Q2 QUARTERLY REPORT

Richards Packaging Income Fund

Quarter ended June 30, 2018

Report Contents

Richards

Richards Packaging Income Fund

CEO'S REPORT TO UNITHOLDERS

July 31, 2018

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 outlook as revenue increased $2.6 mil., or 3.3%, due to 4.7% organic revenue growth offset by a U.S./Cdn. 3¢ strengthening of the dollar to 77¢. This increase reflects safety stock build up by US customers in anticipation of a trade war with China. Gross profit and EBITDA[1] as a percent of sales was similar to the first quarter at 18.4% and 14.6% respectively. EBITDA was up $1.1 million, or 10.8%, due to higher sales offset by $0.1 million in translation impact of Richards US. Net income decreased $0.4 million, or 4¢ per Unit, with higher EBITDA offset by a $1.5 million higher mark-to-market loss on the exchangeable shares due to the $6 Unit price increase.

First half results were ahead of our outlook with revenue growth of $4.3 mil., or 2.8%, driven by strong organic revenue growth of 4.3% offset by a U.S./Cdn. 3¢ strengthening of the dollar to 78¢. EBITDA[1] was up $2.2 million, or 11.0%, due to higher sales volumes. Gross profit and EBITDA[1] as a percent of sales were both up 1.0% primarily due to increased volumes and a more favourable product mix. Net income was up $1.4 million, or 13¢ per Unit, when compared to the previous year as the higher EBITDA was partially offset by a $1.0 million higher mark-to-market loss on the exchangeable shares.

The $3.9 million of free cash flow[2] generated in the second quarter in addition to $4.4 million cash on hand at the end of the first quarter, was used to invest $1.2 million in working capital and $0.1 million in expansion capital, settle $1.8 million of income tax payable from the first quarter and repay $2.5 million of term debt. The Fund's leverage was reduced to 0.7x, from 0.8x at March 31, 2018.

US tax reform regulations have yet to be finalized, however based on the June 30th exchange rate, the increase in current taxes associated with addressing our intercompany financing would have been $0.7 million.

The Fund paid monthly distributions of 11¢ per Unit during the second quarter, which represented an annualized yield of 3.5% on the June 30th closing price of $37.79 per Unit. The payout ratio[3] for the second quarter was 50% reflecting higher EBITDA and $0.2 million in lower taxes due to US tax reforms.

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

"Gerry Glynn" July 31, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 31, 2018

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, 2018, the first quarter report dated May 4, 2018, the 2017 Annual Report and the 2017 Annual Information Form dated March 1, 2018 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 2017 annual financial statements.

Description of the Business

Richards Packaging serves a wide customer base that is comprised of approximately 14,000 regional food, beverage, cosmetic, specialty chemical, pharmaceutical and other companies. The primary source of revenue is from the distribution of over 5,000 different types of packaging containers and related components sourced from over 600 suppliers and its three dedicated manufacturing facilities. Sales from these manufacturing facilities represent approximately 10% of the total revenues of Richards Packaging (2017 – 10%). 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 $2.6 mil., or 3.3%, due to organic growth of $3.7 mil., or 4.7%, offset by foreign exchange impact due to a 3.1¢ U.S./Cdn. increase to 77.5¢,
- EBITDA[1] up $1.0 mil., or 10.8%, at 14.6% of revenue similar to the first quarter,
- Current income taxes flat due to US tax reform resulting in a $0.2 mil. savings and refundable dividend tax recovery of $0.1 mil. offset by taxes on higher EBITDA,
- Net income decreased $0.4 mil., or 3.7¢ per Unit, due primarily to higher EBITDA offset by a $1.5 mil. higher mark-to-market loss on exchangeable shares,
- Non-cash working capital increased $1.2 mil. mainly due to increases in inventory of $4.4 mil., receivables of $1.5 mil. and prepaids of $0.8 mil. offset by an increase of $5.6 mil. in payables. The inventory and payables increase reflect a safety stock build up in anticipation of a US trade war with China, with cash balances maintained to partially fund the increases,
- Free cash flow[2] of $3.9 mil. in addition to $4.4 million cash on hand at the end of the first quarter, was used to invest $1.2 million in working capital and $0.1 million in expansion capital, pay $1.8 million of income tax payable from the first quarter and repay $2.5 million of term debt,
- Leverage ratio reduced to 0.7x from 0.8x at March 31, 2018,
- Distributable cash flow[2] up $1.0 mil., or 8.6¢ per Unit, resulting in a 50% payout ratio[3], and
- Monthly distributions of 11¢ per Unit paid represented a 3.5% annualized return on the June 30th closing price of $37.79 per Unit. Of these distributions to Unitholders, 7.5¢ have been characterized as capital dividends and 3.5¢ as return of capital.

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 31, 2018

This MD&A covers the three and six months ended June 30, 2018 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**	
	2018	**2017**	**2018**	**2017**
Income Statement Data:				
Revenue	**80,273**	77,701	**154,860**	150,603
EBITDA[1]	**11,694**	10,556	**22,526**	20,290
Diluted per Unit	***$1.00***	*$0.90*	***$1.93***	*$1.74*
Net income	**2,570**	2,971	**8,675**	7,255
Diluted per Unit [a)]	***23.6¢***	*27.3¢*	***79.6¢***	*66.8¢*
Financial Position Data:				
Working capital	**57,184**	53,035		
Net operating assets	**157,834**	153,039		
Bank debt	**29,980**	36,903		
Debt/EBITDA	***0.7***	*0.9*		
Cash Flow Statement Data:				
Distributions	**3,892**	3,897	**7,779**	7,208
Diluted per Unit	***33.3¢***	*33.3¢*	***66.5¢***	*61.6¢*
Payout ratio [3]	***50%***	*57%*	***51%***	*55%*
Debt repayments	**2,500**	3,000	**3,500**	5,000

a) anti-dilutive result reverts back to basic income per Unit

Review of Operations

Operations were split approximately half in the United States ("Richards Packaging US") and half in Canada. Approximately forty percent of sales are concentrated in Los Angeles, Reno and Portland and 40% in Toronto, Montreal, Winnipeg and Vancouver.

Revenue increased by $2.6 million, or 3.3%, for the second quarter from the same period in 2017 due to organic growth ($3.7 million) offset by the translation impact of Richards US, with the Canadian dollar strengthening by 3.1¢ to U.S./Cdn.77.5¢ ($1.1 million). Revenue increased by $4.3 million, or 2.8%, for the first half from the same period in 2017 due to organic growth of $6.5 million offset by the translation impact of Richards US, with the Canadian dollar strengthening by 3.3¢ to U.S./Cdn.78.2¢.

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 31, 2018

($ thousands)	Qtr. 2		Six months	
	2018	**2017**	**2018**	**2017**
Revenue	**80,273**	77,701	**154,860**	150,603
Cost of products sold	**65,471**	63,952	**126,201**	124,184
Gross profit	**14,802**	13,749	**28,659**	26,419
	18.4%	*17.7%*	***18.5%***	*17.5%*
Administrative expenses	**3,056**	3,098	**6,046**	5,991
Foreign currency loss	**52**	95	**87**	138
EBITDA[1]	**11,694**	10,556	**22,526**	20,290
	14.6%	*13.6%*	***14.5%***	*13.5%*
Amortization	**795**	949	**1,577**	1,891
Financial expenses	**586**	558	**1,131**	1,059
Contingent consideration	**—**	—	**—**	83
Exchangeable shares	**4,986**	3,438	**5,855**	4,813
Share of income - Vision	**(6)**	(35)	**8**	(40)
Income tax expense	**2,763**	2,675	**5,280**	5,229
Net Income	**2,570**	2,971	**8,675**	7,255

Cost of products sold (before amortization) for the second quarter and the first half increased by $1.5 million, or 2.4%, and by $2.0 million, or 1.6%, from the same periods in 2017, respectively. Gross profit margins for the second quarter were similar to the first quarter levels at above 18%. 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 were flat and for the first half increased $0.1 million with the same periods in 2017 mainly due to inflation.

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. The net liability position increased in the second quarter leading to the loss with the weakening Canadian dollar.

EBITDA[1] for the second quarter and first half increased by $1.1 million, or 10.8%, and by $2.2 million, or 11.0 %, from the same periods in 2017, respectively. As a percent of sales, EBITDA was at 14.6% for the second quarter and at 14.5% for the first half, up 1.0% from the same periods in 2017. Changes were a result of the factors referred to above.

Amortization of $0.8 million for the second quarter and $1.6 million for the first half were mainly comprised of $0.4 million and $0.9 million respectively for intangible assets amortization, which represents a charge for customer relationships. Depreciation for capital assets was $0.4 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 flat for the second quarter and up $0.1 million for the first half compared to the same periods in 2017 due to higher rates on term debt and credit card fees offset by lower term debt outstanding.

Exchangeable shares mark-to-market loss reflects a $5.90 per Unit price increase during the second quarter and a Unit price increase of $6.62 for the first half to $37.79 per Unit. Exchangeable shares monthly distributions were 11¢ per share in the first half of 2018.

Income tax expense was up $0.1 million for the second quarter and for the first half compared to the same periods in 2017, respectively, primarily on higher EBITDA[1] with current tax decreases reflecting $0.2 mil. and $0.6 mil. of benefits from the US tax reform respectively.

Net income was $2.6 million and $8.7 million which represented 23.6¢ and 79.6¢ per Unit on a diluted basis for the second quarter and for the first half, respectively.

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) or free cash flow.

Distributable cash flow[2] for the second quarter and first half was $1.0 million and $2.1 million higher than in the same periods in 2017. Overall the increase was attributed to increased EBITDA[1] and lower taxes partially offset by higher maintenance capital and interest. Current income taxes for the second quarter were flat from the same period in 2017, due to higher EBITDA offset by the impact of US tax reform.

Free cash flow[2] of $3.9 million in addition to $4.4 million cash on hand at the end of the first quarter, was used to invest $1.2 million in working capital and $0.1 million in expansion capital, pay $1.8 million of income tax payable from the first quarter and repay $2.5 million of term debt.

Monthly distributions paid of 11¢ per Unit represent a payout ratio[3] of 50% for the second quarter and represent an annual yield of 3.5% on a $37.79 price per Unit at June 30, 2018. The Unit distributions are characterized as 68% capital dividends and 32% return of capital. Dividends paid to Exchangeable shareholders are fully taxable and result in the recovery of refundable dividend tax.

($ thousands)	Qtr. 2		Six months	
	2018	**2017**	**2018**	**2017**
Cash provided by operating activities	**6,219**	3,292	**9,328**	14,071
Working capital changes	**1,152**	2,512	**4,947**	(798)
Income taxes payments	**4,323**	4,752	**8,251**	7,017
EBITDA[1]	**11,694**	10,556	**22,526**	20,290
Interest	**546**	534	**1,091**	1,035
Current income tax	**2,921**	2,923	**5,575**	5,662
Maintenance capital	**405**	278	**697**	550
Distributable cash flow[2]	**7,822**	6,821	**15,163**	13,043
Diluted per Unit	***66.9¢***	*58.3¢*	***$1.30***	*$1.12*
Distributions	**3,892**	3,897	**7,779**	7,208
Diluted per Unit	***33.3¢***	*33.3¢*	***66.5¢***	*61.6¢*
Payout ratio[3]	***50%***	*57%*	***51%***	*55%*
Free cash flow[2]	**3,930**	2,924	**7,384**	5,835
Units outstanding *(average)*				
Diluted basis 000's	**11,693**	11,693	**11,693**	11,693

Liquidity and Financing

Cash flows from operating activities

Cash flow from operating activities for the second quarter was $6.2 million, up $2.9 million over the same period in 2017, primarily due to the decrease in working capital investment, lower income tax payments and higher EBITDA[1]. For the first half, cash flow from operating activities was $9.3 million, down $4.7 million primarily due higher working capital investment and higher income tax payments offset by higher profit from operations. During the second quarter, working capital increased by $1.2 million mainly on higher inventory, receivables and prepaids of $6.7 million offset by higher accounts payable of $5.5 million. For the first half, working capital increased $4.9 million with increases in inventory of $2.6 million, receivables of $3.8 million and prepaids of $0.6 million offset by an increase of $2.1 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 2018, were $3.9 million with $1.3 million declared for June, which was paid July 13th.

Current income taxes

Current income tax expense was flat for the second quarter and decreased $0.1 million for the first half which reflects the $0.2 million and $0.6 million impact of the lower US tax rate, respectively offset by taxes on the higher EBITDA[1].

Capital expenditures

Maintenance capital expenditures for the first half were $0.7 million (2017 – $0.6 million) mainly comprised of refurbishment of moulds for replacement packaging and computer equipment upgrades. Expansion capital expenditures for the first half were $0.1 million (2017 – $0.2 million) primarily for the addition of new moulds for new customer programs.

Financing activities and instruments

Credit facilities include a $30.0 million term loan (2017 – $37.0 million) with maturity on September 30, 2019 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, $2.5 million was repaid (2017 – $3.0 million).

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, 2018, our leverage ratio was 0.7x times down from 0.8x at March 31, 2018. 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 2018.

Organic revenue performance for the third quarter is expected to be at the 1-3% growth band. The impact of exchange translation is expected to increase revenue by $2.0 mil. at current exchange rates of U.S./Cdn. 76¢ versus 80¢ for the same period in 2017. The sensitivity is $0.5 million for every 1¢ movement in the exchange rate.

EBITDA[1] for the third quarter is expected to track above 14% of revenue. The impact of exchange translation is expected to be an increase of $0.3 mil. for the third quarter at current exchange rates. The sensitivity is $0.07 million for every 1¢ movement.

Current income tax is expected to decrease $0.4 million for the third quarter due to a $0.3 million impact of US tax reform and the realization of an additional $0.1 million of refundable dividend tax. If we had addressed our intercompany refinancing at the current exchange rates, the increase in current income taxes would have been $0.7 million creating an additional $1.4 million of capital dividends and $0.4 million of refundable dividend tax on hand. The sensitivity to current income taxes is $0.2 million for every 1¢ movement.

Maintenance capital will continue to be funded by cash flow from operations at $0.3 million per quarter with an additional $1.0 million set aside for an IT system upgrade in the second half of the year.

Distributable cash flow[2] sensitivity on an annual basis to foreign currency fluctuations is $0.04 million for every U.S./Cdn. 1¢ movement.

Cash on hand of $3.3 million will be utilized to partially pay the $4.4 million in higher payables. Management expects to refinance term debt on similar terms and conditions.

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. Surplus distributable cash is expected to be deployed to pay down debt, purchase Units opportunistically under the normal course issuer bid and/or fund acquisitions.

Risks and Uncertainties

Investment in Units involves risks inherent in the ordinary course of business 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, inventory obsolescence, trade risks, resin price and exchange rate fluctuations, interest rate volatility, 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 2017 Annual Information Form dated March 1, 2018. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the first half of 2018.

Critical Accounting Estimates

Preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported, and disclosure of contingent amounts for assets and liabilities as at June 30, 2018 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 2018, relative to December 31, 2017. 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 2017 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, current 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**	**2018**	**2017**	**2018**	**2017**
Revenue	*2*	**80,273**	77,701	**154,860**	150,603
Cost of products sold		**66,239**	64,875	**127,731**	126,028
Administrative expenses		**3,083**	3,124	**6,093**	6,038
Foreign currency loss		**52**	95	**87**	138
Contingent consideration revaluation		**—**	—	**—**	83
Profit from operations		**10,899**	9,607	**20,949**	18,316
Financial expenses		**586**	558	**1,131**	1,059
Exchangeable shares					
Mark-to-market loss		**4,689**	3,132	**5,265**	4,227
Distributions		**297**	306	**590**	586
Share of income - Vision		**(6)**	(35)	**8**	(40)
Profit before income taxes		**5,333**	5,646	**13,955**	12,484
Income tax expense (income)					
Current taxes	*3*	**2,921**	2,923	**5,575**	5,662
Deferred taxes	*3*	**(158)**	(248)	**(295)**	(433)
		2,763	2,675	**5,280**	5,229
Net income for the period		**2,570**	2,971	**8,675**	7,255
Basic and diluted income per Unit	*4*	***23.6¢***	*27.3¢*	***79.6¢***	*66.8¢*
Other comprehensive income (loss)					
(subsequently recyclable to Net income)					
Richards Packaging US					
Currency translation adjustment		**1,885**	(2,174)	**4,380**	(2,791)
Comprehensive income for the period		**4,455**	797	**13,055**	4,464

See accompanying notes

"Susan Allen"
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]*

Cdn$ thousands	Notes	June 30 2018	June 30 2017	Dec. 31 2017	Dec. 31 2016
Current Assets					
Cash and cash equivalents		**3,318**	2,818	**6,816**	13,257
Accounts receivable		**33,830**	31,825	**29,218**	32,827
Inventory		**53,001**	45,310	**48,801**	47,791
Prepaid expenses and deposits		**4,289**	3,803	**3,631**	3,172
		94,438	83,756	**88,466**	97,047
Current Liabilities *(excluding debt)*					
Accounts payable and accruals		**(34,557)**	(28,646)	**(31,842)**	(29,562)
Income tax payable	*3*	**(361)**	245	**(3,037)**	(1,110)
Distributions payable		**(1,298)**	(1,297)	**(1,296)**	(1,104)
Contingent consideration		—	—	—	(10,439)
Due to previous shareholder		**(1,038)**	(1,023)	**(989)**	(961)
		(37,254)	(30,721)	**(37,164)**	(43,176)
WORKING CAPITAL		**57,184**	53,035	**51,302**	53,871
Long-term Assets					
Plant and equipment		**4,282**	4,002	**4,080**	3,909
Investment - Vision		**737**	780	**745**	740
Intangible assets		**14,397**	15,931	**14,915**	17,459
Goodwill		**85,519**	84,924	**83,578**	86,326
		104,935	105,637	**103,318**	108,434
Long-term Liabilities *(excluding debt)*					
Deferred income taxes	*3*	**(4,285)**	(5,633)	**(4,461)**	(6,191)
NET OPERATING ASSETS		**157,834**	153,039	**150,159**	156,114
Debt					
Term debt		**29,980**	36,903	**33,440**	41,854
Exchangeable shares - current	*4*	**30,107**	24,273	**24,837**	20,904
		60,087	61,176	**58,277**	62,758
Equity					
Unitholders' capital	*4*	**21,899**	29,845	**23,049**	35,802
Retained earnings		**62,149**	50,129	**59,514**	42,874
Accumulated other comprehensive income		**13,699**	11,889	**9,319**	14,680
		97,747	91,863	**91,882**	93,356
CAPITAL		**157,834**	153,039	**150,159**	156,114

See accompanying notes

Richards Packaging Income Fund

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, 2017		33,435	47,158	14,063	94,656
Comprehensive income (loss)			2,971	(2,174)	797
Distributions		(3,590)			(3,590)
June 30, 2017		29,845	50,129	11,889	91,863
March 31, 2018		**23,049**	**62,025**	**11,814**	**96,888**
Comprehensive income (loss)			**2,570**	**1,885**	**4,455**
Distributions		**(1,150)**	**(2,446)**		**(3,596)**
June 30, 2018		**21,899**	**62,149**	**13,699**	**97,747**
December 31, 2016		35,802	42,874	14,680	93,356
Comprehensive income (loss)			7,255	(2,791)	4,464
Share conversion	*4*	858			858
Distributions		(6,815)			(6,815)
June 30, 2017		29,845	50,129	11,889	91,863
December 31, 2017		**23,049**	**59,514**	**9,319**	**91,882**
Comprehensive income (loss)			**8,675**	**4,380**	**13,055**
Distributions		**(1,150)**	**(6,040)**		**(7,190)**
June 30, 2018		**21,899**	**62,149**	**13,699**	**97,747**

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]*

Cdn$ thousands	**Notes**	**Three months 2018**	**Three months 2017**	**Six months 2018**	**Six months 2017**
OPERATING ACTIVITIES					
Profit from operations		**10,899**	9,607	**20,949**	18,316
Add items not involving cash					
Plant and equipment depreciation		**349**	330	**670**	632
Intangible assets amortization		**446**	619	**907**	1,259
Contingent consideration revaluation		—	—	—	83
Income taxes payments	*3*	**(4,323)**	(4,752)	**(8,251)**	(7,017)
Changes in non-cash working capital	*5*	**(1,152)**	(2,512)	**(4,947)**	798
Cash provided by operating activities		**6,219**	3,292	**9,328**	14,071
INVESTING ACTIVITIES					
Additions to plant and equipment		**(493)**	(429)	**(785)**	(778)
Acquisition, contingent consideration		—	—	—	(10,425)
Cash used in investing activities		**(493)**	(429)	**(785)**	(11,203)
FINANCING ACTIVITIES					
Repayment of term debt		**(2,500)**	(3,000)	**(3,500)**	(5,000)
Financial expenses paid		**(546)**	(534)	**(1,092)**	(1,036)
Distributions paid to Exchangeable Shareholders		**(297)**	(306)	**(590)**	(586)
Distributions paid to Unitholders		**(3,595)**	(3,591)	**(7,190)**	(6,622)
Cash used in financing activities		**(6,938)**	(7,431)	**(12,372)**	(13,244)
Net cash flow for the period		**(1,212)**	(4,568)	**(3,829)**	(10,376)
Cash, beginning of period		**4,443**	7,535	**6,816**	13,257
Foreign exchange effect		**86**	(149)	**330**	(63)
Cash, end of period		**3,318**	2,818	**3,318**	**2,818**

See accompanying notes

June 30, 2018 [Cdn$ thousands]

1. 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 2017 audited annual financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2017 audited annual financial statements.

2. NEW ACCOUNTING PRONOUNCEMENTS

The Fund adopted IFRS 15, *Revenue from Contracts with Customers,* for the six months ending June 30, 2018. The adoption of this standard did not have an impact on the 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**	
	2018	**2017**	**2018**	**2017**
Profit from operations	**10,899**	9,607	**20,949**	18,316
Financial expenses	**(586)**	(558)	**(1,131)**	(1,059)
Contingent consideration revaluation	—	—	—	83
Income subject to income taxes	**10,313**	9,049	**19,818**	17,340
Statutory tax rate	*26.7%*	*26.7%*	*26.8%*	*26.7%*
Income tax expense at statutory tax rate	**2,758**	2,416	**5,315**	4,630
Deferred income taxes	**158**	248	**295**	433
Current period adjustments				
Refinancing Intercompany notes [a)]	**(48)**	—	**(96)**	—
Foreign tax differential	**—**	(233)	**—**	(456)
Foreign rate differential	**54**	443	**20**	1,059
Other items	**(1)**	49	**41**	(4)
Current income taxes	**2,921**	2,923	**5,575**	5,662

a) future recovery associated with refundable dividend tax on hand of $1,192 has not been recognized. Fully taxable Exchangeable share dividends give rise to the recovery above.

The capital dividend account has been fully distributed out to Unitholders with $2,446 and $6,040 paid during the three and six months ended June 30, 2018, respectively.

June 30, 2018 [Cdn$ thousands]

4. UNITS AND EXCHANGEABLE SHARES

Number outstanding	**Units basic**	**Weighted average**	**Exchangeable Shares**	**Units diluted**	**Weighted average**
December 31, 2016	10,846,578	10,846,578	846,435	11,693,013	11,719,353
Share conversion	33,000		(33,000)		
March 31, 2016	10,879,578	10,846,945	813,435	11,693,013	11,693,013
June 30, 2017	10,879,578	10,879,578	813,435	11,693,013	11,693,013
Six months ended		10,863,351	829,662		11,693,013

Number outstanding	**Units basic**	**Weighted average**	**Exchangeable Shares**	**Units diluted**	**Weighted average**
December 31, 2017	**10,893,365**	**10,875,082**	**799,648**	**11,693,013**	**11,693,013**
June 30, 2018	**10,893,365**	**10,893,365**	**799,648**	**11,693,013**	**11,693,013**
Six months ended		**10,893,365**	**799,648**		**11,693,013**

Exchangeable shares mark-to-market loss reflects $5.90 per Unit and $6.62 per Unit price increases during the three and six months ended June 30, 2018 to $37.79 per Unit, respectively.

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 64.6¢ for the three-month period of 2018 [2017 – 54.8¢] and $1.24 for the six-month period of 2018 [2017 – $1.03].

June 30, 2018 [Cdn$ thousands]

5. ADDITIONAL CASH FLOW INFORMATION

The net change in working capital consists of the following:

	Three months		Six months	
	2018	**2017**	**2018**	**2017**
Accounts receivable	**(1,533)**	(131)	**(3,806)**	463
Inventory	**(4,370)**	(2,983)	**(2,640)**	1,519
Prepaid expenses and deposits	**(820)**	(939)	**(577)**	(711)
Accounts payable and accruals	**5,571**	1,541	**2,076**	(473)
	(1,152)	(2,512)	**(4,947)**	798

For the three and six-month periods the total foreign exchange translation excluded from the above values was $819 gain [2017 – $853 loss] and $1,823 gain [2017 – $1,141 loss] respectively.