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.

Financial Performance

Net income attributable to common shareholders for the second quarter of 2014 expanded to $19.4 million or 30 cents in earnings per share compared to $17.1 million or 26 cents per share in the corresponding quarter of 2013, an increase of 13.5 percent. Substantial organic revenue growth boosted earnings per share by 3.5 cents but the effects were muted by a reduction in gross profit margins which lowered earnings per share by 2.5 cents. Additional savings were generated by restricting operating expense growth, which contributed 2.0 cents in earnings per share, while foreign exchange positively impacted earnings per share in the quarter by 1.0 cent. A reduction in the proportion of earnings attributable to non-controlling interests in the second quarter of 2014 resulted in an addition of 0.5 cents to earnings per share but was offset by the negative impact on net income of a higher effective income tax rate.

For the six months ended June 29, 2014, net income attributable to common shareholders of $35.6 million or 55 cents surpassed the 2013 first-half result of $33.1 million or 51 cents by 7.5 percent. Greater sales volumes in 2014 enhanced earnings per share by 6.5 cents and was supplemented by controlled growth in operating expenses which added a further 3.0 cents to earnings per share. Foreign exchange also favorably complemented 2014 first-half earnings by 1.0 cent per share. On the other hand, a lower gross profit margin in the first six months of 2014 compared to the prior year corresponding period decreased earnings per share by 5.5 cents while a greater proportion of earnings attributable to non-controlling interests and a higher effective income tax rate negatively impacted earnings per share by 0.5 cents each.

Revenue

Revenue in the second quarter of 2014 rose to $199.4 million, a progression of $22.4 million or 12.6 percent over the same period in 2013 and represented the fifth consecutive three-month period of quarterly highs in revenue. Volume growth was strong at 12.7 percent and was widespread across many of the Company's product groups. The rigid container and lidding product groups experienced escalations in volumes in the second quarter of between 15 and 20 percent as business was robust in yogurt, condiment and specialty beverage containers and lids. Shipments were also up solidly at over 10 percent in modified atmosphere packaging with growth from the existing client base as well as new customer additions to the portfolio. Packaging machinery volumes continued to be brisk, advancing over 20 percent from the second quarter of 2013. Biaxially oriented nylon and specialty films were both challenged in the growth area with volumes remaining flat to slightly negative although the product mix of the latter was more favorable than the corresponding quarter of 2013 with increasing shrink bag sales. Selling price/mix changes had a favorable impact of 0.9 percent on revenues for the quarter while foreign exchange, due to a weakening in the Canadian dollar, decreased revenues in the quarter by 1.0 percent in comparison to the second quarter of 2013.

For the first half of 2014, revenue of $387.5 million advanced by $40.5 million or 11.7 percent from the 2013 comparable period. Volumes rose by a sizable 11.8 percent versus the first half of the prior year. Rigid container volumes outpaced all of the other product groups, bettering the 2013 year-to-date results by nearly 20 percent, followed closely behind by lidding shipments, primarily on the strength of yogurt and specialty beverage offerings. Modified atmosphere packaging, biaxially oriented nylon film and packaging machinery first-half volumes all exceeded the prior year corresponding shipments by approximately 10 percent. Only specialty film quantities lagged behind the previous year-to-date demand, albeit at a more favorable product mix. Selling price/mix changes had an overall positive effect on revenue of 0.9 percent while foreign exchange negatively impacted top-line growth in comparison to the first half of 2013 by 1.0 percent.

Gross profit margins

Gross profit margins for the second quarter of 2014 fell 1.2 percentage points to 27.8 percent of revenue from the 29.0 percent recorded in the same quarter of 2013. However, this was an improvement of 0.6 percentage points from the gross profit margin realized in the first quarter of this year. A narrowing of the spread between raw material costs and selling prices along with higher manufacturing costs were responsible for a reduction in earnings per share of 2.5 cents compared to the second quarter of 2013. Manufacturing variances, although unfavorable in relation to the second quarter of last year, showed improvement from the first three months of 2014 as recently added capacity was more fully utilized and familiarity with new products and processes was attained.

For the first six months of 2014, gross profit margins of 27.5 percent of revenue fell short of 2013 year-to-date levels of 28.9 percent by 1.4 percentage points. This translated into a decrease in earnings per share of 5.5 cents. Product mix and a response to competitive conditions at a few selected accounts were primarily responsible for a compression in the difference between selling prices and raw material costs.

Manufacturing performance, although showing signs of improvement in the past quarter, has nonetheless lagged behind the achievement from the first two quarters of 2013 due to higher waste levels in 2014 encountered on new processes and under-utilized capacity of recent capital expenditures.

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 30, 2013 to reflect the mix of the eight primary raw materials purchased in 2013.

Quarter and Year	2/14	1/14	4/13	3/13	2/13	1/13	4/12	3/12	2/12
Purchase Price Index	178.1	178.7	175.0	173.2	173.5	176.5	170.6	167.3	174.5

The purchase price index in the second quarter of 2014 was virtually unchanged from the previous quarter, declining by a mere 0.3 percent. While certain items within the index declined and others rose, no one component changed by more than 4 percent in the quarter. Stability was definitely the feature on an overall basis and has been so for the past year, with the index fluctuating within a narrow 3 percent band during this time.

Expenses and Other

Operating expenses in the second quarter of 2014, adjusted for foreign exchange, increased by almost 7 percent while volumes progressed by over 12 percent when referenced to the applicable period in 2013. The increase in operating expenses was only 1.6 percent when freight and distribution costs, which tend to vary directly with volume, are excluded. The net result was an advancement in earnings per share of approximately 2.0 cents. A lesser proportion of earnings attributable to non-controlling interests further supplemented earnings per share by 0.5 cents in the second quarter which was offset by greater income taxes as a result of more earnings being realized in higher income tax rate jurisdictions. Foreign exchange had a favorable impact on earnings per share of approximately 1.0 cent. The weaker Canadian dollar in the second quarter of 2014 versus the comparative period in 2013 had a positive impact on earnings as expenses exceeded revenues in that currency. In addition, although on average the Canadian currency was weaker in the second quarter of 2014 than the same period in 2013, the Canadian dollar strengthened from the start to the end of the quarter versus its US counterpart and resulted in foreign exchange gains on the translation of Canadian net monetary assets; the opposite was true in the second quarter of 2013.

On a year-to-date basis, operating expenses, excluding foreign exchange, increased at a much lower rate than the growth in sales volumes, resulting in an addition to earnings per share of 3.0 cents. Freight and distribution costs, which are variable in nature, accounted for the entire rise in operating expenses; all other expenses in aggregate were flat. Costs related to additional head count to foster sales growth were offset by a reduction in pre-production expenses in 2014. A greater proportion of year-to-date earnings attributable to non-controlling interests and a higher effective income tax rate in 2014 each resulted in a decrease in earnings per share of approximately 0.5 cents. In comparison to the first half of 2013, foreign exchange had a positive effect on earnings per share of 1.0 cent primarily due to the lower average value of the Canadian dollar in 2014 in relation to the US currency and the resulting impact from converting the Company's net Canadian dollar expenses into US funds.

Summary of Quarterly Results

Thousands of US dollars, except per share amounts (US cents)

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012*	Q3 2012*
Revenue	199,426	188,077	187,964	179,926	177,032	169,949	173,226	165,399
Net income attributable to equity holders of the Company	19,406	16,163	20,951	17,362	17,095	15,989	22,071	16,783
EPS	30	25	32	27	26	25	34	26

*Amounts have been restated to reflect the retrospective impact of amended IAS 19 "Employee Benefits", which included an increase in net finance expense due to the reduction in the expected return on defined benefit pension plan assets and an increase in general and administrative expenses following the reclassification of certain plan administration costs.

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the second quarter of 2014 at $114.2 million, a rise of $1.3 million from the end of the first quarter. Cash flow from operating activities before changes in working capital of $34.9 million outpaced the prior year quarter by $2.8 million on the strength of higher net income production. Working capital additions consumed $11.9 million, primarily in trade and other receivables and inventories, in concert with the revenue growth in the quarter. In addition, cash was utilized for plant and equipment additions of $9.5 million, income tax payments of $9.5 million, dividends to common shareholders of $1.8 million, and other items totalling $0.9 million.

For the first six months of 2014, the cash and cash equivalents balance declined by $46.9 million, primarily due to the payment of a special dividend of $58.5 million ($65.0 million Canadian) in the first quarter of the year. Winpak continued to generate strong cash flows from operating activities before changes in working capital of $65.3 million, an increment of $4.1 million from the first half of 2013. Cash was employed for working capital additions of $11.9 million, mainly to foster growth in sales volumes. Furthermore, cash was utilized for plant and equipment expenditures of $21.7 million, income tax payments of $12.6 million, regular quarterly dividends of $3.6 million, employee defined benefit plan payments of $3.1 million and other items totaling $0.8 million. The Company remains debt-free and has unutilized operating lines of $38 million, with the ability to increase borrowing capacity further should the need arise.

Looking Forward

After a solid start to the first half of the year where volumes grew by close to 12 percent, the Company continues to remain optimistic for the remainder of 2014 with regard to new revenue generation. A number of significant opportunities remain in the sales pipeline and have the potential to result in meaningful future revenue growth; however, the timing for conversion of these into new business for Winpak remains uncertain as customers' protocols for new supply govern the process. In the near term, raw material costs are expected to tilt slightly upward for most materials with the exception of resins dependent on benzene such as nylon and polystyrene, where the price escalation is expected to be more pronounced. Manufacturing performance has been a prime focus for the organization in 2014 and should continue to improve as the year progresses as capacity utilization expands and production of new products becomes more refined. Capital spending is expected to accelerate in the second half of the year to finish in the $55 to $65 million range for 2014 to address growth prospects and areas where existing capacity is currently constrained. The Company remains committed to organic growth through capital investment and will continue to pursue acquisition opportunities in Winpak's core competencies in sophisticated food and health-care packaging but will remain patient in executing a transaction only when the proper fit and price are present to add long-term value to the Company's shareholders.

Future Changes to Accounting Standards

As more fully described in Note 4 to the Condensed Consolidated Financial Statements, two new accounting standards have been issued, IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". The effective date for IFRS 9 has not yet been determined by the IASB while IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Company is currently assessing the impact of these new standards on its consolidated financial statements and does not intend to early adopt these standards in its consolidated financial statements for the annual period beginning on December 29, 2014. In addition, amendments to the existing standards IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" were issued and are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have an impact on the Company's consolidated financial statements.

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 29, 2014 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 IFRS. 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 1992) 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 29, 2014 to provide reasonable assurance that the financial information being reported is materially accurate. During the second quarter ended June 29, 2014, there have been no changes to 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.