Q1 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended March 31, 2012

Report Contents

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

March 31, 2012

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.

First quarter performance continued to reflect the recovery that began during the third quarter of 2011. Total revenue was up 7.8% mainly from organic revenue growth at Richards Packaging US. EBITDA[1] was up $0.6 million, or 12.8%, due to higher sales. Gross profit and EBITDA as a percent of sales strengthened to 16.5% and 11.7% respectively. Net income was down $2.1 million, or 20¢ per Unit, mainly due to the mark-to-market loss on the exchangeable shares from the $1.50 unit price increase.

The $1.8 million of free cash flow[2] generated in the first quarter was utilized to pay down $0.5 million of debt and to top up working capital. Cash on hand at March 31 of $1.5 mil. was unusually high however, subsequent to quarter end, $0.4 mil. was used to settle the first quarter tax liability. Over the next six months we expect to lower our investment in inventories and make further payments on our debt[4].

With the distributions no longer eligible for interest deductibility we continue to utilize loss carry forwards to fully shield Canadian taxes and to pay out distributions as a full return of capital. Loss carry forwards should fully shield Canadian taxes until approximately the fourth quarter of 2012.

The Fund paid monthly distributions of 6.55¢ per Unit during the first quarter, which represented an annualized yield of 8.8% on the March 31st closing price of $8.94 per Unit. The payout ratio[3] for the first quarter was 57%, down from 62% for 2011.

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" May 11, 2012

Chief Executive Officer
Richards Packaging Inc.
6095 Ordan Drive
Mississauga, Ontario
L4T 2M7

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

May 11, 2012

This management's discussion and analysis ("MD&A") of Richards Packaging Income Fund for the first quarter should be read in conjunction with the attached condensed interim financial statements dated March 31, 2012, the 2011 Annual Report and the 2011 Annual Information Form dated March 7, 2012 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 2011 annual financial statements.

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 first quarter include:

- Revenue up $3.5 mil., or 7.8%, mainly due to organic growth in Richards Packaging US,
- EBITDA[1] up $0.6 mil., or 12.8%, representing an increase of 0.5% to 11.7% of sales,
- Current income taxes up $0.4 mil. due to higher Richards Packaging US earnings and lower US bonus depreciation,
- Working capital increased $3.6 mil. due to $2.8 mil. higher receivables and $2.3 mil. lower accounts payable, reflecting payments of the unusually high balance at year end and annual bonuses, offset by reductions $0.9 mil. in inventory and $0.6 mil. in income taxes,
- Obtained commitments subsequent to quarter end to extend the term and revolving credit maturities to 2015 at a 0.95% reduced bank margining cost,
- Free cash flow[2] of $1.8 mil., and $2.4 mil. of cash on hand at year end, were deployed to repay $0.5 mil. of term debt and fund working capital; subsequent to quarter end, $0.4 mil. of the $1.5 mil. cash on hand at March 31 was used to settle the first quarter tax liability.
- Increased distributable cash flow[2] by $0.3 mil., or 3.0¢ per Unit, resulting in a 57% payout ratio[3], and
- Paid monthly distributions of 6.55¢ per Unit representing an 8.8% annualized return on the March 31st closing price of $8.94 per Unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

May 11, 2012

This MD&A covers the three months ended March 31, 2012 (generally referred to in this MD&A as the "first quarter"). The following table sets out selected consolidated financial information:

	Qtr. 1 2012 $	Qtr. 1 2011 $
Income Statement Data:		
Revenue	**48,222**	44,739
EBITDA[1]	**5,645**	5,004
Diluted per Unit	***47.8¢***	*42.4¢*
Net income (loss)	**(735)**	1,336
Diluted per Unit	*-6.8¢*	*13.3¢*
Balance Sheet Data:		
Working capital	**40,631**	38,030
Net operating assets	**131,966**	136,332
Bank debt	**44,000**	47,500
Debt/EBITDA	***2.1***	*2.2*
Cash Flow Statement Data:		
Distributions	**2,319**	2,318
Diluted per Unit	***19.7¢***	*19.7¢*
Payout ratio [3]	***57%***	*62%*
Unit purchases	—	—

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 deferred 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 were approximately half in Canada and half in the United States ("Richards Packaging US") similar to performance in 2011. 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)

May 11, 2012

Revenue increased by $3.5 million, or 7.8%, for the first quarter from the same period in 2011 due to organic growth of 7.0% ($3.2 million) and the translation impact of Richards US, with the Canadian dollar weakening by 1.6¢ to U.S./Cdn.$1.00 ($0.3 million). Similar to the third and fourth quarter revenue growth is being driven mainly by Richards Packaging US.

	Qtr. 1	
	2012	**2011**
	$	$
Revenue	**48,222**	44,739
Cost of products sold	**40,278**	37,419
Gross profit	**7,944**	7,320
	16.5%	*16.4%*
Expenses	**2,305**	2,312
Foreign currency loss (gain)	**(6)**	4
EBITDA[1]	**5,645**	5,004
	11.7%	*11.2%*
Amortization	**1,895**	1,900
Patent defense costs	**17**	60
Financial expenses	**649**	627
Exchangeable shares	**3,195**	684
Vision	**3**	61
Income tax	**621**	336
Net Income (loss)	**(735)**	1,336

Cost of products sold (before amortization) increased by $2.9 million, or 7.6%, for the first quarter, with the business performing at a 16.5% gross profit margin, up slightly from the same period in 2011. Inventory reserves of $0.3 million along with foreign exchange, ocean freight and price degradation in select large accounts in response to increasing competitive threats continue to keep margins down below 17%. Resins price volatility did not have a material impact on margins as a result of management's practice of passing through increases and decreases to customers.

General and administrative expenses (before amortization) for the first quarter were remained consistent with the same period in 2011.

The foreign currency loss (gain) from operations resulted from exchange rate changes applied to our U.S. dollar denominated working capital position within our Canadian operations.

EBITDA[1] for the first quarter increased by $0.6 million, or 12.8%, from the same period in 2011. As a percent of sales, EBITDA was at 11.7% for the first quarter, up 0.5% from the same period in 2011. Changes were a result of the factors referred to above.

Amortization of $1.9 million for the first quarter was mainly comprised of $1.6 million intangibles assets amortization, which represents a charge for customer relationships and patents. Depreciation for capital assets was $0.3 million, which annualized, is approximately Richards Packaging's normalized annual maintenance capital expenditure requirement.

(expressed in thousands, except where otherwise indicated)

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 higher for the first quarter compared to the same period in 2011 due to increased credit card fees in Richards Packaging US offset by lower interest on less term debt.

Exchangeable shares mark-to-market loss reflects a unit price increase during the first quarter of $1.44 to $8.94 per Unit. Exchangeable shares distributions remained at $0.2 million.

Income tax expense increased $0.3 million for the first quarter compared to the same period in 2011 mainly due to higher income in Richards Packaging US and $0.1 million in higher bonus depreciation deduction in 2011.

Net loss for the first quarter was $0.7 million, which represented -6.8¢ per Unit on a diluted basis. 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 quarter.

Distributable Cash Flow[2]

	Qtr. 1	
	2012	**2011**
	$	$
Cash provided by operating activities	**465**	2,074
Working capital changes	**3,648**	1,735
Non-cash charges	**1,532**	1,195
EBITDA[1]	**5,645**	5,004
Interest	**649**	627
Cash income tax	**658**	302
Maintenance capital	**246**	333
Distributable cash flow[2]	**4,092**	3,742
Diluted per Unit	*34.7¢*	*31.7¢*
Distributions	**2,319**	2,318
Diluted per Unit	*19.7¢*	*19.7¢*
Payout ratio[3]	*57%*	*62%*
Free cash flow[2]	**1,773**	1,424
Units outstanding		
Diluted basis 000's	**11,803**	11,803

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; 2011 – nil drawn).

Distributable cash flow[2] for the first quarter was $0.3 million higher than in the same period in 2011. Overall the increase was attributed to increased EBITDA[1] offset by higher cash income taxes. Cash income taxes increased $0.4 million from the same period in 2011, due to the increase in earnings in Richards Packaging US.

Free cash flow[2] of $1.8 million was deployed to repay $0.5 million of debt and fund working capital.

Monthly distributions for the first quarter at 6.55¢ per Unit, represents an annual yield of 8.8% on a $8.94 price per Unit at March 31, 2012 and a payout ratio[3] of 57%.

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the first quarter was $0.5 million, down $1.6 million over the same period in 2011, primarily due to a $1.9 million increased investment in working capital to fund growth. During the first quarter, working capital increased by $3.6 million mainly on higher receivables of $2.8 million while reflecting the same past due profile as at year end. The $2.3 million decrease in payables, which reflects the settlement of the unusually high year-end balance and $0.5 million in normal year-end bonuses, was mainly offset by the decreases in inventory of $0.9 million and income taxes recoverable of $0.6 million.

The financial structure of the Fund allows for maximum distributions of cash flow from operations to the unitholders and exchangeable shareholders as outlined above in the distributable cash discussion. In recognition of impending higher interest rates and taxes, 43% of the cash flow from operations was diverted to avoid seasonal debt borrowings for working capital and repay term debt. Actual distributions and dividends paid during the first quarter, including those declared for December 2011, were $2.3 million with $0.8 million declared for March, which was paid April 13th.

Normal Course Issuer Bid

On March 13, 2012, the Fund initiated a normal course issuer bid to purchase up to 200,000 Units prior to March 12, 2013. During the first quarter, no Units were purchased.

Cash income taxes

The cash income tax expense for the first quarter was $0.7 million, representing current income tax for Richards Packaging US, as the utilization of the loss carry forwards were employed to eliminate any Canadian taxes.

Capital expenditures

Maintenance capital expenditures for the first quarter were $0.3 million (2011 – $0.4 million). Expenditures classified as maintenance capital are mainly comprised of new moulds or refurbishment of moulds for replacement packaging driven by customer marketing programs.

Financing activities and instruments

Richards Packaging's credit facilities include a $44.0 million term loan (2011 – $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%.

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 March 31, 2012, our leverage ratio was 2.11, lower than the December 31, 2011 level of 2.20 due to the increase in EBITDA. Surplus distributable cash flow will continue to be utilized to repay term debt to maintain the leverage ratio at acceptable levels with any excess to be used to purchase Units.

Subsequent to quarter end, both credit facilities were extended to mature in 2015 at a reduced cost of 0.95% in bank margining. 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 2012.

Revenue growth for the first quarter was in line with expectations and is expected to return to the long term industry average of 1-3% for the second quarter. The impact of exchange translation is expected to increase revenue by $0.7 million for the second quarter at current exchange rates at par.

EBITDA[1] for the first quarter was $5.6 million, up $0.6 million against the same period in 2011 and continues to track at levels exceeding 11% of revenue. The impact of exchange translation is expected to increase EBITDA by $0.1 million for the second quarter at current exchange rates of par.

Cash income tax expense will be $0.1 million higher quarterly due to the impact associated with the US bonus depreciation program. Based upon Richards Canada's current tax profile, loss carry forwards will partially shield taxes in 2012 allowing for a substantial return of capital to unitholders.

Maintenance capital will continue to be funded by cash flow from operations and is expected to be $0.8 million in 2012.

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 2011 Annual Information Form dated March 4, 2012. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first quarter of 2012.

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 March 31, 2012 and revenue and expenses for the period then ended. There have not been any significant changes in the critical accounting estimates of the Fund in the first quarter of 2012, relative to December 31, 2011. 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 2011 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 first quarter 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

1 *Management defines EBITDA as earnings before amortization, financial expenses, patent defense costs, dividends on exchangeable shares 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 of earnings available for distribution prior to debt service, capital expenditures and taxes. Management uses this measure as a starting point in the determination of earnings available for distribution to unitholders and exchangeable shareholders. In addition, EBITDA is intended to provide additional information on operating performance. This earnings measure should not be construed as an alternative to net income or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA does not have a standardized meaning prescribed by IFRS and therefore the method of calculating EBITDA may not be comparable to similar measures presented by other companies.*

2 *Management defines distributable cash flow, in accordance with Richards Packaging's credit agreement, as EBITDA less interest, cash income tax expense, maintenance capital expenditures. Free cash flow is distributable cash flow less distributions. The objective of presenting this measure is to calculate the amount which is available for distribution to unitholders or exchangeable shareholders and to determine the amount available to fund increases in working capital or expansion capital. Investors are cautioned that distributable cash flow should not be construed as an alternative to cash flow from operating, investing and financing activities as a measure of liquidity and cash flows. Distributable cash flow does not have a standardized meaning prescribed by IFRS and therefore the method of calculating distributable cash flow may not be comparable to similar measures presented by other companies.*

3 *Management defines payout ratio as distributions declared over distributable cash flow[2]. The objective of presenting this measure is to calculate the percentage of distributions compared to the amount available for distribution. Payout ratio does not have a standardized meaning prescribed by IFRS. The method of calculating payout ratio may not be comparable to similar measures presented by other companies.*

4 *The Report to unitholders and this MD&A contains forward-looking information within the meaning of applicable securities laws. The forward-looking information reflects management's current beliefs and expectations regarding the future growth, results of operations, performance and business prospects and opportunities of the Fund and Richards Packaging. We use words such as "may", "will", "should", "anticipate", "plan", "expect", "believe", "predict", "estimate" and similar terminology to identify forward-looking information. It is based on assumptions, estimates and analysis made by us in light of our experience and our perception of trends, current conditions and expected developments, as well as other factors we believe to be reasonable and relevant in the circumstances. Forward-looking information involves significant known and unknown risks, uncertainties and other factors which may cause our actual 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 the expectations expressed and the assumptions underlying same are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. In evaluating forward-looking information, readers should carefully consider the foregoing factors and various other factors which could cause actual results or events to differ materially from those indicated in the forward-looking information. Neither the Fund nor Richards Packaging assumes any obligation to publicly update or revise any such assumptions or any of the forward-looking information contained herein to reflect subsequent information, events, developments or changes in risk factors.*

Notice to Unitholders
The attached consolidated financial statements have not been reviewed
by the Fund's external auditors

Richards Packaging Income Fund

STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

Unaudited

For the three months ended March 31 *[Consolidated]*

Cdn$ thousands	**Notes**	**2012**	**2011**
		$	$
Revenue		**48,222**	44,739
Cost of products sold		**42,150**	39,277
Administrative expenses		**2,328**	2,354
Foreign currency loss (gain)		**(6)**	4
Patent defense legal costs		**17**	60
Profit from operations		**3,733**	3,044
Financial expenses		**649**	627
Exchangeable shares			
Mark-to-market loss		**2,987**	477
Distributions		**208**	207
Share of loss - Vision		**3**	61
Income (loss) before income taxes		**(114)**	1,672
Income tax expense (income)			
Current taxes	*3*	**658**	302
Deferred taxes	*3*	**(37)**	34
		621	336
Net income (loss) for the period		**(735)**	1,336
Basic and diluted income per Unit	*4*	***-6.8¢***	*13.3¢*
Other comprehensive loss			
Richards Packaging US			
Currency translation adjustment		**(1,022)**	(146)
Comprehensive income for the period		**(1,757)**	1,190

See accompanying notes

Wayne McLeod"
Chair – Audit Committee

"Gerry Glynn"
CEO – Richards Packaging Inc.

"Enzio Di Gennaro"
CFO – Richards Packaging Inc.

Richards Packaging Income Fund

STATEMENTS OF FINANCIAL POSITION
Unaudited

As at March 31 and December 31 *[Consolidated]*

Cdn$ thousands	Notes	Mar. 31 2012	Mar. 31 2011	Dec. 31 2011	Dec. 31 2010
		$	$	$	$
Current Assets					
Cash and cash equivalents		**1,528**	**196**	3,874	979
Accounts receivable		**21,772**	**20,314**	19,081	18,766
Inventory		**35,989**	**34,745**	37,209	35,169
Prepaid expenses and deposits		**2,134**	**2,184**	2,138	2,288
Income taxes recoverable (payable)	*3, 5*	**(346)**	**417**	283	700
		61,077	**57,856**	62,585	57,902
Current Liabilities *(excluding debt)*					
Accounts payable and accruals		**(18,885)**	**(18,288)**	(21,303)	(18,787)
Distributions payable		**(773)**	**(772)**	(773)	(773)
Due to previous shareholder		**(788)**	**(766)**	(802)	(784)
		(20,446)	**(19,826)**	(22,878)	(20,344)
WORKING CAPITAL		**40,631**	**38,030**	39,707	37,558
Non-current Assets					
Plant and equipment		**3,542**	**3,818**	3,606	3,820
Investment - Vision		**570**	**579**	576	640
Intangible assets		**23,199**	**29,323**	24,990	31,108
Goodwill		**70,530**	**69,679**	71,088	70,390
		97,841	**103,399**	100,260	105,958
Non-current Liabilities *(excluding debt)*					
Deferred income taxes	*3*	**(6,506)**	**(5,097)**	(6,619)	(6,239)
NET OPERATING ASSETS		**131,966**	**136,332**	133,348	137,277
Debt					
Term debt		**44,000**	**47,500**	44,500	48,000
Exchangeable shares					
Current	4	**10,775**	**5,755**	7,789	5,330
Non-current	4	—	**3,919**	—	3,867
		54,775	**57,174**	52,289	57,197
Equity					
Unitholders' capital	4	**79,189**	**87,633**	81,300	89,745
Retained earnings (deficit)		**4,690**	**(1,337)**	5,425	(2,673)
Accumulated other comprehensive loss		**(6,688)**	**(7,138)**	(5,666)	(6,992)
		77,191	**79,158**	81,059	80,080
CAPITAL		**131,966**	**136,332**	133,348	137,277

See accompanying notes

Richards Packaging Income Fund

STATEMENT OF CHANGES IN EQUITY

Unaudited

For the three months ended March 31 *[Consolidated]*

UNITHOLDERS' EQUITY

Cdn$ thousands	**Unitholders' capital**	**Retained earnings (deficit)**	**AOCL[a)]**	
	$	$	$	$
December 31, 2010	89,745	(2,673)	(6,992)	80,080
Share of comprehensive income (loss)		1,336	(146)	1,190
Distributions	(2,112)	—		(2,112)
March 31, 2011	87,633	(1,337)	(7,138)	79,158
December 31, 2011	**81,300**	**5,425**	**(5,666)**	**81,059**
Share of comprehensive loss		**(735)**	**(1,022)**	**(1,757)**
Distributions	**(2,111)**	**—**		**(2,111)**
March 31, 2012	**79,189**	**4,690**	**(6,688)**	**77,191**

a) 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 months ended March 31 *[Consolidated]*

Cdn$ thousands	**Notes**	**2012**	**2011**
		$	$
OPERATING ACTIVITIES			
Net income (loss) for the period		**(735)**	1,336
Add (deduct) items not involving cash			
Plant and equipment depreciation		**283**	292
Intangible assets amortization		**1,612**	1,609
Exchangeable shares - mark-to-market loss		**2,987**	477
Share of loss - Vision		**3**	61
Deferred income taxes	*3*	**(37)**	34
		4,113	3,809
Changes in non-cash working capital	*5*	**(3,648)**	(1,735)
Cash provided by operating activities		**465**	2,074
INVESTING ACTIVITIES			
Additions to plant and equipment		**(237)**	(316)
Additions to intangible assets		**(9)**	(75)
Cash used in investing activities		**(246)**	(391)
FINANCING ACTIVITIES			
Increase in bank indebtedness		—	16
Repayment of term debt		**(500)**	(500)
Distributions paid to unitholders		**(2,111)**	(2,111)
Cash used in financing activities		**(2,611)**	(2,595)
Net decrease in cash and cash equivalents		**(2,392)**	(912)
Cash and cash equivalents, beginning of period		**3,874**	979
Foreign currency translation differences		**46**	129
Cash and cash equivalents, end of period		**1,528**	196

See accompanying notes

March 31, 2012 [Cdn$ thousands]

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 2011 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2011 audited annual financial statements.

3. INCOME TAXES

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

	2012 $	**2011** $
Income (loss) subject to income taxes	**(114)**	1,672
Statutory tax rate	*26.3%*	*30.2%*
Income tax expense (recovery) at statutory tax rate	**(30)**	505
Deferred income tax	**37**	(34)
Current period adjustments		
Foreign tax differential	**(293)**	(328)
Exchangeable shares		
Distributions and mark-to-market loss	**841**	207
Other items	**103**	(48)
Current income taxes	**658**	302

Statutory tax rates estimates are based on substantively enacted rates. Changes in rates proposed in the Federal and Provincial 2012 budgets will not have a materially impact once they are substantively enacted.

March 31, 2012 [Cdn$ thousands]

4. UNITS AND EXCHANGEABLE SHARES

Number outstanding	**Units basic**	**Weighted average**	**Exchangeable Shares**	**Units diluted**	**Weighted average**
December 31, 2011	**10,743,470**	**10,743,470**	**1,059,043**	**11,802,513**	**11,802,513**
Units purchased	—			—	
March 31, 2012	**10,743,470**	**10,743,470**	**1,059,043**	**11,802,513**	**11,802,513**

Exchangeable shares mark-to-market loss reflects a unit price increase during the three months ended March 31, 2012 of $1.44 to $8.94 per Unit.

5. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital consists of the following:

	2012	**2011**
	$	$
Accounts receivable	**(2,863)**	(1,739)
Inventory	**865**	(40)
Prepaid expenses and deposits	**(17)**	105
Accounts payable and accruals	**(2,268)**	(335)
Income taxes	**635**	274
	(3,648)	(1,735)

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

	2012	**2011**
	$	$
Financial expenses paid	**643**	626
Income taxes paid	**29**	512

The income tax recoverable balance at December 31, 2011 was applied to the taxes otherwise owing for the three months ended March 31, 2012.