

Q1 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended March 31, 2013

Report Contents

CEO's report to Unitholders	1
Management's discussion and analysis	2
Financial statements	10
Notes to financial statements	14



Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

March 31, 2013

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 unwinding of the economic recovery that began during the third quarter of 2012. Total revenue was down 1.7% mainly from organic revenue shrinkage at Richards Canada. EBITDA¹ was down \$0.5 million, or 9.0%, due to lower sales. Gross profit and EBITDA as a percent of sales weakened to 15.7% and 10.8% respectively, similar to levels in the back half of 2012. Net income was up \$1.5 million, or 14¢ per Unit, mainly due to the lower mark-to-market loss on the exchangeable shares from the 71¢ unit price increase.

The \$1.1 million of free cash flow² generated in the first quarter was utilized to pay down \$0.5 million of debt, buy back \$0.3 million of Units and to invest in \$0.1 million of expansion capital. Although cash on hand at March 31 of \$2.3 million was unusually high, subsequent to quarter end \$0.7 million was used to settle the first quarter tax liability and \$0.7 million to pay the legal expenses associated with the infringement court case. During the second quarter, we expect to purchase Units under our normal course issuer bid and make further payments on our debt⁴.

With the distributions no longer eligible for interest deductibility we continue to utilize loss carry forwards to partially shield Canadian taxes and to pay out distributions as a full return of capital. Loss carry forwards are being recognized on a straight line basis for 2013.

The Fund paid monthly distributions of 6.55¢ per Unit during the first quarter, which represented an annualized yield of 8.5% on the March 31st closing price of \$9.25 per Unit. The payout ratio³ for the first quarter was 67%, up from 62% for 2012. During the first quarter 28,300 Units were purchased for an average price of \$8.85.

We appreciate the support of our customers, suppliers, employees and investors and will continue to execute on our commitments with the highest degree of quality, care and integrity.

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

May 10, 2013

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

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, 2013, the 2012 Annual Report and the 2012 Annual Information Form dated March 7, 2013 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 2012 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 11,300 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 down \$0.8 mil., or 1.7%, mainly due to organic shrinkage in Richards Canada,
- EBITDA¹ down \$0.5 mil., or 9.0%, at 10.8% of sales similar to the previous two quarters,
- Current income taxes up \$0.4 mil. due to higher US taxes and Richards Canada being taxable for the first time,
- Net income increased \$0.8 mil. due primarily to a lower mark-to-market loss on exchangeable shares,
- Non-cash working capital decreased \$0.6 mil. due to a \$2.5 mil. inventory reduction, or 70% of 2012 increase, offset by a \$2.0 mil. receivables increase,
- Free cash flow² of \$1.1 mil. was deployed to repay \$0.5 mil. term debt, purchase \$0.3 mil. Units and invest in \$0.1 mil. expansion capital. Subsequent to quarter end, \$0.7 mil. was used to settle the first quarter tax liability and \$0.7 mil. was paid to cover patent infringement court costs,
- Distributable cash flow² decreased by \$0.6 mil., or 5.3¢ per Unit, resulting in a 67% payout ratio³,
- Purchased \$0.3 mil., or 28,300 Units at an average price of \$8.85 per unit under the normal course issuer bid, and
- Paid monthly distributions of 6.55¢ per Unit representing an 8.5% annualized return on the March 31st closing price of \$9.25 per Unit.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

This MD&A covers the three months ended March 31, 2013 (generally referred to in this MD&A as the "first quarter"). The following table sets out selected consolidated financial information:

(\$ thousands)	Qtr. 1	
	2013	2012
Income Statement Data:		
Revenue.....	47,415	48,222
EBITDA ¹	5,136	5,645
<i>Diluted per Unit</i>	43.7¢	47.8¢
Net income (loss).....	763	(735)
<i>Diluted per Unit</i>	7.1¢	-6.8¢
Financial Position Data:		
Working capital.....	41,445	40,631
Net operating assets.....	127,603	131,966
Bank debt.....	41,000	44,000
<i>Debt/EBITDA</i>	1.9	2.1
Cash Flow Statement Data:		
Distributions.....	2,311	2,319
<i>Diluted per Unit</i>	19.6¢	19.6¢
<i>Payout ratio</i> ³	67%	57%
Unit purchases.....	250	—

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 gains and losses on exchangeable shares and deferred income taxes. Factors considered when setting this level included the Income Trust tax, the current low interest rates and the cash needs of operations.

Review of Operations

Operations were approximately half in Canada and half in the United States ("Richards Packaging US") similar to performance in 2012. Approximately one-third of sales are concentrated in Toronto, Montreal and Vancouver and one-third in Los Angeles, Reno and Portland.

Revenue decreased by \$0.8 million, or 1.7%, for the first quarter from the same period in 2012 due to organic shrinkage of 2.1% (\$1.0 million) in Canadian operations offset by the translation impact of Richards US, with the Canadian dollar weakening by 0.7¢ to U.S./Cdn.\$0.99 (\$0.2 million).

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

(\$ thousands)	Qtr. 1	
	2013	2012
Revenue	47,415	48,222
Cost of products sold ^{a)}	39,986	40,278
Gross profit.....	7,429	7,944
	15.7%	16.5%
Administrative expenses ^{a)}	2,265	2,305
Foreign currency loss (gain).....	28	(6)
EBITDA ¹	5,136	5,645
	10.8%	11.7%
Amortization.....	1,912	1,895
Patent defense costs.....	432	17
Financial expenses.....	500	649
Exchangeable shares.....	982	3,195
Share of (income) loss - Vision.....	(35)	3
Income tax expense.....	582	621
Net Income (loss)	763	(735)

a) before amortization

Cost of products sold decreased by \$0.3 million, or 0.7%, for the first quarter, with the business performing at a 15.7% gross profit margin, down slightly from the same period in 2012. Foreign exchange, ocean freight and price degradation in select large accounts in response to increasing competitive threats continue to put downward pressure on margins. 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 for the first quarter remained consistent with the same period in 2012.

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.

EBITDA¹ for the first quarter decreased by \$0.5 million, or 9.0%, from the same period in 2012. As a percent of sales, EBITDA was at 10.8% for the first quarter, down 0.9% from the same period in 2012. 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.

Patent defense costs relate to court trial costs incurred to establish infringement on our Dispill patent, trademark and copyright. The court proceeding was completed on April 9th with additional legal

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

costs of \$250 to be recognized in the second quarter. The judge will likely render his decision during the third quarter⁴.

Financial expenses were lower for the first quarter compared to the same period in 2012 mainly due to 1.2% lower interest rates and \$3.0 million less term debt.

Exchangeable shares mark-to-market loss reflects a unit price increase during the first quarter of \$0.71 to \$9.25 per Unit. Exchangeable share monthly distributions remained at 6.55¢ per share.

Income tax expense was flat for the first quarter compared to the same period in 2012 as current income tax increased \$0.4 million, mainly due to higher income in Richards Packaging US and the commencement of Canadian taxes, offset by a deferred tax decrease of \$0.4 million reflecting the utilization of loss carry forwards.

Net income for the first quarter was \$0.8 million, which represented 7.1¢ per Unit on a diluted basis. A time-weighted average of 10,687,670 Units and 1,059,043 exchangeable shares, exchangeable into Units on a one-for-one basis, were outstanding throughout the first quarter.

Distributable Cash Flow²

(\$ thousands)

	Qtr. 1	
	2013	2012
Cash provided by operating activities.....	5,185	1,316
Working capital changes.....	(621)	4,283
Income tax payments.....	140	29
Patent costs.....	432	17
EBITDA¹	5,136	5,645
Interest.....	500	649
Current income tax.....	1,009	658
Maintenance capital.....	171	246
Distributable cash flow²	3,456	4,092
<i>Diluted per Unit</i>	<i>29.4¢</i>	<i>34.7¢</i>
Distributions	2,311	2,319
<i>Diluted per Unit</i>	<i>19.6¢</i>	<i>19.6¢</i>
<i>Payout ratio³</i>	<i>67%</i>	<i>57%</i>
Free cash flow²	1,145	1,773
Units outstanding		
<i>Diluted basis 000's</i>	11,747	11,803

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

The distributable cash flow² 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 currently undrawn (2012 – nil drawn).

Distributable cash flow² for the first quarter was \$0.6 million lower than in the same period in 2012. Overall the decrease was attributed to decreased EBITDA¹ and higher cash income taxes offset by lower interest and maintenance capital. Cash income taxes increased \$0.4 million from the same period in 2012 due to the increase in earnings in Richards Packaging US and Canadian taxes.

Free cash flow² of \$1.1 million was deployed to repay \$0.5 million of debt, to purchase \$0.3 million of Units and invest in \$0.1 million of expansion capital.

Monthly distributions for the first quarter at 6.55¢ per Unit, represents an annual yield of 8.5% on a \$9.25 price per Unit at March 31, 2013 and a payout ratio³ of 67%.

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the first quarter was \$5.2 million, up \$3.9 million over the same period in 2012, primarily due to a \$0.6 million decreased investment in working capital in line with slowing growth. During the first quarter, working capital decreased by \$0.6 million despite higher receivables of \$2.0 million which reflected the same past due profile as at year end. The \$2.5 million decrease in inventories reflects the unwinding of 70% of the high year-end balance. Income taxes payable increased \$0.3 million to reflect the initiation of taxes in Canada.

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, 33% of the cash flow from operations was diverted to purchase Units under the normal course issuer bid and repay term debt. Actual distributions paid during the first quarter were \$2.3 million, including those declared for December 2012, with \$0.8 million declared for March, which was paid April 12th.

Normal Course Issuer Bid

On March 13, 2013, the Fund renewed the normal course issuer bid to purchase up to 200,000 Units prior to March 12, 2014. During the first quarter, 28,300 Units were purchased (2012 – nil) at an average price of \$8.85 per Unit. Subsequent to quarter end, the Fund purchased 12,300 Units to date at an average price of \$9.00 per Unit.

Cash income taxes

The cash income tax expense for the first quarter was \$1.0 million, representing current income tax net of the utilization of the \$0.2 million loss carry forward deferred tax balance as at December 31, 2012 which is being recognized on a straight line basis for 2013.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

Capital expenditures

Maintenance capital expenditures for the first quarter were \$0.2 million (2012 – \$0.3 million). 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 for the first quarter were \$0.1 million (2012 – nil) primarily for the addition of a blow molding machine.

Financing activities and instruments

Richards Packaging's credit facilities include a \$41.0 million term loan (2012 – \$44.0 million) with maturity on May 30, 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 1.55% to 1.80% (2012 – 2.5% to 2.75%).

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 EBITDA¹. As at March 31, 2013, our leverage ratio was 1.93. 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. Combined with cash flow from operations, management believes that adequate financing will be available for the foreseeable future⁴.

Outlook⁴

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 2013.

Revenue performance for the first quarter was softer than expected shrinking at 2% but is expected to be flat for the second quarter against the same period in 2012. The impact of exchange translation is expected to be minimal for the second quarter at current exchange rates.

EBITDA¹ for the first quarter was \$5.1 million, down \$0.5 million against the same period in 2012 and is expected to track back to 11% of revenue for the second quarter. The impact of exchange translation is expected to be minimal for the second quarter at current exchange rates.

Cash income tax expense is expected to increase by \$0.4 million for the second quarter against the same period in 2012, similar to the increase in the first quarter. Distributable cash flow³ from Richards Packaging US and Richards Canada's current tax profile are expected to allow for a full 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 2013.

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

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

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 2012 Annual Information Form dated March 7, 2013. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first quarter of 2013.

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, 2013 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 2013, relative to December 31, 2012. 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 2012 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, unrealized (gains) and dividends on exchangeable shares, share of (income) loss - 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.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 10, 2013

- 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 flow². 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.*

<p style="text-align: center;">Notice to Unitholders</p>

<p style="text-align: center;">The attached consolidated financial statements have not been reviewed by the Fund's external auditors</p>
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Richards Packaging Income Fund

STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

Unaudited

For the three months ended March 31

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	2013	2012
Revenue		47,415	48,222
Cost of products sold		41,881	42,150
Administrative expenses		2,282	2,328
Foreign currency loss (gain)		28	(6)
Patent defense legal costs	5	432	17
Profit from operations		2,792	3,733
Financial expenses		500	649
Exchangeable shares			
Mark-to-market loss		773	2,987
Distributions		209	208
Share of (income) loss - Vision		(35)	3
Income (loss) before income taxes		1,345	(114)
Income tax expense (income)			
Current taxes	3	1,009	658
Deferred taxes	3	(427)	(37)
		582	621
Net income (loss) for the period		763	(735)
Basic and diluted income per Unit	4	7.1¢	-6.8¢
Other comprehensive income			
Richards Packaging US			
Currency translation adjustment		1,330	(1,022)
Comprehensive income (loss) for the period		2,093	(1,757)

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]

<i>Cdn\$ thousands</i>	Notes	Mar. 31		Dec. 31	
		2013	2012	2012	2011
Current Assets					
Cash and cash equivalents		2,309	1,528	893	3,874
Accounts receivable		21,925	21,772	19,718	19,081
Inventory		38,350	35,989	40,379	37,209
Prepaid expenses and deposits		2,582	2,134	2,316	2,138
		65,166	61,423	63,306	62,302
Current Liabilities (excluding debt)					
Accounts payable and accruals		(21,346)	(18,885)	(20,764)	(21,303)
Income tax payable	3	(804)	(346)	65	283
Distributions payable		(770)	(773)	(771)	(773)
Due to previous shareholder		(801)	(788)	(784)	(802)
		(23,721)	(20,792)	(22,254)	(22,595)
WORKING CAPITAL		41,445	40,631	41,052	39,707
Long-term Assets					
Plant and equipment		3,548	3,542	3,564	3,606
Investment - Vision		707	570	672	576
Intangible assets		16,901	23,199	18,285	24,990
Goodwill		71,012	70,530	70,367	71,088
		92,168	97,841	92,888	100,260
Long-term Liabilities (excluding debt)					
Deferred income taxes	3	(6,010)	(6,506)	(6,353)	(6,619)
NET OPERATING ASSETS		127,603	131,966	127,587	133,348
Debt					
Term debt		41,000	44,000	41,500	44,500
Exchangeable shares - current	4	9,716	10,775	8,943	7,789
		50,716	54,775	50,443	52,289
Equity					
Unitholders' capital	4	70,267	79,189	72,617	81,300
Retained earnings		12,249	4,690	11,486	5,425
Accumulated other comprehensive loss		(5,629)	(6,688)	(6,959)	(5,666)
		76,887	77,191	77,144	81,059
CAPITAL		127,603	131,966	127,587	133,348

See accompanying notes

Richards Packaging Income Fund

STATEMENTS OF CHANGES IN EQUITY
Unaudited

For the three months ended March 31

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Unitholders' capital	Retained earnings	AOCL^{a)}	
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)
Purchased for cancellation, net		—			—
March 31, 2012		79,189	4,690	(6,688)	77,191
<hr/>					
December 31, 2012		72,617	11,486	(6,959)	77,144
Share of comprehensive income			763	1,330	2,093
Distributions		(2,100)			(2,100)
Purchased for cancellation, net	<i>4</i>	(250)			(250)
March 31, 2013		70,267	12,249	(5,629)	76,887

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

STATEMENTS OF CASH FLOWS
Unaudited

For the three months ended March 31

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	2013	2012
OPERATING ACTIVITIES			
Profit from operations		2,792	3,733
Add items not involving cash			
Plant and equipment depreciation		296	283
Intangible assets amortization		1,616	1,612
Income taxes payments	3	(140)	(29)
		4,564	5,599
Changes in non-cash working capital	6	621	(4,283)
Cash provided by operating activities		5,185	1,316
INVESTING ACTIVITIES			
Additions to plant and equipment		(284)	(237)
Additions to intangible assets		(31)	(9)
Cash used in investing activities		(315)	(246)
FINANCING ACTIVITIES			
Repayment of term debt		(500)	(500)
Financial expenses paid		(495)	(643)
Purchase of Fund units for cancellation	4	(250)	—
Distributions paid to Exchangeable Shareholders		(209)	(208)
Distributions paid to Unitholders		(2,102)	(2,111)
Cash used in financing activities		(3,556)	(3,462)
Increase (decrease) in cash and cash equivalents		1,314	(2,392)
Cash and cash equivalents, beginning of period		893	3,874
Foreign exchange effect on cash and cash equivalents		102	46
Cash and cash equivalents, end of period		2,309	1,528

See accompanying notes

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

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 2012 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2012 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:

	2013	2012
Income (loss) subject to income taxes	1,345	(114)
Statutory tax rate	26.5%	26.3%
Income tax expense (recovery) at statutory tax rate	356	(30)
Deferred income tax	427	37
Current period adjustments		
Foreign tax differential	(213)	(293)
Foreign rate differential	222	188
Exchangeable shares		
Distributions and mark-to-market loss	260	841
Other items	(43)	(85)
Current income taxes	1,009	658

The utilization of the \$624 loss carry forward deferred tax balance as at December 31, 2012 is being recognized on a straight line basis for 2013.

The province of British Columbia has proposed a 1% tax increase in their budget to take effect April 1, 2013.

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

March 31, 2012

[Cdn\$ thousands]

4. UNITS AND EXCHANGEABLE SHARES

<i>Number outstanding</i>	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
December 31, 2012	10,715,970	10,735,721	1,059,043	11,775,013	11,794,764
Units purchased	(28,300)			(28,300)	
March 31, 2013	10,687,670	10,687,670	1,059,043	11,746,713	11,746,713

Exchangeable shares mark-to-market loss reflects a unit price increase during the three months ended March 31, 2013 of \$0.71 to \$9.25 per Unit. The average price paid for the Units purchased under the normal course issuer bid was \$8.85/Unit. Subsequent to March 31, 2013, the Fund purchased 12,300 Units to date at an average price of \$9.00 per Unit.

5. COMMITMENTS AND CONTINGENCIES

The court proceeding associated with the prosecution of a patent, trademark and copyright infringement case was completed on April 9th with additional legal costs of \$250 to be recognized in the second quarter. The judge will likely render his decision during the third quarter.

6. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital (excluding cash) consists of the following:

	2013	2012
Accounts receivable	(2,004)	(2,863)
Inventory	2,476	865
Prepaid expenses and deposits	(241)	(17)
Accounts payable and accruals	390	(2,268)
	621	(4,283)

Total foreign exchange effects excluded from the above was \$486 [2012 – \$399].