



Winpak Reports Second Quarter Earnings

Winnipeg, Manitoba, July 23, 2009 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the second quarter of 2009, which ended on June 28, 2009.

<u>Year-To-Date Ended</u>	<u>June 28 2009</u>	<u>June 29 2008</u>
<i>(thousands of US dollars, except per share amounts)</i>		
Sales	<u>245,260</u>	<u>250,928</u>
Net earnings	<u>21,557</u>	<u>13,182</u>
Minority interest	875	79
Provision for income taxes	10,992	6,598
Interest expense	9	672
Depreciation and amortization	<u>12,492</u>	<u>12,732</u>
EBITDA (1)	<u>45,925</u>	<u>33,263</u>
Basic and fully diluted net earnings per share (cents)	<u>33</u>	<u>20</u>
	<u>June 28 2009</u>	<u>June 29 2008</u>
<u>Second Quarter Ended</u>		
<i>(thousands of US dollars, except per share amounts)</i>		
Sales	<u>125,322</u>	<u>127,582</u>
Net earnings	<u>11,896</u>	<u>7,231</u>
Minority interest	595	183
Provision for income taxes	5,846	3,468
Interest (income) expense	(4)	209
Depreciation and amortization	<u>6,371</u>	<u>6,376</u>
EBITDA (1)	<u>24,704</u>	<u>17,467</u>
Basic and fully diluted net earnings per share (cents)	<u>18</u>	<u>11</u>

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 second quarter of 2009 were \$11.9 million or 18 cents per share compared to \$7.2 million or 11 cents per share in the corresponding period of 2008, an increase of 64.5 percent. This result represented the highest quarterly net earnings in the Company's history. Strengthened gross profit margins, bolstered by lower raw material costs, improved net earnings per share by approximately 9 cents, which were offset in part by the unfavorable impact of foreign exchange on net earnings of nearly 2 cents per share.

On a year-to-date basis, net earnings advanced by 63.5 percent to \$21.6 million or 33 cents per share from \$13.2 million or 20 cents per share in the first six months of 2008. As with the second quarter results, gross profit margin improvement, primarily as a result of lower material costs, was the main factor behind the earnings growth, enhancing net earnings per share by approximately 15 cents. Higher operating expenses and increased earnings attributable to the minority shareholder resulted in an offset of about 2 cents in net earnings per share.

Sales

Second quarter sales of \$125.3 million were \$2.3 million or 1.8 percent lower than the corresponding quarter in 2008. Overall volumes were higher by 3.2 percent but results were mixed across different product groups. Sales volumes of lidding material were particularly robust, increasing by slightly more than 25 percent with strength exhibited in both coffee and yogurt lidding. The remaining product groups exhibited growth or retraction within a narrow range of plus or minus 5 percent, with one exception. Modified atmosphere packaging and machinery sales experienced modest growth while rigid containers and specialty films exhibited minor volume reductions. Only biaxially oriented nylon film volumes declined more substantially in the quarter by just over 15 percent in comparison to the prior year. The economic recession continued to have an effect on sales volumes, particularly with regard to sales into the restaurant and non-food markets. The weaker Canadian dollar reduced reported sales by 3.0 percent in comparison to the second quarter of 2008. Lower overall selling prices, in response to decreased raw material costs, further diminished sales by 2.0 percent.

In the first six months of 2009, sales declined by \$5.7 million or 2.3 percent in comparison to 2008. The weakened Canadian dollar was responsible for the decline, resulting in a reduction of 3.4 percent in sales versus 2008. Nominal volume growth of 1.1 percent partly countered the negative impact of the weaker Canadian dollar on sales. Volume growth was strongest in lidding followed by machinery and modified atmosphere packaging. Minimal contraction was evidenced in rigid containers and specialty films while biaxially oriented nylon experienced more significant demand compression.

Gross profit margins

Gross profit margins strengthened to 31.7 percent of sales in the second quarter of 2009, up substantially from the 24.4 percent of sales recorded in the corresponding quarter in 2008. The spread between raw material costs and selling prices improved, significantly impacting margins. Raw material costs remained at relatively low levels in the quarter, continuing the trend of the last two quarters, in contrast to the past several years when raw material costs were escalating and margins were on the decline. The increase in gross profit margins in the quarter can also be attributed to a shift in sales mix to more profitable product lines. Manufacturing variances and the impact of foreign exchange had only minor negative effects on the gross profit margin in the quarter.

For the first two quarters of 2009, gross profit margins of 30.6 percent of sales were 6.2 percentage points greater than the level achieved in the corresponding period in 2008. As with the results for the second quarter, the reduction in raw material costs and the resultant increased spread between those costs and selling prices were responsible for the gross profit margin improvement over 2008.

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	2/07	3/07	4/07	1/08	2/08	3/08	4/08	1/09	2/09
Purchase Price Index	152.5	158.3	161.8	167.9	174.6	190.7	160.3	128.0	124.9



The index in the second quarter stabilized somewhat, falling by only 2.4 percent when compared to the first quarter of 2009. Within the index, though, certain materials increased in price while others declined. It appears as though the index may have bottomed out as resin producers have instituted price increases for certain materials in the latter part of the quarter and have announced additional increases for the third quarter. It is still too early to determine if these price increases will be accepted by the market.

Expenses and Other

Operating expenses for the second quarter of 2009, excluding the negative impact of foreign exchange, were virtually unchanged in relation to the corresponding period in 2008. The increase in net earnings attributable to the minority shareholder was mainly offset by lower interest expense due to the elimination of all bank debt.

On a year-to-date basis, operating and other expenses increased in comparison to 2008 due in large part to employee compensation costs including higher incentive accruals, resulting in a reduction in net earnings per share of approximately 2 cents. An additional decrease of 1 cent in net earnings per share was due to an increase in net earnings attributable to the minority shareholder while a reduction in interest expense improved net earnings per share by approximately 1 cent.

Capital Resources, Cash Flow and Liquidity

During the second quarter of 2009, the Company continued to generate significant cash flow from operations and has accumulated a net cash position of \$40.9 million at June 28, 2009, an increase of \$21.7 million in the quarter. The substantial cash position was impacted by strong cash flow from operating activities before changes in working capital of \$19.6 million as well as a net reduction in the investment in working capital of \$6.6 million. The reduction in working capital was due primarily to an increase in accounts payable and income taxes payable. During the quarter, cash was utilized for equipment purchases of \$3.5 million, dividends of \$1.6 million, defined benefit pension payments of \$0.2 million, and purchases of intangibles of \$0.1 million. There was also a favorable foreign exchange adjustment on cash of \$0.9 million.

Year-to-date, Winpak's cash position improved by \$21.1 million, after retirement of all of the Company's long-term debt of \$17.0 million in the first quarter of 2009. Consistent with the second quarter results, the strong cash flow generated from operating activities and working capital reductions were more than sufficient to fund all capital equipment additions, dividends, and defined benefit plan payments. The Company remains 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							
	June 28 2009	March 29 2009	December 28 2008	September 28 2008	June 29 2008	March 30 2008	December 30 2007	September 30 2007
Sales	125,322	119,938	129,690	131,419	127,582	123,346	126,638	116,745
Net earnings	11,896	9,661	8,882	7,288	7,231	5,951	6,157	5,073
EPS	18	15	14	11	11	9	10	7

Looking Forward

The Company is cautiously optimistic that the worst may be behind us in terms of market activity with customer demand showing signs of revitalization. As the economy improves, volumes should be favorably impacted accordingly. On the cost side, raw material pricing has started to rebound at the end of the second quarter of 2009 and further increases have been announced for the third quarter. It is unclear as to whether these increases will take hold, however, and will be dependent on feedstock pricing and demand from export markets such as China. 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 and should allow third quarter margins in 2009 to continue to surpass 2008 results. In terms of capital spending, expenditures in the second half of 2009 should markedly increase to around \$20 million. The Company should also continue to generate strong cash flow from operations going forward. This, along with an already healthy cash position, will allow the Company to respond to acquisition opportunities that may arise which would 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. As of June 28, 2009, the project is on schedule in accordance with the implementation plan. 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 June 28, 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 June 28, 2009 to provide reasonable assurance that the financial information being reported is materially accurate. During the second quarter ended June 28, 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
Second Quarter Ended: June 28, 2009

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



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

	June 28 2009	December 28 2008
	<u> </u>	<u> </u>
Assets		
Current Assets:		
Cash	\$ 40,895	\$ 19,796
Accounts receivable (note 8)	63,717	64,570
Inventory (note 4)	68,614	68,117
Prepaid expenses	2,848	2,060
Future income taxes	3,225	3,363
	<u>179,299</u>	<u>157,906</u>
Property, plant and equipment (net) (note 2)	224,639	225,473
Other assets	12,585	11,259
Intangible assets (net) (note 2)	6,772	7,690
Goodwill	16,444	16,082
	<u>\$ 439,739</u>	<u>\$ 418,410</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 41,875	\$ 34,693
Income taxes payable	3,108	2,017
	<u>44,983</u>	<u>36,710</u>
Long-term debt	-	17,000
Deferred credits	10,873	10,860
Future income taxes	29,837	28,390
Postretirement benefits	1,634	1,624
	<u>87,327</u>	<u>94,584</u>
Minority interest	14,944	14,069
Shareholders' equity:		
Share capital	29,195	29,195
Retained earnings	268,282	249,990
Accumulated other comprehensive income (note 5)	39,991	30,572
	<u>308,273</u>	<u>280,562</u>
	<u>337,468</u>	<u>309,757</u>
	<u>\$ 439,739</u>	<u>\$ 418,410</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)

	Second Quarter Ended		Year-To-Date Ended	
	June 28	June 29	June 28	June 29
	2009	2008	2009	2008
Sales	\$ 125,322	\$ 127,582	\$ 245,260	\$ 250,928
Cost of sales	85,579	96,453	170,179	189,797
Gross profit	39,743	31,129	75,081	61,131
Expenses				
Selling, general & administrative (note 6)	18,430	17,052	35,867	34,756
Research and technical	2,980	2,756	5,718	5,055
Pre-production	-	230	63	789
Earnings from operations	18,333	11,091	33,433	20,531
Interest (income) expense	(4)	209	9	672
Earnings before income taxes and minority interest	18,337	10,882	33,424	19,859
Provision for income taxes	5,846	3,468	10,992	6,598
Minority interest	595	183	875	79
Net earnings	\$ 11,896	\$ 7,231	\$ 21,557	\$ 13,182
Retained earnings, beginning of period	258,075	232,020	249,990	227,978
Net earnings	11,896	7,231	21,557	13,182
Dividends declared	(1,689)	(1,930)	(3,265)	(3,839)
Retained earnings, end of period	\$ 268,282	\$ 237,321	\$ 268,282	\$ 237,321
Earnings per share				
Basic and fully diluted earnings per share (cents)	18	11	33	20
Average number of shares outstanding (000's)	65,000	65,000	65,000	65,000

Consolidated Statements of Comprehensive Income
(thousands of US dollars) (unaudited)

	Second Quarter Ended		Year-To-Date Ended	
	June 28	June 29	June 28	June 29
	2009	2008	2009	2008
Net earnings	\$ 11,896	\$ 7,231	\$ 21,557	\$ 13,182
Unrealized gains (losses) on translation of financial statements of operations with CDN dollar functional currency to US dollar reporting currency	11,906	1,872	8,168	(5,524)
Unrealized gains (losses) on derivatives designated as cash flow hedges, net of income tax (2009 - \$340 and \$283) (2008 - \$48 and \$(66))	739	90	614	(121)
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 - \$53 and \$341) (2008 - \$17 and \$(5))	115	32	637	(8)
Other comprehensive income (loss) - net of income tax (note 5)	12,760	1,994	9,419	(5,653)
Comprehensive income	\$ 24,656	\$ 9,225	\$ 30,976	\$ 7,529

See accompanying notes to consolidated financial statements.



Winpak Ltd.

Consolidated Statements of Cash Flows

(thousands of US dollars) (unaudited)

	Second Quarter Ended		Year-To-Date Ended	
	June 28	June 29	June 28	June 29
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities:				
Net earnings for the period	\$ 11,896	\$ 7,231	\$ 21,557	\$ 13,182
Items not involving cash:				
Depreciation (note 2)	5,773	5,767	11,305	11,508
Amortization - intangible assets (note 2)	598	609	1,187	1,224
Defined benefit plan costs	841	454	1,629	1,284
Future income taxes	(214)	622	117	809
Foreign exchange (gain) loss on long-term debt	-	(170)	559	533
Minority interest	595	183	875	79
Other	66	-	(319)	(184)
Cash flow from operating activities before the following	19,555	14,696	36,910	28,435
Change in working capital:				
Accounts receivable	1,067	1,174	2,622	(5,169)
Income taxes receivable	-	712	-	1,483
Inventory	(2,227)	(5,801)	1,048	(4,641)
Prepaid expenses	(443)	(346)	(697)	(731)
Accounts payable and accrued liabilities	7,053	3,967	7,801	2,836
Income taxes payable	1,107	-	1,097	-
Defined benefit plan payments	(172)	(1,137)	(2,377)	(3,650)
	25,940	13,265	46,404	18,563
Investing activities:				
Acquisition of plant and equipment	(3,462)	(3,090)	(5,499)	(7,190)
Acquisition of intangible assets	(113)	(22)	(217)	(42)
	(3,575)	(3,112)	(5,716)	(7,232)
Financing activities:				
Repayments of long-term debt	-	-	(17,000)	(5,000)
Dividends paid	(1,576)	(1,909)	(3,189)	(3,898)
Investment by minority shareholder in subsidiary	-	-	-	2,940
	(1,576)	(1,909)	(20,189)	(5,958)
Foreign exchange translation adjustment on cash	863	(79)	600	222
Change in cash position	21,652	8,165	21,099	5,595
Cash (bank indebtedness), beginning of period	19,243	(7,607)	19,796	(5,037)
Cash, end of period	\$ 40,895	\$ 558	\$ 40,895	\$ 558

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Interest expense	\$ 14	\$ 344	\$ 51	\$ 1,070
Income tax expense	4,487	1,768	8,663	3,278

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements
For the periods ended June 28, 2009 and June 29, 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. Accordingly, \$1,707 of net book value at December 28, 2008 was reclassified from property, plant and equipment to intangible assets. The related amortization expense is being recorded within selling, general and administrative expenses, consistent with the presentation of this item prior to the adoption of Section 3064. On the consolidated statement of cash flows, amortization – intangible assets increased by \$196 for the second quarter of 2008, with a corresponding decrease to depreciation (2008 year-to-date - \$397).

3. Future Accounting Standards

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.

4. Inventory

	June 28 2009	December 28 2008
Raw materials	21,728	23,935
Work-in-process	12,303	12,390
Finished goods	31,332	28,806
Spare parts	3,251	2,986
	<u>68,614</u>	<u>68,117</u>

During the second quarter of 2009, the Company recorded inventory write-downs to net realizable value of \$1,773 (2008- \$1,677) and reversals of previously written-down items of \$326 (2008- \$476). For the first six months of 2009, the Company recorded inventory write-downs to net realizable value of \$3,275 (2008- \$2,528) and reversals of previously written-down items of \$700 (2008- \$497).



Notes to Consolidated Financial Statements
For the periods ended June 28, 2009 and June 29, 2008
(thousands of US dollars) (Unaudited)

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.

	Second Quarter Ended		Year-To-Date Ended	
	June 28 2009	June 29 2008	June 28 2009	June 29 2008
Balance, beginning of period	27,231	57,286	30,572	64,933
Other comprehensive income (loss)	12,760	1,994	9,419	(5,653)
Balance, end of period	<u>39,991</u>	<u>59,280</u>	<u>39,991</u>	<u>59,280</u>

The accumulated balances for each component of other comprehensive income, net of income taxes, are comprised of the following:

	39,362	59,333
Unrealized gains on translation of financial statements of subsidiaries with Canadian dollar functional currency to US dollar reporting currency	39,362	59,333
Unrealized gains (losses) on derivatives designated as cash flow hedges	629	(53)
Balance, end of period	<u>39,991</u>	<u>59,280</u>

6. Selling, General & Administrative Expenses

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

	Second Quarter Ended		Year-To-Date Ended	
	June 28 2009	June 29 2008	June 28 2009	June 29 2008
Foreign exchange translation loss (gain)	1,757	(53)	2,138	279
Defined benefit plan costs	841	454	1,629	1,284

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 June 28, 2009:

Assets (Liabilities)	(Carried at Cost / Amortized Cost)		(Carried at Fair Value)
	Carrying Value	Fair Value	Carrying Value
Cash	40,895	40,895	-
Accounts receivable	62,799	62,799	-
Cash flow hedging derivative			918
Accounts payable and accrued liabilities	(41,875)	(41,875)	-

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.



7. Financial Instruments - continued

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 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.

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 17 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 June 28, 2009, a one-cent change in the period end foreign exchange rate from 1.1542 to 1.1442 (US to CDN dollars) would have decreased net earnings by \$179 for the second quarter of 2009. Conversely, a one-cent change in the period end foreign exchange rate from 1.1542 to 1.1642 (US to CDN dollars) would have increased net earnings by \$179 for the second 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 contracts matured during the second quarter of 2009 and the Company realized pre-tax foreign exchange losses of \$168 (year-to-date - realized pre-tax foreign exchange losses of \$978). These foreign exchange losses were recorded in selling, general & administrative expenses. As at June 28, 2009, the Company had foreign currency contracts outstanding with a notional amount of \$13.0 million US at an average exchange rate of 1.2329 (US to CDN dollars), maturing between July 2009 and April 2010 and the fair value of the notional amount of these contracts was \$13.918 million US as of June 28, 2009. An unrealized foreign exchange gain during the quarter of \$1,079 (pre-tax) (year-to-date - unrealized foreign exchange gain of \$897 (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 June 28, 2009, 43% (year-to-date - 43%) 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.



8. Financial Risk Management – continued

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 June 28, 2009, 16% 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 June 28, 2009, on aggregate, accounted for 25% of the Company's total accounts receivable balance.

The carrying amount of accounts receivable is 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 doubtful accounts. Subsequent recoveries of amounts previously written off are credited against selling, general, & administrative expenses in the earnings statement.

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

	June 28 2009	December 28 2008
Current	50,244	46,424
<u>Past due amounts:</u>		
1 - 60 days	14,040	18,688
Greater than 60 days	1,408	1,121
Less: Allowance for doubtful accounts	(1,975)	(1,663)
Total accounts receivable, net	<u>63,717</u>	<u>64,570</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 June 28, 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 if necessary. The Company enters into contractual obligations in the normal course of business operations. As at June 28, 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.

10. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the presentation in the current period.