Q2 **QUARTERLY REPORT**

Richards Packaging Income Fund

Quarter ended June 30, 2016

Report Contents

Richards

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

July 28, 2016

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 was in line with our 2016 outlook as total revenue increased 20.3% due to the Healthmark acquisition and organic revenue growth and a U.S./Cdn. 3.7¢ weakening of the dollar to 78¢, up from 73¢ in the first quarter. Gross profit and EBITDA[1] as a percent of sales were consistent with the first quarter at 17.2% and 13.2% respectively. EBITDA was up $2.5 million, or 34.5%, due to higher sales and the translation impact of Richards US. Net income decreased $4.5 million, or 42.0¢, with higher EBITDA offset by a $4 million contingent consideration revaluation for the Healthmark acquisition, higher mark-to-market loss on the exchangeable shares and higher income taxes.

First half results reflect strong total revenue growth (up 23.8%) on the Healthmark acquisition and organic revenue growth, in addition to the positive impact associated with the U.S./Cdn. 6¢ weakening of the dollar. EBITDA[1] was up $5.4 million, or 39.3%, due to higher sales volumes and the translation impact of Richards US. Net income was down $2.1 million when compared to the previous year as the higher EBITDA was offset by a contingent consideration revaluation for the Healthmark acquisition, higher mark-to-market loss on the exchangeable shares and increased amortization and income taxes.

The $2.9 million of free cash flow[2] generated in the second quarter increased the cash on hand by $2.4 million to $3.2 million after paying $2.1 million of income tax payable from the first quarter. The remaining cash, together with the $1.1 million working capital reduction, was utilized to pay $2.0 million of term debt and invest in $0.1 million of expansion capital. We are building up cash balances to fund the $6.0 million contingent consideration for the Healthmark acquisition due in the first quarter of 2017. The Fund's leverage remained at 1.4x, same as at March 31, 2016.

The Fund paid monthly distributions of 9.35¢ per Unit during the second quarter, which represented an annualized yield of 4.7% on the June 30th closing price of $24.00 per Unit. The payout ratio[3] for the second quarter was 54% up 9% from the first quarter to reflect a 27% increase in the monthly distribution rate to 9.35¢ per Unit.

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

"Gerry Glynn" July 28, 2016

Chief Executive Officer
Richards Packaging Inc.
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Mississauga, Ontario
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Richards Packaging Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 28, 2016

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, 2016, the first quarter report dated May 6, 2016, the 2015 Annual Report and the 2015 Annual Information Form dated March 3, 2016 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 2015 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 13,300 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 10% of the total revenues of Richards Packaging (2015 – 13%). 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 $12.2 mil., or 20.3%, due to the Healthmark acquisition and organic growth and 3.2% foreign exchange due to a 3.7¢ U.S./Cdn. drop to 78¢,
- EBITDA[1] up $2.5 mil., or 34.5%, at 13.2% of revenue similar to the first quarter,
- Current income taxes up $0.6 mil. due to higher EBITDA,
- Net loss was $1.1 mil. due primarily to the $4 mil. revaluation of consideration owing on the Healthmark acquisition and higher mark-to-market loss on exchangeable shares partially offset by higher EBITDA,
- Non-cash working capital decreased $1.1 mil. mainly due to decreases in inventory of $4 mil., partially reflecting a $1.7 mil. increase in prepaid expenses, and receivables of $1.3 mil. offset by decreases of $2.6 mil. in payables,
- Free cash flow[2] of $2.9 mil. was utilized to repay $2.0 mil. in term debt and build cash. Cash on hand at June 30th of $3 mil. will be utilized to settle the additional consideration owing on the acquisition,
- Leverage ratio reduced to 1.4x from 1.5x at December 31, 2015,
- Distributable cash flow[2] up $1.8 mil., or 15.3¢ per Unit, resulting in a 54% payout ratio[3],
- Monthly distributions of 9.35¢ per Unit paid representing a 4.7% annualized return on the June 30th closing price of $24.00 per Unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 28, 2016

This MD&A covers the three and six months ended June 30, 2016 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**	
	2016	**2015**	**2016**	**2015**
Income Statement Data:				
Revenue	**72,532**	60,304	**144,411**	116,633
EBITDA[1]	**9,606**	7,143	**18,962**	13,610
Diluted per Unit	***82.2¢***	*60.9¢*	***$1.62***	*$1.16*
Net income	**(1,133)**	3,408	**2,167**	4,305
Diluted per Unit	***-10.4¢***	*31.6¢*	***20.0¢***	*40.1¢*
Financial Position Data:				
Working capital	**59,298**	48,735		
Net operating assets	**155,136**	137,425		
Bank debt	**43,915**	33,307		
Debt/EBITDA	***1.3***	*1.3*		
Cash Flow Statement Data:				
Distributions	**3,307**	2,602	**5,915**	5,206
Diluted per Unit	***28.3¢***	*22.2¢*	***50.6¢***	*44.4¢*
Payout ratio [3]	***54%***	*59%*	***50%***	*65%*
Unit purchases	**—**	—	**289**	—
Debt repayment (draw)	**2,000**	(866)	**3,000**	(866)

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 45% in Canada and 55% in the United States ("Richards Packaging US"). Approximately one-third of sales are concentrated in Toronto, Montreal Winnipeg and Vancouver and 40% in Los Angeles, Reno and Portland.

Revenue increased by $12.2 million, or 20.3%, for the second quarter from the same period in 2015 due to the Healthmark acquisition and organic growth ($10.2 million) along with the translation impact of Richards US, with the Canadian dollar weakening by 3.7¢ to U.S./Cdn.$0.78 ($2.0

million). Revenue increased by $27.8 million, or 23.8%, for the first half from the same period in 2015 due to the Healthmark acquisition and organic growth of $21.6 million along with the translation impact of Richards US, with the Canadian dollar weakening by 5.8¢ to U.S./Cdn.$0.75 ($6.2 million).

($ thousands)	**Qtr. 2**		**Six months**	
	2016	**2015**	**2016**	**2015**
Revenue	**72,532**	60,304	**144,411**	116,633
Cost of products sold	**60,090**	50,479	**119,567**	97,741
Gross profit	**12,442**	9,825	**24,844**	18,892
	17.2%	*16.3%*	***17.2%***	*16.2%*
Administrative expenses	**2,824**	2,648	**5,840**	5,186
Foreign currency loss	**12**	34	**42**	96
EBITDA[1]	**9,606**	7,143	**18,962**	13,610
	13.2%	*11.8%*	***13.1%***	*11.7%*
Amortization	**968**	703	**1,967**	1,397
Financial expenses	**652**	538	**1,292**	1,037
Exchangeable shares	**2,787**	750	**4,670**	3,431
Share of income - Vision	**(35)**	(27)	**(42)**	(54)
Contingent consideration revaluation	**4,000**	—	**4,000**	—
Income tax expense	**2,367**	1,771	**4,908**	3,494
Net Income (loss)	**(1,133)**	3,408	**2,167**	4,305

Cost of products sold (before amortization) for the second quarter and the first half increased by $9.6 million, or 19.0%, and by $21.8 million, or 22.3%, from the same periods in 2015, respectively. Gross profit margins for the second quarter were similar to the first quarter levels at 17.2%. 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 $0.7 million, respectively, with the same periods in 2015 mainly due to the Healthmark acquisition and the translation impact of expenses of Richards Packaging US.

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 $2.5 million, or 34.5%, and by $5.4 million, or 39.3%, from the same periods in 2015, respectively. As a percent of sales, EBITDA was at 13.2% for the second quarter and 13.1% for the first half, up 1.4% from the same periods in 2015. Changes were a result of the factors referred to above.

Amortization of $1.0 million for the second quarter and $2.0 million for the first half were mainly comprised of $0.7 million and $1.3 million respectively for intangibles assets amortization, which represents a charge for customer relationships and patents. Depreciation for capital assets was $0.3 million and $0.7 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 higher for the second quarter and the first half compared to the same periods in 2015 due to higher term debt with the Healthmark acquisition and higher credit card fees.

Exchangeable shares mark-to-market loss reflects a $3.00 per Unit price increase during the second quarter and a unit price increase of $4.82 for the first half to $24.00 per Unit. Exchangeable shares monthly distributions were 7.35¢ per Share in the first quarter and increased in March 2016 to 9.35¢ per Share beginning with the April payment.

Contingent consideration revaluation of $4.0 million was recognized associated with the Healthmark acquisition. The revaluation was based on the nine months performance to June 30th projected for a full year, and added to the initial assessment to bring the total contingent consideration to $6.0 million.

Income tax expense increased $0.6 million for the second quarter and $1.4 million for the first half compared to the same periods in 2015, respectively, with current tax increases due to higher income.

Net loss for the second quarter was $1.1 million and net income was $2.2 million for the first half, which represented -10.4¢ and 20.0¢ per Unit on a diluted basis, respectively. A time-weighted average of 10,846,578 Units and 846,435 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 currently undrawn (2015 - $0.9 million drawn) or free cash flow.

Distributable cash flow[2] for the second quarter and first half was $1.8 million and $3.8 million higher than in the same periods in 2015. Overall the increase was attributed to increased EBITDA[1] and lower maintenance capital offset by higher interest and taxes. Current income taxes for the second quarter increased $0.6 million from the same period in 2015, due to the increase in earnings.

Free cash flow[2] of $2.9 million for the second quarter and $6.0 million for the first half was deployed to repay $3.0 million in debt, purchase $0.3 million in Units and fund $0.6 million for expansion capital requirements for revenue growth. The remaining cash on hand will be used to help fund the additional contingent consideration owing from the Healthmark acquisition.

Monthly distributions paid of 9.35¢ per Unit represent a payout ratio[3] of 54%. Monthly distributions were increased in April 2016 by 2.0¢ to 9.35¢ per Unit and represent an annual yield of 4.7% on a $24.00 price per Unit at June 30, 2016.

($ thousands)	**Qtr. 2**		**Six months**	
	2016	**2015**	**2016**	**2015**
Cash provided by operating activities	**6,285**	2,237	**14,083**	4,855
Working capital changes	**(1,085)**	1,433	**(935)**	4,440
Income taxes payments	**4,406**	3,473	**5,814**	4,315
EBITDA[1]	**9,606**	7,143	**18,962**	13,610
Interest[a)]	**652**	531	**1,292**	1,030
Current income tax	**2,587**	1,972	**5,374**	3,836
Maintenance capital	**210**	252	**405**	678
Distributable cash flow[2]	**6,157**	4,388	**11,891**	8,066
Diluted per Unit	***52.7¢***	*37.4¢*	***101.7¢***	*68.8¢*
Distributions	**3,307**	2,602	**5,915**	5,206
Diluted per Unit	***28.3¢***	*22.2¢*	***50.6¢***	*44.4¢*
Payout ratio [3]	***54%***	*59%*	***50%***	*65%*
Free cash flow[2]	**2,850**	1,786	**5,976**	2,860
Units outstanding *(average)*				
Diluted basis 000's	**11,693**	11,720	**11,693**	11,720

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the second quarter was $6.3 million, up $4.0 million over the same period in 2015, primarily due to the decrease in working capital and higher income tax payments. For the first half, cash flow from operating activities was $14.1 million, up $9.2 million primarily due to the lower working capital investment and higher profit from operations offset by higher income tax payments. During the second quarter, working capital decreased by $1.1 million mainly on lower inventory and receivables of $4.0 million and $1.3 million offset by lower accounts payable of $2.6 million and higher prepaids of $1.7 million. The increase in prepaids relates to deposits on inventory which, once shipped, will decrease the inventory reduction by 40%. For the first half, working capital decreased $0.9 million as inventory decreased $6.9 million offset by increases in receivables and prepaids of $2.2 million each and a decrease of $1.6 million in payables.

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 2016, were $3.3 million with $1.1 million declared for June, which was paid July 14th.

Normal Course Issuer Bid

On March 14, 2016, the Fund renewed the normal course issuer bid to purchase up to 200,000 Units prior to March 13, 2017. During the first half, 16,000 Units were purchased at an average price of $18.05 per Unit (2015 – nil).

Current income taxes

Current income tax expense increased $0.6 million for the second quarter and $1.5 million for the first half which includes $0.1 million of withholding taxes on dividends received from Richards Packaging US (2015 – $0.1 million).

Capital expenditures

Maintenance capital expenditures for the first half were $0.4 million (2015 – $0.7 million) mainly comprised of refurbishment of moulds for replacement packaging and computer equipment upgrades. Expansion capital expenditures for the first half were $0.6 million (2015 – $0.2 million) primarily for the addition of manufacturing equipment for new customer programs.

Financing activities and instruments

Credit facilities include a $44.0 million term loan (2015 – $32.5 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 1.25% to 1.80% or a prime rate plus a premium of 0.25% to 0.80%. During the second quarter, $2.0 million was repaid (2015 – nil).

On October 1, 2015, the term credit facility was increased by $15 million to fund the acquisition of Healthmark at a cost of $0.1 million and $1.8 million was drawn on the revolving credit facility under the same terms and conditions. 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 EBITDA[1]. As at June 30, 2016, our leverage ratio was 1.4 times down from 1.5 at December 31, 2015. 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 2016.

Organic revenue growth for the second quarter exceeded expectations and is expected to be at the historical 1-3% growth band for the third quarter. The impact of exchange translation is expected to be negligible at prior year's exchange rates of U.S./Cdn. 76.4¢. The sensitivity is $0.5 million for every 1¢ movement in the exchange rate.

EBITDA[1] for the second quarter and first half was $9.6 million and $19.0 million, up $2.5 million and $5.4 million against the same periods in 2015 and is expected to track above 12% of revenue for the third quarter. The impact of exchange translation is expected to be negligible for the third quarter at prior year's exchange rates. The sensitivity is $0.1 million for every 1¢ movement.

Current income tax is expected to increase with increased EBITDA and the impact of exchange translation is expected to be negligible.

Maintenance capital will continue to be funded by cash flow from operations and is expected to be $1.0 million in 2016.

Distributable cash flow[2] sensitivity on annual basis to foreign currency fluctuations is $0.1 million for every U.S./Cdn. 1¢ movement.

Cash on hand of $3.2 million has been set aside to help fund the contingent consideration owing on the Healthmark acquisition.

Distributable cash flow[2] 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 2015 Annual Information Form dated March 3, 2016. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first half of 2016.

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, 2016 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 2016, relative to December 31, 2015. 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 2015 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, contingent consideration revaluation, 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 and contingent consideration revaluation. 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 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]*

		Three months		Six months	
Cdn$ thousands	**Notes**	**2016**	**2015**	**2016**	**2015**
Revenue		**72,532**	60,304	**144,411**	116,633
Cost of products sold		**61,032**	51,164	**121,482**	99,104
Administrative expenses		**2,850**	2,666	**5,892**	5,220
Foreign currency loss		**12**	34	**42**	96
Contingent consideration revaluation	*3*	**4,000**	—	**4,000**	—
Profit from operations		**4,638**	6,440	**12,995**	12,213
Financial expenses		**652**	538	**1,292**	1,037
Exchangeable shares					
Mark-to-market loss		**2,522**	533	**4,173**	2,969
Distributions		**265**	217	**497**	462
Share of income - Vision		**(35)**	(27)	**(42)**	(54)
Profit before income taxes		**1,234**	5,179	**7,075**	7,799
Income tax expense (income)					
Current taxes	*4*	**2,587**	1,972	**5,374**	3,836
Deferred taxes	*4*	**(220)**	(201)	**(466)**	(342)
		2,367	1,771	**4,908**	3,494
Net income (loss) for the period		**(1,133)**	3,408	**2,167**	4,305
Basic and diluted income per Unit	*5*	***-10.4¢***	*31.6¢*	***20.0¢***	*40.1¢*
Other comprehensive income (loss)					
(subsequently recyclable to Net income)					
Richards Packaging US					
Currency translation adjustment		**352**	(1,212)	**(5,392)**	5,441
Comprehensive income (loss) for the period		**(781)**	2,196	**(3,225)**	9,746

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 2016	June 30 2015	Dec. 31 2015	Dec. 31 2014
Current Assets					
Cash	*3*	**3,213**	—	**794**	1,127
Accounts receivable		**31,538**	25,807	**30,281**	23,262
Inventory		**50,493**	48,545	**59,439**	42,892
Prepaid expenses and deposits		**4,388**	2,760	**2,267**	2,211
		89,632	77,112	**92,781**	69,492
Current Liabilities *(excluding debt)*					
Accounts payable and accruals		**(27,906)**	(25,664)	**(30,278)**	(23,383)
Income tax payable	*4*	**(300)**	(862)	**(740)**	(1,341)
Distributions payable		**(1,103)**	(868)	**(870)**	(865)
Due to previous shareholder		**(1,025)**	(983)	**(1,091)**	(914)
		(30,334)	(28,377)	**(32,979)**	(26,503)
WORKING CAPITAL		**59,298**	48,735	**59,802**	42,989
Long-term Assets					
Plant and equipment		**4,011**	3,518	**3,743**	3,190
Investment - Vision		**754**	682	**712**	628
Intangible assets		**18,462**	10,654	**20,376**	10,688
Goodwill		**85,024**	78,234	**87,613**	75,514
		108,251	93,088	**112,444**	90,020
Long-term Liabilities *(excluding debt)*					
Contingent consideration	*3*	**(6,000)**	—	**(2,000)**	—
Deferred income taxes	*4*	**(6,413)**	(4,398)	**(7,149)**	(4,435)
NET OPERATING ASSETS		**155,136**	137,425	**163,097**	128,574
Debt					
Revolving debt		—	866	—	—
Term debt		**43,915**	32,441	**46,883**	32,428
Exchangeable shares - current	*5*	**20,235**	13,777	**16,062**	13,593
		64,150	47,084	**62,945**	46,021
Equity					
Unitholders’ capital	*5*	**41,887**	52,832	**47,828**	54,790
Retained earnings		**37,137**	28,770	**34,970**	24,465
Accumulated other comprehensive income (loss)		**11,962**	8,739	**17,354**	3,298
		90,986	90,341	**100,152**	82,553
CAPITAL		**155,136**	137,425	**163,097**	128,574

See accompanying notes

STATEMENTS OF CHANGES IN EQUITY

Unaudited

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

Cdn$ thousands	**Notes**	**Unitholders' capital**	**Retained earnings**	**AOCI[a)]**	**Equity**
March 31, 2015		52,431	25,362	9,951	87,744
Comprehensive income			3,408	(1,212)	2,196
Distributions		(2,385)			(2,385)
Share conversion		2,786			2,786
June 30, 2015		52,832	28,770	8,739	90,341
March 31, 2016		**44,930**	**38,270**	**11,610**	**94,810**
Comprehensive income			**(1,133)**	**352**	**(781)**
Distributions		**(3,043)**			**(3,043)**
June 30, 2016		**41,887**	**37,137**	**11,962**	**90,986**
December 31, 2014		54,790	24,465	3,298	82,553
Comprehensive income			4,305	5,441	9,746
Distributions		(4,744)			(4,744)
Share conversion		2,786			2,786
June 30, 2015		52,832	28,770	8,739	90,341
December 31, 2015		**47,828**	**34,970**	**17,354**	**100,152**
Comprehensive income			**2,167**	**(5,392)**	**(3,225)**
Purchased for cancellation, net		**(289)**			**(289)**
Distributions	*4*	**(5,652)**			**(5,652)**
June 30, 2016		**41,887**	**37,137**	**11,962**	**90,986**

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]*

		Three months		Six months	
Cdn$ thousands	**Notes**	**2016**	**2015**	**2016**	**2015**
OPERATING ACTIVITIES					
Profit from operations		**4,638**	6,440	**12,995**	12,213
Add items not involving cash					
Plant and equipment depreciation		**325**	330	**648**	642
Intangible assets amortization		**643**	373	**1,319**	755
Contingent consideration revaluation	*3*	**4,000**	—	**4,000**	—
Income taxes payments	*4*	**(4,406)**	(3,473)	**(5,814)**	(4,315)
Changes in non-cash working capital	*6*	**1,085**	(1,433)	**935**	(4,440)
Cash provided by operating activities		**6,285**	2,237	**14,083**	4,855
INVESTING ACTIVITIES					
Additions to plant and equipment		**(210)**	(338)	**(1,002)**	(884)
Cash used in investing activities		**(210)**	(338)	**(1,002)**	(884)
FINANCING ACTIVITIES					
Draw of revolving debt		—	866	—	866
Repayment of term debt		**(2,000)**	—	**(3,000)**	—
Financial expenses paid		**(649)**	(526)	**(1,290)**	(1,012)
Purchase of Fund units for cancellation	*5*	—	—	**(289)**	—
Distributions to Exchangeable Shareholders		**(265)**	(217)	**(497)**	(462)
Distributions to Unitholders		**(3,042)**	(2,385)	**(5,418)**	(4,744)
Cash used in financing activities		**(5,956)**	(2,262)	**(10,494)**	(5,352)
Net cash flow for the period		**119**	(363)	**2,587**	(1,381)
Cash, beginning of period		**2,982**	266	**794**	1,127
Foreign exchange effect		**112**	97	**(168)**	254
Cash, end of period		**3,213**	—	**3,213**	—

See accompanying notes

June 30, 2016 [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 2015 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2015 audited annual financial statements.

3. ACQUISITION

Contingent consideration of $2,000 was recognized associated with the acquisition of Healthmark Services Ltd. as at December 31, 2015, subject to adjustments based on future earnings for 2016 or 2017. Based on the nine months performance to June 30th projected for a full year the contingent consideration has been revalued to $6,000. Therefore the Statement of Net Income and the Statements of Financial Position include a contingent consideration revaluation of $4,000.

4. 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**	
	2016	**2015**	**2016**	**2015**
Profit from operations	**4,638**	6,440	**12,995**	12,213
Financial expenses	**(652)**	(538)	**(1,292)**	(1,037)
Contingent consideration revaluation	**4,000**	—	**4,000**	—
Income subject to income taxes	**7,986**	5,902	**15,703**	11,176
Statutory tax rate	*26.7%*	*26.5%*	*26.7%*	*26.5%*
Income tax expense at statutory tax rate	**2,132**	1,564	**4,193**	2,962
Deferred income taxes	**220**	201	**466**	342
Current period adjustments				
Foreign tax differential	**(203)**	(207)	**(437)**	(415)
Foreign rate differential	**372**	397	**1,044**	881
Withholding tax	**—**	—	**113**	110
Other items	**66**	17	**(5)**	(44)
Current income taxes	**2,587**	1,972	**5,374**	3,836

June 30, 2016 [Cdn$ thousands]

5. UNITS AND EXCHANGEABLE SHARES

Number outstanding	Units basic	Weighted average	Exchangeable Shares	Units diluted	Weighted average
December 31, 2015	**10,862,578**	**10,807,570**	**846,435**	**11,709,013**	**11,719,353**
Units purchased	**(16,000)**			**(16,000)**	
March 31, 2016	**10,846,578**	**10,846,578**	**846,435**	**11,693,013**	**11,693,013**
Units purchased	—			—	
June 30, 2016	**10,846,578**	**10,846,578**	**846,435**	**11,693,013**	**11,693,013**
six months		**10,846,578**	**846,435**		**11,693,013**

Exchangeable shares mark-to-market loss reflects a unit price increase during the six months ended June 30, 2016 of $4.82 to $24.00 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 14.1¢ for the three month period of 2016 [2015 – 35.5¢] and 58.5¢ for the six month period of 2016 [2015 – 66.0¢].

6. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital consists of the following:

	Three months		Six months	
	2016	**2015**	**2016**	**2015**
Accounts receivable	**1,329**	272	**(2,224)**	(1,643)
Inventory	**4,046**	(5,106)	**6,893**	(3,871)
Prepaid expenses and deposits	**(1,737)**	211	**(2,203)**	(447)
Accounts payable and accruals	**(2,553)**	3,190	**(1,531)**	1,521
	1,085	(1,433)	**935**	(4,440)

For the three and six month periods the total foreign exchange translation excluded from the above values was $106 gain [2015 – $552 loss] and $2,271 loss [2015 – $2,044 gain] respectively.