



Winpak Reports First Quarter Earnings

Winnipeg, Manitoba, April 22, 2009 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the first quarter of 2009, which ended on March 29, 2009.

<u>For The Period Ended</u>	<u>March 29 2009</u>	<u>March 30 2008</u>
<i>(thousands of US dollars, except per share amounts)</i>		
Sales	119,938	123,346
Net earnings	9,661	5,951
Minority interest	280	(104)
Provision for income taxes	5,146	3,130
Interest	13	463
Depreciation and amortization	6,121	6,356
EBITDA (1)	21,221	15,796
Basic and fully diluted net earnings per share (cents)	15	9

Winpak Ltd. manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the packaging of perishable foods, beverages and in health care applications.

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¹ EBITDA is not a recognized measure under Canadian GAAP. Management believes that in addition to net earnings, this measure provides useful supplemental information to investors including an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that this measure should not be construed as an alternative to net earnings, determined in accordance with GAAP, as an indicator of the Company's performance. The Company's method of calculating this measure may differ from other companies, and, accordingly, the results may not be comparable.



Management's Discussion and Analysis

(presented in US dollars)

Forward-looking statements: Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent Winpak's current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, we disclaim any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

Results of Operations

Net earnings for the first quarter of 2009 were \$9.7 million or 15 cents per share compared to \$6.0 million or 9 cents per share in the corresponding period of 2008, an increase of 62.3 percent. This result represented the highest first quarter net earnings recorded in the Company's history. Enhanced gross profit margins and the favorable impact of foreign exchange improved net earnings per share by approximately 5.5 cents and 2.0 cents respectively while higher operating expenses reduced net earnings by 1.5 cents per share.

Sales

Sales of \$119.9 million in the first quarter of 2009 declined by \$3.4 million or 2.8 percent in relation to the first three months of 2008. First quarter volumes were down only slightly from the prior year, a reduction of 1.2 percent. Rigid containers, modified atmosphere packaging and machinery sales experienced modest single-digit volume growth while specialty films and lidding both exhibited moderate single-digit volume contraction. Only biaxially oriented nylon film volumes declined more substantially in the quarter by just over 20 percent in comparison to the prior year. Certainly the depressed economic environment played a role in restricting growth in all product groups although it had a more pronounced effect on non-food markets. The weaker Canadian dollar reduced reported sales by a further 3.8 percent in comparison to the first quarter of 2008. However, higher overall selling prices, in comparison to a year earlier, helped to partially offset the sales decline by 2.2 percent. In general, sales have performed relatively well in this economic climate.

Gross profit margins

Gross profit margins strengthened to 29.5 percent of sales in the first quarter of 2009, up substantially from the 24.3 percent of sales recorded in the corresponding quarter in 2008. The spread between raw material costs and selling prices improved, significantly impacting margins, in contrast to the last several years when raw material costs were escalating and margins were on the decline. With raw material costs falling in the first quarter, the results were further bolstered by the lag effect experienced in selling price-indexing agreements, whereby adjustments to selling prices follow changes in raw material costs, typically with a 3-month delay. The weakening of the Canadian dollar also had a favorable impact on gross profit margins of over 1 percentage point compared to the first quarter of 2008. The only negative factor impacting gross profit margins in the quarter was an elevation in manufacturing variances, which in part was due to inefficiencies caused by lower production volumes as a result of reduced customer demand.

For reference, the following presents the weighted indexed purchased cost of Winpak's eight primary raw materials in the reported quarter and each of the preceding eight quarters, where base year 2001 = 100. The index was rebalanced as of December 29, 2008 to reflect the mix of the eight primary raw materials purchased in 2008.

Quarter and Year	1/07	2/07	3/07	4/07	1/08	2/08	3/08	4/08	1/09
Purchase Price Index	146.0	152.5	158.3	161.8	167.9	174.6	190.7	160.3	128.0

The index in the first quarter fell by 20.1 percent from the level recorded in the fourth quarter of 2008 and is now at a level last seen at the end of 2004. However, it appears as though the index may have bottomed out as resin producers have been closing plants in an attempt to better match capacity with demand and provide support to increased pricing levels.

Expenses and Other

Operating expenses for the quarter increased in relation to the corresponding period in 2008 due in large part to employee compensation costs including higher incentive accruals. The increase in net earnings attributable to the minority shareholder was offset by lower interest expense due to reduced debt levels and interest rates.



Capital Resources, Cash Flow and Liquidity

During the first quarter of 2009, the Company repaid the remaining \$17 million in long-term debt that was outstanding and is now debt-free. Even with this significant debt repayment, Winpak's cash position totaled \$19.2 million at March 29, 2009. The healthy cash position was impacted by strong cash flow from operating activities before changes in working capital of \$17.4 million as well as a net reduction in the investment in working capital of \$5.3 million. The reduction in working capital was aided by a decline in both inventories and accounts receivable. During the quarter, cash was utilized for defined benefit pension payments of \$2.2 million, equipment purchases of \$2.0 million, purchase of intangibles of \$0.1 million and dividends of \$1.6 million. There was also a negative foreign exchange adjustment on cash of \$0.3 million.

Winpak is confident that sufficient financial resources are in place to fund cash requirements for the foreseeable future and with its strong balance sheet, is poised to take advantage of acquisition opportunities that would be beneficial to the long-term interests of the Company.

Summary of Quarterly Results

Thousands of U.S. dollars, except per share amounts (U.S. cents)

	Quarter Ended							
	March 29 2009	December 28 2008	September 28 2008	June 29 2008	March 30 2008	December 30 2007	September 30 2007	July 1 2007
Sales	119,938	129,690	131,419	127,582	123,346	126,638	116,745	114,479
Net earnings	9,661	8,882	7,288	7,231	5,951	6,157	5,073	5,224
EPS	15	14	11	11	9	10	7	8

Rights Agreement

The Company announced that effective April 1, 2009, it acquired the exclusive rights to use Reynolds Packaging LLC formulations and Drug Master File specifications to produce packaging materials used in the pharmaceutical and health care industries. The transition period for the manufacture of these products from Reynolds to Winpak will occur over the balance of the year and potential additional sales to Winpak should be in the range of \$5 to \$10 million on an annual basis.

Looking Forward

The Company is cautiously optimistic that the downturn in customer demand experienced in the last two quarters is reversing as evidenced by an upturn in demand in the last month of the past quarter. It is still too early to tell if this is the start of a longer-term trend but the outlook is more promising than it has been in recent months. On the cost side, raw material pricing has also started to rise at the end of the first quarter of 2009 and further increases have been announced for the second quarter. It is unclear as to whether these increases will take hold, however, recent capacity reductions by resin producers will lend support to higher pricing. Nonetheless, it is highly unlikely that, in the near future, raw material costs will come close to the record levels experienced in the third quarter of 2008. The Company should continue to generate strong cash flow from operations. This, along with an already healthy cash position, will allow the Company to respond to acquisition opportunities that may arise which enhance shareholder value.

Accounting Policy Changes

As more fully described in Note 2 to the Consolidated Financial Statements, the Company adopted the Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3064. The changes were adopted retroactively and comparative figures were restated. This new standard had no significant impact on the Company's Consolidated Financial Statements.

Future Accounting Standards

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that Publicly Accountable Enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from Canadian generally accepted accounting principles ("GAAP") to IFRS will be applicable for the Company's first quarter of 2011, at which time the Company will prepare both its fiscal 2011 and fiscal 2010 comparative financial information using IFRS. The Company expects the transition to IFRS to impact financial reporting, business processes, disclosure controls, internal controls over financial reporting and information systems.

The Company formally commenced its IFRS conversion project in the second quarter of 2008 and has engaged the services of an external advisor with IFRS expertise to work with management. Regular reporting is provided to the Company's senior management and Audit Committee of the Board of Directors. The Company's conversion project consists of three phases: diagnostic assessment, design and development, and implementation. To date, the initial diagnostic assessment phase of the project has been completed and a detailed IFRS



implementation plan has been developed for fiscal 2009. A high level review of the major differences between Canadian GAAP and current IFRS has been undertaken and at this time, the Company has determined that the differences with the highest potential impact to the Company's accounting policies are related to: property, plant and equipment; financial instruments and hedges; impairments; employee defined benefit plans; income taxes; financial statement disclosures; as well as the initial adoption of IFRS under the provisions of IFRS 1, First-Time Adoption of IFRS. The potential impact of these changes on the Company's future financial position and results of operations has yet to be determined as accounting policy choices under IFRS are subject to a number of accounting alternatives which have not been fully evaluated by the Company. To date, the project leaders have received training with respect to IFRS through attendance at seminars and through working with various specialists from the external advisory firm. Winpak will continue to invest in training and external advisor resources throughout the transition to facilitate a timely and successful conversion.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

As more fully described in Note 3 to the Consolidated Financial Statements, the CICA has issued three new accounting standards in January 2009: Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements, and Section 1602 Non-Controlling Interests, which apply commencing with the Company's 2011 fiscal year. The Company is in the process of evaluating the requirements of the new standards.

Controls and Procedures

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of March 29, 2009 to provide reasonable assurance that the information being disclosed is recorded, summarized and reported as required.

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of the controls and procedures. Management used the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as the control framework in designing its internal controls over financial reporting. Based on management's design of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of March 29, 2009 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 29, 2009, there have been no changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.



Winpak Ltd.
Interim Consolidated Financial Statements
First Quarter Ended: March 29, 2009

These interim consolidated financial statements have not been audited or reviewed by the Company's independent external auditors, PricewaterhouseCoopers LLP.



Wipak Ltd.
Consolidated Balance Sheets
(thousands of US dollars) (unaudited)

	March 29 2009	December 28 2008
Assets		
Current Assets:		
Cash	\$ 19,243	\$ 19,796
Accounts receivable (note 8)	61,128	63,175
Inventory (note 4)	64,037	68,117
Prepaid expenses	2,291	2,060
Future income taxes	3,529	3,363
	<u>150,228</u>	<u>156,511</u>
Property, plant and equipment (net) (note 2)	219,190	225,473
Other assets	12,397	11,259
Intangible assets (net) (note 2)	7,179	7,690
Goodwill	15,909	16,082
	<u>\$ 404,903</u>	<u>\$ 417,015</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 33,267	\$ 33,298
Income taxes payable	1,938	2,017
	<u>35,205</u>	<u>35,315</u>
Long-term debt	-	17,000
Deferred credits	10,490	10,860
Future income taxes	28,739	28,390
Postretirement benefits	1,619	1,624
	<u>76,053</u>	<u>93,189</u>
Minority interest	14,349	14,069
Shareholders' equity:		
Share capital	29,195	29,195
Retained earnings	258,075	249,990
Accumulated other comprehensive income (note 5)	27,231	30,572
	<u>285,306</u>	<u>280,562</u>
	<u>314,501</u>	<u>309,757</u>
	<u>\$ 404,903</u>	<u>\$ 417,015</u>

See accompanying notes to consolidated financial statements.



Winpak Ltd.

Consolidated Statements of Earnings and Retained Earnings

(thousands of US dollars, except per share amounts) (unaudited)

	For The Period Ended	
	March 29	March 30
	2009	2008
Sales	\$ 119,938	\$ 123,346
Cost of sales	84,600	93,344
Gross profit	35,338	30,002
Expenses		
Selling, general & administrative (note 6)	17,437	17,704
Research and technical	2,738	2,299
Pre-production	63	559
Earnings from operations	15,100	9,440
Interest	13	463
Earnings before income taxes and minority interest	15,087	8,977
Provision for income taxes	5,146	3,130
Minority interest	280	(104)
Net earnings	\$ 9,661	\$ 5,951
Retained earnings, beginning of period	249,990	227,978
Net earnings	9,661	5,951
Dividends declared	(1,576)	(1,909)
Retained earnings, end of period	\$ 258,075	\$ 232,020
Earnings per share		
Basic and fully diluted earnings per share (cents)	15	9
Average number of shares outstanding (000's)	65,000	65,000

Consolidated Statements of Comprehensive Income

(thousands of US dollars) (unaudited)

	For The Period Ended	
	March 29	March 30
	2009	2008
Net earnings	\$ 9,661	\$ 5,951
Unrealized losses on translation of financial statements of operations with CDN dollar functional currency to US dollar reporting currency	(3,738)	(7,396)
Unrealized losses on derivatives designated as cash flow hedges, net of income tax (2009 - \$(57)) (2008 - \$(114))	(125)	(211)
Realized losses (gains) on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period, net of income tax (2009 - \$288) (2008 - \$(22))	522	(40)
Other comprehensive loss - net of income tax (note 5)	(3,341)	(7,647)
Comprehensive income	\$ 6,320	\$ (1,696)

See accompanying notes to consolidated financial statements.



Winpak Ltd.

Consolidated Statements of Cash Flows

(thousands of US dollars) (unaudited)

	For The Period Ended	
	March 29 2009	March 30 2008
Cash provided by (used in):		
Operating activities:		
Net earnings for the period	\$ 9,661	\$ 5,951
Items not involving cash:		
Depreciation (note 2)	5,532	5,741
Amortization - intangible assets (note 2)	589	615
Defined benefit plan costs	788	830
Future income taxes	331	187
Foreign exchange loss on long-term debt	559	703
Minority interest	280	(104)
Other	(385)	(184)
Cash flow from operating activities before the following	17,355	13,739
Change in working capital:		
Accounts receivable	1,555	(6,343)
Income taxes receivable	-	771
Inventory	3,275	1,160
Prepaid expenses	(254)	(385)
Accounts payable and accrued liabilities	748	(1,131)
Income taxes payable	(10)	-
Defined benefit plan payments	(2,205)	(2,513)
	20,464	5,298
Investing activities:		
Acquisition of plant and equipment	(2,037)	(4,100)
Acquisition of intangible assets	(104)	(20)
	(2,141)	(4,120)
Financing activities:		
Repayments of long-term debt	(17,000)	(5,000)
Dividends paid	(1,613)	(1,989)
Investment by minority shareholder in subsidiary	-	2,940
	(18,613)	(4,049)
Foreign exchange translation adjustment on cash	(263)	301
Change in cash position	(553)	(2,570)
Cash (bank indebtedness), beginning of period	19,796	(5,037)
Cash (bank indebtedness), end of period	\$ 19,243	\$ (7,607)
<i>Supplemental disclosure of cash flow information:</i>		
Cash paid during the period for:		
Interest expense	\$ 37	\$ 726
Income tax expense	4,176	1,510

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements
For the periods ended March 29, 2009 and March 30, 2008
(thousands of US dollars) (Unaudited)

1. Basis of Presentation

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and have been prepared on a basis consistent with the same accounting policies and methods of application as disclosed in the Company's audited consolidated financial statements for the year ended December 28, 2008 except as described in Note 2.

These unaudited interim consolidated financial statements do not include all of the information and notes to the financial statements required by GAAP for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report for the year ended December 28, 2008.

The preparation of the interim consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenue and expenses in the reporting period. Management believes that the estimates and assumptions used in preparing its interim consolidated financial statements are reasonable and prudent, however, actual results could differ from these estimates.

2. Accounting Policy Change

Effective December 29, 2008, the Company adopted the Canadian Institute of Chartered Accountants' (CICA) Section 3064 Goodwill and Intangible Assets. As a result of adopting the standard, certain computer software costs previously recorded as property, plant and equipment are now recorded as intangible assets. The Company has restated prior periods' financial statements for this change. The impact of this change in accounting policy on prior periods is as follows:

	Quarter Ended March 30 2008	Year Ended December 28 2008
Consolidated Balance Sheet		
Decrease in property, plant and equipment	(2,444)	(1,707)
Increase in intangible assets	2,444	1,707
Consolidated Statement of Earnings and Cash Flows		
Decrease in depreciation of property, plant and equipment	(201)	(754)
Increase in amortization of intangible assets	201	754

The following table outlines the restated computer software amounts included within intangible assets:

	March 30 2008	December 28 2008
Cost	7,502	6,697
Accumulated amortization	(5,058)	(4,990)
	2,444	1,707

3. Future Accounting Standards

(a) Business Combinations, Consolidated Financial Statements and Non-Controlling Interests:

The CICA has issued three new accounting standards in January 2009: Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements, and Section 1602 Non-Controlling Interests, which apply commencing with the Company's 2011 fiscal year.

Section 1582 replaces Section 1581 Business Combinations and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards - IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600 Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination and is equivalent to the corresponding provision of International Financial Reporting Standards - IAS 27 - Consolidated and Separate Financial Statements.

The Company is in the process of evaluating the requirements of the new standards.



Notes to Consolidated Financial Statements
For the periods ended March 29, 2009 and March 30, 2008
(thousands of US dollars) (Unaudited)

3. Future Accounting Standards – continued

(b) International Financial Reporting Standards:

In January 2006, the CICA Accounting Standards Board (ASB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for Publicly Accountable Enterprises would be required to converge with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 with comparative figures presented for 2010 on the same basis. In February 2008, the CICA ASB confirmed the effective date of the initial adoption of IFRS.

The Company has completed the initial diagnostic assessment, which involved a high level review of the major differences between Canadian GAAP and current IFRS. Currently, the Company has determined that the differences with the highest potential impact to the Company's accounting policies are related to: property, plant and equipment, financial instruments and hedges, impairments, employee defined benefit plans, income taxes, financial statement disclosures, as well as the initial adoption of IFRS under the provisions of IFRS 1, First-Time Adoption of IFRS.

The Company continues to complete the detailed diagnostic assessment phase of the project and has started to evaluate the accounting policy differences based on management's current understanding of the IFRS. The impact of these changes on the Company's future financial position and results of operations has yet to be determined as accounting policy choices under IFRS are subject to a number of accounting alternatives which have not been fully evaluated by the Company.

4. Inventory

	March 29 2009	December 28 2008
Raw materials	21,139	23,935
Work-in-process	11,840	12,390
Finished goods	27,999	28,806
Spare parts	3,059	2,986
	64,037	68,117

During the first quarter of 2009, the Company recorded inventory write-downs to net realizable value of \$1,502 (2008- \$851) and reversals of previously written-down items of \$374 (2008- \$21).

5. Accumulated Other Comprehensive Income

The accumulated other comprehensive income account represents the net changes due to foreign exchange rate fluctuations in the net investment in the Canadian dollar functional currency operations and the unrealized losses on derivatives designated as cash flow hedges.

	March 29 2009	March 30 2008
Balance, beginning of period	30,572	64,933
Other comprehensive loss	(3,341)	(7,647)
Balance, end of period	27,231	57,286
The accumulated balances for each component of other comprehensive income, net of income taxes, are comprised of the following:		
Unrealized gains on translation of financial statements of operations with Canadian dollar functional currency to US dollar reporting currency	27,456	57,461
Unrealized losses on derivatives designated as cash flow hedges	(225)	(175)
Balance, end of period	27,231	57,286



Notes to Consolidated Financial Statements
For the periods ended March 29, 2009 and March 30, 2008
(thousands of US dollars) (Unaudited)

6. Selling, General & Administrative Expenses

Included within selling, general & administrative expenses are the following amounts:

	For The Period Ended	
	March 29	March 30
	2009	2008
Foreign exchange translation losses	381	332
Defined benefit plan costs	788	830

Foreign exchange translation losses (gains) represent the realized and unrealized foreign exchange differences recognized upon translation of monetary assets and liabilities, including long-term debt. The amounts include realized foreign exchange losses (gains) on cash flow hedges arising from transfers of these amounts from other comprehensive income to net earnings.

7. Financial Instruments

The following table presents the carrying value and fair value of financial instruments and non-financial derivatives as at March 29, 2009:

Assets (Liabilities)	(Carried at Cost / Amortized Cost)		(Carried at Fair Value)
	Carrying Value	Fair Value	Carrying Value
Cash	19,243	19,243	-
Accounts receivable	61,128	61,128	-
Accounts payable and accrued liabilities	(32,938)	(32,938)	-
Cash flow hedging derivative			(329)

The Company's financial instruments are classified as follows: cash – held for trading, accounts receivable – loans and receivables, accounts payable and accrued liabilities – other financial liabilities, cash flow hedging derivative – derivatives designated as effective hedges.

Fair value is based on quoted market prices when available. However, when financial instruments lack an available trading market, fair value is determined using management's estimates and is calculated using market factors with similar characteristics and risk profiles. These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of judgment.

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments:

- a) Short-term financial instruments approximate their carrying amount due to the relatively short period to maturity. These include cash, accounts receivable and accounts payable and accrued liabilities.
- b) Foreign exchange forward contracts, designated as a cash flow hedge, have been determined by valuing those contracts to market against prevailing forward foreign exchange rates as at the reporting date.

8. Financial Risk Management

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company manages its risks and risk exposures through a combination of derivative financial instruments, insurance, a system of internal and disclosure controls and sound business practices. The Company does not purchase any derivative financial instruments for speculative purposes.

Risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.



8. Financial Risk Management – continued

Foreign Exchange Risk

The Company operates primarily in Canada and the United States. The functional currency of the parent company is CDN dollars and the reporting currency is U.S. dollars. All operations in the United States and American Bixis Inc. operate with the U.S. dollar as the functional currency, while all Canadian operations, excluding American Bixis Inc., operate with the CDN dollar as the functional currency. Most of the Company's business is conducted in U.S. dollars. However, approximately 16 percent of sales are invoiced in CDN dollars and approximately 26 percent of costs are incurred in the same currency, resulting in a net outflow of costs in CDN dollars. Consequently, the Company records foreign currency differences on transactions.

In addition, translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in selling, general & administrative expenses. As a result of the Company's U.S. dollar net monetary position within the CDN dollar functional currency operations as at March 29, 2009, a one-cent change in the period end foreign exchange rate from 1.2374 to 1.2274 (US to CDN dollars) would have decreased net earnings by \$110 for the first quarter of 2009. Conversely, a one-cent change in the period end foreign exchange rate from 1.2374 to 1.2474 (US to CDN dollars) would have increased net earnings by \$110 for the first quarter of 2009.

The Company's Foreign Exchange Policy requires that between 50 and 80 percent of the Company's net requirement of CDN dollars for the ensuing 9 to 15 months will be hedged at all times with a combination of cash on hand and forward or zero-cost option foreign exchange contracts. Transactions are only conducted with certain approved Schedule 1 Canadian financial institutions. All foreign exchange contracts are designated as cash flow hedges. Certain foreign currency forward contracts matured during the first quarter of 2009 and the Company realized pre-tax foreign exchange losses of \$810. These foreign exchange losses were recorded in selling, general & administrative expenses. As at March 29, 2009, the Company had foreign currency forward contracts outstanding with a notional amount of \$14.0 million US at an average exchange rate of 1.2050 (US to CDN dollars), maturing between April 2009 and February 2010 and the fair value of the notional amount of these contracts was \$13.670 million US as of March 29, 2009. An unrealized foreign exchange loss during the quarter of \$182 (pre-tax) was recorded in other comprehensive income.

Commodity Price Risk

Manufacturing costs for the Company's products are affected by the price of raw materials, namely petroleum-based and natural gas-based plastic resins and aluminum. In order to manage its risk, the Company has entered into selling price-indexing programs with certain customers. Changes in raw material prices for these customers are not immediately reflected in selling price adjustments, there is a slight time lag. For the three months ended March 29, 2009, 44% of sales were to customers with formal selling price-indexing agreements. For all other customers, the Company's preferred practice is to match raw material cost changes with selling price adjustments, albeit with a slight time lag. This matching is not always possible as customers react to selling price pressures related to raw material cost fluctuations according to conditions pertaining to their markets.

Credit Risk

Credit risk arises from cash held with banks, derivative financial instruments (foreign exchange forward and option contracts and interest rate swaps with positive fair values), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. Management regularly monitors customer credit limits, performs credit reviews, and in certain cases insures accounts receivable balances against credit losses. As at March 29, 2009, 17% of the Company's total accounts receivable balance was insured against credit losses.

The Company's exposure to individual customers is limited and the ten largest customers as at March 29, 2009, on aggregate, accounted for 27% of the Company's total accounts receivable balance.

The carrying amount of accounts receivable are reduced through the use of an allowance account and the amount of the loss is recognized in the earnings statement within selling, general, & administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off are credited against selling, general, & administrative expenses in the earnings statement.



Notes to Consolidated Financial Statements
For the periods ended March 29, 2009 and March 30, 2008
(thousands of US dollars) (Unaudited)

8. Financial Risk Management – continued

The following table details the aging of the Company's receivables and related allowance for doubtful accounts:

	March 29 2009	December 28 2008
Current	47,438	45,029
<u>Past due amounts:</u>		
1 - 60 days	14,063	18,688
Greater than 60 days	1,492	1,121
Less: Allowance for doubtful accounts	(1,865)	(1,663)
Total accounts receivable, net	<u>61,128</u>	<u>63,175</u>

Liquidity Risk

Investments to drive growth can require significant financial resources. A range of funding alternatives is available to the Company including cash flow provided by operations, additional debt, the issuance of equity or a combination thereof. The Company's strong financial position and an informal investment grade credit rating allow the Company to enjoy relatively low interest rates. The Company has determined that total current credit facilities of \$68 million (unsecured), including operating lines of \$48 million and term-debt lines of \$20 million, are adequate. Of the total credit facilities, \$68 million was unused as at March 29, 2009. The Company has remained within all bank debt covenants.

The 2009 remaining requirements for capital expenditures and working capital can be financed from cash on hand, cash flow provided by operating activities and unused credit facilities. The Company enters into contractual obligations in the normal course of business operations. As at March 29, 2009, these obligations have not changed significantly from the amounts reported in the Company's 2008 Annual Report.

9. Seasonality

The Company experiences seasonal variation in sales, with sales typically being the highest in the second and fourth quarters, and lowest in the first quarter.