

Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2015

Report Contents

CEO's report to unitholders	1
Management's discussion and analysis.....	2
Financial statements	11
Notes to financial statements	15



Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

July 29, 2015

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 exceeded our 2015 revenue outlook, as total revenue increased 12.8% due to 5.5% organic revenue growth off the strong US economy and a U.S./Cdn. 10¢ weakening of the dollar. Gross profit and EBITDA¹ as a percent of sales were consistent with the first quarter at 16.3% and 11.8% respectively. EBITDA was up \$1.0 million, or 15.3%, due to higher sales and the translation impact of Richards US. Net income increased \$1.2 million with higher EBITDA and a lower mark-to-market loss on the exchangeable shares.

First half results continues to reflect the strong US economy. Total revenue was up 11.7% with organic revenue growth of 4.5% in addition to a revenue increase due to a U.S./Cdn. 10¢ weakening of the dollar. EBITDA¹ was up \$1.7 million, or 14.4%, due to higher sales volumes and the translation impact of Richards US. Net income was up \$1.7 million when compared to the previous year as the higher taxes were offset by higher EBITDA and lower amortization.

The \$1.8 million of free cash flow² generated in the second quarter together with the \$0.3 million cash on hand, was utilized to pay \$1.5 million of the \$2.4 million of income taxes outstanding as of March 31st, invest in \$0.1 million of expansion capital and to cover working capital needs. The remaining \$0.9 million in income tax payments were made in July with future payments now tracking with current income tax for the remainder of the year. The higher growth we are currently enjoying has yielded an unusually high investment in inventory and we will closely monitor the levels on an ongoing basis.

The Fund paid monthly distributions of 7.35¢ per Unit during the second quarter, which represented an annualized yield of 5.4% on the June 30th closing price of \$16.35 per Unit. The payout ratio³ for the second quarter was 59% and 65% for the first half.

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

July 29, 2015

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

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, 2015, the first quarter report dated May 6, 2015, the 2014 Annual Report and the 2014 Annual Information Form dated March 5, 2015 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 2014 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 12,500 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 13% of the total revenues of Richards Packaging (2014 – 14%). 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 \$6.9 mil., or 12.8%, due to 5.5% organic growth and 7.3% foreign exchange,
- EBITDA¹ up \$1.0 mil., or 15.3%, at 11.8% of sales similar to the previous year,
- Current income taxes up \$0.3 mil. due to higher EBITDA,
- Net income was \$1.2 mil. due primarily to higher EBITDA and a lower mark-to-market loss on exchangeable shares,
- Non-cash working capital increased \$1.4 mil. mainly due to a \$5.1 mil. increase in inventory to fund organic growth offset by a \$3.2 mil. increase in payables,
- Free cash flow² of \$1.8 mil. was utilized to pay current income taxes payable from the first quarter of \$1.5 mil. and invest \$0.1 mil. in expansion capital. Cash on hand at March 31st of \$0.3 mil. along with the \$0.9 mil. revolving debt was utilized to fund working capital,
- Distributable cash flow² increased by \$0.6 mil., or 5.1¢ per Unit, resulting in a 59% payout ratio³,
- Monthly distributions of 7.35¢ per Unit paid representing a 5.4% annualized return on the June 30th closing price of \$16.35 per Unit.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

This MD&A covers the three and six months ended June 30, 2015 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:

(\$ thousands)	Qtr. 2		Six months	
	2015	2014	2015	2014
INCOME STATEMENT DATA:				
Revenue.....	60,304	53,444	116,633	104,437
EBITDA ¹	7,143	6,193	13,610	11,901
<i>Diluted per Unit</i>	<i>60.9¢</i>	<i>52.8¢</i>	<i>\$1.16</i>	<i>\$1.01</i>
Net income.....	3,408	2,199	4,305	2,591
<i>Diluted per Unit</i>	<i>31.6¢</i>	<i>20.5¢</i>	<i>40.1¢</i>	<i>24.2¢</i>
FINANCIAL POSITION DATA:				
Working capital.....	48,735	40,379		
Net operating assets.....	137,425	123,502		
Bank debt.....	33,307	34,000		
<i>Debt/EBITDA</i>	<i>1.3</i>	<i>1.5</i>		
CASH FLOW STATEMENT DATA:				
Distributions.....	2,602	2,592	5,206	4,998
<i>Diluted per Unit</i>	<i>22.2¢</i>	<i>22.1¢</i>	<i>44.4¢</i>	<i>42.6¢</i>
<i>Payout ratio</i> ³	<i>59%</i>	<i>68%</i>	<i>65%</i>	<i>68%</i>
Unit purchases.....	—	—	—	—
Debt repayment (draw).....	(866)	1,000	(866)	1,500

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 foreign exchange outlook, 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 2014. Approximately one-third of sales are concentrated in Toronto, Montreal and Vancouver and one-third in Los Angeles, Reno and Portland.

Revenue increased by \$6.9 million, or 12.8%, for the second quarter from the same period in 2014 due to organic growth of 5.5% (\$2.8 million) due to the strong US economy and the translation impact of Richards US, with the Canadian dollar weakening by 10.4¢ to U.S./Cdn.\$0.81 (\$4.1

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

million). Revenue increased by \$12.2 million, or 11.7%, for the first half from the same period in 2014 due to organic growth of 4.5% (\$4.5 million) and the translation impact of Richards US, with the Canadian dollar weakening by 10.2¢ to U.S./Cdn.\$0.81 (\$7.7 million).

(\$ thousands)	Qtr. 2		Six months	
	2015	2014	2015	2014
Revenue	60,304	53,444	116,633	104,437
Cost of products sold.....	50,479	44,908	97,741	87,822
Gross profit.....	9,825	8,536	18,892	16,615
	<i>16.3%</i>	<i>16.0%</i>	<i>16.2%</i>	<i>15.9%</i>
Administrative expenses.....	2,648	2,395	5,186	4,737
Foreign currency loss (gain).....	34	(52)	96	(23)
EBITDA ¹	7,143	6,193	13,610	11,901
	<i>11.8%</i>	<i>11.6%</i>	<i>11.7%</i>	<i>11.4%</i>
Amortization.....	703	729	1,397	2,370
Financial expenses.....	538	589	1,037	1,060
Exchangeable shares.....	750	1,154	3,431	3,260
Share of income - Vision.....	(27)	(19)	(54)	(39)
Income tax expense.....	1,771	1,541	3,494	2,659
Net Income	3,408	2,199	4,305	2,591

Cost of products sold (before amortization) for the second quarter and the first half increased by \$5.6 million, or 12.4%, and by \$9.9 million, or 11.3%, from the same periods in 2014, respectively. Gross profit margins for the second quarter were similar to the first quarter levels at 16.3%. 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.

Administrative expenses (before amortization) for the second quarter and first half increased \$0.2 million and \$0.4 million, respectively, with the same periods in 2014 with increases due to foreign exchange translation.

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 second quarter and first half increased by \$1.0 million, or 15.3%, and by \$1.7 million, or 14.4%, from the same periods in 2014, respectively. As a percent of sales, EBITDA was at 11.8% for the second quarter and 11.7% for the first half, similar to the same periods in 2014. Changes were a result of the factors referred to above.

Amortization of \$0.7 million for the second quarter and \$1.4 million for the first half were mainly comprised of \$0.4 million and \$0.8 million respectively for intangibles assets amortization, which represents a charge for customer relationships and patents. Depreciation for capital assets was \$0.3

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

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.

Financial expenses were slightly lower for the second quarter and the first half compared to the same periods in 2014 as the benefits of reduced interest on term debt were offset by higher credit card fees.

Exchangeable shares mark-to-market loss reflects a 63¢ per Unit price increase during the second quarter to \$16.35 per Unit and a unit price increase of \$3.06 for the first half. Exchangeable shares monthly distributions were 7.35¢ per share in the first half.

Income tax expense increased \$0.2 million for the second quarter and \$0.8 million for the first half compared to the same periods in 2014, respectively, with current tax increases due to higher income and deferred tax decreases on lower intangible amortization.

Net income for the second quarter was \$3.4 million and \$4.3 million for the first half, which represented 31.6¢ and 40.1¢ per Unit on a diluted basis, respectively. A time-weighted average of 10,742,099 Units and 978,214 exchangeable shares, exchangeable into Units on a one-for-one basis, were outstanding for the first half.

Distributable Cash Flow²

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 \$0.9 million drawn) or free cash flow.

Distributable cash flow² for the second quarter and first half was \$0.6 million and \$0.8 million higher than in the same periods in 2014. Overall the increase was mainly due to the increase in EBITDA¹ was offset by higher current taxes and maintenance capital. Current income taxes for the second quarter increased \$0.3 million from the same period in 2014, due to the increase in earnings.

Free cash flow² of \$1.8 million for the second quarter and \$2.9 million for the first half was deployed to fund expansion and working capital requirements for revenue growth and 2014 income taxes payable.

Monthly distributions paid of 7.35¢ per Unit represent a payout ratio³ of 59%. Monthly distributions were increased in March of the first quarter of 2014 by 0.8¢ to 7.35¢ per Unit and represent an annual yield of 5.4% on a \$16.35 price per Unit at June 30, 2015.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

(\$ thousands)	Qtr. 2		Six months	
	2015	2014	2015	2014
Cash provided by operating activities.....	2,237	3,649	4,855	5,348
Working capital changes.....	1,433	(191)	4,440	2,706
Income taxes payments.....	3,473	2,735	4,315	3,847
EBITDA ¹	7,143	6,193	13,610	11,901
Interest ^{a)}	532	521	1,031	992
Current income tax.....	1,972	1,721	3,836	3,288
Maintenance capital.....	252	166	678	320
Distributable cash flow ²	4,387	3,785	8,065	7,301
<i>Diluted per Unit</i>	<i>37.4¢</i>	<i>32.3¢</i>	<i>68.8¢</i>	<i>62.3¢</i>
Distributions	2,602	2,592	5,206	4,998
<i>Diluted per Unit</i>	<i>22.2¢</i>	<i>22.1¢</i>	<i>44.4¢</i>	<i>42.6¢</i>
<i>Payout ratio</i> ³	<i>59%</i>	<i>68%</i>	<i>65%</i>	<i>68%</i>
Free cash flow ²	1,785	1,193	2,859	2,303
Units outstanding (average)				
<i>Diluted basis 000's</i>	11,720	11,727	11,720	11,727

a) financial expenses less bank refinancing fees

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the second quarter was \$2.2 million, down \$1.4 million over the same period in 2014, primarily due to the increase in working capital and higher income tax payments as Canadian tax was not required to be remitted in 2014. For the first half, cash flow from operating activities was \$4.9 million, down \$0.5 million primarily due to the buildup of working capital and higher income tax payments offset by higher profit from operations. During the second quarter, working capital increased by \$1.4 million mainly on higher inventory of \$5.1 million offset by higher accounts payable of \$3.2 million and lower prepaids and receivables of \$0.5 million which reflected a lower past due profile than at year end. For the first half, working capital increased \$4.4 million as receivables, inventory and prepaids increased \$1.6 million, \$3.9 million and \$0.4 million respectively offset by higher payables of \$1.5 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. Actual distributions paid during the second quarter, including those declared for March 2015, were \$2.6 million with \$0.9 million declared for June, which was paid July 14th.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

Normal Course Issuer Bid

On March 13, 2015, the Fund renewed the normal course issuer bid to purchase up to 200,000 Units prior to March 12, 2016. During the first half, no Units were purchased (2014 – nil) due to free cash flow being diverted to pay 2014 income taxes.

Current income taxes

Current income tax expense increased \$0.2 million for the second quarter and \$0.6 million for the first half mainly due to higher income.

Capital expenditures

Maintenance capital expenditures for the first half were up \$0.4 million mainly comprised of refurbishment of moulds for replacement packaging and computer equipment upgrades. Expansion capital expenditures for the first half were \$0.2 million primarily for the addition of new moulds for new customer programs.

Financing activities and instruments

Credit facilities include a \$32.5 million term loan (2014 – \$34.0 million) with maturity on September 30, 2017 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 1.30% to 1.80% (2014 – 1.55% to 1.80%). There were no term debt payments made during the first half as free cash flow² was deployed along with a drawing of \$0.9 million from the revolving debt for working capital investment and pay 2014 income taxes.

The credit facilities are subject to a number of covenants including the leverage ratio which was to maintain debt less than 2.75 times the trailing twelve months EBITDA¹. As at June 30, 2015, our leverage ratio was 1.3 times. 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 2015.

Revenue growth for the second quarter exceeded expectations and is expected to be above the historical 1-3% growth band for the third quarter. The impact of exchange translation is expected to increase revenue by \$5 million for the third quarter on a weakening of 14¢ at current exchange rates of U.S./Cdn.\$0.77.

EBITDA¹ for the second quarter and first half was \$7.1 million and \$13.6 million, up \$1.0 million and \$1.7 million against the same periods in 2014 and is expected to track at levels exceeding 11%

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

of revenue for the third quarter. The impact of exchange translation is expected to be \$0.6 million for the third quarter at current exchange rates.

Current income tax is expected to increase by \$0.3 million for the third quarter against the same period in 2014, similar to the increase in the second quarter. Income taxes payments will exceed Current income tax in the third quarter due to the settlement of income taxes payable in July.

Maintenance capital will continue to be funded by cash flow from operations and is expected to be \$1.2 million in 2015, higher than historically due to computer equipment upgrades.

Distributable cash flow² sensitivity on annual basis to foreign currency fluctuations is \$0.1 million for every U.S./Cdn. 1¢ movement.

Revolving debt of \$0.9 million was used to settle \$1.6 million of the income tax payable as of March 31st of \$2.4 million. The remaining taxes payable were paid in July utilizing revolving debt which is expected to be \$2.0 million by the end of the third quarter.

Distributable cash flow² from Richards Packaging US and Richards Canada's current tax profile are expected to allow for a full return of capital to Unitholders.

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 2014 Annual Information Form dated March 5, 2015. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first half of 2015.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the reported, and disclosure of, amounts for assets and liabilities as at June 30, 2015 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 2015, relative to December 31, 2014. 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 2014 Annual Report.

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

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, unrealized losses and dividends on exchangeable shares, share of income - Vision and taxes. EBITDA is the same as profit from operations as outlined in the annual financial statements after adding back amortization. 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, and maintenance capital expenditures. Free cash flow is distributable cash flow less distributions. The objective of presenting this measure is to calculate the amount which is available for distribution to unitholders 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*

Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 29, 2015

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]

<i>Cdn\$ thousands</i>	Notes	Three months		Six months	
		2015	2014	2015	2014
Revenue		60,304	53,444	116,633	104,437
Cost of products sold		51,164	45,620	99,104	90,158
Administrative expenses		2,666	2,412	5,220	4,771
Foreign currency loss (gain)		34	(52)	96	(23)
Profit from operations		6,440	5,464	12,213	9,531
Financial expenses		538	589	1,037	1,060
Exchangeable shares					
Mark-to-market loss		533	922	2,969	2,811
Distributions		217	232	462	449
Share of income - Vision		(27)	(19)	(54)	(39)
Income before income taxes		5,179	3,740	7,799	5,250
Income tax expense (income)					
Current taxes	3	1,972	1,721	3,836	3,288
Deferred taxes	3	(201)	(180)	(342)	(629)
		1,771	1,541	3,494	2,659
Net income for the period		3,408	2,199	4,305	2,591
Basic and diluted income per Unit	4	31.6¢	20.5¢	40.1¢	24.2¢
Other comprehensive income (loss)					
<i>(subsequently recyclable to Net income)</i>					
Richards Packaging US					
Currency translation adjustment		(1,212)	(2,350)	5,441	191
Comprehensive income (loss) for the period		2,196	(151)	9,746	2,782

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 June 30 and December 31

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	June 30		Dec. 31	
		2015	2014	2014	2013
Current Assets					
Cash and cash equivalents		—	—	1,127	2,649
Accounts receivable		25,807	23,168	23,262	20,938
Inventory		48,545	37,848	42,892	37,235
Prepaid expenses and deposits		2,760	2,346	2,211	2,056
		77,112	63,362	69,492	62,878
Current Liabilities (excluding debt)					
Accounts payable and accruals		(25,664)	(21,099)	(23,383)	(20,674)
Income tax payable	3	(862)	(179)	(1,341)	(738)
Distributions payable		(868)	(864)	(865)	(770)
Due to previous shareholder		(983)	(841)	(914)	(838)
		(28,377)	(22,983)	(26,503)	(23,020)
WORKING CAPITAL		48,735	40,379	42,989	39,858
Long-term Assets					
Plant and equipment		3,518	3,414	3,190	3,421
Investment - Vision		682	773	628	734
Intangible assets		10,654	10,747	10,688	12,489
Goodwill		78,234	72,632	75,514	72,507
		93,088	87,566	90,020	89,151
Long-term Liabilities (excluding debt)					
Deferred income taxes	3	(4,398)	(4,443)	(4,435)	(5,052)
NET OPERATING ASSETS		137,425	123,502	128,574	123,957
Debt					
Revolving debt		866	—	—	—
Term debt		32,441	34,000	32,428	35,500
Exchangeable shares - current	4	13,777	13,326	13,593	10,515
		47,084	47,326	46,021	46,015
Equity					
Unitholders' capital	4	52,832	59,596	54,790	64,144
Retained earnings		28,770	19,034	24,465	16,443
Accumulated other comprehensive income (loss)		8,739	(2,454)	3,298	(2,645)
		90,341	76,176	82,553	77,942
CAPITAL		137,425	123,502	128,574	123,957

See accompanying notes

Richards Packaging Income Fund

STATEMENTS OF CHANGES IN EQUITY

Unaudited

For the three and six months ended June 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Unitholders' capital	Retained earnings	AOCI^{a)}	
March 31, 2014		61,956	16,835	(104)	78,687
Share of comprehensive income			2,199	(2,350)	(151)
Distributions		(2,360)			(2,360)
June 30, 2014		59,596	19,034	(2,454)	76,176
March 31, 2015		52,431	25,362	9,951	87,744
Share of comprehensive income			3,408	(1,212)	2,196
Distributions		(2,385)			(2,385)
Share conversion	4	2,786			2,786
June 30, 2015		52,832	28,770	8,739	90,341
December 31, 2013		64,144	16,443	(2,645)	77,942
Share of comprehensive income			2,591	191	2,782
Distributions		(4,548)			(4,548)
June 30, 2014		59,596	19,034	(2,454)	76,176
December 31, 2014		54,790	24,465	3,298	82,553
Share of comprehensive income			4,305	5,441	9,746
Distributions		(4,744)			(4,744)
Share conversion	4	2,786			2,786
June 30, 2015		52,832	28,770	8,739	90,341

a) AOCI - Accumulated other comprehensive income (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 and six months ended June 30

[Consolidated]

<i>Cdn\$ thousands</i>	Notes	Three months		Six months	
		2015	2014	2015	2014
OPERATING ACTIVITIES					
Profit from operations		6,440	5,464	12,213	9,531
Add items not involving cash					
Plant and equipment depreciation		330	299	642	581
Intangible assets amortization		373	430	755	1,789
Income taxes payments	3	(3,473)	(2,735)	(4,315)	(3,847)
Changes in non-cash working capital	5	(1,433)	191	(4,440)	(2,706)
Cash provided by operating activities		2,237	3,649	4,855	5,348
INVESTING ACTIVITIES					
Additions to plant and equipment		(338)	(292)	(884)	(496)
Cash used in investing activities		(338)	(292)	(884)	(496)
FINANCING ACTIVITIES					
Draw of revolving debt		866	—	866	—
Repayment of term debt		—	(1,000)	—	(1,500)
Financial expenses paid		(526)	(522)	(1,012)	(985)
Distributions to Exchangeable Shareholders		(217)	(232)	(462)	(449)
Distributions to Unitholders		(2,385)	(2,360)	(4,744)	(4,463)
Cash used in financing activities		(2,262)	(4,114)	(5,352)	(7,397)
Net cash flows for the period		(363)	(757)	(1,381)	(2,545)
Cash and cash equivalents, beginning of period		266	852	1,127	2,649
Foreign exchange effect		97	(95)	254	(104)
Cash and cash equivalents, end of period		—	—	—	—

See accompanying notes

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

June 30, 2015

[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 2014 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2014 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	
	2015	2014	2015	2014
Profit from operations	6,440	5,464	12,213	9,531
Financial expenses	(538)	(589)	(1,037)	(1,060)
Income subject to income taxes	5,902	4,875	11,176	8,471
Statutory tax rate	26.5%	26.5%	26.5%	26.5%
Income tax expense at statutory tax rate	1,564	1,292	2,962	2,245
Deferred income taxes	201	180	342	629
Current period adjustments				
Foreign tax differential	(207)	(228)	(415)	(458)
Foreign rate differential	397	395	881	805
Withholding tax	—	107	110	107
Other items	17	(25)	(44)	(40)
Current income taxes	1,972	1,721	3,836	3,288

Richards Packaging Income Fund

NOTES TO INTERIM FINANCIAL STATEMENTS

Unaudited

June 30, 2015

[Cdn\$ thousands]

4. UNITS AND EXCHANGEABLE SHARES

<i>Number outstanding</i>	Units basic	Weighted average	Exchangeable Shares	Units diluted	Weighted average
December 31, 2014	10,695,878	10,700,972	1,024,435	11,720,313	11,725,407
Units purchased	—			—	
March 31, 2015	10,695,878	10,695,878	1,024,435	11,720,313	11,720,313
Share conversion	178,000		(178,000)		
Units purchased	—			—	
June 30, 2015	10,873,878	10,787,812	846,435	11,720,313	11,720,313
six months		10,742,099	978,214		11,720,313

Exchangeable shares mark-to-market loss reflects a unit price increase during the six months ended June 30, 2015 of \$3.06 to \$16.35 per Unit.

The impact on income per Unit of the mark-to-market loss and distributions to shareholders is anti-dilutive which reverts back to basic income per Unit. The calculation of the diluted income per Unit would yield 35.5¢ for the three month period of 2015 [2014 – 28.6¢] and 66.0¢ for the six month period of 2015 [2014 – 49.9¢].

5. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital consists of the following:

	Three months		Six months	
	2015	2014	2015	2014
Accounts receivable	272	(378)	(1,643)	(2,157)
Inventory	(5,106)	(1,830)	(3,871)	(595)
Prepaid expenses and deposits	211	123	(447)	(291)
Accounts payable and accruals	3,190	2,276	1,521	337
	(1,433)	191	(4,440)	(2,706)

For the three and six month periods the total foreign exchange translation excluded from the above values was \$552 loss [2014 – \$882 loss] and \$2,044 gain [2014 – \$150 gain] respectively.