITDA[1] for the second quarter was $6.2 million and $11.2 million for the first half, up $0.1 million in the second quarter and down $0.3 million in the first half, respectively over the same periods in 2008. Management continues to focus its attention on shifting to higher margin products, achieving operational improvement and cost reductions during 2009.

Interest expense is expected to be $0.2 million lower per quarter for the remainder of the year as interest rates decrease reflecting the maturity of the fixed rate swap that matured in June.

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

Term debt repayments will continue to be made monthly during the third quarter further strengthening our leverage ratio.

Risks and Uncertainties

Investment in Units involves risks inherent in the ordinary course of business of Richards Packaging 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 2008 Annual Information Form dated March 5, 2009 and the first quarter report dated May 8, 2009. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the second quarter of 2009.

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 June 30, 2009 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 first half of 2009, relative to December 31, 2008. 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 2008 Annual Report.

Change in Accounting Policies

Effective January 1, 2009 the Fund adopted the Canadian Institute of Chartered Accountants Handbook Section 3064, *Goodwill and Intangible Assets* on a retrospective basis.

Legal defense costs incurred to defend a patent infringement case which were previously capitalized and amortized over the patent's remaining useful life are now expensed in the period they are incurred. The impact of adopting this new standard was to decrease intangible assets by $737, future tax liabilities by $209 and non-controlling interests by $42 and increase the deficit by $486 as at December 31, 2008. For the second quarter and the first half 2008, consolidated net income was reduced by $23 and $94 and basic and diluted income per Unit was reduced by nil and 0.1¢ respectively.

Certain computer software formerly included in capital assets is now classified as intangible assets. The impact was to increase intangible assets and decrease capital assets by $262 as at December 31, 2008. For the second quarter and first half 2008, the amortization of intangible assets increased and capital assets decreased by $69 and $138 respectively.

International Financial Reporting Standards *("IFRS")*

Management continued to perform detailed analysis of the differences between IFRS and the Fund's accounting policies as well as assess the impact of the IAS pronouncements that may affect the consolidated financial statements of the Fund upon adoption of IFRS. Richards Packaging will complete its assessment, as well as the impact of IFRS conversion, for inclusion in the 2009 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 quarter and six months ended June 30, 2009 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

---

1 *Management defines EBITDA as earnings before amortization, 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. 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 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 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

CONSOLIDATED BALANCE SHEETS

Unaudited

[expressed in thousands of dollars]

As at June 30, 2009 and December 31, 2008 *[2008 restated – note 3]*

	2009 $	2008 $
ASSETS		
Current		
Cash and cash equivalents	**129**	**202**
Accounts receivable	**20,914**	**20,458**
Inventory	**34,264**	**38,254**
Prepaid expenses	**2,002**	**1,687**
Income taxes recoverable	**95**	**416**
Total current assets	**57,404**	**61,017**
Capital assets *[note 3]*	**4,345**	**4,535**
Intangible assets *[note 3]*	**42,027**	**46,094**
Future income tax assets	**31**	**53**
Goodwill	**75,621**	**77,555**
	179,428	**189,254**
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	**1,002**	**258**
Accounts payable and accrued liabilities	**19,061**	**23,290**
Distributions and dividends payable	**—**	**1,135**
Due to previous shareholder of acquired company	**916**	**966**
Short-term debt *[note 4]*	**1,000**	**—**
Total current liabilities	**21,979**	**25,649**
Long-term debt *[note 4]*	**55,302**	**61,916**
Future income tax liabilities *[note 3]*	**9,791**	**11,065**
Total liabilities	**87,072**	**98,630**
Non-controlling interests *[notes 3 and 5]*	**15,285**	**15,135**
Unitholders' equity		
Units *[note 6]*	**94,508**	**94,508**
Deficit *[note 3]*	**(18,424)**	**(23,433)**
Accumulated other comprehensive income	**987**	**4,414**
	(17,437)	**(19,019)**
Total unitholders' equity	**77,071**	**75,489**
	179,428	**189,254**

See accompanying notes

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

Richards Packaging Income Fund

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

Unaudited

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

For the three and six months ended June 30 *[2008 restated – note 3]*

	Three months		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Revenue	**49,158**	**48,899**	**95,575**	**93,440**
Cost of products sold	**40,457**	**40,318**	**79,155**	**76,848**
	8,701	**8,581**	**16,420**	**16,592**
General and administrative expenses	**2,692**	**2,505**	**5,307**	**5,014**
Foreign currency loss (gain)	**(151)**	**42**	**(80)**	**86**
Income before under noted items, income taxes and non-controlling interests	**6,160**	**6,034**	**11,193**	**11,492**
Amortization *[note 3]*				
Capital assets	**373**	**345**	**726**	**665**
Intangible assets	**1,669**	**1,651**	**3,351**	**3,303**
Debt accretion	**26**	**123**	**53**	**295**
Patent defense costs *[note 3]*	**33**	**60**	**105**	**175**
Interest expense	**1,124**	**1,019**	**2,430**	**2,039**
Unrealized losses (gains) on financial instruments				
Interest rate swap contracts	**(372)**	**(386)**	**(660)**	**180**
Foreign currency translation of debt	**(5,018)**	**(392)**	**(3,202)**	**1,518**
Income before income taxes and non-controlling interests	**8,325**	**3,614**	**8,390**	**3,317**
Provision for (recovery of) income taxes *[note 7]*				
Current	**829**	**675**	**1,259**	**1,217**
Future *[note 3]*	**(228)**	**(616)**	**(992)**	**(1,780)**
	601	**59**	**267**	**(563)**
Non-controlling interests *[notes 3 and 5]*	**1,163**	**500**	**1,223**	**548**
Net income for the period	**6,561**	**3,055**	**6,900**	**3,332**
Basic and diluted income per Unit *[notes 3 and 6]*	**$0.648**	**$0.300**	**$0.682**	**$0.327**
Other comprehensive income (loss)				
Unrealized foreign currency translation of Richards US	**(4,807)**	**(553)**	**(3,427)**	**1,258**
Comprehensive income for the period	**1,754**	**2,502**	**3,473**	**4,590**
STATEMENT OF DEFICIT				
Beginning of period *[note 3]*	**(24,985)**	**(12,997)**	**(23,433)**	**(10,407)**
Net income for the period	**6,561**	**3,055**	**6,900**	**3,332**
Distributions declared to unitholders	**—**	**(2,855)**	**(1,891)**	**(5,722)**
End of period	**(18,424)**	**(12,797)**	**(18,424)**	**(12,797)**
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Beginning of period	**5,794**	**(5,390)**	**4,414**	**(7,201)**
Other comprehensive income (loss)	**(4,807)**	**(553)**	**(3,427)**	**1,258**
End of period	**987**	**(5,943)**	**987**	**(5,943)**

See accompanying notes

Richards Packaging Income Fund

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

[expressed in thousands of dollars]

For the three and six months ended June 30 *[2008 restated – note 3]*

	Three months		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
OPERATING ACTIVITIES				
Net income for the period	**6,561**	**3,055**	**6,900**	**3,332**
Add (deduct) items not involving cash				
Amortization and debt accretion	**2,068**	**2,119**	**4,130**	**4,263**
Future income taxes	**(228)**	**(616)**	**(992)**	**(1,780)**
Non-controlling interests	**1,163**	**500**	**1,223**	**548**
Unrealized losses (gains) on financial instruments	**(5,390)**	**(778)**	**(3,862)**	**1,698**
	4,174	**4,280**	**7,399**	**8,061**
Net change in non-cash operating elements of working capital *[note 8]*	**189**	**(848)**	**(1,054)**	**(3,089)**
Cash provided by operating activities	**4,363**	**3,432**	**6,345**	**4,972**
INVESTING ACTIVITIES *[note 3]*				
Additions to capital assets	**(465)**	**(359)**	**(647)**	**(564)**
Expenditures on computer software	—	—	**(7)**	—
Cash used in investing activities	**(465)**	**(359)**	**(654)**	**(564)**
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	**782**	**342**	**745**	**(45)**
Proceeds from (repayment of) short-term debt	**(1,000)**	**457**	**1,000**	**3,457**
Repayment of long-term debt	**(3,463)**	**(10)**	**(3,463)**	**(20)**
Purchase of trust units for cancellation	—	**(379)**	—	**(636)**
Dividends paid to exchangeable shareholders	—	**(506)**	**(575)**	**(1,006)**
Distributions paid to unitholders	—	**(2,859)**	**(2,837)**	**(5,729)**
Cash used in financing activities	**(3,681)**	**(2,955)**	**(5,130)**	**(3,979)**
Foreign currency loss	**(149)**	**(49)**	**(634)**	**(289)**
Net increase (decrease) in cash and cash equivalents	**68**	**69**	**(73)**	**140**
Cash and cash equivalents, beginning of period	**61**	**174**	**202**	**103**
Cash and cash equivalents, end of period	**129**	**243**	**129**	**243**

See accompanying notes

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 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 2008 audited annual consolidated financial statements. The accounting policies used in the preparation of these unaudited interim consolidated financial statements are consistent with the 2008 audited annual consolidated financial statements except as disclosed in note 3.

3. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2009 the Fund adopted the following new Canadian Institute of Chartered Accountants Handbook recommendation on a retrospective basis.

Goodwill and Intangible Assets *[Section 3064]*

Legal defense costs incurred to defend a patent infringement case formerly included in intangible assets are now expensed in the periods incurred, whereas previously these costs were capitalized and amortized over the patents' remaining useful life. The impact as at December 31, 2008 was to decrease intangible assets by $737, future tax liabilities by $209 and non-controlling interests by $42 and increase the deficit by $486. For the three and six months ended June 30, 2008, consolidated net income was reduced by $23 and $94, and basic and diluted income per Unit was reduced by nil and 0.1¢ as a result of patent defense costs of $60 and $175 being expensed, intangible asset amortization decreased by $17 and $32, recovery of future income taxes increased by $16 and $32 and non-controlling interests decreased by $4 and $17 respectively. Opening deficit as at January 1, 2007 was increased by $339 which is the net amount of these adjustments relating to prior periods.

Certain computer software formerly included in capital assets is now classified as intangible assets. The impact was to increase intangible assets and decrease capital assets by $262 as at December 31, 2008. For the three and six months ended June 30, 2008, the amortization of intangible assets increased and capital assets decreased by $69 and $138 respectively.

[expressed in thousands of dollars]

4. SHORT- AND LONG-TERM DEBT

Richards Packaging has a revolving credit facility of $7,000 of which $1,000 was drawn as at June 30, 2009. Long-term debt reflects a $499 decrease for unamortized debt issue costs [2008 – $539].

The revolving credit facility was extended to June 2, 2010 with the interest premium over LIBOR, or prime rate, increased by 0.5% to reflect current market conditions. Richards Packaging repaid U.S.$3,000 of term debt during the three months ending June 30, 2009. Subsequent to quarter end, Richards Packaging converted the U.S. denominated term loan to Canadian denominated debt at U.S./Cdn.$0.923 and repaid U.S.$1,000 on July 31.

5. NON-CONTROLLING INTERESTS *[note 3]*

As at June 30, 2009, 1,793,533 exchangeable shares remain outstanding. The change in carrying value of the non-controlling interests for the six months ended June 30, 2009 represents $1,223 of net income [2008 – $548] and $688 of unrealized loss from the translation of Richards US [2008 – $250 gain], offset by $385 of dividends [2008 – $1,009].

6. UNITS

No Units have been issued or cancelled during the six months ending June 30, 2009, therefore the weighted average number of Units outstanding was 10,114,722 and 11,908,255 on a basic and diluted basis respectively. The comparative number of Units for the three months was 10,177,603 and 11,971,136 and for the six months ending June 30, 2008 was 10,199,392 and 11,992,925 on a basic and diluted basis respectively.

7. INCOME TAXES *[note 3]*

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

	Three months		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Income before income taxes and non-controlling interests	**8,325**	**3,614**	**8,390**	**3,317**
Fund income not subject to income taxes	**(950)**	**(2,378)**	**(3,268)**	**(4,765)**
Income subject to income taxes	**7,375**	**1,236**	**5,122**	**(1,448)**
Statutory tax rate	***32.5%***	***36.1%***	***32.5%***	***36.1%***
Income taxes at statutory tax rate	**2,397**	**446**	**1,665**	**(523)**
Recovery of future income taxes	**228**	**616**	**992**	**1,780**
Current period adjustments	**(1,796)**	**(387)**	**(1,398)**	**(40)**
Provision for current income taxes	**829**	**675**	**1,259**	**1,217**

[expressed in thousands of dollars]

Fund income exceeded distributions by $1,377 which is assumed will be declared before year end and therefore not subject to tax.

8. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Accounts receivable	**(85)**	**(42)**	**(945)**	**(165)**
Inventory	**565**	**473**	**2,911**	**(2,027)**
Prepaid expenses	**35**	**940**	**(367)**	**566**
Accounts payable and accrued liabilities	**(440)**	**(1,849)**	**(2,972)**	**(1,231)**
Income taxes recoverable (payable)	**114**	**(370)**	**319**	**(232)**
	189	**(848)**	**(1,054)**	**(3,089)**

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

	Three months		Six months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Interest paid	**1,284**	**1,142**	**2,541**	**2,081**
Income taxes paid	**694**	**1,189**	**915**	**1,493**