Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2011

Report Contents

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

June 30, 2011

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

Second quarter performance continued to track at the first quarter level, but below the profitability levels of 2010. Total revenue was down 0.7% with organic revenue growth at 2.3% being fully offset by the U.S./Cdn. 6¢ appreciation of the dollar. EBITDA[1] was down $0.7 million, or 12.2%, due to price erosion in selected larger accounts and higher freight costs. Gross profit and EBITDA as a percent of sales mirrored first quarter performance to run at levels of 16.4% and 11.1% respectively. We expect that this trend will continue into the third quarter. Net income was up $1.2 million, or 5¢ per Unit, mainly reflecting the mark-to-mark gain on exchangeable shares.

The first half results reflect weakness that began during the fourth quarter of 2010. Total revenue was down 0.8% with organic revenue growth of 1.8% being fully offset by the U.S./Cdn. 6¢ appreciation of the dollar. EBITDA[1] was down $1.5 million, or 12.8%, due to price erosion in selected larger accounts and higher freight costs. Net income was up $0.1 million mainly reflecting the mark-to-mark gain on exchangeable shares.

The strikes and subsequent lockout at the Canadian Post Office resulted in unusually high receivables, inventories and payable as at June 30th, but with the Canadian Government passing back-to-work legislation on June 27th working capital should revert to normal levels by the end of July. The $1.5 million of free cash flow generated in the second quarter was utilized to pay down $0.5 million of debt in May and to cover our June working capital needs. Over the next six months we expect to lower our investment in inventories and make further payments on our debt[4].

The Fund paid monthly distributions of 6.55¢ per Unit during the first quarter, which represented an annualized yield of 9.2% on the June 30th closing price of $8.58 per Unit. The payout ratio[3] for the second quarter was 60%, at the same level as 2010.

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" July 28, 2011
Chief Executive Officer
Richards Packaging Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

July 28, 2011

This management's discussion and analysis ("MD&A") of Richards Packaging Income Fund for the second quarter should be read in conjunction with the attached condensed interim financial statements dated June 30, 2011, the first quarter report dated May 4, 2011, the 2010 Annual Report and the 2010 Annual Information Form dated March 4, 2011 respectively. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a consistent basis with the 2010 annual financial statements, except as disclosed in Changes in Accounting Policy (note 3).

Fund Profile and Description of the Business

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

Richards Packaging serves a wide customer base that is comprised of approximately 11,000 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 15% 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 17 sales offices and one agency location.

Highlights and Selected Financial Information

Highlights of the overall performance for the second quarter include:

- Revenue was down 0.7% as 2.3% organic growth was fully offset by foreign currency translation of Richards Packaging US (U.S./Cdn. 6¢ appreciation),
- EBITDA[1] down $0.7 million, or 12.2%, representing a drop of 1.5% to 11.1% of sales, due to continued pressure on freight costs and price degradation in select large accounts,
- Net income up $1.2 million due primarily to the mark-to-market gain on exchangeable shares,
- Working capital increased $0.5 million mainly due to higher receivables ($1.9 million) and inventory ($2.5 million) partially offset by higher payables ($3.3 million),
- Free cash flow[2] of $1.5 million deployed to repay $0.5 million of term debt, fund expansion capital of $0.3 million and working capital investment,
- Decreased distributable cash flow[2] by $0.4 million, or 3.0¢ per Unit, resulting in an increase of 5% to a 60% payout ratio[3], and
- Paid monthly distributions of 6.55¢ per Unit to yield a 9.16% annualized return on the June 30th closing price of $8.58 per Unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

July 28, 2011

This MD&A covers the three and six months ended June 30, 2011 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:

	Qtr. 2		Six months	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Income Statement Data:				
Revenue	**44,913**	45,215	**89,652**	90,373
EBITDA[1]	**4,994**	5,688	**9,971**	11,432
Diluted per Unit	*42.3¢*	*48.2¢*	*84.5¢*	*96.8¢*
Net income	**2,108**	915	**3,444**	3,388
Diluted per Unit	*14.0¢*	*9.1¢*	*31.1¢*	*33.7¢*
Financial Position Statement Data:				
Working capital	**38,838**	36,764		
Net operating assets	**134,710**	139,828		
Bank debt	**47,000**	47,507		
Debt/EBITDA	*2.3*	*2.1*		
Cash Flow Statement Data:				
Distributions and dividends	**2,316**	2,326	**4,634**	4,664
Diluted per Unit	*19.6¢*	*19.7¢*	*39.3¢*	*39.5¢*
Payout ratio[3]	*60%*	*55%*	*61%*	*57%*
Unit purchases	—	150	—	455

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 upon net income due to various non-cash accounting charges that depress net income such as amortization, mark-to-market losses on exchangeable shares and future income taxes. 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 is utilized to avoid typical seasonal borrowing, to pay down term debt and for Units purchased under our normal course issuer bid.

Review of Operations

Richards Packaging's operations during the second quarter were approximately half in Canada and half in the United States ("Richards Packaging US") similar to performance in 2010. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

July 28, 2011

Revenue for the second quarter decreased by $0.3 million, or 0.7%, from the same period in 2010 due to the translation impact of Richards Packaging US, with the Canadian dollar strengthening by 6.0¢ to U.S./Cdn.$1.03 ($1.3 million), offset by organic growth of 2.3% ($1.0 million). Revenue for the first half decreased by $0.7 million, or 0.8%, from the same period in 2010 due to the translation impact of Richards Packaging US, with the Canadian dollar strengthening by 5.7¢ to U.S./Cdn.$1.02 ($2.4 million), offset by organic growth of 1.8% ($1.7 million).

	Qtr. 2		Six months	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Revenue…………………………………..…………	**44,913**	45,215	**89,652**	90,373
Cost of products sold……………………………	**37,566**	37,048	**74,961**	73,988
Gross profit………………………………………	**7,347**	8,167	**14,691**	16,385
	16.4%	*18.1%*	*16.4%*	*18.1%*
General and administrative expenses……………	**2,347**	2,473	**4,710**	5,011
Foreign currency loss (gain)……………………	**6**	6	**10**	(58)
EBITDA[1]……………………………………………	**4,994**	5,688	**9,971**	11,432
	11.1%	*12.6%*	*11.1%*	*12.6%*
Depreciation and amortization.…………………	**1,972**	1,969	**3,905**	3,956
Patent defense costs………………………………	**156**	112	**216**	175
Financial expenses………………………………	**677**	918	**1,305**	1,595
Exchangeable shares - mark-to-market………….	**(657)**	1,331	**(180)**	1,509
Exchangeable shares - dividends…………………	**205**	357	**412**	715
Income tax expense………………………………	**533**	86	**869**	94
Net Income…………………………………………	**2,108**	915	**3,444**	3,388

Cost of products sold (before amortization) for the second quarter and the first half increased by $0.5 million, or 1.4%, and by $1.0 million, or 1.3%, from the same periods in 2010 respectively. Gross profit margins remained at the first quarter levels of 16.4% for the second quarter, down 1.7% primarily due to foreign exchange, ocean freight and price degradation in select large accounts in response to increasing competitive threats. The volatility in the price of resins did not have a material impact on margins as a result of management's practice of passing through increases and decreases to customers.

General and administrative expenses (before amortization) for the second quarter and first half were slightly down over the same period in 2010 due to expense reductions and the translation of Richards Packaging US expenses.

EBITDA[1] for the second quarter and the first half decreased by $0.7 million, or 12.2%, and by $1.5 million, or 12.8% from the same period in 2010, respectively. As a percent of sales, EBITDA was at 11.1% for the second quarter and the first half, down 1.5% from the same periods in 2010. Changes were a result of the factors referred to above.

Depreciation and amortization of $2.0 million for the second quarter and $3.9 million for the first half was mainly comprised of $1.6 million and $3.2 million respectively for intangibles assets amortization, which represents a charge for customer relationships and patents. Depreciation for plant and equipment was $0.4 million and $0.7 million for the second quarter and first half respectively, which annualized, is approximately Richards Packaging's normalized annual maintenance capital expenditure requirement.

Patent defense costs relate to ongoing expenditures incurred to establish that a competitor has infringed our Dispill patent and trademark with a product launched in July 2006.

Financial expenses were slightly lower for the second quarter compared to the same period in 2010 due to the absence of the debt accretion in 2011.

Exchangeable shares mark-to-market gain reflects a unit price decrease during the second quarter of 62¢ to $8.58 per Unit and 17¢ per Unit for the first half. Exchangeable shares dividends decreased $0.2 million due to the conversion of 715,990 shares to Units during the fourth quarter of 2010.

Current taxes decreased by $0.3 million and $0.8 million while deferred taxes increased $0.7 million and $1.6 million for the second quarter and the first half compared to the same periods in 2010, respectively. The deferred taxes increase were mainly due to the utilization of loss carry forwards, to replace the benefit of the deductibility of distributions which are no longer available with the imposition of the trust tax effective January 1, 2011, offset by the withholding tax paid in 2010 not repeating.

Net income for the second quarter was $2.1 million and $3.4 million for the first half, which represented 14.0¢ and 31.1¢ per Unit on a diluted basis, respectively. A time-weighted average of 10,743,470 Units and 1,059,043 exchangeable shares, exchangeable into Units on a one-for-one basis, were outstanding throughout the first half.

Distributable Cash Flow[2]

The distributable cash flow[2] definition excludes changes in working capital and capital expenditures for the expansion of the business, as they are necessary to drive organic growth and are expected to be financed by a $5.0 million revolving facility available to Richards Packaging (nil drawn; 2010 – nil drawn).

Distributable cash flow[2] for the second quarter and first half was $0.4 million and $0.7 million lower respectively than in the same periods in 2010. Overall the decrease was attributed to reduced EBITDA[1] offset by lower current income taxes. Current income taxes for the second quarter decreased $0.3 million from the same period in 2010 due to the decline in EBITDA.

Free cash flow[2] of $1.5 million for the second quarter and $2.9 million for the first half were deployed to repay $0.5 million of debt for each of the first and second quarter and fund working capital.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

July 28, 2011

	Qtr. 2		Six months	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Cash provided by operating activities	**3,088**	1,866	**5,065**	2,328
Working capital changes	**521**	2,051	**2,324**	5,512
Non-cash charges	**1,385**	1,771	**2,582**	3,592
EBITDA[1]	**4,994**	5,688	**9,971**	11,432
Interest	**677**	652	**1,305**	1,273
Current income tax	**347**	650	**649**	1,429
Maintenance capital	**106**	167	**439**	476
Distributable cash flow[2]	**3,864**	4,219	**7,578**	8,254
Diluted per Unit	*32.7¢*	*35.7¢*	*64.2¢*	*69.9¢*
Distributions and dividends	**2,316**	2,326	**4,634**	4,664
Diluted per Unit	*19.6¢*	*19.7¢*	*39.3¢*	*39.5¢*
Payout ratio[3]	*60%*	*55%*	*61%*	*57%*
Free cash flow[2]	**1,548**	1,893	**2,944**	3,590
Units outstanding				
Diluted basis 000's	**11,803**	11,803	**11,803**	11,814

Monthly distributions for the first half at 6.55¢ per Unit, represents an annual yield of 9.16% on an $8.58 price per Unit at June 30, 2011 and a payout ratio[3] of 60%. Based upon the first half, 100% of the distributions will represent return of capital.

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the second quarter was $3.0 million, up $1.2 million over the same period in 2010, primarily due to lower investment in working capital of $1.8 million. For the first half, cash flow from operating activities was $5.1 million, up $2.7 million primarily due to $3.2 million of working capital. During the second quarter, working capital increased by $0.5 million mainly on higher receivables of $1.9 million and higher inventory of $2.5 million offset by the increase in payables of $3.3 million and decreases in income taxes recoverable and prepaid expenses of $0.5 million.

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. In recognition of impending higher interest rates and taxes, 40% of the cash flow from operations was diverted to avoid seasonal debt borrowings for working capital, expansion capital, repay term debt and cover working capital needs. Actual distributions and dividends paid during the second quarter, including those declared for March 2011, were $2.3 million with $0.8 million declared for June, which was paid July 14th.

Normal Course Issuer Bid

On March 10, 2011, the Fund initiated a normal course issuer bid to purchase up to 200,000 Units prior to March 9, 2012. During the first half, no Units were purchased (2010 – 62,736 at an average price of $7.15 per Unit).

Current income taxes

The current income tax expense for the second quarter was $0.3 million and $0.6 million for the first half, representing current income tax for Richards Packaging US, as the utilization of the loss carry forwards were employed to eliminate any Canadian taxes. Net future tax assets available to shield income taxes are $2.7 million.

Capital expenditures

Capital expenditures for the second quarter were $0.4 million (2010 – $0.3 million) and $0.7 million (2010 – $0.8 million) for the first half, incurred one half on account of maintenance capital and one half on expansion 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 was incurred during the first half for new customer programs and associated business lines.

Financing activities and instruments

Richards Packaging's credit facilities include a $47.0 million term loan (2010 – $47.5 million) with maturity on May 30, 2013 and up to $5.0 million in revolving debt to fund working capital expansion. The term loan facility bears interest at BA's plus a premium of 2.5% to 3.25% (2010 – 3.0% to 3.75%).

The credit facilities are subject to a number of covenants including the leverage ratio which is to maintain debt less than 2.75 times the trailing twelve months EBITDA[1]. As at June 30, 2011, our leverage ratio was 2.30, higher than the December 31, 2010 level of 2.16 due to the decrease in EBITDA. As a result, surplus distributable cash flow has and will continue to be utilized to repay term debt to maintain the leverage ratio at acceptable levels. Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future[4].

Outlook[4]

Management believes that the performance of Richards Packaging is on track to meet ongoing requirements for working capital, capital expenditures and to sustain monthly distributions to unitholders at the current level through 2011.

Revenue growth for the first half was in line the long term industry average of 1-3%. The impact of exchange translation continues with the strengthening U.S./Cdn.$ exchange rates and is expected to reduce revenue by $2 million for the third quarter at the exchange rate of U.S./Cdn.$1.06.

EBITDA[1] for the first half was $10.0 million, down $1.5 million against the same period in 2010 and continues to track at levels exceeding 11% of revenue. The impact of freight costs and foreign exchange translation of Richards Packaging US is expected to erode EBITDA by approximately $0.7 million for the third quarter.

Current income tax expense for the third quarter is expected in line with the second quarter and $0.1 lower than in the same period in 2010 due to the reduction in EBITDA[1]. Based upon Richards Canada's current tax profile, loss carry forwards will fully shield taxes in 2011 allowing for a full return of capital to unitholders. This is expected to continue into approximately the second quarter of 2012.

Maintenance capital will continue to be funded by cash flow from operations and is expected to be $1.0 million in 2011.

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

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 2010 Annual Information Form dated March 4, 2011. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first half of 2011.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires the Fund to make estimates and assumptions which affect the reported, and disclosure of, amounts for assets and liabilities as at June 30, 2011 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 2011, relative to December 31, 2010. 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 2010 Annual Report.

New Accounting Pronouncements

***International Financial Reporting Standards** ("IFRS")*

The Canadian Accounting Standards Board confirmed that publicly traded enterprises will be required to adopt IFRS for interim and annual reporting purposes beginning January 1, 2011. The impact of IFRS implementation is limited to the reclassification of *Non-controlling interests* to *Debt*, the recognition of *Deferred taxes* and the reversal of *Foreign currency loss* associated with the net investment in Richards Packaging US. The impact on the January 1 and December 31, 2010 balances was fully outlined in our 2010 annual report, and for March 31, 2010 in our Q1 Quarterly Report, in the *New Accounting Pronouncements* sections of *Management's Discussion and Analysis*, respectively. The impact of implementation on the June 30, 2010 balances, and for the three and six months then ended, is outlined in note 8 of the Financial Statements.

Pooling of interest accounting – Vision

The Fund will adopt in our 2011 Annual Report the new accounting standard for *Joint Arrangements – IFRS 11* which will result in Vision being recorded on an "equity accounting" basis rather than a "pooling of interest" basis, effective January 1, 2010. The impact of adoption is outlined in note 4 of the Financial Statements.

Disclosure Controls and Internal Controls over Financial Reporting

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

Additional Information

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

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1 Management defines EBITDA as earnings before amortization, interest, unrealized losses (gains) on financial instruments and taxes. EBITDA is the same as profit from operations as outlined in the interim financial statements after adding back amortization and patent defense costs. Management believes that in addition to net income, EBITDA is a useful supplemental measure for investors on operating performance and 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. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA does not have a standardized meaning prescribed by GAAP and therefore the method of calculating EBITDA may not be comparable to similar measures presented by other companies.

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

3 *Management defines payout ratio as distributions 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 method of calculating the payout ratio may not be comparable to similar measures presented by other companies.*

4 *The Report to unitholders and this MD&A contains forward-looking information within the meaning of applicable securities laws. The forward-looking information reflects management's current beliefs and expectations regarding the future growth, results of operations, performance and business prospects and opportunities of the Fund and Richards Packaging. We use words such as "may", "will", "should", "anticipate", "plan", "expect", "believe", "predict", "estimate" and similar terminology to identify forward-looking information. It is based on assumptions, estimates and analysis made by us in light of our experience and our perception of trends, current conditions and expected developments, as well as other factors we believe to be reasonable and relevant in the circumstances. Forward-looking information involves significant known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from those predicted, expressed or implied by the forward-looking information. Readers should not place undue reliance on forward-looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward-looking information. 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 financial statements have not been reviewed
by the Fund's external auditors

Richards Packaging Income Fund

STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

Unaudited

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

[2010 restated – note 3]

Cdn$ thousands	Notes	Three months 2011	Three months 2010	Six months 2011	Six months 2010
		$	$	$	$
Revenue		**44,913**	45,215	**89,652**	90,373
Cost of products sold		**39,514**	38,930	**78,800**	77,740
General and administrative expenses		**2,371**	2,560	**4,776**	5,215
Foreign currency loss (gain)		**6**	6	**10**	(58)
Patent defense legal costs		**156**	112	**216**	175
Profit from operations		**2,866**	3,607	**5,850**	7,301
Financial expenses		**677**	918	**1,305**	1,595
Exchangeable shares					
Mark-to-market loss (gain)		**(657)**	1,331	**(180)**	1,509
Dividends		**205**	357	**412**	715
Income before income taxes		**2,641**	1,001	**4,313**	3,482
Income tax expense (income)					
Current taxes	*5*	**347**	650	**649**	1,429
Deferred taxes	*5*	**186**	(564)	**220**	(1,335)
		533	86	**869**	94
Net income for the period		**2,108**	915	**3,444**	3,388
Basic income per Unit	*6*	**$0.20**	$0.09	**$0.32**	$0.34
Diluted income per Unit [a)]	*6*	**$0.14**	$0.09	**$0.31**	$0.34
Other comprehensive losses					
Richards Packaging US					
Net investment translation		**(522)**	1,163	**(1,745)**	(559)
Deferred tax		**60**	(152)	**220**	73
Comprehensive income for the period		**1,646**	1,926	**1,919**	2,902

a) *For the 2010 three and six month periods, the calculation of the diluted income per Unit would yield an anti-dilutive result. In accordance with IFRS, anti-dilutive results revert to the basic income per Unit value.*

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

STATEMENTS OF FINANCIAL POSITION

Unaudited

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

[June 30, 2010 and Dec. 31 restated – note 3]

Cdn$ thousands	**Notes**	**June 30**		**Dec. 31**	
		2011	**2010**	**2010**	**2009**
		$	$	$	$
Current Assets					
Cash and cash equivalents		**318**	**198**	1,144	2,071
Accounts receivable		**22,102**	**20,497**	18,766	18,873
Inventory		**37,047**	**35,253**	35,187	31,289
Prepaid expenses		**2,045**	**2,294**	2,365	2,010
Income taxes recoverable	*5, 7*	**87**	**133**	700	10
		61,599	**58,375**	58,162	54,253
Current Liabilities					
Bank indebtedness		—	**(989)**	—	—
Accounts payable		**(21,229)**	**(19,009)**	(18,618)	(18,604)
Distributions and dividends payable		**(772)**	**(777)**	(773)	(780)
Due to previous shareholder		**(760)**	**(836)**	(784)	(825)
		(22,761)	**(21,611)**	(20,175)	(20,209)
WORKING CAPITAL		**38,838**	**36,764**	37,987	34,044
Non-current Assets					
Plant and equipment		**3,958**	**4,294**	4,031	4,180
Intangible assets		**27,650**	**34,407**	31,108	37,514
Goodwill		**69,446**	**71,044**	70,390	72,010
		101,054	**109,745**	105,529	113,704
Non-current Liabilities					
Deferred income taxes	*5*	**(5,182)**	**(6,681)**	(5,322)	(8,036)
NET OPERATING ASSETS		**134,710**	**139,828**	138,194	139,712
Debt					
Term debt		**47,000**	**47,507**	48,000	47,402
Exchangeable shares - current	6	**5,247**	**8,126**	5,330	6,857
Exchangeable shares - non-current	6	**3,770**	**5,958**	3,867	5,718
		56,017	**61,591**	57,197	59,977
Equity					
Unitholders’ capital	6	**85,522**	**93,894**	89,745	94,349
Retained earnings (deficit)		**771**	**(11,697)**	(2,673)	(11,140)
Accumulated other comprehensive loss		**(7,600)**	**(3,960)**	(6,075)	(3,474)
		78,693	**78,237**	80,997	79,735
FINANCING		**134,710**	**139,828**	138,194	139,712

See accompanying notes

Richards Packaging Income Fund

STATEMENT OF CHANGES IN EQUITY

Unaudited

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

[Dec. 31, 2009 and 2010 restated – note 3]

UNITHOLDERS' EQUITY

Cdn$ thousands	**Unit Capital** $	**Retained earnings (deficit)** $	**AOCL[a)]** $	$
April 1, 2010	94,044	(10,642)	(4,971)	78,431
Share of comprehensive income		915	1,011	1,926
Distributions	—	(1,970)		(1,970)
Purchased for cancellation, net	(150)			(150)
June 30, 2010	93,894	(11,697)	(3,960)	78,237
April 1, 2011	**87,633**	**(1,337)**	**(7,138)**	**79,158**
Share of comprehensive income		**2,108**	**(462)**	**1,646**
Distributions	**(2,111)**	—		**(2,111)**
Purchased for cancellation, net	—			—
June 30, 2011	**85,522**	**771**	**(7,600)**	**78,693**

Cdn$ thousands	$	$	$	$
December 31, 2009	94,349	(11,140)	(3,474)	79,735
Share of comprehensive income		3,388	(486)	2,902
Distributions	—	(3,945)		(3,945)
Purchased for cancellation, net	(455)			(455)
June 30, 2010	93,894	(11,697)	(3,960)	78,237
December 31, 2010	**89,745**	**(2,673)**	**(6,075)**	**80,997**
Share of comprehensive income		**3,444**	**(1,525)**	**1,919**
Distributions	**(4,223)**	—		**(4,223)**
Purchased for cancellation, net	—			—
June 30, 2011	**85,522**	**771**	**(7,600)**	**78,693**

b) *AOCL - Accumulated other comprehensive loss reflects the foreign currency translation of the net investment in Richards Packaging US.*

See accompanying notes

Richards Packaging Income Fund

STATEMENT OF CASH FLOWS
Unaudited

For the three and six months ended June 30 *[Consolidated]*
[2010 restated – note 3]

		Three months		Six months	
Cdn$ thousands	**Notes**	**2011**	**2010**	**2011**	**2010**
		$	$	$	$
OPERATING ACTIVITIES					
Net income for the period		**2,108**	915	**3,444**	3,388
Add (deduct) items not involving cash					
Plant and equipment depreciation		**366**	351	**690**	688
Intangible assets amortization		**1,606**	1,618	**3,215**	3,268
Debt accretion		**—**	266	**—**	322
Exchangeable shares					
Mark-to-market loss (gain)		**(657)**	1,331	**(180)**	1,509
Deferred income taxes	*5*	**186**	(564)	**220**	(1,335)
		3,609	3,917	**7,389**	7,840
Changes in non-cash working capital	*7*	**(521)**	(2,051)	**(2,324)**	(5,512)
Cash provided by operating activities		**3,088**	1,866	**5,065**	2,328
INVESTING ACTIVITIES					
Additions to plant and equipment		**(337)**	(308)	**(653)**	(818)
Expenditures on computer systems software		**(15)**	(6)	**(90)**	(11)
Cash used in investing activities		**(352)**	(314)	**(743)**	(829)
FINANCING ACTIVITIES					
Increase in bank indebtedness		**5**	860	**22**	1,011
Repayment of term debt		**(500)**	(47,719)	**(1,000)**	(47,719)
Proceeds from term debt		**—**	47,501	**—**	47,501
Purchase of trust units for cancellation	*6*	**—**	(150)	**—**	(455)
Distributions paid to unitholders		**(2,111)**	(1,972)	**(4,222)**	(3,950)
Cash used in financing activities		**(2,606)**	(1,480)	**(5,200)**	(3,612)
Net cash flows for the period		**130**	72	**(878)**	(2,113)
Cash and cash equivalents, beginning of period		**264**	163	**1,144**	2,071
Foreign currency translation differences		**(76)**	(37)	**52**	240
Cash and cash equivalents, end of period		**318**	198	**318**	198

See accompanying notes

1. FORMATION OF THE FUND

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

2. BASIS OF PRESENTATION

These condensed interim financial statements of the Fund have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 *Interim Financial Reporting*. As such these statements do not contain all the explanatory notes, descriptions or accounting policies or other disclosures that can be found in the Fund's 2010 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2010 audited annual financial statements except as disclosed in note 3 and 8. In these financial statements the term "Cdn GAAP" refers to Canadian generally accepted accounting principles before the adoption of IFRS.

3. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2010 the Fund adopted the following new recommendations of The Canadian Institute of Chartered Accountants Handbook:

International Financial Reporting Standards *("IFRS")*

The Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for interim and annual reporting purposes beginning January 1, 2011. The impact of IFRS implementation is limited to the reclassification of *Non-controlling interests* to *Debt*, the recognition of *Deferred taxes* and the reversal of *Foreign currency loss* associated with the net investment in Richards Packaging US. The impact of implementing IFRS on the January 1 and December 31, 2010 balances report was fully outlined in our 2010 annual report, and for March 31, 2010 in our Q1 Quarterly Report, in *New Accounting Pronouncements* sections of the *Management's Discussion and Analysis*, respectively. The impact of implementation on the June 30, 2010 balances, and for the three and six months then ended, is outlined in note 8.

There is no impact of the IFRS transition on business activities such as debt covenants, treasury activities and executive compensation.

4. NEW ACCOUNTING PRONOUNCEMENTS

Pooling of interest accounting – Vision

At year end the Fund will adopt the new accounting standard for *Joint Arrangements – IFRS 11* which will result in Vision being recorded on an "equity accounting" basis rather than a "pooling of interest" basis, effective January 1, 2010. The main impact will be to the statement of financial position as at December 31, 2010 with an increase to accounts payable of $136 [Jan. 1, 2010 – $9] and a decrease to cash and cash equivalents of $165 [Jan. 1, 2010 – $324] and plant and equipment of $210 [2010 – $270], resulting in the recognition of an investment in Vision of $639 [Jan. 1, 2010 – $690]. The impact to the statements of net income and comprehensive income and statement of cash flows for the year ending December 31, 2010 will not be material.

June 30, 2011 [Cdn$ thousands]

5. INCOME TAXES *[note 3]*

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

	Three months		Six months	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Income before income taxes	**2,641**	1,001	**4,313**	3,482
Distributions not subject to income taxes	—	(1,930)	—	(3,840)
Income subject to income taxes	**2,641**	(929)	**4,313**	(358)
Statutory tax rate	*30.2%*	*30.2%*	*30.2%*	*30.2%*
Income tax expense at statutory tax rate	**798**	(281)	**1,303**	(108)
Loss for income tax (utilized) not utilized	**(424)**	(375)	**(930)**	(364)
Other temporary differences	**238**	939	**710**	1,699
Exchangeable shares				
Dividends and mark-to-market loss (gain)	**(137)**	510	**70**	672
Other current period adjustments	**(128)**	(143)	**(504)**	(470)
Current income taxes	**347**	650	**649**	1,429

6. UNITS AND EXCHANGEABLE SHARES

Number outstanding	**Units basic**	**Weighted average**	**Exchangeable Shares**	**Units diluted**	**Weighted average**
December 31, 2009	10,090,216		1,775,033	11,865,249	
Units purchased	(42,136)			(42,136)	
March 31, 2010	10,048,080	10,051,468	1,775,033	11,823,113	11,826,501
Units purchased	(20,600)			(20,600)	
June 30, 2010	10,027,480	10,027,480	1,775,033	11,802,513	11,802,513
six months		10,039,408			11,814,441

June 30, 2011 [Cdn$ thousands]

Number outstanding	**Units basic**	**Weighted average**	**Exchangeable Shares**	**Units diluted**	**Weighted average**
December 31, 2010	**10,743,470**		**1,059,043**	**11,802,513**	
Units purchased	—			—	
March 31, 2011	**10,743,470**	**10,743,470**	**1,059,043**	**11,802,513**	**11,802,513**
Units purchased	—			—	
June 30, 2011	**10,743,470**	**10,743,470**	**1,059,043**	**11,802,513**	**11,802,513**
six months		**10,743,470**			**11,802,513**

Exchangeable shares mark-to-market loss reflects a unit price decrease during the six months ended June 30, 2011 of 17¢ to $8.58 per Unit.

7. ADDITIONAL CASH FLOW INFORMATION *[note 3]*

The net change in working capital consists of the following:

	Three months		**Six months**	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Accounts receivable	**(1,857)**	(16)	**(3,596)**	(1,502)
Inventory	**(2,494)**	(1,596)	**(2,518)**	(3,645)
Prepaid expenses	**205**	(85)	**288**	(262)
Accounts payable	**3,297**	133	**2,900**	20
Income taxes recoverable	**328**	(490)	**602**	(124)
	(521)	(2,054)	**(2,324)**	(5,513)

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

	Three months		**Six months**	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Interest paid	**675**	654	**1,291**	1,281
Income taxes paid	**17**	1,144	**36**	1,650

The income tax recoverable balance at December 31, 2010 was applied to the taxes otherwise owing for the six months ended June 30, 2011.

8. TRANSITION TO IFRS - Comparatives

STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

For the three and six months ended June 30, 2010 *[Consolidated]*

	Three months			Six months		
Cdn$ thousands	IFRS $	reclass $	Cdn GAAP $	IFRS $	reclass $	Cdn GAAP $
Revenue	45,215		45,215	90,373		90,373
Cost of products sold	38,930		38,930	77,740		77,740
General and administrative expenses	2,560		2,560	5,215		5,215
Foreign currency loss (gain)	6	(120)	126	(58)	(240)	182
Patent defense legal costs	112		112	175		175
Profit from operations	3,607	120	3,487	7,301	240	7,061
Financial expenses	918		918	1,595		1,595
Exchangeable shares						
Mark-to-market loss(gain)	1,331	1,331		1,509	1,509	
Dividends	357	357		715	715	
Income before income taxes	1,001	(1,568)	2,569	3,482	(1,984)	5,466
Income tax expense (income)						
Current taxes	650		650	1,429		1,429
Deferred taxes	(564)		(564)	(1,335)		(1,335)
	86		86	94		94
Non-controlling interests		(365)	365		(799)	799
Net income for the period	915	(1,203)	2,118	3,388	(1,185)	4,573
Basic and diluted income per Unit	$0.09		$0.21	$0.34		$0.46
Other comprehensive losses						
Richards Packaging US						
Net investment translation	1,163	92	1,071	(559)	(281)	(278)
Deferred tax	(152)	(152)		73	73	
Comprehensive income for the period	1,926	(1,263)	3,189	2,902	(1,393)	4,295

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2010 *[Consolidated]*

Cdn$ thousands	IFRS $	reclass $	Cdn GAAP $
Current Assets			
Cash and cash equivalents	**198**		**198**
Accounts receivable	**20,497**		**20,497**
Inventory	**35,253**		**35,253**
Prepaid expenses	**2,294**		**2,294**
Income taxes recoverable	**133**		**133**
	58,375		**58,375**
Current Liabilities			
Bank indebtedness	**(989)**		**(989)**
Accounts payable	**(19,009)**		**(19,009)**
Distributions and dividends payable	**(777)**		**(777)**
Due to previous shareholder of acquired company	**(836)**		**(836)**
	(21,611)		**(21,611)**
WORKING CAPITAL	**36,764**		**36,764**
Non-current Assets			
Plant and equipment	**4,294**		**4,294**
Intangible assets	**34,407**		**34,407**
Goodwill	**71,044**		**71,044**
	109,745		**109,745**
Non-current Liabilities			
Deferred income taxes	**(6,681)**	**597**	**(7,278)**
Non-controlling interests		**15,124**	**(15,124)**
NET OPERATING ASSETS	**139,828**	**15,721**	**124,107**
Debt			
Term debt	**47,507**		**47,507**
Exchangeable shares - current	**8,126**	**8,126**	
Exchangeable shares - non-current	**5,958**	**5,958**	
	61,591	**14,084**	**47,507**
Equity			
Unitholders’ capital	**93,894**		**93,894**
Deficit	**(11,697)**	**1,144**	**(12,841)**
Accumulated other comprehensive loss	**(3,960)**	**493**	**(4,453)**
	78,237	**1,637**	**76,600**
FINANCING	**139,828**	**15,721**	**124,107**

STATEMENT OF CASH FLOWS

For the three and six months ended June 30, 2010 *[Consolidated]*

Cdn$ thousands	Three months IFRS $	Three months reclass $	Three months Cdn GAAP $	Six months IFRS $	Six months reclass $	Six months Cdn GAAP $
OPERATING ACTIVITIES						
Net income for the period	915	(1,203)	2,118	3,388	(1,185)	4,573
Non-controlling interests		(365)	365		(799)	799
Add (deduct) items not involving cash						
Plant and equipment depreciation	351		351	688		688
Intangible asset amortization	1,618		1,618	3,268		3,268
Debt accretion	266		266	322		322
Exchangeable shares						
Mark-to-market loss (gain)	1,331	1,331		1,509	1,509	
Deferred income taxes	(564)		(564)	(1,335)		(1,335)
	3,917		4,154	7,840		8,315
Changes in non-cash working capital	(2,051)	(117)	(1,934)	(5,512)	(239)	(5,273)
Cash provided by operating activities	1,866		2,220	2,328		3,042
INVESTING ACTIVITIES						
Additions to plant and equipment	(308)		(308)	(818)		(818)
Expenditures on systems software	(6)		(6)	(11)		(11)
Cash used in investing activities	(314)		(314)	(829)		(829)
FINANCING ACTIVITIES						
Increase in bank indebtedness	860		860	1,011		1,011
Repayment of term debt	(47,719)		(47,719)	(47,719)		(47,719)
Proceeds from term debt	47,501		47,501	47,501		47,501
Purchase of trust units for cancellation	(150)		(150)	(455)		(455)
Dividends - exchangeable shareholders		354	(354)		714	(714)
Distributions paid to unitholders	(1,972)		(1,972)	(3,950)		(3,950)
Cash used in financing activities	(1,480)		(1,834)	(3,612)		(4,326)
Foreign currency gain		37	(37)		(240)	240
Net decrease (increase) in cash and cash equivalents	72	37	35	(2,113)	(240)	(1,873)
Cash and cash equivalents, opening	163		163	2,071		2,071
Foreign currency translation differences	(37)	(37)		240	240	
Cash and cash equivalents, closing	198		198	198		198