



Winpak Reports Third Quarter Earnings

Winnipeg, Manitoba, October 22, 2009 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the third quarter of 2009, which ended on September 27, 2009.

<u>Year-To-Date Ended</u>	<u>September 27 2009</u>	<u>September 28 2008</u>
<i>(thousands of US dollars, except per share amounts)</i>		
Sales	<u>370,527</u>	<u>382,347</u>
Net earnings	<u>31,446</u>	<u>20,470</u>
Minority interest	1,386	171
Provision for income taxes	15,905	10,157
Interest (income) expense	(9)	916
Depreciation and amortization	<u>19,172</u>	<u>19,297</u>
EBITDA (1)	<u>67,900</u>	<u>51,011</u>
Basic and fully diluted net earnings per share (cents)	<u>48</u>	<u>31</u>
	<u>September 27 2009</u>	<u>September 28 2008</u>
<u>Third Quarter Ended</u>		
<i>(thousands of US dollars, except per share amounts)</i>		
Sales	<u>125,267</u>	<u>131,419</u>
Net earnings	<u>9,889</u>	<u>7,288</u>
Minority interest	511	92
Provision for income taxes	4,913	3,559
Interest (income) expense	(18)	244
Depreciation and amortization	<u>6,680</u>	<u>6,565</u>
EBITDA (1)	<u>21,975</u>	<u>17,748</u>
Basic and fully diluted net earnings per share (cents)	<u>15</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 third quarter of 2009 were \$9.9 million or 15 cents per share compared to \$7.3 million or 11 cents per share in the corresponding period of 2008, an increase of 35.6 percent. This represented the highest third quarter net earnings performance in the Company's history. Aided by lower raw material costs, strengthened gross profit margins improved net earnings per share by approximately 6 cents, while modest volume growth contributed an additional 1 cent per share. This was offset in part by the unfavorable impact of foreign exchange on net earnings of nearly 3 cents per share.

On a year-to-date basis, net earnings progressed by 53.2 percent to \$31.4 million or 48 cents per share from \$20.5 million or 31 cents per share in the first nine months of 2008. With one exception, the current net earnings performance after only three quarters betters any previous full year result. Gross profit margin improvement, primarily as a result of lower raw material costs, was the main factor behind the earnings growth, enhancing net earnings per share by approximately 21 cents whereas volume growth augmented net earnings by an additional 1 cent per share. Increased earnings attributable to the minority shareholder resulted in an offset of about 2 cents in net earnings per share while the unfavorable impact of foreign exchange reduced net earnings by 3 cents per share.

Sales

Third quarter sales of \$125.3 million were \$6.1 million or 4.6 percent lower than sales in the corresponding quarter in 2008. Overall volumes increased by 4.7 percent with sales volumes of lidding material continuing the strength exhibited in the second quarter in both coffee and yogurt lidding. Modified atmosphere packaging and rigid containers experienced modest growth of less than 5 percent. Both specialty films and biaxially oriented nylon film volumes improved in relation to the second quarter of the current year but declined marginally by less than 3 percent in comparison to the third quarter of 2008. The economic recession had a greater impact on machinery sales volumes, however, which declined by just over 15 percent. Lower overall selling prices, in response to decreased raw material costs, reduced sales by 7.9 percent. The weaker Canadian dollar lowered reported sales by a further 1.4 percent in comparison to the third quarter of 2008.

For the first three quarters of 2009, sales declined by \$11.8 million to \$370.5 million from \$382.3 million recorded in the same period of 2008, a decrease of 3.1 percent. Volume growth of 2.3 percent was achieved and was strongest in lidding followed by modified atmosphere packaging and rigid containers. Minimal contraction was evident in specialty films and machinery while biaxially oriented nylon experienced more significant demand shrinkage. The weaker Canadian dollar was responsible for a reduction of 2.7 percent in sales versus 2008. Furthermore, lower selling prices reduced sales by an additional 2.7 percent.

Gross profit margins

Gross profit margins improved to 29.7 percent of sales in the third quarter of 2009, significantly increased from the 24.6 percent of sales recorded in the corresponding quarter in 2008. Just over half of the increase in gross profit percentage is due to an improved spread between raw material costs and selling prices. This is in contrast to the past several years when raw material costs were escalating and selling prices did not keep pace, putting pressure on margins. Unfavorable manufacturing variances had only a minor negative effect on the gross profit margin in the quarter. The remaining improvement in the reported gross profit percentage reflects the fact that in an environment of falling raw material costs and selling prices, the gross profit percentage will increase even though gross profit in dollar terms is unchanged.

For the first nine months of 2009, gross profit margins of 30.3 percent of sales were 5.7 percentage points greater than the level achieved in the corresponding period in 2008. The reduction in raw material costs and the resultant increased spread between those costs and selling prices was the main reason 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.

Quarter and Year	3/07	4/07	1/08	2/08	3/08	4/08	1/09	2/09	3/09
Purchase Price Index	158.3	161.8	167.9	174.6	190.7	160.3	128.0	124.9	131.2



The index in the third quarter, although significantly lower than a year prior, increased by 5 percent from the second quarter of 2009. With the exception of polypropylene which increased by over 30 percent, all other raw materials within the index either experienced modest increases or minor declines in the quarter. The overall trend in pricing appears to be upward although at a gradual rate.

Expenses and Other

Excluding the negative impact of foreign exchange due to the strengthening Canadian dollar, operating expenses for the third quarter of 2009 declined in relation to the corresponding period in 2008, contributing approximately 1 cent in net earnings per share. Lower freight costs were the main driving factor behind the reduced operating expenses. This was offset in full by an increase in net earnings attributable to the minority shareholder.

On a year-to-date basis, operating 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 1 cent. An additional decrease of 2 cents in net earnings per share was due to an increase in net earnings attributable to the minority shareholder while the elimination of all bank debt resulted in a reduction in interest expense, improving net earnings per share by approximately 1 cent.

Capital Resources, Cash Flow and Liquidity

During the third quarter of 2009, the Company continued to generate significant cash flow from operations and has accumulated a net cash position of \$50.7 million at September 27, 2009, an increase of \$9.8 million in the quarter. Strong cash flow from operating activities before changes in working capital generated \$18.4 million in cash in the third quarter, which in part was utilized to fund an increase in working capital of \$2.7 million. During the quarter, cash was also utilized for plant and equipment additions of \$5.0 million, dividends of \$1.7 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 \$1.1 million.

Year-to-date, Winpak's cash position has improved by \$30.9 million, after retirement of all of the Company's long-term debt of \$17.0 million in the first quarter of 2009. Substantial cash flow generated from operating activities of \$55.3 million and working capital reductions of \$9.2 million were more than sufficient to fund all capital expenditures, 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 healthy balance sheet, is poised to take advantage of strategic acquisition opportunities.

Summary of Quarterly Results

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

	Quarter Ended							
	September 27 2009	June 28 2009	March 29 2009	December 28 2008	September 28 2008	June 29 2008	March 30 2008	December 30 2007
Sales	125,267	125,322	119,938	129,690	131,419	127,582	123,346	126,638
Net earnings	9,889	11,896	9,661	8,882	7,288	7,231	5,951	6,157
EPS	15	18	15	14	11	11	9	10

Looking Forward

The Company is well on its way to recording the most profitable year in Winpak's history. Although demand is still fragile due to the state of the overall North American economy, the Company is cautiously optimistic about the future. As the economy improves, volumes should be favorably impacted accordingly. On the cost side, raw material pricing has reversed its downward trend of the past few quarters and started to rebound. However, the increases for the most part have been moderate and are expected to continue in that vein for the foreseeable future. The overall long-term outlook for the supply and corresponding price of natural gas, from which most of the Company's resins are derived, has improved substantially with recent new discoveries and there is also significant new resin production ready to come on stream in the near future. Gross profit margins are unlikely to exceed the current year-to-date average of 30 percent in upcoming quarters but are expected to remain above levels reported in recent years. In terms of capital spending, expenditures in the final quarter of 2009 should be in the range of \$10 to \$15 million, depending on the timing of progress payments and equipment deposits. Winpak is also actively seeking acquisition opportunities that would complement the Company's core competencies. To date, a number of opportunities have been evaluated and as this is a long-term strategic decision, the Company will remain patient until the right opportunity presents itself.

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 September 27, 2009, the project is on schedule in accordance with the implementation plan. A detailed 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; functional currency; 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 September 27, 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 September 27, 2009 to provide reasonable assurance that the financial information being reported is materially accurate. During the third quarter ended September 27, 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
Third Quarter Ended: September 27, 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)

	September 27 2009	December 28 2008
	<u> </u>	<u> </u>
Assets		
Current Assets:		
Cash	\$ 50,670	\$ 19,796
Accounts receivable (note 8)	65,848	64,570
Inventory (note 4)	72,640	68,117
Prepaid expenses	2,441	2,060
Future income taxes	2,762	3,363
	<u>194,361</u>	<u>157,906</u>
Property, plant and equipment (net) (note 2)	229,931	225,473
Other assets	12,576	11,259
Intangible assets (net) (note 2)	6,310	7,690
Goodwill	16,900	16,082
	<u>\$ 460,078</u>	<u>\$ 418,410</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 40,686	\$ 34,693
Income taxes payable	4,258	2,017
	<u>44,944</u>	<u>36,710</u>
Long-term debt	-	17,000
Deferred credits	11,194	10,860
Future income taxes	30,573	28,390
Postretirement benefits	1,647	1,624
	<u>88,358</u>	<u>94,584</u>
Minority interest	15,455	14,069
Shareholders' equity:		
Share capital	29,195	29,195
Retained earnings	276,385	249,990
Accumulated other comprehensive income (note 5)	50,685	30,572
	<u>327,070</u>	<u>280,562</u>
	<u>356,265</u>	<u>309,757</u>
	<u>\$ 460,078</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)

	Third Quarter Ended		Year-To-Date Ended	
	September 27	September 28	September 27	September 28
	2009	2008	2009	2008
Sales	\$ 125,267	\$ 131,419	\$ 370,527	\$ 382,347
Cost of sales	88,038	98,631	258,217	288,428
Gross profit	37,229	32,788	112,310	93,919
Expenses				
Selling, general & administrative (note 6)	18,778	18,923	54,645	53,679
Research and technical	3,156	2,682	8,874	7,737
Pre-production	-	-	63	789
Earnings from operations	15,295	11,183	48,728	31,714
Interest (income) expense	(18)	244	(9)	916
Earnings before income taxes and minority interest	15,313	10,939	48,737	30,798
Provision for income taxes	4,913	3,559	15,905	10,157
Minority interest	511	92	1,386	171
Net earnings	\$ 9,889	\$ 7,288	\$ 31,446	\$ 20,470
Retained earnings, beginning of period	268,282	237,321	249,990	227,978
Net earnings	9,889	7,288	31,446	20,470
Dividends declared	(1,786)	(1,888)	(5,051)	(5,727)
Retained earnings, end of period	\$ 276,385	\$ 242,721	\$ 276,385	\$ 242,721
Earnings per share				
Basic and fully diluted earnings per share (cents)	15	11	48	31
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)

	Third Quarter Ended		Year-To-Date Ended	
	September 27	September 28	September 27	September 28
	2009	2008	2009	2008
Net earnings	\$ 9,889	\$ 7,288	\$ 31,446	\$ 20,470
Unrealized gains (losses) on translation of financial statements of operations with CDN dollar functional currency to US dollar reporting currency	10,485	(3,709)	18,653	(9,233)
Unrealized gains (losses) on derivatives designated as cash flow hedges, net of income tax (2009 - \$209 and \$492) (2008 - \$9 and \$(57))	455	18	1,069	(103)
Realized (gains) losses on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period, net of income tax (2009 - \$(113) and \$228) (2008 - \$15 and \$10)	(246)	27	391	19
Other comprehensive income (loss) - net of income tax (note 5)	10,694	(3,664)	20,113	(9,317)
Comprehensive income	\$ 20,583	\$ 3,624	\$ 51,559	\$ 11,153

See accompanying notes to consolidated financial statements.



Winpak Ltd.

Consolidated Statements of Cash Flows

(thousands of US dollars) (unaudited)

	Third Quarter Ended		Year-To-Date Ended	
	September 27	September 28	September 27	September 28
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities:				
Net earnings for the period	\$ 9,889	\$ 7,288	\$ 31,446	\$ 20,470
Items not involving cash:				
Depreciation (note 2)	6,076	5,934	17,381	17,442
Amortization - intangible assets (note 2)	604	631	1,791	1,855
Defined benefit plan costs	965	625	2,594	1,909
Future income taxes	335	226	452	1,035
Foreign exchange loss on long-term debt	-	378	559	911
Minority interest	511	92	1,386	171
Other	-	16	(319)	(168)
Cash flow from operating activities before the following	18,380	15,190	55,290	43,625
Change in working capital:				
Accounts receivable	(542)	(3,935)	2,080	(9,104)
Income taxes receivable	-	3,010	-	4,493
Inventory	(1,969)	(6,794)	(921)	(11,435)
Prepaid expenses	505	170	(192)	(561)
Accounts payable and accrued liabilities	(1,689)	(2,974)	6,112	(138)
Income taxes payable	991	-	2,088	-
Defined benefit plan payments	(242)	(499)	(2,619)	(4,149)
	15,434	4,168	61,838	22,731
Investing activities:				
Acquisition of plant and equipment	(4,986)	(4,340)	(10,485)	(11,530)
Acquisition of intangible assets	(79)	(772)	(296)	(814)
	(5,065)	(5,112)	(10,781)	(12,344)
Financing activities:				
Repayments of long-term debt	-	-	(17,000)	(5,000)
Dividends paid	(1,689)	(1,930)	(4,878)	(5,828)
Investment by minority shareholder in subsidiary	-	-	-	2,940
	(1,689)	(1,930)	(21,878)	(7,888)
Foreign exchange translation adjustment on cash	1,095	208	1,695	430
Change in cash position	9,775	(2,666)	30,874	2,929
Cash (bank indebtedness), beginning of period	40,895	558	19,796	(5,037)
Cash (bank indebtedness), end of period	\$ 50,670	\$ (2,108)	\$ 50,670	\$ (2,108)

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Interest expense	\$ 16	\$ 289	\$ 67	\$ 1,359
Income tax expense	3,433	474	12,096	3,752

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements
For the periods ended September 27, 2009 and September 28, 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 \$193 for the third quarter of 2008, with a corresponding decrease to depreciation (2008 year-to-date - \$590).

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

	September 27 2009	December 28 2008
Raw materials	23,319	23,935
Work-in-process	13,896	12,390
Finished goods	31,967	28,806
Spare parts	3,458	2,986
	72,640	68,117

During the third quarter of 2009, the Company recorded inventory write-downs to net realizable value of \$1,186 (2008- \$1,356) and reversals of previously written-down items of \$70 (2008- \$12). For the first nine months of 2009, the Company recorded inventory write-downs to net realizable value of \$4,306 (2008- \$3,884) and reversals of previously written-down items of \$615 (2008- \$509).



Notes to Consolidated Financial Statements
For the periods ended September 27, 2009 and September 28, 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 gains (losses) on derivatives designated as cash flow hedges.

	Third Quarter Ended		Year-To-Date Ended	
	September 27 2009	September 28 2008	September 27 2009	September 28 2008
Balance, beginning of period	39,991	59,280	30,572	64,933
Other comprehensive income (loss)	10,694	(3,664)	20,113	(9,317)
Balance, end of period	<u>50,685</u>	<u>55,616</u>	<u>50,685</u>	<u>55,616</u>

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 subsidiaries with Canadian dollar functional currency to US dollar reporting currency	49,847	55,624
Unrealized gains (losses) on derivatives designated as cash flow hedges	838	(8)
Balance, end of period	<u>50,685</u>	<u>55,616</u>

6. Selling, General & Administrative Expenses

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

	Third Quarter Ended		Year-To-Date Ended	
	September 27 2009	September 28 2008	September 27 2009	September 28 2008
Foreign exchange translation loss	1,282	630	3,420	909
Defined benefit plan costs	965	625	2,594	1,909

Foreign exchange translation losses 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 September 27, 2009:

Assets (Liabilities)	(Carried at Cost / Amortized Cost)		(Carried at Fair Value)
	Carrying Value	Fair Value	Carrying Value
Cash	50,670	50,670	-
Accounts receivable	64,624	64,624	-
Cash flow hedging derivative			1,224
Accounts payable and accrued liabilities	(40,686)	(40,686)	-

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 27 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 September 27, 2009, a one-cent change in the period end foreign exchange rate from 1.0917 to 1.0817 (US to CDN dollars) would have decreased net earnings by \$256 for the third quarter of 2009. Conversely, a one-cent change in the period end foreign exchange rate from 1.0917 to 1.1017 (US to CDN dollars) would have increased net earnings by \$256 for the third 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 third quarter of 2009 and the Company realized pre-tax foreign exchange gains of \$359 (year-to-date – realized pre-tax foreign exchange losses of \$619). These foreign exchange gains and losses were recorded in selling, general & administrative expenses. As at September 27, 2009, the Company had foreign currency contracts outstanding with a notional amount of \$11.0 million US at an average exchange rate of 1.2030 (US to CDN dollars), maturing between October 2009 and May 2010 and the fair value of the notional amount of these contracts was \$12.224 million US as of September 27, 2009. An unrealized foreign exchange gain during the quarter of \$664 (pre-tax) (year-to-date – unrealized foreign exchange gain of \$1,561 (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 September 27, 2009, 45% (year-to-date – 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.



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 Company has developed an investment policy to manage its credit risk in regards to its cash on hand. The policy requires that the Company manage its risk by investing its excess cash on hand on a short term basis, up to a maximum of six months, with several financial institutions and/or governmental bodies that must be rated 'AA' or higher by a recognized rating agency or insured 100% by a 'AAA' rated CDN or US government.

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 September 27, 2009, 14% 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 September 27, 2009, on aggregate, accounted for 28% 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:

	September 27 2009	December 28 2008
Current	52,441	46,424
<u>Past due amounts:</u>		
1 - 60 days	14,221	18,688
Greater than 60 days	1,243	1,121
Less: Allowance for doubtful accounts	(2,057)	(1,663)
Total accounts receivable, net	<u>65,848</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 \$38 million (unsecured) in operating lines and cash on hand of \$50.7 million, are adequate for current needs. Of the total credit facilities, \$38 million was unused as at September 27, 2009. The Company has remained within all bank debt covenants. The Company has the ability to arrange additional financing if required.

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 September 27, 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.