Q3 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended September 30, 2009

Report Contents

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

September 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.

Richards Packaging Income Fund continues to struggle in the current economic climate with third quarter revenue shrinkage of 2.0% over the same period in 2008. The rate of organic revenue loss slowed to 4.5%, however the benefits inherent in translation of Richards US revenue softened as well, as the Canadian dollar weakened by U.S./Cdn. 5¢. Gross profit and EBITDA[1] as a percentage of sales continued to run at strong levels of 17.9% and 12.4% respectively. EBITDA increased $0.2 million, ignoring the 2008 reorganization costs, primarily through stronger gross profit margins. Net income was $5.4 million, or 53¢ per Unit, up $4.9 million over the same period in 2008, due primarily to gains on financial instruments ($5.7 million).

Richards Packaging made six U.S.$1.0 million payments during the second and third quarters on the term debt with the funds diverted from distributions. We also repaid the $2.0 million borrowed on the revolving credit facility during the first quarter to invest in working capital.

As at July 31, 2009 the U.S. denominated term loan was converted to a Canadian dollar debt at U.S./Cdn.$0.92 resulting in a realized gain of $0.1 million. This conversion now removes the volatility associated with unrealized foreign currency translation gains and losses on the debt. Our leverage ratio improved during the last two quarters from 3.0:1 to 2.2:1, reflecting the repayments and the revaluation of the term debt upon conversion ($8.9 million) as a result of a 13¢ increase in the Canadian dollar from U.S./Cdn.$0.79. The Fund's distributable cash flow sensitivity to foreign currency fluctuations is now $0.1 million for every U.S./Cdn 1¢.

The Trustees of the Fund are pleased to announce a return to monthly distributions at the rate of 6.55¢/Unit beginning with the month of October. Factors considered when setting this level included the Income Trust tax beginning in 2011, the current low interest rates and the cash needs of operations. Surplus distributable cash will be deployed to continue reducing the debt levels and to buyback Units.

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, 2009
Chief Executive Officer
Richards Packaging Inc.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

[expressed in thousands, except where otherwise indicated]

October 30, 2009

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, 2009, the first and second quarter reports dated May 8 and July 31, 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 on April 7, 2004 with 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 for the third quarter 2009 include:

- Revenue contraction of $0.9 million, or 2.0%, with 4.5% negative organic growth being offset by foreign currency translation of Richards US,
- EBITDA[1] growth of $0.4 million, or 7.8%, representing 12.4% of sales,
- Net income up $4.9 million due primarily to gains on financial instruments,
- Interest expense reduced by $0.4 million caused by repayments and lower short term rates,
- Inventory and prepaid expenses reduced by $2.1 million and payables by $1.0 million,
- Term debt repaid by U.S.$3.0 million and revolver by $1.0 million,
- Term debt converted to Cdn.$ at U.S./Cdn.$0.92 resulting in a realized gain of $0.1 million,
- Leverage ratio drop of 0.4 to a 2.2:1 debt to EBITDA; bank covenant at 2.75,
- Distributable cash flow[2] increased by 7¢ to 36¢ per Unit with stronger EBITDA and lower interest expense, and
- Monthly distributions reinstated at 6.55¢ per Unit subsequent to quarter end.

Richards Packaging Income Fund

[expressed in thousands, except where otherwise indicated]

October 30, 2009

This MD&A covers the three and nine months ended September 30, 2009 (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	
	2009	2008	2009	2008
	$	$	$	$
Income Statement Data:				
Revenue	**47,529**	**48,476**	**143,104**	**141,916**
EBITDA[1]	**5,916**	**5,488**	**17,109**	**16,980**
Diluted per Unit	***49.7¢***	***46.1¢***	***$1.44***	***$1.42***
Net income	**5,400**	**534**	**12,300**	**3,866**
Diluted per Unit	***53.4¢***	***5.3¢***	***$1.22***	***$0.38***
Balance Sheet Data:				
Total assets	**170,266**	**180,035**		
Bank debt outstanding	**48,720**	**55,115**		
Cash Flow Statement Data:				
Distributions and dividends	—	**3,357**	**2,277**	**10,092**
Diluted per Unit	—	***28.1¢***	***19.1¢***	***84.3¢***
Payout ratio[3]	—	***98%***	***20%***	***89%***

The distribution policy is set by the Trustees after giving careful consideration to projected cash flows, the trust tax to be imposed in 2011, 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. Distributions were suspended effective March 2009 until a leverage ratio of less than 2.5:1 was achieved. Cash distributions and dividends paid in the first quarter reflected in the Consolidated Statements of Cash Flows were $3.4 million. Subsequent to quarter end, monthly distributions were reinstated to 6.55¢ per Unit beginning with the month of October, to unitholders of record at the close of November 10, 2009.

Review of Operations

Richards Packaging's operations during the third 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 third quarter decreased by $0.9 million, or 2.0%, from the same period in 2008 due to organic revenue contraction of 4.5% ($2.2 million) offset by the translation of Richards US revenue with the Canadian dollar weakening by 5¢ to U.S./Cdn.$0.91 ($1.3 million). Revenue for the nine months increased by $1.2 million, or 0.1%, from the same period in 2008 due to the translation impact on Richards US revenue of the Canadian dollar weakening by 12¢ to U.S./Cdn.$0.86 ($8.9 million) offset by organic revenue contraction of 5.4% ($7.7 million).

[expressed in thousands, except where otherwise indicated]

	Qtr. 3		Nine months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Revenue	**47,529**	**48,476**	**143,104**	**141,916**
Cost of products sold	**38,996**	**40,216**	**118,151**	**117,064**
Gross profit	**8,533**	**8,260**	**24,953**	**24,852**
	17.9%	*17.0%*	*17.4%*	*17.5%*
Expenses	**2,645**	**2,479**	**7,952**	**7,493**
Reorganization costs	**—**	**253**	**—**	**253**
Foreign exchange loss (gain) from operations	**(28)**	**40**	**(108)**	**126**
EBITDA[1]	**5,916**	**5,488**	**17,109**	**16,980**
	12.4%	*11.3%*	*12.0%*	*12.0%*
Amortization and debt accretion	**2,053**	**2,058**	**6,183**	**6,321**
Patent defense costs	**9**	**23**	**114**	**198**
Interest expense	**765**	**1,136**	**3,195**	**3,175**
Realized currency gain on debt conversion	**(132)**	**—**	**(132)**	**—**
Unrealized losses (gains) on financial instruments	**(3,668)**	**1,950**	**(7,530)**	**3,648**
Income tax expense (recovery)	**531**	**(302)**	**798**	**(865)**
Non-controlling interests	**958**	**89**	**2,181**	**637**
Net Income	**5,400**	**534**	**12,300**	**3,866**

Cost of products sold decreased by $1.2 million, or 3.0%, for the third quarter and increased by $1.1 million, or 0.9%, for the nine months compared to the same periods in 2008. Gross profit margins increased by 0.9% in the third quarter from the same period in 2008 and were down slightly by 0.1% for the nine months, while continuing to exceed 17%. Price volatility 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 by $0.2 million and $0.5 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 third quarter and nine months increased by $0.4 million, or 7.8%, and $0.1 million, or 0.8%, respectively over the same periods in 2008. As a percent of sales, EBITDA was 12.4% for the third quarter and 12.0% for the nine months compared to 11.3% and 12.0% 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 third quarter and $6.2 million for the nine months was mainly comprised of $1.7 million and $5.0 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 nine months 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 decreased by $0.4 million from the same period in 2008, reflecting the absence of the fixed interest rate swap ($0.2 million), principal repayments and floating interest rate reductions of over 2.0% ($0.2 million). For the nine months, the above mentioned gains were offset by the negative impact of exchange translation on U.S. denominated interest ($0.3 million) until the debt was converted on July 31, 2009.

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 U.S.$47.0 million term loan outstanding on July 31, 2009, was converted into CDN$ at a rate of $0.92 resulting in a realized currency gain of $0.1 million. This conversion now removes the volatility associated with unrealized foreign currency translation gains and losses on the debt, including the $3.7million reversal of the cumulative unrealized translation loss in the third quarter.

Current income taxes of $0.8 million for the third quarter and $2.1 million for the nine months reflect tax leakage for Richards US. Net future tax assets available to shield income taxes are $4.1 million, down $0.4 for the nine months, due to the second quarter internal reorganization.

Net income for the third quarter was $5.4 million and $12.3 million for the nine months, which represented 0.53¢ and $1.22 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 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; 2008 – nil).

Distributable cash flow[2] of $4.2 million for the third quarter and $11.5 million for the nine months increased by $0.8 million and $0.2 million, respectively compared to the same periods in 2008. Overall, the increases during the nine months were attributable to the absence of reorganization costs as well as 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, which were temporarily suspended effective March 2009, will be reinstated beginning with October. Approximately 100% of the distributions will represent interest on the subordinated notes held by the Fund.

[expressed in thousands, except where otherwise indicated]

	Qtr. 3		Nine months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Cash provided by operating activities	**4,622**	**5,830**	**10,967**	**10,802**
Working capital changes	**(164)**	**(2,275)**	**890**	**814**
Non-cash charges	**1,458**	**2,186**	**5,252**	**5,617**
	5,916	**5,741**	**17,109**	**17,233**
Reorganization costs	—	**253**	—	**253**
Interest expense	**765**	**1,136**	**3,195**	**3,175**
Cash income tax expense	**816**	**774**	**2,075**	**1,991**
Maintenance capital expenditures	**105**	**137**	**309**	**486**
Loan principal payments	—	**7**	—	**27**
Distributable cash flow[2]	**4,230**	**3,434**	**11,530**	**11,301**
Diluted per Unit	***35.6¢***	***28.8¢***	***96.8¢***	***94.4¢***
Distributions and dividends	—	**3,357**	**2,277**	**10,088**
Diluted per Unit	—	***28.1¢***	***19.1¢***	***84.3¢***
Payout ratio[3]	—	***98%***	***20%***	***89%***
Purchase of Units	—	**382**	—	**1,018**
Units outstanding on a diluted basis	**11,908**	**11,914**	**11,908**	**11,966**

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the third quarter was $4.6 million, down $1.2 million primarily due to $2.1 million of reduced working capital from the same period in 2008. For the nine months, cash flow from operating activities was $11.0 million, up slightly by $0.2 million from the same period in 2008, as working capital increased by $0.9 million mainly on higher September revenue while receivables reflected the same past due profile as at year end. The decrease of $5.5 million in inventory was offset primarily by the drop in prepaid expenses and payables.

Cash income taxes

The cash income tax expense for the third quarter was $0.8 million and $2.1 million for the nine months 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].

Capital expenditures

Capital expenditures for the third quarter were $0.2 million (2008 – $0.4 million), incurred both on account of expansion and maintenance capital. For the nine months, capital expenditures were $0.9 million (2008 - $0.9 million), $0.3 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 $0.6 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 $49.0 million long-term loan (2008 – U.S.$52.0 million) with repayment due 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 BA's 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 on May 8, 2009 for an additional year, maturing on June 2, 2010. During the second and third quarters, U.S.$6.0 million of long-term debt and $2.0 million of revolver debt was repaid.

The 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 covenant was to maintain debt less than 3.25 times the trailing twelve month EBITDA[1] until June 30, 2009, and was reduced to 2.75 times as of September 30, 2009. As at September 30, 2009 our proforma leverage ratio was 2.15, down from a high of 3.00 as at March 31, 2009. In order to ensure we achieved our target of 2.50 times leverage ratio, distributions were temporarily suspended beginning in March 2009. On July 31, 2009 Richards Packaging converted the U.S. denominated term loan at U.S./Cdn.$0.92 resulting in a $0.1 million realized currency translation gain. U.S.$ denominated debt provided an effective way to match the U.S. dollar interest obligations with the net cash received from Richards US. Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future[4].

Previously, interest on the U.S. denominated debt negated approximately two-thirds of the inherent foreign currency exchange risk on the Richards US cash flow. As a consequence of converting the U.S. denominated debt, distributable cash flow sensitivity to foreign currency fluctuations is now $0.1 million for every U.S./Cdn.1¢.

Richards Packaging had entered into interest rate swap contracts 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 gave rise to an unrealized gain 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, capital expenditures and to sustain monthly distributions to unitholders at the newly established level through 2011.

The impact of exchange translation on revenue for the remainder of 2009 is expected to reverse to a $2.4 million decrease for the fourth quarter at the current exchange rates of U.S./Cdn.$0.94.

EBITDA[1] for the third quarter was $5.9 million and $17.1 million for the nine months, up $0.4 million in the third quarter and $0.1 million in the nine months, 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 $0.6 million lower for the fourth quarter from the same period in 2008 and at a similar level to the third quarter as interest rates decrease reflecting the maturity of the fixed rate swap that matured in June and the lower overall debt level.

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 deploy a prudent portion of surplus distributable cash flow[2] in a Unit buyback program and/or minimize draws on the revolving facility for seasonal working capital needs. Term debt repayments will cease in the fourth quarter with the resumption of distributions.

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. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the third 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 September 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 nine months 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 third quarter and the nine months 2008, consolidated net income was increased by $9 and reduced by $85 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 third quarter and nine months 2008, the amortization of intangible assets increased and capital assets decreased by $69 and $207 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 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 nine months ended September 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

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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 expectations expressed and 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 September 30, 2009 and December 31, 2008 *[2008 restated – note 3]*

	2009 $	2008 $
ASSETS		
Current		
Cash and cash equivalents	**118**	**202**
Accounts receivable	**21,055**	**20,458**
Inventory	**30,207**	**38,254**
Prepaid expenses	**2,423**	**1,687**
Income taxes recoverable	**128**	**416**
Total current assets	**53,931**	**61,017**
Capital assets *[note 3]*	**4,147**	**4,535**
Intangible assets *[note 3]*	**39,351**	**46,094**
Future income tax assets	**30**	**53**
Goodwill	**72,807**	**77,555**
	170,266	**189,254**
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	**1,027**	**258**
Accounts payable and accrued liabilities	**17,362**	**23,290**
Distributions and dividends payable	**—**	**1,135**
Due to previous shareholder of acquired company	**845**	**966**
Total current liabilities	**19,234**	**25,649**
Long-term debt *[note 4]*	**48,245**	**61,916**
Future income tax liabilities *[notes 3 and 7]*	**9,128**	**11,065**
Total liabilities	**76,607**	**98,630**
Non-controlling interests *[notes 3 and 5]*	**15,481**	**15,135**
Unitholders' equity		
Units *[note 6]*	**94,508**	**94,508**
Deficit *[note 3]*	**(13,024)**	**(23,433)**
Accumulated other comprehensive income (loss)	**(3,306)**	**4,414**
	(16,330)	**(19,019)**
Total unitholders' equity	**78,178**	**75,489**
	170,266	**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 LOSS

Unaudited

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

For the three and nine months ended September 30 *[2008 restated – note 3]*

	Three months		Nine months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Revenue	**47,529**	48,476	**143,104**	141,916
Cost of products sold	**38,996**	40,299	**118,151**	117,147
	8,533	8,177	**24,953**	24,769
General and administrative expenses	**2,645**	2,649	**7,952**	7,663
Foreign currency loss (gain)	**(28)**	40	**(108)**	126
Income before under noted items, income taxes and non-controlling interests	**5,916**	5,488	**17,109**	16,980
Amortization *[note 3]*				
Capital assets	**368**	361	**1,094**	1,026
Intangible assets	**1,659**	1,655	**5,010**	4,958
Debt accretion	**26**	42	**79**	337
Patent defense costs *[note 3]*	**9**	23	**114**	198
Interest expense	**765**	1,136	**3,195**	3,175
Realized currency gain on debt conversion	**(132)**	—	**(132)**	—
Unrealized losses (gains) on financial instruments				
Interest rate swap contracts	**—**	(198)	**(660)**	(18)
Foreign currency translation of debt	**(3,668)**	2,148	**(6,870)**	3,666
Income before income taxes and non-controlling interests	**6,889**	321	**15,279**	3,638
Provision for (recovery of) income taxes *[note 7]*				
Current	**816**	774	**2,075**	1,991
Future *[note 3]*	**(285)**	(1,076)	**(1,277)**	(2,856)
	531	(302)	**798**	(865)
Non-controlling interests *[notes 3 and 5]*	**958**	89	**2,181**	637
Net income for the period	**5,400**	534	**12,300**	3,866
Basic and diluted income per Unit *[notes 3 and 6]*	**$0.53**	$0.05	**$1.22**	$0.38
Other comprehensive income (loss)				
Unrealized foreign currency translation of Richards US	**(4,293)**	2,716	**(7,720)**	3,974
Comprehensive income for the period	**1,107**	3,250	**4,580**	7,840
STATEMENT OF DEFICIT				
Beginning of period *[note 3]*	**(18,424)**	(12,797)	**(23,433)**	(10,407)
Net income for the period	**5,400**	534	**12,300**	3,866
Distributions declared to unitholders	**—**	(2,839)	**(1,891)**	(8,561)
End of period	**(13,024)**	(15,102)	**(13,024)**	(15,102)
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Beginning of period	**987**	(5,943)	**4,414**	(7,201)
Other comprehensive income (loss)	**(4,293)**	2,716	**(7,720)**	3,974
End of period	**(3,306)**	(3,227)	**(3,306)**	(3,227)

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 *[2008 restated – note 3]*

	Three months		Nine months	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
OPERATING ACTIVITIES				
Net income for the period	**5,400**	**534**	**12,300**	**3,866**
Add (deduct) items not involving cash				
Amortization and debt accretion	**2,053**	**2,058**	**6,183**	**6,321**
Future income taxes	**(285)**	**(1,076)**	**(1,277)**	**(2,856)**
Non-controlling interests	**958**	**89**	**2,181**	**637**
Unrealized losses (gains) on financial instruments	**(3,668)**	**1,950**	**(7,530)**	**3,648**
	4,458	**3,555**	**11,857**	**11,616**
Net change in non-cash operating elements of working capital *[note 8]*	**164**	**2,275**	**(890)**	**(814)**
Cash provided by operating activities	**4,622**	**5,830**	**10,967**	**10,802**
INVESTING ACTIVITIES *[note 3]*				
Additions to capital assets	**(219)**	**(370)**	**(866)**	**(934)**
Expenditures on computer software	**(21)**	**—**	**(28)**	**—**
Cash used in investing activities	**(240)**	**(370)**	**(894)**	**(934)**
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	**79**	**(1,091)**	**824**	**(1,136)**
Proceeds from (repayment of) short-term debt	**(1,000)**	**(1,000)**	**—**	**2,457**
Repayment of long-term debt	**(3,281)**	**(7)**	**(6,744)**	**(27)**
Realized currency gain on debt conversion	**(132)**	**—**	**(132)**	**—**
Purchase of trust units for cancellation	**—**	**(382)**	**—**	**(1,018)**
Dividends paid to exchangeable shareholders	**—**	**(514)**	**(575)**	**(1,520)**
Distributions paid to unitholders	**—**	**(2,843)**	**(2,837)**	**(8,572)**
Cash used in financing activities	**(4,334)**	**(5,837)**	**(9,464)**	**(9,816)**
Foreign currency gain (loss)	**(59)**	**459**	**(693)**	**170**
Net increase (decrease) in cash and cash equivalents	**(11)**	**82**	**(84)**	**222**
Cash and cash equivalents, beginning of period	**129**	**243**	**202**	**103**
Cash and cash equivalents, end of period	**118**	**325**	**118**	**325**

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 nine months ended September 30, 2008, consolidated net income was increased by $9 and decreased by $85, and basic and diluted income per Unit was reduced by nil and 0.1¢ as a result of patent defense costs of $23 and $198 being expensed, intangible asset amortization decreased by $18 and $50, recovery of future income taxes increased by $16 and $48 and non-controlling interests increased by $2 and decreased by $15 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 nine months ended September 30, 2008, the amortization of intangible assets increased and capital assets decreased by $69 and $207 respectively.

[expressed in thousands of dollars]

4. SHORT- AND LONG-TERM DEBT

Richards Packaging has a revolving credit facility of $7,000 of which nil was drawn as at September 30, 2009. Long-term debt reflects a $475 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.$6,000 of term debt during the nine months ending September 30, 2009. On July 31, Richards Packaging converted the U.S. denominated term loan to Canadian denominated debt at U.S./Cdn.$0.923.

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

As at September 30, 2009, 1,793,533 exchangeable shares remain outstanding. The change in carrying value of the non-controlling interests for the nine months ended September 30, 2009 represents $2,181 of net income [2008 – $637] and $1,450 of unrealized loss from the translation of Richards US [2008 – $392 gain], offset by $385 of dividends [2008 – $1,527].

6. UNITS

No Units have been issued or cancelled during the nine months ending September 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 10,120,688 and 11,914,221 and for the nine months ending September 30, 2008 was 10,172,966 and 11,966,499 on a basic and diluted basis respectively.

7. INCOME TAXES *[note 3]*

	Three months		**Nine months**	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Income before income taxes and non-controlling interests	**6,889**	**321**	**15,279**	**3,638**
Fund income not subject to income taxes	**(20)**	**(2,381)**	**(3,288)**	**(7,146)**
Income subject to income taxes	**6,869**	**(2,060)**	**11,991**	**(3,508)**
Statutory tax rate	***32.5%***	***36.1%***	***32.5%***	***36.1%***
Income taxes at statutory tax rate	**2,232**	**(744)**	**3,897**	**(1,267)**
Recovery of future income taxes	**285**	**1,076**	**1,277**	**2,856**
Current period adjustments				
Foreign currency translation on debt	**(1,518)**	**343**	**(2,287)**	**588**
Other	**(183)**	**99**	**(812)**	**(186)**
Provision for current income taxes	**816**	**774**	**2,075**	**1,991**

[expressed in thousands of dollars]

Fund income exceeded distributions by $1,397 which 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		**Nine months**	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Accounts receivable	**(900)**	**383**	**(1,845)**	**218**
Inventory	**2,582**	**1,266**	**5,493**	**(761)**
Prepaid expenses	**(520)**	**(408)**	**(887)**	**158**
Accounts payable and accrued liabilities	**(953)**	**1,111**	**(3,925)**	**(120)**
Income taxes recoverable (payable)	**(45)**	**(77)**	**274**	**(309)**
	164	**2,275**	**(890)**	**(814)**

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

	Three months		**Nine months**	
	2009	**2008**	**2009**	**2008**
	$	$	$	$
Interest paid	**887**	**1,118**	**3,428**	**3,199**
Income taxes paid	**802**	**871**	**1,717**	**2,364**