Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2012

Report Contents

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

June 30, 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.

Second quarter performance mirrored the first quarter results, returning to 2008 pre-financial crisis levels, with total revenue up 9.6% mainly from organic revenue growth at Richards Packaging US. EBITDA[1] was up $0.7 million, or 14.4%, due to higher sales. Gross profit and EBITDA as a percent of sales strengthened to 16.2% and 11.5% respectively. Net income was up $1.6 million, or 6¢ per Unit, mainly due to the mark-to-market gain on the exchangeable shares.

First half results reflect growth that began in the fourth quarter of 2011. Total revenue was up 8.7% with organic revenue growth of 7.1% in addition to incremental revenue with a U.S./Cdn. 3¢ weakening of the dollar. EBITDA[1] was up $1.4 million, or 13.8%, on revenue growth. Net income was down $0.5 million, or 4¢ per Unit, due to higher income taxes and the mark-to-mark loss on exchangeable shares.

The $1.7 million of free cash flow[2] generated in the second quarter was utilized to pay down $0.5 million of debt and to cover working capital needs. In June, we began to purchase Units under our normal course issuer bid. 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 9.0% on the June 30th closing price of $8.77 per Unit. The payout ratio[3] for the second quarter was 58%, down from 61% 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" July 31, 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)

July 31, 2012

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, 2012, the first quarter report dated May 11, 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 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, 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 up $4.3 mil., or 9.6%, mainly due to organic growth in Richards Packaging US,
- EBITDA[1] up $0.7 mil., or 14.4%, representing an increase of 0.5% to 11.5% of sales,
- Current income taxes up $0.4 mil. due to higher Richards Packaging US earnings and lower US bonus depreciation; first quarter taxes were paid in April bringing cash balances to a more normal level of $0.2 mil.
- Working capital increased $2.2 mil. due to $2.0 mil. higher inventory, $0.2 million increase in receivables and $1.0 mil. higher prepaid expenses offset by $1.1 mil. increase in payables,
- Extended the term and revolving credit maturities to May 31, 2015 at a 0.95% reduced bank margining cost for a fee of $0.1 mil.;
- Free cash flow[2] of $1.7 mil. was deployed to repay $0.5 mil. of term debt, fund working capital and purchase Units under our normal course issuer bid;
- Increased distributable cash flow[2] by $0.2 mil., or 1.3¢ per Unit, resulting in a 58% payout ratio[3], and
- Paid monthly distributions of 6.55¢ per Unit representing a 9.0% annualized return on the June 30th closing price of $8.77 per Unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

July 31, 2012

This MD&A covers the three and six months ended June 30, 2012 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	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
Income Data:				
Revenue	**49,219**	44,913	**97,441**	89,652
EBITDA[1]	**5,665**	4,953	**11,310**	9,958
Diluted per Unit	***48.0¢***	*42.0¢*	***95.8¢***	*84.4¢*
Net income	**3,695**	2,108	**2,960**	3,444
Diluted per Unit	***19.8¢***	*14.0¢*	***27.6¢***	*31.1¢*
Financial Position Data:				
Working capital	**41,990**	38,442		
Net operating assets	**132,636**	134,710		
Bank debt	**43,500**	47,000		
Debt/EBITDA	***2.1***	*2.3*		
Cash Flow Data:				
Distributions	**2,320**	2,316	**4,639**	4,634
Diluted per Unit	***19.7¢***	*19.6¢*	***39.3¢***	*39.3¢*
Payout ratio[3]	***58%***	*61%*	***57%***	*61%*
Unit purchases	**49**	—	**49**	—

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)

July 31, 2012

Revenue increased by $4.3 million, or 9.6%, for the second quarter from the same period in 2011 due to organic growth of 7.3% ($3.3 million) and the translation impact of Richards US, with the Canadian dollar weakening by 4.4¢ to U.S./Cdn.$0.99 ($1.0 million). Revenue increased by $7.8 million, or 8.7%, for the first half from the same period in 2011 due to organic growth of 7.1% ($6.5 million) and the translation impact of Richards US, with the Canadian dollar weakening by 3.0¢ to U.S./Cdn.$0.99 ($1.3 million). Similar to previous quarters, revenue growth is being driven mainly by Richards Packaging US.

	Qtr. 2		Six months	
	2012	2011	2012	2011
	$	$	$	$
Revenue	**49,219**	44,913	**97,441**	89,652
Cost of products sold	**41,240**	37,677	**81,518**	75,095
Gross profit	**7,979**	7,236	**15,923**	14,557
	16.2%	*16.1%*	***16.3%***	*16.2%*
Expenses	**2,274**	2,277	**4,579**	4,589
Foreign currency loss	**40**	6	**34**	10
EBITDA[1]	**5,665**	4,953	**11,310**	9,958
	11.5%	*11.0%*	***11.6%***	*11.1%*
Amortization	**1,921**	1,939	**3,816**	3,840
Patent defense costs	**6**	156	**23**	216
Financial expenses	**726**	677	**1,375**	1,304
Exchangeable shares	**(1,358)**	(452)	**1,837**	232
Vision	**6**	(8)	**9**	53
Income tax	**669**	533	**1,290**	869
Net Income	**3,695**	2,108	**2,960**	3,444

Cost of products sold (before amortization) for the second quarter and the first half increased by $3.6 million, or 9.5%, and by $6.4 million, or 8.6%, from the same periods in 2011, respectively. Gross profit margins were 0.3% below the first quarter levels at 16.2% for the second quarter. Inventory reserves of $0.2 million for the second quarter, $0.5 million for the first half, 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 second quarter and first half were consistent with the same periods in 2011.

The foreign currency loss 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 second quarter and first half increased by $0.7 million, or 14.4%, and by $1.4 million, or 13.6%, from the same periods in 2011, respectively. As a percent of sales, EBITDA was at 11.5% for the second quarter and 11.6% for the first half, up 0.5% from the same periods in 2011. Changes were a result of the factors referred to above.

Amortization of $1.9 million for the second quarter and $3.8 million for the first half were 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 capital assets was $0.3 million and $0.6 million for the second quarter and the 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 higher for the second quarter compared to the same period in 2011 due to bank refinancing fees of $0.1 million offset by lower interest on less term debt. Effective May 18, 2012, bank margining costs were reduced by 0.95% and the term and revolving credit maturities were extended to May 31, 2015.

Exchangeable shares mark-to-market gain reflects a unit price decrease during the second quarter to $8.77 per Unit but reverts to a loss with a unit price increase of $1.27 for the first half. Exchangeable shares distributions remained at $0.2 million per quarter.

Income tax expense increased $0.1 million for the second quarter and $0.4 million the first half compared to the same periods in 2011, respectively, mainly due to higher income in Richards Packaging US and $0.1 million in higher bonus depreciation deduction in 2011.

Net income for the second quarter was $3.7 million and $3.0 million for the first half, which represented 19.8¢ and 27.6¢ per Unit on a diluted basis, respectively. A time-weighted average of 10,742,547 Units and 1,059,043 exchangeable shares, exchangeable into Units on a one-for-one basis, were outstanding for 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; 2011 – nil drawn).

Distributable cash flow[2] for the second quarter and first half was $0.2 million and $0.4 million higher than in the same periods in 2011. Overall the increase was attributed to increased EBITDA[1] offset by higher cash income taxes and maintenance capital. Cash income taxes for the second quarter increased $0.4 million from the same period in 2011, due to the increase in earnings in Richards Packaging US.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(expressed in thousands, except where otherwise indicated)

July 31, 2012

	Qtr. 2		Six months	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
Cash provided by operating activities………………	**1,746**	2,934	**2,211**	5,008
Working capital changes……………………………	**2,236**	634	**5,884**	2,369
Non-cash charges……………………………………	**1,683**	1,385	**3,215**	2,581
EBITDA[1]	**5,665**	4,953	**11,310**	9,958
Interest………………………………………………	**626**	677	**1,275**	1,304
Current income tax…………………………………	**742**	347	**1,400**	649
Maintenance capital…………………………………	**315**	106	**561**	439
Distributable cash flow[2]……………………………	**3,983**	3,823	**8,075**	7,566
Diluted per Unit …………………………………	***33.7¢***	*32.4¢*	***68.4¢***	*64.1¢*
Distributions………………………………………	**2,320**	2,316	**4,639**	4,634
Diluted per Unit …………………………………	***19.7¢***	*19.6¢*	***39.3¢***	*39.3¢*
Payout ratio [3] ………………………………………	***58%***	*61%*	***57%***	*61%*
Free cash flow[2]……………………………………	**1,663**	1,507	**3,436**	2,932
Units outstanding				
Diluted basis 000's ………………………………	**11,801**	11,803	**11,802**	11,803

Free cash flow[2] of $1.7 million for the second quarter and $3.3 million for the first half was deployed to repay $0.5 million and $1.0 million of debt, respectively, and fund working capital.

Monthly distributions for the first half at 6.55¢ per Unit, represents an annual yield of 9.0% on an $8.77 price per Unit at June 30, 2012 and a payout ratio[3] of 57%.

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the second quarter was $1.8 million, down $1.2 million over the same period in 2011, primarily due to a $1.6 million increased investment in working capital to fund growth. For the first half, cash flow from operating activities was $2.2 million, down $2.8 million primarily due to $3.5 million of working capital. During the second quarter, working capital increased by $2.2 million mainly on higher inventory of $2.0 million, higher prepaid expenses of $1.0 million, higher income taxes of $0.1 million and higher receivables of $0.2 million while reflecting the same past due profile as at year end. These were offset by the increase in payables of $1.1 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, 42% 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 second quarter, including those declared for June 2012, were $2.3 million with $0.8 million declared for June, which was paid July 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 half, 5,600 Units (2011 – nil) were purchased at an average price of $8.75 per Unit and since the inception of the buyback program in 2009, 116,942 Units were purchased at an average price of $7.27 per Unit.

Cash income taxes

The cash income tax expense, returning to 2008 pre-financial crisis levels, was $0.7 million for the second quarter and $1.4 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.

Capital expenditures

Maintenance capital expenditures for the second quarter were $0.3 million and $0.6 million for the first half. 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 expenditures were 0.1 million for the first half.

Financing activities and instruments

Richards Packaging's credit facilities include a $43.5 million term loan (2011 – $47.0 million) with maturity on May 31, 2015 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 1.5% to 2.25% (2011 – 2.5% to 3.25%).

During the second quarter, Richards Packaging extended the term and revolving credit facilities to May 14, 2015 with the interest premium over BA's, or prime rate, lowered by 0.95% and expensed $0.1 million of associated fees. 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, 2012, our leverage ratio was 2.05, lower than the December 31, 2011 level of 2.20 due to the increase in EBITDA. Surplus distributable cash flow[2] 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. 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 second quarter exceeded expectations but is expected to return to the long term industry average of 1-3% for the third quarter. The impact of exchange translation is expected to increase revenue by $0.7 million for the third quarter at current exchange rates of U.S./Cdn.$$0.99.

EBITDA[1] for the second quarter was $5.7 million, up $0.7 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 third quarter at current exchange rates of U.S./Cdn.$$0.99.

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 $1.0 million in 2012.

Distributable cash flow[2] 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 half 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 June 30, 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 half 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 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

1 *Management defines EBITDA as earnings before amortization, financial expenses, patent defense costs, unrealized losses (gains) and dividends on exchangeable shares, share of loss (income) – Vision 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 and six months ended June 30 *[Consolidated]*

Cdn$ thousands	Notes	Three months 2012	Three months 2011	Six months 2012	Six months 2011
		$	$	$	$
Revenue		**49,219**	44,913	**97,441**	89,652
Cost of products sold		**43,136**	39,592	**85,286**	78,869
Administrative expenses		**2,299**	2,301	**4,627**	4,655
Foreign currency loss		**40**	6	**34**	10
Patent defense legal costs		**6**	156	**23**	216
Profit from operations		**3,738**	2,858	**7,471**	5,902
Financial expenses	*5*	**726**	677	**1,375**	1,304
Exchangeable shares					
Mark-to-market loss (gain)		**(1,567)**	(657)	**1,420**	(180)
Distributions		**209**	205	**417**	412
Share of loss (income) - Vision		**6**	(8)	**9**	53
Income before income taxes		**4,364**	2,641	**4,250**	4,313
Income tax expense (income)					
Current taxes	*3*	**742**	347	**1,400**	649
Deferred taxes	*3*	**(73)**	186	**(110)**	220
		669	533	**1,290**	869
Net income for the period		**3,695**	2,108	**2,960**	3,444
Basic income per Unit	*4*	**$0.34**	$0.20	**$0.28**	$0.32
Diluted income per Unit [a)]	*4*	**$0.20**	$0.14	**$0.28**	$0.31
Other comprehensive income (loss)					
Richards Packaging US					
Currency translation adjustment		**1,201**	(462)	**179**	(608)
Comprehensive income for the period		**4,896**	1,646	**3,139**	2,836

a) For the 2012 six month period, the calculation of the diluted income per Unit would yield $0.41, 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]*

Cdn$ thousands	Notes	June 30		Dec. 31	
		2012	**2011**	**2011**	**2010**
		$	$	$	$
Current Assets					
Cash and cash equivalents		**226**	**141**	3,874	979
Accounts receivable		**22,202**	**22,102**	19,081	18,766
Inventory		**38,370**	**37,043**	37,209	35,169
Prepaid expenses and deposits		**3,219**	**1,995**	2,138	2,288
Income taxes recoverable (payable)	*3, 5*	**(244)**	**87**	283	700
		63,773	**61,368**	62,585	57,902
Current Liabilities *(excluding debt)*					
Accounts payable and accruals		**(20,207)**	**(21,394)**	(21,303)	(18,787)
Distributions payable		**(773)**	**(772)**	(773)	(773)
Due to previous shareholder		**(803)**	**(760)**	(802)	(784)
		(21,783)	**(22,926)**	(22,878)	(20,344)
WORKING CAPITAL		**41,990**	**38,442**	39,707	37,558
Non-current Assets					
Plant and equipment		**3,654**	**3,768**	3,606	3,820
Investment - Vision		**564**	**586**	576	640
Intangible assets		**21,791**	**27,650**	24,990	31,108
Goodwill		**71,153**	**69,446**	71,088	70,390
		97,162	**101,450**	100,260	105,958
Non-current Liabilities *(excluding debt)*					
Deferred income taxes	*3*	**(6,516)**	**(5,182)**	(6,619)	(6,239)
NET OPERATING ASSETS		**132,636**	**134,710**	133,348	137,277
Debt					
Term debt		**43,500**	**47,000**	44,500	48,000
Exchangeable shares					
Current	4	**9,209**	**5,247**	7,789	5,330
Non-current	4	—	**3,770**	—	3,867
		52,709	**56,017**	52,289	57,197
Equity					
Unitholders’ capital	4	**77,029**	**85,522**	81,300	89,745
Retained earnings (deficit)		**8,385**	**771**	5,425	(2,673)
Accumulated other comprehensive loss		**(5,487)**	**(7,600)**	(5,666)	(6,992)
		79,927	**78,693**	81,059	80,080
CAPITAL		**132,636**	**134,710**	133,348	137,277

See accompanying notes

Richards Packaging Income Fund

STATEMENT OF CHANGES IN EQUITY

Unaudited

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

UNITHOLDERS' EQUITY

Cdn$ thousands	Unit Capital	Retained earnings (deficit)	AOCL[a)]	
	$	$	$	$
March 31, 2011	87,633	(1,337)	(7,138)	79,158
Share of comprehensive income (loss)		2,108	(462)	1,646
Distributions	(2,111)			(2,111)
Purchased for cancellation, net	—			—
June 30, 2011	85,522	771	(7,600)	78,693
March 31, 2012	**79,189**	**4,690**	**(6,688)**	**77,191**
Share of comprehensive income (loss)		**3,695**	**1,201**	**4,896**
Distributions	**(2,111)**			**(2,111)**
Purchased for cancellation, net	**(49)**			**(49)**
June 30, 2012	**77,029**	**8,385**	**(5,487)**	**79,927**

Cdn$ thousands				
	$	$	$	$
December 31, 2010	89,745	(2,673)	(6,992)	80,080
Share of comprehensive income (loss)		3,444	(608)	2,836
Distributions	(4,223)			(4,223)
Purchased for cancellation, net	—			—
June 30, 2011	85,522	771	(7,600)	78,693
December 31, 2011	**81,300**	**5,425**	**(5,666)**	**81,059**
Share of comprehensive income (loss)		**2,960**	**179**	**3,139**
Distributions	**(4,222)**			**(4,222)**
Purchased for cancellation, net	**(49)**			**(49)**
June 30, 2012	**77,029**	**8,385**	**(5,487)**	**79,927**

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 and six months ended June 30 *[Consolidated]*

Cdn$ thousands	Notes	Three months 2012	Three months 2011	Six months 2012	Six months 2011
		$	$	$	$
OPERATING ACTIVITIES					
Net income for the period		**3,695**	2,108	**2,960**	3,444
Add (deduct) items not involving cash					
Plant and equipment depreciation		**307**	333	**590**	625
Intangible assets amortization		**1,614**	1,606	**3,226**	3,215
Exchangeable shares - mark-to-market		**(1,567)**	(657)	**1,420**	(180)
Share of income (loss) - Vision		**6**	(8)	**9**	53
Deferred income taxes	*3*	**(73)**	186	**(110)**	220
		3,982	3,568	**8,095**	7,377
Changes in non-cash working capital	*5*	**(2,236)**	(634)	**(5,884)**	(2,369)
Cash provided by operating activities		**1,746**	2,934	**2,211**	5,008
INVESTING ACTIVITIES					
Additions to plant and equipment		**(401)**	(292)	**(638)**	(608)
Additions to intagible assets		**—**	(15)	**(9)**	(90)
Cash used in investing activities		**(401)**	(307)	**(647)**	(698)
FINANCING ACTIVITIES					
Increase in bank indebtedness		**—**	5	**—**	21
Repayment of term debt		**(500)**	(500)	**(1,000)**	(1,000)
Purchase of trust units for cancellation		**(49)**	—	**(49)**	—
Distributions paid to unitholders		**(2,111)**	(2,111)	**(4,222)**	(4,222)
Cash used in financing activities		**(2,660)**	(2,606)	**(5,271)**	(5,201)
Net cash flows for the period		**(1,315)**	21	**(3,707)**	(891)
Cash and cash equivalents, beginning of period		**1,528**	196	**3,874**	979
Foreign currency translation differences		**13**	(76)	**59**	53
Cash and cash equivalents, end of period		**226**	141	**226**	141

See accompanying notes

June 30, 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:

	Three months		Six months	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
Income subject to income taxes	**4,364**	2,641	**4,250**	4,313
Statutory tax rate	*26.3%*	*30.2%*	*26.3%*	*30.2%*
Income tax expense at statutory tax rate	**1,148**	798	**1,118**	1,303
Deferred income tax	**73**	(186)	**110**	(220)
Current period adjustments				
Foreign tax differential	**(298)**	(328)	**(591)**	(656)
Exchangeable shares				
Dividends and mark-to-market loss (gain)	**(357)**	(137)	**483**	70
Other items	**176**	200	**280**	152
Current income taxes	**742**	347	**1,400**	649

June 30, 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**
Units purchased	**(5,600)**			**(5,600)**	
June 30, 2012	**10,737,870**	**10,741,624**	**1,059,043**	**11,796,913**	**11,800,667**
six months		**10,742,547**			**11,801,590**

The average price paid for Units purchased was $8.75. Exchangeable shares mark-to-market loss reflects a unit price increase during the six months ended June 30, 2012 of $1.27 to $8.77 per Unit.

5. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital consists of the following:

	Three months		**Six months**	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
Accounts receivable	**(227)**	(1,856)	**(3,090)**	(3,595)
Inventory	**(1,967)**	(2,472)	**(1,102)**	(2,532)
Prepaid expenses and deposits	**(1,041)**	181	**(1,058)**	260
Accounts payable and accruals	**1,108**	3,185	**(1,160)**	2,895
Income taxes	**(109)**	328	**526**	603
	(2,236)	(634)	**(5,884)**	(2,369)

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

	Three months		**Six months**	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
Financial expenses paid	**697**	674	**1,340**	1,300
Income taxes paid	**844**	17	**873**	529

Financial expenses include $101 of refinancing fees. Income taxes recoverable at December 31, 2011 were applied to taxes otherwise owing for the six months ended June 30, 2012.